
Rules of the Croda International Plc Performance Share Plan 2014

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**THE RULES OF THE
CRODA INTERNATIONAL PLC PERFORMANCE SHARE PLAN 2014**

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RULES

of the

THE CRODA INTERNATIONAL PLC PERFORMANCE SHARE PLAN 2014

1. INTERPRETATION AND CONSTRUCTION

- 1.1 In this Plan, the following expressions have the following meanings unless inconsistent with context:

Adoption Date	the date on which the Plan is adopted by a resolution of the Board;
Amendment Date	17 January 2019
Award	either: (a) a Conditional Award; or (b) a SAR Award; or both a Conditional Award and a SAR Award as the context requires;
Award Certificate	A certificate issued pursuant to Rule 5.4 or 5.5 as the case may be
Award Date	in respect of an Award, the date upon which that Award is granted by the Grantor;
Award Holder	the person holding an Award or, where the context so requires, the legal personal representatives of such a person;
Base Salary	on the date in question, the basic annual salary of an Eligible Employee under his contract of employment with the Company or any Subsidiary excluding, for the avoidance of doubt, any of the following: (a) benefits in kind; (b) bonuses; (c) share options and any other share incentive award; and

	(d) employer's pension contributions;
Board	the board of directors for the time being of the Company or the directors present at a duly convened meeting of the directors or a duly appointed committee of the board or directors of the Company at which a quorum is present;
Clawback Amount	<p>in any case where:</p> <p>(a) any of Rule 26.2.1, Rule 26.2.2, Rule 26.3.1 or Rule 26.3.2 applies, such part of the additional value which the Committee deems, in its absolute discretion, to have been received by the Award Holder as a direct or indirect result of the misstatement or error (as the case may be);</p> <p>(b) any of Rule 26.2.3, Rule 26.3.3, Rule 26.3.4 or Rule 26.3.5 applies, such amount as the Committee deems, in its absolute discretion, to be appropriate;</p>
Committee	the remuneration committee of the Board;
Company	Croda International Plc (registered number 206132);
Conditional Award	a conditional right to acquire Shares granted pursuant to the Plan and for the time being subsisting (or where the context so requires, a conditional right to acquire Shares so to be granted);
Control	the meaning given to that term by section 995 of the Income Tax Act 2007 and the expression Controlled shall be construed accordingly;
Dealing Day	a day on which the Stock Exchange is open for the transaction business;
Declaration	a binding agreement entered into by an Eligible Employee that he shall be bound by, and comply with, the provisions of Rule 26 and

	any direction, determination or demand made by the Committee pursuant to such provisions;
Dividend Enhancement	in relation to an Award, its enhancement pursuant to Rule 7
Dividend Equivalent Shares	in relation to any Award, the Shares notionally added to such Award pursuant to the provisions of Rule 7 ;
Eligible Employee	any individual who, at the relevant date, is an employee (including an executive director) of any company within the Group;
Employee Tax Liability	all income tax and/or employee's national insurance contributions for which a company in the Group (or any other person who, at the relevant time, is the employer of the Eligible Employee) is obliged to account to HMRC
Exercise Period	in relation to an Award structured as an Option such period as the Committee shall, in its absolute discretion, determine, provided always that such period shall commence on the Vesting Date of the Award and shall not expire later than the tenth anniversary of the Award Date;
Executive Director	any Eligible Employee who is an executive director of the Company;
Fair Processing Notice	the notice referring to this Plan, made available through the Company's intranet and/or the Company Secretary or any other officer of the Company, which sets out how personal data relating to Eligible Employees and Award Holders will be processed in connection with the Plan
Financial Year	a financial year of the Company (as determined in accordance with the provisions of section 390 of the Companies Act 2006);
General Offer	a general offer to acquire the whole or part of the issued ordinary share capital of the Company (or such part of such capital as is not

then owned by the offeror or any company Controlled by the offeror and/or any persons acting In Concert with the offer) as a result of which the offeror (or any such companies and/or such persons) may gain Control of the Company;

Grantor

the Company for Awards granted or to be granted by the Company and the Trustee for Awards granted or to be granted by the Trustee;

Group

for:

- (a) the purposes of **Rules 8.4, 10.7, 16, 21.4, 26** and the definitions of "Permitted Reason" and "Retirement" only, the Company and all of the Subsidiaries for the time being, together with any other company of which not less than 20% of its equity share capital (within the meaning of section 548 of the Companies Act 2006) is for the time being beneficially owned (directly or indirectly) by the Company and its Subsidiaries and which the Committee has resolved for the time being should be treated for the purposes of that Rule as a member of the Group; and
- (b) all other purposes, the Company and all of the Subsidiaries for the time being, or where the context so requires, any one or more of them,

and the expression **Member of the Group** will be construed accordingly;

HMRC

Her Majesty's Revenue and Customs;

Holding Period

in relation to an Award, such period as is determined by the Committee in its absolute discretion pursuant to **Rule 5.2.10** provided always that such period shall not:

	<ul style="list-style-type: none"> (a) be less than one year long; or (b) be more than two years long;
In Concert	the meaning given to that term in The City Code on Take-overs and Mergers as amended from time to time;
Issue or Reorganisation	any capitalisation issue or rights issue (other than an issue of shares pursuant to the exercise of an option given to shareholders of the Company to receive shares in lieu of dividend), any open offer or any other variation in the share capital of the Company including (without limitation) any consolidation, sub-division or reduction of capital of the Company
ITEPA	the Income Tax (Earnings and Pensions) Act 2003;
Market Value	<p>in respect of an Award, on any particular date:</p> <ul style="list-style-type: none"> (a) if the Shares are for the time being admitted to trading on the Official List of the UK Listing Authority, the average of the middle market prices for a Share as derived from the Official List for the 3 consecutive Dealing Days immediately preceding the date in question; and (b) in all other circumstances, the market value of a Share on the date in question as determined in accordance with Part VIII of the Taxation of Chargeable Gains Act 1992;
Option	<p>As the context requires:</p> <ul style="list-style-type: none"> (a) a Conditional Award which has to be exercised by the Award Holder in accordance with Rule 12; (b) a SAR Award which has to be exercised by the Award Holder in

accordance with **Rule 12**;

Other Discretionary Scheme any Other Employees' Scheme other than a share incentive plan approved by HMRC under Schedule 2 to ITEPA, a savings-related share option scheme approved by HMRC under Schedule 3 to ITEPA or any other share option scheme of the Company which is linked to a contractual savings scheme;

Other Employees' Scheme any employees' share scheme (within the meaning of section 1166 of the Companies Act 2006) adopted by the Company enabling directors or employees of any company in the Group, or trustees on behalf of such directors or employees, to acquire Shares other than the Plan

Performance Condition any condition imposed upon an Award pursuant to the provisions of **Rule 6** (as may be amended from time to time in accordance with these Rules);

Performance Period in respect of an Award, the period over which any Performance Condition is to be measured as specified in the Award Certificate relating to such Award provided that:

- (a) the period is not less than 3 years long; and
- (b) does not commence before the end of the Financial Year that ends immediately prior to the Award Date;

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

- (a) the Adoption Date;
- (b) the Dealing Day immediately following the date of the announcement to the Stock Exchange of the results of the Company in respect of any period; or
- (c) any other time fixed by the Committee

where, in the absolute discretion of the Committee, circumstances are considered to be exceptional so as to justify the grant of an Award;

Permitted Reason

in relation to an Award Holder:

- (a) the Award Holder's death;
- (b) the Award Holder's Retirement;
- (c) the Award Holder's ill-health, injury or disability;
- (d) the Award Holder's Redundancy;
- (e) the company by which the Award Holder is employed ceasing to be a Member of the Group;
- (f) the business, or part of the business, in which the Award Holder works being transferred to a transferee which is not a Member of the Group;
- (g) the Committee determining (in its absolute discretion) within 3 months following the Award Holder's cessation of employment within the Group, that the circumstances relating to the Award Holder's cessation of employment within the Group are such that he should be treated in the same way as an Award Holder ceasing to be employed within the Group by virtue of one of the reasons set out in paragraphs (a) to (f) inclusive of this definition;

Plan

the Croda International plc Performance Share Plan 2014 established by the adoption of these Rules (including any schedule to these Rules) and as from time to time amended in accordance with the provisions of these Rules;

Redundancy

in relation to any Eligible Employee or Award Holder who is subject to the provisions of the Employment Rights Act 1996, redundancy within the meaning of such Act and in relation to any Eligible Employee or Award Holder who is not subject to the Employment Rights Act 1996, redundancy within the meaning of the relevant laws applicable to such person;

Relevant Financial Year

in respect of an Award, the Financial Year in which the Award Date falls;

Retirement

in relation to an Award Holder is the cessation of his employment with any Member of the Group in circumstances determined by the Committee (in its absolute discretion) to be retirement;

SAR Award

a right to be paid a cash sum determined in accordance with these Rules, granted pursuant to the Plan and for the time being subsisting (or where the context so requires, a right to be paid such a cash sum so to be granted);

Scaled-back

a reduction in the number of Shares under Award pursuant to the provisions of **Rule 19**;

Scaling-back Date

in relation to an Award that:

- (a) pursuant to **Rule 16.2**, is to be Scaled-back upon the Award Holder ceasing to be employed within the Group, the date on which the Award Holder ceases to be employed within the Group;
- (b) pursuant to **Rule 18.2**, is to be Scaled-back upon the occurrence of one of the events referred to in **Rule 18**, the date on which the event in question occurs;

Section 409A Participant

shall have the same meaning as in paragraph 1 of the US Subplan

Section 431 Election	an election made pursuant to section 431(1) of ITEPA;
Shares	a fully-paid ordinary shares in the capital of the Company or, as the context may require, shares for the time being representing the same in consequence of any Issue or Reorganisation;
Share Dealing Code	any share dealing code adopted by the Company for the purpose of regulating transactions in Shares by persons discharging managerial responsibilities and others (as from time to time amended);
Stock Exchange	London Stock Exchange plc or any successor body thereto;
Subsidiary	any subsidiary of the Company within the meaning of section 1159 of the Companies Act 2006 over which the Company has Control;
Take-over	following a General Offer, the unconditional acquisition of Control of the Company by the offeror (or any company Controlled by the offeror and/or any persons acting In Concert with the offeror);
Take-over Date	the date on which a Take-over happens;
Treasury Shares	qualifying shares to which sections 724 to 732 of the Companies Act 2006 apply;
Trustee	the trustee of any employee benefit trust set up for the benefit of employees of the Group;
UK Listing Authority	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part 6 (<i>Official List</i>) of the Financial Services and Markets Act 2000 or such other person as is from time to time appointed to be the competent authority for the purposes of that Act;
Unvested Award	a subsisting Award in respect of which the

