



CHEMRING GROUP LONG TERM INCENTIVE PLAN

ADOPTED BY THE BOARD ON:

APPROVED BY SHAREHOLDERS ON:

EXPIRY DATE:



CONTENTS

CLAUSE

1. Interpretation.....	2
2. Grant of Awards.....	5
3. Performance Conditions.....	5
4. Adjustment to Vesting of Awards.....	6
5. Dividend Equivalents	6
6. Limits.....	6
7. Vesting Date.....	6
8. Circumstances in which malus and clawback can apply	7
9. Operation of malus and clawback.....	7
10. Exercise of Options.....	8
11. Settlement of Awards.....	9
12. Holding Period	9
13. Alternative methods of settlement of Awards.....	9
14. Lapse of Awards.....	10
15. Termination of employment (Vesting and exercise period)	11
16. Termination of employment (timing).....	12
17. Takeovers and liquidations	12
18. Variation of share capital.....	13
19. Tax liabilities.....	13
20. Relationship with Employment	14
21. Administration and amendment	14
22. Third party rights.....	15
23. Confidentiality	15
24. Data Privacy.....	15
25. Severability	15
26. Governing law and Jurisdiction	16

1. Interpretation

- 1.1 In this Plan, unless otherwise stated, the words and expressions below have the following meanings.

Acceptance Notice: a document, in the form prescribed by the Remuneration Committee from time to time, in which the Award Holder confirms that they accept these rules and the terms of their Award.

Acquiror: a person who obtains Control of the Company either alone or together with persons Acting in Concert (as defined in the City Code on Takeovers and Mergers) with them.

Award: a Conditional Share Award or an Option.

Award Certificate: a certificate setting out the terms of an Award (being the rules of the Plan and such additional terms or conditions as the Remuneration Committee may specify).

Award Holder: an individual who holds an Award (or their personal representatives) and where the Board so determines shall include a former Award Holder.

Bad Leaver: an Award Holder who ceases to be an Employee and is not a Good Leaver.

Board: the board of directors of the Company.

Business Day: a day other than a Saturday, Sunday or public holiday in England.

Clawback Amount: an amount of value determined in accordance with rule 9.

Closed Period: has the same meaning as in UK MAR.

Company: Chemring Group PLC, incorporated and registered in England, with number 00086662.

Conditional Share Award: a right to acquire for no cost a specified number of Shares on the Vesting Date.

Control: has the meaning given to it in section 995 of the Income Tax Act 2007.

Change of Control: an Acquiror acquires Control of the Company.

Dealing Day: a day on which the London Stock Exchange is open for business.

Dealing Restrictions: restrictions imposed by the Company, UK MAR, the UK Listing Rules or any applicable laws, codes or regulations which impose restrictions on dealing in shares and other securities.

Dilutive Shares: on any date, all shares of the Company which:

- a) have been issued, or transferred out of treasury, pursuant to any options or other awards granted under any Employees' Share Scheme (including the Plan) during the period of ten years ending on (and including) that date, and
- b) remain capable of issue, or transfer out of treasury, under any Existing Award.

Shares which were subject to rights which lapsed or were surrendered will cease to be Dilutive Shares, and the definition of Dilutive Shares shall be read without the references to treasury shares if institutional investor guidelines cease to require treasury shares to be counted toward dilution limits.

Discretionary Dilutive Shares: Dilutive Shares which were acquired pursuant to, or remain subject to awards granted under, the Plan or any other discretionary Employees' Share Scheme.

Dividend Equivalent: has the meaning set out in rule 5.

Employee: any individual who is an employee (including an executive director) of a Group Company.

Employer Company: the Award Holder's employer or former employer.

Employees' Share Scheme: has the meaning given to it by section 1166 of the Companies Act 2006.

Exercise Date: in relation to an Option, the date on which it is validly exercised.

Exercise Notice: a document that the Award Holder must complete and return (together with any other documents or payments required under the Plan) to the Company in order to exercise an Option.

Exercise Price: the price (if any) at which each Share subject to an Option may be acquired on the exercise of that Option.

Existing Award: an option or any other right or award under which shares in the Company may be acquired or received, granted under any Employees' Share Scheme (including the Plan).

Good Leaver: an Award Holder who ceases to be an Employee due to any of the following reasons:

- a) death;
- b) injury, ill health or disability (in each case evidenced to the satisfaction of the Remuneration Committee);
- c) retirement with the agreement of the Remuneration Committee;
- d) redundancy (within the meaning of section 139 of the Employment Rights Act 1996 or applicable non-UK equivalent);
- e) their Employer Company ceasing to be a Group Company, or
- f) the transfer of the business that employs the Award Holder to a person that is not a Group Company,

or in any other circumstances determined by the Remuneration Committee in its absolute discretion.

Grant Date: the date on which an Award is or was granted.

