

# Report on Directors' remuneration

## Chair's letter



This is my first report since taking over as chair of the committee in July 2018. On behalf of the committee, I would like to thank my predecessor, Tony Ball, for his leadership and contribution. There is no doubt that this is a particularly challenging time for all remuneration committees to balance the legitimate views of all stakeholders in the area of executive remuneration and associated governance.

### The contents of this report are as follows:

#### Chair's letter

Review of the year; committee decisions; key outcomes and plans for the year ahead

pages 73 to 75

#### Focus on remuneration

The key aspects of our remuneration structure, risk management, how we have performed, how we applied the Remuneration Policy during 2018/19 and application in 2019/20

pages 76 to 78

#### Annual Remuneration Report

More detail on how we have applied our Remuneration Policy during 2018/19 including the single figure of remuneration for each director

How we intend to apply the Remuneration Policy in 2019/20

pages 73 to 90

### Membership and key responsibilities

- Determine the salary and benefits for the executive directors, members of the *Executive Committee* and the company secretary, and monitor the relationship between pay and benefits of other employees
- Operation of the annual bonus scheme, including setting performance targets and objectives for the year ahead
- Determine awards under the annual bonus scheme for executive directors and review the awards of other senior executives
- Governance of the long-term incentive plans, including target setting
- Review and approve the Annual Remuneration Report for inclusion in the Annual Report
- Review, approve and ensure operation within the Remuneration Policy including seeking shareholder approval, on a binding basis, at least every three years.

### Attendance

| Member                         | Eligible to attend | Attended |
|--------------------------------|--------------------|----------|
| Nick Rose (chair) <sup>a</sup> | 10                 | 10       |
| Tony Ball <sup>b</sup>         | 3                  | 3        |
| Isabel Hudson                  | 10                 | 10       |
| Mike Inglis                    | 10                 | 10       |
| Karen Richardson <sup>c</sup>  | 3                  | 2        |

<sup>a</sup> Nick was appointed chair of the committee on 12 July 2018.

<sup>b</sup> Tony stepped down as chair of the committee on 11 July 2018.

<sup>c</sup> Karen stepped down as a member of the committee on 11 July 2018.

In addition to the committee members, the chairman and chief executive are invited to attend meetings, except in instances where their own remuneration is discussed or other circumstances where their attendance would not be appropriate.

The committee regularly consults the chief executive, the group HR director, and the director of reward.

The company secretary is secretary to the committee and attends all meetings.

## Report on Directors' remuneration continued

### Chair's report continued

#### Listening to shareholders

The interests of our shareholders underpin the committee's oversight of our Remuneration Policy and payments to executive directors. The committee was therefore disappointed with the vote against our Annual Remuneration Report at the 2018 AGM. Following that meeting, I met with some of our shareholders and prominent proxy advisory bodies to understand why they voted against our Annual Remuneration Report. It was reassuring to hear that shareholders did not have any material concerns with our overall Remuneration Policy. Rather, some shareholders felt that the annual bonus pay-out last year did not align with the overall share price performance. In addition, there was concern around the amount of annual bonus paid to Gavin Patterson given the Board's announcement, shortly after its bonus decision, that Gavin would be stepping down.

I explained to shareholders that, in line with best practice, the committee had applied its discretion to reduce bonuses for all executive directors down to target levels despite the formulaic results yielding a higher bonus. However, given the significant share price fall over 2017/18, some shareholders felt the reduction in bonus was not sufficient. The committee discussed shareholders' feedback at length. In response, we have implemented a new process whereby, in reviewing performance against the formulaic targets under our various incentive plans, we will give greater weight to a broader range of performance factors and circumstances, including share price performance, when determining the overall outcome.

I have continued the dialogue with some of our shareholders, particularly in relation to the 2018/19 bonus outcomes. I'd like to thank those shareholders who have taken the opportunity to engage with me. The committee has carefully considered these views when making its final decisions.

#### Business performance

This year has once again been difficult for the committee in balancing the performance achieved with remuneration outcomes. Although reported numbers indicate a broadly flat performance year-on-year, management has had to overcome significant headwinds impacting EBITDA including regulatory price reductions of £252m, cost inflation (including the effect of cumulo rate increases) of £362m and declines in fixed voice of £179m. The final outcome for the year as a whole was therefore very creditable and allowed us to report numbers at the top end of market expectations.

The committee noted further progress this year in meeting our year-on-year customer service targets, with Group Net Promoter Score up 6.5 points and Right First Time up 5.4%, continuing improvement over eleven consecutive quarters. Customer complaints to Ofcom reduced by a third for both BT's consumer broadband and EE's mobile customers.

Investment and delivery in our core networks have significantly improved with accelerated fibre-to-the-premises (FTTP) build and ambition, doubling the number of premises passed to 1.2 million at the lower end of the cost range (£300-£400), and achieving around 2 million premises passed with G Fast. EE has retained the 'best mobile network' position for the fifth consecutive year in the 2018 RootMetrics survey and we are on track to launch 5G in 16 cities in 2019 with a range of device partners.

All of this has been achieved against a backdrop of very significant organisational change as part of the first phase of transformation. The restructuring programme has achieved annualised cost savings of £875m and enabled us to simplify our business and systems and to de-layer our organisation. Ofcom has recognised the 'significant progress' made in its reports of June and November 2018 and the committee recognised that much has been done in the year to rebuild our relationship with Ofcom to put us on a better footing for future strategic discussions.

And we have navigated the additional challenge of a chief executive transition, with an orderly and well controlled handover, and with real progress on delivery of our transformation agenda, which is critical to building the foundations for growth and success in the future.

The committee also recognises that despite much good work during the year, as I write this letter our share price has remained essentially flat this year, albeit marginally outperforming the sector.

#### Reward outcomes for the year

Performance relative to our financial and customer experience targets led to a formulaic annual bonus outcome of just over 146% of target for the executive directors. However, considering the overall shareholder experience, the broadly flat earnings performance and the insufficient progress we have made in closing the customer service gap versus our competition, the committee exercised its discretion to reduce the annual bonus outturn relative to the financial and customer experience targets to 115% of target. This resulted in Philip Jansen and Simon Lowth receiving an annual bonus of 134% and 137% of salary, respectively. More information on the 2018/19 annual bonus is on pages 80 and 81.

In the three-year period 1 April 2016 to 31 March 2019, the group performed below threshold against the revenue, free cashflow and relative total shareholder return targets under the 2016 Incentive Share Plan (ISP) award. This resulted in no payment being made under the 2016 ISP. More information on the 2016 ISP is on page 81.

#### Chief executive changes

##### Departure of Gavin Patterson

When we announced Gavin's departure from BT last June, the Board felt we did not have an internal successor and wanted the opportunity to conduct an extensive external search to identify the best possible candidate to lead the company in the next phase of its development. The Board therefore concluded at that time that it was in the company's best interests to ask Gavin to remain in place to ensure the best continuity and the smoothest transition possible to a new chief executive. As part of Gavin's commitment to do this, the committee agreed that he would be eligible for a bonus based on the overall financial outcomes and his personal objectives including delivery of key strategic programmes (eg 5G and FTTP to plan), rebuilding trust and reputation with the regulator, developing and implementing a new operating model, the delivery of the digital communications review with Ofcom and ensuring a seamless transition to the new chief executive.

The committee has reviewed Gavin's overall performance for the year in the light of these objectives and concluded that the personal element of his bonus would merit an on target outcome. This reflects the role Gavin played in a seamless transition to Philip as our new chief executive, and the momentum sustained in progressing our transformation programme. However, having concluded on the formulaic outcomes for Gavin, the committee was keen to get input from some of our major shareholders, knowing full well that shareholders and society at large expect remuneration committees to exercise discretion more frequently, especially when an executive is leaving an organisation.

We received a broad range of views representing some of our largest shareholders, including our largest shareholder Deutsche Telekom. Having listened carefully to this feedback and after discussion with Gavin, the committee and Gavin agreed that a reduction of the total bonus outcome by 50% would be the right thing to do and in the best interests of all stakeholders. This resulted in Gavin receiving an annual bonus of 56% of target. Further details can be found on page 81. In addition, the committee exercised its discretion and, with Gavin's agreement, decided that his 2017 ISP should lapse in full. (Gavin was not awarded a 2018 ISP.) This has been a difficult decision and a difficult year for the committee to balance all the relevant factors.

#### Appointment of Philip Jansen

During the year we welcomed our new chief executive, Philip Jansen, a proven leader with exceptional experience in managing large and complex businesses. In considering Philip's remuneration package, the committee sought to balance the desire to secure his services with adherence to our Remuneration Policy. Throughout, we were guided by the views of shareholders and the provisions of the new UK Corporate Governance Code (the new Code) published by the Financial Reporting Council in July 2018. Philip has made a really excellent start as chief executive. However as detailed on page 81 the committee felt that the personal element of his bonus should be capped at 50% of maximum given the short period in question.

As detailed in the appointment announcement on 25 October 2018, Philip's base salary is £1,100,000, which is fixed for five years. He receives our standard executive benefits package and a cash allowance in lieu of pension of 15% of salary in line with the wider management population in the UK. Philip's incentive opportunities are in line with our Remuneration Policy, with a maximum annual bonus of 240% of salary and a maximum ISP award of 400% of salary. His annual bonus for 2018/19 has been pro-rated to reflect his period of service. He was awarded a 2018 ISP in February 2019. This recognises that he will be leading BT's progress towards these targets for most of the three-year performance period. The award was made at a reduced level of 300% of salary to recognise that he joined part-way through the first year.

Philip also received an award with a face value of £895,848 to compensate him for his loss in shares forfeited from Worldpay, his previous employer. The buy-out award mirrors the value and terms of the original award forfeited. Following the announcement that FIS will acquire Worldpay, Worldpay has confirmed the original award will vest in full. Therefore, Philip's BT buy-out award will also vest in full on 20 March 2020, subject to continued employment. Philip has voluntarily agreed to hold any vested shares for a further year.

As communicated at the time of appointment, Philip invested nearly £2m in purchasing BT shares in November 2018.

#### 2019 remuneration

We are not proposing any major changes to our executive director remuneration in 2019. Our chief financial officer, Simon Lowth, will receive a salary increase of 2.5%, in line with that for the wider workforce, while Philip Jansen is not eligible for an increase as the committee agreed on his appointment to fix his base pay for five years.

