

Breedon Group plc

BREEDON GROUP DEFERRED SHARE BONUS PLAN

Approved by the Board at its Meeting on 5 March 2024 conditional on approval by shareholders

Approved by shareholders of the Company on [24 April 2024]



The Plan is a discretionary benefit offered by Breedon Group plc for the benefit of its employees. Its main purpose is to increase the interest of the employees in the Company's long term business goals and through share ownership.

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

The remuneration committee of the Board of Breedon Group plc shall have the right to decide, in its sole discretion, whether or not further awards will be granted in the future and to which employees those awards will be granted.

The detailed rules of the Plan are set out overleaf.

CONTENTS

| Rule | Page |
|--|-------------|
| 1. DEFINITIONS AND INTERPRETATION..... | 3 |
| 2. ELIGIBILITY | 6 |
| 3. GRANT OF AWARDS | 6 |
| 4. LIMIT..... | 8 |
| 5. VESTING OF AWARDS..... | 10 |
| 6. CONSEQUENCES OF VESTING FOR CONDITIONAL AWARDS..... | 11 |
| 7. EXERCISE OF OPTIONS | 122 |
| 8. CASH ALTERNATIVE..... | 13 |
| 9. LAPSE OF AWARDS..... | 14 |
| 10. LEAVERS | 14 |
| 11. CORPORATE EVENTS | 16 |
| 12. MALUS AND CLAWBACK..... | 18 |
| 13. ADJUSTMENT OF AWARDS | 211 |
| 14. ALTERATIONS..... | 21 |
| 15. MISCELLANEOUS..... | 22 |

1. DEFINITIONS AND INTERPRETATION

1.1 In the Plan, unless the context otherwise requires:

"Adoption Date" means the date on which the Plan is approved by shareholders of the Company and adopted by a resolution of the Board;

"Annual Bonus Plan" means the Breedon Annual Bonus Plan or any other bonus scheme established by the Company from time to time;

"Award" means a Conditional Award or an Option;

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

"Bonus" means the amount of any discretionary annual bonus to which an Eligible Executive may become entitled under the Annual Bonus Plan;

"Clawback" means the reduction of elements of an individual's compensation and/or the obligation to repay amounts to a Group Member by an individual in accordance with Rule 12 (*Malus and Clawback*) in such manner and for such amounts as the Committee determines to be appropriate;

"Committee" means the remuneration committee of the Board or, on and after the occurrence of a corporate event described in Rule 11 (*Corporate events*) or liquidation or the entering into of administration or similar protection from creditors, the remuneration committee of the Board as constituted immediately before such event occurs;

"Company" means Breedon Group plc (incorporated in England and Wales under company number 14739556);

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

"Control" means control within the meaning of section 719 of ITEPA or such other basis as the Committee reasonably determines;

"Dealing Restriction" means any restriction on dealing in securities imposed by regulation, statute, order, directive or any code adopted by the Company as varied from time to time;

"Early Vesting Date" means the date of an event following which an Award may Vest (and in the case of an Option, be exercised) before the Normal Vesting Date, being either:

- (a) the date of cessation of employment of a Participant in the circumstances referred to in Rule 10.2 (*Good leavers before the Normal Vesting Date*) and where the Committee determines that the date of cessation will be an Early Vesting Date; or
- (b) the date of Vesting referred to in Rule 11.1 (*General offers*) or Rule 11.2 (*Schemes of arrangement and winding up*) or the date of Vesting referred to in Rule 11.3 (*Demerger and similar events*);

"Eligible Executive" means any person who is either:

- (a) an employee (including an executive director) of a Participating Company; or
- (b) a former employee (including an executive director) of a Participating Company;

"Employees' Share Scheme" has the meaning given by section 1166 of the Companies Act 2006;

"Financial Year" means the financial year of the Company within the meaning of section 390 of the Companies Act 2006;

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

"Group Member" means:

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

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

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

"Malus" means the reduction or forfeiture of an Award prior to its Vesting in accordance with Rule 12 (*Malus and Clawback*) in such manner and for such amounts as the Committee determines to be appropriate;

"Market Value" means in relation to a Share on any day:

- (a) if and so long as the Shares are admitted to listing by the UKLA and traded on the London Stock Exchange, the average of the mid-closing prices of a Share for the five preceding dealing days (or such shorter period of dealing days as the Committee determines); or
- (b) if the price for Shares is not so quoted, such value of a Share as the Committee reasonably determines in accordance with Part VIII of the Taxation of Chargeable Gains Act 1992;

"Normal Vesting Date" means the second anniversary of the Grant Date or such other date or dates specified by the Committee at the Grant Date as the normal vesting date;

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

"Option Price" means the amount, if any, payable in order to exercise an Option which shall be either nil or equal to the nominal value of a Share at the Grant Date, as determined by the Board (provided that the Board may reduce or waive such amount at any time);

"Participant" means a person who holds or has held an Award including his personal representatives;

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

"Plan" means the Breedon Group Deferred Share Bonus Plan as amended from time to time;

"Pre-Clawback Vesting Amount" means the sum arrived at by:

