



COATS GROUP PLC LONG TERM INCENTIVE PLAN

ADOPTED BY THE BOARD ON [INSERT DATE]

APPROVED BY SHAREHOLDERS ON [INSERT DATE]

EXPIRY DATE: [INSERT DATE]



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1. Interpretation

- 1.1 In this Plan, unless otherwise stated, the words and expressions below have the following meanings.

Acceptance Notice: a document, in the form prescribed by the Remuneration Committee from time to time, in which the Award Holder accepts these Rules and the terms of their Award.

Acquiror: a person who obtains Control of the Company either alone or together with persons Acting in Concert (as defined in the City Code on Takeovers and Mergers published by the Panel on Takeovers and Mergers) with them or it.

Adoption Date: the date of the approval of the Plan by the Company's shareholders (or, where shareholder approval is not sought, the date of the adoption of the Plan by the Board).

Award: any of the following:

- a) a Conditional Share Award;
- b) a Forfeitable Share Award;
- c) a Market Value Option;
- d) a Nil Cost Option;
- e) a Nominal Cost Option;
- f) a Phantom Option, or
- g) a Phantom Share Award.

Award Certificate: a certificate setting out the terms of an Award, in accordance with rule 2.3, in the form prescribed by the Remuneration Committee from time to time.

Award Holder: an individual who holds an Award or, where applicable, that individual's personal representatives, and for the purposes of rules 13, 14, 18, 26, 27, 31 and 32 shall include a former Award Holder.

Bad Leaver: an Award Holder who ceases to be an Employee and is not a Good Leaver.

Base Price: the amount (if any) which is deducted from the Market Value of a Share in order to determine the amount due to the Award Holder who exercises a Phantom Option. The Base Price in relation to a Phantom Option may be nil.

Board: the board of directors of the Company.

Business Day: a day other than a Saturday, Sunday or public holiday in England when banks in London are open for business.

Cash-only Award: a Phantom Option or a Phantom Share Award (which confer no right on the Award Holder to receive Shares or any interest in Shares).

Clawback Amount: an amount of value determined in accordance with rule 14.

Closed Period: has the same meaning as in UK MAR.

Company: Coats Group Plc, incorporated and registered in England with number 00103548.

Conditional Share Award: a right to acquire for no cost a specified number of Shares on the Vesting Date.

Control: has the meaning given to it in section 995 of the Income Tax Act 2007.

Change of Control: an Acquiror acquires Control of the Company.

Daily Official List: the daily record setting out the prices of all trades in securities conducted on the London Stock Exchange.

Dealing Day: a day on which the London Stock Exchange is open for business.

Dealing Restrictions: restrictions imposed by the Company's share dealing code, UK MAR, the Listing Rules or any applicable laws, codes or regulations which impose restrictions on dealing in shares and other securities.

Dilutive Shares: on any date, all shares of the Company which:

- a) have been issued, or transferred out of treasury, on the exercise of options granted, or in satisfaction of any other awards made, under any Employees' Share Scheme (including the Plan) during the shorter of:
 - (i) the period of ten years ending on (and including) that date; and
 - (ii) the period since the Company's shares were first admitted to the Official List; and
- b) remain capable of issue, or transfer out of treasury, under any Existing Award.

For the purposes of the above:

- a) shares by reference to which a cash payment under a Cash-only Award (or any cash-based award under any other plan operated by a Group Company) is calculated, and Shares subject to Transfer Only Awards (or similar under any other Employee Share Scheme operated by a Group Company), are not Dilutive Shares;
- b) shares which were subject to rights which (i) lapsed or (ii) were surrendered or cancelled, will be ignored;
- c) if, in the opinion of the Remuneration Committee, institutional investor guidelines cease to require treasury shares to be counted toward the above limit, paragraphs a and b in the definition of Dilutive Shares above shall be read without the words "or transferred out of treasury" and "or transfer out of treasury" respectively, and

d) where an event under rule 25 has taken place between the date of issue of the shares and the date on which the limit is to be calculated, the number of shares to be taken into account for the purposes of the above limit will be adjusted in the manner the Remuneration Committee considers appropriate to take account of such event.

Discretionary Dilutive Shares: Dilutive Shares which were acquired pursuant to, or remain subject to awards granted under, the Plan or any other discretionary Employees' Share Scheme.

Dividend Equivalent: has the meaning set out in rule 5.

Employee: any individual who is an employee (including an Executive Director) of a Group Company.

Employer Company: the Award Holder's employer or former employer.

Employer NICs: any secondary class 1 (employer) NICs (or the equivalent in any jurisdiction) that any Relevant Company is liable to pay (or reasonably believes it is liable to pay) as a result of any Taxable Event (or which it would be liable to pay in the absence of an election referred to in rule 26.1(g)) and which may be lawfully recovered from the Award Holder.

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

Executive Director: (a) a director of the Company who is a member of the Board but is not a non-executive director, and (b) where applicable, a person who is not a director of the Company but who is (i) its chief executive officer (however described), or (ii) where such a function exists in the Company, its deputy chief executive officer (however described).

Exercise Date: in relation to an Option, the date on which it is validly exercised.

Exercise Notice: a document in the form prescribed by the Remuneration Committee from time to time that the Award Holder must complete and return (together with any other documents or payments required under the Plan) to the Company in order to exercise an Option.

Exercise Price: the price at which each Share subject to a Market Value Option or Nominal Cost Option may be acquired on the exercise of that Option.

Existing Award: an option or any other right or award under which shares in the Company may be acquired or received, granted under any Employees' Share Scheme (including the Plan) after the Shares were first admitted to the Official List.

Forfeitable Shares: Shares which are the subject of a Forfeitable Share Award.

Forfeitable Share Award: an award of Shares which are subject to forfeiture for a period, as set out in rule 10.

Good Leaver: an Award Holder who ceases to be an Employee due to any of the following reasons:

- a) death;
- b) injury, ill health or disability (in each case evidenced to the satisfaction of the Remuneration Committee);
- c) Redundancy;
- d) retirement with the agreement of the Remuneration Committee (save that this Good Leaver reason d) does not apply in respect of US Award Holders);
- e) their Employer Company ceasing to be a Group Company, or
- f) the transfer of the business that employs the Award Holder to a person that is not a Group Company,

or in any other circumstances determined by the Remuneration Committee in its absolute discretion.

Grant Date: the date on which an Award is, was, or is to be granted.

Grant Period: the period of 42 days commencing on the Adoption Date and, thereafter, the period of 42 days commencing on the Dealing Day immediately after the Company's announcement of its results for any period (unless, in each case, the Company is restricted from granting Awards during such periods as a result of any Dealing Restrictions, in which case the relevant Grant Period will be 42 days commencing on the Dealing Day after such Dealing Restrictions are lifted).

Group: the Company, any Subsidiary of the Company, any holding company of the Company (within the meaning of section 1159 of the Companies Act 2006) or any Subsidiary of the Company's holding company, each from time to time.

Group Company: any member of the Group from time to time.

Holding Period: the period that starts on the Vesting Date and ends on such date as the Remuneration Committee may specify, not ordinarily being earlier than two years from the Vesting Date.

ITEPA 2003: the Income Tax (Earnings and Pensions) Act 2003.

Listed: means that any part of the Company's ordinary share capital is admitted to the Official List (with consequent admission to trading on the Main Market of the London Stock Exchange) or any other internationally recognised investment exchange (which shall for these purposes be construed as the stock exchanges that are determined "recognised stock exchanges" in accordance with section 1005 of the Income Tax Act 2007 plus the Alternative Investment Market of the London Stock Exchange).

Listing Rules: the Listing Rules issued by the Financial Conduct Authority, as amended from time to time.

London Stock Exchange: London Stock Exchange plc or any successor body carrying on the business of the London Stock Exchange.

Market Value: whichever of the following applies:

- a) For the purposes of determining on any Grant Date on which Shares are Listed either the Exercise Price of a Market Value Option or the Market Value of an Award for the purposes of rule 7, Market Value means an amount equal to the Middle Market Quotation for a Share on the Dealing Day immediately preceding the Grant Date or, where the Remuneration Committee decides in respect of any Award, the average of the Middle Market Quotations for a period not exceeding the five consecutive Dealing Days immediately preceding the Grant Date (but excluding any Dealing Days that fall in a Closed Period), or, for the purposes of determining the Exercise Price of a Market Value Option, such other amount as the Remuneration Committee may decide.
- b) For the purposes of calculating on any Exercise Date or Vesting Date on which Shares are Listed (i) the payment due from a Phantom Option or Phantom Share Award or (ii) the Market Value of a Share for the purposes of rules 14 and 19, Market Value means the Middle Market Quotation of a Share on the day on which the Market Value is measured or if that day is not a Dealing Day, on the immediately preceding Dealing Day (or, if the Remuneration Committee so decides in respect of any Phantom Option or Phantom Share Award, the average of the Middle Market Quotations for the day on which the Market Value is measured and a period not exceeding the four consecutive Dealing Days immediately preceding the day on which the Market Value is measured (but excluding any Dealing Days that fall in a Closed Period)).
- c) If Market Value has to be determined in relation to any day on which Shares are not Listed, the Remuneration Committee shall determine it to its satisfaction having regard to Part VIII of the Taxation of Chargeable Gains Act 1992, or, for the purposes of determining the Exercise Price of a Market Value Option, shall use such other amount as the Remuneration Committee may decide.

Market Value Option: an option to acquire Shares of which the Exercise Price is not less than the Market Value of a Share on the Grant Date of the option.

Middle Market Quotation: the mid-point between the closing 'buy' and 'sell' prices quoted on the relevant date (where the Shares are listed on the Official List and traded on the London Stock Exchange's market for listed securities, as derived from the Daily Official List).

NICs: National Insurance contributions or equivalent social security contributions in any other relevant jurisdiction.

Nil Cost Option: an option to acquire Shares for no payment.

Nominal Cost Option: an option to acquire Shares for payment of an Exercise Price equal to their nominal value.

