

Dated 17TH SEPTEMBER 2018

Diageo Pension Scheme Rules

Rules effective from 30 September 2018

Interpretation note:

- The Main Section (Rules 1 to 30) sets out the core provisions applicable to Gold Level Members and Silver Level Members of the Scheme who were in Final Salary Pensionable Service immediately before 1 April 2018 and who started to build up benefits in respect of CARE Pensionable Service from 1 April 2018.
- Rule 18 focuses on special provisions for certain Members which are set out in more detail in the Schedules to the Main Section
- The Schedules (Schedule 1 to 7) modify or add to some of the Rules in the Main Section in relation to certain categories of Member and are structured as follows:
 - Schedule 1 (GrandMet Section);
 - Schedule 2 (GUD Section);
 - Schedule 3 (AGS Section);
 - Schedule 4 (Bells Section);
 - Schedule 5 (DCL Section);
 - Schedule 6 (Executive Section); and
 - Schedule 7 (Senior Executive Tier 1 Section).

Any such modification or addition must be read in conjunction with the relevant Rule in the Main Section.

- Benefits payable to or in respect of a Member who was in Final Pensionable Service before 1 April 2018 and who became a preserved pensioner or pensioner or died before that date will be governed by the Rules of the Main Section (and, where relevant, the Schedules) that were in force on the earlier of the date the Member became a preserved pensioner, pensioner or died (unless any of the provisions of the current Rules of the Main Section say something otherwise).

Linklaters

Linklaters LLP
One Silk Street
London EC2Y 8HQ

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

14TH SEPTEMBER

TABLE OF CONTENTS

Clause	Page
1	Meaning of words used 1
2	Joining the Scheme 6
2.1	Membership of the Scheme 6
2.2	Life cover only 6
3	Gold and Silver Level Membership 7
4	Contributions to the Scheme 8
4.1	Contributions by Employers..... 8
4.2	Basic contributions by Members 8
4.3	Additional voluntary contributions by Members 8
4.4	Members who participate in salary sacrifice for pension contributions 9
4.5	Members who participate in other salary sacrifice arrangements 9
5	Pensions for Members..... 10
5.1	Retirement at Normal Retirement Date..... 10
5.2	Late retirement 10
5.3	Early retirement 11
5.4	Total Incapacity..... 11
5.5	Partial Incapacity 11
5.6	Review of Total Incapacity and Partial Incapacity..... 12
6	Mechanism for determining the rate of accrual in respect of CARE Pensionable Service..... 13
7	Retirement lump sum..... 15
8	Lump sum payable on Member's death 16
8.1	Lump sum death benefit..... 16
8.2	Member dies in Service..... 16
8.3	Member dies within 5 years after pension starts 16
8.4	Member dies before Normal Retirement Date with a preserved pension that has not started 17
8.5	Member dies on or after Normal Retirement Date with a preserved pension that has not started 17
8.6	Member dies on or after Normal Retirement Date with a pension which has not come into payment because it has not been claimed 17
8.7	Payment of lump sum death benefits 17
9	Pensions for Spouses and children 19
9.1	Spouse's pension 19
9.2	Children's pension 19
9.3	Other Dependant's pension..... 19
9.4	Member dies in Service..... 19
9.5	Member dies after pension starts 20
9.6	Member dies with a preserved pension that has not started..... 20
9.7	Member dies after Normal Retirement Date with a pension which has not come into payment because it has not been claimed 20
9.8	Limited Spouse's pension..... 21
9.9	Meaning of Average Qualifying Earnings 21
9.10	Revaluation of part of pension..... 21
9.11	Restriction of limited Spouse's pension..... 22
9.12	Effect of limited Spouse's pension on other pensions 22

10	Pension sharing on divorce	23
10.1	Compliance with pension sharing orders	23
10.2	Death of former Spouse before a transfer payment is made	23
10.3	Payment of survivor's pensions.....	23
11	Early leavers	24
11.1	Preserved pension	24
11.2	Refund of contributions	24
12	Choices for early leavers	25
12.1	Right to transfer or buy-out.....	25
12.2	Early pension.....	25
12.3	Late pension.....	25
12.4	Choices at retirement	25
13	Early leavers rejoining	26
13.1	Periods of Service treated separately.....	26
13.2	Breaks in Qualifying Service	26
14	Members away from work and transfers overseas	27
14.1	Temporary absences and secondments	27
14.2	Transfers overseas.....	27
15	Family leave	28
15.1	Statutory family leave	28
15.2	Additional paid family leave	28
15.3	Additional unpaid family leave	28
16	Ceasing to be eligible	29
16.1	Ceasing to be eligible	29
16.2	Continued life cover after ceasing to be eligible	29
17	Opting out	30
18	Special provisions applicable in respect of periods of Final Salary Pensionable Service up to and including 31 March 2018 for certain Members	31
18.1	Former GrandMet Members and Former GUD Members.....	31
18.2	AGS, Bells and DCL Members.....	31
18.3	Executive and Senior Executive Tier 1.....	31
18.4	United Glass Members.....	31
18.5	Members who have worked part-time	31
18.6	Members in other group schemes.....	32
18.7	Members subject to the lifetime allowance charge	32
18.8	Members who left Service before 1 April 2018.....	33
18.9	Members with a protected pension age	33
18.10	Members with "Fixed protection" for tax purposes	33
19	General rules about pensions	35
19.1	Payment of pensions	35
19.2	Addition of interest.....	35
19.3	Pension increases	35
20	General rules about benefits	37
20.1	Recovery of tax and other charges	37
20.2	Information and evidence of health	37
20.3	Benefits not assignable	37
20.4	Beneficiary who is incapable	38
20.5	Tax status of the Scheme	38
20.6	Contracting-out.....	39

21	Discretionary benefits	40
21.1	Serious ill-health lump sums	40
21.2	Lump sums instead of small pensions	40
21.3	Discretionary and different benefits	40
22	Transfers and buy-outs	41
22.1	Transfers from other pension schemes and arrangements	41
22.2	Transfers to other pension schemes and arrangements.....	41
23	Assets of the Scheme	42
23.1	Assets held on trust.....	42
23.2	Investment of Scheme assets	42
23.3	Participation in common investment funds.....	42
23.4	Scheme expenses and trustee liabilities	43
23.5	Accounts and actuarial valuations.....	43
24	Trustees	44
24.1	Appointment and removal	44
24.2	Exercise of powers	44
24.3	Trustee charges	44
24.4	Limit of liability	44
24.5	Indemnity.....	44
24.6	Trustee insurance.....	44
24.7	Corporate trustee	45
24.8	Holding Trustees	45
24.9	Professional Trustee	45
25	Participating employers	47
25.1	Inclusion in the Scheme	47
25.2	Ceasing to participate.....	47
25.3	Employer Debt Laws	47
26	New principal employer	47
27	Termination of the Scheme	48
27.1	Time of termination.....	48
27.2	Effect of termination	48
27.3	Reopening the Scheme.....	48
28	Winding up the Scheme	49
28.1	Time of winding up	49
28.2	Use of assets.....	49
28.3	Securing benefits with insurance policies and annuity contracts.....	49
28.4	Winding-up lump sums	49
28.5	Transfers to other pension schemes and arrangements.....	49
28.6	Surplus assets.....	49
28.7	Insufficient assets.....	50
29	Changing the Rules	51
30	Governing law	51
	Schedule to Main Section Rules	
	Schedule 1 – GrandMet Section.....	53
	Schedule 2 – GUD Section.....	56
	Schedule 3 – AGS Section	62
	Schedule 4 – Bells Section	71
	Schedule 5 – DCL Section.....	76
	Schedule 6 – Executive Section	80
	Schedule 7 – Senior Executive Tier 1 Section.....	83

These Rules of the Diageo Pension Scheme are made as a deed on **17 SEPTEMBER** 2018 between:

- (1) **Diageo plc**; and
- (2) **Diageo Pension Trust Limited**.

Introduction

- (a) Diageo plc is the principal employer in relation to the Diageo Pension Scheme (the "**Scheme**").
- (b) Diageo Pension Trust Limited is the trustee for the time being of the Scheme.
- (c) The Scheme started on 24 May 1948.
- (d) The current Rules of the Scheme were made as a deed dated 21 March 2018, effective from 1 April 2018.
- (e) Rule 29 (Changing the Rules) of the current Rules says that the Company with the consent of the Trustee may at any time by deed amend the Rules in any manner it may think fit (and may do so retrospectively) (subject to certain provisions, including Section 67 and Sections 67A to 67I of the Pensions Act 1995).
- (f) In exercise of its powers under Rule 29 of the current Rules, the Company with the consent of the Trustee amends the current Rules by replacing them with these Rules with effect from 30 September 2018. However, these Rules do not affect the benefits for Members who left Service before 30 September 2018, except as described in Rule 18.8 (Members who left Service before 30 September 2018) of the amended Rules.
- (g) It is not intended that these Rules should adversely affect any subsisting right of any Member or any survivor of a Member at the date of this deed. These Rules shall therefore have effect only insofar as they are consistent with this intention. Any benefit payable to or in respect of a Member under the Scheme will therefore be at least equal to the amount that would have been payable if the Member had left Service on the date of this deed. For this purpose, "**subsisting right**" means the same as in Sections 67A to 67I of the Pensions Act 1995 (the subsisting rights provisions).

1 Meaning of words used¹

"**Accrual Rate**" means the rate at which a Member can build up pension in respect of periods of CARE Pensionable Service as described in Rule 5.1.3 (Retirement at Normal Retirement Date), subject to Rule 6 (Mechanism for determining the rate of accrual in respect of CARE Pensionable Service).

"**Beneficiaries**" means:

- (a) the Member's surviving Spouse;
- (b) the Member's grandparents and their descendants, and the surviving spouses or civil partners of those descendants;
- (c) the Member's Dependents;

¹ Additional definitions are set out in paragraph 1.1 of Schedules 2 (GUD Section), 3 (AGS Section), 4 (Bells Section), 5 (DCL Section), 6 (Executive Section), and 7 (Senior Executive Tier 1 Section).

- (d) any person with an interest in the Member's estate (but not including the Crown, the Duchy of Lancaster or the Duke of Cornwall); and
- (e) any person nominated by the Member in writing in the required form to the Trustee.

"Benefit Year" means a 12-month period beginning on 1 April and ending on 31 March. The first Benefit Year shall run from 1 April 2018 to 31 March 2019.

"CARE" means career average revalued earnings.

"CARE Pensionable Service" means the Member's Service calculated as complete years and months on or after 1 April 2018.

"Company" means Diageo plc.

"Contracting-out Laws" means the laws on contracting-out in Part 3 of the Pension Schemes Act 1993 (schemes that were contracted-out etc. and effects on members' state scheme rights) that apply to schemes that were contracted-out before 6 April 2016.

"Dependant" means anyone who is wholly or partly dependent on the Member or other person concerned, or was so dependent at the time of that person's death.

This includes:

- (a) anyone who shares living expenses with, or receives financial support from, the Member or other person, and whose standard of living would be affected by the loss of that person's contribution or support;
- (b) any person who is significantly dependent on the Member or other person because of disability; and
- (c) a former spouse receiving maintenance payments from the Member or other person.

The Trustee's decision as to whether someone is another person's Dependant will be final. However, a person's spouse, civil partner and children under the age of 23 will always be regarded as that person's Dependents.

"Dependent Children" are children born of or legitimated by a marriage of the Member; children legally adopted by the Member; and any other children including the Member's stepchildren who, in the Trustee's opinion, were financially dependent on the Member at the time of the Member's death and whom the Trustee agrees to treat as Dependent Children.

These children remain Dependent Children for so long as they are under age 18, or under age 22 and in full-time education or training approved by the Trustee. However, if any of these children is:

- (a) unmarried; and
- (b) in the opinion of the Trustee, seriously handicapped and dependent on the Member because of physical or mental disability;

the Trustee may continue to treat the child as a Dependent Child for so long as it is satisfied that the child is suffering from the disability.

"Employee" means an employee of an Employer or a director of an Employer, except a non-executive director.

"Employer" means an employer participating in the Scheme.

“Executive Member” means a person who had joined the Executive Section of the Scheme before 1 April 2018.

Note: For the avoidance of doubt, membership of a section of the Scheme equivalent to the Executive Section before 1 April 1999 is excluded from Final Salary Pensionable Service as an Executive Member.

“Final Pensionable Pay” means the highest amount of Pensionable Pay received in any consecutive 12-month period in the last 10 years before the Member leaves Service or dies, whichever occurs first.

If the Member was not in Service for 12 months, Final Pensionable Pay means the yearly equivalent of the Pensionable Pay actually received by the Member.

“Final Salary Pensionable Service”² means the Member’s Service after 1 April 1999 after joining the Scheme calculated as complete years and months (with any partial months rounded up to a complete month), provided that no period of Service after 31 March 2018 shall be counted as Final Salary Pensionable Service.

“Gold Level Member” is a Member who had, before 1 April 2018, selected Gold Level Membership in accordance with Rule 3 (Gold and Silver Level Membership).

“GMP” means a guaranteed minimum pension (or accrued rights to one) under the Contracting-out Laws.

“GUD Pension Trust” means the pension scheme established by an agreement and deed of trust dated 23 March 1950, as subsequently amended.

“Holding Trustees” means the Trustee and the Trustee Custodian appointed for the purposes of:

- (a) jointly holding legal titles to properties, which form part of the Scheme’s investments; and
- (b) giving valid receipts for the proceeds of sale of those property investments, in accordance with the Trustee Act 1925.

“Insurance Company” means a person permitted by the Financial Services and Markets Act 2000 to effect or carry out contracts of long term insurance.

“Member” means a person who has joined the Scheme.

“Normal Retirement Date” for Scheme purposes means the last day of the month in which a Member’s 65th birthday falls³.

Note: Normal Retirement Date for the purposes of the Scheme may not necessarily have the same meaning as the retirement date set out in an Employee’s contract of employment.

“Partial Incapacity” means physical or mental incapacity which prevents (and will continue to prevent) a Member from performing his or her own job, and prevents a Member from performing another job which is reasonably comparable (in terms of annual basic salary).

² Modified by paragraph 1.1 in Schedules 3 (AGS Section), 4 (Bells Section) and 5 (DCL Section). Additional rules in paragraph 2.3 (Supplementary Years not included in the Accrued Pension Credit) in Schedule 2 (GUD Section) and paragraph 2.4 (Supplementary Years attributable to membership of other Sections) in Schedule 3 (AGS Section).

³ Modified by paragraph 1.1 in Schedules 2 (GUD Section), 3 (AGS Section), 4 (Bells Section), 5 (DCL Section), 6 (Executive Section), and 7 (Senior Executive Tier 1 Section).

The Trustee's decision, having considered evidence from a registered medical practitioner that the Member is suffering from Partial Incapacity, will be final.

"Pensionable Pay"⁴ means the Member's basic salary from their Employer plus any regular emoluments specifically stated to be pensionable in the Member's contract of employment or as otherwise agreed by the Employer and the Company.

Note: If the Member's Pensionable Pay has been reduced owing to a reduction in his or her working hours within the 6 months before his or her death, that reduction will be ignored for the purpose of calculating benefits under Rules 8.2 (Member dies in Service) and 9.4 (Member dies in Service).

"Pensionable Service" means the Member's Final Salary Pensionable Service and/or CARE Pensionable Service after 1 April 1999 after joining the Scheme.

"Preservation Laws" means the laws on preservation of benefit in Chapter I of Part IV of the Pension Schemes Act 1993.

"Qualifying Service" means Final Salary Pensionable Service, CARE Pensionable Service and employment which qualified the Member for retirement benefit under any occupational pension scheme from which a transfer payment in respect of the Member has been made to the Scheme, or to a "buy-out" policy and subsequently to the Scheme. Rule 11.2 (Refund of contributions) will apply if the Member's Qualifying Service has been broken.

Note: Qualifying Service is used only for the purpose of deciding whether the Member may choose a refund of contributions under Rule 11.2.

"Revaluation Laws" means the laws on revaluation of accrued benefits in Chapter II of Part IV of the Pension Schemes Act 1993.

"Scheme" means the Diageo Pension Scheme (formerly known as the GrandMet Group Pension Fund).

"Scheme Specific Earnings Cap" means for the "tax years" after the "tax year" 2005/6:

- (a) if the Treasury continues to issue orders or communications as if Section 590C of the Income and Corporation Taxes Act 1988 had not been repealed, the earnings cap that would have applied had Section 590C not been repealed; and
- (b) if the Treasury ceases to issue orders or other communications referred to in (a) above, the earnings cap for the previous tax year increased by the percentage increase in the retail prices index over the period September to September, provided that:
 - (i) if the figure is not a multiple of £600, it shall be rounded up to the nearest amount that is such a multiple; and
 - (ii) if the retail prices index for the ultimate September preceding the tax year is not higher than it was for the penultimate September, the figure shall be the same as the figure for the previous tax year.

"Senior Executive Tier 1 Member" means a person who had joined the Senior Executive Tier 1 Section of the Scheme before 1 April 2018.

⁴ Additional rules in paragraph 2.2 (Reduction in Pensionable Pay) in Schedule 5 (DCL Section).

Note: For the avoidance of doubt, membership of a section of the Scheme equivalent to the Senior Executive Tier 1 Section before 1 April 1999 is excluded from Final Salary Pensionable Service as a Senior Executive Tier 1 Member.

“Senior Executive Tier SE Member” means a person who had joined the Senior Executive Tier SE Section of the Scheme before 1 April 2018.

Note: For the avoidance of doubt, membership of a section of the Scheme equivalent to the Senior Executive Tier SE Section before 1 April 1999 is excluded from Final Salary Pensionable Service as a Senior Executive Tier SE Member.

“Service” means employment with the Employers.

“Silver Level Member” is a Member who had, before 1 April 2018, selected the Silver Level Membership in accordance with Rule 3 (Gold and Silver Level Membership).

“Spouse” means a Member’s husband or wife, including a legally recognised same sex spouse, or a Member’s civil partner as defined in the Civil Partnership Act 2004.

“Total Incapacity” means physical or mental incapacity which prevents (and will continue to prevent) a Member from performing any regular work (other than work that can be expected to provide only a very small proportion of the annual basic salary attributable to the Member’s work immediately prior to the incapacity). The Trustee’s decision, having considered evidence from a registered medical practitioner that the Member is suffering from Total Incapacity, will be final.

“Transfer Value Laws” means the laws on transfer values in Chapter IV of Part IV of the Pension Schemes Act 1993.

“Trustee” means the trustee or trustees for the time being of the Scheme.

“Trustee Custodian” means Diageo Pension Trust (Property Custodian) Limited or such other body corporate as may be appointed by the Trustee from time to time to act as one of the Holding Trustees.

“Uplift” has the meaning described in Rule 5.1.4.

2 Joining the Scheme

2.1 Membership of the Scheme

Closure of Scheme

No person or class of person has been eligible to become a Member of the Scheme since, or shall be eligible to become a Member of the Scheme after, 22 September 2005, unless the Company has decided, or decides, otherwise after consultation with the Trustee.

2.2 Life cover only

2.2.1 Full life cover

An Employee who is eligible to join the Scheme but who has not so joined will be a Member for the lump sum death in Service benefit until the earlier of one month after Service began and the date on which the Trustee receives notification that the Member does not wish to join the Scheme. The benefit will be calculated as described in Rule 8.2 (Member dies in Service) and will be paid as described in Rule 8.7 (payment of lump sum death benefits). However, no benefit will be paid in any circumstances if there are no surviving Beneficiaries when the Member dies.

2.2.2 Minimum life cover

It may be that an Employee who is eligible to join the Scheme but has not so joined is no longer entitled to a lump sum death in Service benefit as described in the paragraph above. In that case, if the Member dies in Service, a benefit will be paid equal to his or her Pensionable Pay provided that the total lump sum benefit from the Scheme will be restricted so as not to give rise to a lifetime allowance charge in respect of the Member, where the Company notifies the Member and Trustee of this restriction in writing before the Member's death. In applying this restriction, any benefits accrued by the Member under any other pension scheme or arrangement (except another registered pension scheme of an Employer or of another employer in the Company's group) will be ignored, unless otherwise agreed in writing between the Company and the Member. The benefit will be paid as described in Rule 8.7 (payment of lump sum death benefits). However, no benefit will be paid in any circumstances if there are no surviving Beneficiaries when the Member dies.

3 Gold and Silver Level Membership

Members who were in Service on 1 April 1999 were asked to elect to be a Gold Level Member or a Silver Level Member with effect from that date. If no such election was made, Members were treated as having elected to be a Silver Level Member.

With effect from the end of 30 November 2005, unless the Company decided otherwise, a Silver Level Member could not have elected to become a Gold Level Member of the Scheme.

A Gold Level Member in Service may by notice in writing to the Trustee (in the form required by the Trustee) at any time before 1 April 2018, have elected to switch from being a Gold Level Member to being a Silver Level Member, such election taking effect from the first day of the month following the Trustee's receipt of the notice in writing.

4 Contributions to the Scheme

4.1 Contributions by Employers

Each Employer must contribute to the Scheme in respect of Members who are or have been employed by it at such rate as the Trustee decides from time to time, after consulting with the Company and considering advice from an actuary.

4.2 Basic contributions by Members

Members other than AGS Members, DCL Members and Bells Members

Each Member in Service who is not an AGS Member, a DCL Member or a Bells Member must contribute to the Scheme at the rate of 8% of Pensionable Pay or such other amount as is notified to the Member in writing by the Company.

AGS Members, DCL Members and Bells Members

Each Member in Service who is an AGS Member, a DCL Member or a Bells Member must contribute to the Scheme at the rate set out in the table below or such other amount as is notified to the Member in writing by the Company.

Period of Service	Rate of contribution as a percentage of Pensionable Pay
Up to 31 March 2019	5
1 April 2019 onwards	8

The Employer will deduct these contributions from the Member's earnings and pay them to the Trustee.

4.3 Additional voluntary contributions by Members⁵

The Trustee may (but need not) allow a Member in Service to pay additional voluntary contributions ("AVCs") to the Scheme. If the Trustee allows a Member to pay AVCs, it may impose any conditions it thinks reasonable (including as to amounts that can be paid, the time at which payments can be paid and the method of payment). AVCs shall be invested on a money purchase basis.

