
**Rules of the United Utilities Group PLC
Long Term Plan 2022**

Adopted by the shareholders of the Company in general meeting on [DATE] 2022
Adopted by resolution of the Board on [DATE] 2022

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1. DEFINITIONS AND INTERPRETATION

In these Rules:

1.1 the following expressions have the following meanings unless inconsistent with the context:

"Adoption Date"	the date on which the Plan is adopted by a resolution of the Board
"Award"	any one or more of: <ul style="list-style-type: none">(a) a Conditional Award;(b) an Option; or(c) a Cash Award, as the context requires
"Award Certificate"	a certificate issued pursuant to Rule 5.4 or 5.5 as the case may be
"Band 1 Executive"	an Eligible Employee who is categorised as a band 1 employee within the Company's remuneration structure
"Bad Leaver"	a Participant ceasing to be an employee within the Group in circumstances where their employing company is entitled to dismiss such Participant without notice, save in the case of long term sick leave
"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: <ul style="list-style-type: none">(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 of directors of the Company at which a quorum is present
"Cash Award"	a right to receive a cash amount which relates to the value of a certain number of Shares, granted pursuant to the Plan and for the time being subsisting (or where the context requires, a right to receive such a cash amount so to be granted)

"Clawback"	in relation to a Participant, an obligation to repay or have recovered from such Participant any amount pursuant to the provisions of Rules 14.3 to 14.5 inclusive
"Committee"	the remuneration committee of the Board
"Company"	United Utilities Group PLC (registered in England and Wales with registered number 06559020)
"Conditional Award"	a conditional right to acquire Shares granted pursuant to the Plan and for the time being subsisting (or where the context requires, a conditional right to acquire Shares so to be granted) which does not have to be exercised by the Participant in order for such Participant to acquire the Shares concerned
"Control"	control within the meaning of section 995 of the Income Tax Act 2007 and "Controlled" shall be construed accordingly
"Corporate Event"	<p>in any case where:</p> <ul style="list-style-type: none"> (a) Rule 17.2 applies, the occurrence of the Take-over Date; (b) Rule 17.4.1 or 17.4.2 applies, the Court sanction being made; (c) Rule 17.4.3 applies, the passing of the resolution for the voluntary winding up of the Company (d) Rule 17.5 applies, the occurrence of the Relevant Event or where the Committee so determines, the issuance of the notice referred to in Rule 17.5 by the Committee; (e) Rule 17.7 applies, the occurrence of the time at which an Award shall Vest as specified in the notification issued by the Committee pursuant to Rule 17.7
"Dealing Day"	any day on which the London Stock Exchange is open for the transaction of business
"Declaration"	a binding agreement entered into by an Eligible Employee that they shall be bound by, and comply with, the provisions of all of the Rules (including, but not limited to, Rule 14) and any direction, determination or demand made by the Committee pursuant to these Rules
"Dividend Equivalent"	a benefit calculated by reference to dividends paid on the Vested Shares in respect of an Award in the manner described in Rule 7
"Eligible Employee"	an individual who at the relevant date is an employee (including an executive director) of a Group Company
"Employee Privacy Notice"	the notice made available through the Company's intranet and/or the Company Secretary which sets

out how personal data relating to Eligible Employees and Participants will be processed

“Exercise Period”

in respect of an Option, the period commencing on the Vesting Date of the Option concerned and ending on the tenth anniversary of the Grant Date (or such earlier date as the Committee may determine for such Option prior to the grant of the Option)

“Financial Year”

a financial year of the Company (as determined in accordance with the provisions of section 390 of the Companies Act 2006)

“Good Leaver”

a Participant who ceases to be employed within the Group as a result of:

- (a) ill health, injury or disability;
- (b) a transfer of the undertaking or part of the undertaking in which the Participant is employed to a person who is not a Group Company;
- (c) the company in which the Participant is employed ceasing to be under the Control of the Company; or
- (d) such other reason as the Committee may in its discretion approve provided that this may not in any circumstances include a Bad Leaver

“Grant Date”

in respect of an Award, the date upon which that Award is granted

“Group”

the Company and all of the Subsidiaries for the time being or, where the context so requires, any one or more of them and “Group Company” shall be construed accordingly

“HMRC”

HM Revenue and Customs

“Holding Period”

in respect of an Award, such period commencing at the end of the Performance Period relating to such Award as is determined by the Committee pursuant to **Rule 5.2.7**, provided that in the case of an Award granted to an executive director of the Company, the period concerned shall not end before the later of:

- (a) the fifth anniversary of the Grant Date of such Award; and
- (b) the fifth anniversary of the start of the Performance Period relating to the Award

“In Concert”

the meaning given to that term in The City Code on Take-overs and Mergers, as from time to time amended

“Issue or Reorganisation”

any capitalisation issue or rights issue (other than an issue of shares pursuant to the exercise of an option given to the shareholders of the Company to receive shares in lieu of a dividend) or 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 & Pensions) Act 2003
"Listing Rules"	the Listing Rules published by the UK Listing Authority or any successor body
"London Stock Exchange"	London Stock Exchange plc or any successor body thereto
"Market Value"	<p>in respect of a Share subject to an Award, on any particular date:</p> <p>(a) if the Shares are for the time being admitted to trading on the Official List of the UK Listing Authority, either:</p> <p style="padding-left: 40px;">(i) an amount equal to the middle market quotation for a Share as derived from the Official List for the Dealing Day immediately prior to such date; or</p> <p style="padding-left: 40px;">(ii) if the Committee so determines, an amount equal to the average of the middle market quotations for a Share as derived from the Official List for a period determined by the Committee (not exceeding 5 consecutive Dealing Days) ending with the Dealing Day immediately prior to the date in question,</p> <p style="padding-left: 40px;">provided always that such Dealing Day(s) do not fall within any period when dealings in Shares are prohibited by the Share Dealing Code; and</p> <p>(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;</p>
"Option"	a right to acquire Shares which must be exercised by a Participant in order for such Participant to acquire the Shares with an exercise price per Share of nil granted pursuant to the Plan and for the time being subsisting (or where the context requires, such a right to acquire Shares so to be granted
"Other Discretionary Scheme"	any Other Employees' Scheme other than a Share Incentive Plan, a Savings-Related Share Option Scheme 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
"Overpayment"	in relation to an Award, a payment of cash or delivery of Shares to the Participant holding such Award in excess of the payment of cash or delivery of Shares that would have been made to such Participant in respect of the Award concerned had the error referred to in Rule 14.1.2 (where that Rule is applicable to the Award in question) not occurred
"Participant"	a person who holds an Award, or where the context so requires, the legal personal representatives of such a person
"Performance Condition"	any conditions 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"	<p>in respect of an Award, the period specified in the Award Certificate relating to such Award provided that:</p> <ul style="list-style-type: none"> (a) the period is not less than 3 years long; (b) the period does not commence before the end of the Financial Year that ends immediately prior to the Grant Date of such Award; and (c) the period does end before the last day in time of any period over which any of the conditions imposed on an Award pursuant to Rule 6 is to be measured
"Permitted Grant Period"	<p>the period of 42 days commencing on any of the following:</p> <ul style="list-style-type: none"> (a) the Dealing Day after the Adoption Date; (b) the Dealing Day immediately following the date of the announcement to the London Stock Exchange of the results of the Company in respect of any period; (c) any other date fixed by the Committee, where the circumstances are considered in the absolute discretion of the Committee to be exceptional so as to justify the grant of an Award
"Plan"	the United Utilities Group PLC Long Term Plan 2022 established by the adoption of these Rules as from time to time amended in accordance with the provisions of these Rules
"Relevant Financial Year"	in respect of an Award, the Financial Year in which the Grant Date falls;
"Relevant Participant"	any Participant who:

