

LLOYDS BANKING GROUP PLC

RULES OF THE LLOYDS BANKING GROUP LONG TERM SHARE PLAN

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Linklaters

Linklaters LLP
One Silk Street
London EC2Y 8HQ

Telephone (+44) 20 7456 2000
Facsimile (+44) 20 7456 2222

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Rules of the Lloyds Banking Group Long Term Share Plan

1 Definitions and interpretation

1.1 Definitions

In these rules:

“Acquiring Company” means, subject to rule 8.4 (*Exchange of Awards on sale of employer*), a person who has or obtains control (within the meaning of Section 995 of the Income Tax Act 2007) of the Company or who obtains all or substantially all of the assets of the Company;

“Award” means a Conditional Award or an Option;

“Award Date” means the date on which an Award is granted;

“Change of Control” means:

- (i) when a general offer to acquire Shares made by a person (or a group of persons acting in concert) becomes (or is declared) wholly unconditional; or
- (ii) when, under Section 895 of the Companies Act 2006 or equivalent procedure under local legislation, a court sanctions a compromise or arrangement in connection with the acquisition of Shares,

in either case pursuant to which such person or persons obtain (or on it becoming effective, will obtain) Control of the Company; or
- (iii) when a person (or a group of persons acting in concert) obtains Control of the Company in any other way;

“Company” means Lloyds Banking Group plc;

“Conditional Award” means a conditional right to acquire Shares granted under the Plan;

“Control” has the meaning given in Section 995 of the Income Tax Act 2007;

“Dealing Restriction” means any restriction imposed by statute, order, regulation or Government directive or any code adopted by the Company regulating dealings in Shares by Employees as varied from time to time;

“Deferral and Performance Adjustment Policy” means the Lloyd Banking Group Deferral and Performance Adjustment Policy, as amended or replaced from time to time (or in the event that no such policy is in force such terms governing the operation of malus and clawback as the Directors may determine);

“Directors” means, subject to rule 9.8 (*Directors*), the board of directors of the Company or a duly authorised committee thereof, or any person or group of persons duly authorised thereby;

“Dividend Equivalent” means an amount equal to the ordinary dividends that would have been payable on the number of Shares in respect of which an Award (or a tranche thereof) Vests had such Shares been in issue by reference to dividend record dates falling between the Award Date and the date of Vesting;

“Employee” means an employee of a Member of the Group;

“Expiry Date” means the tenth anniversary of shareholder approval of the Plan;

“Internal Reorganisation” means any event falling within rule 9.1 (*Vesting of Awards*) but which the Directors determine constitutes (or constitutes part of) an internal reorganisation which does not involve any substantial change in the ultimate control of the Company;

“Member of the Group” means:

- (i) the Company;
- (ii) any Subsidiary from time to time; or
- (iii) any other company which is associated with the Company and is so designated by the Directors;

“Normal Vesting Date” means the date set by the Directors under rule 2.4 (*Terms of Awards*) as being the date on which an Award will normally Vest, or, where applicable, such date as set in respect of each tranche of an Award;

“Option” means a conditional right to acquire Shares granted under the Plan as an Option which may be exercised by the Participant subject to the terms of these rules;

“Option Period” means the period starting on the date on which an Option (or a tranche thereof) Vests (under any rule) and ending at the end of the day before the tenth anniversary of the Award Date (or such shorter period as may be specified under rule 2.4 (*Terms of Awards*) on the grant of an Option);

“Option Price” means zero or the amount payable for each Share on the exercise of an Option specified under rule 2.4 (*Terms of Awards*);

“Participant” means a person holding an Award (or holding Retained Shares during a Retention Period) or their personal representatives;

“Plan” means these rules known as “the Lloyds Banking Group Long Term Share Plan”, as changed from time to time;

“Retained Shares” has the meaning given in rule 7.1 (*Start of the Retention Period*);

“Retention Period” means the period during which the restrictions in rule 7 (*Retention*) apply to Retained Shares;

“Shares” means fully paid ordinary shares in the capital of the Company or any American Depositary Shares (“**ADSs**”) or American Depositary Receipts (“**ADRs**”) representing such ordinary shares;

“Subsidiary” means a company which is a subsidiary of the Company within the meaning of Section 1159 of the Companies Act 2006;

“Termination Agreement” means an agreement entered into between a Participant and a Member of the Group which sets out any terms and conditions relating to the termination of the Participant’s employment;

“Underpin Condition” mean a threshold condition or conditions set by the Directors under rule 2.6 (*Underpin Condition*) required to be met in order for an Award to be capable of Vesting;

“Underpin Period” means the period over which the Underpin Condition is to be assessed;

“US Taxpayer” means a Participant who is or becomes subject to income taxation under the laws of the United States of America, as more fully defined in Appendix 1 (*US Taxpayers*);

“Vesting” means, subject to these rules:

- (i) in relation to a Conditional Award, Shares becoming due to be issued or transferred; or
- (ii) in relation to an Option, the Option becoming exercisable,

and **“Vest”** and **“Vested”** shall be construed accordingly; and

“Vesting Period” means the period from the Award Date to the Normal Vesting Date (or, if applicable, the final Normal Vesting Date).

1.2 Interpretation

In this Plan, unless otherwise specified:

- 1.2.1 the headings are for reference purposes only and are not to be used in construing the meaning of the Plan;
- 1.2.2 a reference to legislation, an agreement or other document is to the legislation, agreement or document as amended or substituted and, in the case of legislation, to any legislation re-enacted or a regulation or statutory instrument issued under it;
- 1.2.3 words in the singular include the plural and vice versa;
- 1.2.4 to the extent permitted by law, a reference to writing includes any visible means of reproducing words in a tangible form, including electronic communication;
- 1.2.5 reference to a “person” includes a body corporate;
- 1.2.6 the term “including” (or similar) shall mean “including, without any limitation whatsoever and without prejudice to the generality of the foregoing”;
- 1.2.7 a provision obliging, or permitting, a company to do any thing shall be read as obliging, or permitting, such company to do that thing or procure that thing to be done;
- 1.2.8 a provision permitting a person to do any thing shall not be read as obliging the person to do that thing; and
- 1.2.9 a reference in any rule to that rule being subject to these rules, subject to another rule or subject to any rule of interpretation shall not be read as meaning that any other rule that does not include such reference is not so subject.

2 Granting Awards

2.1 Eligibility

The Company may grant an Award to anyone who is an Employee (including an executive director of the Company) on the Award Date in accordance with any selection criteria that the Directors in their discretion may set.

However, unless the Directors consider that special circumstances exist, an Award may not be granted to an Employee who on the Award Date has given or received notice of termination of employment, whether or not such termination is lawful.

