GlaxoSmithKline plc

RULES OF THE GLAXOSMITHKLINE PLC
SHARE SAVE PLAN 2022

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<table>
<thead>
<tr>
<th>Contents</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Purpose of the Plan</td>
<td>1</td>
</tr>
<tr>
<td>2. Definitions</td>
<td>1</td>
</tr>
<tr>
<td>3. Invitations</td>
<td>5</td>
</tr>
<tr>
<td>4. Application</td>
<td>6</td>
</tr>
<tr>
<td>5. Cancelled Savings Contracts</td>
<td>7</td>
</tr>
<tr>
<td>6. Scaling down</td>
<td>7</td>
</tr>
<tr>
<td>7. Option Price</td>
<td>8</td>
</tr>
<tr>
<td>8. Grant of Options</td>
<td>8</td>
</tr>
<tr>
<td>9. Plan limits</td>
<td>10</td>
</tr>
<tr>
<td>10. Variations in share capital</td>
<td>10</td>
</tr>
<tr>
<td>11. Exercise and lapse – general rules</td>
<td>11</td>
</tr>
<tr>
<td>12. Exercise and lapse – exceptions to the general rules</td>
<td>12</td>
</tr>
<tr>
<td>13. Exchange of Options</td>
<td>16</td>
</tr>
<tr>
<td>14. Exercise of Options</td>
<td>17</td>
</tr>
<tr>
<td>15. General</td>
<td>18</td>
</tr>
<tr>
<td>16. Changing the Plan and termination</td>
<td>21</td>
</tr>
<tr>
<td>17. Governing law</td>
<td>23</td>
</tr>
</tbody>
</table>
1. Purpose of the Plan

The purpose of the Plan is to provide Eligible Employees with the opportunity (but not the obligation) to acquire Shares on the condition that they save for a period of three or five years under an HMRC-approved Savings Contract.

The Option Price of an Option may be up to 20% below the Market Value of the Shares subject to the Option. Options are normally exercisable after three or five years (depending upon the length of the Savings Contract) but special rules apply on the Participant's cessation of employment and on a change of Control of the Company.

The Plan is intended to be registered with HMRC under Schedule 3 to ITEPA and to be a “Schedule 3 SAYE option scheme” for the purposes of Schedule 3 to ITEPA.

2. Definitions

2.1 Meanings of words used

In these Rules:

“Acquiring Company” is any company which has obtained Control of the Company or has become entitled and bound as mentioned in rule 12.5 (Compulsory acquisition) as a result of events specified in rule 12.4 (Takeovers), rule 12.6 (Company reconstructions), rule 12.7 (Reorganisation) or rule 12.10 (Non-UK Company Reorganisation);

“Associated Company” has the meaning given to it by paragraph 47(1) of Schedule 3 to ITEPA except in relation to rules 12.1.1(v) and 12.1.4 where it will have the meaning given by paragraph 35(4) of Schedule 3 to ITEPA;

“Bonus Date” means the date on which the bonus becomes payable under the terms of the relevant Savings Contract;

“Business Day” means a day on which the London Stock Exchange (or, if relevant and if the Directors determine, any stock exchange nominated by the Directors on which the Shares are traded) is open for the transaction of business;

“Company” means GlaxoSmithKline plc, a company incorporated in England and Wales with registered number 03888792;

“Contribution” means a contribution under a Savings Contract;
“Control” has the meaning given to it by section 995 of the Income Tax Act 2007;

“Date of Grant” means the date on which an Option is granted;

“Dealing Restrictions” means any restrictions relating to dealing in shares imposed by law, order, regulation, Government directive or any dealing code adopted by the Company;

“Directors” means the board of directors of the Company or a duly authorised committee of the board or any other duly authorised person;

“Eligible Employee” means any person who satisfies the conditions set out below. The conditions are that the person:

(i) either is an employee (but not a director) of a Participating Company, or is a director of a Participating Company who is required to work for the Participating Company for at least 25 hours a week (excluding meal breaks and normal holiday entitlements) or such other number of hours as may be required by HMRC for the purposes of paragraph 6 of Schedule 3 to ITEPA; and

(ii) has earnings in respect of their office or employment within paragraph (i) above which are general earnings (or would be if there were any) to which section 15 of ITEPA applies; and

(iii) has such qualifying period (if any) of continuous service (not exceeding five years prior to the Date of Grant or such other period as may be permitted by paragraph 6(2)(b) of Schedule 3 to ITEPA) as the Directors may from time to time determine.

In addition, it means any person who is an executive director or employee of a Participating Company who is nominated by the Directors (or is nominated as a member of a category of such executive directors or employees).

