
**RULES OF THE WH SMITH
SHARESAVE SCHEME**

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RULES OF THE WH SMITH SHARESAVE SCHEME

1. MEANINGS OF WORDS USED

1.1 In these Rules

Associated Company has the meaning given to it by paragraph 47(1) of Schedule 3 unless otherwise specified in the Rules;

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

Business Day means a day on which the London Stock Exchange is open for the transaction of business;

Company means WH Smith PLC (registered in England and Wales under no. 5202036);

Control has the meaning given to it by section 719 of ITEPA;

Date of Grant means with respect to an Option the date on which it is granted under Rule 7.1;

Directors means the board of directors of the Company or a duly authorised committee of the board;

Eligible Employee means any person who at the Date of Grant is either:

- (a) an employee of a Participating Company, or is an executive director of a Participating Company who is required to devote to his duties the minimum number of hours (not exceeding 25) a week that the Directors determine; and
 - (i) has earnings in respect of his office or employment within paragraph (a) above which are general earnings (or would be if there were any) to which section 15 or section 21 of ITEPA applies; and
 - (ii) has the qualifying period (if any) of continuous service (not exceeding five years prior to the Date of Grant) that the Directors from time to time determine; or
- (b) an executive director or employee of a Participating Company not within (a) above and is nominated by the Directors (or is nominated as a member of a category of such executive directors or employees);

Employees' Share Scheme has the meaning given to it by section 1166 of the Companies Act 2006;

Exercise Price means the total amount payable on exercise of an Option being an amount equal to the relevant Option Price multiplied by the number of Shares in respect of which the Option is exercised;

HMRC means His Majesty's Revenue and Customs;

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

London Stock Exchange means London Stock Exchange plc or any successor body carrying on the business of the London Stock Exchange plc;

Market Value on any particular day in relation to a Share means:

- (a) if the Shares are not listed, an amount equal to its market value determined in accordance with Part VIII of the Taxation of Chargeable Gains Act 1992 and agreed with the Shares Valuation Division of HMRC in advance of the date of invitation;
- (b) if the Shares are listed, its mid-closing price as derived from the Daily Official List of the London Stock Exchange on the immediately preceding Business Day;
- (c) if the Directors decide, the average of the mid-closing price on the three immediately preceding Business Days or any other price agreed in advance with HMRC; and

(d) if the Shares are subject to a restriction, the Market Value is to be determined as if they were not subject to the restriction.

Maximum Contribution means with respect to an invitation the lesser of:

(a) a Monthly Contribution of £500 or, if different, any other amount specified as the maximum amount of a Monthly Contribution in Schedule 3; and

(b) such sum (being a multiple of £1 and not less than the Minimum Contribution) as the Directors decide will apply in respect of that invitation;

Minimum Contribution means the lesser of:

(a) a Monthly Contribution of £10 or any other amount specified as the minimum amount of a Monthly Contribution in Schedule 3; and

(b) the minimum Monthly Contribution determined by the Directors, being not less than £5;

Monthly Contribution means a monthly contribution agreed to be paid by a Participant under a Savings Contract;

Option means a right to acquire Shares granted under the Scheme;

Optionholder means a person holding an Option, including, where appropriate, an Optionholder's personal representatives;

Option Exercise Date means the date of receipt by the secretary of the Company or other duly appointed agent of the documents referred to in Rule 13.1;

Option Price means the amount payable for each Share on the exercise of an Option as set under Rule 6;

Participant means any person who has been granted an Option including, if relevant, his personal representatives;

Participating Companies means:

(a) the Company; and

(b) any Subsidiaries and any other companies which are permitted by HMRC to participate in the Scheme and which are designated by the Directors as a Participating Company;

Redundancy means termination of the Optionholder's employment by reason of redundancy within the meaning of the Employment Rights Act 1996;

Rules means these rules as amended from time to time;

Savings Contract means a contract under a certified savings arrangement, within the meaning of section 703 of the Income Tax (Trading and Other Income) Act 2005, which satisfies the requirements of Schedule 3 to ITEPA;

Schedule 3 means Schedule 3 to ITEPA;

Schedule 3 Scheme means a Schedule 3 SAYE option scheme as that term is defined under Schedule 3;

Scheme means this scheme known as the WH Smith Sharesave Scheme;

Shares means fully paid ordinary shares in the capital of the Company which comply with the requirements of paragraphs 18, 19, 20 and 22 of Schedule 3;

Subsidiary means a company which is:

(a) a subsidiary of the Company within the meaning given to it by section 1159 of the Companies Act 2006; and

(b) under the Control of the Company; and

US Code means the US Internal Revenue Code of 1986, as amended.

