

**PHOENIX GROUP HOLDINGS PLC SHARES AVE SCHEME**

**Adopted by the Board of Phoenix Group Holdings plc on 31 October 2018**

**[Approved by shareholders at the General Meeting held on 28 November 2018]**

## PHOENIX GROUP HOLDINGS PLC SAYE OPTION SCHEME

### 1. Definitions

- 1.1 In this Scheme, unless the context otherwise requires, the following words and expressions shall have the following meanings, namely:

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

*Admission Day* means the day on which the Shares are admitted to the premium listing segment of the Official List of the FCA and to trading on the London Stock Exchange's market for listed securities;

*Associated Company* means an associated company of the Company within the meaning given to those words by paragraph 47(1) of Schedule 3;

*the Board* means the board of directors of the Company or a duly authorised committee thereof;

*the Bonus Date* means in relation to an Option:

- (a) where the Option is linked to a three year Savings Contract, the earliest date on which that Savings Contract matures (that is, after making 36 monthly contributions); or
- (b) where the Option is linked to a five year Savings Contract, the earliest date on which that Savings Contract matures (that is, after making 60 monthly contributions);

*Capital Reorganisation* means any variation in the share capital or reserves of the Company (including, without limitation, by way of capitalisation issue, rights issue, sub-division, consolidation or reduction);

*the Company* means Phoenix Group Holdings plc, a company incorporated in England and Wales under number 11606773 by whatever name known from time to time;

*Constituent Company* means the Company and each Subsidiary which has been nominated by the Board as a Constituent Company for the purposes of the Scheme;

*Continuous Service* has the same meaning as *continuous employment* in the Employment Rights Act 1996;

*Control* has the meaning given to that word by section 719 of the Act;

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

*Dealing Day* means any day on which the London Stock Exchange is open for the transaction of business;

*Eligible Employee* means:

- (a) any individual who, at the Invitation Date:

Para 6(2)

- (i) is an employee or director of one or more Constituent Companies, who in the case of a director is required under the terms of his employment to devote at least 25 hours each week (excluding meal breaks) to his duties;
- (ii) has earnings from the office or employment referred to in (i) above which are (or would be if there were any earnings) general earnings to which section 15 of the Act applies (*earnings for a year when the employee or director (as the case may be) is UK resident*); and
- (iii) has been in Continuous Service with one or more Constituent Companies for such period as the Board may determine (not exceeding five years) prior to the Grant Date; and

Para 10(1)

- (b) any other individual who, at the Invitation Date, is an employee or director of one or more Constituent Companies and who is nominated by the Board (or falls within a category of individuals nominated by the Board) as eligible to participate in the Scheme in respect of any one or more grants of Options;

Para 25(2)

**Exercise Price** means the price per Share payable on the exercise of an Option as determined by the Board (subject to adjustment under rule 12) but which shall not be less than:

Para 28(1)(b)

- (a) 80 per cent. of (i) the Market Value for a Share on the Dealing Day immediately before the Invitation Date; or (ii) the average of the Market Values for a Share on the three consecutive Dealing Days immediately preceding the Invitation Date (rounded up to the nearest whole penny); or (iii) the Market Value for a Share at such other time or times as may be agreed by HMRC; and
- (b) in the case of any Option under which Shares may be issued, the nominal value of a Share;

**Grant Period** means the period of 42 days commencing on any of the following:

- (a) the Admission Day;
- (b) the day immediately following the day on which the Company makes an announcement of its results for the last preceding financial year, half year or other period;
- (c) any day on which the Board resolves that exceptional circumstances exist which justify the grant of Options; or
- (d) any day on which any change to the legislation affecting Schedule 3 SAYE Option Schemes is proposed or made;

**the Group** means the Company and the Subsidiaries and *member of the Group* shall be construed accordingly;

**HMRC** means HM Revenue & Customs;

**the Invitation Date** means the date on which an invitation to apply for an Option is issued;

**Key Feature** has the meaning given to that term by paragraph 40B(8) of Schedule 3;

**the London Stock Exchange** means London Stock Exchange plc or any successor body thereto;

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

- (a) if and so long as the Shares are admitted to listing by the UKLA, the lower of the two prices shown in the Daily Official List of the London Stock Exchange as the closing price of the Shares on that day plus one half of the difference between those two figures; or
- (b) subject to (a) above, its market value as determined in accordance with Part VIII of the Taxation of Chargeable Gains Act 1992 and agreed in advance with the Shares and Assets Valuation Division of HMRC, and,

in either case, if the Shares are subject to any Restriction, as if they were not subject to such Restriction;

Para 25(3)(b)

**Minimum Amount** means the minimum amount of the monthly contribution to be paid under the Savings Contract being not more than £5 or such other minimum amount as may be permitted under paragraph 25 of Schedule 3 from time to time;