“HMRC” means Her Majesty’s Revenue and Customs;

“ITEPA” means the Income Tax (Earnings and Pensions) Act 2003;

“Listing Rules” means the rules relating to admission to the Official List;

“London Stock Exchange” means the London Stock Exchange or a successor body;
“Non-UK Company Reorganisation” has the meaning given by paragraph 47A of Schedule 3 to ITEPA;

“Official List” means the list maintained by the Financial Conduct Authority for the purpose of section 74(1) Financial Services and Markets Act 2000;

“Option” means a right to acquire Shares granted under the Plan which is subject to the Rules;

“Optionholder” means a person holding an Option, including their personal representatives;

“Option Price” means the amount payable for each Share on the exercise of an Option calculated as described in rule 7 (Option Price);

“Participating Companies” means:

(i) the Company; and

(ii) any Subsidiary designated by the Directors; and

(iii) any jointly-owned company (within the meaning of paragraph 46 of Schedule 3 to ITEPA) designated by the Directors; and

(iv) any other entity designated by the Directors so long as the Plan remains a Schedule 3 plan which HMRC agree may participate.

“Plan” means this plan, known as “The GlaxoSmithKline plc Share Save Plan 2022", as changed from time to time;

“Rules” means the rules of the Plan as changed from time to time;

“Savings Authority” means the bank, building society or European authorised institution chosen by the Directors from time to time for the purpose of receiving Contributions under Savings Contracts;

“Savings Contract” means a savings contract under a certified SAYE savings arrangement (within the meaning of section 703(1) of the Income Tax (Trading and Other Income) Act 2005) approved by HMRC for the purpose of Schedule 3 to ITEPA;

“Schedule 3 plan” means a plan in relation to which the requirements of Parts 2 to 9 of Schedule 3 to ITEPA are being met;
“Shares” means fully paid ordinary shares in the capital for the time being of the Company which satisfy paragraphs 18 to 22 of Schedule 3 to ITEPA;

“Subsidiary” means a company which is:

(i) a subsidiary of the Company within the meaning of section 1159 of the Companies Act 2006; and

(ii) under the Control of the Company;

“Taxable Year” means the calendar year or, if it would result in a longer period for the exercise of an Option, the 12 month period in respect of which the Optionholder’s employing company is obliged to pay tax;

“Trustee” means the trustee of any employee trust described in rule 15.7 (Employee trust);

“US Taxpayer” means a person who is subject to US Tax; and

“US Tax” means taxation under the tax rules of the United States of America.

References to any statutory provision are to that provision as amended or re-enacted from time to time (and any regulations made under it), and, unless the context otherwise requires, words in the singular will include the plural and vice versa.

2.2 Shares

If any Shares which are subject to an Option cease to satisfy paragraphs 18 to 22 of Schedule 3 to ITEPA and the Plan ceases to be a Schedule 3 plan then the definition of “Shares” in rule 2.1 (Meanings of words used) is automatically changed to “fully paid ordinary shares in the capital of the Company”. This rule 2.2 will not apply while an Option can be exercised under rule 12.9 (Shares no longer within Schedule 3 to ITEPA).

2.3 Non-tax qualified schedule

The directors may adopt a non-tax qualified schedule (or schedules) for the purpose of granting non-tax qualified options to employees employed outside the UK on terms which are appropriate to the jurisdiction in which the employee is employed on the Date of Grant or any other terms which the Directors consider appropriate.
3. **Invitations**

3.1 **Operation**

The Directors have discretion to decide whether the Plan will be operated. When they operate the Plan they must invite all Eligible Employees to apply for an Option.

3.2 **Time when invitations may be made**

3.2.1 Invitations may only be made in the 42 days following:

(i) the day after the announcement of the Company’s results through a regulatory information service for any period;

(ii) the day of the Company’s annual general meeting or any general meeting;

(iii) any day on which the Directors resolve that exceptional circumstances exist which justify the making of invitations;

(iv) any day on which changes to the legislation or regulations affecting Schedule 3 plan under the tax legislation are announced, effected or made; or

(v) any day on which a new Savings Contract is announced or takes effect.

3.2.2 If the Directors cannot make the invitations due to Dealing Restrictions, the Directors may make the invitations within 42 days of the lifting of such restrictions.

3.3 **Form of invitations**

The invitation will specify:

3.3.1 the requirements a person must satisfy in order to be eligible to participate;

3.3.2 the Option Price or how it is to be calculated;

3.3.3 whether or not the Shares subject to the Option are subject to any restriction (as defined in paragraph 48(3) of Schedule 3 to ITEPA) and set out details of any such restrictions;

3.3.4 the form of application and the date by which applications must be received. This date must not be less than 14 days after the date of the invitation unless otherwise agreed in advance with HMRC;

3.3.5 the length of the Savings Contract and the date of start of the savings;

3.3.6 whether or not they can apply for more than one Option;

3.3.7 the maximum number, if any, of Shares over which Options may be granted;
3.3.8 the maximum permitted Contribution in each month which must not be more than the maximum specified by paragraph 25(3)(a) of Schedule 3 to ITEPA (currently £500);

3.3.9 the minimum permitted Contribution in each month (which must be between £5 and the amount (currently £10) specified by paragraph 25(3)(b) of Schedule 3 to ITEPA);

3.3.10 whether the bonus or interest payable under the Savings Contract may be used on the exercise of the Option to purchase Shares; and

3.3.11 if rule 5 will apply to applications in respect of the invitation, confirmation of that fact.

