

Rules of the Marks and Spencer Group Performance Share Plan 2025 for approval at the Annual General Meeting of Marks and Spencer Group p.l.c. to be held on 1 July 2025.

# Marks and Spencer Group p.l.c.

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## MARKS AND SPENCER GROUP PERFORMANCE SHARE PLAN 2025

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Approved by shareholders of the Company on [●] 2025.

Adopted by the Remuneration Committee of the Board of the Company on [●] 2025.

The Plan is a discretionary benefit offered by Marks and Spencer Group p.l.c. for the benefit of employees of its group. Its purpose is to increase the interest of the employees in Marks and Spencer Group's business goals and results through share ownership. The Plan is an incentive for the employees' future performance and commitment to the goals of Marks and Spencer Group p.l.c.

Shares purchased or received under the Plan, any cash received under the Plan and any gains obtained under the Plan are **not** part of salary for any purpose (except to any extent required by statute).

The Plan is being offered for the first time in 2025 and the remuneration committee of the board of Marks and Spencer Group p.l.c. shall have the right to decide, in its sole discretion, whether or not further awards will be granted in the future and to which employees those awards will be granted.

**Participation in the Plan is an investment opportunity distinct from any employment contract and entails the risks associated with an investment. An individual who participates in the Plan is treated as being aware of such risks and accepts such risks of their own free will.**

The detailed rules of the Plan are set out in this document.

## CONTENTS

<b>Rule</b>	<b>Page</b>
1. <b>DEFINITIONS AND INTERPRETATION .....</b>	<b>1</b>
2. <b>ELIGIBILITY .....</b>	<b>3</b>
3. <b>GRANT OF AWARDS.....</b>	<b>3</b>
4. <b>LIMITS .....</b>	<b>5</b>
5. <b>REDUCTION FOR MALUS .....</b>	<b>7</b>
6. <b>VESTING OF AWARDS .....</b>	<b>8</b>
7. <b>CONSEQUENCES OF VESTING .....</b>	<b>10</b>
8. <b>EXERCISE OF OPTIONS.....</b>	<b>11</b>
9. <b>CASH ALTERNATIVE .....</b>	<b>13</b>
10. <b>LAPSE OF AWARDS .....</b>	<b>14</b>
11. <b>LEAVERS.....</b>	<b>15</b>
12. <b>TAKEOVERS AND OTHER CORPORATE EVENTS.....</b>	<b>17</b>
13. <b>ADJUSTMENT OF AWARDS.....</b>	<b>19</b>
14. <b>CLAWBACK .....</b>	<b>20</b>
15. <b>ALTERATIONS .....</b>	<b>23</b>
16. <b>MISCELLANEOUS .....</b>	<b>24</b>
 <b>APPENDIX: GRANT OF A FORFEITABLE SHARES AWARD.....</b>	 <b>27</b>
<b>SCHEDULE 1: CASH AWARDS.....</b>	<b>28</b>
<b>SCHEDULE 2: US PARTICIPANTS.....</b>	<b>29</b>

1. **DEFINITIONS AND INTERPRETATION**

1.1 In the Plan, unless the context otherwise requires:

**"Award"** means an Option, a Conditional Award or a Forfeitable Shares Award;

**"Award Price"** means the amount, if any, payable in respect of the Vesting of a Conditional Award;

**"Board"** means the board of directors of the Company or a duly authorised committee of it or appointed by it or a duly authorised person;

**"Committee"** means the remuneration committee of the Board or, on and after the occurrence of a corporate event described in Rule 12 (*Takeovers and other corporate events*), the remuneration committee of the Board as constituted immediately before such event occurs;

**"Company"** means Marks and Spencer Group p.l.c. (registered in England and Wales with registered number 4256886);

**"Conditional Award"** means a conditional right to acquire Shares granted under the Plan which is designated as a conditional award by the Committee under Rule 3.2 (*Type of Award*);

**"Control"** means control within the meaning of section 995 of the Income Tax Act 2007;

**"Directors' Remuneration Policy"** means directors' remuneration policy within the meaning of section 226A(1) of the Companies Act 2006;

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

(a) the later of:

- (i) the date of cessation of employment of a Participant in the circumstances referred to in Rule 11.2 (*Good leavers before the Normal Vesting Date*); and
  - (ii) early determination of any Performance Condition relating to such cessation;
- or

(b) a date of notification referred to in Rule 12.1 (*General offers*) or Rule 12.2 (*Schemes of arrangement and winding up*) or the date of Vesting referred to in Rule 12.3 (*Demergers and similar events*);

**"Exercise Period"** means the period referred to in Rule 7.1 (*Options*) during which an Option may be exercised;

**"Forfeitable Shares"** means Shares comprised in a Forfeitable Shares Award which are subject to certain restrictions and forfeiture under the Plan;

**"Forfeitable Shares Award"** means the transfer of the beneficial interest in Forfeitable Shares to a Participant and the subsequent holding of that interest in accordance with the Plan;

**"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 the Companies Act 2006) 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;

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

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

**"Market Abuse Regulation"** means the Market Abuse Regulation (596/2014) as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 as amended from time to time;

**"Normal Vesting Date"** means the date on which an Award Vests under Rule 6.1 (*Timing of Vesting: Normal Vesting Date*);

**"Option"** means a right to acquire Shares granted under the Plan which is designated as an option by the Committee under Rule 3.2 (*Type of Award*);

**"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 (*Terms of grant*);

**"Plan"** means the Marks and Spencer Group Performance Share Plan 2025 as amended from time to time;

**"Restricted Period"** means the period set by the Committee under Rule 3.1(b) (*Terms of grant*) for the purposes of Rule 6.1(b) (*Timing of Vesting: Normal Vesting Date*) which shall be three years from the Grant Date unless the Committee otherwise determines at the Grant Date;

**"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 of another company, that is if that other company:

- (a) holds a majority of the voting rights in it; or

- (b) is a member of it and has the right to appoint or remove a majority of its board of directors; or
- (c) is a member of it and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in it

or if it is a subsidiary of a company which is itself a subsidiary of that other company;

**"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 be obliged to (or would or may suffer a disadvantage if it were not to) account to any relevant authority;

**"Vest"** means:

- (a) in relation to an Option, it becoming exercisable;
- (b) in relation to a Conditional Award, the Participant becoming entitled to have the Vested Shares issued or transferred to them; and
- (c) in relation to a Forfeitable Shares Award, the restrictions imposed on the Forfeitable Shares under the Plan ceasing to apply

and **"Vesting"** shall be construed accordingly; and

**"Vested Shares"** means those Shares in respect of which an Award Vests.

- 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, headings and any footnotes are for guidance only and do not form part of the Plan.

## 2. **ELIGIBILITY**

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

## 3. **GRANT OF AWARDS**

### 3.1 **Terms of grant**

Subject to Rule 3.5 (*Timing of grant*), Rule 3.7 (*Approvals and consents*) and Rule 4 (*Limits*), the Committee may resolve to grant an Award on:

- (a) the terms set out in the Plan; and
- (b) such additional terms and conditions (whether the Performance Condition and/or any other terms or conditions including any post-Vesting and post-cessation holding requirements) as the Committee may specify,

to any person who is eligible to be granted an Award under Rule 2 (*Eligibility*). When the Committee grants an Award, it shall also decide on the length of the Restricted Period applying to the Award.

If an Award is an Option or a Conditional Award, the Committee shall determine the Option Price (if any) or the Award Price (if any), on or before the Grant Date provided that the Committee may reduce or waive such Option Price or Award Price on or prior to the exercise of the Option or Vesting of a Conditional Award as applicable.

