

## **JD SPORTS FASHION PLC**

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### **RULES OF THE JD SPORTS FASHION PLC LONG TERM INCENTIVE PLAN 2021**

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Adopted by the shareholders of the Company in general meeting on [1 July 2021]

The Board reserves the right up to the time of the annual general meeting on [1 July 2021] to make such amendments or additions to the rules of this Plan as it may consider necessary or desirable, provided that such amendments or additions do not conflict in any material respects with the description contained in the explanatory notes and appendix to the notice of the annual general meeting.

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## PART A – SHARE PLAN

This Plan is divided into two parts, Part A which provides for the grant of Share Awards (in the form of either Conditional Awards or Options) to selected employees of Group Companies, and Part B which provides for the grant of Cash Awards to such persons. Part A of the Plan will be an "employees' share scheme" for the purposes of the Companies Act 2006.

### 1 Definitions and interpretation

1.1 In this Plan, unless the context otherwise requires:

**Adoption Date** means the day on which the Plan is adopted by the Company in general meeting

**Award** means a Share Award or a Cash Award

**Award Acceptance** means an acceptance signed by the Participant indicating that they agree to the Rules and in particular Rule 9 (*Restrictions on Vesting and exercise*) and Rule 12 (*Operation of Malus and Clawback*)

**Board** means the board of directors of the Company or a duly authorised committee of the Board (which includes the Committee) or a duly authorised person

**Cash Award** means a right to a cash payment granted under Part B of the Plan

**Committee** means the remuneration committee of the Board or, on and after the occurrence of a corporate event described in Rule 14 (*Takeovers and other corporate events*), the remuneration committee of the Board as constituted immediately before such event occurs

**Company** means JD Sports Fashion Plc (registered in England and Wales with registered number 01888425)

**Conditional Award** means a conditional right to acquire Shares granted under the Plan which is designated as a conditional award by the Committee under Rule 3.3 (*Type of Share Award*)

**Control** means control within the meaning of section 995 of the Income Tax Act 2007

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

**Directors' Remuneration Policy** means the applicable directors' remuneration policy approved by the shareholders of the Company

**Dividend Equivalent** means a benefit calculated by reference to dividends paid on Shares as described in Rule 3.7 (*Dividend Equivalents*)

**Eligible Employee** means an employee (including an executive director) of a Group Company

**Employees' Share Scheme** means an employees' share scheme adopted by a Group Company where participation is offered to employees of one or more Group Companies

**Exercise Period** means, in respect of any Option, the period commencing on the date on which such Option Vests and ending on the tenth anniversary of the Grant Date (or such earlier date as the Committee may determine for such Option prior to the grant of the Share Award) subject to it lapsing earlier under Rule 13 (*Leavers*) or Rule 14 (*Takeovers and other corporate events*)

**Financial Year** means a financial year of the Company within the meaning of section 390 of the Companies Act 2006

**Good Leaver** means a Participant who ceases to be a director or employee of a Group Company as a result of:

- (a) ill health, injury or disability (evidenced to the satisfaction of the Committee)
- (b) redundancy within the meaning set out in the Employment Rights Act 1996 (or any applicable equivalent overseas legislation)
- (c) retirement by agreement with the company by which he or she is employed
- (d) a transfer of the undertaking or part undertaking in which the Participant is employed to a person who is not a Group Company
- (e) the company in which the Participant is employed ceasing to be under the Control of the Company or
- (f) such other reason as the Committee (or its delegate) may in its discretion approve

**Grant Date** means the date on which an Award is granted

**Group Company** means:

- (a) the Company and any Subsidiary of the Company (within the meaning of section 1159 of the Companies Act 2006)
- (b) a body corporate which is a subsidiary undertaking (within the meaning of section 1162 of the Companies Act 2006) of a body corporate within paragraph (a) above and has been designated by the Board for this purpose and
- (c) any other body corporate in relation to which a body corporate within paragraph (a) or (b) above is able (whether directly or indirectly) to exercise 20% or more of its equity voting rights and has been designated by the Board for this purpose,

and **Group** shall be construed accordingly

**Holding Period** means such period, if any, from the Vesting Date, as may be specified by the Committee under Rule 3.1 (*Terms on grant*) during which the Vested Shares may only be sold or transferred in accordance with Rule 7.3 (*Holding Period*)

**ITEPA** means the Income Tax (Earnings & Pensions) Act 2003

**Listing Rules** means the Listing Rules published by the United Kingdom Listing Authority or any successor body

**London Stock Exchange** means London Stock Exchange plc or any successor to that company

**MAR** means the Market Abuse Regulation (EU) 596/2014 (or any equivalent UK legislation in effect after the UK leaves the European Union)

**Market Value** means the market value of the Shares taken to be an amount equal to:

- (a) the middle-market quotation of such Shares (as derived from the London Stock Exchange Daily Official List) on the Dealing Day immediately prior to the relevant date
- (b) if the Committee so determines, the average of the middle-market quotations of such Shares during a period determined by the Committee not exceeding the period of five Dealing Days ending with the Dealing Day immediately prior to the relevant date or
- (c) such value of the Shares as the Committee reasonably determines,

provided that, for the purposes of Rule 3.4 (*Individual limit*), Dealing Day(s) used to determine Market Value do not fall within any period when dealings in Shares are prohibited under the Company's share dealing code

**Option** means a conditional right to acquire Shares with a nil or nominal exercise price which is designated as an option by the Committee under Rule 3.3 (*Type of Share Award*)

**Participant** means a person who holds an Award including their personal representatives

**Performance Condition** means the performance condition or conditions (if any) imposed as a condition of the Vesting of an Award (or part of an Award) under Rule 4.1 (*Imposition of Performance Condition*), as determined by the Committee

**Performance Period** means the period over which the Performance Condition must be satisfied, which shall be a period of at least three years unless otherwise determined by the Committee

**Plan** means the JD Sports Fashion Plc Long Term Incentive Plan 2021 as constituted by these Rules and as amended from time to time

**Plan Period** means the period starting on the Adoption Date and ending on the day before the tenth anniversary of that date

**Purchase Price** means the price payable for each Share on the exercise of the Purchase Right which shall be the Market Value of a Share, as determined by the Company, on the date of exercise;

**Purchase Right** has the meaning given to it in Rule 16;

**Right Holder** means the trustee of an employee benefit trust settled by the Company or any holding company of the Company or such other person or persons as may be nominated by the Company prior to the date on which the Purchase Right is exercised;

**Rule** means a rule of the Plan

**Share Award** means a Conditional Award or an Option granted under Part A of this Plan

**Shares** means fully paid ordinary shares in the capital of the Company

**Subsidiary** means a body corporate which is a subsidiary (within the meaning of section 1159 of the Companies Act 2006)

**Tax Liability** means any amount of tax, employee's national insurance contributions or other similar charges for which a Participant would or may be liable and for which any Group Company or former Group Company would or may be obliged to (or would or may suffer a disadvantage

if it were not to) account to any relevant authority, together with any related fines, penalties and interest

**Variation** means in relation to the equity share capital of the Company a capitalisation issue, a rights issue or open offer, a subdivision, a consolidation, reduction or other variation or any special dividend or dividend in specie, demerger or such other circumstances which affect the market price of Shares to a material extent as the Committee may determine

**Vest** means a Participant becoming entitled to have Shares issued or transferred to them (or their nominee) either without any further action by the Participant in the case of a Conditional Award or by exercising their Option over such Shares and **Vesting** shall be construed accordingly

**Vested Shares** means those Shares in respect of which a Share Award Vests

**Vesting Date** means the date on which an Award (or, if applicable, part of an Award) Vests in accordance with Rule 6.1 (*Timing of Vesting*)

1.2 Any reference in the Plan to any law includes a reference to that law as from time to time modified, extended or re-enacted.