Group: the Company, any subsidiary of the Company, the Company's holding company, if any (each within the meaning of section 1159 of the Companies Act 2006) and any subsidiary of the Company's holding company, each from time to time (and **Group Company** shall mean any member of the Group from time to time).

Holding Period: the period that starts on the Vesting Date and ends on the second anniversary of the Vesting Date (or such other period as the Remuneration Committee may specify in the Award Certificate).

ITEPA 2003: the Income Tax (Earnings and Pensions) Act 2003.

Listed: means that any Shares are admitted to the Official List (with consequent admission to trading on the Main Market of the London Stock Exchange).

Market Value: on any date, the closing middle market quotation (being the mid-point between the closing 'buy' and 'sell' prices, as derived from the daily official list) for a Share on the Dealing Day immediately preceding that date or, if the Remuneration Committee so decides, the average of the closing middle market quotations for a period not exceeding the five consecutive Dealing Days immediately preceding that date (in all cases, excluding any Dealing Days that fall in a Closed Period).

NICs: National Insurance contributions or equivalent social security contributions in any other relevant jurisdiction.

Option: an option to acquire Shares for no payment or, where an Exercise Price is specified in the relevant Award Certificate, for the payment of that Exercise Price.

Ordinary Vesting Date: the later of (a) the Performance Measurement Date (if any, or, where the Award has multiple Performance Measurement Dates, the final Performance Measurement Date)

and (b) the first Dealing Day following the end of the Vesting Period (or where, in either case, that date falls in a Closed Period, the first Dealing Day following the end of that Closed Period).

Performance Condition: a condition set under rule 3 which must be satisfied before an Award (or part thereof) can Vest.

Performance Measurement Date: the date on which the Remuneration Committee determines the extent to which any Performance Condition(s) to which the Vesting of the Award (or part thereof) is subject has/have been satisfied. An Award may have more than one Performance Measurement Date.

Performance Period: the period over which performance is measured to determine the extent to which any Performance Condition(s) has/have been achieved, which in respect of Awards granted to executive directors of the Company shall normally be three years (unless the applicable directors' remuneration policy provides otherwise).

Plan: the Employees' Share Scheme constituted and governed by these rules, as amended from time to time.

Relevant Company: any person who is or could be required to account to any Tax Authority for a Tax Liability in respect of an Award Holder.

Relevant Number: has the meaning given in rule 17.1 (and, where applied to an event which is not a Change of Control, references in rule 17.1 to a Change of Control shall be read as references to that event).

Remuneration Committee: the remuneration committee of the Board, as designated by the Board from time to time.

Scheme of Arrangement: a compromise or arrangement under either section 899 or section 901F of the Companies Act 2006.

Share: a fully paid ordinary share of £0.01 nominal value (subject to rule 18) in the capital of the Company.

Tax Authority: HMRC (or any successor authority) or, where relevant, its equivalent in another jurisdiction.

Taxable Event: any event that gives or may give rise to a liability for the Award Holder to pay (or for any Relevant Company to account to any Tax Authority for or in respect of the Award Holder or former Award Holder) a Tax Liability in respect of, or in connection with, the Award.

Tax Liability: any income tax and employee (but not, unless the Award Certificate provides otherwise, employer) NICs and non-UK equivalents for which any Relevant Company is liable to account as a result of any Taxable Event.

UK MAR: the retained EU law version of the Market Abuse Regulation (Regulation (EU) 596/2014) which applies in the UK.

Vest: means

- a) in relation to an Option, that it becomes exercisable, and
- b) in relation to a Conditional Share Award, that the Award Holder becomes entitled to have the relevant Shares issued or transferred to them,

in each case, in accordance with these rules, and "**Vesting**", "**Vested**" and "**Unvested**" shall have a corresponding meaning.

Vesting Date: is the date on which the Award Vests, which shall (save where the Award has lapsed or been surrendered before such date) be the Ordinary Vesting Date or such other date as the Award Vests in accordance with these rules.

Vesting Period: the period specified in the Award Certificate (provided that, in respect of Awards granted to executive directors of the Company, the period will normally begin on the Grant Date and end on the third anniversary of the Grant Date).

- 1.2 Unless the context otherwise requires, (a) words in the singular shall include the plural and in the plural shall include the singular and (b) a reference to one gender shall include a reference to the other genders.
- 1.3 A reference to a statute or statutory provision includes a reference to it as from time to time consolidated, modified, re-enacted or replaced, and to all subordinate legislation made under it.
- 1.4 A reference to **writing** or **written** includes email.
- 1.5 Save where otherwise defined, references to rules and schedules are to rules of and schedules to the Plan.
- 1.6 Any words following the terms **including**, **include**, **in particular**, **for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.