In terms of the 2019 ISP awards, the committee has reviewed the level of ISP award for Philip Jansen and Simon Lowth and agreed awards of 400% and 350% respectively in line with our Remuneration Policy. Recognising the need to ensure that our remuneration arrangements support the delivery of BT's strategy under Philip's stewardship, the committee has delayed agreeing the ISP 2019 performance conditions. The intention is that awards will be granted in June 2019 and full details of the performance conditions will be disclosed in advance of the AGM.

#### Corporate governance

The committee welcomes the new Code. We are already aligned with the new provisions in several areas. For example, approval of remuneration for the *Executive Committee* already falls within our remit. We also now consider a broader range of performance factors and wider circumstances when determining incentive pay-outs and do not simply follow the formulaic outcome. Finally, we took the opportunity to align the pension provision for our new chief executive to that of the wider management population in the UK, reflecting society's sentiment in this area.

We have also chosen to disclose our chief executive pay ratio for 2018/19. This is set out on page 87.

#### Looking ahead

2019 will be another busy year for the committee. Our primary aim is to ensure that executive pay continues to support the delivery of our business strategy, and that outcomes are appropriately aligned with shareholders' interests.

We will put our Remuneration Policy to shareholders for approval at the 2020 AGM. Ahead of this, we will carry out a thorough review of our remuneration framework and metrics, recognising the need to ensure that our arrangements support the delivery of BT's strategy under Philip Jansen's stewardship and best align executive rewards with shareholder rewards and any new Code provisions. We will consult with shareholders on any proposals during the year, and I look forward to an open and constructive dialogue.

We will further develop our compliance with the new Code, with a close eye on wider market practice, the expectations of our stakeholders and, of course, what is in the best interests of BT.

Finally, I would like to thank our shareholders for taking the time to engage with us over the course of the year and I look forward to seeing you at our 2019 AGM.

**Nick Rose**  
 Chair of the Remuneration Committee  
 8 May 2019

# Focus on remuneration

## How we align our remuneration policy with shareholders' interests and risk management

### Base salary and core benefits

#### Alignment with shareholders' interests

- Forms a key part of the remuneration framework required to attract, retain and motivate the calibre of executives needed to shape and execute our strategy and generate shareholder value.

#### Application in 2018/19

- An increase of 2.5% for Gavin Patterson and Simon Lowth was applied in June 2018
- Base salary for Gavin Patterson of £1,022,000 and for Simon Lowth £717,500
- Gavin Patterson and Simon Lowth received a cash pensions allowance of 30% of salary
- Philip Jansen's remuneration package was agreed upon appointment with a base salary of £1,100,000 fixed for five years and a cash pension allowance of 15% of salary
- Benefits include company car, fuel or driver, personal telecommunication facilities and home security, medical and dental cover (for the directors and immediate family), life cover, professional subscriptions, personal tax advice and financial counselling.

#### Risk management

- Loss of existing talent and an inability to recruit new talent would represent a risk to the business
- Mitigated by setting salary and benefits at a level that is competitive against relevant businesses and recognises breadth of the role and individual experience.

#### Application for 2019/20

- An increase of 2.5% for Simon Lowth to be applied in June 2019
- No change to Philip Jansen's base salary
- There are no changes being proposed to the benefit framework or pension arrangements for 2019/20 for Philip Jansen or Simon Lowth.

### Annual bonus

#### Alignment with shareholders' interests

- Financial and personal objectives are set with reference to our business strategy approved by the Board
- Focused on KPIs for the business, including:
  - EPS, free cash flow and revenue (excluding transit)
  - Delivering great customer service
  - Strategic objectives linked to key operational and strategic projects
- Deferral of one-third of the bonus for three years provides retention and alignment over the longer term.

#### Application in 2018/19

- The maximum level of bonus opportunity was 240% for Gavin Patterson and Philip Jansen, and 180% for Simon Lowth
- Performance relative to our financial and customer experience targets led to formulaic annual bonus outcome of 146.5% of target for the executive directors
- The committee exercised its discretion to reduce the financial and customer experience annual bonus outturn to 115% of target. This resulted in an annual bonus of 56% of maximum for Philip Jansen and 76% of maximum for Simon Lowth
- Having concluded on the formulaic outcome for Gavin Patterson, listened carefully to shareholder feedback, and following discussion with Gavin, the committee and Gavin agreed that a reduction of the total bonus outcome by 50% would be the right thing to do and in the best interests of all stakeholders. This resulted in an annual bonus of 28% of maximum for Gavin Patterson.

#### Risk management

- The Board seeks to ensure that the budget balances achievable goals without encouraging undue risk, with incentive targets aligned with delivering the budget
- The financial metrics reflect how well management mitigates our principal business risks
- The committee retains absolute discretion to reduce variable compensation in light of risk and the group's overall performance and circumstances
- Bonus deferral encourages a focus on long-term outcomes
- Malus and clawback provisions are in place.

#### Application for 2019/20

- No changes are being proposed to the maximum bonus opportunities or to the overall structure of the annual bonus
- Minor changes are being made to the way some of our performance metrics are measured to ensure that they remain fully aligned with the business' main areas of focus
- Change to revenue measure to be inclusive of transit revenue, to reflect how we are reporting in our quarterly financial statements
- Introduction of Keeping Our Promises measure in place of Right First Time to reflect that this provides a better measure of meeting the commitments we make and providing more reliable services for our customers.

## Incentive Share Plan (ISP)

### Alignment with shareholders' interests

- Based on performance against free cash flow, revenue (excluding transit) and total shareholder return
- Total shareholder return (TSR) metric provides a direct measure of our relative performance against peers.

### Application in 2018/19

- No award for Gavin Patterson
- Philip Jansen received an award of 300% of salary in February 2019, reduced from 400% to reflect his joining part way through the three-year performance period
- Simon Lowth received an award of 350% of salary.

### Risk management

- Metrics balance internal and external financial performance, producing a rounded view of performance and effective risk management over the longer term
- Two year holding period ensures individuals retain exposure to the share price for at least five years in total.

### Application for 2019/20

- At the time of going to print, the ISP 2019 targets had not been set by the committee
- Full details of the performance measures will be disclosed in advance of the AGM in July.

## Shareholding guidelines

### Alignment with shareholders' interests

- Shareholding guidelines ensure appropriate alignment between executives and investors
- Current shareholding levels are set out on page 83.

### Application in 2018/19

- Gavin Patterson: equivalent to 300% of salary
- Philip Jansen: equivalent to 300% of salary
- Simon Lowth: equivalent to 250% of salary.

### Risk management

- Encourages executives to build and hold a material, personal stake in the business
- Ensures that they have significant equity at stake in the event of adverse risk-related events.

### Application for 2019/20

- No changes are being proposed.

Our remuneration principles are to maintain a competitive remuneration package that promotes the long-term success of the business, avoids excessive or inappropriate risk taking and aligns management's interests with those of shareholders.

We believe in pay for performance against challenging targets and stretching goals for the annual bonus and long-term incentive shares. A significant proportion of the total remuneration package is therefore variable and linked to corporate performance.

In applying these principles, the committee determines the remuneration policy for the executive directors and the chairman. The chairman is not a member of the committee.

The committee:

- reviews the performance targets regularly to ensure that they are both challenging and closely linked to the group's strategic priorities. Furthermore, because a large part of the remuneration package is delivered in shares and senior executives are required to build up a significant shareholding themselves, they are directly exposed to the same gains or losses as all other shareholders.
- takes account of the pay and employment conditions of all our employees, the performance of the group and the individual, the current views and guidelines of shareholders and their representatives, and general market conditions. Remuneration arrangements at other companies of a similar size and complexity are also reviewed for guidance.
- continues to keep under review the relationship of risk to remuneration. The chair of the *Audit & Risk Committee* is chair of the *Remuneration Committee*.
- ensures that the incentive structure for senior executives does not raise environmental, social or governance risks by inadvertently motivating irresponsible behaviour. Part of the annual bonus depends upon an assessment of each senior executive's personal contribution which typically includes the environmental, social and governance agenda.
- retains absolute discretion to reduce variable compensation in light of risk and the group's overall performance and any other factor it deems relevant.

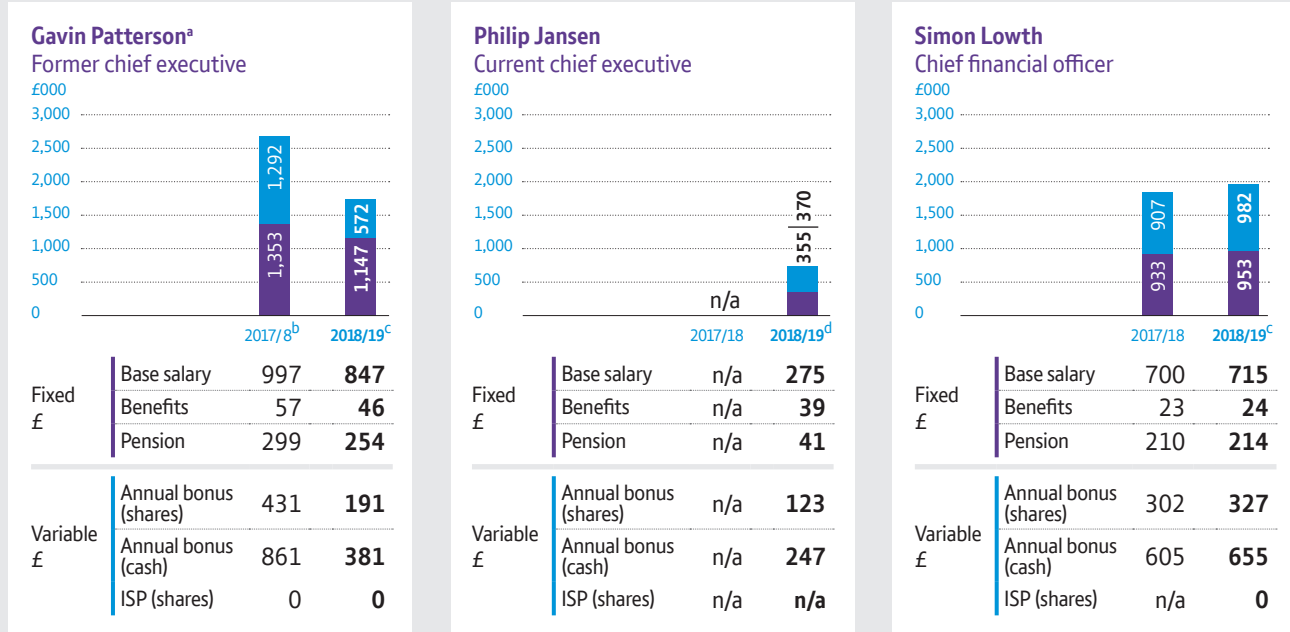
## Focus on remuneration continued

The Remuneration Report is colour-coded as follows:

- Fixed pay
- Annual bonus  
Annual bonus,  
deferred bonus
- Incentive  
Share Plan (ISP)

### Pay breakdown

The pay breakdown for the executive directors in 2017/18 and 2018/19 is set out below.