Where the Company has in place a Directors' Remuneration Policy approved by the Company in a general meeting, the terms of an Award to be granted to any person who is a director of the Company must fall within the scope of the Directors' Remuneration Policy most recently approved by the Company in a general meeting or as otherwise permitted under Chapter 4A of the Companies Act 2006.

### **3.2 Type of Award**

On or before the Grant Date, the Committee shall determine whether an Award will be an Option, a Conditional Award or a Forfeitable Shares Award. If the Committee does not specify the type of an Award on or before the Grant Date then that Award will be an Option.

### **3.3 Method of grant**

An Award shall be granted as follows:

- (a) an Option or a Conditional Award shall be evidenced by a deed executed by the Company; and
- (b) a Forfeitable Shares Award shall be granted by the procedure set out in the Appendix to the Plan.

### **3.4 Method of satisfying Awards**

Unless specified to the contrary by the Committee on or before 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 granted as a Conditional Award or an Option may be satisfied after it has been granted, having regard to the provisions of Rule 4 (*Limits*).

### **3.5 Timing of grant**

Subject to Rule 3.7 (*Approvals and consents*), an Award may only be granted:

- (a) within the period of 6 weeks beginning with:
  - (i) the date on which the Plan is approved by shareholders of the Company; or
  - (ii) the dealing day after the date on which the Company announces its results for any period; or
  - (iii) any day on which any changes to legislation or regulations affecting employee share plans are announced, effected or made; or

- (b) at any other time when the Committee considers that circumstances are sufficiently exceptional to justify its grant.

An Award may not be granted:

- (i) after 30 June 2035 (that is, the expiry of the period of 10 years beginning with the date on which the Plan is approved by shareholders of the Company); or
- (ii) at any time during which dealing in Shares is not permitted by the Market Abuse Regulation, any relevant share dealing code of the Company, the City Code on Takeovers and Mergers, or any other UK or overseas regulation or enactment.

### **3.6 Non-transferability and bankruptcy**

An Award granted to any person:

- (a) shall not be transferred, assigned, charged or otherwise disposed of by them 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.

### **3.7 Approvals and consents**

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

### **3.8 Confirmation of acceptance of Award**

The Committee may require an individual who is (or is to be) granted an Award to confirm their acceptance of the Rules and the terms of any Award granted to them by a specified date. Such confirmation will be in a manner and form set by the Board (which may require the employee to confirm acceptance on a portal or execute a document). The Committee may provide that the Award will lapse (and as a result be treated as never having been granted) if the confirmation of acceptance is not provided by the specified date, or provide that the Award will not Vest until they do so agree in writing.

## **4. LIMITS**

### **4.1 10 per cent. in 10 years limit**

No Award shall be granted in any calendar year which would, at the time it is proposed to be granted, cause the number of Shares allocated (as defined in Rule 4.2 (*Meaning of "allocated"*)) in the period of 10 calendar years ending with that calendar year under the Plan and under any other employee share plan adopted by the Company to exceed such number as represents 10 per cent. of the ordinary share capital of the Company in issue at that time.

### **4.2 Meaning of "allocated"**

For the purposes of Rule 4.1 (*10 per cent. in 10 years limit*):

- (a) Shares are allocated:

- (i) when an option, award or other contractual right to acquire unissued Shares or treasury Shares is granted; or
  - (ii) where Shares are issued or treasury Shares are transferred otherwise than pursuant to an option, award or other contractual right to acquire Shares, when those Shares are issued or treasury Shares transferred;
- (b) any Shares which have been issued or which may be issued (or any Shares transferred out of treasury or which may be transferred out of treasury) to any trustees to satisfy the exercise of any option, award or other contractual right granted under any relevant employee share plan shall be treated as allocated; and
- (c) for the avoidance of doubt, existing Shares other than treasury Shares that are transferred or over which options, awards or other contractual rights are granted shall not count as allocated.

#### 4.3 **Post-grant events affecting numbers of allocated Shares**

For the purposes of Rule 4.2 (*Meaning of "allocated"*):

- (a) where:
  - (i) 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
  - (ii) after the grant of an option, award or other contractual right the Committee determines that:
    - (aa) where an amount is normally payable on its exercise it shall be satisfied without such payment but instead by the issue of Shares and/or the transfer of treasury Shares and/or the payment of cash equal to the gain made on its exercise; or
    - (bb) it shall be satisfied wholly or partly by the transfer of existing Shares (other than Shares transferred out of treasury),

the unissued Shares or treasury Shares which consequently cease to be subject to the option, award or other contractual right from time to time or absolutely (as appropriate) shall not count as allocated; and

- (b) the number of Shares allocated in respect of an option, award or other contractual right shall be such number as the Board shall reasonably determine from time to time.

#### 4.4 **Changes to investor guidelines**

Treasury Shares shall cease to count as allocated for the purposes of Rule 4.2 (*Meaning of "allocated"*) if institutional investor guidelines cease to require such Shares to be so counted.

#### 4.5 **Individual limit**

The maximum total market value of Shares (calculated as set out in this Rule 4.5) over which Awards may be granted to any employee during any financial year of the Company shall be such maximum percentage of salary (as defined in this Rule 4.5) by reference to which Awards may be granted as is set out in the Company's Directors' Remuneration Policy most



recently approved by shareholders of the Company in general meeting or as otherwise permitted under Chapter 4A of the Companies Act 2006.

For the purpose of this Rule 4.5:

- (a) an employee's **salary** shall be taken to be their base salary (excluding benefits in kind and any salary allowances which the Committee decides to exclude), expressed as an annual rate payable by the Participating Companies to them, as at 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; and
- (b) the **market value** of the Shares over which an Award is to be granted shall be taken to be an amount equal to the average closing middle-market price of such Shares (as derived from the London Stock Exchange Daily Official List) during a period determined by the Committee not exceeding the 5 dealing days ending with the dealing day before the Grant Date or, if the Committee so determines, the closing middle-market price of the Shares (as derived from the London Stock Exchange Daily Official List) on the dealing day before the Grant Date provided any such dealing day(s) do not fall during a period when dealings in the Company's shares are prohibited under the Company's share dealing rules.

#### 4.6 **Effect of limits**

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

#### 4.7 **Restriction on use of unissued Shares and treasury Shares**

No Shares may be issued or treasury Shares transferred to satisfy the exercise of any Option or the Vesting of any Conditional Award to the extent that such issue or transfer would cause the number of Shares allocated (as defined in Rule 4.2 (*Meaning of "allocated"*)) and adjusted under Rule 4.3 (*Post-grant events affecting numbers of allocated Shares*)) to exceed the limit in Rule 4.1 (*10 per cent. in 10 years limit*).

### 5. **REDUCTION FOR MALUS**

Notwithstanding any other rule of the Plan, the Committee may, in its absolute discretion, determine at any time prior to the Vesting of an Award to:

- (a) reduce the number of Shares to which the Award relates;
- (b) cancel the Award; or
- (c) impose further conditions on the Award,

in circumstances in which the Committee considers such action is appropriate. Such circumstances include, but are not limited to, a material misstatement of the Company's audited results.

For the avoidance of doubt, any reduction under this Rule 5 may be applied on an individual basis as determined by the Committee. Whenever a reduction is made under this Rule 5, the relevant Award shall be treated to that extent as having lapsed.

## **6. VESTING OF AWARDS**

### **6.1 Timing of Vesting: Normal Vesting Date**

Subject to Rule 6.3 (*Restrictions on Vesting: regulatory and tax issues*), an Award will 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 day after the end of the Restricted Period,

except where earlier Vesting occurs under Rule 11 (*Leavers*) or Rule 12 (*Takeovers and other corporate events*).