Vesting Date has not yet passed;

“US Subplan”

the provisions of these Rules as amended and augmented by the provisions of Schedule 1 to these Rules

Vest

in respect of an Award, such Award shall vest at the moment at which the Committee notifies the Award Holder of the number of Vested Shares pursuant to such Award (if any) in accordance with **Rule 8.3** save that the Committee may for the purpose of **Rules 16.10.1, 18.3.2** and **18.8.2** (and shall if specifically required by any of those Rules) issue a notice to an Award Holder which provides for the Award to vest conditionally upon the happening of an event and in such case the Award concerned shall vest immediately prior to but conditional upon the event in question occurring in accordance with the relevant Rule and the expressions **Vests, Vested** and **Vesting** shall be construed accordingly;

Vested Dividend Equivalent Shares

in respect of an Award that has Vested, such number of Dividend Equivalent Shares as is determined in accordance with **Rule 7** and is notified to the Award Holder pursuant to **Rule 8.3.2**;

Vested Shares

in respect of an Award, such number of Shares as is determined by the Committee pursuant to **Rule 8.2** (excluding for the avoidance of doubt any Dividend Equivalent Shares determined in respect of such Award in accordance with **Rule 7**); and

Vesting Date

in relation to an Award, the vesting date specified in the Award Certificate (as provided in **Rule 5.4**) provided that such vesting date shall not occur before either:

- (a) the end of any applicable Performance Period; or
- (b) the third anniversary of the Award

|

Date;

- 1.2 references to any statutory provisions will, where the context so admits or requires, be construed as including references to the corresponding provisions of any earlier statute (whether repealed or not) directly or indirectly amended, consolidated, extended or replaced by those provisions (or re-enacted in those provisions) and of any subsequent statute in force at any relevant time directly or indirectly amending, consolidating, extending, replacing or re-enacting the same and will include any orders, regulations, instruments or other subordinate legislation made under the relevant statute;
- 1.3 references to any regulation shall include any regulation of the European Union which has direct effect in the United Kingdom as United Kingdom law (including but not limited to the European Union Regulation on Market Abuse (Regulation Number 596/2014)) and which for the time being is in force in the United Kingdom;
- 1.4 any reference to a Rule is a reference to a rule of this Plan;
- 1.5 unless the context requires otherwise, words importing the singular shall also include the plural and vice versa, any reference to the masculine shall include the feminine as the context shall admit or require and any reference to a person shall include incorporated and unincorporated bodies;
- 1.6 any reference to "income tax and/or employee's national insurance" shall, in the context of any Award Holder who is resident in any jurisdiction outside the United Kingdom, include a reference to any taxation or social security payable in that other jurisdiction which is equivalent or similar to income tax and employee's national insurance and, in such circumstances, any corresponding reference to "HMRC" shall include a reference to the relevant taxation authority in that other jurisdiction;
- 1.7 any reference to "employer's national insurance" shall, in the context of any Award Holder who is resident in any jurisdiction outside the United Kingdom, include a reference to any taxation or social security payable in that other jurisdiction which is equivalent or similar to employer's national insurance and, in such circumstances, any corresponding reference to "HMRC" shall include a reference to the relevant taxation authority in that other jurisdiction;
- 1.8 any ability for the Committee to exercise its discretion afforded by these Rules or any ability for the Committee to make any other determination afforded by these Rules shall be construed as an absolute ability to exercise such discretion and/or make such determination as the case may

be and the Committee shall not be obliged to exercise such discretion or make such determination in favour of any Eligible Employee or Award Holder; and

- 1.9 the descriptive headings to Rules are inserted for convenience only, have no legal effect and shall be ignored in the interpretation of these Rules.

2. **COMMITTEE MY AUTHORISE AWARDS**

The Committee is empowered (with effect from the Adoption Date) to authorise the grant of Awards by the Grantor to Eligible Employees in accordance with these Rules.

3. **RESTRICTIONS ON GRANTING AWARDS**

- 3.1 No Award shall be granted to an Eligible Employee except during a Permitted Grant Period provided that if, by reason of the Share Dealing Code, any statute, regulation, or order thereunder or any governmental directive, the Grantor shall be restricted from granting Awards within such Permitted Grant Period, Awards may be granted within the period commencing on the second Dealing Day immediately following the lifting of such restrictions and ending 40 days thereafter.

- 3.2 No Award shall be granted more than twenty years after the Adoption Date.

- 3.3 Subject to **Rules 3.5, 3.6 and 3.8**, no Award shall be granted if immediately following the grant of such Award the aggregate nominal value of the ordinary shares in the Company:

3.3.1 issued or then capable of being issued pursuant to Awards granted under the Plan within the immediately preceding period of ten years; and

3.3.2 issued or then capable of being issued pursuant to options granted or rights obtained in such ten year period under any Other Employees' Scheme,

would exceed 10 per cent of the nominal value of the ordinary share capital of the Company at that time in issue.

- 3.4 Subject to **Rules 3.5, 3.6 and 3.8**, no Award shall be granted if immediately following the grant of such Award the aggregate nominal value of the ordinary shares in the Company:

3.4.1 issued or then capable of being issued pursuant to Awards granted under the Plan within the immediately preceding period of ten years; and

3.4.2 issued or then capable of being issued pursuant to options granted or rights obtained in such ten year period under any Other Discretionary Scheme,

would exceed 5 per cent of the nominal value of the ordinary share capital of the Company at that time in issue.

3.5 For the purposes of **Rules 3.3** and **3.4**, ordinary shares which have been acquired (or may be acquired) pursuant to:

3.5.1 an Award granted under the Plan by (or to be satisfied by) the Trustee;

3.5.2 in the case of **Rule 3.3**, an option or other right granted by (or to be satisfied by) the Trustee under any Other Employees' Scheme; and/or

3.5.3 in the case of **Rule 3.4**, an option or other right granted by (or to be satisfied by) the Trustee under any Other Discretionary Scheme,

shall only count as "issued or then capable of being issued" to the extent that the ordinary shares that were (or are) subject to any such Award, option or other right were issued (or there is an intention for them to be issued) by the Company to the Trustee for the purposes of the Plan or any Other Employees' Scheme or, subject to **Rule 3.7**, were Treasury Shares transferred (or there is an intention for them to be transferred) by the Company to the Trustee for the purposes of the Plan or any Other Employees' Scheme.

3.6 For the purposes of **Rules 3.3** and **3.4** ordinary shares in the Company which are subject to any SAR Award shall not be treated as being "issued or then capable of being issued" unless and until the Committee has exercised its discretion pursuant to **Rule 15.3** to satisfy such SAR Award by a delivery of Shares and in such case only the Shares actually delivered to the Award Holder concerned pursuant to such SAR Award shall be treated as "issued or then capable of being issued".

3.7 In the event that Treasury Shares are no longer required to be included for the purpose of operating anti-dilution limits in employees' share schemes by the Association of British Insurers (or any replacement body thereof), then **Rule 3.5** shall be applied by ignoring all references to Treasury

Shares therein, to the effect that Treasury Shares shall not be counted as falling within the term "issued or then capable of being issued" for the purpose of **Rules 3.3** and **3.4**.

3.8 For the purposes of **Rules 3.3, 3.4, 4.1** and **4.2** Shares which were the subject of an award or other right (whether granted under the Plan or otherwise) which has lapsed or been surrendered shall not count towards the limits set out therein.

3.9 No Award shall be granted to an Eligible Employee at a time when such grant to such Eligible Employee would be in breach of the Share Dealing Code, any statute, regulation, or order thereunder or any governmental directive.

4. **INDIVIDUAL LIMITS**

4.1 Subject to **Rules 3.8** and **4.2**, no Award may be granted to an Eligible Employee if the sum of:

4.1.1 the aggregate Market Value (as at the Award Date) of the Shares subject to that Award; and

4.1.2 the aggregate Market Value of the Shares subject to any Award granted to such Eligible Employee in the Relevant Financial Year pursuant to the Plan (and, for these purposes, the Market Value shall be the Market Value as at the date on which such other Award was granted)

exceeds ~~225~~0 per cent of the Eligible Employee's Base Salary as at the Award Date.

4.2 An Award may be granted in excess of the limit set out in **Rule 4.1**, but only in circumstances which the Committee, in its absolute discretion, considers to be sufficiently exceptional to justify the grant of an Award in excess of such limit. However, subject to **Rule 3.8**, no Award may be granted to an Eligible Employee pursuant to an exercise of the Committee's discretion under this **Rule 4.2**, if the sum of:

4.2.1 the aggregate Market Value (as at the Award Date) of the Shares subject to that Award; and

4.2.2 the aggregate Market Value of the Shares subject to any Award granted to such Eligible Employee in the Relevant Financial Year pursuant to the Plan (and, for these purposes, the Market Value shall be the Market Value as at the date on which such other Award was granted)

exceeds 300 per cent of the Eligible Employee's Base Salary as at the Award Date.

5. GRANT OF AWARDS

5.1 Subject to **Rules 3** and **4**, the Committee may (if in its absolute discretion it so decides) authorise a Grantor to grant an Award to an Eligible Employee.

5.2 Subject as otherwise provided in these Rules, the Committee shall have an absolute discretion in determining (inter alia):

5.2.1 when to authorise any Grantor to grant Awards;

5.2.2 who it recommends a Grantor grants Awards to;

5.2.3 the number of Shares over which each Award is to subsist;

5.2.4 the Vesting Date of an Award;

5.2.5 whether an Award will be granted as a Conditional Award or a SAR Award;

5.2.6 if an Award is to be granted as a Conditional Award whether it will be structured as an Option or not;

5.2.7 if an Award is to be granted as a SAR Award whether it will be structured as an Option or not;

5.2.8 in the case of any Award which is structured as an Option, the Exercise Period in relation to that Option;

5.2.9 whether the Award will be subject to Dividend Enhancement;

5.2.10 whether the Award will be subject to the provisions of **Rule 10** or **Rule 11** as the case may be (save that in respect of any Award granted to an Executive Director, the Committee shall always exercise its discretion so that the Award in question is subject to the provisions of **Rule 10** in the case of a Conditional Award or SAR Award which is settled in Shares or **Rule 11** in the case of a SAR Award settled in cash) and if it is, the duration of the Holding Period; and

5.2.11 whether (to the extent permitted by law) the Award Holder will be liable for any employer's national insurance contributions that may arise as a result of, or in connection with, the Vesting or exercise of the Award concerned.