1.2 **Shares**

If any Shares which are subject to an Option cease to satisfy paragraphs 18 to 22 of Schedule 3 to ITEPA then the definition of **Shares** in Rule 1.1 is automatically changed to "fully paid ordinary shares in the capital of the Company".

2. **INTERPRETATION**

For the purposes of interpretation of the Rules unless the context otherwise requires:

- (a) no account should be taken of the rule headings which are for ease of reference only;
- (b) words denoting the singular include the plural and vice versa;
- (c) words denoting the masculine gender include any other gender; and
- (d) references to any statutory provision shall be read and construed as references to such provision as amended, extended or re-enacted from time to time.

3. **INVITATIONS**

3.1 **Invitations**

The Directors have discretion to decide whether the Scheme will be operated. When they operate the Scheme they must invite all Eligible Employees to apply for an Option. The Directors may specify a maximum number of Shares available under an invitation.

3.2 **Time when Invitations may be made**

- (a) Invitations may only be made within 42 days starting on any of the following:
 - (i) the day after the date of announcement of the Company's results for any period;
 - (ii) any day on which the Directors resolve that exceptional circumstances exist which justify the making of invitations;
 - (iii) any day on which changes to the legislation or regulations affecting tax-advantaged savings related share option schemes are announced, effected or made;
 - (iv) the date on which revised bonus rates come into effect in relation to a Savings Contract under the HMRC SAYE bonus rate mechanism;
 - (v) the day immediately following any general meeting of the Company; or
 - (vi) any day on which a new Savings Contract prospectus is announced or takes effect.
- (b) If the Directors cannot make the invitations due to any restriction imposed by statute, order, regulation or government directive, or by any share dealing code adopted by the Company, the Directors may make the invitations within 42 days after the lifting of the restriction.

3.3 **Form of Invitations**

An invitation will specify:

- (a) the eligibility criteria;
- (b) the Option Price or how it is to be calculated;
- (c) the form of application and the date by which applications must be received. This date must be between 14 days and 25 days after the date of the invitation unless otherwise agreed in advance with HMRC;
- (d) the length of the Savings Contract (including whether it is possible to choose to defer receiving the bonus at the end of the savings period in order to receive an increased bonus) and the date when savings will start;
- (e) the Maximum Contribution;
- (f) the Minimum Contribution; and

(g) whether or not the Shares over which the Options will be granted are subject to restrictions and if so, the details of any such restrictions.

4. APPLICATION

4.1 Form of Application

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

- (a) the Monthly Contribution the Eligible Employee wishes to make subject to Rule 3.3(e) and (f);
- (b) that the proposed Monthly Contribution will not exceed the maximum permitted under ITEPA when aggregated with any Monthly Contributions the Eligible Employee makes under any other Savings Contract; and
- (c) the length of the Savings Contract and, if relevant whether the Eligible Employee wishes to defer receipt of the bonus at the end of the savings period in order to receive an increased bonus.

4.2 Number of Shares

Each Eligible Employee's application will be for an Option over the largest whole number of Shares which can be acquired at the Option Price with the expected repayment under the related Savings Contract.

4.3 Modification of application and proposals

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

5. SCALING DOWN

5.1 Method

If valid applications for Options are received for a total number of Shares in excess of any maximum determined to be available for any invitation by the Directors or any limit under Rule 8, the Directors will modify applications by choosing one or more of the following methods:

- (a) reducing pro rata the proposed Monthly Contribution of each Eligible Employee in excess of an amount chosen by the Directors (not exceeding £50, unless otherwise determined by the Directors before the date invitations are made); or
- (b) reducing *pro rata* the proposed Monthly Contribution of each Eligible Employee to an amount not less than the Minimum Contribution; or
- (c) treating any elections for the maximum bonus as elections for the standard bonus; or
- (d) treating the bonus as wholly or partly excluded from the expected repayment amount.

