

De La Rue plc



RULES OF THE DE LA RUE PERFORMANCE SHARE PLAN 2020

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The De La Rue Performance Share Plan 2020

Introduction

An Award under the Plan can take the form of:

- **a nil or nominal cost option** - which is a right to acquire Shares during the Exercise Period either for nothing or for the Shares' nominal value; or
- **a conditional award** - which is a right to be given Shares automatically on Vesting (or at the end of the Holding Period, if applicable).

Awards may be subject to: (i) one or more Performance Conditions; and/or (ii) a post-Vesting Holding Period. Following Vesting or (if applicable) the end of the Holding Period, Awards will be satisfied by the issue of new Shares or the transfer of "market purchase" Shares or treasury Shares to the Participant. Awards may also be settled in cash if the Committee decides. This introduction does not form part of the rules.

Definitions

In these rules:

"Acquiring Company" has the meaning given in rule 7.3.1;

"Award" means a Conditional Award or an Option;

"Award Date" means the date which the Committee specifies for the grant of an Award;

"Business Day" means a day on which the London Stock Exchange (or, if relevant and if the Committee determines, any other stock exchange nominated by the Committee on which the Shares are traded) is open for the transaction of business;

"Committee" means, subject to rule 7.4, the remuneration committee of the board of directors of the Company, or any sub-committee or person duly authorised by it;

"Company" means De La Rue plc (registered no. 3834125);

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

"Control" means, in relation to a body corporate, the power of a person to secure by means of the holding of shares or the possession of voting power in or in relation to that or any other body corporate, or as a result of any powers conferred by the articles of association, or other document regulating that or any other body corporate, that the affairs of the first mentioned body corporate are conducted in accordance with the wishes of that person;

"Dealing Restrictions" means restrictions imposed by statute, order, regulation or Government directive, or by the Market Abuse Regulation or any dealing code adopted by the Company;

"Dividend Equivalent" means the right to receive the amount referred to in rule 1.9.1;

“Executive Director” means an executive director of the Company;

“Exercise Period” means, in relation to an Option, the period beginning on the Normal Release Date or, if there is no Holding Period, on the Normal Vesting Date and ending on the tenth anniversary of the Award Date (unless the Committee determines a shorter period under rule 1.7.9);

“Expiry Date” means 6 August 2030, which is the tenth anniversary of the date Shareholders approve the Plan;

“Financial Year” means a financial year of the Company;

“FCA” means the Financial Conduct Authority (or successor body);

“Group Member” means:

- (i) the Company;
- (ii) its Subsidiaries from time to time; and
- (iii) any other company which is associated with the Company and is so designated by the Committee,

and **“Group”** will be construed accordingly;

“Holding Period” means a period beginning on the Normal Vesting Date and ending on the Normal Release Date as determined by the Committee in accordance with rule 1.7.7;

“London Stock Exchange” means London Stock Exchange plc;

“Market Abuse Regulation” means the EU Market Abuse Regulation (596/2014) and any delegated acts, technical standards and guidelines produced pursuant to that regulation;

“Market Value” means, in relation to a Business Day, the closing quotation (taken from such source as the Committee may determine) of a Share for the immediately preceding Business Day or (ii) if the Committee so determines, such closing quotation for any other Business Day (or the average of such closing quotations for any Business Days), occurring before the first named Business Day, as the Committee may determine, provided that, unless the Committee determines otherwise, such Business Day(s) do not fall within any period when Dealing Restrictions apply;

“Normal Release Date” means the date specified under rule 1.7.7 on which the Award will normally be Released (which, for Awards granted to an Executive Director, will be in line with the Remuneration Policy);

“Normal Vesting Date” means the date specified under rule 1.7.6 on which the Award will normally Vest (which, for Awards granted to an Executive Director, will be in line with the Remuneration Policy);

“Option” means a right to acquire Shares granted under the Plan as a nil or nominal cost option;

“Option Exercise Date” has the meaning given in rule 4.2.2;

“Participant” means a person holding an Award or their personal representatives (or, in relation to rule 5, a person who has held an Award or their personal representatives);

“Performance Conditions” means any performance conditions imposed under rule 1.3.1;

“Performance Period” means the period in respect of which the Performance Conditions are to be satisfied as determined by the Committee in accordance with rule 1.3.3;

“Plan” means the plan constituted by these rules known as “The De La Rue Performance Share Plan 2020”, as amended from time to time;

“Pro-Rating Period” means, in relation to an Award subject to a Performance Condition, the Performance Period and, in relation to an Award which is not subject to a Performance Period, the period beginning on the Award Date and ending on the Normal Vesting Date;

“Recovery Period” has the meaning given in rule 5.1.1;

“Recruitment Award” means an Award granted to facilitate an individual's recruitment to a Group Member;

“Remuneration Policy” means the directors' remuneration policy within the meaning of section 421(2A) of the Companies Act 2006;

“RIS” means a service approved by the FCA as meeting the Primary Information Provider criteria and which is on the list of Regulatory Information Services maintained by the FCA;

“Release” means, in relation to an Award that is subject to a Holding Period, the Participant becoming entitled to receive the Shares subject to a Conditional Award or exercise an Option and **“Released”** will be construed accordingly;

“Release Date” means the date on which an Award is Released;

“Relevant Employee Share Plan” means an employee share plan operated by a Group Member, other than an employee share plan which has been registered with HM Revenue & Customs for the purposes of the Income Tax (Earnings and Pensions) Act 2003;

“Retained Portion” means the percentage of the Shares subject to an Award to be retained during the Holding Period which, unless the Committee determines otherwise on or before the Award Date, will be 100 per cent. or, where any liability to tax or social security contributions arises in respect of the Award before the Normal Release Date, the Shares remaining (or that would have remained) after the sale of sufficient Shares to meet such tax or social security contributions;