**Non-UK Company Reorganisation Arrangement** has the meaning given to that term by paragraph 47A of Schedule 3;

**Option** means a right granted under the Scheme to subscribe for or purchase Shares;

**Option Holder** means any individual who holds a subsisting Option (including, where the context permits, the legal personal representatives of a deceased Option Holder);

**Relevant Event** shall have the meaning given to that term in rule 11.1;

**Restriction** in relation to any Share has the meaning given to that term in paragraph 48 of Schedule 3;

Para 7(1)

**Savings Contract** means a contract under an approved savings arrangement, within the meaning of paragraph 24 of Schedule 3;

**Schedule 3** means Schedule 3 to the Act;

**Schedule 3 SAYE Option Scheme** has the meaning given to that term by paragraph 1 of Schedule 3;

**the Scheme** means this Scheme as amended from time to time;

**Share Scheme** means any employee share scheme established by the Company or any other company under the Company's Control;

Paras 17 to 22

**Shares** means fully paid and irredeemable ordinary shares in the capital of the Company, which comply with the conditions in paragraphs 17 to 20 and paragraph 22 of Schedule 3 or shares representing those shares following any Capital Reorganisation;

**Subsidiary** means any subsidiary of the Company within the meaning of section 1159 of and Schedule 6 to the Companies Act 2006 over which the Company has Control;

**Taxable Year** means for US tax purposes the calendar year, or if it would result in a longer period for the exercise of an Option, the 12 month period in respect of which the Option Holder's employing company is obliged to pay tax;

**Treasury Share** means a share held by the Company in treasury in accordance with section 724 of the Companies Act 2006;

**Trustee** means the trustee or trustees for the time being of any employee share trust established by the Company or any member of the Group from time to time;

**TUPE** means the Transfer of Undertakings (Protection of Employment) Regulations 2006;

**UKLA** means the United Kingdom Listing Authority.

**US Tax** means taxation under the law of the United States of America;

**US Taxpayer** means a person who is subject to US Tax.

1.2 Where the context permits the singular shall include the plural and vice versa and the masculine shall include the feminine. Headings shall be ignored in construing the Scheme.

1.3 References to:

- (a) any act of Parliament; or
- (b) any Extra-Statutory Concession published by the Board of HMRC

shall include any modification, amendment or re-enactment thereof.

1.4 Notwithstanding any other rules, where an Eligible Employee is paid salary other than on a monthly basis:

- (a) references to "months" and "monthly" in the rules shall be construed having regard to such other period by reference to which the Eligible Employee is paid; and

Para 28(1)(a)

- (b) the Board shall take all such steps as it considers necessary or desirable to ensure that an Eligible Employee who is paid salary other than

monthly is no better or worse off under the Scheme than an Eligible Employee who is paid salary monthly.

- 1.5 This Scheme is intended to be a Schedule 3 SAYE Option Scheme for the purposes of the Act and the Scheme and any Option granted under it shall be interpreted, operated and administered in a manner that is consistent with that intention and in the case of any conflict between these rules and the provisions of sections 516 to 519 of and Schedule 3 to the Act (the *legislation*), the legislation shall prevail.

## **2. Invitation for Options**

Para 11

- 2.1 The Board may, during a Grant Period, invite all Eligible Employees to apply for Options at the Exercise Price.
- 2.2 Subject to the specific provisions contained in the Scheme, the form, manner and timing of invitations to apply for Options, the number of Shares in respect of which invitations are made on any date and whether the Options will be three or five year Options (or either of them, at the election of Eligible Employees), shall be at the absolute discretion of the Board. The invitation may either state the Exercise Price or (provided a mechanism exists by which the Exercise Price will be determined by the Date of Grant) invite applications by reference to amounts of monthly savings.

## **3. Application for Options**

- 3.1 If an Eligible Employee wishes to apply for an Option he must, within such period (which shall not be less than 14 days) after the Invitation Date as is stated in the invitation, deliver to the Company (or its appointed agent) a duly completed form of application together with a duly completed application for a Savings Contract in the form prescribed by the Board on which the Eligible Employee must have indicated the Bonus Date on which he intends to apply for repayment thereunder.
- 3.2 The application for an Option shall be deemed to be for an Option over the largest whole number of Shares which can be acquired at the Exercise Price with the expected repayment, including any relevant bonus, under the related Savings Contract at the appropriate Bonus Date.
- 3.3 The Board may, in its absolute discretion, treat all late applications as valid provided they are received no less than two days prior to the Date of Grant.