The Directors may use other procedures or changes to the procedures described in this Rule 5.1.

5.2 Insufficient Shares

If, having modified applications as described in Rule 5.1, the number of Shares available is still insufficient to enable Options to be granted to all Eligible Employees making valid

applications, the Directors may, as an alternative to selecting by lot, determine in their absolute discretion not to grant any Options.

6. OPTION PRICE

6.1 Setting the Price

The Directors will set the Option Price which must be:

- (a) not manifestly less than 80% of the Market Value of a Share on the day of the invitation; and
- (b) if the Shares are to be subscribed, not less than the nominal value of a Share.

7. GRANT OF OPTIONS

7.1 Time of grant

The Directors will grant to each Eligible Employee who has submitted a valid application (which he has not withdrawn) an Option to acquire, at the Option Price, the number of Shares that may be acquired at the Option Price with the expected repayment under the related Savings Contract. The grant will be made within 30 days (or 42 days if applications are scaled down) of the first day by reference to which the Option Price was calculated.

7.2 Restrictions on Grant

Any person who at the Date of Grant is no longer an Eligible Employee may not be granted an Option and any purported grant of an Option to such a person will be void.

7.3 Option Certificates

Each Optionholder will receive an option certificate or statement in the form prescribed by the Directors.

7.4 No payment for Options

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

7.5 Disposal Restrictions

Except for the transmission of an Option on the death of an Optionholder to his personal representatives, neither an Option nor any rights in respect of it may be transferred, assigned or otherwise disposed of by an Optionholder to any other person. If an Optionholder tries to transfer, assign or dispose of an Option or any rights in it, whether voluntarily or involuntarily, then the Option will immediately lapse.

8. SCHEME LIMITS

8.1 10% in ten year limit

The number of Shares which may be allocated under the Scheme on any day will not exceed 10% of the ordinary share capital of the Company in issue immediately before that day, when added to the total number of Shares which have been allocated in the previous ten years under the Scheme and any other Employees' Share Scheme adopted by the Company.

8.2 Exclusions

Where the right to acquire Shares was released or lapsed without being exercised the Shares concerned will be ignored when calculating the limits in this Rule.

8.3 Meaning of Allocate

Allocate means, in relation to any share option scheme, placing unissued Shares or treasury Shares under option and, in relation to other types of Employees' Share Scheme, the issue and allotment of Shares or transfer of treasury Shares. However, the placing of treasury

Shares under option or award or the transfer of treasury Shares may be disregarded if the share incentive scheme guidelines of the Investment Association are amended to permit such shares to be disregarded.

9. EXERCISE AND LAPSE - GENERAL RULES

9.1 Exercise

An Option can only be exercised:

- (a) except where exercise is permitted as described in Rules 10 or 11, during the period of six months after the Bonus Date; and
- (b) except where exercise is permitted as described in Rule 10, while the Optionholder is a director or employee of a Participating Company.

9.2 Lapse

An Option will lapse on the earliest of:

- (a) the date the Optionholder ceases to be a director or employee of a Participating Company or an Associated Company, unless any of the provisions of Rule 10 apply;
- (b) the date on which the Optionholder gives, or is deemed to give, notice that the Optionholder intends to stop paying contributions under the related Savings Contract;
- (c) any date specified in Rule 10 or 11;
- (d) where an Option is subject to the provisions of Schedule 1 (*Section 409A Rules for US Participants*), the expiry of the period for exercise provided in Schedule 1; or
- (e) six months after the Bonus Date, unless Rule 10.3 (Death) applies.

9.3 Cessation of Employment

A woman who leaves employment due to pregnancy will be regarded as having left employment on the date on which she indicates that she does not intend to return to work. If there is no such indication she will be regarded as having left employment on the last day on which she is entitled to return to work under the Employment Rights Act 1996, or any later date specified in the terms of her employment.

10. EXERCISE AND LAPSE – CESSATION OF EMPLOYMENT

10.1 Cessation of employment

- (a) An Optionholder may exercise an Option within six months after he ceases to be a director or an employee of a Participating Company by reason of:
 - (i) injury, disability, Redundancy or retirement; or
 - (ii) by reason of:
 - (A) a relevant transfer within the meaning of the Transfer of Undertakings (Protection of Employment) Regulations 2006; or
 - (B) a Participant holding office or being employed in a company which is an Associated Company of the Company and that company then ceasing to be an Associated Company by reason of a change of control (as determined in accordance with sections 450 and 451 of the Corporation Tax Act 2010); or
 - (iii) the Optionholder's contract of employment relating to a business or part of a business being transferred to a company which is not an Associated Company.