4. Application

4.1 Form of application

An application for an Option must include an application for a Savings Contract with a savings carrier nominated by the Directors. The application will be made in writing, or electronically, in a form specified by the Directors and will require the Eligible Employee to state:

4.1.1 the Contribution they wish to make;

4.1.2 that their proposed Contribution, when added to any Contributions they make under any other Savings Contract, will not exceed the maximum permitted under paragraph 25 of Schedule 3 to ITEPA (currently £500);

4.1.3 the length of the Savings Contract; and

4.1.4 that they authorise the Company and any Subsidiary that employs them to deduct the Contribution from their salary and to pay it to the Savings Authority.

4.2 Dealing Restrictions

No Eligible Employee will complete an application to receive an Option on a day that the Eligible Employee is subject to Dealing Restrictions and if the Company receives an application purporting to be completed on such a day, it will not take effect until such time as the Dealing Restrictions cease to apply.

4.3 Number of Shares

Each Eligible Employee’s application will be for an Option over the largest whole number of Shares which he can acquire at the Option Price with the expected repayment under the related Savings Contract. The “expected repayment” in this rule 4.3 does not include any bonus or interest excluded under rule 3.3.9.
4.4  **Modification of application and proposals**

4.4.1 If there are applications for Options over more Shares than the maximum specified in the invitation, each application and proposal for a Savings Contract will be deemed to have been modified or withdrawn as described in rule 6 (*Scaling down*).

4.4.2 If an application for a Savings Contract specifies a Contribution which, when added to any other Contributions already being made by the Eligible Employee, exceeds the maximum permitted (whether under paragraph 25 of Schedule 3 to ITEPA, the Savings Contract or any limit specified in the invitation), the Directors are authorised to modify it by reducing the Contribution to the maximum possible amount. Any such modification must be made before the Option is granted and before the application for the Savings Contract is accepted.

5.  **Cancelled Savings Contracts**

If the Directors so determine in respect of an invitation before or on the date of the invitation, if an Optionholder gives, or is deemed to have given, notice to the relevant Savings Authority of an intention to stop paying monthly Contributions under a Savings Contract, the Optionholder will, for the purposes of this rule 5, be treated as if they were continuing to pay the remaining monthly Contributions payable under that Savings Contract.

6.  **Scaling down**

6.1  **Method**

If valid applications are received for a total number of Shares in excess of any maximum number specified in the invitation under rule 3.3.7 or any limit under rule 9 (*Plan limits*), the Directors will scale down applications by choosing one or more of the following methods:

6.1.1 reducing the proposed Contributions by the same proportion to an amount not less than the minimum amount permitted under the Savings Contract (or a lesser amount set by the Directors); or

6.1.2 treating bonuses as wholly or partly excluded from the expected repayment amount.

The Directors may use other methods so long as the Plan remains a Schedule 3 plan.

6.2  **Effect of scaling down**

Where applications are scaled down in accordance with rule 6.1 all relevant applications will be deemed to have been amended or withdrawn, as the case may be.

6.3  **Insufficient Shares**

If, having scaled down as described in rule 6.1 (*Method*), the number of Shares available is insufficient to enable Options to be granted to all Eligible Employees making valid applications, the Directors may either select by lot, or decide not to grant any Options.
6.4 **Multiple Options**

If an Eligible Employee applies for more than one Option, the Eligible Employee must be treated for the purposes of this rule 6 as if they had applied for a single Option. The Directors may make such adjustments as they consider appropriate to make sure that the Eligible Employee is treated no more favourably than an Eligible Employee who had applied for a single Option.

7. **Option Price**

7.1 **Setting the Option Price**

The Directors will set the Option Price which (subject to rule 10) must be:

7.1.1 not manifestly less than 80 per cent of the Market Value of a Share on (i) the date on which invitations are sent to Eligible Employees or (ii) such other date (being no later than the Date of Grant) as the Directors may determine and specify in the invitation; and

7.1.2 if the Shares are to be subscribed, not less than the nominal value of a Share.

7.2 **Market Value**

"Market Value" on any particular day means:

7.2.1 where Shares of the same class are admitted to the Official List and traded on the London Stock Exchange:

(i) their price for the immediately preceding Business Day; or

(ii) if the Directors decide, the average price for the 3 immediately preceding Business Days, provided that such Business Day(s) do not fall within any period when Dealing Restrictions apply; or

(iii) such other price as HMRC Shares and Assets Valuation may agree.

The "price" is the middle-market quotation taken from the Daily Official List of the London Stock Exchange or the price as shown in the London Financial Times;

7.2.2 where rule 7.2.1 does not apply, the market value of a Share calculated as described in Part VIII of the Taxation of Chargeable Gains Act 1992 and agreed in advance with HMRC Shares and Assets Valuation.

Any restriction referred to in rule 3.3.3 will be ignored when determining Market Value.

8. **Grant of Options**

8.1 **Time of grant**
8.1.1 Subject to rule 6.3 (Insufficient Shares), the Directors must grant an Option to each Eligible Employee who has submitted and not withdrawn a valid application. The Option is to acquire, at the Option Price, the number of Shares for which the Eligible Employee has applied (or is deemed to have applied).

8.1.2 The grant must be made within 30 days (or, if applications are scaled down under rule 6, 42 days or such longer period as may be agreed with HMRC) of the first day by reference to which the Option Price was set.