2. Grant of Awards

- 2.1 Subject to rule 2.2, the Remuneration Committee may grant an Award to any Employee:
 - (a) within the period of 42 days commencing on (i) the date the Plan was approved by the Company's shareholders, (ii) the Dealing Day immediately after the day on which the Company announces its results for any period and/or (iii) the Dealing Day immediately after the day on which Dealing Restrictions which stopped the grant of Awards in the relevant period are lifted, or
 - (b) at any other time when, in the opinion of the Remuneration Committee, exceptional circumstances justify the grant of an Award.
- 2.2 The Remuneration Committee may not grant Awards:
 - (a) during a Closed Period; or
 - (b) after the tenth anniversary of the date the Plan was approved by the Company's shareholders.
- 2.3 The Remuneration Committee shall grant an Award by procuring that the Company executes a deed (or by such other method as the Remuneration Committee may decide).
- 2.4 The Remuneration Committee may at any time discontinue the grant of Awards or decide in any year not to grant any Awards.

3. Performance Conditions

- 3.1 The Remuneration Committee may specify one or more Performance Conditions to which the Vesting of the Award is subject.
- 3.2 The Remuneration Committee, acting reasonably, may vary any Performance Condition if an event occurs which causes the Remuneration Committee to consider that it would be appropriate to do so, provided they consider the varied condition to be no more difficult to satisfy than the original Performance Condition was at the Grant Date (save for changes in accordance with rule 21.1(b))

and not materially easier to satisfy than the original Performance Condition was at the Grant Date (and a condition varied under this rule shall be deemed not to be an amendment to the advantage of Employees or Award Holders for the purposes of rule 21.1(a)).

4. Adjustment to Vesting of Awards

- 4.1 The Remuneration Committee may adjust the extent to which an Award (or part thereof) Vests based on the application of any relevant Performance Conditions set under rule 3 to such an extent (including to zero) as it in its absolute discretion it considers appropriate having had regard to such factors as it considers relevant, including but not limited to the performance of the Company, any individual or business (and such adjustment may impact one or more Award Holders and not all Award Holders).

5. Dividend Equivalents

The Remuneration Committee may specify that Dividend Equivalents apply to the Award. A Dividend Equivalent is a right to receive a payment (in cash or shares) on or around the Vesting Date or, in respect of an Option, the Exercise Date, calculated on any basis chosen by the Remuneration Committee to reflect dividends which the Award Holder would have received had they held the relevant Shares from the Grant Date until the Vesting Date of the relevant Award (or, where the Award is an Option which is subject to a Holding Period, from the Grant Date until the earlier of (i) the Exercise Date or (ii) the date of the last day of the Holding Period).

6. Limits

- 6.1 Awards may not be granted if the grant would result in:
- (a) the total number of Dilutive Shares exceeding 10% of the issued ordinary share capital of the Company, or
 - (b) the total number of Discretionary Dilutive Shares exceeding 5% of the issued ordinary share capital of the Company.
- 6.2 No Employee may be granted an Award which would result in the Market Value of Awards made to that Employee in that financial year of the Company exceeding 200% of the Employee's basic annual salary as at the proposed Grant Date (or, where applicable, the relevant percentage of salary limit set out in the Directors' Remuneration Policy which the Company has in place at that time). The 'Market Value of Awards' means the aggregate Market Value of Shares subject to Awards measured as at the Grant Date of the relevant Award. Any Awards surrendered for nil consideration before the Vesting Date shall not count towards this limit. Where Awards are not subject to Performance Conditions, the Remuneration Committee shall take into account the relative value of Awards with performance conditions versus those without when determining the appropriate Award levels, having also had regard to the Employee's geographic location and local market practice.
- 6.3 If an Award is purportedly granted in breach of any of the above limits, the Remuneration Committee may take any action it considers necessary to restore compliance. An amended Award will be treated as if it had been granted on the adjusted terms on the Grant Date.

7. Vesting Date

- 7.1 Subject to the rules of the Plan, an Award will Vest (save to the extent lapsed or already Vested) on its Ordinary Vesting Date (where the Award is subject to Performance Condition(s), to the extent those Performance Condition(s) have been met).

7.2 Unless the Remuneration Committee decides otherwise, where an Award Holder's Award would Vest at a time Dealing Restrictions prevent them selling Shares, their Award will Vest when such Dealing Restrictions cease to apply.

7.3 Notwithstanding any other rule of this Plan, an Award shall not Vest, and an Award Holder may not exercise an Option, at any time while an investigation into the Award Holder's conduct is ongoing. An Award that did not Vest on its expected Vesting Date (and an Option which the Award Holder was prevented from exercising) due to this rule shall Vest on (and an Option which has already Vested may be exercised from) the date of the conclusion of the investigation, save to the extent the malus provisions apply or if the Award Holder becomes a Bad Leaver.