<sup>a</sup> Gavin stood down from the Board at midnight on 31 January 2019.

<sup>b</sup> The group returned below threshold performance against all of the performance measures for the 2015 ISP. No payment was made.

<sup>c</sup> The group returned below threshold performance against all of the performance measures for the 2016 ISP. No payment was made.

<sup>d</sup> Philip was appointed to the Board on 1 January 2019 and became chief executive on 1 February 2019. His first ISP award was made in February 2019.

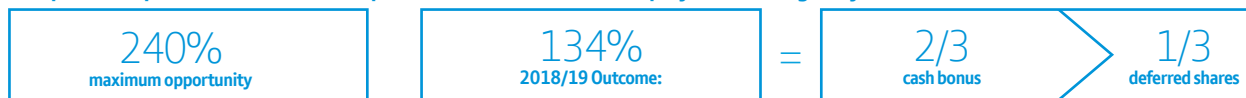
### Annual bonus for 2018/19

The resulting bonus outcomes as a percentage of base salary were:

**Gavin Patterson (pro-rated to reflect the period he was in full-time employment during the year)**



**Philip Jansen (pro-rated to reflect the period he was in full-time employment during the year)**



**Simon Lowth**



### Vesting of 2016 ISP award

The ISP is a conditional share award with three performance conditions measured over a three-year performance period. The group returned below-threshold performance against all of the performance measures for the 2016 ISP. This resulted in no payment being made.

| Performance                | Outcome                              | Performance        | Outcome                     | Performance    | Outcome                     |
|----------------------------|--------------------------------------|--------------------|-----------------------------|----------------|-----------------------------|
| Threshold 12 <sup>th</sup> | 20 <sup>th</sup> = threshold not met | Threshold £10.70bn | £8.19bn = threshold not met | Threshold 2.1% | (2.19)% = threshold not met |

# Annual remuneration report

This section summarises all elements of the directors' remuneration in 2018/19. References to 'audited' refer to an audit performed in accordance with UK statutory reporting requirements. For US purposes, disclosures have not been audited from a Public Company Accounting Oversight Board perspective.

## Single total figure of remuneration (audited)

The following sets out all emoluments received by directors for the financial years 2018/19 and 2017/18, including bonus and deferred bonus, long-term incentive share plans (ISP) and pension arrangements.

|                                   | Base salary and fees (2018/19) £000 | Base salary and fees (2017/18) £000 | Benefits excluding pension (2018/19) £000 | Benefits excluding pension (2017/18) £000 | Pension <sup>a</sup> (2018/19) £000 | Pension (2017/18) £000 | Annual Bonus <sup>b</sup> (2018/19) £000 | Annual Bonus (2017/18) £000 | ISP <sup>c</sup> (2018/19) £000 | ISP <sup>d</sup> (2017/18) £000 | Malus <sup>e</sup> 2017/18 | Total 2018/19 £000 | Total 2017/18 £000 |
|-----------------------------------|-------------------------------------|-------------------------------------|---|---|-------------------------------------|------------------------|--|-----------------------------|---------------------------------|---------------------------------|----------------------------|--------------------|--------------------|
| <b>Chairman</b>                   |                                     |                                     |   |   |                                     |                        |  |                             |                                 |                                 |                            |                    |                    |
| Jan du Plessis                    | 700                                 | 322                                 | 24  | 43  |                                     |                        |  |                             |                                 |                                 |                            | 724                | 365                |
| <b>Executive directors</b>        |                                     |                                     |   |   |                                     |                        |  |                             |                                 |                                 |                            |                    |                    |
| Philip Jansen <sup>f</sup>        | 275                                 | –                                   | 39  | –   | 41                                  | –                      | 370                                      | –                           | –                               | –                               | –                          | 725                | 0                  |
| Simon Lowth                       | 715                                 | 700                                 | 23  | 23  | 214                                 | 210                    | 982                                      | 907                         | –                               | –                               | –                          | 1,934              | 1,840              |
| <b>Non-executive directors</b>    |                                     |                                     |   |   |                                     |                        |  |                             |                                 |                                 |                            |                    |                    |
| Iain Conn                         | 124                                 | 122                                 |   |   |                                     |                        |  |                             |                                 |                                 |                            | 124                | 122                |
| Tim Höttges <sup>g</sup>          | –                                   | –                                   |   |   |                                     |                        |  |                             |                                 |                                 |                            | 0                  | 0                  |
| Isabel Hudson <sup>h</sup>        | 157                                 | 188                                 | 3   | 1   |                                     |                        |  |                             |                                 |                                 |                            | 160                | 189                |
| Mike Inglis <sup>h</sup>          | 126                                 | 105                                 | 2   | 2   |                                     |                        |  |                             |                                 |                                 |                            | 128                | 107                |
| Matthew Key <sup>h,i</sup>        | 39                                  |                                     | 1   |   |                                     |                        |  |                             |                                 |                                 |                            | 40                 | 0                  |
| Allison Kirkby <sup>j</sup>       | 3                                   |                                     |   |   |                                     |                        |  |                             |                                 |                                 |                            | 3                  | 0                  |
| Nick Rose <sup>h</sup>            | 171                                 | 173                                 | 1   | 2   |                                     |                        |  |                             |                                 |                                 |                            | 172                | 175                |
| Jasmine Whitbread                 | 134                                 | 107                                 |   |   |                                     |                        |  |                             |                                 |                                 |                            | 134                | 107                |
| <b>Sub-total</b>                  | <b>2,444</b>                        | <b>1,717</b>                        | <b>93</b>                                 | <b>71</b>                                 | <b>255</b>                          | <b>210</b>             | <b>1,352</b>                             | <b>907</b>                  | <b>–</b>                        | <b>–</b>                        | <b>–</b>                   | <b>4,144</b>       | <b>2,905</b>       |
| <b>Former directors</b>           |                                     |                                     |   |   |                                     |                        |  |                             |                                 |                                 |                            |                    |                    |
| Gavin Patterson <sup>k</sup>      | 847                                 | 997                                 | 46  | 57  | 254                                 | 299                    | 572                                      | 1,292                       | –                               | –                               | -338                       | 1,719              | 2,307              |
| Tony Ball <sup>h,l</sup>          | 36                                  | 138                                 | 1   | 2   |                                     |                        |  |                             |                                 |                                 |                            | 37                 | 140                |
| Karen Richardson <sup>h,m,n</sup> | 36                                  | 127                                 | 8   | 31  |                                     |                        |  |                             |                                 |                                 |                            | 44                 | 158                |
| <b>Total</b>                      | <b>3,363</b>                        | <b>2,979</b>                        | <b>148</b>                                | <b>161</b>                                | <b>509</b>                          | <b>509</b>             | <b>1,924</b>                             | <b>2,199</b>                | <b>–</b>                        | <b>–</b>                        | <b>-338</b>                | <b>5,944</b>       | <b>5,510</b>       |

<sup>a</sup> Pension allowance paid in cash for the financial year – see 'Total pension entitlement' on page 81.

<sup>b</sup> Annual bonus shown includes both the cash and deferred share element. The deferred element of the 2018/19 bonus includes the value of deferred shares to be granted in June 2019. Further details of the deferred element are set out on page 81.

<sup>c</sup> The ISP 2016 granted in June 2016 will lapse in full. Further details are provided on page 81.

<sup>d</sup> The ISP 2015 granted in June 2015 lapsed in full in May 2018.

<sup>e</sup> As a result of investigations into improper accounting practices in BT's Italian business, the committee exercised its discretion and applied the malus provisions under the deferred bonus plan. This was applied in May 2017 and the figure was calculated based on the share price at the original grant.

<sup>f</sup> Philip was appointed as a director on 1 January 2019 and became chief executive from 1 February 2019.

<sup>g</sup> Under the terms of the Relationship Agreement between BT and Deutsche Telekom and Tim's letter of appointment, no remuneration is payable for this position.

<sup>h</sup> Value shown relates to reimbursement of reasonable travelling and other expenses (including any relevant tax) incurred in carrying out their duties.

<sup>i</sup> Matthew was appointed as a director on 25 October 2018.

<sup>j</sup> Allison was appointed as a director on 15 March 2019.

<sup>k</sup> Gavin stood down as a director at midnight on 31 January 2019.

<sup>l</sup> Tony retired as a director on 11 July 2018.

<sup>m</sup> Karen retired as a director on 11 July 2018.

<sup>n</sup> Includes an additional fee for regular travel to Board and board committee meetings.

## Annual remuneration report continued

### Additional disclosures relating to the single figure table (audited)

#### Salaries

Executive directors' salaries are reviewed annually, with increases typically effective from 1 June. We reviewed the salaries for Gavin Patterson and Simon Lowth during the year and agreed a 2.5% increase in line with increases for the UK management population and a lower increase than that given to team members. The new base salaries were £1,022,000 and £717,500 respectively. We agreed Philip Jansen's salary of £1,100,000 (fixed for five years) at the time of his appointment in January 2019.

The annualised pay settlement for our team members in the UK in 2018/19 was 3.1%.

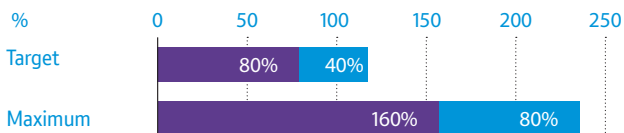
#### Benefits

Benefits provided to the executive directors and the chairman include company car, fuel or driver, personal telecommunication facilities and home security, medical and dental cover (for the directors and immediate family), life cover (executive directors only), professional subscriptions, personal tax advice and financial counselling.