8.2 Restrictions on grant

8.2.1 A grant of an Option to a person who is not an Eligible Employee on the Date of Grant is void.

8.2.2 A grant of an Option is void if the grant would breach any Dealing Restrictions.

8.2.3 Options may only be granted under the Plan within ten years of the date on which the Plan was last approved by the Company in general meeting.

8.2.4 A grant of an Option in excess of the Plan limits in rule 9 (Plan limits) will take effect as a grant of an Option which would not exceed those limits in accordance with rule 6.1 (Scaling down – Method).

8.3 Information on grant

The Directors will make available information relating to the terms of the Option as soon as reasonably practicable after the Date of Grant including:

8.3.1 the Date of Grant;

8.3.2 the number of Shares over which the Option is granted; and

8.3.3 the Option Price if not stated in the invitation.

The information may be sent by email or made available by other electronic means.

8.4 No payment

Optionholders are not required to pay for the grant of any Option.

8.5 Disposal restrictions

An Optionholder must not transfer, assign or otherwise dispose of an Option or any rights in respect of it. If, in breach of this rule, an Optionholder transfers, assigns or disposes of an Option or rights, whether voluntarily or involuntarily, then the relevant Option will immediately lapse. This rule 8.5 does not apply to the transmission of an Option on the death of an Optionholder to their personal representatives.
9. **Plan limits**

9.1 **10 per cent in 10 year limit**

The number of Shares which may be allocated under the Plan on any day must not exceed 10 per cent of the ordinary share capital of the Company in issue immediately before that day, when added to the total number of Shares which have been allocated in the previous 10 years under the Plan and any other employee share schemes operated by the Company.

9.2 **Interpretation**

For the purposes of this rule 9:

9.2.1 “allocated” means granting an Option or other right to acquire unissued Shares or, if there is no such grant, the issue and allotment of Shares;

9.2.2 an “employee share scheme” means any employees’ share scheme for employees of the Company and its Subsidiaries which has been adopted by the Company;

9.2.3 the acquisition of any Shares by market purchase by, or for the purpose of, an employees’ share scheme is not within the meaning of “allocated”;

9.2.4 where the right to acquire Shares is released or lapses without being exercised these Shares are ignored when calculating the limit in this rule; and

9.2.5 as long as required under institutional shareholder guidelines, Shares transferred from treasury are counted as part of the ordinary share capital of the Company and as Shares issued by the Company.

9.3 **Adjustments for variation of share capital**

The Directors may adjust the limit specified in rule 9.1 in the event of a variation of the equity share capital of the Company.

10. **Variations in share capital**

10.1 **Adjustment of Options**

If there is a variation in the equity share capital of the Company, including a capitalisation or rights issue, sub-division, consolidation or reduction of share capital:

10.1.1 the number of Shares comprised in each Option; and

10.1.2 the Option Price

may be adjusted in any way (including retrospective adjustments) which the Directors consider appropriate. However:
10.1.3 the total Option Price after adjustment must be substantially the same as before and must not exceed the expected proceeds of the related Savings Contract at the Bonus Date;

10.1.4 the total market value of the Shares must remain substantially the same; and

10.1.5 the Plan must continue to be a Schedule 3 plan.

An annual return relating to the Plan submitted to HMRC following any such adjustment must include a declaration that the Plan continues to comply with Schedule 3 to ITEPA.

10.2 Nominal value

The Option Price may not be adjusted to less than nominal value.

10.3 Notice

The Directors may notify Optionholders of any adjustment made under this rule 10.

11. Exercise and lapse – general rules

11.1 Exercise

Except where exercise is permitted as described in rule 12 (Exercise and lapse – exceptions to the general rules) an Option can only be exercised:

11.1.1 during the period of six months after the Bonus Date; and

11.1.2 so long as the Optionholder is a director or employee of a Participating Company.

11.2 Lapse

An Option will lapse on the earliest of:

11.2.1 the date the Optionholder ceases to be a director or employee of a Participating Company, unless any of the provisions of rule 12 (Exercise and lapse – exceptions to the general rules) apply;

11.2.2 the date on which the Optionholder is deemed to give notice under the Savings Contract that they intend to stop paying contributions under their Savings Contract;

11.2.3 the date on which the Optionholder makes an application for the repayment of contributions under their Savings Contract (being a date earlier than the date on which the Option has become capable of being exercised);

11.2.4 the date on which the Optionholder stops paying contributions under their Savings Contract unless any of the provisions of rule 12 (Exercise and lapse – exceptions to the general rules) apply;
11.2.5 the expiry of any period specified in rule 12 (Exercise and lapse – exceptions to the general rules) subject to rule 12.3 (Death); and

11.2.6 six months after the Bonus Date unless rule 12.3 (Death) applies.

