

Amendment of the Vesuvius Share Plan rules –
to be tabled as a resolution at the Vesuvius plc
AGM to be held on 18 May 2023

VESUVIUS PLC

THE VESUVIUS SHARE PLAN

Adopted by the board of the Company on 1 March 2022

Approved by shareholders of the Company on 18 May 2022

Amended by the Committee on 25 October 2022

With amendments for approval by shareholders of the Company on 18 May 2023

CONTENTS

Rule	Page
1. Definitions and Interpretation	1
2. Eligibility	3
3. Grant of Awards.....	4
4. Limits	6
5. Vesting of Awards	7
6. Consequences of Vesting.....	10
7. Exercise of Options.....	11
8. Cash Alternative and Other Cash Awards	12
9. Lapse of Awards	14
10. Leavers.....	14
11. Takeovers and Other Corporate Events	16
12. Adjustment of Awards	18
13. Alterations.....	19
14. Miscellaneous	20

Schedule – Shares subject to a Holding Period

1. DEFINITIONS AND INTERPRETATION

1.1 In the Plan, unless the context otherwise requires:

"**Award**" means a Conditional Award or an Option;

"**Board**" means the board of directors of the Company or a duly authorised committee of the Board or a duly authorised person, or any successor entity;

"**Bonus**" means a benefit payable under a discretionary bonus arrangement operated by a Participating Company;

"**Cash Conditional Award**" has the meaning set out in Rule 8.6;

"**Committee**" means the remuneration committee or any of committee of the Board appointed by the Board for the purposes of the Plan, a sub-committee or an individual appointed by such committee or, on and after the occurrence of a corporate event described in Rule 11, the committee of the Board or such sub-committee as constituted immediately before such event occurs;

"**Company**" means Vesuvius plc (registered in England and Wales with registered number 8217766);

"**Conditional Award**" means a conditional right to acquire Shares granted under the Plan;

"**Control**" means control within the meaning of section 719 of ITEPA;

"**Deferred Share Bonus Award**" means an Award which represents a deferred Bonus and which may only be granted to an individual who has been awarded a Bonus by a Participating Company;

"**Dividend Equivalent**" means a benefit calculated by reference to dividends paid on Shares as described in Rule 3.4;

"**Early Vesting Date**" means either:

- (a) the date of cessation of employment of a Participant in the circumstances referred to in Rule 10.1; or
- (b) a date of notification referred to in Rule 11.1, the date of the relevant event referred to in Rule 11.2 or the date of Vesting referred to in Rule 11.3;

"**Exercise Period**" means the period referred to in Rule 6.2 during which an Option may be exercised;

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

"Group Member" means:

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

and, for the purposes of Rule 5.3, 5.4 and 7.1, includes former Group Members.

"Holding Period" means any period during which the Schedule will apply;

"ITEPA" means the Income Tax (Earnings and Pensions) Act 2003;

"Listing Rules" means the Listing Rules published by the UK Listing Authority;

"London Stock Exchange" means London Stock Exchange plc or any successor to that company;

"Market Value" on any day means

- (a) where Shares are quoted on the Daily Official List of the London Stock Exchange, an amount equal to the middle-market quotation of a Share (as derived from the London Stock Exchange Daily Official List) on the dealing day before the Grant Date or such other date determined by the Committee or, if the Committee so determines, the average of the middle market quotations during a period not exceeding the 30 days before the Grant Date or such other date determined by the Committee provided such dealing day(s) do not fall within any period when dealings in Shares are prohibited under the Company's share dealing code; or
- (b) if Shares have not been admitted to the Daily Official List of the London Stock Exchange, the market value of a Share determined in accordance with the provisions of Part VIII of the Taxation of Chargeable Gains Act 1992;

"Normal Vesting Date" means the date on which an Award Vests under Rule 5.1;

"Option" means a right to acquire Shares under the Plan which is designated as an option by the Committee under Rule 3.2;

"Option Price" means the amount, if any, payable on the exercise of an Option;

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

"Participating Company" means the Company or any Subsidiary of the Company;

"**Performance Condition**" means a condition related to performance which is specified by the Committee under Rule 3.1;

"**Performance Period**" means the period over or during which the Performance Condition shall be measured by the Committee;

"**Performance Share Award**" means an Award to which one or more Performance Conditions apply;

"**Plan**" means the Vesuvius Share Plan as amended from time to time;

"**Restricted Share Award**" means an Award which is not subject to Performance Conditions;

"**Rule**" means a rule of the Plan;

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

"**Subsidiary**" means a body corporate which is a subsidiary (within the meaning of section 1162 of the Companies Act 2006);

"**Tax Liability**" means any amount of tax or social security contributions for which a Participant would or may be liable and for which any Group Member or former Group Member would or may be obliged to (or would or may suffer a disadvantage if it were not to) account to any relevant authority;

"**US Code**" means the US Internal Revenue Code of 1986;

"**US Participant**" means (1) a US citizen, (2) a US resident or (3) a non-resident alien of the US, but in the case of a non-resident alien, only with respect to the portion of an Award that is taxable in the US and subject to section 409A of the US Code;

"**Vest**" means:

- (a) in relation to a Conditional Award, a Participant becoming entitled to have Shares transferred to them (or their nominee) subject to the Rules; or
- (b) in relation to an Option, it becoming exercisable

and **Vesting** and **Vested Shares** shall be construed accordingly.