Nominee: the person (including a trustee of an employee benefit trust) nominated by the Remuneration Committee to hold Shares on bare trust for the Award Holder subject to the rules and the terms of the Nominee Agreement.

Nominee Agreement: a document in the form prescribed by the Remuneration Committee from time to time, executed by the Nominee and the Award Holder that sets out the terms on which the Nominee holds Shares for the Award Holder (or former Award Holder).

Non-Option Award: any of the following:

- a) a Conditional Share Award;
- b) a Forfeitable Share Award, or
- c) a Phantom Share Award;

Official List: means the Official List maintained by the Financial Conduct Authority.

Option: a Market Value Option, a Nil Cost Option, a Nominal Cost Option or a Phantom Option.

Ordinary Vesting Date: in respect of an Award, the later of the Performance Measurement Date (if any, or, where the Award has multiple Performance Measurement Dates, the final Performance Measurement Date) and the first Dealing Day following the end of the Vesting Period (provided that if that date falls in a Closed Period, the Ordinary Vesting Date will be the first Dealing Day following the end of that Closed Period).

Performance Condition: a condition set under rule 3 which:

- a) must be satisfied before an Award (or part thereof) can Vest, and
- b) is specified in the Award Certificate.

Performance Measurement Date: the date on which the Remuneration Committee determines the extent to which any Performance Condition(s) to which the Vesting of the Award (or part thereof) is subject has/have been satisfied. An Award may have more than one Performance Measurement Date.

Performance Period: the period over which performance is measured to determine the extent to which any Performance Condition(s) has/have been achieved, which in respect of Awards granted to Executive Directors shall not ordinarily be less than three years.

Phantom Option: an option to receive a cash payment on exercise equal to the Market Value of a specified number of Shares minus the Base Price.

Phantom Share Award: a right to receive a cash payment on the Vesting Date equal to the Market Value of a specified number of Shares.

Plan: the Employees' Share Scheme constituted and governed by these rules, as amended from time to time.

Redundancy: has the meaning given to it in section 139 of the Employment Rights Act 1996 ("ERA"), and shall be taken to have occurred at the conclusion of the legal process set out in ERA or, in circumstances where ERA does not apply, at the conclusion of any other process which complies with any applicable laws.

Relevant Company: the Award Holder's Employer Company or any other person who is or could be required to account to any Tax Authority for a Tax Liability in respect of an Award Holder.

Relevant Number: has the meaning given in rule 24.1 (and, where applied to an event which is not a Change of Control, references in rule 24.1 to a Change of Control shall be read as references to that event).

Relevant Restriction: a restriction stated in an Award Certificate that applies to Shares issued or transferred pursuant to the Award.

Remuneration Committee: the remuneration committee of the Board as designated by the Board from time to time.

Rollover Period: the period determined by the Acquiror during which an Award Holder can surrender an Award as set out in rule 24.

Salary: in relation to an Employee at any time means the basic annual salary payable to that Employee by a Group Company.

Scheme of Arrangement: a compromise or arrangement under either section 899 or section 901F of the Companies Act 2006.

Share: a fully paid ordinary share of £0.05 nominal value (subject to rule 25) in the capital of the Company.

Share-settled Award: any of the following:

- a) a Conditional Share Award;
- b) a Forfeitable Share Award;
- c) a Market Value Option;
- d) a Nil Cost Option;
- e) a Nominal Cost Option.

Subsidiary: a subsidiary as defined in section 1159 of the Companies Act 2006.

Tax Authority: His Majesty's Revenue & Customs (or any successor authority from time to time) or, where relevant, its equivalent in another jurisdiction.

Taxable Event: any event or circumstance that gives or may give rise to a liability for the Award Holder to pay (or for any Relevant Company to account to any Tax Authority for or in respect of the Award Holder or former Award Holder) a Tax Liability, in respect of:

- a) the Award, including its Vesting, exercise, assignment or surrender for consideration, or the receipt of any benefit in connection with it;
- b) any Shares (or other securities or assets):
 - (i) 'earmarked' or held to satisfy (or in respect of which another 'relevant step' is taken in connection with) the Award (with the terms in inverted commas having the meaning given to them in Part 7A of ITEPA 2003);
 - (ii) acquired as a result of holding the Award (including on its Vesting or exercise), or
 - (iii) acquired in consideration of the assignment or surrender of the Award;
- c) any securities (or other assets) acquired or earmarked as a result of holding Shares (or other securities or assets) mentioned in paragraph (b);
- d) entering into an election under section 430 or 431 of ITEPA 2003; or
- e) any amount due under PAYE in respect of securities or assets within paragraph (a) to paragraph (d), including any failure by the Award Holder to make good such an amount within the time limit specified in section 222 of ITEPA 2003.

Tax Liability: the total of:

- a) any income tax and primary class 1 (employee) NICs (or their equivalents in any jurisdiction) for which any Relevant Company is or may be liable to account (or reasonably believes it is or may be liable to account) as a result of any Taxable Event;
- b) if the Employer Company, or the Company on behalf of the Employer Company, so directs (which shall be evidenced in the Award Certificate and/or Acceptance Notice), any Employer NICs (or similar liability in any other jurisdiction) that any Relevant Company is or may be liable to pay (or reasonably believes it is or may be liable to pay) as a result of any Taxable Event and that can be recovered lawfully from the Award Holder (unless having so directed, the Employer Company, or the Company on behalf of the Employer Company, directs otherwise under rule 26.2 before such liability arises), and
- c) any related fines, penalties and interest.

Transfer Only Award: an Award which the Remuneration Committee has designated can be satisfied only by the transfer of Shares, other than treasury shares. An Award is not a Transfer Only Award if it can be satisfied using Shares which have been issued to a person who holds those Shares in a fiduciary capacity for the purposes of an Employees' Share Scheme.

UK MAR: the retained EU law version of the Market Abuse Regulation (Regulation (EU) 596/2014) which applies in the UK.

US Award Holder: means an Award Holder (or proposed Award Holder, where the context so permits or requires) who is, becomes, or is expected to become, subject to US income tax.

Vest: means

- a) in relation to an Option, that it becomes exercisable;
- b) in relation to a Conditional Share Award, that the Award Holder becomes entitled to beneficial ownership of the relevant Shares; and
- c) in relation to a Forfeitable Share Award, that the Shares subject to the Award cease to be subject to forfeiture; and
- d) in relation to a Phantom Share Award, that the Award Holder becomes entitled to payment of the amount due under the Phantom Share Award,

in each case, in accordance with these rules, and “**Vesting**” and “**Vested**” shall have a corresponding meaning.

Vesting Date: is the date on which the Award Vests, which shall (save where the Award has lapsed or been surrendered before such date) be the Ordinary Vesting Date or such other date as the Award Vests in accordance with these rules.

Vesting Period: the period that starts on the Grant Date and ends on the third anniversary of the Grant Date (or such other date as the Remuneration Committee may specify in the Award Certificate, in the case of Awards made to Executive Directors, to the extent permitted by the applicable Directors’ Remuneration Policy).

Year: a financial year of the Company as defined in section 390 of the Companies Act 2006.

- 1.2 Rule headings shall not affect the interpretation of the rules.
- 1.3 A **person** includes a natural person, corporate or unincorporated body (whether or not having separate legal personality).
- 1.4 Any Schedules to this Plan form part of the rules and shall have effect as if set out in full in the body of the rules. Any reference to the rules includes the Schedules.
- 1.5 A reference to a **company** shall include any company, corporation or other body corporate, wherever and however incorporated or established.
- 1.6 Unless the context otherwise requires, (a) words in the singular shall include the plural and in the plural shall include the singular and (b) a reference to one gender shall include a reference to the other genders.
- 1.7 A reference to a statute or statutory provision includes a reference:

- (a) to that statute or provision as from time to time consolidated, modified, re-enacted or replaced by any statute or statutory provision;
- (b) to any repealed statute or statutory provision which it re-enacts (with or without modification); and
- (c) to all subordinate legislation made from time to time under it.

1.8 A reference to **writing** or **written** includes fax and email.

1.9 A reference to the Plan or to any other agreement or document referred to in the Plan is a reference to the Plan or such other agreement or document as varied or novated (in each case, other than in breach of the provisions of the Plan) from time to time.

1.10 Save where otherwise defined, references to rules and schedules are to rules of and schedules to the Plan.

1.11 Any words following the terms **including**, **include**, **in particular**, **for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.

1.12 The Interpretation Act 1978 applies to the Plan in the same way as it applies to an enactment.

2. Eligibility and Grant of Awards

2.1 Subject to the rules, the Remuneration Committee may grant an Award to any Employee it chooses during a Grant Period, or at any other time when, in the opinion of the Remuneration Committee, exceptional circumstances have arisen which justify the grant of an Award.

2.2 The Remuneration Committee may not grant Awards:

- (a) during a Closed Period; or
- (b) after the tenth anniversary of the Adoption Date.

2.3 The Remuneration Committee shall grant an Award by procuring that the Company executes a deed (or by such other method as the Remuneration Committee may decide). Multiple Awards may be granted to multiple Award Holders under a single deed. An Award Certificate shall be provided to each Award Holder as soon as reasonably practicable following the grant of the Award(s).

