

SSE PLC

**The SSE plc
Performance Share Plan 2016**

**Approved by resolution of the general meeting
on 21 July 2016**

**Amended by resolutions of the Remuneration Committee on 8 November 2019
and 23 May 2022**

Amended by a resolution of the general meeting on [21 July] 2022



Freshfields Bruckhaus Deringer

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SSE PLC
PERFORMANCE SHARE PLAN 2016

RULES

1. DEFINITIONS

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

Award means an award granted in the form referred to in rule 2.1, comprising the Performance Condition Tranches applicable to that award;

Award Certificate means the notification to a Participant setting out the specific conditions of an Award;

Basic Salary means an Executive's annual basic salary in respect of his employment with the Group;

Board means the board of directors of the Company;

Committee means the Remuneration Committee of the Company or some other duly authorised committee of the Board;

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

Company means SSE plc (or the holding company of the Group from time to time);

Control has the meaning given by section 995 of the Income Tax Act 2007;

Date of Grant means the date on which the Committee grants an Award;

Dealing Day means a date on which the London Stock Exchange is open for the transaction of business;

Employees' Share Scheme has the meaning given by section 1166 of the Companies Act 2006;

Executive means any employee (including an Executive Director) of any member of the Group;

Executive Director means an executive director of the Company;

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

Grant Period means a period of six weeks commencing on any of the following:

- (a) 21 July 2016, being the date of the approval of the Plan by the Company in general meeting;
- (b) the day on which the Company makes an announcement of its results in relation to any period, or other day on which a closed period or other restriction on the grant of Awards under the Listing Rules published by the UK Listing Authority or the City Code on Takeovers and Mergers or of any regulation or enactment, in relation to the Company ends; or
- (c) any day on which the Committee resolves that exceptional circumstances exist (including but not limited to the recruitment of any Executive to which the Committee wishes to grant an Award) that justify the grant of Awards;

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

Group Company means any member of the Group;

the London Stock Exchange means London Stock Exchange Plc;

Market Value means, in relation to a Share on any day, for so long as such Shares are listed on the London Stock Exchange, its middle-market quotation as derived from the Official List and otherwise shall mean its market value as defined by section 272 of the Taxation of Chargeable Gains Act 1992;

Notice Date means the date on which a Participant gives or is given notice of termination of employment for any reason;

Official List means the Official List of the UK Listing Authority;

Participant means any individual to whom an Award has been granted (including, where the context permits, the legal personal representatives of a deceased Participant);

the Performance Conditions means the performance conditions set out in the Schedule to these rules;

Performance Condition Tranches means those elements of an Award which shall be subject to a particular Performance Condition;

the Performance Period means, unless foreshortened pursuant to rule 4 or rule 10 and unless the Committee determines otherwise, the three consecutive Financial Years of which the first is the Financial Year in which the Date of Grant falls;

Permitted Transferee means, for the purposes of rules 2.5 and 2.6, a Participant's spouse or civil partner;

the Plan means the SSE plc Performance Share Plan 2016 as amended from time to time;

Share Dealing Code means the Company's code on share dealing as in force from time to time;

Shares means fully paid ordinary shares in the capital of the Company or shares representing those shares following any Capital Reorganisation;

Subsidiary means any company which is a subsidiary of the Company within the meaning of section 1159 of the Companies Act 2006;

Termination Date means the date on which a Participant ceases to be employed by the Group;

Treasury Shares means Shares held in accordance with section 724(1) of the Companies Act 2006;

Trustees means the trustees or trustee for the time being of any appropriate employee benefit trust established by the Company or any member of the Group from time to time for the benefit of employees of the Group;

UK Listing Authority means the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000; and

Vested Shares means Shares subject to Awards in respect of which the Committee has determined that the Performance Conditions have been satisfied and, subject to rules 4.6 and 10.8, the Performance Period has ended, and **Vest** and **Vesting Date** shall be construed accordingly.

1.2 References to any statute or statutory instrument or to any part or parts thereof include any modification, amendment or re-enactment thereof for the time being in force.

1.3 Words of the masculine gender shall include the feminine and vice versa and words in the singular shall include the plural and vice versa unless in either case the context otherwise requires.

2. GRANT OF AWARDS

2.1 The Committee may, during a Grant Period, in its discretion, grant Awards to any Executives selected by the Committee. Awards shall be granted in the form of a right to call for Shares at no cost or a conditional allocation of Shares. References to "realise", "realised" or "realisable" shall, in the case of an Award which is granted in the form of a right to call for Shares, be construed as "call for", "called for" or "may be called for" respectively.