8. Circumstances in which malus and clawback can apply

8.1 This rule applies in relation to an Award if the Remuneration Committee determines that any of the following circumstances (the "**Relevant Circumstances**") exist:

- (a) there has been a materially adverse misstatement or misrepresentation of any part of the Company's financial statements or the results of any member of the Group;
- (b) the discovery that the number of Shares over which an Award was granted or Vested was based on error (including in assessing a Performance Condition), or on inaccurate or misleading information or assumptions;
- (c) the Company has reasonable evidence of fraud, gross misconduct, dishonesty or other behaviour which would have entitled the Award Holder's employer to summarily dismiss them;
- (d) the Award Holder has acted in any manner which in the opinion of the Remuneration Committee (i) has resulted, or is likely to result, in any Group Company suffering serious reputational damage, and/or (ii) is materially adverse to the interests of any Group Company;
- (e) the Remuneration Committee determines that a Group Company or business unit that employs or employed the Award Holder, or for which the Award Holder is or was (in whole or as to a material part) responsible, has suffered a corporate failure, material financial downturn, material failure of risk management or the occurrence of an event which is, in the opinion of the Remuneration Committee, a serious health and safety event, in each case which is due (in whole or in part) to the actions or omissions of the Award Holder, or
- (f) the Award Holder was a Good Leaver by reason of retirement with the agreement of the Remuneration Committee but becomes employed in a paid executive role (as determined by the Remuneration Committee).

8.2 This rule applies in relation to an Award if the Remuneration Committee determines that if Relevant Circumstances had existed at the Grant Date, or in the case of an Award that has already Vested, at the date it Vested (or, if the Relevant Circumstances did exist on either of those dates, it had been fully aware of them), then the Award would have been granted over a smaller number of Shares (or would not have been granted) or would have Vested to a lesser extent (or not Vested at all).

8.3 If rule 8.1 and 8.2 apply, the Remuneration Committee may decide to apply rule 9 in relation to an Award at any time between the Award's Grant Date and the third anniversary of its Vesting Date.

9. Operation of malus and clawback

9.1 If the Remuneration Committee decides to apply this rule 9, they may determine to reduce the number of Shares (including to nil) subject to any part of an Award which has not Vested (or, in the case of an Option, any part which has not been exercised), and/or determine a Clawback Amount

in relation to an Award (or relevant part) which has Vested (or, in the case of an Option, been exercised).

- 9.2 The Clawback Amount shall be such amount as the Remuneration Committee considers to be fair and reasonable, but shall not be more than the greater of (i) the Market Value of the Shares on the date the Award Holder acquired them and (ii) the Market Value of the Shares on the date of the determination under rule 9.1, plus (in either case) any Dividend Equivalents paid to the Award Holder and minus any Exercise Price paid.
- 9.3 The Award Holder shall use his or her best endeavors to obtain from the Tax Authority repayment of (or credit for) any Tax Liability paid on the Award Holder's behalf in relation to the Award (the "**Tax Refund**") as soon as reasonably practicable after being notified of the Clawback Amount. If no such repayment or credit is possible, the Remuneration Committee may decide to reduce the Clawback Amount to take account of this amount (save where the calculation of the Clawback Amount already took into account any Tax Liability paid).
- 9.4 The Company may obtain recovery of the Clawback Amount from the Award Holder in any (or any combination) of the following ways:
- (a) by reducing or cancelling any Unvested Awards or any Options that the Award Holder has not exercised;
 - (b) by reducing or cancelling any cash bonus payable to the Award Holder by any Group Company;
 - (c) by reducing or cancelling any future or existing award or option granted to the Award Holder under any cash-based or share-based incentive scheme or bonus scheme operated by any Group Company (other than any tax-advantaged scheme established under schedules 2 to 5 (inclusive) of ITEPA 2003);
 - (d) by requiring the Award Holder to transfer (or procure the transfer of) Shares, for no consideration, to such party as the Company may direct, and
 - (e) by requiring the Award Holder to make a cash payment equal to the Clawback Amount to a Group Company within 30 days of a written demand by the Company (save that, unless the Remuneration Committee decides otherwise, the part of the Clawback Amount comprising the Tax Refund shall be payable within 30 days of the Award Holder's receipt of the Tax Refund) and by accepting an Award, the Award Holder consents to (i) such payment being made and the Company receiving such payment and, (ii) if the Award Holder fails to make the payment in full within this period, their Employer Company making appropriate deductions from any salary or other payment due to the Award Holder.
- 9.5 If the Award Holder participates in another any cash-based or share-based incentive scheme or bonus scheme operated by a Group Company, and that other scheme contains a provision that has a similar effect to this rule 9, the Remuneration Committee may give effect to that provision by reducing or cancelling any Unvested Awards and/or by reducing or cancelling any Options that the Award Holder has not exercised.