Each Award Certificate shall (without limitation):

- (a) state the Grant Date of the Award;

- (b) state the number of Shares in relation to which the Award is granted;
- (c) state the type of Award;
- (d) if the Award is a Share-settled Award:
 - (i) and a Holding Period applies to the Award, (which it will, unless the Remuneration Committee determines otherwise, where the proposed Award Holder is an Executive Director, and may at the discretion of the Remuneration Committee where the proposed Award Holder is not an Executive Director), state the terms of the Holding Period;
 - (ii) and a Transfer Only Award, state that the Award is a Transfer Only Award, and;
 - (iii) state whether the Tax Liability will include Employer NICs (and if it is silent, the Tax Liability shall not include Employer NICs);
- (e) if the Award is a Market Value Option or Nominal Cost Option, state the Exercise Price;
- (f) if the Award is a Phantom Share Option, state the Base Price;
- (g) if the Award is a Forfeitable Share Award in respect of which the Remuneration Committee has decided that the relevant Shares will be held by a Nominee, state the identity of the Nominee;
- (h) if the Award is not a Forfeitable Share Award, state whether Dividend Equivalents will apply to the Award, if known at the Grant Date;
- (i) if the Award is an Option, state the date when it will ordinarily lapse (the “**Lapse Date**”), assuming that no event occurs to cause it to lapse earlier. The Lapse Date may not be later than the tenth anniversary of the Grant Date (and if no Lapse Date is specified, the Option shall lapse on the tenth anniversary of the Grant Date, unless it lapses earlier in accordance with these rules), save that if any Option cannot be exercised during the period of 30 days ending with the Lapse Date because of any Dealing Restrictions, the Remuneration Committee may extend the Lapse Date to such date as the Remuneration Committee determines appropriate to permit the Option to be exercised within a period (not exceeding 42 days) after the Dealing Restrictions cease to apply;
- (j) specify any Performance Conditions set under rule 3 and any other conditions to which the Award is subject and, where relevant, the Performance Period;
- (k) specify the Vesting Period;
- (l) include a statement that the Award is subject to the rules (which shall be incorporated in the Award Certificate by reference), in particular the Malus and Clawback and Tax Liabilities provisions, and
- (m) state any Relevant Restriction.

- 2.4 No amount shall be paid by an Employee for the grant of an Award (save for nominal consideration if the Award is granted other than by deed).
- 2.5 If the Company makes a Forfeitable Share Award, the Remuneration Committee may, in its absolute discretion, arrange for the Shares subject to the Award to be allotted and issued, or transferred, to the Nominee to be held in accordance with rule 10.
- 2.6 It shall be a condition of the grant and Vesting of every Award that the Award Holder unconditionally and irrevocably agrees:
- (a) to the provisions in rule 14 and rule 26 by signing an Acceptance Notice in accordance with the instructions set out therein and returning it to the person to whom such notice specifies that it must be returned by the deadline set out therein (or indicating their agreement to the terms of the Acceptance Notice by any other means specified by the Remuneration Committee), and
 - (b) to provide to the Company, within 14 days of a request by the Company, duly signed and executed originals of all documents (including documents of transfer or powers of attorney) considered necessary or desirable by the Company to effect or enforce the terms of rule 14 and rule 26.

3. Performance Conditions

- 3.1 On the Grant Date of any Award, the Remuneration Committee may (and in the case of Awards made to Executive Directors, will, if required by the applicable Directors' Remuneration Policy) specify one or more Performance Conditions to which the Vesting of the Award is subject.
- 3.2 The Remuneration Committee may vary any Performance Condition if they consider that it is no longer a fair measure of performance, provided that the Remuneration Committee considers the varied Performance Condition to be:
- (a) a fairer measure of performance than the original Performance Condition, as judged at the time of the variation;
 - (b) no more difficult to satisfy than the original Performance Condition was at the Grant Date; and
 - (c) not materially easier to satisfy than the original Performance Condition was at the Grant Date, unless the variation of the Performance Condition has been approved in advance by the Company in general meeting.
- 3.3 Rule 3.2 shall not permit the automatic waiver of Performance Conditions on:
- (a) cessation of employment;
 - (b) the occurrence of any event permitting the Vesting of Awards under rule 24; or

- (c) the exchange of Awards for New Awards under rule 24.5.

4. Adjustment to Vesting of Awards

- 4.1 The Remuneration Committee may adjust the extent to which an Award (or part thereof) Vests if it considers that the extent to which the Award would otherwise Vest is not a fair reflection of the performance of the Company, the Award Holder's performance and/or wider circumstances.

5. Rights in relation to Shares and Dividend Equivalents

- 5.1 An Award Holder has no voting, dividend or other rights attaching to the Shares over which their Award (other than a Forfeitable Share Award) subsists before they acquire such Shares.
- 5.2 The Remuneration Committee may specify that Dividend Equivalents apply to the Award (other than a Forfeitable Share Award). A Dividend Equivalent is a right to receive a payment on (or shortly following) the Vesting Date or, in respect of an Option, the Exercise Date, calculated in accordance with rule 5.3 below.
- 5.3 The payment is equal in value to the aggregate dividends (calculated on any basis the Remuneration Committee decides) paid on a Share in the period between the Grant Date and the Vesting Date of the relevant Award (or, where the Award is an Option which is subject to a Holding Period, the period between the Grant Date and the earlier of (i) the Exercise Date or (ii) the date of the last day of the Holding Period), multiplied by the number of Shares in respect of which the Award has Vested (or, in respect of an Option, the number of Shares in respect of which it has been exercised).
- 5.4 A Dividend Equivalent shall be paid in additional Shares unless the Remuneration Committee decides that it shall be paid in cash. Dividend Equivalents paid to Executive Directors will normally be in the form of Shares.

6. Overall grant limits

- 6.1 The Company may not grant an Award if that grant would result in the total number of Dilutive Shares exceeding 10% of the issued ordinary share capital of the Company.
- 6.2 The Company may not grant an Award if that grant would result in the total number of Discretionary Dilutive Shares exceeding 5% of the issued ordinary share capital of the Company.
- 6.3 The Remuneration Committee may:

- (a) save to the extent it would cause the above limits to be breached, redesignate a Transfer Only Award as not being a Transfer Only Award, in which case the Shares subject to that Award will be Dilutive Shares, and
- (b) redesignate an Award which is not a Transfer Only Award as being a Transfer Only Award, in which case the Shares subject to that Award will cease to be Dilutive Shares.

7. Individual grant limits

- 7.1 The Company may not grant an Award to any Employee if that grant would result in the Market Value of Awards made to that Employee in that Year exceeding 200% (and in respect of Awards made to Executive Directors, such other percentage as is specified in the applicable Directors' Remuneration Policy) of the Employee's Salary as at the proposed Grant Date. Where Awards are not subject to Performance Conditions, the Remuneration Committee shall take into account best practice guidance in relation to the reduction to grant sizes to take account of the higher certainty of Vesting.

For the purposes of this rule 7.1, the 'Market Value of Awards' means the aggregate Market Value of Shares (a) subject to Share-settled Awards and (b) by reference to which the value of Cash-only Awards is calculated, in each case measured as at the Grant Date of the relevant Award.

8. US Award Holders

In addition to the terms of the Plan and any Award Certificate, an Award granted to a US Award Holder shall be subject to the Schedule hereto. To the extent the terms of the Schedule conflict with the terms of the Plan or any Award Certificate for an Award granted to a US Award Holder, the terms of the Schedule shall prevail.

9. Purported grant of an Award in excess of limits

- 9.1 If an Award is purported to be granted in breach of the limit(s) in:
- (a) Rule 6.1 and/or Rule 6.2, the Remuneration Committee may decide that the number of Shares over (or in respect of) which the Award is purported to have been granted will, together with the number of Shares over which all other Awards have been granted on the same Grant Date, be reduced pro rata to the largest lower number that complies with Rule 6.1 and/or Rule 6.2, as appropriate. Where this Rule operates, when the number of Shares under the Award has been adjusted accordingly, an Award will take effect from the Grant Date as if it had been granted on the adjusted terms; and
 - (b) Rule 7.1, the number of Shares over (or in respect of) which the Award is purported to have been granted will be reduced to the largest number that would

comply with Rule 7.1 and the Award will take effect from the Grant Date as if it had been granted over the lower number of Shares at the outset.

10. Forfeitable Share Awards

- 10.1 On or as soon as practicable after the Grant Date of a Forfeitable Share Award, the proposed Award Holder shall sign an Acceptance Notice and, if the Remuneration Committee so decides, a Nominee Agreement which shall give effect to the following provisions of this rule 10. If the Award Holder fails to sign and return the Acceptance Notice and (if required) the Nominee Agreement to the Company within 30 days after the Grant Date, the Award Holder shall (unless the Remuneration Committee in its absolute discretion decides otherwise) forfeit for no consideration all interest in the Forfeitable Shares.
- 10.2 The Forfeitable Shares shall (if the Remuneration Committee so requires) be registered in the name of the Nominee until the later of (a) the end of the period during which they are potentially subject to forfeiture, and (b) the end of any Holding Period. Alternatively, the Remuneration Committee may decide that the share certificates representing the Forfeitable Shares shall be retained until the later of (a) and (b) by an officer of the Company.
- 10.3 Dividends paid on the Forfeitable Shares where the record date of the dividend occurs before the Vesting Date shall be dealt with in such manner as the Remuneration Committee may decide. Dividends paid on the Forfeitable Shares where the record date falls after the Vesting Date shall be paid to the Award Holder.
- 10.4 A Nominee shall not exercise voting rights on the Forfeitable Shares at any general meeting of members of the Company that occurs before the Vesting Date.
- A Nominee shall seek the Award Holder's directions as to how to exercise its voting rights at any general meeting of members of the Company that occurs after the Vesting Date and shall comply with those directions.
- 10.5 If the Company makes an offer conferring any rights on its members to acquire (for payment) additional shares or other securities in a Group Company and Forfeitable Shares are held by a Nominee, the Nominee shall sell sufficient of the rights, nil paid, to pay the full amount to acquire the balance of such rights.
- A Nominee shall hold any additional shares or securities so acquired on the same terms as it holds Forfeitable Shares and shall hold any related cash amount (e.g. a special dividend) on the same terms as it holds Forfeitable Shares (*mutatis mutandis*).
- 10.6 The Nominee shall comply with any direction from the Award Holder concerning a surrender of Awards.

11. Vesting Date

- 11.1 The Remuneration Committee will determine the extent to which any relevant Performance Condition(s) has/have been satisfied as soon as reasonably practicable after the end of the relevant Performance Period. Subject to rules 2.6, 4.1, 11.2, 12.1, 14.2 and 18 and to the extent the Award has not Vested or lapsed already under these rules, the Award will Vest on the Ordinary Vesting Date (where the Award is subject to Performance Condition(s), to the extent those Performance Condition(s) have been met).
- 11.2 Where Dealing Restrictions would prevent an Award Holder from selling Shares they acquire on the Vesting of a Conditional Share Award to fund a Tax Liability which would arise on the Vesting of such Award, the Award will instead Vest on the first Dealing Day after such Dealing Restrictions cease to apply (unless the Remuneration Committee decides, if permitted by the relevant Dealing Restrictions, that the Vesting will not be so delayed).

