

Dated 14 October 2013

ROYAL MAIL PLC
and
EQUINITI SHARE PLAN
TRUSTEES LIMITED

TRUST DEED AND RULES OF THE
ROYAL MAIL
SHARE INCENTIVE PLAN
(HMRC Reference number: A110809)
(Approved by HMRC on 15 October 2013)
(Amended by the Board on 26 February 2014 and 6
October 2015 with the prior written consent of the
Secretary of State and the Trustee and on 6 July
2018 and on 13 October 2021 with the prior written
consent of the Trustee)

HMRC Unique Reference Number: XR1100000103349

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THIS TRUST DEED is made on 14 October 2013

BETWEEN:

- (1) **ROYAL MAIL PLC** (registered in England with company number 8680755) whose registered office is at 185 Farringdon Road, London, EC1A 1AA (the “**Company**”); and
- (2) **EQUINITI SHARE PLAN TRUSTEES LIMITED** (registered in England with company number 3925002) whose registered office is at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA (the “**Original Trustee**”).

RECITALS

- (A) The Postal Services Act 2011 provides that, where the Secretary of State is to make a first relevant disposal in connection with a Royal Mail company (as those terms are defined in the Postal Services Act 2011), arrangements shall also be made for the establishment of an employee share scheme (within the meaning of section 3 of the Postal Services Act 2011).
- (B) As part of those arrangements, the Secretary of State has agreed with the Company that a share incentive plan approved in accordance with the provisions of Schedule 2 to the Income Tax (Earnings and Pensions) Act 2003 should be established and that 100,160,000 ordinary shares in the Company, representing not less than 10% of the fully diluted issued ordinary share capital of the Company on the relevant date will be acquired by the Trustee, and held on trust by the Trustee and used by the Company and the Trustee as PSA Shares pursuant to the terms of this Trust Deed and the Rules.
- (C) The Company has resolved on 25 September 2013 to establish such a share incentive plan approved in accordance with the provisions of Schedule 2 to the Income Tax (Earnings and Pensions) Act 2003 and constituting an “employees’ share scheme” as that expression is defined in Section 1166 of the Companies Act 2006, which shall be used for the purposes of enabling the Secretary of State to meet its obligations under the Postal Services Act 2011 and may be used by the Company to provide other share awards to employees. The Original Trustee wishes to be the trustee of the trust establishing such plan.
- (D) The Company has paid or will pay to the Original Trustee by way of gift the sum of £10.

IT IS AGREED AS FOLLOWS:

1. Definitions, headings and law

- 1.1 The definitions contained in the Rules as set out in the Schedule to this Trust Deed (as amended from time to time) shall, unless the context otherwise requires, have the same meaning in and apply to this Trust Deed.
- 1.2 Words denoting the singular shall include the plural and vice versa and words denoting any gender shall include all genders.
- 1.3 All headings to clauses and rules are for information only and are not to affect the interpretation of this Trust Deed.
- 1.4 The Schedule to this Trust Deed shall be treated as part of this Trust Deed.
- 1.5 This Trust Deed and the Plan shall be governed by and construed in accordance with English law. Any dispute concerning this Trust Deed and/or the Plan not resolved by mutual agreement between the parties to that dispute shall be referred to the Courts of England and Wales.

2. Establishment of the Plan

- 2.1 The Plan is established by the execution of this Trust Deed pursuant to a resolution of the Board passed on 25 September 2013 and consists of this Trust Deed and the Rules set out in the Schedule (as amended from time to time). The Plan shall be an employees' share scheme within the meaning of section 1166 of the Companies Act 2006.
- 2.2 The Company appoints the Original Trustee to be the first Trustee and the Original Trustee has agreed to be the first Trustee.
- 2.3 The Trustee shall have the obligations set out in this Trust Deed and the Rules.

3. Declaration of Trust

- 3.1 The Company and the Trustee agree that all Shares and other assets which are issued or transferred to the Trustee shall be held on the trusts declared by this Trust Deed and subject to the terms of this Trust Deed and the Rules.
- 3.2 The Trustee shall hold the Trust Fund on the following trusts:
- 3.2.1 as to Shares which have not been awarded to Participants (including any Shares which have been forfeited in accordance with the Rules and not subsequently awarded to Participants ("**Unawarded Shares**")), on trust during the Trust Period to be allocated in accordance with the terms of this Trust Deed and the Rules. Unawarded Shares which have become Plan Shares shall cease to be Unawarded Shares unless and until they are forfeited by a Participant;
- 3.2.2 as to Plan Shares which have been awarded to a Participant, on trust for the benefit of that Participant on the terms and conditions set out in the Rules;
- 3.2.3 as to Partnership Share Money, on trust to purchase Shares for the benefit of the contributing Eligible Employee in accordance with the Rules; and
- 3.2.4 ¹as to other assets ("**Surplus Assets**"), on trust for such one or more of the following purposes as the Trustee shall in its absolute discretion determine and, in the case of Surplus Assets in the form of cash, pending such expenditure shall deposit such amount with a bank on such terms as the Trustee shall in its absolute discretion think fit:
- (a) the acquisition of Shares for the purposes of the Plan;
 - (b) the repayment of sums borrowed;
 - (c) the payment of interest on sums borrowed;
 - (d) satisfying any obligations of the Trustee under the Plan; and
 - (e) paying expenses of the Trustee (including the fees of the Trustee, any administrator and any professional adviser retained by the Trustee in relation to the operation of the Plan).

- 3.3 The income of:

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- 3.3.1 Unawarded Shares and Surplus Assets shall, subject to clause 5, be accumulated by the Trustee and added to and held on the trusts applying to Surplus Assets; and
- 3.3.2 Plan Shares and Partnership Share Money shall be dealt with in accordance with the Rules.
- 3.4 If, in respect of any Unawarded Shares, the Trustee becomes entitled to any rights to be allotted, or to subscribe, for further securities in the Company, the Trustee may at its discretion:
 - 3.4.1 take up those rights;
 - 3.4.2 sell all those rights for the best consideration in money reasonably obtainable at the time; or
 - 3.4.3 sell sufficient of those rights nil paid to enable the Trustee to subscribe in full for the balance of any unsold rights

provided that if there is an issue or capitalisation of shares of the same class as the Unawarded Shares then any such shares acquired by the Trustee shall be held by the Trustee as Unawarded Shares.
- 3.5 Any Unawarded Shares remaining at the end of the Trust Period shall be sold by the Trustee and the proceeds together with any other Surplus Assets be applied in discharging any costs, charges, expenses, taxation and other liabilities in accordance with this Trust Deed. To the extent that there remain Surplus Assets (including Unawarded Shares) after such liabilities have been discharged, they shall be held by the Trustee on trust to pay to or apply them:
 - 3.5.1 Where they relate to contributions made to the Trustee in the period before 6 October 2015, for the benefit, as the Board may direct, of (i) employees of the Company or Royal Mail Group Limited and/ or (ii) the Rowland Hill Memorial Fund (registered charity 207479) or any other charity or charities established for the benefit of postal workers or their dependants and chosen by the Trustee with the written consent of the Company; or
 - 3.5.2 Where they relate to contributions made to the Trustee in the period from and after 6 October 2015, for the benefit of the Participating Companies as at the end of the Trust Period in such proportions as the Trustee shall, having regard to their respective contributions, in its absolute discretion consider appropriate.
- 3.6 In determining whether Surplus Assets (including any Unawarded Shares) fall to be distributed under clause 3.5.1 or 3.5.2, the total amount of such Surplus Assets shall be apportioned and treated as relating to contributions made in the period before 6 October 2015 or the period from and after 6 October 2015 in such proportion as the amount of the contributions made to the Trustee in the relevant period bears to the total amount of the contributions made to the Trustee during both periods.
- 3.7 For the purpose of clauses 3.5 and 3.6, “contributions” includes any cash contributions and any Shares issued or transferred to the Trustee for the purpose of the Plan and references to the “amount of the contributions” means, in the case of any cash contributions, the cash amount of those contributions, and, in the case of Shares transferred or issued to the Trustee, the number of such Shares.

4. Trustee's duties

Duty to give notice of award of Shares

4.1 As soon as practicable after Shares have been awarded to a Participant pursuant to the Plan, the Trustee shall give the Participant notice of the award and in the case of:

4.1.1 Free Shares or Matching Shares:

- (a) the number and description of those Shares;
- (b) if the Shares are subject to restrictions, details of those restrictions;
- (c) the Award Date;
- (d) the Market Value of those Shares on the Award Date; and
- (e) the Holding Period applicable to those Shares;

4.1.2 Partnership Shares:

- (a) the number and description of those Shares;
- (b) if the Shares are subject to restrictions, details of those restrictions;
- (c) the Award Date;
- (d) the amount of Partnership Share Money applied by the Trustee in acquiring the Shares on his behalf; and
- (e) the Market Value of those Shares on the Acquisition Date;

4.1.3 Dividend Shares:

- (a) the number and description of those Shares;
- (b) the Award Date;
- (c) the Holding Period applicable to those Shares;
- (d) the Market Value of those Shares on the Acquisition Date; and
- (e) any amount carried forward under paragraph 68 of Schedule 2 to ITEPA; and

4.1.4 any foreign cash dividend received in respect of a Participant's Plan Shares, the Trustee shall give notice to the Participant of the amount of any foreign tax deducted from the dividend before it was paid.

Duty to retain Shares

4.2 The Trustee shall not dispose of any Free Shares, Matching Shares or Dividends Shares which they hold on behalf of Participants during the relevant Holding Period (whether by transfer to the Participant or otherwise) unless the Participant has at that time ceased to be in Relevant Employment. The duty imposed by this clause 4.2 shall not restrict the Trustee from disposing of a Participant's Plan Shares in accordance with a provision of the Plan which gives effect to

the requirements of any of the paragraphs of Schedule 2 to ITEPA referred to in paragraph 73 of Schedule 2 to ITEPA.

General duties of the Trustee to Participants

4.3 The Trustee:

- 4.3.1 must (subject to clause 4.3.2, pay over to a Participant as soon as practicable any money or money's worth (other than money's worth constituting New Shares) received by it in respect of or by reference to any of the Participant's Shares (less in the case of a disposal any costs or expenses of disposal) other than money's worth constituting of New Shares; but
- 4.3.2 shall not be obliged to pay to a Participant any Capital Receipt of £5 or less and shall be entitled to use such sums to defray the expenses of the Plan.

This clause 4.3 is subject to the provisions of the Plan relating to the Trustee's own PAYE Obligations, including the Trustee's PAYE Obligations in relation to Shares ceasing to be subject to the Plan and in respect of Capital Receipts.

- 4.4 The Trustee shall only dispose of a Participant's Plan Shares and deal with any right conferred in respect of any of his Plan Shares to be allotted other shares, securities or rights of any description pursuant to a direction given by or on behalf of the Participant or on behalf of any person in whom the beneficial interest in that Participant's Plan Shares are for the time being vested. This is subject to the Trustee's obligations under clause 4.2.
- 4.5 If any offer, compromise, arrangement or scheme is made which affects the Plan Shares the Trustee shall notify Participants. Each Participant may direct how the Trustee shall act in relation to that Participant's Plan Shares. In the absence of any direction, the Trustee shall take no action.

Duties of the Trustee in relation to taxation

- 4.6 The Trustee shall maintain such records as may be necessary for the purposes of their PAYE Obligations or the PAYE Obligations of the Employer Company so far as they relate to the Plan. For this purpose, PAYE Obligations includes obligations conferred on the Trustee on Shares ceasing to be subject to the Plan and in respect of Capital Receipts.
- 4.7 Where a Participant becomes liable to income tax under ITEPA or Chapters 3 and 4 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 by reason of the occurrence of any event the Trustee must inform the Participant of any facts relevant to determining that liability.
- 4.8 The Trustee must maintain records of those Participants who have participated in one or more Connected SIPs.