10. Exercise of Options

- 10.1 An Award Holder may (and may only) exercise an Option in the period beginning with the Vesting Date and ending on the date the Option lapses in accordance with these rules.
- 10.2 An Award Holder may only exercise an Option to the extent that it has Vested and any other condition stated in the Award Certificate is satisfied.

- 10.3 An Option may only be exercised over the entire number of Shares in respect of which it has Vested or such lower number as agreed with the Remuneration Committee.
- 10.4 The Award Holder shall exercise an Option by giving an Exercise Notice to the Company setting out the number of Shares over which the Award Holder wishes to exercise the Option.
- 10.5 The Exercise Notice shall be accompanied by the payment of the Exercise Price (if any) and the Tax Liability, unless the Award Holder has entered into binding alternative arrangements to secure the payment of those amounts which are satisfactory to the Remuneration Committee.

11. Settlement of Awards

- 11.1 Subject to rule 13, within 30 days after the Vesting of a Conditional Share Award, or the valid exercise of an Option, the Company shall issue, or procure the transfer of, Shares to the Award Holder or, if the Remuneration Committee so decides, a nominee for the Award Holder (and where Dealing Restrictions prevent them from so doing, shall do so as soon as practicable after those Dealing Restrictions cease to apply).
- 11.2 No Award Holder shall have any interest in the Shares subject to an Award until the time at which they are issued or transferred to him.

12. Holding Period

- 12.1 During any applicable Holding Period, the Award Holder may not transfer, assign, charge or otherwise encumber or dispose of their beneficial or (save where their Shares are held by a nominee) legal interest in Shares acquired under an Award (together, the “Held Shares”) except:
- (a) in order to raise sufficient funds to pay a Tax Liability in relation to the Held Shares;
 - (b) in order to raise sufficient funds to pay the Exercise Price of the Option pursuant to which they acquired the Held Shares;
 - (c) to the extent necessary to comply with rule 9, or where rule 17 applies, or
 - (d) with the permission of the Remuneration Committee.
- 12.2 An Award Holder who breaches or attempts to breach rule 12.1 shall, unless the Remuneration Committee determines otherwise, immediately cease to have any beneficial interest in the Held Shares and will immediately transfer or procure their transfer for nil consideration to such person as the Remuneration Committee may direct.
- 12.3 If Shares are acquired by an Award Holder pursuant to an Award during a Holding Period, it is a term of the acquisition of those Shares that the Award Holder will (within 21 days of a request by the Remuneration Committee) execute any documentation and take any action which the Remuneration Committee considers necessary or desirable to enforce the Holding Period.

13. Alternative methods of settlement of Awards

- 13.1 Instead of delivering the number of Shares specified in the relevant Exercise Notice, the Company may settle the exercise of an Option with an Exercise Price by:
- (a) save where this would cause any adverse securities laws, exchange control, tax or social security issues for the Award Holder, making a cash payment to the Award Holder equal to the amount by which the Market Value of a Share on the date of exercise of the Option exceeds the Exercise Price, multiplied by the number of Shares in respect of which the Option is being exercised (the “Gain”), or

- (b) arranging for the transfer or issue to the Award Holder of Shares with a Market Value equal to the Gain (rounded down to the nearest whole Share), for which the Award Holder shall not be required to make payment.

13.2 Instead of delivering the number of Shares subject to an Option without an Exercise Price or a Conditional Share Award, the Company may (save where this would cause any adverse securities laws, exchange control, tax or social security issues for the Award Holder) settle the Award by making a cash payment to the Award Holder equal to the Market Value of the Shares in respect of which the Award has Vested (or in the case of an Option, been exercised).

14. Lapse of Awards

14.1 Subject to rule 14.2, in addition to any lapse provisions elsewhere in the rules, an Award shall lapse on the earliest of the following:

- (a) save in respect of the transmission of an Award to an Award Holder's personal representatives on the Award Holder's death, the Award Holder attempts to transfer, assign, encumber, dispose of, or create any charge or other security interest over, an Award (or any right arising under it);
- (b) the Vesting Date, to the extent the Award does not Vest;
- (c) when required by and to the extent necessary to give effect to any reduction or cancellation under rule 9;
- (d) in respect of Options, any lapse date specified in the Award Certificate (which shall not be after the tenth anniversary of the Grant Date), and if no lapse date is specified, the Option shall lapse on the latest of (i) the expiry of a period of six months from the Vesting Date (ii) the expiry of a period of 28 days after the end of any applicable Holding Period and (iii) such later date as is set by the Remuneration Committee (which shall not be after the tenth anniversary of the Grant Date), in each case unless it lapses earlier in accordance with these rules;
- (e) the date the Award Holder becomes a Good Leaver, to the extent the Award does not continue under rule 15.1;
- (f) where rule 15.2 applies, on the earliest of the dates specified in that rule, to the extent the Award does not Vest;
- (g) in respect of Options, to the extent unexercised, at the end of the applicable period under rule 15.3 or 15.4 (as applicable);
- (h) the date the Award Holder becomes a Bad Leaver;
- (i) where rule 17 applies, the relevant time specified for the lapse of the Award under that rule;
- (j) if the Remuneration Committee so determines under rule 18.1;
- (k) unless the Remuneration Committee decides otherwise, the deadline specified in the Acceptance Notice, if the Award Holder has not, before such deadline, returned a completed copy of the Acceptance Notice to the person to whom the notice states that it must be returned (or evidenced their acceptance of their Award in another manner acceptable to the Remuneration Committee);
- (l) if the Award Holder becomes bankrupt;
- (m) unless the Remuneration Committee decides otherwise, the Award Holder, having been a Good Leaver by reason of retirement with the agreement of the Remuneration Committee, becomes employed in a paid executive role;

