

Morgan Sindall Group plc

RULES OF THE MORGAN SINDALL 2023 SHARE OPTION PLAN

Shareholders' approval	• 2023
Directors' adoption	• 2023
Expiry Date	• 2033

The Board reserves the right, up to the time of the AGM on 4 May 2023, to make such amendments or additions to the rules of this Plan as it may consider necessary or desirable, provided that such amendments or additions do not conflict in any material respects with the description contained in the explanatory notes and appendix to the AGM notice.

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Part A

Schedule 4 Tax Advantaged Options

1 DEFINITIONS AND INTERPRETATION

1.1 In the Plan, unless the context otherwise requires:

"Board" means the board of directors of the Company or a duly authorised committee of the Board;

"Committee" means the remuneration committee of the Board or, on and after the occurrence of a corporate event described in Rule 7 (*Takeovers and other corporate events*), the remuneration committee of the Board as constituted immediately before such event occurs;

"Company" means Morgan Sindall Group plc (registered in England and Wales with registered number 00521970);

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

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

"Group Member" means:

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

"HMRC" means HM Revenue & Customs;

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

"Listing Rules" means the Listing Rules published by the United Kingdom Listing Authority;

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

"Normal Vesting Date" means the date on which an Option becomes capable of exercise under Rule 5.1 (*Timing of exercise: Normal Vesting Date*);

"Option" means a right to acquire Shares granted under the Plan;

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

"Participating Company" means the Company or any Subsidiary;

"Performance Condition" is a condition related to performance which is specified by the Committee under Rule 3.1 (*Terms of grant*);

"Plan" means the 2023 Morgan Sindall Share Option Plan as amended from time to time;

"Restriction" means any contract, agreement, arrangement or condition which makes provision to which any of subsections (2) to (4) of section 423 ITEPA (*Restricted securities*) would apply if references in those subsections to the employment-related securities were to Shares and the 'restriction' in that provision;

"Rule" means a rule of the Plan;

"Schedule 4" means Schedule 4 to ITEPA;

"Schedule 4 plan" means a share option plan which meets the requirements of Parts 2 to 6 of Schedule 4;

"Shares" means fully paid ordinary shares in the capital of the Company which satisfy the requirements of paragraphs 16 to 18 and paragraph 20 of Schedule 4 (*fully paid up, ordinary share capital*) unless Rule 7.5 (*Exercise following disqualifying event*) applies;

"Subsidiary" means a body corporate which is a subsidiary (within the meaning of section 1159 of the Companies Act 2006) of the Company and of which the Company has Control;

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

"Vesting Period" means the period following the Grant Date and ending on the Normal Vesting Date.

- 1.2 Expressions not defined in Part A of the Plan have the same meanings as they have in Schedule 4 and interpretative provisions in Schedule 4 and any guidance issued by HMRC shall apply in interpreting this Plan (except where the Plan expressly provides otherwise).
- 1.3 Any reference in the Plan to any enactment includes a reference to that enactment as from time to time modified, extended or re-enacted.
- 1.4 Expressions in italics, headings and any footnotes are for guidance only and do not form part of the Plan.

2 ELIGIBILITY

2.1 General rule on eligibility

Subject to Rule 2.3 (*Individuals not eligible*), an individual is eligible to be granted an Option only if they are a qualifying employee as defined in Rule 2.2 (*Individuals eligible*).

2.2 Individuals eligible

For the purposes of Rule 2.1, a qualifying employee is an employee of a Participating Company (except an employee who is a director of a Participating Company).

2.3 Individuals not eligible

An individual is not eligible to be granted an Option at any time when they are not eligible to participate in the Plan by virtue of paragraph 9 of Schedule 4 (*material interest in a close company*) or if they are an executive director of the Company.

3 GRANT OF OPTIONS

3.1 Terms of grant

(a) 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 Option on:

- (i) the terms set out in Part A of the Plan; and
- (ii) such additional terms (whether a Performance Condition and/or any other terms) as the Committee may specify, provided the Committee reasonably considers that any such Performance Condition is a fair and objective measure of performance

to any person who is eligible to be granted an Option under Rule 2 (*Eligibility*).

(b) On or before the Grant Date, the Committee shall determine the date on which an Option may become exercisable for the purposes of Rule 5.1 (*Timing of exercise*).

(c) The following terms of an Option shall be stated at the time the Option is granted:

- (i) the Option price (as determined by the Committee in accordance with Rule 3.4);
- (ii) the number and description of the Shares which may be acquired by the exercise of the Option;
- (iii) any Restriction to which the Shares which may be acquired by the exercise of the Option may be subject;
- (iv) the times at which the Option may be exercised (in whole or in part);
- (v) any terms set out and/or specified under Rule 3.1(a) and the circumstances under which an Option will lapse or be cancelled (in whole or in part); and

- (vi) any mechanism by which the Committee may, acting fairly and reasonably, alter the aspects referred to in Rule 3.1(c)(ii) (other than pursuant to Rule 8.2) and Rules 3.1(c)(iii), (iv) and (v) above.

3.2 Method of grant

An Option shall be granted by deed executed by the Company.

3.3 Method of satisfying Options

Unless specified to the contrary by the Committee at the time of grant of an Option, an Option 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 Option may be satisfied after it has been granted, having regard to the provisions of Rule 4 (*Limits*).

3.4 Option price

The Committee shall decide before an Option is granted the price at which Shares may be acquired by the exercise of that Option, but the price shall not be less than:

- (a) if Shares are quoted in the London Stock Exchange Daily Official List, the middle-market quotation of the Shares (as derived from that List) on the dealing day before the Grant Date or, if the Committee so determines, the average of the middle-market quotations during a period determined by the Committee not exceeding the period of 5 dealing days ending with the dealing day immediately preceding the Grant Date provided such dealing day(s) do not fall within any period when dealings in Shares are prohibited under the Company's share dealing code;
- (b) if Rule 3.4(a) does not apply, the market value (within the meaning of Part VIII of the Taxation of Chargeable Gains Act 1992) of Shares, as agreed in advance for the purposes of the Plan with HMRC Shares and Assets Valuation, on the Grant Date; and
- (c) in the case of an Option to acquire Shares only by subscription, the nominal value of those Shares.

For the purposes of determining the minimum Option price under this Rule 3.4, any Restrictions applying to the Shares shall be ignored.

3.5 Timing of grant

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

- (a) within the period of 42 days beginning with:
 - (i) the day on which the Plan is approved by shareholders of the Company;
 - or

- (ii) the dealing day after the day on which the Company announces its results for any period; or
- (b) at any other time when the Committee considers that circumstances are sufficiently exceptional to justify its grant

but an Option may not be granted after 4 May 2033 (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).

3.6 Non-transferability and bankruptcy

An Option granted to any person:

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

3.7 Approvals and consents

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

3.8 Employee communications

Each Participant shall be sent or notified of employee communication materials as soon as practicable after the grant of the Option, which shall include the information set out in Rule 3.1(c) above.

4 LIMITS

4.1 5 per cent in 10 years limit

An Option shall not be granted in any calendar year if, at the time of its proposed Grant Date it would cause the number of Shares allocated (as defined in Rule 4.3) in the period of 10 calendar years ending with that calendar year under the Plan and under any other executive share plan adopted by the Company to exceed such number as represents 5 per cent of the ordinary share capital of the Company in issue at that time.

4.2 10 per cent in 10 years limit

An Option shall not be granted in any calendar year if, at the time of its proposed Grant Date, it would cause the number of Shares allocated (as defined in Rule 4.3) 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.

4.3 Meaning of "allocated"

For the purposes of Rules 4.1 and 4.2:

- (a) Shares are allocated:
 - (i) when an option, Option or other contractual right to acquire unissued Shares or treasury Shares is granted;
 - (ii) where Shares are issued or treasury Shares are transferred other than in respect of an option, Option 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, Option or other contractual right shall be treated as allocated unless they are already treated as allocated under this Rule; and
- (c) for the avoidance of doubt, existing Shares other than treasury Shares that are transferred or over which options, Options or other contractual rights are granted shall not count as allocated.

4.4 Post-grant events affecting numbers of "allocated" Shares

For the purposes of Rule 4.3:

- (a) where:
 - (i) any option, Option 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, Option or other contractual right the Committee determines that:
 - (A) it shall be satisfied by the payment of cash equal to the gain made on its vesting or exercise; or
 - (B) it shall be satisfied 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, Option or other contractual right shall not count as allocated; and

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

4.5 Changes to investor guidelines

Treasury Shares shall cease to count as allocated Shares for the purposes of Rule 4.3 if institutional investor guidelines cease to require such Shares to be so counted.