	<p>(a) at the time of grant of an Award to such Participant was a Band 1 Executive; or</p> <p>(b) is a person who has been notified in writing at any time on or prior to the grant of an Award that they shall be subject to the provisions of Rules 14.3 to 14.5 inclusive</p>
"Relevant Pro-rating Factor"	<p>in respect of an Award:</p> <p>(a) to which Rule 17.8 is applicable, the fraction having as its numerator the number of days that have elapsed since the start of the Performance Period relating to the Award in question until the date of the Corporate Event concerned (inclusive) and as its common denominator the total number of days in such Performance Period, provided always that such fraction can never exceed 1;</p> <p>(b) to which any one of Rule 16.2, 16.3 or 16.4 is applicable, the fraction having as its numerator the number of days that have elapsed since the start of the Performance Period relating to the Award in question until the date of the cessation of employment within the Group of the Participant holding the Award concerned (inclusive) and as its common denominator the total number of days in such Performance Period, provided always that such fraction can never exceed 1</p>
"Savings-Related Share Option Scheme"	a scheme which meets the requirements of Parts 2 to 7 (inclusive) of Schedule 3 of ITEPA
"Share Dealing Code"	any share dealing code adopted by the Company for the purposes of regulating transactions in Shares by persons discharging managerial responsibilities and others (as from time to time amended)
"Shares"	fully paid ordinary shares (of whatever class) 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 Incentive Plan"	a scheme which meets the requirements of Parts 2 to 9 (inclusive) of Schedule 2 of ITEPA
"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;

"Tax Advantaged Scheme"	any Share Incentive Plan, Savings-Related Share Option Scheme and/or any scheme which meets the requirements of Parts 2 to 6 (inclusive) of Schedule 4 of ITEPA
"Tax Liability"	<p>in relation to an Award any amount of:</p> <ul style="list-style-type: none"> (a) income tax; and/or (b) employee's national insurance contributions; and/or (c) employee's health and social care levy imposed pursuant to the Health and Social Care Levy Act 2021; and/or (d) if and only if the Committee has exercised its discretion pursuant to Rule 5.2.8 that the Participant shall be liable for any employer's national insurance contributions in respect of such Award, the employer's national insurance contributions concerned; and/or (e) if and only if the Committee has exercised its discretion pursuant to Rule 5.2.8 that the Participant shall be liable for any employer's health and social care levy imposed pursuant to the Health and Social Care Levy Act 2021 in respect of such Award, the employer's health and social care levy concerned, <p>for which the Participant would or may be liable and for which any Group Company or former Group Company would or may be obliged to (or would or may suffer a disadvantage if it were not to) account to any relevant authority, together with any related fines, penalties and interest</p>
"Treasury Shares"	qualifying shares to which sections 724 to 732 of the Companies Act 2006 apply
"Trustee"	the trustee or trustees of any employee benefit trust established for the benefit of employees of the Group or any Group Company
"UK Listing Authority"	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part 6 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;
"Vest"	<p>in respect of:</p> <ul style="list-style-type: none"> (a) a Conditional Award, the Participant becoming entitled to have Shares transferred to them pursuant to such Conditional Award in accordance with the Rules;

- (b) an Option, the Participant becoming entitled to exercise such Option over Shares in accordance with the Rules;
- (c) a Cash Award, the Participant becoming entitled to receive the payment of cash determined in respect of such Cash Award in accordance with these Rules,

and “**Vesting**” and “**Vests**” shall be construed accordingly

“Vested Shares”

in relation to an Award, the Shares in respect of which such Award Vests as determined in accordance with the Rules (including, for the avoidance of doubt, **Rule 6.6** where applicable)

“Vesting Date”

in relation to an Award

- (a) which is not subject to a Holding Period, the vesting date specified in the Award Certificate (as provided in **Rule 5.4**) provided that such vesting date shall not occur before either:
 - (i) the end of the Performance Period applicable to the Award; or
 - (ii) unless the Committee determines otherwise, the third anniversary of the Grant Date of the Award;
- (b) which is subject to a Holding Period, such date as is the end of the Holding Period concerned,

PROVIDED ALWAYS THAT in any case, the vesting date shall not occur after the tenth anniversary of the Grant Date of the Award concerned

- 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 any reference to a Rule is a reference to a rule of this Plan;
- 1.4 unless the context requires otherwise, words importing the singular shall also include the plural and vice versa, any reference to one gender shall include any other genders and any reference to a person shall include incorporated and unincorporated bodies; and
- 1.5 any reference to “income tax” shall, in the context of any Participant who is resident in any jurisdiction outside the United Kingdom, include a reference to any taxation payable in that other jurisdiction which is equivalent or similar to income tax and, in such circumstances, any corresponding reference to “HMRC” shall include a reference to the relevant taxation authority in that other jurisdiction;

- 1.6 any reference to “employee’s national insurance contributions” shall, in the context of any Participant 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 employee’s national insurance contributions;
- 1.7 any reference to “employer’s national insurance contributions” shall, in the context of any Participant 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 contributions;
- 1.8 any reference to “employee’s health and social care levy” shall, in the context of any Participant who is resident in any jurisdiction outside the United Kingdom, include a reference to any taxation or levy in that other jurisdiction which is equivalent or similar to employee’s health and social care levy;
- 1.9 any reference to “employer’s health and social care levy” shall, in the context of any Participant who is resident in any jurisdiction outside the United Kingdom, include a reference to any taxation or levy in that other jurisdiction which is equivalent or similar to employer’s health and social care levy; and
- 1.10 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 MAY GRANT AWARDS**

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

3. **RESTRICTIONS ON THE GRANT OF AWARDS**

- 3.1 No Award shall be granted to any Eligible Employee except during a Permitted Grant Period provided that if, by reason of the Share Dealing Code, any statute, regulation or order made thereunder or any governmental directive, the Company 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 An Award may only be granted to a person who is an Eligible Employee on the Grant Date of such Award.
- 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 the Company but which a person other than the Company has agreed to satisfy by the transfer of ordinary shares;