### **6.2 Extent of Vesting**

An Award will 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) that any other term or condition imposed on the Vesting of the Award is satisfied;
- (c) as permitted by any other term or condition imposed on the Vesting of the Award; and
- (d) in relation to Vesting before the Normal Vesting Date, as permitted by Rules 11.5 (*Leavers: reduction in number of Vested Shares*) and 12.5 (*Corporate events: reduction in number of Vested Shares*).

Where, under Rule 11 (*Leavers*) or Rule 12 (*Takeovers and other corporate events*), an Award would (subject to the satisfaction of any Performance Condition) Vest before the end of the full period over which performance is 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.

The Committee may determine to adjust the level of Vesting (upwards or downwards) notwithstanding that the Performance Condition has been satisfied in full or in part, to ensure it is appropriate and fair in the context of the overall performance of the Company or the Participant (in either case as determined by the Board).

### **6.3 Restrictions on Vesting: regulatory and tax issues**

An Award will 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 Market Abuse Regulation, 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) where the Company has in place a Directors' Remuneration Policy, the Vesting of an Award and/or the delivery of Shares or payment of cash pursuant to the Vesting of an Award held by a Participant who is or was a director of the Company must, where relevant, fall within the scope of the Directors' Remuneration Policy most recently approved by the Company in a general meeting prior to the relevant event in this Rule 6.3(b) or as otherwise permitted under Chapter 4A of the Companies Act 2006;
- (c) 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 6.5 (*Payment of Tax Liability*), the Participant must have entered into arrangements acceptable to the Board that the relevant Group Member will receive the amount of such Tax Liability;
- (d) 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
- (e) 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.

Where, in the circumstances of an event described in Rule 13 (*Adjustment of Awards*), the Vesting of an Award is due to occur between the record date for and completion of such event the Committee may, in its absolute discretion determine that the Award will not Vest until the first dealing day following such completion.

In addition, the Committee may determine that Vesting of the Award shall be delayed until any relevant investigation or other procedure relevant to an event falling within the scope of Rule 5 (*Reduction for Malus*) has been completed.

Where a Participant has given or received notice of termination of their directorship or employment with a Group Member (and regardless of whether such notice is as a result of lawful or unlawful termination of their office or employment) an Award granted to them shall not Vest during this period unless the Committee determines otherwise. If an Award would otherwise have Vested during this period, and the notice is withdrawn, the Award will Vest when the notice is withdrawn.

For the purposes of this Rule 6.3, references to Group Member include any former Group Member.

#### **6.4 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 will 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.

For the purposes of this Rule 6.4, references to Group Member include any former Group Member.

## **6.5 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 unless they agree to fund all or part of the Tax Liability in a different manner.

## **7. CONSEQUENCES OF VESTING**

### **7.1 Options**

An Option shall, subject to Rule 8.1 (*Restrictions on the exercise of an Option: regulatory and tax issues*), be exercisable in respect of Vested Shares during the period commencing on the date on which the Option Vests and ending on the day before the tenth anniversary of the Grant Date (or such shorter period as the Committee shall determine on or before the Grant Date) unless it lapses earlier under Rule 11 (*Leavers*) or Rule 12 (*Takeovers and other corporate events*).

### **7.2 Conditional Awards**

- (a) Subject to Rule 7.2(c), on or as soon as reasonably practicable after the Vesting of a Conditional Award, the Board shall, subject to Rule 6.5 (*Payment of Tax Liability*), any arrangement made under Rules 6.3(c) and 6.3(d) and the receipt of payment of any relevant Award Price (or, if the Board so permits, arrangements satisfactory to the Board to pay that amount have been put in place), transfer or procure the transfer of the Vested Shares to the Participant (or a nominee for them) or, if appropriate, allot the Vested Shares to the Participant (or a nominee for them).
- (b) A Participant who holds a Conditional Award shall not have any beneficial interest in the Shares subject to their Award before the transfer of Vested Shares to them (or their nominee).
- (c) Where a Conditional Award has been granted subject to a post-Vesting or post-cessation holding requirement under Rule 3.1(b), the Vested Shares will be delivered (net of any Tax Liability) to such nominee, or other holding arrangement, as the Committee may determine.

### **7.3 Forfeitable Shares Award**

- (a) On the Vesting of a Forfeitable Shares Award, the Vested Shares shall cease to be subject to the restrictions imposed on the Forfeitable Shares under the Plan and the Board shall, subject to Rule 6.5 (*Payment of Tax Liability*) and any arrangement made under Rules 6.3(c) and 6.3(d), transfer or procure the transfer of:
  - (i) the legal title to the Vested Shares; and/or
  - (ii) any documents of title relating to the Vested Sharesto the Participant (or a nominee for them) on or as soon as reasonably practicable after Vesting.
- (b) Where a Forfeitable Shares Award has been granted subject to a post-Vesting or post-cessation holding requirement under Rule 3.1(b), the Vested Shares will be delivered

(net of any Tax Liability) to such nominee, or other holding arrangement, as the Committee may determine.

#### 7.4 **Dividend equivalent**

The Committee may determine that an Award shall include the right to receive dividend equivalents in which case the provisions of this Rule 7.4 shall apply.

- (a) On the Vesting of an Award, a Participant (or their nominee) shall be entitled to cash and/or Shares (as determined by the Committee) equal in value to the dividends (including, unless the Committee otherwise decides, the dividend tax credit) that would have been paid on the Vested Shares in respect of dividend record dates occurring during the period between the Grant Date and, subject to Rule 7.4(b) the date of Vesting ("**Dividend Equivalent Payment**").
- (b) The Committee may determine in its absolute discretion that any Dividend Equivalent Payment may be calculated by reference to dividends that would have been paid on Vested Shares in respect of record dates occurring during the period between the Grant Date and a period ending up to 30 days after the date of Vesting.
- (c) To the extent that a Participant is entitled to receive dividends on Vested Shares during the period in respect of which a Dividend Equivalent Payment is calculated pursuant to Rule 7.4(b), the Dividend Equivalent Payment will be adjusted to take such dividends into account.
- (d) The Committee, acting fairly and reasonably, may decide to disapply this Rule 7.4 in relation to all or part of a special dividend which would otherwise be included under this Rule 7.4.
- (e) Payment of such cash and/or the provision of such Shares shall be made as soon as practicable after Vesting and 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.
- (f) Where the Dividend Equivalent Payment is provided in Shares, Rule 6.3 (*Restrictions on Vesting: regulatory and tax issues*) and Rule 6.5 (*Payment of Tax Liability*) shall apply as if such provision was the Vesting of an Award.

### 8. **EXERCISE OF OPTIONS**

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

An Option which has Vested may not be exercised unless and until 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 Market Abuse Regulation, 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) where the Company has in place a Directors' Remuneration Policy, the exercise of an Option held by a Participant who is or was a director of the Company must, where relevant, fall within the scope of the Directors' Remuneration Policy most recently

approved by the Company in a general meeting or as otherwise permitted under Chapter 4A of the Companies Act 2006;

- (c) if, on the exercise of the Option, a Tax Liability would arise by virtue of such exercise and the Board decides that the Tax Liability will not be satisfied by the sale of Shares pursuant to Rule 8.4 (*Payment of Tax Liability*) then the Participant must have entered into arrangements acceptable to the Board that the relevant Group Member shall receive the amount of such Tax Liability;
- (d) 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
- (e) 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.

A Participant who has given or received notice of termination of their directorship or employment with a Group Member (and regardless of whether such notice is as a result of lawful or unlawful termination of their office or employment) may not exercise an Option during any period when the notice is effective unless the Committee decides otherwise.

For the purposes of this Rule 8.1 references to Group Member include any former Group Member.

## 8.2 Exercise in whole or part

An Option may be exercised in whole or in part on any occasion. If an Option is being exercised in part then it must be exercised over such minimum number of Shares as the Committee may decide from time to time unless it is being exercised to the full extent outstanding.