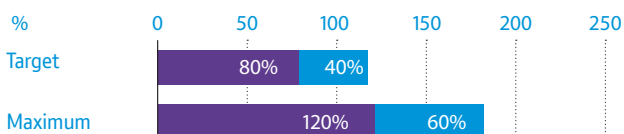
#### Annual bonus

The annual bonus opportunities (expressed as a percentage of salary) for the executive directors in 2018/19 were as follows:

##### Chief executive



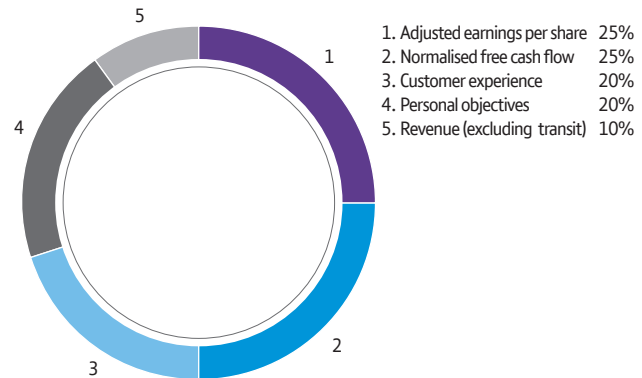
##### Chief financial officer



● Cash ● Deferred shares

The annual bonus opportunities for the chief executive applied to Gavin Patterson and Philip Jansen during their respective time in the role as chief executive.

We set out below the weighting of the annual bonus structure for the executive directors in 2018/19.



The annual bonus is based on performance against key financial and non-financial metrics, and personal objectives. Key measures under the financial and non-financial elements include adjusted earnings per share, cash flow, revenue (excluding transit) and customer experience.

As set out in the table below, the formulaic results against targets produced an above-target outcome across all of the measures. However, considering the overall shareholder experience, the broadly flat earnings performance and the insufficient progress we have made in closing the customer service gap versus our competition, the committee exercised its discretion to reduce the annual bonus outturn relative to the financial and customer experience targets to 115% of target.

| Measure                                     | Threshold | Target | Stretch | Actual | Outcome                    |
|---|-----------|--------|---------|--------|----------------------------|
| Adjusted EPS (p) <sup>a</sup>               | 24.6      | 25.9   | 27.8    | 26.3   | Between target and stretch |
| Normalised free cash flow (£m) <sup>b</sup> | 2,270     | 2,389  | 2,569   | 2,440  | Between target and stretch |
| Revenue (excluding transit) (£m)            | 22,848    | 23,079 | 23,425  | 23,300 | Between target and stretch |
| Customer experience                         | 50        | 100    | 200     | 164.13 | Between target and stretch |

<sup>a</sup> Adjusted EPS is defined on page 31.

<sup>b</sup> Normalised free cash flow is defined on page 31.



The assessment of performance against personal objectives was carried out by the chairman for Gavin Patterson and Philip Jansen, and by Gavin Patterson for Simon Lowth. In addition, the *Nominations Committee* reviewed the performance of the executive directors as part of a wider *Executive Committee* performance review. These assessments were based on a number of factors including BT's regular employee surveys and performance against personal objectives set at the start of the year.

Gavin Patterson achieved 50% of maximum for his personal contribution score. This reflected Gavin's progress against the delivery of key strategic programmes (eg 5G and FTTP to plan), rebuilding trust and reputation with the regulator, developing and implementing a new operating model, the delivery of the digital communications review with Ofcom and ensuring a seamless transition to Philip Jansen. Having concluded on the formulaic outcomes for Gavin, listened carefully to shareholder feedback, and following discussion with Gavin, the committee and Gavin agreed that a reduction of the total bonus outcome by 50% would be the right thing to do and in the best interests of all stakeholders.

Philip Jansen achieved 50% of maximum for his personal contribution score. Philip has made an excellent start in the role as chief executive. However, given that he is new to the role, the committee felt that target level of achievement was appropriate and consistent with how we treat other new joiners in the company.

Simon Lowth achieved 90% of maximum for his personal contribution score. In addition to successfully delivering this year's financial outturns, Simon has demonstrated stand-out leadership in transforming the finance function. This has included improving our risk management processes, strengthening our controls, and bolstering the team with new skills and experience. He has also helped with the transition of the Strategy & Transformation function to Michael Sherman. As a member of the Openreach board, he played an important role in delivering the Digital Communications Review.

The table below sets out the total bonus outturns:

|                 | Financial and customer service measures (80% weighting) |                      | Personal objectives (20% weighting) |                      | Overall bonus   |
|-----------------|---|----------------------|-------------------------------------|----------------------|---|
|                 | Formulaic outcome                                       | Following discretion | Formulaic outcome                   | Following discretion |   |
| Gavin Patterson | 146.5% of target  | 57.5% of target      | 100% of target                      | 50% of target        | 28% of maximum<br>67% of salary<br>£381,547 cash/<br>£190,773 shares  |
| Philip Jansen   | 146.5% of target  | 115% of target       | 100% of target                      | 100% of target       | 56% of maximum<br>134% of salary<br>£246,400 cash/<br>£123,200 shares |
| Simon Lowth     | 146.5% of target  | 115% of target       | 140% of target                      | 140% of target       | 76% of maximum<br>137% of salary<br>£654,360 cash/<br>£327,180 shares |

For executive directors, one-third of any bonus paid is deferred into shares for three years with the remaining two-thirds paid in cash. Deferred shares are not subject to performance conditions.

Gavin Patterson's bonus, paid both in cash and deferred shares, represented 67% of salary (pro-rated to reflect the period he was chief executive during the year) (2017/18: 130%) and 28% of the maximum bonus opportunity (2017/18: 54%).

Philip Jansen's bonus, paid both in cash and deferred shares, represented 134% of salary (pro-rated to reflect the period he was in full-time employment during the year) (2017/18: N/A) and 56% of the maximum bonus opportunity (2017/18: N/A).

Simon Lowth's bonus, paid both in cash and deferred shares, represented 137% of salary (2017/18: 130%) and 76% of the maximum bonus opportunity (2017/18: 70%).

The deferred shares will be granted in June 2019.

### Incentive share plan 2016 (audited)

The ISP is a conditional share award. The committee assesses the performance conditions to 31 March 2019 and the awards would ordinarily vest in May 2019. The performance conditions are based 40% on relative TSR, 40% on normalised free cash flow, and 20% on growth in underlying revenue (excluding transit) over a three-year performance period.

As set out in the table below, the threshold performance target in respect of each measure was not met and therefore no payment was made.

| 40% Total Shareholder Return |                                  | 40% Normalised free cash flow  |                                     | 20% Underlying revenue growth (excluding transit) |                                     |
|------------------------------|----------------------------------|--------------------------------|-------------------------------------|---|-------------------------------------|
| Performance Threshold 12th   | Outcome 20th = threshold not met | Performance Threshold £10.70bn | Outcome £8.19bn = threshold not met | Performance Threshold 2.1%                        | Outcome (2.19)% = threshold not met |

### Total pension entitlements (audited)

We closed the BT Pension Scheme (BTPS) to new entrants on 31 March 2001. None of the executive directors participate in future service accrual in the BTPS.

New UK employees are eligible to join a defined contribution scheme, typically a personal pension plan. For executive directors, the company agrees to pay a fixed percentage of the executive's salary each year which can be put towards the provision of retirement benefits.

Philip Jansen receives an annual allowance equal to 15% of salary in lieu of pension provision as set out in the table on page 79. Philip has not previously been a member of any of the company pension schemes. BT also provides death in service cover consisting of a lump sum equal to four times his salary.

Gavin Patterson receives an annual allowance equal to 30% of salary in lieu of pension provision as set out in the table on page 79. Gavin has previously been a member of the BT Retirement Saving Scheme (BTRSS) but neither he nor the company has made any contribution to the scheme during 2018/19. BT also provides death in service cover consisting of a lump sum equal to four times his salary plus a dependant's pension equal to 30% of his capped salary.

Simon Lowth receives an annual allowance equal to 30% of salary in lieu of pension provision as set out in the table on page 79. Simon has not previously been a member of any of the company pension schemes. BT also provides death in service cover consisting of a lump sum equal to four times his salary plus a dependant's pension equal to 30% of his capped salary.

Jan du Plessis is not a member of any of the company pension schemes. The company has made no payments towards his retirement provision and provided no life cover benefit.

## Annual remuneration report continued

### Awards granted during the year (audited)

#### 2018 ISP awards

The 2018 ISP awards were made in June 2018 and February 2019 as set out below and on page 85. Despite serving as chief executive for almost a year of the performance period, no award was made to Gavin Patterson on the basis of him stepping down as chief executive at the end of January 2019.

The award for Simon Lowth was 350% of salary.

To reflect his joining part way through the three-year performance period, an award of 300% of salary was made to Philip Jansen.

| Director                   | Date of award   | ISP award (shares) | Face value of award |
|----------------------------|-----------------|--------------------|---------------------|
| Philip Jansen <sup>a</sup> | 1 February 2019 | 1,412,872          | £3,299,056          |
| Simon Lowth <sup>b</sup>   | 19 June 2018    | 1,190,071          | £2,511,248          |

<sup>a</sup> Face value based on share price at the date of grant of 233.56p. The grant price is calculated using the average middle-market price of a BT share for the three days prior to grant.

<sup>b</sup> Face value based on share price at the date of grant of 211.02p. The grant price is calculated using the average middle-market price of a BT share for the three days prior to grant.