3.5.2 in the case of **Rule 3.3**:

3.5.2.1 an option or other right granted by a person (other than the Company) under any Other Employees' Scheme; and/or

3.5.2.2 an option or other right granted by the Company under any Other Employees' Scheme but which a person other than the Company has agreed to satisfy by the transfer of ordinary shares;

3.5.3 in the case of **Rule 3.4**:

3.5.3.1 an option or other right granted by a person (other than the Company) under any Other Discretionary Scheme; and/or

3.5.3.2 an option or other right granted by the Company under any Other Discretionary Scheme but which a person other than the Company has agreed to satisfy by the transfer of ordinary shares,

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 other person 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 other person for the purposes of the Plan or any Other Employees' Scheme. For the avoidance of doubt, any Treasury Shares transferred (or where there is an intention for them to be transferred) to satisfy an Award granted under the Plan or any option or other right granted under any Other Employees' Share Scheme shall, subject to **Rule 3.7**, count as "issued or then capable of being issued" for the purpose of **Rule 3.3** and **3.4**.

3.6 For the purposes of **Rules 3.3** and **3.4** ordinary shares in the Company which are subject to:

3.6.1 any Cash Award shall not be treated as being "issued or capable of being issued"; and

3.6.2 any Conditional Award or Option shall cease to be treated as being "issued or then capable of being issued" immediately following the time that the Committee makes a determination pursuant to **Rule 13.1**, that such Conditional Award or Option shall not be satisfied by the delivery of Shares, but in any such case only to the extent of the number of Shares that the Committee determines shall not be delivered to the Participant in satisfaction of the Award or Option concerned.

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 Investment Association (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** and **4.1** 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 more than ten years after the Adoption Date.
- 3.10 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 made thereunder or any governmental directive.

4. **INDIVIDUAL LIMIT**

- 4.1 Subject to **Rule 3.8**, no Award may be granted to an Eligible Employee if the sum of:
- 4.1.1 the aggregate Market Value (as at the Grant 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 200 per cent of the Eligible Employee's Base Salary as at the Grant 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 the Company to grant an Award to any Eligible Employee.
- 5.2 Subject as otherwise provided in these Rules, the Committee shall have an absolute discretion in determining on or prior to the grant of Awards on any occasion (inter alia):
- 5.2.1 when to grant Awards;
 - 5.2.2 to whom to grant Awards;
 - 5.2.3 the Vesting Date of any Award;
 - 5.2.4 whether any Award to be granted will be a Conditional Award, an Option or a Cash Award; and
 - 5.2.5 in the case of any Award which is granted as an Option, the Exercise Period in relation to that Option;
 - 5.2.6 in respect of any Award, the number of Shares relating to such Award;
 - 5.2.7 whether an Award (other than one granted to an executive director of the Company) will be subject to a Holding Period and if so, the duration of such Holding Period;
 - 5.2.8 whether (to the extent permitted by law) the Participant will be liable for any employer's national insurance contributions and/or employer's health and social care levy 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. Any Award granted to an executive director of the Company shall in all cases be subject to a Holding Period.
- 5.4 Subject to **Rule 5.5**, each Award shall be granted by the execution and delivery by the Company 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 them. Each Award Certificate shall as soon as reasonably practicable after execution and delivery by the Company, and in any event within 14 days thereafter, be issued to the relevant Participant 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 Grant Date of the Award;
 - 5.4.2 the Vesting Date of the Award;
 - 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 whether the Award is a Conditional Award, an Option or a Cash Award;
 - 5.4.5 the number of Shares subject to the Award;
 - 5.4.6 if the Award is an Option, the Exercise Period in relation to such Option;
 - 5.4.7 whether or not a Dividend Equivalent shall apply in respect of the Award;
 - 5.4.8 whether the Award is subject to a Holding Period and if it is, the duration of such Holding Period; and
 - 5.4.9 whether the Participant is liable for any employer's national insurance contributions and/or employer's health and social care levy that may arise as a result of, or in connection with, the Vesting or exercise of the Award concerned.
- 5.5 The Committee may determine that instead of each Award being granted by the execution and delivery by the Company as a deed of an Award Certificate in respect of the Award, Awards shall be granted by the Company 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 Company shall issue an Award Certificate to each Participant. 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 from time to time determine.
- 5.6 An Award shall be personal to the Eligible Employee to whom it is granted and, except to the extent necessary to enable the legal personal representatives of such Eligible Employee to receive the benefit of the Award following the death of the Eligible Employee, shall not be transferable or assignable. An Award shall not be charged, pledged or otherwise encumbered during the life of the Participant and any purported assignment, charge, disposal or dealing with the rights and interest of the Participant under the Plan shall immediately thereupon render the Award void.
- 5.7 The Participant must in respect of any Award, (unless they have already provided a validly executed Declaration to the Company as at the Grant Date relating to such Award), validly execute a Declaration and return the same duly executed to the Company within 60 days following the Grant Date of the Award concerned.
- 5.8 In the event that the Participant fails to comply with **Rule 5.7** in respect of an Award and has not already provided a validly executed Declaration to the Company as at the Grant 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 60 days following the Grant Date of the Award concerned. For the avoidance of doubt an Eligible Employee need only execute one Declaration in respect of the Plan.
- 5.9 In the event of any Participant losing their Award Certificate the Company shall as soon as reasonably practicable after receipt of notice of such loss together, if it so requires, with an indemnity from the Participant in respect of any liability of the Company arising as a consequence of such loss (in such form as the Company may request) issue or procure the issue to the Participant 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.

6. PERFORMANCE CONDITIONS

- 6.1 Awards shall be granted subject to such conditions (which are additional to any conditions in any of these Rules) as the Committee may determine. Such conditions may (among other things):
- 6.1.1 relate to the achievement of a target by the Company or by any other Group Company provided that the determination of whether or not the target has been achieved must be made on an objective basis;
 - 6.1.2 include metrics or conditions, the measurement of which may relate to a period which commences prior to the start of the Performance Period relating to an Award, but which ends during the course of such Performance Period, provided always that there are other conditions applicable to the Award that are to be measured over the Performance Period concerned.
- 6.2 Any Performance Condition imposed on an Award pursuant to **Rule 6.1** may provide that:
- 6.2.1 the number of Shares in respect of which the Award may Vest shall depend on whether, and the extent to which, such Performance Condition is met; and/or
 - 6.2.2 that the Award may in specified circumstances Vest 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 performance.
- 6.4 The amendment of any Performance Condition pursuant to **Rule 6.3** may take such form as the Committee, in its absolute discretion, deems fit save that such amendment may not cause the achievement of a target to be 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 Participant concerned 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 the 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 such date prior to the date upon which Vesting occurs (or is to occur) as is determined by the Committee to be appropriate. 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 less difficult to perform than the original Performance Condition prior to such modification.
- 6.6 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 Participant 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 performance of the Participant 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; or

6.6.2 the number of Performance Outcome Shares is not appropriate in the context of circumstances that were unexpected or unforeseen at the Grant 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 (and hence shall not be treated as having Vested) unless and until the Committee has notified the Participant 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 in respect of the relevant number of Shares determined by reference to the extent to which such Performance Condition has not been satisfied.