For the Members that the Trustee allows to pay AVCs, the maximum amount a Member can pay by way of total contributions (including the contributions that a Member would have paid under Rule 4.2 (Basic contributions by Members) had the Member not participated in a salary sacrifice arrangement under Rule 4.4 (Members who participate in salary sacrifice for pension contributions) and/or Rule 4.5 (Members who participate in other salary sacrifice arrangements)), including AVCs, is 15% of the Member's earnings (or pre-salary sacrifice earnings) subject to the Scheme Specific Earnings Cap or to such other limits as the Company and Trustee may otherwise agree. It may be that, before 6 April 2006, the limits that applied to the Scheme as a condition of approval under Chapter 1 of Part 14 of the Income and Corporation Taxes Act 1988 would have prevented the Member from taking a retirement lump sum from the proceeds of his or her AVCs. If so, the Trustee may allow the Member to take the proceeds of his or her AVCs as a lump sum up to the maximum permitted under the Finance Act 2004. This does not affect the rights of any Member who, before 6 April 2006, already had a right to take a retirement lump sum from his or her AVCs.

⁵ Additional rules in paragraph 2.6 (Pensionable Service Credit before 1 April 1999) in Schedule 3 (AGS Section); paragraph 2.5 (Pensionable Service Credit before 1 April 1999) in Schedule 4 (Bells Section) and paragraph 2.4 (Pensionable Service Credit before 1 April 1999) in Schedule 5 (DCL Section).

The proceeds of each Member's AVCs will be used in one or more of the following ways:

- 4.3.1 the Member may request that all or part of the proceeds be taken as a "pension commencement lump sum" up to the maximum permitted under Part 4 of the Finance Act 2004;
- 4.3.2 the Member may request that all or part of the proceeds be used to secure additional benefits through an annuity contract with an Insurance Company of his or her choice;
- 4.3.3 the Member may request that all or part of the proceeds be transferred to an Insurance Company of his or her choice to provide a "drawdown pension" under Part 4 of the Finance Act 2004;
- 4.3.4 the Member may request that all or part of the proceeds be taken as an "uncrystallised funds pension lump sum" under Part 4 of the Finance Act 2004; and
- 4.3.5 any remaining proceeds will be used to provide additional benefits for the Member in a form agreed between the Member and the Trustee.

4.4 Members who participate in salary sacrifice for pension contributions

Members who participate in salary sacrifice for pension contributions accept a reduction in their basic salary in return for non-contributory membership of the Scheme. The reduction is equal to the basic contributions that the Member would otherwise be required to pay under Rule 4.2 (Basic contributions by Members) or Rule 15 (Family Leave). Members who participate in salary sacrifice for pension contributions are not required to pay contributions under Rule 4.2 (Basic contributions by Members).

To ensure that a Member's benefits are not affected:

- 4.4.1 the Member's basic salary at any date and for any period while the Member participates in salary sacrifice for pension contributions will include the amount by which that basic salary is reduced under salary sacrifice for pension contributions; and
- 4.4.2 when calculating any benefit under the Scheme, Members will be treated as having paid contributions equal to those they would have paid if they had not participated in salary sacrifice for pension contributions. However, this does not apply to any refund of contributions for an early leaver under Rule 11.2 (Refund of contributions).

4.5 Members who participate in other salary sacrifice arrangements

Members who participate in any salary sacrifice arrangements of their Employer (other than for pension contributions) accept a reduction in their basic salary in return for other benefits. If the Company so directs, this reduction will be ignored for the purpose of calculating the Member's contributions to the Scheme under Rule 4.2 (Basic contributions by Members) or Rule 15 (Family Leave) and any benefits payable to or in respect of the Member under the Scheme.

5 Pensions for Members⁶

Note: Rule 5 should be read in conjunction with Rule 20.5 (Tax status of the Scheme). A Member's benefits in respect of periods of Final Salary Pensionable Service will continue to be calculated by reference to their Final Pensionable Pay, whilst a Member's benefits in respect of periods of CARE Pensionable Service will be calculated by reference to their Pensionable Pay.

5.1 Retirement at Normal Retirement Date⁷

A Member who leaves Service at Normal Retirement Date will receive a pension for life which will be calculated as follows:

In respect of periods of Final Salary Pensionable Service before 1 April 2018, the pension will be at a yearly rate equal to:

- 5.1.1 2.0% of Final Pensionable Pay for each year (plus an additional proportion for each additional complete month) of Final Salary Pensionable Service during which the Member was a Gold Level Member; and
- 5.1.2 1.6% of Final Pensionable Pay for each year (plus an additional proportion for each additional complete month) of Final Salary Pensionable Service during which the Member was a Silver Level Member.

In respect of periods of CARE Pensionable Service after 31 March 2018, the pension will, subject to Rule 6 (Mechanism for determining the rate of accrual in respect of CARE Pensionable Service), be calculated at a yearly rate equal to the total of the Basic Pensions and the Uplifts credited to the Member:

- 5.1.3 The "**Basic Pension**" will be at an accrual rate of 1/70th (or such other rate as is determined in accordance with Rule 6 (Mechanism for determining the rate of accrual in respect of CARE Pensionable Service)) of Pensionable Pay for each Benefit Year in which the Member is in CARE Pensionable Service; and
- 5.1.4 On each 1 April on which the Member is in Service beginning with 1 April 2019, the Member will be credited with an "**Uplift**" equal to the amount of the Basic Pensions and Uplifts credited to the Member for Benefit Years ending immediately before that 1 April, multiplied by the lower of:
 - (i) the percentage increase in the consumer prices index during a reference period agreed between the Company and the Trustee; and
 - (ii) 5%.

5.2 Late retirement

A Member who stays in Service after Normal Retirement Date will receive a pension on leaving. The pension will be calculated as described in Rule 5.1 (Retirement at Normal Retirement Date), based on the Member's Final Salary Pensionable Service and CARE Pensionable Service up to the date of leaving.

⁶ Additional rules in paragraph 2.2 (Bridging Pension) and paragraph 2.4 (Equalisation of Supplementary Years for GPT Members) in Schedule 2 (GUD Section); paragraph 2.1 (Bridging Pension) and paragraph 2.5 (Equalisation of Supplementary Years and Net Pensionable Pay) in Schedule 3 (AGS Section); paragraph 2.1 (Bridging Pension) in Schedule 4 (Bells Section) and paragraph 2.1 (Bridging Pension) in Schedule 5 (DCL Section).

However, at any time after Normal Retirement Date, a Member may opt out of the Scheme in accordance with Rule 17 (Opting out) and choose to start receiving benefits (including a retirement lump sum under Rule 7 (Retirement lump sum)) on the later of opting out and leaving Service. The pension will be calculated as described above to the date the Member opted out, but will be increased for late payment where the Member subsequently leaves Service on a basis determined by the Trustee after considering advice from an actuary.

A Member who stays in Service after reaching age 75 will be treated for all the purposes of the Scheme as having left Service on reaching age 75.

5.3 Early retirement⁸

A Member who leaves Service before Normal Retirement Date but after reaching age 50 (age 55 if the Member leaves Service on or after 6 April 2010) may choose an immediate pension. The pension will be calculated as described in Rule 5.1 (Retirement at Normal Retirement Date) but will then be reduced for early payment (i) on a basis agreed by the Trustee and Company after considering advice from an actuary for such part of the Member's pension as relates to Final Salary Pensionable Service, and (ii) on a basis determined by the Company after considering advice from an actuary for such part of the Member's pension as relates to CARE Pensionable Service. The Trustee must be reasonably satisfied that the benefits (including death benefits) for a Member who retires early under this Rule are at least equal in value to the benefits to which the Member would otherwise have become entitled on leaving Service.

If the Member is leaving because of Total Incapacity or Partial Incapacity, this Rule does not apply. Rules 5.4 (Total Incapacity) and 5.5 (Partial Incapacity) apply instead.

Note: This Rule is subject to Rule 18.9 (Members with a protected pension age).

5.4 Total Incapacity⁹

A Member who leaves Service before Normal Retirement Date because of Total Incapacity may choose an immediate pension. The pension will be calculated as described in Rule 5.1, but as if CARE Pensionable Service included the period between the Member's leaving and Normal Retirement Date and by reference to such Accrual Rate as applied as at the date the Member left Service for each applicable Benefit Year. However, if the pension is less than one half of the Member's Pensionable Pay at the date of leaving Service, a temporary pension equal to the difference (increased in accordance with Rule 19.3 (Pension increases)) will be paid until Normal Retirement Date. At Normal Retirement Date, any temporary pension (including any increases in respect of it) will cease to be paid.

5.5 Partial Incapacity

A Member who leaves Service before Normal Retirement Date because of Partial Incapacity may choose an immediate pension. The pension will be calculated as described in Rule 5.1.

⁷ Modified by paragraph 1.1 in Schedule 1 (GrandMet Section); paragraph 1.2 in Schedule 2 (GUD) Section); paragraph 1.3 in Schedule 3 (AGS Section), 4 (Bells Section), and 5 (DCL Section); paragraph 1.4 in Schedule 6 (Executive Section), and 7 (Senior Executive Tier 1 Section).

⁸ Modified by paragraph 1.3 in Schedule 2 (GUD) Section; paragraph 1.4 in Schedule 3 (AGS Section), 4 (Bells Section) and 5 (DCL Section); paragraph 1.5 in Schedule 6 (Executive Section), and 7 (Senior Executive Tier 1 Section).

⁹ Modified by paragraph 1.5 in Schedules 3 (AGS Section) and 4 (Bells Section). Additional rule in paragraph 2.3 (Additional children's pensions payable on early retirement due to Total Incapacity) in Schedule 5 (DCL Section).

5.6 Review of Total Incapacity and Partial Incapacity

Until Normal Retirement Date, the Trustee may from time to time require a review, which may include a medical review, of the Member's continued Total or Partial Incapacity. Following the review, the Trustee may re-determine which category of incapacity the Member satisfies (if any) and increase, reduce, suspend or withdraw the pension accordingly. The Trustee may adjust any benefits payable on the Member's death as it considers appropriate.

The Trustee must be reasonably satisfied that the benefits (including death benefits) for a Member who retires under Rules 5.4 (Total Incapacity) and 5.5 (Partial Incapacity) are at least equal in value to the benefits to which the Member would otherwise have become entitled on leaving Service.

6 Mechanism for determining the rate of accrual in respect of CARE Pensionable Service

- 6.1** The notional cost of CARE benefits to be accrued over a given 3 year period will, following the application of the mechanism in this Rule, determine the rate of accrual in respect of periods of CARE Pensionable Service from 1 April 2022.

The rate of accrual in respect of periods of CARE Pensionable Service from 1 April 2018 to 31 March 2022, will be 1/70ths as set out in Rule 5.1.3 (Retirement at Normal Retirement Date).

The rate of accrual in respect of periods of CARE Pensionable Service from 1 April 2022 will be determined by the mechanism set out in Rule 6.2 below.

- 6.2** For the purposes of this Rule 6.2, the following definitions will apply:

“CARE Accrual Rate Review Date” means the effective date of an actuarial valuation carried out in accordance with Section 224(1) of Part 3 of the Pensions Act 2004 after 1 April 2018 (the first such effective date expected to be 1 April 2021, the second expected to be 1 April 2024, the third expected to be 1 April 2027 etc.);

“CARE Accrual Rate Change Date” means (a) 1 April following the CARE Accrual Rate Review Date (the first such date expected to be 1 April 2022, the second expected to be 1 April 2025, the third expected to be 1 April 2028 etc.) or (b) if the actuarial valuation referred to in the definition of CARE Accrual Rate Review Date has not been completed by such following 1 April, the second 1 April following the effective date of that valuation;

“CARE Review Date Employer Cost” means the Total CARE Review Date Cost less the CARE Review Date Member Cost;

“CARE Review Date Member Cost” means 8% of Pensionable Pay;

“CARE Lower Cost” means 24.75% of Pensionable Pay;

“CARE Upper Cost” means 30.25% of Pensionable Pay;

“Employer’s CARE Base Cost” means 27.5% of Pensionable Pay;

“Total CARE Review Date Cost” means the amount calculated by the actuary, using the Accrual Rate in force at the CARE Accrual Rate Review Date, to be the notional cost of CARE to be accrued over the next 3 years, based on the same assumptions which are to be used when calculating the “Technical Provisions” (as defined in the Pensions Act 2004) for the purposes of the actuarial valuation to be carried out as at the CARE Accrual Rate Review Date.

If at each CARE Accrual Rate Review Date the CARE Review Date Employer Cost is:

6.1

6.2

6.2.1 greater than the CARE Upper Cost, then the actuary will calculate (i.e. reduce) the Accrual Rate such that the CARE Review Date Employer Cost is equal to the Employer’s CARE Base Cost;

6.2.2 no less than the CARE Lower Cost and no more than the CARE Upper Cost, then the Accrual Rate will remain unchanged; or

6.2.3 less than the CARE Lower Cost, then the actuary will calculate (i.e. increase) the Accrual Rate such that the CARE Review Date Employer Cost is equal to the Employer's CARE Base Cost;

There will be no minimum or maximum Accrual Rate for the purposes of this Rule 6.2.

The Accrual Rate calculated above will be rounded such that it can be expressed as $1/N$ where N is an integer.

The Accrual Rate calculated above will apply to all CARE Pensionable Service from the CARE Accrual Rate Change Date until the next CARE Accrual Rate Change Date, unless the Company instead notifies the Trustee in writing of an increased Accrual Rate to be used for this period.

7 Retirement lump sum

A Member may give up pension for a lump sum payable when the pension is due to start, but must keep a pension which will be at least equal to his or her GMP under the Scheme at age 65 (if a man) or age 60 (if a woman). If the Company and the Trustee agree, the Member may choose a lump sum of any amount up to the maximum permitted as a "pension commencement lump sum" under Part 4 of the Finance Act 2004. The Trustee will convert pension to lump sum on a basis determined by the Trustee having obtained actuarial advice. However, the Member must keep a pension at least equal to his or her GMP and the post-1997 rights.

8 Lump sum payable on Member's death

8.1 Lump sum death benefit¹⁰

A lump sum death benefit will be paid if a Member dies:

- 8.1.1 in Service;
- 8.1.2 within 5 years after starting to receive a pension;
- 8.1.3 before Normal Retirement Date with a preserved pension that has not started;
- 8.1.4 on or after Normal Retirement Date with a preserved pension that has not started; or
- 8.1.5 on or after Normal Retirement Date with a pension which has not come into payment because it has not been claimed.

The benefit will be calculated as described in Rule 8.2, 8.3, 8.4, 8.5 or 8.6 (as appropriate) and paid as described in Rule 8.7. However, no lump sum death benefit will be paid if there are no surviving Beneficiaries when the Member dies or if the Member dies after reaching age 75.

8.2 Member dies in Service¹¹

If the Member dies in Service, the benefit will be equal to:

- 8.2.1 4 times the Member's Pensionable Pay; plus
- 8.2.2 the total contributions paid by the Member (or the total contributions that would have been paid by the Member had the Member not participated in any salary sacrifice arrangement under Rule 4.4 (Members who participate in salary sacrifice for pension contributions) and/or Rule 4.5 (Members who participate in other salary sacrifice arrangements)) without interest;

provided that the total lump sum benefit from the Scheme will be restricted so as not to give rise to a lifetime allowance charge in respect of the Member, where the Company notifies the Member and Trustee of this restriction in writing before the Member's death. In applying this restriction, any benefits accrued by the Member under any other pension scheme or arrangement (except another registered pension scheme of an Employer or of another employer in the Company's group) will be ignored, unless otherwise agreed in writing between the Company and the Member.

Note: Rules 8.1 and 8.2 should be read in conjunction with Rule 2.2 (Life cover only).

8.3 Member dies within 5 years after pension starts

If the Member dies within 5 years after starting to receive a pension, the benefit will be equal to the pension payments which would have been made during the remainder of the 5-year period if the Member had not died (but disregarding any future increases and any temporary pension being paid in accordance with Rule 5.4 (Total Incapacity) or any other provision of the Scheme).

¹⁰ Additional rules in paragraph 2.2 (GrandMet Member dies before Normal Retirement Date after leaving Service because of Total or Partial Incapacity) in Schedule 1 (GrandMet Section); paragraph 2.3 (Additional lump sum on death of AGS Member who was a member of the AGSPS) in Schedule 3 (AGS Section); paragraph 2.3 (lump sum death benefit: Bells Member dies before age 60 after pension starts) and paragraph 2.4 (lump sum death benefit: Bells Member dies between 60 and 65 after pension starts) in Schedule 4 (Bells Section); paragraph 2.1 (Executive Member dies after leaving Service because of redundancy) in Schedule 6 (Executive Section); and paragraph 2.1 (Senior Executive Tier 1 Member dies after leaving Service because of redundancy) in Schedule 7 (Senior Executive Tier 1 Section).

¹¹ Modified by paragraph 1.6 in Schedules 3 (AGS Section) and 4 (Bells Section); paragraph 1.5 in Schedule 5 (DCL Section).

8.4 Member dies before Normal Retirement Date with a preserved pension that has not started

If the Member dies before Normal Retirement Date with a preserved pension that has not started, the benefit will be equal to the total contributions paid by the Member under Rule 4.2 (Basic contributions by Members) (or the total contributions that would have been paid by the Member had the Member not participated in any salary sacrifice arrangement under Rule 4.4 (Members who participate in salary sacrifice for pension contributions) and/or Rule 4.5 (Members who participate in other salary sacrifice arrangements)) without interest.

8.5 Member dies on or after Normal Retirement Date with a preserved pension that has not started

If a Member dies on or after Normal Retirement Date with a preserved pension that has not started (in accordance with Rule 12.3 (Late pension)) the benefit will be equal to:

- 8.5.1 the maximum lump sum that the Member could have chosen under Rule 7 (Retirement lump sum) if the Member had retired immediately before his or her death; plus
- 8.5.2 5 years payment of the pension (disregarding increases) that would have remained payable, after payment of the retirement lump sum, if the Member had retired immediately before his or her death and lived for 5 years after retirement.

8.6 Member dies on or after Normal Retirement Date with a pension which has not come into payment because it has not been claimed

If a Member dies on or after Normal Retirement Date with a pension which has not come into payment because it has not been claimed, the benefit will be equal to:

- 8.6.1 the maximum lump sum that the Member could have chosen under Rule 7 (retirement lump sum) at Normal Retirement Date together with any interest to be added in accordance with Rule 19.2 (Addition of interest); plus
- 8.6.2 if the Member dies within 5 years of Normal Retirement Date, the balance of the pension payments which would have been made, after payment of the retirement lump sum, during the remainder of the 5 year period if the Member had not died (but disregarding future increases).

Note: A payment of unclaimed arrears of pension (after payment of the retirement lump sum) due in accordance with Rule 11.1 (Preserved pension) will also be paid (together with any interest to be added in accordance with Rule 19.2 (Addition of interest)). However, this will be paid to the Member's estate and not under Rule 8.7 (Payment of lump sum death benefits). It will also be subject to the basic rate of tax applicable to the Member at the date of death.

8.7 Payment of lump sum death benefits

The Trustee will pay any lump sum death benefit to one or more of the Beneficiaries. If the Trustee decides to pay the benefit to more than one of the Beneficiaries, it will pay it in such shares as it decides.

The Trustee may use all or part of the amount payable for the benefit of one or more of the Beneficiaries, instead of paying it direct to the Beneficiaries concerned.

So long as only the Beneficiaries can become entitled to the benefit, the Trustee may:

8.7.1 direct that all or part of the lump sum be held by itself or other trustees on such trusts (including discretionary trusts) and with such powers and provisions (including powers of selection and variation) as the Trustee sees fit; or

8.7.2 pay all or part of the lump sum to the trustees of any other existing trust.

If the Trustee cannot pay the benefit within 2 years beginning with the earlier of the day on which the Member's death was first known to the Trustee and the day on which the Trustee could first reasonably be expected to have known of it, the Trustee will transfer it to a separate account outside the Scheme and pay it under this Rule as soon as possible afterwards.

Alternatively, the Trustee may pay the benefit after 2 years beginning with the earlier of the day on which the Member's death was first known to the Trustee and the day on which the Trustee could reasonably have been expected to know of it (although such payment may result in the recipient and/or the Scheme becoming liable for a tax charge). In the event of the Scheme becoming liable for a tax charge, such charge may be recovered under Rule 20.1 (Recovery of tax and other charges).

To the extent that a sum is not otherwise paid to a Beneficiary, the Trustee may at its discretion pay to the appropriate person or body a contribution (not exceeding the said sum) towards the funeral expenses incurred in respect of the deceased Member.

9 Pensions for Spouses and children

9.1 Spouse's pension¹²

If a Member dies leaving a surviving Spouse, the Spouse will receive a pension for life.

If there is no surviving Spouse, the Trustee may (but need not) treat a person of either sex whom it considers had a relationship with the Member closely resembling marriage as the Member's surviving Spouse for all the purposes of this Rule.

The pension will normally be calculated as described in Rule 9.4, 9.5, 9.6 or 9.7 (as appropriate).

It may be that the Spouse was neither living with nor dependent upon the Member at the date of the Member's death. If so, the Trustee may pay a smaller pension to the Spouse of such amount as it decides. However, the Trustee may do this only if and to the extent that the pension otherwise payable to the Spouse in respect of the Member's Final Salary Pensionable Service exceeds the limited Spouse's pension described in Rule 9.8.

If the Trustee pays a smaller pension to the Spouse, it may pay a pension to one or more of the Member's Dependants. This pension may be equal to the balance of the normal Spouse's pension or may be of such lesser amount as the Trustee determines.

If there is more than one surviving Spouse, the Spouse's pension will be paid to one or more of them in such shares as the Trustee decides.

9.2 Children's pension

If a Member dies leaving Dependent Children, a children's pension will be paid. The pension will be calculated as described in Rule 9.4, 9.5, 9.6 or 9.7 (as appropriate), according to the number of Dependent Children from time to time.

The children's pension will be paid to one or more of the Dependent Children, or used for their benefit, in such shares as the Trustee decides from time to time, and may be paid to some other person, or to a fixed or discretionary trust, for the benefit of any or all of them. The pension will stop when there is no remaining Dependent Child.

9.3 Other Dependants' pension¹³

If a Member dies and no Spouse's pension is payable, the Trustee may (but need not) pay a pension to one or more of the Member's Dependants or a person nominated in writing in the required form to the Trustee. This pension may be calculated as a Spouse's pension. However, the Trustee may pay a pension of a smaller amount, and may reduce or stop any pension at any time, as it sees fit.