2.2 When granting any Award, the Committee shall specify the percentage of the total number of Shares comprised in the Award that is subject to particular Performance Condition Tranches (which, for the avoidance of doubt, may vary from Executive to Executive and from year to year).

2.3 The Performance Condition Tranches applicable to an Award shall be set out as a Schedule to these rules. Such conditions shall, unless the Committee determines otherwise, be applied wholly independently to each Tranche, so that the Vesting level of one Tranche shall have no bearing on the Vesting level of the other Tranche(s).

2.4 The Committee may determine prior to the Date of Grant that an Award will be made subject to an additional holding period, which shall commence after the Award has Vested (a **Holding Period**). If the Committee does apply a Holding Period, the Committee may determine prior to the Date of Grant the terms on which it shall apply (including for the avoidance of doubt, whether it will apply to the pre- or post- tax number of Shares subject to an Award and the consequences of ceasing to be employed during any such Holding Period). For the avoidance of doubt, the Participant's entitlement to the Award shall not be affected if he ceases to be an employee of a member of the Group during any such Holding Period.

2.5 During the Holding Period, the Participant shall, subject to these rules, enjoy all rights of beneficial ownership of the Vested Shares, save that:

- (a) the Participant shall comply with such arrangements as the Company shall specify for ensuring that the Vested Shares are not disposed of (other than to a Permitted Transferee) during the Holding Period including (without limitation) a requirement either that their Vested Shares be held in the name of a nominee appointed by the Company or that Share certificates relating to the Vested Shares be retained by the Company or its appointed representative; and
- (b) in the event that, during the Holding Period, there occurs an event that would give rise to the adjustment of an Award under rule 12.1, the Vested Shares shall be treated in such manner as the Committee determines, with the objective that the Vested Shares should be treated cash-neutrally in relation to the relevant event. In accordance with that principle, but without limitation to the foregoing:
 - (i) in the event of a rights issue, the Participant (or his Permitted Transferee, as applicable) shall be required to sell sufficient of the rights that are attributable to the Vested Shares (at such time as the Committee shall determine) in order to take up the remaining rights with the proceeds of sale of such other rights; and
 - (ii) in the event of a reorganisation which involves a return of cash or other assets to shareholders, the Participant (or his Permitted Transferee, as applicable) shall be required to reinvest such cash or other assets in Shares.

2.6 No transfer of Vested Shares to a Permitted Transferee during a Holding Period shall be permitted unless such Permitted Transferee has, prior to any transfer of such Vested Shares to that Permitted Transferee, complied with such arrangements as the Company shall specify (including but not limited to giving such undertakings or entering into such powers of attorney as may be specified by the Company) for ensuring that:

- (a) the Vested Shares are not disposed of (other than by way of a retransfer back to the relevant Participant) during the Holding Period including (without limitation) a requirement either that the Vested Shares be held in the name of a nominee appointed by the Company or that Share certificates relating to the Vested Shares be retained by the Company or its appointed representative;
- (b) the Vested Shares are held subject to the terms of rule 2.5(b); and
- (c) the Vested Shares are held subject to the terms of rule 7, as if the reference to the Participant in rule 7.1(a) was a reference to the Permitted Transferee.

2.7 Immediately prior to the granting of any Awards, the Committee may, in its absolute discretion, enter into a deed poll recording its intention to grant Awards and agreeing to be bound by the Award Certificates issued pursuant to rule 2.8 below. No cash amount shall be payable in respect of the grant or realisation of an Award.

2.8 Each Award shall be made by an Award Certificate issued by the Company and shall be subject to such terms and conditions consistent with the Plan as the Committee may determine in its sole discretion. The Award Certificate shall state the Date of Grant, the number of Shares comprised in an Award (and in each Tranche thereof), the Performance Conditions that must be satisfied by the Vesting Date, and whether any further holding period applies.

2.9 An Award which is subject to clawback under rule 7, shall be granted on terms that it is a condition of the grant that the Participant sign and return within a specified period a copy of the Award Certificate or other document acknowledging his agreement to be bound by the terms of the Plan and the Committee may determine that a Participant's failure to do so within the specified period shall cause the Award to lapse and shall be treated as if it had never been granted.

2.10 Every Award granted under this Plan shall be personal to the Participant to whom it is granted and, except to the extent necessary to enable a personal representative to realise the Award following the death of a Participant, neither the Award nor the benefit thereof may be transferred, assigned, charged or otherwise alienated. Any transfer of an Award otherwise than as permitted by this rule 2 shall cause an Award to lapse.

2.11 The grant and/or realisation of any Award under the Plan shall be subject to the provisions of any regulations relating to dealing in the securities of a listed company and the Company's Share Dealing Code and to obtaining any approval or consent required under the provisions of the Listing Rules published by the UK Listing Authority or the City Code on Takeovers and Mergers or of any regulation or enactment applicable to such grant.