- 5.3 No person shall be entitled as of right to be granted any Award.
- 5.4 Subject to **Rule 5.5**, each Award shall be granted by the execution and delivery by the Grantor as a deed of an Award Certificate in respect of that Award. No consideration shall be payable by any Eligible Employee in respect of the grant of an Award to him. Each Award Certificate shall as soon as reasonably practicable after execution and delivery by the Grantor, be issued to the relevant Award Holder and shall specify (inter alia) the following (but shall otherwise be in such form as the Committee may from time to time determine):
- 5.4.1 the Award Date of the Award;
 - 5.4.2 the number of Shares over which the Award subsists;
 - 5.4.3 that the Award is subject to Performance Conditions (and a copy of such Performance Conditions must accompany the Award Certificate);
 - 5.4.4 the Vesting Date of the Award;
 - 5.4.5 whether or not the Award is a Conditional Award or a SAR Award;
 - 5.4.6 whether or not the Award has been structured as an Option and if it has the Exercise Period which applies to it;
 - 5.4.7 whether or not the Award is subject to Dividend Enhancement;
 - 5.4.8 whether the Award is subject to the provisions of **Rule 10** or **Rule 11** as the case may be and if it is the duration of the relevant Holding Period;
 - 5.4.9 whether the Award Holder is liable for any employer's national insurance contributions that may arise as a result of, or in connection with, the Vesting or exercise of the Award concerned; and
 - 5.4.10 the fact that the Award may be renounced as provided in **Rule 5.7**.
- 5.5 The Committee may determine that instead of each Award being granted by the execution and delivery by the Grantor as a deed of an Award Certificate in respect of the Award, Awards shall be granted by the Grantor executing a single deed poll recording the grant of the Awards concerned and agreeing to be bound by the Award Certificates. In such case the Committee shall procure that as soon as reasonably practicable after an Award has been granted, the Grantor shall issue an Award Certificate to

each Award Holder. The Award Certificate shall specify all of the details identified in **Rule 5.4** and shall otherwise be in such form as the Committee may determine from time to time.

- 5.6 In the event of any Award Holder losing his Award Certificate the Grantor shall as soon as reasonably practicable after receipt of notice of such loss together, if it so requires, with an indemnity from the Award Holder in respect of any liability of the Grantor arising as a consequence of such loss (in such form as the Grantor may request) issue or procure the issue to the Award Holder of a duplicate of such Award Certificate and any reference in these Rules to an Award Certificate shall include a reference to such a duplicate.
- 5.7 Any Eligible Employee to whom an Award is granted may, by notice in writing to the Grantor given within 30 days after the Award Date, renounce in whole or in part his rights under the Award. In such a case, the Award shall to the extent renounced be treated, for all purposes of the Plan, as never having been granted and (if already issued) an Award Certificate shall be returned to the Grantor for cancellation or, in the case of renunciation in part, for amendment. No consideration shall be payable by the Grantor for any such renunciation.
- 5.8 An Award shall be personal to the Eligible Employee to whom it is granted and, except to the extent necessary to enable a personal representative to receive the benefit of the Award following the death of an Award Holder, shall not be transferable or assignable. An Award shall not be charged, pledged or otherwise encumbered save as permitted by these Rules and any purported assignment, charge, disposal or dealing with the rights and interests of the Award Holder in contravention of the Plan shall render the Award void.
- 5.9 If the Grantor of an Award is to be the Trustee, the Committee must obtain the Trustee's agreement prior to the proposed grant of such Award. The Trustee may not grant an Award without the consent of the Committee.
- 5.10 Any Award granted to a Section 409A Participant will be subject to the provisions of the US Subplan.

6. **PERFORMANCE CONDITIONS**

- 6.1 Awards shall be granted subject to such objective conditions (which are additional to any conditions in any of these Rules) as the Committee may determine. Such objective conditions may (inter alia) relate to the achievement of a target by the Company or by any other Member of the Group provided that the determination of whether or not the target has been achieved must be made on an objective basis.

- 6.2 Any Performance Condition imposed on an Award pursuant to **Rule 6.1** may provide that:
- 6.2.1 the number of Shares subject to the Award that shall become Vested Shares shall depend on whether, and the extent to which, such Performance Condition is met; and/or
 - 6.2.2 that all of the Shares subject to the Award may in specified circumstances become Vested Shares in full notwithstanding that the Performance Condition has not been satisfied.
- 6.3 Subject to **Rules 6.4** and **6.5**, any Performance Condition imposed pursuant to **Rule 6.1** on the grant of an Award may only be waived or amended by the Committee:
- 6.3.1 on the occurrence of a specific event or events which are fixed by the Committee on the grant of such Award and which were set out in the copy of the Performance Condition that accompanied the relevant Award Certificate issued pursuant to **Rule 5.4** or **5.5**; or
 - 6.3.2 on the occurrence of any other event or events which causes the Committee reasonably to consider that such Performance Condition should be waived or that a different or amended condition would be a fairer measure of the performance of the Company or any other Member of the Group (as the case may be).
- 6.4 The amendment of any Performance Condition pursuant to **Rule 6.3** may take such form as the Committee, in its absolute discretion (subject to the prior written consent of the Trustee in relation to any Award granted by it), deems fit save that such amendment may not cause the achievement of a target to be materially more difficult nor materially less difficult to perform or achieve than the original task or target prior to such amendment. As soon as reasonably practicable after the Committee has exercised its power to waive or amend any Performance Condition in relation to an Award pursuant to **Rule 6.3**, it shall notify the Award Holder concerned (and where the Trustee is the Grantor, the Trustee) of such waiver or amendment and the relevant Award shall be subject to the Performance Condition as amended or, in the case of a waiver, to no further condition (other than those imposed by the Rules ignoring the Performance Condition that has been waived pursuant to **Rule 6.3**).
- 6.5 If, pursuant to these Rules, an Award is to Vest at any time before the end of a Performance Period relating to that Award, the Committee may, in its absolute discretion, assess any Performance Condition imposed pursuant to **Rule 6.1** (as amended if relevant under **Rule 6.3**) on such modified basis as it reasonably thinks fit, measured over the period beginning at the start

of the Performance Period and ending on the date upon which Vesting occurs (or is to occur). Any Performance Condition which is modified pursuant to this **Rule 6.5** shall only be modified in such a way as is, in the reasonable opinion of the Committee, fair and reasonable having regard to the abbreviated Performance Period and in such a way as may not cause the achievement of the modified Performance Condition to be materially more difficult or materially less difficult to perform than the original Performance Condition prior to such modification.

6.6 The following provisions of this **Rule 6.6** shall apply only in respect of any Award granted on or after the Amendment Date (and not in respect of any other Award). Notwithstanding the extent to which any Performance Condition imposed on an Award pursuant to this **Rule 6**, is satisfied in accordance with its terms and the number of Shares to which the Award Holder may have otherwise become beneficially entitled as a result in respect of such Award ("**Performance Outcome Shares**"), the Committee may, in its absolute discretion, reduce such number of Performance Outcome Shares (including to nil) to such number of Shares as the Committee, in its sole discretion, deems appropriate, in any case where the Committee, having taken into account such factors as it deems relevant, considers that:

6.6.1 the number of Performance Outcome Shares, does not reflect:

6.6.1.1 the underlying financial or non-financial performance of the Award Holder concerned; and/or

6.6.1.2 the underlying financial or non-financial performance of the Group,

in each case over the Performance Period in respect of which the relevant Performance Condition is measured;

6.6.2 the number of Performance Outcome Shares is not appropriate in the context of circumstances that were unexpected or unforeseen at the Award Date of the Award concerned; or

6.6.3 there exists any other circumstance which the Committee considers ought to justify a reduction in the number of Performance Outcome Shares.

6.7 Notwithstanding any other provision in these Rules, any Performance Condition imposed on an Award pursuant to this **Rule 6** shall not be treated as having been satisfied (either in whole or in part) or failed unless and until the Committee has notified the Award Holder of such in writing. To the extent to which the Committee determines that any Performance

Condition imposed on an Award pursuant to this **Rule 6** has not been satisfied, such Award shall lapse with immediate effect.

7. **DIVIDEND ENHANCEMENT**

7.1 If, in respect of an Award, the Committee has determined pursuant to **Rule 5.2** that the Award will be subject to Dividend Enhancement, then the following provisions of this **Rule 7** shall apply to the Award in question but not otherwise.

7.2 Whenever a dividend or other cash distribution is paid by the Company in respect of its Shares, the number of Shares subject to each Unvested Award (as at the time the dividend or other cash distribution is paid) shall be notionally increased by such number of whole Shares (rounded down to the nearest whole number) as is equal to:

$$\frac{A}{B} \times C$$

where:

"A" is the amount of the dividend or other cash distribution paid by the Company in respect of each Share eligible to receive the dividend or other cash distribution;

"B" is the middle market price of a Share on the date the dividend or other cash distribution is paid by the Company; and

"C" is the number of Shares then subject to such Unvested Award (including, for the avoidance of doubt, any Dividend Equivalent Shares previously notionally added to such Unvested Award pursuant to this **Rule 7.2** and in respect of which the Unvested Award has not lapsed in accordance with **Rule 7.5** or **7.6**).

7.3 As soon as reasonably practicable after a dividend or other cash distribution is paid by the Company in respect of its Shares, the Committee shall calculate the number of Dividend Equivalent Shares to be notionally added to each Unvested Award or procure that such calculation is undertaken and shall notify the Award Holder and, if appropriate, the Trustee in writing of such number. In the event of any dispute as to the number of Dividend Equivalent Shares to be notionally added to any Award, the decision of the Committee shall be final and conclusive on all parties.

7.4 Subject to **Rules 7.5** and **7.6**, as and when an Award Vests pursuant to, and in accordance with, these Rules, the number of Dividend Equivalent

Shares notionally added to it pursuant to **Rule 7.2** and notified to the Award Holder pursuant to **Rule 7.3**, shall be added to the Vested Shares subject to the Award.