4.6 Individual limit

Subject to Rule 4.7 (*Schedule 4 limit*), the maximum total market value of Shares (calculated as set out in this Rule) over which Options may be granted to any employee during any financial year of the Company is 300 per cent. of their salary (as defined in this Rule).

For the purpose of this Rule 4.6:

- (a) an employee's "**salary**" shall be taken to be their base salary (excluding benefits in kind), expressed as an annual rate payable by the Participating Companies to them on the Grant Date (or such earlier date as the Committee shall determine). Where a payment of salary is made in a currency other than sterling, the payment shall be treated as equal to the equivalent amount of sterling determined by using any rate of exchange which the Committee may reasonably select; and
- (b) the "**market value**" of the Shares over which an option is granted shall be calculated:
 - (i) for an Option, on the day(s) by reference to which the price at which Shares may be acquired by the exercise of that Option was determined under Rule 3.4 (*Option price*); and
 - (ii) for an option granted under any other Schedule 4 plan, at the time when it was granted or, in a case where an agreement relating to the shares has been made under paragraph 22 of Schedule 4, such earlier time or times as may be provided in that agreement.

For the purposes of calculating the market value under this Rule 4.6(b), any Restriction applying to the shares under option shall be ignored.

4.7 Schedule 4 limit

No person shall be granted an Option which would, at the time it is granted, cause the total market value of the shares (calculated as set out in Rule 4.6(b)) which they may acquire as a result of options granted to them (and not exercised) under:

- (a) Part A of the Plan; and
- (b) any other Schedule 4 plan established by the Company or by any associated company of the Company

to exceed £60,000 (or such other limit as may from time to time be imposed by Schedule 4).

4.8 Effect of limits

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

5 EXERCISE OF OPTIONS

5.1 Timing of exercise: Normal Vesting Date

An Option may only be exercised on the later of:

- (a) if any Performance Condition and any other condition has been imposed on the exercise of the Option, the date on which the Committee determines whether or not all such Performance Conditions or other conditions have been wholly or partly satisfied; and
- (b) the third anniversary of the Grant Date or, in respect only of Participants who are not executive directors of the Company, such other date as the Committee may specify on or before the Grant Date

except where Rule 6 (*Leavers and deceased Participants*), Rule 7.1 (*General offers*), Rule 7.2 (*Schemes of arrangement or non-UK arrangement*), Rule 7.3 (*Compulsory acquisitions*), Rule 7.4 (*Conditional exercise*), Rule 7.5 (*Exercise following disqualifying event*), Rule 7.6 (*Winding up*) or Rule 7.7 (*Demerger and similar events*) applies.

5.2 Performance Condition and other exercise conditions

An Option may only be exercised to the extent:

- (a) that any Performance Condition is satisfied; and
- (b) as permitted by any other term specified under Rule 3.1(a)(ii).

The Option shall lapse regardless of any other Rule to the extent any Performance Condition is not satisfied.

Where, under Rule 6 (*Leavers and deceased Participants*) or Rule 7 (*Takeovers and other corporate events*), an Option would (subject to the satisfaction of any Performance Condition) become exercisable before the end of the full period over which performance would otherwise be measured under any 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 objective, fair and reasonable basis as it decides.

5.3 Restrictions on exercise: regulatory and tax issues

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

- (a) the exercise of the Option and the issue or transfer of Shares after such exercise would be lawful in all relevant jurisdictions and in compliance with the Listing Rules, any relevant share dealing code of the Company, the City Code on Takeovers and Mergers and any other relevant UK or overseas regulation or enactment;
- (b) if a Tax Liability would arise by virtue of the exercise of the Option, then the Participant must have either:
 - (i) made a payment to the relevant Group Member of an amount at least equal to the Company's estimate of the Tax Liability; or
 - (ii) entered into arrangements acceptable to the Board to secure that such a payment is made (whether by authorising the sale of some or all of the

Shares on their behalf and the payment to the Group Member of the relevant amount out of the proceeds of sale or otherwise);

- (c) the Participant has entered into such arrangements as the Committee requires to satisfy a Group Member's liability to social security contributions in respect of the exercise of the Option; and
- (d) if the Shares are subject to any relevant Restriction and 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*).

For the purposes of this Rule 5.3, references to Group Member include any former Group Member.

5.4 Restriction on exercise: material interest in a close company

A Participant shall not be eligible to exercise an Option at any time when they are not eligible to participate in Part A of the Plan by virtue of paragraph 9 of Schedule 4 (*material interest in close company*).

5.5 Long stop date for exercise

Except as provided in Rule 6.1 (*Deceased Participants*), an Option may not in any circumstances (and regardless of any other Rule) be exercised after the expiry of 10 years beginning with the Grant Date (or such shorter period beginning with the Grant Date as the Committee may have decided on or before the grant of that Option) and if not exercised shall lapse at the end of such period.

5.6 Exercise in whole or in part

An Option may be exercised in full or in part.

5.7 Method of exercise

The exercise of any Option shall be effected in the form and manner prescribed by the Board. Any notice of exercise shall, subject to Rules 5.3 (*Restrictions on exercise: regulatory and tax issues*) and 5.4 (*Restrictions on exercise: material interest in a close company*) take effect only when the Company receives it, together with:

- (a) payment of the relevant price at which Shares can be acquired under the Option (or, if the Board so permits, an undertaking to pay that amount); and
- (b) where applicable, payment relating to the Tax Liability in accordance with Rule 5.3 (*Restrictions on exercise: regulatory and tax issues*) or an agreement to secure that such a payment is made under arrangements acceptable to the Board.

5.8 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 to the extent that such issue or transfer would cause the number of Shares allocated (as defined in Rule 4.3 (*Meaning of "allocated"*)) and adjusted under Rule 4.4 (*Post-grant events affecting numbers of "allocated" Shares*)) to exceed the limits in Rules 4.1 (*5 per cent in 10 years limit*) and 4.2 (*10 per cent in 10 years limit*) except where there

is a variation in the share capital of the Company which results in the number of Shares so allocated exceeding such limits solely by virtue of that variation.

5.9 Allotment and transfer timetable

Within 30 days after an Option has been exercised by a Participant, the Board shall allot to them (or a nominee for them) or, if appropriate, transfer or procure the transfer to them (or a nominee for them) of the number of Shares in respect of which the Option has been exercised.

5.10 Share rights

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 allotment.

Where Shares are transferred under the Plan after the exercise of an Option, Participants will be entitled to any rights attaching to such Shares by reference to a record date on or after the date of such transfer.

6 LEAVERS AND DECEASED PARTICIPANTS

6.1 Deceased Participants

If a Participant dies at a time when either they are a director or employee of a Group Member or they are or may be entitled to exercise the Option under Rule 6.2 (*Good leavers*), the following provisions apply:

- (a) any Option granted to them that is already capable of exercise at the time of death shall, subject to Rules 5.3 (*Restrictions on exercise: regulatory and tax issues*) and 5.4 (*Restrictions on exercise: material interest in a close company*), continue to be capable of exercise by their personal representatives for a period of 12 months after their death and if not exercised shall lapse at the end of that period;
- (b) any other Option granted to them may, subject to Rule 5.2 (*Performance Condition*) and Rules 5.3 (*Restrictions on exercise: regulatory and tax issues*), 5.4 (*Restrictions on exercise: material interest in a close company*) and Rule 6.4 (*Leavers: pro-rating of Options*), be exercised by their personal representatives during the period of 12 months after their death and if not exercised shall lapse at the end of that period; and
- (c) in both cases (a) and (b) above the period for exercise shall only be shortened if Rule 7.6 (*Winding up*) applies.

6.2 Good leavers

If a Participant ceases to be a director or employee of a Group Member in the following circumstances:

- (a) retirement;
- (b) injury or disability evidenced to the satisfaction of their employer;
- (c) redundancy (within the meaning of the Employment Rights Act 1996) or any overseas equivalent;

- (d) a relevant transfer within the meaning of the Transfer of Undertakings (Protection of Employment) Regulations 2006;
- (e) their office or employment being with a Participating Company of which the Company ceases to have Control;
- (f) their office or employment being either with 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
- (g) for any other reason, if the Committee so decides,

the following provisions apply:

- (i) any Option granted to them that is already capable of exercise at the date of cessation shall, subject to Rules 5.3 (*Restrictions on exercise: regulatory and tax issues*) and 5.4 (*Restrictions on exercise*) and Rule 6.1 (*Deceased Participants*), continue to be capable of exercise for a period of 6 months after the date of cessation and if not exercised shall lapse at the end of that period;
- (ii) any other Option granted to them may, subject to Rule 5.2 (*Performance Condition*), Rules 5.3 (*Restrictions on exercise: regulatory and tax issues*) and 5.4 (*Restrictions on exercise: material interest in a close company*), Rule 6.1 (*Deceased Participants*) and Rule 6.4 (*Leavers: pro-rating of Options*), be exercised during the period of 6 months after the date of cessation (or such longer period as the Committee, acting fairly and reasonably, may determine not being greater than 42 months after the Grant Date) and if not exercised shall lapse at the end of that period; and
- (iii) in both cases (i) and (ii) above, the period for exercise shall be shortened if Rule 5.5 (*Long stop date for exercise*), Rule 7.1 (*General offers*), Rule 7.2 (*Schemes of arrangement or non-UK arrangement*), Rule 7.3 (*Compulsory acquisition*), Rule 7.5 (*Exercise following disqualifying event*), Rule 7.6 (*Winding up*) or Rule 7.7 (*Demergers and similar events*) applies.