## 8.3 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 8.1 (*Restrictions on the exercise of an Option: regulatory and tax issues*), 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).

To the extent that a Vested Option remains unexercised on the last day of the Exercise Period, the Company will, subject to Rule 8.1 (*Restrictions on the exercise of an Option: regulatory and tax issues*) and the condition set out below being satisfied, be deemed to have received a valid notice of exercise for such Option with a direction to sell sufficient Shares arising on the exercise of the Option to fund the price payable on exercise of the Option (if any). The condition referred to is that  $A - B$  is greater than  $C$ , calculated as follows:  $A$  is the expected sale proceeds of the Shares resulting from the exercise of the Option;  $B$  is any costs of sale; and  $C$  is the total price payable on exercise of the Option. A Participant may give notice (in a form decided by the Board) that this paragraph shall not apply in respect of an Option.

A Participant who holds an Option shall not have any beneficial interest in the Shares subject to their Option prior to the allotment or transfer of Vested Shares to them (or their nominee).

#### **8.4 Payment of Tax Liability**

The Participant authorises the Company to sell or procure the sale of sufficient Vested Shares on or following the exercise of their Option on their behalf to ensure that any relevant Group Member or former Group Member receives the amount required to discharge any 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.

#### **8.5 Transfer or allotment timetable**

- (a) Subject to Rule 8.5(b), as soon as reasonably practicable after an Option has been exercised, the Company shall, subject to Rule 8.4 (*Payment of Tax Liability*) and any arrangement made under Rules 8.1(c) and 8.1(d), transfer or procure the transfer to the Participant (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.
- (b) Where an Option has been granted subject to a post-Vesting or post-cessation holding requirement under Rule 3.1(b), the number of Shares in respect of which the Option has been exercised will be delivered (net of any Tax Liability) to such nominee, or other holding arrangement, as the Committee may determine.

#### **8.6 Lapse of Options**

An Option which has become exercisable shall lapse at the end of the Exercise Period to the extent it has not been exercised unless it lapses earlier under Rule 11 (*Leavers*) or Rule 12 (*Takeovers and other corporate events*).

### **9. CASH ALTERNATIVE**

#### **9.1 Committee determination**

Where an Option has been exercised or where a Conditional Award Vests 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 that right), they shall be paid by way of additional employment income a sum equal to the cash equivalent (as defined in Rule 9.2 (*Cash equivalent*)) of that number of Shares in accordance with the following provisions of this Rule 9.

#### **9.2 Cash equivalent**

For the purpose of this Rule 9, 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 reduced by the Award Price in respect of that Share; and
- (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 in respect of that Share.

Market value on any day shall be determined as follows:

- (i) if on the date of Vesting or exercise, Shares are quoted in the London Stock Exchange Daily Official List, the closing middle-market price of a Share, as derived

from the London Stock Exchange Daily Official List, on the dealing day before that day; or

- (ii) if Shares are not so quoted, such value of a Share as the Committee reasonably determines.

### 9.3 **Payment of cash equivalent**

Subject to Rule 9.4 (*Share alternative*), as soon as reasonably practicable after the Committee has determined under Rule 9.1 (*Committee determination*) 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 to them the amount so paid by them.

### 9.4 **Share alternative**

If the Committee so decides, the whole or any part of the sum payable under Rule 9.3 (*Payment of cash equivalent*) shall, instead of being paid to the Participant in cash, be applied on their behalf:

- (a) in subscribing for Shares at a price equal to the market value by reference to which the cash equivalent is calculated; or
- (b) in purchasing such Shares; or
- (c) partly in one way and partly in the other,

and the Company shall allot to them (or their nominee) or procure the transfer to them (or their nominee) of the Shares so subscribed for or purchased.

### 9.5 **Deductions**

There shall be deducted from any payment under this Rule 9 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.

## 10. **LAPSE OF AWARDS**

An Award shall lapse:

- (a) in accordance with the Rules: or
- (b) to the extent it does not Vest under the Rules.

On the lapse of all or any part of a Forfeitable Shares Award, the beneficial interest (and, if appropriate, the legal interest) in the Forfeitable Shares in respect of which such Award has lapsed shall be transferred for no consideration to any person specified by the Board.



## **11. LEAVERS**

### **11.1 Cessation of employment on or before the first anniversary of the Grant Date**

If a Participant ceases to be a director or an employee of a Group Member on or before the first anniversary of the Grant Date of an Award for any reason (and regardless of whether such cessation is as a result of lawful or unlawful termination of their office or employment) then that Award shall lapse immediately on such cessation.

### **11.2 Good leavers before the Normal Vesting Date**

If a Participant ceases to be a director or an employee of a Group Member (and regardless of whether such cessation is as a result of lawful or unlawful termination of their office or employment) after the first anniversary of the Grant Date but before the Normal Vesting Date by reason of:

- (a) death;
- (b) disability, ill health or injury, evidenced to the satisfaction of the Committee;
- (c) retirement with the agreement of their employer;
- (d) their office or employment being with either a company which ceases to be a Group Member or relating to a business or part of a business which is transferred to a person who is not a Group Member; or
- (e) for any other reason, if the Committee so decides,

then, subject to Rule 6.3 (*Restrictions on Vesting: regulatory and tax issues*) and Rule 12 (*Takeovers and other corporate events*), their Award shall Vest on the Normal Vesting Date (unless the Committee decides that their Award shall Vest on the Early Vesting Date) and Rule 11.5 (*Leavers: reduction in number of Vested Shares*) shall apply.

An Award in the form of an Option which Vests under this Rule 11.2 may, subject to Rule 8.1 (*Restrictions on the exercise of an Option: regulatory and tax issues*) and Rule 12 (*Takeovers and other corporate events*) be exercised in respect of the Vested Shares within the period of 12 months commencing on the date of Vesting (or, if shorter, until the expiry of the Exercise Period) and, to the extent that the Option is not exercised, it shall lapse at the end of that period.

### **11.3 Good leavers on or after the Normal Vesting Date**

If a Participant who holds an Option ceases to be a director or employee of a Group Member on or after the Normal Vesting Date for a reason specified in Rule 11.2 (*Good leavers before the Normal Vesting Date*) (and regardless of whether such cessation is as a result of lawful or unlawful termination of their office or employment) then, subject to Rule 8.1 (*Restrictions on the exercise of an Option: regulatory and tax issues*) and Rule 12 (*Takeovers and other corporate events*), that Option shall continue to be exercisable for a period of 12 months commencing on the date of cessation (or, if shorter, until the expiry of the Exercise Period) and, to the extent that the Option is not exercised, it shall lapse at the end of that period.

#### **11.4 Cessation of employment in other circumstances**

If a Participant ceases to be a director or an employee of a Group Member after the first anniversary of the Grant Date of an Award for any reason other than those specified in Rule 11.2 (*Good leavers before the Normal Vesting Date*) (and regardless of whether such cessation is as a result of lawful or unlawful termination of their office or employment) then any Award held by them shall lapse immediately on such cessation.

#### **11.5 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 11.5(a) based on the number of whole calendar months in the period of time after the Grant Date and ending on the date of cessation relative to the Restricted Period,

unless the Committee, acting fairly and reasonably, decides that the reduction in the number of Vested Shares under Rule 11.5(b) 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 12.1 (*General offers*) to 12.3 (*Demergers and similar events*) after the holder of that Award has ceased to be a director or employee of a Group Member then this Rule 11.5 shall take precedence over Rule 12.5 (*Corporate events: reduction in number of Vested Shares*).

#### **11.6 Meaning of ceasing employment**

A Participant shall not be treated for the purposes of this Rule 11 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 while not acting as an employee or director.

