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The board of directors' letter to shareholders

Approach to executive compensation

BCE

8 The Board of Directors' letter to shareholders

Dear fellow shareholders:

On behalf of the Compensation Committee and the Board, we are pleased to share with you our approach to executive compensation, including the framework we have used to make our compensation decisions for 2018.

92% Say on Pay approval

Our annual "Say on Pay" advisory vote once again received strong support, with 92.28% of the votes cast in favour of our executive compensation program. We appreciate this support and believe it reflects broad and deep shareholder endorsement that our compensation philosophy aligns the interests of shareholders and management, especially by incorporating our dividend growth strategy into our long-term incentive performance criteria.

The Compensation Committee is aware that due to the voting guidelines adopted by some of our shareholders, they will only support a "say on pay" vote if a minimum percentage of executive long-term incentive compensation is deemed to be "performance-based." In determining this percentage, certain shareholders do not consider stock options to be performance-based. We believe that this position taken by certain shareholders may, in part, explain the variance in 2017 and 2018 vote results. However, the Compensation Committee remains of the strong opinion that the current composition of BCE's long-term Incentive program continues to be the best way to align the interests of BCE's executives with those of our shareholders, rewarding both dividend and share price growth.

In 2018, the dividend increased by 5.2% to reach $3.02. With the announcement of another increase of 5% in 2019, while remaining within free cash flow payout policy range of 65%–75%, this will bring the annual dividend payout to $3.17. The 2019 dividend increase represents the fifteenth increase to BCE's annual common share dividend since Q4 2008, totalling a 117% increase. This is BCE's 11th consecutive year of 5% or better dividend growth.

2018 marked a year of strong performance across all our business segments and we achieved all 2018 financial guidance targets. Revenue increased 3.1%, with strong growth across all three of our Bell segments and included the contribution from the MTS acquisition. Adjusted EBITDA grew 2.7%, driven by growth in both our Wireless and Wireline segments, offset in part by a decline in Bell Media. The increase in adjusted EBITDA was due to revenue growth, partly offset by higher operating expenses. This resulted in an adjusted EBITDA margin of 40.6% compared to 40.8% last year. Adjusted EPS of $3.51 in 2018 reflects higher adjusted EBITDA driven by the increased contribution of Bell's growth services offset in part by higher depreciation and amortization. The 4.4% growth in free cash flow, in line with our guidance growth target of 3% to 7%, supported the 2018 dividend increase.

OUR APPROACH TO EXECUTIVE COMPENSATION

BCE is focused on a pay-for-performance approach to compensation for all team members, including our executive team. This philosophy supports the execution of Bell's 6 Strategic Imperatives (Improve customer service, Leverage wireline momentum, Achieve a competitive cost structure, Accelerate wireless, Invest in broadband networks and services and Expand media leadership) and our commitment to deliver ongoing and stable returns to shareholders.

OUR APPROACH TO COMPENSATION IS TO ACHIEVE ONE ULTIMATE GOAL: TO GROW LONG-TERM VALUE FOR YOU

Our executive compensation policies and programs are designed to attract and retain the highest calibre of talent at a competitive cost to the Corporation and to ensure they are motivated to grow long-term shareholder value. We recognize that long-term growth and value creation requires taking an acceptable level of risk and we ensure our compensation policies and practices reward executives for short-, medium- and long-term decision making and performance and do not encourage undue risk taking or produce excessive compensation levels. We are committed to ensuring there is a strong and direct link between our financial results, shareholder value creation and the resulting executive compensation. This alignment between shareholder value creation and the compensation of our executives is demonstrated in the CEO look-back table, which can be found in section 10 entitled *President and CEO compensation*.

OUR KEY COMPENSATION DECISIONS FOR 2018

BCE's compensation policies and programs are reviewed regularly to ensure that they are still competitive, linked to performance and aligned with shareholders' interests. A full review, performed every two years, was completed in 2018. Our compensation programs remained largely unchanged in 2018.

BASE SALARY

Our target positioning for base salaries is at the 50th percentile of our comparator group. Salaries are reviewed from time to time and adjusted to reflect increases in responsibilities and market trends. Consideration is also given to experience, performance and internal equity. In 2018, aggregate NEO salaries increased by 1% over 2017 levels. Details about any changes to base salaries of 2018 NEOs can be found in section 11 entitled *Compensation of our named executive officers*.

ANNUAL SHORT-TERM INCENTIVE PLAN

Annual short-term incentive targets remained at 100% of base salary for all of our executive officers and 150% for our President and CEO.