## **4. Scaling Down**

- 4.1 If valid applications are received for Options over a number of Shares in excess of that which the Board has determined to make available on a particular occasion or in excess of any limitation under rule 7, the Board may scale down applications in accordance with the following successive steps (or such other method as may be permitted by HMRC at any time prior to the Invitation Date) to the extent necessary to eliminate the excess:

- (a) if the repayment under the Savings Contract would otherwise be taken as including a bonus, it should be taken as not including a bonus;
  - (b) any applications for a five year Savings Contract shall be deemed to be an application for a three year Savings Contract;
  - (c) the amount of the monthly savings contribution in excess of the Minimum Amount chosen by each applicant shall be taken as reduced pro rata;
  - (d) applications will be selected by lot, each based on a monthly savings contribution of the Minimum Amount and the inclusion of no bonus in the repayment under the Savings Contract;
  - (e) the amount of any monthly savings contribution chosen by an applicant which exceeds such amount as the Board shall determine (not being less than the Minimum Amount) shall be taken as reduced to such amount; and
  - (f) if the Board so determines the amount of the monthly savings contributions chosen by each applicant shall be reduced on a basis which reduces larger monthly savings contributions by a greater amount than smaller monthly contributions, provided that such reduction does not prejudice compliance with paragraph 7 of Schedule 3.
- 4.2 If the number of Shares available is insufficient to enable an Option based on monthly savings contributions of the Minimum Amount and the inclusion of no bonus in the repayment under the Savings Contract to be granted to each Eligible Employee making a valid application, the Board may, as an alternative to selecting by lot, determine that no Options shall be granted on that occasion.
- 4.3 If applications are scaled down, the monthly contributions under Savings Contracts which Eligible Employees have chosen shall, where necessary, be scaled down as appropriate.
- 4.4 If, in applying the scaling down provisions contained in rule 4.1, the Board considers that it would be administratively impracticable for Options to be granted within the 30 day period referred to in rule 5.1, the Board may extend that period by not more than 12 days.

## **5. Grant of Options**

- 5.1 The Board may, subject to any scaling down, on a single date which shall not be later than the 30<sup>th</sup> day after the earliest date by reference to which the Exercise Price was calculated, grant all (but not some of) the Options for which valid application has been made by Eligible Employees (provided that they remain Eligible Employees on the Date of Grant).
- 5.2 At the Date of Grant the Board shall procure that each Option Holder is informed of whether any Restrictions apply to the Shares that are subject to

an Option and, if any such Restrictions apply, of the details of any such Restrictions.

5.3 As soon as practicable after the Date of Grant, the Board shall procure the issue of an Option certificate to each Option Holder.

5.4 Options shall be granted in consideration of Eligible Employees agreeing to enter into Savings Contracts. No cash payment shall be made for the grant of an Option.

5.5 No Option shall be granted under the Scheme more than ten years after the Admission Day.

Para 29

5.6 Every Option granted hereunder shall be personal to the Option Holder and, except to the extent necessary to enable a personal representative to exercise the Option following the death of an Option Holder, neither the Option nor the benefit thereof may be transferred, assigned, charged or otherwise alienated. Any transfer of an Option otherwise than as permitted under this rule 5 shall cause the Option to lapse.

## **6. Individual Limit**

Para 25(3)(a)

6.1 No individual shall be granted an Option if the entry into the related Savings Contract would result in the monthly contributions under that Savings Contract, when added to the sum of his monthly contributions under any other subsisting Savings Contracts and if the Board so determines from time to time, under any cancelled Savings Contracts (whether or not linked to a subsisting Option granted under a Schedule 3 SAYE Option Scheme), exceeding £500 (or such other amount as is for the time being permitted under paragraph 25(3) of Schedule 3 and approved by the Board).

6.2 Any Option which is purported to be granted in excess of the limits in this rule 6 shall take effect as an Option which would not exceed those limits.

## **7. Scheme Limits**

7.1 No Option to subscribe for Shares shall be granted if the result of that grant would be that the aggregate number of Shares that could be issued on the exercise of that Option and any other Options granted at the same time, when added to the number of Shares that:

(a) could be issued on the exercise of any other subsisting share options, awards or other rights granted during the preceding ten years under the Scheme or any other Share Scheme; and

(b) have been issued on the exercise of any share options, awards or other rights granted during the preceding ten years under the Scheme or any other Share Scheme; and

(c) have been issued during the preceding ten years under any profit sharing scheme, employee share incentive scheme (not being a Share



Scheme) or any other employees' share scheme, agreement or arrangement,

would exceed 10 per cent. of the ordinary share capital of the Company for the time being in issue. For the purpose of this rule 7, Shares shall include shares in Phoenix Group Holdings (a company incorporated in the Cayman Islands) issued pursuant to Share Schemes prior to the Admission Day.