9.4 Member dies in Service¹⁴

If the Member dies in Service before Normal Retirement Date, the Spouse's pension will be equal to 50% of the pension the Member would have received as calculated under Rule 5.1 (Retirement at Normal Retirement Date) if he or she had stayed in CARE Pensionable Service until Normal Retirement Date, based on Pensionable Pay at the date of the Member's death and such Accrual

¹² Modified by paragraph 1.6 in Schedule 5 (DCL Section).

¹³ Modified by paragraph 1.4 in Schedule 2 (GUD Section); paragraph 1.7 in Schedules 3 (AGS Section) and 5 (DCL Section); paragraph 1.8 in Schedule 4 (Bells Section).

¹⁴ Modified by paragraph 1.8 in Schedules 3 (AGS Section) and 5 (DCL Section); paragraph 1.9 in Schedule 4 (Bells Section); and paragraph 1.6 in Schedule 7 (Senior Executive Tier 1 Section).

Rate as applied at the date of the Member's death for each Benefit Year between the date of death and Normal Retirement Date.

If the Member dies in Service on or after Normal Retirement Date, the Spouse's pension will be equal to 50% of the pension the Member would have received if he or she had retired immediately before his or her death without giving up any pension for a lump sum.

If the Member dies in Service, the children's pension will be equal to 12.5% of the Member's pension calculated as described above, multiplied by the number of Dependent Children up to a maximum of 4. The total amount payable will be shared between the Dependent Children as the Trustee decides from time to time.

9.5 Member dies after pension starts¹⁵

If the Member dies after starting to receive a pension, the Spouse's pension will be equal to 50% of the pension payable to the Member at the date of death or, if the Member gave up pension for a lump sum on retirement, 50% of the pension that would have been payable at the Member's death if the Member had not done so. However, any temporary pension being paid in accordance with Rule 5.4 (Total Incapacity) or any other provision of the Scheme will be disregarded.

If the Member dies after starting to receive a pension, the children's pension will be equal to 12.5% of the Member's pension calculated as described above, multiplied by the number of Dependent Children up to a maximum of 4. The total amount payable will be shared between the Dependent Children as the Trustee decides from time to time.

9.6 Member dies with a preserved pension that has not started¹⁶

If the Member dies before Normal Retirement Date with a preserved pension that has not started, the Spouse's pension will be equal to 50% of the preserved pension described in Rule 11.1 (Preserved pension), including the increases described in that Rule applicable to the period between the date the Member left Service and the Member's death.

If the Member dies on or after Normal Retirement Date with a preserved pension that has not started (in accordance with Rule 12.3 (Late pension)) the Spouse's pension will be equal to 50% of the pension the Member would have received if he or she had retired immediately before his or her death without giving up any pension for lump sum on retirement.

If the Member dies with a preserved pension that has not started, the children's pension will be equal to 12.5% of the Member's preserved pension calculated as described above, multiplied by the number of Dependent Children up to a maximum of 4. The total amount payable will be shared between the Dependent Children as the Trustee decides from time to time.

9.7 Member dies after Normal Retirement Date with a pension which has not come into payment because it has not been claimed

If the Member dies after Normal Retirement Date with a pension which has not come into payment because it has not been claimed, the Spouse's pension will be equal to the pension that would have been payable under Rule 9.5 if the Member's pension had been claimed at the date of death and if no pension had been given up for lump sum on retirement.

¹⁵ Modified by paragraph 1.9 in Schedules 3 (AGS Section) and 5 (DCL Section); paragraph 1.10 in Schedule 4 (Bells Section); paragraph 1.6 in Schedule 6 (Executive Section); and paragraph 1.7 in Schedules 7 (Senior Executive Tier 1 Section).

¹⁶ Modified by paragraph 1.10 in Schedules 3 (AGS Section) and 5 (DCL Section); paragraph 1.11 in Schedule 4 (Bells Section); and paragraph 1.8 in Schedule 7 (Senior Executive Tier 1 Section).

If the Member dies after Normal Retirement Date with a pension which has not come into payment because it has not been claimed, the children's pension will be equal to 12.5% of the Member's pension calculated as described above, multiplied by the number of Dependent Children up to a maximum of 4. The total amount payable will be shared between the Dependent Children as the Trustee decides from time to time.

9.8 Limited Spouse's pension

Amount of limited Spouse's pension

The limited Spouse's pension referred to in Rule 9.1 is a pension equal to the total of:

9.8.1 any GMP that the Scheme is required to provide for the Spouse under the Contracting-out Laws; and

9.8.2 1/160th of the Member's Average Qualifying Earnings for each complete year of the Member's contracted-out Final Salary Pensionable Service on and after 6 April 1997, plus an additional proportion for each complete month.

9.9 Meaning of Average Qualifying Earnings

For the purpose of Rule 9.8.2, "**Average Qualifying Earnings**" means qualifying earnings averaged over the last 3 complete tax years before the Member leaves Service or dies, whichever occurs first; and "**qualifying earnings**" means the same as in Section 12B of the Pension Schemes Act 1993 (reference scheme) as it applied on 5 April 2016.

If the Member was not in Final Salary Pensionable Service for 3 complete tax years, "Average Qualifying Earnings" means qualifying earnings averaged over the whole of the Member's Final Salary Pensionable Service.

9.10 Revaluation of part of pension

If the Member dies more than 12 months after leaving Service and before Normal Retirement Date, the amount described in Rule 9.8.2 will be increased before payment as if the Revaluation Laws applied to it for the period between the Member's leaving Service and the Member's death.

If the Member dies after leaving Service and on or after Normal Retirement Date, the amount described in Rule 9.8.2 will be increased before payment as if:

9.10.1 the Revaluation Laws applied to it for any period between the Member's leaving Service and Normal Retirement Date; and

9.10.2 Rule 19.3 (Pension increases) had applied to it during any period between the Member's Normal Retirement Date or leaving Service (whichever was later) and the Member's death.

This amount will also be increased under Rule 19.3 (Pension increases) after the Member's death.

9.11 Restriction of limited Spouse's pension

The amount described in Rule 9.8.2 will not be included in the limited Spouse's pension if:

- 9.11.1 the marriage or civil partnership was entered into after the Member started to receive a pension; or
- 9.11.2 at the date of the Member's death, the Spouse is either living together as husband and wife with a person (not the Member) to whom he or she is not married, or living together with a person (not the Member) of the same sex as if they were civil partners.

9.12 Effect of limited Spouse's pension on other pensions

This Rule does not affect the amount of any pension payable to a child or any other Dependant.

10 Pension sharing on divorce

10.1 Compliance with pension sharing orders

It may be that an order or other provision under Section 28(1) of the Welfare Reform and Pensions Act 1999 or equivalent Northern Ireland laws (activation of pension sharing) requires all or part of a Member's benefits to be transferred to the Member's former Spouse. If this happens, the Trustee will discharge its liability to the former Spouse in accordance with the requirements of that Act. However, the Trustee may provide benefits for the former Spouse under the Scheme only if the Company agrees.

10.2 Death of former Spouse before a transfer payment is made

It may be that the Trustee intends to discharge its liability to the former Spouse by making a transfer payment to another pension arrangement, but the former Spouse dies before the payment is made. If this happens, the Trustee may (but need not) provide benefits in respect of the former Spouse in one or both of the following forms as it considers appropriate:

- 10.2.1 a lump sum death benefit payable as described in Rule 8.7 (payment of lump sum death benefits) as if the former Spouse were a Member;
- 10.2.2 a pension or pensions for one or more of the former Spouse's children, new Spouse or other Dependants as described in Rule 10.3 (payment of survivor's pensions).

Any lump sum death benefit cannot exceed 25% of the transfer payment that would have been made to the other pension arrangement if the former Spouse had not died.

The amount of any single pension cannot exceed two-thirds of the annuity that the transfer payment could have bought for the former Spouse, at an available market rate, immediately before his or her death. Where more than one pension is paid, the total of all the pensions cannot exceed the amount of the annuity that could have been bought for the former Spouse.

If the Trustee decides not to provide benefits as described above, it may (but need not) discharge its liability in respect of the former Spouse in one of the other ways allowed by the Welfare Reform and Pensions Act 1999.

Any part of the transfer payment that is not used as described in this Rule will be retained by the Trustee as part of the general assets of the Scheme.

10.3 Payment of survivor's pensions

A pension payable to a surviving Spouse or any other adult Dependant will be payable for life.

A pension payable to a child will be payable whilst the child remains a Dependent Child.

11 Early leavers

11.1 Preserved pension¹⁷

A Member who leaves Service before Normal Retirement Date without becoming entitled to an immediate pension will receive a pension for life from Normal Retirement Date.

The pension from Normal Retirement Date will be calculated at the date of leaving as described in Rule 5.1 (Retirement at Normal Retirement Date).

Such part of the Member's pension as relates to Final Salary Pensionable Service will be increased before payment as follows:

11.1.1 the pension in excess of GMP will be increased by the percentage required by the Revaluation Laws; and

11.1.2 the GMP will be increased as required by the Contracting-out Laws.

Such part of the Member's pension as relates to CARE Pensionable Service will be increased every 1 April by the lower of (i) the percentage increase in the consumer prices index during a reference period agreed between the Company and the Trustee; and (ii) 5%.

11.2 Refund of contributions

A Member who leaves Service before Normal Retirement Date with less than 2 years' Qualifying Service and in respect of whom a transfer payment of rights from an occupational or personal pension scheme to the Scheme has not been made may choose to receive a refund of his or her own contributions to the Scheme, less tax instead of a preserved pension under Rule 11.1 (Preserved pension).

If the Member's Service was contracted-out under the Scheme:

11.2.1 the Trustee will pay a contributions equivalent premium under Section 55(2) of the Pension Schemes Act 1993 (payment of state scheme premiums on termination of certified status) as it continues to have effect under the Pensions Act 2014 (Savings) Order 2015; and

11.2.2 the Member's refund of contributions will be reduced by the amount described in Section 61 of that Act (deduction of contributions equivalent premium from refund of scheme contributions).

If the Member has at least 3 months but less than 2 years' Service and so chooses, the Trustee will provide a cash transfer sum in accordance with Chapter 2 of Part 4ZA of the Pension Schemes Act 1993 (early leavers: cash transfer sums and contribution refunds), instead of a refund of the Member's own contributions.

¹⁷ Additional rule in paragraph 2.3 (GrandMet Members who joined the Scheme before 1 October 1994) in Schedule 1 (GrandMet Section).

12 Choices for early leavers

12.1 Right to transfer or buy-out

A Member who leaves Service with a preserved pension can require the Trustee to use the cash equivalent of his or her benefits (including death benefits) (or, if greater, an amount equal to twice the contributions which the Member paid in accordance with Rule 4.2 (Basic contributions by Members) (or twice the contributions which would have been paid by the Member had the Member not participated in any salary sacrifice arrangement under Rule 4.4 (Members who participate in salary sacrifice for pension contributions) and/or Rule 4.5 (Members who participate in other salary sacrifice arrangements)) without interest) so that benefits in respect of that Member will be provided instead under another pension scheme or arrangement or by an Insurance Company, in accordance with the Transfer Value Laws, where applicable.

12.2 Early pension¹⁸

A Member entitled to a preserved pension may, with the consent of the Trustee, choose to start receiving it before Normal Retirement Date (but not before reaching age 55 (age 50 if the pension starts before 6 April 2010), unless the Member is suffering from Total Incapacity or Partial Incapacity).

If the preserved pension starts before Normal Retirement Date, it will be reduced for early payment except where the Member is suffering from Total Incapacity or Partial Incapacity. The reduction will be on a basis agreed by the Trustee and the Company after considering advice from an actuary. The Trustee must be reasonably satisfied that the benefits (including death benefits) for a Member who retires early are at least equal in value to the benefits that would otherwise have been provided for the Member under the Scheme.

Note: This Rule is subject to Rule 18.9 (Members with a protected pension age).

12.3 Late pension

A Member entitled to a preserved pension may, with the consent of the Trustee, choose to start receiving it after Normal Retirement Date (but not after reaching age 75). If the pension starts after Normal Retirement Date it will be increased for late payment on a basis determined by the Trustee after considering advice from an actuary. The Trustee must be reasonably satisfied that the benefits (including death benefits) for a Member who chooses a late pension are at least equal in value to the benefits that would otherwise have been provided for the Member under the Scheme.

12.4 Choices at retirement

A Member entitled to a preserved pension may choose to give up pension for a lump sum, as described in Rule 7 (Retirement lump sum).

¹⁸ Modified by paragraph 1.5 in Schedule 2 (GUD Section); paragraph 1.11 in Schedules 3 (AGS Section) and 5 (DCL Section); paragraph 1.12 in Schedule 4 (Bells Section); paragraph 1.7 in Schedule 6 (Executive Section); and paragraph 1.9 in Schedule 7 (Senior Executive Tier 1 Section).

13 Early leavers rejoining

13.1 Periods of Service treated separately

If a Member leaves Service and later returns, the Member will not be treated as in Service for the purposes of the Scheme unless he or she rejoins the Scheme.

If the Member rejoins the Scheme, the Member's Service before the break will be ignored when considering entitlement to benefits for any period after the break, and the benefits for each period of Final Salary Pensionable Service or CARE Pensionable Service will be calculated separately except that:

13.1.1 if the Member rejoins the Scheme and then dies in Service, the lump sum death benefit under Rule 8.2 (Member dies in Service) will be reduced by an amount equal to any benefit payable under Rule 8.3 (Member dies within 5 years after pension starts), Rule 8.5 (Member dies on or after Normal Retirement Date with a preserved pension that has not started), and Rule 8.6 (Member dies on or after Normal Retirement Date with a pension which has not come into payment because it has not been claimed); and

13.1.2 if the break in Service is due to pregnancy or confinement, Rule 15 (Family leave) will apply.

13.2 Breaks in Qualifying Service

It may be that a Member leaves Service, returns and rejoins the Scheme and then leaves again before Normal Retirement Date, and the period between leaving Service and rejoining the Scheme did not exceed one month or was due to a trade dispute. If this happens, the Member's Final Salary Pensionable Service or CARE Pensionable Service before and after the break will be treated as continuous (but excluding the break) for the purpose of calculating whether the Member has at least 2 years' Qualifying Service after the break.

It may be that a Member leaves Service with a preserved pension and is not entitled to a refund of contributions under Rule 11.2 (Refund of contributions). If that is the case and he returns and rejoins the Scheme and then leaves again before Normal Retirement Date, and is still entitled to benefits under the Scheme in respect of the period before the break, in respect of the Member's Final Salary Pensionable Service or CARE Pensionable Service after the break, he or she will only be entitled to a preserved pension.

14 Members away from work and transfers overseas

14.1 Temporary absences and secondments

Members will normally be treated as having left Service if they are away from work and stop receiving contractual pay from the Employers. The Company and the Trustee may, however, agree to treat any Member who is away from work or on secondment as still in Service for so long as they think fit.

The Company and the Trustee may agree special terms (consistent with the Contracting-out Laws) to apply to any Member's contributions and benefits in respect of any such periods. Any agreed special terms will be notified to the Member.

14.2 Transfers overseas

The Company and the Trustee may agree special terms to apply to a Members' benefits in the event that he or she has been transferred overseas whilst remaining employed within the Diageo group of companies. Any agreed special terms will be notified to the Member.

However, a Member in Service will be treated as having left Service if the Member becomes a "qualifying person" for the purposes of the Occupational Pension Schemes (Cross-border Activities) Regulations 2005, and if the Trustee were to accept contributions in respect of the Member, which would otherwise result in there being a breach of Section 287 of the Pensions Act 2004 (occupational pension scheme receiving contributions from European employer).

15 Family leave

15.1 Statutory family leave

A Member will be treated as still in Service during any period of "ordinary maternity leave", "ordinary adoption leave" or "paternity leave".

Members who receive pay from their Employer for these periods must pay contributions on the pay received. Members who receive no pay do not have to pay contributions. A Member's benefits for these periods will, in any event, be calculated as if the Member had worked normally and received the normal pay for doing so.

15.2 Additional paid family leave

Members will also be treated as still in Service during any other period for which they receive pay from their Employer and which, for the purposes of Schedule 5 to the Social Security Act 1989 (equal treatment for men and women), is a period of maternity leave, adoption leave, paternity leave or shared parental leave, or absence from work for other family reasons.

In each case, the Member must pay contributions on the pay received.

In the case of paid maternity, paternity, adoption and shared parental leave, the Member's benefits will be calculated as if he or she had worked normally and received the normal pay for doing so.

In the case of any other period of paid family leave, the Member's benefits will be based on the pay received, unless the Company and the Trustee agree other terms that are no less favourable to the Member.

15.3 Additional unpaid family leave

The Company and the Trustee may agree to treat a Member as still in Service for some or all purposes of the Scheme during any period of additional unpaid maternity leave, adoption leave, parental leave, shared parental leave or absence from work for other family reasons. If this is agreed, the Company and the Trustee will also agree terms to apply to the Member's contributions (if any) and benefits for this period.

If a Member is not treated as still in Service during any period of unpaid leave, the Member will be treated as having left Service. If the Member returns to work at the end of the period, the Member's Final Salary Pensionable Service and/or CARE Pensionable Service before being treated as having left Service and after returning to work will be treated as continuous (but excluding the break).

16 Ceasing to be eligible

16.1 Ceasing to be eligible

A Member in Service will cease to be eligible if:

- 16.1.1 the Company directs at any time that the Member should cease to be eligible for membership of the Scheme; or
- 16.1.2 the Member becomes a “qualifying person” for the purposes of the Occupational Pension Schemes (Cross-border Activities) Regulations 2005 and, if the Trustee was to accept contributions in respect of the Member, it would be in breach of Section 287 of the Pensions Act 2004 (occupational pension scheme receiving contributions from European employer).

The Member will be treated as having left Service on ceasing to be eligible. However, unless the Company agrees otherwise, a Member with a preserved pension cannot choose an early pension under Rule 12.2 (Early pension) before actually leaving Service.

16.2 Continued life cover after ceasing to be eligible

If a Member ceases to be eligible for continued membership of the Scheme, the Trustee may (but need not) provide that a lump sum death benefit will continue to be payable for a period not exceeding 12 months from the date on which he or she ceased to be eligible.

17 Opting out

A Member may opt out of the Scheme by giving one month's notice to the Trustee (or such shorter period as the Trustee may agree). The Member will be treated as having left Service at the end of the pay period applicable to the Member following the expiry of the notice. However:

- (a) Unless the Company determines that the Member will instead be provided with death in Service benefits under Rule 2.2.1 (Full life cover), the Member will be included in the Scheme for death in Service benefits as described in Rule 2.2.2 (Minimum life cover) until the earlier of:
 - (i) the Member actually leaving Service;
 - (ii) the Member's pension starting;
 - (iii) the Member joining another arrangement established by the Company which provides death in service benefits.
- (b) No pension or retirement lump sum may be paid to the Member until the Member actually leaves Service (or reaches Normal Retirement Date, if earlier).

Note: Rule 17(b) should be read in conjunction with Rule 12.3 (Late pension).

If the Member's pension starts after Normal Retirement Date, it will be increased for late payment on a basis determined by the Trustee after considering advice from an actuary.

A Member who opts out of the Scheme will be asked to complete a disclaimer in the form required by the Company.

A Member who opts out of the Scheme may rejoin only with the specific permission of the Company and the Trustee, and on such terms as the Company and Trustee determine. The Member may be required to provide evidence of health.

18 Special provisions applicable in respect of periods of Final Salary Pensionable Service up to and including 31 March 2018 for certain Members

18.1 Former GrandMet Members and Former GUD Members¹⁹

The benefits for Members who were Members of the Scheme (formerly called the GrandMet Group Pension Fund) and members of the GUD Pension Trust immediately before 1 April 1999 (with the exception of AGS, Bells and DCL Members as described in Rule 18.2 (AGS, Bells and DCL Members) and United Glass Members as described in Rule 18.4) (United Glass Members) in respect of periods up to and including 31 March 2018 are as described in these Rules with the modifications set out in Schedule 1 (GrandMet Section) or Schedule 2 (GUD Section).

18.2 AGS, Bells and DCL Members

It may be that certain Members who were active members of either the AGS, Bells or DCL Sections of the GUD Pension Trust immediately before joining the Scheme (and for whom a transfer payment has been made from the GUD Pension Trust to the Scheme) elected to continue to accrue benefits after joining the Scheme in accordance with such Sections. If so, benefits in respect of such Members will be calculated as if the applicable provisions of such Sections continued to apply for periods up to and including 31 March 2018.

The main differences between the AGS, Bells and DCL Sections and the benefits otherwise payable under the Scheme in respect of periods up to and including 31 March 2018 are set out in Schedule 3 (AGS Section), Schedule 4 (Bells Section) and Schedule 5 (DCL Section) as appropriate.

The benefits will, however, be paid as described in these Rules, and Rules 4.3 (Additional voluntary contributions by Members), 8.7 (payment of lump sum death benefits), 12.1 (right to transfer or buy-out) and 19 (General rules about pensions) to 30 (Governing law) (except for Rule 19.3 (Pension increases)) will apply in place of any corresponding previous provisions of the GUD Pension Trust.

18.3 Executive and Senior Executive Tier 1

Additional provisions applicable to Executive and Senior Executive Tier 1 Members in respect of periods up to and including 31 March 2018 are set out in Schedule 6 (Executive Section) and Schedule 7 (Senior Executive Tier 1 Section).

18.4 United Glass Members

Certain Members were members of the GUD Pension Trust immediately before joining the Scheme and were members of the United Glass Limited Staff Pension Fund, United Glass Limited Senior Management Staff Pension Fund, United Glass Limited Pension Scheme for Hourly Paid Employees or the United Glass Limited (1986) Pension Fund immediately before joining the GUD Pension Trust.

Benefits in respect of such Members in respect of periods up to and including 31 March 2018 will be calculated in accordance with the provisions of those schemes in force previously from time to time.

18.5 Members who have worked part-time

It may be that during the same period of continuous Final Salary Pensionable Service and/or CARE Pensionable Service a Member has been in full-time employment and part-time employment or the basic number of hours a week worked by a Member in part-time employment has varied from time

¹⁹ Additional rules in paragraph 2.1 (GrandMet Members who left Service before 1 April 1999) in Schedule 1 (GrandMet Section) and paragraph 2.1 (GUD Members who left Service before 1 April 1999) in Schedule 2 (GUD Section).

to time. If this happens, the benefits relating to part-time employment will be notified to the Member. The Company and Trustee will calculate these benefits in a way they consider fair after taking account of the number of hours a week worked by the Member from time to time.

