

---

RULES OF THE  
NORCROS PLC  
2020 DEFERRED BONUS PLAN

---

Approved by shareholders on [30 July] 2020

Adopted by the board of directors on  
[DATE] 2020

## CONTENTS

1. Definitions and Interpretation	3
2. Grant of Options	7
3. Plan Limits	9
4. Vesting and Exercise of an Option	11
5. Tax Liability	12
6. Cessation of Employment	12
7. Corporate Transactions	14
8. Lapse of Options	16
9. Issues and Transfer of Shares	17
10. Adjustments	18
11. Administration	19
12. Alterations	20
13. Legal Entitlement	21
14. General	23

## THE NORCROS PLC 2020 DEFERRED BONUS PLAN

### 1 DEFINITIONS AND INTERPRETATION

- 1.1 In this Plan, the following words and expressions shall have, where the context so admits, the meanings set out below:

<b>"Acceptance Notice"</b>	a document in a form approved by the Committee that the Participant must sign and return to the Company in accordance with Rule 4.8;
<b>"Adoption Date"</b>	the date on which the Plan is adopted by resolution of the Board;
<b>"Board"</b>	the board of directors for the time being of the Company or a duly authorised committee thereof provided that if any person obtains Control of the Company, the Board shall (save for the purposes of Rule 7.9.2 following an exchange of Options) consist of the members of the Board immediately prior to such Control being obtained;
<b>"Bonus"</b>	the amount of bonus which the Committee determines would be due to an Eligible Employee under any of the Company's bonus arrangements so designated for the purposes of the Plan;
<b>"Company"</b>	Norcros plc registered in England and Wales under No.03691883;
<b>"Constituent Company"</b>	the Company or any of its Subsidiaries;
<b>"Control"</b>	the meaning given by section 995 of the Income Tax Act 2007;
<b>"Committee"</b>	the remuneration committee of the Board;
<b>"Date of Grant"</b>	the date on which an Option is granted;
<b>"Dealing Day"</b>	any day which is not a Saturday, a Sunday, Christmas Day, Good Friday or a bank holiday in England and Wales;
<b>"Dividend Equivalent"</b>	means a benefit calculated by reference to dividends

	paid on Shares as described in Rule 2.10;
<b>"Eligible Employee"</b>	an employee or an executive director of a Constituent Company;
<b>"Employees' Share Scheme"</b>	the meaning given by section 1166 of the Companies Act 2006;
<b>"Executive Share Plan"</b>	any Employees' Share Scheme (other than the Plan) in which participation is at the discretion of the Committee;
<b>"Exercise Price"</b>	<p>subject to any adjustments made under Rule 10, the price per Share, as determined by the Committee at the Date of Grant, at which a Participant may acquire Shares upon the exercise of an Option granted to him, being either:</p> <ul style="list-style-type: none"> <li>(i) nil; or</li> <li>(ii) the Market Value of a Share on the Date of Grant; or</li> <li>(iii) an amount determined by the Committee which shall be between nil and the Market Value of a Share on the Date of Grant,</li> </ul> <p>provided that, if the Shares are to be subscribed, the Exercise Price shall not be less than their nominal value;</p>
<b>"Fair Processing Notice"</b>	the notice referring to this Plan, made available through the Company's intranet and/or the Company Secretary or any other officer of the Company, which sets out how personal data relating to Eligible Employees and Participants will be processed in connection with the Plan;
<b>"Financial Year"</b>	a financial year of the Company;
<b>"General Offer"</b>	an offer to acquire the whole of the issued ordinary share capital of the Company which are of the same class as Shares subject to an Option (other than Shares owned by the person making the offer or by any company associated with that person);
<b>"Grantor"</b>	<ul style="list-style-type: none"> <li>(A) the Company; or</li> <li>(B) the Trustee (acting on each occasion on the recommendation of or with the consent of the</li> </ul>

	Board) as the case may be;
<b>"Gross Bonus Percentage"</b>	the percentage of the gross Bonus of a Participant (prior to the deduction of income tax and national insurance) which the Committee determines for any Financial Year shall be the Gross Bonus Percentage;
<b>"Group Member"</b>	a Constituent Company or a body corporate which is (within the meaning of section 1159 of the Companies Act 2006) the Company's holding company or a Subsidiary of the Company's holding company or any jointly owned company;
<b>"Internal Reorganisation"</b>	any event, scheme or arrangement whereby another company (the "Acquiring Company") obtains Control of the Company and immediately afterwards all or substantially all of the issued equity share capital of the Acquiring Company is owned directly or indirectly by persons who had Control of the Company immediately prior to such event, scheme or arrangement;
<b>"Malus and Clawback Policy"</b>	the Malus and Clawback Policy of the Company (as from time to time amended);
<b>"Market Value"</b>	in relation to a Share on any day: <ul style="list-style-type: none"> <li>(i) if and so long as the Shares are listed on a Recognised Exchange, the closing middle market quotation for a Share on the Dealing Day immediately preceding that date; or</li> <li>(ii) if paragraph (i) does not apply, the market value as determined in accordance with Part VIII of the Taxation of Chargeable Gains Act 1992;</li> </ul>
<b>"Net Bonus Percentage"</b>	the percentage of the net Bonus of a Participant (after income tax and national insurance) which the Committee determines for any Financial Year shall be the Net Bonus Percentage;
<b>"Option"</b>	a right to acquire Shares on the terms set out in this Plan;
<b>"Participant"</b>	an Eligible Employee who holds an Option (including, where the context so requires, the personal representatives of any such person);
<b>"Performance Period"</b>	the period (which, unless the Committee determines