12. Suspension of Awards

- 12.1 An Award shall not Vest, and an Award Holder may not exercise an Option, at any time:
- (a) while disciplinary proceedings by any Group Company are underway against the Award Holder; or
 - (b) while any Group Company is investigating the Award Holder's conduct and may as a result begin disciplinary proceedings.
- 12.2 Subject to rule 2.6 and rule 21, an Award that did not Vest on its expected Vesting Date (and an Option which the Award Holder was prevented from exercising) due to the application of rule 12.1 shall Vest (and an Option which has already Vested may be exercised) if the Remuneration Committee so determines within 21 Business Days of the conclusion of the disciplinary proceedings or investigation.
- (a) If the Remuneration Committee determines that the Award shall Vest (and/or may be exercised), the Vesting Date of that Award (and/or the date from which the Option may be exercised) shall be the date of the Remuneration Committee's determination (or, if that date falls in a Closed Period, the first Dealing Day following the end of that Closed Period).
 - (b) If the Remuneration Committee does not determine that the Award shall Vest (and/or may be exercised), the Award shall lapse at the end of the 21 day period.

13. Circumstances in which malus and clawback can apply

- 13.1 Rule 13 applies in relation to an Award if rule 13.2 and rule 13.3 apply.

13.2 This rule 13.2 applies in relation to an Award if the Remuneration Committee, in its absolute discretion, determines that any of the following circumstances exist:

- (a) there was a material error in (or the Remuneration Committee (at its discretion) determines that a Group Company materially mis-stated any financial information (whether or not audited) for any part of any Year that was taken into account in):
 - (i) determining whether the Award should be made;
 - (ii) determining the size and nature of the Award;
 - (iii) assessing the extent to which any Performance Condition was satisfied, or
 - (iv) calculating the extent to which an Award Vests;
- (b) any Group Company or business unit has suffered serious reputational damage to which the Award Holder has contributed (each as determined by the Remuneration Committee in its absolute discretion);
- (c) the Company has reasonable evidence of fraud, serious misconduct, gross negligence, dishonesty, a breach of the Company's Code of Business Conduct, or material wrongdoing by the Award Holder, or
- (d) the Remuneration Committee, at its discretion, determines that a Group Company or business unit that employs or employed the Award Holder, or for which the Award Holder is or was (in whole or as to a material part) responsible, has suffered a corporate failure or a material failure of risk management;

any such circumstances which the Remuneration Committee determines exist being the "**Relevant Circumstances**".

13.3 This rule 13.3 applies in relation to an Award if the Remuneration Committee, at its discretion, determines that, if the Relevant Circumstances had existed, and the Remuneration Committee had been fully aware that they existed:

- (a) at the Grant Date, or
- (b) in the case of an Award that has already Vested, at the date it Vested,

then:

- (c) the Remuneration Committee would not have granted the Award;
- (d) the Remuneration Committee would have granted the Award in relation to a smaller number of Shares; or
- (e) in the case of an Award that has already Vested:
 - (i) it would not have Vested at all, or
 - (ii) it would have Vested in relation to a smaller number of Shares.

- 13.4 The Remuneration Committee may make a determination in relation to an Award under rule 13 at any time between the Award's Grant Date and the third anniversary of its Vesting Date.
- 13.5 If an investigation into the conduct or actions of an Award Holder has started before the end of the period of time in rule 13.4, the Remuneration Committee may, in its absolute discretion, determine the provisions of this rule 13 and rule 14 may be applied to the Award until such time as the Remuneration Committee determines following the conclusion of the investigation.

14. Operation of malus and clawback

- 14.1 This rule 14 applies to an Award if rule 13 applies to the Award. In this rule, references to Shares include Shares by reference to which a cash payment under a Cash-only Award is calculated and this rule shall apply mutatis mutandis to Cash-only Awards.
- 14.2 If at the date of the determination under rule 13.3, all or any part of the Award has not Vested (or, in the case of an Option, all or any part has not Vested or the part which has Vested has not been exercised), the Remuneration Committee may determine to cancel the Award (or part thereof, as applicable) or reduce it by such number of Shares as the Remuneration Committee considers to be fair and reasonable, taking account of all circumstances that the Remuneration Committee considers to be relevant.
- 14.3 If at the date of the determination under rule 13.3, all or any part of the Award has Vested (and, in the case of an Option, all or any part has been exercised), the Remuneration Committee may determine a Clawback Amount in relation to the Award (or relevant part).
- 14.4 The Clawback Amount shall be such amount as the Remuneration Committee considers to be fair and reasonable, taking account of all circumstances that the Remuneration Committee considers to be relevant, but shall not be more than:
- (a) in relation to an Option that has been exercised, the greater of the following (plus any Dividend Equivalents paid to the Award Holder in respect of that Option):
 - (i) the Market Value of the Shares over which it was exercised measured on the Exercise Date of the Option, and
 - (ii) the Market Value of the Shares over which it was exercised measured on the date of the determinationminus the aggregate Base Price or aggregate Exercise Price (if any, and as the case may be);
 - (b) in relation to a Non-Option Award, the greater of the following (plus any Dividend Equivalents paid to the Award Holder in respect of that Non-Option Award):

- (i) the Market Value of the Shares in respect of which the Award Vested measured on the Vesting Date, and
 - (ii) the Market Value of the Shares in respect of which the Award Vested measured on the date of the determination.
- 14.5 The Award Holder shall use his or her best endeavors to seek and obtain repayment or credit from the Tax Authority of any Tax Liability paid on the Award Holder's behalf in relation to the Award as soon as reasonably practicable and to notify the Company of their receipt of any credit or payment by the Tax Authority of an amount representing all or part of such Tax Liability (the "**Tax Refund**"). Within the 30 days following such notification, the Award Holder will pay to the Company an amount equivalent to the amount of the Tax Refund.
- 14.6 If the Award Holder has paid or is liable to pay any Tax Liability in relation to the Award or the Shares and which cannot be recovered from or repaid by the Tax Authority (whether directly or indirectly), the Remuneration Committee may in its discretion decide to reduce the Clawback Amount to take account of this amount (save where the calculation of the Clawback Amount already took into account any Tax Liability paid).
- 14.7 The Remuneration Committee is not obliged to determine a Clawback Amount in relation to any particular Award, even if the Remuneration Committee does determine a Clawback Amount in relation to other Awards to the same or other Award Holders which had the same Grant Date or Vesting Date.
- 14.8 The Company may, to the extent permitted by applicable law, obtain recovery of the Clawback Amount from the Award Holder in any (or any combination) of the following ways:
 - (a) by reducing or cancelling any cash bonus payable to the Award Holder by any Group Company;
 - (b) by reducing or cancelling any Options that the Award Holder has not exercised;
 - (c) by reducing or cancelling any Non-Option Awards that have not yet Vested;
 - (d) by reducing or cancelling any future or existing award made or option granted to the Award Holder under any cash-based or share-based incentive scheme or bonus scheme operated by any Group Company (other than any tax-advantaged scheme established under schedules 2 to 5 (inclusive) of ITEPA 2003);
 - (e) by requiring the Award Holder to make a cash payment equal to the Clawback Amount to a Group Company (or to such other person as the Company may direct) within 30 days of receiving a written demand by the Company for the same, and, for the purposes of section 15(1)(b) of the Employment Rights Act 1996 and any relevant laws in any other jurisdiction (in each case to the extent applicable), by accepting an Award the Award Holder consents to such payment being made

and the Company receiving such payment (and, if the Award Holder fails to make such payment within the period of 30 days beginning with the date the demand was made, the Company or any other company may make appropriate deductions from any salary or other payment due to the Award Holder under or in connection with the Award Holder's employment or any payment due to the Award Holder on or following the termination of the Award Holder's employment, and, for the purposes of section 13(1)(b) of the Employment Rights Act 1996 and any relevant laws in any other jurisdiction (in each case to the extent applicable), by accepting an Award the Award Holder consents to such deductions being made).

14.9 If the Award Holder participates in another Employees' Share Scheme or bonus scheme operated by a Group Company, and that other scheme contains a provision that has a similar effect to this rule 14, the Remuneration Committee may give effect to that provision in any of the following ways:

- (a) by reducing or cancelling any Options that the Award Holder has not exercised; or
- (b) by reducing or cancelling any Non-Option Awards that have not yet Vested.

15. Exercise of Options

15.1 An Award Holder may (and may only) exercise an Option in the period beginning with the Vesting Date and ending on the date the Option lapses in accordance with these rules.

15.2 An Award Holder may only exercise an Option to the extent that it has Vested and any other condition stated in the Award Certificate is satisfied.

15.3 An Award Holder may not exercise an Option at a time when its exercise is prohibited by, or would be a breach of, any Dealing Restrictions.

15.4 An Award Holder may not exercise an Option without having signed the Exercise Notice and made any arrangements, or entered into any agreements, that may be required pursuant to rule 14 and rule 26.

16. Manner of exercise of Options

16.1 An Option may only be exercised over the entire number of Shares in respect of which it has Vested or such other number as agreed with the Remuneration Committee.