Our annual short-term incentive plan is designed to reward achievement of a range of critical financial and operating metrics. The financial metrics – adjusted EBITDA, revenue and free cash flow – are key indicators widely used to measure financial performance in the communications industry across North America. These metrics have been used in the plan since 2009. The operating metrics continued to be based on the 6 Strategic Imperatives that guide the continued strength of the Bell brand, our improved competitiveness and market performance and an enhanced ability to return value to shareholders. This combination of well-established financial and operating measures aligned with our strategy provides the team with a clear and motivating compensation structure.

95% 2018 Corporate performance index

In 2018, the Corporation demonstrated growth across all financial metrics, achieved all financial guidance targets and maintained solid performance on the 6 Strategic Imperatives. Consequently, we approved a corporate performance index of 95% out of a possible 150%. This index accounts for 70% of the annual short-term incentives paid out to executive officers, while personal performance accounts for the remaining 30%.

100% Attainment of 2016 PSU vesting goals

LONG-TERM INCENTIVE PLAN

Our long-term incentive plan did not change in 2018. Executive grants are comprised of 50% RSUs, 25% PSUs and 25% option grants. The 2016 PSU grants, which vested in 2018, achieved 100% payout with free cash flow per share exceeding target and falling within our target payout ratio of 65%–75% of free cash flow available to common shareholders.

2018 CEO COMPENSATION

For 2018, the Board and Compensation Committee approved an increase to Mr. Cope's long-term incentive award of $1.0 million, marking his first increase in his target compensation since 2013, to address market competitiveness with direct competitors and BCE comparators. As a result, 87% of Mr. Cope's target total direct compensation is now considered to be at risk, 20% pertaining to his annual incentive and 67% to long-term incentives.

Mr. Cope's actual total direct compensation for 2018 was $11.1 million, up by 4% compared to 2017, as a result of the increase in his 2018 long-term incentive grant, partially offset by a decrease in the amount of his 2018 short-term incentive plan award ($2.81 million in 2018 versus $3.36 million in 2017).

In 2018, the Compensation Committee was presented for the third year with a CEO vertical pay ratio analysis, including a comparison between the CEO's total direct compensation and the median annual total direct compensation for all employees. This analysis was provided for the Compensation Committee's information and to provide additional context as the Compensation Committee determined its compensation recommendations for 2019, as described later in section 9.2 entitled *Setting executive compensation*.

ORGANIZATIONAL CHANGES IN 2018

In October 2018, a number of organizational changes were made to the senior leadership team. These changes are reflected in the compensation decisions described for our 2018 NEOs in section 11 entitled *Compensation of our named executive officers*.

Mirko Bibic was appointed Chief Operating Officer for BCE and Bell Canada, with the Presidents of Bell Business Markets, Bell Mobility and Bell Residential & Small Business reporting directly to him. Mr. Bibic also continues to lead legal and regulatory functions for BCE and Bell.

Wade Oosterman was appointed Vice Chair of BCE and Bell Canada, assuming a senior advisory and oversight role on the Bell executive team, in addition to his existing leadership of Bell Media as Group President and his role as Bell's Chief Brand Officer.

In 2018, Mirko Bibic and Tom Little, President Bell Business Markets, together with George Cope, Glen LeBlanc and Wade Oosterman, are BCE's named executive officers. As noted in section 11 entitled *Compensation of our named executive officers*, compensation adjustments were made in 2018 for all of our NEOs to reflect their responsibilities and to ensure their compensation remains competitive with their counterparts at our key competitors.

LOOKING AHEAD TO 2019

Although we continually monitor compensation levels and trends in executive compensation, we are confident that our current compensation structure is competitive and meets the objectives of our compensation philosophy and, therefore, is expected to remain largely unchanged in 2019.

CONCLUSION

The responsibility for executive compensation rests with the Board, and we confirm that we fully understand the long-term implications of the executive compensation decisions we make and the programs we approve.

Members of the Compensation Committee will be present at the meeting to answer any questions you may have about executive compensation. Alternatively, shareholders can reach us through the Corporate Secretary's Office or the Investor Relations Group at 1 Carrefour Alexander-Graham-Bell, Building A, 7th floor, Verdun, Québec, Canada, H3E 3B3 or call 1-800-339-6353. Our approach to executive compensation supports the execution of the Corporation's strategy, and we remain committed to developing the compensation policies and programs that will continue to produce the results that deliver value to you, our shareholders.

Gordon M. Nixon
Chair of the Board

Robert E. Brown
Chair of the Compensation Committee

March 7, 2019