1.3 Expressions in italics and headings are for guidance only and do not form part of the Plan.

## **2 Eligibility**

An individual is eligible to be granted an Award in any Financial Year of the Company only if they are an Eligible Employee (and not under notice of cessation of employment) at the time of the grant of an Award.

## **3 Grant of Awards**

### **3.1 Terms on grant**

Subject to Rule 3.5 (*Timing of grant*) and Rule 3.9 (*Approvals and consents*), the Committee may in its absolute discretion resolve that a Share Award should be granted:

- (a) on the terms set out in the Plan;
- (b) over such number of Shares as the Committee may determine;
- (c) subject to such Performance Condition (if any) as the Committee may specify in accordance with Rule 4 (*Performance Condition*);
- (d) subject to such Holding Period (if any) as the Committee may specify;
- (e) subject to such limit as the Committee may specify pursuant to Rule 3.4(c)
- (f) on such additional terms or conditions as the Committee may specify,

to any Eligible Employee who is eligible to be granted a Share Award under Rule 2 (*Eligibility*) and has been selected by the Committee in its discretion.

Share Awards granted to executive directors of the Company will be subject to the terms of the Directors' Remuneration Policy, including any Holding Period or Performance Condition(s) prescribed therein. The Committee will have discretion whether to apply a Holding Period and/or

Performance Condition to Share Awards granted to Eligible Employees who are not executive directors of the Company.

### 3.2 **Acceptance of Award**

It is a condition of the grant of any Award that the Participant signs an Award Acceptance declaring an irrevocable agreement to the Rules and, in particular, Rule 9 (*Restrictions on Vesting and exercise*), Rule 12 (*Operation of Malus and Clawback*) and Rule 16 (*Right to acquire Shares*). Participants will be taken to have signed an Award Acceptance if they indicate their acceptance via an online portal or by any other method of electronic signature. If a Participant does not accept an Award within 30 days of the Grant Date (or such other period as may be specified by the Committee) the Award will immediately lapse.

### 3.3 **Type of Share Award**

On or before the Grant Date the Committee shall determine, in addition to the matters referred to in Rule 3.1 (*Terms on grant*) whether a Share Award shall be an Option or a Conditional Award.

If the Committee does not specify the type of Share Award on or before the Grant Date, the Award will be an Option with a nil exercise price.

### 3.4 **Individual limit**

- (a) Any Award shall be limited and take effect so that immediately following such grant the Participant has not been granted, in respect of any Financial Year, Awards with a value as at the Grant Date in excess of 100% of their salary, or, in respect of executive directors of the Company, such other limit as applies under the Directors' Remuneration Policy.
- (b) For the purposes of (a):
  - (i) the value of a Share Award will be determined by reference to the total Market Value of the Shares over which the Share Award was granted measured on its Grant Date;
  - (ii) salary shall be the annual basic rate of pay for the Participant as at the date of the most recent annual results of the Company (or on such other date as the Committee may determine). Where a payment of salary is made otherwise than in sterling, the payment will be treated as being of the amount of sterling ascertained by applying such rate of exchange as is reasonably determined by the Committee.
- (c) On or before the Grant Date, the Committee may determine that there will be a limit on:
  - (i) the value of Shares in respect of which a Share Award may Vest (determined by reference to the Market Value of the Shares on the date on which the Share Award Vests); or
  - (ii) the total value of Awards granted in the same Financial Year that may Vest (determined, in the case of a Share Award, by reference to the Market Value of the Shares on the date on which the Share Award Vests and, in the case of a Cash Award by reference to the cash payment to be made when the Cash Award Vests),

in which case the Committee will reduce the extent to which a Share Award and/or (at its discretion) a Cash Award will Vest to ensure that such limit is not exceeded.

### 3.5 **Timing of grant**

- (a) The Committee may decide, at its absolute discretion, when Awards should be granted. Subject to Rule 3.9 (*Approvals and consents*), Share Awards may only be granted within the period of 42 days starting on:
  - (i) the Dealing Day after the Adoption Date;
  - (ii) the Dealing Day after the day on which the Company makes an announcement of its results for the last preceding Financial Year, half-year or other period; or
  - (iii) if Share Awards cannot be granted under (i) or (ii) due to restrictions on the grant of Awards under Rule 3.9 (*Approvals and consents*), the Dealing Day after the day on which any such restrictions are lifted.
- (b) If the Committee considers that there are exceptional circumstances which justify the grant of Share Awards outside any of the periods set out in (a) above, the Committee may decide for the purpose of that grant that Share Awards may be granted at another time.
- (c) No Award can be granted after the expiry of the Plan Period.

### 3.6 **Method of grant**

- (a) An Award shall be granted so that it constitutes a binding contract between the Company and the Participant. A single deed of grant may be but is not required to be executed in favour of any number of Participants.
- (b) The Committee shall, as soon as reasonably practicable after the Grant Date, issue to each Participant an award certificate or other confirmation containing details of the Award.

### 3.7 **Dividend Equivalents**

Unless the Committee determines on or before the Grant Date that this Rule 3.7 will not apply in respect of a particular Share Award, a Participant holding a Share Award (or their nominee) shall be entitled to Shares (or, if the Committee so determines, cash) of a value determined by reference to the dividends that would have been paid on their Vested Shares in respect of dividend record dates occurring during the period between the Grant Date and the Vesting Date (or, where Shares under Option are subject to a Holding Period, between the Grant Date and the earlier of the date of expiry of the Holding Period and the date of exercise of the Option). The Committee shall decide the basis on which the value of such dividends shall be calculated which may assume the reinvestment of dividends and/or the inclusion or exclusion of any special dividend. In giving effect to this Rule 3.7, the Committee shall have complete discretion to decide the basis on which the Dividend Equivalent should be calculated or paid.

### 3.8 **Method of satisfying Share Awards**

Subject to Rule 10 (*Cash alternative*), unless specified otherwise by the Committee on or before the Grant Date, a Share Award may be satisfied by:

- (a) the issue and allotment of Shares; and/or
- (b) the transfer of treasury Shares; and/or
- (c) the transfer of Shares (other than the transfer of treasury Shares).

### **3.9 Approvals and consents**

The grant of any Award shall be subject to obtaining any approval or consent required under the Listing Rules, any relevant share dealing code of the Company, the City Code on Takeovers and Mergers, MAR or any other applicable UK or overseas regulation or enactment.

### **3.10 Non-transferability and bankruptcy**

An Award granted to any person shall lapse immediately if:

- (a) transferred, assigned, charged or otherwise disposed of (except on their death when it may be transmitted to their personal representatives); or
- (b) they are declared bankrupt (unless the Committee decides otherwise).

## **4 Performance Condition**

### **4.1 Imposition of Performance Condition**

When granting an Award, the Committee shall decide whether to impose a Performance Condition, which may apply to all or part of an Award. All Awards granted to executive directors of the Company will be subject to a Performance Condition if and when so required by the Directors' Remuneration Policy.

### **4.2 Performance Condition can no longer be satisfied**

If the Committee determines that the Performance Condition, or any condition imposed pursuant to Rule 3.1(f), has not been satisfied, either in whole or in part in relation to an Award, the Award shall lapse to that extent immediately.

### **4.3 Substitution or variation of Performance Condition**

If an event occurs which causes the Committee to consider that the Performance Condition, or any condition imposed pursuant to Rule 3.1(f), subject to which the outstanding Award has been granted is no longer appropriate, the Committee may substitute or vary the Performance Condition or other condition in such manner (and make such consequential amendments to the Rules) as it considers:

- (a) is reasonable in the circumstances; and
- (b) produces a more appropriate measure of performance and is materially no easier or more difficult to satisfy,

and the outstanding Award shall then take effect subject to the Performance Condition or other condition as so substituted or varied.