7.5 If on application of any conditions imposed on an Award pursuant to **Rule 6** (whether pursuant to **Rule 8**, **Rule 16.2**, **Rule 18.2** or otherwise), any of the Shares that were originally subject to the Award as at the Award Date do not become Vested Shares ("Lapsed Shares") then, to the extent that any Dividend Equivalent Shares would not have been notionally added to the Award but for the Lapsed Shares, the Award shall lapse as to such Dividend Equivalent Shares.

7.6 For the avoidance of doubt, and notwithstanding any other provisions in these Rules, if an Award lapses in full as a result of the application of any of **Rules 8**, **16** and/or **18** or otherwise it shall lapse as to all Shares under that Award, including any Dividend Equivalent Shares.

7.7 For the purposes of applying the limits in **Rules 3.3** and **3.4** only Dividend Equivalent Shares that have either been:

7.7.1 actually acquired by an Award Holder on the exercise of an Award or pursuant to the Award Vesting; or

7.7.2 notionally added to an Award pursuant to **Rule 7.1** (without the Award having lapsed as to such Dividend Equivalent Shares in accordance with any one of **Rule 7.5** or **7.6**),

shall be taken into account. For the avoidance of doubt, Dividend Equivalent Shares that could potentially be added to an Award in the future shall be ignored for the purposes of **Rules 3.3** and **3.4**.

7.8 For the avoidance of doubt:

7.8.1 any Award Holder holding an Award in respect of which Shares are notionally added by the operation of **Rules 7.1** and **7.2** shall not be entitled to the Shares notionally added either legally or beneficially at any time prior to the Vesting of the Award concerned; and

7.8.2 the above provisions of this **Rule 7** shall not require Dividend Equivalent Shares to be notionally added to an Award after the time that such Award has Vested.

8. **VESTING OF AWARDS**

8.1 Save as otherwise provided in **Rules 16** and **18**, an Award Holder shall, subject to **Rule 9**, only be entitled to receive the benefit of any Vested Shares (and Vested Dividend Equivalent Shares) pursuant to an Award if:

8.1.1 at the time of that the Award Vests, the Award Holder is an employee within the Group; and

8.1.2 the Performance Condition applying to the Award (unless it has been waived pursuant to **Rule 6.3**) has been satisfied to some extent.

8.2 The Committee shall determine the extent to which the Performance Condition applying to an Award has been satisfied as soon as reasonably practicable following the end of the relevant Performance Period (or abbreviated Performance Period in any case where the provisions of **Rule 16** or **18** require the Performance Condition to be measured before the end of the relevant Performance Period) and as a result, after taking into account the provisions of **Rule 6.6** if applicable to the Award in question, the number of Shares subject to the Award in respect of which the Award Holder may become beneficially entitled (or in the case of a SAR Award, in respect of which the calculation of the cash payment to be made to the Award Holder may be determined).

8.3 The Committee shall notify each Award Holder concerned:

8.3.1 of the number of Vested Shares pursuant to the Award in question;

8.3.2 of the total number of Dividend Equivalent Shares subject to the Award as at the point it has Vested as determined in accordance with **Rule 7**;

8.3.3 if applicable to the Award in question, whether the Award Holder is subject to the provisions of **Rule 10** or **Rule 11**; and

8.3.4 that the Award Holder is subject to **Rule 26**.

8.4 In relation to any Award in respect of which the Vesting Date is reached prior to any event occurring under **Rule 18** or the Award Holder of such Award ceasing to be employed within the Group, the notification referred to in **Rule 8.3** shall not be given to the Award Holder prior to the Vesting Date for the Award concerned.

9. **RESTRICTIONS UPON VESTING AND EXERCISE OF AWARDS**

9.1 An Award Holder may not exercise a Conditional Award or a SAR Award which is an Option:

9.1.1 unless it has Vested;

9.1.2 except in accordance with the Performance Conditions that apply to the Award concerned;

9.1.3 prior to the start of the Exercise Period relating to the Award except where any of **Rules 16, 17** or **18** apply to the Award concerned; or

9.1.4 after the end of the Exercise Period except where **Rules 16, 17** or **18** apply to the Award concerned and the relevant Rule specifies some other period during which the Award may be exercised.

9.2 If a Conditional Award or a SAR Award (or part of it) lapses under any Rule, it (or, as the case may be, the relevant part of it) may not be exercised subsequently under any other Rule.

9.3 An Award shall lapse immediately upon the earliest of:

9.3.1 the expiry of the Exercise Period relating to the Award unless one of **Rules 16, 17** or **18** apply to the Award concerned and the relevant Rule specifies some other period during which the Award may be exercised before it lapses.

9.3.2 upon a bankruptcy order being made in respect of the Award Holder (or any similar event of relating to the insolvency of the Award Holder in any country other than the United Kingdom);

9.3.3 the expiry of ten years following the Award Date; and

9.3.4 subject as provided in **Rules 18.6** and **18.7**, on the commencement of the winding-up of the Company.

9.4 No Award shall be capable of Vesting or capable of exercise either in whole or in part at any time when such Vesting or exercise, as the case may be, would be in breach of the Share Dealing Code or any statute, regulation, or order thereunder or any governmental directive. If the Vesting of an Award at a particular time is prohibited by the Share Dealing Code, any statute, regulation, or order thereunder or any governmental directive, the Award concerned shall Vest as soon as the relevant prohibitions cease to apply.

10. **OBLIGATIONS DURING THE HOLDING PERIOD FOR CONDITIONAL AWARDS AND SAR AWARDS SETTLED IN SHARES**

10.1 The following provisions of this **Rule 10** shall apply to any Conditional Award or any SAR Award which is settled in Shares which the Committee has determined should be subject to such provisions pursuant to **Rule 5.2.10**.

10.2 Subject to **Rule 10.4**, the Award Holder of the Award in question shall, notwithstanding **Rule 14**, not be entitled to, and shall not, at any time during the Holding Period relating to such Award dispose of, transfer, assign, charge, hypothecate or otherwise encumber the Vested Shares (or Vested Dividend Equivalent Shares) pursuant to the Award concerned or any of them.

10.3 For the purpose of **Rule 10.2**, the Holding Period shall commence:

10.3.1 on the date that the Award Vests in any case where the Award is not an Option;

10.3.2 on the date that the Award is exercised in any case where the Award is an Option.

10.4 Notwithstanding **Rule 10.2**:

10.4.1 the Award Holder shall be permitted to dispose of such number of Vested Shares (and Vested Dividend Equivalent Shares) pursuant to an Award as may produce a sum sufficient to discharge any income tax and/or employee's national insurance contributions and/or employer's national insurance contributions for which the Award Holder is liable pursuant to **Rule 13** as a result of the Vesting of the Award in question (or its exercise, if it is an Option);

10.4.2 the Committee may in, in exceptional circumstances, permit the Award Holder to dispose of, transfer, assign, charge, hypothecate or otherwise encumber Vested Shares and Vested Dividend Equivalent Shares pursuant to a particular Award or some of the them and in the event that the Committee so permits, the Award Holder shall be allowed to take such action in relation to the Shares concerned in accordance with the terms of the Committee's permission.

10.5 An Award Holder whose Award is subject to the foregoing provisions of this **Rule 10**, shall:

- 10.5.1 execute such documents and take such actions as are necessary and/or desirable to transfer the Shares which are subject to the foregoing provisions of this **Rule 10** into the name of a Trustee (selected by the Committee), to appoint such Trustee to be the Award Holder's nominee in respect of the Shares concerned and to hold such Shares on behalf of the Award Holder as his bare nominee throughout the Holding Period;
- 10.5.2 agree that he shall not at any time during the Holding Period request or otherwise require the Trustee concerned to transfer the legal title to the Shares concerned to the Award Holder or anyone else or to otherwise dispose of, transfer, assign, charge, hypothecate or encumber the relevant Shares or the beneficial title thereto, except to permit the Trustee concerned to transfer the legal title to the relevant Shares into the name of a new Trustee, in the event that the identity of the Trustee changes or to permit the Trustee to take any action required to give effect to the provisions of **Rule 10.4**.
- 10.6 Subject always to **Rules 26** and **14.4**, following the expiry of the Holding Period relating to the Award in question, the legal title to the Shares that are subject to the provisions of **Rule 10.2** shall be transferred to the Award Holder concerned.
- 10.7 For the avoidance of doubt, in the event that an Award Holder whose Award is subject to the foregoing provisions of this **Rule 10** ceases to be employed within the Group at any point during the Holding Period relating to the Award, such cessation of employment shall not terminate the Holding Period or the obligations relating to the Shares subject to such Holding Period as set out above in this **Rule 10**, save that the Committee may pursuant to **Rule 10.4.2**, in its absolute discretion, determine that such obligations should terminate on or following such cessation of employment within the Group. In the event that the Committee exercises its discretion to terminate such obligations, the Committee shall procure that the Shares concerned are transferred to the Award Holder.
- 10.8 The Committee may require any Award Holder to enter into a Section 431 Election in relation to any Shares acquired (or to be acquired) by the Award Holder pursuant to an Award, if this is deemed appropriate. The Award Holder concerned shall, if so required, execute such a Section 431 Election in relation to the Shares concerned and deliver the same to the Company on or before the time by which he is required to do so.

11. **OBLIGATIONS DURING THE HOLDING PERIOD FOR SAR AWARDS SETTLED IN CASH**

11.1 The following provisions of this **Rule 11** shall apply to any SAR Award that is settled in cash which the Committee has determined should be subject to such provisions pursuant to **Rule 5.2.10**.

11.2 In relation to the SAR Award in question, notwithstanding **Rule 15**, the Award Holder shall not necessarily be entitled to receive any amount of the cash payment that would otherwise be due to the Award Holder pursuant to such Award until the end of the Holding Period relating to the SAR Award concerned. Instead the Committee shall, in its absolute discretion, determine the terms and the timing of payment of any amount of the cash payment due pursuant to such SAR Award so as to mirror, as far as reasonably possible, the provisions that would apply to such SAR Award under **Rule 10**, if such SAR Award was to be settled in Shares. Such terms and timing of payment may include (but shall not be limited to), arranging for the payment of any amount of the cash payment due pursuant to such SAR Award to be deferred until the end of the Holding Period relating to the SAR Award in question provided always that in no circumstances, subject to **Rule 26**, shall any payment due under the SAR Award in question be delayed beyond the end of the Holding Period relating to that SAR Award. The Committee shall notify the Award Holder of any such payment terms and the Award Holder shall be bound by those terms.

11.3 For the purpose of **Rule 11.2**, the Holding Period shall commence:

11.3.1 on the date that the SAR Award Vests in any case where the SAR Award is not an Option;

11.3.2 on the date that the SAR Award is exercised in any case where the SAR Award is an Option.