- (b) If an Optionholder ceases to be a director or an employee of a Participating Company for reasons involving misconduct (the determination of the Directors being conclusive) all the Optionholder's Options will lapse on such cessation.
- (c) For the purposes of this Rule 10.1, an Optionholder will be treated as ceasing to be a director or employee of a Participating Company when the Optionholder ceases to be a director or employee of the Company or an Associated Company, which for these purposes is defined under paragraph 35(4) of Schedule 3.
- (d) To the extent that any Option exercisable under this Rule 10.1 is not exercised within the period specified, it will lapse at the end of the period.

10.2 **Employment with an Associated Company**

If an Optionholder ceases to be a director or employee of a Participating Company but, at the Bonus Date, is an employee or director of an Associated Company, the Optionholder may exercise his Option within six months of that date.

10.3 **Death**

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

- (a) the date of the Optionholder's death if death occurred before the relevant Bonus Date; or
- (b) the Bonus Date if the death occurred within six months of the relevant Bonus Date.

To the extent that any Option exercisable under this Rule 10.3 is not exercised within the period specified, it will lapse at the end of the period.

11. **EXERCISE AND LAPSE – CHANGE OF CONTROL, ETC.**

11.1 **Takeovers**

- (a) If a person (or a group of persons acting in concert) obtains Control of the Company as a result of making a general offer to acquire:

- (i) the whole of the issued ordinary shares of the Company; or
- (ii) all the shares of the Company which are of the same class as the Shares,

and which, in either case, are not owned by the offeror or any company Controlled by the offeror and/or persons acting in concert with the offeror, an Option may be exercised up to 20 days before the relevant date and for a period of six months following the relevant date, the relevant date being the date on which the offeror (together with others, if any, acting in concert) obtains Control of the Company and any condition subject to which the offer is made has been satisfied (provided that the Option has not been exchanged under Rule 12). An Option will lapse at the end of that six month period (provided that the Option has not been exchanged under Rule 12), unless the Directors give reasonable notice to the Optionholder before the end of the six month period that the Option will not lapse. In respect of any Option exercised in anticipation of the change of Control occurring, where the relevant date does not occur within the period of 20 days following the exercise of the Option, the exercise of the Option will be treated as having no effect.

If, as a result of the change of Control the Shares no longer meet the requirements of Part 4 of Schedule 3, an Option may be exercised up to 20 days after the relevant date notwithstanding that the Shares no longer meet the relevant Schedule 3 requirements.

- (b) Subject to rule 9, if a person becomes bound or entitled to acquire Shares under sections 979 to 982 or 983 to 985 of the Companies Act 2006 (or a non-UK company reorganisation arrangement within the meaning of paragraph 47A of Schedule 3 becomes binding), (or would be so entitled but for the fact that there were no dissenting shareholders), an Option may be exercised at any time when that person remains so bound or entitled and will lapse at the end of the period during which the person is bound and entitled (provided that the Option has not been exchanged under Rule 12). If more than one period is relevant an

Option will lapse at the end of the later period, unless the Directors give reasonable notice to the Optionholder before the expiry of the relevant period that the Option will not lapse.

11.2 **Company reconstructions**

If under section 899 or section 901F of the Companies Act 2006, a person obtains control of the Company in pursuance of a compromise or arrangement sanctioned by the court, an Option may be exercised up to 20 days before the relevant date and during the period of six months commencing on the relevant date, the relevant date being the date on which the court sanctions a compromise or arrangement under section 899 or section 901F of the Companies Act 2006 (provided that the Option has not been exchanged under Rule 12). Any Option not so exercised will lapse at the end of that six month period. In respect of any Option exercised in anticipation of Court Sanction occurring, where the relevant date does not occur within the period of 20 days following the exercise of the Option, the exercise will be treated as having no effect.

If as a result of the scheme or arrangement referred to in this Rule 11.2, the Shares no longer meet the requirements of Part 4 of Schedule 3, an Option may be exercised up to 20 days after the relevant date notwithstanding that the Shares no longer meet the relevant Schedule 3 requirements.