#### 4.4 **Performance Condition on a corporate event**

If there is a corporate event within Rules 14.2 (*General offers*), 14.3 (*Schemes of arrangement and winding-up*) or 14.5 (*Demergers and similar events*), the Committee may in its absolute discretion vary the Performance Condition, or any condition imposed pursuant to Rule 3.1(f), if it considers it appropriate to do so in the circumstances.

#### 4.5 **Notification of Participant**

The Committee shall, as soon as reasonably practicable, notify the Participant concerned of any determination made by it under Rule 4.2 (*Performance Condition can no longer be satisfied*) or any substitution or variation of the Performance Condition or other condition under Rule 4.3 (*Substitution or variation of Performance Condition*) and explain how it affects their position under the Plan.

### 5 **Plan limit**

#### 5.1 **Limit**

The number of Shares which may be allocated, as defined in Rule 5.3, under the Plan and any other Employees' Share Scheme operated by the Company shall not exceed 7,400,000.

#### 5.2 **Exclusions from the limit**

In calculating the limit in Rule 5.1, where:

- (a) the right to acquire any Shares was released or lapsed without being exercised; or
- (b) after the grant of an option, award or contractual right to acquire Shares the Committee determines that:
  - (i) it shall be satisfied by the payment of a cash equivalent; or
  - (ii) it shall be satisfied by the transfer of existing Shares (other than Shares transferred out of treasury); or
- (c) partnership shares are awarded under any tax advantaged share incentive plan under Schedule 2 of ITEPA operated by the Company;

such Shares will be disregarded.

#### 5.3 **Meaning of allocated**

References to **allocated** Shares mean, in the case of any share option plan, the placing of unissued shares under option or award and, in relation to other types of Employees' Share Scheme, means the issue and allotment of Shares or transfer of Shares out of treasury (including any issue and allotment of Shares, or transfer of Shares out of treasury, to any trustees to satisfy the exercise of any option, award or contractual right granted under any Employees' Share Scheme unless such Shares are already treated as allocated under this Rule 5.3). However treasury shares shall cease to count as "allocated" for the purpose of Rule 5.3 if institutional investor guidelines cease to require them to be counted.

#### 5.4 **Adjustment to Shares to be taken into account**

Where Shares which have been allocated under the Plan or any other Employees' Share Scheme of the Company are to be taken into account for the purposes of the limit in Rule 5.1 and a Variation has taken place after the date of allocation of those Shares, then the number of Shares taken into account for the purposes of the limit will be adjusted in the manner the Committee considers appropriate to take account of the Variation.

#### 5.5 **Effect of limits**

Any Share Award shall be limited and take effect so that the limits in this Rule 5 are complied with.

### 6 **Vesting of Awards**

#### 6.1 **Timing of Vesting**

An Award shall Vest on the later of:

- (a) five years from the Grant Date (or such earlier or later date(s) as may be determined by the Committee to be the Vesting Date in respect of the Award, or a part of the Award, when the Award is granted); or
- (b) if the Award (or a part of the Award) is subject to a Performance Condition, the date(s) the Committee makes its determination under Rule 6.2 (*Testing of the Performance Condition*),

except where earlier Vesting occurs under Rule 13 (*Leavers*) or Rule 14 (*Takeovers and other corporate events*).

#### 6.2 **Testing of the Performance Condition**

If the Award is subject to a Performance Condition, as soon as practicable after the end of the Performance Period or on such date as the Committee determines, the extent to which the Performance Condition has been satisfied shall be determined by the Committee and, subject to Rules 6.3 and 6.4, the extent to which the Award will be capable of Vesting shall be determined.

#### 6.3 **Reduction in Vesting of Award to take account of limit**

If the Committee has determined in accordance with Rule 3.4(c) that there is a limit on the value of Awards that may Vest, the extent to which a Share Award and/or (at its discretion) a Cash Award will Vest will be reduced to ensure that such limit is not exceeded.

#### 6.4 **Formulaic outcomes**

The Committee retains the absolute discretion to override the Vesting outcome achieved by the operation of any Performance Condition, or any condition imposed pursuant to Rule 3.1(f), or to impose further conditions on an Award, on an individual Participant by Participant basis for any reason it considers appropriate, including, without limitation, where it considers that:

- (a) such Vesting outcome:
  - (i) is not a fair and accurate reflection of the performance of the Company, the Group or any Group Company over the Performance Period;

- (ii) such Vesting outcome is not a fair and accurate reflection of the performance of the Participant; or
  - (iii) would not deliver the intention of any applicable remuneration policy; and/or
- (b) there is any other factor or there are any other circumstances which would make the Vesting outcome inappropriate without adjustments. Such circumstances may include, but are not limited to: share price growth and currency fluctuations, the impact of a share repurchase scheme or a government support initiative.

In these circumstances, the Committee may, in its absolute discretion, alter the number of Shares that Vest (upwards or downwards, including reducing the level of Vesting to nil).

## 6.5 **Decision binding**

The determination of the Committee under Rule 6.2 and/or Rule 6.3 above shall be final and binding (save in the case of manifest error), and the Company and the Committee shall be under no liability to any person by reason of such determination.

## 7 **Consequences of Vesting**

### 7.1 **Conditional Awards**

Within 30 days of the Vesting Date of a Conditional Award (or as soon as reasonably practicable thereafter), the Board shall, subject to Rule 9.1 (*Regulatory and tax issues*) and Rule 9.3 (*Payment of Tax Liability*), procure the issue or transfer of the Vested Shares to the Participant (or a nominee for the Participant).

### 7.2 **Options**

- (a) An Option shall, subject to Rule 9.1 (*Regulatory and tax issues*) and Rule 9.3 (*Payment of Tax Liability*), be exercisable in respect of Vested Shares during the Exercise Period subject to it lapsing earlier under Rule 13 (*Leavers*) or Rule 14 (*Takeovers and other corporate events*). If not exercised during the Exercise Period the Option will lapse on the expiry of the Exercise Period.
- (b) If an Option cannot be exercised during the last 30 days of the Exercise Period because of any regulatory restrictions referred to in Rule 9.1 (*Regulatory and tax issues*), the Committee may extend the Exercise Period for such limited period as the Committee determines appropriate to permit the Option to be exercised within a reasonable period following the time at which such restrictions cease to apply.

### 7.3 **Holding Period**

- (a) If a Share Award is made subject to a Holding Period under Rule 3.1(d), Vested Shares may only be sold or transferred during the Holding Period in order to pay:
  - (i) a Tax Liability arising in respect of the Vested Shares;
  - (ii) the exercise price payable on the exercise of an Option.
  - (iii) otherwise as the Committee may, in its discretion, allow (and subject to any additional terms and conditions that the Committee may specify).

- (b) The Committee may impose terms and conditions on Vested Shares subject to a Holding Period, including that such Vested Shares should be held by a nominee appointed by the Company on the Participant's behalf, and a Participant may be required to enter into such documentation required by the Committee from time to time to give effect to the restrictions in this Rule 7.3.
- (c) If a Participant acquires further Shares by virtue of their holding of Vested Shares during the Holding Period, those newly acquired Shares will also be held subject to the terms of this Rule 7.3 as they apply to the original Vested Shares until the expiry of the Holding Period unless the Committee, in its discretion, determines otherwise.
- (d) Vested Shares will not be subject to any risk of forfeiture during the Holding Period other than in connection with the operation of Rule 12 (*Operation of Malus and Clawback*).