3. NUMBER OF SHARES IN RESPECT OF WHICH AWARDS MAY BE GRANTED

3.1 No Award shall be granted under the Plan to the extent that the result of that grant would be that the aggregate number of Shares that could be issued on the realisation of that Award and any other Award granted at the same time, when added to the number of Shares that:

- (a) could be issued on the realisation of any subsisting Awards or options granted during the preceding ten years under the Plan or any other Employees' Share Scheme established by the Company; and
- (b) have been issued on the realisation of any Awards or options granted during the preceding ten years under the Plan or any other Employees' Share Scheme established by the Company,

would exceed 10 per cent of the ordinary share capital of the Company for the time being in issue.

3.2 No Award shall be granted under the Plan to the extent that the result of that grant would be that the aggregate number of Shares that could be issued on the realisation of that Award and any other Award granted at the same time, when added to the number of Shares that:

- (a) could be issued on the realisation of any subsisting Awards or options granted during the preceding ten years under the Plan or any other discretionary Share Scheme established by the Company; and
- (b) have been issued on the realisation of any Awards or options granted during the preceding ten years under the Plan or any other discretionary Share Scheme established by the Company,

would exceed 5 per cent of the ordinary share capital of the Company for the time being in issue.

3.3 Reference in this rule 3 to the issue of Shares shall, for the avoidance of doubt, mean the issue and allotment (but not transfer) of Shares and shall include Treasury Shares so issued. Transfers of Treasury Shares shall count towards the percentage limits set out in rules 3.1 and 3.2 above.

3.4 In determining the above limits no account shall be taken of any Shares attributable to an Award which was released, lapsed or otherwise became incapable of exercise.

3.5 An Award shall not be granted to an Executive if such grant would cause the total average Market Value of the maximum number of Shares that may be acquired on realisation of the Award (as measured over the three Dealing Days immediately preceding the Date of Grant of the Award, unless the Committee, in its absolute discretion, determines otherwise), when aggregated with the total average Market Value of the maximum number of Shares that may be acquired pursuant to any other Award (as measured over the three Dealing Days immediately preceding the Date of Grant of that Award, unless the Committee, in its absolute discretion, determines otherwise) granted to the Executive under the Plan in relation to the same Financial Year, to exceed 250% of the Executive's Basic Salary as at the Date of Grant.

4. RIGHTS OF EXERCISE OF AWARDS

4.1 Save as otherwise permitted in these rules an Award may only be realised:

- (a) to the extent the Award has Vested; and
- (b) by a Participant who has remained an Executive during the relevant Performance Periods and until the Vesting Date.

4.2 As soon as reasonably practicable after the end of the Performance Period the Committee shall notify Participants of the extent to which the Performance Conditions have been satisfied and the Award has Vested. An Award may be realised in respect of such number of Shares as have Vested in accordance with these rules.

4.3 Notwithstanding any other provision in these rules, the Committee may, in its absolute discretion, decide to amend the vesting outcome of an Award when it considers it appropriate to do so to reflect the wider performance of the Company or any member of the Group and/or outcomes for shareholders over the Performance Period. Any such amended vesting outcome may operate, at the Committee's absolute discretion, in respect of any Award or Awards held by: (a) an individual Participant; (b) such wider group of Participants, as the Committee may determine to be appropriate; or (c) all Participants.

4.4 Save as otherwise provided in these rules, an Award shall lapse automatically on the Participant ceasing to be an employee of a member of the Group, or if the Committee decides in its absolute discretion, on the Participant giving or receiving notice of termination of employment for any reason, at any time before the Vesting Date applicable to the Award.

4.5 Where a Participant ceases to be employed by a member of the Group at any time before the Vesting Date applicable to an Award by reason of:

- (a) death;
- (b) injury, disability or ill-health (as agreed by the Committee); or
- (c) any other reason where the Committee so determines in its absolute discretion,

his Award shall continue, and will Vest and be realised at the end of the Performance Period subject to the achievement of Performance Conditions at that time **PROVIDED THAT** in all cases where the Termination Date (or, where the Committee has exercised its discretion under rule 4.4 above, the Notice Date) occurs before the expiry of any relevant Performance Period and Awards are realised pursuant to this rule 4.5, the number of Shares in respect of which an Award may be realised shall be the number in respect of which the Award has Vested (subject to any adjustments under rule 12) multiplied by the fraction A/B (where A is that part of the Performance Period measured in complete months from the start of the Performance Period to the Termination Date (or Notice Date, as applicable) and B is 36 or such other number as is equal to the number of months in the Performance Period) **SAVE THAT:**

- (i) the Committee may at its discretion, in exceptional circumstances, determine that Awards may be realised immediately in accordance with rule 4.6; and
- (ii) the Committee may, in its absolute discretion, disapply or alter the fraction stated above to release a greater number of Shares if it considers that the Participant's contribution to the business of the Group would not otherwise be properly recognised.