12. **EXERCISE OF AWARDS STRUCTURED AS OPTIONS**

12.1 Any Award which is an Option may be exercised at any time during the Exercise Period or at any other time permitted by these Rules.

12.2 The Award Holder may exercise the Award but only in respect of the Vested Shares and Vested Dividend Equivalent Shares pursuant to such Award. The Award may, to the extent that it is capable of exercise be exercised in whole or in part and if exercised in part shall continue to subsist to the extent that it has not been exercised and may be further exercised in whole or in part in accordance with these Rules.

- 12.3 No consideration shall be payable by the Award Holder in order to exercise an Award.
- 12.4 In order to exercise the Award concerned, the Award Holder must give notice to the Company and/or to such other person as the Committee shall direct (including but not limited to the Trustee). The notice of exercise must be in such form and accompanied by such other documents as the Committee may from time to time decide.
- 12.5 Such notice of exercise shall take effect on the day it is actually delivered and such day shall constitute for all purposes (except as otherwise provided in **Rules 18.4, 18.7 and 18.8**) the date of exercise of the Award concerned.

13. **TAX WITHHOLDINGS**

- 13.1 If an Employee Tax Liability arises as a result of, or in connection with, the exercise of a Conditional Award which is an Option or the exercise of a SAR Award which is an Option and which is to be satisfied in Shares then unless:

- 13.1.1 prior to the exercise of such Conditional Award or SAR Award as the case may be, the relevant Award Holder has indicated in writing to the Company that he will make a payment to the Company of an amount equal to the Employee Tax Liability concerned; and

- 13.1.2 the Award Holder does, within 7 days of being notified by the Company of the amount of the Employee Tax Liability concerned, make such payment to the Company,

the Grantor may sell or procure the sale of sufficient of the Shares resulting from the exercise of the Conditional Award or the exercise of the SAR Award as the case may be, on behalf of the Award Holder and arrange payment to the Member of the Group (or other relevant person) on which the relevant Employee Tax Liability falls of an amount equal to such Employee Tax Liability out of the proceeds of sale (by way of reimbursement).

- 13.2 If an Employee Tax Liability arises as a result of, or in connection with,
 - 13.2.1 the exercise of a SAR Award which is an Option and is to be settled in cash; or
 - 13.2.2 the Vesting of a SAR Award which is not an Option but which is to be settled in cash,

then, notwithstanding any other provision of these Rules, the amount payable to the Award Holder as determined in accordance with **Rule 15** as a result of the exercise of the SAR Award or its Vesting as the case may be, shall be paid to the Award Holder subject to the deduction of an amount equal to the relevant Employee Tax Liability, so that for the avoidance of doubt, the Award Holder shall only receive in his hands such amount determined in accordance with **Rule 15** as remains after the deduction of the amount of the relevant Employee Tax Liability.

13.3 If an Employee Tax Liability arises as a result of or in connection with the Vesting of a Conditional Award which is not an Option or the Vesting of a SAR Award which is not an Option but which is to be satisfied in Shares then unless:

13.3.1 prior to the Vesting of such Conditional Award or the Vesting of such SAR Award as the case may be, the relevant Award Holder has indicated in writing to the Company that he will make a payment to the Company of an amount equal to the relevant Employee Tax Liability; and

13.3.2 the Award Holder does, within 7 days of being notified by the Company of the amount of Employee Tax Liability concerned, make such payment to the Company,

the Grantor may sell or procure the sale of sufficient of the Shares resulting from the Vesting of the Conditional Award or the Vesting of the SAR Award, as the case may be, on behalf of the Award Holder and arrange payment to the Member of the Group (or other relevant person) on which the relevant Employee Tax Liability falls of an amount equal to such Employee Tax Liability out of the proceeds of sale (by way of reimbursement).

13.4 If the Committee determines pursuant to **Rule 5.2.11** that the Award Holder will be liable for any employer's national insurance contributions that may arise as a result of, or in connection with the Vesting or exercise of the Award concerned and recovery of the same from the Award Holder is permitted by law, then the proceeding provisions of this **Rule 13** shall apply mutatis mutandis to such employer's national insurance contributions as though references in **Rules 13.1, 13.2 and 13.3** to "Employee Tax Liability" were references to the employer's national insurance contributions due as a result of or in connection with the Vesting of the Conditional Award concerned.

13.5 Notwithstanding any other provision of this **Rule 13**, the Committee shall be at liberty to stipulate such regulations as it may, in its absolute

discretion, deem fit for the purpose of recovering any income tax and/or employee's national insurance and/or employer's national insurance (where applicable), that may be due as a result of, or in connection with, the grant, Vesting or exercise of any Award from the Award Holder and the Award Holder shall be bound by any such regulations.

14. **TRANSFERS OF SHARES PURSUANT TO AWARDS**

14.1 Subject to **Rules 10, 14.2** and **26** within 30 days of:

14.1.1 the date of exercise of an Award which is an Option and is to be settled with Shares; or

14.1.2 the Vesting of an Award which is not an Option but is to be settled with Shares,

(as the case may be), the Company must transfer the Shares to which the Award Holder is entitled, or arrange for those Shares to be transferred, to the Award Holder or to someone else chosen by the Award Holder (provided always that the Award Holder is the beneficial owner of such Shares).

14.2 The obligation imposed on the Company under **Rule 14.1** is, however, subject to:

14.2.1 all necessary consents or approvals as may be required by any competent authority under enactments or regulations for the time being in force, having first been obtained; and

14.2.2 the Shares concerned being admitted to trading on the Official List of the UK Listing Authority (if the Shares are for the time being admitted to trading on the Official List); and

14.2.3 the Award Holder having complied with the terms of the Award and all of these Rules.

14.3 It shall be the responsibility of the Award Holder to comply with any requirements to be fulfilled in order to obtain or obviate the necessity for any consent required pursuant to **Rule 14.2.1**.

14.4 In any case where **Rule 10** applies to an Award, the provisions of **Rules 14.1** to **14.3** inclusive shall apply mutatis mutandis at the end of the Holding Period relating to the Award as though the reference in **Rule 14.1.1** to "the date of exercise of an Award which is an Option and is to be settled with Shares, and the reference in **Rule 14.1.2** to "the Vesting of an Award which is not an Option but is to be settled with Shares" were each a reference to "the last day of the relevant Holding Period".

15. **SATISFACTION OF SAR AWARDS**

15.1 Subject to **Rules 11** and **26**, within 30 days following:

15.1.1 the date on which a SAR Award Vests, (if it is not an Option); or

15.1.2 the date on which a SAR Award is exercised (if it is an Option),

the Company must, subject to **Rule 15.3**, pay the Award Holder, or procure that there is paid to the Award Holder, a cash sum of an amount calculated in accordance with **Rule 15.2**.

15.2 The amount referred to in **Rule 15.1** shall be such amount determined in accordance with the formula:

$$(MV \times C) - E$$

where

"MV" is the Market Value of a Share on the date of exercise of the SAR Award (if it is an Option) or the Market Value of a Share on the date on which the SAR Award Vests (if it is not an Option);

"C" is the number of Shares in respect of which the SAR Award is exercised (if it is an Option) or the number of Vested Shares pursuant to the Award together with the Vested Dividend Equivalent Shares relating to the Award (if it is not an Option);

"E" is an amount equal to the expenses (as determined by the Company) that would have been incurred in selling on the date on which "MV" is determined for the purpose of this **Rule 15.1**, a number of Shares equal to the number of Shares in respect of which the Award is exercised (if it is an Option) or the number of Vested Shares and Vested Dividend Equivalent Shares pursuant to the Award (if it is not an Option) provided always that the Company may, in its sole discretion, determine that "E" shall be zero and in such case "E" shall be equal to zero.

15.3 Notwithstanding **Rule 15.1**, the Company may determine that some or all of the amount otherwise payable to the Award Holder pursuant to **Rule 15.2**, shall instead be satisfied by the delivery of Shares to the Award Holder (or to someone else chosen by him provided always that the Award Holder is the beneficial owner of such Shares). In this case, the number of Shares to be delivered to the Award Holder concerned shall be such number of Shares as when multiplied by "MV" (as determined in respect of the SAR Award concerned for the purpose of the formula in **Rule 15.2**) shall have a value as near as equal as possible to that part of the amount that would otherwise be payable to the Award Holder pursuant to **Rule**

15.2 but for the decision to satisfy the same with Shares. For each such Share delivered to the Award Holder, the amount otherwise payable to the Award Holder pursuant to **Rule 15.2** will be reduced by "MV" (as determined in respect of the SAR Award concerned for the purpose of the formula in **Rule 15.2**).

- 15.4 In any case where **Rule 11** applies to an Award, the provisions of **Rule 15.1** shall apply mutatis mutandis at the end of the Holding Period relating to the Award as though the reference in **Rule 15.1.1** to "the date on which the SAR Award Vests, (if it is not an Option)" and the reference in **Rule 15.1.2** to "the date on which a SAR Award is exercised (if it is an Option)" shall each be a reference to "the last day of the relevant Holding Period".

16. **LEAVING EMPLOYMENT**

- 16.1 If at any time an Award Holder's employment within the Group ends for any reason whatsoever (including by reason of the Award Holder's death) the following provisions of this **Rule 16** shall apply. In any case where the Award Holder's employment within the Group ends by reason of the Award Holder's death, the references to the "Award Holder" in the following provisions of this **Rule 16** shall, as the context requires, be construed as referring to that Award Holder's legal personal representatives.

- 16.2 Where the Award Holder ceases to be employed within the Group before the Vesting Date relating to an Award, then:

16.2.1 the Award concerned shall, (unless the Committee in its absolute discretion determines otherwise pursuant to **Rule 19.2**), be Scaled-back; and

16.2.2 the number of Shares that become Vested Shares pursuant to the Award will be determined by reference to the satisfaction of any Performance Condition imposed on that Award (after adjustment, if relevant, in accordance with **Rule 6.3** or **Rule 6.5**).

- 16.3 **Rule 10** or **11** (as applicable) shall apply, or continue to apply, as the case may be, to any Award held by the Award Holder at the date that they cease to be employed within the Group, to the extent that the Committee has determined that such Award shall be subject to such provisions pursuant to **Rule 5.2.10**.