- (a) taking the lower of the value of the Vested Shares subject to an Award on:
 - (i) Vesting in the case of a Conditional Award and exercise in the case of an Option; or
 - (ii) the sale of such Shares (if any) with Shares allocated on a "first in first out" basis; or
 - (iii) if the Shares resulting from the Vesting of the Award are still held, the date of operation of Clawback; and
- (b) deducting any tax or social security contributions actually incurred on such Vesting, exercise and/or sale except to the extent that the Committee may require an individual to take reasonable steps to recover such tax and/or social security contributions in which case the amount reasonably expected to be recovered will be added back;

"Previous Holdco" means Breedon Group plc (registered in Jersey with number 98465);

"Previous Holdco Shares" means ordinary shares in the capital of Previous Holdco;

"Replacement Awards" means all replacement awards and options granted by the Company in exchange for equivalent awards and options that were granted by Previous Holdco;

"Retirement" means retirement as determined by the Participant's employer (and in the case of an executive director of the Company, the Committee) **provided that** in the case of a former employee of a Group Member, his Award will only Vest if he confirms (in such form as prescribed by the Company) prior to Vesting that he:

- i. remains so retired; or
- ii. is not working for a direct competitor of the Group,

and if the former employee fails to provide such confirmation, the Committee may determine that his Award will lapse immediately;

"Rule" means a rule of the Plan;

"Shares" means 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);

"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 (including any 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;

"Vest" means in relation to a Conditional Award the Shares in respect of the Award are released to the Participant in accordance with the provisions of this Plan, and in relation to an Option the Award becomes exercisable in accordance with the provisions of this Plan (and **"Vesting"**, **"Vested"** and **"Unvested"** shall be construed accordingly); and

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

- 1.2 Any reference in the Plan to any enactment includes a reference to that enactment as from time to time modified, extended or re-enacted.
- 1.3 The singular includes references to the plural and vice versa. Words denoting the masculine gender shall include the feminine.
- 1.4 Expressions in italics and headings are for guidance only and do not form part of the Plan.
- 1.5 Where any Award has been granted such that parts of the Award are subject to different Normal Vesting Dates (or are otherwise subject to different provisions as to Vesting), references in these Rules to the Award shall, where the context so requires, be a reference to a relevant part of the Award.

2. ELIGIBILITY

An individual is eligible to be granted an Award only if he is an Eligible Executive and he has participated in the Annual Bonus Plan for the preceding Financial Year (or part thereof).

3. GRANT OF AWARDS

3.1 Terms of grant

Subject to Rule 3.7 (*Timing of grant*), Rule 3.8 (*Approvals and consents*) and Rule 4 (*Limit*), the Committee may resolve to grant an Award:

- (a) on the terms set out in the Plan; and
- (b) subject to such additional terms as the Committee may specify

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

3.2 Type of Award

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

In the case of an Option, the Committee shall determine the Option Price (if any) on or before the Grant Date provided that the Committee may reduce or waive such Option Price on or prior to the exercise of the Option.

3.3 Number of Shares subject to an Award

The Committee may grant an Award in respect of such portion of an Eligible Executive's Bonus in respect of a Financial Year, as it shall determine in its absolute discretion. Such determination shall be made prior to any Eligible Executive having an unconditional right to payment of his Bonus in respect of that Financial Year.

The number of Shares which shall be subject to an Award ("X") shall be the number resulting from the following formula:

$$X = BA \div AMV$$

where:

'BA' means such amount of an Eligible Executive's Bonus as the Committee has determined should be granted as an Award in respect of a Financial Year;

'AMV' is the average of the Market Value for a Share on such period of 5 (or fewer) consecutive dealing days selected by the Committee, commencing not earlier than the dealing day following the date on which the Company announces its annual results for the preceding Financial Year and ending not later than the Grant Date; and

'X' shall be rounded down to the nearest whole number of Shares if the formula gives a number of Shares which is not a whole number.

3.4 Method of grant

An Award shall be granted by deed executed on behalf of the Company and no amount shall be paid by an individual for the grant of an Award.

3.5 Dividend equivalent

- (a) Subject to Rules 3.5(b) and 3.5(c), the number of Shares comprised in an Award shall increase by such number of additional Shares as could have been acquired at the closing mid-market price on each relevant ex-dividend date with the dividends which would have been paid on the Shares comprised in that Award which become Vested Shares in respect of any ex-dividend dates falling within the period from the Grant Date to the date of Vesting. The Committee shall decide the basis on which the value of such dividends shall be calculated which may assume the reinvestment of dividends. Where an Award vests at an Early Vesting Date, no further accrual of dividend equivalents under this Rule 3.5 will occur after such Early Vesting Date.
- (b) The Committee may exclude from the calculation set out in Rule 3.5(a) any special dividend in respect of which an Award Vests in accordance with Rule 11.3 (*Demerger and similar events*) or for which an adjustment is made under Rule 13 (*Adjustment of Awards*).
- (c) In exceptional circumstances, the Committee may decide at any time that in lieu of the number of additional Shares calculated under Rule 3.5(a), when a Participant acquires Vested Shares pursuant to the Plan the Participant will be paid the cash value of the number of additional Shares calculated pursuant to Rule 3.5(a) with such cash value calculated on such reasonable basis as the Committee determines and paid subject to any withholding for any Tax Liability.

3.6 Method of satisfying Awards

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

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

The Committee may decide to change the way in which it is intended that an Award granted as an Option or a Conditional Award may be satisfied after it has been granted, having regard to the provisions of Rule 4 (*Limits*).