12. Exercise and lapse – exceptions to the general rules

12.1 Cessation of employment

12.1.1 Subject to rule 12.3 (Death), an Optionholder may exercise their Option within six months of ceasing to be a director or an employee of a Participating Company (or, if it ends earlier, six months after the Bonus Date applicable to that Option) for one of the reasons set out below. The reasons are:

(i) injury or disability;

(ii) redundancy within the meaning of the Employment Rights Act 1996;

(iii) retirement;

(iv) a relevant transfer within the meaning of the Transfer of Undertakings (Protection of Employment) Regulations 2006;

(v) their office or employment being in a company which ceases to be an Associated Company by reason of a change of control (as defined in accordance with sections 450 and 451 of the Corporations Tax Act 2010); and

(vi) the transfer of the business or part of a business by which the Optionholder is employed to a person who is not an Associated Company of the Company where the transfer is not a relevant transfer within the meaning of the Transfer of Undertakings (Protection of Employment) Regulations 2006.

12.1.2 Subject to rule 12.3, if the Optionholder ceases to be a director or employee of a Participating Company more than three years after the Date of Grant for any reason except reasons involving misconduct, impropriety or inefficiency on their part, they may exercise their Option within six months of leaving.

12.1.3 For the purposes of this rule 12.1, an Optionholder is not treated as ceasing to be a director or employee of a Participating Company until they have ceased to be a director or employee of:

(i) the Company;

(ii) an Associated Company; and

(iii) a company under the Control of the Company.

12.1.4 This rule applies if an Optionholder:
(i) ceases to be a director or employee of a Participating Company but on or immediately after the date of cessation is a director or employee of an Associated Company; and

(ii) subsequently ceases to be a director or employee of the Associated Company.

When this rule applies, the Optionholder can exercise their Option within six months of ceasing to be a director or employee of the Associated Company, if the reason for the Optionholder ceasing to be a director or employee of the Participating Company (not the Associated Company) was one of the reasons set out in rule 12.1.1.

12.2 Employment with an Associated Company

If an Optionholder ceases to be a director or employee of a Participating Company but is on the Bonus Date an employee or director of an Associated Company or a company of which the Company has Control, they may exercise their Option within six months of the Bonus Date.

12.3 Death

If an Optionholder dies, an Option may be exercised by their personal representatives within one year of:

12.3.1 the date of their death if death occurred before the relevant Bonus Date; or

12.3.2 the Bonus Date if the death occurred on or within six months after the relevant Bonus Date.

12.4 Takeovers

This rule applies where a person (or a group of persons acting in concert) obtains Control of the Company as a result of making a general offer to acquire shares in the Company which falls within paragraph 37(3) of Schedule 3 to ITEPA.

When this rule applies Options may, subject to rule 12.3 (Death), 12.7 (Reorganisation) and 12.9 (Shares no longer within Schedule 3 to ITEPA), be exercised within the six month period after the person making the offer has obtained Control of the Company and any condition subject to which the offer is made has been satisfied.

The Options will lapse, subject to rule 12.3 (Death), at the end of the six month period unless the Directors give written notice to all the Optionholders before the end of the six month period that the Options will not lapse.

An offer under this rule 12.4 need not extend to Shares which are already owned by the offeror and/or by persons connected with the offeror. It does not matter if the offer is made to different shareholders by different means.
12.5 Compulsory acquisition

This rule applies if a person (or a group of persons acting in concert) becomes bound or entitled to acquire Shares by serving a notice under sections 979 to 982 or sections 983 to 985 of the Companies Act 2006 or other local legislation which HMRC agrees is equivalent (a “Chapter 3 notice”). Subject to rule 12.7 (Reorganisation) and 12.9 (Shares no longer within Schedule 3 to ITEPA), Options may be exercised subject to rule 12.3 (Death) at any time when that person remains so bound or entitled, which is the period of six weeks from the date of the Chapter 3 notice.

12.6 Company reconstructions

This rule applies if, under section 899 or 901F of the Companies Act 2006, a court sanctions a compromise or arrangement falling within paragraph 37(4) or paragraph 37(4ZA) of Schedule 3 to ITEPA. When this rule 12.6 applies, Options may, subject to rule 12.3 (Death), 12.7 (Reorganisation) and 12.9 (Shares no longer within Schedule 3 to ITEPA), be exercised within the six month period after the date of the Court sanctions the relevant comprise or arrangement.

12.7 Reorganisation

If this rule applies, no Options are exercisable. Instead, all Options are to be exchanged during the period set out in paragraph 38(3) of Schedule 3 to ITEPA. Rules 13.3 (Exchange) and 13.4 (Grant) apply to the exchange.

This rule applies when:

12.7.1 an Acquiring Company has obtained Control of the Company or has become entitled and bound as mentioned in rule 12.5 (Compulsory acquisition); and

12.7.2 the shareholders of the Acquiring Company, immediately after it has obtained Control, are substantially the same as the shareholders of the Company immediately before then or the obtaining of Control amounts to a merger with the Company; and

12.7.3 the Acquiring Company consents to the exchange of Options under this rule.

12.8 Winding-up

If the Company passes a resolution for its voluntary winding-up, Options may be exercised within six months of the date of the resolution. However, the issue of Shares after such exercise has to be authorised by the liquidator or the court (if appropriate), and the Optionholder must apply for this authority and pay their application cost. Any Options not exercised during that period will lapse at the end of the period.