The ISP is a conditional share award. Performance conditions attached to the awards are based on: 40% relative TSR, 40% normalised free cash flow, and 20% growth in underlying revenue excluding transit over a three-year performance period from 1 April 2018 to 31 March 2021. The performance conditions are the same for both directors. The table below sets out the pay-out ranges for TSR, the normalised free cash flow and underlying revenue growth excluding transit for the three-year performance period 2018/19 to 2020/21.

| TSR position | Proportion vesting (of TSR portion of award) | Proportion vesting (of overall award) |
|--------------|--|---------------------------------------|
| 1-5          | 100.0%                                       | 40.0%                                 |
| 6            | 81.3%  | 32.5%                                 |
| 7            | 62.50%                                       | 25.0%                                 |
| 8            | 43.75%                                       | 17.5%                                 |
| 9            | 25.00%                                       | 10.0%                                 |
| 10-17        | 0.00%  | 0.0%                                  |

As disclosed in the 2018 Directors' Remuneration Report, the committee agreed a revised comparator group of 16 other companies for the 2018 awards as set out below.

|                  |          |                |
|------------------|----------|----------------|
| Centrica         | Proximus | Telecom Italia |
| Deutsche Telekom | Sky      | Telefónica     |
| KPN              | SSE      | Telenor        |
| Liberty Global   | Swisscom | Telia Company  |
| National Grid    | TalkTalk | Vodafone       |
| Orange           |          |                |

### Financial targets

| Measure 2018/19–2020/21                       | Threshold | Level of vesting | Maximum | Level of vesting <sup>a</sup> |
|---|-----------|------------------|---------|-------------------------------|
| Normalised free cash flow                     | £6.4bn    | 25%              | £7.4bn  | 100%                          |
| Underlying revenue growth (excluding transit) | 0.2%      | 25%              | 1.9%    | 100%                          |

<sup>a</sup> Vesting levels between threshold and maximum will be on a straight line basis.

When setting the targets, the committee takes into account the budget, medium-term plan and consensus at the time. The committee believes the performance ranges for free cash flow and revenue measures are challenging, and the financial performance necessary to achieve the upper end of the range for each measure is stretching.

When ISP awards vest, additional shares representing the value of reinvested dividends on the underlying shares are added.

The awards are subject to a further holding period of two years, commencing from the end of the performance period and applied to the net number of shares received after tax and other statutory deductions. During the holding period, no further performance measures will apply.

#### 2018 deferred shares (DBP)

We awarded a proportion of the 2017/18 annual bonus in deferred shares. The table below provides further details.

| Director        | Date of award | DBP award (shares) | Face value of award <sup>a</sup> |
|-----------------|---------------|--------------------|----------------------------------|
| Gavin Patterson | 19 June 2018  | 204,072            | £430,626                         |
| Simon Lowth     | 19 June 2018  | 143,306            | £302,400                         |

<sup>a</sup> Face value based on share price at grant of 211.02p. The grant price is calculated using the average middle-market price of a BT share for the three days prior to grant.

The DBP is a conditional share award. Deferred shares are not subject to performance conditions and have a three-year vesting period. Details of all interests in deferred shares are set out on page 85.

When DBP awards vest, additional shares representing the value of reinvested dividends on the underlying shares are added.

#### Joining arrangements for Philip Jansen

During the year we welcomed our new chief executive, Philip Jansen, a proven leader with exceptional experience in managing large and complex businesses. In considering Philip's remuneration package, the committee sought to balance the desire to secure his service with adherence to our Remuneration Policy. Throughout, we were guided by the views of shareholders and the provisions of the new Code.

Philip's base salary is £1,100,000, which is fixed for five years. He receives our standard executive benefits package and a cash allowance in lieu of pension of 15% of salary in line with our wider management population in the UK. Philip's incentive opportunities are in line with our Remuneration Policy, with a maximum annual bonus of 240% of salary and a maximum ISP award of 400% of salary. His annual bonus for 2018/19 has been pro-rated to reflect his period of service. He was awarded a 2018 ISP in February 2019. This recognises that he will be leading BT's progress towards the targets for most of the three-year performance period. To recognise that he joined part-way through the first year, the award was made at a reduced level of 300% of salary.

Philip also received an award with a face value of £895,848 to compensate him for his loss in shares forfeited from Worldpay, his previous employer. The buy-out award mirrors the value and terms of the award forfeited. Following the announcement that FIS will acquire Worldpay, Worldpay have confirmed the original award will vest in full. Therefore, Philip's BT buy-out award will also vest in full on 20 March 2020, subject to continued employment. Philip has voluntarily agreed to hold any vested shares for a further year until 20 March 2021.

| Director      | Date of award   | RSP award (shares) | Face value of award <sup>a</sup> |
|---------------|-----------------|--------------------|----------------------------------|
| Philip Jansen | 1 February 2019 | 370,798            | £895,848                         |

<sup>a</sup> Face value based on share price at grant of 241.6p. The grant price is calculated using the closing share price on 17 October 2018.

#### Payments for loss of office (audited)

Gavin Patterson stood down as a director at midnight on 31 January 2019. Under the terms of his service contract, he will continue to receive his salary and contractual benefits until the end of his notice period, being 25 October 2019. These pro-rated payments will total £777,489 salary and fees, £15,000 benefits and £225,000 pension allowance. Gavin will receive no compensation or payment for the termination of his service contract or his ceasing to be a director of the company or any other group company, although BT will pay outplacement fees of up to £40,000 and legal fees of up to £9,000.

#### Former directors (audited)

Phil Hodgkinson retired as a non-executive director on 31 January 2016 and was a member of the *Committee for Sustainable and Responsible Business* until standing down on 31 January 2019. He received an annual fee of £10,000 as a member of this committee.

#### Directors' share ownership (audited)

The committee believes that the interests of the executive directors should be closely aligned with those of shareholders.

The chief executive is required to build up a shareholding equal to 300% of salary, and the chief financial officer 250% of salary. The aim is to encourage the build up of a meaningful shareholding in the company over time by retaining shares received under an executive share plan (other than shares sold to meet tax and other statutory deductions) or from purchases in the market.

We use the average BT share price over the preceding 12 months (or the share price at acquisition date if higher) to determine whether the minimum shareholding requirement has been reached.

The table below sets out the shareholding position as at 31 March 2019. As a new director, Philip has not yet received any vested shares under the executive share plans. Details of his buy-out are included on page 86 the award will vest in full on 20 March 2020 and Philip has voluntarily agreed to hold the shares for a further one year until 20 March 2021. Philip invested nearly £2m in purchasing shares in the market in November 2018.

Gavin Patterson is required to maintain a shareholding equivalent to 300% of salary until the end of his notice period, being 25 October 2019.

| Executive director           | Personal shareholding as a percentage of salary |
|------------------------------|---|
| Gavin Patterson <sup>a</sup> | 919%  |
| Philip Jansen                | 180%  |
| Simon Lowth                  | 51%   |

<sup>a</sup> Gavin stood down from the Board at midnight on 31 January 2019 and the percentage reflects his personal shareholding at that date.

The following table shows the total unvested interests held by the executive directors in the ISP and DBP, and for Philip Jansen the RSP. The numbers represent the maximum possible vesting levels. The ISP awards will only vest to the extent the performance conditions are met over the three-year period. Full details of all ISP and DBP awards, including performance periods and vesting conditions, are set out on page 85.

#### Unvested interests in shares (audited)

|                              | ISP (subject to performance) |  | DBP (not subject to performance) |  | RSP (subject to Worldpay performance) |  |
|------------------------------|------------------------------|--|----------------------------------|--|---------------------------------------|--|
|                              | 1 April 2018                 | Total number of award shares 31 March 2019 | 1 April 2018                     | Total number of award shares 31 March 2019 | 1 April 2018                          | Total number of award shares 31 March 2019 |
| Gavin Patterson <sup>a</sup> | 3,354,841                    | 2,537,389                                  | 127,638                          | 253,742                                    | –                                     | –  |
| Philip Jansen <sup>b</sup>   | –                            | 1,441,160                                  | –                                | –  | –                                     | 378,221                                    |
| Simon Lowth                  | 1,568,600                    | 2,947,475                                  | 44,397                           | 200,548                                    | –                                     | –  |

<sup>a</sup> Gavin stood down from the Board at midnight on 31 January 2019 and the number reflects his awards at that date.

<sup>b</sup> Philip joined the Board in January 2019 and will be granted his first DBP award in June 2019.

During the period 1 April 2019 to 8 May 2019, there were no movements in unvested interests in shares.

## Annual remuneration report continued

### Directors' interests at 31 March 2019 or date of retirement, if earlier (audited)

The following table shows the beneficial interests of directors holding office at the end of the year (or at the point of leaving for directors who retired during the year), and their families, in the company's shares at 31 March 2019 and 1 April 2018, or at date of appointment if later.

| Beneficial holdings             | Number of shares |                  |
|---------------------------------|------------------|------------------|
|                                 | 31 March 2019    | 1 April 2018     |
| Jan du Plessis                  | 501,599          | 400,000          |
| Gavin Patterson <sup>a,b</sup>  | 2,958,405        | 2,943,453        |
| Philip Jansen <sup>c</sup>      | 771,313          | 770,500          |
| Simon Lowth                     | 157,379          | 10,536           |
| Tony Ball <sup>d</sup>          | 193,871          | 193,871          |
| Iain Conn                       | 19,442           | 19,442           |
| Tim Höttges                     | –                | –                |
| Isabel Hudson                   | 24,090           | 15,090           |
| Allison Kirkby <sup>e</sup>     | –                | –                |
| Mike Inglis                     | 29,091           | 4,599            |
| Matthew Key <sup>f</sup>        | 31,000           | –                |
| Karen Richardson <sup>g,h</sup> | 13,525           | 13,525           |
| Nick Rose                       | 400,000          | 300,000          |
| Jasmine Whitbread               | 11,832           | 11,289           |
| <b>Total</b>                    | <b>5,111,547</b> | <b>4,682,305</b> |

<sup>a</sup> Gavin stood down as a director at midnight on 31 January 2019 and the number reflects his holding at that date.

<sup>b</sup> Includes shares purchased under directshare and free shares awarded under UK allshare. Directshare is an HMRC approved plan that allows BT employees to buy shares out of gross pay. Prior to 2008 BT awarded free shares to UK employees (UK allshare).

<sup>c</sup> Philip was appointed as a director on 1 January 2019. He purchased 770,500 shares in the market in November 2018.

<sup>d</sup> Tony retired as a director on 11 July 2018 and the number reflects his holding at that date.

<sup>e</sup> Allison was appointed as a director on 15 March 2019.

<sup>f</sup> Matthew was appointed as a director on 25 October 2018.

<sup>g</sup> Karen retired as a director on 11 July 2018 and the number reflects her holding at that date.

<sup>h</sup> Shares are held as 2,705 American Depositary Shares (ADS). One ADS equates to five BT ordinary shares.