3.7 Timing of grant

Subject to Rule 3.8 (*Approvals and consents*), an Award may only be granted:

- (a) in the 6 weeks beginning with:

- (i) the Adoption Date;
- (ii) the dealing day immediately following the date on which the Company announces its results for any period; or
- (iii) the dealing day following the Committee's determination of a Bonus in respect of an Eligible Executive;
- (iv) the dealing day immediately following the lifting of any Dealing Restrictions that prevented the grant of Awards pursuant to Rules 3.7(a)(i) and/or 3.7(a)(ii);
- (b) at any other time when the Committee considers that circumstances are sufficiently exceptional to justify its grant

but an Award may not be granted after the tenth anniversary of the Adoption Date.

3.8 Approvals and consents

The grant of any Award shall be subject to obtaining any applicable approval or consent required under the Listing Rules (published by the UKLA from time to time), any Dealing Restrictions, any relevant share dealing code of the Company (as varied from time to time), the City Code on Takeovers and Mergers, or any other UK or overseas regulation or enactment.

3.9 Non-transferability and bankruptcy

An Award granted to any person:

- (a) shall not be transferred, assigned, charged or otherwise disposed of by him (except on his death to his personal representatives) and any attempt to do so shall result in its lapse; and
- (b) shall, unless the Committee decides otherwise, lapse immediately if he is declared bankrupt.

4. LIMIT

4.1 Individual limit

The maximum total Market Value of Shares (determined on a basis consistent with Rule 3.3) over which Awards may be granted to any employee during any Financial Year is the amount of an Eligible Executive's Bonus in respect of a Financial Year.

Any Award shall be limited and take effect so that the limit in this Rule 4.1 is complied with.

4.2 10 per cent. in 10 years limit

An Award shall not be granted in any calendar year if, at the time of its proposed Grant Date, it would cause the aggregate number of:

- (a) Shares allocated (as defined in Rule 4.3) under the Plan and under any other employee share plan adopted and/or operated by the Company (including Shares allocated in connection with Replacement Awards); and
- (b) Previous Holdco Shares allocated (as defined in Rule 4.3) under any other employee share scheme adopted by Previous Holdco multiplied by 0.2 and rounded down to the nearest whole share,

in the period of 10 calendar years ending with that calendar year 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 Rule 4.2:

- (a) Shares are allocated:
 - (i) when an option, award or other contractual right to acquire unissued Shares or treasury Shares is granted;
 - (ii) where Shares are issued or treasury Shares are transferred otherwise than pursuant to an option, award or other contractual right to acquire Shares, when those Shares are issued or treasury Shares transferred;
- (b) any Shares which have been issued or which may be issued (or any Shares transferred out of treasury or which may be transferred out of treasury) to any trustees to satisfy the exercise of any option, award or other contractual right granted under any employee share plan shall count 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, awards 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, award or other contractual right to acquire unissued Shares or treasury Shares is released or lapses (whether in whole or in part); or
 - (ii) after the grant of an option, award or other contractual right the Committee determines that:
 - (aa) it shall be satisfied wholly or partly by the payment of cash on its vesting or exercise; or
 - (bb) it shall be satisfied wholly or partly by the transfer of existing Shares (other than Shares transferred out of treasury)

the unissued Shares or treasury Shares which consequently cease to be subject to the option, award or other contractual right shall not count as allocated; and
- (b) the number of Shares allocated in respect of an option, award or other contractual right shall be such number as the Board shall reasonably determine from time to time.

4.5 Changes to investor guidelines

Treasury Shares shall cease to count as allocated Shares for the purposes of Rules 4.3 and 4.4 if institutional investor guidelines cease to require such Shares to be so counted.

4.6 Effect of limits

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

4.7 Restriction on use of unissued Shares and treasury Shares

No Shares may be issued or treasury Shares transferred to satisfy the exercise of any Option or the Vesting of any Conditional Award to the extent that such issue or transfer would cause the number of Shares allocated (as defined in Rule 4.3 and adjusted under Rule 4.4) to exceed the limit in Rule 4.2 (*10 per cent. in 10 years limit*) except where there is a variation of share capital of the Company which results in the number of Shares so allocated exceeding such limits solely by virtue of that variation.

5. VESTING OF AWARDS

5.1 Timing of Vesting

Subject to Rule 5.2 (*Restrictions on Vesting*), Rule 5.5 (*Suspension or investigation*) and Rule 12 (*Malus and Clawback*) an Award will become Vested on the Normal Vesting Date, except where earlier Vesting occurs on an Early Vesting Date under Rule 10 (*Leavers*) or Rule 11 (*Corporate events*).

5.2 Restrictions on Vesting

An Award will not Vest unless and until the following conditions are satisfied:

- (a) the Vesting of the Award, and the issue or transfer of Shares after such Vesting, would be lawful in all relevant jurisdictions and in compliance with the Listing Rules, any Dealing Restrictions, the City Code on Takeovers and Mergers and any other relevant UK or overseas law, regulation or enactment;
- (b) if, on the Vesting of the Award, a Tax Liability would arise by virtue of such Vesting and the Committee decides that such Tax Liability shall not be satisfied by the sale of Shares pursuant to Rule 5.4 (*Payment of Tax Liability*) then the Participant must have entered into arrangements (including providing any information necessary to implement such arrangements) acceptable to the Committee that the relevant Group Member will receive the amount of such Tax Liability;
- (c) the Participant has entered into such arrangements as the Committee requires (and where permitted in the relevant jurisdiction) to satisfy a Group Member's liability to social security contributions in respect of the Vesting of the Award;
- (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; and
- (e) where the Committee requires, the Participant confirms before the Vesting of the Award that he remains bound by the provisions of Rule 12 (*Malus and Clawback*).