- (n) unless the Remuneration Committee decides otherwise, the Award Holder materially breaches any non-competition, non-disclosure, non-solicitation or confidentiality agreement with any Group Company (including rule 23), or
 - (o) the passing of an effective resolution, or the making of an order by the Court, for the insolvent winding-up of the Company.
- 14.2 If an Option cannot be exercised because of any Dealing Restrictions during the period of 30 days ending with the date it is due to lapse, the Remuneration Committee may change the date the Option lapses to such future date as the Remuneration Committee determines appropriate to permit the Option to be exercised within a period after the Dealing Restrictions cease to apply (and on the expiry of such period, the Option will lapse).
- 15. Termination of employment (Vesting and exercise period)**
- 15.1 If an Award Holder becomes a Good Leaver before the end of the Performance Period (or where there are no Performance Conditions, the Vesting Period), the Remuneration Committee may reduce the number of Shares over which each Award shall continue to reflect the proportion of the Performance Period (or in respect of Awards without Performance Conditions, the Vesting Period) which has elapsed at the date they become a Good Leaver.
- 15.2 If the Award Holder becomes a Good Leaver before the Ordinary Vesting Date, the remainder of the Award (after the application of rule 15.1) will Vest on the earliest of:
 - (a) the Ordinary Vesting Date, in respect of a number of Shares determined by the Remuneration Committee, taking account of the extent to which any Performance Condition(s) has/have been achieved;
 - (b) the date on which the Award Vests under rule 17, after the application of rule 17.1(a)(ii) (to the extent applicable), and
 - (c) such earlier date as the Remuneration Committee may specify, in respect of a number of Shares determined by the Remuneration Committee, taking account of the extent to which any Performance Conditions has/have been achieved over the period to date (or would, in the opinion of the Remuneration Committee, have been achieved over the full Performance Period).
- 15.3 Subject to rule 15.4 and rule 17, if the Award Holder becomes a Good Leaver:
 - (a) before the Ordinary Vesting Date, they (or their personal representatives where they have died) may exercise their Option(s) during the period of six months (or such longer period as the Remuneration Committee decides) beginning on the date it Vests under rule 15.2 above, or
 - (b) on or after the Ordinary Vesting Date, they (or their personal representatives) may exercise their Option(s) during the period of six months (or such longer period as the Remuneration Committee decides) beginning on the date they become a Good Leaver.
- 15.4 Where an Option is subject to a Holding Period, the references to a period of six months in 15.3 above shall be read to be the later of the expiry of the relevant period of six months and the expiry of a period of 28 days after the end of the applicable Holding Period (or such longer period as the Remuneration Committee decides).
- 15.5 If an Award Holder becomes a Good Leaver by reason of death, any Holding Period which would otherwise apply to any Shares acquired pursuant to their Award by their personal representatives shall not apply.

16. Termination of employment (timing)

- 16.1 Subject to rule 16.2, an Award Holder shall not be treated as ceasing to be an Employee until he or she no longer holds any office or employment with any Group Company. An Award Holder who ceases to be an Employee in circumstances where they retain a statutory right to return to work shall only be treated as having ceased to be an Employee from such time (if at all) as they cease to have such a right to return to work.
- 16.2 The Remuneration Committee may determine that an Award Holder will be treated as ceasing to be an Employee when he or she gives notice of termination of his or her employment.