6.3 Cessation of employment in other circumstances

If a Participant ceases to be a director or employee of a Group Member for any reason other than those specified in Rule 6.1 (*Deceased Participants*) and Rule 6.2 (*Good leavers*), any Option held by them shall immediately lapse on such cessation.

6.4 Leavers: pro-rating of Options

The number of Shares in respect of which any Option may become exercisable under Rule 6.1 (*Deceased Participants*) or Rule 6.2 (*Good leavers*) shall be determined as follows:

- (a) the Committee shall determine the extent to which any Performance Condition and any other term specified under Rule 3.1(a)(ii) (*Terms of Grant*) has been satisfied in accordance with its terms and the Rules; and

- (b) by applying a pro rata reduction to the number of Shares determined under Rule 6.4(a) based on the period of time after the Grant Date and ending on the date of cessation relative to the Vesting Period,

unless the Committee, acting fairly and reasonably, decides that the reduction in the number of Shares under Rule 6.4(b) is inappropriate in any particular case when it shall increase the number of Shares in respect of which an Option may be exercised to the number of Shares determined under Rule 6.4(a).

If an Option becomes exercisable under any of Rules 7.1 to 7.6 when the holder of that Option has ceased to be a director or employee of a Group Member, then this Rule 6.4 shall take precedence over Rule 7.11 (*Corporate events: pro-rating of Options*).

6.5 Meaning of ceasing employment

A Participant shall not be treated for the purposes of this Rule 6 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. Any Participant who ceases to be such a director or employee before exercising an Option in circumstances where they retain a statutory right to return to work 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 reason for the termination of office or employment of a Participant shall be determined by reference to Rules 6.1 to 6.3 regardless of whether such termination was lawful or unlawful.

7 TAKEOVERS AND OTHER CORPORATE EVENTS

7.1 General offers

- (a) In the event that any person (or any group of persons acting in concert):
 - (i) makes a general offer to acquire the whole of the issued ordinary share capital of the Company (other than that already owned by it or persons connected with it) which is made on a condition such that, if it is met, the person making the offer will have Control of the Company; or
 - (ii) makes a general offer to acquire all the shares in the Company which are of the same class as the shares to which the Option relates (other than those shares already owned by it or persons connected with it)

and, as a result of such offer, that person (and any others acting in concert) obtains Control of the Company and any condition subject to which the offer was made has been satisfied ("**Relevant Event**"), then subject to Rule 5.2 (*Performance Condition*), Rules 5.3 (*Restrictions on exercise: regulatory and tax issues*) and 5.4 (*Restrictions on exercise: material interest in a close company*), Rule 5.5 (*Long stop date of exercise*), Rule 6 (*Leavers and deceased Participants*), Rule 7.5 (*Exercise following disqualifying event*) and Rule 7.10 (*Internal reorganisations*), any Option may be exercised within the period of one month (or such other period not exceeding 6 months as the Committee may permit) following the date of the Relevant Event and Rule 7.7 (*Corporate events: pro-rating of Options*) shall apply. To the extent that the Option is not exercised within that period it shall, regardless of any other provision of the Plan except Rule 6.1 (*Deceased Participants*), lapse at the end of that period.

For the purposes of this Rule 7.1, "**connected**" has the meaning within section 993 of the Income Tax Act 2007.

7.2 Schemes of arrangement or non-UK arrangement

In the event that:

- (a) under section 899 of the Companies Act 2006 the Court sanctions a compromise or arrangement; or
- (b) a non-UK company reorganisation arrangement (as defined in paragraph 35ZA of Schedule 4) becomes binding on the shareholders covered by it,

("Relevant Event")

and it is applicable to or affecting:

- (i) all the ordinary share capital of the Company or all the shares of the same class as the shares to which the Option relates; or
- (ii) all the shares, or all the shares of that same class, which are held by a class of shareholders identified otherwise than by reference to their employment or directorship or their participation in a Schedule 4 plan,

an Option may, subject to Rule 5.2 (*Performance Condition*), Rules 5.3 (*Restrictions on exercise: regulatory and tax issues*) and 5.4 (*Restrictions on exercise: material interest in a close company*), Rule 5.5 (*Long stop date for exercise*), Rule 6 (*Leavers and deceased Participants*), Rule 7.5 (*Exercise following disqualifying event*) and Rule 7.10 (*Internal reorganisations*), be exercised within one month of such event and Rule 7.11 (*Corporate events: pro-rating of Options*) shall apply. To the extent that the Option is not exercised within that period, it shall, regardless of any other provision of the Plan except Rule 6.1 (*Deceased Participants*), lapse at the end of that period.

7.3 Compulsory acquisition

In the event that any person becomes bound or entitled to acquire Shares in the Company under sections 979 to 982 or 983 to 985 of the Companies Act 2006 ("**Relevant Event**"), an Option may, subject to Rule 5.2 (*Performance Condition*), Rules 5.3 (*Restrictions on exercise: regulatory and tax issues*) and 5.4 (*Restrictions on exercise: material interest in a close company*), Rule 5.5 (*Long stop date of exercise*), Rule 6 (*Leavers and deceased Participants*), Rule 7.5 (*Exercise following disqualifying event*) and Rule 7.10 (*Internal reorganisations*), be exercised at any time during the period when that person is so bound or entitled and Rule 7.11 (*Corporate events: pro-rating of Options*) shall apply. To the extent that the Option is not exercised within that period, it shall, regardless of any other provision of the Plan except Rule 6.1 (*Deceased Participants*), lapse at the end of that period.

7.4 Conditional exercise

If a Relevant Event under any of Rules 7.1 (*General Offers*), 7.2 (*Schemes of arrangement or non-UK arrangement*) or 7.3 (*Compulsory acquisition*) is anticipated the Committee may notify Participants that any Option may, subject to Rule 5.5 (*Long stop date for exercise*) and Rule 6 (*Leavers and deceased Participants*), be exercised in anticipation of such Relevant Event in the period of 20 days ending with the date of the Relevant Event and shall be treated as if it had been exercised in accordance with the

relevant Rule 7.1 (*General Offers*) or 7.2 (*Schemes of arrangement or non-UK arrangement*) or 7.3 (*Compulsory acquisition*).

If the anticipated Relevant Event does not occur within a period of 20 days beginning with the date of exercise of an Option under this Rule 7.4 then any such exercise shall be treated as having had no effect.

7.5 Exercise following disqualifying event

If as a consequence of a person obtaining Control of the Company in any of the circumstances in Rules 7.1 (*General Offers*) (ignoring whether any condition subject to which an offer was made has been satisfied), 7.2 (*Schemes of arrangement or non-UK arrangement*) or 7.3 (*Compulsory acquisition*) the Shares no longer meet the requirements of Part 4 of Schedule 4, any Option may be exercised in accordance with the relevant Rule no later than 20 days after the day on which the person obtains Control of the Company notwithstanding that the Shares no longer meet such requirements, but to the extent that the Option is not exercised within that period it shall, regardless of any other provision of the Plan except Rule 6.1 (*Deceased Participants*), lapse at the end of that period.

This Rule 7.5 shall not authorise the exercise of any Option at a time outside the relevant period of exercise within any of Rules 7.1 (*General Offers*) or 7.2 (*Schemes of arrangement or non-UK arrangement*) or 7.3 (*Compulsory acquisition*).

7.6 Winding up

In the event that:

- (a) the Company passes a resolution for a voluntary winding up of the Company; or
- (b) an order is made for the compulsory winding up of the Company

an Option may, subject to Rule 5.2 (*Performance Condition*), Rules 5.3 (*Restrictions on exercise: regulatory and tax issues*) and 5.4 (*Restrictions on exercise: material interest in a close company*), Rule 5.5 (*Long stop date for exercise*), Rule 6 (*Leavers and deceased Participants*), Rule 7.5 (*Exercise following disqualifying event*) and Rule 7.10 (*Internal reorganisations*), be exercised within one month of such event and Rule 7.11 (*Corporate events: pro-rating of Options*) shall apply. To the extent that the Option is not exercised within that period, it shall, regardless of any other provision of the Plan, lapse at the end of that period.

