Workforce 2020

Terms and Conditions
For New Contracts

Agreement

3th September 2014
Change Control

<table>
<thead>
<tr>
<th>Version</th>
<th>Date</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Final (2)</td>
<td>4 August 2014</td>
<td>Final agreement</td>
</tr>
<tr>
<td>Final (3)</td>
<td>3 September 2014</td>
<td>Salary ranges updated to reflect 2014 pay review changes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Overtime rates for public holidays updated to align to NewGRID</td>
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</tbody>
</table>

Introduction

This document covers details of the agreement between the CWU and BT following our discussions and negotiation to the review and update the employment proposition for new recruits. BT has, as an integral part of this agreement committed to create direct labour jobs in the UK for team member roles and spread across all lines of business.

This document therefore contains the terms and conditions that will apply to new contracts from the date of this agreement and unless specified in this agreement, all other NewGRID terms, existing collective agreements where relevant to those on these terms and conditions, and group policies will apply.

Reward Structure

The new agreed recruitment points will have spot rate salaries and any variation to this including further pay points will be agreed with the CWU.

Mapping roles to the structure

In line the principles contained within NewGRID, it is important that we understand the impact that the market will have on the evolution of the structure. This is a vital element of the arrangements which will support the structure, ensuring we remain flexible and responsive as the markets change. Key elements will be; market / relativity forces impact on the structure; the scope of this impact to ensure relevant market comparisons; the data we expect to share when evolving the structure against the market. Whilst the company will continue to track the external market, it is not our intention that this information should be used in isolation. We see external market information as one of the elements we take into account, along with the internal worth dimension.
In order to align the new pay rates / ranges and new terms and conditions of employment within the Newgrid agreement we will jointly modernise the descriptors and dimensions that form the current basis of assessing where roles fit into the structure. This will be done in a standard way across BT for all lines of business to ensure consistency and to maintain the integrity of the agreement. These will be updated to reflect changes in technology and working practice, and to be clear about the role of the market in setting appropriate pay rates and other terms and conditions to enable us to compete. The review has acknowledged the mutual benefits of the NewGRID agreement and these proposals are designed to uphold the principles within that agreement. It is recognised by both the business and the CWU that there may be a limited number of cases where the business, in order to ensure market comparability, may need to recruit into roles using the full NewGRID Salary Ranges, this will only be in exceptional circumstances where there is a proven market comparability requirement to do so.

Some roles in the new structure will attract a contractual variable pay element (bonus or commission). This element will reflect the actual work carried out both in terms of the level of variable pay and the target setting arrangements. All plans will operate within the Group wide principles document. Details of the bonus principles are set out later in this document.

**Pay Points**

The table below contains the salary rates correct at the point of this agreement. Future uplift will be detailed on the NewGRID internal web site.

<table>
<thead>
<tr>
<th>Grade</th>
<th>Spot Rate</th>
<th>On Target Bonus (OTB Level)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customer Management Contact Centre (CMCC)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TM1 Sales</td>
<td>£15,715</td>
<td>30%</td>
</tr>
<tr>
<td>TM1 Service</td>
<td>£16,923</td>
<td>None</td>
</tr>
<tr>
<td>TM2 Sales</td>
<td>£19,018</td>
<td>30%</td>
</tr>
<tr>
<td>TM2 Service</td>
<td>£19,347</td>
<td>10%</td>
</tr>
<tr>
<td>TM3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TM4</td>
<td></td>
<td></td>
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<tr>
<td><strong>Networks, Systems and Customer Delivery</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TM1</td>
<td>£19,347</td>
<td>10%</td>
</tr>
<tr>
<td>TM2</td>
<td>£21,827</td>
<td>10%</td>
</tr>
<tr>
<td>TM3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TM4</td>
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</table>
Pay Ranges

The table below highlights the NewGRID pay spine incorporating the new pays rates. This table demonstrates how the new rates integrate into the NewGRID pay spine. Examples of the main grades are included. A full set of grades are contained and updated on the NewGRID web site.

<table>
<thead>
<tr>
<th>Hours and Breaks</th>
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<tbody>
<tr>
<td>Weekly hours of work for full time individuals will be 37.5 hours, not including time for breaks. Normally these hours will be spread over a maximum of 5 working days per week. Any exceptions to this will be discussed and agreed with the CWU. Individuals will be required to work one of the attendance patterns applicable to the role they undertake.</td>
</tr>
</tbody>
</table>

The length of unpaid meal breaks and other unpaid breaks can vary, but will not normally exceed 1 hour per day in total during a normal working week. The precise arrangements for each work area will be subject to national consultation and agreement with the CWU taking account of the needs of both the business and the individuals.