“Shareholders” means the holders of Shares from time to time;

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

“Subsidiary” means a company which is a subsidiary of the Company within the meaning of section 1159 of the Companies Act 2006;

“Summary Dismissal” means, in relation to a Participant, the termination of the Participant’s employment with a Group Member in circumstances where that Group Member is entitled to terminate the Participant’s employment contract summarily without payment;

“Trustee” means the trustee or trustees from time to time of any employee benefit trust of which a Group Member is the settlor;

“Vest” means:

- (i) in relation to an Award which is subject to a Holding Period, the Participant becoming entitled, subject to these rules, to receive the Shares subject to a Conditional Award on the Normal Release Date or exercise an Option during the Exercise Period; and
- (ii) in relation to an Award which is not subject to a Holding Period, the Participant becoming entitled to receive the Shares subject to a Conditional Award or exercise an Option

and **“Vesting”**, **“Vested”** and **“Unvested”** will be construed accordingly; and

“Vesting Date” means the date on which an Award Vests.

References in these rules to any statutory provision are to that provision as amended or re-enacted from time to time (and any regulations made under it), and, unless the context otherwise requires, words in the singular will include the plural and vice versa.

1. Grant of Awards

1.1 Eligibility

The Committee may, subject to any Dealing Restrictions, grant an Award to any current employee of the Company or any Subsidiary (including an Executive Director).

1.2 Timing of Award

Awards may not be granted at any time after the Expiry Date. Awards may only be granted:

1.2.1 within 42 days beginning on:

- (i) the day on which Shareholders approve the Plan (or any amendment to it);
- (ii) the Business Day after the day on which the Company announces its results for any period through a RIS;
- (iii) the day on which Shareholders approve the Remuneration Policy (or any amendment to it); or
- (iv) to the extent Dealing Restrictions apply at any time during the periods referred to in (i) or (ii) above, the day on which the grant of Awards is no longer prohibited by such Dealing Restrictions; or

- 1.2.2 on any other day on which the Committee resolves that exceptional circumstances exist which justify the grant of Awards.

1.3 **Performance Conditions**

- 1.3.1 When granting an Award, the Company may make its Vesting conditional on the satisfaction of one or more conditions determined by the Committee linked to the performance of the Company. When granting any Award (other than a Recruitment Award) to an Executive Director, the Company must make its Vesting conditional on the satisfaction of one or more such conditions to the extent required by the Remuneration Policy.

- 1.3.2 Any Performance Conditions must be specified at the Award Date. The Committee may amend a Performance Condition either:

- (i) in accordance with its terms; or
- (ii) if anything happens which causes the Committee to consider it appropriate,

provided that the Committee considers that any amended Performance Condition will not be materially less or more challenging to satisfy than the original condition would have been but for such circumstances occurring.

- 1.3.3 When the Committee grants an Award which is subject to one or more Performance Conditions, the Committee must also determine the Performance Period relating to such Performance Condition(s).

1.4 **Other conditions**

The Committee may impose other conditions additional to these rules on the Vesting or Release of an Award, provided that they are specified at the Award Date. The Committee may waive or amend any such condition.

1.5 **No payment**

A Participant is not required to pay for the grant of any Award.

1.6 **Making an Award**

Awards must be granted by deed.

1.7 **Terms of Awards**

The Committee will approve the terms of an Award at the Award Date, including:

- 1.7.1 whether the Award is:

- (i) a Conditional Award; or
- (ii) an Option (and if so, a nominal cost or nil cost option),

or a combination of the above;

- 1.7.2 the number of Shares subject to the Award;
- 1.7.3 the Award Date;
- 1.7.4 the Performance Conditions, if applicable;
- 1.7.5 any other condition imposed under rule 1.4;
- 1.7.6 the Normal Vesting Date;
- 1.7.7 whether a Holding Period applies and, if so, the Normal Release Date and the percentage of the Award that is the Retained Portion;
- 1.7.8 whether the Participant is entitled to receive any Shares or cash under rule 1.9;
- 1.7.9 the Exercise Period, if applicable; and
- 1.7.10 whether and on what basis rule 1.11 applies to the Award.

1.8 **Notification and acceptance**

- 1.8.1 The Committee will notify Participants of the terms of their Awards as soon as practicable.
- 1.8.2 The Committee may require Participants to accept Awards or specific terms and may provide that:
 - (i) Awards will or may (as determined by the Committee) lapse if they are not accepted within the time specified; or
 - (ii) Awards will not Vest until they are accepted.
- 1.8.3 The Committee may allow Participants to disclaim all or part of an Award within a specified period. If an Award is disclaimed, it will be deemed never to have been granted.

1.9 **Dividend Equivalent**

- 1.9.1 Unless the Committee determines otherwise, Awards will include the right to receive, subject to rule 4.6, an amount (a "**Dividend Equivalent**") equal to the dividends which would have been payable on the number of Shares in respect of which the Award Vests in relation to dividends the record dates for which fall during the period beginning on the Award Date and ending on:
 - (i) the Release Date; or
 - (ii) if there is no Holding Period, the Vesting Date.

1.9.2 The amount of any Dividend Equivalent will be settled in Shares unless the Committee decides it will be settled (fully or partly) in cash. The Dividend Equivalent will be settled as soon as reasonably practicable after the delivery of Shares under rule 4.1 or, in the case of an Option, after exercise.

1.9.3 The Committee may decide that the Dividend Equivalent will assume the re-investment of the relevant dividends on such basis as the Committee determines.

1.9.4 The Committee may at any time decide to disapply this rule 1.9 in relation to all or part of a special dividend or dividend in specie which may otherwise be covered by this rule 1.9.

1.10 **Awards in tranches**

The Committee may grant an Award in any number of tranches, where the terms under rule 1.7 of each tranche are different. In these circumstances, these rules will be interpreted as if each tranche was a standalone Award.