5. Dividends

- 5.1 The Trustee shall, as soon as practicable following receipt of any dividend in respect of Plan Shares, account for such amount to Participants in accordance with their respective entitlements (unless such dividend is to be reinvested pursuant to Rule 22).
- 5.2 The Trustee hereby waives any cash dividends (other than cash dividends which are Special Dividends) declared on or after the date of this Trust Deed in respect of Unawarded Shares for so long as such Unawarded Shares are not Plan Shares. The Trustee shall not enter into any election to receive Shares in lieu of cash dividends, if that facility is made available.

6. Voting

- 6.1 Subject to clause 6.4, if and so long as Plan Shares are registered in the name of the Trustee, the Trustee may, in respect of any matter on which, at a general meeting of the Company or at any meeting of holders of shares of the same class as the Plan Shares, they are entitled to exercise any voting rights attaching to such Shares, invite the relevant Participant to direct it as to the exercise of such voting rights but shall be under no obligation to do so.
- 6.2 The Trustee shall vote in accordance with any directions of Participants given under clause 6.1 which are received within such reasonable time period before the meeting at which the votes are due to be cast (which may be specified by the Trustee in any invitation for directions sent to Participants) and shall not exercise voting rights in respect of Plan Shares if no directions have been received from a Participant in relation to that Participant's Plan Shares.
- 6.3 The Trustee shall not be entitled in respect of Plan Shares held on behalf of Participants to vote on a show of hands unless all directions received from those Participants who have given directions in respect of the particular resolution are identical. The Trustee shall not in any circumstances be under an obligation to call for a poll. In the event of any poll, the Trustee shall vote only in accordance with the directions of Participants who have given such directions.
- 6.4 The Trustee shall not be permitted to:
- 6.4.1 give a letter of representation to a Participant or any other person authorising that Participant or other person to represent the Trustee at a general meeting of the Company; or
 - 6.4.2 appoint a Participant or any other person (other than the chairman of the general meeting) as a proxy for the Trustee at a general meeting of the Company,
- in respect of that Participant's Plan Shares or any other Plan Shares, without the prior written consent of the Company.
- 6.5 The Trustee shall not vote in respect of Unawarded Shares for so long as such Unawarded Shares are not Plan Shares.

7. Trustee's powers

- 7.1 The Trustee shall have the power to agree with the Company all matters relating to the administration of the trusts declared by this Trust Deed. No person claiming any interest under the trusts is entitled to question the legality and correctness of any arrangement or agreement made between the Company and the Trustee in relation to the administration of the trusts.
- 7.2 The Trustee has the following powers and discretions in addition to those conferred on it by general law:
- 7.2.1 to arrange for the Participating Companies to account to HMRC or any other relevant authority concerned for any amounts deducted from payments made pursuant to this Trust Deed in respect of income tax or any other deductions required by law;
 - 7.2.2 to authorise the manner in which cheques and other documents are signed on its behalf and to delegate the signing of it to any person they think fit;
 - 7.2.3 to dispose of some of the rights relating to a Participant's Plan Shares under a rights issue in order to be able to obtain sufficient funds to exercise other such rights (in accordance with any direction from the relevant Participant);

- 7.2.4 to dispose of a Participant's Plan Shares in order to discharge the Trustee's PAYE Obligations under the Plan unless the Participant has paid to the Trustee a sum equal to the amount required to discharge that PAYE Obligation in accordance with Rule 34;
 - 7.2.5 to retain or sell Unawarded Shares at their absolute discretion. The proceeds of any sale of Unawarded Shares shall form part of Surplus Assets;
 - 7.2.6 where the Market Value falls to be determined for the purposes of Schedule 2 to ITEPA, to agree with HMRC that it shall be determined by reference to such date or dates, or to an average of the values on a number of dates as specified in the agreement;
 - 7.2.7 to accept gifts of shares and other assets which shall be held upon the trusts declared by this Trust Deed; and
 - 7.2.8 to take any actions considered necessary in its reasonable opinion to comply with all applicable laws and regulations or any requirements of any regulatory body that are binding on it.
- 7.3 The Trustee may, without being responsible for any losses arising as a result, act on the advice or opinion of any lawyer, broker, actuary, accountant or other professional or business person whether the advice was obtained by the Trustee or the Company. The Company shall meet the expenses of such advice to the extent that the same are agreed in advance by the Trustee and the Company (such agreement not to be unreasonably refused, withheld or delayed).

8. Power to borrow

- 8.1 The Trustee may, with the prior written consent of the Company, at any time borrow and raise money on such terms, including as to interest and repayment, as it may think fit and whether on the security of the whole or any part of the Unawarded Shares and Surplus Assets, on personal security only or without any security. The Trustee may use the money so borrowed for any purpose for which trust money may be applied under this Trust Deed, including for the purpose of investment only or for the purpose of repaying or replacing any other money borrowed by the Trustee.
- 8.2 Without prejudice to the generality of clause 8.1, the Trustee may borrow from the Company or any member of the Group at any rate of interest, including nil rate of interest, for the purpose of acquiring Shares or repaying any money borrowed by the Trustee and applied by the Trustee in acquiring Shares.
- 8.3 The powers to borrow conferred by clauses 8.1 and 8.2 shall only be exercised where the Trustee's liabilities under any such borrowing are limited to the value of the Unawarded Shares and Surplus Assets for the time being.

9. Powers of investment

- 9.1 The Trustee shall have all powers of investment of a beneficial owner in relation to the Unawarded Shares and Surplus Assets. The Trustee may invest any money comprising all or part of the Surplus Assets from time to time held by it and not immediately required in such manner as it may choose, which shall for the avoidance of doubt include the power to deposit such money.
- 9.2 The Trustee shall be under no duty to invest trust property and shall be under no liability to any person by reason of a failure to diversify investments.

10. Powers of delegation

- 10.1 The Trustee may employ any agent(s) to transact all or any business required in the administration of the trusts, powers and provisions of this Trust Deed (including the receipt and payment of money and the subscription for acquisition of and award of Shares). The Trustee shall be responsible for the default of or loss caused by any such agent(s). For the avoidance of doubt, the liability of the Trustee under this clause 10.1 shall not apply to any default or loss caused by any agent or service provider appointed by the Company to administer the Plan.
- 10.2 The Trustee may delegate powers, duties or discretions to any person(s) and on any terms. No delegation made under this clause shall divest the Trustee of its responsibilities under this Trust Deed or under Schedule 2 to ITEPA.
- 10.3 The Trustee may allow any Shares to be registered in the name of an appointed nominee provided that such Shares shall be registered in a designated account. Such registration shall not divest the Trustee of its responsibilities under this Trust Deed or Schedule 2 to ITEPA.
- 10.4 The Trustee may at any time, and shall if the Company so directs, revoke any delegation made under this clause and/or require any Trust Fund assets held by another person to be returned to the Trustee.

11. Appointment, removal, retirement and residence of Trustee

- 11.1 The Trustee of the Trust shall at all times be a sole corporate Trustee. ⁷The Company may at any time by deed and without giving any reason, provided that there is at all times a sole corporate Trustee of the Trust:

11.1.1 appoint a new Trustee; and

11.1.2 remove a Trustee.

Any change in Trustee shall take effect one month after the Company has given written notice to the Trustee of such change, or such other date as the Company and the Trustee shall agree.

- 11.2 A Trustee may resign:

11.2.1 by giving three months' written notice to the Company (or such shorter notice as the Company may agree) and the Company shall within three months after the Trustee has given such notice (or, if earlier, the expiry of the shorter notice period agreed by the Company), appoint an additional Trustee such that there remains after such resignation a sole corporate Trustee; and

11.2.2 without giving any reasons and without being responsible for any costs incurred by the Company and the Subsidiaries as a result of such resignation.

- 11.3 The powers of appointment and removal of Trustees shall be vested in the Trustee in the event that the Company ceases to exist, other than in consequence of a reconstruction or amalgamation when the successor company (or, if more than one, such successor company as the Company shall nominate) shall have such powers.

- 11.4 Immediately following his removal or retirement, a Trustee shall transfer all Trust property held by him and deliver all documents in his possession relating to the Plan in accordance with the directions of the Company. Such Trustee hereby authorises the continuing Trustee, in the absence of such transfer, to effect such transfer on his behalf. The Trustee shall not be responsible for any costs occasioned by such removal or retirement but shall execute all

documents and do all such things as may be necessary or desirable to give effect to such removal or retirement.

- 11.5 The Trustee shall at all times be resident in the United Kingdom for United Kingdom tax purposes. The Company shall immediately remove any Trustee who ceases to be so resident and, if necessary, appoint a replacement.

12. Trustee's meetings

- 12.1 Subject to and in accordance with the provisions of this Trust Deed, the Trustee may convene such meetings and make such regulations as it considers appropriate relating to the administration of the Plan. A resolution in writing signed by the Trustee is as valid and effectual as a resolution passed at a meeting of the Trustee.
- 12.2 The Trustee shall keep proper minutes of its resolutions and proceedings. Any minutes of any meeting of the Trustee, if purported to be signed by the chairman of the meeting, or by the chairman of the next meeting, shall be admissible as prima facie evidence of the matters stated in those minutes.

13. Remuneration of the Trustee

The Trustee may charge and be paid such reasonable remuneration or charges as are from time to time agreed in writing between the Company and the Trustee.

14. Protection of the Trustee

- 14.1 Each party shall bear its own costs, charges and expenses in relation to the preparation and execution of this Trust Deed and the establishment of the Plan, except where expressly agreed in writing between the Company and the Trustee.
- 14.2 The Trustee shall be entitled, in the absence of manifest error, to rely without further enquiry on information supplied to it by any Participating Company for the purposes of the Plan and on any direction, notice or document purporting to be given or executed by or with the authority of the Company, any Participating Company or any Participant. The Trustee shall not be liable to the Company, any Participating Company or any Participant for any loss arising in consequence of the incompleteness or inaccuracy of any such information.
- 14.3 All costs, charges, expenses and other liabilities of, and incidental to, the administration, operation and determination of the Plan (including any agreed remuneration of the Trustee in accordance with clause 13 and any tax, duties or liabilities for which the Trustee may be accountable to HMRC arising from or in connection with the Plan) shall be borne by the Participating Companies in such proportions as the Board may determine if and to the extent that the same cannot properly be paid by the Trustee out of the funds in its hands available for the purpose.
- 14.4 The Participating Companies hereby jointly and severally covenant with the Trustee that they, shall keep the Trustee, its officers and employees, its agent(s) and the officers and employees of its agent(s) and their estates and effects fully indemnified against all actions, claims, losses, demands, proceedings, charges, expenses, costs, damages, taxes, duties and other liabilities whatsoever arising out of or in connection with anything lawfully done or caused to be done by the Trustee in respect of the preparation and execution of this Trust Deed and the establishment and operation of the Plan unless:
- 14.4.1 attributable to the fraud, dishonesty, wilful default or negligence of the Trustee, its officers or employees, its agent(s) or the officers or employees of its agent(s); or

- 14.4.2 in respect of remuneration under clause 13 or costs, charges and expenses under clause 14.1 which the parties have agreed to limit to agreed sums.