2.2 Timing of Award

Awards may only be granted:

- 2.2.1 within 42 days starting on any of the following:
 - (i) the date of shareholder approval of the Plan;
 - (ii) the day after the announcement of the Company's results for any period;
 - (iii) the date of a general meeting of the Company at which a directors' remuneration policy or any amendment to the Plan is put to shareholders for approval; or
 - (iv) any day on which changes to the legislation or regulations affecting share plans are announced, effected or made,
- 2.2.2 at any other time if the Directors determine that exceptional circumstances exist which justify the grant of an Award at such time; or
- 2.2.3 as soon as practicable following the lifting of Dealing Restrictions which prevented the grant of an Award at any time specified above.

2.3 Determination of Awards

- 2.3.1 The number of Shares over which an Award may be granted shall be determined by the Directors, taking into account an assessment of performance of the Company, any Member of the Group or business unit or team, and/or the performance, conduct or capability of the Participant, on such basis as the Directors may determine.
- 2.3.2 In the event that the Directors specify any performance criteria for the making of the determination in rule 2.3.1 above the Directors may:
 - (i) alter the terms of such criteria if, following them being set, an event or events happen which cause the Directors to consider that it is appropriate to do so to ensure that such criteria continue to provide an assessment on a basis consistent with that intended in setting the original criteria; and
 - (ii) determine that the number of Shares over which an Award will be granted shall (notwithstanding the extent to which such performance criteria are met) be larger or smaller than the number that would have been determined by reference to such criteria (including reducing the number of Shares to nil, such that no Award shall be granted), if the Directors determine that it is appropriate to do so.

Without prejudice to the generality of the Directors' discretion under rule 2.3.2(ii), and without any limitation whatsoever, in considering whether to exercise (or not exercise) such discretion the factors which the Directors may, but shall not be obliged to, take into account may include the Directors' assessment of the performance of the Company, of any Member of the Group or of any business area or team; the conduct, capability, or performance of the Participant; the Director's

assessment of the appropriateness of the value in respect of which an Award would otherwise be granted; and any exceptional event that has affected the Company or any Member of the Group.

2.4 Terms of Awards

Awards are subject to the rules of the Plan from time to time and any Underpin Condition or other condition and must be granted by deed. The terms of the Award must be determined by the Directors. The terms must be set out in the deed and/or must otherwise be notified to the Participant, including:

- 2.4.1 the Award Date;
- 2.4.2 whether the Award is a Conditional Award or an Option;
- 2.4.3 the number of Shares subject to the Award or the basis on which the number of Shares subject to the Award will be calculated;
- 2.4.4 the details of the Underpin Condition and the Underpin Period (and, if applicable, any other condition specified under rule 2.7 (*Other conditions*));
- 2.4.5 the Normal Vesting Date or, if applicable, the Normal Vesting Dates and the proportion of the Award that will normally be capable of Vesting on each;
- 2.4.6 whether or not the Award carries a right to a Dividend Equivalent and, if so, the basis on which it will be calculated;
- 2.4.7 if applicable, that the Award will be satisfied in cash pursuant to rule 6.8.2 (*Cash and Share alternative*);
- 2.4.8 whether or not a Retention Period will apply and, if so, when it will normally end and how the number of Retained Shares will be determined; and
- 2.4.9 in the case of an Option, the Option Price (if any) and the Option Period.

2.5 Executive Directors

In the case of an Award granted to an Executive Director of the Company, the duration of the Vesting Period and (if any) the Retention Period shall be determined in accordance with the approved directors' remuneration policy of the Company in force at the time of grant (or any other relevant approval by shareholders).

2.6 Underpin Condition

- 2.6.1 An Award shall be granted subject to an Underpin Condition. An Underpin Condition shall be specified at the Award Date.
- 2.6.2 The Underpin Period shall be a period of at least three years from either the Award Date or the start of the Company's financial year in respect of which the Award is granted.
- 2.6.3 The Directors may alter the terms of any element of the Underpin Condition if, following the grant of an Award, an event or events happen which cause the Directors to consider that it is appropriate to do so to ensure that the Underpin Condition continues to provide an assessment on a basis consistent with that intended in setting the original Underpin Condition, and provided that the revised Underpin Condition is not, in the opinion of the Directors, materially less challenging

in the circumstances (taking account of the intervening event) than was intended in setting the original Underpin Condition.

2.7 Other conditions

The Company may impose other conditions when granting an Award. Any condition must be specified at the Award Date and may provide that an Award will lapse if it is not satisfied. The Directors may waive or change a condition imposed under this rule 2.7.

2.8 Award notification

Each Participant will be notified of the terms of the Award as soon as practicable after the Award Date.

2.9 No payment

A Participant is not required to pay for the grant of any Award.

2.10 Administrative errors

2.10.1 If the Company purports to grant an Award which is inconsistent with rule 2.1 (*Eligibility*), it will lapse immediately.

2.10.2 If the Company purports to grant an Award which is inconsistent with rules 3.1 (*Individual limit for Awards*), or 3.2 (*Plan limits – 10 per cent*) ~~or 3.3 (*Plan limits – 5 per cent*)~~, the Award will, unless the Directors determine otherwise, be limited and will take effect from the Award Date on a basis consistent with those rules.

2.10.3 If the Directors determine that an Award is granted in or subject to an error, including being granted in respect of an incorrect number of Shares, the Directors may determine that the Award shall lapse or be adjusted in order to correct such error, including that the number of Shares subject to such Award shall be adjusted (provided that the Award as adjusted continues to be subject to comply with these rules).

3 Plan limits

3.1 Individual limit for Awards

An Award must not be granted to an Employee if it would cause the market value of Shares subject to Awards granted to the Employee in respect of that financial year to exceed 200 per cent of the Employee's Basic Salary.

In this rule:

3.1.1 “**Basic Salary**” means gross base salary of an Employee from Members of the Group, before adjustment to take account of any flexible benefits, expressed as an annual rate at the relevant Award Date. Basic salary payable in a currency other than sterling will be converted into sterling by using any rate of exchange which the Directors may reasonably select; and

3.1.2 the market value of Shares subject to an Award is to be assessed as at the Award Date of that Award, and may be calculated on such basis as the Directors determine (which in the case of Award on which no Dividend Equivalents shall be

paid, may include taking account of the absence of any dividend or dividend equivalent rights).

3.2 Plan limits – 10 per cent

The Company must not grant an Award if the number of Shares that would be committed to be issued under that Award would exceed 10 per cent of the ordinary share capital of the Company in issue at such time, when added to the number of Shares which have been issued, or committed to be issued, to satisfy Awards under the Plan, or options or awards under any other employee share plan adopted by the Company, granted in the previous 10 years.