#### **7.4 Provision of Dividend Equivalents**

The provision of Dividend Equivalents to a Participant shall be made as soon as practicable after the issue or transfer of Vested Shares and:

- (a) in the case of a cash payment, shall be subject to such deductions (on account of tax or similar liabilities) as may be required by law or as the Committee may reasonably consider to be necessary or desirable; or
- (b) in the case of a provision of Shares, Rule 7.3 (*Holding Period*), Rule 9.1 (*Regulatory and tax issues*) and Rule 9.3 (*Payment of Tax Liability*) shall apply as if such provision was the Vesting of a Share Award.

### **8 Exercise of Options**

#### **8.1 Exercise in whole or in part**

An Option must be exercised to the maximum extent possible at the time of exercise unless the Committee decides that a Participant may exercise their Option in respect of such fewer number of Shares as it decides.

#### **8.2 Manner of exercise**

The exercise of any Option shall be effected in the form and manner prescribed by the Committee. Unless the Committee, acting fairly and reasonably determines otherwise, any notice of exercise shall, subject to Rule 9.1 (*Regulatory and tax issues*), take effect only when the Company receives it, together with, where applicable, payment relating to:

- (a) the exercise price payable on the exercise of the Option (if any); and
- (b) the Tax Liability,

or an agreement to secure that such a payment is made under arrangements acceptable to the Committee.

#### **8.3 Exercise Date**

If any conditions must be fulfilled before an Option may be exercised, the Option will not be validly exercised unless and until the Committee is satisfied that those conditions have been fulfilled. Otherwise, the exercise date will be the date of receipt of the items referred to in Rule 8.2.

#### 8.4 **Issue or transfer of Shares**

Subject to Rule 9.1 (*Regulatory and tax issues*) and Rule 9.3 (*Payment of Tax Liability*), Shares will be issued or transferred to a Participant (or their nominee) pursuant to the exercise of an Option within 30 days following the exercise date.

### 9 **Restrictions on Vesting and exercise**

#### 9.1 **Regulatory and tax issues**

An Award shall not Vest, and in the case of an Option which has Vested, shall not be exercised, unless and until the following conditions are satisfied:

- (a) where the Company has in place a Directors' Remuneration Policy:
  - (i) the Vesting (or exercise) of the Award held by a Participant who is or was a director of the Company; and
  - (ii) the issue or transfer of Shares or the payment of cash pursuant to the Vesting (or exercise) of the Award held by a Participant who is or was a director of the Company

falls within the scope of the Directors' Remuneration Policy most recently approved by the Company in a general meeting prior to the relevant event in (i) and (ii) above;

- (b) the Vesting (or exercise) of the Share Award and the issue or transfer of Shares or the payment of cash after such Vesting (or exercise) would be lawful in all relevant jurisdictions and in compliance with the Listing Rules, any relevant share dealing code of the Company, the City Code on Takeovers and Mergers, MAR and any other relevant UK or overseas regulation or enactment;
- (c) if, on the Vesting (or exercise) of an Award, a Tax Liability would arise by virtue of such Vesting (or exercise) and, in the case of a Share Award, the Committee decides that such Tax Liability shall not be satisfied by the sale of Shares pursuant to Rule 9.3, then the Participant must have entered into arrangements acceptable to the Committee that the relevant Group Company will receive the amount of such Tax Liability; and
- (d) where the Committee requires in the case of a Share Award, the Participant has entered into, or agreed to enter into, a valid election under Part 7 of ITEPA or any similar arrangements in any overseas jurisdiction.

For the purposes of this Rule 9.1, references to Group Company include any former Group Company.

#### 9.2 **Tax Liability before Vesting**

If a Participant will, or is likely to, incur any Tax Liability before the Vesting of a Share Award then that Participant must enter into arrangements acceptable to any relevant Group Company to ensure that it receives the amount of such Tax Liability. If no such arrangement is made then the Participant shall be deemed to have authorised the Company to sell or procure the sale of sufficient of the Shares subject to their Share Award on their behalf to ensure that the relevant Group Company receives the amount required to discharge the Tax Liability and the number of Shares subject to their Share Award shall be reduced accordingly.

For the purposes of this Rule 9.2, references to Group Company include any former Group Company.

### **9.3 Payment of Tax Liability**

The Participant authorises the Company to sell or procure the sale of sufficient Vested Shares on or following the Vesting of their Share Award (including, in the case of a Share Award that is an Option, on or following the exercise of the Option) on their behalf to ensure that any relevant Group Company or former Group Company receives the amount required to discharge the Tax Liability which arises on Vesting (or exercise) except to the extent that the Committee decides that all or part of the Tax Liability shall be funded in a different manner (including for the avoidance of doubt by effecting a net settlement in respect of the Participant's Tax Liability under Rule 10.1).

## **10 Cash alternative**

### **10.1 Committee determination**

Where a Share Award Vests and Vested Shares have not yet been issued or transferred to the Participant (or their nominee), the Committee may determine that, in substitution for their right to acquire such number of Vested Shares as the Committee may decide (but in full and final satisfaction of their right to acquire those Shares) they shall be paid a sum equal to the cash equivalent (as defined in Rule 10.3) of that number of Shares, less any exercise price payable for such Shares, in accordance with the following provisions of this Rule 10.

### **10.2 Limitation on the use of this Rule**

- (a) This Rule shall not apply in relation to Share Awards made in relation to any jurisdiction where the presence of this Rule would cause:
  - (i) the operation of this Rule to be unlawful or for it to fall outside any applicable securities law exemption; or
  - (ii) adverse tax consequences for the Participant or any Group Company as determined by the Committee.
- (b) If a Conditional Award is subject to a Holding Period, this Rule may only apply in respect of such number of Vested Shares as is sufficient to pay the Tax Liability that arises on the Vesting of the Conditional Award.
- (c) If an Option which is subject to a Holding Period is exercised prior to the expiry of the Holding Period, this Rule may only apply in respect of such number of Vested Shares as is sufficient to pay the Tax Liability that arises, and the exercise price payable, on the exercise of the Option.

### **10.3 Cash equivalent**

For the purpose of this Rule 10, the cash equivalent of a Share is the Market Value of a Share on:

- (a) in the case of a Conditional Award, the day when the Conditional Award Vests;
- (b) in the case of an Option, the day notice is validly given to exercise such Option in accordance with the Rules; or

- (c) such other date as the Committee may in its discretion determine,  
each such date being a **Relevant Date**.

#### 10.4 **Payment of cash equivalent**

As soon as reasonably practicable after the Relevant Date the Company shall pay to the Participant or procure the payment to them of the sum payable under Rule 10.3 (*Cash equivalent*)

#### 10.5 **Deductions**

There shall be deducted from any payment under this Rule 10 such amounts (on account of tax or similar liabilities) as may be required by law or as the Committee may reasonably consider to be necessary or desirable.

### 11 **Malus and Clawback**

#### 11.1 **Application of malus and/or clawback**

- (a) The Committee may apply malus or clawback under Rule 12 in relation to an Award if one of the circumstances specified in Rule 11.2 has occurred and the Committee makes a determination under Rule 11.3 within the time period specified in Rule 11.4.
- (b) References in this Rule 11 to Participants shall include, where relevant, former Participants.

#### 11.2 **Circumstances in which malus and/or clawback may be applied**

This Rule 11.2 applies in relation to an Award if the Committee, in its discretion, determines that any of the following circumstances exist or have existed:

- (a) discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts of the Group or the audited accounts of any Group Company for a period that was wholly or partly before the end of the Performance Period;
- (b) the extent to which any Performance Condition was satisfied at the end of the Performance Period was based on a miscalculation or an assessment based on incorrect information;
- (c) the Company has suffered an instance of corporate failure which has resulted in the appointment of a liquidator or administrator or resulted in the Company reaching a compromise arrangement with its creditors;
- (d) events or behaviour of a Participant have led to the censure of a Group Company by a regulatory authority or have had a significant detrimental impact on the reputation of any Group Company provided that the Committee is satisfied that the relevant Participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to him;
- (e) action or conduct of a Participant which, in the reasonable opinion of the Committee, amounts to fraud or gross misconduct; or
- (f) a Group Company or business unit that employs or employed the Participant, or for which the Participant is responsible, has suffered a material failure of risk management.