11.3 **Winding-up**

If notice is duly given of a resolution for the voluntary winding-up of the Company, an Option may be exercised during the six month period starting on the date the resolution is passed. However, the issue of Shares after such exercise has to be authorised by the liquidator or the court (if appropriate), and the Optionholder must apply for this authority and pay his application cost. Any Option not exercised will lapse at the end of that six month period.

11.4 **Reorganisation or merger**

If a company (the **Successor Company**) has obtained Control of the Company, and at least 75% of the shares of the Successor Company are held by the same shareholders as the shareholders of the Company immediately after the Successor Company has obtained Control, and the Successor Company consents to the exchange of options under this Rule, Options will not be exercisable but will be exchanged pursuant to Rule 12, during the period specified in Rule 12, save that references to the Acquiring Company in that Rule will be deemed to be references to the Successor Company.

11.5 **Priority**

If there is any conflict between any of the provisions in Rules 9, 10 and 11, the provision which results in the shortest exercise period or earliest lapse of the Option, or both, will prevail.

12. **EXCHANGE OF OPTIONS**

12.1 **Exchange of options**

If a company (the **Acquiring Company**):

- (a) obtains Control of the Company as a result of making a general offer to acquire
 - (i) the whole of the issued ordinary share capital of the Company (other than that which is already owned by it or its subsidiary or holding company) made on a condition such that, if satisfied, the Acquiring Company will have Control of the Company; or
 - (ii) all the Shares (other than those Shares already owned by the Acquiring Company or its subsidiary or holding company); or
- (b) obtains Control of the Company following a compromise or arrangement sanctioned by a court under section 899 or section 901F of the Companies Act

2006 (or a non-UK company reorganisation arrangement within the meaning of paragraph 47A of Schedule 3 becomes binding); or

(c) becomes bound or entitled to acquire Shares under sections 979 to 982 or 983 to 985 of the Companies Act 2006,

an Optionholder may during the period referred to in Rule 12.2, agree with the Acquiring Company to release any Option which has not lapsed (the **Old Option**) in consideration of the grant of a new option (the **New Option**). The New Option will be equivalent to the Old Option (in accordance with paragraph 39 of Schedule 3) and will be in respect of shares in any body corporate (falling within paragraph 18(b) or (c) of Schedule 3) determined by the Acquiring Company.

12.2 Period for Substitution

The period referred to in Rule 12.1 is:

(a) in a case falling within Rule 12.1(a), six months starting with the date the Acquiring Company obtains Control of the Company and any condition subject to which the offer is made is satisfied;

(b) in a case falling within Rule 12.1(b), six months starting with the date the court sanctions the compromise or arrangement; and

(c) in a case falling within Rule 12.1(c), the period during which the Acquiring Company remains so bound or entitled.

12.3 Consequences of Exchange

Where an Optionholder is granted a New Option for release of his Old Option as described in this Rule 12 then:

(a) the New Option will be treated as having been acquired at the same time as the Old Option and be exercisable in the same manner and at the same time as the Old Option; and

(b) the New Option will be subject to the provisions of the Scheme as it had effect in relation to the Old Option immediately before the release, and, except for the purpose of the definition of **Participating Companies**:

(i) the Rules will be construed in relation to the New Option as if references to Shares were references to the shares over which the New Option is granted and references to the Company were references to the different company mentioned in Rule 12.1; and

(ii) Rule 16.2 will be omitted.

For the purposes of satisfying the conditions set out in paragraph 39(4) of Schedule 3, the market value of any Shares must be determined using a methodology agreed with HMRC in accordance with paragraph 39(8) of Schedule 3.

For the avoidance of doubt, the Scheme remains that of the original scheme organiser after the release.

13. EXERCISE OF OPTIONS

13.1 Manner of Exercise

An Option may be exercised in whole or in part by the Optionholder giving notice of exercise to or at the direction of the Company in a form approved by the Directors. The notice will specify the number of Shares (and the Exercise Price) over which the Option is exercised and must be exercised by notice in writing delivered to the secretary of the Company or other duly appointed agent. The notice of exercise of the Option must be completed and duly signed, and must be accompanied by:

(a) if the Company requires, the relevant option certificate; and

(b) evidence of the termination of the Savings Contract and appropriate remittance, or authority to terminate the Savings Contract and use a specified amount to acquire the number of Shares over which the Option is being exercised.