7. **DIVIDEND EQUIVALENTS**

The Committee may decide on or before the grant of an Award to a Participant that such Participant shall be entitled to cash and/or Shares (in such proportions, which may include all cash or all Shares, as is determined in the Committee's sole discretion) of an aggregate value determined by reference to the dividends that would have been paid on the Vested Shares to which the Participant becomes entitled pursuant to the Award in respect of dividend record dates occurring during the period between the Grant Date of the Award and the date upon which the Award Vests. The Committee shall decide the basis on which the value of such dividends shall be calculated which may assume the reinvestment of dividends and/or the inclusion or exclusion of any dividend tax credit. In giving effect to this **Rule 7**, the Committee shall have complete discretion to decide the basis on which the Dividend Equivalent should be calculated.

8. **METHODS OF SATISFYING AWARDS**

8.1 Subject to **Rule 13**, unless specified otherwise by the Committee on or before the Grant Date of the Award concerned, a Conditional Award and/or an Option may be satisfied by either:

8.1.1 the transfer of Treasury Shares; and/or

8.1.2 the transfer of Shares other than Treasury Shares.

8.2 For the avoidance of doubt subject to the provisions of **Rule 3**, the Company may issue Shares to any person who has agreed to satisfy the Vesting of a Conditional Award or the exercise of an Option in either case by way of a transfer of Shares, for the purpose of enabling that person to satisfy the Award concerned.

9. VESTING OF AWARDS

- 9.1 Subject to the provisions of **Rules 12, 14, 15, 16 and 17**, an Award shall Vest on the Vesting Date to the extent that the Performance Condition applicable to the Award has been satisfied.
- 9.2 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 **17** 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 that Vest (or in the case of a Cash Award, in respect of which the calculation of the cash payment to be made to the Participant may be determined).

10. CONSEQUENCES OF VESTING

- 10.1 In the case of a Conditional Award, within 30 days following the date on which such Conditional Award Vests, the Board shall, subject to **Rules 12.1, 12.3 and 13**, procure the transfer of the Vested Shares to the Participant who held the Conditional Award or to someone else chosen by the Participant and notified in writing by the Participant to the Board (provided always that the Participant is the beneficial owner of such Shares).
- 10.2 In the case of an Option, such Option shall, subject to the provisions of **Rules 12.1, 14, 15, 16 and 17**, be exercisable in respect of Vested Shares during the Exercise Period relating to the Option.
- 10.3 In the case of a Cash Award, within 30 days following the date on which such Cash Award Vested, the Board shall, subject to **Rule 12.1**, pay to the Participant a cash sum (after making all necessary deductions, on account of income tax, employee's national insurance contributions and/or employee's health and social care levy or similar liabilities as may be required by law or as the Committee may reasonably consider to be necessary or desirable) equal to the Market Value of the Vested Shares. For the purposes of this **Rule 10.3**, the Market Value of the Vested Shares shall be taken to be an amount equal to the Market Value of a Share on the date upon which the Cash Award Vested multiplied by the number of Vested Shares concerned.
- 10.4 The provision of any Dividend Equivalent payable in respect of an Award to the Participant shall be made at the same time as, or as soon as practicable after, the transfer of Vested Shares or payment of a cash sum in relation to a Cash Award and **Rule 12.1** and **Rule 12.3** shall apply in respect of such Dividend Equivalent as if the provision of such Dividend Equivalent was the Vesting of an Award. To the extent that a Dividend Equivalent is paid in cash, the Company shall procure that the amount of any income tax, employee's national insurance contributions and/or employer's health and social care levy payable in respect of such cash payment shall be deducted from the cash payment concerned before the Dividend Equivalent is provided to the Participant.

11. EXERCISE OF OPTIONS

- 11.1 An Option must be exercised to the maximum extent possible as determined in accordance with these Rules at the time of exercise unless the Committee decides that a Participant may exercise their Option in respect of such fewer number of Shares as it decides.
- 11.2 The exercise of any Option shall be effected in the form and manner prescribed by the Committee. Unless the Committee, acting fairly and reasonably determines otherwise, any notice of exercise shall, subject to **Rule 12.1**, take effect only when the Company receives it, together with, where applicable, payment relating to the Tax Liability arising (or that shall arise) in respect of the exercise of the Option or an agreement to secure that such a payment is made under arrangements acceptable to the Committee.
- 11.3 If any conditions must be fulfilled before an Option may be exercised, the Option will not be validly exercised unless and until the Committee is satisfied that those conditions have

been fulfilled. Otherwise, the exercise date will be the date of receipt of the items referred to in **Rule 11.2**.

- 11.4 Subject to **Rule 12.1** and **Rule 12.3**, Shares will be transferred to a Participant or to someone else chosen by the Participant and notified in writing by the Participant to the Board (provided always that the Participant is the beneficial owner of such Shares) pursuant to the exercise of an Option within 30 days following the date on which such Option is exercised.

12. RESTRICTIONS ON VESTING AND EXERCISE

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

12.1.1 the Vesting (or exercise) of the Award and the transfer of Shares or payment of cash after such Vesting (or exercise) would be lawful in all relevant jurisdictions and in compliance with the Listing Rules, the Share Dealing Code, the City Code on Takeovers and Mergers and any other relevant UK or overseas regulation or enactment; and

12.1.2 if, on the Vesting (or exercise) of the Award, a Tax Liability would arise by virtue of such Vesting (or exercise) and the Committee decides that such Tax Liability shall not be satisfied by the sale of Shares pursuant to **Rule 12.3** then the Participant must have entered into arrangements acceptable to the Committee that the relevant Group Company will receive the amount of such Tax Liability; and

12.1.3 where the Committee requires, the Participant has entered into, or agreed to enter into, a valid election under Part 7 of ITEPA or any similar arrangements in any overseas jurisdiction.

For the purposes of this **Rule 12.1** references to Group Company include any former Group Company.

- 12.2 If a Participant will, or is likely to, incur any Tax Liability in respect of an Award before such Award Vests then that Participant must enter into arrangements acceptable to any relevant Group Company to ensure that it receives the amount of such Tax Liability prior to the time at which the Company (or the Participant's employer, if different) has to account for the Tax Liability concerned to HMRC. If no such arrangement is made then the Participant shall be deemed to have authorised the Company to withhold from any payment due from any Group Company to the Participant (including, but not limited to, any payment or payments of salary or any bonus payable to the Participant) such amount as is necessary to ensure that the full amount of the Tax Liability concerned is recovered from the Participant and/or to procure the sale of such number of the Shares held by any person on behalf of the Participant as is sufficient to generate funds (after taking into account any expenses and/or costs of sale) to enable the Tax Liability to be discharged in full therefrom and to withhold an amount equal to such Tax Liability therefrom and to apply the same in order to discharge the Tax Liability concerned.