18.6 Members in other group schemes

Any benefits payable in respect of a Member may, unless the Company otherwise determines, be reduced in such a manner as the Trustee, having considered the advice of an actuary, determines to be appropriate to take account of benefits payable in respect of the Member under any other retirement benefits scheme or arrangement of any Employer or to which any Employer contributes or has contributed.

18.7 Members subject to the lifetime allowance charge

A Member will be liable for a lifetime allowance charge imposed by the Finance Act 2004 if the value of the benefits due to the Member, together with benefits from all other registered schemes, exceeds the statutory lifetime allowance (the “**Lifetime Allowance**”).

If a Member reaches the Lifetime Allowance, the Member may, at the Company’s discretion (and subject to the Company imposing such conditions as it determines), choose to have his or her benefits from the Scheme restricted so as not to give rise to a lifetime allowance charge.

Where the benefits relate to a Member in Service immediately before 6 April 2006, this restriction shall operate subject to the following assumptions:

	Circumstances	Assumptions
1	Immediately before 6 April 2006, the information available to the Company concerning a Member indicates that, on that date, the Member has sufficient benefits under all registered schemes to be able to register for primary protection in accordance with the Finance Act 2004.	The Member is treated as having primary protection.
2	A Member has informed the Company or the Trustee that he or she has registered for enhanced protection in accordance with the Finance Act 2004 and the Company has notified the Trustee that benefits payable from the Scheme should be restricted by reference to that amount.	The Member is treated as having enhanced protection (and primary protection if 1 also applies)
3	Neither of the above applies.	The Member is treated as having neither primary nor enhanced protection.

These assumptions shall apply regardless of whether a person actually has primary or enhanced protection (even if this gives rise to a lifetime allowance charge in some circumstances).

In calculating how the restriction applies to other benefits, any:

18.7.1 money purchase benefits in any registered scheme that are attributable to contributions paid on or after 6 April 2006; and

18.7.2 defined benefits accrued outside the Scheme on or after that date,

shall be treated as not yet payable unless the Company decides otherwise.

If the Company agrees to a Member's benefits being restricted to the Lifetime Allowance, the Member will not be permitted to make additional voluntary contributions to the Scheme.

18.8 Members who left Service before 30 September 2018

The benefits for Members who left Service before 30 September 2018 (and the benefits payable on their deaths) will be as described in the provisions of the Scheme in force previously from time to time. However, Rules 4.3 (Additional voluntary contributions by Members), 8.7 (Payment of lump sum death benefits), 12.1 (Right to transfer or buy-out), 19.4 (Pension Increase Exchange Option) and 20 (General rules about benefits) to 30 (Governing law) will apply in place of any corresponding previous provisions of the Scheme. In particular, Rule 20.5 (Tax status of the Scheme) will apply so that, if the Trustee would otherwise be required to make a payment that would be "unauthorised" by virtue of Section 160 of the Finance Act 2004, the payment will be treated as discretionary and will not be made unless the Trustee and the Company agree otherwise (which they need not do).

18.9 Members with a protected pension age

Members of the Scheme in Service on 5 April 2006 who had an actual or prospective unqualified right under Rule 5.3 (Early retirement) to choose an immediate pension from an age of less than 55 shall retain a protected pension age of 50, provided that actual or prospective right existed under Rule 5.3 (Early retirement) on 10 December 2003. Benefits in respect of such Members may be paid from that age after 2010 accordingly, in accordance with Schedule 36 to the Finance Act 2004.

Members who became a Member of the Scheme as a result of a block transfer to the Scheme and whose previous scheme (relevant transferring pension scheme) provided such a right on 10 December 2003 shall retain a protected pension age of the age at which the Member had an actual or prospective unqualified right to the benefit under the relevant transferring pension scheme (but not being less than age 50). Benefits in respect of such Members may be paid from that age after 2010 accordingly, in accordance with Schedule 36 of the Finance Act 2004.

However, in both cases a Member will only have a protected pension age if:

18.9.1 the Member becomes entitled to all the benefits payable to him under the Scheme; and

18.9.2 on becoming entitled to any benefit under the Scheme, the Member is not in Service.

18.10 Members with "Fixed protection" for tax purposes

This Rule applies to a Member if, for the purposes of Part 4 of the Finance Act 2004, the Member is entitled to "Fixed protection", so that the Member's lifetime allowance may be greater than the standard lifetime allowance.

"Fixed protection" for this purpose means any of "fixed protection", "fixed protection 2014" or "fixed protection 2016" under the Finance Act 2011, the Finance Act 2013 and (subject to its being enacted on terms that are materially the same as those in the current Bill) the Finance Act 2016, respectively.

The Member's benefits, and any increase in the value of the member's rights under the Scheme, will be limited (if and so far as necessary) so that there is no "benefit accrual" (as defined in the relevant Finance Act) in relation to the Member.

However, this limit will not apply to any Member who gives notice to the Trustee that he does not wish for his benefits, or any increase in the value of his benefits, to be so limited.

If this paragraph applies to limit a Member's benefits under the Scheme, any death benefits that are calculated by reference to the Member's benefits will be calculated by reference to the Member's benefits as so limited.

19 General rules about pensions

19.1 Payment of pensions

Pensions are payable monthly, except that the Trustee may pay small pensions less often. Where pensions are payable in advance, no part repayment is necessary on the pensioner's death.

19.2 Addition of interest

It may be that a pension or sum payable under the Rules is not paid within 3 months of the date on which payment became due. If so, the Trustee may increase such pension payments or sums in respect of the period from the date payment became due to the date of payment by such amount as it considers appropriate (for which purpose the Trustee will consider advice from an actuary).

19.3 Pension increases²⁰

19.3.1 Dates of increases

Pensions in payment will increase in each year on a date decided by the Trustee. The intervals between increases will not exceed 12 months.

19.3.2 Rates of increases

That part of a pension relating to Final Salary Pensionable Service:

- (i) before 1 April 2012 will increase by the lower of:
 - (a) The percentage increase in the retail prices index during a reference period agreed between the Company and the Trustee; and
 - (b) 5%;
- (ii) after 31 March 2012 will increase by the lower of
 - (a) The percentage increase in the consumer prices index during a reference period agreed between the Company and the Trustee; and
 - (b) 5%.

That part of a pension relating to CARE Pensionable Service will increase by the lower of (i) the percentage increase in the consumer prices index during a reference period agreed between the Company and the Trustee and (ii) 5%.

The first increase to a pension in payment will be on a proportionate basis with one twelfth of the full increase being granted for each complete month since the pension started.

Any change to the reference period shall not be agreed between the Company and the Trustee unless they are satisfied, after considering actuarial advice, that it will not operate in a way which would disadvantage any Member.

For the avoidance of doubt, the increase applicable to that part of a pension relating to Final Salary Pensionable Service before 1 April 2012 under (i) above, is also applicable to that part of a Member's pension that accrued before 1 April 1999, but only to the extent that such an increase applied to such pension on 1 April 1999 and then subject to Rule 18 (Special provisions for certain Members).

²⁰ Modified by paragraph 1.2 in Schedule 1 (GrandMet Section); paragraph 1.13 in Schedule 4 (Bells Section).

19.3.3 GMPs in payment

Where GMP is payable, the increase described above will apply only to the pension in excess of GMP. The part of the GMP that is attributable to earnings for the tax years from 1988-89 to 1996-97 will increase in each year by the percentage specified in any order made by the Secretary of State under Section 109 of the Pension Schemes Act 1993 (which is approximately equal to the percentage rise in the cost of living in each year, with a maximum of 3% a year). The remainder of the GMP will not increase.

19.3.4 Discretionary increases

Pensions will be reviewed regularly and may be further increased by such amount and at such times as the Company and the Trustee agree.

19.3.5 Pensions to which this Rule does not apply

Increases under this Rule do not apply to any pension or part of a pension which is derived from additional voluntary contributions or provided under Rule 21.3 (Discretionary and different benefits) or 22.1 (Transfers from other pension schemes and arrangements). Those pensions will increase in accordance with the terms on which they were granted.

Note: It may be that there has been no increase in the retail prices index and/or consumer prices index during the reference periods referred to in Rule 19.3.2. In this event, no increases will be awarded under Rule 19.3.2.

19.4 Pension Increase Exchange Option

19.4.1 Subject to Rule 19.4.3, the Trustee will alter the benefits provided for or in respect of any Member or for any Spouse or Dependant in receipt of pension (a "Pensioner") following:

- (a) a pension increase exchange option ("PIE Option") being made available to the Pensioner by the Trustee, with the consent of the Company; and
- (b) the Pensioner choosing to exercise the PIE Option and alter his or her benefits from the Scheme as described in Rule 19.4.2.

19.4.2 The benefits to be altered by the Trustee where the Pensioner has chosen to exercise the PIE Option, in each case in accordance with the terms of the PIE Option (which terms shall be agreed between the Trustee and Company) will be:

- (a) the pension and/or pension increases due to the Pensioner under the Rules; and
- (b) in the case of a Pensioner who is a Member, any pension and/or pension increases due to any other person in respect of the Pensioner being the Pensioner's Spouse, Dependent Children or Dependants under the Rules.

19.4.3 The Trustee will only alter the Pensioner's benefits under this Rule 19.4 if, when the Trustee makes such alteration:

- (a) it has received sufficient details of the benefit alterations which have been chosen by the Pensioner in accordance with the terms of the PIE Option; and
- (b) the Pensioner has consented to the alteration of his or her benefits in a form required by the Trustee.

20 General rules about benefits

20.1 Recovery of tax and other charges

The Trustee may deduct from any payment under the Scheme any tax for which it may be liable in respect of it.

The Trustee may reduce any benefit in respect of which a lifetime allowance charge arises so as fully to reflect the amount of tax payable under Section 215 of the Finance Act 2004 (amount of charge). The Trustee will decide the amount of the reduction after considering actuarial advice and their decision will be final.

The Trustee may also, with the consent of the Member, deduct any annual allowance charge under section 227 of the Finance Act 2004 (Annual Allowance Charge) from the benefits payable from the Scheme or reduce any benefit under the Scheme so as to fully reflect the amount of any annual allowance charge. The Trustee will decide the amount of the reduction after considering actuarial advice, and this decision will be final. Insofar as is possible, the reduction will be made to the Member's CARE benefits, unless the Trustee and the Member agree otherwise.

20.2 Information and evidence of health

Members are required to furnish such information and such evidence of good health as the Trustee may from time to time require. In the event that a Member fails to supply any such information the Trustee may, subject to the Preservation and Contracting-out Laws, take such action as it deems appropriate.

Benefits payable on a Member's death will be subject to any restrictions imposed by any person with which the benefits are insured. This means that these benefits may not be paid if the Trustee cannot get insurance for particular Members unless the Company agrees to insure the benefit itself (which it need not do).

The Trustee may decide that these benefits will also be limited for any Member who fails to provide evidence of good health satisfactory to the Trustee (or any insurer), or whose death results from a cause specified in a notice to Members.

20.3 Benefits not assignable

Benefits under the Scheme are subject to restrictions imposed by Sections 91 to 93 of the Pensions Act 1995 (assignment and forfeiture, etc). These restrictions are intended generally to ensure that benefits are paid only to the person entitled under these Rules, rather than to any other person. The restrictions prevent benefits from being assigned, commuted, surrendered, charged or forfeited, except in specified circumstances.

However, there are exceptions to these restrictions. Where the exceptions allow:

- 20.3.1** an Employer may require the Trustee to reduce or stop a person's benefits if the person owes money to the Employer and the debt arises from a criminal, negligent or fraudulent act or omission (in which case the Trustee will pay the Employer an amount equal to the debt or, if less, the value of the person's benefits);
- 20.3.2** the Trustee may reduce or stop a person's benefits in order to obtain payment of any debt owed by the person to the Scheme;
- 20.3.3** the Trustee may stop any benefits that are payable in respect of a Member to a person who is convicted of the Member's murder or manslaughter, or any other offence of which

unlawful killing of the Member is an element (including aiding, abetting, counselling or procuring the Member's death);

20.3.4 a benefit will cease to be payable (except for any amount that has already fallen due for payment) if the person entitled to it under these Rules tries to assign or charge it, or if any event occurs by which all or part of the benefit would, if it belonged to that person absolutely, become payable to someone else. If this happens, the Trustee may (but need not) pay an equivalent or smaller discretionary benefit to, or for the benefit of, one or more of:

- (i) the person who was entitled to the original benefit;
- (ii) that person's Spouse or Dependents.

If the Trustee decides to pay a discretionary benefit to more than one person, it will pay it in such shares as it decides;

20.3.5 a benefit will cease to be payable if the person entitled to the benefit does not claim it within 6 years (8 years for GMPs) of the date when it becomes due. However, the Trustee may (but need not) pay an equivalent amount if the benefit is claimed later; and

20.3.6 the Trustee may also reduce a person's benefits, or decide that a person's benefits will be forfeited, in any other circumstances allowed by law.

20.4 Beneficiary who is incapable

If the Trustee considers that a person cannot look after his or her own affairs (by reason of illness, mental disorder, age or otherwise), it may use any amounts due to that person for his or her benefit or may pay them to some other person to do so. The Trustee may also make, for the person concerned, any choice which that person has under the Scheme.

20.5 Tax status of the Scheme

The Scheme is a "registered pension scheme" for the purposes of Part 4 of the Finance Act 2004. If (without this Rule) the Trustee would be required to make a payment under the Scheme that would be "unauthorised" by virtue of Section 160 of that Act (payments by registered pension schemes), the payment will be treated as discretionary and will not be made unless the Trustee and the Company agree otherwise (which they need not do).

Before 6 April 2006, the Scheme was approved under Chapter 1 of Part 14 of the Income and Corporation Taxes Act 1988 (retirement benefit schemes). As a condition of this approval, the Scheme was subject to various requirements including limits on the benefits and contributions that could be paid. The details of these limits are contained in previous legislation and in IR12(2001) "Practice Notes on the Approval of Occupational Pension Schemes".

In spite of the changes made by the Finance Act 2004, the limits that previously applied to the amount and form of benefits under the Scheme continue to apply, except where the Company and the Trustee agree otherwise. The Company and the Trustee have however agreed that benefits for Members in Service on or after 6 April 2006 will not be limited by the earnings cap (under Section 590C of the Income and Corporation Taxes Act 1988). However, in applying these limits to benefits that become payable after 6 April 2006, the Trustee will ignore any benefits attributable to a Member's additional voluntary contributions, and any benefits accrued after 6 April 2006 under any other pension scheme or arrangement (except another registered pension scheme of an Employer).

The modifications made by the Registered Pension Schemes (Modification of the Rules of Existing Schemes) Regulations 2006 no longer apply to the Scheme.

20.6 Contracting-out

The Scheme was a salary-related contracted-out scheme before 6 April 2016 (the date from which contracting-out for salary-related schemes was abolished).

The Trustee will operate the Scheme in accordance with the Contracting-out Laws that apply to salary-related contracted-out schemes until 6 April 2016. These Rules will be treated as including any provision needed to comply with the GMP requirements of the Contracting-out Laws.

The provisions needed to comply with the GMP requirements override any other provision of the Scheme to the extent that the other provision conflicts with those requirements.

21 Discretionary benefits

21.1 Serious ill-health lump sums

It may be that the Trustee receives evidence from a registered medical practitioner that a Member is expected to live for less than one year. If this happens before the Member starts to receive benefits from the Scheme and if the Contracting-out Laws allow, the Trustee may allow the Member to give up all of his or her benefits under the Scheme in return for a lump sum. However, this will be allowed only if payment of a "serious ill-health lump sum" is permitted under Part 4 of the Finance Act 2004.

The Trustee will calculate the lump sum on a basis it determines, after considering actuarial advice.

21.2 Lump sums instead of small pensions

It may be that the value of a person's benefits under the Plan (including any death benefits) is so small that the Trustee could pay a trivial commutation lump sum or a trivial commutation lump sum death benefit instead of those benefits. If so, the person may choose a trivial commutation lump sum instead of those benefits, or the Trustee may decide in any event to pay a trivial commutation lump sum instead of those benefits. However, the Trustee may pay the trivial commutation lump sum only if it would be authorised for the purposes of Part 4 of the Finance Act 2004 and allowed by the Contracting-out Laws.

The Trustee will calculate the trivial commutation lump sum on a basis determined by it, after considering actuarial advice.

21.3 Discretionary and different benefits

If the Company so requests and the Employers pay any additional contributions that the Trustee considers appropriate (for which purpose the Trustee will consider advice from an actuary), the Trustee will provide:

21.3.1 increased or additional benefits for or in respect of any Member;

21.3.2 benefits for or in respect of any Employee or former Employee or any Spouse or Dependant of a former Employee; or

21.3.3 benefits in respect of any Member that are different, or on different terms (including as to time of payment), from those set out elsewhere in the Rules.

Any benefits provided under this Rule must be consistent with the Contracting-out, Preservation, Revaluation and Transfer Value Laws and be authorised for the purposes of Part 4 of the Finance Act 2004.

22 Transfers and buy-outs

22.1 Transfers from other pension schemes and arrangements

After consulting the Company, the Trustee may accept a transfer of assets or surrender value in respect of any person from another pension scheme or arrangement.

The Trustee will use the assets or surrender value to provide such benefits for the person concerned as it decides is appropriate after considering advice from an actuary. The benefits must comply with the Contracting-out, Preservation, Revaluation and Transfer Value Laws, and must be consistent with the Scheme's tax status as a registered pension scheme under Part 4 of the Finance Act 2004.

22.2 Transfers to other pension schemes and arrangements

Type of scheme

Instead of providing benefits under the Scheme in respect of any person, the Trustee may, including at the request of the person concerned, transfer assets to another pension scheme or arrangement or to an Insurance Company, so that benefits in respect of the person concerned will be provided instead under the other scheme or arrangement or by the Insurance Company. The Trustee shall transfer assets in respect of all of a person's benefits under the Scheme, unless the Company agrees that the Trustee may transfer assets in respect of part only of a person's benefits under the Scheme.

Where the Contracting-out and Preservation Laws so require, the Trustee must obtain the consent of the person concerned before transferring assets to another pension scheme or arrangement or to an Insurance Company or buying or transferring a policy with an Insurance Company. It must also be a "recognised transfer" under Section 169 of the Finance Act 2004 (recognised transfers).

Amount of transfer

The Trustee will decide the amount of the transfer payment after considering advice from an actuary. Normally, the amount will not exceed the value of the benefits that would otherwise have been provided under the Scheme in respect of the person concerned. However, the Trustee may pay a larger amount:

- (a) if the Company so requests and if the transfer is made following an Employer ceasing to participate or following a disposal of part of the business of the Company; or
- (b) where the transfer is part of a block transfer of the interests of a number of Members (not being less than 10) made with the agreement of the Company.

In these circumstances, the Trustee will pay an amount calculated as the lesser of:

- (i) the total value of the benefits payable to or in respect of the Member with due allowance for projected increases in Pensionable Pay and such other factors as the actuary considers to be relevant; and
- (ii) the proportion of the assets of the Scheme which is attributable to the Member and all those with entitlements contingent on the death of the Member.

In addition, the Trustee may at the request of the Company increase the amount of (i) above but not so as to exceed the amount at (ii) above.

23 Assets of the Scheme

23.1 Assets held on trust

The Trustee will hold all the contributions and other assets which it receives and the property representing them and all the income on trust for the purposes of the Scheme.

23.2 Investment of Scheme assets

For the purposes of the Scheme, the Trustee may, in any part of the world, alone or together with others:

- 23.2.1 acquire and dispose of any property (tangible or intangible, movable or immovable), whether or not it produces income;
- 23.2.2 enter into any contract or incur any obligation;
- 23.2.3 lend or borrow money or other property for any purpose (including acquiring assets);
- 23.2.4 grant any mortgage or charge over, or give any right of recourse against, any or all of the assets of the Scheme;
- 23.2.5 form and finance any company;
- 23.2.6 carry on and finance any business;
- 23.2.7 insure assets of the Scheme for any amount against any risk;
- 23.2.8 keep assets in nominee names and/or in the names of one or more of the Holding Trustees;
- 23.2.9 pool assets with other occupational pension schemes in common investment funds; and
- 23.2.10 exercise its powers under Section 34(1) of the Pensions Act 1995 (power of investment and delegation) to make an investment of any other kind as if it was absolutely entitled to the assets of the Scheme.

The Trustee will exercise these powers in accordance with Sections 36 and 40 of the Pensions Act 1995 Act (choosing investments and restriction on employer-related investments).

23.3 Participation in common investment funds

If the Trustee decides to pool assets with other occupational pension schemes in common investment funds, it may exercise its powers under Rule 24.2 (exercise of powers) to delegate investment functions to the trustee or administrator of the common investment fund. The functions that may be delegated include:

- 23.3.1 the Trustee's powers under Rule 23.2 (investment of Scheme assets);
- 23.3.2 any discretion to make any decision about investments;
- 23.3.3 the power to delegate investment functions on behalf of the Trustee to a fund manager in accordance with Section 34 of the Pensions Act 1995 (power of investment and delegation);
- 23.3.4 the duty to be satisfied that the fund manager has appropriate knowledge and experience and is carrying out his or her work competently and in accordance with Section 36 of the Pensions Act 1995 (choosing investments); and
- 23.3.5 the power to appoint any professional advisers under Section 47 of the Pensions Act 1995 (professional advisers).

23.4 Scheme expenses and trustee liabilities

The Trustee will pay the expenses of the Scheme from the Scheme's assets. This includes all expenses and liabilities incurred by a trustee, former trustee or the Holding Trustee through acting as a trustee of the Scheme or the Holding Trustees. However, no amount may be paid from the Scheme's assets to reimburse a trustee or former trustee or the Holding Trustees for:

- 23.4.1 expenses or liabilities incurred through wilful wrongdoing (or negligence in the case of a paid trustee) or which are covered by insurance under Rule 24.6 (Trustee insurance); or
- 23.4.2 fines or penalties of the kind mentioned in Section 256 of the Pensions Act 2004 (no indemnification for fines or civil penalties).

If the Trustee so requires, the Employers, in such shares as the Trustee decides, will reimburse the Scheme for any expenses and liabilities that are paid from the Scheme's assets.

23.5 Accounts and actuarial valuations

The Trustee will prepare accounts of the Scheme and have them audited in accordance with the statutory requirements.

