Confidential

# Malus & Clawback Policy

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Issue: v1.3

Date: May 2025

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# 1 Introduction

## Purpose

The purpose of this Malus and Clawback Policy ("**Policy**") is to ensure that the Variable Remuneration of all Participants is subject to appropriate Malus and Clawback terms. This Policy aims to promote responsible business conduct, deter misconduct and protect the financial integrity of the Company by providing mechanisms to adjust and recover Variable Remuneration. The Policy is designed to comply with relevant regulations and ensure that BT Group maintains the highest standards of corporate governance and accountability.

Malus and clawback provisions are standard practice for organisations like BT Group and historically have been included within particular incentive plan rules. By implementing this Policy, BT Group aims to align the malus and clawback provisions across all Variable Remuneration and foster a culture of integrity, accountability and sustainable growth.

## Scope

This Policy is effective from 1 April 2025 and applies to all Variable Remuneration granted or earned in respect of financial years beginning on or after that date.

The Policy will be implemented by disapplying any prevailing malus and clawback terms of the particular element of Variable Remuneration and instead imposing the terms set out in this Policy. Participants will be required to accept the terms of their Variable Remuneration including this Policy.

Subsisting Variable Remuneration granted or earned in respect of financial years beginning prior to 1 April 2025 will continue to be subject to the malus and clawback provisions (if any) in the terms of those existing arrangements.

# 2 Definitions

The following terms have the following meanings throughout this policy:

**Board**

The board of directors of the Company or a duly authorised committee of the Board, including the Remuneration Committee, or any duly appointed successor body, or any authorised delegate of the board or committee.

**BT Group Company**

The Company, and any group company (being any company which is or was either a subsidiary of the Company or a subsidiary of the Company's holding company or an associated company of the Company (with "subsidiary", "holding company" and "associated company" having the meanings given to them in section 1159 of the Companies Act 2006)) and "**BT Group**" will be construed accordingly.

**Company**

BT Group plc

**Clawback**

The recovery of cash or shares relating to Variable Remuneration that has been paid or otherwise settled pursuant to this Policy.

**Malus**

The reduction (including to zero), of Variable Remuneration and/or the imposition of further conditions on Variable Remuneration, that has not yet been paid or otherwise settled pursuant to this Policy.

**Participant**

A current or former BT Group Company employee who has been granted or is eligible to receive Variable Remuneration.

**Recovery Period**

The period of time in which, if a Trigger Event occurs or exists, the Company can operate Malus and/or Clawback. Unless stated otherwise when an award of Variable Remuneration is made, the period begins on the first day of the first year of the performance period by reference to which the Variable Remuneration is "paid", and ends:

- 36 months after payment for cash bonuses; or
- 24 months after Vesting of deferred bonus awards and long-term incentive awards;

unless the period is extended as described in section 4.

**Trigger Events**

Trigger events are specific circumstances, events or actions that may trigger the application of the Malus and Clawback provisions. These events are outlined in section 3.

**Variable Remuneration**

Any form of compensation paid by a BT Group Company that is contingent on business, and/or personal performance or other performance conditions, including bonuses, deferred bonuses, long term incentives and any other variable pay, including awards made under the BT Group plc Deferred Bonus Plan and the BT Group plc Restricted Share Plan and any other award under any plan or arrangement operated by a BT Group Company which the Board determines is subject to this Policy from time to time.

**Vesting**

In relation to conditional awards the point at which the participant becomes absolutely entitled to the shares comprised in the award, in relation to a nil cost option the point at which the nil cost option may be exercised, and in relation to annual bonus paid in cash, the date on which the remuneration committee of the Board determines that a bonus is payable. Vested, Vest or Unvested will be construed accordingly.

# 3 Trigger Events

The following circumstances (without limitation) may trigger the application of Malus and Clawback:

a) behaviour by a participant which fails to reflect the Company's governance and business values;

b) the determination of any bonus or award or the satisfaction of a condition was based on an error, or inaccurate or misleading information or assumptions was used upon which Variable Remuneration was granted, Vests or is paid or settled;

c) material adverse change in the financial performance of the Company or any BT Group Company or any relevant business unit in which the participant works and/or worked;

d) a material financial misstatement of the Company's audited financial accounts (other than as a result of a change in accounting practice);

e) any action which results in or is reasonably likely to result in reputational damage to any BT Group Member or any associated company;

f) a material failure in risk management in any BT Group Member or relevant business unit;

g) corporate failure in any BT Group Member or relevant business unit;

h) negligence, material error, serious misconduct or gross misconduct of a Participant; and/or

i) fraud effected by or with the knowledge of a Participant;

j) any other circumstances considered by the Board to be similar in nature of effect to any of the above.