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

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

2. **ELIGIBILITY**

2.1 **Performance Share Awards**

An individual is eligible to be granted a Performance Share Award only if they are an employee (including an executive director) of a Participating Company.

2.2 Restricted Share Awards

An individual is eligible to be granted a Restricted Share Award only if they are an employee (including an executive director), save that no Restricted Share Award shall be granted to an executive director of the Company unless the Committee determines that there are exceptional circumstances justifying the grant.

2.3 Deferred Share Bonus Awards

An individual is eligible to be granted a Deferred Share Bonus Award only if they are an employee (including an executive director) of a Participating Company and they are eligible to receive a Bonus.

3. GRANT OF AWARDS

3.1 Terms of grant

Subject to Rule 3.6, Rule 3.8 and Rule 4, the Committee may resolve to grant an Award to any person who is eligible under Rule 2 on:

- (a) the terms set out in the Plan; and
- (b) any other terms as the Committee may specify (whether a Performance Condition, Holding Period or otherwise).

3.2 Type of Award

On or before the Grant Date, the Committee shall determine whether an Award shall be in the form of:

- (a) a Conditional Award or an Option; and
- (b) a Performance Share Award, a Deferred Share Bonus Award or a Restricted Share Award.

3.3 Method of grant

An Award shall be granted by deed executed by the Company and, if an Award is an Option, the Committee will set the Option Price (if any) on or before the Grant Date (and may reduce or waive any Option Price on or before the exercise of the Option).

3.4 Treatment of Dividends

The Committee may:

- (a) decide at any time that a Participant (or their nominee) shall be entitled to receive a benefit determined by reference to the value of all or any of the dividends that would have been paid on the Vested Shares in respect of dividend record dates occurring during the period between the Grant Date and the date of Vesting and may further decide that such benefit shall be provided in cash and/or Shares. The Committee may decide to exclude the value of all or part of any special dividend from the amount of the Dividend Equivalent; or

- (b) grant an Award on terms whereby the number of Shares comprised in the Award shall increase by deeming dividends (excluding special dividends, unless the Committee decides otherwise) paid on the Shares from the Grant Date to Vesting to have been reinvested in additional Shares on such terms as the Committee shall decide.

3.5 Method of satisfying Awards

Unless specified to the contrary by the Committee on the Grant Date, an Award may be satisfied:

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

The Committee may decide to change the way in which it is intended that an Award may be satisfied after it has been granted, having regard to the provisions of Rule 4.

3.6 Timing of grant

Subject to Rule 3.8, an Award may only be granted at the following times up to 18 May 2032:

- (a) in the period of 6 weeks beginning with the dealing day after the date on which the Company announces its results for any period;
- (b) in the period of 6 weeks beginning with the date on which the Plan is approved by the Shareholders of the Company; or
- (c) at any other time when the Committee considers that exceptional circumstances exist.

3.7 Non-transferability and bankruptcy

An Award granted to any person:

- (a) shall not be transferred, assigned, charged or otherwise disposed of except on their death to their personal representatives and shall lapse immediately on any attempt to do so; and
- (b) shall lapse immediately if they are declared bankrupt.

3.8 Approvals and consents

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

3.9 Confirmation of Award Terms

Each Participant shall, for any Award granted to them, be provided with confirmation of the terms set out below:

- (a) the Grant Date;
- (b) the number of Shares over which the Award is granted;
- (c) any applicable Performance Condition(s);
- (d) the Normal Vesting Date(s);
- (e) in the case of an Option, the period(s) during which such Option may be exercised;
- (f) any obligations on the part of the Participant that may be deemed necessary or desirable to comply with any securities or tax laws or other regulatory issues which may apply to the Company, any Group Member, the Participant or any other person; and
- (g) any other terms which the Committee considers appropriate.

3.10 US Participants

An Award granted to a US Participant shall be in the form of a Conditional Award.

4. LIMITS

4.1 5 per cent. in 10 years limit

An Award shall not be granted if, at the time of the proposed Grant Date, it would cause the number of Shares "allocated" (under any discretionary share plan adopted by the Company, including the Plan) in the period of 10 years ending with the calendar year in which the proposed Grant Date falls, to exceed 5% of the issued ordinary share capital of the Company.

4.2 10 per cent. in 10 years limit

An Award shall not be granted if, at the time of the proposed Grant Date, it would cause the number of Shares "allocated" (under any employee share plan adopted by the Company, including the Plan) in the period of 10 years ending with the calendar year in which the proposed Grant Date falls, to exceed 10% of the issued ordinary share capital of the Company.

4.3 Meaning of "allocated"

For the purposes of Rules 4.1 and 4.2 Shares will cease to be allocated where any option, award or other contractual right to acquire unissued Shares or treasury Shares is released or lapses (whether in whole or in part) or the Committee chooses to satisfy the award, option or other contractual right in cash or by the transfer of existing Shares (other than treasury Shares).