### 11.3 **Impact of circumstances**

This Rule 11.3 applies in relation to an Award if the Committee, in its discretion, determines that, if the circumstances mentioned in Rule 11.2 had existed, and the Committee had been fully aware that they existed, at the Grant Date or, in the case of an Award that has already Vested, at the date of Vesting, then:

- (a) the Committee would not have granted the Award;
- (b) the Committee would have granted the Award to a lesser extent; or
- (c) in the case of an Award that has already Vested:
  - (i) it would not have Vested (or the Committee would not have permitted it to Vest) at all, or
  - (ii) it would only have Vested (or the Committee would only have permitted it to Vest) to a lesser extent.

### 11.4 **Time frame for operating malus and/or clawback**

The Committee may make a determination in relation to an Award under Rule 11.3 at any time between the Award's Grant Date and the second anniversary of its Vesting Date.

If an investigation into the conduct or actions of any Participant or any Group Company has started before the second anniversary of the Vesting Date of an Award, the Committee may, in its absolute discretion, determine that the provisions of Rules 11 and 12 may be applied to an Award until such later date as the Committee may determine to allow that investigation to be completed.

## 12 **Operation of Malus and Clawback**

### 12.1 **When this Rule 12 applies**

This Rule 12 applies to an Award if the Committee has made a determination under Rule 11.3 in relation to that Award.

### 12.2 **Where Awards are not yet Vested or have not yet been exercised - malus**

If, at the date of the determination under Rule 11.3, the Award has not yet Vested or, in the case of an Award granted in the form of an Option, has not yet been exercised, the Committee may cancel the Award or reduce it by such extent as the Committee considers to be fair and reasonable, taking account of all circumstances that the Committee considers to be relevant.

### 12.3 **Where Awards have Vested or have been exercised – clawback**

If, at the date of the determination under Rule 11.3, the Award has Vested or, in the case of an Award granted in the form of an Option, it has been exercised, the Committee may determine an amount to be clawed back (**Clawback Amount**) in relation to the Award.

### 12.4 **Calculating the Clawback Amount**

The Clawback Amount shall be such amount as the Committee considers to be fair and reasonable, taking account of all circumstances that the Committee considers to be relevant, but shall not be more than:

- (a) in relation to an Option that has been exercised, the greater of:
  - (i) the Market Value of the Shares measured on the date the Option was exercised minus the exercise price (if any), and
  - (ii) the Market Value of the Shares measured on the date of the determination under Rule 11.3 minus the exercise price (if any); and
- (b) in relation to a Share Award which is not an Option, the greater of:
  - (i) the Market Value of the Shares measured on the Vesting Date, and
  - (ii) the Market Value of the Shares measured on the date of the determination, under Rule 11.3.

#### **12.5 Reduction for tax**

If the Participant has paid or is liable to pay any income tax or National Insurance contributions in relation to the Award or any Shares and which cannot be recovered from or repaid by the relevant tax authority (whether directly or indirectly), the Committee may in its discretion decide to reduce the Clawback Amount to take account of this amount. In deciding whether to reduce the Clawback Amount, the Committee shall take account of such factors it thinks fit, which may include market practice, corporate governance rules and guidelines, and the expectations of shareholders.

In addition to the Participant's other obligations as described in this Rule 12, the Participant shall use his or her best endeavours to seek and obtain repayment or credit from HMRC or any relevant overseas tax authority of the tax and social security contributions paid on the Participant's behalf in relation to the Award as soon as reasonably practicable and to notify the Company of such claim and/or receipt of any credit or payment from HMRC (or any relevant overseas tax authority) in this regard. Following such notification the Company will be entitled to require the Participant to make a payment to it within 30 days of an amount equivalent to the amount of any payment or credit received from HMRC (or any relevant overseas tax authority).

#### **12.6 No obligation to treat all Awards or Participants in the same way**

For the avoidance of doubt, the Committee is not obliged to determine a Clawback Amount in relation to any particular Award, even if the Committee does determine a Clawback Amount in relation to other Awards that were held by the same or other Participants which had the same Grant Date or Vesting Date.

#### **12.7 Payment of Clawback Amount**

The Participant shall reimburse the Company for the Clawback Amount, in any way acceptable to the Committee, on or as soon as possible after the Committee determines a Clawback Amount in relation to the Award. If the Participant fails to reimburse the Company within 30 days after the determination, the Company shall obtain reimbursement from the Participant in any (or any combination) of the following ways:

- (a) by reducing or cancelling any Options that the Participant has not exercised;
- (b) by reducing or cancelling any Awards that have not yet Vested;

- (c) by reducing or cancelling any cash bonus payable to the Participant by any Group Company;
- (d) by reducing or cancelling any future or existing award made or option granted to the Participant under any other share scheme or bonus scheme operated by any Group Company (other than a Schedule 2 SIP or a Schedule 3 SAYE option scheme, as those terms are defined in ITEPA 2003);
- (e) by requiring the Participant to make a cash payment to a Group Company;
- (f) by requiring the Participant to transfer Shares to an employee benefit trust for no consideration; or
- (g) by reducing the Participant's salary.

## **13 Leavers**

### **13.1 Restriction for leavers**

The Vesting of Awards and exercise of Options pursuant to Rule 13.2 (*Death*), Rule 13.3 (*Good Leavers before the Vesting Date*), Rule 13.5 (*Leavers during any applicable Holding Period*), Rule 13.6 (*Leavers in other circumstances*) shall be subject to Rule 9.1 (*Regulatory and tax issues*) and Rule 14 (*Takeovers and other corporate events*).

### **13.2 Death**

If:

- (a) a Participant dies before the Vesting Date, then unless the Committee determines otherwise, their Award shall Vest as soon as reasonably practicable after the Participant's death taking into account (to the extent that the Committee determines):
  - (i) the extent to which the Performance Condition (if applicable) and any condition imposed pursuant to Rule 3.1(f) has been satisfied at the date of death; and
  - (ii) unless the Committee determines otherwise, the period of time that has elapsed since the Grant Date until the date of death (or such other relevant period as the Committee may determine) as a proportion of the five year period (or other period applicable pursuant to Rule 6.1(a)) between the Grant Date and the Vesting Date.

If a Participant dies before the Vesting Date, any Share Award that Vests following death will not be subject to any applicable Holding Period;

- (b) a Participant holding an Award in the form of an Option dies prior to exercising the Option, their personal representatives shall be entitled to exercise their Option to the extent that it has Vested at any time during the twelve month period following the Participant's death, or such longer period as the Committee may determine. If not so exercised, the Option shall lapse at the end of the twelve month (or longer) period; and
- (c) a Participant dies during any applicable Holding Period, the Holding Period shall automatically cease to apply.