7.7 Demergers and similar events

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

- (a) the Committee shall, as soon as reasonably practicable after deciding to apply these provisions, notify a Participant that, subject to Rule 5.2 (*Performance Condition*), Rules 5.3 (*Restrictions on exercise: regulatory and tax issues*) and 5.4 (*Restrictions on exercise: material interest in a close company*), Rule 5.5 (*Long stop date of exercise*), and Rule 6 (*Leavers and deceased Participants*), their Option may be exercised on such terms as the Committee may determine and, subject to Rule 6.1 (*Deceased Participants*), during such period preceding

the Relevant Event, or on the Relevant Event, as the Committee may determine and Rule 7.11 (*Corporate events: pro-rating of Options*) shall apply. Subject to Rule 6.1 (*Deceased Participants*), to the extent that the Option is not exercised when the Relevant Event occurs, it shall lapse at the end of that period; and

- (b) if an Option is exercised in advance of and conditional upon the Relevant Event and such event does not occur, then the conditional exercise shall not be effective and the Option shall continue to subsist.

7.8 Option rollover: general provisions

If any company (the "**acquiring company**"):

- (a) obtains Control of the Company as a result of making a general offer to acquire:
 - (i) the whole of the issued ordinary share capital of the Company (other than that which is already owned by it or persons connected with it) which is made on a condition such that if it is satisfied the person making the offer will have Control of the Company; or
 - (ii) all the shares in the Company which are of the same class as those subject to the Option (other than those shares already owned by it or persons connected with it); or
- (b) obtains Control of the Company as a result of a compromise or arrangement sanctioned by the Court under section 899 of the Companies Act 2006 or as a result of a non-UK company reorganisation arrangement (as defined in paragraph 35ZA of Schedule 4) which has become binding on the shareholders covered by it; or
- (c) becomes bound or entitled to acquire shares in the Company under sections 979 to 982 or 983 to 985 of the Companies Act 2006,

any Participant may, at any time within the relevant period specified under paragraph 26(3) of Schedule 4, by agreement with the acquiring company, release any Option granted under Part A of the Plan ("**Old Option**") in consideration of the grant to them of an option ("**New Option**") which for the purposes of paragraph 27 of Schedule 4 is equivalent to the Old Option but relates to shares in a different company (whether the acquiring company itself or some other company falling within paragraph 16(b) or (c) of Schedule 4).

For the avoidance of doubt, if this Rule 7.8 applies, no further Options may be granted under Part A of the Plan other than the New Options granted in accordance with this Rule 7.8.

For the purposes of this Rule 7.8 "**connected**" has the meaning within section 993 of the Income Tax Act 2007 and a New Option shall:

- (i) be over shares in the acquiring company (or some other company falling within paragraph 27(2)(b) of Schedule 4) that satisfy the requirements of paragraphs 16 to 20 of Schedule 4; and
- (ii) be a right to acquire such number of those shares as have, immediately after grant of the New Option, a total Market Value substantially the same as the total Market Value of the shares subject to the Old Option immediately before its release; and

- (iii) have an exercise price per share such that the total exercise price payable on complete exercise of the New Option is substantially the same as the total exercise price that would have been payable on complete exercise of the Old Option; and
- (iv) so far as practicable, be on terms otherwise identical to the Old Option immediately before the Old Option's release.

Any “**rollover period**” shall have the same duration as the applicable appropriate period defined in paragraph 26(3) of Schedule 4 and any New Option granted under this Rule 7.8 shall be treated as having been acquired at the same time as the relevant Old Option for all other purposes of the Plan.

7.9 Option rollover: interpretation of Rules

Where a New Option is granted under Rule 7.8 (*Option rollover: general provisions*) the following terms of Part A of the Plan shall, in relation to the New Option, be construed:

- (a) as if, except for the purposes of the definitions of "Group Member", "Participating Company" and "Subsidiary" in Rule 1.1 and the reference to the "Committee" in Rule 5.5 (*Long stop date for exercise*), the expression the "Company" were defined as "a company whose shares may be acquired by the exercise of Options granted under Part A of the Plan";
- (b) if the New Option is granted in circumstances where Rule 7.10 (*Internal reorganisations*) does not apply, so that no Performance Condition applies to the New Option and Rule 9.2 (*Shareholder approval*) is omitted;
- (c) if the New Option is granted in circumstances where Rule 7.10 (*Internal reorganisations*) does apply, so that the Performance Condition continues to apply, subject to any alterations made under Rule 9.6 (*Alterations to the Performance Condition*).

7.10 Internal reorganisations

In the event that:

- (a) an offer (as referred to in Rule 7.1 (*General offers*)) is made or a compromise or arrangement (as referred to in Rule 7.2 (*Schemes of arrangement or non-UK arrangement*)) is proposed which is expected to result in the Company becoming controlled by a new company ("**New Company**");
- (b) at least 75 per cent of the shares in the New Company will be held by substantially the same persons who immediately before the offer or proposal was made were shareholders in the Company; and
- (c) an offer will be made to Participants by the New Company for the release of Options for New Options pursuant to Rule 7.8 (*Option rollover: general provisions*),

then an Option granted under Part A of the Plan ("**Original Option**") shall not become exercisable under Rule 7.1 (*General offers*) or Rule 7.2 (*Schemes of arrangement or non-UK arrangement*) (as applicable) and, if the Option is not released pursuant to Rule 7.8 (*Option rollover: general provisions*), it shall lapse at the end of the relevant period specified under paragraph 26(3) of Schedule 4.

7.11 Corporate events: pro-rating of Options

Where an Option becomes exercisable under Rule 7.1 (*General Offers*), Rule 7.2 (*Schemes of arrangement or non-UK arrangement*), Rule 7.3 (*Compulsory acquisition*), Rule 7.6 (*Winding up*) or Rule 7.7 (*Demergers and similar events*), the number of Shares shall be determined as follows:

- (a) the Committee shall determine the extent to which any Performance Condition and any other term specified under Rule 3.1(a)(ii) (*Terms of Grant*) has been satisfied in accordance with its terms and the Rules; and
- (b) by applying a pro rata reduction to the number of Shares determined under Rule 7.11(a) based on the period of time after the Grant Date and ending on the date when the Option becomes exercisable under Rule 7.1, Rule 7.2, Rule 7.3, Rule 7.6 or Rule 7.7, as applicable, relative to the Vesting Period

unless the Committee, acting fairly and reasonably, decides that the reduction in the number of Shares under Rule 7.11(b) is inappropriate in any particular case, when it shall increase the number of Shares in respect of which the Option may be exercised to such higher number as it decides, provided that number does not exceed the number of Shares determined under Rule 7.11(a).

8 ADJUSTMENT OF OPTIONS

8.1 General rule

In the event of any variation of the share capital of the Company, the Committee may make such adjustment so far as necessary to take account of such variation under Rule 8.2 (*Method of adjustment*).

8.2 Method of adjustment

An adjustment made under this Rule 8.2 shall be to one or more of the following:

- (a) the number of Shares in respect of which any Option may be exercised;
- (b) the description of the Shares which may be acquired by the exercise of any Option; and
- (c) subject to Rule 8.3 (*Adjustment below nominal value*), the price at which Shares may be acquired by the exercise of any Option.

8.3 Adjustment below nominal value

An adjustment under Rule 8.2 (*Method of adjustment*) may reduce the price at which Shares may be subscribed for on the exercise of an Option to less than their nominal value, but only if and to the extent that the Board is authorised:

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

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

9 ALTERATIONS

9.1 General rule on alterations

Except as described in Rule 9.2 (*Shareholder approval*) and Rule 9.4 (*Alterations to disadvantage of Participants*), the Committee may at any time, acting fairly and reasonably, alter the Plan or the terms of any Option.

9.2 Shareholder approval

Except as described in Rule 9.3 (*Exceptions to shareholder approval*), no alteration to the advantage of an individual to whom an Option has been or may be granted shall be made under Rule 9.1 (*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 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 9.2,

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

9.3 Exceptions to shareholder approval

Rule 9.2 (*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 relating to the Performance Condition made under Rule 9.6 (*Alterations to any Performance Condition*).

9.4 Alterations to disadvantage of Participants

Except as described in Rule 9.5 (*Exceptions to Participant approval*), no alteration to the material disadvantage of any Participant (other than a technical change to any Performance Condition) shall be made under Rule 9.1 (*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.