Failing any such realisation the Awards shall lapse automatically on cessation of employment. For the avoidance of doubt, an Award realisable under this rule 4.5 may lapse at an earlier date by virtue of rule 10.

4.6 Where the Committee determines that an Award may be realised immediately under rule 4.5, the number of Shares in respect of which the Award Vests shall be determined by the Committee by reference to the extent to which Performance Conditions are met on the Termination Date (or, where the Committee has exercised its discretion under rule 4.4 above, the Notice Date), subject to modification if the Committee considers that the Performance Conditions would be met to a greater or lesser extent at the end of the original Performance Period. The number of Shares in respect of which an Award may be realised under this rule 4.6 shall (unless proviso (ii) to rule 4.5 applies) be the number of Shares in respect of which the Award has Vested (subject to any adjustment under rule 12) multiplied by the fraction A/B (where A is that part of the Performance Period measured in complete months from the start of the Performance Period until the Termination Date (or Notice Date, as applicable) and B is 36 or equal to such other number of months in the original Performance Period).

4.7 For the purposes of rules 4.5 and 4.6, a Participant shall not, to the extent required by applicable law, be treated as ceasing to be an Executive if absent from work wholly or partly because of maternity, paternity, adoption or shared parental leave (as appropriate), until he ceases to be entitled to exercise any statutory or contractual entitlement to return to work.

5. METHOD AND EXTENT OF EXERCISE

5.1 Save as otherwise provided in these rules, if the Committee is satisfied that the application of the Performance Conditions results in an Award or part of an Award Vesting, a Participant's Award (or part thereof) will be realised at the end of the Performance Period. Subject to rule 5.2, a Participant need take no action to realise his Award.

5.2 Where an Award is granted on terms that the Participant must call for Vested Shares, he may exercise the call by written notice to the Company in the form required by the Company at any time during the period of 6 months following the Vesting Date **SAVE THAT** where the Vested Shares may be called for as a result of a relevant event occurring under rule 9, the Participant shall be deemed to have called for such Vested Shares on the occurrence of the relevant event.

5.3 Where the realisation of an Award or the transfer of any Shares under the Plan would be prohibited by law, or any regulations relating to dealing in the securities of listed companies, or the Company's Share Dealing Code, the Vesting Date shall not occur and the period during which Shares may be allotted, issued or transferred shall not be treated as commencing, until such period of prohibition has ceased.

5.4 The number of Shares which Vest with effect from the Vesting Date, will be increased by such number as is equal to the number of Shares which could have been purchased if each dividend (grossed-up, where relevant, for any associated tax credit) paid on the Vested Shares prior to the Vesting Date had been reinvested in additional Shares on the date of payment of each such dividend. The number of such additional Shares shall be calculated on a cumulative basis, so that (for calculation purposes only, and without creating an interest in Shares prior to the Vesting Date) such additional Shares shall be notionally attributed to the Vested Shares as at each dividend payment date.

6. MALUS

6.1 Notwithstanding any other rule of the Plan, if circumstances occur which in the reasonable opinion of the Committee justify a reduction in one or more Awards granted to any one or more Participants, the Committee may in its discretion at any time prior to the Vesting Date determine (acting fairly and reasonably) that the number of Shares over which an Award is granted shall be reduced to such amount or number (including to nil) as the Committee considers appropriate in the circumstances.

6.2 The circumstances in which the Committee may consider that it is appropriate to exercise its discretion under rule 6.1, may, without limitation, include the following:

- (a) a material misstatement or restatement in the Company's or any member of the Group's audited financial accounts (other than as a result of a change in accounting practice);
- (b) the misconduct of a Participant which results in or is reasonably likely to result in:
 - (i) a material adverse effect on the financial position of the Company, any member of the Group or to a relevant business unit (as appropriate); or
 - (ii) a material adverse effect on the business opportunities and prospects for sustained performance or profitability of the Company, any member of the Group or relevant business unit (as appropriate);
- (c) significant reputational damage resulting from:
 - (i) a material environmental or safety issue affecting the Company, any Group Company or a relevant business unit (as appropriate) that is attributable to a systemic weakness in the Group's internal processes;
or