16.2 The Award Holder shall exercise an Option (in whole or, where permitted, in part) by giving an Exercise Notice to the Company setting out the number of Shares over which the Award Holder wishes to exercise the Option. If that number exceeds the number over which the Option may be validly exercised at the time, the Company shall:

- (a) treat the Option as exercised only in respect of that lesser number; and
 - (b) refund any excess amount paid by the Award Holder to be applied towards meeting any Tax Liability.
- 16.3 The Exercise Notice shall be accompanied by any payment required under rule 26 and, in relation to a Market Value Option or Nominal Cost Option, payment of an amount equal to the Exercise Price multiplied by the number of Shares specified in the notice unless, in each case, the Award Holder has entered into binding alternative arrangements to secure the payment of those amounts which are satisfactory to the Remuneration Committee.
- 16.4 The Exercise Notice shall contain or be accompanied by:
 - (a) if the Option is exercised before the end of a Holding Period, the Nominee Agreement (if the Remuneration Committee so decides); and
 - (b) any documents relating to arrangements or agreements required under rule 14 and rule 26.
- 16.5 Any Exercise Notice shall be invalid:
 - (a) to the extent that it is inconsistent with the Award Holder's rights under these rules or the Award Certificate relating to the Option which the Award Holder is purporting to exercise;
 - (b) if any of the requirements of rule 16.2, rule 16.3 or rule 16.4 are not met; or
 - (c) if any payment referred to in rule 16.3 is made by a cheque that is not honoured on first presentation or that fails in any other manner to transfer the expected value to the Company.

The Company may permit the Award Holder to correct any defect referred to in rule 16.5 (but shall not be obliged to do so). The date of any corrected Exercise Notice shall be the date of the correction rather than the date of the original notice for all other purposes of the Plan.

17. Settlement of Awards other than Forfeitable Share Awards

- 17.1 This rule 17 is subject to rule 19.
- 17.2 Within 30 days after the Vesting of a Conditional Share Award, or the valid exercise of a Nil Cost Option, Nominal Cost Option or Market Value Option, the Company shall (unless prevented by any Dealing Restrictions, and provided it has obtained any necessary approvals or consents and the Tax Liability has been paid, or arrangements for it to be paid have been made to the satisfaction of the Remuneration Committee), allot and issue Shares or, as appropriate, procure their transfer to the Award Holder (or, if the Remuneration Committee so decides, the Nominee).

- 17.3 Where the Company is prevented by any Dealing Restrictions from allotting and issuing, or procuring the transfer of Shares, it will allot and issue, or procure the transfer of, the relevant Shares as soon as reasonably practicable after such Dealing Restrictions cease to apply.
- 17.4 Shares allotted and issued in accordance with rule 17.2 shall rank equally in all respects with the other shares of the same class in issue at the date of allotment, except for any Relevant Restriction or any rights determined by reference to a date before the date of allotment.
- 17.5 Shares transferred in accordance with rule 17.2 shall be transferred free of any lien, charge or other security interest, other than any Relevant Restriction, and with all rights attaching to them, other than any rights determined by reference to a date before the date of transfer.
- 17.6 If the Shares are Listed, the Company shall apply to the appropriate body for any newly issued Shares allotted in accordance with rule 17.2 to be listed or admitted to trading on that exchange.
- 17.7 Within 30 days after the valid exercise of a Phantom Option or the Vesting of a Phantom Share Award, the Company shall pay (or procure the payment) to the Award Holder of the amount of cash due under the Award. The Company shall make such deductions from the payment as are required by law, including any withholding taxes, in accordance with rule 26.

18. Holding Period

- 18.1 If Shares are acquired by an Award Holder pursuant to an Award during a Holding Period, it is a condition of the acquisition of those Shares that the Remuneration Committee may decide (at any time during the Holding Period) that:
- (a) the share certificates representing the relevant Shares shall be retained by an officer of the Company during the Holding Period (and, if at the time of the Remuneration Committee's decision, the Award Holder holds such share certificates, they will, within 21 days of receiving notice of the Remuneration Committee's decision, deliver those certificates to an officer of the Company) and/or
 - (b) the Shares shall be held in the name of the Award Holder's Nominee on the basis of a Nominee Agreement, and if the Remuneration Committee does so decide:
 - (i) the Award Holder agrees with the Company not to request their Nominee to transfer the Shares (including to the Award Holder themselves) during the Holding Period, save where required to fulfil an obligation under the rules of this Plan), and

(ii) if at the time of the Remuneration Committee's decision:

- (A) the Shares have not been issued or transferred to the Award Holder, the Shares will be issued or transferred to the Award Holder's Nominee, and references in the relevant rules to the issue or transfer of Shares to the Award Holder shall be construed as references to the issue or transfer of Shares to the Nominee to be held on behalf of the Award Holder in accordance with the rules of this Plan and the relevant Nominee Agreement,
- (B) the Shares have been issued or transferred to the Award Holder, the Award Holder will, within 21 days of receiving notice of the Remuneration Committee's decision, transfer such Shares to the Nominee.

18.2 During any applicable Holding Period, the Award Holder may not transfer, assign, charge or otherwise encumber or dispose of their legal or beneficial interest (or their beneficial interest where the Shares are held by a Nominee) in Shares acquired under a Share-settled Award (together, the "**Held Shares**") except:

- (a) in order to raise sufficient funds to pay a Tax Liability in relation to the Held Shares;
- (b) in order to raise sufficient funds to pay the Exercise Price of a Market Value Option or Nominal Cost Option;
- (c) to the extent necessary to comply with rule 14 or rule 24, or
- (d) with the permission of the Remuneration Committee.

18.3 An Award Holder who breaches or attempts to breach rule 18.2 shall, unless the Committee determines otherwise, immediately forfeit for no consideration all interest in the Held Shares. The expression "forfeit" (in this rule and wherever else used in these rules) means that the Award Holder's beneficial interest in the Held Shares ceases to exist.

18.4 Where an Award Holder forfeits the beneficial interest in any Held Shares held by a Nominee (including where an Award Holder forfeits Forfeitable Shares pursuant to rule 10) and the Nominee is also the trustee of an employee benefit trust settled by a Group Company (an "**EBT**"), the Nominee shall hold the forfeited Held Shares as trustee of such EBT on the terms of the relevant EBT trust deed. Where the Nominee is not the trustee of an EBT, the Nominee will deal with the forfeited Held Shares as directed by the Company.

18.5 If the Held Shares are held by a Nominee, at the end of the Holding Period, the Nominee shall (subject to the operation of rule 14), transfer full legal title to the Held Shares (save for any which have been forfeited) to the Award Holder.

19. Alternative methods of settlement of Awards

19.1 Instead of delivering the number of Shares specified in the relevant Exercise Notice, the Company may settle the exercise of a Nominal Cost Option or Market Value Option by:

- (a) making a cash payment to the Award Holder equal to the amount by which the Market Value of a Share on the date of exercise of the Option exceeds the Exercise Price, multiplied by the number of Shares in respect of which the Option is being exercised (the “**Gain**”), or
- (b) arranging for the transfer or issue to the Award Holder of Shares with a Market Value equal to the Gain (rounded down to the nearest whole Share), for which the Award Holder shall not be required to make payment.

19.2 Instead of delivering the number of Shares subject to a Nil Cost Option or Conditional Share Award, the Company may settle the Award by making a cash payment to the Award Holder equal to the Market Value of the Shares in respect of which the Award has Vested (or in the case of a Nil Cost Option, been exercised). Where the Company settles an Award in the manner described in this Rule, this shall be in full and final satisfaction of the Award Holder’s rights under the Award.

19.3 In the case of Executive Directors, any operation of rules 19.1 or 19.2 shall be consistent with the applicable Directors’ Remuneration Policy.

20. Lapse of Awards

20.1 An Award Holder may not transfer or assign, or create any charge or other security interest over an Award (or any right arising under it) or otherwise encumber or dispose of an Award. An Award shall lapse if the Award Holder attempts to do any of those things, save that this rule 20.1 shall not prevent the transmission of an Award to an Award Holder’s personal representatives on the death of the Award Holder.

20.2 In addition to any lapse provisions elsewhere in the rules, an Award shall lapse (which, in the case of a Forfeitable Share Award, shall mean that the Award Holder shall forfeit for no consideration all interest in the Forfeitable Shares, or the appropriate proportion of them) on the earliest of the following:

- (a) on the Vesting Date, to the extent the Award does not Vest;
- (b) any date on which the Award shall lapse, as specified in the Award Certificate;
- (c) unless the Remuneration Committee decides otherwise, if the Award Holder has not indicated their agreement to the terms of the Acceptance Notice by returning a signed copy to the person to whom the Acceptance Notice states that it must be returned (or by any other means specified by the Remuneration Committee), on the deadline specified in the Acceptance Notice;

- (d) when required by and to the extent necessary to give effect to any reduction or cancellation under rule 14;
- (e) the date the Award Holder becomes a Good Leaver, to the extent the Award does not continue under rule 21.1;
- (f) to the extent the Award does not Vest under rule 21.2, on the relevant date specified in that rule;
- (g) in respect of Options, to the extent unexercised, at the end of the applicable period under rule 21.4 (as applicable);
- (h) the date the Award Holder becomes a Bad Leaver;
- (i) the first anniversary of the Award Holder's death;
- (j) where rule 24 applies, the relevant time specified for the lapse of the Award under that rule (to the extent the Award does not Vest under that rule);
- (k) if the Remuneration Committee so determines under rule 25.3;
- (l) a breach of rule 31, unless the Remuneration Committee decides otherwise;
- (m) if the Award Holder becomes bankrupt under Part IX of the Insolvency Act 1986, applies for an interim order under Part VIII of the Insolvency Act 1986, proposes or makes a voluntary arrangement under Part VIII of the Insolvency Act 1986, or takes similar steps, or is similarly affected, under equivalent non-UK legislation,
- (n) the Award Holder, having been a Good Leaver by reason of retirement with the agreement of the Remuneration Committee, becomes employed in a paid executive role;
- (o) unless the Remuneration Committee decides otherwise, an Award Holder who has ceased to be an Employee materially breaches any confidentiality, non-competition, non-disclosure or non-solicitation agreement with any Group Company, or
- (p) the passing of an effective resolution, or the making of an order by the Court, for the insolvent winding-up of the Company.