~~3.3 Plan limits – 5 per cent~~

~~The Company must not grant an Award if the number of Shares that would be committed to be issued under that Award would exceed 5 per cent of the ordinary share capital of the Company in issue at such time, when added to the number of Shares which have been issued, or committed to be issued, to satisfy Awards under the Plan, or options or awards under any other discretionary employee share plan adopted by the Company, granted in the previous 10 years.~~

3.3 ~~3.4~~ **Scope of Plan limits**

In calculating the ~~limits~~limit in rule 3.2 (*Plan limits – 10 per cent*) ~~and 3.3 (*Plan limits – 5 per cent*)~~:

3.3.1 ~~3.4.1~~ the number of Shares over which an Award, option or award is outstanding are committed to be issued (but without double counting any Shares issued for the purpose of satisfying such Award, option or award), save to the extent that such Award, option or award is on terms that it shall not be satisfied by the issue of Shares;

3.3.2 ~~3.4.2~~ where an Award, option or award is released or lapses, the Shares concerned are ignored; and

3.3.3 ~~3.4.3~~ as long as so required by applicable institutional investor guidance, Shares transferred from treasury are counted as part of the ordinary share capital of the Company and as Shares issued by the Company.

3.4 ~~3.5~~ **Listing Rules**

No Shares will be issued under the Plan if it would cause Listing Rule 6.1.19 (*Shares in public hands*) to be breached.

4 Before Vesting

4.1 Rights

A Participant is not entitled to vote, to receive dividends or to have any other rights of a shareholder in respect of Shares subject to an Award until the Shares are issued or transferred to the Participant.

4.2 Transfer

A Participant may not transfer, assign or otherwise dispose of an Award or any rights in respect of it. If the Participant does, whether voluntarily or involuntarily, then it will immediately lapse unless determined otherwise by the Directors.

This rule 4.2 does not apply to the transmission of an Award on the death of a Participant to their personal representatives.

4.3 Adjustment of Awards

If there is:

- 4.3.1** a variation in the equity share capital of the Company, including a capitalisation or rights issue, sub-division, consolidation or reduction of share capital;
- 4.3.2** a demerger (in whatever form) or exempt distribution by virtue of Section 1075 of the Corporation Tax Act 2010;
- 4.3.3** a special dividend or distribution; or
- 4.3.4** any other corporate event which the Directors determine might affect the current or future value of any Award,

the Directors may adjust the number and/or class of Shares or securities subject to the Award and/or, in the case of an Option, the Option Price on such basis as they determine.

5 Malus and clawback

5.1 Deferral and Performance Adjustment Policy

Unless the Directors determine otherwise, Awards (and any Shares or cash issued or transferred or paid in respect of Awards) are subject to the deferral, malus and clawback provisions set out in the Deferral and Performance Adjustment Policy.

5.2 Application of malus

On or before the date(s) of Vesting (or, in the case of Options, exercise), the Directors will determine if an Award will be subject to malus in accordance with the Performance Adjustment Policy and, if the Directors do so, notwithstanding any other provision of these rules the Award will lapse to the extent determined under the Performance Adjustment Policy on the date of determination.

5.3 Application of clawback

At any time on or after the date(s) of Vesting, notwithstanding any other provision of these rules the Directors may apply clawback in respect of the Award in accordance with the Performance Adjustment Policy. Where the Directors do so, they may determine that:

- 5.3.1** the Participant must transfer to or to the order of the Company a number of Shares which is equal to the number of Shares in respect of which such clawback is applied, for no consideration; and/or

- 5.3.2 the Participant must pay an amount equal to the value in respect of which such clawback is applied to or to the order of the Company (which such amount shall be a debt immediately due and payable),

and for which purpose the Directors may determine that:

- 5.3.3 any Award, bonus or other benefit which might have been granted, Vested or paid to the Participant under this or any other arrangement will be reduced, be treated as never having been awarded or will not Vest; and/or
- 5.3.4 to the extent permitted by law, any amount payable in respect of the clawback may be deducted from any amount that is otherwise payable to the Participant by any Member of the Group, including salary or bonus.

5.4 Other

- 5.4.1 The Directors may reduce the number of Shares subject to any Award, or lapse an Award in full, to give effect to the operation of malus and/or clawback pursuant to any other incentive arrangement operated by any Member of the Group.
- 5.4.2 For the avoidance of doubt malus and/or clawback can apply as described in this rule even if the Participant was not responsible for the event in question or if it took place before the Vesting or grant of the Award.
- 5.4.3 Without limiting rule 11.1 (*Terms of employment*), the Participant will not be entitled to any compensation in respect of the operation or purported operation of this rule 5.
- 5.4.4 Nothing in this rule 5 shall limit rule 6.2 (*Discretion to adjust Vesting*).

6 Vesting

6.1 Normal Vesting

- 6.1.1 As soon as reasonably practicable after the end of the Underpin Period the Directors will determine the number of Shares in respect of which an Award shall (subject to these rules) be capable of Vesting based on the extent that the Directors determine that the Underpin Condition is satisfied.
- 6.1.2 Subject to these rules, an Award (or the relevant tranche of an Award) will Vest on the latest of:
- (i) the Normal Vesting Date; and
 - (ii) the date on which the Directors make the determination under rule 6.1.1,
- and will lapse to the extent it does not Vest.

6.2 Discretion to adjust Vesting

- 6.2.1 Notwithstanding any other provision of these rules (and without limiting rule 5 (Malus and Clawback)), the Directors may adjust positively or negatively (including downwards to nil) the number of Shares in respect of which an Award may Vest under any rule if, in its discretion, it determines that it is appropriate to do so.
- 6.2.2 Alternatively, where the Directors would otherwise exercise the discretion in Rule 6.2.1 the Directors may instead (in whole or in part) determine that the Award shall

not be adjusted but shall be subject to such additional conditions as the Directors may determine (which may include determining a later time for the Award to be capable of Vesting or further conditions shall apply pursuant to which the Award may lapse).

- 6.2.3 Without prejudice to the generality of the Directors' discretions under this rule 6.2, and without any limitation whatsoever, in considering the exercise of such discretions, the factors which the Directors may, but shall not be obliged to, take into account may include the Directors' assessment of the performance of the Company, of any Member of the Group or of any business area or team; the conduct, capability, or performance of the Participant; the Directors' assessment of the appropriateness of the value in respect of which the Award would otherwise Vest; and any exceptional event that has affected the Company or any Member of the Group.

6.3 Discretion to delay Vesting, settlement or exercise

Notwithstanding any other provision of these rules, the Directors may delay the grant of an Award; the Vesting of an Award under any rule; the issue or transfer of Shares or payment of cash pursuant to an Award which Vests; the ability for a Participant to exercise an Option and/or the expiry of a Retention Period if the Directors determine that it is appropriate to do so.

Without prejudice to the generality of the Directors' discretion, and without any limitation whatsoever, the circumstances in which the Directors may (but shall not be obliged) to consider doing so include where, on the date on which such event would otherwise occur, there is an ongoing investigation or other procedure to determine whether the Award should be subject to adjustment in accordance with rule 6.2 (*Discretion to adjust Vesting*) or malus or clawback in accordance with the Performance Adjustment Policy or where the Directors determine that further investigation of any matter is needed.

6.4 Dealing restrictions

A Conditional Award (or any tranche thereof) will not Vest, and Vesting shall be delayed, until such Vesting, any transfer of Shares (or making of any cash payment) to, and any dealing in Shares (or receipt of such cash payment) by, the Participant, and any action needed to be taken to give effect to such vesting is not contrary to any Dealing Restriction.