5.3 Tax Liability before Vesting

If a Participant will, or is likely to, incur any Tax Liability before the Vesting of an Award then that Participant must enter into arrangements acceptable to any relevant Group Member to ensure that it receives the amount of such Tax Liability. If no such arrangement is made then the Participant will be deemed to have authorised the Company to sell or procure the sale of

sufficient of the Shares subject to his Award on his behalf to ensure that the relevant Group Member receives the amount required to discharge the Tax Liability and the number of Shares subject to his Award shall be reduced accordingly.

5.4 Payment of Tax Liability

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

5.5 Suspension or investigation

Notwithstanding any other provision of the Plan, if, at any time before an Award Vests, a Participant is suspended for a disciplinary matter or is the subject of an investigation into a disciplinary matter, then the Committee in its absolute discretion, following consultation with the relevant Group Member, may determine that the Vesting of any Award shall be suspended until such time as the Committee lifts such suspension and exercises its discretion to Vest the Award or otherwise reduce the Award (to nil if the Committee considers that to be appropriate).

5.6 Delivery of net number of Shares

The Company may, in lieu of a Participant's right to receive the full number of Shares pursuant to the Vesting of a Conditional Award or exercise of an Option determine to reduce the number of Vested Shares in respect of which that Conditional Award Vests or Option may be exercised by a number of Shares which have a value at least (in its estimation) equal to any Tax Liability of that Participant that would have arisen in connection with the Vesting of the original Conditional Award or the exercise of the original Option, so that the original Conditional Award or Option (as the case may be) becomes an entitlement to receive both the reduced number of Shares (the "**Adjusted Award**") and a cash amount (the "**Cash Amount**") equal to the value of the number of Shares by which the Conditional Award or Option is reduced. The Company shall then procure that the relevant Group Member applies such of the Cash Amount as is necessary in making a payment directly to the relevant tax authority to discharge the Tax Liability of such Participant that arises as a result of the Vesting or exercise of the original Award (with any surplus cash being returned to such Participant).

This Rule 5.6 will not apply to Awards made in any jurisdiction where the presence of this Rule would cause:

- (a) the grant of the Award to be unlawful or for it to fall outside any applicable securities law exemption; or
- (b) adverse tax consequences for the relevant Participant and/or any Group Member.

6. CONSEQUENCES OF VESTING FOR CONDITIONAL AWARDS

On or as soon as reasonably practicable after the Vesting of a Conditional Award, the Board shall, subject to Rule 5.4 (*Payment of Tax Liability*) and any arrangement made under Rules 5.2(b) and/or 5.2(c) (*Restrictions on Vesting*), transfer or procure the transfer of or, if appropriate, allot to him (or a nominee for him) the Vested Shares to the Participant (or a nominee for him).

7. EXERCISE OF OPTIONS

7.1 Period of exercise

An Award in the form of an Option shall, subject to Rule 7.3 (*Restrictions on the exercise of an Option*), Vest and become exercisable on the Normal Vesting Date for that Award in accordance with Rule 5.1 (*Timing of Vesting*).

Such Vested Option may be exercised:

- (a) until (and including) the day preceding the tenth anniversary of the Grant Date (or such earlier date as the Committee determines at the Grant Date) and the Option shall lapse at the end of that period unless it lapses earlier under Rule 10 (*Leavers*) or Rule 11 (*Corporate events*); or
- (b) if there is an Early Vesting Date, in accordance with the provisions of Rule 10.2 (*Good Leavers before the Normal Vesting Date*) or Rules 11.1 to 11.3 as applicable (*Corporate events*); or
- (c) in the case of an Option held by a former employee, unless the Committee determines otherwise, a period of 12 months from the date of Vesting.

7.2 Dealing Restrictions

If, during the period in which an Option may otherwise be exercised under the Plan, the Participant is subject to any Dealing Restrictions, the applicable period shall be suspended until such later date as those Dealing Restrictions lift provided that no Option may be exercised more than 10 years after its Grant Date.

7.3 Restrictions on the exercise of an Option

A Vested Award in the form of 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 Dealing Restrictions, the City Code on Takeovers and Mergers and any other relevant UK or overseas law, regulation or enactment;
- (b) if, on the exercise of the Option, a Tax Liability would arise by virtue of such exercise and the Committee decides that such Tax Liability shall not be satisfied by the sale of Shares pursuant to Rule 5.4 (*Payment of Tax Liability*) then the Participant must have entered into arrangements (including providing any information necessary to implement such arrangements) acceptable to the Committee that the relevant Group Member will receive the amount of such Tax Liability;
- (c) the Participant has entered into such arrangements as the Committee requires (and where permitted in the relevant jurisdiction) to satisfy a Group Member's liability to social security contributions in respect of the exercise of the Option;
- (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; and

- (e) where the Committee requires, the Participant confirms before the exercise of the Option that he remains bound by the provisions of Rule 12 (*Malus and Clawback*).