# 4 Implementation and enforcement

The Policy will be applied by requiring Participants to agree to its application as a term of their Variable Remuneration.

The Policy will be made available to all Participants.

The Policy will be operated by the Board acting at all times fairly and reasonably. If one or more Trigger Events occur or exist during the Recovery Period, the Board will carry out appropriate investigations into any relevant circumstances and seek appropriate advice and input from any person (including BT Group colleagues and/or external advisors) or committee (e.g. the Audit Committee) as it considers relevant.

Whilst investigations are ongoing, or if a BT Group Company has been notified by a third party that an investigation into relevant circumstances has begun and such investigation is not expected to be concluded before the end of the Recovery Period, the Board may extend the Recovery Period to end on such later date as the Board considers appropriate to allow investigations to be concluded.

Participants whose Variable Remuneration may be impacted by any operation of the Policy will be notified in writing as soon as reasonably practicable. Participants will have the opportunity to make representations to the Board following such notification. The representation should be made within a reasonable period, as specified by the Board at the time.

The Board will consider the results of its investigations, any representations made and all information it considers relevant. The Board will determine whether and to what value and/or extent to apply Malus and Clawback to Variable Remuneration taking into consideration such factors as it considers relevant which may include but are not limited to culpability, proximity, seniority and/or accountability.

The extent to which Malus and/or Clawback will be applied may vary between different groups or individuals, including in relation to the same event and/or similar Variable Remuneration.

The Board will effect Malus by reducing Unvested Variable Remuneration.

The Board will effect Clawback in accordance with section 5 below. It will also decide whether any Clawback will be calculated net or gross of any tax liability or social security liability applicable to the Variable Remuneration. Any Malus or Clawback operation made pursuant to the Policy will be made at the time or times that the Board determines appropriate.

All determinations of the Board in relation to the operation of the Policy will be final and binding in all respects. Decisions will be appropriately documented by the Board and Participants will be notified of outcomes.

# 5 Clawback

If the Board decides to operate Clawback as described above it may decide to effect Clawback by reducing (including to zero) any of the following elements of Variable Remuneration of the Participant:

a) the amount of any future bonus which would, but not for the operation of Clawback, be payable to the participant under any bonus plan operated by the Company and to which this Policy applies; and/or

b) the number of shares / amount subject to any subsisting award held by the Participant under any deferred bonus plan operated by the Company and to which this Policy applies; and/or

c) the number of shares / amount of any subsisting award and/or other award held by the relevant individual under any other incentive award to which this Policy applies (except for any award which is tax-advantaged pursuant to Schedules 2 to 5 inclusive of the Income Tax (Earnings and Pensions) Act 2003) notwithstanding the extent to which any performance condition and/or any other condition imposed on any such award and/or other award (as relevant) has been satisfied.

Alternatively, or in addition, the Participant may be required to repay to the BT Group Company, an amount of cash on the terms directed by the Company (including, without limitation, through deduction from or withholding of the Participant's salary or from any other payment due to be made to the participant) or transfer for nil consideration a number of shares as the Board may direct.

# 6 Review and monitoring

**Regular review**

The Policy will be reviewed regularly by the remuneration committee of the Board to ensure its effectiveness and compliance with evolving regulations and best practices. Feedback from stakeholders and any changes in the regulatory environment will be considered and amendments recommended.

**Monitoring**

The application of the Policy will be monitored continuously to ensure adherence to the principles of consistency and fairness by the remuneration committee of the Board as part of its regular review described above. Any application of the Policy shall, where deemed appropriate, be reported by the company secretary to the Remuneration Committee of the Board. Additionally, if necessary, such matters may be escalated by any BT Group colleague to the BT Group Board of directors or any relevant subsidiary Board or sub-committee, as applicable.

**Amendment**

This Policy may be amended as determined by the Board at any time. The version of the Policy that is accepted by the Participant as a term of their Variable Remuneration will be the version applied to such Variable Remuneration by the Board unless otherwise required by any regulator or law.

**Terms**

The terms of the relevant Variable Remuneration govern the operation of the Policy in terms of notices, rights to compensation or damages, severability, governing law and jurisdiction of courts. Provided that if no such terms are given or enforceable, the following will apply:

No Participant has the right to compensation or damages for any loss in relation to the operation of the Policy. If any provision of the Policy is held to be invalid or unenforceable by any competent court, the provision will be treated as severed and the remainder of the Policy will continue in full force and effect, unless the Board determines otherwise. The laws of England and Wales govern the Policy and its operation. The courts of England and Wales have exclusive jurisdiction in respect of disputes arising under or in connection with the Policy.

# 7 Change history

| Version number | Date | Change made by | Brief details of change |
|---|---|---|---|
| 1.3 | April 2025 | Total Reward CoE | New policy |

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