6.5 Consequences of Vesting

Conditional Awards

- 6.5.1 Within 30 days of a Conditional Award (or a tranche thereof) Vesting, the Company will, subject to these rules, arrange for the transfer (including a transfer out of treasury) or issue to, or to the order of, the Participant of the number of Shares in respect of which the Conditional Award (or such tranche thereof) has Vested.

Options

- 6.5.2 Subject to these rules, a Participant may exercise an Option (or a tranche thereof) to the extent it has Vested during the Option Period. Any unexercised Option will lapse, at the latest, at the end of the last day of the Option Period.
- 6.5.3 The Participant may exercise an Option by giving notice in the prescribed form to the Company or any person nominated by the Company accompanied by correct

payment of the Option Price (if any) or details of an arrangement agreed between the Participant and the Company for the payment of the Option Price.

- 6.5.4** An exercise will take effect only when the Company or its nominee has received the notice of exercise and the payment (or details of arrangements for payment) referred to in rule 6.5.3.
- 6.5.5** An Option may not be exercised, and any exercise will be delayed, until such exercise, any transfer of Shares (or making of any cash payment) to, and any dealing in Shares (or receipt of such cash payment) by, the Participant, and any action needed to be taken by the Grantor to give effect to such exercise is not contrary to any Dealing Restriction.
- 6.5.6** Subject to any other restrictions in these rules or set out on the grant of an Option, an Option may be exercised in full or in part. If an Option is exercised in part, the balance remains exercisable and the Directors may issue a balance certificate.
- 6.5.7** Subject to these rules, the Company will arrange for the number Shares in respect of which an Option is exercised to be transferred (including a transfer out of treasury) or issued to, or to the order of, the Participant within 30 days of the date of exercise.
- 6.5.8** If an Option Vests or lapses under more than one provision of the rules of the Plan, the provision resulting in the shortest exercise period will prevail.

6.6 Tax election

If so required by the Company the issue or transfer of Shares on Vesting of an Award (or exercise of an Option) shall be conditional on the Participant entering into any tax or social security elections required by the Company, including (i) an election under section 431 of the Income Tax (Earnings and Pensions) Act 2003; and (ii) an election to transfer, or an agreement to pay, employer social security contributions, and if the Participant does not do so within any period specified by the Company the Award shall lapse at the end of that period.

6.7 Dividend Equivalent

An Award may include the right to receive a Dividend Equivalent if so determined by the Directors prior to Vesting. A Dividend Equivalent will be delivered as soon as practicable after Vesting (or, in the case of an Option, exercise) of the Award (or a tranche thereof). A Dividend Equivalent will be delivered as an additional number of Shares to be issued or transferred as have a market value (calculated on such basis as the Directors determine) equal to the amount of the Dividend Equivalent, unless the Directors determine that it will be paid in cash.

6.8 Cash and Share alternative

- 6.8.1** The Directors may determine that an Award (and any Dividend Equivalents) shall be satisfied, in whole or in part, by paying an equivalent amount in cash in lieu of the issue or transfer of Shares (subject to these rules).
- 6.8.2** An Award may be granted on the basis that it will always be satisfied in accordance with rule 6.8.1.

- 6.8.3 Any payment made under rule 6.8.1 may be determined using any rate of exchange which the Directors may reasonably select.
- 6.8.4 In respect of an Award which consists of a right to receive a cash amount, the Directors may determine that the Award (and any Dividend Equivalents) shall be satisfied, in whole or in part, by the issue or transfer of Shares in lieu of the cash payment (subject to these rules).
- 6.8.5 The calculation of any cash payment or number of Shares under this rule will be undertaken by reference to the market value of a Share (calculated on such basis as the Directors determine) on the date of Vesting for a Conditional Award or the date of exercise for an Option (less, as applicable, the Option Price).

6.9 Tax

The Participant will be responsible for all taxes, social security contributions and other liabilities arising out of or in connection with an Award or the acquisition, holding or disposal of Shares or any interest in them (including the holding of any Shares subject to, or release of Shares from, a Retention Period). If the Company, any Member of the Group or the trustee of any employee benefit trust has any liability to pay or account for any such taxes, contribution or other liabilities, it may meet the liability to do so by one or more of the following:

- 6.9.1 selling Shares to which the Participant becomes entitled (or which are released from a Retention Period) on their behalf and using the proceeds to meet the liability;
- 6.9.2 deducting the amount of the liability from any cash payment due under the Plan;
- 6.9.3 reducing the number of Shares to which the Participant would otherwise be entitled; and/or
- 6.9.4 deducting the amount from any payment of salary, bonus or other payment due to the Participant.

Such withholding and/or arrangements may be operated on the basis of the highest rate of tax or social security contributions that may be applicable, provided that any excess value realised will be paid to the Participant as soon as is reasonably practicable.

6.10 US Taxpayers

The provisions of Appendix 1 (*US Taxpayers*) shall apply to an Award granted to (or to be granted to), and any Retained Shares held by or for the benefit of, a US Taxpayer.

7 Retention

7.1 Start of the Retention Period

Where the Directors determine that a Retention Period will apply to an Award, the Retention Period will begin on the date on which the Award (or a tranche thereof) Vests or such other date determined by the Directors (and, in the absence of any such determination, any Retention Period as provided for in the Deferral and Performance Adjustment Policy will apply).

The Retention Period, and the terms of this rule 7, will apply in respect of such number of Vested Shares or such proportion of the Award as determined by the Directors at any time before Vesting ("**Retained Shares**").

7.2 Holding of Retained Shares

During the Retention Period instead of arranging for the issue or transfer of the Retained Shares to the Participant following Vesting or exercise as set out in rule 6.5 (*Consequences of Vesting*), the Company may arrange for the Retained Shares to be issued or transferred to a trustee or nominee (the "**Trustee**"), as designated by the Company, to be held for the benefit of the Participant subject to the provisions of this rule 7 (but, for the avoidance of doubt, the provisions of this rule 7 shall apply in any event).

7.3 Tax liability during Retention Period

Where any taxes, social security contributions or other payroll levies or similar arise at the time at which Shares are issued or transferred during the Retention Period the Company may, pursuant to rule 6.9 (*Tax*), procure that sufficient of Shares issued or transferred pursuant to an Award are sold to the extent necessary to fund any tax or employee social or similar liabilities, and in which case the Retention Period will apply in respect of the remainder of the Shares subject to the Award (or the relevant tranche thereof), to the extent of the number of Retained Shares.