For the purposes of clause 14.4.1 the Trustee shall be deemed not to have acted fraudulently, dishonestly, in wilful default or negligently if it acts in accordance with a direction or recommendation of the Company, provided that the Trustee has not acted fraudulently, dishonestly, in wilful default or negligently in the performance of such acts. In addition, the Trustee shall have the benefit of all indemnities conferred upon trustees generally by law and by the Trustee Act 2000 (as modified by statute or re-enacted).

- 14.5 The Trustee may insure the Plan against any loss caused by it or any of its employees, officers, agents or delegates. The Trustee may also insure itself and any of its employees, officers, agents or delegates against any liability for breach of trust not involving wilful default.⁸

15. Records and accounts

Subject to its obligations under clause 12.2, the Trustee shall make arrangements with the Company or such other person as the Company may nominate for the Company, its Subsidiaries or nominated persons to, on behalf of the Trustee, prepare and keep all necessary accounts (including the accounts of individual employees), records and other documents in connection with the trusts declared by this Trust Deed and generally ensure that all connected administrative work is carried out.

16. Application of Plan to Subsidiaries to become Participating Companies

- 16.1 Any Subsidiary may, with the consent of the Company and the Trustee and after notification to HMRC (if required), become a Participating Company by entering into a deed agreeing in all respects to be bound by this Trust Deed and the Rules for so long as it is a Subsidiary and covenanting with the Trustee that it shall pay to the Trustee all sums that it is required to pay under this Trust Deed and the Rules.

- 16.2 The Plan shall cease to apply to any company, other than the Company, at any time when:

16.2.1 that company ceases to be a Subsidiary or ceases to be under the Control of the Company; or

16.2.2 a notice is served by the Company on the Trustee that the Plan shall not apply to that company, provided that the conditions specified in paragraphs 8(3) and 10(3) of Schedule 2 to ITEPA continue to be satisfied.

The cessation shall not affect the rights of any Participants employed by that Subsidiary to Shares awarded before such cessation except to the extent provided in the Rules and/or Schedule 2 to ITEPA.

- 16.3 The Trustee agrees with each Participating Company to apply all monies received by it under the Plan in the acquisition of Shares and in paying the Trustee's expenses, taxation and other liabilities, as the case may be, in accordance with the Rules.

17. Amendments

- 17.1 The Company may, with the prior consent of the Trustee (such consent not to be unreasonably withheld or delayed), from time to time amend the Plan and/or this Trust Deed (which shall include any addition to the Plan and/or this Trust Deed) provided that no such amendment shall be effective if:

- 17.1.1 it is an amendment to a Key Feature unless and until the prior written approval of HMRC has been obtained. This clause 17.1.1 shall not apply if, at the time such amendment is made, amendments to a Key Feature do not require prior approval pursuant to Schedule 2 to ITEPA;
- 17.1.2 this Trust and the Plan would cease to be an employees' share scheme within the definition contained in section 1166 of the Companies Act 2006;
- 17.1.3 this Trust would cease to be a trust which satisfies the conditions set out in section 86 of the Inheritance Tax Act 1984;
- 17.1.4 the Trust Period would extend beyond the perpetuity period specified in this Trust Deed;
- 17.1.5 it relates to clause 18.2;
- 17.1.6 it is an amendment to the advantage of Participants made to any of the provisions relating to:
 - (a) eligibility;
 - (b) the limitations on the number or amount of Shares, cash or other benefits subject to the Plan;
 - (c) the maximum entitlement for any one Participant;
 - (d) the basis for determining a Participant's entitlement to, and the terms of, Shares, cash or other benefits to be provided under the Plan;

except with the prior approval of the Company in general meeting, except for minor amendments to benefit the administration of the Plan and amendments to obtain or maintain favourable tax, exchange control or regulatory treatment for Participants or any member of the Group or to take into account existing or proposed legislation;
- 17.1.7 it would adversely affect to a material extent the rights attaching to Shares already awarded to any Participant without the prior consent of that Participant; or
- 17.1.8 it would give any member of the Group a benefit in the Plan.
- 17.2 Written notice of any material amendment made in accordance with this clause 17 shall be given to the Trustee and all Participants whose interests are affected.
- 17.3 Subject to clause 17.1.1, and notwithstanding anything to the contrary contained in this Trust Deed or the Rules, the Board may at any time and without further formality establish further plans to apply in overseas territories governed by a trust deed and rules similar to this Trust Deed and Rules but modified to take account of local tax, exchange control or securities laws, regulation or practice provided that any Shares made available shall be counted towards any limits on overall or individual participation in the Plan.

18. Termination of the Plan

- 18.1 The perpetuity period applicable to this Trust Deed shall be the period commencing on the date of this Trust Deed and ending on the earlier of 125 years from the date of this Trust Deed and the last date on which Plan Shares are removed from the Plan following the issue of a Plan Termination Notice.

18.2 No award of Shares under the Plan may be made:

18.2.1 more than ten years after the date on which the Plan is approved by HMRC in accordance with Schedule 2 of ITEPA without the approval of the Company in general meeting; or

18.2.2 after the date on which the Board issues a Plan Termination Notice in accordance with Rule 39

and in any event the Plan shall terminate at the end of the perpetuity period applicable to this Trust Deed.

19. General

If any matter arises on or in connection with this Trust Deed or its operation for which specific provision is not made in this Trust Deed or in any supplemental deed or in the Rules, the matter shall be resolved, dealt with or provided for in any manner as the Board shall in its absolute discretion consider appropriate after taking into account the respective interests of the Company and the Participants.

20. Trustee's lien

20.1 The Trustee's lien over the Trust Fund in respect of liabilities incurred by it in the performance of its duties (including the repayment of borrowed money and tax liabilities) shall be enforceable provided that the Trustee shall not be entitled to apply:

20.1.1 Partnership Share Money for the satisfaction of its liabilities; and

20.1.2 Plan Shares for the satisfaction of its liabilities

except to the extent permitted by the Plan.

21. Exclusion of third party rights

Except as provided elsewhere in this Trust Deed, nothing in this Trust Deed confers any right on any person who is not a party to this Trust Deed pursuant to the Contracts (Rights of Third Parties) Act 1999 nor shall it be enforceable under the Act by any person other than the parties to it.

22. Counterparts

22.1 This Trust Deed may be executed in any number of counterparts which together shall constitute one Trust Deed. Any party may enter into this Trust Deed by executing a counterpart and this Trust Deed shall not take effect until it has been executed by all parties.

22.2 Delivery of an executed counterpart of a signature page by facsimile transmission shall take effect as delivery of an executed counterpart of this Trust Deed provided that, if such method is adopted, each party shall provide the other with the original of such page as soon as reasonably practicable thereafter.

IN WITNESS whereof this Trust Deed has been executed on the date first above written.

Executed as a deed by)
ROYAL MAIL PLC)
on being signed by:)
.....) Director/Authorised Signatory
in the presence of:)

Signature of witness:

Name:

Address:

.....

Occupation:

Executed as a deed by)
EQUINITI SHARE PLAN TRUSTEES)
LIMITED)
on being signed by:)
.....) Director
in the presence of:)

Signature of witness:

Name:

Address:

.....

Occupation:

Schedule

The Rules of the Royal Mail Share Incentive Plan

PART 1

Operation of this Plan and Eligibility of Employees

1. Operation of the Plan

1.1 The Board may resolve to operate the Plan on any occasion by awarding to Eligible Employees:

- 1.1.1 Free Shares only;
- 1.1.2 Partnership Shares only;
- 1.1.3 Free Shares and Partnership Shares;
- 1.1.4 Partnership Shares and Matching Shares; or
- 1.1.5 Free Shares, Partnership Shares and Matching Shares

and may resolve that Dividend Shares also be awarded to Participants, provided that an award should not be made at any time when the Trustee is restricted from doing so by statute, order or regulation (including any regulation, order or requirement imposed by the UK Listing Authority or by any other regulatory authority) and provided that the statutory limits on individual participation for that Year are not exceeded.

1.2 Where the Board resolves that:

- 1.2.1 Free Shares shall be awarded, the provisions of Part 2 shall apply;
- 1.2.2 Partnership Shares or Partnership Shares and Matching Shares shall be awarded, the provisions of Part 3 shall apply in relation to Partnership Shares and the provisions of Part 4 shall apply in relation to Matching Shares; and
- 1.2.3 Dividend Shares shall be awarded, the provisions of Part 5 shall apply.

1.3 No award of Shares shall be made before this Plan has been approved by HMRC in accordance with Schedule 2 to ITEPA.

2. Limit on the award of Plan Shares

2.1 No Share may be awarded on any day if, as a result, the aggregate number of Shares issued or committed to be issued pursuant to awards made under this Plan and pursuant to grants or awards made under all other employees' share schemes established by the Company or any Subsidiary or Associated Company during the ten years preceding that day would exceed ten per cent. of the issued ordinary share capital of the Company on that day.

2.2 For the purpose of the limit contained in Rule 2.1, the reference to Shares issued or committed to be issued shall:

- 2.2.1 include Shares transferred from treasury or committed to be so transferred, unless the Guidelines issued by the Investment Association on the operation of employee share plans no longer provide for them to be included; and

- 2.2.2 not include Shares issued or issuable under awards made on or prior to the date on which Shares in the Company were admitted to trading on the London Stock Exchange.

3. Eligibility

3.1 An individual shall be eligible to receive an award of Shares if:

3.1.1 in the case of Free Shares, he is an Eligible Employee at the time the award of those Free Shares is made;

3.1.2 in the case of Partnership Shares:

- (a) if there is no Accumulation Period, he is an Eligible Employee at the time the Partnership Share Money relating to the award of those Partnership Shares is deducted; and
- (b) if there is an Accumulation Period, he is an Eligible Employee at the time of the first deduction of Partnership Share Money relating to the award of those Partnership Shares; or

3.1.3 in the case of Matching Shares:

- (a) if there is no Accumulation Period, he is an Eligible Employee at the time the Partnership Share Money relating to the award of those Partnership Shares to which such Matching Shares relate is deducted; and
- (b) if there is an Accumulation Period, he is an Eligible Employee at the time of the first deduction of Partnership Share Money relating to the award of those Partnership Shares to which such Matching Shares relate.

3.2 An individual shall not be eligible to receive an award of Shares, and shall not be invited to participate in the award if, in the same Year, he is at the same time to participate in an award of shares under another Connected SIP.

3.3 If an individual is to participate in an award of Shares under the Plan in a Year in which he has already participated in an award of shares under one or more Connected SIPs, then the limits in Rules 6.2, 11.1.1 and 11.1.2 shall apply as if the Plan and other plan(s) were a single plan.

3.4 For the purposes of Rules 3.2 and 3.3, an individual is treated as having participated in an award of Free Shares under a share incentive plan if he would have participated in an award but for his failure to meet a performance target.

4. Determining who is eligible to participate

4.1 On each occasion that the Board proposes that an award of Shares should be made under the Plan, it must determine who is eligible to participate in accordance with this Part 2. The Board shall invite those individuals who it is required to invite to participate and may invite individuals to participate in the Plan who are not prohibited from participating but who do not necessarily have to be invited.

4.2 Subject to the specific provisions of these Rules, the Trust Deed and Schedule 2 to ITEPA, every individual who is invited to participate in the Plan must be invited to participate on the same terms and those who do participate must actually participate on the same terms.