- (ii) a material operational or business failing affecting the Company, any Group Company or a relevant business unit (as appropriate) that has resulted or may result in a prosecution or other legal or regulatory sanction against such entity;
- (d) error by the Company (or any of its directors, employees or agents) in determining the number of Shares under an Award, or in the application of a Performance Condition or any other term of an Award;
- (e) a corporate failure of, or by, the Company or any member of the Group or any relevant business unit (as appropriate);
- (f) a material failure in risk management in the Company or any member of the Group or any relevant business unit (as appropriate);
- (g) conduct which results in a material detriment to stakeholders of the Company or any member of the Group, or to the market reputation of the Company or the Group, or conduct that unreasonably fails to protect the interests of such stakeholders; or
- (h) notwithstanding (b) above, other serious misconduct by a Participant.

6.3 If the Committee decides to exercise its discretion under this rule, it shall confirm this in writing to each affected Participant. For the purposes of these rules:

- (a) the Award shall be deemed to have been granted over reduced number of Shares (as the case may be); and
- (b) any subsequent vesting of an Award shall be determined by reference to this reduced number of Shares,

save that if the number of Shares is reduced to nil, the Award shall be treated as if it had never been granted and a Participant (including a Participant who has left employment before the Vesting Date other than by reason of death) shall have no rights to any Shares.

7. CLAWBACK

7.1 If, in relation to an Award granted to a Participant who was a director of the Company or a member of the Company's Executive Committee (or managerial body equivalent to the Executive Committee from time to time) at any time up to the Vesting Date of the Award, it is discovered after the Award Vested that circumstances (as specified in rule 7.2) occurred which in the reasonable opinion of the Committee justify recovery by the Company of an amount not exceeding the full benefit received by the Participant from such Vesting (the ***Clawback Benefit***) then, notwithstanding any other provision in these rules, the Committee may at its discretion (acting fairly and reasonably) at any time within three years of the Vesting Date of that Award (the ***Normal Clawback Period***) determine that all or part of the Clawback Benefit should be recovered by taking one or more of the following actions:

- (a) requiring the Participant to pay to the Company or take such other action as it shall direct (whether by re-transferring Shares or payment of cash proceeds or otherwise), within 30 days of a written demand from the Company; or
- (b) adjusting the number of Shares under any other unvested share award held by the Participant.

7.2 The circumstances in which the Committee may consider that it is appropriate to exercise its discretion under rule 7.1 may, without limitation, include the following:

- (a) a material misstatement or restatement in the Company's or any member of the Group's audited financial statements (other than as a result of a change in accounting practice) as a result of events which occurred (or commenced) prior to the Vesting Date of the Award;
- (b) the misconduct of a Participant which occurred (or commenced) prior to the Vesting Date of the Award which results in or is reasonably likely to result in:
 - (i) a material adverse effect on the financial position of the Company, any member of the Group or to a relevant business unit (as appropriate);
 - (ii) a material adverse effect on the business opportunities and prospects for sustained performance or profitability of the Company, any member of the Group or relevant business unit (as appropriate);
- (c) significant reputational damage as a result of events which occurred (or commenced) prior to the Vesting Date of the Award resulting from:
 - (i) a material environmental or safety issue affecting the Company, any Group Company or a relevant business unit (as appropriate) that is attributable to a systemic weakness in the Group's internal processes; or
 - (ii) a material operational or business failing affecting the Company, any Group Company or a relevant business unit (as appropriate) that has resulted or may result in a prosecution or other legal or regulatory sanction against such entity;
- (d) error by the Company (or any of its directors, employees or agents) in determining the number of Shares that Vested under the Award or in the application of a Performance Condition or any other term of an Award; or
- (e) a corporate failure of, or by, the Company or any member of the Group or any relevant business unit (as appropriate);
- (f) a material failure in risk management in the Company or any member of the Group or any relevant business unit (as appropriate);

- (g) conduct which results in a material detriment to stakeholders of the Company or any member of the Group, or to the market reputation of the Company or the Group, or conduct that unreasonably fails to protect the interests of such stakeholders; or
- (h) a corporate failure of, or by, the Company or any member of the Group or any relevant business unit (as appropriate) as a result of events which occurred (or commenced) prior to the Vesting Date of the Award;
- (i) a material failure in risk management in the Company or any member of the Group or any relevant business unit (as appropriate) as a result of events which occurred (or commenced) prior to the Vesting Date of the Award;
- (j) conduct which occurred (or commenced) prior to the Vesting Date of an Award which results in a material detriment to stakeholders of the Company or any member of the Group, or to the market reputation of the Company or the Group;
- (k) conduct which occurred (or commenced) prior to the Vesting Date of an Award which unreasonably fails to protect the interests of stakeholders of the Company or any member of the Group; or
- (l) notwithstanding 6.2(b) above, other serious misconduct by a Participant which occurred (or commenced) prior to the Vesting Date of the Award.