7.4 Terms applicable to Retained Shares

7.4.1 The Participant may not transfer, assign or otherwise dispose of any of the Retained Shares or any interest in them (or instruct a Trustee to do so) during the Retention Period, except in the case of:

- (i) a sale of sufficient entitlements nil-paid in relation to a Share to take up the balance of the entitlements under a rights issue or similar event;
- (ii) a transfer of Shares pursuant to rule 7.5 (*Application of Clawback during Retention Period*) below;
- (iii) a sale of Shares pursuant to rule 6.9 (*Tax*) in accordance with rule 7.3 (*Tax liability during the Retention Period*); and
- (iv) the transmission of Shares on the Participant's death to their legal personal representatives,

or where the Directors may so determine.

7.4.2 Unless the Directors determine otherwise, the restrictions applicable to Retained Shares in this rule 7 will apply equally to any securities or dividends or other cash or assets received in respect of the corresponding Retained Shares during the Retention Period.

7.4.3 Subject to this rule 7, during the Retention Period the Participant will be entitled to vote and receive dividends and have all other rights of a shareholder in respect of the Retained Shares.

7.5 Application of clawback during Retention Period

To the extent that Retained Shares are determined by the Directors to be required to be transferred to give effect to malus or a clawback under rule 5.3 (*Application of clawback*) or

5.4.1 (*Other*) the Participant irrevocably authorises, and is deemed to consent to, the immediate transfer of the legal and beneficial ownership of such Shares, for no consideration, to any person (which may include the Company, where permitted) specified by the Directors.

7.6 End of the Retention Period

A Retention Period will end on the earliest of the following:

7.6.1 the date set by the Directors under rule 2.4 (*Terms of Awards*); and

7.6.2 the death of the Participant,

or at any such earlier time as the Directors may determine.

At the end of a Retention Period, subject to these rules the restrictions relating to Retained Shares in this rule 7 (*Retention*) will cease to apply and the legal title to the Retained Shares may be transferred to, or to the order of, the Participant.

8 Leaving employment and death

8.1 General rule on leaving employment

Unless rule 8.2 (*Exceptions*) or 8.5 (*Death*) applies, an Award will lapse on the date the Participant leaves employment. For the avoidance of doubt, the reference to “Award” includes a Vested but unexercised Option.

8.2 Exceptions

An Award will not lapse pursuant to rule 8.1 (*General rule on leaving employment*) if a Participant leaves employment due to any of the following:

8.2.1 ill-health, injury or permanent disability, as established to the satisfaction of the Company or the Participant’s employing company (as appropriate);

8.2.2 retirement with the agreement of the Participant’s employer;

8.2.3 the Participant’s employing company ceasing to be a Member of the Group;

8.2.4 a transfer of the undertaking, or the part of the undertaking, in which the Participant works to a person which is not a Member of the Group;

8.2.5 redundancy as determined by the Directors; or

8.2.6 any other reason, if the Directors so determine in any particular case.

Where rule 8.2.6 applies, the Directors may impose additional conditions on the Award, including conditions as to when and to what extent the Award may Vest.

8.3 Treatment of Awards on leaving

Where a Participant leaves employment for one of the reasons set out in rule 8.2 (*Exceptions*) (subject to any additional conditions imposed thereunder):

8.3.1 the Award will remain outstanding and capable of Vesting under these rules, in which case:

(i) the number of Shares in respect of which the Award (or each tranche thereof) shall be capable of Vesting (under any rule) will, unless the

Directors determine otherwise, be limited to reflect the proportion of the Underpin Period elapsed to the date on which the Participant leaves employment; and

(ii) any remainder of the Award will lapse; or

8.3.2 the Directors may determine that the Award will Vest on the date the Participant leaves employment or on any later date as the Directors determine, in which case:

(i) subject to these rules, the Award will Vest to the extent that any Underpin Condition or other condition has been satisfied (as determined by the Directors in such manner as they consider appropriate, which may include taking account of anticipated performance against the Underpin Condition over the remainder of the Underpin Period);

(ii) the number of Shares in respect of which the Award (or each tranche thereof) Vests will, unless the Directors determine otherwise, be reduced to reflect the proportion of the Underpin Period elapsed to the date on which the Participant leaves employment; and

(iii) the Award will lapse to the extent it does not Vest.

8.4 Exchange of awards on a sale of employer

If the Directors, with the agreement of any relevant purchaser, so determine before an event referred to in rules 8.2.3 or 8.2.4 takes effect, an Award (or any tranche thereof) which has not yet Vested will not Vest, and an Award will be exchanged, and rules 9.4 (*Exchange*) to 9.6 (*Exchange terms*) will apply. In applying rules 9.4 (*Exchange*) to 9.6 (*Exchange terms*), the “**Acquiring Company**” will mean the relevant purchaser or a company that controls such purchaser.

8.5 Death

8.5.1 If a Participant dies (unless the Directors determine otherwise, in which case rule 8.3.1 (*Treatment of Awards on leaving*) will apply), an Award will Vest on the date of death, in which case:

(i) subject to rule 6.2 (*Discretion to adjust Vesting*), the Award will Vest in full, or to such lesser extent as the Directors determine taking account of the extent that any Underpin Condition or other condition has been satisfied (in the manner specified in the Underpin Condition or other condition or in such manner as they consider appropriate, which may include taking account of anticipated performance against the Underpin Condition over the remainder of the Underpin Period); and

(ii) if applicable, the Award will lapse to the extent it does not Vest.

8.5.2 The Company shall only arrange for Shares to be issued or transferred, or cash paid, to the personal representatives of a deceased Participant (pursuant to any rule) if they have produced such evidence as the Directors may require of their status as such. The receipt by any person who has produced such evidence will discharge the Company from any obligation pursuant to the Award to the Participant or their estate.

8.6 Exercise and lapse of Options

- 8.6.1** An Option (or a tranche thereof) which Vests on or after a Participant leaves employment will be exercisable for 6 months (or 12 months in the case of death) from the date on which it Vests (under any rule), and will lapse at the expiry of such period.
- 8.6.2** An Option (or a tranche thereof) which is already Vested when a Participant leaves employment will be exercisable for 6 months (or 12 months in the case of death) from the date of leaving employment (or death), and will lapse at the expiry of such period.

8.7 Retention Period

Unless the Directors determine otherwise, and save in the case of the Participant's death, any Retention Period shall continue to apply to an Award notwithstanding the Participant leaving employment.

8.8 General

- 8.8.1** In these rules a Participant will be treated as "leaving employment" (whether or not termination is or would be lawful):
- (i) when no longer an Employee or director of any Member of the Group unless the Directors determine that a Participant should be treated as leaving employment upon ceasing to be an Employee; or
 - (ii) unless the Directors determine otherwise, on the date notice terminating office or employment is given or received if this is different to the actual date of ceasing to be an Employee or director (as applicable).
- 8.8.2** The Directors must make the decision referred to in rule 8.2.6 no later than 60 days after the Participant has left employment.

8.9 Termination agreements

Where the Participant has entered into a Termination Agreement in connection with their leaving employment, Awards will not Vest until the Participant has complied with, or is released from, their obligations under that Termination Agreement as the Directors determine. Any Termination Agreement dealing with Awards continues to be subject to the rules of the Plan from time to time.