17. Takeovers and liquidations

- 17.1 Subject to the rest of this rule 17, where a Change of Control occurs during the Performance Period (or where the Award is not subject to Performance Conditions, the Vesting Period):
- (a) the Remuneration Committee will determine the number of Shares in respect of which an Award will Vest (the “**Relevant Number**”) as follows:
 - (i) save to the extent (A) they decide otherwise or (B) the number of Shares subject to the Award has already been reduced under rule 15.1, by reducing the number of Shares under the Award to reflect the proportion of the Performance Period (or in respect of Awards without Performance Conditions, the Vesting Period) which has elapsed at the date of the Change of Control, and
 - (ii) by taking account of (after the application of rule 17.1(a)(i) above, if applicable) the extent to which any Performance Conditions has/have been achieved over the period ending on the date of the Change of Control (or would, in the opinion of the Remuneration Committee, have been achieved over the full Performance Period).
 - (b) all Awards shall Vest on the Change of Control in relation to the Relevant Number of Shares and lapse in relation to the balance.
- 17.2 Subject to the rest of this rule 17, Vested Options may be exercised following the Change of Control during a period set by the Remuneration Committee and all Options will lapse at the end of such period.
- 17.3 If the Remuneration Committee considers that a Change of Control is likely to occur, it may decide that all Awards shall Vest in relation to the Relevant Number of Shares and give Option holders the opportunity to submit an Exercise Notice within a period ending before the Acquiror obtains Control of the Company. If it does so:
- (a) the Vesting of Awards, and the exercise of Options in respect of which a valid Exercise Notice has been received by the Company within the specified period, shall take effect immediately before the Change of Control (or, in the case of a Scheme of Arrangement, within the period beginning with the time the Court sanctions the Scheme of Arrangement and ending on the scheme record time);
 - (b) Options in respect of which a valid Exercise Notice has not been received by the Company within the specified period shall lapse on the Change of Control (in the case of a Scheme of Arrangement, when it becomes effective), and
 - (c) if the anticipated Change of Control does not occur, Awards shall continue on their terms (and the Vesting and/or exercise pursuant to this rule shall be deemed not to have occurred).

- 17.4 If any person becomes bound or entitled to acquire Shares under sections 979 to 982 or 983 to 985 of the Companies Act 2006, all Awards shall Vest in relation to the Relevant Number of Shares and lapse in relation to the balance. Options may be exercised (where rule 17.1 applies, in respect of not more than the Relevant Number of Shares) at any time when the person remains so bound or entitled and shall lapse at the end of the period during which that person first becomes bound or entitled.
- 17.5 If a prospective Acquiror offers Award Holders the opportunity to exchange their Award for a right in relation to shares of another company, the Remuneration Committee (as constituted before the Change of Control) may determine that Awards that are not exchanged shall lapse at the end of a specified period.
- 17.6 If the Acquiror is a company and its shareholders and the proportion of its shares held by each of them following completion of the Change of Control are substantially the same as the shareholders and their shareholdings in the Company immediately before the Change of Control, any outstanding Awards will be automatically exchanged for awards on similar terms over shares in the Acquiror, unless the Remuneration Committee decides that this rule 17.6 shall not apply. Where Awards are so exchanged, the Plan shall be interpreted in relation to any replacement awards as if references to the Company were references to the Acquiror.
- 17.7 All Awards shall Vest in relation to the Relevant Number of Shares (and Options may be exercised) on the passing of a resolution for the voluntary and solvent winding up of the Company. Options which are not so exercised will lapse when the winding up begins.

18. Variation of share capital

- 18.1 Where there is a variation of share capital (including a capitalisation issue, rights issue, consolidation, subdivision or reduction of the share capital of the Company, a vendor placing with clawback, a vendor rights offer or a cash open offer) or extraordinary distribution (including a demerger or special dividend to shareholders), the Remuneration Committee may:
- (a) determine that Awards shall Vest in relation to the Relevant Number of Shares and Options may be exercised for a period set by the Remuneration Committee (which may also decide that Options will lapse at the end of such period), or
 - (b) if the variation or distribution has materially affected the value of Awards, adjust the number and/or class of Shares subject to the Award, and the Exercise Price of an Option.

19. Tax liabilities

- 19.1 Each Award Holder unconditionally and irrevocably agrees as a term of the grant of an Award to pay the Tax Liability to the Relevant Company, to indemnify and keep indemnified the Relevant Company in respect of any Tax Liability, and:
- (a) that the Company or Employer Company may (save where the Award Holder has paid an amount equal to the Tax Liability to their Employer Company in advance of their Award Vesting or, in respect of an Option, their exercise of that Option):
 - (i) retain and sell such number of Shares on behalf of the Award Holder as is necessary to meet the Tax Liability and any costs of such sale;
 - (ii) save where it would cause any adverse securities laws, exchange control, tax or social security issues for the Award Holder, settle part of the Award in cash that it sends to HMRC in satisfaction of PAYE and NIC withholding obligations (net settlement), or

- (iii) deduct the amount of any Tax Liability from any payments of remuneration made to the Award Holder, and
- (b) to enter into a valid joint election under section 431(1) of ITEPA 2003 in respect of the Shares to be acquired on the Vesting of the Award or exercise of the Option, if required to do so by the Company.