4.4 **Individual Limit**

- (a) The maximum total Market Value of Shares over which Performance Share Awards may be granted to any employee during any calendar year is 200% of their salary (as defined in this Rule).
- (b) The maximum total Market Value of Shares over which Restricted Share Awards may be granted to any employee during any calendar year is 150% of their salary (as defined in this Rule), unless the Committee decides that exceptional circumstances exist, in which case the maximum total value may be such higher percentage of their salary as the Committee may determine.
- (c) The maximum total Market Value of Shares over which Deferred Share Bonus Awards may be granted to any employee during any calendar year shall be the amount of the Bonus that might have otherwise been paid to such employee.
- (d) If in any calendar year an employee is to be granted more than one type of Award (ignoring Deferred Share Bonus Awards, and any Restricted Share Award granted to an executive director of the Company in exceptional circumstances), the Committee shall reduce the individual limits set out above on an appropriate exchange ratio in the light of such individual limits (so that, for instance, if a Participant is granted a Performance Share Award over Shares with a total Market Value of one-half of the maximum which could be granted to them under the above individual limit for Performance Share Awards, they may be granted a Restricted Share Award over Shares with a total Market Value of up to one-half of the maximum which could be granted to them under the above individual limit for Restricted Share Awards).

For the purpose of this Rule 4.4 an employee's **salary** shall be taken to be their base salary (excluding benefits in kind), expressed as an annual rate payable by the Participating Companies to them on the Grant Date (or such earlier date as the Committee shall determine). Where a payment of salary is made in a currency other than sterling, the payment shall be treated as equal to the equivalent amount of sterling determined by using any rate of exchange which the Committee may reasonably select.

4.5 **Effect of limits**

Any Award shall be limited and take effect so that the limits in this Rule 4 are complied with.

5. **VESTING OF AWARDS**

5.1 **Timing of Vesting: Normal Vesting Date**

Subject to Rule 5.3 and Rules 5.6 and 5.7, and except where Vesting occurs before the Normal Vesting Date under Rule 10 or Rule 11 an Award shall Vest on the later of:

- (a) the date on which the Committee determines whether or not any Performance Condition and any other condition imposed on the Vesting of the Award has been satisfied (in whole or part); and

- (b) the third anniversary of the Grant Date (or, in the case of a Restricted Share Award, such earlier date or dates of Vesting as may be prescribed by the Committee on the Grant Date).

5.2 Extent of Vesting

An Award shall only Vest to the extent:

- (a) that any Performance Condition is satisfied on the Normal Vesting Date or, if appropriate, the Early Vesting Date;
- (b) as permitted by any other term imposed on the Vesting of the Award; and
- (c) in relation to Vesting before the Normal Vesting Date, as permitted by Rules 10.3 and 11.5.

Where, under Rule 10 or Rule 11, an Award would (subject to the satisfaction of any Performance Condition) Vest before the end of the full period over which performance would be measured under the Performance Condition then, unless provided to the contrary by the Performance Condition, the extent to which the Performance Condition has been satisfied in such circumstances shall be determined by the Committee on such reasonable basis as it decides.

5.3 Restrictions on Vesting: regulatory and tax issues

An Award shall only Vest on a dealing day for the purposes of the London Stock Exchange Daily Official List (assuming that Shares are quoted in such List on the day of Vesting, otherwise this restriction shall not apply) and not Vest unless and until the following conditions are satisfied:

- (a) the Vesting of the Award, and the issue or transfer of Shares after such Vesting, would be lawful in all relevant jurisdictions and in compliance with the Listing Rules, any relevant share dealing code of the Company, the City Code on Takeovers and Mergers and any other relevant UK or overseas regulation or enactment;
- (b) if, on the Vesting of the Award, a Tax Liability would arise by virtue of such Vesting and the Board decides that such Tax Liability shall not be satisfied by the sale of Shares pursuant to Rule 5.5, then the Participant must have entered into arrangements acceptable to the Board that the relevant Group Member will receive the amount of such Tax Liability;
- (c) the Participant has entered into such arrangements as the Committee requires (and where permitted in the relevant jurisdiction) to satisfy a Group Member's liability to social security contributions in respect of the Vesting of the Award; and
- (d) where the Committee requires, the Participant has entered into, or agreed to enter into, a valid election under Part 7 of ITEPA (*Employment income: elections to disapply tax charge on restricted securities*) or any similar arrangement in any overseas jurisdiction.

5.4 **Tax liability before Vesting**

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

5.5 **Payment of Tax Liability**

The Participant authorises the Company to sell or procure the sale of sufficient Vested Shares on or following the Vesting of their Award on their behalf to ensure that any relevant Group Member or former Group Member receives the amount required to discharge the Tax Liability which arises on Vesting except to the extent that the Board decides that all or part of the Tax Liability shall be funded in a different manner.