The Committee may determine that a Participant will be treated as ceasing to be a director or employee of a Group Member when they give or receive notice of termination of their employment.

#### **11.7 Participant relocated abroad**

If it is proposed that a Participant, while continuing to be employed by a Group Member, should work in a country other than the country in which they are currently working and, by reason of the change, the Participant would:

- (a) suffer less favourable tax treatment in respect of their Awards; or

- (b) become subject to a restriction on their ability to exercise an Option, to have issued or transferred to them the Shares subject to an Award or to hold or deal in such Shares or the proceeds of sale of such Shares,

their Awards may, at the discretion of the Committee, Vest immediately either in full or to the extent determined by the Committee in its absolute discretion taking into account the period of time the relevant Award has been held and the extent to which any Performance Condition and any other condition imposed on the Vesting of the Award have been met. Where the Award is an Option and has become Vested pursuant to this Rule 11.7, the Participant may exercise their Vested Option at any time during the period beginning three months before the proposed date of their transfer and ending three months after the date of their actual transfer. If not so exercised, the Option shall not lapse but shall cease to be treated as having Vested and shall continue in force in accordance with the Rules.

## 12. TAKEOVERS AND OTHER CORPORATE EVENTS

### 12.1 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 12.4 (*Internal reorganisations*), the following provisions shall apply:

- (i) subject to Rule 6.3 (*Restrictions on Vesting: regulatory and tax issues*), all Awards shall Vest on the date of such notification if they have not already Vested and Rule 12.5 (*Corporate events: reduction in number of Vested Shares*) shall apply; and
- (ii) any Vested Option may, subject to Rule 8.1 (*Restrictions on the exercise of an Option: regulatory and tax issues*), be exercised within one month of the date of such notification (or, if shorter, until the expiry of the Exercise Period), but to the extent that an Option is not exercised within that period, it shall (regardless of any other provision of the Plan) lapse at the end of that period.

### 12.2 Schemes of arrangement and winding up

In the event that:

- (a) the Court sanctions a compromise or arrangement under section 899 of the Companies Act 2006 for the purposes of or in connection with a change in Control of the Company;
- (b) any person becomes bound or entitled to acquire shares in the Company under sections 979 to 982 of the Companies Act 2006;
- (c) the Company passes a resolution for a voluntary winding up of the Company; or
- (d) an order is made for the compulsory winding up of the Company,

the Board shall, as soon as practicable, notify every Participant of that event and, subject to Rule 12.4 (*Internal reorganisations*), the following provisions shall apply:

- (i) subject to Rule 6.3 (*Restrictions on Vesting: regulatory and tax issues*), all Awards shall Vest on the date of such notification if they have not already Vested and Rule 12.5 (*Corporate events: reduction in number of Vested Shares*) shall apply; and
- (ii) any Vested Option may, subject to Rule 8.1 (*Restrictions on the exercise of an Option: regulatory and tax issues*), be exercised within one month of such notification (or, if shorter, until the expiry of the Exercise Period), but to the extent that an Option is not exercised within that period, it shall (regardless of any other provision of the Plan) lapse at the end of that period.

### 12.3 **Demergers and similar events**

- (a) 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 notify a Participant that their Award shall, subject to Rule 6.3 (*Restrictions on Vesting: regulatory and tax issues*) Vest on the date of the Relevant Event if it has not already Vested and, if relevant, their Vested Option may, subject to Rule 8.6 (*Lapse of Options*), be exercised 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 and, if the Award is an Option, it shall (regardless of any other provision of the Plan) lapse at the end of that period to the extent unexercised.
- (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.
- (c) If the Committee decides that an Award Vests under this Rule 12.3 then the date of that Vesting shall be the Early Vesting Date and the provisions of Rule 12.5 (*Corporate events: reduction in number of Vested Shares*) shall apply.

### 12.4 **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 12.1 (*General offers*) or a compromise or arrangement referred to in Rule 12.2(a); and
- (b) at least 75% of the shares in the Acquiring Company are expected to be held by 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 12.1 (*General offers*) or Rule 12.2 (*Schemes of arrangement and winding up*) 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 12.4 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.

## **12.5 Corporate events: reduction in number of Vested Shares**

If an Award Vests under any of Rules 12.1 (*General offers*) to 12.3 (*Demergers and similar events*), the Committee shall determine the number of Vested Shares of that Award by the following steps:

- (a) by applying any Performance Condition and any other condition imposed on the Vesting of the Award; and
- (b) subject to Rule 11.5 (*Leavers: reduction in number of Vested Shares*), by applying a pro rata reduction to the number of Shares determined under Rule 12.5(a) based on the period of time after the Grant Date and ending on the Early Vesting Date relative to the Restricted Period,

unless the Committee, acting fairly and reasonably, decides that the reduction in the number of Vested Shares under Rule 12.5(b) 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 12.5(a).

If an Award Vests under any of Rules 12.1 (*General offers*) to 12.3 (*Demergers and similar events*) after the holder of that Award has ceased to be a director or employee of a Group Member then Rule 11.5 (*Leavers: reduction in number of Vested Shares*) shall take precedence over this Rule 12.5.

## **13. ADJUSTMENT OF AWARDS**

### **13.1 General rule**

In the event of:

- (a) any variation of the share capital of the Company; or
- (b) 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 13.2 (*Method of adjustment*).

### **13.2 Method of adjustment**

An adjustment made under this Rule 13.2 shall be to one or more of the following:

- (a) the number of Shares comprised in an Award;
- (b) subject to Rule 13.3 (*Adjustment below nominal value*), the Option Price or the Award Price as applicable; and
- (c) where any Award has Vested or 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.

### 13.3 **Adjustment below nominal value**

An adjustment under Rule 13.2 (*Method of adjustment*) may have the effect of reducing the Option Price at which Shares may be subscribed for on the exercise of an Option or the Award Price at which Shares may be subscribed for in respect of the Vesting of a Conditional Award 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 or in respect of which the Conditional Award Vests and which are to be allotted after such exercise or in respect of such Vesting 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 or Vesting of any Conditional Award 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.

## 14. **CLAWBACK**

### 14.1 **Trigger events**

In this Rule 14, "**Trigger Events**" means:

- (a) discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts of the Company or any Group Member for a period that was wholly or partly before the end of the period over which the Performance Condition applicable to an Award was assessed; and/or
- (b) the assessment of any Performance Condition or terms or conditions in respect of an Award was based on error, or inaccurate or misleading information; and/or
- (c) the discovery that any information used to determine the number of Shares subject to an Award was based on error, or inaccurate or misleading information; and/or
- (d) action or conduct of a Participant occurs or is discovered which, in the reasonable opinion of the Committee, amounts to gross misconduct or a material breach of the executive service agreement or employment contract that falls short of gross misconduct; and/or
- (e) events or behaviour of a Participant have had a significant detrimental impact on the reputation of any Group Member provided that the Committee is satisfied that the relevant Participant was responsible for the reputational damage and that the reputational damage is attributable to the Participant.