9.5 Exceptions to Participant approval

Rule 9.4 (*Alterations to disadvantage of Participants*) shall not apply to any alteration which is required in accordance with paragraph 28I(2)(b) of Schedule 4 or which is otherwise required in order that the Plan complies with the requirements of Schedule 4.

9.6 Alterations to any Performance Condition

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

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

10 MISCELLANEOUS

10.1 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 ceasing to have rights under or be entitled to exercise any Option as a result of such termination. Participation in the Plan shall not confer a right to continued employment upon any individual who participates in it. The grant of an Option does not imply that any further Options will be granted nor that a Participant has any right to be granted any further Options.

10.2 Disputes

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.

10.3 Exercise of powers and discretions

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.

10.4 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, and in the case of an individual to their last known address, or, where they are a director or employee of a Group Member, either to their last known address or to the address of the place of business at which they perform the whole or substantially the whole of the duties of their office or employment; or

- (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.

10.5 Third parties

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

10.6 Benefits not pensionable

Benefits provided under the Plan shall not be pensionable.

10.7 Data Protection

Each Participant consents to the collection, processing and transfer of their personal data for any purpose relating to the operation of the Plan. This includes:

- (a) providing personal data to any Group Member and any third party such as trustees of any employee benefit trust, administrators of the Plan, registrars, brokers and any of their respective agents;
- (b) the processing of personal data by any such Group Member or third party;
- (c) transferring personal data to a country outside the European Economic Area (including a country which does not have data protection laws equivalent to those prevailing in the European Economic Area); and
- (d) providing personal data to potential purchasers of the Company, the Participant's employer or the business in which the Participant works.

10.8 Governing law

The Plan and all Options 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.

Part B

Non Tax Advantaged Options

1 DEFINITIONS AND INTERPRETATION

1.1 In the Plan, unless the context otherwise requires:

"Board" means the board of directors of the Company or a duly authorised committee of the Board;

"Committee" means the remuneration committee of the Board or, on and after the occurrence of a corporate event described in Rule 7 (*Takeovers and other corporate events*), the remuneration committee of the Board as constituted immediately before such event occurs;

"Company" means Morgan Sindall Group plc (registered in England and Wales with registered number 00521970);

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

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

"Group Member" means:

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

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

"Listing Rules" means the Listing Rules published by the UKLA;

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

"Normal Vesting Date" means the date on which an Option becomes capable of exercise under Rule 5.1 (*Timing of exercise: Normal Vesting Date*);

"Option" means a right to acquire Shares granted under the Plan;

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

"Participating Company" means the Company or any Subsidiary;

"Performance Condition" is a condition related to performance which is specified by the Committee under Rule 3.1 (*Terms of grant*);

"Plan" means the 2023 Morgan Sindall Share Option Plan as amended from time to time;

"Rule" means a rule of the Plan;

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

"Subsidiary" means a body corporate which is a subsidiary (within the meaning of section 1159 of the Companies Act 2006) of the 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 or may be obliged to (or would or may suffer a disadvantage if it were not to) account to any relevant authority;

"UKLA" means the United Kingdom Listing Authority;

"Vesting Period" means the period following the Grant Date and ending on the Normal Vesting Date.

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 Option only if they are an employee (excluding an executive director) of a Participating Company. Executive directors of the Company are however excluded from participating in the Plan.

3 GRANT OF OPTIONS

3.1 Terms of grant

(a) 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 Option on:

- (i) the terms set out in Part B of the Plan; and
- (ii) such additional terms (whether a Performance Condition and/or any other terms) as the Committee may specify

to any person who is eligible to be granted an Option under Rule 2 (*Eligibility*).

(b) On or before the Grant Date, the Committee shall determine the date on which an Option may become exercisable for the purposes of Rule 5.1 (*Timing of exercise*).

3.2 Method of grant

An Option shall be granted by deed executed by the Company.

3.3 Method of satisfying Options

Unless specified to the contrary by the Committee at the time of grant of an Option, an Option 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 Option may be satisfied after it has been granted, having regard to the provisions of Rule 4 (*Limits*).

3.4 Option price

The Committee shall decide before an Option is granted the price at which Shares may be acquired by the exercise of that Option, but the price shall not be less than:

- (a) if Shares are quoted in the London Stock Exchange Daily Official List, the middle-market quotation of the Shares (as derived from that List) on the dealing day before the Grant Date or, if the Committee so determines, the average of the middle-market quotations during a period determined by the Committee not exceeding the period of 5 dealing days ending with the dealing day immediately preceding the Grant Date provided such dealing day(s) do not fall within any period when dealings in Shares are prohibited under the Company's share dealing code;
- (b) if Rule 3.4(a) does not apply, the market value of the Shares as determined by the Committee on the Grant Date or such other day as the Committee decides; and
- (c) in the case of an Option to acquire Shares only by subscription, the nominal value of those Shares.

3.5 Timing of grant

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

- (a) within the period of 42 days beginning with:
 - (i) the day on which the Plan is approved by shareholders of the Company; or
 - (ii) the dealing day after the day on which the Company announces its results for any period; or
- (b) at any other time when the Committee considers that circumstances are sufficiently exceptional to justify its grant

but an Option may not be granted after 4 May 2023 (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).

3.6 Non-transferability and bankruptcy

An Option granted to any person:

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

3.7 Approvals and consents

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

4 LIMITS

4.1 5 per cent in 10 years limit

An Option shall not be granted in any calendar year if, at the time of its proposed Grant Date, it would cause the number of Shares allocated (as defined in Rule 4.3) and in the period of 10 calendar years ending with that calendar year under the Plan and under any other executive share plan adopted by the Company to exceed such number as represents 5 per cent of the ordinary share capital of the Company in issue at that time.

4.2 10 per cent in 10 years limit

An Option shall not be granted in any calendar year if, at the time of its proposed Grant Date, it would cause the number of Shares allocated (as defined in Rule 4.3) and 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.

4.3 Meaning of "allocated"

For the purposes of Rules 4.1 and 4.2:

- (a) Shares are allocated:
 - (i) when an option, Option or other contractual right to acquire unissued Shares or treasury Shares is granted;
 - (ii) where Shares are issued or treasury Shares are transferred other than in respect of an option, Option 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, Option or other contractual right shall be treated as allocated unless they are already treated as allocated under this Rule; and
- (c) for the avoidance of doubt, existing Shares other than treasury Shares that are transferred or over which options, Options or other contractual rights are granted shall not count as allocated.

4.4 Post-grant events affecting numbers of "allocated" Shares

For the purposes of Rule 4.3:

- (a) where:
 - (i) any option, Option 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, Option or other contractual right the Committee determines that:
 - (A) it shall be satisfied by payment of cash equal to the gain made on its vesting or exercise; or
 - (B) it shall be satisfied 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, Option or other contractual right shall not count as allocated; and
- (b) the number of Shares allocated in respect of an option, Option or other contractual right shall be such number as the Board shall reasonably determine from time to time.

4.5 Changes to investor guidelines

Treasury Shares shall cease to count as allocated Shares for the purposes of Rule 4.3 if institutional investor guidelines cease to require such Shares to be so counted.

4.6 Individual limit

The maximum total market value of Shares (calculated as set out in this Rule) over which Options may be granted to any employee during any financial year of the Company is 300 per cent of their salary (as defined in this Rule).

For the purpose of this Rule 4.6:

- (a) an employee's "**salary**" shall be taken to be their base salary (excluding benefits in kind), expressed as an annual rate payable by the Participating Companies to them 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 Option is granted shall be calculated by reference to the price at which Shares may be acquired by the exercise of that Option as determined under Rule 3.4 (*Option price*).

4.7 Effect of limits

Any Option shall be limited and take effect so that the limits in this Rule 4 are complied with. Where the grant of an Option under Part A of the Plan is limited solely by virtue of Rule 4.7 of that Part (*Schedule 4 limit*) the grant shall be effective under this Part B of the Plan subject to the limits set out in this Part.

5 EXERCISE OF OPTIONS

5.1 Timing of exercise: Normal Vesting Date

An Option may only be exercised on the later of:

- (a) if any Performance Condition and any other condition has been imposed on the exercise of the Option, the date on which the Committee determines whether or not all such Performance Conditions or other conditions have been wholly or partly satisfied; and
- (b) the third anniversary of the Grant Date (or, in respect only of Participants who are not executive directors of the Company, such other date as the Committee may specify on or before the Grant Date),

except where Rule 6 (*Leavers and deceased Participants*), Rule 7.1 (*General offers*), Rule 7.2 (*Schemes of arrangement or non-UK arrangement*), Rule 7.3 (*Compulsory acquisitions*), Rule 7.4 (*Conditional exercise*), Rule 7.5 (*Winding up*) or Rule 7.6 (*Demerger and similar events*) applies.