1.11 **Post-tax holding of Shares**

The Committee may determine on or before the grant of an Award that, except in the case of death, a Participant may not, without the prior consent of the Committee (and subject to such conditions as the Committee may impose), transfer, assign, charge or otherwise dispose of any Shares in respect of which the Award Vests or any rights in respect of them until such date as the Committee determines. This rule 1.11 will apply whether or not a Participant ceases (or has ceased) to be employed by any Group Member (unless the Committee, in its absolute discretion, decides otherwise).

2. **Limits**

2.1 **Dilution limits**

The number of Shares over which the Committee may grant Awards will be limited so as not to exceed the limits specified in rule 2.2. The limits specified in rule 2.2 only apply to Awards which are to be satisfied (directly or indirectly) by the issue of new Shares or the transfer of treasury Shares.

2.2 **5% and 10% in ten years**

The limits are:

2.2.1 ten per cent. of the number of Shares on the Award Date less the aggregate of:

- (i) Shares allocated in respect of awards granted within the previous ten years under any employee share scheme;
- (ii) Shares remaining to be allocated in respect of awards granted on the same date or within the previous ten years under any employee share scheme;

- (iii) Shares allocated on the same date or within the previous ten years under any employee share scheme otherwise than in respect of an award; and

2.2.2 five per cent. of the number of Shares on the Award Date less the aggregate of:

- (i) Shares allocated in respect of awards granted within the previous ten years under any executive share scheme;
- (ii) Shares remaining to be allocated in respect of awards granted on the same date or within the previous ten years under any executive share scheme; and
- (iii) Shares allocated on the same date or within the previous ten years under any executive share scheme otherwise than in respect of an award.

2.3 Interpretation

For the purposes of this rule 2:

- 2.3.1 “**allocate**” means the issue of new Shares or the transfer of treasury Shares in satisfaction (directly or indirectly) of a person’s right under an award;
- 2.3.2 an “**award**” means any right to acquire or receive Shares whether conditional or unconditional and whether or not for payment;
- 2.3.3 an “**employee share scheme**” means any employees’ share scheme (within the meaning of section 1166 of the Companies Act 2006) which has been adopted by the Company;
- 2.3.4 an “**executive share scheme**” means any employee share scheme where the participants in that employee share scheme are chosen at the discretion of the body administering that employee share scheme;
- 2.3.5 “**treasury Shares**” has the same meaning as in Chapter 6 of the Companies Act 2006;
- 2.3.6 no account will be taken of Shares acquired by an employee or former employee (or the personal representatives of such a person) where the Shares are acquired for a price equal to their market value at or about the date of acquisition and the cost of those Shares is borne by (or by the estate of) the employee or former employee;
- 2.3.7 no account will be taken of an award if and to the extent to which the Committee considers that it will be satisfied by the transfer of existing Shares other than treasury Shares or cash;

2.3.8 account will only be taken of treasury Shares for so long as this is required under institutional shareholder guidelines; and

2.3.9 where an award was granted in consideration of the release by the holder of an award previously granted to him under an employee share scheme, then the earlier award will be ignored and the later award will be deemed to have been granted at the same time as the earlier award.

2.4 **Multiple related awards**

Where an individual is granted two awards on terms that the exercise, vesting or release of one will automatically result in a reduction to the extent to which the other may be exercised, vest or be released and vice versa, then for the purposes of this rule 2 it will only be necessary to take into account that number of Shares which could be acquired in respect of those awards having regard to those terms.

2.5 **Adjustments for variation of share capital**

The Committee may adjust the limits specified in rule 2.2 in the event of a variation of the equity share capital of the Company.

2.6 **Individual limit**

2.6.1 Subject to rule 2.6.2, the Committee must not grant an Award (other than a Recruitment Award) which would cause the aggregate Initial Market Value of:

- (i) the Shares subject to that Award; and
- (ii) the Shares which the Participant may acquire under any other Award (other than a Recruitment Award) in respect of the same Financial Year

to exceed 100 per cent. of that Participant's base salary.

2.6.2 If the Committee determines exceptional circumstances exist, the Committee may increase the maximum Initial Market Value of the Shares subject to an Award in respect of a Financial Year referred to in rule 2.6.1 to 150 per cent. of the Participant's base salary.

2.6.3 If the Participant is an Executive Director on the Award Date, any applicable lower limit specified in the Remuneration Policy will apply.

2.7 **Definition of salary**

For the purposes of rule 2.6 only:

2.7.1 **"Initial Market Value"** means the Market Value on the Award Date; and

2.7.2 base salary means base salary before any deductions for salary sacrifice on such date as the Committee may determine.

2.8 Administrative errors

If the Committee purports to grant an Award which is inconsistent with this rule 2, the Award will be limited and will take effect from the Award Date on such basis as the Committee may determine to be consistent with this rule 2.

3. Vesting and Release of Awards

3.1 Timing of Vesting and Release

3.1.1 Subject to rules 6 and 7, an Award will Vest on the latest of the following:

- (i) the date on which the Committee makes its determination under rule 3.3 of the extent to which Awards will Vest;
- (ii) the Normal Vesting Date;
- (iii) the date on which the Committee determines that any investigation ongoing on the Normal Vesting Date into the conduct or actions of any Participant or any Group Member in connection with the Award has been completed and that it does not wish to undertake any action specified in rule 5 in respect of such investigation;
- (iv) in the case of a Conditional Award, the date on which the Participant enters into arrangements satisfactory to the Committee to discharge the Participant's obligations under rule 4.6; and
- (v) the date on which any Dealing Restrictions which would prevent dealing by the Participant in the Shares subject to the Award on the dates specified in rules 3.1.1(i) to (iv) cease to apply.