- 7.2 Any awards, options or other contractual rights to acquire Shares granted before the shares of Phoenix Group Holdings were admitted to trading on the premium listing segment of the London Stock Exchange on 5 July 2010 shall be ignored for the purpose of calculating the limits in this rule 7.
- 7.3 Reference in this rule 7 to the *issue* of Shares shall, for the avoidance of doubt, mean the issue and allotment (but not transfer) of Shares. Where Shares are or will be allotted or issued to the Trustee for the purpose of satisfying Options by way of a transfer of Shares by the Trustee, such Shares should be treated as issued or capable of being issued for the purpose of this rule 7.
- 7.4 For as long as UK institutional shareholders recommend, Treasury Shares held by the Company should be treated as issued or capable of being issued for the purpose of this rule 7.

## **8. Exercise and Lapse of Options**

- 8.1 Save as otherwise permitted under these rules, an Option may only be exercised:

Para 30(1)

- (a) during the six months following the Bonus Date relating to it; and
- (b) by an Option Holder who is, at the date of exercise, a director or employee of a Constituent Company,

and, if not exercised, shall lapse at the end of the six month period following the Bonus Date.

Para 34

- 8.2 Where an Option Holder ceases to be a director or employee of a Constituent Company before the expiry of six months after the Bonus Date:
- (a) on retirement; or
- (b) by reason of redundancy (within the meaning of the Employment Rights Act 1996); or
- (c) by reason of injury or disability; or
- (d) because of a relevant transfer within the meaning of TUPE; or
- (e) because the Constituent Company of which the Option Holder is a director or employee ceases to be an associated company (as defined in paragraph 35(4) of Schedule 3) of the Company by reason of a change

of control (as determined in accordance with sections 450 and 451 of the Corporation Tax Act 2010); or

- (f) because the business (or part of a business) in which the Option Holder is employed is transferred to a person who is not an Associated Company where the transfer is not a relevant transfer within the meaning of TUPE,

he may exercise any outstanding Options within six months of the date on which his employment ceased, failing which exercise the Options shall lapse automatically provided that the Options may not be exercised more than six months following the relevant Bonus Date. For the avoidance of doubt, an Option exercisable under this rule 8.2 may lapse at an earlier date by virtue of rule 10.

8.3 Where an Option Holder ceases to be a director or employee of a Constituent Company before the expiry of six months after the Bonus Date for any other reason other than dismissal for gross misconduct, breach of contract or serious shortfall in performance, he may exercise any outstanding Options which were granted more than three years before the date of cessation of employment within six months of the date on which his employment ceased, failing which exercise the Options shall lapse automatically, provided that the Options may not be exercised more than six months following the relevant Bonus Date.

8.4 Where an Option Holder ceases to be a director or employee of a Constituent Company before the expiry of six months after the Bonus Date in any circumstances other than those set out in rules 8.2, 8.3 and 8.5, his Options shall lapse automatically.

Para 32

8.5 If an Option Holder dies while in service or at any time after leaving service when he holds an Option, such Options may be exercised by his personal representatives at any time within the 12 month period following:

- (a) the date of death, if such death occurred before the relevant Bonus Date; and
- (b) the Bonus Date, in the event of his death within six months after the relevant Bonus Date,

Para 36

failing which exercise, the Options shall lapse automatically. For the avoidance of doubt, an Option exercisable under this rule 8.5 shall not lapse prior to the expiry of the specified 12 month period by virtue of rules 8.2 to 8.4, notwithstanding that rule 10 may apply to the Option in that period, but may lapse at an earlier date by virtue of rule 10.6.

8.6 For the purposes of rules 8.2 to 8.4, an Option Holder shall not be treated as ceasing to be a director or employee of a Constituent Company until:

- (a) he ceases to hold an office or employment in the Company or any company over which the Company has Control or any Associated Company;

- (b) he ceases to hold an office or employment in a jointly owned company within the meaning of paragraph 46 of Schedule 3 (being a jointly owned company which is not a participating company in more than one group scheme); or
  - (c) being a director or employee who is absent from work wholly or partly because of maternity, paternity leave or shared parental leave (as appropriate), ceases to be entitled to exercise any statutory or contractual right to return to work.
- 8.7 Notwithstanding rule 8.1(b), if, at the Bonus Date, an Option Holder holds an office or employment in a company which is not a Constituent Company but is an Associated Company or a company over which the Company has Control, Options may be exercised within (but no later than) six months following the Bonus Date.
- 8.8 If, before the Option has become exercisable, the Option Holder:
- (a) gives notice, or is deemed to have given notice, under the terms of the related Savings Contract that he intends to stop paying contributions to that Savings Contract; or
  - (b) makes an application for repayment of the related Savings Contract,
- the Option shall automatically lapse.
- 8.9 If an Option Holder is declared bankrupt or enters into any general composition with or for the benefit of his creditors including a voluntary arrangement under the Insolvency Act 1986, his Options shall automatically lapse.
- 8.10 This rule shall apply to US Taxpayers. Notwithstanding anything to the contrary contained in this Scheme, a US Taxpayer may only exercise an Option within the shorter of any exercise period specified in the rules of this Scheme and the expiry of two and a half calendar months after the end of the Taxable Year in which the Option first becomes exercisable.