For the purposes of this **Rule 12.2**, references to Group Company include any former Group Company.

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

13. **CASH ALTERNATIVE**

- 13.1 Where an Award (being a Conditional Award or an Option) Vests and Vested Shares have not yet been transferred to the Participant or to someone else chosen by the Participant to be held for and on behalf of the Participant, the Committee may, subject to obtaining the Participant's prior written consent, determine that, in substitution for their right to acquire such number of Vested Shares as the Committee may decide (but in full and final satisfaction of the Participant's right to acquire those Shares), the Participant shall be paid a sum equal to the cash equivalent (as defined in **Rule 13.3**) of that number of Shares in accordance with the following provisions of this **Rule 13**.
- 13.2 This Rule shall not apply in relation to Awards made in any jurisdiction where the presence of this Rule would cause:
- 13.2.1 the operation of this Rule to be unlawful or for it to fall outside any applicable securities law exemption; or
- 13.2.2 adverse tax consequences for the Participant or any Group Company as determined by the Committee.
- 13.3 For the purpose of this **Rule 13**, the cash equivalent of a Share is the Market Value of a Share on the day when the Award Vests.
- 13.4 As soon as reasonably practicable after the Committee has determined under **Rule 13.1** that a Participant who has given their consent in accordance with **Rule 13.1** shall be paid a sum in substitution for such Participant's right to acquire any number of Vested Shares, the Company shall pay to the Participant or procure the payment to them of that sum in cash.
- 13.5 There shall be deducted from any payment under this **Rule 13** such amounts (on account of income tax, employee's national insurance contributions and/or employee's health and social care levy or similar liabilities) as may be required by law or as the Committee may reasonably consider to be necessary or desirable.

14. **MALUS & CLAWBACK**

- 14.1 The Committee may in its absolute discretion resolve to vary an Award held by a Participant in accordance with **Rule 14.2** in the following circumstances:
- 14.1.1 if any of the audited financial results for the Company are materially mis-stated;
- 14.1.2 if an error has been made in the calculation of the number of Shares or the amount of any cash payment to be delivered to a Participant pursuant to an Award whether on the basis of erroneous or misleading data or otherwise (including, but not limited to, an error in the assessment of any Performance Condition imposed on the Award pursuant to **Rule 6**) which would, if not corrected, result in the Participant concerned receiving an Overpayment;
- 14.1.3 in the event that there is gross misconduct on the part of the Participant holding the Award concerned which in the Committee's opinion should lead to the summary dismissal of the Participant concerned;
- 14.1.4 if the Company, any Group Company and/or a relevant business unit has suffered serious reputational damage as a result of the Participant's misconduct or otherwise;
- 14.1.5 if there has been a serious failure of risk management by the Company, any Group Company and/or relevant business unit;
- 14.1.6 if the Company suffers corporate failure;

- 14.1.7 such other circumstances, where the Committee determines that this **Rule 14.1** should apply.
- 14.2 If the Committee determines in accordance with **Rule 14.1** that this **Rule 14.2** applies in respect of an Award then the Committee may resolve that the number of Shares comprised in an Award held by the Participant that are not Vested Shares and/or Vested Shares in the case of an Option held by the Participant where the Option has not yet been exercised should be reduced (to nil if appropriate) and/or impose further conditions on an Award. The Participant concerned shall be bound by, and comply with, any resolution of the Committee pursuant to this **Rule 14.2** and the Award concerned shall be subject to the terms of such resolution.
- 14.3 The Committee may decide at any time within the period of two years following the date on which it determines the extent to which the Performance Condition applying to an Award has been satisfied, that the Relevant Participant to whom such Award was granted shall be subject to Clawback:
- 14.3.1 if any of the audited financial results for the Company are materially mis-stated;
 - 14.3.2 if an error has been made in the calculation of the number of Shares or the amount of any cash payment to be delivered to a Participant pursuant to an Award whether on the basis of erroneous or misleading data or otherwise (including, but not limited to, an error in the assessment of any Performance Condition imposed on the Award pursuant to **Rule 6**) which would, if not corrected, result in the Participant concerned receiving an Overpayment;
 - 14.3.3 in the event that there is gross misconduct on the part of the Participant holding the Award concerned which in the Committee's opinion should lead to the summary dismissal of the Participant concerned;
 - 14.3.4 if the Company, any Group Company and/or a relevant business unit has suffered serious reputational damage as a result of the Participant's misconduct or otherwise;
 - 14.3.5 if there has been a serious failure of risk management by the Company, any Group Company and/or relevant business unit;
 - 14.3.6 if the Company suffers corporate failure;
 - 14.3.7 in the event that such other circumstances exist in which the Committee determines that this **Rule 14.3** should apply.
- 14.4 In any case where the Committee has determined that **Rule 14.3** applies in respect of a Relevant Participant, the Committee shall determine:
- 14.4.1 the appropriate amount to be recovered from the Relevant Participant concerned ("the Determined Sum"); and
 - 14.4.2 whether or not the calculation of the Determined Sum, should take into account any income tax and/or national insurance contributions and/or health and social care levy actually paid by the Relevant Participant concerned and any possibility of such Relevant Participant being able to reclaim any such income tax and/or national insurance contributions and/or health and social care levy from the relevant tax authority.
- The Relevant Participant shall be bound by the Committee's determination of the Determined Sum.
- 14.5 In any case where the Committee has determined that **Rule 14.3** applies in respect of a Relevant Participant, the Determined Sum may, at the discretion of the Committee, be recovered from the Relevant Participant in one or more of the following ways:

- 14.5.1 The Committee may reduce (including, if deemed appropriate, to zero) any of the following:
- 14.5.1.1 the amount of any future bonus which would, but for the operation of this **Rule 14**, be payable to the Relevant Participant concerned under any bonus plan operated by any Group Company; and/or
 - 14.5.1.2 the extent to which any subsisting Award held by the Relevant Participant concerned Vests, notwithstanding any other provision applying to the Award in question; and/or
 - 14.5.1.3 the number of Shares subject to any Award held by the Relevant Participant concerned, which have not yet Vested; and/or
 - 14.5.1.4 the extent to which any subsisting right to acquire Shares granted to the Relevant Participant concerned under any employees' share scheme (other than the Plan or any Tax Advantaged Scheme) operated by any Group Company may vest or become exercisable, notwithstanding any other provisions applying to the right to acquire Shares in question; and/or
 - 14.5.1.5 the number of Shares subject to any subsisting right to acquire Shares held by the Relevant Participant concerned under any employees' share scheme (other than the Plan or any Tax Advantaged Scheme) operated by any Group Company which have not yet vested in accordance with the terms applying to such subsisting right to acquire Shares.
- 14.5.2 The Committee may require the Relevant Participant to pay to such Group Company as the Committee may direct, and on such terms as the Committee may direct, (including, without limitation, on terms that the Determined Sum is deducted from the Relevant Participant's salary or from any other payment to be made to the Relevant Participant by any Group Company), such amount as is required in order for the Determined Sum to be recovered in full from the Relevant Participant.