3.1.2 Subject to rules 6 and 7, an Award subject to a Holding Period will then be Released on the latest of the following:

- (i) the Normal Release Date;
- (ii) the date on which the Committee determines that any investigation ongoing on the Normal Release Date into the conduct or actions of any Participant or any Group Member in connection with the Award has been completed and that it does not wish to undertake any action specified in rule 5 in respect of such investigation;
- (iii) in the case of a Conditional Award, the date on which the Participant enters into arrangements satisfactory to the Committee to discharge the Participant's obligations under rule 4.6; and
- (iv) the date on which any Dealing Restrictions which would prevent dealing by the Participant in the Shares subject to the Award on the dates specified in rules 3.1.2 (i) to (iii) cease to apply.

3.2 **Determination of Performance Conditions and other conditions**

- 3.2.1 Subject to rule 3.2.2 below, as soon as reasonably practicable after the end of the Performance Period, the Committee will determine whether and to what extent any Performance Conditions and any other conditions imposed under rule 1.4 have been satisfied.
- 3.2.2 Where the Award Vests under rule 6 or 7, the Committee will have the absolute discretion to determine the extent to which the Performance Conditions have been satisfied either:
- (i) up to the date on which the Participant ceased to be an employee of the Group (where rule 6 applies) or the relevant corporate event occurs (where rule 7 applies) measured against the most recent information available or information to become shortly available to the Committee at that time, as determined by the Committee; or
 - (ii) over the full Performance Period, having regard to actual or projected performance.

3.3 **Extent of Vesting**

- 3.3.1 The Committee will determine the extent to which an Award will Vest, taking into account:
- (i) the extent to which the Performance Conditions and any other conditions imposed under rule 1.4 have been satisfied;
 - (ii) the underlying performance of the Company;
 - (iii) such other factors as the Committee may, in its absolute discretion, consider relevant; and
 - (iv) if an Award is Vesting under rule 6 or 7, unless the Committee determines otherwise, the proportion of the Pro-Rating Period that has elapsed on the date the Participant ceases to be an employee of the Group (where rule 6 applies) or the date on which the relevant corporate event occurs (where rule 7 applies).
- 3.3.2 If an Award Vests under rule 6.3 or 7 after the Participant has ceased to be an employee of the Group in accordance with rule 6.2, the factors specified in rules 3.3.1(i) and 3.3.1(iv) will, unless the Committee determines otherwise, be assessed by reference to the period ending on the date the Participant has ceased to be an employee of the Group.
- 3.3.3 To the extent the Committee determines in accordance with rule 3.3.1 that an Award will not Vest it will lapse immediately.

4. Consequences of Vesting and Release

4.1 Conditional Awards

Subject to rule 11.9 and any Dealing Restrictions, the Company will, within 30 days of the Release Date of a Conditional Award (or, if no Holding Period applies, its Vesting Date), arrange for the transfer (including a transfer out of treasury) of, or issue to or to the order of, the Participant the number of Shares in respect of which the Award has Vested.

4.2 Options

4.2.1 A Participant may, subject to any Dealing Restrictions, exercise their Option at any time during the Exercise Period by:

- (i) giving notice to the Company or any person nominated by the Company in the manner decided by the Committee; and
- (ii) in the case of a nominal cost Option, paying to the Company the amount of the nominal value of each Share in respect of which the Option is exercised (or making arrangements acceptable to the Committee to make that payment).

4.2.2 The “**Option Exercise Date**” will be the date of receipt of the notice (and the receipt of the payment or making the arrangements, if required) referred to in rule 4.2.1. However, if the notice is received at a time when:

- (i) any Dealing Restrictions would prohibit the exercise of Options by the Participant, the Option Exercise Date will be the first Business Day when such prohibitions cease to apply; or
- (ii) the Participant has not entered into arrangements satisfactory to the Committee to discharge the Participant’s obligations under rule 4.6, the Option Exercise Date will be the first Business Day when such arrangements come into force.

4.2.3 Subject to rule 11.9 and any Dealing Restrictions, the Company will arrange for Shares to be transferred to or issued to the Participant within 30 days of the Option Exercise Date.

4.3 Lapse of Awards

4.3.1 If an Award lapses under any of these rules it cannot subsequently Vest, be Released and/or be exercised and a Participant has no rights in respect of it.

4.3.2 An Option will lapse to the extent that it has not been exercised at the end of the Exercise Period, unless it lapses earlier in accordance with these rules. However, the Committee may permit a Participant to exercise a Vested Option within any period it determines that is longer than the periods permitted for exercise specified in these rules.

4.4 **Rights**

Shares issued or transferred on the exercise of an Option or the Vesting or Release of a Conditional Award will rank equally in all respects with the Shares in issue at the point of issue or transfer, except as specified in these rules. They will not rank for any rights attaching to Shares by reference to a record date before the date of issue or transfer. Where Shares are transferred (including a transfer out of treasury) on the exercise of an Option or the Vesting or Release of a Conditional Award, the Participant will be entitled to all rights attaching to the Shares by reference to a record date on or after the transfer date. The Participant will not be entitled to rights before that date, subject to rule 1.9.

4.5 **Alternative ways to satisfy Awards**

The Committee may decide to satisfy all or part of an Award by paying an equivalent amount in cash (subject to rule 4.6). For Conditional Awards, the cash amount must be equal to the Market Value of the relevant Shares on the Business Day before the Vesting Date (or, if the Award is subject to a Holding Period, the Release Date). For Options, the cash amount must be equal to the Market Value of the relevant Shares on the Business Day before the Option Exercise Date. The Company may determine that Awards will be satisfied in cash at the Award Date or at any time subsequently.