12.9 Shares no longer within Schedule 3 to ITEPA

This rule applies where:

12.9.1 rule 12.4 (Takeovers) applies; or
12.9.2 a person is bound or entitled to acquire Shares as described in rule 12.5 (Compulsory acquisition); or

12.9.3 a person obtains Control of the Company as a result of a compromise or arrangement mentioned in rule 12.6 (Company reconstructions); or

12.9.4 rule 12.10 (Non-UK Company Reorganisation) applies; and

as a result, Shares in the Company would no longer meet the requirements of paragraphs 18 to 22 of Schedule 3 to ITEPA.

If this rule applies, Options may be exercised under those rules within a 20 day period before (and conditionally on) the relevant event taking place. Options may alternatively be exercised under those rules during a 20 day period after the relevant event and any Options not so exercised will lapse at the end of that period.

12.10 Non-UK Company Reorganisation

This rule applies to a Non-UK Company Reorganisation falling within paragraph 37(4A) of Schedule 3 to ITEPA. Where this rule 12.10 applies, Options may, subject to rule 12.3 (Death), 12.7 (Reorganisation) and 12.9 (Shares no longer within Schedule 3 to ITEPA), be exercised within the six month period after the date the Non-UK Company Reorganisation becomes binding on the shareholders covered by it.

12.11 Priority

If there is any apparent conflict between any of the provisions in rules 11 (Exercise and lapse – general rules) and 12 (Exercise and lapse – exceptions to the general rules), only the provision which results in the earliest lapse of the option will apply.

12.12 US Taxpayers

12.12.1 Notwithstanding rule 12.11 (Priority), a US Taxpayer may only exercise an Option within the shorter of:

(i) any exercise period specified in the Rules; and

(ii) the expiry of two and a half calendar months after the end of the Taxable Year in which the Option first became exercisable.

12.12.2 The intention is that Options held by US Taxpayers should be administered in compliance with section 409A of the United States of America’s Internal Revenue Code (as amended from time to time) and the Directors may, in accordance with rule 16, make whatever changes are required in relation to the treatment of such Options as is necessary to ensure that that intention is satisfied.
13. **Exchange of Options**

13.1 **Application**

This rule 13 applies to all Options (whether or not already exercisable) if a company:

13.1.1 obtains Control of the Company as a result of making a general offer to acquire shares in the Company which falls within paragraph 38(2)(a) of Schedule 3 to ITEPA;

13.1.2 obtains Control of the Company under a scheme of arrangement sanctioned by the court under section 899 or 901F of the Companies Act 2006;

13.1.3 obtains Control of the Company as a result of a Non-UK Company Reorganisation which falls within paragraph 38(2)(ba) of Schedule 3 to ITEPA; or

13.1.4 becomes entitled or bound to acquire Shares under sections 981 of the Companies Act 2006 or other local legislation which HMRC agrees is equivalent.

13.2 **Agreement to exchange**

If this rule 13 applies, the Optionholder may, with the agreement of the Acquiring Company, exchange their Options under rule 13.3 (*Exchange*) during the period set out in paragraph 38(3) of Schedule 3 to ITEPA.

13.3 **Exchange**

Where an Option is to be exchanged, the Optionholder will be granted a new option to replace it.

Where an Optionholder is granted a new option then:

13.3.1 the new option will be in respect of shares which satisfy the conditions of paragraph 39 of Schedule 3 to ITEPA in any company (falling within paragraph 18(b) or (c) of Schedule 3 to ITEPA) determined by the Acquiring Company;

13.3.2 the new option will be equivalent to the Option that was exchanged as provided in paragraph 39(4) of Schedule 3 to ITEPA. For the purpose of equivalence, market value is to be determined according to a methodology agreed by HMRC;

13.3.3 the new option will be treated as having been acquired at the same time as the Option that was exchanged and be exercisable in the same manner and at the same time;

13.3.4 the new option will be subject to the Rules as they last had effect in relation to the Option that was exchanged; and

13.3.5 with effect from the exchange, the Rules will be construed in relation to the new option as if references to Shares were references to the shares over which the new option is granted, references to the Company were references to the company determined by
the Directors under rule 13.3.1 and the Savings Contract made in connection with the Option will be treated as having been made in connection with the new option.

13.4 Grant

The Acquiring Company must not grant Options under the Plan other than under rule 13.3 (Exchange).

14. Exercise of Options

14.1 Limit on exercise

An Optionholder may exercise their Option using funds equal to or less than the amount repaid or repayable under their Savings Contract, including any bonus or interest. An Optionholder can only use Contributions made before the date of exercise of the Option, and any bonus or interest on them.

14.2 Exercise in whole or in part

To the extent specified in the Rules, an Option may be exercised in whole or in part but only on one occasion. If the Option is exercised in part, it will lapse immediately in respect of the balance.

14.3 Manner of exercise

Options must be exercised by notice in writing or by electronic means in a form specified by the Company signed by the Optionholder or by their agent and delivered to the Company or its agent. The Optionholder must also send either:

14.3.1 payment in full in cleared funds and evidence of the termination of the Savings Contract; or

14.3.2 authority to terminate the Savings Contract and use the amount needed to acquire the number of Shares over which the Option is being exercised.