5.2 Performance Condition and other exercise conditions

An Option may only be exercised to the extent:

- (a) that any Performance Condition is satisfied; and
- (b) as permitted by any other term specified under Rule 3.1(b).

The Option shall lapse regardless of any other Rule to the extent that any Performance Condition is not satisfied.

Where, under Rule 6 (*Leavers and deceased Participants*) or Rule 7 (*Takeovers and other corporate events*), an Option would (subject to the satisfaction of any Performance Condition) become exercisable before the end of the full period over which performance would otherwise be measured under any Performance Condition then, unless provided to the contrary by the Performance Condition, the extent to which the Performance Condition has been satisfied in such circumstances shall be determined by the Committee on such reasonable basis as it decides.

5.3 Restrictions on exercise: regulatory and tax issues

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

- (a) the exercise of the Option and the issue or transfer of Shares after such exercise would be lawful in all relevant jurisdictions and in compliance with the Listing Rules, any relevant share dealing code of the Company, the City Code on Takeovers and Mergers and any other relevant UK or overseas regulation or enactment;
- (b) if a Tax Liability would arise by virtue of the exercise of the Option and the Board decides that such Tax Liability shall not be satisfied by the sale of shares pursuant to Rule 5.10 (*Payment of Tax Liability*) then the Participant must have entered into arrangements acceptable to the Board to secure that such a payment is made (whether pursuant to Rule 5.10 (*Payment of Tax Liability*) or otherwise);

- (c) the Participant has entered into such arrangements as the Committee requires (and where permitted in the relevant jurisdiction) to satisfy a Group Member's liability to social security contributions in respect of the exercise of the Option; and
- (d) where the Committee requires, the Participant has entered into, or agreed to enter into, a valid election under Part 7 of ITEPA (*Employment income: elections to disapply tax charge on restricted securities*) or any similar arrangement in any overseas jurisdiction.

For the purposes of this Rule 5.3, references to Group Member include any former Group Member.

5.4 Long stop date for exercise

An Option may not in any circumstances (and regardless of any other Rule) be exercised after the expiry of 10 years beginning with the Grant Date (or such shorter period beginning with the Grant Date as the Committee may have decided on or before the grant of that Option) and if not exercised shall lapse at the end of such period.

5.5 Exercise in whole or in part

An Option may be exercised in full or in part.

5.6 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 5.3 (*Restrictions on exercise: regulatory and tax issues*), take effect only when the Company receives it, together with:

- (a) payment of the relevant price at which Shares can be acquired under the Option (or, if the Board so permits, an undertaking to pay that amount); and
- (b) if a Participant decides to satisfy the Tax Liability other than pursuant to the authority in Rule 5.10 (*Payment of Tax Liability*), an agreement relating to the payment of the Tax Liability having been entered into.

5.7 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 to the extent that such issue or transfer would cause the number of Shares allocated (as defined in Rule 4.3 (*Meaning of "allocated"*)) and adjusted under Rule 4.4 (*Post-grant events of affecting numbers of "allocated" Shares*)) to exceed the limits in Rules 4.1 (*5 per cent in 10 years limit*) and 4.2 (*10 per cent in 10 years limit*) except where there is a variation in the share capital of the Company which results in the number of Shares so allocated exceeding such limits solely by virtue of that variation.

5.8 Allotment and transfer timetable

Within 30 days after an Option has been exercised by a Participant, the Board shall allot to them (or a nominee for them) or, if appropriate, transfer or procure the transfer to them (or a nominee for them) of the number of Shares in respect of which the Option has been exercised.

5.9 Share rights

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 allotment.

Where Shares are transferred under the Plan after the exercise of an Option, Participants will be entitled to any rights attaching to such Shares by reference to a record date on or after the date of such transfer.

5.10 Payment of Tax Liability

The Participant authorises the Company to sell or procure the sale of sufficient 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 the Tax Liability which arises on such exercise except to the extent they agree to fund all or part of the Tax Liability in a different manner.

5.11 Net or cash settlement

- (a) Where an Option has been exercised, the Company may:
- (i) make a cash payment to the Participant equal to the “*Option Gain*” on the date of exercise of the Option; or
 - (ii) arrange for the transfer or issue to the Participant of Shares with a market value equal to the Option Gain on the date of exercise of the Option (rounded down to the nearest whole Share). The Participant is not required to make payment for those Shares.

Where the Company settles an Option in the manner prescribed in this Rule 5.11, this shall be full and final satisfaction of the Participant’s rights under the Option.

- (b) For the purpose of this Rule 5.11, the Option Gain is the amount by which the market value of a Share exceeds the Option price. The market value of a Share for this purpose is the middle-market quotation of a Share as derived from London Stock Exchange Daily Official List that List on the date of exercise.
- (c) There shall be deducted from any payments under this Rule 5.11 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.

6 LEAVERS AND DECEASED PARTICIPANTS

6.1 Deceased Participants

If a Participant dies at a time when either they are a director or employee of a Group Member or they are or may be entitled to exercise the Option under Rule 6.2 (*Good leavers*), the following provisions apply:

- (a) any Option granted to them that is already capable of exercise at the time of death shall, subject to Rule 5.3 (*Restrictions on exercise: regulatory and tax issues*), continue to be capable of exercise by their personal representatives for a period of 12 months after their death and if not exercised shall lapse at the end of that period;
- (b) any other Option granted to them may, subject to Rule 5.2 (*Performance Condition*), Rule 5.3 (*Restrictions on exercise*) and Rule 6.4 (*Leavers: pro-rating*)

of Options), be exercised by their personal representatives during the period of 12 months after their death and if not exercised shall lapse at the end of that period; and

- (c) in both cases (a) and (b) above the period for exercise shall be shortened if Rule 5.4 (*Long stop date for exercise*), Rule 7.1 (*General offers*), Rule 7.2 (*Schemes of arrangement or non-UK arrangement*), Rule 7.3 (*Compulsory acquisitions*), Rule 7.5 (*Winding up*) or Rule 7.6 (*Demergers and similar events*) applies.

6.2 Good leavers

If a Participant ceases to be a director or employee of a Group Member in the following circumstances:

- (a) retirement;
- (b) injury or disability evidenced to the satisfaction of their employer;
- (c) redundancy (within the meaning of the Employment Rights Act 1996) or any overseas equivalent;
- (d) a relevant transfer within the meaning of the Transfer of Undertakings (Protection of Employment) Regulations 2006;
- (e) their office or employment being with a Participating Company of which the Company ceases to have Control;
- (f) their office or employment being either with 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
- (g) for any other reason, if the Committee so decides,

the following provisions apply:

- (i) any Option granted to them that is already capable of exercise at the date of cessation shall, subject to Rule 5.3 (*Restrictions on exercise: regulatory and tax issues*) and Rule 6.1 (*Deceased Participants*), continue to be capable of exercise for a period of 6 months after the date of cessation and if not exercised shall lapse at the end of that period;
- (ii) any other Option granted to them may, subject to Rule 5.2 (*Performance Condition*), Rule 5.3 (*Restrictions on exercise*), Rule 6.1 (*Deceased Participants*) and Rule 6.4 (*Leavers: pro-rating of Options*), be exercised during the period of 6 months after the date of cessation (or such longer period as the Committee may determine not being greater than 42 months after the Grant Date) and if not exercised shall lapse at the end of that period; and
- (iii) in both cases (i) and (ii) above, the period for exercise shall be shortened if Rule 5.4 (*Long stop date for exercise*), Rule 7.1 (*General offers*), Rule 7.2 (*Schemes of arrangement or non-UK arrangement*), Rule 7.3 (*Compulsory acquisitions*), Rule 7.5 (*Winding up*) or Rule 7.6 (*Demergers and similar events*) applies.

6.3 Cessation of employment in other circumstances

If a Participant ceases to be a director or employee of a Group Member for any reason other than those specified in Rule 6.1 (*Deceased Participants*) and Rule 6.2 (*Good leavers*), any Option held by them shall immediately lapse on such cessation.

6.4 Leavers: pro-rating of Options

The number of Shares in respect of which any Option may become exercisable under Rule 6.1 (*Deceased Participants*) or Rule 6.2 (*Good leavers*) shall be determined as follows:

- (a) the Committee shall determine the extent to which any Performance Condition and any other term specified under Rule 3.1(b) (*Terms of Grant*) has been satisfied in accordance with its terms and the Rules; and
- (b) by applying a pro rata reduction to the number of Shares determined under Rule 6.4(a) based on the period of time after the Grant Date and ending on the date of cessation relative to the Vesting Period

unless the Committee, acting fairly and reasonably, decides that the reduction in the number of Shares under Rule 6.4(b) is inappropriate in any particular case when it shall increase the number of Shares in respect of which an Option may be exercised to the number of Shares determined under Rule 6.4(a).