5.6 **Malus and clawback**

Notwithstanding any other provision of the Plan and regardless of whether any Performance Condition has been satisfied, the Committee may decide:

- (a) at any time before an Award Vests that the number of Shares that would otherwise Vest shall be reduced (to nil if appropriate) (a "**Malus Adjustment**"); and/or
- (b) within 3 years of the Vesting of the Award, the Vested Award shall be repaid in whole or in part ("**Clawback**")

in either case, as a result of:

- (i) any material misstatement of the Group's financial results between the Grant Date and the Vesting Date (the "**Vesting Period**");
- (ii) any error in the calculation of the extent of Vesting of any Award during the Vesting Period;
- (iii) the Participant's actions during the Vesting Period having, in the reasonable opinion of the Committee, amounted to gross misconduct;
- (iv) the Participant's conduct during the Vesting Period having, in the reasonable opinion of the Committee, caused serious harm to the reputation of the Group and/or significant financial loss to the Group;
- (v) a material failure of risk management during the Vesting Period which caused serious harm to the reputation of the Group;
- (vi) a serious breach of health and safety during the Vesting Period which caused serious harm to the reputation of the Group.

5.7 Operation of Clawback

To ensure that any Clawback is satisfied, the Committee may:

- (a) reduce (to nil if appropriate):
 - (i) the amount of the next bonus (if any) which would otherwise be payable to the Participant under any bonus plan operated by any Group Member;
 - (ii) the extent of Vesting of any other subsisting Award under the Plan held by Participant;
 - (iii) the extent of vesting of any rights to acquire Shares granted to the Participant under any employees' share plan (other than a UK tax qualifying plan) operated by any Group Member;
 - (iv) the number of Shares subject to any vested but unexercised rights to acquire Shares granted to the Participant under any employees' share plan (other than a UK tax qualifying plan) operated by any Group Member; and / or
- (b) require the Participant to pay to such Group Member and on such terms as the Committee may direct, (including, but without limitation, on terms that the relevant amount is to be deducted from any payment to be made to the Participant by any Group Member), such amount as is required for the Clawback to be satisfied in full.

6. CONSEQUENCES OF VESTING

6.1 Conditional Awards

On or as soon as reasonably practicable after the Vesting of a Conditional Award, the Board shall, subject to Rule 5.5 and any arrangement made under Rules 5.3(b) and 5.3(c), transfer or procure the transfer of the Vested Shares to the Participant (or a nominee for them).

6.2 Options

An Option shall, subject to Rule 7.1, be exercisable in respect of Vested Shares for a period of 10 years beginning with the Grant Date (or such shorter period beginning with the Grant Date as the Committee may have decided before the grant of the Option) and shall lapse at the end of that period unless it lapses earlier under Rule 10.2, Rule 11.1, Rule 11.2 or Rule 11.3.

If an Option is not exercised during the last 30 days of the Exercise Period because of any regulatory restrictions referred to in Rule 7.1(a), the Committee may extend the period during which the Option may be exercised so as to permit the Option to be exercised as soon as those restrictions cease to apply.

6.3 **Dividend equivalent**

If the Committee decided at any time under Rule 3.4(a) that a Participant would be entitled to the Dividend Equivalent in relation to Shares under their Award, then the provision of the Dividend Equivalent to the Participant shall be made as soon as practicable after Vesting and;

- (a) in the case of a cash payment, shall be subject to such deductions (on account of tax or similar liabilities) as may be required by law or as the Board may reasonably consider to be necessary or desirable;
- (b) in the case of a provision of Shares, Rule 5.3, Rule 5.5 and Rules 5.6 and 5.7 shall apply as if such provision was the Vesting of an Award.

In the case of an Option, a Dividend Equivalent shall accrue to the time of Vesting but shall only be paid at the time of exercise and, if provided in Shares, shall be subject to Rule 7 below.

6.4 **Holding Period**

Where the Committee has determined that a Holding Period shall apply to an Award, the Committee shall transfer or allot the legal ownership of the number of Shares that Vest, in the case of a Conditional Award, or the number of Shares over which an Option is exercised, to the Participant on the condition that the Participant undertakes to comply with the Schedule. The Vested Shares shall be subject to the provisions of the Schedule until the end of the Holding Period.

7. **EXERCISE OF OPTIONS**

7.1 **Restrictions on the exercise of an Option: regulatory and tax issues**

An Option which has Vested may not be exercised unless the following conditions are satisfied:

- (a) the exercise of the Option and the issue or transfer of Shares after such exercise would be lawful in all relevant jurisdictions and in compliance with the Listing Rules, any relevant share dealing code of the Company, the City Code on Takeovers and Mergers and any other relevant UK or overseas regulation or enactment;
- (b) if, on the exercise of the Option, a Tax Liability would arise by virtue of such exercise and the Board decides that such Tax Liability shall not be satisfied by the sale of Shares pursuant to Rule 7.4, then the Participant must have entered into arrangements acceptable to the Board that the relevant Group Member will receive the amount of such Tax Liability;
- (c) the Participant has entered into such arrangements as the Committee requires (and where permitted in the relevant jurisdiction) to satisfy a Group Member's liability to social security contributions in respect of the exercise of the Option; and

- (d) where the Committee requires, the Participant has entered into, or agreed to enter into, a valid election under Part 7 of ITEPA (*Employment income: elections to disapply tax charge on restricted securities*) or any similar arrangement in any overseas jurisdiction.