- 4.3 Where the Board resolves that the Plan shall be operated by the award of Free Shares:
- 4.3.1 subject to Rule 4.3.2, the Company shall issue an invitation letter to each Eligible Employee informing them of the proposed award of Free Shares and setting out the terms on which Free Shares may be awarded and giving them the opportunity to return an Opt-out Form to the Company in which an Eligible Employee irrevocably directs that Shares shall not be awarded to him. Such Opt-out Form shall only relate to the award of Shares to which the invitation letter relates. The period for returning such Opt-out Form shall be the period specified in the invitation to Eligible Employees;
 - 4.3.2 an Eligible Employee shall, by returning an Opt-out Form, direct that Shares to which the Opt-out Form and the accompanying invitation letter relate shall not be awarded to him on the Award Date. Subject to Rule 4.3.3, that Opt-out Form shall take effect on the date it is received by the Company or by its agent on the Company's behalf; and
 - 4.3.3 the Board shall award Free Shares by deed to any Eligible Employee who has not returned an Opt-out Form by the relevant deadline.
- 4.4 Where the Board resolves that the Plan shall be operated by the award of Partnership Shares, whether alone or in combination with Matching Shares, the Company shall issue a Partnership Shares Invitation to:
- 4.4.1 each Eligible Employee who has not previously been invited to become a Participant;
 - 4.4.2 if applicable, each Eligible Employee who has, since the Plan was last operated, withdrawn from the award of Partnership Shares by written notice previously given by him to the Company which directs that Partnership Shares shall not be awarded to him on any future Award Date and who has not subsequently been invited to become a Participant again; and
 - 4.4.3 each Eligible Employee who has previously been invited to become a Participant but who has not been sent a letter of invitation within the previous 12 months or such shorter period as the Board may determine
- inviting him to agree to participate in the Plan on the same terms as all other Eligible Employees by returning the accompanying Partnership Share Agreement duly completed and signed by such date as shall be specified in the Partnership Share Invitation.
- 4.5 For the avoidance of doubt, the Company shall be permitted to have issued an invitation letter in accordance with the arrangements envisaged by Rule 4.3 before this Plan has been adopted and/or HMRC has approved the Plan and the deadline for return of the relevant Opt-out Form may be a date before this Plan has been adopted and/or HMRC has approved the Plan provided that no award of Shares shall be made before this Plan has been approved by HMRC in accordance with Schedule 2 to ITEPA.

PART 2

Free Shares

5. Procedure for awarding Free Shares

5.1 Subject to Rule 6, where the Board resolves that Free Shares shall be awarded to Eligible Employees, the Board shall determine:

- 5.1.1 the Award Date;
- 5.1.2 the basis on which Free Shares shall be awarded;
- 5.1.3 whether the number or value of Free Shares awarded on any occasion shall be determined by reference to performance;
- 5.1.4 what the Holding Period shall be; and
- 5.1.5 whether the Free Shares will be subject to forfeiture.

6. Basis on which Free Shares are awarded

6.1 The Board shall determine that Free Shares shall be allocated on the same terms in accordance with one or more of the following formulae:

- 6.1.1 Eligible Employees shall receive a fixed number of Free Shares having an Initial Market Value equal to such percentage of their Salary as the Board shall determine;
- 6.1.2 Eligible Employees shall receive Free Shares with a market value equal to a fixed sum as determined by the Board; or
- 6.1.3 Eligible Employees shall receive a fixed number of Free Shares which is determined by reference to their:
 - (a) level of remuneration;
 - (b) length of Continuous Service with a Participating Company; or
 - (c) number of hours worked

provided that if the number of Free Shares is determined by reference to one or more of these factors, each factor shall give rise to a separate entitlement and the total entitlement shall be the sum of those separate entitlements.

6.2 The aggregate of the Initial Market Value of all Free Shares awarded to any Participant in any Year shall not exceed £3,600 or such other limit as may be specified by statute for Free Shares from time to time.

7. Allocation of Free Shares by reference to performance

7.1 If, in accordance with Rule 5, the Board determines that the number or value of Free Shares shall be determined by reference to performance, it shall adopt either Method One or Method Two to measure performance. Any Free Shares awarded as a result of performance targets being met:

7.1.1 under Method One; and

7.1.2 under Method Two to members of different performance units

do not need to be awarded in accordance with paragraph 9 of Schedule 2 to ITEPA.

7.2 Where performance targets are imposed under Rule 7.1:

7.2.1 the performance measures used must be based on business results or other objective criteria and be fair and objective measures of the performance of the units to which they are or may be applied;

7.2.2 the performance targets set must be set for performance units comprising one or more Eligible Employees and an Eligible Employee must not be a member of more than one performance unit;

7.2.3 the Company must, as soon as reasonably practicable:

(a) notify each Eligible Employee who the Board reasonably expects to participate in the award, of the performance measures which will be used to determine the number or value of Free Shares awarded to him; and

(b) notify all Eligible Employees of Participating Companies, in general terms, of the performance measures to be used to determine the number or value of Free Shares to be awarded to each Eligible Employee participating in the award. The Company may exclude from this notice any information the disclosure of which the Company reasonably considers would prejudice commercial confidentiality.

7.3 The Board may, by giving notice in writing to Eligible Employees, vary or waive the terms of any performance measures as will be used to determine the number or value of Free Shares awarded to such Eligible Employees provided that:

7.3.1 no variation or waiver shall be made unless an event occurs which causes the Board to determine that the original performance measures shall have ceased to be appropriate;

7.3.2 the revised performance measures are no more difficult to satisfy than the original performance measures had such event not occurred; and

7.3.3 the provisions of Rules 7.1 and 7.2 shall apply to any varied or new performance measure.

8. Holding Period

8.1 In relation to each award of Free Shares, the Board shall specify the Holding Period relating to those Shares, throughout which a Participant shall be bound by contract with the Company to:

8.1.1 permit his Free Shares to remain in the hands of the Trustee; and

8.1.2 subject to Rule 8.3, not to assign, charge or otherwise dispose of the beneficial interest in those Free Shares.

8.2 The Holding Period shall be determined by the Board and must:

- 8.2.1 not be less than three years or more than five years beginning with the Award Date; and
 - 8.2.2 be the same for all Free Shares awarded on the same Award Date but may be different for different awards of Free Shares. The Board may not increase the Holding Period specified in respect of Free Shares already awarded under the Plan.
- 8.3 A Participant's obligations under Rule 8.1 shall:
- 8.3.1 be subject to the following exceptions:
 - (a) the Trustee may at any time dispose of such number of a Participant's Free Shares as may be necessary to realise any obligation under PAYE; and
 - (b) during the Holding Period, a Participant may direct the Trustee to deal with any of the Participant's Free Shares in accordance with Rule 28;
 - 8.3.2 come to an end if, during the Holding Period, he ceases to be in Relevant Employment; and
 - 8.3.3 be subject to paragraph 90 of Schedule 2 to ITEPA (termination of Plan: early removal of Shares with Participant's consent).
- 8.4 The Trustee shall notify each Eligible Employee to whom Free Shares are awarded of the Holding Period applicable to such Free Shares.

9. Forfeiture of Free Shares

- 9.1 The Board can determine that, in the case of all Free Shares awarded on a particular Award Date, a Participant shall cease to be beneficially entitled to all of his Free Shares if:
- 9.1.1 he withdraws any of his Free Shares from the Plan during the Forfeiture Period;
 - 9.1.2 he assigns, charges or otherwise disposes of his beneficial interest in the Free Shares, or attempts to do so;
 - 9.1.3 he ceases to be in Relevant Employment before the end of the Forfeiture Period otherwise than by reason of:
 - (a) injury or disability;
 - (b) redundancy;
 - (c) retirement;
 - (d) a relevant transfer within the meaning of the Transfer of Undertakings (Protection of Employment) Regulations 2006;
 - (e) if the Relevant Employment is employment by an Associated Company, a change of Control or other circumstances ending that company's status as an Associated Company;
 - (f) death; or
 - (g) any other reason specified in section 498(2) of ITEPA from time to time; or

9.1.4 he otherwise fails to comply with or observe the obligations referred to in Rule 8.1.

PART 3

Partnership Shares

10. Procedure for awarding Partnership Shares

10.1 Where the Board resolves that Partnership Shares shall be awarded to Eligible Employees, the Board shall determine:

10.1.1 whether there shall be an Accumulation Period and, if so, the length of the Accumulation Period and the intervals at which deductions of Partnership Share Money shall be made;

10.1.2 whether there shall be:

- (a) a minimum amount of Partnership Share Money which can be deducted and what this will be (which shall be subject to Rule 11.2);
- (b) a maximum amount of Partnership Share Money which can be deducted and what this will be (which shall be subject to Rule 11.1);
- (c) a maximum number of Shares within an award in accordance with Rule 12;

10.1.3 what shall be treated as Salary for the purposes of Rule 13.1.1;

and shall invite all Eligible Employees in accordance with Rule 4.3.

10.2 Partnership Share Agreements shall commence on the date specified in the Partnership Share Invitation.

10.3 The Board shall notify the Trustee of those individuals who have entered into a Partnership Share Agreement.

11. Maximum and minimum amount of pre-tax Salary that can be used to purchase Partnership Shares

11.1 The amount deducted from an Eligible Employee's pre-tax Salary to purchase Partnership Shares must not exceed:

11.1.1 £1,800 in any Year or such other limit as may be specified by statute in respect of Partnership Shares from time to time; and

11.1.2 where:

- (a) where is not an Accumulation Period, 10% of the pre-tax Salary from which the deduction is made or such other limit as may be specified by statute in respect of Partnership Shares from time to time; or
- (b) where there is an Accumulation Period, 10% of the total pre-tax Salary payments made to the Eligible Employee over the Accumulation Period, or such other limit as may be specified by statute in respect of Partnership Shares from time to time

or such lower limits as may be determined by the Board from time to time. Different limits may be specified in respect of different awards of Partnership Shares made at different times.

- 11.2 The Board can determine that the amount deducted from an Eligible Employee's pre-tax Salary to purchase Partnership Shares on any occasion may not be less than a specified sum, which cannot be more than £10 or such other limit as is specified by statute in respect of Partnership Shares from time to time. The same limit must apply to all Eligible Employees.
- 11.3 Any amount deducted in excess of that allowed by this Rule 11 must be paid over to the relevant individuals as soon as practicable and after the deduction of income tax and employee's National Insurance contributions.

12. Limit on award of Partnership Shares

- 12.1 The Board may specify:

- 12.1.1 a maximum number of Partnership Shares to be included in an award of Partnership Shares to a Participant; or
- 12.1.2 a maximum number of Partnership Shares which may be made in aggregate to all Participants in respect of a particular award;

and a different number may be specified in relation to different awards made at different times.

- 12.2 A Partnership Share Agreement must contain an undertaking by the Company to notify the Eligible Employee concerned of any restriction on the number of Partnership Shares to be included in an award. Such notice shall be given:
 - 12.2.1 if there is no Accumulation Period, before the deduction of the Partnership Share Money relating to the award; and
 - 12.2.2 if there is an Accumulation Period, before the beginning of the Accumulation Period relating to the award.
- 12.3 Where the Board imposes a maximum number of Partnership Shares to be included in an award of Partnership Shares under Rule 12.1 and such maximum number is smaller than the number of Partnership Shares which would otherwise be included in the award, the number of Partnership Shares acquired on behalf of each Participant shall be reduced proportionately.