Holiday

On joining the business the annual paid holiday entitlement will be 22 days per annum for a full time employee (excluding bank / public holidays). Individuals joining the company during the year will have this entitlement reduced on a pro rata basis for the remaining weeks in the financial year and will receive notification from their line manager of this entitlement.

The amount of personal holiday provided to an individual is determined by the length of BT service:

- Upon entry 22 days
- After 2 years' service 23 days
- After 4 years' service 24 days
• After 6 years’ service 25 days
• After 8 years’ service 26 days
• After 9 years’ service 27 days
• After 10 years’ service 28 days
• After 18 years’ service 30 days

If people are required to work Bank/Public Holiday the payments will be as per existing NewGRID

**Overtime**

For any overtime worked the following rates will apply for each additional hour worked:

- Monday to Sunday – 1.5 hourly rate for each hour worked
- Bank Holiday – as per NewGRID

Overtime for part-time employees will be paid at single hourly rate until 37.5 net standard hours have been worked in a week. The rates detailed above then apply. Alternatively, instead of payment, the individual may opt for time off equal to the hours worked, subject to operational requirements and the approval from their manager.

**Sick Pay**

In counting off periods of absence against the time limits for each sick pay allowance described in Sick Pay Allowances below, the following will apply:

- Each weekend day or other rest day (even if unpaid and for which no attendance is scheduled) which falls within any period of sick absence (i.e. not starting or ending it) will be counted as a single day, i.e. if an individual is absent from Friday to Monday (inclusive) this will count as four days.
- Public, Bank or BT Holidays falling within a period of absence will also be counted in this way.

An individual will be eligible for Company sick pay, when they are absent through sickness or injury (subject to the conditions mentioned above) this will be paid at full-rate sick pay for a period not exceeding three months (92 days) followed by three months half pay (92 days) in aggregate during any rolling period of 24 months.

**Sick Pay Exceptions Process**

Applications for an extension of pay must be submitted by the employees manager and include a full justification outlining all relevant circumstances. Factors which would indicate that an extension might be appropriate would include:

- A defined return to work date within the following 3 months
- A defined termination date within the following 3 months.
- Knowledge that the individual is gravely ill with an expectation that death in service is likely.
- Other compassionate grounds relating to the individuals personal circumstances.

Individual consideration may also be given to sick absence / pay arrangements relating to a medically confirmed disability based on the overall circumstances and personal situation of the employee.

Such requests must be agreed by the line of business Employee Relations Manager and authorised by the HR Director.

We will review these arrangements 6 and 12 months after implementation.

**Industrial Injury or Disease**

Existing company policy will apply with regard to Industrial Injury or Disease. At the time of this agreement, and in summary - any permanent employee, either part-time or full-time, whose contract of employment includes the right to sick pay will, regardless of their personal entitlement to sick pay, be allowed full-rate sick pay not exceeding 183 days in respect of sickness absence which is attributable to an industrial injury sustained, or to a prescribed industrial disease contracted in the course of the employee’s work. Such periods of paid sick absence will not reckon towards the normal limits of sick pay at full or half rate.

The full policy is available on the company Intranet and should be referred to in full.

**Other**

**Pay and Pension Protection Protocols**

Pay and pension protocols are well established with the CWU and form part of the NewGRID agreement. The P&PP protocols apply to existing and new recruits.

**Moves at the behest of the business**

Team Members that move at the behest of the business to a role with a lower salary level will receive P&PP in line with the existing policy. If someone moves (at the behest of the business) from a role with no or lower bonus to one that attracts a bonus or higher level of bonus, it is our intention that whilst P&PP will protect overall earnings, the individual will also have an opportunity to earn all or part of any bonus paid.

**Moves at the behest of the business – from a role that attracts a bonus to another role that attracts a lower bonus (Sales and Bonus Transfer Allowance)**

Sales and bonus transfer allowance arrangements are applicable when an individual moves from a job which has a bonus element to a job which has a lower bonus element or no bonus. To qualify for the allowance an individual has to have been in receipt of the higher bonus for a period of 1 year. The allowance will be paid monthly and is based on 50% of the difference in on target bonus potential. The allowance will be paid for 12 months and then cease. For example an individual with a 30% OTB worth £5000 moving to a role with a 10% OTB worth £2000 would receive 50% of the difference in payment (£3000pa x 50%) divided by 12 = £125 per month for 12 months.
These arrangements will only apply to employees who move at the behest of the business. Full details of the process are at Appendix A.

**Bonus Principles**

**Structure Policy and Guidance for Payment of Bonus**

These arrangements apply to Team Member grades in the UK whose role involves a bonus. All OTB levels are as per the agreed pay and bonus arrangements collectively agreed with the CWU.