7.2 Exercise in whole or part

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

7.3 Method of exercise

The exercise of any Option shall be effected in the form and manner prescribed by the Board. Unless the Board, acting fairly and reasonably determines otherwise, any notice of exercise shall, subject to Rule 7.1, take effect only when the Company receives it, together with payment of any relevant Option Price (or, if the Board so permits, an undertaking to pay that amount).

7.4 Payment of Tax Liability

The Participant authorises the Company to sell or procure the sale of sufficient Vested Shares on or following exercise of their Option on their behalf to ensure that any relevant Group Member receives the amount required to discharge the Tax Liability which arises on such exercise except to the extent that the Board decides that all or part of the Tax Liability shall be funded in a different manner.

7.5 Transfer or allotment timetable

As soon as reasonably practicable after an Option has been exercised, the Company shall, subject to Rule 7.4 and any arrangement made under Rules 7.1(b) and 7.1(c), transfer or procure the transfer to them (or a nominee for them) or, if appropriate, allot to them (or a nominee for them) the number of Shares in respect of which the Option has been exercised.

8. CASH ALTERNATIVE AND OTHER CASH AWARDS

8.1 Committee determination

Where a Conditional Award Vests or where an Option has been exercised and Vested Shares have not yet been allotted or transferred to the Participant (or their nominee), the Committee may determine that, in substitution for their right to acquire such number of Vested Shares as the Committee may decide (but in full and final satisfaction of their right to acquire those Shares), they shall be paid by way of additional employment income a sum equal to the cash equivalent (as defined in Rule 8.3) of that number of Shares in accordance with the following provisions of this Rule 8.

8.2 Limitation on the application of Rule 8.1

Rule 8.1 shall not apply in relation to an Award made to a Participant in any jurisdiction where the presence of Rule 8.1 would cause:

- (a) the grant of the Award to be unlawful or for it to fall outside any applicable securities law exclusion or exemption; or
- (b) adverse tax or social security contributions consequences for the Participant or any Group Member as determined by the Board

provided that this Rule 8.2 shall apply only if its application would prevent the occurrence of a consequence referred to in (a) or (b) above.

8.3 Cash equivalent

For the purpose of this Rule 8, the cash equivalent of a Share is:

- (a) in the case of a Conditional Award, the market value of a Share on the day when the Award Vests;
- (b) in the case of an Option, the market value of a Share on the day when the Option is exercised reduced by the Option Price (if any) in respect of that Share.

Market value on any day shall be determined as follows:

- (i) if on the day of Vesting or exercise, Shares are quoted in the London Stock Exchange Daily Official List, the middle-market quotation of a Share, as derived from that List, on that day; or
- (ii) if Shares are not so quoted, such value of a Share as the Committee reasonably determines.

8.4 Payment of cash equivalent

As soon as reasonably practicable after the Committee has determined under Rule 8.1 that a Participant shall be paid a sum in substitution for their right to acquire any number of Vested Shares:

- (a) the Company shall pay to them or procure the payment to them of that sum in cash; and
- (b) if they have already paid the Company for those Shares, the Company shall return the amount to the Participant.

8.5 Phantom Options

Alternatively, the Committee may determine that an Option shall take the form of a right (a "**Phantom Option**") to receive a cash sum calculated by reference to the growth in value of a specified number of notional Shares, on the basis that:

- (a) Rules 8.1 to 8.4 above shall apply to determine the amount payable to a Participant on the exercise of a Phantom Option; and
- (b) the Rules of the Plan applying to Options shall, mutatis mutandis, apply equally to Phantom Options.

8.6 **Cash Conditional Awards**

As a further alternative, the Committee may determine that a Conditional Award shall take the form of a right (a "**Cash Conditional Award**") to receive a cash sum calculated by reference to the value of a specified number of notional Shares, on the basis that:

- (a) Rules 8.1 to 8.4 above shall apply to determine the amount payable to a Participant on the Vesting of a Cash Conditional Award; and
- (b) the Rules of the Plan applying to Conditional Awards shall, mutatis mutandis, apply equally to Cash Conditional Awards.

8.7 **Deductions**

There shall be deducted from any payment under this Rule 8 such amounts (on account of tax or similar liabilities) as may be required by law or as the Board may reasonably consider to be necessary or desirable.

9. **LAPSE OF AWARDS**

An Award shall lapse in accordance with the Rules or to the extent it does not Vest under these Rules.

10. **LEAVERS**

10.1 **Leavers**

If a Participant ceases to be a director or employee of a Group Member for any reason other than those specified in Rule 10.2 then any Award held by them shall lapse immediately on cessation.