If an Option becomes exercisable under any of Rules 7.1 to 7.3 when the holder of that Option has ceased to be a director or employee of a Group Member, then this Rule 6.4 shall take precedence over Rule 7.8 (*Corporate events: pro-rating of Options*).

6.5 Meaning of ceasing employment

A Participant shall not be treated for the purposes of this Rule 6 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. Any Participant who ceases to be such a director or employee before exercising an Option in circumstances where they retain a statutory right to return to work then 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 reason for the termination of office or employment of a Participant shall be determined by reference to Rules 6.1 to 6.3 regardless of whether such termination was lawful or unlawful.

7 TAKEOVERS AND OTHER CORPORATE EVENTS

7.1 General offers

In the event that any person (or any group of persons acting in concert):

- (a) makes a general offer to acquire the whole of the issued ordinary share capital of the Company (other than that already owned by it or persons connected with it) which is made on a condition such that, if it is met, the person making the offer will have Control of the Company; or
- (b) makes a general offer to acquire all the shares in the Company which are of the same class as the shares to which the Option relates (other than those shares already owned by it or persons connected with it)

and, as a result of such offer, that person (and any others acting in concert) obtains Control of the Company and any condition subject to which the offer was made has been satisfied (the "**Relevant Event**"), then subject to Rule 5.2 (*Performance Condition*), Rule 5.3 (*Restrictions on exercise*), Rule 5.5 (*Long stop date of exercise*), Rule 6 (*Leavers and deceased Participants*) and Rule 7.7 (*Internal reorganisations*), any Option may be exercised within the period of one month (or such other period not exceeding 6 months as the Committee may permit) following the date of the Relevant Event and Rule 7.8 (*Corporate events: pro-rating of Options*) shall apply. To the extent that the Option is not exercised within that period it shall, regardless of any other provision of the Plan, lapse at the end of that period.

For the purposes of this Rule 7.1, "**connected**" has the meaning within section 993 of the Income Tax Act 2007.

7.2 Schemes of arrangement or non-UK arrangement

In the event that:

- (a) under section 899 of the Companies Act 2006 the Court sanctions a compromise or arrangement;
- (b) a non-UK company reorganisation arrangement (as defined in paragraph 35ZA of Schedule 4 to ITEPA) becomes binding on the shareholders covered by it

(the "**Relevant Event**")

and it is applicable to or affecting:

- (i) all the ordinary share capital of the Company or all the shares of the same class as the shares to which the Option relates; or
- (ii) all the shares, or all the shares of that same class, which are held by a class of shareholders identified otherwise than by reference to their employment or directorships or their participation in the Plan

an Option may, subject to Rule 5.2 (*Performance Condition*), Rule 5.3 (*Restrictions on exercise*), Rule 5.4 (*Long stop date for exercise*), Rule 6 (*Leavers and deceased Participants*) and Rule 7.7 (*Internal reorganisations*), be exercised within one month of such event and Rule 7.8 (*Corporate events: pro-rating of Options*) shall apply. To the extent that the Option is not exercised within that period, it shall (regardless of any other provision of the Plan) lapse at the end of that period.

7.3 Compulsory acquisition

In the event that any person becomes bound or entitled to acquire Shares in the Company under sections 979 to 982 or 983 to 985 of the Companies Act 2006 (the "**Relevant Event**"), an Option may, subject to Rule 5.2 (*Performance Condition*), Rules 5.3 (*Restrictions on exercise: regulatory and tax issues*) and 5.4 (*Long stop date of exercise*), Rule 6 (*Leavers and deceased Participants*) and Rule 7.7 (*Internal reorganisations*), be exercised at any time during the period when that person is so bound or entitled and Rule 7.8 (*Corporate events: pro-rating of Options*) shall apply. To the extent that the Option is not exercised within that period, it shall, regardless of any other provision of the Plan, lapse at the end of that period.

7.4 Conditional exercise

If a Relevant Event under any of Rules 7.1 (*General Offers*), 7.2 (*Schemes of arrangement or non-UK arrangement*) or 7.3 (*Compulsory acquisition*) is anticipated the Committee may notify Participants that any Option may, subject to Rule 5.4 (*Long stop date for exercise*) and Rule 6 (*Leavers and deceased Participants*), be exercised in anticipation of such Relevant Event in the period of 20 days ending with the date of the Relevant Event and shall be treated as if it had been exercised in accordance with the relevant Rule 7.1 (*General Offers*) or 7.2 (*Schemes of arrangement or non-UK arrangement*) or 7.3 (*Compulsory acquisition*).

If the anticipated Relevant Event does not occur within a period of 20 days beginning with the date of exercise of an Option under this Rule 7.4 then any such exercise shall be treated as having had no effect.

7.5 Winding up

In the event that:

- (a) the Company passes a resolution for a voluntary winding up of the Company; or
- (b) an order is made for the compulsory winding up of the Company

an Option may, subject to Rule 5.2 (*Performance Condition*), Rule 5.3 (*Restrictions on exercise: regulatory and tax issues*), Rule 5.4 (*Long stop date for exercise*), Rule 6 (*Leavers and deceased Participants*) and Rule 7.7 (*Internal reorganisations*), be exercised within one month of such event and Rule 7.8 (*Corporate events: pro-rating of Options*) shall apply. To the extent that the Option is not exercised within that period, it shall, regardless of any other provision of the Plan, lapse at the end of that period.

7.6 Demergers and similar events

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

- (a) the Committee shall, as soon as reasonably practicable after deciding to apply these provisions, notify a Participant that, subject to Rule 5.2 (*Performance Condition*), Rule 5.3 (*Restrictions on exercise*), Rule 5.4 (*Long stop date for exercise*), and Rule 6 (*Leavers and deceased Participants*), their Option may 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 Rule 7.8 (*Corporate events: pro-rating of Options*) shall apply. To the extent that the Option is not exercised when the Relevant Event occurs, it shall lapse; and
- (b) if an Option is exercised in advance of and conditional upon the Relevant Event and such event does not occur, then the conditional exercise shall not be effective and the Option shall continue to subsist.

7.7 Internal reorganisations

In the event that:

- (a) an offer (as referred to in Rule 7.1 (*General offers*)) is made or a compromise or arrangement (as referred to in Rule 7.2 (*Schemes of arrangement or non-UK arrangement*)) is proposed which is expected to result in the Company becoming controlled by a new company (the "**New Company**");
- (b) at least 75 per cent of the shares in the New Company will be held by substantially the same persons who immediately before the offer or proposal was made were shareholders in the Company; and
- (c) the Committee and the New Company agree that this Rule should apply

then an Option granted under Part B of the Plan (the "**Original Option**") shall not become exercisable under Rule 7.1 (*General offers*) or Rule 7.2 (*Schemes of arrangement or non-UK arrangement*) (as applicable) but shall be automatically surrendered in consideration for the grant of a new Option which the Committee determines is equivalent to the Original Option it replaces except that it will be over shares in the new company or some other company.

The Rules shall apply to any new Option granted under this Rule 7.7 as if references to Shares were references to shares over which the new Option is granted and references to the Company were references to the company whose shares are subject to the new Option.

7.8 Corporate events: pro-rating of Options

Where an Option becomes exercisable under Rule 7.1 (*General Offers*), Rule 7.2 (*Schemes of arrangement or non-UK arrangement*), Rule 7.3 (*Compulsory acquisition*), Rule 7.5 (*Winding up*) and Rule 7.6 (*Demergers and similar events*), the number of Shares shall be determined as follows:

- (a) the Committee shall determine the extent to which any Performance Condition and any other term specified under Rule 3.1(b) (*Terms of Grant*) has been satisfied in accordance with its terms and the Rules; and
- (b) by applying a pro rata reduction to the number of Shares determined under Rule 7.8(a) based on the period of time after the Grant Date and ending on the date when the Option becomes exercisable under Rule 7.1, Rule 7.2, Rule 7.3, Rule 7.5 or Rule 7.6 as applicable, relative to the Vesting Period

unless the Committee, acting fairly and reasonably, decides that the reduction in the number of Shares under Rule 7.8(b) is inappropriate in any particular case, when it shall increase the number of Shares in respect of which the Option may be exercised to such higher number as it decides, provided that number does not exceed the number of Shares determined under Rule 7.8(a).

8 ADJUSTMENT OF OPTIONS

8.1 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 adjustment as it considers appropriate under Rule 8.2 (*Method of adjustment*).

8.2 Method of adjustment

An adjustment made under this Rule 8.2 shall be to one or more of the following:

- (a) the number of Shares in respect of which any Option may be exercised;
- (b) the description of the Shares which may be acquired by the exercise of any Option; and
- (c) subject to Rule 8.3 (*Adjustment below nominal value*), the price at which Shares may be acquired by the exercise of any Option.