8.10 Overseas transfer

If a Participant remains an Employee but is transferred to work in another country or changes tax residence status and, as a result would:

- 8.10.1** suffer a tax disadvantage in relation to an Award (this being shown to the satisfaction of the Directors); or
- 8.10.2** become subject to restrictions on the ability to exercise an Award or to hold or deal in the Shares or the proceeds of the sale of the Shares acquired because of the security laws or exchange control laws of the country to which the Participant is transferred,

then the Directors may determine that an Award will be settled in cash pursuant to rule 6.8 (*Cash or Share alternative*) or be replaced with such other award that the Directors determine is equivalent (and which is subject to conditions which the Directors determine are not materially easier to satisfy than those applicable to the Award) or, if the Directors determine that such action will not resolve the circumstances for the Participant described in this rule above, Vest on a date they determine before or after the transfer takes effect and to such extent as they determine (and, in the case of an Option, exercisable during such period as they may determine), and any remainder of the Award will lapse if so determined by the Directors.

9 Corporate events

9.1 Vesting of Awards

9.1.1 In the event of a Change of Control an Award shall Vest in accordance with this rule 9.

9.1.2 If the Company is affected by:

- (i) any demerger, delisting, distribution (other than an ordinary dividend) or other transaction, which, in the opinion of the Directors, might affect the current or future value of any Award; or
- (ii) any reverse takeover (not within rule 9.1.1), merger or other significant corporate event, as determined by the Directors,

the Directors may determine that an Award will Vest on the date of such event in accordance with this rule 9.

9.1.3 If the Directors determine that an event in rules 9.1.1 or 9.1.2 above is to occur, the Directors may determine that the Award will vest on the last practicable date prior to the anticipated date of such event in accordance with this rule 9.1.3.

9.1.4 The Vesting of an Award under rules 9.1.1 to 9.1.3 above may be made subject to such additional conditions as the Directors may determine (which may include conditions relating to the terms on which any consideration pursuant to any such event is receivable by the Participant).

9.2 Extent of Vesting

Where an Award becomes capable of Vesting under rule 9.1 (*Vesting of Awards*):

9.2.1 subject to these rules the Award will Vest to the extent that the Directors determine any Underpin Condition or other condition has been satisfied (as determined by the Directors in such manner as they consider appropriate, which may include taking account of anticipated performance against the Underpin Condition over the remainder of the Underpin Period);

9.2.2 the number of Shares in respect of which the Award (or each tranche thereof) Vests will, unless the Directors determine otherwise, be reduced to reflect the proportion of the Underpin Period elapsed to the date on which the Award Vests; and

- 9.2.3 the Award will lapse to the extent that it does not Vest, unless the Directors determine that to such extent (or any lesser extent) it will be exchanged under rule 9.4 (*Exchange*).

9.3 Lapse of Options

An Option will be exercisable:

- 9.3.1 following a Change of Control, for six months after the Change of Control or, if earlier, for one month after the date on which a notice to acquire Shares under section 979 of the Companies Act 2006 is first served (or such shorter period as the Directors may set at the time of the Change of Control); or
- 9.3.2 following an event described in rule 9.1.2 for one month from the date of such event, or such shorter or longer period (not exceeding one year) as the Directors may set at the time of the event,

and will lapse at the end of any such period to the extent it has not been exercised or exchanged.

9.4 Exchange

An Award will not Vest under rule 9.1 (*Vesting of Awards*), and will be exchanged pursuant to rule 9.6 (*Exchange terms*), to the extent that:

- 9.4.1 the event constitutes an Internal Reorganisation;
- 9.4.2 an offer to exchange the Award is made and accepted by a Participant; or
- 9.4.3 the Directors, with the consent of the Acquiring Company, determine before the relevant event that the Award will be automatically exchanged.

An Award will also be exchanged under this rule 9.4 (*Exchange*) if rule 8.4 (*Exchange of awards on a sale of employer*) applies.

9.5 Timing of exchange

Where an Award is to be exchanged under rule 9.4 (*Exchange*) the exchange will be effective immediately following the relevant event.

9.6 Exchange terms

Where a Participant is granted a new award in exchange for all or part of an existing Award, the new award:

- 9.6.1 must be in such form as the Directors determine (including a right to acquire shares, receive a cash value determined by reference to the value of shares or receive a fixed cash value determined by reference to the value of Shares at the time of the relevant event) and must be equivalent to the existing Award (or the relevant part thereof) as determined by the Directors, subject to rule 9.6.3;
- 9.6.2 must be treated as having been acquired at the same time as the existing Award and, subject to rule 9.6.3, be capable of vesting at the same time;
- 9.6.3 must:

- (i) be subject to a condition which is, so far as practicable, equivalent to any Underpin Condition or other condition applying to the existing Award; or
- (ii) not be subject to any Underpin Condition or other condition but reflect the extent to which the existing Award which would have Vested under rule 9.2 (*Extent of Vesting*); and/or
- (iii) be subject to such other terms as the Directors consider appropriate in all the circumstances,

but where the Award is exchanged to the extent it does not Vest under rule 9.2 (*Extent of Vesting*), it need not be subject to any condition; and

9.6.4 will be governed by the rules of the Plan from time to time, excluding rule 10.2 (*Shareholder approval*), as if references to Shares were references to any shares over which the new award is granted and references to the Company were references to the Acquiring Company or the body corporate over the shares of which the new award is granted.

9.7 Winding-up

An Award shall lapse on the passing of an effective resolution, or the making of a Court order, for the compulsory winding-up of the Company.

9.8 Directors

In these rules, other than in respect of Awards which are exchanged pursuant to rule 9.6 (*Exchange terms*), “**Directors**” means following an event referred to in rule 9.1 (*Vesting of Awards*) other than an Internal Reorganisation (and unless before such event the Directors determine otherwise) those people who were members of the remuneration committee of the Company immediately before such event.

10 Changing the Plan and termination

10.1 Directors’ powers

Except as described in the rest of this rule 10, the Directors may at any time change the Plan and/or the terms of an Award in any way, including changes to the disadvantage of a Participant or to the terms of an Award which has already been granted.

10.2 Shareholder approval

10.2.1 Except as described in rules 10.2.2 and 10.2.3, the Company in general meeting must approve in advance by ordinary resolution any proposed change to the Plan to the advantage of present or future Participants, which relates to:

- (i) eligibility;
- (ii) the limitations on the number or amount of Shares, cash or other benefits that may be awarded under the Plan;
- (iii) the individual limit for each Participant under the Plan;
- (iv) the basis for determining a Participant’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; or

(v) the terms of this rule 10.2.

10.2.2 The Directors need not obtain the approval of the Company in general meeting for any changes to the Underpin Condition or any condition specified under rule 2.7 (*Other conditions*) or minor changes:

- (i) to benefit the administration of the Plan;
- (ii) to comply with or take account of the provisions of any proposed or existing legislation;
- (iii) to take account of any changes to legislation; or
- (iv) to obtain or maintain favourable tax, exchange control or regulatory treatment of the Company, any Subsidiary or any present or future Participant.