7.3 For the purposes of rule 7.1:

- (a) in determining the Clawback Benefit, the Committee shall have regard to the Participant's tax position (including, without limitation, whether the value recovered under (a) or (b) of rule 7.1 has previously suffered income tax and national insurance contributions (***Taxation***), and, if so, whether that value would benefit from a refund of, or relief from, Taxation). For this purpose, the Committee may specify that the amount of the Clawback Benefit shall be dependent on the Participant's Taxation treatment as finally determined; and
- (b) if, at the expiry of the Normal Clawback Period, the Participant is subject to a major regulatory investigation or a serious criminal investigation (or the Company is subject to such an investigation in relation to a matter which involved the Participant), then the said period may be extended until the date no later than two months following the final conclusion of such an investigation. The Committee shall consider, in each year of the Normal Clawback Period (usually at its May meeting) whether such an investigation is in progress (or whether facts or circumstances exist that make it likely that such an investigation will commence) (an ***At Risk Determination***), and the Normal Clawback Period may not be extended in relation to a Participant's Award in accordance with this provision unless the Committee has given written notice to the Participant of the At Risk Determination (within 30 days of the determination being made).

7.4 If the Committee decides to exercise its discretion under this rule, it shall confirm this in writing to each affected Participant.

8. ISSUE OR TRANSFER OF SHARES

8.1 The Committee shall issue or procure the transfer of Shares to be allotted or transferred pursuant to the realisation of an Award within 30 days following the Vesting Date of the Award. Treasury Shares may be used to satisfy Awards.

8.2 Shares to be issued pursuant to the Plan will rank pari passu in all respects with the Shares then in issue, except that they will not rank for any rights attaching to Shares by reference to a record date preceding the Vesting Date.

8.3 Shares to be transferred pursuant to the Plan will be transferred free of all liens, charges and encumbrances and together with all rights attaching thereto, except that they will not rank for any rights attaching to Shares by reference to a record date preceding the Vesting Date.

8.4 Subject to rule 15.1 below, the Company and its Subsidiaries may provide funds to the Trustees to enable the Trustees to purchase existing Shares or subscribe for new Shares in the Company for the purpose of the Plan, provided that no funds may be provided to enable the Trustees to acquire Shares in the Company if such an acquisition would result in the Trustees holding more than 5% of the ordinary share capital of the Company in issue at that time.

9. LAPSE OF AWARDS

9.1 Awards shall lapse upon the occurrence of the earliest of the following events:

- (a) to the extent that it is determined that the Performance Conditions applicable to an Award have not been met following the expiry of the Performance Period, the expiry of the Performance Period;
- (b) in relation to an Award which is granted on terms that the Participant must call for Vested Shares, six months following the Vesting Date;
- (c) the expiry of any relevant period specified in rule 10; or
- (d) the Participant being deprived of the legal or beneficial ownership of the Award by operation of law, or doing or omitting to do anything which causes him to be so deprived or becomes bankrupt.

10. GENERAL OFFER FOR THE COMPANY ETC.

10.1 If any person (either alone or together with any person acting in concert with him) makes a general offer to acquire the whole of the share capital of the Company (other than those shares which are already owned by him and/or any person acting in concert with him), the Company shall, as soon as reasonably practicable thereafter, give notice to each Participant of such general or other offer. Awards shall Vest in

accordance with rule 10.8 on the date on which the offer becomes or is declared unconditional in all respects.

Scheme of Arrangement

10.2 If a court shall direct that a meeting of the holders of Shares be convened pursuant to sections 895 to 900 of the Companies Act 2006 for the purposes of considering a scheme of arrangement, Awards shall Vest in accordance with rule 10.8 conditionally on the scheme of arrangement being either approved by the shareholders' meeting or sanctioned by the court (as determined by the Committee in its absolute discretion) (the ***Relevant Condition***).

10.3 If the Relevant Condition is not satisfied, the Awards shall continue. If the Relevant Condition is satisfied, any Award (or such part thereof as the Committee may specify) which is not realised shall lapse automatically on the day immediately after the date on which the Relevant Condition is satisfied.

10.4 The Committee shall endeavour to procure that, where a Participant has realised his Awards conditionally on the scheme of arrangement being approved by the shareholders' meeting in accordance with rule 10.2 above, the scheme of arrangement shall, so far as it relates to Shares, be extended to such Participant as if each Share in respect of which the Award was conditionally realised had been transferred, to him by that time.