If an Option is exercised in part the unexercised part will lapse.

13.2 Monies available for exercise

The Exercise Price payable on exercise of an Option cannot exceed the amount of the repayment made (including any interest) under the Participant's related Savings Contract. For this purpose, the repayment under the Savings Contract will exclude the repayment of any Monthly Contribution the date of payment of which falls more than one month after the date on which the repayment is made.

13.3 Delivery of Shares

Subject to Rule 13.5 (Consents), Shares will be delivered within 30 days of the Option Exercise Date.

13.4 Rights

Shares issued or transferred on exercise of an Option will rank equally in all respects with the Shares in issue on the date of allotment or transfer, as appropriate. They will not rank for any rights attaching to Shares by reference to a record date preceding the date of allotment or transfer, as appropriate.

13.5 Consents

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

13.6 Articles of Association

Any Shares acquired on the exercise of Options will be subject to the articles of association of the Company from time to time in force.

13.7 Listing

While the Shares are listed on the Official List of the London Stock Exchange, the Company will apply for listing of any Shares issued pursuant to the Scheme as soon as practicable after their allotment.

14. VARIATIONS IN SHARE CAPITAL

14.1 Adjustment of Options

If there is a variation in the equity share capital of the Company, including a capitalisation or rights issue, sub-division, consolidation or reduction or otherwise of share capital the Directors may adjust the following in any way (including retrospective adjustments):

- (a) the number or nominal amount of Shares comprised in each Option, or both; and
- (b) the Option Price.

in accordance with the requirements set out in Schedule 3 and in the manner the Directors determine so that (as nearly as may be without involving fractions of a Share or an Option Price calculated to more than two decimal places) the Exercise Price and the total Market Value of the Shares under Option remains substantially the same.

14.2 Nominal Value

Apart from under this Rule 14.2, no adjustment under Rule 14.1 can reduce the Option Price to less than the nominal value of a Share. Where Options relate to both issued and unissued Shares, an adjustment under Rule 14.1 above may only be made if the reduction of the

Option Price in respect of both the issued and the unissued Shares can be made to the same extent. Any adjustment made to the Option Price of Options over unissued Shares to less than the nominal value of a Share will only be made if and to the extent that the Directors are authorised to:

- (a) capitalise from the reserves of the Company a sum equal to the amount by which the nominal value of the Shares subject to an Option exceeds the adjusted Exercise Price; and
- (b) apply that sum in paying up the Shares,

so that on exercise of the Option the Directors will capitalise that sum and apply it in paying up the Shares.

14.3 **Notice**

- (a) The Directors shall notify Optionholders of any adjustment made under this Rule 14 and may call in, cancel, endorse, issue or re-issue any certificate as a result of that adjustment.
- (b) Any adjustment made under this Rule 14 shall be notified to HMRC in accordance with paragraph 40B(6) of Schedule 3.

15. **GENERAL**

15.1 **Notices**

Any notice or other document which has to be given under or in connection with the Scheme may be delivered to an Optionholder personally, by email or other electronic communication or sent by post to the Optionholder's home address according to the records of the Optionholder's employing company or such other address which the Company considers to be appropriate. Any notice or other document which has to be given to the Company under or in connection with the Scheme may be delivered or sent by post to it at its registered office (or such other place as the Directors may from time to time decide and notify to Optionholders). Notices sent by post will be deemed to have been given on the second day after the date of posting. Items sent by email or other electronic communication shall be deemed to have been received immediately.

15.2 **Documents sent to Shareholders**

The Company may send to Optionholders copies of any documents or notices normally sent to the holders of its Shares, at the same time as issuing them to the holders of its Shares.

15.3 **Availability of Shares**

The Company will procure that sufficient Shares are available for all Options under which Shares may be acquired.

15.4 **Directors' Decisions final and binding**

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

15.5 **Costs**

The Company will pay the costs of introducing and administering the Scheme.

15.6 **Regulations**

The Directors have the power from time to time to make or vary regulations for the administration and operation of the Scheme but these must be consistent with the Rules.