13. Partnership Share Agreement

- 13.1 An Eligible Employee may only purchase Partnership Shares if he has entered into a Partnership Share Agreement with the Company. The Partnership Share Agreement shall provide that:
 - 13.1.1 the Eligible Employee agrees to the deduction from his pre-tax Salary of Partnership Share Money in the amounts (which can be expressed as a percentage of Salary) and intervals specified in the Partnership Share Agreement or as may be varied by agreement between the Company and the Eligible Employee provided that the limits in Rule 11 are not exceeded. The Company may determine what shall be treated as Salary for these purposes from time to time;
 - 13.1.2 Partnership Share Money will be collected over the Accumulation Period specified in the Partnership Share Agreement or that there will be no Accumulation Period;

- 13.1.3 Partnership Share Money shall be paid to the Trustee as soon as practicable and shall be held on behalf of the relevant Eligible Employee until such time as it is applied by the Trustee in acquiring Partnership Shares on his behalf (including the appropriation of Shares already held by the Trustee); and
- 13.1.4 if the Eligible Employee so directs in the Partnership Share Agreement, to any surplus Partnership Share Money remaining after the acquisition of Partnership Shares by the Trustee being carried forward and added to the amount of the next deduction or, if there is an Accumulation Period, carried forward to the next Accumulation Period or otherwise paid over to him as soon as practicable.
- 13.2 The Partnership Share Agreement must contain a notice in such form as is prescribed by regulations made by HMRC containing prescribed information as to the possible effect of deductions on an individual's entitlement to social security benefits, statutory sick pay and statutory maternity pay in accordance with paragraph 48 of Schedule 2 to ITEPA.
- 13.3 A Participant may withdraw from a Partnership Share Agreement at any time by notice in writing to the Company. Such notice shall take effect 30 days after it is received by the Company (or such later date as is specified in the notice). Any Partnership Share Money held on the Participant's behalf shall be paid to him as soon as practicable following such withdrawal.
- 13.4 A Partnership Share Agreement may also make provision for the terms on which Matching Shares may be awarded and held subject to the terms of this Trust Deed and the Rules.
- 14. Partnership Share Money**
- 14.1 The Trustee must keep Partnership Share Money held by it pending the acquisition of Partnership Shares in an Authorised Account (interest bearing or otherwise). The Trustee shall be under no obligation to place Partnership Share Money in an interest bearing account. If Partnership Share Money is held in an interest bearing account, the Trustee must account to the relevant employee for that interest.
- 14.2 A Participant may at any time give notice in writing to the Company to stop deductions under a Partnership Share Agreement. A Participant who has stopped deductions may give notice in writing to the Company to restart such deductions at the same level of deduction as previously but he may not make up deductions that have been missed and he may not re-start such deductions more than once in any one Accumulation Period.
- 14.3 Where notice is given by a Participant under Rule 14.2 to:
 - 14.3.1 stop deductions, the Company must, within 30 days of receipt of such notice, or by such later date as is specified in the notice, ensure that no further deductions are made under the Partnership Share Agreement; or
 - 14.3.2 restart deductions, the Company must restart deductions under the Partnership Share Agreement not later than the date of the first deduction due under the Partnership Share Agreement more than 30 days after receipt of the notice.
- 14.4 Where the approval of the Plan by HMRC is withdrawn, any Partnership Share Money held on behalf of a Participant shall be paid to him as soon as practicable after notice of withdrawal is given to the Company.
- 14.5 Where a Plan Termination Notice is issued, any Partnership Share Money held on behalf of a Participant must be paid to him as soon as practicable after the Plan Termination Notice is notified to the Trustee under Rule 39.

- 14.6 Any reference in these Rules to the repayment of Partnership Share Money to a Participant shall be to such repayment subject to the deduction of any income tax or other deductions due on such Partnership Share Money.

15. Accumulation Period

- 15.1 The Partnership Share Agreement must state the date on which each Accumulation Period starts and ends. The Accumulation Period shall not exceed 12 months and shall, in the case of the first Accumulation Period, begin no later than the date on which the first deduction of Partnership Share Money is made.
- 15.2 An Accumulation Period which applies in relation to each award of Partnership Shares must be the same for all individuals who are eligible to participate in the award.
- 15.3 The Partnership Share Agreement may specify that an Accumulation Period comes to an end on the occurrence of a specified event. The Partnership Share Agreement may provide that where an Accumulation Period comes to an end on the occurrence of a specified event, the Partnership Share Money deducted in that period must be paid over to the individual as soon as practicable instead of being applied in acquiring Shares.
- 15.4 If a transaction occurs during an Accumulation Period which results in a new holding of shares being equated for the purposes of capital gains tax with the original holding of Shares to be acquired under a Partnership Share Agreement, the Partnership Share Agreement shall, if the Company and the Participant so agree, have effect after the time of that transaction as if it were an agreement for the purchase of shares comprised in the new holding.
- 15.5 Where Partnership Share Money has been accumulated in an Accumulation Period and the employee ceases to be in Relevant Employment during that period, the Partnership Share Money must be paid over to the individual as soon as practicable.

16. Acquisition of Partnership Shares

- 16.1 The Trustee shall apply the Partnership Share Money in the acquisition of Partnership Shares on behalf of the Participant on the Acquisition Date.
- 16.2 Subject to Rule 12, where there is no Accumulation Period, the number of Partnership Shares to be awarded by the Trustee to each Participant shall be that number as is equal to his Partnership Share Money divided by the Market Value of a Share on the Acquisition Date, rounded down to the nearest whole Share.
- 16.3 Subject to Rule 12, where there is an Accumulation Period in respect of Partnership Share Money, the Partnership Share Agreement must provide how the number of Partnership Shares to be awarded by the Trustee to each Participant shall be determined. That number must be determined by using one of the following formulae (and the one to be used shall be specified in the Partnership Share Agreement):
- 16.3.1 that number as is equal to his Partnership Share Money divided by the Market Value of a Share at the beginning of the Accumulation Period;
 - 16.3.2 that number as is equal to his Partnership Share Money divided by the Market Value of a Share on the Acquisition Date; or
 - 16.3.3 that number as is equal to his Partnership Share Money divided by the lower of the Market Value of a Share at the beginning of the Accumulation Period and the Market Value of a Share on the Acquisition Date

rounded down to the nearest whole Share.

17. Access to Partnership Shares

- 17.1 There is no Holding Period in respect of Partnership Shares and a Participant may withdraw all or any of his Partnership Shares from the Plan at any time. Any withdrawal of Partnership Shares may give rise to a charge to income tax and employee's National Insurance contributions.
- 17.2 Partnership Shares shall not be subject to any provision for forfeiture.

PART 4

Matching Shares

18. Procedure for awarding Matching Shares

- 18.1 Subject to Rule 18.2, where the Board resolves that Partnership Shares shall be awarded to Eligible Employees, the Board shall determine whether there shall also be an award of Matching Shares in accordance with this Part 5.
- 18.2 Matching Shares must be:
 - 18.2.1 of the same class and carry the same rights as the Partnership Shares to which they relate;
 - 18.2.2 awarded on the same day as the Partnership Shares to which they relate are awarded. If insufficient Partnership Shares are awarded to produce a Matching Share, the Matching Share shall be awarded on the date on which sufficient Partnership Shares are (or have been) awarded to allow at least one Matching Share to be awarded; and
 - 18.2.3 awarded to all Eligible Employees who participate in the award on exactly the same basis including in relation to the ratio of Matching Shares to Partnership Shares and forfeiture.

19. Ratio of Matching Shares to Partnership Shares

- 19.1 The ratio of Matching Shares to Partnership Shares must be specified in the Partnership Share Agreement.
- 19.2 The ratio of Matching Shares to Partnership Shares may be varied by notice from the Company to the Participant provided that such notice is given before any Partnership Shares to which the new ratio applies are awarded to him.
- 19.3 The ratio of Matching Shares to Partnership Shares must not exceed two Matching Shares for each Partnership Share awarded (or such other limit as may be specified by statute from time to time) and must be applied by reference to the number of Partnership Shares acquired by the relevant Participant at or before the relevant time (which may, for the avoidance of doubt, be before the date on which the last such Partnership Shares are acquired in the circumstances contemplated in Rule 18.2.2).

20. Holding Period

- 20.1 In relation to each award of Matching Shares, the Board shall specify the Holding Period relating to those Shares, throughout which a Participant shall be bound by contract with the Company to:
 - 20.1.1 permit his Matching Shares to remain in the hands of the Trustee; and
 - 20.1.2 subject to Rule 20.3, not to assign, charge or otherwise dispose of the beneficial interest in those Matching Shares.
- 20.2 The Holding Period shall be determined by the Board and must:
 - 20.2.1 not be less than three years or more than five years beginning with the Award Date;

- 20.2.2 be the same for all Matching Shares awarded on the same Award Date but may be different for different awards of Matching Shares. The Board may not increase the Holding Period specified in respect of Matching Shares already awarded under the Plan.
- 20.3 A Participant's obligations under Rule 20.1 shall:
- 20.3.1 be subject to the following exceptions:
- (a) the Trustee may at any time dispose of such number of a Participant's Matching Shares as may be necessary to satisfy any PAYE obligation; and
 - (b) during the Holding Period, a Participant may direct the Trustee to deal with any of the Participant's Matching Shares in accordance with Rule 28;
- 20.3.2 come to an end if, during the Holding Period, he ceases to be in Relevant Employment; and
- 20.3.3 be subject to paragraph 90 of Schedule 2 to ITEPA (termination of Plan: early removal of Shares with Participant's consent).
- 20.4 The Trustee shall notify each Eligible Employee to whom Matching Shares are awarded of the Holding Period applicable to such Matching Shares.

21. Forfeiture of Matching Shares

- 21.1 The Board can determine that, in the case of all Matching Shares awarded on a particular Award Date, a Participant shall cease to be beneficially entitled to all his Matching Shares if:
- 21.1.1 he withdraws any of his Matching Shares from the Plan during the Forfeiture Period;
- 21.1.2 he assigns, charges or otherwise disposes of his beneficial interest in the Matching Shares, or attempts to do so;
- 21.1.3 he withdraws the Partnership Shares in respect of which the Matching Shares were awarded during the Forfeiture Period, otherwise than by reason of:
- (a) injury or disability;
 - (b) redundancy;
 - (c) retirement;
 - (d) a relevant transfer within the meaning of the Transfer of Undertakings (Protection of Employment) Regulations 2006;
 - (e) if the Relevant Employment is employment by an Associated Company, a change of Control or other circumstances ending that company's status as an Associated Company;
 - (f) death;
 - (g) any other reason specified in section 498(2) of ITEPA from time to time; or
 - (h) a Reconstruction or Takeover;

- 21.1.4 he ceases to be in Relevant Employment before the end of the Forfeiture Period otherwise than by reason of:
- (a) injury or disability;
 - (b) redundancy;
 - (c) retirement;
 - (d) a relevant transfer within the meaning of the Transfer of Undertakings (Protection of Employment) Regulations 2006;
 - (e) if the Relevant Employment is employment by an Associated Company, a change of control or other circumstances ending that company's status as an Associated Company;
 - (f) death; or
 - (g) any other reason specified in section 498(2) of ITEPA from time to time; or
- 21.1.5 he otherwise fails to comply with or observe the obligations referred to in Rule 20.1.