The exercise of the Option is effective on the date of receipt by the Company or its agent of the notice and the relevant payment or authority.

An Option may only be exercised when the exercise is not prohibited by Dealing Restrictions.

14.4 Issue or transfer

Subject to rule 14.6 (Consents) and any Dealing Restrictions:

14.4.1 Shares to be issued following the exercise of an Option must be issued within 30 days of the date of exercise; and
14.4.2 if Shares are to be transferred following the exercise of an Option, the Directors must procure this transfer within 30 days of the date of exercise.

14.5 Rights

14.5.1 Shares issued on exercise of an Option rank equally in all respects with the Shares in issue on the date of allotment. They do not rank for any rights attaching to Shares by reference to a record date preceding the date of allotment.

14.5.2 Where Shares are to be transferred on the exercise of an Option, Optionholders are entitled to all rights attaching to the Shares by reference to a record date after the transfer date. They are not entitled to rights before that date.

14.6 Consents

All allotments, issues and transfers of Shares are subject to any necessary consents under any relevant enactments or regulations for the time being in force in the United Kingdom or elsewhere. The Optionholder is responsible for complying with any requirements to obtain or avoid the need for any such consent.

14.7 Articles of association

Any Shares acquired on the exercise of Options are subject to the Articles of Association of the Company from time to time in force.

14.8 Listing

If and so long as the Shares are listed on the Official List or of any other stock exchange where Shares are traded, the Company must apply for listing of any Shares issued pursuant to the Plan as soon as practicable after their allotment.

15. General

15.1 Notices

15.1.1 Any notice or other document which has to be given to an Eligible Employee or Optionholder under or in connection with the Plan may be:

(i) delivered or sent by post to him at their home address according to the records of their employing company; or

(ii) sent by e-mail or fax to any e-mail address or fax number which, according to the records of their employing company, is used by him,

or by such other electronic means (such as posting on an internet or intranet page to which the Optionholder or Eligible Employee has access) as Company considers appropriate.
15.1.2 Any notice or other document which has to be given to the Company or other duly appointed agent under or in connection with the Plan may be delivered or sent by post to it at its respective registered office (or such other place as the Directors or the duly appointed agent may from time to time decide and notify to Optionholders) or sent by e-mail or fax to any e-mail address or fax number notified to the sender.

15.1.3 Notices sent by post will be deemed to have been given on the earlier of the date of actual receipt and the second day after the date of posting. However, notices sent by or to an Optionholder who is working overseas will be deemed to have been given on the earlier of the date of actual receipt and the seventh day after the date of posting.

15.1.4 Notices sent by e-mail or fax, in the absence of evidence of non-delivery, will be deemed to have been received on the day after sending.

15.2 Documents sent to shareholders

The Company may send to Optionholders copies of any documents or notices normally sent to the holders of its Shares.

15.3 Directors’ decisions final and binding

The decision of the Directors on the interpretation of the Rules or in any dispute relating to an Option or matter relating to the Plan is conclusive.

15.4 Costs

The Company will pay the costs of introducing and administering the Plan. The Company may require each Participating Company to reimburse the Company for any costs incurred in connection with the grant of Options to, or exercise of Options by, employees of that Participating Company.

15.5 Administration

The Directors have the power from time to time to make or vary regulations for the administration and operation of the Plan.

15.6 Terms of employment

15.6.1 For the purposes of this rule, “Employee” means any employee of the Company or an Associated Company.

15.6.2 This rule applies during an Employee's employment and after the termination of an Employee's employment, whether or not the termination is lawful.

15.6.3 Nothing in the Rules or the operation of the Plan forms part of the contract of employment of an Employee. The rights and obligations arising from the employment relationship between the Employee and their employer are separate from, and are not
affected by, the Plan. Participation in the Plan does not create any right to, or expectation of, continued employment.

15.6.4 No Employee has a right to participate in the Plan. Participation in the Plan or the grant of Options on a particular basis in any year does not create any right to or expectation of participation in the Plan or the grant of Options on the same basis, or at all, in any future year.

15.6.5 The terms of the Plan do not entitle the Employee to the exercise of any discretion under the Rules in their favour.

15.6.6 The Employee will have no claim or right of action in respect of any decision, omission or discretion under the Rules, not relating to a subsisting option, which may operate to the disadvantage of the Employee even if it is unreasonable, irrational or might otherwise be regarded as being in breach of the duty of trust and confidence (and/or any other implied duty) between the Employee and their employer.

15.6.7 The Employee will have no claim or right of action in respect of any decision, omission or discretion under the Rules relating to a subsisting option which may operate to the disadvantage of the Employee.

15.6.8 No Employee has any right to compensation for any loss in relation to the Plan, including any loss in relation to:

(i) any loss or reduction of rights or expectations under the Plan in any circumstances (including lawful or unlawful termination of employment);

(ii) any exercise of a discretion or a decision taken under the Rules in relation to an Option or to the Plan, or any failure to exercise a discretion or take a decision; or

(iii) the operation, suspension, termination or amendment of the Plan.

15.6.9 Participation in the Plan is permitted only on the basis that the Optionholder accepts all the provisions of the Rules, including this rule. By participating in the Plan, an Employee waives all rights under the Plan, other than the right to exercise an Option subject to and in accordance with the express terms of the Rules, in consideration for, and as a condition of, the grant of an Option under the Plan.