- 16.4 In respect of any Conditional Award or SAR Award held by the Award Holder at the date of cessation of his employment within the Group:

16.4.1 which is in either case an Option; and

16.4.2 in respect of which the Vesting Date has passed as at the date of cessation of the Award Holder's employment,

the Award Holder may retain such Award for the period of 12 months following the date of such cessation of employment (or such shorter period as the Committee, in its absolute discretion, determines and notifies to the Award Holder). During such period of retention, the Award will remain subject to the provisions of these Rules and may be exercised (notwithstanding the Exercise Period relating to such Award but provided that the Award does not lapse prior to the expiry of such period of retention) in accordance with, and subject to, these Rules in respect of any Vested Shares and Vested Dividend Equivalent Shares at any time during such period of retention. To the extent that the Award is not exercised prior to the expiry of the such period of retention it will lapse immediately on the expiry of such period of retention.

16.5 In respect of any Conditional Award held by the Award Holder at the date of cessation of his employment within the Group:

16.5.1 which is not an Option; and

16.5.2 in respect of which the Vesting Date has passed as at the date of cessation of the Award Holder's employment,

the Award Holder shall, subject to these Rules, receive the Vested Shares and Vested Dividend Equivalent Shares in respect of the Award to which he has become entitled pursuant to **Rule 8**, in accordance with the provisions of **Rule 14**, if he has not already received them prior to such cessation of employment.

16.6 In respect of any SAR Award held by the Award Holder at the date of cessation of his employment within the Group:

16.6.1 which is not an Option; and

16.6.2 in respect of which the Vesting Date has passed as at the date of cessation of the Award Holder's employment,

the Award Holder shall, subject to these Rules, receive the cash payment and/or Shares determined in accordance with **Rule 15**, at the time specified by the provisions of **Rule 15** if he has not already received such payment prior to such cessation of employment.

16.7 In respect of any Conditional Award or SAR Award held by the Award Holder at the date of cessation of his employment within the Group for which the Vesting Date has not passed as at the date of cessation of the

Award Holder's employment, the Award Holder may, provided that his employment within the Group has ceased for a Permitted Reason, retain the Award following the date of such cessation of employment.

- 16.8 In any case where **Rule 16.7** applies to an Award, the Award shall:
- 16.8.1 remain subject to the provisions of these Rules;
 - 16.8.2 if the Award is not an Option, unless the Committee exercises its discretion pursuant to **Rule 16.9** or **16.10** to permit the Award to Vest early, Vest in accordance with **Rule 8** at the Vesting Date relating to the Award; and
 - 16.8.3 if the Award is an Option, unless the Committee exercises its discretion pursuant to **Rule 16.9** or **16.10** to permit the Award to Vest early, be capable of exercise for a period of 12 months following the Vesting Date (notwithstanding the Exercise Period relating to such Award) of the Award and if not exercised before the expiry of such 12 month period, lapse immediately at the expiry of such 12 month period.
- 16.9 In the event that an Award Holder ceases to be an employee within the Group for a Permitted Reason prior to the Vesting Date of an Award, then the Committee may, in its absolute discretion, permit the Award to Vest at the date of cessation of employment. In any case where the Committee exercises its discretion pursuant to this **Rule 16.9**, and the Award in question is an Option, then:
- 16.9.1 the Committee shall stipulate a date (which shall not be later than the expiry of the Exercise Period relating to the Award) by which the Award must be exercised and notify the Award Holder of such date;
 - 16.9.2 the Award may, (notwithstanding the Exercise Period relating to such Award), be exercised at any time prior to the date so stipulated by the Committee in respect of the Vested Shares and Vested Dividend Equivalent Shares subject to such Award and to the extent that the Award is not exercised prior to the date so stipulated by the Committee it shall lapse immediately upon the date so stipulated.
- 16.10 If at any time, the Committee becomes aware that a person may acquire the assets and undertaking of the Company or of any Member of the Group which would give rise to the cessation of an Award Holder's employment within the Group for the reason specified in paragraph (f) of the definition

of "Permitted Reason", the Committee may in its absolute discretion notify the Award Holder concerned and allow:

- 16.10.1 any Award held by the Award Holder which is not an Option (and which has not yet Vested to any extent) to Vest conditional upon but with effect immediately prior to such cessation of employment; or
 - 16.10.2 the Award Holder to exercise any Award which is an Option (and which has not yet Vested to any extent) during the period commencing on the date of such notice and expiring on the date of cessation of employment provided that any Award so exercised shall be conditional upon and shall not take effect until immediately before the cessation of employment. If the transfer of the assets and undertaking concerned which would otherwise cause the cessation of the Award Holder's employment within the Group does not occur, any notice of exercise of an Award delivered pursuant to this **Rule 16.10.2** shall be null and void and such Award shall remain in existence and subject to these Rules.
- 16.11 In the event that an Award Holder ceases to be employed within the Group for any reason whatsoever and none of **Rules 16.4** to **16.10** is applicable to any Award held by the Award Holder at the date of his ceasing to be employed within the Group, such Award shall lapse immediately upon the Award Holder ceasing to be employed within the Group.
 - 16.12 For the purposes of the Rules but subject to **Rule 16.13**, an Award Holder is to be treated as ceasing to be employed within the Group when he is no longer employed by any company which is a Member of the Group. For the avoidance of doubt, an Award Holder will cease to be employed by a Member of the Group if the company by which he is employed ceases to be a Member of the Group.
 - 16.13 If an Award Holder is away from work in circumstances where he has a contractual or statutory right to return to work at the end of the period of leave, the Award Holder will be treated for the purposes of the Rules as continuing to be employed within the Group unless and until the Award Holder ceases to be entitled to exercise their right to return to work.
- 17. **DEATH OF AN AWARD HOLDER AFTER CESSATION OF EMPLOYMENT**
 - 17.1 The provisions of this Rule apply if an Award Holder dies after having ceased to be employed within the Group but whilst holding an Award which has not lapsed on such cessation pursuant to the provisions of **Rule 16**.

17.2 The Award Holder's personal representatives shall, in respect of each Award held by the Award Holder at the date of his death be entitled to, and able to exercise, all the rights of the Award Holder in respect of the Award concerned as they existed pursuant to **Rule 16** by virtue of the Award Holder ceasing to be employed within the Group as though such personal representatives were the Award Holder. The Award Holder's personal representatives shall at all times be bound by these Rules in respect of any Award in respect of which they have any rights pursuant to this Rule.

17.3 To the extent that the Award Holder's personal representative fail to exercise any right that they may have in respect of an Award pursuant to **Rule 17.2** prior to the time that the Award lapses pursuant to any other provision of these Rules, such personal representative shall cease to have any rights whatsoever in respect of the Award concerned immediately upon its lapse.

18. **CHANGE OF CONTROL AND LIQUIDATION**

18.1 The provisions of this **Rule 18** shall apply if any one or more of the events specified in this **Rule 18** occur at any time.

18.2 Where one or more of the events specified in this **Rule 18** occurs before the Vesting Date relating to an Award then:

18.2.1 the Award concerned shall, (unless the Committee in its absolute discretion determines otherwise pursuant to **Rule 19.2**), be Scaled-back; and

18.2.2 the number of Shares that become Vested Shares pursuant to the Award will be determined by reference to the satisfaction of any Performance Condition imposed on that Award (after adjustment, if relevant, in accordance with **Rule 6.3** or **Rule 6.5**).

18.3 If at any time any person makes a General Offer:

18.3.1 an Award Holder holding an Award which is an Option may, subject to **Rule 18.4** and subject as otherwise provided in **Rule 9**, exercise any such Award then held by him during the period commencing on the date of such offer and expiring six calendar months from the Take-over Date (and any Award not exercised at the end of such period will lapse immediately);

18.3.2 any Award which is not an Option shall Vest (if it has not already Vested to any extent) conditional upon, but so as to take effect immediately before, the occurrence of the Take-over;

- 18.4 Any Award exercised pursuant to **Rule 18.3.1** on or before the Take-over Date shall be conditional upon and shall not take effect until immediately before the Take-over and if the Take-over does not arise the notices of exercise delivered in relation to the Awards pursuant to **Rule 18.3.1** shall be null and void and all such Awards shall remain in force and may be subsequently exercised in accordance with and subject to these Rules.
- 18.5 If a person becomes entitled to acquire Shares under sections 974 to 991 inclusive of the Companies Act 2006, the Committee shall notify each Award Holder who holds an Award which is an Option of such circumstances as soon as it becomes aware of them and such Award Holder may, subject as provided in **Rule 9**, exercise any Award which is an Option then held by them at any time up to the seventh day before the last day on which that person remains entitled to serve notice under section 980 of the Companies Act 2006. Any Award not exercised at the end of such period will lapse immediately.
- 18.6 If the Court sanctions a compromise or arrangement under Part 26 of the Companies Act 2006 proposed for the purpose of or in connection with: (a) the acquisition of the whole or part of the issued ordinary share capital of the Company (or such part of such capital as is not then owned by the acquiror or any company Controlled by the acquiror and/or any person acting In Concert with the acquiror) as a result of which the acquiror (or any such companies and/or such other persons) may gain Control of the Company; or (b) a scheme for the reconstruction of the Company or its amalgamation with any other company, then:
- 18.6.1 an Award Holder may, subject as provided in **Rule 9**, exercise any Award which is an Option then held by him during the period commencing on the date on which the compromise or arrangement is sanctioned by the Court and expiring six calendar months from the date of such sanctioning. Any Award not exercised at the end of such period will lapse immediately;
- 18.6.2 any Award which is not an Option shall Vest (if it has not already Vested to any extent) at such time as the compromise or arrangement is sanctioned by the Court.
- 18.7 In the event of a resolution being passed by the Company for the voluntary winding-up of the Company (except for the purposes of a reconstruction or amalgamation sanctioned by the Court under Part 26 of the Companies Act 2006) then:
- 18.7.1 an Award Holder may, subject as provided in **Rule 9**, exercise any Award which is an Option then held by him during the period

of six calendar months commencing on the date of the passing of the resolution for such winding-up and such Awards shall be deemed for the purpose of determining the right of such Award Holder to participate in any distribution to shareholders (but for no other purpose whatsoever) to have been exercised immediately before the passing of the said resolution. Any Award not exercised at the end of such period will lapse immediately; and

18.7.2 any Award which is not an Option shall Vest (if it has not already Vested to any extent) on the passing of the resolution for such winding-up and, for the purpose of determining the right of such Award Holder to participate in any distribution to shareholders (but for no other purpose whatsoever), the Shares to be transferred to such Award Holder following such Vesting shall be deemed to have been held by the Award Holder immediately prior to the passing of the said resolution.