The Trustee will obtain actuarial valuations of the Scheme at intervals of not more than 3 years and (if so required by the Pensions Act 2004) an actuarial report for any year in which they do not obtain a valuation. The valuations and reports must comply with any requirements of Section 224 of the Pensions Act 2004 (actuarial valuations and reports).

24 Trustees

24.1 Appointment and removal

The Company may appoint new or additional trustees or a body corporate as sole trustee. The Company may also remove trustees.

Except where a body corporate is trustee, the number of trustees may never be less than 3.

The Trustee has power to appoint one or more body corporates to act as Trustee Custodian and also power to remove or replace such body corporate.

These powers will be exercised by deed and may be exercised without giving any reason. However, they may not be exercised in any way that conflicts with any arrangements made under Sections 241 to 243 of the Pensions Act 2004 (requirement for member-nominated trustees and directors).

24.2 Exercise of powers

The Trustee may act by majority vote and may delegate powers, duties or discretions to any person and on any terms (including terms that allow the delegate to sub-delegate).

24.3 Trustee charges

A trustee who carries on a profession or business may charge for services provided on a basis agreed with the Company, as also may a company or firm in which a trustee is interested. These charges will be paid from the Scheme's assets. If the Trustee so requires, the Employers, in such shares as the Trustee decides, will reimburse the Scheme for the amount of any or all of these charges.

24.4 Limit of liability

Subject to Section 33 of the Pensions Act 1995 (investment powers: duty of care), a trustee and the Holding Trustees will not be liable for any negligence, default, breach of duty or breach of trust except that which is knowingly and intentionally committed.

24.5 Indemnity

The Employers will jointly and severally indemnify each trustee and former trustee and the Holding Trustees against any expenses and liabilities which are incurred through acting as a trustee of the Scheme or the Holding Trustees but which cannot, for any reason, be met from the Scheme's assets. However, this does not apply to expenses and liabilities which are incurred through a breach of trust knowingly and intentionally committed or covered by insurance under Rule 24.6.

24.6 Trustee insurance

The Trustee may insure the Scheme against any loss caused by it or any of its delegates. The Trustee may also insure itself against liability for negligence, default, breach of duty or breach of trust not knowingly or intentionally committed. The premiums may be paid from the Scheme's assets except if the insurance covers fines or penalties of a kind mentioned in Section 256 of the Pensions Act 2004 (no indemnification for fines or civil penalties).

To the extent that the Trustee is able to recover under insurance in respect of loss or liability as described in this Rule 24.6, it will waive the protection of Rule 24.4.

24.7 Corporate trustee

Where there is a corporate trustee:

- 24.7.1 the officers and employees of the corporate trustee will not be liable for any negligence, default, breach of duty or breach of trust except:
- (i) knowing and deliberate wrongdoing; and
 - (ii) any liability that, under company law, cannot be excluded;
- 24.7.2 the Employers will jointly and severally indemnify the officers and employees of the corporate trustee under Rule 24.5, to the same extent as if they were individual trustees;
- 24.7.3 the Employers will also jointly and severally indemnify those officers and employees against any expenses and liabilities incurred in relation to the corporate trustee and in connection with its activities as a trustee of the Scheme, except for:
- (i) expenses or liabilities which are incurred through knowing and deliberate wrongdoing or covered by insurance under Rule 24.6; and
 - (ii) liabilities of the kind mentioned in Section 235(3) of the Companies Act 2006, which cannot be covered by a qualifying pension scheme indemnity; and
- 24.7.4 the Trustee may insure the Scheme against any loss caused by those officers and employees and pay the premiums from the Scheme's assets.

24.8 Holding Trustees

Where there is a body corporate appointed as Trustee Custodian:

- 24.8.1 the officers and employees of the Holding Trustees will not be liable for any negligence, default, breach of duty or breach of trust except:
- (i) knowing and deliberate wrongdoing; and
 - (ii) any liability that, under company law, cannot be excluded;
- 24.8.2 the Employers will jointly and severally indemnify the officers and employees of the Holding Trustees under Rule 24 5,
- 24.8.3 the Employers will also jointly and severally indemnify those officers and employees against any expenses and liabilities incurred in relation to the Holding Trustees and in connection with their activities as Holding Trustees, except for:
- (i) expenses or liabilities which are incurred through knowing and deliberate wrongdoing or covered by insurance under Rule 24.6; and
 - (ii) liabilities of the kind mentioned in Section 235(3) of the Companies Act 2006, which cannot be covered by a qualifying pension scheme indemnity; and
- 24.8.4 the Trustee may insure the Scheme against any loss caused by those officers and employees and pay the premiums from the Scheme's assets.

24.9 Professional Trustee

These Rules are modified as follows in relation to anyone who acts as a trustee of the Scheme, or as a director of a corporate trustee, in the course of a business or profession of acting as a professional pension trustee (a "**Professional Trustee**"):

- 24.9.1 despite Rule 23.4 (Scheme expenses and trustee liabilities), no amount may be paid from the Scheme's assets to reimburse a current or former Professional Trustee for any expenses or liabilities incurred through their own negligence;
- 24.9.2 despite Rule 24.4, a Professional Trustee will be liable for negligence as well as knowing and deliberate wrongdoing;
- 24.9.3 despite Rule 24.5, the Employers will not indemnify a Professional Trustee or former Professional Trustee against any expenses or liabilities incurred through their own negligence, unless the Company specifically agrees otherwise in writing.
- 24.9.4 Rule 24.7 is modified so that:
- (i) despite Rule 24.7.1, a Professional Trustee who acts as a director of a corporate trustee will also be liable for negligence;
 - (ii) where the Professional Trustee is a corporate entity, the directors and employees of the Professional Trustee will not be liable for negligence but this does not affect any liability of the Professional Trustee, under general law, for the negligence of its directors and employees; and
 - (iii) Rules 24.7.3 does not apply to a Professional Trustee or, where the Professional Trustee is a corporate entity, the directors and employees of the Professional Trustee.

25 Participating employers

25.1 Inclusion in the Scheme

The Company and the Trustee may allow any employer to participate in the Scheme.

An employer wishing to participate in the Scheme must agree by deed to comply with the Rules.

25.2 Ceasing to participate

An Employer may cease to participate in the Scheme at any time by written notice to the Trustee. It will cease to participate if:

25.2.1 it fails to comply with the Rules;

25.2.2 it enters into liquidation or ceases to carry on business or is dissolved; or

25.2.3 it is required to do so by the Company.

When an Employer ceases to participate in the Scheme, any Members who are then in employment with that Employer will become entitled to benefits as if they had then left Service.

25.3 Employer Debt Laws

The Trustee may enter into any arrangement it thinks fit to modify any amount that might otherwise be treated as a debt due from an employer under Section 75 of the Pensions Act 1995 (deficiencies in the assets) (the "**Employer Debt Laws**"). The Trustee may enter into an arrangement under this Rule before, on or after the time as at which the debt would otherwise have been calculated and certified. However, the arrangement must comply with the Employer Debt Laws.

26 New principal employer

The Trustee may allow another employer or holding company to take over the role of the Company in relation to the Scheme. This requires the agreement of the Company, however, unless it has been dissolved.

27 Termination of the Scheme

27.1 Time of termination

The Company may terminate the Scheme at any time by giving written notice to the Trustee of one month or of such shorter period as the Trustee may agree.

The Trustee will terminate the Scheme if the Company goes into liquidation, unless another person agrees to take over the role of the Company in relation to the Scheme.

The Trustee may also terminate the Scheme if:

- (a) it receives advice from an actuary that the contributions being paid by the Employers and reasonably expected from them in the future are so low as to prejudice seriously the long-term financial position of the Scheme; or
- (b) the Company fails to observe its obligations under the Rules; or
- (c) following a Takeover, there is no agreement between the acquiring company, the Trustee and the Company (or its liquidator) (or no statutory obligation or court order) requiring the acquiring company to allow the Company independently to discharge its duties under the Rules and the Trustee is of the opinion that there is no reasonable expectation of any such agreement (or statutory obligation or court order).

“Takeover” means the obtaining of control of the Company or its holding company (as defined in Section 1159 of the Companies Act 2006) within the meaning of Section 416 or Section 840 of the Income and Corporation Taxes 1988 by any person or persons acting in concert.

27.2 Effect of termination

Any Members who are in Service when the Scheme terminates will be treated as having left Service with preserved pensions.

After the Scheme terminates, the Trustee will continue to provide benefits in accordance with the Rules. However, no further contributions will become payable unless required by a schedule of contributions under Section 227 of the Pensions Act 2004 (schedule of contributions) or Part 3 of the Pensions Act 2004 (scheme funding).

27.3 Reopening the Scheme

At any time before the Trustee decides to wind up the Scheme, the Trustee and the Company may agree to reopen the Scheme so that Employees can again start qualifying for benefits. The terms which apply in relation to such benefits will be as determined by the Trustee and the Company.

Note: For the avoidance of doubt, in the event that the Trustee and the Company agree to re-open the Scheme, CARE Pensionable Service before termination and CARE Pensionable Service after reopening the Scheme will not necessarily be treated as continuous.

28 Winding up the Scheme

28.1 Time of winding up

The Trustee may decide to wind up the Scheme at any time after the Scheme terminates.

The Trustee will continue to provide benefits in accordance with the Rules until the Scheme has been wound up and all the benefits secured. If the Company is dissolved before the winding-up is completed, the Trustee may exercise any powers given to the Company unless another employer or holding company has taken over the role of the Company in relation to the Scheme.

If the Company is in receivership or liquidation (other than a voluntary liquidation for the purposes of amalgamation or reconstruction), the power of amendment may be exercised by the Trustee alone.

28.2 Use of assets

When the winding-up starts, the Trustee will set aside sufficient assets to pay the expenses of the Scheme until the winding-up has been completed and to complete the application of any lump sum benefit which has become payable. The Trustee will then use the rest of the Scheme assets as described in Rules 28.3 to 28.7 below.

28.3 Securing benefits with insurance policies and annuity contracts

The Trustee will buy an insurance policy or annuity contract in the name of each person entitled to benefits under the Scheme except those for whom it pays a lump sum under Rule 28.4 or makes a transfer under Rule 28.5. If the Trustee has bought suitable policies or contracts before the winding-up starts, it may transfer them into the names of people entitled to benefits.

The policies and contracts must comply with the Contracting-out, Preservation and Revaluation Laws and be consistent with the Scheme's tax status as a registered pension scheme under Part 4 of the Finance Act 2004. They will provide benefits that are, as nearly as practicable, the same as the benefits that would otherwise have been provided under the Scheme for, and in respect of, the people for whom they are bought. However, a policy or contract may with the Member's consent provide different benefits (including money purchase benefits) if the Trustee decides that this would be in the best interests of the people entitled to benefits.

28.4 Winding-up lump sums

When winding up the Scheme, the Trustee may pay an immediate lump sum instead of providing other benefits, if payment of a "winding-up lump sum" is permitted under Part 4 of the Finance Act 2004. The Trustee will pay the lump sum to the person in whose name they would otherwise have bought an insurance policy or annuity contract.

28.5 Transfers to other pension schemes and arrangements

When winding up the Scheme, the Trustee may make transfer payments in accordance with Rule 22.2 (Transfers to other pension schemes and arrangements) in respect of all or any of the people entitled to benefits under the Scheme instead of buying insurance policies or annuity contracts.

28.6 Surplus assets

If any assets remain after all benefits have been provided in full, the Trustee, having consulted the Company and taken actuarial advice and to the extent that the remaining assets permit, will increase all or any of the benefits or provide additional benefits up to an amount at least equal, when added to the amount applied to secure benefits, to a Past Service Reserve.

Any assets then remaining will be paid to the Employers in such shares as the Trustee considers appropriate. The requirements of Section 76 of the Pension Act 1995 (excess assets on winding up) must be satisfied before any payment is made to the Employers.

For the purpose of this Rule 28.6, "**Past Service Reserve**" means the total value as determined by the Trustee, on the advice of an actuary, of the accrued liabilities of the Scheme immediately prior to the date of termination with due allowance for projected increases in Pensionable Pay and such other factors as the Trustee, on the advice of an actuary, considers appropriate.

28.7 Insufficient assets

If the assets are insufficient to provide all benefits in full, Section 73 of the Pensions Act 1995 (preferential liabilities on winding up) will apply. However, Section 73 does not apply to assets that represent the value of any rights in respect of money purchase benefits under the Scheme. Any assets representing the value of money purchase benefits (including additional voluntary contributions) will be used to provide those benefits.

29 Changing the Rules

The Company with the consent of the Trustee may at any time by deed amend the Rules in any manner it may think fit (and may do so retrospectively) provided that no such amendment may:

- (a) result in the payment or transfer of any part of the Scheme to the Company or another Employer except:
 - (i) on the winding up of the Scheme and then only to the extent of the funds (if any) surplus to those required to meet all the outstanding liabilities of the Scheme or the part thereof that is being wound up; or
 - (ii) by way of reimbursement of the Employer for the payment of a state scheme premium
- (b) reduce the benefits of the then existing Members insofar as the benefits are attributable to the Pensionable Service already served and to the Pensionable Pay currently applicable unless it be by way of a reduction in benefits required in the opinion of the Trustee on the advice of an actuary following a valuation of the Scheme in the interest of solvency or in the opinion of the Trustee reasonably compensated by an increase in the scale of State pensions as compared with the scale previously in operation.

In the event of any such amendment the Trustee shall forthwith notify the Members affected thereby in writing either by letter handed to the Members personally or sent to them through the post in a pre-paid letter addressed to them at their last known address or by notice exhibited on the Employer's notice boards.

In the event that the Company goes into liquidation, is dissolved, or ceases to carry on business and there is no reasonable expectation of the substitution of any other body corporate or firm for the Company, the Trustee may exercise the power to amend the Rules as provided for in this Rule without the consent of the Company.

Note: There are statutory requirements that apply in relation to certain changes to the Scheme. Section 37 of the Pension Schemes Act 1993 (alteration of rules of contracted-out schemes) limits the alterations that can be made to the rules of the Scheme; Section 259 of the Pensions Act 2004 (consultation by employers: occupational pension schemes) requires employers to consult before a "listed change" is made that would affect the Plan; and Section 67 of the Pensions Act 1995 (the subsisting rights provisions) applies if a proposed change under this Rule would be a "regulated modification" under that Section.

30 Governing law

English law governs the Scheme and its administration.

Executed as a deed for and on behalf of **Diageo plc** by:

}

Director

~~Director~~ / Secretary

~~Arne~~
S. Kelly

Executed as a deed for and on behalf of **Diageo Pension Trust Limited** by:

}

Director

Director / Secretary

Ch. Sloan
R. Kelly

GrandMet Section

Schedule 1 GrandMet Section

In accordance with Rule 18.1 (Former GrandMet Members and Former GUD Members), this Schedule sets out the benefits payable to Members who were members of the Scheme immediately before 1 April 1999 (the "GrandMet Members") insofar as they differ from the benefits otherwise payable under the Rules which accrued before 1 April 2018.

Note: The GrandMet Section is closed.

1 Modification of Main Section Rules for GrandMet Members

1.1 Rule 5.1 - Retirement at Normal Retirement Date

Rule 5.1 is modified by the following:

A GrandMet Member who leaves Service at Normal Retirement Date will in addition receive a pension for life at a yearly rate equal to:

Accrued Pension Credit x Final Pensionable Pay (as defined in Rule 1)

"Accrued Pension Credit" means the GrandMet Accrued Percentage multiplied by 1.07.

"GrandMet Accrued Percentage" is the pension accrued before 1 April 1999 as a percentage of Final Pensionable Pay (as defined in the GrandMet Group Pension Fund as at 31 March 1999).

However, the additional pension in respect of a GrandMet Member will not be less than the pension he or she would have received had he or she left Service immediately before 1 April 1999.

1.2 Rule 19.3 - Pension increases

Rule 19.3 is modified by the following:

Rates of increases

In respect of a GrandMet Member:

- A. that part of his or her pension relating to Final Salary Pensionable Service before 1 April 2011 will increase by the lower of:
 - (i) 5%; and
 - (ii) the greater of
 - (a) the percentage increase in the retail prices index during a reference period agreed between the Company and the Trustee; and
 - (b) 3%.
- B. that part of his or her pension relating to Final Salary Pensionable Service after 31 March 2011 and before 1 April 2012 will increase by the lower of:
 - (i) 5%; and
 - (ii) the percentage increase in the retail prices index during a reference period agreed between the Company and the Trustee.

GrandMet Section

- C. that part of his or her pension relating to Final Salary Pensionable Service after 31 March 2012 (and before 1 April 2018) will increase by the lower of:
- (i) 5%; and
 - (ii) the percentage increase in the consumer prices index during a reference period agreed between the Company and the Trustee.

For the avoidance of doubt, the increase applicable in respect of a GrandMet Member to that part of his or her pension relating to Final Salary Pensionable Service before 1 April 2011 under A. above, will also apply to that part of his or her pension that accrued before 1 April 1999, but only to the extent that such an increase applied to such pension on 1 April 1999.

Note: that part of the GrandMet Member's pension that relates to CARE Pensionable Service after 31 March 2018 will increase in accordance with Rule 19.3 of the Main Section Rules.

GMPs in payment

In respect of a GrandMet Member, the increases in A. above will also apply to such part of any GMP which accrued prior to 6 April 1986 while he or she was a 6% Scheme Member (in accordance with the applicable provisions of the Scheme at that time).

2 Additional Rules applicable to GrandMet Members

2.1 GrandMet Members who left Service before 1 April 1999

Basic provision

Subject to the uplift set out below, the benefits for GrandMet Members who left Service before 1 April 1999 (and the benefits payable on their deaths) will be as described in the provisions of the Scheme in force previously from time to time.

Uplift of benefits

In respect of GrandMet Members with a preserved pension under the Scheme as at 31 March 1999, the preserved pension as at the date it (or benefits or a transfer payment in respect of it) is due to be paid will be increased by 7%.

In respect of GrandMet Members in receipt of a pension from the Scheme as at 31 March 1999, the pension as at that date will be multiplied by 1.07.

Payment of benefits

The benefits will, however, be paid as described in these Rules, and Rules 4.3 (Additional voluntary contributions by Members), 8.7 (payment of lump sum death benefits), 12.1 (right to transfer or buy-out) and 19 to 30 of these Rules will apply in place of any corresponding previous provisions of the Scheme. However, Rule 19.3 (pension increases) will be modified as set out in this Schedule and the first increase granted under Rule 19.3.2 will always be the full increase even if the pension has been in payment for less than a year.

2.2 GrandMet Member dies before Normal Retirement Date after leaving Service because of Total or Partial Incapacity

This Rule only applies in respect of a GrandMet Member who leaves Service because of Total or Partial Incapacity before 27 November 2002. A lump sum death benefit will be paid

GrandMet Section

if a GrandMet Member dies before Normal Retirement Date after leaving Service because of Total or Partial Incapacity. The benefit will be equal to 4 times the GrandMet Member's Pensionable Pay at the date of leaving Service.

The benefit will be paid as described in Rule 8.7 (payment of lump sum death benefits) but no benefit will be paid in any circumstances if there are no surviving Beneficiaries when the GrandMet Member dies.

2.3 GrandMet Members who joined the Scheme before 1 October 1994

In respect of a GrandMet Member who joined the Scheme before 1 October 1994 (but excluding members of the Executive, Senior Executive and Director Plan Sections of the Scheme at that time) and leaves Service before Normal Retirement Date, the part of the Member's pension that is attributable to pensionable service before 1 October 1994 will not be less than the 1994 Underpin.

The "1994 Underpin" is an amount equal to the pension the GrandMet Member had accrued as at 1 October 1994 increased by:

- (a) 6.4%; and
- (b) such increases as would have applied in accordance with Rule 11.1 (preserved pension) had the Member left Service at 1 October 1994.

Schedule 2 GUD Section

In accordance with Rule 18.1 (Former GrandMet Members and Former GUD Members) this Schedule sets out the benefits payable to Members who were members of the GUD Pension Trust immediately before joining the Scheme (and for whom a transfer payment has been made from the GUD Pension Trust to the Scheme) (the “**GUD Members**”) insofar as they differ from the benefits otherwise payable under the Rules which accrued before 1 April 2018.

For the avoidance of doubt this includes:

- (i) Members of the contributory section of the GUD Pension Trust; and
- (ii) Members of the AGS, Bells and DCL Sections of GUD Pension Trust who elected on transfer to accrue future benefits in accordance with the new provisions of the Scheme.

However, except in respect of paragraph 2.1, it does not apply to Members of the AGS, Bells and DCL Sections of the GUD Pension Trust who elected on transfer to continue to accrue benefits on the basis set out in those Sections. The provisions applicable to those Members are set out in other Schedules to these Rules. It also does not apply to Members who were members of the United Glass Limited Staff Pension Fund, United Glass Limited Senior Management Staff Pension Fund, United Glass Limited Pension Scheme for Hourly Paid Employees or the United Glass Limited (1986) Pension Fund immediately before joining the GUD Pension Trust. Rule 18.4 (United Glass Members) applies to such Members instead.

Note: The GUD Section is closed.

1 Modification of Main Section Rules for GUD Members

1.1 Rule 1 - Meaning of words used

Rule 1 is modified by the following:

“**GPT Member**” means a GUD Member who joined the GUD Pension Trust on 1 April 1988 (and for whom a transfer payment had been made from the Guinness Pension Trust to the GUD Pension Trust) and immediately before that date was either:

- (i) a contributory member of the Guinness Pension Trust; or
- (ii) subject to the basis of benefits and contributions under the AGS category of membership of the Guinness Pension Trust and had elected not to continue that basis of benefits and contributions under the GUD Pension Trust on and after 1 April 1988.

“**Normal Retirement Date**” for Scheme purposes and in respect of only such part of the GUD Member’s benefits that accrued before 1 April 2018 means the date on which the GUD Member’s 60th birthday falls.

In respect of a GPT Member who has a total of 4 years’ Service before 1 April 1999 in one or both of Zone A and Zone B with Arthur Guinness Son & Company (Dublin) Limited or an employer which participated in the Guinness Pension Trust or in The Guinness Ireland Pension Scheme, Normal Retirement Date for only such part of the GPT Member’s benefits that accrued before 1 April 2018 shall be the earlier of age 60 and Notional NRD.

GUD Section

However, for the purposes of Rule 5.2 (late retirement), Normal Retirement Date for only such part of the GUD Member's benefits that accrued before 1 April 2018 means the date on which the GUD Member's 65th birthday falls.