10.2 **Good leavers**

If a Participant ceases to be a director or employee of a Group Member before the Normal Vesting Date by reason of:

- (a) retirement with the agreement of their employer (and provided that the Participant re-confirms retirement status at Vesting);
- (b) ill health, injury or disability evidenced to the satisfaction of the Committee;
- (c) redundancy (within the meaning of the Employment Rights Act 1996) or any overseas equivalent;
- (d) death;
- (e) their employing company ceasing to be a Group Member or their employment relating to a business or part of a business which is transferred out of the Group;
- (f) for any other reason, if the Committee so decides at its discretion

then, subject to Rule 5.3, Rules 5.6 and 5.7 and Rule 11, the Award shall Vest on the Normal Vesting Date and Rule 10.3 shall apply unless the Committee decides that the Award shall Vest on the date of cessation and Rule 10.3 shall apply,

and provided that where the Committee decides that a Participant's Award shall Vest after the date of cessation, the Committee may determine that Vesting will only occur provided that at any time prior to Vesting the Participant is not deemed by the Committee to be in breach of any restrictions which continue to apply to them after the termination of their employment or office at any time when those restrictions are expressed to apply and where the Committee determines that such a breach has occurred the Participant's Award shall lapse immediately.

Subject to the above proviso, a Participant's Award shall lapse one year after the date on which it Vests or if a Participant ceases to be a director or employee of a Group Member on or after the Normal Vesting Date by reason of any of the matters set out above, their Award shall lapse one year after the date of such cessation provided that in either case the Committee shall have discretion to set a different period.

10.3 **Leavers: reduction in number of Vested Shares**

Where an Award Vests on or after a Participant ceasing to be a director or employee of a Group Member, the Committee shall determine the number of Vested Shares of that Award by the following steps:

- (a) applying any Performance Condition and any other condition imposed on the Vesting of the Award; and
- (b) applying a pro rata reduction to the number of Shares determined under Rule 10.3(a) based on:
 - (i) **in the case of an Award that is not subject to a Performance Condition, the period of time after the Grant Date and ending on the date of cessation relative to the period from the Grant Date to the Normal Vesting Date; and**
 - (ii) **in the case of an Award that is subject to a Performance Condition, the period of time after the start of the Performance Period and ending on the date of cessation relative to the length of the original uncurtailed Performance Period**

unless the Committee, acting fairly and reasonably, decides that the reduction in the number of Vested Shares under Rule 10.3(b)(i) or Rule 10.3(b)(ii) (as appropriate) is inappropriate in any particular case when it shall increase the number of Vested Shares to such higher number as it decides provided that number does not exceed the number of Shares determined under Rule 10.3(a).

If an Award Vests under any of Rules 11.1 to 11.3 when the holder of that Award has ceased to be a director or employee of a Group Member then this Rule 10.3 shall take precedence over Rule 11.5.

10.4 Meaning of ceasing employment

A Participant shall not be treated for the purposes of this Rule 10 as ceasing to be a director or employee of a Group Member until such time as they are no longer a director or employee of any Group Member. If any Participant ceases to be such a director or employee before the Vesting of their Award in circumstances where they retain a statutory right to return to work then they shall be treated as not having ceased to be such a director or employee until such time (if at all) as they cease to have such a right to return to work while not acting as an employee or director.

10.5 Death following cessation of employment

If a Participant dies following cessation of employment in circumstances where their Award did not lapse but it has not Vested by the time of their death, it shall Vest on the Normal Vesting Date unless the Committee decides that their Award shall Vest immediately on their death to the extent determined by reference to the time of cessation of employment in accordance with Rule 10.2.

11. TAKEOVERS AND OTHER CORPORATE EVENTS

11.1 General offers

If any person (or group of persons acting in concert):

- (a) obtains Control of the Company as a result of making a general offer to acquire Shares; or
- (b) having obtained Control of the Company makes such an offer and such offer becomes unconditional in all respects

the Board shall within 7 days of becoming aware of that event notify every Participant of it and, subject to Rule 11.4, the following provisions shall apply:

- (i) subject to Rule 5.3 and Rules 5.6 and 5.7, all Awards shall Vest and Rule 11.5 shall apply; and
- (ii) any Option may, subject to Rule 7.1 be exercised within one month of the date of such notification, but to the extent that an Option is not exercised within that period, that Option shall (regardless of any other provision of the Plan) lapse at the end of that period.

11.2 Schemes of arrangement and winding up

In the event that:

- (a) a compromise or arrangement is sanctioned by the Court under section 899 of the Companies Act 2006 in connection with or for the purposes of a change in Control of the Company; or
- (b) the Company passes a resolution for a voluntary winding up of the Company; or

- (c) an order is made for the compulsory winding up of the Company

all Awards shall, subject to Rule 5.3 and Rules 5.6 and 5.7, and Rule 11.4, Vest on the date of such event if they have not then Vested and Rule 11.5 shall apply.

If an event described in this Rule occurs then an Option may, subject to Rule 7.1 and Rule 11.4, be exercised within one month of such event, but to the extent that the Option is not exercised within that period, it shall (regardless of any other provision of the Plan) lapse at the end of that period.