7.4 Exercise in whole or part

An Option may be exercised in whole or part and in separate tranches unless, to facilitate the easier administration of the Plan, the Committee decides to impose a minimum number of Shares over which an Option may be exercised if it is not being exercised to the maximum extent possible and/or a maximum number of tranches in which it may be exercised.

7.5 Method of exercise

The exercise of any Option shall be effected in the form and manner prescribed by the Committee. Unless the Committee, acting fairly and reasonably determines otherwise, any notice of exercise shall, subject to Rule 7.3 (*Restrictions on the exercise of an Option*), take effect only when the Company receives it, together with payment of any relevant Option Price (or, if the Committee so permits, an undertaking to pay that amount).

7.6 Payment of Tax Liability

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

7.7 Transfer or allotment timetable

As soon as reasonably practicable after an Option has been exercised, the Company shall, subject to Rule 7.6 (*Payment of Tax Liability*) and any arrangement made under Rules 7.3(b) and 7.3(c) (*Restrictions on the exercise of an Option*), transfer or procure the transfer to him (or a nominee for him) or, if appropriate, allot to him (or a nominee for him) the number of Shares in respect of which the Option has been exercised.

8. CASH ALTERNATIVE

8.1 Committee determination

Where a Conditional Award Vests or an Option has been exercised and Vested Shares have not yet been allotted or transferred to the Participant (or his nominee), the Committee may determine that, in substitution for his right to acquire such number of Vested Shares as the Committee may decide (but in full and final satisfaction of his right to acquire those Shares), he shall be paid by way of additional employment income a sum equal to the cash equivalent (as defined in Rule 8.2) of that number of Shares in accordance with the following provisions of this Rule 8.

The Committee may not make any such determination under this Rule 8.1 where the power to do so would result in a Tax Liability for the Participant in relation to the Award at an earlier time than would otherwise be the case (unless the Committee determines when the Award is granted that this restriction shall not apply) nor where such power would cause the grant of the Award to be unlawful in any jurisdiction.

8.2 Cash equivalent

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

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

8.3 Payment of cash equivalent

Subject to Rule 8.4 (*Share alternative*), as soon as reasonably practicable after the Committee has determined under Rule 8.1 that a Participant shall be paid a sum in substitution for his right to acquire any number of Vested Shares:

- (a) the Company shall pay to him or procure the payment to him of that sum in cash; and
- (b) if he has already paid the Company for those Shares, the Company shall return to him the amount so paid by him.

8.4 Share alternative

If the Committee so decides, the whole or any part of the sum payable under Rule 8.3 (*Payment of cash equivalent*) shall, instead of being paid to the Participant in cash, be applied on his behalf:

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

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

8.5 Deductions

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

9. LAPSE OF AWARDS

An Award will lapse:

- (a) in accordance with the Rules; or
- (b) to the extent is no longer capable of Vesting under these Rules.

10. LEAVERS

10.1 Former employees

Unless otherwise determined by the Committee at the Grant Date, the terms of this Rule 10 will not apply to an Award granted to a Participant who is a former employee (as defined in limb (b) of the definition of Eligible Executive) on the Grant Date of the relevant Award.

10.2 Good leavers before the Normal Vesting Date

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

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

then he shall retain the Award, and subject to Rule 5.2 (*Restrictions on Vesting*), it shall Vest (to the extent it has not already Vested) on the Normal Vesting Date **UNLESS** the Committee decides in exceptional circumstances that the date of cessation will be an Early Vesting Date.

Where the relevant Award is an Option then, subject to Rule 7.1 (*Period of exercise*) and Rule 11 (*Corporate events*), that Option shall continue to be exercisable for a 12 month period commencing on the date on which the Award Vests under this Rule 10.2 or such other period that the Committee specifies and, to the extent that the Option is not exercised, it shall lapse at the end of that period.

10.3 Cessation of employment in other circumstances – before Normal Vesting Date

If a Participant ceases to be a director or employee of a Group Member before the Normal Vesting Date for any reason other than those specified in Rule 10.2 (*Good leavers before the Normal Vesting Date*) then any Award held by them shall lapse immediately on such cessation.

10.4 Leavers on or after the Normal Vesting Date

If a Participant who holds either an Unvested subsisting Award or a Vested but unexercised Option ceases to be a director or employee of a Group Member on or after the Normal Vesting Date then subject to Rule 10.4(c) (and to earlier lapse under Rule 7.1 (*Period of exercise*) or Rule 11 (*Corporate events*)) either:

- (a) if the Award is a Vested but unexercised Option, subject to Rule 7.3 (*Restrictions on the exercise of an Option*), that Option shall continue to be exercisable for a period of 12 months commencing on the date of cessation and, to the extent that the Option is not exercised, it shall lapse at the end of that period;
- (b) if the Award is an Unvested subsisting Award, the Participant will retain such Award until Vesting and, in the case of an Option, subject to Rule 7.3 (*Restrictions on the exercise of an Option*), the Participant may exercise that Option within the period of 12 months after such date of Vesting and thereafter the Option will lapse; or
- (c) if the reason for such cessation is the Participant's misconduct (as reasonably determined by the Committee), his Award shall lapse immediately on such cessation.