### 13.3 **Good Leavers before the Vesting Date**

- (a) If a Participant ceases to be a director or employee of a Group Company before the Vesting Date in circumstances where the Participant is a Good Leaver, the Participant's Award shall not lapse and shall Vest on the Vesting Date unless the Committee, in its absolute discretion, determines that an Award will Vest on such other date on or following the Participant's cessation as it may specify.
- (b) The extent to which the Award shall Vest under Rule 13.3(a) shall be determined by the Committee in its discretion, taking account of:
  - (i) the extent to which the Performance Condition (if applicable) and any condition imposed pursuant to Rule 3.1(f) is satisfied at the end of the Performance Period, or as appropriate, at the date of cessation of office or employment; and
  - (ii) unless the Committee determines otherwise, the period of time that has elapsed since the Grant Date until the date of cessation of office or employment (or such other relevant period as the Committee may determine) as a proportion of the five year period (or other period applicable pursuant to Rule 6.1(a)) between the Grant Date and the Vesting Date.
- (c) If Rule 13.3(a) applies and the Award is in the form of an Option, the Participant may exercise the Option in respect of the Vested Shares from the Vesting Date until six months after either the Vesting Date (if the Option is not subject to a Holding Period) or the expiry of any applicable Holding Period (or such other date as the Committee may specify). If the Option has not been exercised at the end of this period it will lapse.
- (d) If Rule 13.3(a) applies, and a Share Award was granted subject to a Holding Period, the Vested Shares will be subject to the Holding Period (other than in exceptional circumstances as determined by the Committee).

### 13.4 **Other leavers before the Vesting Date**

If a Participant ceases to be a director or employee of a Group Company (or gives or receives notice of such cessation) before the Vesting Date due to any reason other than death or those which would make the Participant a Good Leaver, the Award shall lapse immediately on the date of cessation (or, if earlier, the date notice is given or received unless the Committee determines otherwise).

### 13.5 **Leavers during any applicable Holding Period**

Unless the Committee determines otherwise, if a Share Award is subject to a Holding Period and a Participant ceases to be a director or employee of a Group Company during the Holding Period (save as a result of the death of the Participant):

- (a) the Vested Shares will continue to be subject to the Holding Period; and
- (b) any unexercised Option held by the Participant must be exercised within six months of the expiry of the Holding Period (or such longer period as the Committee may determine) and an Option that has not been exercised at the end of this period will lapse. However, in the case of the gross misconduct of a Participant, an unexercised Option will lapse immediately on the date of cessation.

### 13.6 **Leavers in other circumstances**

Unless the Committee determines otherwise, if a Participant ceases to be a director or employee of a Group Company (save as a result of the death of the Participant) at any time after:

- (a) the expiry of the Holding Period (if the Award was subject to a Holding Period); or
- (b) the Vesting Date (if the Award was not subject to a Holding Period),

any unexercised Option held by the Participant must be exercised within six months of the date of cessation (or such longer period as the Committee may determine) and an Option that has not been exercised at the end of this period will lapse. However, in the case of the gross misconduct of a Participant, an unexercised Option will lapse immediately on the date of cessation.

### 13.7 **Meaning of ceasing employment**

- (a) Subject to the following provisions of this Rule 13, a Participant shall not be treated for the purposes of this Rule 13 as ceasing to be a director or employee of a Group Company until such time as they are no longer a director or employee of any Group Company.
- (b) A Participant will not be treated as having so ceased to be an employee or director of a Group Company in circumstances where within 7 days of ceasing to be an employee or director of a Group Company they commence a position as an employee or director of that or another Group Company.
- (c) If any Participant ceases to be such an employee before the Vesting of their Award in circumstances where they retain a statutory right to return to work then they shall be treated as not having ceased to be such an employee until such time (if at all) as they cease to have such a right to return to work.

The reason for the termination of employment of a Participant shall be determined by reference to Rules 13.3 to 13.6 regardless of whether such termination was lawful or unlawful.

## 14 **Takeovers and other corporate events**

### 14.1 **Restriction on takeovers**

- (a) The Vesting of Awards and exercise of Options pursuant to Rule 14.2 (*General offers*), Rule 14.3 (*Schemes of arrangement and winding-up*) and Rule 14.5 (*Demergers and similar events*) shall be subject to Rule 9.1 (*Regulatory and tax issues*), Rule 14.4 (*Exchange of Awards*) and Rule 14.6 (*Internal corporate reorganisation*).
- (b) In the event that any of the circumstances in Rule 14.2 (*General offers*), Rule 14.3 (*Schemes of arrangement and winding-up*) and Rule 14.5 (*Demergers and similar events*) apply, then any Holding Period in respect of any Award affected by such circumstances shall not apply.

### 14.2 **General offers**

- (a) If any person (or any group of persons acting in concert, as defined in the City Code on Takeovers and Mergers) (an **Acquiring Company**):
  - (i) obtains Control of the Company as a result of making a general offer to acquire the whole of the issued share capital of the Company; or

- (ii) obtains Control of the Company as a result of making a general offer to acquire all the shares in the Company which are of the same class as the Shares,

the Committee shall, within seven days of becoming aware of that event, notify every Participant of it and all Awards shall Vest (in accordance with Rule 14.2(b) below) on the date of such notification if they have not then Vested and any Option may be exercised at any time during the period of one month after that date (or, if shorter, at any time until the end of the Exercise Period). Any Option not exercised within this period shall lapse immediately upon the expiry of the period.

- (b) Unless the Performance Period (if applicable) has already ended at the date of the relevant event (in which case the extent to which the Award Vests shall be determined in accordance with Rule 6.2 (*Testing of the Performance Condition*)), the extent to which the Award Vests in accordance with this Rule 14.2(a) shall be determined by the Committee in its absolute discretion taking into account such factors as the Committee may consider relevant including, but not limited to:

- (i) subject to Rule 4.4, the extent to which any applicable Performance Condition and any condition imposed pursuant to Rule 3.1(f) has been satisfied at the date of the relevant event (or on such other date as the Committee may determine); and
- (ii) unless the Committee determines otherwise or the Committee has already made a determination in respect of an Award held by a Good Leaver pursuant to Rule 13.3(b)(ii), the period of time that has elapsed since the Grant Date until the date of the relevant event (or such other relevant period determined by the Committee) as a proportion of the five year period (or other period applicable under Rule 6.1(a)) between the Grant Date and the Vesting Date.

#### 14.3 Schemes of arrangement and winding-up

- (a) In the event that:

- (i) a compromise or arrangement is sanctioned by the Court under section 899 of the Companies Act 2006 in connection with which an Acquiring Company proposes to obtain Control of the Company; or
- (ii) the Company passes a resolution for a voluntary winding up of the Company; or
- (iii) an order is made for the compulsory winding-up of the Company,

the Committee shall, within seven days of becoming aware of that event, notify every Participant of it and all Awards shall Vest (in accordance with Rule 14.3(b) below) on the date of such event if they have not then Vested and any Option may be exercised at any time during the period of one month beginning with the date of such notification (or, if shorter, at any time until the end of the Exercise Period). Any Option not exercised within this period shall lapse immediately upon the expiry of the period.

- (b) Unless the Performance Period (if applicable) has already ended at the date of the relevant event (in which case the extent to which the Award Vests shall be determined in accordance with Rule 6.2 (*Testing of the Performance Condition*)), the extent to which the Award Vests in accordance with Rule 14.3(a) shall be determined by the Committee

shall be determined by the Committee in its absolute discretion taking into account such factors as the Committee may consider relevant including, but not limited to:

- (i) subject to Rule 4.4, the extent to which any applicable Performance Condition and any condition imposed pursuant to Rule 3.1(f) has been satisfied at the date of the relevant event (or on such other date as the Committee may determine); and
- (ii) unless the Committee determines otherwise or the Committee has already made a determination in respect of an Award held by a Good Leaver pursuant to Rule 13.3(b)(ii), the period of time that has elapsed since the Grant Date until the date of the relevant event (or such other relevant period determined by the Committee) as a proportion of the five year period (or other period applicable under Rule 6.1(a)) between the Grant Date and the Vesting Date.