21. Termination of employment (Vesting and exercise period)

- 21.1 If an Award Holder becomes a Good Leaver before the end of the Vesting Period, each Award they hold shall (save to the extent the Remuneration Committee decides otherwise) continue only in respect of a number of Shares (or in the case of a Cash-only Award, a number of notional Shares by reference to which the cash payment will be calculated) calculated in accordance with the formula $N \times (X/Y)$ (provided that X/Y shall not exceed 1) where:

- (a) N = the number of Shares in relation to which the Award was originally granted, less any Shares (i) already received by the Award Holder pursuant to the Award and/or (ii) in respect of which the Award has lapsed or been surrendered;
- (b) X = the number of complete months between (i) the date the Award Holder becomes a Good Leaver and (ii) the first day of the Performance Period (or where there are no Performance Conditions, the Vesting Period); and
- (c) Y = the number of months in the Performance Period (or where there are no Performance Conditions, the Vesting Period).

21.2 If the Award Holder becomes a Good Leaver before the Ordinary Vesting Date, the remainder of the Award (after the application of rule 21.1) will Vest on the earliest of:

- (a) the Ordinary Vesting Date, in respect of a number of Shares determined by the Remuneration Committee, taking account of the extent to which the Performance Condition(s) has/have been achieved;
- (b) where the Award Holder became a Good Leaver by reason of death, the date of death, in respect of a number of Shares determined by the Remuneration Committee, taking account of the extent to which the Performance Condition(s) has/have been achieved;
- (c) the date on which the Award Vests under rule 24, after the application of rule 24.1(b) (to the extent applicable), and
- (d) such earlier date as the Remuneration Committee may specify, in respect of a number of Shares determined by the Remuneration Committee, taking account of the extent to which any Performance Conditions has/have been achieved over the period to date.

21.3 If the relevant Award Certificate specifies different Performance Periods and/or Vesting Periods for different parts of an Award, each part of that Award shall be treated as a separate Award for the purposes of 21.1.

21.4 If the Award Holder becomes a Good Leaver before the Ordinary Vesting Date, they (or their personal representatives where they have died) may exercise the Option(s) during the period of six months (or period of one year where the Award Holder has become a Good Leaver by reason of death) beginning on the date it Vests under rule 21.2 above. An Award Holder who becomes a Good Leaver (or their personal representatives) on or after the Ordinary Vesting Date may exercise the Option(s) during the period of six months following the date the Award Holder becomes a Good Leaver (or where the Award Holder has become a Good Leaver by reason of death, until the first anniversary of the date of the Award Holder's death).

21.5 If an Award Holder becomes a Good Leaver by reason of death, any Holding Period which would otherwise apply to any Shares acquired pursuant to their Award by their personal

representatives shall not apply. For the avoidance of doubt, when an Award Holder is a Good Leaver otherwise than by reason of death, unless the Remuneration Committee decides otherwise, any Holding Period shall continue to apply.

22. Termination of employment (Timing)

- 22.1 Subject to rule 22.2, for the purposes of rule 21, an Award Holder shall not be treated as ceasing to be an Employee until he or she no longer holds any office or employment with any Group Company. An Award Holder who ceases to be an Employee in circumstances where they retain a statutory right to return to work shall only be treated as having ceased to be an Employee from such time (if at all) as they cease to have such a right to return to work.
- 22.2 The Remuneration Committee may determine that an Award Holder will be treated as ceasing to be an Employee when he or she gives or receives notice of termination of his or her employment.

23. Award Holder relocated abroad

- 23.1 Except in the case of Executive Directors, if it is proposed that an Award Holder, while continuing to be an Employee, should work in a country other than the country in which he or she is currently working and, by reason of the change, the Award Holder would:
- (a) suffer less favourable tax treatment in respect of his Award, or
 - (b) become subject to a restriction on his or her ability to exercise an Option, to have issued or transferred to him or her the Shares subject to an Award or to hold or deal in such Shares or the proceeds of sale of such Shares,
- the Remuneration Committee may, in its absolute discretion, determine that an Award will Vest immediately either in full or to the extent determined by the Remuneration Committee in its absolute discretion and subject to such conditions as it may require taking into account such factors as the Remuneration Committee may consider relevant including, but not limited to, the period of time the relevant Award has been held and the extent to which any Performance Condition(s) has/have been met.
- 23.2 Where the Award is an Option and has Vested pursuant to rule 23.1 above, the Award Holder may exercise his Option at any time during the period beginning 90 days before the proposed date of his transfer and ending 90 days after the date of his actual transfer. If not so exercised, the Option shall not lapse but shall cease to be treated as having Vested and shall continue in force in accordance with its terms.

24. Takeovers and liquidations

24.1 Where a Change of Control occurs during the Vesting Period, the Remuneration Committee will determine the number of Shares in respect of which an Award will Vest (and in the case of a Cash-only Award, the number of notional Shares by reference to which the cash payment will be calculated) (the “**Relevant Number**”) as follows:

- (a) save (i) to the extent the Remuneration Committee decides otherwise, and (ii) in respect of an Award held by a Good Leaver where the number of Shares subject to the Award was reduced under rule 21.1, multiply the number of Shares in relation to which the Award was originally granted, less any Shares (i) already received by the Award Holder pursuant to the Award and/or (ii) in respect of which the Award has lapsed or been surrendered, by X/Y (provided that this shall not exceed 1) where:
 - (i) X = the number of complete months between the first day of the Performance Period (or, where the Award is not subject to Performance Conditions, the Grant Date) and the date (or expected date) of the Change of Control; and
 - (ii) Y = the number of months in the Performance Period (or where the Award is not subject to Performance Conditions, the Vesting Period), and
- (b) if the Change of Control occurs before an Award has Vested, an Award which is subject to any Performance Conditions will Vest (in accordance with the relevant rule(s) below, and after the application of rule 24.1(a) above, if applicable) to the extent to which those Performance Condition(s) has/have in the opinion of the Remuneration Committee been achieved over the period ending on the date (or expected date) of the Change of Control (or would, in the opinion of the Remuneration Committee, have been achieved over the full Performance Period), and the Award shall lapse to the extent the Remuneration Committee decides that the Award shall not Vest.

24.2 Where the Remuneration Committee is required by rule 24.1 to determine the Relevant Number, and the relevant Award Certificate specifies different Performance Periods or Vesting Periods for different parts of an Award, the Remuneration Committee shall treat each part of that Award as a separate Award.

Vesting in advance of the Change of Control

24.3 If the Remuneration Committee considers that a Change of Control is likely to occur, the Remuneration Committee may in its absolute discretion:

- (a) decide that all Awards shall Vest in relation to the Relevant Number of Shares (or notional Shares), and

- (b) in respect of Options which Vest pursuant to rule 24.3(a) above (or have already Vested), request in writing that Award Holders give an Exercise Notice within a period to be specified by the Remuneration Committee ending before the Acquiror obtains Control of the Company.

24.4 If the Remuneration Committee decides under rule 24.3(a) that Awards shall Vest and/or makes a request pursuant to rule 24.3(b):

- (a) the Vesting of Awards, and the exercise of Options in respect of which a valid Exercise Notice has been received by the Company by the relevant deadline, shall take effect immediately before the Change of Control (or, in the case of a Scheme of Arrangement, within the period beginning with the time the Court sanctions the Scheme of Arrangement and ending on the scheme record time);
- (b) if an Award Holder fails to give an Exercise Notice in respect of their Option within the time period specified by the Remuneration Committee in any written request made pursuant to rule 24.3(b), then unless before the occurrence of the Change of Control the Award Holder has irrevocably agreed with the prospective Acquiror to surrender the Option pursuant to rule 24.5, his or her Option shall lapse on the occurrence of the Change of Control (which in respect of a Scheme of Arrangement shall for the purposes of this rule be deemed to be when the scheme becomes effective), and
- (c) if the anticipated Change of Control does not occur, the Vesting of Awards pursuant to rule 24.4(a) shall be treated as having no effect, any Exercise Notice given pursuant to rule 24.3(b) shall be deemed never to have been given, and all Awards shall continue on their terms.

Change of Control where the Acquiror agrees to rollover

24.5 Rule 24.6 applies (subject to rule 24.9) if a Change of Control occurs and (i) the Remuneration Committee has not decided under rule 24.3(a) that Awards shall Vest in advance of the Change of Control and (ii) the Acquiror is a company which has declared that it is willing to agree that each Award Holder may, within the Rollover Period, surrender any Award in exchange for a replacement right ("**New Award**") to be granted on such terms and in relation to such shares of such company as the Acquiror and the Award Holder may agree.

24.6 The Remuneration Committee (as constituted before the Change of Control occurs) has discretion to determine that some or all of any Awards that are not so exchanged shall lapse at the end of the Rollover Period. If the Remuneration Committee does not so determine:

- (a) any Awards that are not so exchanged shall Vest in relation to the Relevant Number of Shares (or notional Shares) immediately following the end of the Rollover Period and lapse in relation to the balance, and
- (b) any unexchanged Options which Vest pursuant to rule 24.6(a) above (or have already Vested) may be exercised (where rule 24.1 applies, in respect of not more than the Relevant Number of Shares or notional Shares) within six months following the end of the Rollover Period and shall lapse to the extent unexercised by the end of that six month period.

Change of Control where the Acquiror does not agree to rollover

24.7 Subject to rule 24.9, if (i) the Remuneration Committee does not decide under rule 24.3(a) that Awards shall Vest in advance of the Change of Control, and (ii) the Acquiror is not willing to make an agreement under rule 24.5:

- (a) all Awards shall Vest immediately following the Change of Control in relation to the Relevant Number of Shares (or notional Shares) and lapse in relation to the balance; and
- (b) an Award Holder may exercise all or any part of any Option (where rule 24.1 applies, in respect of not more than the Relevant Number of Shares or notional Shares) within the period of six months following the Change of Control, and shall lapse to the extent unexercised by the end of that six month period.

Compulsory acquisitions

24.8 If any person becomes bound or entitled to acquire Shares under sections 979 to 982 or 983 to 985 of the Companies Act 2006:

- (a) all Awards shall Vest in relation to the Relevant Number of Shares (or notional Shares) and lapse in relation to the balance; and
- (b) an Award Holder may exercise all or any part of any Option (where rule 24.1 applies, in respect of not more than the Relevant Number of Shares or notional Shares) at any time when the person remains so bound or entitled and the Option shall lapse to the extent unexercised at the end of the period during which that person first becomes bound or entitled (unless it is exchanged under rule 24.5).