15.7 **Terms of Employment**

- (a) Nothing in this Scheme will in any way be construed as imposing on a Participating Company a contractual obligation as between the Participating Company and an Eligible Employee to offer participation in this Scheme.

(b) Any person who ceases to be an employee of any Participating Company or any Associated Company or any company which is under the Control of the Company because of dismissal or termination of employment (however caused) or who is under notice of termination of employment will in no circumstances be entitled to claim any compensation in respect of the operation of the Scheme or the provisions of ITEPA. If necessary that person's terms of employment will be varied accordingly.

15.8 Employee Trust

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

15.9 Data Protection

(a) From time to time the personal data of the Participant will be collected, used, stored, transferred and otherwise processed for the purposes described in Rules 15.9(a) and 15.9(b). The legal grounds for this processing will (depending on the nature and purpose of any specific instance of processing) be one of: (i) such processing being necessary for the purposes of the legitimate interests of the Company and its Subsidiaries in incentivising their officers and employees and operating the Scheme; (ii) such processing being necessary for the purposes of any relevant data controller in respect of such personal data complying with its legal obligations; and (iii) such processing being necessary for the performance of the contractual obligations arising under the Scheme. The collection and processing of such personal data for such purposes is a contractual requirement of participation in the Scheme.

(b) The purposes for which personal data shall be processed as referred to in this Rule 15.9 shall be in order to allow the Company its Subsidiaries to incentivise their officers and employees and to operate the Scheme and to fulfil its or their obligations to the Participant under the Scheme, and for other purposes relating to or which may become related to the Participant's office or employment, the operation of the Scheme or the business of the Company and its Subsidiaries or to comply with legal obligations. Such processing will principally be for, but will not be limited to, personnel, administrative, financial, regulatory or payroll purposes as well as for the purposes of introducing and administering the Scheme.

(c) The personal data to be processed as referred to in this Rule 15.9 may be disclosed or transferred to, and/or processed by:

- (i) any professional advisors of the Company and its Subsidiaries, HMRC or any other revenue, regulatory or governmental authorities;
- (ii) a trustee of any employee benefit trust established by the Company or any Subsidiary; any registrars, brokers or other third party administrators (or similar) appointed in connection with any employee share or incentive plans operated by the Company and its Subsidiaries; or a nominee or any other person appointed (whether by the Participant or the Company and its Subsidiaries) to act as nominee on behalf of (or provide a similar service to) the Participant;
- (iii) subject to appropriate confidentiality undertakings, any prospective purchasers of, and/or any person who obtains control of or acquires, the Company or the whole or part of the Company and its Subsidiaries; or
- (iv) the Company and its Subsidiaries and officers, employees or agents of the Company and its Subsidiaries.

(d) Further information in relation to the processing of personal data referred to in this Rule 15.9, including the details and identity of the data controller and of the Participant's rights to request access to or rectification or erasure or restriction of processing of such personal data and/or to object to such processing (in each case subject to the conditions attached to such rights), as well as details of the right to data portability, are available in the Employee Handbook (or otherwise on request to the Company Secretary).

- (e) To the extent that the processing of personal data of a Participant referred to in this Rule 15.9 is subject to the laws or regulations of any jurisdiction that is not the UK or an EU member state and under which the legal grounds for processing described in Rule 15.9(a) do not provide a sufficient legal basis under such other laws or regulations for the processing referred to in Rule 15.9(a) to 15.9(c), by participating in the Scheme such Participant consents to such processing for the purposes of such other laws or regulations (but shall not be deemed to consent to such processing for the purposes of the UK General Data Protection Regulation (the "UK GDPR"), the UK Data Protection Act 2018 and/or EU Regulation 2016/679).
- (f) In this Rule 15.9 "**personal data**" and "**data controller**" each have the meaning given in the UK GDPR and/or EU Regulation 2016/679, as applicable, and the "**Employee Handbook**" means the handbook or handbooks (including supplemental policies) available from time to time to Participants in connection with their holding of office or employment with the Company and its Subsidiaries.

16. CHANGING THE SCHEME AND TERMINATION

16.1 Directors' powers

Except as described in the rest of this Rule 16, the Directors may at any time amend the Rules in any respect.