The key purpose of any bonus plan is to support the achievement of the company’s success. The inclusion and weighting of products and or Key Performance Indicators (KPI’s) within the bonus scheme is determined by the appropriate operational business unit in conjunction with the Finance, Commercial and Marketing teams as appropriate. The plan design requires Group Reward sign-off. However we will agree with the CWU at a function / LoB level regarding the actual construct, implementation plans and supporting detail.

The plans will ensure compliance with the Undertakings so that those employed in regulated business areas such as Openreach are not rewarded in relation to BT Group performance.

Eligibility for a bonus does not constitute a guarantee of bonus payment. All participants of the bonus plans must adhere to the terms and conditions laid down within this document and other bonus plan briefings, including updates that are published by the appropriate business unit.

These bonus principles have been agreed with the CWU and will be subject to negotiation with the Union should any changes be required. BT will share appropriate data with the CWU on the level of achievement and distribution of bonuses on a regular basis and at an appropriate level.

The fundamental design of the BT Team Member bonus will:

- Be simple and transparent
- Recognise contribution to Company success
- Have measures which are appropriate and relevant
- Have targets that are achievable and objective

**Conditions for payment**

Bonus payments are intended to recognise contribution will be made monthly and paid with salary through BACS transfer. This will be on the last working day of the month for BT employees. If this falls on a Bank or Public Holiday, payment is made on the working day before.

**Bonus during Annual Leave**

Bonus will be paid for periods of annual leave.
## Glossary of Terms

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>NewGRID</td>
<td>Collective agreement between BT and the CWU</td>
</tr>
<tr>
<td>Workforce 2020 Terms and Conditions</td>
<td>Collective agreement between BT and the CWU (this document in its entirety). Contains those parts of NewGRID that are updated for new contracts</td>
</tr>
<tr>
<td>LOB</td>
<td>Line of business, for example Global Services. Usually represented at OC level</td>
</tr>
<tr>
<td>Role</td>
<td>A type of job conducted by one or a number of individuals. For example Aerial Rigger</td>
</tr>
<tr>
<td>Function</td>
<td>A group or roles with a collective purpose</td>
</tr>
<tr>
<td>Customer Management Contact Centre (CMCC)</td>
<td>CMCC activities that are carried out by desk based people supporting external and/or internal customers either directly or indirectly through any media</td>
</tr>
<tr>
<td>Networks, Systems and Customer Delivery (NSCD)</td>
<td>Role where individuals are personally involved in, or supports those responsible for, the planning, provision, maintenance, and operation of the communications network and associated systems or any technical infrastructure.</td>
</tr>
</tbody>
</table>
Appendix A – Sales and Bonus Transition Payments

There are three instances where a sales and bonus transfer allowance may be applicable:

1. Moving between two non-sales roles where the On-Target Bonus (OTB) for the new role is lower than OTB for the current role.
2. Moving from a sales role to a non-sales role with a lower OTB.
3. Moving from one sales role to another sales role where the new role OTB is lower than the current OTB level.

Terms of the Sales and Bonus Transfer Allowance payment

- Payment will only be made if an individual has been in receipt of a higher sales bonus or OTB for more than 12 months.
- Transfer allowances are calculated as 50% of the lost bonus potential and paid over a 12 month period.
- For those individuals moving from a sales bonus to a non-sales bonus role, the difference will be based on an average annualised view of the actual bonus earned over the previous two years, from the time of the change in role.
- For those individuals not on a sales pay plan, the lost bonus potential will be based on the OTB.
- The transfer allowance will only be paid subject to satisfactory performance. (i.e. individuals need to be marked at least Development Needed in their APR).
- The transfer allowance is a non-pensionable, unconsolidated payment, subject to income tax and National Insurance in the normal way.
- If an individual makes a subsequent move (before the end of the 12 month payment period is completed), the transfer allowance will be reviewed as follows:
  - Where an individual moves to a new role with an increased OTB, any transfer allowance currently being paid should be re-calculated and the monthly allowance for the remainder of the payment period should be adjusted or ceased to take into account the increased OTB.
  - Where an individual has a further reduction in their OTB potential, the calculation should be repeated. The original payments continue for the remainder of the 12 months and a new allowance commences also for a 12 month period. The new allowance will run concurrently with the original allowance until the original ceases.
Where an individual moves to a role with the same OTB as their current role, the transfer allowance continues for the duration of the payment period unless a further role change occurs.

- All calculations will be based on the difference in bonus potential at the time of the role change. If there is a salary increase as part of the role change, the new salary and OTB will be used to calculate the transfer allowance payment. Once calculated, allowances are set for the 12 month period irrespective of any subsequent changes to salary.
- If an individual leaves BT, the transfer allowance ceases at the date of leaving.
- Transfer allowances should be agreed and authorised at the time of the role change and submitted for processing as part of the contracts automation process.

End.//