During the period 1 April 2019 to 8 May 2019, there were no movements in directors' beneficial holdings. The directors, as a group, beneficially own less than 1% of the company's shares.

The company encourages the chairman and independent non-executive directors to purchase, on a voluntary basis, BT shares with an aggregate value of £5,000 on average each year to further align the interests of non-executive directors with those of our shareholders. The directors are asked to hold these shares until they retire from the Board. This policy is not mandatory.

This policy does not apply to Tim Höttges who was appointed to the Board as a non-independent, non-executive director following completion of the EE acquisition in January 2016. This helps avoid any conflict of interest in relation to Tim's ongoing employment as CEO of Deutsche Telekom.

## Deferred bonus plan awards at 31 March 2019 (audited)

The following DBP awards have been granted to the directors. These shares will normally be transferred to participants at the end of the three-year deferral period. Philip Jansen joined the Board on 1 January 2019 and is due to be granted his first DBP award in June 2019.

|                        | 1 April 2018 | Awarded <sup>a</sup> | Dividends re-invested | Vested | Lapsed | Total number of award shares 31 March 2019 | Vesting date | Price at grant | Market price at vesting | Monetary value of vested award £000 |
|------------------------|--------------|----------------------|-----------------------|--------|--------|--|--------------|----------------|-------------------------|-------------------------------------|
| <b>Simon Lowth</b>     |              |                      |                       |        |        |  |              |                |                         |                                     |
| DBP 2017               | 44,397       | –                    | 3,038                 | –      | –      | 47,435                                     | 01/08/2020   | 286.40p        | –                       | –                                   |
| DBP 2018               | –            | 143,306              | 9,807                 | –      | –      | 153,113                                    | 01/08/2021   | 211.01p        | –                       | –                                   |
| <b>Former director</b> |              |                      |                       |        |        |  |              |                |                         |                                     |
| <b>Gavin Patterson</b> |              |                      |                       |        |        |  |              |                |                         |                                     |
| DBP 2015               | 94,220       | –                    | –                     | 94,220 | –      | –  | 01/08/2018   | 449.50p        | 230.68p                 | 217                                 |
| DBP 2016               | 33,418       | –                    | 2,286                 | –      | –      | 35,704                                     | 01/08/2019   | 403.18p        | –                       | –                                   |
| DBP 2017 <sup>b</sup>  | –            | –                    | –                     | –      | –      | –  | –            | –              | –                       | –                                   |
| DBP 2018               | –            | 204,072              | 13,966                | –      | –      | 218,038                                    | 01/08/2021   | 211.01p        | –                       | –                                   |

<sup>a</sup> Awards granted on 19 June 2018. The number of shares subject to awards was calculated using the average middle market price of a BT share for the three days prior to the grant. Awards of deferred shares in respect of 2019 will be calculated using the average middle market price of a BT share for the three days prior to grant.

<sup>b</sup> The committee exercised its discretion and determined that no bonus would be awarded to Gavin in respect of 2016/17. This resulted in no DBP award being granted in 2017.

## Share awards under long-term incentive share plan (ISP) held at 31 March 2019 (audited)

Details of the company's ordinary shares under conditional share awards made to directors, as participants under the ISP are as follows:

|                        | 1 April 2018 | Awarded   | Dividends re-invested | Vested | Lapsed    | Total number of award shares 31 March 2019 | Performance period end | Price on grant | Market price at vesting | Monetary value of vested award £000 |
|------------------------|--------------|-----------|-----------------------|--------|-----------|--|------------------------|----------------|-------------------------|-------------------------------------|
| <b>Philip Jansen</b>   |              |           |                       |        |           |  |                        |                |                         |                                     |
| ISP 2018 <sup>a</sup>  | –            | 1,412,872 | 28,288                | –      | –         | 1,441,160                                  | 31/03/2021             | 233.56p        | –                       | –                                   |
| <b>Simon Lowth</b>     |              |           |                       |        |           |  |                        |                |                         |                                     |
| ISP 2016 <sup>b</sup>  | 664,614      | –         | 45,486                | –      | –         | 710,100                                    | 31/03/2019             | 405.38p        | –                       | –                                   |
| ISP 2017 <sup>c</sup>  | 903,986      | –         | 61,869                | –      | –         | 965,855                                    | 31/03/2020             | 286.4p         | –                       | –                                   |
| ISP 2018 <sup>d</sup>  | –            | 1,190,071 | 81,449                | –      | –         | 1,271,520                                  | 31/03/2021             | 211.01p        | –                       | –                                   |
| <b>Former director</b> |              |           |                       |        |           |  |                        |                |                         |                                     |
| <b>Gavin Patterson</b> |              |           |                       |        |           |  |                        |                |                         |                                     |
| ISP 2015 <sup>e</sup>  | 979,988      | –         | –                     | –      | (979,988) | –  | 31/03/2018             | 449.5p         | –                       | –                                   |
| ISP 2016 <sup>f</sup>  | 1,087,543    | –         | 74,432                | –      | –         | 1,161,975                                  | 31/03/2019             | 403.18p        | –                       | –                                   |
| ISP 2017 <sup>c</sup>  | 1,287,310    | –         | 88,014                | –      | –         | 1,375,324                                  | 31/03/2020             | 286.4p         | –                       | –                                   |
| ISP 2018 <sup>g</sup>  | –            | –         | –                     | –      | –         | –  | –                      | –              | –                       | –                                   |

<sup>a</sup> Award granted on 1 February 2019. The number of shares subject to award was calculated using the average middle-market price of a BT share for the three days prior to grant of 233.56p. 40% of each award is linked to TSR compared with a group of 17 companies, 40% is linked to a three-year normalised free cash flow measure and 20% to a measure of underlying revenue growth (excluding transit) over three years.

<sup>b</sup> Award granted on 29 July 2016. The number of shares subject to award was calculated using the average middle market price of a BT share for the three days prior to grant of 405.38p. 40% of each award is linked to TSR compared with a group of 21 companies, 40% is linked to a three-year normalised free cash flow measure and 20% to a measure of underlying revenue growth (excluding transit) over three years.

<sup>c</sup> Award granted on 22 June 2017. The number of shares subject to award was calculated using the average middle market price of a BT share for the three days prior to grant of 286.40p. 40% of each award is linked to TSR compared with a group of 21 companies, 40% is linked to a three-year normalised free cash flow measure and 20% to a measure of underlying revenue growth (excluding transit) over three years.

<sup>d</sup> Award granted on 19 June 2018. The number of shares subject to award was calculated using the average middle market price of a BT share for the three days prior to grant of 211.01p. 40% of each award is linked to TSR compared with a group of 17 companies, 40% is linked to a three-year normalised free cash flow measure and 20% to a measure of underlying revenue growth (excluding transit) over three years.

<sup>e</sup> Award granted on 18 June 2015. The number of shares subject to award was calculated using the average middle market price of a BT share for the three days prior to grant of 449.50p. 40% of each award is linked to TSR compared with a group of 21 companies, 40% is linked to a three-year normalised free cash flow measure and 20% to a measure of underlying revenue growth (excluding transit) over three years.

<sup>f</sup> Award granted on 20 June 2016. The number of shares subject to award was calculated using the average middle market price of a BT share for the three days prior to grant of 403.18p. 40% of each award is linked to TSR compared with a group of 21 companies, 40% is linked to a three-year normalised free cash flow measure and 20% to a measure of underlying revenue growth (excluding transit) over three years.

<sup>g</sup> The committee exercised its discretion and determined that no ISP would be awarded to Gavin in respect of 2018/19.

## Annual remuneration report continued

### Retention share plan awards at 31 March 2019 (audited)

The following RSP award was granted to Philip Jansen. This is a buy-out award to compensate Philip for the loss in shares that he forfeited on leaving Worldpay to join BT. In accordance with our approved Remuneration Policy, the buy-out mirrors the value and terms of the award forfeited. The shares will vest on 20 March 2020 subject to continued employment and will only vest to the extent that the forfeited award meets the original performance targets set by Worldpay. Following the announcement that FIS will acquire Worldpay, Worldpay has confirmed the original award will vest in full. Philip has voluntarily agreed to hold any vested shares for a further one year until 20 March 2020.

|                      | 1 April 2018 | Awarded | Dividends re-invested | Vested | Total number of award shares |               | Vesting date | Price at grant | Market price at vesting | Monetary value of vested award £'000 |
|----------------------|--------------|---------|-----------------------|--------|------------------------------|---------------|--------------|----------------|-------------------------|--------------------------------------|
|                      |              |         |                       |        | Lapsed                       | 31 March 2019 |              |                |                         |                                      |
| <b>Philip Jansen</b> |              |         |                       |        |                              |               |              |                |                         |                                      |
| RSP 2018             | –            | 370,798 | 7,423                 | –      | –                            | 378,221       | 20/03/2020   | 241.6p         | –                       | –                                    |

### Share options held without performance conditions (saveshare) at 31 March 2019 (audited)

The directors exercised no saveshare options during the year. There were no vested but unexercised options at year-end.

#### Number of shares under option:

|                              | 1 April 2018       | Granted | Lapsed | Exercised | 31 March 2019 | Option price per share | Market price at date of exercise | Usual date from which exercisable | Usual expiry date |
|------------------------------|--------------------|---------|--------|-----------|---------------|------------------------|----------------------------------|-----------------------------------|-------------------|
|                              |                    |         |        |           |               |                        |                                  |                                   |                   |
| Gavin Patterson <sup>a</sup> | 5,642 <sup>b</sup> | –       | –      | –         | 5,642         | 319p                   | –                                | 01/08/2019                        | 01/02/2020        |

All of the above options were granted for nil consideration.

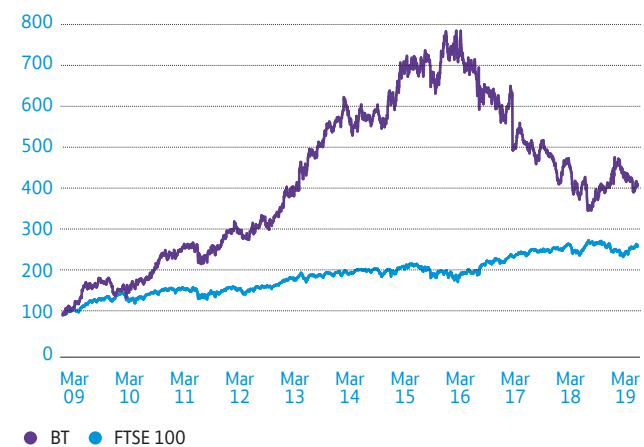
<sup>a</sup> Gavin stood down from the Board at midnight on 31 January 2019 and the number reflects the number of shares under option at that date. The options are exercisable up to 31 July 2019.