#### 14.4 Exchange of awards

- (a) If any of the events referred to in Rule 14.2(a) or Rule 14.3(a)(i) occurs or is reasonably expected to occur, and the Acquiring Company notifies Participants or the Company of an offer of a replacement Share Award, then, on the date of the relevant event, for any Share Award which has not lapsed (the **Old Award**):
  - (i) a Participant may elect to release and accept in consideration of that release an award (the **New Award**) which (in the opinion of the Committee) is equivalent to the Old Award but relates to shares in a different company (whether the Acquiring Company itself or another company) (the **New Grantor**); or
  - (ii) Old Awards will, if the Committee so determines, be exchanged automatically for the New Awards.
- (b) The Rules will apply to any New Award granted under this Rule 14.4 as if references to Shares were references to shares over which the New Award is granted and references to the Company were references to the New Grantor. The Committee may make such adjustments to any Performance Condition applicable to an Award as it, in its absolute discretion, considers appropriate.
- (c) If notice is given by an Acquiring Company under this Rule 14.4 and a Participant does not elect to release an Old Award and accept in consideration for that release a New Award and Old Awards are not otherwise exchanged automatically for New Awards, the Old Award will Vest in accordance with Rule 14.2 or 14.3 (as applicable).

#### 14.5 Demergers and similar events

- (a) If a demerger, special dividend or other similar event is proposed which, in the opinion of the Committee, would affect the market price of Shares to a material extent, then the Committee may, at its discretion, decide that the following provisions shall apply:
  - (i) the Committee shall, as soon as reasonably practicable after deciding to apply these provisions, notify a Participant that their Award Vests (in accordance with Rule 14.5(b)) and, if the Award was in the form of an Option, that the Option may be exercised, on such terms as the Committee may determine and during such period preceding the relevant event or on the relevant event as the Committee may determine;

- (ii) if an Award Vests conditional upon the relevant event and such event does not occur then the conditional Vesting and/or exercise shall not be effective and the Award shall continue to subsist; and
  - (iii) if a Share Award is an Option that becomes exercisable in accordance with this Rule 14.5 but is not exercised during the relevant period determined by the Committee, the Option shall lapse immediately on the expiry of such period.
- (b) Unless the Performance Period (if applicable) has already ended at the date of the relevant event (in which case the extent to which the Award Vests shall be determined in accordance with Rule 6.2 (*Testing of the Performance Condition*)), the extent to which the Award Vests in accordance with this Rule 14.5 shall be determined by the Committee shall be determined by the Committee in its absolute discretion taking into account such factors as the Committee may consider relevant including, but not limited to:
- (i) subject to Rule 4.4, the extent to which any applicable Performance Condition and any condition imposed pursuant to Rule 3.1(f) has been satisfied at the date of the relevant event (or on such other date as the Committee may determine); and
  - (ii) unless the Committee determines otherwise or the Committee has already made a determination in respect of an Award held by a Good Leaver pursuant to Rule 13.3(b)(ii), the period of time that has elapsed since the Grant Date until the date of the relevant event (or such other relevant period determined by the Committee) as a proportion of the five year period (or other period applicable under Rule 6.1(a)) between the Grant Date and the Vesting Date.

#### 14.6 Internal corporate reorganisation

If:

- (a) an offer (as referred to in Rule 14.2) is made or a compromise or arrangement (as referred to in Rule 14.3) is proposed which is expected to result in the Company becoming Controlled by a new company (**New Holding Company**); and
- (b) at least 75% of the shares in the New Holding Company are expected to be held by substantially the same persons who immediately before the offer or proposal was made were shareholders in the Company,

then, unless the Committee determines otherwise, an Award shall not Vest under Rule 14.2 (*General offers*) or Rule 14.3 (*Schemes of arrangement and winding-up*) and a Share Award shall be automatically surrendered in consideration for the grant of a new award which the Committee determines is equivalent to the Share Award it replaces, except that it will be over shares in the New Holding Company or some other company.

The Rules will apply to any new award granted under this Rule 14.6 as if references to Shares were references to shares over which the new award is granted and references to the Company were references to the company whose shares are subject to the new award. The Committee may make such adjustments to any Performance Condition applicable to an Award as it, in its absolute discretion, considers appropriate. Any Holding Period (where applicable) shall continue to apply to the new award unless otherwise determined by the Committee.

## **15 Adjustment of Share Awards**

In the event of a Variation the Committee may make such adjustments as it considers appropriate to the number of Shares comprised in a Share Award and, in the case of an Option, any exercise price.

## **16 Right to acquire Shares**

16.1 In accepting an Award, the Participant grants to the Right Holder an option to acquire any Shares that have been issued or transferred to the Participant following the Vesting of a Share Award (or shares representing those Shares) for the Purchase Price in accordance with the provisions of the Plan (the **Purchase Right**).

16.2 The Purchase Right shall be capable of being exercised for so long as the Participant holds Shares and until the 12 month anniversary of the date on which the Participant acquires Shares pursuant the Vesting or exercise of a Share Award.

16.3 To exercise the Purchase Right, the Right Holder shall be required to provide to the Participant:

- (a) a written notification that it is exercising the Purchase Right, such notification to specify the number of Shares to be acquired and the aggregate Purchase Price payable for those Shares;
- (b) a stock transfer form or forms for execution by the Participant relating to the relevant number of Shares; and
- (c) confirmation of the aggregate Purchase Price, such Purchase Price to be paid within 14 days following execution of the stock transfer form or forms pursuant to rule 16.3(b).

16.4 The Participant shall do all things reasonably necessary to effect the transfer to the Right Holder of the Shares which are the subject of the exercise of the Purchase Right in accordance with the Plan, including executing the stock transfer form referred to in Rule 16.3(b) within 15 days of receipt by the Participant of the notice referred to in clause 16.3(a).

16.5 It is a condition of the transfer of the Shares that the Right Holder shall pay all stamp duty or stamp duty reserve tax payable in respect of the transfer of the relevant Shares pursuant to this Rule 16.

16.6 The Participant shall irrevocably and unconditionally (and by way of security for the performance of their obligations owed under this Rule 16) appoint the Company as their attorney to execute and carry out in their name or otherwise and on their behalf all transfers and other documents, acts and things which such attorney may in its absolute discretion consider reasonably necessary to effect any transfer of Shares required under this Rule 16, to the extent that the Participant fails to do so.

## **17 Amendments**

### **17.1 General rule on amendments**

Except as described in Rule 17.2 and 17.3, the Committee may at any time amend the Plan or the terms of any Award.

## 17.2 Shareholder approval

Without the prior approval of the Company in a general meeting, no amendment to the Plan which is to the advantage of a Participant or an Eligible Employee may be made if such amendment relates to:

- (a) eligibility;
- (b) the overall limits on the issue of Shares or transfer of treasury shares under the Plan;
- (c) the maximum entitlement for any one Participant.
- (d) the basis for determining a Participant's entitlement to, and the terms of, Shares (or cash) provided under the Plan;
- (e) any adjustment of Share Awards on a Variation; and
- (f) the terms of this Rule 17.2;

except for:

- (i) an amendment which is of a minor nature and benefits the administration of the Plan; or
- (ii) an amendment which is necessary or desirable in order to take account of a change in legislation, including overseas legislation, or to take advantage of any change of legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for the Participant, the Company or some other Group Company.

## 17.3 Amendments to the disadvantage of Participants

No amendment to the material disadvantage of Participants shall be made under Rule 17.1 unless:

- (a) the Committee shall have invited every affected Participant to indicate whether or not they approve the amendment; and
- (b) the amendment is approved by a majority of those Participants who have given such an indication.

## 18 Overseas Plans

The Committee may establish sub-plans or schedules to the Plan, with any such sub-plan or schedule to be similar to the Plan but modified for operation in other jurisdictions to take account of local tax, exchange controls or securities laws and provided that any Shares made available under such further sub-plans or schedules are treated as counting against the limits on individual and overall participation in the Plan.