4.6 **Withholding**

Any current or former Group Member or any Trustee may make such arrangements as it considers necessary to meet any liability to taxation, duties, social security contributions or other amounts in respect of Awards or otherwise in connection with a person's participation in the Plan, whether (to the extent permitted by law) the liability is a liability of, or is payable by, the Participant, any current or former Group Member or the Trustee. These arrangements may include a reduction in the number of Shares subject to an Award and/or the exercise of an Option on behalf of the Participant and/or the sale on behalf of the Participant of any of the Shares to which they are entitled under the Plan and the retention of the sale proceeds to meet the liability. References to social security contributions include anything in a jurisdiction outside the United Kingdom which, in the Committee's opinion, is comparable to social security contributions.

The Participant authorises the Company to sell on their behalf sufficient Shares subject to their Award to discharge any liability to taxation, duties or social security contributions arising in connection with that Award that any current or former Group Member is required to withhold and any related costs associated with that sale. In facilitating such a sale, the Company may appoint a broker of its choosing.

5. **Recovery of Awards**

5.1 **Length of Recovery Period**

- 5.1.1 The period during which the Committee may undertake any action specified in rules 5.3, 5.4 or 5.5 (the "**Recovery Period**") will, subject to rule 5.1.2, be any time prior to the third anniversary of the Normal Vesting Date.
- 5.1.2 If an investigation into the conduct or actions of any Participant or any Group Member has started before, but has not been completed by, the end of the Recovery Period, the Committee may, in its absolute discretion, determine that

the terms of rules 5.3, 5.4 and 5.5 may be applied to an Award until such later date as the Committee may determine, to allow that investigation to be completed and for the Committee to consider its findings and determine whether it wishes to undertake any action specified in rules 5.3, 5.4 or 5.5.

5.2 Recovery triggers

5.2.1 Notwithstanding any other rule, if, at any time before the end of the Recovery Period, one of the events listed in (i) to (iv) occurs in the opinion of the Committee, it may, on such basis as it considers in its absolute discretion to be fair, reasonable and proportionate, undertake any of the actions specified in rules 5.3, 5.4 or 5.5. The relevant events are:

- (i) a material misstatement in the published results of the Company or Group or any Group Member;
- (ii) gross misconduct on the part of the Participant concerned;
- (iii) a Group Member suffers, in the Committee's opinion, a significant detrimental impact on its reputation or falls into disrepute, provided that the Committee determines that, following an appropriate review of accountability, the Participant was responsible for, or had management oversight over, the actions, omissions or behaviour that gave rise to that detrimental impact or fall into disrepute; or
- (iv) the Company or entities representing a material proportion of the Group becomes insolvent or otherwise suffers a corporate failure so that ordinary shares in the Company cease to have material value, provided that the Committee determines, following an appropriate review of accountability, that the Participant should be held responsible (in whole or in part) for that insolvency or failure.

5.2.2 References to Group Members include references to former Group Members.

5.3 Malus

5.3.1 The Committee may, in its absolute discretion, at any time during the Recovery Period:

- (i) cancel, or reduce the number of Shares subject to, an Award; and/or
- (ii) impose additional conditions on an Award.

5.3.2 If an Award is cancelled or reduced in accordance with rule 5.3.1, that Award will be treated (to the relevant extent) as having lapsed.

5.3.3 The Company must notify the Participant as soon as reasonably practicable after the Committee has taken any action in accordance with rule 5.3.1.

5.4 **Clawback**

5.4.1 The Committee may, in its absolute discretion, at any time during the Recovery Period require the Participant to transfer to the Company (or any Trustee, if required by the Company):

- (i) all or some of the Shares or cash acquired under the Award; or
- (ii) a cash payment in respect of all or some of the Shares or cash acquired under the Award.

5.4.2 In determining the number of Shares to be transferred and/or the cash payment to be made in accordance with rule 5.4.1, the Committee will take into account the amount of tax and social security contributions actually paid (or due to be paid) by the Participant in respect of the acquisition of the relevant Shares or cash under the Award and whether, in its opinion, the Participant can claim relief from any such tax and social security contributions.

5.5 **Recovery mechanisms**

5.5.1 In place of requiring the Participant to take the action referred to in rule 5.4, the Committee may, in its absolute discretion, during the Recovery Period:

- (i) reduce the amount of any future payments in connection with the Plan or under discretionary bonus plans or other incentive arrangements;
- (ii) reduce the number of Shares that would become available to the relevant Participant upon the vesting of any unvested share award granted under any Relevant Employee Share Plan and held by the relevant Participant; and/or
- (iii) reduce the number of shares over which a vested but unexercised share award granted under any Relevant Employee Share Plan and held by the relevant Participant may be exercised

on such basis that the Committee considers in its absolute discretion to be fair, reasonable and proportionate.

5.5.2 The Committee may take any action referred to in rule 5.3.1 to give effect to the operation of any withholding or recovery terms similar to this rule 5 in any Relevant Employee Share Plan, discretionary bonus plan or other incentive arrangement operated by a Group Member.

5.5.3 In the event of any of the transactions referred to in rule 7, the Committee must determine whether the completion of such transaction will affect its ability to require clawback before the relevant event becomes effective.

6. Leaving the Group

6.1 General rule on leaving employment

- 6.1.1 Unvested Awards will lapse on the date the Participant ceases to be an employee of the Group unless rule 6.2 or 6.3 applies.
- 6.1.2 If a Participant ceases to be an employee of the Group during any Holding Period applicable to a Vested Award for any reason other than their Summary Dismissal, it will, subject to rules 6.1.3, 6.2.6, 6.3 and 7, be Released on the Normal Release Date. Any Awards structured as Options may, subject to rule 7, be exercised for a period of 12 months beginning on the Normal Release Date, after which time they will lapse.
- 6.1.3 If a Participant ceases to be an employee of the Group during any Holding Period applicable to a Vested Award for any reason other than their Summary Dismissal, the Committee may determine that it will, subject to rule 6.2.6, be Released on the date of cessation of employment (or such other date before the Normal Release Date as the Committee may determine). Any Awards structured as Options may, subject to rule 7, be exercised for a period of 12 months beginning on the date of cessation of employment (or such other date before the Normal Release Date as the Committee may determine), after which time they will lapse.
- 6.1.4 If a Participant ceases to be an employee of the Group, for any reason other than their Summary Dismissal, holding Vested Options which are not or are no longer subject to a Holding Period, they may, subject to rules 6.2.6 and 7, be exercised for a period of 12 months beginning on the date of cessation of employment, after which time they will lapse.
- 6.1.5 If a Participant ceases to be an employee of the Group because of their Summary Dismissal, all their Awards (whether Vested or not) lapse.