## **9. Method and Extent of Exercise**

Paras 24(1),  
25(1) and 26(3)

- 9.1 An Option may only be exercised with monies not exceeding the amount repaid under the related Savings Contract, including any bonus or interest as at the date of repayment. No account shall be taken of any repayment of any contribution the due date of which arises after the date of repayment, or any bonus or interest in respect of that contribution.
- 9.2 An Option Holder may exercise his Option on one occasion only, in whole or in part, by giving notice in writing to the Company or to such other person (including, for the avoidance of doubt, the Trustee), as the Company may direct in the prescribed form specifying the number of Shares in respect of which the Option is being exercised and enclosing payment in full of the aggregate Exercise Price of those Shares or authority to the Company to withdraw and apply monies equal to the Exercise Price from the related

Savings Contract, or in such other manner including through an online facility as the Board may determine, together with evidence of closure of the related Savings Contract. The date of exercise shall be the date of receipt by the Company (or such other person as the Company may direct) of the notice of exercise and the corresponding payment of the Exercise Price. If the Option is exercised in respect of some only of the Shares comprised in the Option, the Option in respect of the balance shall thereupon lapse automatically.

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## **10. Change of Control and Winding up of the Company**

### **General Offer for the Company**

10.1 If any person (either alone or together with any person acting in concert with him) makes:

- (a) a general offer to acquire the whole of the issued ordinary share capital of the Company (other than those shares already owned by the offeror and/or any person connected with the offeror) which is made on a condition such that if it is satisfied the person making the offer will have Control of the Company; or
- (b) a general offer to acquire all the shares in the Company which are of the same class as the Shares (other than those shares already owned by the offeror and/or any person connected with the offeror),

the Company shall, as soon as reasonably practicable thereafter (and prior to the date on which the offer becomes or is declared unconditional in all respects) give notice to each Option Holder of such general offer and each Option Holder may exercise his Options within the period of six months following the date on which the offer becomes or is declared unconditional in all respects PROVIDED THAT an Option may not be exercised more than six months after the relevant Bonus Date.

Failing any permitted exercise, the Options shall, subject to rule 10.7 and without prejudice to the operation of rule 11, lapse automatically upon the expiry of such six month period PROVIDED THAT if an event as described in rule 10.2 occurs during such six month period, the period during which the Options may be exercised shall be the shorter of the periods specified under this rule 10.1 and rule 10.2.

For the purposes of rule 10.1 the general offer referred to in rule 10.1(a) and (b) may be made to different shareholders by different means.

### **Compulsory Acquisition**

10.2 If any person becomes bound or entitled to give a notice under sections 979 to 982 (inclusive) or sections 983 to 985 (inclusive) of the Companies Act 2006 to acquire Shares, each Option Holder may exercise his Options within the period of 30 days following the date on which such a notice is first issued, whether or not the Option Period has commenced, PROVIDED THAT

an Option may not be exercised more than six months after the relevant Bonus Date.

Failing any permitted exercise the Options shall, subject to rule 10.7 and without prejudice to the operation of rule 11, lapse automatically upon the expiry of such 30 day period.

### **Scheme of Arrangement**

10.3 If under section 899 of the Companies Act 2006 the court sanctions a compromise or arrangement applicable to or affecting:

- (a) all the ordinary share capital of the Company or all the Shares; or
- (b) all the shares, or all the shares of that same class, which are held by a class of shareholders identified otherwise than by reference to their employment or directorships or their participation in a Schedule 3 SAYE Option Scheme

any outstanding Options may be exercised within six months following the date on which the court sanctions the compromise or arrangement, failing which exercise the Options shall, subject to rule 10.7 and without prejudice to the operation of rule 11, lapse automatically upon the expiry of such six month period PROVIDED THAT an Option may not be exercised more than six months after the relevant Bonus Date.

10.4 Without prejudice to the operation of rule 11, Options shall not be exercisable without the consent of the Board under the provisions of rule 10.3 if the purpose and effect of the scheme of arrangement is to create a new holding company for the Company, such company having substantially the same shareholders and proportionate shareholdings as those of the Company immediately prior to the scheme of arrangement.

### **Non-UK Company Reorganisation Arrangement**

10.5 If any person (either alone or together with any person acting in concert with him) obtains Control of the Company as a result of a Non-UK Company Reorganisation Arrangement which becomes binding on the shareholders covered by it, any outstanding Options may be exercised within the period of six months following the date on which the Non-UK Company Reorganisation Arrangement becomes binding on the shareholders. Failing such permitted exercise, the Options shall, subject to rule 10.7 and without prejudice to the operation of rule 11, lapse automatically upon the expiry of such six month period PROVIDED THAT an Option may not be exercised more than six months after the relevant Bonus Date.