15.6.10 Nothing in this Plan confers any benefit, right or expectation on a person who is not an Employee. No such third party has any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Plan. This does not affect any other right or remedy of a third party which may exist.

15.7 Employee trust

The Company and any Subsidiary may provide money to the trustee of any trust or any other person to enable the trust or him to acquire Shares for the purposes of the Plan, or enter into
any guarantee or indemnity for those purposes, to the extent permitted by section 682 of the Companies Act 2006.

15.8 Withholding

If an Optionholder, who is not in receipt of earnings within paragraph 15 of ITEPA, is subject to any withholding in any jurisdiction following the exercise of an Option, then unless the Optionholder discharges the liability himself, the Company, any employing company or the Trustee may withhold any amount and make any arrangements as it considers necessary to meet any liability of the Optionholder to taxation or social security contributions in respect of Options. These arrangements include the sale of any Shares on behalf of an Optionholder.

15.9 Not pensionable

None of the benefits received under the Plan is pensionable.

15.10 Data protection

15.10.1 During the Optionholder’s participation in the Plan, the Company will have access to and process, or authorise the processing of, personal data (as defined in the Data Protection Act 2018, the EU General Data Protection Regulation 5419/16 and/or any implementing legislation (together, the “Data Protection Laws”)) held and controlled by the Company and its Subsidiaries and relating to employees or customers of the Company and its Subsidiaries or other individuals. The Company and its Subsidiaries will comply with the terms of the Data Protection Laws, and the Company’s data protection policies issued from time to time, in relation to such data.

15.10.2 The Company and its Subsidiaries and its employees and agents may from time to time hold, process and disclose Optionholders’ personal data in accordance with the terms of the employee share plan privacy notice, the employee privacy notice and the data protection policy in force from time to time. The current versions of the applicable policies are available on the Company’s intranet page and on the online employee share plan portal (as applicable).

16. Changing the Plan and termination

16.1 Directors’ powers

Except as described in the rest of this rule 16, the Directors may at any time change the Plan in any way.

16.2 Shareholders’ approval

16.2.1 Except as described in rule 16.2.2, the Company in general meeting must approve in advance by ordinary resolution any proposed change to the Rules to the advantage of present or future Optionholders which relates to the following:

(i) the persons to whom or for whom Shares may be provided under the Plan;
(ii) the limitations on the number of Shares which may be issued under the Plan;
(iii) the maximum Contribution which may be made under the Plan;
(iv) the determination of the Option Price;
(v) the basis for determining an Optionholder’s entitlement to, and the terms of, securities, cash or other benefit to be provided and for the adjustment thereof (if any) if there is a capitalisation issue, rights issue or open offer, sub-division or consolidation of shares or reduction of capital or any other variation of capital;
(vi) the terms of this rule 16.2.1.

16.2.2 The Directors need not obtain the approval of the Company in general meeting for any minor changes:
(i) to benefit the administration of the Plan;
(ii) which are necessary or desirable in order to ensure that the Plan is or remains a Schedule 3 plan or maintain its tax efficiency under any other enactment;
(iii) to comply with or take account of the provisions of any proposed or existing legislation;
(iv) to take account of any changes to the legislation; or
(v) to obtain or maintain favourable tax, exchange control or regulatory treatment of the Company, any Subsidiary or any present or future Optionholder.

16.2.3 The Directors may, without obtaining the approval of the Company in general meeting, establish further plans (by way of schedules to the rules or otherwise) based on the rules, but modified to take account of local tax, exchange control or securities law in non-UK territories. However, any Shares made available under such plans are treated as counting against any limits on participation in the Plan under rule 8.

16.3 Optionholder consent

16.3.1 If the Directors propose an amendment to the Plan or the terms of any Option which would be to the material disadvantage of Optionholders in respect of subsisting rights under the Plan, then:
(i) the Directors will invite each so disadvantaged Optionholder to indicate whether or not they approve the amendment; and
(ii) such amendment will take effect only if the majority (assessed by reference to the size of affected Options) of the Participants who respond to an invitation made in accordance with rule 16.3.1(i) consent to the amendment.
16.4 **Schedule 3 restrictions**

16.4.1 For so long as the Plan is to remain a Schedule 3 plan, the Plan must comply with Schedule 3 after any change to a “key feature”.

16.4.2 An annual return relating to the Plan submitted to HMRC following any such change must include a declaration that the Plan continues to comply with Schedule 3.

16.4.3 A “key feature” is any Plan provision necessary to comply with Parts 2 to 7 of Schedule 3.

16.5 **Notice**

The Directors may give written notice of any changes made to any Optionholder affected.

16.6 **Termination of the Plan**

The Plan will terminate on 4 May 2032, but the Directors may terminate the Plan at any time before that date. However, Options granted before such termination will continue to be valid and exercisable as described in these Rules.

17. **Governing law**

English law governs the Plan and all Options and their construction. The courts of England and Wales have non-exclusive jurisdiction in respect of disputes arising under or in connection with the Plan or any Option.