6.2 Leaving in exceptional circumstances - Unvested Awards

- 6.2.1 If a Participant ceases to be an employee of the Group because of:
 - (i) ill-health, injury or disability, in each case evidenced to the satisfaction of the Committee;
 - (ii) the Participant's employing company ceasing to be under the Control of the Company;
 - (iii) a transfer of the undertaking, or the part of the undertaking, in which the Participant works to a person which is neither under the Control of the Company nor a Group Member; or
 - (iv) any other reason, at the discretion of the Committee

then their Unvested Awards will, subject to rules 6.2.2, 6.2.6 and 7, Vest on the date determined in accordance with rule 3.1.1 to the extent determined in accordance with rule 3.3.

- 6.2.2 If a Participant ceases to be an employee of the Group for one of the reasons specified in rules 6.2.1(i) to 6.2.1(iv), the Committee may, in its absolute discretion, decide that their Unvested Awards will Vest on the date of cessation of employment (or such other date before the Normal Vesting Date as the Committee may determine) to the extent determined in accordance with rule 3.3.
- 6.2.3 Where the determination as to whether a Participant has ceased to be an employee for one of the reasons specified in rules 6.2.1(i) to 6.2.1(iv) depends on a decision of the Committee, it may, in its absolute discretion, delay such decision until the date determined in accordance with rule 3.1.1 and base its decision on all relevant circumstances (including, without limitation, achievement of applicable Performance Conditions over the Performance Period, whether the Participant has complied with any applicable restrictive covenants and/or, if the Participant retired from the Group, whether the Participant has remained in retirement).
- 6.2.4 The Award will remain subject to any Holding Period following Vesting, unless the Committee, in its absolute discretion, determines otherwise.
- 6.2.5 Awards structured as Options may then (to the extent Vested and subject to rule 7) be exercised for a period of 12 months beginning on:
 - (i) if the Award is subject to a Holding Period, the Normal Release Date (or such other date as the Committee may determine in accordance with rules 6.2.2 and 6.2.4); and
 - (ii) if the Award is not subject to a Holding Period, the Normal Vesting Date, unless rule 6.2.2 applies, when the 12 month period will begin on the Vesting Date determined by the Committee in accordance with that rule,

after which time, they will lapse.

- 6.2.6 If a Participant ceases to be an employee of the Group for one of the reasons specified in rules 6.2.1(ii) or 6.2.1(iii), the Committee may determine that:
 - (i) an Unvested Award will not Vest under rule 6.2.1;
 - (ii) a Vested Award subject to a Holding Period will not be Released under rule 6.1.2; and
 - (iii) a Vested Option will not lapse under rule 6.1.4

but will be automatically exchanged under rule 9.

6.3 **Death**

If a Participant dies:

- 6.3.1 their Unvested Awards will Vest on the date of death to the extent determined in accordance with rule 3.3 (unless the Committee determines that they will Vest on the date determined in accordance with rule 3.1);
- 6.3.2 their Vested Awards subject to a Holding Period will be Released on the date of death (unless the Committee determines that they will be Released on the Normal Release Date); and
- 6.3.3 Awards structured as Options may then (to the extent Vested and subject to rule 7) be exercised for a period of 12 months beginning on the date of death, after which time they will lapse.

Alternatively, the Committee may, in its absolute discretion, decide that Unvested Awards will Vest, subject to rule 7, on the date determined in accordance with rule 3.1 (and Vested Awards subject to a Holding Period will, subject to rule 7, be Released on the Normal Release Date), in which case the provisions in rule 6.2 will apply *mutatis mutandis*, except that Unvested Awards will not be subject to a Holding Period (unless the Committee, in its absolute discretion, decides otherwise).

6.4 **Meaning of “ceasing to be an employee of the Group”**

For the purposes of rule 3 and this rule 6, a Participant will not be treated as ceasing to be an employee of the Group until the Participant ceases to be an employee of all Group Members and does not recommence employment with a Group Member within 7 days, unless the Committee determines that a Participant will be treated as ceasing to be an employee of the Group on the date that the Participant gives or receives notice of termination of their employment.

If a Participant ceases to be an employee of the Group but remains a director of a Group Member, the Committee may determine that, for the purposes of rule 3 and this rule 6, that Participant will not be treated as ceasing to be an employee of the Group until the Participant also ceases to be a director of that Group Member.

7. **Takeovers**

7.1 **General rule**

Subject to rule 7.3, where:

- 7.1.1 a person (or a group of persons acting in concert) obtains Control of the Company as a result of making an offer to acquire Shares;
- 7.1.2 a person (or a group of persons acting in concert) having obtained Control of the Company makes an offer to acquire all the Shares that person does not already own; or
- 7.1.3 a court sanctions a compromise or arrangement pursuant to section 899 of the Companies Act 2006 in connection with the acquisition of Shares,

then:

- (i) an Unvested Award will Vest to the extent determined in accordance with rule 3.3; and
- (ii) a Vested Award subject to a Holding Period will be Released on the Effective Date.