10.5 Cessation following a corporate event

Where a Participant ceases to hold office or employment with any Group Member following an event referred to in Rules 11.1 to 11.3 (inclusive), an Option shall not lapse pursuant to this Rule 10 until the expiry of the relevant exercise period specified in Rule 11 (*Corporate events*).

10.6 Meaning of ceasing employment

- (a) A Participant shall be treated for the purposes of this Rule 10 as ceasing to be a director or employee of a Group Member at such time as he is no longer a director or employee of any Group Member.
- (b) If any Participant ceases to be such a director or employee before the Vesting of his Award in circumstances where he retains a statutory right to return to work then he shall be treated as not having ceased to be such a director or employee until such time (if at all) as he ceases to have such a right to return to work.

11. CORPORATE EVENTS

11.1 General offers

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

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

the Board shall within 7 days of becoming aware of that event (or in anticipation of it) notify every Participant of it and, subject to Rule 11.4 (*Internal reorganisations*) the following provisions shall apply:

- (i) subject to Rule 5.2 (*Restrictions on Vesting*), Awards shall Vest on the date specified in such notification if they have not then Vested; and
- (ii) any Option may be exercised in respect of Vested Shares within one month (or such longer period as the Board shall allow) of the date specified in such notification, but to the extent that an Option is not exercised within that period, that Option shall (regardless of any other provision of the Plan, other than earlier lapse under Rule 7.1 (*Period of exercise*) or Rule 10 (*Leavers*)) lapse at the end of that period.

11.2 Schemes of arrangement and winding up

In the event that:

- (a) a compromise or arrangement is sanctioned by the Court in accordance with section 899 of the Companies Act 2006 providing for the acquisition by any person of 50% or more of the ordinary share capital of the Company; or
- (b) Participants are notified (in such form as the Committee shall determine) that any person or persons have become bound or entitled to acquire Shares under sections 974 to 991 of the Companies Act 2006; or
- (c) the Company passes a resolution for a voluntary winding up of the Company; or
- (d) an order is made for the compulsory winding up of the Company

the Board shall within 7 days of becoming aware of that event (or in anticipation of it) notify every Participant of it and, subject to Rule 11.4 (*Internal reorganisations*), the following provisions shall apply:

- (i) subject to Rule 5.2 (*Restrictions on Vesting*), all Awards shall Vest on the date specified in such notification if they have not then Vested; and
- (ii) any Option may be exercised in respect of Vested Shares within one month (or such longer period as the Board shall allow) of the date specified in such notification,

but to the extent that an Option is not exercised within that period, that Option shall (regardless of any other provision of the Plan, other than earlier lapse under Rule 7.1 (*Period of exercise*) or Rule 10 (*Leavers*)) lapse at the end of that period.

If the Board considers it appropriate in connection with a scheme of arrangement as referred to in this Rule 11.2 (*Schemes of arrangement and winding up*), it may make such arrangements as it considers appropriate for Awards to Vest and for Options to be exercised following sanction of the scheme of arrangement by the Court but before the change of Control or transfer becomes effective.

If a resolution is passed by the Company for the voluntary winding-up of the Company, for the purpose of determining the right of a Participant to participate in any distribution to shareholders (but for no other purpose whatsoever), the Shares to be transferred to a Participant following such Vesting shall be deemed to have been held by the Participant immediately before the passing of the said resolution.

11.3 Demerger and similar events

Without prejudice to Rule 13 (*Adjustment of Awards*), if a statutory merger, continuance, migration, 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 earlier lapse under Rule 10 (*Leavers*), his Award Vests and, if relevant, his Option may be exercised in relation to Vested Shares on such terms as the Committee may determine and during such period on or preceding the Relevant Event or conditional on the Relevant Event, as the Committee may determine, but to the extent that an Option is not exercised it shall (regardless of any other provision of the Plan, other than earlier lapse under Rule 7.1 (*Period of exercise*) or Rule 10 (*Leavers*)) lapse at the end of that period to the extent that it is unexercised;
- (b) if an Award Vests, or an Option is exercised, conditional upon the Relevant Event and such event does not occur then the conditional Vesting or exercise shall not be effective and the Award shall continue to subsist; and
- (c) if the Committee decides that an Award Vests under this Rule 11.3 then the date of that Vesting shall be an Early Vesting Date.

11.4 Internal reorganisations

In the event that:

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

then the Committee, with the consent of the Acquiring Company, may decide before the obtaining of such Control that an Award shall not Vest under Rule 11.1 or Rule 11.2(a) but shall be automatically surrendered in consideration for the grant of a new award which the Committee determines is equivalent to the Award it replaces except that it will be over shares in the Acquiring Company or some other company.

The Rules will apply to any new award granted under this Rule 11.4 as if references to "Shares" were references to shares over which the new award is granted and references to the "Company" were references to the company whose shares are subject to the new award.

11.5 Concert parties

For the purposes of this Rule 11, a person shall be deemed to have Control of the Company where he and any others "**acting in concert**" (as defined in The City Code on Takeovers and Mergers) with him together have Control of the Company.