## 19 Employment rights

### 19.1 Employment

The rights and obligations of any Participant under the terms of their office or employment with the Company (or any Group Company or former Group Company) shall not be affected by being

a Participant. Nothing in this Plan confers upon the Participant any right to continue in the employment of the Company (or any Group Company or former Group Company), or will affect the right of the Company (or any Group Company or former Group Company) to terminate the employment of the Participant.

#### 19.2 **Benefits not pensionable**

The value of any benefit realised under the Plan by Participants shall not be taken into account in determining any pension or similar entitlements.

#### 19.3 **No consequential losses on termination**

Participants shall have no rights to compensation or damages from the Company, any Group Company or any former Group Company on account of any loss in respect of Awards where such loss arises (or is claimed to arise), in whole or in part, from:

- (a) termination of office or employment with; or
- (b) notice to terminate office or employment given by or to,

the Company, any Group Company or any former Group Company. This exclusion of liability shall apply however termination of office or employment, or the giving of notice, is caused and however compensation or damages may be claimed.

#### 19.4 **No consequential losses on transfer of employer**

Participants shall have no rights to compensation or damages from the Company, any Group Company or any former Group Company on account of any loss in respect of Awards where such loss arises (or is claimed to arise), in whole or in part, from:

- (a) any company ceasing to be a Group Company; or
- (b) the transfer of any business from a Group Company to any person that is not a Group Company.

This exclusion of liability shall apply however the change of status of the relevant Group Company, or the transfer of the relevant business, is caused, and however compensation or damages may be claimed.

#### 19.5 **No expectation of grant**

The granting of an Award on a particular basis or to a particular Participant in any year does not create any right or expectation of the grant of Awards on the same basis, or at all, or to any particular individual in that or any subsequent year.

## 20 **Miscellaneous**

### 20.1 **Disputes**

In the event of any dispute or disagreement as to the interpretation of the Plan, or as to any question or right arising from or relating to the Plan, the decision of the Committee shall be final and binding upon all persons.

## 20.2 **Exercise of powers and discretions**

The exercise of any power or discretion by the Committee shall not be open to question by any person and a Participant or former Participant shall have no rights in relation to the exercise of or omission to exercise any such power or discretion.

## 20.3 **Share rights**

Where Vested Shares are issued transferred to Participants (or their nominee), Participants shall be entitled to all rights attaching to such Shares by reference to a record date on or after the date of such issue or transfer.

## 20.4 **Notices**

Any notice or other communication under or in connection with the Plan may be given:

- (a) by personal delivery or by post, in the case of a company to its registered office, and in the case of an individual to their last known address, or, where they are a director or employee of a Group Company, either to their last known address or to the address of the place of business at which they perform the whole or substantially the whole of the duties of their office or employment;
- (b) in an electronic communication to their usual business address or such other address for the time being notified for that purpose to the person giving the notice; or
- (c) by such other method as the Committee determines.

## 20.5 **Third parties**

No third party has any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Plan, save for any company whose shares are subject to any new award under Rule 14.6 (*Internal corporate reorganisation*)

## 20.6 **Data protection**

As part of the Plan, the Company will process personal data about Participants from time to time. The Company will process such personal data in accordance with applicable data protection legislation and in accordance with its Employee Privacy Policy (as amended from time to time) and Privacy Notices issued to employees. The latest version of the Employee Privacy Policy can be found on the Company's intranet.

## 20.7 **Governing law**

The Plan and all Awards shall be governed by and construed in accordance with the law of England and Wales and the Courts of England and Wales have exclusive jurisdiction to hear any dispute.

## PART B – CASH PLAN

The Rules set out in Part A of the Plan shall apply to a Cash Award granted under this Part B of the Plan, except as modified by the terms set out in this Part B. Where there is any conflict between the Rules set out in Part A of the Plan and this Part B, the terms of this Part B shall prevail.

Any provisions of the Rules in Part A of the Plan which are expressed to apply specifically to Share Awards will not apply to Cash Awards granted under this Part B.

For the avoidance of doubt, a Cash Award shall not confer any right on its holder to receive Shares or any interest in Shares.

1. In Rule 1.1, the definition of "**Vest**" will be deleted and replaced with the following:

"**Vest** means, in relation to a Cash Award, the Participant becoming entitled to receive a cash payment in respect of the Cash Award"

2. Rule 3.1 will be deleted in its entirety and replaced with the following (and references in the Rules will be deemed amended accordingly):

"3.1 Subject to Rule 3.5 (*Timing of grant*) and Rule 3.9 (*Approvals and consents*), the Committee may in its absolute discretion resolve that a Cash Award should be granted to any Eligible Employee who is eligible to be granted an Award under Rule 2 (*Eligibility*) and has been selected by the Committee in its discretion on the terms set out in this Part B of the Plan. At the time of grant the Committee will determine:

- (a) the maximum potential value of the Cash Award (or how such amount will be calculated) expressed as a percentage of the Participant's basic salary;
- (b) how the value of the Cash Award will be calculated;
- (c) the Performance Condition (if any) that will apply to the Award in accordance with Rule 4 (*Performance Condition*); and
- (d) whether the Cash Award will subject to any additional terms or conditions.

Cash Awards granted to executive directors of the Company will be subject to the terms of the Directors' Remuneration Policy, including any Performance Condition(s) prescribed therein. The Committee will have discretion whether to apply a Performance Condition to Cash Awards granted to Eligible Employees who are not executive directors of the Company. "

3. For the purposes of calculating the value of a Cash Award under Rule 3.4(a), the target or base value of the Cash Award shall be used.
4. The reference in Rule 6.1(a) to "five years" will be replaced with "three years", subject, for the avoidance of doubt, to the discretion available to the Committee under that Rule.
5. Rule 7 will be deleted in its entirety and replaced with the following (and references in the Rules will be deemed amended accordingly):

### "7 Consequences of Vesting

7.1 Subject to the Rules, the effect of a Cash Award Vesting shall be that the Participant is entitled to receive a cash payment within 30 days of the Vesting Date, or if later in the next reasonably available payroll, calculated in accordance with the Rules and the terms on which it was granted.

7.2 There shall be deducted from any payment under this Rule 7 such amounts (on account of tax or similar liabilities) as may be required by law or as the Committee may reasonably consider to be necessary or desirable."

6. A new Rule 9.4 shall be inserted as follows:

"This Rule **Error! Reference source not found.** applies to US Taxpayers. Notwithstanding anything to the contrary contained in the Plan, a Cash Award shall be settled as soon as practicable upon Vesting and in no event later than 2.5 calendar months after the end of the Taxable Year in which the Cash Award is no longer subject to a substantial risk of forfeiture (as that term is defined for purposes of section 409A of the US Internal Revenue Code).

For the purposes of this Rule **Error! Reference source not found.**, "**Taxable Year**" means the 12 month period in respect of which the Participant is obliged to pay US tax, or the 12 month period in respect of which the Participant's employing company is obliged to pay tax. "**US Taxpayer**" means a person who is subject to taxation under the tax rules of the United States of America which does not include a Participant who is a non-resident alien throughout the period of participation in the Plan and who has no US workdays during such participation.

Cash Awards under the Plan are intended to be exempt from the requirements of section 409A of the US Internal Revenue Code and shall be construed and operated in accordance with that intent."

7. In Rule 12.4, the following will be inserted:

"(c) in relation to a Cash Award, the amount of the cash payment received by the Participant."

8. In Rule 14.4, the following will be inserted

"(d) Where an Old Award is exchanged for a New Award, Cash Awards shall not, unless the Committee determines otherwise, Vest under Rule 14.2 or Rule 14.3 (as applicable) and shall continue.