#### 14.2 Clawback

Notwithstanding any other provision of the Rules, if at any time during the period of two years following the Vesting of an Award a Trigger Event occurs, then the Committee may in its absolute discretion require the relevant Participant:

- (a) to transfer to the Company (or, if required by the Company, to any other person specified by the Company) all or some of the Shares acquired by the Participant (or their nominee) pursuant to the Vesting of the Award or, in the case of an Award that is an Option, the exercise of that Option; and/or
- (b) to pay to the Company (or if required by the Company, to any other person specified by the Company) an amount equivalent to all or part of the proceeds of sale or, in the event of a disposal of the Shares at a price which the Committee reasonably determines was less than market value at the time of disposal and where the disposal was not made at arm's length, an amount equivalent to the market value (as reasonably determined by the Committee) at the time of disposal of all or some of the Shares acquired pursuant to the Vesting of the Award or, in the case of an Award that is an Option, the exercise of that Option; and/or
- (c) to pay to the Company (or, if required by the Company, to any other person specified by the Company) an amount equivalent to all or part of the amount of any cash in respect of an Award paid to or for the benefit of the Participant; and/or
- (d) to pay to the Company (or, if required by the Company, any other person specified by the Company) all or part of any benefit or value derived from or attributable to the Shares referred to in paragraph (a) above (including but not limited to any special dividend or additional or replacement shares) on such terms as the Committee may reasonably direct,

less in each case the amount of tax and social security contributions actually paid (or due to be paid) by the Participant in respect of the acquisition of the Shares and/or payment of cash in respect of an Award.

In addition to the obligation of the Participant as described above, the Participant shall use their best endeavours to seek and obtain repayment or credit from HM Revenue and Customs ("HMRC") or any relevant overseas tax authority of the tax and social security contributions paid on the Participant's behalf in relation to the Award as soon as reasonably practicable and to notify the Company of such claim and/or receipt of any credit or payment by HMRC (or any relevant overseas tax authority) in this regard. Following such notification the Company will be entitled to require the Participant to make a payment to it within 30 days of an amount equivalent to the amount of any payment or credit received from HMRC (or any relevant overseas tax authority).

By accepting the grant of an Award, the Participant authorises the Company or such other Group Member as may be the employer of the Participant to make deductions, which the Participant hereby authorises, from any payment owing to them including but not limited to salary, bonus, holiday pay or otherwise in respect of any sum which would otherwise be payable by the Participant under this Rule 14.

Any repayments or transfers to be made by the Participant under this Rule 14 shall be made within 30 days of the date the Participant is notified in writing of the amount or number of Shares due.

In addition to or in substitution for the actions described above that the Committee may take under this Rule 14 (the "**Actions**"), the Committee may:

- (i) reduce the amount of any future bonus payable to the Participant; and/or
- (ii) determine that the number of Shares over which an award or right to acquire Shares is to be granted to the Participant under any employee share plan operated by any Group Member shall be reduced by such number as the Committee may determine; and/or
- (iii) reduce the number of Shares (including, for the avoidance of doubt, to nil) subject to any award or right to acquire Shares which has been granted to the Participant under any employee share plan operated by any Group Member (other than any tax-advantaged employee share plan that complies with the requirements of Schedules 2 to 4 of ITEPA) before the date on which the relevant award or right vests or becomes exercisable by such number as the Committee may determine; and/or
- (iv) reduce the number of Shares (including, for the avoidance of doubt, to nil) subject to any option to acquire Shares which has been granted to the Participant under any employee share plan operated by any Group Member (other than any tax-advantaged employee share plan that complies with the requirements of Schedules 2 to 4 of ITEPA) which has vested but not yet been exercised by such number as the Committee may determine,

provided that the total amount represented by such reductions and any amount or value payable to the Company under paragraphs (a) to (d) above shall not, in the Committee's reasonable opinion, exceed the amount or value which would have been due if the Committee had only carried out the Actions.

#### 14.3 **Clawback: Vested but unexercised Options**

Notwithstanding any other provision of the Rules, if at any time during the period of two years following the Vesting of an Award a Trigger Event occurs, then where the Award takes the form of an Option and the Participant has not exercised such Option, the Board may in its absolute discretion reduce the number of Shares subject to such Option (including, for the avoidance of doubt, to nil). In addition to or in substitution for reducing such Option, the Committee may take any of the actions set out in paragraphs (i) to (iv) of Rule 14.2 (*Clawback*) above provided that the total amount represented by reductions under paragraphs (i) to (iv) of Rule 14.2 (*Clawback*) above and any reduction of the Option under this Rule 14.3 shall not, in the Committee's reasonable opinion, exceed the amount which would have been the case if the Committee had only reduced the Option.

#### 14.4 **Supplementary provisions**

In carrying out any action under this Rule 14, the Committee shall act fairly and reasonably but its decision shall be final and binding.

For the avoidance of doubt, any action carried out under this Rule 14 may be applied on an individual basis as determined by the Committee. Whenever a reduction of an award, right to acquire Shares or option is made under this Rule 14, the relevant award, right to acquire Shares or option shall be treated to that extent as having lapsed.

Where an event occurs under Rules 12.1 to 12.3 which:

- (a) results in the Vesting of Awards; or



(b) would so result if there was any subsisting Award which had not already Vested,

and, where such Awards were granted on the basis that this Rule 14 applied, the Committee may, at its absolute discretion, determine the extent (if at all) that this Rule 14 applies to such Awards. Where the Committee makes such a determination, it will specify which Awards such determination applies to (which may include Awards which have already Vested and Options which have already been exercised).

## **15. ALTERATIONS**

### **15.1 General rule on alterations**

Except as described in Rule 15.2 (*Shareholder approval*), Rule 15.4 (*Alterations to disadvantage of Participants*) and Rule 15.5 (*Alterations to a Performance Condition*), the Committee may at any time alter the Plan or the terms of any Award granted under it.

### **15.2 Shareholder approval**

Except as described in Rule 15.3 (*Exceptions to shareholder approval*), no alteration to the advantage of an individual to whom an Award has been or may be granted shall be made under Rule 15.1 (*General rule on alterations*) to the provisions concerning:

- (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 15.2,

without the prior approval by ordinary resolution of the members of the Company in general meeting.

### **15.3 Exceptions to shareholder approval**

Rule 15.2 (*Shareholder approval*) 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 solely relating to the Performance Condition.

In addition, the Committee may, without obtaining the approval of the Company in general meeting, establish further plans (by way of schedules to the Rules or otherwise) based on the Rules, but modified to take account of local tax, exchange control or securities law in non-UK territories. Any Shares made available under such plans shall be treated as counting against any limits on individual or overall participation in the Plan under Rule 4 (*Limits*).

#### **15.4 Alterations to disadvantage of Participants**

No alteration to the material disadvantage of Participants shall be made under Rule 15.1 (*General rule on alterations*) 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.

#### **15.5 Alterations to a Performance Condition**

No alteration which solely relates to a Performance Condition shall be made under Rule 15.1 (*General rule on alterations*) unless:

- (a) an event has occurred which causes the Committee reasonably to consider that the Performance Condition would not, without the alteration, achieve its original purpose;
- (b) the altered Performance Condition will, in the reasonable opinion of the Committee, be no 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.

### **16. MISCELLANEOUS**

#### **16.1 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 insofar as those rights arise or may arise from them ceasing to have rights under an Award as a result of such termination (whether lawfully or unlawfully). 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.

#### **16.2 Disputes, powers and discretions**

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.

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.

### 16.3 **Share rights and listing of Shares**

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.

Where Vested Shares are transferred to Participants (or their nominee) or, in the case of Forfeitable Shares, released from their restrictions under the Plan, 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 or release of such restrictions.

If and so long as Shares are listed on the Official List and traded on the London Stock Exchange, the Company will apply for the listing and admission to trading of any Shares issued under the Plan as soon as reasonably practicable.

### 16.4 **Notices**

Any notice or other communication under or in connection with the Plan may be given:

- (a) by personal delivery or by post, in the case of a company to its registered office or to such other address as may from time to time be notified to an individual, and in the case of an individual to their last known address, or, where they are a director or employee of a Group Member (or former 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) 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
- (c) by such other method as the Board determines, which may include publication on any internet or portal.

### 16.5 **Third parties**

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

### 16.6 **Benefits not pensionable**

Benefits provided under the Plan shall not be pensionable.