10.2.3 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 individual or overall participation in the Plan under rules 3.1 (*Individual limit for Awards*), [and](#) 3.2 (*Plan limits – 10 per cent*) ~~and 3.3 (*Plan limits – 5 per cent*)~~.

10.3 Employees' share scheme

No amendment or operation of the Plan will be effective to the extent that the Plan would cease to be an "employees' share scheme" as defined in Section 1166 of the Companies Act 2006.

10.4 Notice

The Directors are not required to give Participants notice of any changes.

10.5 Termination

The Plan will terminate on the Expiry Date, but the Directors may terminate the Plan at any time before that date. The termination of the Plan will not affect existing Awards.

11 General

11.1 Terms of employment

11.1.1 This rule 11.1 applies during an Employee's employment and after the termination of an Employee's employment, whether or not the termination is lawful.

11.1.2 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 the 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.

- 11.1.3 No Employee has a right to participate in the Plan. Participation in the Plan or the grant of Awards on a particular basis in any year does not create any right to or expectation of participation in the Plan or the grant of Awards on the same basis, or at all, in any future year.
- 11.1.4 The terms of the Plan do not entitle an Employee to the exercise of any discretion in the Employee's favour.
- 11.1.5 Any discretion may be exercised, or not exercised, at the relevant person's absolute discretion and for any reason or no reason and the person exercising a discretion is under no obligation to provide reasons for his or her decision or to determine or take into account the views of the person affected by the exercise of, or decision not to exercise, any power or discretion.
- 11.1.6 No Employee will have any (and by participating in the Plan a Participant will be deemed to have waived any possible) claim or right of action in respect of any exercise of a discretion, or any omission to exercise any such discretion, which may operate to the disadvantage of the Employee even if it is unreasonable, irrational, capricious, arbitrary or might be regarded as being in breach of contract by any Member of the Group and/or in breach of the duty of trust and confidence (and/or any other implied duty) between the Employee and their employer.
- 11.1.7 No Employee will have any (and by participating in the Plan a Participant will be deemed to have waived any possible) 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 under or in connection with the Plan, or any omission to exercise any such discretion; and
 - (iii) the operation, suspension, termination or amendment of the Plan.
- 11.1.8 For the avoidance of doubt, and without limiting any provision of this rule 11.1, neither the Company, the Company nor any director shall be liable for the exercise of any discretion, or omission to exercise any such discretion, that results in an Award and/or an Employee becoming subject to taxation under section 409A of the US Internal Revenue Code.
- 11.1.9 Any aspect of the operation of the Plan (including the application of malus and/or clawback pursuant to rule 5 (*Malus and Clawback*), the making of any adjustment under rule 6.2 (*Discretion to adjust Vesting*) and the imposition of any delay under rule 6.3 (*Delayed Vesting*)) may be applied (or not applied), and a discretion may be exercised (or not exercised), in different ways for different Participants (and/or different Awards held by the same Participant) in relation to the same or different events or circumstances.
- 11.1.10 In this rule 11 reference to a discretion shall include any determination, decision, power or similar, and reference to the exercise of (or omission to exercise) a discretion (or similar) shall include the making or exercise of (or omission to make or exercise) any determination, decision, power or similar, and in any case whether under or in connection with the Plan or any Award.

11.2 Pension

To the extent permitted by applicable law, Awards are not pensionable.

11.3 Directors' decisions final and binding

The decision of the Directors on the interpretation of the Plan or in any dispute relating to an Award or matter relating to the Plan will be final and conclusive.

11.4 Third party rights

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

11.5 Deferral and Performance Adjustment Policy

Nothing in these rules shall in any way limit the operation of the Deferral and Performance Adjustment Policy or of any other terms pursuant to which any remuneration (including an Award) may be cancelled or subject to malus or clawback to which any Participant may be subject to time to time

11.6 Documents sent to shareholders

The Company is not required to send to Participants copies of any documents or notices normally sent to the holders of its Shares.

11.7 Costs

The Company will pay the costs of introducing and administering the Plan. The Company may ask a Participant's employer to bear the costs in respect of an Award to that Participant.

11.8 Employee trust

The Company and any Subsidiary may provide money to the trustee of any trust or any other person to enable them to acquire Shares to be held 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 or any applicable law.

11.9 Your information

11.9.1 Use of information

Subject to rule 11.9.2 below, by participating in the Plan and accepting an Award, the Participant consents to the holding and processing of personal data the Participant provides to any Member of the Group, trustee or third party service provider for all purposes relating to the operation of the Plan. These include, but are not limited to:

- (i) administering the Plan and maintaining Participant records;
- (ii) providing information to any Member of the Group, trustee of any employee benefit trust, registrars, brokers, third party administrators of the Plan;

- (iii) providing information to future purchasers or merger partners of the Company, the Participant's employing company, or the business in which the Participant works;
- (iv) transferring information about the Participant to any country or territory that may not provide the same statutory protection for the information as the Participant's home country.

11.9.2 Data Protection

The basis for any processing of personal information about the Participant under the EU's General Data Protection Regulation (2016/679) (or any successor laws, including its incorporation into UK law as the UK GDPR) is set out in the Lloyds Banking Group Colleague Data Privacy Notice which can be found on The Lloyds Banking Group Interchange and is not the consent given under rule 11.9.1 above.

The Lloyds Banking Group Colleague Data Privacy Notice also contains details about how the Participant's personal information is processed and the Participant's rights in relation to that information. The Participant has a right to review the Lloyds Banking Group Colleague Data Privacy Notice.

11.10 Consents

All allotments, issues and transfers of Shares in connection with this Plan will be subject to any necessary consents under any relevant enactments or regulations for the time being in force in the United Kingdom or elsewhere. The Participant is responsible for complying with any requirements to obtain or avoid the necessity for any such consent.

11.11 Consistency with directors' remuneration policy and regulatory requirements

Nothing in these rules or the terms of any Award will oblige the Company or any other person to issue or transfer any Shares or make any payment (including any remuneration payment or payment for loss of office) which would be inconsistent with:

- 11.11.1 the approved directors' remuneration policy of the Company and in breach of Chapter 4A of Part 10 of the Companies Act 2006; or
- 11.11.2 any law, regulation, guideline or rule book applicable to any Member of the Group or any remuneration policy adopted pursuant to such a law, regulation, guideline or rule book,

and to the extent that any Award is so inconsistent, the Directors may, acting reasonably and in good faith do one or more of the following:

- (i) adjust (including to nil and/or retrospectively) the number or class of Shares or securities comprised in the Award;
- (ii) delay Vesting of the Award; and/or
- (iii) impose additional conditions on the Vesting of such Award.

Members of the Group will not be obliged to seek the approval of any regulator or of its members in a general meeting for any such payment but may make such changes as the Directors consider are necessary or desirable to the terms of the payment to ensure that consistency.