12. MALUS AND CLAWBACK

12.1 Circumstances and period for Malus and Clawback

The Committee may decide:

- ii. at any time prior to the date that an Award Vests, that an Unvested Award shall be subject to Malus; and/or
- iii. at any time prior to the second anniversary of the Grant Date, that the individual to whom the Award was granted (the "**relevant individual**") shall be subject to Clawback,

if both:

- i. after due consideration, the Committee forms the view that one or more of the circumstances envisaged in (a) to (e) below applies; and
- ii. such Malus and/ or Clawback is, in the Committee's opinion, appropriate.

The Committee shall not be obliged to prefer the application of Malus over Clawback or vice versa.

The circumstances which may give rise to the application of this Rule 12 are:

- (a) there has been a material misstatement of the Company's financial results in respect of any period in which the relevant individual was a Participant and that misstatement would result or resulted, either directly or indirectly, in the Award being granted or Vesting to a greater extent than would have been the case had that misstatement not been made; or

- (b) the Committee forms the view that in assessing or calculating any performance condition and/or any other condition imposed on the Bonus to which the Award relates such assessment or calculation was based on an error that resulted, either directly or indirectly, in that Award being granted or Vesting to a greater extent than would have been the case had that error not been made; or
- (c) the Committee forms the view that that the relevant individual committed gross misconduct on or prior to the date of Vesting of the Award (and/or on or prior to its exercise if it is an Option) that could have warranted their dismissal from employment and consequently could have resulted in the Award lapsing in part or in full;
- (d) the Company becomes insolvent or otherwise suffers a corporate failure and the Committee determines that such circumstances arose from events occurring (in whole or substantial part) during any period in which the relevant individual was a Participant and, in determining whether to apply this Rule 12.1(d), the Board shall have regard to the extent to which it considers that such the relevant individual was involved (directly or through oversight) in such events; or
- (e) there are circumstances which in the Committee's opinion have (or would have if made public) a sufficiently significant impact on the reputation and potential financial strength of the Company to justify the application of this Rule 12 (such circumstances need not relate to a Financial Year in which the relevant individual was a Participant).

12.2 Application of Malus

If the Committee decides to apply Malus, it may lapse any Unvested Awards in whole or part as it considers proportionate. If the Committee concludes that there may be circumstances existing which may lead to this provision being applied, it may defer the Vesting of an Award for up to 12 months while the position is investigated and the Committee considers whether to invoke this provision.

12.3 Amount Subject to Clawback

The amount which may be subject to Clawback on any occasion will be such proportion of the Pre-Clawback Vesting Amount as the Committee considers to be fair and reasonable having regard to all the circumstances.

12.4 Method of Clawback

In order to ensure that the Clawback is satisfied:

- (a) the Committee may reduce (including, if appropriate, reducing to zero) the amount of any incentive or bonus (if any) which would, but for the operation of this Rule 12, be payable to the relevant individual under any incentive or bonus plan operated by any Group Member; and/or
- (b) the Committee may reduce (including, if appropriate, reducing to zero):
 - (i) the extent to which any subsisting Awards held by the relevant individual Vest notwithstanding the extent to which any condition imposed on such Awards has been satisfied; and/or
 - (ii) the extent to which any rights to acquire Shares granted to the relevant individual under any Employees' Share Scheme (other than the Plan and/or any plan with tax-advantaged status under ITEPA) operated by any Group

Member vest or become exercisable notwithstanding the extent to which any conditions imposed on such rights to acquire Shares have been satisfied; and/or

- (iii) the number of Shares subject to any Vested but unexercised Option; and/or
- (iv) the number of Shares subject to any vested but unexercised right to acquire Shares granted to the relevant individual under any Employees' Share Scheme (other than the Plan and/or any plan with tax-advantaged status under ITEPA) operated by any Group Member,

and any reduction made pursuant to Rule 12.4(b)(i) and/or Rule 12.4(b)(ii) shall take effect immediately prior to the Award Vesting or the right vesting or becoming exercisable (as applicable) (or at such other time as the Committee decides) and any reduction made pursuant to Rule 12.4(b)(iii) and/or Rule 12.4(b)(iv) shall take effect at such time as the Committee decides; and/or

- (c) the Committee may require the relevant individual to pay to such Group Member as the Committee may direct, and on such terms as the Committee may direct (including, but without limitation to, on terms that the relevant amount is to be deducted from the relevant individual's salary or from any other payment to be made to the relevant individual by any Group Member), such amount as is required for the Clawback to be satisfied in full.

The ability to make any reduction pursuant to Rule 12.4(b)(ii) and/or Rule 12.4(b)(iv) shall be subject to terms of the clawback provision in the relevant Employees' Share Scheme.

12.5 Reduction in Awards to give effect to clawback provisions in other plans

The Committee may decide at any time to reduce the number of Shares subject to an Award (including, if appropriate, reducing to zero) to give effect to a clawback provision of any form contained in any incentive plan (other than the Plan) or an annual incentive or bonus plan operated by any Group Member. The value of the reduction shall be in accordance with the terms of the clawback provision in the relevant plan or, in the absence of any such term, on such basis as the Committee decides is appropriate.