A Relevant Participant shall be bound by, and comply with, any method of recovery determined by the Committee in accordance with the foregoing provisions of this **Rule 14.5**.

15. LAPSE OF AWARDS

- 15.1 An Award shall lapse immediately upon the earliest of:
- 15.1.1 a bankruptcy order being made in respect of the Participant (or any similar event relating to the insolvency of the Participant in any country other than the United Kingdom);
 - 15.1.2 in the case of Option, the expiry of the Exercise Period relating to the Award unless one of **Rules 16** or **17** apply to the Award concerned and the relevant Rule specifies some other lesser period during which the Award may be exercised before it lapses;
 - 15.1.3 subject as provided in **Rules 17.4** or **17.7**, on the commencement of the winding-up of the Company.

16. LEAVERS

- 16.1 If at any time a Participant's employment within the Group ends for any reason whatsoever (including by reason of the Participant's death) the following provisions of this **Rule 16** shall apply.

- 16.2 If:
- 16.2.1 a Participant dies before the Vesting Date of an Award, then unless the Committee determines otherwise, such Award shall, subject to **Rules 12.1, 14 and 15**, Vest as soon as reasonably practicable after the Participant's death in respect of such number of Shares as is determined by:
 - 16.2.1.1 unless the Committee in its sole discretion determines otherwise, multiplying the number of Shares subject to the Award by the Relevant Pro-rating Factor in respect of the Award concerned.
 - 16.2.1.2 ascertaining the extent to which the Performance Condition (after adjustment, if relevant, in accordance with **Rule 6.3** or **Rule 6.5**) is satisfied at the date of the Participant's death and the number of Shares that would Vest as a result; and
 - 16.2.1.3 to the extent that the Committee determines that it is appropriate to do so, applying **Rule 6.6** in respect of the Award.
 - 16.2.2 a Participant, holding an Award in the form of an Option which has Vested, dies prior to exercising the Option, or an Option held by a Participant Vests in accordance with **Rule 16.2.1**, such Participant's personal representatives shall, subject to **Rules 12.1, 14 and 15**, be entitled to exercise the Option concerned to the extent that it has Vested at any time during the twelve month period following the Participant's death. If not so exercised, the Option in question shall lapse immediately.
- 16.3 If a Participant ceases to be employed within the Group during the Performance Period relating to an Award other than by virtue of their death:
- 16.3.1 in circumstances where the Participant is a Good Leaver and a Holding Period does not apply to the Award concerned, such Award shall not lapse but shall instead continue to subsist on and subject to the Rules of the Plan and, subject to **Rules 12.1, 14 and 15**, Vest in respect of such number of Shares as is determined pursuant to **Rule 16.8** on:
 - 16.3.1.1 the Vesting Date relating to such Award; or
 - 16.3.1.2 on such earlier date as the Committee may, at its absolute discretion, specify following the Participant's cessation of employment within the Group;
 - 16.3.2 in circumstances where the Participant is a Good Leaver and a Holding Period does apply to the Award concerned, such Award shall not lapse but shall instead continue to subsist on and subject to the Rules of the Plan and, subject to **Rules 12.1, 14 and 15**, Vest in respect of such number of Shares as is determined pursuant to **Rule 16.8** on the Vesting Date relating to the Award unless the Committee, in its absolute discretion determines, following the Participant ceasing to be employed within the Group, that the Award concerned will Vest as soon as reasonably practicable after such cessation;
 - 16.3.3 in circumstances where the Participant is not a Good Leaver, the Award shall lapse immediately on such cessation.
- 16.4 If a Participant ceases to be employed within the Group after the end of the Performance Period relating to an Award (save as a result of the death of the Participant):
- 16.4.1 in circumstances where the Participant is not a Bad Leaver, the Award shall not lapse but shall, to the extent that it has not already Vested at the date that the Participant ceased to be employed within the Group, continue to subsist on and subject to the Rules of the Plan and, subject to **Rules 12.1, 14 and 15**, Vest on the Vesting Date to the extent determined in accordance with **Rule 9.2** or such

other earlier date as the Committee may, at its absolute discretion, specify in which case the number of Shares in respect of which the Award shall Vest shall be determined in accordance with **Rule 16.8**;

- 16.4.2 in circumstances where the Participant is a Bad Leaver, the Award shall lapse immediately on such cessation.
- 16.5 In circumstances where a Participant holds an Award in the form of an Option and such Option has Vested or Vests in accordance with any one of **Rules 16.3.1, 16.3.2, or 16.4.1**, then that Participant may exercise the Option concerned in respect of the Vested Shares for a period of six months from the date upon which it has so Vested or Vests.
- 16.6 A Participant shall not be treated for the purposes of this **Rule 16** as ceasing to be an employee within the Group until such time as they are no longer an employee of any Group Company. If any Participant is on leave from work in circumstances where they retain a statutory right to return to work at the end of the period of leave, the Participant shall be treated as continuing to be employed within the Group unless and until the Participant ceases to be entitled to exercise their right to return to work.
- 16.7 Notwithstanding any other provision of this **Rule 16** or of **Rule 17**, where an Award which is an Option has become exercisable in accordance with any of the foregoing provision of this **Rule 16** and the provisions of **Rule 17** subsequently apply (or vice versa), the period of time allowed for the exercise of such an Option shall be the first to expire under the relevant one of **Rules 16.2 or 16.5** that applies to the Option concerned or under **Rule 17** (as the case may be).
- 16.8 In the event that **Rule 16.3.1 or 16.3.2** applies in respect of an Award held by a Participant or the Committee exercises its discretion to allow an Award to Vest at an earlier date than the Vesting Date pursuant to **Rule 16.4.1**, the number of Shares in respect of which such Award Vests, shall be determined by:
 - 16.8.1 unless the Committee in its sole discretion determines otherwise, multiplying the number of Shares subject to the Award by the Relevant Pro-rating Factor in respect of the Award concerned; and
 - 16.8.2 ascertaining the extent to which the Performance Condition applying to the Award is satisfied at the Vesting Date or in the event that the Award is to Vest prior to the Vesting Date, ascertaining the extent to which the Performance Condition (after adjustment, if relevant, in accordance with **Rule 6.3 or Rule 6.5**) is satisfied and the number of Shares that would Vest as a result; and
 - 16.8.3 to the extent that the Committee determines that it is appropriate to do so, applying **Rule 6.6** in respect of the Award.