PART 5

Dividend Shares

22. Procedure for awarding Dividend Shares

- 22.1 Unless a direction has been given to the Trustee under Rules 22.2.2 or 22.2.3 and has not been revoked under Rule 22.4, the Trustee shall account to the Participant as soon as practicable for any cash dividends received by it in respect of the Participant's Plan Shares. The Trustee shall send the Participant a "tax certificate" within the meaning of sections 1104 and 1106 of the Corporation Tax Act 2010.
- 22.2 The Company may decide to:
- 22.2.1 pay all dividends in cash to the Trustee on behalf of Participants;
 - 22.2.2 direct the Trustee to reinvest some or all of the cash dividends received by the Trustee in the acquisition of Dividend Shares. Such direction shall specify any limit determined by the Board which shall be applied to the amount of cash dividends to be reinvested in the acquisition of Dividend Shares or how that limit is to be determined; or
 - 22.2.3 invite Participants to direct the Trustee to reinvest cash dividends received on behalf of the Participant. Such invitation shall specify any limit determined by the Board which shall be applied to the amount of cash dividends which the Participant can direct the Trustee to reinvest in the acquisition of Dividend Shares or how that limit is to be determined.
- 22.3 If the Trustee receives a direction in accordance with Rule 22.2.2 or 22.2.3, the Trustee shall (subject to any limits determined in accordance with Rules 22.2.2 or 22.2.3) reinvest such cash dividends in the acquisition of Dividend Shares. Any amount of a cash dividend received by the Trustee in respect of a Participant's Plan Shares which would exceed the any limits determined in accordance with Rules 22.2.2 or 22.2.3 if it was reinvested in Dividend Shares shall be paid to the Participant as soon as practicable.
- 22.4 A direction given under Rule 22.2.2 or 22.2.3 may be revoked by the Company or the Participant, as applicable, by notice in writing and any cash dividends received by the Trustee in respect of Plan Shares after the date of receipt of such notice shall be accounted for in accordance with Rule 22.1.
- 22.5 Dividend Shares shall:
- 22.5.1 be of the same class and carry the same rights as the Shares in respect of which the dividend is paid; and
 - 22.5.2 not be subject to forfeiture.
- 22.6 Subject to these Rules, the Trustee shall apply the cash dividends to be reinvested in Dividend Shares no later than 30 days after the dividend is received by the Trustee. The number of Dividend Shares to be acquired by the Trustee on behalf of each Participant shall be equal to the amount of the cash dividend to be reinvested divided by the Market Value of the Shares on the Acquisition Date, rounded down to the nearest whole Share.

22.7 Subject to Rule 22.9, any amount of a cash dividend that is not reinvested either because:

22.7.1 the amount of the cash dividend to which the Participant is entitled is insufficient to acquire a Dividend Share; or

22.7.2 there is an amount remaining after acquiring Dividend Shares on behalf of the Participant

may be retained by the Trustee and carried forward to be added to the amount of the next cash dividend to be reinvested provided that any amount retained under this Rule 22.7 shall be held by the Trustee so as to be separately identifiable.

22.8 The amount carried forward under Rule 22.7 shall, to the extent it has not already been used to acquire Dividend Shares, be paid to the Participant as soon as practicable after:

22.8.1 the Participant ceases to be in Relevant Employment; or

22.8.2 a Plan Termination Notice is issued.

22.9 In exercising its powers in relation to the acquisition of Dividend Shares, the Trustee must treat Participants fairly and equally.

22.10 For the purposes of this Part 5, references to the Trustee acquiring Shares on behalf of a Participant shall include the Trustee appropriating to a Participant Shares already held by him.

23. Holding Period

23.1 In relation to each award of Dividend Shares, the Board shall specify the Holding Period relating to those Shares, throughout which a Participant shall be bound by contract with the Company to:

23.1.1 permit his Dividend Shares to remain in the hands of the Trustee; and

23.1.2 subject to Rule 23.3, not to assign, charge or otherwise dispose of the beneficial interest in those Matching Shares.

23.2 The Holding Period shall be three years beginning with the Award Date and shall be the same for all Dividend Shares.

23.3 A Participant's obligations under Rule 23.1 shall:

23.3.1 be subject to the following exceptions:

(a) the Trustee may at any time dispose of such number of a Participant's Dividend Shares as may be necessary to realise any obligation under PAYE; and

(b) during the Holding Period, a Participant may direct the Trustee to deal with any of the Participant's Dividend Shares in accordance with Rule 28;

23.3.2 come to an end if, during the Holding Period, he ceases to be in Relevant Employment; and

23.3.3 be subject to paragraph 90 of Schedule 2 to ITEPA (termination of Plan: early removal of Shares with Participant's consent).

- 23.4 The Trustee shall notify each Eligible Employee to whom Dividend Shares are awarded of the Holding Period applicable to such Dividend Shares.

PART 6

Provisions Relating to Plan Shares

24. Shares to be awarded

- 24.1 Shares subscribed for by the Trustee (whether or not awarded pursuant to the Plan) shall rank pari passu in all respects with the Shares then in issue except they will not rank for any rights attaching to Shares by reference to a record date preceding the date of allotment.
- 24.2 If and for so long as Shares are Admitted, the Board shall, as soon as practicable after the allotment of any of its Shares issued pursuant to the Plan, apply to the UK Listing Authority and the London Stock Exchange for permission for those Shares to be listed and traded if a block listing is not already in place.

25. Capital Receipts and other payments (including scrip dividends)

- 25.1 Where the Trustee receives any money or money's worth other than a cash dividend which is to be reinvested in accordance with Rule 22 or New Shares, the Trustee shall:
- 25.1.1 where the Participant is subject to income tax and employee's National Insurance contributions on such amount, deduct from that Capital Receipt an amount equal to such income tax and employee's National Insurance contributions and pay such amount to the Employer Company; and
 - 25.1.2 pay the balance to the Participant (or to the Participant's Employer Company for payment to the Participant) less any costs of expenses, provided that amounts of £5 or less may be retained by the Trustee and can be used to discharge the expenses of the Plan.
- 25.2 This Rule 25.2 applies where the holders of any class of shares of which some are Plan Shares are offered the right to elect to receive shares, credited as fully paid, in whole or in part, in lieu of a cash dividend. Within five working days or such other period as the Trustee may decide before the closing of the offer, the Participant may:
- 25.2.1 instruct the Trustee to elect to receive shares; or
 - 25.2.2 instruct the Trustee to elect to receive cash.

Those instructions may be of particular or of general application and relate to Plan Shares appropriated before and after the relevant date of the scrip dividend. Any shares received by the Trustee on behalf of any Participant deriving from a scrip dividend shall not be treated as Plan Shares and the Trustee shall use its reasonable endeavours to transfer such shares to the Participant (or his nominee) as soon as reasonably practicable, subject to the Rules of the Plan.

26. Rights issues

- 26.1 Whenever any rights to be allotted other shares, securities or rights of any description are granted by the Company to the holders of any class of Shares of which some are Plan Shares, each Participant shall be notified by the Trustee of the rights relating to his Plan Shares and he may instruct the Trustee to do one or more of the following:
- 26.1.1 subject to the provision by him of any necessary funds, to take up or sell all or any of the rights or allow them to lapse; or

- 26.1.2 to sell rights nil paid to the extent necessary to enable the Trustee to subscribe in full for the balance of any unsold rights.

Any instructions given by a Participant to the Trustee may be of particular or of general application and relate to Plan Shares awarded before and after the date of the relevant rights issue.

- 26.2 The Trustee shall act on any instruction received by it not less than five Dealing Days before the expiry of the period allowed for the exercise of any such rights. If any Participant has not given instructions to the Trustee by such deadline and provided any funds necessary for the Trustee to act on such instructions, the Trustee shall allow such rights to lapse. The Trustee shall deal with any Capital Receipt received in consequence of the non-exercise or sale of any rights in accordance with Rule 25.
- 26.3 Any shares, securities or other rights taken up by the Trustee on behalf of any Participant under this Rule shall, subject to Rules 26.4 and 30, be treated as if they were Plan Shares:
- 26.3.1 identical to the Plan Shares in respect of which the rights were conferred; and
- 26.3.2 appropriated to, or acquired on behalf of, the Participant under the Plan in the same way and at the same time as the Participant's Plan Shares to which they relate.
- 26.4 Where:
- 26.4.1 the funds used by the Trustee to exercise rights under a rights issue are provided otherwise than pursuant to Rule 26.1.2; or
- 26.4.2 similar rights to those arising under a rights issue are not conferred in respect of all ordinary shares of the Company
- any shares, securities or rights allotted shall not be treated as Plan Shares and sections 127 to 130 of the Taxation of Chargeable Gains Act 1992 shall not apply to them and the Trustee shall use its reasonable endeavours to transfer such shares to the Participant (or his nominee) as soon as reasonably practicable, subject to the Rules of the Plan.
- 26.5 Nothing in this Rule shall require the Trustee to act in any manner whereby it would be involved in any liability unless the Trustee is indemnified to its satisfaction by the Participant or any other person against such liability.
- 26.6 Whenever other shares, securities or rights of any description are offered by the Company to the holders of any class of Shares of which some are Plan Shares, whether by open offer or otherwise, the provisions of this Rule 26 (other than Rules 26.3 and 26.4) shall apply mutatis mutandis to such an offer as if the references to a Participant's rights relating to his Plan Shares were references to his entitlement relating to his Plan Shares.

27. Capitalisation issues

Where the Company allots any New Shares by way of capitalisation to the Trustee in respect of any Participant's Plan Shares, such New Shares shall, subject to Rule 30, form part of that Participant's Plan Shares and shall be deemed to have been appropriated to, or acquired on behalf of, the Participant at the same time as the Participant's Plan Shares in respect of which they are allotted.

28. Takeovers and Reconstructions

- 28.1 If, while Plan Shares remain in trust, there is a Reconstruction or Takeover affecting Plan Shares, the Participants shall be notified of such event and a Participant may give notice in writing to the Trustee directing it to take any action (subject to Rule 28.2) in respect of any of his Plan Shares, including, where appropriate, exercising any right to elect to receive any particular form of consideration available under such Reconstruction or Takeover.
- 28.2 During the Holding Period, a Participant may direct the Trustee to do any of the following in respect of any Free Shares, Matching Shares and/or Dividend Shares (as applicable):
- 28.2.1 accept an offer for any of his Free Shares, Matching Shares and/or Dividend Shares (the **“Original Shares”**) if the acceptance or agreement will result in a new holding being equated with the Original Shares for the purposes of capital gains tax;
 - 28.2.2 to agree to a transaction affecting his Free Shares, Matching Shares and/or Dividend Shares or such of them as are of a particular class, if the transaction would be entered into pursuant to a compromise, arrangement or scheme applicable to or affecting:
 - (a) all of the ordinary share capital of the Company or, as the case may be, all the shares of the class in question; or
 - (b) all the shares, or all the shares of the class in question, which are held by a class of shareholders identified otherwise than by reference to their employment or their participation in an approved share incentive plan under Schedule 2 to ITEPA;
 - 28.2.3 to accept an offer of cash, with or without other assets, for his Free Shares, Matching Shares and/or Dividend Shares if the offer forms part of a general offer which is made to holders of shares of the same class as his or of shares in the same company and which is made in the first instance on a condition such that if it is satisfied the person making the offer will have control of that company, within the meaning of section 450 of the Corporation Tax Act 2010; or
 - 28.2.4 to accept an offer of a Qualifying Corporate Bond (whether alone or with other assets or cash or both) for his Free Shares, Matching Shares and/or Dividend Shares if the offer forms part of such general offer as is referred to in Rule 28.2.3.
- 28.3 If there is a Reconstruction or Takeover affecting Plan Shares, the consideration received shall:
- 28.3.1 to the extent that it consists of cash or securities which cannot be held under the Plan, be treated in accordance with Rule 25; and
 - 28.3.2 to the extent that it consists of New Shares, be held by the Trustee as Plan Shares.

29. Company Reconstructions

- 29.1 This Rules applies where there occurs in relation to any of a Participant’s Plan Shares (the **“Original Holding”**) a transaction which:
- 29.1.1 results in a new holding being equated with the Original Holding for the purposes of capital gains tax; or
 - 29.1.2 would have that result but for the fact that the new holding consists of or includes a Qualifying Corporate Bond;

other than to the extent that the transaction consists of an excluded issue of shares as defined in paragraph 86(4) of Schedule 2 to ITEPA.