16.2 Shareholders' approval

- (a) Except as described in Rule 16.2(b), the Company in general meeting must approve in advance by ordinary resolution any proposed amendment to the advantage of present or future Optionholders which relate to the following:

- (i) the persons to whom or for whom Options may be granted under the Scheme;
- (ii) the limitations on the number of Shares which may be issued or transferred out of treasury under the Scheme;
- (iii) the maximum entitlement for individual Optionholders;
- (iv) the determination of the Option Price;
- (v) any rights attaching to the Options and the Shares;
- (vi) the rights of Optionholders in the event of a capitalisation issue, rights issue, sub-division or consolidation of shares or reduction or any other variation of the capital of the Company; and
- (vii) the terms of this Rule 16.2(a).

- (b) The Directors need not obtain the approval of the Company in general meeting for any amendments:

- (i) that are minor and to benefit the administration of the Scheme;
- (ii) which are necessary or desirable in order to maintain the status of the Scheme as a Schedule 3 Scheme;
- (iii) to comply with or take account of the provisions of any proposed or existing legislation;
- (iv) to take account of any changes to the legislation; or
- (v) to obtain or maintain favourable tax, exchange control or regulatory treatment of the Company, any Subsidiary or any present or future Optionholder.

16.3 Optionholder approval

The Directors may not amend the Rules in a way which would abrogate or adversely affect the subsisting rights of an Optionholder unless they first obtain the written consent of that

number of Optionholders who would acquire 75% of the Shares which would be issued or transferred if all Options granted and subsisting under the Scheme were exercised. Alternatively, the amendment may be made by a resolution at a meeting of Optionholders passed by not less than 75% of the Optionholders who attend and vote either in person or by proxy.

For the purposes of this Rule 16.3 the provisions of the articles of association of the Company relating to shareholder meetings will apply with the necessary changes.

16.4 Overseas Employees

The Directors may adopt additional sections of the Scheme in any jurisdiction, which may be subject to additional or modified terms or conditions, as they consider necessary or desirable to take account of, or to mitigate, or to comply with relevant overseas taxation, securities or exchange control laws which may apply to the Optionholder, the Company or any Participating Company. Any amendment must not enlarge to the benefit of Participants the Maximum Contribution or the limits in Rule 8 (Scheme Limits). Any additional section and all Options granted under that section shall not form part of the Scheme for the purposes of Schedule 3. Any additional section and all Options granted under that section will be governed by and construed in accordance with the laws of England.

16.5 Notice

As soon as reasonably practicable after making any material amendments, the Directors will give written notice to any Optionholder affected by the amendment.

16.6 Termination of the Scheme

The Directors may terminate the Scheme at any time but Options granted before any termination will continue to be valid and exercisable as described in these Rules.

17. GOVERNING LAW

The Scheme and all Options granted under it will be governed by and construed in accordance with English law. All Participants, the Company, and any other Participating Company or Associated Company, will submit to the jurisdiction of the English courts in relation to any dispute arising under the Scheme.

SCHEDULE 1
Section 409A Rules for US Participants

The provisions of this Schedule 1 shall apply to an Option granted to or held by a Participant who, prior to the exercise of the Option, is or becomes subject to taxation under the US Code, as amended, and to the extent necessary to avoid any additional taxes, interest and/or penalties under Section 409A of the US Code.

1. If the Option is granted with an Option Price that is less than the fair market value of the Shares subject to the Option on the Date of Grant (with such value determined in accordance with the US Code), such Option must be exercised under any Rule of the Scheme, if at all, not later than the end of the Taxable Year of the Participant in which the Option first becomes exercisable, if that day falls before the date on which the relevant exercise period would otherwise end under the Rules of the Scheme and Option, or such earlier date as is provided under the Scheme and Option. The Directors may determine an earlier date by which the Option must be exercised, if at all, in order to provide for transfer of the Shares within the time set forth in Rule 2 of this Appendix.
2. Notwithstanding any provision of Rule 13.3 of the Scheme to the contrary, Shares to be transferred to or for the benefit of the Participant in connection with the exercise of an Option shall be transferred, if at all, not later than the the end of the Taxable Year of the Participant in which the Option first becomes exercisable under any Rule (or such earlier date as is provided under the Scheme and Option).
3. For these purposes, "Taxable Year" means:
 - a. the calendar year; or
 - b. if it ends later than the relevant calendar year, the 12-month period for which the company that employs the Participant is obliged to pay tax.