18.8 In the event of a resolution being proposed by the Company for the demerger of the Company by means of an exempt distribution (within the meaning of Chapter 5 of Part 23 of the Corporation Tax Act 2010), the Committee acting fairly and reasonably may, in its discretion and subject as provided in **Rule 9**:

18.8.1 permit all Award Holders holding Awards which are Options to exercise their Awards for a limited period prior to the exempt distribution, provided that any exercise of an Award pursuant to this **Rule 18.8** shall be conditional upon and shall not take effect until immediately before the exempt distribution is effected and if the exempt distribution is not effected the notices of exercise delivered in relation to an Award pursuant to this **Rule 18.8** shall be null and void and such Award shall remain in full force and may be subsequently exercised in accordance with and subject to these Rules. Any Award not exercised by the time the exempt distribution is effected will lapse immediately; and

18.8.2 permit all outstanding Awards (which have not already Vested to any extent) and which are not Options to Vest prior to the exempt distribution, provided that any such Vesting shall be conditional upon and shall not take effect until immediately before the exempt distribution is effected and if the exempt distribution is not effected the Vesting pursuant to this **Rule 18.8.2** shall be null and void and the Awards in question shall remain in full force and may subsequently Vest in accordance with and subject to these Rules.

19. **SCALING-BACK PROVISIONS**

- 19.1 If, pursuant to the provisions of **Rule 16** or **Rule 18**, an Award is to be Scaled-back then the number of Shares subject to the Award shall, subject to **Rule 19.2**, be reduced to the proportion of the number of Shares comprised in the Award (rounded down to the nearest whole number of Shares) that equals the proportion that the number of days which have elapsed from the Award Date to and including the Scaling-back Date bears to the number of days from the Award Date to and including the Vesting Date of the Award.
- 19.2 The Committee may, having full regard to all circumstances giving rise to the Award being Scaled-back, in its absolute discretion ignore the prescribed pro rating of the Shares set out in **Rule 19.1** and make no such reduction.
- 19.3 For the avoidance of doubt, in assessing any Performance Condition imposed on an Award pursuant to **Rule 6** the Committee shall take into account any adjustment to the number of Shares subject to the Award made pursuant to this **Rule 19**.

20. **VARIATION OF CAPITAL**

- 20.1 Upon the occurrence of an Issue or Reorganisation the number and/or nominal value of Shares comprised in each Award may be adjusted in such manner as the Committee may deem appropriate (save that where the Award was granted by a Trustee, no such adjustment shall be made without the prior written approval of that Trustee).
- 20.2 Notice of any adjustments made pursuant to **Rule 20.1** shall be given to the Award Holders by the Committee, which may call in Award Certificates for endorsement or replacement.

21. **GENERAL**

- 21.1 The formation, existence, construction, performance, validity and all aspects whatsoever of the Plan, any term of the Plan and any Award granted under it shall be governed by English law. The English courts shall have jurisdiction to settle any disputes which may arise out of or in connection with the Plan. The jurisdiction provisions contained in this **Rule 21.1** are made for the benefit of the Grantor only, which accordingly retains the right to bring proceedings in any other court of competent jurisdiction.
- 21.2 The decision of the Committee in any dispute or question concerning the construction or effect of the Plan or any other questions arising in

connection with the Plan shall be final and conclusive on all parties concerned.

- 21.3 The Committee may at any time resolve to terminate the Plan in which event no further Awards shall be granted but the provisions of the Plan shall, in relation to the Awards then subsisting, continue in full force and effect.
- 21.4 Notwithstanding any other provision of these Rules:
- 21.4.1 the Plan shall not form any part of any contract of employment between the Company, any Subsidiary or any Member of the Group and any employees of any of those companies, and it shall not confer on any such employees any legal or equitable rights (other than those constituting the Awards themselves) against the Company, any Subsidiary or any Member of the Group, directly or indirectly, or give rise to any cause of action in law or in equity against the Company, any Subsidiary or any Member of the Group;
 - 21.4.2 the benefits to Eligible Employees under the Plan shall not form any part of their wages or remuneration or count as pay or remuneration for pension fund or other purposes; and
 - 21.4.3 in no circumstances shall any Eligible Employee, on ceasing to hold the office or employment by virtue of which he is or may be eligible to participate in the Plan, be entitled to any compensation for any loss of any right or benefit or prospective right or benefit under the Plan which he might otherwise have enjoyed whether such compensation is claimed by way of damages for wrongful dismissal or other breach of contract or by way of compensation for loss of office or otherwise.
- 21.5 By accepting the grant of an Award and not renouncing it, an Award Holder shall be deemed to have agreed to the foregoing provisions of this **Rule 21.**
- 21.6 The Company must keep available enough unissued share capital for all Awards which are to be met by the issue of new Shares.
- 21.7 Any new Shares issued under the Plan must rank equally in all respects with other Shares then in issue except for rights which attach to Shares by reference to a record time or date prior to the time or date of issue. Shares transferred to satisfy any Award shall be transferred without the benefit of any rights attaching to the Shares by reference to a record time or date prior to the time or date on which the Award Holder first became

entitled to receive such Shares (being the date of exercise of an Award structured as an Option or the date of Vesting of an Award which is not structured as an Option). Any Shares issued pursuant to the Plan shall be issued subject to the Memorandum and Articles of Association of the Company as from time to time amended.

- 21.8 Whilst the Shares are listed on the UK Listing Authority Official List, the Company must apply to the UK Listing Authority to have any new Shares issued under the Plan admitted to the UK Listing Authority Official List.

22. **NOTICES AND CIRCULARS TO SHAREHOLDERS**

- 22.1 The Company need not give Award Holders copies of any documents sent by the Company to its shareholders (unless there is a legal requirement upon the Company to do so).
- 22.2 Any notice or document to an Eligible Employee or Award Holder may be given either personally or through the internal post or by sending it by ordinary post, e-mail or facsimile or by other electronic means (including the internet and the intranet) to the address or number given by that person.
- 22.3 Where a notice or document is sent to an Eligible Employee or Award Holder by ordinary post, it will be treated as being received 72 hours after it was put into the post properly addressed and stamped. In all other cases, the notice or document will be treated as received when it is given.
- 22.4 All notices and documents given or sent to Eligible Employees or Award Holders will be given or sent at the risk of the addressee. Neither the Company nor any of its Subsidiaries nor the Trustee has any liability in respect of any notice or document given or sent, nor any obligation to check that the addressee actually receives it.
- 22.5 A notice or document to the Company or the Trustee must be given by delivering the same to the registered office of the Company or by such other such means as the Board may from time to time decide and notify to Eligible Employees and/or Award Holders. Such means may include, but are not limited to, delivering it personally or through the internal post to the recipient's registered office or principal place of business or by sending it by facsimile or e-mail or other electronic means (including the internet and the intranet).
- 22.6 Unless otherwise agreed by the Company or otherwise provided in these Rules, a notice or document will only be effective once it is received or treated as having been received pursuant to these Rules by the recipient.

22.7 All notices and documents given or sent to the Company or the Trustee will be given or sent at the risk of the sender.

23. **AMENDMENTS TO THESE RULES**

23.1 Subject to **Rules 23.2** and **23.3**, these Rules may be amended in any manner by resolution of the Committee from time to time.

23.2 Subject as provided in **Rule 23.4**, no amendment shall be made to the following provisions of this Plan which is to the advantage of the Award Holders (present or future) without the prior approval of shareholders in general meeting:

23.2.1 the persons to whom Shares or cash are provided under the Plan;

23.2.2 the limitations on the number or amount of Shares or cash subject to the Plan;

23.2.3 the maximum entitlement for any Eligible Employee;

23.2.4 the basis for determining an Eligible Employee's entitlement to cash, Shares or Awards and for the adjustment thereof in the event of a capitalisation issue, rights issue or open offer, sub-division or consolidation of shares or reduction of capital or any other variation of capital of the Company; and

23.2.5 **Rules 23.2** and **23.3**.

23.3 Subject as provided in **Rule 23.4**, no amendments to these Rules shall adversely affect any subsisting Awards except with the written consent on the part of such Award Holders as hold subsisting Awards over at least 75% of the total number of Shares subject to all subsisting Awards under the Plan (or if, in the reasonable opinion of the Committee, the proposed amendments do not adversely affect all subsisting Awards under the Plan, with the written consent on the part of such Award Holders as hold subsisting Awards that are affected, where such Awards are over 75% of the total number of Shares that are subject to all subsisting Awards that are affected).

23.4 Notwithstanding the provisions of **Rules 23.2** and **23.3**, the Committee may make 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 any Award Holder or any Member of the Group.

24. OVERSEAS EMPLOYEES

Notwithstanding any other provision of these Rules, the Committee may, in respect of an Award granted to an Eligible Employee who is or who may become primarily subject to taxation on his remuneration outside the United Kingdom, amend or alter the provisions of any Award to take account of relevant overseas taxation or securities law provided that the Committee shall not make any such amendment or alteration which would result in an Eligible Employee being granted an Award upon terms commercially more favourable than the terms upon which the Award could have been granted if the Eligible Employee was subject to taxation on his remuneration primarily within the United Kingdom.

25. DATA PROTECTION

Any personal data relating to an Eligible Employee and/or an Award Holder that is used in connection with the Plan shall be processed in accordance with the Fair Processing Notice as from time to time amended. A copy of the current Fair Processing Notice will be available on the Company's intranet or on request by contacting the Company Secretary or any other officer of the Company.

26. CLAWBACK

26.1 **Rule 26.2** shall apply to any Award granted before the Amendment Date and **Rule 26.3** shall apply to any Award granted on or after the Amendment Date.

26.2 In respect of any Award to which this **Rule 26.2** applies by virtue of **Rule 26.1**, at any time within 3 years following the date on which such an Award Vests, the Award Holder of the Award concerned may, if the Committee sees fit, be subject to the provisions of **Rule 26.4** if:

26.2.1 the Committee forms the view that the Company misstated its financial results for the relevant year for whatever reason and that such misstatement resulted either directly or indirectly in the number of Vested Shares and Vested Dividend Equivalent Shares pursuant to such Award being greater than would have been the case had that misstatement not been made;

26.2.2 the Committee forms the view that an error was made in assessing the extent to which any Performance Condition and/or any other condition imposed on the Award was satisfied for the relevant year and that such error resulted either directly or indirectly in the number of Vested Shares and Vested Dividend

Equivalent Shares pursuant to such Award being greater than would have been the case had that error not been made; or

26.2.3 the Award Holder ceases to be an employee within the Group as a result of serious misconduct (which for the avoidance of doubt, shall include any conduct which tends to bring the Company into disrepute) or shall commit any serious or persistent breach of any of the relevant individual's obligations to the Company or any Member of the Group in relation to the relevant year.