29.2 Subject to Rule 29.3, where Rule 29.1 applies:

29.2.1 the company reconstruction shall be treated as not involving a disposal of Shares comprised in the Original Holding;

29.2.2 the New Shares shall be deemed to have been awarded to the Participant on the same date as the corresponding Plan Shares were so awarded

29.2.3 the conditions which shares have to satisfy to be capable of being used for the purposes of this Plan shall be treated as fulfilled with respect to the corresponding Shares;

29.2.4 the provisions of Chapter 6 of Part 7 to ITEPA shall apply in relation to the New Shares as they would have applied in relation to the corresponding old shares; and

29.2.5 references in this Plan to a Participant's Plan Shares shall be construed after the time of the company reconstruction as being or, as the case may be, including references to any New Shares.

29.3 Rule 29.2 is subject to the following:

29.3.1 for the purposes of this Plan, if, as part of a company reconstruction, the Trustee becomes entitled to a Capital Receipt, its entitlement to the Capital Receipt shall be taken to arise before the new holding comes into being; and

29.3.2 in the context of a new holding, any reference in this Plan to shares includes securities and rights of any description which form part of the new holding for the purposes of Chapter 2 of Part 4 of the Taxation of Chargeable Gains Act 1992.

30. Fractional entitlements

30.1 Where any entitlement of a Participant under this Plan shall give rise to a fraction of a security, the Trustee shall round down such entitlement to the nearest whole number and the Trustee shall aggregate the fractions not allocated and use its best endeavours to sell any rights or units which are not allocated and distribute the net proceeds of sale (after deducting any expenses of sale and any taxation which may be payable in respect thereof) proportionately among the Participants whose allocation was rounded down, provided that any Capital Receipt of £5 or less otherwise distributable to a particular Participant may be retained by the Trustee.

30.2 In any circumstances in which the Trustee receives New Shares which form part of a Participant's Plan Shares the Trustee shall allocate the New Shares to the Participant by reference to the relative times of appropriation of his Plan Shares to which they relate and, if any such allocation should give rise to a fraction of a New Share, the Trustee shall, subject to Schedule 2 to ITEPA, round such allocation up or down to the next whole unit as it in its discretion thinks fit.

31. Leavers

All Participants who cease to be in Relevant Employment in circumstances in which they do not cease to be beneficially entitled to all of their Plan Shares in accordance with Rules 9 and/or 21 shall receive from the Trustee a request for instructions as to whether their Plan Shares (excluding any Plan Shares to which they cease to be beneficially entitled) are to be sold or

transferred into the Participant's name or the name of his nominee. If instructions are not received within 30 days of such Participant's Plan Shares ceasing to be subject to the Plan the Trustee may sell all the Participant's Plan Shares (excluding any Plan Shares to which they cease to be beneficially entitled) and shall pay the proceeds of sale less any income tax, employee's National Insurance contributions and reasonable selling costs to the Participant by cheque or into the Participant's bank account.

32. Transfer of legal title

- 32.1 Subject to Rule 32.2, at any time after the applicable Release Date or, in the case of Dividend Shares, the expiry of the Holding Period, a Participant may direct the Trustee to transfer the legal title to any Plan Shares into his name or that of his nominee. The Trustee shall effect the transfer as soon as practicable after receiving such direction.
- 32.2 Where this Plan provides for any transfer of the legal title to any Shares (including Plan Shares) to a Participant, the Trustee shall transfer the legal title to the Participant unless the Participant directs the Shares are to be transferred to the Corporate Sponsored Nominee or some other nominee, in which case the Trustee shall transfer Shares to such person but any cost of such transfer to any person other than the Participant shall be borne by the Participant unless the Company directs in writing otherwise.

PART 7

General

33. Rights of employees

33.1 Notwithstanding any other provision of this Plan:

- 33.1.1 the Plan shall not form part of any service contract or contract of employment between any Participating Company and a Participant;
- 33.1.2 the Plan shall not form part of any collective agreement or understanding or be taken to have induced agreement on any collective agreement or understanding;
- 33.1.3 the benefit to an Eligible Employee or Participant of participation in this Plan shall not form any part of his remuneration or count as his remuneration for any purpose and shall be entirely separate from any pension right or entitlement he may have; and
- 33.1.4 in no circumstances shall an Eligible Employee or Participant on ceasing to hold any office or employment with any Participating Company be entitled to any compensation for loss of any right or benefit or prospective right or benefit under this Plan (including, but not limited to, any rights which lapse by reason of such cessation of office or employment) whether by way of damages, unfair dismissal, wrongful dismissal, breach of contract, or by way of compensation for loss of office or otherwise.

34. Duty to account for PAYE

34.1 Where a Participant's Plan Shares cease to be subject to the Plan within the meaning of paragraph 97 of Schedule 2 to ITEPA a PAYE Obligation may arise. Where a PAYE Obligation arises under the Plan the Participant may be required by the Board to pay to the Employer Company an amount that is sufficient to discharge the PAYE Obligation. The Trustee is authorised to meet that obligation:

- 34.1.1 by disposing of any of those Shares or any of the Participant's remaining Plan Shares (if any), which shall include the acquisition of the Shares by the Trustee for the purposes of the Trust; or
- 34.1.2 by virtue of the Participant paying to the Trustee a sum equal to the amount required to discharge the obligation.

34.2 Unless the Participant has already paid to the Employer Company such an amount and/or unless HMRC directs otherwise, the Trustee must pay to the Employer Company a sum which is sufficient to enable that company to discharge the PAYE Obligation.

35. Notices

35.1 The Trustee shall not be bound to act upon any instructions given by or on behalf of a Participant or any person in whom the beneficial interest in his Plan Shares is for the time being vested pursuant to the Plan unless such instructions are received by the Trustee in writing signed by the relevant person or electronically in an agreed manner.

35.2 Subject to Rules 35.3 and 35.4, any notice or other communication given under or in connection with this Plan shall be given:

- 35.2.1 by the Trustee or a Participating Company to an Eligible Employee or Participant in writing either personally or sent to him at his place of work electronically or by post addressed to the address last known to the Trustee (including any address supplied by the relevant Participating Company) or the relevant Participating Company, as applicable or sent through the Company's internal postal service. If sent by post such notice or communication shall be deemed to have been duly delivered notwithstanding that the Eligible Employee or Participant is deceased (and whether or not the Trustee or Participating Company has notice of his death) except where his personal representatives have established their title to the satisfaction of the Trustee or Participating Company (as the case may be) and supplied to the Trustee or Participating Company (as the case may be) an address to which document are to be sent;
 - 35.2.2 to the Company, in writing either personally or by post to the Company Secretary, unless otherwise agreed by the Company; and
 - 35.2.3 to the Trustee, in writing either personally or by post to the Trustee, unless otherwise agreed by the Trustee
- 35.3 Items delivered under Rule 35.2 shall be effective upon receipt and shall be deemed to have been received:
- 35.3.1 at the time of delivery, if delivered by post or courier to the Trustee or a Participating Company. Items sent by post to Eligible Employees or Participants shall be deemed to have been received when sent by the Trustee or Participating Company. Items sent by post or courier shall be pre-paid;
 - 35.3.2 at the time of delivery, if delivered by hand; and
 - 35.3.3 at the time of transmission, if delivered by e mail to the Trustee or a Participating Company. Items sent electronically to Eligible Employees or Participants shall be deemed to have been received when sent by the Trustee or Participating Company
- provided that, in the case of items sent to the Trustee or a Participating Company after Working Hours, the item shall be deemed to have been received at the start of Working Hours on the next following Business Day.
- 35.4 Where the Company wishes to inform Eligible Employees or Participants of any matter relating to the Plan (including any Plan Shares they hold) which affects all Eligible Employee or Participants equally, the Company shall be permitted to inform them by placing a notice on an intranet or in such other form as will be accessible to all Eligible Employees or Participants without being required to send written notice to each Eligible Employee or Participant in accordance with Rule 35.2.1. This Rule 35.4 shall not apply to any requirement for the Company to send an invitation letter, Opt-out Form or Partnership Shares Invitation in accordance with Rule 4, or to any notice which the Company is required to send to each Eligible Employee or Participant in accordance with the Trust Deed or these Rules.

36. Information and record keeping

- 36.1 The Trustee shall maintain such records as may be necessary to enable it to carry out its obligations under paragraph 80 of Schedule 2 to ITEPA, and shall at all times and from time to time give to each Participant such information as is relevant to determine and quantify any

liability he may have to income tax under ITEPA or Chapter 3 or Chapter 4 of Part 4 Income Tax (Trading and Other Income) Act 2005.

- 36.2 The Company may procure that Participants receive copies of all documents normally issued and sent by the Company to the holders of Shares but shall not be obliged to do so.
- 36.3 By participating in this Plan a Participant agrees to the holding of information about him by the Participating Companies and/or the Trustee and authorises all Participating Companies and the Trustee and their respective agents and advisers to hold and use such information for the purposes of this Plan. Each Participant agrees that data concerning his participation may be processed by agents or advisers of any Participating Companies and/or the Trustee wherever located and where necessary transmitted outside of the European Economic Area.
- 36.4 By Participating in this Plan, a Participant agrees to promptly provide to the relevant any Participating Company and/or the Trustee such information as it may reasonably request to enable it to provide HMRC (or any other applicable taxation authority) any information it requires and consents to any Participating Company and/or the Trustee providing such information for the purposes of complying with such requirement.

37. Administration

The decision of the Board in any dispute or question affecting any Eligible Employee or Participant under the Plan shall be final and conclusive.

38. Stamp duty and expenses

- 38.1 Any stamp duty or other expenses involved in any transfer of Plan Shares by the Trustee on the withdrawal of those Plan Shares from the Plan shall be payable:
 - 38.1.1 in the case of a transfer into the name of the Participant concerned, by the Trustee (and reimbursed by the Company);
 - 38.1.2 in the case of a transfer into the name of the Participant's nominee, including the Corporate Sponsored Nominee, by the Participant unless the Company directs otherwise; and
 - 38.1.3 in any other case, by the Participant concerned.

39. Termination of the Plan

- 39.1 The Board may in its absolute discretion terminate the Plan at any time by issuing a Plan Termination Notice.
- 39.2 Where a Plan Termination Notice is issued, a copy must be given, without delay, to:
 - 39.2.1 HMRC (unless, at the time the Plan Termination Notice is issued, the Company is not required to send a copy to HMRC);
 - 39.2.2 the Trustee;
 - 39.2.3 each Participant on whose behalf the Trustee holds Plan Shares; and
 - 39.2.4 each Eligible Employee who has entered into a Partnership Share Agreement which was in force immediately before the Plan Termination Notice was issued.

39.3 Where the Board has issued a Plan Termination Notice:

39.3.1 no further Shares may be awarded under the Plan; and

39.3.2 the Trustee shall remove the Plan Shares from the Plan in accordance with paragraph 90 of Schedule 2 to ITEPA.