10.5 Awards shall not be realisable without the consent of the Committee under the foregoing provisions of this rule 10 if the purpose and effect of the scheme of arrangement is to create a new holding company for the Company, such company having substantially the same shareholders and proportionate shareholdings as those of the Company immediately prior to the scheme of arrangement. Awards will in such circumstances continue and be treated as an award over such number of shares in the holding company as is determined to be appropriate by the Committee, and references in this Plan to "the Company" shall be construed as references to such holding company as appropriate.

Demerger

10.6 If the Committee becomes aware that the Company is or is expected to be affected by any demerger, dividend in specie, super-dividend or other transaction which, in the opinion of the Committee, would affect the current or future value of any Awards, the Committee, acting fairly, reasonably and objectively, may in its absolute discretion allow some or all Awards to be realised in accordance with rule 10.8. The Committee shall specify the date or event which shall trigger the realisation of such Awards and whether unrealised Awards shall lapse after such date or event.

Voluntary Winding-up

10.7 If notice is duly given of a resolution for a voluntary winding-up of the Company then the Committee, acting fairly, reasonably and objectively, may in its absolute discretion allow some or all Awards to be realised in accordance with rule

10.8. Any such Awards shall be realised on the date of a resolution for the voluntary winding up of the Company being passed and any unrealised Awards shall lapse automatically thereafter.

Application of Performance Conditions and pro rating

10.8 Where an Award becomes realisable before the expiry of the relevant Performance Period under rules 10.1 to 10.7, the number of Shares in respect of which the Award shall Vest shall be determined by the Committee by reference to the extent to which Performance Conditions are met as at the date of the relevant event, subject to modification if the Committee considers that the Performance Conditions would have been met to a greater or lesser extent at the end of the original Performance Periods. The number of Shares in respect of which all Tranches of an Award may be realised shall be the number of Shares in respect of which the Award has Vested (subject to any adjustments under rule 12) multiplied by the fraction A/B (where A is that part of the Performance Period measured in complete months from the start of the Performance Period to the date on which the relevant event occurs and B is 36 or such other number as is equal to the number of months in the original Performance Period), **SAVE THAT** the Committee may at its discretion, in appropriate circumstances (but not so as to result in an unjustifiably large Vesting level), disapply or alter the fraction stated above to release a greater number of Shares if it considers that the contribution of Participants to the creation of shareholder value during the Performance Period would not otherwise be properly recognised.

11. TAXATION

11.1 Any liability of a Participant to taxation or social security contributions in respect of an Award shall be for the account of the relevant Participant, and the release of any Shares the subject of a Participant's Award or the exercise of any such Award shall be conditional on the Participant complying with any arrangements specified by the Company or the trustee of the Trust for the payment of taxation and any social security contributions (including, without limitation, the sale of sufficient Shares to enable the Company or the trustee or any employing company in the Group to satisfy its obligations in respect of deduction of taxation and employee's social security contributions at source).

12. ADJUSTMENTS OF AWARDS

12.1 In the event of any Capital Reorganisation (or the implementation by the Company of a demerger or payment of a super dividend which would otherwise materially affect the value of an Award) the Committee may adjust the number of Shares subject to Awards (including, for the avoidance of doubt, Vested Shares in respect of which any Award has been realised but Shares have not yet been transferred to the Participant) to such extent and in such manner as it thinks fit.

12.2 Any adjustments to Awards made pursuant to this rule 12 shall be notified to the relevant Participants.

13. AMENDMENT AND ADMINISTRATION

13.1 The decision of the Committee shall be final and binding in all matters relating to the Plan and it may at any time discontinue the grant of further Awards.

13.2 The Committee may amend any of the provisions of the Plan in any way it thinks fit, provided that:

- (a) the Committee shall not make any amendment that would materially prejudice the interests of existing Participants except with the prior consent or sanction of Participants who, if they realised their Awards in full, would thereby become entitled to not less than three-quarters of all the Shares which would fall to be allotted or transferred upon realisation in full of all outstanding Awards; and
- (b) no amendment which in the reasonable opinion of the Committee is to the advantage of Executives or Participants may be made to:
 - (i) the definition of *Executive* in rule 1.1;
 - (ii) the limitations on the numbers of Shares subject to the Plan;
 - (iii) the maximum entitlement of an Executive under the Plan;
 - (iv) the basis for determining a Participant's entitlement to Shares under the Plan;
 - (v) the terms of Shares to be provided under the Plan;
 - (vi) the adjustment provisions of the Plan;

without the prior approval of the Company in general meeting (aa) except in the case of 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 Participants or any member of the Group, or (bb) as otherwise permitted under these rules; and

- (c) without prejudice to any provision of the Plan which provides for the lapse of an Award, the Committee may not cancel an Award unless the Participant agrees in writing to such cancellation.