Note: The Normal Retirement Date for such part of the Member's benefits as relates to CARE Pensionable Service after 31 March 2018 is the last day of the month in which the Member's 65th birthday falls.

"Notional NRD" means age 62 or such earlier age as results from subtracting the GPT Member's Zone A and Zone B Years from age 62 but Notional NRD shall not be reduced below age 55 for a GPT Member who has any Service in Zone A or below age 59 for a GPT Member who has Service in Zone B but not in Zone A.

"State Pension Date" means the date on which the GUD Member reaches age 65 (if male) or age 60 (if female) or such other date as may apply under section 126 of the Pensions Act 1995.

"Supplementary Years" means, subject to paragraphs 2.3 and 2.4, and only in respect of a GPT Member who joined The Arthur Guinness Son and Company Limited Pension Scheme before 1 January 1986, the period of additional Service credited to such a GPT Member on one of the following basis when determining his or her Pensionable Service:

- (i) in respect of a male GPT Member who was in Service on 31 December 1970, the Supplementary Years shall be calculated as follows. If the GPT Member remained in Service until he reached or passed Notional NRD, the amount shall be 36 months. If a GPT Member completed more than 6 months' Service after Notional NRD the Supplementary Years shall be reduced by one month for each subsequent month's Service. In respect of a male GPT Member who did not remain in Service until Notional NRD the Supplementary Years shall be equal to the greatest of:
 - (a) the Member's actual Service divided by the Service he would have completed had he continued in Service until the first age at or after Normal Retirement Date at which he would have completed at least 32 years' Service multiplied by 36 months;
 - (b) the Member's actual Service divided by the Service he would have completed had he continued in Service until Notional NRD multiplied by 36 months; and
 - (c) one month for each year of Service up to 36 years (subject to a minimum amount of 24 months after 22 years' Service and 36 months after 32 years' Service).
- (ii) in respect of a male GPT Member who entered Service after 31 December 1970, the Supplementary Years shall be calculated as follows. The Supplementary Years shall be one month for each year of Service up to 36 years (subject to a minimum amount of 24 months after 22 years' Service or 36 months after 32 years' Service). In respect of a male GPT Member who did not remain in Service until age 65 the Supplementary Years shall be increased, if necessary, to equal the greatest of:
 - (a) the Member's actual Service divided by the Service he would have completed had he continued in Service until Normal Retirement Date multiplied by the Supplementary Years which would have applied to him at that age;

GUD Section

- (b) the Member's actual Service divided by the Service he would have completed had he continued in Service until age 65 multiplied by the Supplementary Years which would have applied to him at that age; and
 - (c) the Member's actual Service divided by the Service he would have completed had he continued in Service until the first age (if any) after Normal Retirement Date and before age 65 at which he would have first completed either 22 years' Service or 32 years' Service multiplied by the Supplementary Years which would have applied to him at that age.
- (iii) in respect of a female staff GPT Member who was in Service on 31 December 1972 (and was then a female staff Member) and whose Service since then has been continuous, the Supplementary Years shall be 3 months for each year of Pensionable Service (before the addition of any Supplementary Years) subject to a maximum credit of 8 additional years. The Employer's decision shall be final as to whether Service has been continuous, but termination of Service with an Employer followed immediately by employment with another Employer shall not constitute a break, nor shall a break in Service of less than 31 days.

For these purposes "Service" shall exclude any service as an employee after Pensionable Service has ended. Any number of Supplementary Years which does not equal a whole number of months shall be rounded down to the nearest whole number of months.

"Zone A" means the following countries, subject to such variations as the Company may think fit:

Cameroon	Liberia
Gambia	Malaysia
Ghana	Nigeria
Guinea	Philippines
Hong Kong	Sierra Leone
India	Thailand
Indonesia	Zaire
Ivory Coast	

"Zone B" means the following countries, subject to such variations as the Company may think fit:

Argentina	Mauritius
Brazil	Tanzania
Ethiopia	Uganda
Japan	Venezuela
Kenya	West Indies (including Guyana)
Malawi	Zambia

GUD Section

“Zone A and Zone B Years” means the aggregate of 6 months for every 2 complete years of Service in Zone A or every complete period of 4½ years of Service in Zone B with proportionate amounts for any period of Service of less than 2 years in Zone A or less than 4½ years in Zone B. If the GPT Member has any Service outside Zone A and Zone B after 1 January 1986, any later period of Service in Zone A or Zone B does not count towards the calculation of the Zone A and Zone B Years. No Service after 31 March 1999 will count towards the calculation of Zone A and Zone B Years.

1.2 Rule 5.1 - Retirement at Normal Retirement Date

Rule 5.1 is modified by the following:

A GUD Member who leaves Service at Normal Retirement Date will in addition receive a pension for life at a yearly rate equal to:

Accrued Pension Credit x Final Pensionable Pay

“Accrued Pension Credit” means:
$$\frac{\text{GUD Pension}}{\text{Final Pensionable Pay as at 31 March 1999}}$$

“GUD Pension” is the preserved pension that would have been due as at 31 March 1999 (excluding benefits in respect of any transfers-in or additional voluntary contributions but including benefits in respect of Zone A and Zone B Years) had the GUD Member left Service as at that date as calculated under the terms of the GUD Pension Trust at the time, ignoring any requirement for a minimum period of qualifying service.

“Final Pensionable Pay” is as defined in Rule 1.

However, for GUD Members who had completed 30 or more years of pensionable service in the GUD Pension Trust prior to 1 April 1999 and were active members at that time, (other than non-contributory members) the total pension from the Scheme will not be less than the total pension calculated under the provisions of the GUD Pension Trust as they applied on 31 March 1999.

1.3 Rule 5.3 - Early retirement

Rule 5.3 is modified by the following:

In respect of a GUD Member the following will apply to the reduction to pension made for early payment to only such part of the GUD Member's pension that accrued before 1 April 2018:

- 1.3.1 the reduction applied in relation to benefits attributable to the Accrued Pension Credit will be on terms which would have applied to the GUD Member under the GUD Pension Trust immediately before 1 April 1999; and
- 1.3.2 the reduction applied in relation to benefits accrued before 1 April 2018 other than the Accrued Pension Credit will be on terms which are no less favourable than those which would have applied to the GUD Member under the GUD Pension Trust immediately before 1 April 1999.

GUD Section

1.4 Rule 9.3 - Other Dependant's pension

Rule 9.3 is modified by the following:

In respect of a GUD Member, if he or she dies and no Spouse's pension is payable, the Trustee will pay a pension (of an amount decided by the Trustee but not exceeding a Spouse's pension) to a Dependant if the Dependant:

- 1.4.1 is aged 18 or over when the GUD Member dies; and
- 1.4.2 is either a blood relative of the GUD Member or, in the opinion of the Trustee, has been living with the GUD Member continuously in a stable relationship for at least a five-year period ending on the GUD Member's death.

1.5 Rule 12.2 - Early pension

Rule 12.2 is modified by the following:

In respect of a GUD Member the following will apply to the reduction to pension made for early payment to such part of the GUD Member's pension that accrued before 1 April 2018:

- 1.5.1 the reduction applied in relation to benefits attributable to the Accrued Pension Credit will be on terms which would have applied to the GUD Member under the GUD Pension Trust immediately before 1 April 1999; and
- 1.5.2 the reduction applied in relation to benefits that accrued before 1 April 2018 other than the Accrued Pension Credit will be on terms which are no less favourable than those which would have applied to the GUD Member under the GUD Pension Trust immediately before 1 April 1999.

2 Additional Rules applicable to GUD Members

2.1 GUD Members who left Service before 1 April 1999

The benefits for GUD Members who left Service before 1 April 1999 (and the benefits payable on their deaths) will be as described in the provisions of the GUD Pension Trust in force previously from time to time. The benefits will, however, be paid as described in these Rules, and Rules 4.3 (Additional voluntary contributions by Members), 8.7 (payment of lump sum death benefits), 12.1 (right to transfer or buy-out) and 19 to 30 of these Rules will apply in place of any corresponding previous provisions of the GUD Pension Trust. However, the first increase granted under Rule 19.3.2 will always be the full increase even if the pension has been in payment for less than a year.

2.2 Bridging Pension

A bridging pension will be paid to a GUD Member whose pension comes into payment before State Pension Date in respect of such amount of the pension as is attributable to membership of the GUD Pension Trust. The bridging pension will be paid for the period between age 60 (or, in respect of a pension paid early because of Total or Partial Incapacity, the date the pension comes into payment) and State Pension Date and shall be of an amount decided by the Trustee not exceeding the maximum basic component of a State pension that may be paid to a single person.

Note: For the avoidance of doubt any bridging pension paid under this provision will be ignored for the purposes of calculating entitlements under Rule 8.3 (Member dies within 5 years after pension starts) and Rule 9.5 (Member dies after pension starts). No bridging

GUD Section

pension will be paid during any period in which the temporary pension set out in Rule 5.4 (Total Incapacity) is being paid.

2.3 Supplementary Years not included in the Accrued Pension Credit

It may be that a GPT Member has accrued Supplementary Years which are not reflected in the GPT Member's Accrued Pension Credit ("**relevant Supplementary Years**"). If so, for the purposes of the calculation of pension under Rule 5.1, such relevant Supplementary Years will be aggregated with Final Salary Pensionable Service in the Main Section as if the Member was a Silver Level Member during that period (regardless of whether the Member was or has been a Gold Level Member).

However, if the GPT Member is or becomes an Executive or Senior Executive Tier 1 Member, for the purposes of the calculation of Final Salary Pensionable Service under each of the Main, Executive and Senior Executive Tier 1 Sections, such relevant Supplementary Years will be aggregated with Final Salary Pensionable Service in each of the Main (as a Silver Level Member only), Executive or Senior Executive Tier 1 Sections in accordance with the following formula:

$$\frac{\text{relevant Service in each Section}}{\text{total relevant Service in all the Sections}} \times \text{relevant Supplementary Years}$$

"**relevant Service**" means the Service taken into account for the purpose of calculating the relevant Supplementary Years.

2.4 Equalisation of Supplementary Years for GPT Members

The amount of any benefit at any time for a GPT Member who is in Service on or after 17 July 1995 shall be increased by a proportion of the amount (if any) by which the benefit would have been greater had he or she been a member of the opposite sex (ignoring any difference to the extent that it arises from unequal GMPs payable from different state pension ages, bridging pensions paid under paragraph 2.2 or different actuarial factors used in the calculation of benefits). The proportion for this purpose shall be the years and complete months of Service which the GPT Member has completed after 17 May 1990 divided by the years and complete months of any Service which the GPT Member has completed (including the periods both before and after 17 May 1990).

Schedule 3 AGS Section

In accordance with Rule 18.2 (AGS, Bells and DCL Members) this Schedule sets out the main differences between the AGS Section and the benefits otherwise payable under the Scheme. However, for the avoidance of doubt, the benefits applicable to Members who were active members of the AGS Section of the GUD Pension Trust immediately before joining the Scheme (and for whom a transfer payment has been made from the GUD Pension Trust to the Scheme) and who elected on transfer to continue to accrue benefits after joining the Scheme in accordance with the AGS Section (the “AGS Members”) will be calculated as if the provisions of the AGS Section continued to apply for periods before 1 April 2018.

Note: The AGS Section is closed.

1 Modification of Main Section Rules for AGS Members

1.1 Rule 1 - Meaning of words used

Rule 1 is modified by the following:

“**Added Years**” means the number of additional years credited to an AGS Member at the discretion of the Employer and notified to the AGS Member at the beginning of or during his or her membership of the Arthur Guinness Son and Company Limited Pension Scheme and to be taken into account when determining Final Salary Pensionable Service.

“**Basic Years**” means the sum of an AGS Member's pensionable service under the AGS Section of the GUD Pension Trust between 1 April 1988 and 1 April 1999 and his or her period of employment before 1 April 1988 with one or more of the following:

- (a) an employer which participated in the Guinness Pension Trust;
- (b) the Arthur Guinness Son & Company (Dublin) Limited (counting from 1 January 1954);
- (c) Guinness Holdings (Dublin) Limited (counting until and including 31 December 1953);
- (d) The Park Royal Development Co Ltd;
- (e) any subsidiary companies of the Arthur Guinness Son & Company (Dublin) Limited whose staff were admitted to membership of The Guinness Ireland Pension Scheme.

“**Gross Pensionable Pay**” means subject to paragraph 2.2 of this Schedule the annual amount of the Member's basic salary from the Employers plus such other emoluments as the Employer shall authorise to be included.

Note: The definition of “Gross Pensionable Pay” applies only in relation to that part of an AGS Member's benefits that accrued before 1 April 2018. Benefits in respect of CARE Pensionable Service are calculated by reference to “Pensionable Pay”.

“**Lower Earnings Limit**” means the annual amount of the lower earnings limit within the meaning of section 181 of the Pension Schemes Act 1993.

AGS Section

“Net Pensionable Pay” means the AGS Member’s Gross Pensionable Pay before the AGS Member leaves Service or dies, whichever occurs first, less a deduction equal to one and one-half times the Lower Earnings Limit applicable at the time of the AGS Member’s most recent Pay Review subject to the following:

- (i) The deduction shall be reduced to 1 1/5 times the Lower Earnings Limit in the case of a female staff AGS Member who first entered Service before 1 October 1962.
- (ii) The Employer may increase the amount of the deduction as it thinks fit to take account of a contributory state pension received by the AGS Member from an overseas country as a result of his or her employment there.
- (iii) In the case of AGS Members seconded to employment outside Great Britain, Northern Ireland and the Republic of Ireland, Net Pensionable Pay shall be fixed by the Employer by reference to such home equivalent as the Employer shall decide.
- (iv) Where a Member retires due to ill-health or injury, the Employer may ignore any reductions in earnings during the last 10 years of Service.
- (v) The decision of the Employer as to the amount of a Member’s Net Pensionable Pay shall be final.

Note: The definition of “Net Pensionable Pay” applies only in relation to that part of an AGS Member’s benefits that accrued before 1 April 2018. Benefits in respect of CARE Pensionable Service are calculated by reference to “Pensionable Pay”.

“Normal Retirement Date” for Scheme purposes and in respect of only such part of the AGS Member’s benefits that accrued before 1 April 2018 means the date on which the AGS Member’s 60th birthday falls.

In respect of an AGS Member who has a total of 4 years’ Service in one or both of Zone A and Zone B with Arthur Guinness Son & Company (Dublin) Limited or an employer which participated in the Guinness Pension Trust or in The Guinness Ireland Pension Scheme, Normal Retirement Date in respect of only such part of the AGS Member’s benefits that accrued before 1 April 2018 will be the earlier of age 60 and Notional NRD.

However, for the purposes of Rule 5.2 (late retirement) Normal Retirement Date means the date on which the AGS Member’s 65th birthday falls.

Note: The Normal Retirement Date for periods of CARE Pensionable Service after 31 March 2018 is the last day of the month in which the Member’s 65th birthday falls.

“Notional NRD” means age 62 or such earlier age as results from subtracting the AGS Member’s Zone A and Zone B Years from age 62 but Notional NRD shall not be reduced below age 55 for an AGS Member who has any Service in Zone A or below age 59 for an AGS Member who has Service in Zone B but not in Zone A.

“Pay Review” means a change in the AGS Member’s basic salary other than a change due solely to an alteration of the hours worked. A Pay Review is deemed to have taken place on the date it takes effect.

“Final Salary Pensionable Service” means the Member’s Service after 1 April 1999 after joining the Scheme (but excluding CARE Pensionable Service) together with the aggregate of the following:

- (i) the Basic Years;

AGS Section

- (ii) the Added Years;
- (iii) the Zone A and Zone B Years;
- (iv) the Supplementary Years;
- (v) any additional periods credited to the AGS Member in accordance with paragraph 2.5 (Pensionable Service Credit); and
- (vi) any period credited to the AGS Member under Rule 22.1 (Transfers from other schemes).

When calculating Final Salary Pensionable Service, the following shall apply:

- (a) Where an AGS Member retires in accordance with Rule 5.4 (Total Incapacity) Added Years shall count in full and if Supplementary Years are in accordance with basis (ii) of that definition, the number of Supplementary Years to count will be the number which would have applied if he or she had remained in Service until Normal Retirement Date.
- (b) Two periods of continuous Service shall be aggregated and treated as one period of continuous Service.
- (c) If the aggregate is not a whole number of years, any residual period in excess of six months shall count as one additional year and any residual period of six months or less shall be ignored.
- (d) If an AGS Member is or becomes an Executive or Senior Executive Tier 1 Member, the number of Supplementary Years included under (iv) above will be restricted in accordance with 2.4 of this Schedule.
- (e) Except where the Trustee and the Company have decided that an AGS Member's entitlement is otherwise, the aggregate of the AGS Member's Service after 1 April 1999 under the Scheme and the periods under (i), (ii), (iii) and (iv) above may not exceed 40 years.

"State Pension Date" means the date on which the AGS Member reaches age 65 (if male) or age 60 (if female) or such other date as may apply under section 126 of the Pensions Act 1995.

"Supplementary Years" means the period of additional Service credited to an AGS Member on one of the following basis when determining his or her Final Salary Pensionable Service:

- (i) in respect of a male AGS Member who was in Service on 31 December 1970, the Supplementary Years shall be calculated as follows. If the AGS Member remains in Service until he reaches or passes Notional NRD, the amount shall be 36 months. If an AGS Member completes more than 6 months' Service after Notional NRD the Supplementary Years shall be reduced by one month for each subsequent month's Service. In respect of a male AGS Member who does not remain in Service until Notional NRD the Supplementary Years shall be equal to the greatest of:
 - (a) the Member's actual Service divided by the Service he would have completed had he continued in Service until the first age at or after Normal Retirement Date at which he would have completed at least 32 years' Service multiplied by 36 months;

AGS Section

- (b) the Member's actual Service divided by the Service he would have completed had he continued in Service until Notional NRD multiplied by 36 months; and
 - (c) one month for each year of Service up to 36 years (subject to a minimum amount of 24 months after 22 years' Service and 36 months after 32 years' Service).
- (ii) in respect of a male AGS Member who entered Service after 31 December 1970, the Supplementary Years shall be calculated as follows. The Supplementary Years shall be one month for each year of Service up to 36 years (subject to a minimum amount of 24 months after 22 years' Service or 36 months after 32 years' Service). In respect of a male AGS Member who does not remain in Service until age 62 the Supplementary Years shall be increased, if necessary, to equal the greatest of:
 - (a) the Member's actual Service divided by the Service he would have completed had he continued in Service until Normal Retirement Date multiplied by the Supplementary Years which would have applied to him at that age;
 - (b) the Member's actual Service divided by the Service he would have completed had he continued in Service until age 62 multiplied by the Supplementary Years which would have applied to him at that age; and
 - (c) the Member's actual Service divided by the Service he would have completed had he continued in Service until the first age (if any) after Normal Retirement Date and before age 62 at which he would have first completed either 22 years' Service or 32 years' Service multiplied by the Supplementary Years which would have applied to him at that age.
- (iii) in respect of a female staff AGS Member who was in Service on 31 December 1972 (and was then a female staff Member) and whose Service since then has been continuous, the Supplementary Years shall be 3 months for each year of Pensionable Service (before the addition of any Supplementary Years) subject to a maximum credit of 8 additional years. The Employer's decision shall be final as to whether Service has been continuous, but termination of Service with an Employer followed immediately by employment with another Employer shall not constitute a break, nor shall a break in Service of less than 31 days.

For these purposes "Service" shall exclude any service as an employee after Pensionable Service has ended. Any number of Supplementary Years which does not equal a whole number of months shall be rounded down to the nearest whole number of months.

"Zone A" means the following countries, subject to such variations as the Company may think fit:

Cameroon	Liberia
Gambia	Malaysia
Ghana	Nigeria
Guinea	Philippines
Hong Kong	Sierra Leone

AGS Section

India	Thailand
Indonesia	Zaire
Ivory Coast	

"Zone B" means the following countries, subject to such variations as the Company may think fit:

Argentina	Mauritius
Brazil	Tanzania
Ethiopia	Uganda
Japan	Venezuela
Kenya	West Indies (including Guyana)
Malawi	Zambia

"Zone A and Zone B Years" means the aggregate of 6 months for every 2 complete years of Service in Zone A or every complete period of 4½ years of Service in Zone B with proportionate amounts for any period of Service of less than 2 years in Zone A or less than 4½ years in Zone B. If the AGS Member has any Service outside Zone A and Zone B after 1 January 1986, any later period of Service in Zone A or Zone B does not count towards the calculation of the Zone A and Zone B Years.

1.2 Rules 5.1.1 and 5.1.2 - Retirement at Normal Retirement Date

Rule 5.1.1 and 5.1.2 are modified by the following:

In respect of an AGS Member, such part of the AGS Member's pension that accrued before 1 April 2018 will be a yearly rate equal to 1/60th of Net Pensionable Pay for each year of Final Salary Pensionable Service.

Note: Rule 5.1 is not modified to the extent that it relates to the calculation of pensions for periods of CARE Pensionable Service after 31 March 2018.

1.3 Rule 5.3 - Early retirement

Rule 5.3 is modified by the following:

In respect of an AGS Member the reduction made for early payment to such part of the AGS Member's pension that accrued before 1 April 2018 will be on terms which would have applied to the AGS Member under the GUD Pension Trust immediately before 1 April 1999.

1.4 Rule 5.4 – Total Incapacity

Rule 5.4 is modified by the following:

In respect of an AGS Member, the temporary pension paid until Normal Retirement Date will be equal to the difference (increased in accordance with Rule 19.3) between one

AGS Section

half of the Member's Gross Pensionable Pay and the pension otherwise payable under Rule 5.4.

1.5 Rule 9.3 - Other Dependant's pension

Rule 9.3 is modified by the following:

In respect of an AGS Member, if he or she dies and no Spouse's pension is payable, the Trustee will pay a pension (of an amount decided by the Trustee but not exceeding a Spouse's pension) to a Dependant if the Dependant:

- 1.5.1 is aged 18 or over when the AGS Member dies; and
- 1.5.2 is either a blood relative of the AGS Member or, in the opinion of the Trustee, has been living with the AGS Member continuously in a stable relationship for at least a five year period ending on the AGS Member's death.