### **Voluntary Winding-up**

10.6 If notice is duly given of a resolution for a voluntary winding-up of the Company then an Option Holder may exercise his Options within the period of two months following the date on which the resolution is passed, failing which exercise the Options shall lapse automatically upon the expiry of such

two month period PROVIDED THAT an Option may not be exercised more than six months after the relevant Bonus Date.

### **Death of an Option Holder**

- 10.7 Notwithstanding any provision of rules 10.1 to 10.5 to the contrary, if any Option has become exercisable under rule 8.5 and time is running under one of the 12 month periods specified in rule 8.5, such Option shall lapse only on the expiry of the relevant 12 month period under rule 8.5 and not under any period specified in rules 10.1 to 10.5. For the avoidance of doubt, any Option may lapse on the expiry of the two month period arising under rule 10.6 even if this occurs before the expiry of the relevant 12 month period under rule 8.5.

### **Shares not Meeting Requirements of Schedule 3**

- 10.8 If as a result of an event mentioned in rules 10.1 to 10.5, the Shares that may be acquired on the exercise of an Option no longer meet or are not expected to meet the requirements of paragraphs 17 to 20 (inclusive) and paragraph 22 of Schedule 3, each Option Holder may exercise his Options for the period of 20 days following the date on which the relevant event mentioned in rules 10.1, 10.2, 10.3, 10.4 or 10.5 (as the case may be) occurs, notwithstanding that the Shares no longer meet the relevant requirements PROVIDED THAT an Option may not be exercised more than six months after the relevant Bonus Date.
- 10.9 Failing any permitted exercise, the Options shall, subject to rule 10.7 and without prejudice to the operation of rule 11, lapse automatically upon the expiry of such 20 day period.

## **11. Option Rollover**

- 11.1 If any company (the *acquiring company*):

- (a) obtains Control of the Company as a result of making:
- (i) a general offer (which may be made to different shareholders by different means) to acquire the whole of the issued ordinary share capital of the Company (other than those shares which are already owned by him and/or any person connected with him) which is made on a condition such that if it is satisfied the acquiring company will have Control of the Company; or
  - (ii) a general offer to acquire all the shares of the same class as the Shares (other than those shares which are already owned by him and/or any person connected with him); or
- (b) obtains Control of the Company in pursuance of a compromise or arrangement sanctioned by the Court under section 899 of the Companies Act 2006; or

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- (c) becomes bound or entitled to acquire shares in the Company under sections 979 to 982 (inclusive) or sections 983 to 985 (inclusive) of the Companies Act 2006; or
- (d) either alone or together with any person acting in concert with him, obtains Control of the Company as a result of a Non-UK Company Reorganisation Arrangement which becomes binding on the shareholders covered by it,

(each a **Relevant Event**)

each Option Holder may at any time within:

- (i) in the case of a Relevant Event falling within rule 11.1(a), the period of 6 months beginning with the date on which Control is obtained and all conditions to which the offer is made subject are satisfied;
- (ii) in the case of a Relevant Event falling within rule 11.1(b), the period of 6 months beginning with the date on which the court sanctions the compromise or arrangement;
- (iii) in the case of a Relevant Event falling within rule 11.1(c), the period during which the acquiring company remains bound or entitled as mentioned in that rule; and
- (iv) in the case of a Relevant Event falling within rule 11.1(d), the period of 6 months beginning with the date on which the Non-UK Reorganisation Event becomes binding on the shareholders covered by it,

by agreement with the acquiring company release any Option which has not lapsed (**the old option**) in consideration of the grant to him of an option (**the new option**) which (for the purposes of that paragraph) is equivalent to the old option but relates to shares in a different company (whether the acquiring company itself or another company falling within paragraph 18(b) or (c) of Schedule 3) (**the new grantor**).

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11.2 The new option shall not be regarded for the purposes of rule 11.1 as equivalent to the old option unless the conditions set out in paragraph 39(4) of Schedule 3 are satisfied and, in relation to the new option, the provisions of the Scheme shall be construed as if:

- (a) the new option were an option granted under the Scheme at the same time as the old option;
- (b) references to the Company in rules 9, 10, 11, 12, 13, 14, 15, 16 and 18 were references to the new grantor provided that references to Constituent Company shall continue to be construed as if references to the Company within this definition were to Phoenix Group Holdings plc;

- (c) references to the Board in rules 9, 12, and 18 were references to the board of directors of the new grantor;
- (d) references to Shares were references to shares in the new grantor;
- (e) the Savings Contract made in connection with the old option had been made in connection with the new option; and
- (f) the Bonus Date in relation to the new option was the same as that in relation to the old option.