26.3 In respect of any Award to which this **Rule 26.3** applies by virtue of **Rule 26.1**, at any time within 3 years following the date on which such an Award Vests, the Award Holder of the Award concerned may, if the Committee sees fit, be subject to the provisions of **Rule 26.4** if:

26.3.1 the Committee forms the view that the Company misstated its financial results for the relevant year for whatever reason and that such misstatement resulted either directly or indirectly in the number of Vested Shares and Vested Dividend Equivalent Shares pursuant to such Award being greater than would have been the case had that misstatement not been made;

26.3.2 the Committee forms the view that an error was made in assessing the extent to which any Performance Condition and/or any other condition imposed on the Award was satisfied for the relevant year and that such error resulted either directly or indirectly in the number of Vested Shares and Vested Dividend Equivalent Shares pursuant to such Award being greater than would have been the case had that error not been made;

26.3.3 the Award Holder ceases to be an employee within the Group as a result of serious misconduct (which for the avoidance of doubt, shall include any conduct which tends to bring the Company into disrepute) or shall commit any serious or persistent breach of any of the relevant individual's obligations to the Company or any Member of the Group in relation to the relevant year;

26.3.4 the Committee forms the view that the Group has suffered serious reputational damage; or

26.3.5 the Committee forms the view that there has been a material corporate failure of the Group.

26.4 In any case where pursuant to **Rule 26.2** or **26.3**, this **Rule 26.4** applies to an Award Holder, the Committee may:

26.4.1 reduce (including, for the avoidance of doubt, reducing to zero) the amount of the next bonus (if any) which would, but for the operation of this **Rule 26.4.1**, be payable to the Award Holder under any bonus plan operated by any Member of the Group so as to ensure the Clawback Amount is recovered in full from the Award Holder; and/or

26.4.2 reduce (including, for the avoidance of doubt, reducing to zero):

26.4.2.1 the number of Shares subject to Awards held by the relevant individual that would otherwise have become Vested Shares and Vested Dividend Equivalent Shares notwithstanding the extent to which any Performance Condition and/or any other condition imposed on such Awards have been satisfied;

26.4.2.2 the number of Vested Shares and Vested Dividend Equivalent Shares subject to any Award which has not been exercised; and/or

26.4.2.3 the number of Shares that would otherwise have been subject to any future Award to be granted to the relevant individual,

so as to ensure that the Clawback Amount is recovered in full from the Award Holder; and/or

26.4.3 require the Award Holder to pay to such Member of the Group as the Committee may direct, and on such terms as the Committee may direct (including, but without limitation, on terms that the relevant amount be deducted from the relevant individual's salary or from any other payment to be made to the relevant individual by any member the Group), such amount as is required to ensure that, subject to **Rule 26.5**, the Clawback Amount is recovered in full from the Award Holder and shall issue to the Award Holder a demand requesting such payment from him.

26.5 In any case where any part of the Clawback Amount is to be recovered from the Award Holder pursuant to **Rule 26.4.3** by way of a cash payment to be made by the Award Holder from his own resources or from any amount on which the Award Holder has suffered income tax and/or employee's national insurance, the amount to be paid by the Award Holder to satisfy the demand made pursuant to **Rule 26.4.3** shall, notwithstanding any other provisions of this **Rule 26**, be such amount as is equal to the sum so demanded reduced by such sum as is equal to the

income tax and/or employee's national insurance that would be levied upon the sum so demanded if it were salary paid to the Award Holder.

26.6 For the avoidance of doubt:

26.6.1 each of the provisions of **Rule 26.4.1, 26.4.2 and 26.4.3** may be operated either alone or in conjunction with one another, so as to ensure that the Clawback Amount is recovered in full from the Award Holder;

26.6.2 it shall not be the case that if the Committee elects to select any particular method of recovery provided by any one of **Rules 26.4.1, 26.4.2 or 26.4.3**, it shall be precluded from subsequently pursuing one or more other methods of recovery provided by any one of those Rules so as to ensure that the Clawback Amount is recovered in full from the Award Holder concerned;

26.6.3 to the extent that some but not all of the Clawback Amount is recovered from the Award Holder pursuant to any one of **Rules 26.4.1, 26.4.2 or 26.4.3**, recovery of any remainder of the Clawback Amount or any part thereof may be made from the Award Holder pursuant to any of those Rules, until the Clawback Amount is recovered in full from the Award Holder.

26.7 In respect of any Award granted on or after the Amendment Date, the Award Holder must, (unless he has already provided a validly executed Declaration to the Company as at the Award Date relating to such Award), validly execute a Declaration and return the same duly executed to the Company within 30 days following the Award Date of the Award concerned.

26.8 In the event that the Award Holder fails to comply with **Rule 26.7** in respect of an Award granted on or after the Amendment Date and has not already provided a validly executed Declaration to the Company as at the Award Date relating to such Award, the Award concerned shall be treated as being null and void for all purposes under the Plan, immediately upon the expiry of 30 days following the Award Date of the Award concerned.

26.9 Notwithstanding the requirements of **Rule 26.7**, each Award Holder shall be bound by any direction or determination made by the Committee pursuant to this **Rule 26**.

27. **COSTS**

The Company shall pay the costs of preparing and running the Plan. It may, however, require any Subsidiary which employs Eligible Employees

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who are made, or are to be made, Awards to share such costs on such a basis as the Board considers fair.

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1 SCHEDULE ~~1~~

US Subplan

1. Definitions Used in this Schedule

In this Schedule 1 references to any term that is defined in **Rule 1** shall bear the meaning given to that expression in **Rule 1** and the following words and expressions bear the following meanings, namely:

"change in the ownership or effective control" the meaning given to that expression for the purposes of section 409A of the U.S. Internal Revenue Code;

"change in the ownership of a substantial portion of the assets" the meaning given to that expression for the purposes of section 409A of the U.S. Internal Revenue Code;

"Securities Act" the U.S. Securities Act of 1933

"Section 409A Participant" an Eligible Employee or an Award Holder (or, where the context so requires, the legal personal representative of such a person) who is a citizen of or resident of the United States of America or who is otherwise subject to the requirements of section 409A of the U.S. Internal Revenue Code;

"Separation from Service" the meaning given to that expression for the purposes of section 409A of the U.S. Internal Revenue Code;

"Specified Employee" the meaning given to that expression for the purposes of section 409A of the U.S. Internal Revenue Code;

2. Scope of this Schedule

Notwithstanding any other provision of the Plan, the Rules of the Plan as amended and augmented by the provisions of this Schedule 1 shall apply to any Section 409A Participant and for the avoidance of doubt the provisions of this Schedule 1 will apply to any Section 409A Participant.

3. **Operative Provisions**

3.1 Notwithstanding any provision of the Plan to the contrary and subject to **paragraphs 3.2 to 3.4** inclusive of this Schedule 1 any Award granted to a Section 409A Participant shall be settled in Shares or cash, as applicable, to the extent then Vested, within the 30 days following the earliest to occur of:

3.1.1 the Vesting Date applicable to the Award;

3.1.2 the Section 409A Participant's Separation from Service; or

3.1.3 the date on which there is a change in the ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company,

and not in any other circumstances.

3.2 Notwithstanding any other provisions in the Plan dealing with the lapse of an Award, where only some of the Shares over which an Award granted to a Section 409A Participant become Vested Shares on the occurrence of the earliest to occur of the events or dates set out in **paragraphs 3.1.1 to 3.1.3** inclusive of this Schedule 1, then such Award shall lapse immediately upon the occurrence of such event, in respect of those Shares over which the Award was granted which are not Vested Shares at such time.

3.3 Nothing in this Schedule 1 shall cause an Award granted to a Section 409A Participant that would otherwise lapse in accordance with the Rules to become exercisable or earned.

3.4 Notwithstanding any other provisions in the Plan if a cash payment becomes payable or Vested Shares become transferable pursuant to an Award granted to a Section 409A Participant as a result of the Section 409A Participant's Separation from Service in circumstances where such Section 409A Participant is deemed to be a Specified Employee, the transfer of the Vested Shares or the making of the Cash Payment to the Section 409A Participant concerned shall occur no earlier than the date that is six months after the date of his Separation from Service.

4. **Funding**

4.1 In no circumstances will Shares or cash held by the trustee of an employee benefit trust at any time prior to:

4.1.1 in the case of an Award settled following the Vesting Date relating to such Award, the Vesting Date of such Award;

4.1.2 in the case of an Award settled following the Section 409A Participant's Separation from Service, the date of such Section 409A Participant's Separation from Service;

4.1.3 in the case of an Award settled following a change in the ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company, the date of the change in the ownership or effective control of the Company or the date of the change in the ownership of a substantial portion of the assets of the Company, as the case may be,

be used to settle Awards granted to Section 409A Participants.

5. **Intention to satisfy Section 409A**

The Plan as amended and augmented by the provisions of this Schedule 1 is intended to satisfy the requirements set forth in Section 409A of the U.S. Internal Revenue Code with respect to Section 409A Participants, and it shall be interpreted, administered and construed consistent with said intent. If any provision of the Plan as amended and augmented by the provisions of this Schedule 1 is or becomes or is deemed to be inconsistent with such requirements, such provision shall not apply to Section 409A Participants. Notwithstanding anything to the contrary in the foregoing, neither the Group nor any member thereof, nor any of their respective officers, directors, agents or employees, shall be obligated, directly or indirectly, to any Section 409A Participant or any other person for any taxes, penalties, interest or like amounts that may be imposed on the Section 409A Participant or other person on account of any failure of the Plan as amended and augmented by the provisions of this Schedule 1 to comply with the requirements of Section 409A, or any other section, of the U.S. Internal Revenue Code.

6. **Legend**

Any Shares that a Section 409A Participant may acquire under the Plan as amended and augmented by the provisions of this Schedule 1 may only be resold in the U.S. pursuant to a registration statement filed under the Securities Act with the U.S. Securities and Exchange Commission and applicable state securities law administrators or under an exemption from securities registration under the Securities Act and applicable state securities laws.