1.6 Rule 9.4 - Member dies in Service

Rule 9.4 is modified by the following:

In respect of an AGS Member who dies in Service before Normal Retirement Date, that part of the Spouse's pension attributable to the period before 1 April 2018 will be equal to 50% of such part of the Member's pension that accrued before 1 April 2018, based on the Net Pensionable Pay at the date of the Member's death.

In respect of an AGS Member who dies in Service, that part of the children's pension attributable to the period before 1 April 2018 will be equal to 20% of that part of the Spouse's pension attributable to the period before 1 April 2018 payable to one Dependent Child plus 10% of the Spouse's pension attributable to the period before 1 April 2018 payable to each additional Dependent Child up to a maximum of 3.

1.7 Rule 9.5 - Member dies after pension starts

Rule 9.5 is modified by the following:

In respect of an AGS Member, if he or she dies before the first anniversary of the date on which his or her pension came into payment (the "**Retirement Date**"), that part of the Spouse's pension that is attributable to the period before 1 April 2018 shall be temporarily increased as follows:

- 1.7.1 for the period from the date of death to the first anniversary of the Retirement Date, the pension will be increased so it is equal to the pension payable to the AGS Member at the date of death (after the exercise of the option for a lump sum under Rule 7);
- 1.7.2 for the period from the first anniversary of the Retirement Date to the second anniversary of the Retirement Date, the pension will be increased so it is equal to 75% of the pension payable to the AGS Member at the date of death (after exercise of the option for a lump sum under Rule 7).

In respect of an AGS Member, if he or she dies on or after the first but before the second anniversary of the Retirement Date, such part of the Spouse's pension as is attributable to the period before 1 April 2018 shall be increased for the period from the date of death to the second anniversary of the Retirement Date so it is equal to 75% of the pension payable to

AGS Section

the AGS Member at the date of death (after exercise of the option for a lump sum under Rule 7).

In respect of an AGS Member who dies after starting to receive a pension, insofar as the children's pension is attributable to the period before 1 April 2018, it will be equal to 20% of the Spouse's pension payable to one Dependent Child plus 10% of the Spouse's pension payable to each additional Dependent Child up to a maximum of 3.

Note: Benefits in respect of periods of CARE Pensionable Service after 31 March 2018 are as set out in Rule 9.5.

1.8 Rule 9.6 - Member dies with a preserved pension that has not started

Rule 9.6 is modified by the following:

In respect of an AGS Member, if he or she dies with a preserved pension that has not started, such part of the children's pension as is attributable to the period before 1 April 2018, will be equal to 20% of the Spouse's pension attributable to the period before 1 April 2018 payable to one Dependent Child plus 10% of the Spouse's pension attributable to the period before 1 April 2018 payable to each additional Dependent Child up to a maximum of 3.

Note: Benefits in respect of periods of CARE Pensionable Service after 31 March 2018 are as set out in Rule 9.6.

1.9 Rule 12.2 - Early pension

Rule 12.2 is modified by the following:

In respect of an AGS Member the reduction made for early payment to such part of the AGS Member's pension that accrued before 1 April 2018 will be on terms which would have applied to the AGS Member under the GUD Pension Trust immediately before 1 April 1999.

2 Additional Rules applicable to AGS Members

2.1 Bridging Pension

A bridging pension will be paid to an AGS Member whose pension comes into payment before State Pension Date. The bridging pension will be paid for the period between age 60 (or, in respect of a pension paid early because of Total Incapacity or Partial Incapacity, the date the pension comes into payment) and State Pension Date and shall be of an amount equal to:

$1/60\text{th} \times \text{the AGS Member's Final Salary Pensionable Service} \times \text{the Deduction}$

The "Deduction" is an amount equal to 1 and 1/2 times the Lower Earnings Limit. However, in respect of female staff AGS Members who first entered Service before 1 October 1962, the Deduction is an amount equal to 1 and 1/5 times the Lower Earnings Limit.

Note: For the avoidance of doubt any bridging pension paid under this provision will be ignored for the purposes of calculating entitlements under Rule 8.3 (Member dies within 5 years after pension starts), Rule 9.5 (Member dies after pension starts) (as modified by paragraph 1.9 of this Schedule) and paragraph 2.3 of this Schedule. No bridging pension will be paid during any period in which the temporary pension set out in Rule 5.4 (Total Incapacity) (as modified by paragraph 1.5 of this Schedule) is being paid.

AGS Section

2.2 Reduction in Gross Pensionable Pay

If the AGS Member's Gross Pensionable Pay is reduced, the Company and the Trustee may agree to vary the benefits otherwise payable under this Schedule to mitigate the effect of such reduction.

2.3 Additional lump sum on death of AGS Member who was a member of the AGSPS

If the AGS Member was a Member of the Arthur Guinness Son and Company Limited Pension Scheme on 31 December 1972, an additional lump sum death benefit will be paid to the AGS Member's Spouse on his or her death either after the pension starts or with a preserved pension that has not started.

If the AGS Member dies after the pension starts, the benefit will be equal to 3 times the monthly rate of the pension attributable to the period before 1 April 2018 to which the AGS Member was entitled at the date of his or her death, or if the AGS Member gave up pension for a lump sum under Rule 7 (retirement lump sum), the monthly rate of pension attributable to the period before 1 April 2018 to which the Member would have been entitled had he not done so.

If the AGS Member dies with a preserved pension that has not started, the benefit will be equal to 3 times the monthly rate of pension attributable to the period before 1 April 2018 to which the AGS Member would have been entitled at Normal Retirement Date if he or she had survived until then (but excluding any future increases from the date of death to Normal Retirement Date).

If the AGS Member was age 75 or over at the date of death the additional lump sum death benefit described above will only be paid if:

2.3.1 the AGS Member's pension was in payment on 5 April 2006 and the additional lump sum is within the Inland Revenue limits applicable at that time; or

2.3.2 the additional lump sum is less than £2,500.

If the conditions at 2.3.1 or 2.3.2 above are not satisfied, an additional lump sum of £2,500 will be paid to the AGS Member's Spouse, with the balance of the benefit (without interest) paid over the following three months as a temporary additional Spouse's pension.

2.4 Supplementary Years attributable to membership of other Sections

It may be that an AGS Member is or becomes an Executive or Senior Executive Tier 1 Member. If so, for the purposes of the calculation of Final Salary Pensionable Service under each of the AGS, Executive, and Senior Executive Tier 1 Sections, Supplementary Years will be aggregated with Final Salary Pensionable Service in each of the AGS, Executive and Senior Executive Tier 1 Sections in accordance with the following formula:

$$\frac{\text{relevant Service in each Section}}{\text{total relevant Service in all the Sections}} \times \text{Supplementary Years}$$

"relevant Service" means the Service taken into account for the purpose of calculating Supplementary Years.

2.5 Equalisation of Supplementary Years and Net Pensionable Pay

The amount of any benefit at any time for an AGS Member who is in Service on or after 17 July 1995 shall be increased by a proportion of the amount (if any) by which the benefit

AGS Section

would have been greater had he or she been a member of the opposite sex (ignoring any difference to the extent that it arises from unequal GMPs payable from different state pension ages, bridging pensions paid under paragraph 2.1 or different actuarial factors used in the calculation of benefits). The proportion for this purpose shall be the years and complete months of Service which the AGS Member has completed after 17 May 1990 divided by the years and complete months of any Service which the AGS Member has completed (including the periods both before and after 17 May 1990).

2.6 Pensionable Service Credit before 1 April 1999

It may be that before 1 April 1999, the trustee of the GUD Pension Trust agreed to credit an AGS Member with additional pensionable service instead of providing benefits in accordance with Rule 4.3 (additional voluntary contributions by Members). If this is the case, the additional Pensionable Service Credit will be as notified to the AGS Member.

No such request can be made by an AGS Member after 1 April 1999.

2.7 AGS Senior Executives

It may be that an AGS Member is entitled to benefits different to those set out in this Schedule because of his or her status as a Senior Executive. If so, the benefits payable for such AGS Members (and the benefits payable on their deaths) will be on the terms previously agreed with the Company.

Note: For the avoidance of doubt, the reference to Senior Executive in the context of this paragraph does not refer to an AGS Member who is or becomes an Executive or Senior Executive Tier 1 Member entitled to benefits in accordance with Schedules 6 or 7. It only applies to an AGS Member who was a Senior Executive under the GUD Pension Trust and who elected to continue to accrue benefits on that basis after 1 April 1999.

**Schedule 4
Bells Section**

In accordance with Rule 18.2 (AGS, Bells and DCL Members) this Schedule sets out the main differences between the Bells Section and the benefits otherwise payable under the Scheme. However, for the avoidance of doubt, the benefits applicable to Members who were active members of the Bells Section of the GUD Pension Trust immediately before joining the Scheme (and for whom a transfer payment has been made from the GUD Pension Trust to the Scheme) and who elected on transfer to continue to accrue benefits after joining the Scheme in accordance with the Bells Section (the “**Bells Members**”) will be calculated as if the provisions of the Bell Section continued to apply for periods before 1 April 2018.

Note: The Bells Section is closed.

1 Modification of Main Section Rules for Bells Members

1.1 Rule 1 - Meaning of words used

Rule 1 is modified by the following:

“**Gross Pensionable Pay**” means subject to paragraph 2.2 of this Schedule the highest annual average of a Bells Member’s basic salary from the Employers (plus any regular emoluments specifically stated to be pensionable in the Bells Member’s contract of employment) over any two year period in the last five years before the Bells Member leaves Service or dies, whichever occurs first.

Note: The definition of “Gross Pensionable Pay” applies only in relation to that part of the Bells Member’s benefits that accrued before 1 April 2018. Benefits in respect of CARE Pensionable Service are calculated by reference to “Pensionable Pay”.

“**Net Pensionable Pay**” means the Bells Member’s Gross Pensionable Pay less the annual average of the State Pension Benefit over the same two year period as used to calculate Gross Pensionable Pay.

Note: The definition of “Net Pensionable Pay” applies only in relation to that part of the Bells Member’s benefits that accrued before 1 April 2018. Benefits in respect of CARE Pensionable Service are calculated by reference to “Pensionable Pay”.

“**Normal Retirement Date**” for Scheme purposes and in respect of only such part of the Bells Member’s benefits that accrued before 1 April 2018 means the date on which the Bells Member’s 60th birthday falls. However, for the purposes of Rule 5.2 (late retirement) Normal Retirement Date in respect of only such part of the Bells Member’s benefits that accrued before 1 April 2018 means the date on which the Bells Member’s 65th birthday falls.

Note: The Normal Retirement Date for such part of the Member’s benefits as relates to CARE Pensionable Service after 31 March 2018 is the last day of the month in which the Member’s 65th birthday falls.

“**Final Salary Pensionable Service**” means the Bells Member’s Service after 1 April 1999 after joining the Scheme (but excluding CARE Pensionable Service) together with:

- (i) the Service of the Bells Member before 1 April 1999 under the Bells Section of the GUD Pension Trust; and
- (ii) Service as a member of the Arthur Bell & Son plc Pension Fund; and

Bells Section

- (iii) in the case of a Bells Member who became a member of the Arthur Bell & Son plc Pension Fund before 31 December 1968 or who became such a member on 31 December 1971 and who was then a distillery worker, the period of Service beginning with the date on which he or she reached age 21 or, if later, the date which is one year after the date on which Service began and ending with the day before he or she became a member of the Arthur Bell & Son plc Pension Fund; and
- (iv) any additional periods credited to the Bells Member in accordance with paragraph 2.5 (Pensionable Service Credit); and
- (v) any period credited to the Bells Member under Rule 22.1 (Transfers from other schemes).

When calculating Final Salary Pensionable Service, the following shall apply:

- (a) In respect of paragraph (iii) above, any period of National Service may be included if the Company thinks fit; no period shall be included unless the Bells Member became a member of the Arthur Bell & Son plc Pension Fund at the first opportunity or unless the Company decides otherwise; and the decision of the Company shall be final as to whether any period shall be included.
- (b) The aggregate period of Final Salary Pensionable Service may not exceed 40 years but this maximum shall exclude any period credited to the Bells Member under Rule 22.1 (Transfers from other schemes) and paragraph 2.5 of this Schedule (Pensionable Service Credit).

"State Pension Benefit" means the annual amount of the basic State retirement pension for a single person.

"State Pension Date" means the date on which the Bells Member reaches age 65 (if male) or age 60 (if female) or such other date as may apply under section 126 of the Pensions Act 1995.

1.2 Rules 5.1.1 and 5.1.2 - Retirement at Normal Retirement Date

Rules 5.1.1 and 5.1.2 is modified by the following:

In respect of a Bells Member such part of the Bells Member's pension that accrued before 1 April 2018 will be a yearly rate equal to:

- 1.2.1 1/60th of Gross Pensionable Pay for each year (plus an additional proportion for each additional complete month) of pensionable service before 1 October 1974; and
- 1.2.2 1/60th of Net Pensionable Pay for each year (plus an additional proportion for each additional complete month) of pensionable service after 1 October 1974 (but excluding CARE Pensionable Service after 31 March 2018).

Note: Rule 5.1 is not modified to the extent that it relates to the calculation of pension for periods of CARE Pensionable Service after 31 March 2018.

1.3 Rule 5.3 - Early retirement

Rule 5.3 is modified by the following:

Bells Section

In respect of a Bells Member the reduction made for early payment to such part of the Bells Member's pension that accrued before 1 April 2018 will be on terms which would have applied to the Bells Member under the GUD Pension Trust immediately before 1 April 1999.

1.4 Rule 5.4 – Total Incapacity

Rule 5.4 is modified by the following:

In respect of a Bells Member, the temporary pension paid until Normal Retirement Date will be equal to the difference (increased in accordance with Rule 19.3) between one half of the Member's Gross Pensionable Pay and the pension otherwise payable under Rule 5.4.

1.5 Rule 9.3 - Other Dependant's pension

Rule 9.3 is modified by the following:

In respect of a Bells Member, if he or she dies and no Spouse's pension is payable, the Trustee will pay a pension (of an amount decided by the Trustee but not exceeding a Spouse's pension) to a Dependant if the Dependant:

- 1.5.1 is aged 18 or over when the Bells Member dies; and
- 1.5.2 is either a blood relative of the Bells Member or, in the opinion of the Trustee, has been living with the Bells Member continuously in a stable relationship for at least a five year period ending on the Bells Member's death.

1.6 Rule 9.4 - Member dies in Service

Rule 9.4 is modified by the following:

In respect of a Bells Member who dies in Service, such part of the Spouse's pension as is attributable to the period before 1 April 2018 will be equal to the limited Spouse's pension as described in Rule 9.8 (limited Spouse's pension).

In respect of a Bells Member, no children's pension is payable in relation to the Member's Final Salary Pensionable Service.

Note: Benefits in respect of the Member's CARE Pensionable Service after 31 March 2018 shall be calculated as set out in Rule 9.4.

1.7 Rule 9.5 - Member dies after pension starts

Rule 9.5 is modified by the following:

In respect of a Bells Member who dies after starting to receive a pension before reaching Normal Retirement Date, such part of the spouse's pension as is attributable the period before 1 April 2018 will be equal to the total of:

- 1.7.1 in respect of the period of pensionable service before 1 December 2006, the limited Spouse's pension as described in Rule 9.8 (limited Spouse's pension); and
- 1.7.2 50% of the pension payable to the Bells Member at the date of death which was attributable to his or her Final Salary Pensionable Service from 1 December 2006.

Bells Section

In respect of a Bells Member who dies after starting to receive a pension after reaching Normal Retirement Date, such part of the Spouse's pension as is attributable to the period before 1 April 2018 will be equal to 50% of the pension payable to the Bells Member at the date of death.

In respect of a Bells Member, no children's pension is payable in respect of the Member's Final Salary Pensionable Service.

Note: Benefits in respect of the Member's CARE Pensionable Service after 31 March 2018 shall be calculated as set out in Rule 9.5.

1.8 Rule 9.6 - Member dies with a preserved pension that has not started

Rule 9.6 is modified as follows:

In respect of a Bells Member who dies before Normal Retirement Date with a preserved pension that has not started such part of the Spouse's pension as is attributable to the period before 1 April 2018 will be equal to the limited Spouse's pension as described in Rule 9.8 (limited Spouse's pension).

In respect of a Bell's Member, no children's pension is payable in respect of the Member's Final Salary Pensionable Service.

Note: Benefits in respect of the Member's CARE Pensionable Service after 31 March 2018 shall be calculated as set out in Rule 9.6.

1.9 Rule 12.2 - Early pension

Rule 12.2 is modified as follows:

In respect of a Bells Member, the reduction made for early payment to such part of the Bells Member's pension as is attributable to the period before 1 April 2018 will be on terms which would have applied to the Bells Member under the GUD Pension Trust immediately before 1 April 1999.

1.10 Rule 19.3 - Pension increases

Rates of increase

A Bells Member may elect in writing to the Trustee when his or her pension comes into payment that such part of the pension (in excess of GMP) which relates to the Bells Member's pensionable service in the GUD Pension Trust before 6 April 1997 will not increase as set out in Rule 19.3 but will instead increase by 4% per annum. Such an election is irrevocable and will also apply to pensions payable on the Bells Member's death in respect of pre 6 April 1997 pension benefits.

On making the election no further discretionary increases to pensions in payment made by the Company and the Trustee under Rule 19.3 will apply to the relevant part of such Bells Member's pension.

2 Additional Rules applicable to Bells Members

2.1 Bridging Pension

A bridging pension will be paid to a Bells Member whose pension comes into payment before State Pension Date. The bridging pension will be paid for the period between age 60 (or, in

Bells Section

respect of a pension paid early because of Total Incapacity or Partial Incapacity, the date the pension comes into payment) and State Pension Date and shall be of an amount equal to:

$1/60\text{th} \times \text{the Bell's Member's Final Salary Pensionable Service after 1 October 1974} \times \text{the Deduction}$

The "**Deduction**" is an amount equal to the annual average of the State Pension Benefit over the same two year period used in the calculation of Gross Pensionable Pay.

Note: For the avoidance of doubt any bridging pension paid under this provision will be ignored for the purposes of calculating entitlements under Rule 8.3 (Member dies within 5 years after pension starts) and Rule 9.5 (Member dies after pension starts). No bridging pension will be paid during any period in which the temporary pension set out in Rule 5.4 (Total Incapacity) is being paid.

2.2 Reduction in Gross Pensionable Pay

If the Bells Member's Gross Pensionable Pay is reduced, the Company and the Trustee may agree to vary the benefits otherwise payable under this Schedule to mitigate the effect of such reduction.

2.3 Pensionable Service Credit before 1 April 1999

It may be that before 1 April 1999, the trustee of the GUD Pension Trust agreed to credit a Bells Member with additional pensionable service instead of providing benefits in accordance with Rule 4.3 (additional voluntary contributions by Members). If this is the case, the additional Final Salary Pensionable Service credit will be as notified to the Bells Member.

No such request can be made by a Bells Member after 1 April 1999.

Schedule 5 DCL Section

In accordance with Rule 18.2 (AGS, Bells and DCL Members) this Schedule sets out the main differences between the DCL Section and the benefits otherwise payable under the Scheme. However, for the avoidance of doubt, the benefits applicable to Members who were active members of the DCL Section of the GUD Pension Trust immediately before joining the Scheme (and for whom a transfer payment has been made from the GUD Pension Trust to the Scheme) and who elected on transfer to continue to accrue benefits after joining the Scheme in accordance with the DCL Section (the “**DCL Members**”) will be calculated as if the provisions of the DCL Section continued to apply for periods before 1 April 2018.

Note: The DCL Section is closed.

1 Modification of Main Section Rules for DCL Members

1.1 Rule 1 - Meaning of words used

Rule 1 is modified by the following:

“**Lower Earnings Limit**” means the annual amount of the lower earnings limit within the meaning of section 181 of the Pension Schemes Act 1993.

“**Normal Retirement Date**” for Scheme purposes and in respect of only such part of the DCL Member’s benefits as is attributable to the period before 1 April 2018 means the date on which the DCL Member’s 60th birthday falls. However, for the purposes of Rule 5.2 (late retirement) Normal Retirement Date in respect of only such part of the DCL Member’s benefits as is attributable to the period before 1 April 2018 means the date on which the DCL Member’s 65th birthday falls.

Note: The Normal Retirement Date for such part of the DCL Member’s benefits as relates to CARE Pensionable Service after 31 March 2018 is the last day of the month in which the Member’s 65th birthday falls.

“**Final Salary Pensionable Service**” means the DCL Member’s Service after 1 April 1999 after joining the Scheme (but excluding CARE Pensionable Service) together with:

- (i) the Service of the DCL Member before 1 April 1999 as was considered pensionable under the terms of the DCL Section of the GUD Pension Trust;
- (ii) any additional periods credited to the DCL Member in accordance with paragraph 2.4 (Pensionable Service Credit); and
- (iii) any period credited to the DCL Member under Rule 21.1 (Transfers from other schemes)

The aggregate period of Final Salary Pensionable Service may not exceed 40 years but this maximum shall exclude any period credited to the DCL Member under Rule 22.1 (Transfers from other schemes) and paragraph 2.4 (Pensionable Service Credit).

“**Pay Review**” means a change in the DCL Member’s basic salary other than a change due solely to an alteration of the hours worked. A Pay Review is deemed to have taken place on the date it takes effect.

DCL Section

“**State Pension Benefit**” means the annual amount of the basic State retirement pension for a single person.

“**State Pension Date**” means the date on which the DCL Member reaches age 65 (if male) or age 60 (if female) or such other date as may apply under section 126 of the Pensions Act 1995.

“**State Pension Deduction**” means an amount equal to 1/80th of the State Pension Benefit at the date of the last Pay Review before Final Salary Pensionable Service ends for each complete year of Final Salary Pensionable Service, with a proportionate amount for each complete month, subject to a maximum of 40 such years (but the maximum shall exclude any period credited under Rule 22.1 (Transfers from other schemes) and paragraph 2.4 (Pensionable Service Credit)). The State Pension Deduction is increased from the date Final Salary Pensionable Service ends at the same times and in proportion to any increases to the non-GMP element of the DCL Member’s pension under Rule 19.3 (pension increases).

1.2 Rules 5.1.1 and 5.1.2 - Retirement at Normal Retirement Date

Rules 5.1.1 and 5.1.2 are modified by the following:

In respect of a DCL Member such part of the DCL Member’s pension that accrued before 1 April 2018 will be a yearly rate equal to:

1.2.1 1/60th of Pensionable Pay for each year (plus an additional proportion for each additional complete month) of Final Salary Pensionable Service; minus

1.2.2 the State Pension Deduction

However, the State Pension Deduction shall not be made to the extent that it would reduce the part of the DCL Members’ pension that is attributable to contracted-out Service below the amount it would have been if a deduction from his or her Pensionable Pay equal to the amount of the Lower Earnings Limit at the previous 6 April had been made instead.