Internal reorganisations

24.9 If the Acquiror is a company and its shareholders and the proportion of its shares held by each of them following completion of the Change of Control are substantially the same as the shareholders and their shareholdings in the Company immediately before the Change of Control, any outstanding Awards will be automatically exchanged for awards on the same terms (mutatis mutandis) over shares in the Acquiror, unless the Remuneration

Committee decides that this rule 24.9 shall not apply. Where Awards are so exchanged, the Plan shall be interpreted in relation to any replacement awards as if references to the Company were references to the Acquiror.

Solvent Winding up

24.10 If the shareholders of the Company receive notice of a resolution for the voluntary and solvent winding up of the Company:

- (a) all Non-Option Awards shall Vest upon the passing of that resolution in relation to the Relevant Number of Shares (or notional Shares) and lapse in relation to the balance; and
- (b) any Award Holder may exercise an Option (where rule 24.1 applies, in respect of not more than the Relevant Number of Shares or notional Shares) at any time before that resolution is passed, conditional upon (and taking effect immediately before) the passing of that resolution, and if the Award Holder does not exercise the Option, it shall lapse when the winding up begins.

24.11 The Remuneration Committee shall notify Award Holders of any event that is relevant to Awards under this rule 24 within a reasonable period after the Remuneration Committee becomes aware of it.

25. Variation of share capital

25.1 This rule 25 applies where there is:

- (a) a variation of share capital; or
- (b) an extraordinary distribution to shareholders.

25.2 In this rule 25:

- (a) a variation of share capital includes a capitalisation issue, rights issue, consolidation, subdivision or reduction of the share capital of the Company, a vendor placing with clawback, a vendor rights offer or a cash open offer, but excludes a scrip dividend.
- (b) an extraordinary distribution to shareholders includes a demerger or special dividend.

25.3 If notice is given to shareholders of the Company of a proposed extraordinary distribution, which the Remuneration Committee considers would affect the market price of a share to a material extent, it may determine that:

- (a) Awards shall Vest in relation to the Relevant Number of Shares (or notional Shares); and

- (b) an Award Holder may exercise all or any part of any Option (in respect of not more than the Relevant Number of Shares or notional Shares) within a reasonable period specified by the Remuneration Committee for that purpose and ending immediately before the record date for the extraordinary distribution. The Remuneration Committee shall have discretion to determine that an Option (including an Option which has Vested other than pursuant to (a) above) that is not exercised by the end of that period shall lapse.

The Remuneration Committee may decide that the Vesting of Awards and exercise of Options shall be conditional on the extraordinary distribution actually occurring and shall be treated as having no effect if the extraordinary distribution does not occur.

For the purposes of this rule 25.3, the number of Shares in respect of which an Award Vests shall be determined in accordance with rule 24.1 as if the extraordinary distribution were a Change of Control.

If the Remuneration Committee does not determine that Awards shall Vest and Options may be exercised, the Remuneration Committee may nevertheless make an adjustment to the Awards under rule 25.4.

- 25.4 If a variation of share capital or an extraordinary distribution occurs and the Remuneration Committee considers that it has materially affected the value of Awards, the Remuneration Committee shall consider whether it is fair to adjust the terms of the Awards and, if so, the Remuneration Committee shall make such adjustment as it considers appropriate to:
 - (a) the number of Shares subject to the Award;
 - (b) the class and nominal value of shares subject to the Award; and
 - (c) subject to rule 25.5, the Exercise Price (provided that the aggregate Exercise Price of an Option shall remain unchanged).
- 25.5 The Remuneration Committee may not reduce below the nominal value of a Share the Exercise Price of any Option which will or may be satisfied by the issue of Shares, unless the Company is able, and the Remuneration Committee resolves, to capitalise from reserves an amount sufficient (when aggregated with the reduced Exercise Price payable) to pay up the Shares in full on their allotment and issue pursuant to the exercise of the Option.
- 25.6 The Remuneration Committee may take any actions it considers necessary to notify all affected Award Holders of any decision made under this rule 25 and may call in, cancel, endorse, issue or re-issue any Award Certificate as a result of any adjustment(s).

26. Tax liabilities

26.1 Each Award Holder unconditionally and irrevocably agrees as a condition of the grant, holding and Vesting of an Award (and the exercise of an Option), and any right to receive any Shares, cash or other benefit under the Plan in relation to their Award:

- (a) to pay the Tax Liability to the Relevant Company;
- (b) to enter into arrangements to the satisfaction of the Company or Employer Company to pay the Tax Liability (including but not limited to net settlement, whereby the Company settles part of the Award in cash that it sends to HMRC in satisfaction of its PAYE and NIC withholding obligations);
- (c) to indemnify and keep indemnified the Relevant Company in respect of any Tax Liability;
- (d) that if they do not pay the Tax Liability to the Relevant Company within seven days of any Taxable Event, the Company or Employer Company, as appropriate, may:
 - (i) if the relevant Taxable Event is the exercise of an Option or the Vesting of an Award, and the Shares are readily saleable at the time, retain and sell such number of Shares on behalf of the Award Holder as is necessary to meet the Tax Liability and any costs of such sale; or
 - (ii) deduct the amount of any Tax Liability from any payments of remuneration made to the Award Holder on or after the date on which the Tax Liability arose except that, in the case of NICs, the Relevant Company may only withhold such amount as is permitted by law or regulation from time to time;
- (e) to enter into a valid joint election under section 431(1) of ITEPA 2003 in respect of the Shares to be acquired on the Vesting of the Award or exercise of the Option, if required to do so by the Company or Employer Company, on or before the Vesting of the Award or exercise of the Option;
- (f) where the Tax Liability includes Employer NICs, that at the request of the Employer Company at any time before the Vesting of a Non-Option Award or the exercise of an Option, the Award Holder must validly elect, to the extent permitted by law, that the whole or any part of the liability for Employer NICs arising as a result of a Taxable Event shall be transferred to the Award Holder;
- (g) that the obligations above shall not be affected by any failure of the Company or their Employer Company to withhold shares or deduct from payments of remuneration under rule 26.1(d).

26.2 Where an Award Certificate and/or Acceptance Notice provides that Employer NICs form part of the Tax Liability, the Employer Company (or the Company on behalf of the

Employer Company) may at any time after the Grant Date, but before the relevant Non-Option Award Vests or the Option is exercised, release the Award Holder from any obligations in respect of Employer NICs, so that Employer NICs do not form part of the Tax Liability.

27. Relationship with employment contract

- 27.1 This rule 27 shall apply notwithstanding any other provision of these rules.
- 27.2 The Plan shall not form any part of any contract of employment or terms of appointment between any past or present Group Company and any directors, officers or employees of any of those companies, and it shall not confer on any such persons any legal or equitable rights (other than those constituting the Awards themselves) against any past or present Group Company, directly or indirectly, or give rise to any cause of action in law or in equity against any Group Company.
- 27.3 The value of any benefit realised under the Plan by Award Holders shall not form any part of their pay, wages, remuneration or fees or be taken into account in determining any pension or similar entitlements.
- 27.4 The Employees to whom Awards are granted and the terms of such Awards shall be determined by the Remuneration Committee in its absolute discretion. The Remuneration Committee may at any time discontinue the grant of Awards or decide in any year not to grant any Awards. The grant of an Award does not give any Award Holder an entitlement (or any expectation of an entitlement) to any future grant of an Award pursuant to the Plan notwithstanding that other grants are made in a particular year to other Employees.
- 27.5 Nothing in the Plan or in any document executed under it will:
- (a) give any person any right to continue as an Employee;
 - (b) affect the right of any Group Company to terminate the employment of any person without liability at any time with or without cause; or
 - (c) impose on any Group Company, the Nominee or the Remuneration Committee or their respective agents and employees, any liability in connection with:
 - (i) the loss of an Award Holder's benefits or rights under the Plan,
 - (ii) the failure or refusal of any person to exercise a discretion under the Plan, and/or
 - (iii) an Award Holder ceasing to be a person who has the status or relationship of an employee or director of Group Company for any reason as a result of the termination of the Award Holder's employment.

27.6 Award Holders and Employees shall have no rights (and by accepting their Award, an Award Holder waives any claim to such rights) to compensation or damages from any Group Company or any former Group Company on account of any loss in respect of Awards or the Plan where this 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 are claimed.

27.7 Award Holders and Employees shall have no rights (and by accepting their Award, an Award Holder waives any claim to such rights) to compensation or damages for any loss of any right or benefit or prospective right or benefit under the Plan which he or she might otherwise have enjoyed (including, without limitation, the lapse of Awards or part thereof by reason of his or her ceasing to be employed by any Group Company) where this loss arises (or is claimed to arise), in whole or in part, from:

- (a) termination of the office or employment by virtue of which he or she is or may be eligible to participate in the Plan with; or
- (b) notice to terminate office or employment given by or to,

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 are claimed (including, but not limited to, wrongful dismissal, breach of contract or by way of compensation for loss of office). By accepting an Award, an Award Holder shall be deemed to have agreed to all of the provisions of rule 27 above.

28. Notices

28.1 Subject to rule 28.3, any notice or other communication given under or in connection with the Plan shall be in writing and shall be:

- (a) delivered by hand or by prepaid first-class post or other next working day delivery service at the **Appropriate Address**; or

For the purposes of this rule 28.1, the Appropriate Address means:

- (i) in respect of the Company, the Company's registered office at the relevant time (currently, 4th Floor 14 Aldermanbury Square, London, England, EC2V 7HS), provided the notice is marked for the attention of the Group Head of Reward;

- (ii) in respect of an Award Holder, their address last known to the Company, or if the Award Holder has died, and notice of the appointment of personal representatives is given to the Company, any contact address specified in that notice.
- (b) sent by fax to the fax number notified in writing by the recipient to the sender, or
- (c) sent by email to the **Appropriate Email Address**.

For the purposes of this rule 28.1, Appropriate Email Address means:

- (i) in respect of the Company, share.schemes@coats.com; and
- (ii) in respect of an Award Holder, their work email address or such other e-mail address last known to the Company.