## **12. Adjustment of Options**

12.1 In the event of any Capital Reorganisation, the Exercise Price, the definition of Shares and the number of Shares comprised in an Option may be adjusted in such manner as the Board may determine provided always that:

- (a) no adjustment shall take effect if it would result in the requirements of Schedule 3 not being met in relation to any Option;
- (b) no adjustment shall be made pursuant to this rule unless the total Market Value of the Shares comprised in any Option immediately after the Capital Reorganisation is substantially the same as it was immediately before the Capital Reorganisation and the aggregate Exercise Price of any such Option immediately after the Capital Reorganisation is substantially the same as it was immediately before the Capital Reorganisation; and
- (c) except as provided in this subparagraph (c) (and subject to the requirements of Schedule 3) no adjustment may have the effect of reducing the Exercise Price to less than the nominal value of a Share. Where an Option subsists over both issued and unissued Shares any such adjustment may only be made if the reduction of the Exercise Price of Options over both issued and unissued Shares can be made to the same extent. Any such adjustment to the Exercise Price of Options over unissued Shares shall only be made if and to the extent that the Board shall be authorised to capitalise from the reserves of the Company a sum equal to the amount by which the nominal value of the Shares in respect of which the Option is exercisable exceeds the adjusted Exercise Price. The Board may apply such sum in paying up such amount on such Shares and so that on exercise of any Option in respect of which such reduction shall have been made the Board shall capitalise such sum (if any) and apply the same in paying up such amount as aforesaid.

## **13. Allotment or Transfer of Shares on Exercise of Options**

13.1 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 Option Holder is responsible



for complying with any requirements he needs to fulfil in order to obtain or avoid the necessity for any such consent.

- 13.2 Subject to any necessary consents under rule 13.1, to payment being made for the Shares and to compliance by the Option Holder with the terms of the Scheme, not later than 30 days after receipt of any notice of exercise in accordance with rule 9.2, the Company shall either allot and issue or procure the transfer of Shares to the Option Holder (or to his nominee). The Company shall (unless the Shares are to be issued in uncertificated form) as soon as practicable deliver to the Option Holder (or such nominee) a definitive share certificate or other evidence of title in respect of such Shares. Where the Shares are issued or transferred to a nominee of the Option Holder, the Option Holder shall remain the beneficial owner of the Shares.

#### **14. Rights Attaching to Shares Allotted or Transferred Pursuant to Options**

- 14.1 All Shares allotted or transferred to satisfy the exercise of an Option shall rank pari passu in all respects with the Shares in issue at the date of exercise save as regards any rights attaching to such Shares by reference to a record date prior to the date of exercise.
- 14.2 Any Shares acquired on the exercise of Options shall be subject to the articles of association of the Company from time to time in force.

#### **15. Availability of Shares**

- 15.1 The Company shall at all times keep available for issue sufficient authorised but unissued Shares to permit the exercise of all unexercised Options under which Shares may be allotted or shall otherwise procure that Shares are available for transfer in satisfaction of the exercise of Options.
- 15.2 If and so long as the Shares are admitted to listing by the UKLA and admitted to trading by the London Stock Exchange, the Company will, at its expense, make application to the UKLA and the London Stock Exchange for Shares allotted on the exercise of any Option to be admitted to such listing and trading respectively.

#### **16. Administration and Amendment**

The decision of the Board shall be final and binding in all matters relating to the Scheme and it may at any time discontinue the grant of further Options or amend any of the provisions of the Scheme in any way it thinks fit PROVIDED THAT:

- (a) no amendment of a Key Feature of the Scheme shall have effect at a time when the Scheme is a Schedule 3 SAYE Option Scheme and such status is intended to be maintained if it would result in the requirements of Parts 2 to 7 of Schedule 3 not being met in relation to the Scheme. If such status is not to be maintained, the first sentence of this rule 16(a) shall not apply. The Company shall provide such information and make such declarations to HMRC in relation to any

amendment to a Key Feature as is required for the purposes of Schedule 3;

- (b) except as herein provided, the Board shall not make any amendment (not being an amendment that is necessary or desirable in order to comply with the requirements of Schedule 3) that would materially prejudice the interests of existing Option Holders except with the prior consent or sanction of Option Holders who, if they exercised their Options in full, would thereby become entitled to not less than three-quarters of all the Shares which would fall to be allotted or transferred upon exercise in full of all outstanding Options;
- (c) no amendment to the advantage of Eligible Employees or Option Holders may be made to:
  - (i) the definition of Eligible Employee in rule 1.1;
  - (ii) the limitations on the number of Shares subject to the Scheme;
  - (iii) the maximum entitlement for any Eligible Employee under the Scheme;
  - (iv) the basis for determining an Eligible Employee's entitlement to Shares under the Scheme; and
  - (v) the basis for the adjustment of Options, under rule 12, in the event of a Capital Reorganisation,without the prior approval of the Company in general meeting except in the case of minor amendments to benefit the administration of the Scheme, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for Eligible Employees, Option Holders or any member of the Group; and
- (d) without prejudice to any provision of the Scheme which provides for the lapse of an Option, the Board may not cancel an Option unless the Option Holder agrees in writing to such cancellation.