13.3 Notwithstanding any other provision of the Plan, the Committee may establish appendices to the Plan for the purpose of granting Awards to Executives who are or may become primarily liable to tax outside the United Kingdom on their remuneration, subject to such modifications as may be necessary or desirable to take account of overseas tax, exchange control, securities laws or other applicable laws provided that any Shares made available under such appendices shall count towards the limits set out in rule 3.

14. DATA PROTECTION

14.1 It is a term and condition of participation in the Plan that Participants acknowledge and agree that for the purposes of the administration of the Plan including the grant, holding or Vesting of Awards and the holding or sale of Shares acquired from the Vesting of Awards, information relating to the Participants will be passed between their employing companies, the Company and other members of the Group and any third parties engaged by them to the extent required for the administration or operation of the Plan and to the extent permitted by applicable law. Participants shall be provided with all appropriate information regarding the processing of information and their rights in respect of such processing as is required under applicable law, and Participant information shall be processed in accordance with applicable law. By participating in the Plan, a Participant shall be deemed to have acknowledged and accepted this rule 14.

15. GENERAL

15.1 Any member of the Group may provide money to the trustees of any trust or any other person to enable them or him to acquire Shares to be held for the purposes of the Plan, or enter into any guarantee or indemnity for the purposes, to the extent not prohibited by Chapter 2 of Part 18 of the Companies Act 2006.

15.2 The Plan shall terminate on the tenth anniversary of the approval of the Plan by Shareholders or at any earlier time by the passing of a resolution by the Committee or an ordinary resolution of the Company in general meeting. Termination of the Plan shall be without prejudice to the subsisting rights of Participants.

15.3 The rights and obligations of any individual under the terms of his office or employment with the Group or an Associated Company shall not be affected by his participation in the Plan or any right he may have to participate in the Plan. An individual who participates in the Plan waives all and any rights to compensation or damages in consequence of the termination of his office or employment with any Group Company for any reason whatsoever (whether lawfully or unlawfully), insofar as those rights arise or may arise from his ceasing to have rights under the Plan as a result of such termination, or from the loss or diminution in value of such rights or entitlements. In the event of any conflict between the terms of this rule 15.3 and the Participant's terms of employment, this rule will take precedence.

15.4 Notwithstanding any other provision of the Plan:

- (a) the Plan shall not form part of any contract of employment between the Company or any Subsidiary and a Participant;
- (b) no Executive has any right to be granted an Award and the fact that an Executive may have participated in the Plan and/or been granted an Award under the Plan shall not entitle any Executive to future participation or grants;
- (c) the benefit to a Participant of participation in the Plan (including, in particular but not by way of limitation, any Awards held by him) shall not form any part

of his contractual remuneration or benefits or count as his contractual remuneration or benefits for any purpose;

- (d) nothing in the Plan shall in any way be construed as imposing upon any member of the Group a contractual obligation as between the member of the Group and a Participant to contribute to the Plan; and
- (e) by accepting the grant of an Award and not renouncing it a Participant is deemed to have agreed to the provisions of the Plan and in particular, this rule 15.4.

15.5 The existence of any Award shall not affect in any way the right or power of the Company or its shareholders to make or authorise any or all adjustments, recapitalisations, reorganisations or other changes in the Company's capital structure, or any merger or consolidation of the Company, or any issue of Company shares, bonds, debentures, preferred or prior preference stocks ahead of, or convertible into, or otherwise affecting the Shares or the rights thereof, or the dissolution or liquidation of the Company or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

15.6 Any notice or other document required to be given under or in connection with the Plan may be delivered to a Participant or sent to him at his home address according to the records of his employing company or such other address as may appear to the Company to be appropriate including any electronic address. Notices sent by post shall be deemed to have been given on the day following the date of posting and notices sent by electronic means shall be deemed to have been given twelve hours after the time of despatch or at such earlier time as receipt is acknowledged. Any notice or other document required to be given to the Company under or in connection with the Plan may be delivered or sent by post to it at its registered office (or such other place or places as the Company may from time to time determine and notify to Participant).

15.7 Benefits under the Plan shall not be pensionable.

15.8 The Company, or where the Committee so directs any Participating Company, shall pay the appropriate stamp duty on behalf of Participants in respect of any transfer of Shares on the realisation of Awards.

15.9 These Rules and any non-contractual obligations arising out of or in connection with these Rules shall be governed by and construed in accordance with English law. All disputes arising out of or in connection with the rules shall be subject to the exclusive jurisdiction of the courts of England and Wales.