7.1.4 For the purposes of this rule 7, the “**Effective Date**” will be:

- a) where rule 7.1.1 or 7.1.2 applies, the offer becoming unconditional in all respects; or
- b) where rule 7.1.3 applies, the date on which the compromise or arrangement becomes effective, unless the Committee determines that an alternative date should be used.

7.1.5 Any Award structured as an Option (whether it Vested or was Released under this rule 7.1 or otherwise) may be exercised for a period of one month beginning on the Effective Date, after which time it will lapse.

7.2 Demergers or other corporate events

If:

- 7.2.1 a resolution is passed or an order is made for the winding up of the Company; or
- 7.2.2 the Committee becomes aware that the Company is or is expected to be affected by:
 - (i) a variation of the equity share capital of the Company, including a capitalisation or rights issue, sub-division, consolidation or reduction of share capital;
 - (ii) a demerger (in whatever form) or exempt distribution by virtue of section 1075 of the Corporation Tax Act 2010;
 - (iii) a special dividend or distribution; or
 - (iv) any other transaction which, in the opinion of the Committee, would materially affect the value of the Shares,
- 7.2.3 the Committee may determine:
 - a) that an Unvested Award will Vest to the extent determined in accordance with rule 3.3;
 - b) that a Vested Award subject to a Holding Period will be Released; and

- c) the period of time during which an Option may be exercised, after which time it will, unless the Committee determines otherwise, lapse.

7.3 **Exchange**

In the event that:

- 7.3.1 a company (the “**Acquiring Company**”) is expected to obtain Control of the Company as a result of an offer referred to in rule 7.1.1 or 7.1.2 or a compromise or arrangement referred to in rule 7.1.3; and

- 7.3.2 either:

- (i) substantially all the shares in the Acquiring Company are expected to be held by the same persons who immediately before the obtaining of Control of the Company were shareholders in the Company; or
- (ii) the Committee determines that Awards should be automatically exchanged

then the Committee, with the consent of the Acquiring Company, may decide before the obtaining of such Control that:

- a) an Unvested Award will not Vest under rule 7.1.3(i);
- b) a Vested Award subject to a Holding Period will not be Released under rule 7.1.3(ii); and
- c) a Vested Option will not lapse under rule 7.1.5

but will be automatically exchanged under rule 9.

7.4 **Committee**

In this rule 7, “**Committee**” means those people who were members of the Committee immediately before the Effective Date.

8. **Adjustment of Awards**

If there is:

- 8.1.1 a variation of the equity share capital of the Company, including a capitalisation or rights issue, sub-division, consolidation or reduction of share capital;
- 8.1.2 a demerger (in whatever form) or exempt distribution by virtue of section 1075 of the Corporation Tax Act 2010;
- 8.1.3 a special dividend or distribution; or
- 8.1.4 any other transaction which will, in the Committee’s opinion, materially affect the value of Shares,

the Committee may adjust as it considers appropriate:

- (i) the number or class of Shares or securities subject to an Award;
- (ii) the exercise price of an Option; and/or
- (iii) any Performance Conditions applicable to an Award.

9. Exchange of Awards

9.1 Timing of exchange

Where an Award is to be exchanged under rule 6.2.6 or 7.3 the exchange will take place as soon as reasonably practicable after the relevant event.

9.2 Exchange terms

Where a Participant is granted a new award in exchange for an Award, the new award:

- 9.2.1 must confer a right to acquire shares in the company that employs the Participant or another body corporate associated with that employing company;
- 9.2.2 must be, in the Committee's opinion, equivalent to the Award;
- 9.2.3 is treated as having been acquired at the same time as the Award and Vests and is Released in the same manner and at the same time; and
- 9.2.4 is governed by the Plan as if references to Shares were references to the shares over which the new award is granted and references to the Company were references to the company over whose shares the new award is granted under rule 9.2.1.

10. Terms of employment

10.1 Definitions

For the purposes of this rule 10, "**Employee**" means any employee of a Group Member.

10.2 Scope

This rule 10 applies during an Employee's employment and after the termination of an Employee's employment, whether or not the termination is lawful.

10.3 Awards separate from employment contract

Nothing in the rules or the operation of the Plan forms part of the contract of employment of an Employee. The rights and obligations arising from the employment relationship between the Employee and their employer are separate from, and are not affected by, the Plan. Participation in the Plan does not create any right to, or expectation of, continued employment.

10.4 **Employee rights**

No Employee has a right to participate in the Plan. Any participation in the Plan or grant of Awards on any basis in any year does not create any right or expectation of any future participation in the Plan or the grant of Awards on the same basis, or at all.

10.5 **Exercise of discretion**

These rules do not entitle the Employee to the exercise of any discretion in their favour.

10.6 **Rights to compensation**

No Participant has any right to compensation for any loss in relation to the Plan, including any loss in relation to:

- 10.6.1 any loss or reduction of rights or expectations under the Plan in any circumstances (including lawful or unlawful termination of employment);
- 10.6.2 any exercise of a discretion or a decision taken in relation to an Award or to the Plan, or any failure to exercise a discretion or take a decision; or
- 10.6.3 the operation, suspension, termination or amendment of the Plan.

10.7 **Plan participation**

Participation in the Plan is permitted only on the basis that the Participant accepts all of these rules, including this rule. By participating in the Plan, an Employee waives all rights under the Plan, other than the right to acquire Shares subject to and in accordance with the express terms of the Plan and any Performance Conditions or other conditions applicable to the Award, in consideration for, and as a condition of, the grant of the Award.

10.8 **Third party rights**

Nothing in the Plan confers any benefit, right or expectation on a person who is not an employee. No such third party has any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Plan. This does not affect any other right or remedy of a third party which may exist.

11. **General**

11.1 **Rights**

A Participant will not be entitled to vote, to receive dividends or to have any other rights of a shareholder in respect of Shares subject to an Award until the Participant has received the underlying Shares as a result of the Vesting or Release of a Conditional Award or the exercise of an Option.