Note: Rule 5.1 is not modified to the extent that it relates to the calculation of pensions for periods of CARE Pensionable Service after 31 March 2018.

1.3 Rule 5.3 - Early retirement

Rule 5.3 is modified by the following:

In respect of a DCL Member the reduction made for early payment to such part of the DCL Member’s pension that accrued before 1 April 2018 will be on terms which would have applied to the DCL Member under the GUD Pension Trust immediately before 1 April 1999.

1.4 Rule 9.1 - Spouse’s pension

Rule 9.1 is modified by the following:

In respect of a DCL Member, in calculating any Spouse’s pension payable on his or her death, the DCL Member’s pension shall include any additional pension to which he or she may be entitled under the rules of the DCL and Associated Companies Superannuation Scheme.

1.5 Rule 9.3 - Other Dependant’s pension

Rule 9.3 is modified by the following:

DCL Section

In respect of a DCL Member, if he or she dies and no Spouse's pension is payable, the Trustee will pay a pension (of an amount decided by the Trustee but not exceeding a Spouse's pension) to a Dependant if the Dependant:

- 1.5.1 is aged 18 or over when the DCL Member dies; and
- 1.5.2 is either a blood relative of the DCL Member or, in the opinion of the Trustee, has been living with the DCL Member continuously in a stable relationship for at least a five year period ending on the DCL Member's death.

1.6 Rule 9.4 - Member dies in Service

Rule 9.4 is modified by the following:

In respect of a DCL Member, who dies in Service, the pension payable in respect of each Dependent Child attributable to the period before 1 April 2018 will be equal to the sum of £250 and 25% of the Spouse's pension attributable to the period before 1 April 2018, subject to a minimum of £350 and a maximum of £1,000.

Note: The benefits payable in respect of the DCL Member's CARE Pensionable Service after 31 March 2018 will be as set out in Rule 9.4.

1.7 Rule 9.5 - Member dies after pension starts

Rule 9.5 is modified by the following:

In respect of a DCL Member who dies after starting to receive a pension, the pension payable in respect of each Dependent Child attributable to the period before 1 April 2018 will be equal to the sum of £250 and 25% of the Spouse's pension attributable to the period before 1 April 2018, subject to a minimum of £350 and a maximum of £1,000.

Note: The benefits payable in respect of the DCL Member's CARE Pensionable Service after 31 March 2018 will be as set out in Rule 9.5.

1.8 Rule 9.6 - Member dies with a preserved pension that has not started

Rule 9.6 is modified by the following:

In respect of a DCL Member, if he or she dies before Normal Retirement Date with a preserved pension that has not started, the pension payable in respect of each Dependent Child attributable to the period before 1 April 2018 will be equal to the sum of £250 and 25% of the Spouse's pension attributable to the period before 1 April 2018, subject to a minimum of £350 and a maximum of £1,000.

Note: The benefits payable in respect of the DCL Member's CARE Pensionable Service after 31 March 2018 will be as set out in Rule 9.6.

1.9 Rule 12.2 - Early pension

Rule 12.2 is modified by the following:

In respect of a DCL Member the reduction made for early payment to such part of the DCL Member's pension as is attributable to the period before 1 April 2018 will be on terms which would have applied to the DCL Member under the GUD Pension Trust immediately before 1 April 1999.

2 Additional Rules applicable to DCL Members

2.1 Bridging Pension

A bridging pension will be paid to a DCL Member whose pension comes into payment before State Pension Date. The bridging pension will be paid for the period between age 60 (or, in respect of a pension paid early because of Total Incapacity or Partial Incapacity, the date the pension comes into payment) and State Pension Date and shall be of an amount equal to the State Pension Deduction.

In respect of a DCL Member who retired early because of Total Incapacity, for the purposes of calculating the State Pension Deduction only the Member's Pensionable Service is calculated as if it included the period between the Member's leaving and age 65.

Note: For the avoidance of doubt any bridging pension paid under this provision will be ignored for the purposes of calculating entitlements under Rule 8.3 (Member dies within 5 years after pension starts) and Rule 9.5 (Member dies after pension starts). No bridging pension will be paid during any period in which the temporary pension set out in Rule 5.4 (Total Incapacity) is being paid.

2.2 Reduction in Pensionable Pay

If the DCL Member's Pensionable Pay is reduced, the Company and the Trustee may agree to vary the benefits otherwise payable under this Schedule to mitigate the effect of such reduction.

2.3 Additional pensions payable to DCL Member's with Dependent Children on early retirement due to Total Incapacity

In the case of a DCL Member who leaves Service before Normal Retirement Date because of Total Incapacity, in addition to the pension payable in accordance with Rule 5.4 (Total Incapacity), an annual amount shall be payable to the DCL Member in respect of each person who would have been a Dependent Child if the DCL Member had died on the date of leaving Service. The amount shall be calculated as:

2.3.1 £250; plus

2.3.2 12.5% of such part of the DCL Member's pension calculated under Rule 5.4 (Total Incapacity) (but not including the temporary pension set out in that Rule) as is attributable to the period before 1 April 2018; and

2.3.3 any pension in respect of the DCL Member under the rules of the DCL and Associated Companies Superannuation Scheme;

subject to a minimum of £350 and a maximum of £1,000.

2.4 Pensionable Service Credit before 1 April 1999

It may be that before 1 April 1999, the trustee of the GUD Pension Trust agreed to credit a DCL Member with additional pensionable service instead of providing benefits in accordance with Rule 4.3 (additional voluntary contributions by Members). If this is the case the additional Final Salary Pensionable Service credit will be as notified to the DCL Member.

No such request can be made by a DCL Member after 1 April 1999.

Executive Section

Schedule 6 Executive Section

In accordance with Rule 18.3 (Executive, Senior Executive Tier 1 and Senior Executive Tier SE Members), this Schedule sets out the benefits payable to (and on the death of) Executive Members insofar as they differ from the benefits otherwise payable under the Rules which accrued before 1 April 2018.

Note: The Executive Section is open to existing members who meet the eligibility criteria set by the Company.

1 Modification of Main Section Rules for Executive Members

1.1 Rule 1 - Meaning of words used

Rule 1 is modified by the following:

"GUD Member" means a Member in respect of whom Schedule 2 (GUD Section) applies.

"Non-contributory GUD Member" means a Member in respect of whom Schedules 3 (AGS Section), 4 (Bells Section) or 5 (DCL Section) applies.

"Normal Retirement Date" for Scheme purposes and in respect of only such part of the Executive Member's benefits that accrued before 1 April 2018 means the last day of the month in which the Executive Member's 63rd birthday falls. However:

- 1.1.1 where a different date (between the 60th birthday and the 70th birthday inclusive) has been agreed between the Executive Member and the Employer the Normal Retirement Date in respect of only such part of the Executive Member's benefits that accrued before 1 April 2018 shall be that agreed date;
- 1.1.2 where the Executive Member was an active member of the GUD Pension Trust immediately before joining the Scheme and a transfer payment was made in respect of him from the GUD Pension Trust to the Scheme for the purposes of Rule 5.3 (early retirement) and Rule 12.2 (early pension) the Executive Member's Normal Retirement Date in respect of only such part of the Executive Member's benefits that accrued before 1 April 2018 will be the earlier of age 60 or where applicable in accordance with Schedules 2 and 3, Notional NRD.

Note: The Normal Retirement Date for such part of the Executive Member's benefits as relates to CARE Pensionable Service after 31 March 2018 is the last day of the month in which the Member's 65th birthday falls.

1.2 Rules 5.1.1 and 5.1.2 - Retirement at Normal Retirement Date

Rules 5.1 and 5.1.2 are modified by the following:

In respect of an Executive Member, such part of their pension that accrued before 1 April 2018 will be:

- 1.2.1 a pension at a yearly rate equal to 1/40th of Final Pensionable Pay for each year (plus an additional proportion for each additional complete month) of Final Salary Pensionable Service in the Executive Section; and
- 1.2.2 any pension accrued in respect of his or her membership of any other section of the Scheme before 1 April 2018.

Executive Section

Note 1: Rule 5.1 is not modified to the extent that it relates to the calculation of pension for periods of CARE Pensionable Service after 31 March 2018.

Note 2: In respect of an Executive Member who is a GUD Member or was an AGS Member immediately before becoming an Executive Member, Final Salary Pensionable Service in the Executive Section may include a proportion of Supplementary Years, as calculated in accordance with paragraph 2.3 in Schedule 2 (GUD Section) or paragraph 2.4 in Schedule 3 (AGS Section).

1.3 Rule 5.3 - Early retirement

Rule 5.3 is modified by the following:

In respect of an Executive Member who is a GUD Member or was a Non-contributory GUD Member immediately before becoming an Executive Member and who has left Service before Normal Retirement Date, the following will apply to the reduction made for early payment to such part of the Executive Member's pension that accrued before 1 April 2018:

- 1.3.1 if the GUD Member was an Executive Member on 1 April 1999 the reduction will be on terms which are no less favourable than those which would have applied to the GUD Member under the GUD Pension Trust immediately before 1 April 1999;
- 1.3.2 if the GUD Member was not an Executive Member on 1 April 1999:
 - (i) the reduction applied in relation to benefits attributable to the Accrued Pension Credit will be on terms which would have applied to the GUD Member under the GUD Pension Trust immediately before 1 April 1999;
 - (ii) the reduction applied in relation to benefits accrued before 1 April 2018 other than the Accrued Pension Credit will be on terms which are no less favourable than those which would have applied to the GUD Member under the GUD Pension Trust immediately before 1 April 1999;
- 1.3.3 in respect of a Non-contributory GUD Member:
 - (i) the reduction applied in relation to benefits attributable to Final Pensionable Service until the date of joining the Executive Section will be on terms which would have applied to the Non-contributory GUD Member under the GUD Pension Trust immediately before 1 April 1999;
 - (ii) the reduction applied in relation to benefits attributable to Final Pensionable Service after the date of joining the Executive Section will be on terms which are no less favourable than those which would have applied to the Non-contributory GUD Member under the GUD Pension Trust immediately before 1 April 1999.

1.4 Rule 9.5 - Member dies after pension starts

Rule 9.5 is modified by the following:

In respect of an Executive Member who dies after starting to receive a pension, the Spouse's pension attributable to his or her Final Salary Pensionable Service after joining the Executive Section will be increased to two-thirds of the relevant part of the Executive Member's pension (attributable to the same period of Final Salary Pensionable Service) at the date of death.

Executive Section

However, if the Executive Member was a GUD Member on 1 April 1999 and had also been an Executive Member at that date, the Spouse's pension will be two thirds of the pension payable to the Executive Member (attributable to Final Salary Pensionable Service) at the date of death.

If the Executive Member gave up pension for a lump sum on retirement, the Spouse's pension will be calculated on the pension (attributable to Final Salary Pensionable Service) that would have been payable if the Executive Member had not done so.

Note: The benefits payable in respect of CARE Pensionable Service after 31 March 2018 will be as set out in Rule 9.5.

1.5 Rule 12.2 - Early pension

Rule 12.2 is modified by the following:

Notwithstanding Paragraph 1.5 of Schedule 2 (GUD Section), in respect of an Executive Member who is a GUD Member or was a Non-contributory GUD Member immediately before becoming an Executive Member, the following will apply to the reduction made for early payment to such part of the Executive Member's pension that accrued before 1 April 2018:

- 1.5.1 if the GUD Member was an Executive Member on 1 April 1999 the reduction will be on terms which are no less favourable than those which would have applied to the GUD Member under the GUD Pension Trust immediately before 1 April 1999;
- 1.5.2 if the GUD Member was not an Executive Member on 1 April 1999:
 - (i) the reduction applied in relation to benefits attributable to the Accrued Pension Credit will be on terms which would have applied to the GUD Member under the GUD Pension Trust immediately before 1 April 1999;
 - (ii) the reduction applied in relation to benefits accrued before 1 April 1999 other than the Accrued Pension Credit will be on terms which are no less favourable than those which would have applied to the GUD Member under the GUD Pension Trust immediately before 1 April 1999;
- 1.5.3 in respect of a Non-contributory GUD Member:
 - (i) the reduction applied in relation to benefits attributable to Final Salary Pensionable Service until the date of joining the Executive Section will be on terms which would have applied to the Non-contributory GUD Member under the GUD Pension Trust immediately before 1 April 1999;
 - (ii) the reduction applied in relation to benefits attributable to Final Salary Pensionable Service after the date of joining the Executive Section will be on terms which are no less favourable than those which would have applied to the non-contributory GUD Member under the GUD Pension Trust immediately before 1 April 1999.

Senior Executive Tier 1 Section

Schedule 7 Senior Executive Tier 1 Section

In accordance with Rule 18.3 (Executive, Senior Executive Tier 1 and Senior Executive Tier SE Members), this Schedule sets out the benefits payable to (and on the death of) Senior Executive Tier 1 Members insofar as they differ from the benefits otherwise payable under the Rules for periods before 1 April 2018.

Note: The Senior Executive Tier 1 Section is closed.

1 Modification of Main Section Rules for Senior Executive Tier 1 Members

1.1 Rule 1 - Meaning of words used

Rule 1 is modified by the following:

“**GUD Member**” means a Member in respect of whom Schedule 2 (GUD Section) applies.

“**Non-contributory GUD Member**” means a Member in respect of whom Schedules 3 (AGS Section), 4 (Bells Section) or 5 (DCL Section) applies.

“**Normal Retirement Date**” for Scheme purposes and in respect of only such part of the Senior Executive Tier 1 Member’s pension that accrued before 1 April 2018 only means the last day of the month in which the Senior Executive Tier 1 Member’s 62nd birthday falls. However:

- 1.1.1 where a different date (between the 60th birthday and the 70th birthday inclusive) has been agreed between the Senior Executive Tier 1 Member and the Employer the Normal Retirement Date in respect of only such part of the Senior Executive Tier 1 Member’s benefits that accrued before 1 April 2018 shall be that agreed date;
- 1.1.2 where the Senior Executive Tier 1 Member was an active member of the GUD Pension Trust immediately before joining the Scheme and a transfer payment was made in respect of him from the GUD Pension Trust to the Scheme, for the purposes of Rule 5.3 (early retirement) and Rule 12.2 (early pension) the Senior Executive Tier 1 Member’s Normal Retirement Date in respect of only such part of the Senior Executive Tier 1 Member’s benefits that accrued before 1 April 2018 will be the earlier of age 60 or where applicable in accordance with Schedules 2 and 3, Notional NRD.

Note: The Normal Retirement Date for such part of the Member’s benefits as relates to CARE Pensionable Service after 31 March 2018 is the last day of the month in which the Member’s 65th birthday falls.

1.2 Rules 5.1.1 and 5.1.2 - Retirement at Normal Retirement Date

Rules 5.1.1 and 5.1.2 are modified by the following:

In respect of a Senior Executive Tier 1 Member such part of the Senior Executive Tier 1 Member’s pension that accrued before 1 April 2018 will be:

- 1.2.1 a pension at a yearly rate equal to 1/30th of Final Pensionable Pay for each year (plus an additional proportion for each additional complete month) of Final Salary Pensionable Service in the Senior Executive Tier 1 Section; and
- 1.2.2 any pension accrued in respect of his or her membership of any other section of the Scheme before 1 April 2018.

Senior Executive Tier 1 Section

Note 1: Rule 5.1 is not modified to the extent that it relates to the calculation of pension for periods of CARE Pensionable Service after 31 March 2018.

Note 2: In respect of a Senior Executive Tier 1 Member who is a GUD Member or was an AGS Member immediately before becoming an Executive or a Senior Executive Tier 1 Member, Final Salary Pensionable Service in the Senior Executive Tier 1 Section may include a proportion of Supplementary Years, as calculated in accordance with paragraph 2.3 in Schedule 2 (GUD Section) or paragraph 2.4 in Schedule 3 (AGS Section).

1.3 Rule 5.3 - Early retirement

Rule 5.3 is modified by the following:

In respect of a Senior Executive Tier 1 Member who is a GUD Member or was a Non-contributory GUD Member immediately before becoming an Executive or Senior Executive Tier 1 Member and who has left Service before Normal Retirement Date, the following will apply to the reduction made for early payment to only such part of the Senior Executive Tier 1 Member's pension that accrued before 1 April 2018:

- 1.3.1 if the GUD Member was an Executive or a Senior Executive Tier 1 Member on 1 April 1999 the reduction will be on terms which are no less favourable than those which would have applied to the GUD Member under the GUD Pension Trust immediately before 1 April 1999;
- 1.3.2 if the GUD Member was not an Executive or a Senior Executive Tier 1 Member on 1 April 1999:
 - (i) the reduction applied in relation to benefits attributable to the Accrued Pension Credit will be on terms which would have applied to the GUD Member under the GUD Pension Trust immediately before 1 April 1999;
 - (ii) the reduction applied in relation to benefits accrued before 1 April 2018 other than the Accrued Pension Credit will be on terms which are no less favourable than those which would have applied to the GUD Member under the GUD Pension Trust immediately before 1 April 1999;
- 1.3.3 in respect of a Non-contributory GUD Member:
 - (i) the reduction applied in relation to benefits attributable to Final Salary Pensionable Service until the date of joining the Executive or Senior Executive Tier 1 Section will be on terms which would have applied to the Non-contributory GUD Member under the GUD Pension Trust immediately before 1 April 1999;
 - (ii) the reduction applied in relation to benefits attributable to Final Salary Pensionable Service after the date of joining the Executive or Senior Executive Tier 1 Section will be on terms which are no less favourable than those which would have applied to the Non-contributory GUD Member under the GUD Pension Trust immediately before 1 April 1999.

1.4 Rule 9.4 - Member dies in Service

Rule 9.4 is modified by the following:

In respect of a Senior Executive Tier 1 Member who dies in Service before Normal Retirement Date the part of the Spouse's pension attributable to his or her Final Salary

Senior Executive Tier 1 Section

Pensionable Service after joining the Senior Executive Tier 1 Section (including the period from death to Normal Retirement Date) will be increased to two-thirds of the relevant part of the Senior Executive Tier 1 Member's pension attributable to his or her Final Salary Pensionable Service.

Note: The benefits payable in respect of periods of CARE Pensionable Service after 31 March 2018 shall be as set out in Rule 9.4.

1.5 Rule 9.5 - Member dies after pension starts

Rule 9.5 is modified by the following:

In respect of a Senior Executive Tier 1 Member who dies after starting to receive a pension, the part of the Spouse's pension attributable to his or her Final Salary Pensionable Service after joining the Executive or the Senior Executive Tier 1 Section will be increased to two-thirds of the relevant part of the Senior Executive Tier 1 Member's pension (attributable to the same period of Final Salary Pensionable Service) at the date of death.

However, if the Senior Executive Tier 1 Member was a GUD Member on 1 April 1999 and had also been an Executive or Senior Executive Tier 1 Member at that date, the Spouse's pension attributable to the period before 1 April 2018 will be two thirds of the pension payable to the Senior Executive Tier 1 Member (attributable to the period before 1 April 2018) at the date of death.

If the Senior Executive Tier 1 Member gave up pension for a lump sum on retirement, the Spouse's pension will be calculated on the pension that would have been payable if the Senior Executive Tier 1 Member had not done so.

Note: The benefits payable in respect of periods of CARE Pensionable Service after 31 March 2018 shall be as set out in Rule 9.5.

1.6 Rule 9.6 - Member dies with a preserved pension that has not started

Rule 9.6 is modified by the following:

In respect of a Senior Executive Tier 1 Member who dies before Normal Retirement Date with a preserved pension that has not started, the part of the Spouse's pension attributable to his or her Final Salary Pensionable Service after joining the Senior Executive Tier 1 Section will be increased to two thirds of the relevant part of the preserved pension (attributable to the same period of Final Salary Pensionable Service).

In respect of a Senior Executive Tier 1 Member who dies after Normal Retirement Date with a preserved pension that has not started, the part of the Spouse's pension attributable to his or her Final Salary Pensionable Service after joining the Executive or Senior Executive Tier 1 Section will be increased to two-thirds of the relevant part of the pension (attributable to the same period of Final Salary Pensionable Service) the Senior Executive Tier 1 Member would have received, if he or she had retired immediately before his or her death without giving up any pension for lump sum on retirement.

Note: The benefits payable in respect of periods of CARE Pensionable Service after 31 March 2018 shall be as set out in Rule 9.6.

1.7 Rule 12.2 - Early pension

Rule 12.2 is modified by the following:

Senior Executive Tier 1 Section

Notwithstanding Paragraph 1.5 of Schedule 2 (GUD Section), in respect of a Senior Executive Tier 1 Member who is a GUD Member or was a Non-contributory GUD Member immediately before becoming an Executive or a Senior Executive Tier 1 Member, the following will apply to the reduction made for early payment to such part of the Senior Executive Tier 1 Member's pension that accrued before 1 April 2018:

- 1.7.1 if the GUD Member was an Executive or a Senior Executive Tier 1 Member on 1 April 1999 the reduction will be on terms which are no less favourable than those which would have applied to the GUD Member under the GUD Pension Trust immediately before 1 April 1999;
- 1.7.2 if the GUD Member was not an Executive or a Senior Executive Tier 1 Member on 1 April 1999:
 - (i) the reduction applied in relation to benefits attributable to the Accrued Pension Credit will be on terms which would have applied to the GUD Member under the GUD Pension Trust immediately before 1 April 1999;
 - (ii) the reduction applied in relation to benefits accrued before 1 April 2018 other than the Accrued Pension Credit will be on terms which are no less favourable than those which would have applied to the GUD Member under the GUD Pension Trust immediately before 1 April 1999.
- 1.7.3 in respect of a Non-contributory GUD Member:
 - (i) the reduction applied in relation to benefits attributable to Final Salary Pensionable Service until the date of joining the Executive or Senior Executive Tier 1 Section will be on terms which would have applied to the Non-contributory GUD Member under the GUD Pension Trust immediately before 1 April 1999;
 - (ii) the reduction applied in relation to benefits attributable to Final Salary Pensionable Service after the date of joining the Executive or Senior Executive Tier 1 Section will be on terms which are no less favourable than those which would have applied to the GUD Member under the GUD Pension Trust immediately before 1 April 1999.