17. TAKEOVERS AND OTHER CORPORATE EVENTS

- 17.1 The provisions of this **Rule 17** shall apply if any one or more of the events specified in this **Rule 17** occur at any time.
- 17.2 If any person (or any group of persons acting In Concert):
 - 17.2.1 obtains Control of the Company as a result of making a general offer to acquire the whole of the issued share capital of the Company; or
 - 17.2.2 obtains Control of the Company as a result of making a general offer to acquire all the shares in the Company which are of the same class as the Shares over which Awards subsist,

the Committee shall, within seven days after becoming aware of that event, notify every Participant of it and each Award shall subject to **Rules 12.1, 14, 15 and 17.6** Vest on the date of such notification in respect of such number of Shares as is determined in accordance with **Rule 17.8** if such Award has not then Vested and any Award which is an Option may,

subject to **Rules 12.1, 14, 15** and **17.6** and subject as otherwise provided in **Rule 17.3**, be exercised at any time during the period of 89 days beginning with the Take-over Date. Any Option not exercised within this period shall lapse immediately upon the expiry of the period.

- 17.3 If a person becomes bound or entitled to acquire Shares under sections 979 to 982 (inclusive) or 983 to 985 (inclusive) of the Companies Act 2006, the Committee shall notify each Participant who holds an Award which is an Option of such circumstances as soon as it becomes aware of them and such Participant may, subject to **Rules 12.1, 14, 15** and **17.6**, exercise any Award which is an Option then held by them at any time during which that person remains bound or entitled to acquire Shares under sections 979 to 982 (inclusive) or 983 to 985 (inclusive) of the Companies Act 2006. Any Option which is not exercised at the end of such period shall lapse immediately.

- 17.4 In the event that:

- 17.4.1 a compromise or arrangement is sanctioned by the Court under Part 26 of the Companies Act 2006 proposed for the purpose of or in connection with:

17.4.1.1 the acquisition of the whole or part of the issued ordinary share capital of the Company (or such part of such capital as is then not 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;

17.4.1.2 a scheme for the reconstruction of the Company or its amalgamation with another company;

- 17.4.2 a compromise or arrangement is sanctioned by the Court under section 901F of the Companies Act 2006 applicable to or affecting all of the ordinary share capital of the Company or all of the shares in the Company which are of the same class as the Shares subject to Awards; or

- 17.4.3 the Company passes a resolution for a voluntary winding up of the Company (except for the purposes or a reconstruction or amalgamation sanctioned by the Court under Part 26 of the Companies Act 2006 or for the purpose of a compromise or arrangement sanctioned by the Court under section 901F of the Companies Act 2006),

the Committee shall, within seven days after becoming aware of that event, notify every Participant of it and each Award shall subject to **Rules 12.1, 14, 15** and (in the case of any event falling within **Rule 17.4.1.1** or **17.4.2**, **Rule 17.6**) Vest on the date of such event in respect of such number of Shares as is determined in accordance with **Rule 17.8** if such Award has not then Vested and any Award which is an Option may, subject to **Rules 12.1, 14** and **15** and (in the case of any event falling within **Rule 17.4.1.1** or **17.4.2**, **Rule 17.6**), be exercised at any time during the period of 89 days beginning with the date of such notification. Any Option not exercised within this period shall lapse immediately upon the expiry of the period.

- 17.5 If a demerger, special dividend or other similar event (**Relevant Event**) is proposed which, in the opinion of the Committee would affect the market price of Shares to a material extent, then the Committee may, at its discretion, decide that the following provisions shall apply:

- 17.5.1 the Committee shall, as soon as reasonably practicable after deciding to apply these provisions and subject to **Rules 12.1, 14** and **15**, notify each Participant that each Award that they hold Vests either conditionally upon the Relevant Event occurring or on the date of such notification in respect of such number of Shares as is determined in accordance with **Rule 17.8** if such Award has not then Vested and, that if the Award in question was in the form of an Option, that the Option may be exercised on such terms as the Committee may determine

and, subject to **Rule 12.1** and **15**, during such period preceding the Relevant Event or on the Relevant Event as the Committee may determine;

- 17.5.2 if pursuant to the Committee's determination under **Rule 17.5.1**, an Award Vests conditionally upon the Relevant Event and such event does not occur then the conditional Vesting shall not be effective and the Award shall continue to subsist; and
 - 17.5.3 if an Award is an Option that becomes exercisable in accordance with this **Rule 17.5** but is not exercised during the relevant period determined by the Committee, the Option shall, subject to **Rule 15**, lapse immediately on the expiry of such period.
- 17.6 In the event that a company (**Acquiring Company**) is expected to obtain Control of the Company as a result of an offer referred to in **Rule 17.2** or a compromise or arrangement referred to in **Rule 17.4.1.1** or **17.4.2** then the Committee, with the consent of the Acquiring Company, may decide before the obtaining of such Control that an Award shall not Vest under **Rule 17.2**, **Rule 17.4.1.1** or **17.4.2** but shall be automatically surrendered in consideration for the grant of a new award which the Committee determines is equivalent to the Award it replaces, except that it will be over shares in the Acquiring Company or some other company. If the Committee so decides (having obtained the Acquiring Company's consent) that any Award shall be automatically surrendered in the manner described in the foregoing provisions of this **Rule 17.6**, the Participant holding such Award shall be bound to comply with such decision.

The Rules will apply to any new award granted under this **Rule 17.6** as if references to Shares were references to shares over which the new award is granted and references to the Company were references to the company whose shares are subject to the new award.

- 17.7 In the event that a Nationalisation is proposed, the Committee shall notify each Participant:
- 17.7.1 holding an Award other than an Option, that such Award shall, subject to **Rules 12.1**, and **15**, Vest at such time before the Nationalisation occurs as the Committee may determine;
 - 17.7.2 holding an Option, that such Option shall, subject to **Rules 12.1** and **15**, Vest and may be exercised on such terms as the Committee shall determine, during such period expiring before the Nationalisation occurs as the Committee may determine.

In the event that the Committee notifies a Participant in respect of an Award pursuant to this **Rule 17.7**, the Award shall, subject to **Rule 14**, Vest (and in the case of an Option, shall be capable of exercise) in respect of such number of Shares as is determined pursuant to **Rule 17.8** if such Award has not then Vested, in accordance with the terms of such notification. If, pursuant to the foregoing provisions of this **Rule 17.7**, the Committee determines that an Award shall Vest conditionally upon the occurrence of an event preceding the Nationalisation, and such event does not occur, then the conditional Vesting shall not be effective and the Award shall continue to subsist. If, pursuant to the foregoing provisions of this **Rule 17.7**, the Committee determines that an Option may be exercised conditionally upon the occurrence of an event preceding the Nationalisation and such event does not occur, then the conditional exercise shall not be effective and the Option shall continue to subsist. In the event that an Option becomes capable of exercise pursuant to the foregoing provisions of this **Rule 17.7** but is not exercised before the expiry of the period during which such exercise may occur as determined by the Committee, the Option shall, subject to **Rule 15**, lapse immediately on the expiry of such period.