PART 8

Definitions

40. Definitions

40.1 In this Trust Deed and the Rules, unless otherwise specified, the following words and expressions shall, unless the context otherwise requires, have the following meanings:

- “Accumulation Period”** the period specified in a Partnership Share Agreement in accordance with Rule 15 during which a Participant’s Partnership Share Money is accumulated by the Trustee prior to the acquisition of Partnership Shares or its repayment to the Participant;
- “Acquisition Date”**
- (a) in the case of an award of Partnership Shares where there is no Accumulation Period, the date set by the Trustee, being no more than 30 days after the last date on which the Partnership Share Money to be applied in acquiring such Partnership Shares was deducted;
 - (b) in the case an award of Partnership Shares where there is an Accumulation Period, the date set by the Trustee, being no more than 30 days after the end of the Accumulation Period which applies in relation to the award; and
 - (c) in the case of Dividend Shares, the date set by the Trustee in relation to the acquisition of Dividend Shares, being a date no more than 30 days after the corresponding dividend is received by them;
- “Admitted”** admitted to the Official List of the UK Listing Authority and admitted to trading on the Main Market and **“Admission”** shall have corresponding meaning;
- “appropriate”** to vest the ownership of the beneficial interest (subject to the provisions of this Trust Deed) in specific Shares in an Eligible Employee pursuant to these Rules;
- “Associated Company”** has the meaning given in paragraph 94 of Schedule 2 to ITEPA;
- “Authorised Account”** an account (interest bearing or otherwise) with:
- (a) a person falling within Section 991(2)(b) of the Income Tax Act 2007;
 - (b) a building society; or
 - (c) a firm falling within section 991(2)(c) of the Income Tax Act 2007;
- “Award Date”** a day on which either:

	<ul style="list-style-type: none"> (a) Free or Matching Shares are awarded to Eligible Employees under the Plan; or (b) Partnership Shares or Dividend Shares are acquired on behalf of Eligible Employees under the Plan;
“Board”	the board of directors of the Company or a duly authorised committee thereof or (other than in relation to clause 17 of the Trust Deed) any committee or person authorised by the board of directors of the Company or a duly authorised committee thereof;
“Business Day”	a day other than a Saturday or Sunday or public holiday in England and Wales on which banks are open in London for general commercial business;
“Capital Receipt”	has the meaning given in section 502 of ITEPA;
“Connected Company”	<p>either:</p> <ul style="list-style-type: none"> (a) a company which Controls or is Controlled by the Company or which is Controlled by a company which also Controls the Company; or (b) a company which is a member of a consortium owning the Company or which is owned in part by the Company as a member of a consortium;
“Connected SIP”	a share incentive plan (other than this Plan) approved by HMRC pursuant to Schedule 2 to ITEPA and established by the Company or a Connected Company;
“Continuous Service”	has the meaning given in Chapter 1 of Part 14 of the Employment Rights Act 1996;
“Control”	has the meaning given in section 993 of the Income Tax Act 2007;
“Corporate Sponsored Nominee”	a nominee appointed by the Company to hold Shares as nominee for Participants who wish to or are obliged to remove their Plan Shares from the Plan and wish to use such person as a nominee;
“Dealing Day”	a day on which the London Stock Exchange is open for the transaction of business;
“Demerger”	a transaction which the Board determines is a demerger;
“Dividend Shares”	Shares acquired on behalf of a Participant from the reinvestment of cash dividends under Part 5 of the Plan and which are subject to the Plan;
“Eligible Employee”	<ul style="list-style-type: none"> (a) an individual who: <ul style="list-style-type: none"> (i) is on the relevant Award Date an employee of a Participating Company;

	<ul style="list-style-type: none"> (ii) is a UK resident taxpayer as that term is defined in paragraph 8(2) of Schedule 2 to ITEPA; and (iii) has at all times during the Qualifying Period been an employee of a Qualifying Company; and
	<ul style="list-style-type: none"> (b) any other employee (or member of a category of employees) of a Participating Company who satisfies the requirements of (a)(i) and (iii) above, ²or meets any further eligibility criteria which the Board may from time to time impose and whom the Board may in its sole discretion appoint
	so long as in each case he is not ineligible for an award of Shares under the Plan by virtue of Rules 3.2 and 3.3, or because he has duly returned an Opt-out Form directing the Trustee not to appropriate Shares to him;
“Employer Company”	has the meaning given by section 510(7) of ITEPA or, as the case may be, section 513(5) of ITEPA;
“forfeited”	ceasing to be beneficially entitled to Free Shares in accordance with Rule 9 and/or Matching Shares in accordance with Rule 21;
“Forfeiture Period”	in relation to Free Shares and/or Matching Shares, such period beginning with the Award Date of the relevant Plan Shares as may be specified by the Board in relation to an award during which Free Shares and/or Matching Shares may be forfeited, provided that the same period must apply to all Free Shares or Matching Shares included in the same award under the Plan;
“Free Shares”	Shares awarded under Part 2 of the Plan without payment which are subject to the Plan;
“Group”	the Company and its Subsidiaries from time to time;
“HMRC”	HM Revenue & Customs;
“Holding Period”	<ul style="list-style-type: none"> (a) in relation to Free Shares, the period specified by the Board in accordance with Rule 8; (b) in relation to Matching Shares, the period specified by the Board in accordance with Rule 20; and (c) in relation to Dividend Shares, the period specified by the Board in accordance with Rule 23;
“Initial Market Value”	the Market Value of a Plan Share on the Award Date;

² Wording removed with effect from 6 October 2015.

“IPO Date”	the date on which Shares are first Admitted;
“ITEPA”	the Income Tax (Earnings and Pensions) Act 2003;
“Key Feature”	has the meaning given in paragraph 84(6) of Schedule 2 to ITEPA;
“London Stock Exchange”	the Main Market of the London Stock Exchange or any successor exchange operated by London Stock Exchange plc or any successor company or body carrying on the business of London Stock Exchange plc;
“Market Value”	the market value of a Share on any date shall be the closing mid-market price of a Share on that date as derived from the London Stock Exchange website or such other price as agreed with HMRC from time to time and/or for a particular purpose in accordance with paragraph 92 of Schedule 2 to ITEPA;
“Matching Shares”	Shares awarded under Part 4 of the Plan without payment which are subject to the Plan;
“Measurement Period”	has the meaning given in Rule 43.5.6;
“Method One”	a method of making an award of Free Shares conditional upon performance targets being met that satisfies the requirements of paragraph 41 of Schedule 2 to ITEPA;
“Method Two”	a method of making an award of Free Shares conditional upon performance targets being met that satisfies the requirements of paragraph 42 of Schedule 2 to ITEPA;
“New Shares”	has the meaning given in paragraph 87(7) of Schedule 2 to ITEPA;
“Opt-out Form”	a notice given by an Eligible Employee (in such form as the Board may from time to time prescribe) directing the Company not to make an award of Free Shares;
“Original Holding”	has the meaning given in Rule 29.1;
“Participant”	any person on behalf of whom the Trustee holds Plan Shares or Partnership Share Money under the Plan;
“Participating Company”	<p>(a) the Company; and</p> <p>(b) any Subsidiary which, in accordance with clause 16 of the Trust Deed, participates in the Plan;</p>
“Partnership Share Agreement”	an agreement entered into in accordance with paragraph 44 of Schedule 2 to ITEPA in such form as the Board may from time to time prescribe;
“Partnership Shares Invitation”	an invitation issued by the Company inviting an Eligible Employee to enter into a Partnership Share Agreement;

“Partnership Share Money”	such amount or percentage of Salary as an Eligible Employee shall agree to have deducted from his Salary for the purchase of Partnership Shares in accordance with Part 3 of the Plan;
“Partnership Shares”	Shares awarded under Part 3 of the Plan which are subject to the Plan;
“PAYE Obligations”	the obligations that arise in respect of the liability to account for income tax under PAYE and, where appropriate, employee’s National Insurance contributions whether of the United Kingdom or overseas;
“Plan”	the Plan constituted by the Trust Deed and the schedule;
“Plan Shares”	Free Shares, Partnership Shares and/or Matching Shares, together with all Dividend Shares, and any reference to a Participant’s Plan Shares is, subject to a Reconstruction pursuant to Rule 29, a reference to the Plan Shares that have been awarded to him by the Trustee;
“Plan Termination Notice”	a notice issued by the Board under Rule 39 to terminate the Plan;
“PSA Shares”	that number of Shares transferred to the Trust on the IPO Date
“Qualifying Company”	has the meaning given in paragraph 17 of Schedule 2 to ITEPA;
“Qualifying Corporate Bond”	has the meaning given in section 117 of the Taxation of Chargeable Gains Act 1992;
“Qualifying Period”	<p>such period (if any) as the Board may from time to time specify for the purposes of determining whether an individual is an Eligible Employee provided that:</p> <ul style="list-style-type: none"> (a) in the case of Free Shares such period shall not be more than 18 months ending on the Award Date; (b) in the case of Partnership Shares or Matching Shares: <ul style="list-style-type: none"> (i) where there is no Accumulation Period, a period of not more than 18 months ending with the deduction of Partnership Share Money relating to the Award of Partnership Shares; and (ii) where there is an Accumulation Period, a period of not more than 6 months ending with the start of the Accumulation Period relating to the Award of Partnership Shares; (c) the same period shall apply in relation to all employees of all Participating Companies in relation to that award (but may be different in respect of different awards of Plan Shares);

“Reconstruction or Takeover”	any transaction mentioned in paragraph 37 of Schedule 2 to ITEPA which affects Plan Shares;
“Release Date”	where any Free Shares, Partnership Shares or Matching Shares have been appropriated to a Participant, the date five years after the Award Date of the relevant Shares;
“Relevant Employment”	employment by the Company or any Associated Company. A Participant does not cease to be in Relevant Employment if he remains in the employment of the Company or an Associated Company;
“Royal Mail Group Limited”	Royal Mail Group Limited, registered in England with company number 4138203;
“Rules”	the rules of the Plan set out in this Schedule and amended from time to time;
“Salary”	has the meaning given in paragraph 43(4) of Schedule 2 to ITEPA;
“Secretary of State”	the Secretary of State for the Department for Business, Innovation and Skills;
“Shares”	ordinary shares of 1 pence each in the capital of the Company which comply with the requirements of paragraphs 26 to 29 inclusive of Schedule 2 to ITEPA;
“Special Dividend”	a dividend which the Board determines to be a special dividend;
“Subsidiary”	any company which is for the time a subsidiary of the Company within the meaning given in section 1159 of the Companies Act 2006 and under the Control of the Company;
“Surplus Assets”	has the meaning given in clause 3.2.4 of the Trust Deed;
“Trust”	the trust established in connection with the Plan and constituted by the Trust Deed;
“Trust Deed”	the trust deed relating to the Plan;
“Trustee”	the trustee(s) for the time being of the Plan;
“Trust Fund”	all assets transferred to the Trustee to be held on the terms of the Trust Deed and the assets from time to time representing such assets, including any accumulation of income;
“Trust Period”	the period set out in clause 18 of the Trust Deed;
“UK Listing Authority”	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 (or any body with responsibility under legislation replacing the Financial Services and Markets Act 2000 for carrying out equivalent regulatory responsibilities);

- “Unawarded Shares”** has the meaning given in clause 3.2.1 of the Trust Deed;
- “Working Hours”** 9:30am to 5:30pm in the relevant location on a Business Day; and
- “Year”** a year beginning on 6 April and ending on the following 5 April.

40.2 In this Trust Deed and the Rules, unless otherwise specified:

- 40.2.1 references to any statute or statutory provision include references to any order or regulations made under such statute or statutory provision. References to any statute, provision, order or regulation include any statutory amendment, modification, re-enactment or replacement from time to time whether before or after the date of this Trust Deed;
- 40.2.2 words denoting the singular shall include the plural and vice versa and words denoting any gender shall include all genders;
- 40.2.3 all headings to clauses and rules are for information only and are not to affect the interpretation of this Trust Deed or the Rules.