16.2 Notwithstanding any other provision of the Scheme, the Board may establish appendices to the Scheme (but not formally part of the Scheme or being a Schedule 3 SAYE Option Scheme) for the purpose of granting Options (but not Options under a Schedule 3 SAYE Option Scheme) to Eligible Employees who are or may become primarily liable to tax outside the United Kingdom on their remuneration, subject to such modifications as may be necessary or desirable to take account of any applicable tax, exchange control or securities laws.

## **17. Third party rights**

17.1 Nothing in this Scheme confers any benefit, right or expectation on a person who is not an Option Holder. No such third party has any rights under the Contracts (Rights of Third Parties) Act 1999 or any equivalent local

legislation to enforce any term of the Scheme. This does not affect any other right or remedy of a third party which may exist.

## **18. Data protection**

- 18.1 By participating in the Scheme, the Option Holder acknowledges that the Company or any member of the Group may hold, process and transfer personal data relating to them to other members of the Group or to any third parties engaged by them for any and all purposes related to the operation and administration of the Scheme and/or in order to meet any legal obligation, in each case in accordance with the Company's data protection policy and applicable law where the processing is necessary for:
- (a) the performance of the contract between the Company and the Option Holder under which the Option Holder participates in the Scheme;
  - (b) the Company or any member of the Group to comply with its legal obligations; or
  - (c) the purposes of the legitimate interests pursued by the Company or any member of the Group.

An Option Holder also acknowledges that the Company or any member of the Group may, in accordance with the Company's data protection policy and applicable law, transfer or store personal information outside the European Economic Area (*EEA*), and that personal data may also be processed outside the EEA by the Company or any member of the Group or for one or more of its or their service providers.

## **19. General**

- 19.1 Any Constituent Company may provide money to the Trustee or any other person to enable them or him 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 section 682 of the Companies Act 2006.
- 19.2 The rights and obligations of an Option Holder under the terms and conditions of his office or employment shall not be affected by his participation in the Scheme or any right he may have to participate in the Scheme. An individual who participates in the Scheme waives all and any rights to compensation or damages in consequence of the termination of his office or employment with any company for any reason whatsoever (whether lawfully or unlawfully) insofar as those rights arise, or may arise, from his ceasing to have rights under or be entitled to exercise any Option under the Scheme as a result of such termination or from the loss or diminution in value of such rights or entitlements. If necessary, the Option Holder's terms of employment shall be varied accordingly.
- 19.3 The existence of any Option shall not affect in any way the right or power of the Company or its shareholders to make or authorise any or all adjustments, recapitalisations, reorganisations or other changes in the Company's capital

structure, or any merger or consolidation of the Company, or any issue of shares, bonds, debentures, preferred or prior preference stocks ahead of or convertible into, or otherwise affecting the Shares or the rights thereof, or the dissolution or liquidation of the Company or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

- 19.4 Any notice or other document required to be given under or in connection with the Scheme may be delivered to an Option Holder or sent by post to him at his home address according to the records of his employing company or such other address as may appear to the Company to be appropriate including any electronic address. Notices sent by post shall be deemed to have been given on the day following the date of posting and notices sent by electronic means shall be deemed to have been given 12 hours after the time of despatch or at such earlier time as receipt is acknowledged. Any notice or other document required to be given to the Company or other duly appointed agent under or in connection with the Scheme may be delivered or sent by post to it at its registered office (or such other place or places as the Board or duly appointed agent may from time to time determine and notify to Option Holders).
- 19.5 The Company is not required to send to Option Holders copies of any documents or notices normally sent to the holders of its Shares.
- 19.6 The Company, or where the Board so directs any Subsidiary, shall pay the appropriate stamp duty on behalf of the Option Holders in respect of any transfer of Shares on the exercise of the Options.
- 19.7 The Company will pay the costs of introducing and administering the Scheme. The Company may ask an Option Holder's employer to bear the costs in respect of an Option granted to that Option Holder.
- 19.8 Benefits under this Scheme shall not be pensionable.
- 19.9 These rules shall be governed by, and construed in accordance with, the laws of England. Each Option Holder, the Company and any other Constituent Company or Associated Company submits to the exclusive jurisdiction of the English courts in relation to all disputes arising out of or in connection with the Scheme.