### 16.7 **Data protection**

For the purposes of operating the Plan, the Company and its subsidiaries, including Marks and Spencer plc (collectively "**M&S**") will process personal information about Participants in accordance with the M&S Colleague Privacy Policy ("**Privacy Policy**"), which may be updated from time to time. The Privacy Policy provides information about how M&S uses colleagues' personal information and outlines their statutory rights relating to such personal information.

**16.8 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.

## **APPENDIX**

### **GRANT OF A FORFEITABLE SHARES AWARD**

On or before the grant of a Forfeitable Shares Award, each employee selected for such an Award must enter into an agreement with the Company under the terms of which the employee agrees:

- (a) to have full beneficial ownership of the Shares;
- (b) unless the Committee otherwise decides, to waive their rights to all cash and scrip dividends on their Forfeitable Shares until Vesting;
- (c) that they will not assign, transfer, charge or otherwise dispose of any Forfeitable Shares or any interest in such Forfeitable Shares until Vesting save as otherwise required by the Rules;
- (d) if required by the Committee, to enter into any elections under Part 7 of ITEPA and any election to transfer, or any agreement to pay, secondary Class 1 National Insurance contributions in relation to their Forfeitable Shares; and
- (e) to sign any documentation to give effect to the terms of the Forfeitable Shares Award.

The date of such agreement will be the Grant Date of the Forfeitable Shares Award.

On or as soon as practicable after the Grant Date either the legal ownership of the Forfeitable Shares shall be held on the Participant's behalf by a nominee as chosen from time to time by the Committee or the Participant shall deposit the share certificate (or any other document of title) relating to the Forfeitable Shares together with a signed but otherwise uncompleted instrument of transfer with such person as the Committee may from time to time decide.

## SCHEDULE 1

### CASH AWARDS

The Rules of the Marks and Spencer Group Performance Share Plan 2025 shall apply to a right to receive a cash sum granted or to be granted under this Schedule 1 as if it was either a Conditional Award (a "**Cash Conditional Award**") or an Option (a "**Cash Option**"), except as set out in this Schedule 1. Where there is any conflict between the Rules and this Schedule 1, the terms of this Schedule 1 shall prevail.

1. The Committee may grant or procure the grant of a Cash Conditional Award or a Cash Option.
2. Each Cash Conditional Award or Cash Option shall relate to a given number of notional Shares.
3. On the Vesting of a Cash Conditional Award or the exercise of a Cash Option the Participant shall be entitled to receive a cash sum, calculated by reference to the value of the number of notional Shares to which the Cash Conditional Award or the Cash Option relates, on the following basis:
  - (a) in the case of a Cash Conditional Award the cash sum shall be equal to the market value of the notional Shares to which the Cash Conditional Award relates on the date of Vesting reduced by any applicable Award Price; and
  - (b) in the case of a Cash Option the cash sum shall be equal to the market value of the notional Shares to which the Cash Option relates on the date of exercise reduced by any applicable Option Price,

and for the purposes of paragraphs 3(a) and 3(b) above, market value shall be determined in accordance with Rule 9.2 (*Cash equivalent*).

4. The cash sum payable under paragraph 3 above shall be paid by the employer of the Participant as soon as practicable after the Vesting of the Cash Conditional Award or the exercise of the Cash Option, net of any deductions (including, but not limited to, any Tax Liability or similar liabilities) as may be required by law.
5. For the avoidance of doubt, a Cash Conditional Award or Cash Option shall not confer any right on the holder of a Cash Conditional Award or Cash Option to receive Shares or any interest in Shares.

## SCHEDULE 2

### US PARTICIPANTS

The Rules of the Marks and Spencer Group Performance Share Plan 2025 shall apply to Awards granted to or held by US Participants, except as set out in and as revised by this Schedule 2, which is intended to qualify such Awards for an exception to section 409A of the US Internal Revenue Code of 1986, as amended from time to time. Where there is any conflict between the Rules of the Plan and this Schedule 2, the terms of this Schedule 2 shall prevail.

#### 1. DEFINITIONS AND INTERPRETATION

1.1 The following definitions will be amended for the purposes of this Schedule 2 as set out below:

**"Award"** means a Conditional Award;

**"Conditional Award"** means a conditional right to acquire Shares subject to the terms of the Plan, except as set out in and as revised by this Schedule 2 of the Plan;

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

- (a) the later of:
  - (i) the date of cessation of employment of a Participant in the circumstances referred to in Rule 11.2 (*Good leavers before the Normal Vesting Date*); and
  - (ii) early determination of any Performance Condition relating to such cessation; or
- (b) a date of notification referred to in Rule 12.1 (*General offers*) or Rule 12.2 (*Schemes of arrangement and winding up*) or the date of Vesting referred to in Rule 12.3 (*Demergers and similar events*);

provided, however, for a US Participant who ceases to be a director or employee of a Group Member before such date for a reason specified in Rule 11.2 (*Good leavers before the Normal Vesting Date*), the "Early Vesting Date" will be the date which is the later of:

- (A) the date of cessation of employment of a Participant in the circumstances referred to in Rule 11.2 (*Good leavers before the Normal Vesting Date*); and
- (B) the last day of the shortened period over which the applicable Performance Condition is measured;

**"Normal Vesting Date"** means the date on which an Award Vests under Rule 6.1 (*Timing of Vesting: Normal Vesting Date*), or for a US Participant who ceases to be a director or employee of a Group Member before such date for a reason specified in Rule 11.2 (*Good leavers before the Normal Vesting Date*), the last day of the period over which the applicable Performance Condition is measured;

**"Participant"** means a US Participant (see below) as appropriate;

**"Tax Liability"** means any amount of tax or social security contributions, including any US tax or social security contributions, for which a US Participant would or may be liable and for

which any Group Member or former Group Member would be obliged to (or would or may suffer a disadvantage if it were not to) account to any relevant authority; and

"**Vest**" means a US Participant becoming entitled to have the Vested Shares transferred to them upon the lapse of the substantial risk of forfeiture within the meaning of section 409A of the US Tax Code subject to the Rules of the Plan, except as set out in and as revised by this Schedule 2 of the Plan,

and "**Vesting**" shall be construed accordingly.

- 1.2 The following definitions will be added for the purposes of this Schedule 2:

"**US**" means the United States of America;

"**US Participant**" means a person who holds an Award including their personal representatives, and who is subject to a US Tax Liability on this Award; and

"**US Tax Code**" means the US Internal Revenue Code of 1986, as amended from time to time.

- 1.3 The following definitions will be deleted for the purposes of this Schedule 2:

"Exercise Period", "Forfeitable Shares", "Forfeitable Shares Award", "Option" and "Option Price".

## 2. **GRANT OF AWARDS**

- 2.1 The following wording in Rule 3.1 (*Terms of grant*) shall be deleted: "an Option or", "the Option Price (if any) or", "Option Price or", "exercise of the Option or" and "as applicable".

- 2.2 Rule 3.2 (*Type of Award*) and Rule 3.3(b) shall be deleted.

- 2.3 The following wording in Rule 3.3(a) shall be deleted: "an Option or".

- 2.4 The following wording in Rule 3.4 (*Method of satisfying Awards*) shall be deleted: "granted as a Conditional Award or an Option".

## 3. **LIMITS**

The following wording in Rule 4.7 (*Restriction on use of unissued Shares and treasury Shares*) shall be deleted: "the exercise of any Option or".

## 4. **CONSEQUENCES OF VESTING**

- 4.1 Rule 7.1 (*Options*) and Rule 7.3 (*Forfeitable Shares Award*) shall be deleted.

- 4.2 Rule 7.2 (*Conditional Awards*) shall be amended as follows: "No later than 31 December of the year of Vesting of a Conditional Award, or if applicable, the Early Vesting Date of a Conditional Award, the Board shall, subject to Rule 6.5 (*Payment of Tax Liability*) and any arrangement made under Rules 6.3(c) and 6.3(d), procure the transfer of the Vested Shares to the Participant (or a nominee for them).