11.3 Demergers and similar events

If a demerger, special dividend or other similar event (the "**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:

- (a) the Committee shall, as soon as reasonably practicable after deciding to apply these provisions, notify a Participant that, subject to earlier lapse under Rule 10, their Award Vests and, if relevant, their Option may be exercised, each on such terms as the Committee may determine and during such period preceding the Relevant Event or on the Relevant Event as the Committee may determine;
- (b) if an Award Vests, or an Option is exercised, conditional upon the Relevant Event and such event does not occur then the conditional Vesting or exercise shall not be effective and the Award shall continue to subsist; and
- (c) if the Committee decides that an Award Vests under this Rule 11.3 then the date of that Vesting shall be the Early Vesting Date and the provisions of Rule 11.5 shall apply.

11.4 Internal reorganisations

In the event that:

- (a) a company (the "**Acquiring Company**") is expected to obtain Control of the Company as a result of an offer referred to in Rule 11.1 or a compromise or arrangement referred to in Rule 11.2(a);and
- (b) at least 75% of the shares in the Acquiring Company are expected to be held by substantially the same persons who immediately before the obtaining of Control of the Company were shareholders in the Company

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 11.1 or Rule 11.2 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.

The Rules will apply to any new award granted under this Rule 11.4 as if references to Shares were references to shares over which the new award is granted and references

to the Company were references to the company whose shares are subject to the new award.

11.5 Corporate events: reduction in number of Vested Shares

If an Award Vests under any of Rules 11.1 to 11.3, the Committee shall determine the number of Vested Shares of that Award by the following steps:

- (a) ~~applying~~ **assessing** any Performance Condition and any other condition imposed on the Vesting of the Award **using such information as the Committee shall determine**; and
- (b) subject to Rule 10.3, by applying a pro rata reduction to the number of Shares determined under Rule 11.5(a) based on:
 - (i) **in the case of an Award that is not subject to a Performance Condition, the period of time after the Grant Date and ending on the Early Vesting Date relative to the period from the Grant Date to the Normal Vesting Date; and**
 - (ii) **in the case of an Award that is subject to a Performance Condition, the period of time after the start of the Performance Period and ending on the Early Vesting Date relative to the length of the original uncurtailed Performance Period**

unless the Committee, acting fairly and reasonably, decides that the reduction in the number of Vested Shares under Rule 11.5(b)(i) or Rule 11.5(b)(ii) (as appropriate) is inappropriate in any particular case when it shall increase the number of Vested Shares to such higher number as it decides provided that number does not exceed the number of Shares determined under Rule 11.5(a).

If an Award Vests under any of Rules 11.1 to 11.3 after the holder of that Award has ceased to be a director or employee of a Group Member then Rule 10.3 shall take precedence over this Rule 11.5.

12. ADJUSTMENT OF AWARDS

12.1 General rule

In the event of any variation of the share capital of the Company or a demerger, special dividend or other similar event which affects the market price of Shares to a material extent, the Committee may make such adjustments as it considers appropriate under Rule 12.2.

12.2 Method of adjustment

An adjustment made under this Rule shall be to one or more of the following:

- (a) the number of Shares comprised in an Award;
- (b) subject to Rule 12.3, the Option Price; and

- (c) where an Award has Vested or an Option has been exercised but no Shares have been transferred or allotted after such Vesting or exercise, the number of Shares which may be so transferred or allotted and (if relevant) the price at which they may be acquired.

12.3 Adjustment below nominal value

An adjustment under Rule 12.2 may have the effect of reducing the price at which Shares may be subscribed for on the exercise of an Option to less than their nominal value, but only if and to the extent that the Board is authorised:

- (a) to capitalise from the reserves of the Company a sum equal to the amount by which the nominal value of the Shares in respect of which the Option is exercised and which are to be allotted after such exercise exceeds the price at which the Shares may be subscribed for; and
- (b) to apply that sum in paying up such amount on such Shares

so that on exercise of any Option in respect of which such a reduction shall have been made the Board shall capitalise that sum (if any) and apply it in paying up that amount.

13. ALTERATIONS

13.1 General rule on alterations

Except as described in Rule 13.2, and Rule 13.4 the Committee may at any time alter the Plan or the terms of any Award.

13.2 Shareholder approval

Except as described in Rule 13.3, no alteration to the advantage of a Participant to any provisions concerning the following matters shall be made without the prior approval by ordinary resolution of the members of the Company:

- (a) eligibility;
- (b) the individual limits on participation;
- (c) the overall limits on the issue of Shares or the transfer of treasury Shares;
- (d) the basis for determining a Participant's entitlement to, and the terms of, Shares or cash provided under the Plan;
- (e) the adjustments that may be made in the event of any variation of capital; and
- (f) the terms of this Rule 13.2.

13.3 Exceptions to shareholder approval

Rule 13.2 shall not apply to:

- (a) any minor alteration 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 Group Member; or
- (b) any alteration to a Performance Condition made under Rule 13.5.

13.4 Alterations to disadvantage of Participants

No alteration to the material disadvantage of Participants (other than to any Performance Condition) shall be made under Rule 13.1 unless:

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

13.5 Alterations to a Performance Condition

The Committee may amend any Performance Condition without prior shareholder approval if:

- (a) an event has occurred which causes the Committee reasonably to consider that it would be appropriate to amend the Performance Condition;
- (b) the altered Performance Condition will, in the reasonable opinion of the Committee, be not materially less difficult to satisfy than the unaltered Performance Condition would have been but for the event in question; and
- (c) the Committee shall act fairly and reasonably in making the alteration.