28.2 Any notice or other communication given under this rule 28 shall be deemed to have been received:

- (a) if delivered by hand, on signature of a delivery receipt, or at the time the notice is left at the appropriate address;
- (b) if sent by prepaid first-class post or other next working day delivery service, at 9.00 am on the second Business Day after posting, or, if provided, at the time recorded by the delivery service;
- (c) if sent by fax, at 9.00 am on the next Business Day after transmission; and
- (d) if sent by email, at 9.00 am on the next Business Day after sending.

28.3 This rule does not apply to:

- (a) the service of any Acceptance Notice or Exercise Notice; and
- (b) the service of any proceedings or other documents in any legal action or, where applicable, any arbitration or other method of dispute resolution.

29. Administration and amendment

29.1 The Remuneration Committee shall administer the Plan.

29.2 The Remuneration Committee may amend the Plan from time to time, but:

- (a) no amendment will be made which would be to the material disadvantage of an Award Holder unless it is made with the Award Holder's prior written consent or:
 - (i) with the consent of 75% of Award Holders whose Awards would be affected, or
 - (ii) to enable any Group Company to comply with any relevant legal or regulatory requirement,

(b) while Shares are admitted to the Official List, the Remuneration Committee may not make any amendment to the advantage of Employees or Award Holders if that amendment relates to:

- (i) the definition of Employee;
- (ii) rule 6 or rule 7 (relating to overall grant limits and individual grant limits respectively);
- (iii) the basis for determining an Award Holder's entitlement to, and the terms of, Shares or cash to be provided under the Plan, or
- (iv) rule 25 (relating to the variation of share capital)

without the prior approval of the Company in general meeting (except for minor amendments to benefit the administration of the Plan, to take account of a change in legislation, or to obtain or maintain favourable tax, exchange control or regulatory treatment for Award Holders or for a Group Company).

29.3 The cost of establishing and operating the Plan shall be borne by the Group Companies in proportions determined by the Board.

29.4 Any decision under these rules and whether to consider making such a decision, shall be entirely at the discretion of the Remuneration Committee.

29.5 The Remuneration Committee shall determine any question of interpretation and settle any dispute arising under the Plan, including determining whether anything is material. In these matters, the Remuneration Committee's decision shall be final.

29.6 In making any decision or determination, or exercising any discretion under the rules, the Remuneration Committee shall act fairly and reasonably and in good faith.

29.7 The Company shall not be obliged to notify any Award Holder if an Option which has Vested is due to lapse.

29.8 The Company shall not be obliged to provide Award Holders with copies of any materials sent to the holders of Shares.

29.9 The Company shall at all times keep available sufficient authorised but unissued Shares to satisfy the Vesting (and in respect of Options, the exercise) in full of all Share-settled Awards (other than Transfer Only Awards) for the time being remaining capable of Vesting (and in respect of Options, exercised) under this Plan.

29.10 The Remuneration Committee may establish sub-plans to operate in overseas territories (overseas sub-plans), provided that:

- (a) all overseas sub-plans are subject to the limitations set out in rule 6 and rule 7;

- (b) only Employees who are resident in (or otherwise subject to the tax laws of) the relevant territory are entitled to participate in any overseas sub-plan, and
- (c) no Employee has an entitlement to awards under any overseas sub-plan greater than the maximum entitlement of an Employee under the Plan.

Any overseas sub-plan must be governed by rules similar to the rules of the Plan, but modified to take account of applicable tax, social security, employment, company, exchange control, trust or securities (or any other relevant) law, regulation or practice.

30. Third party rights

- 30.1 A person who is not a party to an Award shall not have any rights under or in connection with it as a result of the Contracts (Rights of Third Parties) Act 1999 except where these rights arise under any rule of the Plan (or any document entered into pursuant to, or in connection with, the Plan) for any Relevant Company that is not a party to an Award.

This does not affect any right or remedy of a third party that exists, or is available, apart from the Contracts (Rights of Third Parties) Act 1999.

- 30.2 The rights of the parties to an Award to surrender, terminate or rescind it, or agree any variation, waiver or settlement of it, are not subject to the consent of any person that is not a party to the Award as a result of the Contracts (Rights of Third Parties) Act 1999.

31. Confidentiality

Each Award Holder must keep the rules of the Plan and details of their Award (in each case save as publicly disclosed by the Company), the Acceptance Notice and the Award Certificate (the “**Plan Documents**”) confidential, and must not disclose, or to permit the disclosure of, any of the terms of the Plan Documents to any third party (except as may be requested by the Company and save to the extent such disclosure is expressly protected by law or required by law, a court of competent jurisdiction or any governmental or regulatory authority).

32. Data Privacy

For the purpose of operating the Plan, the relevant Group Company will collect and process information relating to Employees and Award Holders in accordance with the privacy notice which is available on the Company intranet (Coats World).

33. Severability

The invalidity or non-enforceability of one or more provisions of the Plan will not affect the validity or enforceability of the other provisions of the Plan, which will remain in full force and effect.

34. Governing law

The Plan and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England and Wales. The Remuneration Committee may, in its absolute discretion, determine that another law may apply to the application of the Plan outside England and Wales.

35. Jurisdiction

- 35.1 Each party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with the Plan or its subject matter or formation (including non-contractual disputes or claims).
- 35.2 Each party irrevocably consents to any process in any legal action or proceedings under rule 35.1 being served on it in accordance with the provisions of the Plan relating to service of notices. Nothing contained in the Plan shall affect the right to serve process in any other manner permitted by law.

Schedule
US Taxpayers

1. Purpose and definitions

1.1 The purpose of this schedule is to make certain variations to the terms of the Plan solely for Awards granted to US Award Holders. The Plan shall be interpreted to include this Schedule 1 in relation to Awards granted to US Award Holders. For the avoidance of doubt, this schedule has no application to Award Holders who are not US Award Holders.

1.2 The following definitions apply in this schedule:

Section 409A: means Section 409A of the US Internal Revenue Code of 1986, as amended, and the US Treasury Regulations promulgated and other official guidance issued thereunder, collectively, and Treasury Regulations will be understood accordingly.

Short-Term Deferral Period: means the period commencing on the date that a Non-Option Award is first no longer subject to a “substantial risk of forfeiture” for the purposes of Section 409A and ending upon the 15th day of the third month following the end of the Taxable Year in which such Non-Option Award is first no longer subject to the substantial risk of forfeiture. For the avoidance of doubt, the possible application of rule 13 of the Plan to a Non-Option Award granted to a US Award Holder will not impose an additional or extend the existing substantial risk of forfeiture applicable to such Non-Option Award for purposes of Section 409A.

Taxable Year: means the calendar year, or, if later, the end of the taxable year of the Group Company that employs the US Award Holder.

2. Settlement and payment of Non-Option Awards

2.1 Notwithstanding the terms of the Plan or any Award Certificate, a Non-Option Award granted to a US Award Holder (and any Dividend Equivalents in respect of such Non-Option Award) must be settled or paid no later than the end of the applicable Short-Term Deferral Period.

2.2 In the event that the settlement or payment of a Non-Option Award granted to a US Award Holder (or any Dividend Equivalents in respect of such Non-Option Award) has not been made by the end of the Short-Term Deferral Period because settlement or payment would have violated applicable law, then to the extent permissible under Section 1.409A-1(b)(4)(ii) of the proposed Treasury Regulations, such settlement or payment may be delayed so long as the Non-Option Award (or Dividend Equivalents) are then settled or paid at the earliest date at which it is reasonably anticipated that such law no longer prevents such settlement or payment.

- 2.3 If a US Award Holder is a Good Leaver and the applicable Short-Term Deferral Period (or such later date permitted by this paragraph 2) ends before the Ordinary Vesting Date, the net Shares or cash (as the case may be) acquired by the US Award Holder before the end of the applicable Short-Term Deferral Period (or such later date permitted by this paragraph 2) may not be transferred, assigned or otherwise disposed of by or on behalf of the US Taxpayer before the Ordinary Vesting Date other than:
- (a) a transfer to the US Award Holder's personal representatives in the event of the US Award Holder's death;
 - (b) a transfer to a nominee on behalf of the US Award Holder;
 - (c) a sale in accordance with rule 26 of the Plan to fund any Tax Liability (and any related sale expenses); or
 - (d) a transfer under rule 13 of the Plan;

and any such purported action will be invalid and ineffective, unless the Remuneration Committee determines otherwise.

3. Additional provisions applicable to US Award Holders

- 3.1 The Company may not grant an Option to a US Award Holder.
- 3.2 Where there is to be an exchange of a Non-Option Award granted to a US Award Holder pursuant to rule 24.5 of the Plan, the Remuneration Committee shall attempt to structure the terms of the exchange and the New Award under rule 24.5 of the Plan such that neither the exchange nor the New Award violate Section 409A.
- 3.3 Notwithstanding the provisions of rule 29.2 of the Plan, any amendment to the Plan (including this schedule) or an Award shall only be effective with respect to an Award granted to a US Award Holder to the extent that it does not cause the Award to violate Section 409A.
- 3.4 Non-Option Awards granted to US Award Holders, and any Dividend Equivalents in respect of such Non-Option Awards, are intended to be exempt from the requirements of Section 409A under the short-term deferral exemption described in Section 1.409A-1(b)(4) of the Treasury Regulations, and the Plan (including this schedule) and applicable Award Certificate shall be interpreted and administered consistent with such intention with respect to the Non-Option Awards granted to US Award Holders and any Dividend Equivalents in respect of such Non-Option Awards.
- 3.5 Notwithstanding anything in the Plan or any Award Certificate to the contrary, each US Award Holder shall be solely responsible for the tax consequences of Awards granted to them under the Plan, and in no event shall any Group Company or affiliate of a Group Company have any responsibility or liability if an Award does not comply with or qualify

for an exemption from Section 409A. Although the Company intends to administer the Plan in respect of US Award Holders to prevent a violation of Section 409A, the Company does not represent or warrant that the Plan or any Award complies with or qualifies for an exemption from Section 409A.