11.2 **Transfer**

A Participant may not transfer, assign or otherwise dispose of an Award or any rights in respect of it. If the Participant does, whether voluntarily or involuntarily, then it will immediately lapse. This rule 11.2 does not apply to the transmission of an Award on the death of a Participant to their personal representatives.

11.3 **Not pensionable**

None of the benefits received under the Plan is pensionable.

11.4 **Committee's decisions final and binding**

The decision of the Committee on the interpretation of the Plan or in any dispute relating to an Award or matter relating to the Plan will be final and conclusive.

11.5 **Documents sent to shareholders**

The Company may (but is not obliged to) send to Participants copies of any documents or notices normally sent to the holders of its Shares.

11.6 **Costs**

The Company will pay the costs of introducing and administering the Plan. The Company may ask a Participant's employer to bear the costs in respect of an Award to that Participant.

11.7 **Regulations**

The Committee has the power from time to time to make or vary regulations for the administration and operation of the Plan but these must be consistent with its rules.

11.8 **Data protection**

11.8.1 During the Participant's participation in the Plan, the Company will have access to and process, or authorise the processing of, personal data (as defined in the Data Protection Act 2018, the EU General Data Protection Regulation 5419/16 and/or any implementing legislation (together, the "**Data Protection Laws**")) held and controlled by the Company or any Group Member and relating to employees or customers of the Company and any Group Member, or other individuals. The Company and each Group Member will comply with the terms of the Data Protection Laws, and the Company's data protection policies issued from time to time, in relation to such data.

11.8.2 Any Group Member and its employees and agents may from time to time hold, process and disclose Participants' personal data in accordance with the terms of the employee privacy notice in force from time to time, which will be available on the Company's intranet page.

11.9 **Consents**

All allotments, issues and transfers of Shares will be subject to any necessary consents under any relevant enactments or regulations for the time being in force in the United

Kingdom or elsewhere. The Participant will be responsible for complying with any requirements that the Participant needs to fulfil in order to obtain or avoid the necessity for any such consent.

11.10 **Listing**

So long as the Shares are traded on the London Stock Exchange, the Company will apply for listing of any Shares issued under the Plan as soon as reasonably practicable.

11.11 **Notices**

11.11.1 Any notice or other communication required under this Plan will be given in writing, which may include electronic means.

11.11.2 Any notice or other communication to be given to Participants, or any persons who are or will be eligible to be Participants, may be delivered by electronic means (including by email, through the Group's intranet or a share plan portal), personally delivered or sent by ordinary post to such address as the Committee reasonably considers appropriate.

11.11.3 Any notice or other communication to be given to the Company or its agents may be delivered or sent to its registered office or such other place and by such means as the Committee or the Company's agents may specify and notify to Participants and/or any persons who are or will be eligible to be Participants, as relevant.

11.11.4 Notices or other communications:

- (i) sent electronically will be deemed to have been received immediately (if sent during usual business hours) or at the opening of business on the next Business Day (if sent outside usual business hours);
- (ii) that are personally delivered will be deemed to have been received when left at the relevant address (if left during usual business hours) or at the opening of business on the next Business Day (if left outside usual business hours); and
- (iii) sent by post will be deemed to have been received 24 hours after posting to a UK address or 3 days after posting to an address outside the UK,

unless there is evidence to the contrary.

11.11.5 All notices or communications to be given to Participants, or any persons who are or will be eligible to be Participants, are given and sent at the risk of the addressee. No Member of the Group has any liability in respect of any notice or communication given or sent, nor need they be concerned to see that the addressee actually receives it.

12. Amending the Plan and termination

12.1 Committee's powers

Subject to the rest of this rule 12, the Committee may at any time amend the Plan and the terms of any Award in any way.

12.2 Shareholder approval

12.2.1 Subject to rules 12.2.2 and 12.2.3, Shareholders must approve in advance by ordinary resolution any proposed amendment to the Plan or an Award to the advantage of present or future Participants, which relates to the following:

- (i) the persons to or for whom Shares or cash may be provided under the Plan;
- (ii) the limits on the number of Shares which may be issued or transferred from treasury under the Plan;
- (iii) the maximum entitlement for any Participant;
- (iv) the basis for determining a Participant's entitlement to, and the terms of, Shares or cash provided under the Plan;
- (v) the rights of a Participant in the event of a capitalisation issue, rights issue or open offer, sub-division or consolidation of shares or reduction of capital or any other variation of the equity share capital of the Company; or
- (vi) the terms of this rule 12.2.

12.2.2 The Committee can amend the Plan or the terms of any Award and need not obtain the approval of Shareholders for any minor amendments:

- (i) to benefit the administration of the Plan;
- (ii) to comply with or take account of the provisions of any proposed or existing legislation; or
- (iii) to obtain or maintain favourable tax, exchange control or regulatory treatment of any Group Member or any present or future Participant.

12.2.3 The Committee need not obtain the approval of Shareholders for any alteration to the Performance Conditions or other conditions imposed under rule 1.4 as permitted by rules 1.3 and 1.4 or the terms of any such Performance Condition or other condition.

12.3 Participant consent

If the Committee proposes an amendment to the Plan or the terms of any Award (other than a permitted alteration to the Performance Conditions) which would be to the

material disadvantage of Participants in respect of subsisting rights under the Plan, then:

- 12.3.1 the Committee will invite each so disadvantaged Participant to indicate whether or not they approve the amendment; and
- 12.3.2 such amendment will only take effect if the majority (assessed by reference to the size of affected Awards) of the Participants who respond to an invitation made in accordance with rule 12.3.1 consent to the amendment.

13. Governing law and jurisdiction

English law governs the Plan and all Awards and their construction. The English Courts will have exclusive jurisdiction in respect of disputes arising under or in connection with the Plan or any Award.