A Participant who holds a Conditional Award shall not have any beneficial interest in the Shares subject to their Award before the transfer of Vested Shares to them (or their nominee)."



- 4.3 Rule 7.4(e) shall be amended as follows: "Payment of such cash and/or the provision of such Shares shall be made by 31 December of the year of Vesting, or if applicable, December 31 of the year in which the Early Vesting Date occurs, and 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".

5. **EXERCISE OF OPTIONS**

Rule 8 (*Exercise of Options*) shall be deleted.

6. **CASH ALTERNATIVE**

- 6.1 The following wording in Rule 9.1 (*Committee determination*) shall be deleted: "Where an Option has been exercised or".
- 6.2 Rule 9.2(b) shall be deleted.
- 6.3 The following wording in Rule 9.2 (*Cash equivalent*) shall be deleted: "'or exercise".
- 6.4 The following wording shall be added to Rule 9.3 (*Payment of cash equivalent*): "In any case, the payment of such cash equivalent shall be made no later than 31 December of the year of Vesting of the Conditional Award, or if applicable, December 31 of the year in which the Early Vesting Date occurs".

7. **LAPSE OF AWARDS**

The following wording in Rule 10 (*Lapse of Awards*) shall be deleted: "On the lapse of all or any part of a Forfeitable Shares Award, the beneficial interest (and, if appropriate, the legal interest) in the Forfeitable Shares in respect of which such Award has lapsed shall be transferred for no consideration to any person specified by the Board."

8. **LEAVERS**

- 8.1 Rule 11.2(c) shall be deleted.
- 8.2 The following wording in Rule 11.2 (*Good leavers before the Normal Vesting Date*) shall be deleted: "An Award in the form of an Option which Vests under this Rule 11.2 may, subject to Rule 8.1 (*Restrictions on the exercise of an Option: regulatory and tax issues*) and Rule 12 (*Takeovers and other corporate events*) be exercised in respect of the Vested Shares within the period of 12 months commencing on the date of Vesting (or, if shorter, until the expiry of the Exercise Period) and, to the extent that the Option is not exercised, it shall lapse at the end of that period."
- 8.3 Rule 11.3 (*Good leavers on or after the Normal Vesting Date*) shall be deleted.
- 8.4 The following wording in Rule 11.7 (*Participant relocated abroad*) shall be deleted: "to exercise an Option," and "Where the Award is an Option and has become Vested pursuant to this Rule 11.7, the Participant may exercise their Vested Option at any time during the period beginning three months before the proposed date of their transfer and ending three months after the date of their actual transfer. If not so exercised, the Option shall not lapse but shall cease to be treated as having Vested and shall continue in force in accordance with the Rules."

**9. TAKEOVERS AND OTHER CORPORATE EVENTS**

9.1 Rule 12.1(ii) and Rule 12.2(ii) shall be deleted.

9.2 The following wording in Rule 12.3(a) shall be deleted: "and, if relevant, their Vested Option may, subject to Rule 8.6 (*Lapse of Options*), be exercised 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 and, if the Award is an Option, it shall (regardless of any other provision of the Plan) lapse at the end of that period to the extent unexercised".

9.3 The following wording in Rule 12.3(b) shall be deleted: ", or an Option is exercised," and "or exercise".

**10. ADJUSTMENT OF AWARDS**

10.1 The following wording in Rule 13.2(b) shall be deleted: "the Option Price or" and "as applicable".

10.2 The following wording in Rule 13.2(c) shall be deleted: "or Option has been exercised" and "or exercise".

10.3 The following wording in Rule 13.3 (*Adjustment below nominal value*) shall be deleted "the Option Price at which Shares may be subscribed for on the exercise of an Option or", "in respect of which the Option is exercised or", "such exercise or" and "exercise of any Option or".

**11. CLAWBACK**

11.1 The following wording in Rule 14.2(a) and Rule 14.2(b) shall be deleted: "or, in the case of an Award that is an Option, the exercise of that Option".

11.2 The following wording shall be added to Rule 14.2 (*Clawback*): "In exercising its authority under and taking the actions permitted by this Rule 14.2 with respect to US Participants, the Committee may only do so in a manner that will not result in a violation of or cause the Award to violate section 409A of the US Tax Code."

11.3 Rule 14.3 (*Clawback: Vested but unexercised Options*) shall be deleted.

11.4 The following language in Rule 14.4 (*Supplementary provisions*) shall be deleted "and Options which have been exercised".

**12. ALTERATIONS**

The following new Rule 15.6 (*US Participants*) shall be added to Rule 15 (*Alterations*): "Notwithstanding the provisions of this Rule 15, any amendment to the Plan, Schedule 2 or an Award shall only be effective with respect to a US Participant to the extent that it does not cause the Award of the US Participant to violate section 409A of the US Tax Code."

**13. MISCELLANEOUS**

13.1 The following wording in Rule 16.3 (*Share rights*) shall be deleted: "or, in the case of Forfeitable Shares, released from their restrictions under the Plan".

- 13.2 The following new Rule 16.9 (*Section 409A*) shall be added to Rule 16 (*Miscellaneous*): "Awards granted to US Participants are intended to be exempt from the requirements of section 409A of the US Tax Code pursuant to the short-term deferral exception described in section 1.409A-1(b)(4) of the US treasury regulations under the US Tax Code, and the Plan, Schedule 2 and any Award granted to a US Participant shall be interpreted, operated and administered in a manner consistent with such intention.

Notwithstanding anything contained in the Plan, Schedule 2 or any Award, payment of Awards (including any dividend equivalents thereon) or other amounts to US Participants under the Plan shall be made no later than the 15th day of the third month following the end of the taxable year of the US Participant in which the "substantial risk of forfeiture" (as defined for purposes of section 409A of the US Tax Code) lapses, or if later, the 15th day of the third month following the end of the taxable year of the Group Company to which the US Participant provides services in which the "substantial risk of forfeiture" lapses (the later of such dates, the "end of the section 409A short-term deferral period"); provided, however, in the event that the payment of an Award to a US Participant cannot be made by the end of the short-term deferral period because payment would violate applicable law, then to the extent permissible under section 1.409A-1(b)(4)(ii) of the proposed US treasury regulations, such payment may be delayed so long as the Award is then paid at the earliest date at which it is reasonably anticipated that such law no longer prevents such payment (such date, the "end of the permissible delay").

The following Rules shall be disregarded in determining the end of the section 409A short-term deferral period: (a) the imposition of further conditions on an Award held by a US Participant pursuant to Rule 5 (*Reduction for Malus*); (b) the delay of Vesting of an Award pursuant to Rule 6 (*Vesting of Awards*) until any investigation or other procedure relevant to an event falling within the scope of Rule 5 (*Reduction for Malus*) or during the period where a Participant has given or received notice of termination; and (c) any other action pursuant to the Plan (including, but not limited to, Rule 6 (*Vesting of Awards*) and Rule 15.5 (*Alterations to a Performance Condition*)) or otherwise that delays the Vesting of the Award of a US Taxpayer, but that is not allowed to extend the "substantial risk of forfeiture" for purposes of section 409A of the US Tax Code. To the extent that an Award held by a US Participant has not Vested under the Plan by the end of the section 409A short-term deferral period, or if applicable, the end of the permissible delay, any portion of the Award that has not been paid on or before the end of the section 409A short-term deferral period, or if applicable, the end of the permissible delay, shall be forfeited."

14. **APPENDIX AND SCHEDULE 1**

The Appendix and Schedule 1 to the Plan shall be deleted.