<sup>b</sup> Option granted on 26 June 2014 under the employee sharesave scheme, in which all employees of the company are entitled to participate.

### Comparison of chief executive remuneration to total shareholder return (unaudited)

Total shareholder return (TSR) is the measure of the returns that a company has provided for its shareholders, reflecting share price movements and assuming reinvestment of dividends. The graph opposite illustrates the performance of BT Group plc measured by TSR relative to a broad equity market index over the past ten years. We consider the FTSE 100 to be the most appropriate index against which to measure performance, as BT has been a member of the FTSE 100 throughout the nine-year period, and the index is widely-used.

#### BT's TSR performance vs the FTSE 100



Source: Datastream  
The graph shows the relative TSR performance of BT and the FTSE 100 over the past ten years.

## History of chief executive remuneration

| Year end          | Chief Executive              | Total rem<br>£000 | Annual bonus<br>(% of max) | ISP vesting<br>(% of max) |
|-------------------|------------------------------|-------------------|----------------------------|---------------------------|
| 2019              | Philip Jansen <sup>a</sup>   | 725               | 56%                        | N/A                       |
|                   | Gavin Patterson <sup>b</sup> | 1,719             | 28%                        | 0%                        |
| 2018              | Gavin Patterson              | 2,307             | 54%                        | 0%                        |
| 2017              | Gavin Patterson              | 1,345             | 0%                         | 0%                        |
| 2016 <sup>b</sup> | Gavin Patterson              | 5,396             | 45%                        | 82.01%                    |
| 2015              | Gavin Patterson              | 4,562             | 58%                        | 67.4%                     |
| 2014 <sup>c</sup> | Gavin Patterson              | 2,901             | 62%                        | 78.7%                     |
|                   | Ian Livingston <sup>d</sup>  | 4,236             | 35%                        | 63.4%                     |
| 2013              | Ian Livingston               | 9,402             | 65%                        | 100%                      |
| 2012              | Ian Livingston               | 8,520             | 73%                        | 100%                      |
| 2011              | Ian Livingston               | 4,009             | 79%                        | 0%                        |
| 2010              | Ian Livingston               | 3,556             | 71%                        | 0%                        |

<sup>a</sup> Philip was appointed as a director on 1 January 2019 and became chief executive from 1 February 2019. His first ISP award was made in February 2019.

<sup>b</sup> Gavin stood down as chief executive at midnight on 31 January 2019 and Philip took over from 1 February 2019.

<sup>c</sup> The total remuneration figure includes the ISP award as CEO BT Retail and the first award as chief executive, granted in 2013.

<sup>d</sup> Ian stepped down on 10 September 2013 and Gavin took over from that date.

## Percentage change in chief executive remuneration (unaudited)

The table below illustrates the increase in salary, benefits and annual bonus for Gavin Patterson and Philip Jansen in the role as chief executive and that of a representative group of the company's employees. For these purposes, we've used the UK management and technical employee population representing around 24,607 people. We believe this broad group provides the most meaningful comparison as they have similar performance related pay arrangements as our executive directors.

|   | Salary | Benefits <sup>a</sup> | Bonus <sup>b</sup> |
|---|--------|-----------------------|--------------------|
| % Change in chief executive remuneration  | 13%    | 49%                   | (27)%              |
| % Change in comparator group <sup>c</sup> | 2.5%   | 0%                    | 15%                |

<sup>a</sup> The increase in benefits for the chief executive was around £28,000.

<sup>b</sup> The bonus comparator is based on cash bonus only to give a better like-for-like comparison.

<sup>c</sup> Comparator group is the UK management and technical employee population representing around 24,607 individuals.

## Chief executive pay ratio

The table below sets out the chief executive pay ratio as at 31 March 2019. The report will build up over time to show a rolling 10-year period.

The ratios compare the single total figure of remuneration of the chief executive with the equivalent figures for the lower quartile (P25), median (P50) and upper quartile (P75) employees.

|                               |               |
|-------------------------------|---------------|
| Chief executive remuneration  | £2,444,000    |
| P25 employee remuneration     | £34,281       |
| P50 employee remuneration     | £41,477       |
| P75 employee remuneration     | £51,594       |
| <b>P25 employee pay ratio</b> | <b>71 : 1</b> |
| <b>P50 employee pay ratio</b> | <b>59 : 1</b> |
| <b>P75 employee pay ratio</b> | <b>47 : 1</b> |

A significant proportion of the chief executive's remuneration is delivered through long term incentives, where awards are linked to company performance and share price movements over the longer term. This means that the ratios will depend significantly on long-term incentive outcomes and may fluctuate from year to year. None of the employees in the previous table participated in long-term incentive plans.

|                                    |               |
|------------------------------------|---------------|
| Chief executive base pay           | £1,122,000    |
| P25 employee base pay              | £30,090       |
| P50 employee base pay              | £35,918       |
| P75 employee base pay              | £41,740       |
| <b>P25 employee base pay ratio</b> | <b>37 : 1</b> |
| <b>P50 employee base pay ratio</b> | <b>31 : 1</b> |
| <b>P75 employee base pay ratio</b> | <b>27 : 1</b> |

## Methodology

We have used 'Option B' (based on gender pay reporting).

The P25, P50 and P75 employees were identified from the company's gender pay report, together with the 80 employees below and above each of the 'P' points to form enlarged groups. This was to guard against volatility in the underlying data.

The total FTE remuneration of each employee in each of the groups was calculated for the year ended 31 March 2019.

A median total remuneration figure for each 'P' group was calculated, to produce a more representative result than relying on a single employee from the company's gender pay reporting.

## Relative importance of spend on pay (unaudited)

The table below shows the change in total remuneration paid to all employees and dividends paid and share buyback paid.

| Area                               | 2018/19 (£m) | 2017/18 (£m) | % change |
|------------------------------------|--------------|--------------|----------|
| Remuneration paid to all employees | 5,382        | 5,400        | (0.3)%   |
| Dividends/share buybacks           | 1,513        | 1,746        | (13.3)%  |

## Implementation of remuneration policy in 2019/20 (unaudited)

### Base salary

The committee considered the base salary for Simon Lowth. In line with the increases agreed for our managerial employees, we agreed a 2.5% salary increase effective in June 2019.

Philip Jansen's base salary of £1,100,000 was agreed on appointment and is fixed for five years. Therefore no increase will be applied in 2019/20.

|                            | 2019/20     |          |
|----------------------------|-------------|----------|
|                            | Base salary | % change |
| Philip Jansen <sup>a</sup> | £1,100,000  | 0%       |
| Simon Lowth                | £735,438    | 2.5%     |

<sup>a</sup> Philip was appointed as a director on 1 January 2019 and became chief executive on 1 February 2019. His base salary is fixed for five years.

## Annual remuneration report continued

### Benefits

The committee has set benefits in line with the Remuneration Policy. We propose no changes to the benefit framework for 2019/20.

### Pension

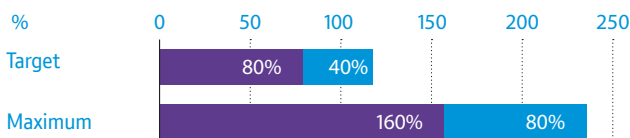
The table below sets out the level of pension provision for 2019/20 for both executive directors. As a new joiner, Philip's pension provision is in line with that of the wider management population in the UK. We will review the pension provision for existing executive directors in advance of our 2020 Remuneration Policy review.

|               | % of salary                                |
|---------------|--|
| Philip Jansen | 15% of salary in lieu of pension provision |
| Simon Lowth   | 30% of salary in lieu of pension provision |

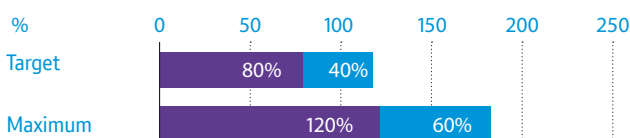
### Annual bonus

The table below describes the level of bonus opportunity (expressed as a percentage of salary) for Philip Jansen and Simon Lowth in 2019/20. One third of any bonus will be deferred into shares for a period of three years.

#### Philip Jansen



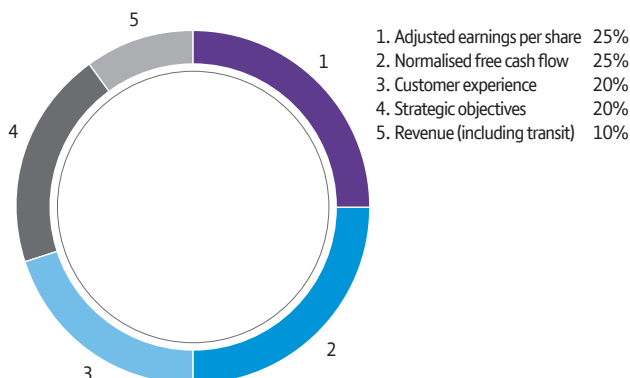
#### Simon Lowth



● Cash ● Deferred shares

The 2019/20 annual bonus structure and weighting is set out below.

### Chief executive and chief financial officer



Adjusted earnings per share, normalised free cash flow, and revenue (including transit) have a direct impact on shareholder value. Customer experience (measured through Customer Perception and Keeping Our Promises) is vital to the company's long-term health and growth. All four of these measures are KPIs for BT and are defined on pages 30 to 31.

We do not publish details of the financial targets in advance as these are commercially confidential. We will publish achievement against these targets at the same time as we disclose bonus payments in the 2020 Directors' Remuneration Report so shareholders can evaluate performance against those targets.

The strategic objectives are aligned to our strategy and are assessed by the chairman for the chief executive and by the chief executive for the chief financial officer and each senior executive. Performance against the strategic objectives element is assessed individually and is based on achievement against individual objectives, organisational culture and growth measures.

### Incentive share plan

Recognising the need to ensure that our remuneration arrangements support the delivery of BT's strategy under Philip's stewardship, at the time of going to print the ISP 2019 targets had not been set by the committee. Full details of the performance measures will be disclosed in advance of the AGM in July so that shareholders have a full understanding when voting.