14. MISCELLANEOUS

14.1 Employment

The rights and obligations of any individual under the terms of their office or employment with any Group Member shall not be affected by their participation in the Plan or any right which they may have to participate in it. An individual who participates in the Plan waives any and all rights to compensation or damages in consequence of the termination of their office or employment for any reason whatsoever (and regardless of whether such termination is lawful or unlawful) insofar as those rights arise or may arise from them ceasing to have rights under an Award as a result of such termination. Participation in the Plan shall not confer a right to continued employment upon any individual who participates in it. The grant of any Award does not imply that any further Award will be granted nor that a Participant has any right to receive any further Award.

14.2 Disputes

- (a) 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.
- (b) 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.

14.3 Share rights

- (a) All Shares allotted under the Plan shall rank equally in all respects with Shares then in issue except for any rights attaching to such Shares by reference to a record date before the date of the allotment.
- (b) Where Vested Shares are transferred to Participants (or their nominee), Participants will be entitled to all rights attaching to such Shares by reference to a record date on or after the date of such transfer.

14.4 Notices

- (a) Any notice or other communication under or in connection with the Plan may be given in such manner as the Board consider to be appropriate, which may include communication by email or intranet or by personal delivery or by sending the same 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 Member, either to their last known address or to the address of the place of business at which they perform the whole or substantially the whole of the duties of their office or employment.
- (b) Where any such notice or other communication is given by a Participant to the Company, it shall be effective only on receipt by the Company.

14.5 Third parties

No third party has any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Plan.

14.6 Benefits not pensionable

Benefits provided under the Plan shall not be pensionable.

14.7 Data protection

- (a) If a Participant is employed outside the European Economic Area or the United Kingdom and consent is needed for the collection, processing or transfer of their personal data under applicable local law, by participating in the Plan, the Participant gives their consent for the purposes of the Plan.

- (b) For the purposes of compliance with the General Data Protection Regulation (EU) 2016/679, and any UK or other legal or regulatory equivalent, the Company will separately provide a Participant with information on the collection, processing and transfer of their personal data, including the grounds for processing.
- (c) If UK law diverges from EU law, then any references in the plan documentation to EU legislation will be interpreted as to the UK equivalent legislation, as in force from time to time.

14.8 **Governing law**

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

SCHEDULE

SHARES SUBJECT TO HOLDING PERIOD

This Schedule shall apply to any Shares received on Vesting of a Conditional Award or exercise of an Option which are subject to a Holding Period.

1. Rights during the Holding Period

1.1 The following will apply to Shares during the Holding Period:

- (a) the Participant will be entitled to vote and to receive dividends and have all other rights of a shareholder in respect of the Shares from the date the Participant becomes the beneficial owner of them;
- (b) the Participant may not transfer, assign or otherwise dispose of the Shares or any interest in them (or instruct anyone to do so) except in the case of:
 - (i) the sale of sufficient entitlements nil-paid in relation to a Share to take up the balance of the entitlements under a rights issue;
 - (ii) a forfeiture as described in paragraph 2 below; or
 - (iii) to fund any Tax Liability in accordance with Rules 5.5 or 7.4.
- (c) Any securities which the Participant receives in respect of Shares subject to a Holding Period as a result of an event described in Rule 11.1 during the Holding Period will, unless the Committee decides otherwise, be subject to the same restrictions as the corresponding Shares subject to a Holding Period. This will not apply to any Shares which a Participant acquires on a rights issue or similar transaction to the extent that they exceed the number they would have acquired on a sale of sufficient rights under the rights issue nil-paid to take up the balance of the rights.

2. Forfeiture of Shares

To the extent that Shares subject to a Holding Period are forfeited under Rule 5.6 (or a similar provision in any other plan or policy of a Group Member), the Participant is deemed to consent to the immediate transfer of their beneficial ownership of the Shares, for no consideration or nominal consideration, to any person (which may include the Company, where permitted) specified by the Committee.

3. End of the Holding Period

3.1 The Holding Period will end on earliest of the following:

- (a) the date on which the Holding Period will normally end, as set by the Committee on the Grant Date (and which unless specified otherwise by the Committee shall

be the fifth anniversary of the Grant Date), subject to the Committee's discretion in exceptional circumstances to end the Holding Period early if the Participant leaves employment;

- (b) the date on which the Committee decides that the number of Shares subject to a Holding Period is sufficiently small that the continuation of the Holding Period is not warranted;
- (c) the date on which the Participant dies;
- (d) unless the Committee decides otherwise, if the Participant has left employment (before or after the start of the Holding Period) due to ill-health, injury or disability, as established to the satisfaction of the Company;
- (e) the date on which an event by virtue of which Rule 11 applies, unless the Award is exchanged.

3.2 At the end of a Holding Period, the restrictions relating to Shares will cease to apply and (to the extent not already held by them) the Shares will be transferred to the Participant or as they may direct.