For the avoidance of doubt, the foregoing provisions of this **Rule 17.7** shall apply mutatis mutandis to each and every Award held by any Participant at the date upon which the Committee notifies each Participant of the proposed Nationalisation.

For the purpose of this **Rule 17.7**, a "Nationalisation" shall mean the transfer of the business and/or undertaking of the Group or a significant part thereof (as determined by the Committee) into state ownership or control or to some other entity directed by the state

or parliament, howsoever effected (including, but not limited to, any such transfer pursuant to an act of parliament or other regulation or legislation, a transfer of the business and assets of the Company and/or any Subsidiary of the Company or a significant part thereof or a transfer of the shares in the capital of the Company or shares in the capital of any Subsidiary of the Company, in each case for the purpose of enabling or facilitating the business and/or undertaking of the Group or a significant part thereof to come under state ownership or control or under the control or ownership of the relevant entity so directed by the state).

- 17.8 Subject to **Rule 17.6**, in the event that any of **Rules 17.2, 17.4, 17.5** or **17.7** applies in respect of an Award which has not already Vested, the number of Shares in respect of which such Award Vests pursuant to the relevant one of **Rules 17.2, 17.4, 17.5** or **17.7** concerned, shall be determined by:

17.8.1 unless the Committee in its sole discretion determines otherwise, multiplying the number of Shares subject to the Award by the Relevant Pro-rating Factor in respect of the Award concerned; and

17.8.2 ascertaining the extent to which the Performance Condition applying to the Award (after adjustment, if relevant, in accordance with **Rule 6.3** or **Rule 6.5**) is satisfied at the date of the Corporate Event concerned and the number of Shares that would Vest as a result; and

17.8.3 to the extent that the Committee determines that it is appropriate to do so, applying **Rule 6.6** in respect of the Award.

18. **ADJUSTMENT OF AWARDS**

- 18.1 In the event of an Issue or Reorganisation the Committee may make such adjustments as it considers appropriate to the number of Shares and/or the nominal value of the Shares comprised in an Award.

- 18.2 Notice of any adjustments made pursuant to **Rule 18.1** shall be given to the Participants by the Committee, which may call in Award Certificates for endorsement or replacement.

19. **AMENDMENTS**

- 19.1 Subject to **Rules 19.2** and **19.3**, these Rules may be amended in any manner by resolution of the Committee from time to time.

- 19.2 Subject as provided in **Rule 19.4**, no amendment shall be made to the following provisions of this Plan which is to the advantage of the Participants (present or future) without the prior approval of shareholders in general meeting:

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

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

19.2.3 the maximum entitlement for any Eligible Employee;

19.2.4 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

19.2.5 **Rules 19.2** and **19.3**.

- 19.3 Subject as provided in **Rule 19.4**, no amendment to the material disadvantage of Participants shall be made under **Rule 19.1** unless:

- 19.3.1 the Board shall have invited every Participant who would be affected by the proposed amendments to indicate whether or not they approve the amendment; and
- 19.3.2 the amendment is approved by a majority of those Participants who have given such an indication.
- 19.4 Notwithstanding the provisions of **Rules 19.2** and **19.3**, 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 Participant or any Group Company.
- 20. **EMPLOYMENT RIGHTS**
 - 20.1 The rights and obligations of any Participant under the terms of their office or employment with the Company (or any Group Company or former Group Company) shall not be affected by being an Participant. Nothing in this Plan confers upon the Participant any right to continue in the employment of the Company (or any Group Company or former Group Company), or will affect the right of the Company (or any Group Company or former Group Company) to terminate the employment of the Participant. The Plan shall not form part of any contract of employment between the Company, any Group Company or any former Group Company and any employees 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 Group Company or any former Group Company, directly or indirectly, or give rise to any cause of action in law or in equity against the Company, any Group Company or any former Group Company.
 - 20.2 The benefits to Eligible Employees or Participants 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.
 - 20.3 Participants shall have no right to any compensation or damages from any Trustee, the Company, any Group Company or any former Group Company in respect of any loss of any right or benefit or prospective right or benefit under the Plan which arises (or is claimed to arise), in whole or in part, from:
 - 20.3.1 termination of office or employment with; or
 - 20.3.2 notice to terminate office or employment given by or to,
the Company, any Group Company or any former Group Company. This exclusion of liability shall apply however termination of office or employment, or the giving of notice, is caused and however compensation or damages may be claimed.
 - 20.4 Participants shall have no right to compensation or damages from any Trustee, the Company, any Group Company or any former Group Company in respect of any loss of any right or benefit or prospective right or benefit under the Plan which arises (or is claimed to arise), in whole or in part, from:
 - 20.4.1 any company ceasing to be a Group Company; or
 - 20.4.2 the transfer of any business from a Group Company to any person that is not a Group Company.
This exclusion of liability shall apply however the change of status of the relevant Group Company, or the transfer of the relevant business, is caused, and however compensation or damages may be claimed.
 - 20.5 The granting of an Award on a particular basis or to a particular Participant in any year does not create any right or expectation of the grant of Awards on the same basis, or at all, or to any particular individual in that or any subsequent year.

21. MISCELLANEOUS

- 21.1 In the event of any dispute or disagreement as to the interpretation of the Plan, or as to any question or right arising from or relating to the Plan, the decision of the Committee shall be final and binding upon all persons.
- 21.2 The exercise of any power or discretion by the Committee shall not be open to question by any person and a Participant or former Participant shall have no rights in relation to the exercise of or omission to exercise any such power or discretion.
- 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 Any new Shares issued under or for the purpose of the Plan shall 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 Shares were transferred to the Participant.
- 21.5 Any notice or other communication under or in connection with the Plan may be given:
- 21.5.1 by personal delivery or by post, in the case of a company to its registered office, and in the case of an individual to their last known address, or, where they are a director or employee of a Group Company, either to their last known address or to the address of the place of business at which they perform the whole or substantially the whole of the duties of their office or employment;
 - 21.5.2 in an electronic communication to their usual business address or such other address for the time being notified for that purpose to the person giving the notice; or
 - 21.5.3 by such other method as the Committee determines.
- 21.6 Any notice sent by post shall be deemed to have been properly served 48 hours after an envelope containing such notice and properly addressed has been posted by first class post.
- 21.7 The Company shall make returns of all Awards granted, all Conditional Awards that have Vested and all Options that have been exercised and shall provide such other information relating to the Participants as may from time to time be required by HMRC.
- 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 or for the purpose of the Plan admitted to the UK Listing Authority Official List.

22. DATA PROTECTION

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

23. GOVERNING LAW

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 23** are made for the benefit of the Company and any Trustee only, which accordingly retain the right to bring proceedings in any other court of competent jurisdiction.