8.3 Adjustment below nominal value

An adjustment under Rule 8.2 (*Method of adjustment*) may reduce the price at which Shares may be subscribed for on the exercise of an Option to less than their nominal value, but only if and to the extent that the Board is authorised:

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

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

9 ALTERATIONS

9.1 General rule on alterations

Except as described in Rule 9.2 (*Shareholder approval*) and Rule 9.4 (*Alterations to disadvantage of Participants*), the Committee may at any time alter the Plan or the terms of any Option.

9.2 Shareholder approval

Except as described in Rule 9.3 (*Exceptions to shareholder approval*), no alteration to the advantage of an individual to whom an Option has been or may be granted shall be made under Rule 9.1 (*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 9.2

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

9.3 Exceptions to shareholder approval

Rule 9.2 (*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 relating to the Performance Condition made under Rule 9.5 (*Alterations to any Performance Condition*).

9.4 Alterations to disadvantage of Participants

No alteration to the material disadvantage of any Participant (other than a technical change to any Performance Condition) shall be made under Rule 9.1 (*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.

9.5 Alterations to any Performance Condition

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

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

10 MALUS / CLAWBACK

10.1 Application of malus and/or clawback

- (a) The Committee may apply malus and/or clawback under Rule 11 (*Operation of malus and clawback*) in relation to an Option if one of the circumstances specified in Rule 10.2 (*Circumstances in which malus and/or clawback may be applied*) has occurred and the Committee makes a determination under Rule 10.3 (*Impact of circumstances*) within the time period specified in Rule 10.4 (*Time frame for operating malus and/or clawback*).
- (b) References in this Rule 10 (*malus / clawback*) to Participants shall include, where relevant, former Participants.

10.2 Circumstances in which malus and/or clawback may be applied

This Rule 10.2 (*Circumstances in which malus and/or clawback may be applied*) applies in relation to an Option if the Committee, in its absolute discretion, determines that any of the following circumstances exist:

- (a) any financial results or other measure of performance used in assessing the extent to which the Option can be exercised (or which influenced such assessment), whether relating to any Group Company or business unit, individual conduct, capability or performance or otherwise, were misstated or incorrect or were misleading;
- (b) an error was made in determining the extent to which an Option can be exercised and which resulted in the Option being exercised (or Shares being issued or transferred and/or cash being paid) to a greater extent than would otherwise have been the case;
- (c) the Committee determines that there is reasonable evidence that the Participant engaged in conduct (including by omission) that amounts to misconduct;
- (d) an event, act or omission occurs that the Committee determines constitutes or is reasonably anticipated to result in, the corporate failure of any Group Company, where “corporate failure” may include a material reduction in the value of the relevant company, any involuntary insolvency or similar circumstances or any event that the Committee determines has a material negative impact on any of the stakeholders in the Company.

Except where stated to apply from an earlier time, the circumstances referred to above will apply if they have occurred at any time on or after the start of the financial year in which the Grant Date falls.

10.3 Impact of circumstances

This Rule 10.3 (*Impact of circumstances*) applies in relation to an Option if the Committee, in its discretion, determines that if the circumstances mentioned in Rule 10.2 (*Circumstances in which malus and/or clawback may be applied*) had existed, and the Committee had been fully aware that they existed, at the Grant Date or, in the case of an Option that has already been exercised, at the date of exercise, then:

- (a) the Committee would not have granted the Option;

- (b) the Committee would have granted the Option in relation to a smaller number of Shares; or
- (c) in the case of an Option that has already been exercised:
 - (i) it would not have been exercised (or the Committee would not have permitted it to be exercised) at all, or
 - (ii) it would only have been exercised (or the Committee would only have permitted it to be exercised) in relation to a smaller number of Shares.

10.4 Timeframe for operating malus and/or clawback

The Committee may make a determination in relation to an Option under Rule 10.3 (*Impact of circumstances*) at any time prior to the third anniversary of its Normal Vesting Date. If an investigation into the conduct or actions of any Participant or any Group Company has started prior to the third anniversary of the Option's Normal Vesting Date, the Committee may, in its absolute discretion, determine that the provisions of Rule 10 (*malus / clawback*) and Rule 11 (*Operation of malus and clawback*) may be applied to an Option until such later date as the Committee may determine to allow that investigation to be completed.

11 OPERATION OF MALUS AND CLAWBACK

11.1 When this Rule 11 applies

This Rule 11.1 applies to an Option if the circumstances set out in Rule 10.2 (*Circumstances in which malus and/or clawback may be applied*) apply to that Option.

11.2 Where Options have not yet been exercised - malus

If, at the date of the determination under Rule 10.3 (*Impact of circumstances*), the Option has not yet been exercised, the Committee may cancel the Option or reduce it by such number of Shares as the Committee considers to be fair and reasonable, taking account of all circumstances that the Committee considers to be relevant.

11.3 Where Options have Vested or Options have been exercised — clawback

If, at the date of the determination under Rule 10.3 (*Impact of circumstances*), the Option has been exercised, the Committee may determine an amount to be clawed back ("**Clawback Amount**") in relation to the Option.

11.4 Calculating the Clawback Amount

The Clawback Amount shall be such amount as the Committee considers to be fair and reasonable, taking account of all circumstances that the Committee considers to be relevant, but shall not be more than:

- (a) the Market Value of the Shares measured on the date the Option was exercised minus the Exercise Price (if any), and
- (b) the Market Value of the Shares measured on the date of the determination under Rule 10.3 (*Impact of circumstances*) minus the Option price.

11.5 Reduction for Tax Liability

If the Participant has paid or is liable for any Tax Liability in relation to the Option or the Shares and which cannot be recovered from or repaid by the relevant tax authority (whether directly or indirectly), the Committee may in its discretion decide to reduce the Clawback Amount to take account of this unrecoverable tax amount. In deciding whether to reduce the Clawback Amount, the Committee shall take account of such factors it thinks fit, which may include market practice, corporate governance rules and guidelines, and the expectations of shareholders.

11.6 No obligation to treat all Options or Participants in the same way

For the avoidance of doubt, the Committee is not obliged to determine a Clawback Amount in relation to any particular Option, even if the Committee does determine a Clawback Amount in relation to other Options that were held by the same or other Participants which had the same Grant Date or Normal Vesting Date.

11.7 Payment of Clawback Amount

The Participant shall reimburse the Company for the Clawback Amount, in any way acceptable to the Committee, on or as soon as possible after the Committee determines a Clawback Amount in relation to the Option. If the Participant fails to reimburse the Company within 30 days after the determination, the Company shall obtain reimbursement from the Participant in any (or any combination) of the following ways:

- (a) by reducing or cancelling any Options that the Participant has not exercised;
- (b) by reducing or cancelling any cash bonus payable to the Participant by any Group Company;
- (c) by reducing or cancelling any future or existing award made or option granted to the Participant under any other Employees' Share Scheme or bonus scheme operated by any Group Company (other than a Schedule 2 SIP or a Schedule 3 SAYE option scheme, as those terms are defined in ITEPA);
- (d) by requiring the Participant to make a cash payment to a Group Company;
- (e) by requiring the Participant to transfer Shares to an employee benefit trust for no consideration; or
- (f) by reducing the participant's salary.

12 MISCELLANEOUS

12.1 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 ceasing to have rights under or be entitled to exercise any Option as a result of such termination. Participation in the Plan shall not confer a right to continued employment upon any individual who participates in it. The grant of any Option does not imply that any further Options will be granted nor that a Participant has any right to be granted any further Options.

12.2 Disputes

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.

12.3 Exercise of powers and discretions

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.

12.4 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, and in the case of an individual to their last known address, or, where they are a director or employee of a Group Member, either to their last known address or to the address of the place of business at which they perform the whole or substantially the whole of the duties of their office or employment; or
- (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.

12.5 Third parties

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

12.6 Benefits not pensionable

Benefits provided under the Plan shall not be pensionable.

12.7 Data Protection

Each Participant consents to the collection, processing and transfer of their personal data for any purpose relating to the operation of the Plan. This includes:

- (a) providing personal data to any Group Member and any third party such as trustees of any employee benefit trust, administrators of the Plan, registrars, brokers and any of their respective agents;
- (b) the processing of personal data by any such Group Member or third party;
- (c) transferring personal data to a country outside the European Economic Area (including a country which does not have data protection laws equivalent to those prevailing in the European Economic Area); and
- (d) providing personal data to potential purchasers of the Company, the Participant's employer or the business in which the Participant works.

12.8 Governing law

The Plan and all Options 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.