12.6 General

- (a) For the avoidance of doubt, Rule 12 can apply even if the Participant was not responsible for the event in question or if it took place before the Vesting or grant of the Award.
- (b) This Rule 12 may be applied in different ways for different Participants in relation to the same or different events.
- (c) The Committee will notify the Participant of any adjustment under this Rule 12.
- (d) Without limiting Rule 15.1 (*Employment*), the Participant will not be entitled to any compensation in respect of the operation or purported operation of this Rule 12.

12.7 Participant acceptance

The Participant by participating in the Plan, accepts that this Rule 12 is a fair, reasonable and not excessive means of aligning his interests with those of shareholders.

13. ADJUSTMENT OF AWARDS

13.1 General rule

In the event of:

- (a) any variation of the share capital of the Company; or
- (b) a demerger, special dividend or other similar event which, in the opinion of the Committee, affects the market price of Shares to a material extent

the Committee may make such adjustments as it considers appropriate under Rule 13.2 (*Method of adjustment*).

13.2 Method of adjustment

An adjustment made under this Rule 13 shall be to one or more of the following:

- (a) the definition of Shares and the number of Shares comprised in an Award;
- (b) subject to Rule 13.3 (*Adjustment below nominal value*), the Option Price; and
- (c) where any Award has Vested or Option has been exercised but no Shares have been transferred or allotted after such Vesting or exercise, the number of Shares which may be so transferred or allotted and (if relevant) the price at which they may be acquired.

13.3 Adjustment below nominal value

An adjustment under Rule 13.2 may have the effect of reducing the price at which Shares may be subscribed for on the exercise of an Option to less than their nominal value, but only if and to the extent that the Board is authorised:

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

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

14. ALTERATIONS

14.1 General rule on alterations

Except as described in Rule 14.2 (*Shareholder approval*) and Rule 14.4 (*Alterations to disadvantage of Participants*), the Committee may at any time alter the Plan or the terms of any Award granted under it.

14.2 Shareholder approval

Except as described in Rule 14.3 (*Exceptions to shareholder approval*), no alteration to the advantage of an individual to whom an Award has been or may be granted shall be made under Rule 14.1 (*General rule on alterations*) to the provisions concerning:

- (a) eligibility;
- (b) the individual limits on participation;
- (c) the overall limit 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 14.2 or 14.3

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

14.3 Exceptions to shareholder approval

Rule 14.2 (*Shareholder approval*) shall not apply to 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.

14.4 Alterations to disadvantage of Participants

No alteration to the material disadvantage of Participants shall be made under Rule 14.1 unless:

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

15. MISCELLANEOUS

15.1 Employment

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

15.2 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.

15.3 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 or omission to exercise any such power or discretion.

The existence of any Awards shall not affect in any way the right or power of the Company or its shareholders to make or authorise any or all adjustments, recapitalisations, reorganisations or other changes in the Company's capital structure, or any merger or consolidation of the Company, or any issue of shares, bonds, debentures, preferred or prior preference stocks ahead of, or convertible into, or otherwise affecting the Shares or the rights thereof, or the dissolution or liquidation of the Company or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

15.4 Termination

The Board may at any time resolve to terminate the Plan in which event no further Awards shall be granted but the provisions of the Plan shall, in relation to the Awards then subsisting, continue in full force and effect.

15.5 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 the allotment.

Where Vested Shares are transferred to Participants (or their nominee), Participants will be entitled to all rights attaching to such Shares by reference to a record date on or after the date of such transfer.

15.6 Availability of Shares

The Company shall procure that sufficient Shares are available for transfer in satisfaction of Awards that may be exercised.

15.7 Consistency with directors' remuneration policy

Nothing in these rules or the terms of any Award will oblige a Group Member or any other person to make any remuneration payment or payment for loss of office which would be in breach of Chapter 4A of Part 10 of the Companies Act 2006 (which requires such payments to be within an approved remuneration policy or otherwise approved by shareholders). The Company will not be obliged to seek the approval of its shareholders in general meeting for any such payment but may make such changes as are necessary or desirable to the terms of any payment to ensure that it is not in breach of that Chapter.

15.8 Stamp duty

The Company, or where the Board so directs any Group Member, shall pay the appropriate stamp duty on behalf of Participants in respect of any transfer of Shares in satisfaction of the Awards.

15.9 Notices

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

- (a) by personal delivery or by first class post, in the case of a company to its registered office, and in the case of an individual to his last known address, or, where he is a director or employee of a Group Member, either to his last known address or to the address of the place of business at which he performs the whole or substantially the whole of the duties of his office or employment;
- (b) in an electronic communication to a person's 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.

In the case of service by post, the day of service will be 48 hours after posting and in the case of electronic communication the day of service will be the day of transmission by the sender.

The Company is not required to send to Participants (other than those who hold Shares) copies of any documents or notices normally sent to the holders of its Shares.

15.10 Third parties

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

15.11 Benefits not pensionable

Benefits provided under the Plan shall not be pensionable.

15.12 Data protection

The basis for any processing of personal information about the Participant under data protection legislation (including the EU's General Data Protection Regulation (2016/679) or any successor laws) is set out in the employee privacy notice which is available on the Company intranet.

The employee privacy notice also contains details about how the Participant's personal information is processed and the Participant's rights in relation to that information. The Participant has a right to view the employee privacy notice.

For the purpose of this Rule 15.12, 'Participant' shall also include any employee eligible to be granted an Award, under Rule 2 (*Eligibility*).

15.13 Governing law

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