11.12 Share rights

Shares issued to satisfy Awards under the Plan will rank equally in all respects with the Shares in issue on the date of allotment. They will not rank for any rights attaching to Shares by reference to a record date preceding the date of allotment. Where Shares are transferred to a Participant, including a transfer out of treasury, the Participant will be entitled to all rights attaching to the Shares by reference to a record date on or after the transfer date. The Participant will not be entitled to rights before that date.

11.13 Listing

If and so long as the Shares are listed and traded on a public market, the Company will apply for the listing of any Shares issued under the Plan as soon as practicable.

11.14 Notices

11.14.1 Any information or notice to a person who is or will be eligible to be a Participant under or in connection with the Plan may be posted, or sent by electronic means, in such manner to such address as the Company considers appropriate, including publication on any website.

11.14.2 Any information or notice to the Company or other duly appointed agent under or in connection with the Plan may be sent by post or transmitted to it at its registered office or such other place, or by such other means, as the Directors or duly appointed agent may determine and notify Participants.

11.14.3 Notices sent by post will be deemed to have been given on the second day after the date of posting. However, notices sent by or to a Participant who is working overseas will be deemed to have been given on the seventh day after the date of posting. Notices sent by electronic means, in the absence of evidence to the contrary, will be deemed to have been received on the day after sending.

11.15 Severability

The invalidity or non-enforceability of any provision or rule of this Plan shall not affect the validity or enforceability of the remaining provisions and rules of this Plan which shall continue in full force and effect.

11.16 Governing law and jurisdiction

11.16.1 English law governs the Plan and all Awards and their construction.

11.16.2 The English courts have exclusive jurisdiction in respect of disputes arising under or in connection with the Plan or any Award.

Appendix 1 – US Taxpayers

1 Application of Appendix 1

The rules of this Appendix 1 are made under and amend and supplement (as applicable) the terms of the Plan. This Appendix applies to Awards made to any Participant who is a citizen or tax resident of the United States of America and/or whose Award or any part of it is or becomes subject to income taxation under the laws of the United States of America (a “**US Taxpayer**”). It is designed in particular to protect US Taxpayers from potential charges under Section 409A of the US Internal Revenue Code 1986 (the “**Code**”).

2 Interpretation

If there is any conflict between this Appendix and the Plan then this Appendix will apply.

Any words used in this Appendix shall have the same meaning as in the Plan unless they are otherwise defined in this Appendix.

To the extent possible, the terms of any Award shall be interpreted and administered in all respects in a manner that complies with Section 409A of the Code. In the event the Directors determine that, as a result of Section 409A of the Code, any Award, or portion thereof, may not be satisfied at the time or in the manner contemplated by the terms of the Award without causing the Participant to be subject to taxation under Section 409A of the Code, the Directors may without a Participant's consent (but shall not be required to) take whatever actions it deems reasonably necessary or appropriate (including without limitation to make any amendment to the Plan or the terms of any granted Award) to comply with, or exempt the Award from, the requirements of Section 409A of the Code. Notwithstanding the foregoing, the Company has no obligation whatsoever to pay any taxes, interest, penalties or other amounts that may be incurred by the Participant pursuant to Section 409A of the Code or otherwise.

If any Award is determined to be subject to Section 409A of the Code and otherwise would be settled within six months after a Participant's termination of employment, then to the extent required by Section 409A of the Code and to the extent such Participant is a “specified employee” (within the meaning of Section 409A of the Code), any portion of the Award that would have been settled during such six month period instead shall be settled on the earlier of (i) the first business day of the seventh month following such termination and (ii) the 30th day following such Participant's death (but not earlier than it would have been settled absent this sentence).

3 Form of Awards for US Taxpayers

Any Award subject to this Appendix 1 shall take the form of (and be construed as) a Conditional Award.

4 Terms of Awards for US taxpayers

4.1 Limitations on the use of any discretion

Any discretion under the Plan may only be exercised, and any rule that provides for any discretion shall only be capable of applying, to the extent it would not result in any adverse effect to the Participant under Section 409A of the Code.

Without limitation, this applies in respect of **rule 2.3 (Determination of Awards)**; **rule 2.6.3 (Underpin Condition)**; **rule 2.7 (Other conditions)**; **rule 2.10.3 (Administrative errors)** and **rule 8.10 (Overseas transfer)**.

4.2 Limitations on the adjustment of Awards

Any adjustment under **rule 4.3 (Adjustment of Awards)** shall be (and shall only be capable of being) made in accordance with Section 409A of the Code and the regulations thereunder, such that the exchange will not result in any adverse effect to the Participant under Section 409A of the Code.

4.3 No acceleration or delay to Vesting

Any acceleration or delay to the date on which an Award shall Vest, or the date on which Shares or cash shall be issued or transferred or paid, may only be made, and any rule that provides for the possibility of any such acceleration or delay shall only be capable of applying, to the extent it would not result in any adverse effect to any Participant under Section 409A of the Code.

Without limitation, this applies in respect of **rule 6.2.2 (Discretion to adjust Vesting)**; **rule 6.3 (Discretion to delay Vesting, settlement or exercise)**, **rule 6.4 (Dealing restrictions)** and **rule 8.10 (Overseas transfer)**.

4.4 No ability to accelerate Vesting for a good leaver

Rule 8.3.2 (Treatment of Awards on leaving) shall not apply.

4.5 Limitation on ability for Awards to Vest on a Change of Control

An Award shall only be capable of Vesting pursuant to **rules 9.1.1 and 9.1.2 (Vesting of Awards)** in respect of an event that is considered to be a “change of control” as defined in Section 409A of the Code. **Rule 9.1.3 (Vesting of Awards)** shall not apply.

4.6 Limitation on ability to exchange Awards

An Award may only be (and shall only be capable of being) exchanged pursuant to **rule 8.4 (Exchange of Awards on sale of employer)** or **rule 9.4 (Exchange)** (and **rule 9.6 (Exchange Terms)**) in accordance with Section 409A of the Code and the regulations thereunder such that the exchange will not result in any adverse effect to the Participant under Section 409A of the Code (and **rule 8.4 (Exchange of Awards on sale of employer)** or **rule 9.4 (Exchange)** shall not apply where an exchange cannot be so effected).

Rule 9.5 (Timing of Exchange) shall be construed as referring to such time as an exchange may be effected in accordance with Section 409A of the Code and the regulations thereunder.

4.7 Limitation on power to amend the Plan as it applies to Awards held by US Taxpayers

Notwithstanding **rule 10 (Changing the Plan and termination)**, no amendment to an Award that is subject to this Schedule, or to the Plan as it applies to such Award, will be valid if such amendment would result in any adverse effect to any Participant under Section 409A of the Code.

4.8 Other terms

For US Taxpayers, in no event will any provision referred to in **rule 11.5 (Deferral and Performance Adjustment Policy)** be capable of applying to an Award to the extent it would result in any adverse effect to any Participant under Section 409A of the Code.