20. Relationship with Employment

- 20.1 The Plan shall not (i) form any part of any person's contract of employment, (ii) confer on any person any rights (other than those constituting the Awards themselves) against any past or present Group Company or (iii) impose any liability on any Group Company (or their employees) in connection with the loss of an Award Holder's benefits under the Plan.
- 20.2 Award Holders and Employees shall have no rights (and by accepting their Award, an Award Holder waives any claim to such rights) to compensation or damages for any loss of any right or benefit or prospective right or benefit under the Plan which he or she might otherwise have enjoyed (including, without limitation, the lapse of Awards or part thereof by reason of his or her ceasing to be employed by any Group Company) where this loss arises (or is claimed to arise), in whole or in part, from ceasing to be an Employee (or being given notice to so cease). This exclusion of liability shall apply however the cessation as an Employee (or the giving of notice) is caused, and however compensation or damages are claimed (including, but not limited to, wrongful dismissal, breach of contract or by way of compensation for loss of office or employment).
- 20.3 The grant of an Award does not give any Award Holder any expectation or entitlement to any future grant of an Award notwithstanding that other grants are made in a particular year to other Employees. Awards are not pensionable.

21. Administration and amendment

- 21.1 The Remuneration Committee shall administer and may amend the Plan and any Award from time to time, save that:
 - (a) while Shares are Listed, the Remuneration Committee may not make any amendment to the advantage of Employees or Award Holders if that amendment relates to:
 - (i) the definition of Employee;
 - (ii) rule 6 (limits);
 - (iii) the basis for determining an Award Holder's entitlement to, and the terms of, Shares or cash to be provided under the Plan, or
 - (iv) rule 18 (relating to the variation of share capital)
 without the prior approval of the Company in general meeting (except for minor amendments to benefit the administration of the Plan, to take account of a change in legislation, or to obtain or maintain favourable tax, exchange control or regulatory treatment for Award Holders or for a Group Company), and
 - (b) materially adverse amendments to an Award Holder's existing rights may only be made (i) with the Award Holder's prior written consent; (ii) to enable any Group Company to comply with any relevant legal or regulatory requirement or (iii) where the Board has invited every Award Holder who holds an Award that would be affected to indicate whether they approve the alteration, and the alteration is approved by a majority of those Award Holders who have given such an indication.

- 21.2 Any decision under these rules and whether to consider making such a decision shall be entirely at the discretion of the Remuneration Committee. The Remuneration Committee shall determine any question of interpretation and settle any dispute arising under the Plan, including determining whether anything is material. The Remuneration Committee's decision is final.
- 21.3 The Company shall at all times keep available sufficient authorised but unissued Shares to satisfy the Vesting (and in respect of Options, the exercise) in full of all Awards (other than those which will be satisfied by a transfer of Shares) for the time being remaining capable of Vesting (and in respect of Options, exercised) under this Plan.
- 21.4 The Remuneration Committee may establish sub-plans to operate in overseas territories (overseas sub-plans), provided that:
- (a) all overseas sub-plans are subject to the limitations set out in rule 6;
 - (b) only Employees who are resident in (or otherwise subject to the tax laws of) the relevant territory are entitled to participate in any overseas sub-plan, and
 - (c) no Employee has an entitlement to awards under any overseas sub-plan greater than the maximum entitlement of an Employee under the Plan.

Any overseas sub-plan must be governed by rules similar to the rules of the Plan, but modified to take account of applicable tax, social security, employment, company, exchange control, trust or securities (or any other relevant) law, regulation or practice.

22. Third party rights

- 22.1 A person who is not a party to an Award shall not have any rights under or in connection with it as a result of the Contracts (Rights of Third Parties) Act 1999 except where these rights arise under any rule of the Plan (or any document entered into pursuant to, or in connection with, the Plan) for any Relevant Company that is not a party to an Award.
- 22.2 The rights of the parties to an Award to surrender, terminate or rescind it, or agree any variation, waiver or settlement of it, are not subject to the consent of any person that is not a party to the Award as a result of the Contracts (Rights of Third Parties) Act 1999.

23. Confidentiality

Each Award Holder must keep the rules of the Plan and details of their Award (in each case save as publicly disclosed by the Company), the Acceptance Notice and the Award Certificate (the “**Plan Documents**”) confidential, and must not disclose, or to permit the disclosure of, any of the terms of the Plan Documents to any third party (save to the extent requested by the Company, a court of competent jurisdiction or any governmental authority, or expressly protected or required by law).

24. Data Privacy

For the purpose of operating the Plan, the relevant Group Company will collect and process information relating to Employees and Award Holders in accordance with the privacy notice available on request from the Company.

25. Severability

The invalidity or non-enforceability of one or more provisions of the Plan will not affect the validity or enforceability of the other provisions of the Plan, which will remain in full force and effect.

26. Governing law and Jurisdiction

- 26.1 The Plan and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England and Wales.
- 26.2 Each party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising in respect of the Plan.