### Chairman and non-executive director remuneration

The fees for non-executive directors were reviewed during the year. The last review of non-executive director fees was in January 2018. In accordance with the Articles of Association, the chairman and executive directors conducted the review, and considered the role and requirements of BT, together with the fees paid to non-executive directors at companies of a similar size and complexity. Following the review, it was agreed to increase the basic non-executive fee to £77,000 per year (from £75,000) from 1 June 2019. Other changes agreed as part of the review were:

- An increase to £8,000 (from £5,000) for membership of the *Digital Impact & Sustainability Committee* (formerly named the *Committee for Sustainable and Responsible Business*) and an increase to £14,000 (from £12,000) for the *Digital Impact & Sustainability Committee* chair
- An increase to £30,000 (from £28,000) for the *Remuneration Committee* chair
- A fee of £8,000 for membership of the *Investigatory Powers Governance Committee*
- An increase to £5,000 (from £4,000) for the fee paid per trip to those non-executive directors travelling on an intercontinental basis to Board and board committee meetings.

These increases reflect the responsibilities of the roles and ensures we remain competitive in the marketplace and are able to recruit directors with international telecoms experience where required.



The *BT Pensions* and *Technology Committees* were disbanded on 3 April 2019. See page 67 for further detail.

The table below sets out the fees for membership of, or chairing a board committee (including the changes agreed during the year):

| Committee                       | Chair's fee      | Member's fee |
|---------------------------------|------------------|--------------|
| Audit & Risk                    | £35,000          | £25,000      |
| BT Compliance <sup>a</sup>      | £25,000          | £12,000      |
| Digital Impact & Sustainability | £14,000          | £8,000       |
| Investigatory Powers Governance | n/a <sup>b</sup> | £8,000       |
| Nominations                     | n/a <sup>b</sup> | £10,000      |
| Remuneration                    | £30,000          | £15,000      |

<sup>a</sup> A sub-committee of the *Audit & Risk Committee*.

<sup>b</sup> Where the chairman or chief executive acts as chair of a board committee, no additional committee chair fee is payable.

The senior independent director receives an additional fee of £27,000 a year for that position.

No element of non-executive director remuneration is performance-related. Non-executive directors do not participate in BT's bonus or employee share plans and are not members of any of the company pension schemes.

No review of the chairman's fee was undertaken. The committee agreed a five year fixed fee of £700,000 per year, on Jan du Plessis's appointment as chairman in November 2017.

## Other remuneration matters

### Advisers

During the year, the committee received independent advice on executive remuneration matters from Deloitte LLP. Deloitte earned £204,295 in fees for these services. The fees are charged on a time-spent basis in delivering advice. That advice materially assisted the committee in their consideration of matters relating to executive remuneration.

Deloitte is a founder member of the Remuneration Consultants Group and as such, voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK. The committee appointed Deloitte to the role of independent advisers to the committee in 2012 following a competitive tender exercise conducted by the committee.

The committee is comfortable that the Deloitte engagement partner and team, who provide remuneration advice to the committee, have no connections with BT that may impair their independence or objectivity.

In addition, during 2018/19, Deloitte provided the company with advice on corporate and indirect taxes, assistance with regulatory, risk and compliance issues and additional consultancy services.

## Dilution

For a number of years we generally used treasury shares to satisfy the exercise of share options and the vesting of share awards under our employee share plans. We intend to use both treasury shares and shares purchased by the BT Group Employee Share Ownership Trust (the Trust) for share option exercises, and shares purchased by the Trust for the vesting of executive share awards in 2019/20. Shares held in the Trust do not have any voting rights.

At the end of 2018/19, shares equivalent to 2.83% (2017/18: 1.76%) of the issued share capital (excluding treasury shares) would be required for all share options and awards outstanding.

Of these, we estimate that for 2019/20, shares equivalent to approximately 0.39% (2018/19: 0.28%) of the issued share capital (excluding treasury shares) will be required for the all-employee share plans.

## Outside appointments

The *Nominations Committee* determines the policy for, considers, and if thought fit agrees the taking up of external directorships and other external interests by members of the *Executive Committee*, and other senior direct reports to the chief executive. In accordance with the new Code for the financial year 2019/20 onwards, directors must seek prior approval of the Board before accepting additional external appointments.

Gavin Patterson is a non-executive director of British Airways for which he receives an annual fee of £50,000 and the benefit of free BA flights.

## Voting at the 2018 Annual General Meeting

The table below sets out the votes cast in respect of the Annual Remuneration Report at the Annual General Meeting held on 11 July 2018.

|                                    | Votes cast in favour | %     | Votes cast against | %     |
|------------------------------------|----------------------|-------|--------------------|-------|
| Approve Annual Remuneration Report | 4,419,598,193        | 65.84 | 2,292,952,264      | 34.16 |

235,781,388 votes were withheld against approving the Annual Remuneration Report. Withheld votes are not counted when calculating voting outcomes. We set out details of our response in the remuneration committee chair's letter on pages 73 to 75.

## Committee evaluation 2018/19

We carried out an internal evaluation led by the chairman and company secretary. This entailed questionnaires completed by committee members and attendees; the output of which was discussed and debated by the committee.

| Key area of focus                     | Suggested actions   |
|---------------------------------------|---|
| <b>Incentive and reward structure</b> | <ul style="list-style-type: none"> <li>Review the structure of executive incentives and reward, in the context of the strategy refresh and the new chief executive's priorities.</li> </ul> |
| <b>Target setting</b>                 | <ul style="list-style-type: none"> <li>Ensure that when setting targets they are appropriately stretching.</li> </ul>   |

## Annual remuneration report continued

### Independent non-executive directors' letters of appointment

Each independent non-executive director has an appointment letter setting out the terms of his or her appointment. They do not have service contracts. The letter includes membership of any board committees, the fees to be paid and the time commitment expected. We ask each non-executive director to allow a minimum commitment of 22 days each year, subject to committee responsibilities, and to allow slightly more in the first year in order to take part in the induction programme. The actual time commitment required in any year may vary depending on business. We make clear that additional time may be required during periods of increased activity.

Appointments are for an initial period of three years. During that period, either party can give the other at least three months' notice of termination. All Board appointments automatically terminate

in the event of a director not being elected or re-elected by shareholders at the Annual General Meeting. The appointment of a non-executive director is terminable on notice by the company without compensation. At the end of the period, the appointment may be continued by mutual agreement. The appointment letter also covers matters such as confidentiality, data protection and BT's share dealing code.

See below for further details of appointment arrangements for independent non-executive directors.

Tim Höttges was appointed as a non-independent, non-executive director in January 2016 following Deutsche Telekom's nomination, and his appointment letter reflects the terms of the Relationship Agreement between BT and Deutsche Telekom.

## Directors' service agreements and letters of appointment

The following table sets out the dates on which directors' service agreements/initial letters of appointment commenced and the current expiry dates:

| Chairman and executive directors |                   |  |
|----------------------------------|-------------------|--|
|                                  | Commencement date | Expiry date of current service agreement or letter of appointment  |
| Jan du Plessis                   | 1 June 2017       | Terminable by the company on 12 months' notice and by the director on six months' notice.  |
| Philip Jansen                    | 1 January 2019    | Terminable by the company on 12 months' notice and by the director on six months' notice.  |
| Simon Lowth                      | 6 July 2016       | Terminable by the company on 12 months' notice and by the director on six months' notice.  |
| Non-executive directors          |                   |  |
|                                  | Commencement date | Expiry date of current service agreement or letter of appointment  |
| Iain Conn                        | 1 June 2014       | Letter of appointment was for an initial period of three years. The appointment was extended for a further three years in May 2017.  |
| Tim Höttges                      | 29 January 2016   | Appointed as a non-independent, non-executive director under the terms of the Relationship Agreement between BT and Deutsche Telekom. The appointment is terminable immediately by either party. |
| Isabel Hudson                    | 1 November 2014   | Letter of appointment was for an initial period of three years. The appointment was extended for a further three years in October 2017.  |
| Mike Inglis                      | 1 September 2015  | Letter of appointment was for an initial period of three years. The appointment was extended for a further three years in August 2018.   |
| Matthew Key                      | 25 October 2018   | Letter of appointment is for an initial period of three years.   |
| Allison Kirkby                   | 15 March 2019     | Letter of appointment is for an initial period of three years.   |
| Nick Rose                        | 1 January 2011    | Letter of appointment was for an initial period of three years. The appointment was extended for a further three years in December 2016 following extension in 2013.                             |
| Jasmine Whitbread                | 19 January 2011   | Letter of appointment was for an initial period of three years. The appointment was extended for a further three years in December 2016 following extension in 2013.                             |

There are no other service agreements, letters of appointment or material contracts, existing or proposed, between the company and any of the directors. There are no arrangements or understandings between any director or executive officer and any other person pursuant to which any director or executive officer was selected to serve. There are no family relationships between the directors.

### Inspection by the public

The service agreements and letters of appointment are available for inspection by the public at BT's registered office. They will also be available for inspection commencing one hour prior to the start of our AGM, to be held in London on 10 July 2019.

### Nick Rose

Chair of the Remuneration Committee  
8 May 2019

## Remuneration policy

The directors' remuneration policy (the 'Policy') which was approved by shareholders at the AGM on 12 July 2017 in accordance with section 439A of the Companies Act 2006, can be found online at [bt.com/downloadcentre](http://bt.com/downloadcentre)

## Legacy matters

The committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the Policy where the terms of the payment were agreed (i) before the AGM in 2014 (the date the company's first shareholder-approved directors' remuneration policy came into effect); (ii) before this Policy came into effect, provided that the terms of the payment were consistent with the shareholder-approved directors' remuneration policy in force at the time they were agreed; or (iii) at a time when the

relevant individual was not a director of the company and, in the opinion of the committee, the payment was not in consideration for the individual becoming a director of the company. For these purposes "payments" includes the committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are "agreed" at the time the award is granted. Any legacy payments would be disclosed in the Annual Remuneration Report for the relevant year.

## Minor amendments

The committee may make minor amendments to the arrangements for the directors as described in the Policy, for regulatory, exchange control, tax or administrative purposes, or to take account of a change in legislation.