	otherwise, shall be a period of at least three Financial Years) set by the Committee on or prior to the Date of Grant by reference to which the Committee will determine whether any Performance Target has been fulfilled;
<b>"Performance Target"</b>	a condition or conditions which must be met in order for an Option to become exercisable, imposed by the Committee pursuant to Rule 2.3;
<b>"Permitted Grant Period"</b>	the period of 42 days commencing on any of the following: <ul style="list-style-type: none"> <li>(a) the Adoption Date;</li> <li>(b) the Dealing Day immediately following the date of the preliminary announcement of the annual results of the Company in any year or the date of the announcement of the half-year results of the Company in any year; or</li> <li>(c) any other time fixed by the Committee where, in the absolute discretion of the Committee, circumstances are considered to be exceptional so as to justify the grant of an Option</li> </ul>
<b>"Plan"</b>	the Norcros plc 2020 Deferred Bonus Plan in its present form or as from time to time amended in accordance with Rule 12;
<b>"Recognised Exchange"</b>	a recognised stock exchange within the meaning of section 1005 of the Income Tax Act 2007 or a recognised investment exchange within the meaning of the Financial Services and Markets Act 2000 (and, for the avoidance of doubt, this will include the AIM market operated by the London Stock Exchange plc);
<b>"Relevant Tax"</b>	any tax, national insurance, social security or other liability arising on or in connection with the grant, surrender, Vesting and/or exercise of an Option for which the person entitled to the Option is liable and for which any Group Member or the Trustee is liable, required or otherwise obliged, to account to any relevant authority (including, without limitation, any secondary Class 1 (employer's) national insurance contributions covered by any agreement or election entered into pursuant to Rule 2.9, but excluding any such secondary Class 1 (employer's) national insurance

	contributions which are not covered by such an agreement or election);
<b>"Rules"</b>	the rules of this Plan and "Rule" shall be construed accordingly;
<b>"Share"</b>	a fully paid ordinary share in the capital of the Company;
<b>"Share Dealing Code"</b>	any share dealing code adopted by the Company for the purpose of regulating transactions in Shares by persons discharging managerial responsibilities and others (as from time to time amended)
<b>"Subsidiary"</b>	the meaning given by section 1159 of the Companies Act 2006;
<b>"Trustee"</b>	the trustee or trustees for the time being of any employee benefit trust, the beneficiaries of which include Eligible Employees; and
<b>"Vest"</b>	the point at which an Option becomes capable of exercise and <b>"Vesting"</b> , <b>"Vesting Date"</b> and <b>"Vested"</b> shall be construed accordingly.

1.2 References in the Plan to any statutory provisions are to those provisions as amended, extended or re-enacted from time to time, and shall include any regulations made thereunder.

1.3 Unless the context otherwise requires, references in the Plan to the singular shall include the plural (and vice versa), words importing a gender shall include every gender and references to a person shall include bodies corporate and unincorporated bodies and vice versa.

1.4 Headings and captions are provided for reference only and shall not be considered as part of the Plan.

## 2 GRANT OF OPTIONS

2.1 Subject to Rule 3, the Committee may authorise the grant of an Option by a Grantor to such Eligible Employees as it may, in its absolute discretion, determine upon the terms set out in the Plan and upon such other additional terms as the Committee may determine.

2.2 The Committee shall determine the number of Shares over which an Option shall be granted by applying, at the discretion of the Committee, the Gross Bonus Percentage or the Net Bonus Percentage to the Participant's expected Bonus for that Financial Year and then

dividing the result by the Market Value of a Share on the Date of Grant.

- 2.3 The Committee may, at the Date of Grant, impose a Performance Target and such other objective condition or conditions on the Vesting or exercise (if applicable) of an Option as it may determine.
- 2.4 The grant of an Option shall be evidenced by execution of a deed by the Grantor which shall document an individual Option ("Individual Deed") or any number of Options ("Global Deed") granted at the same time. In the case of a Global Deed, as soon as practicable after the Date of Grant, the Grantor shall issue to each Participant a certificate in respect of the Option which may be under the autographic or facsimile signature of an officer of the Grantor and in such form as the Committee may from time to time prescribe. An Individual Deed or in the case of a Global Deed a certificate must state:
- 2.4.1 the Date of Grant;
  - 2.4.2 the number of Shares over which the Option has been granted to the Participant;
  - 2.4.3 any Performance Target and the applicable Performance Period and any other condition or conditions imposed pursuant to Rule 2.3 on the exercise of the Option;
  - 2.4.4 the Exercise Price;
  - 2.4.5 the Vesting Date where the exercise of the Option is not conditional on the satisfaction of any Performance Target;
  - 2.4.6 that the Participant has an obligation to indemnify Group Members and the Trustee (if applicable) under Rule 5;
  - 2.4.7 if the Committee has determined, in accordance with Rule 2.9, that it shall be a condition of exercise that the Participant shall enter into an agreement or election pursuant to paragraphs 3A or 3B of Schedule 1 to the Social Security Contributions and Benefits Act 1992, that the Option is subject to such condition;
  - 2.4.8 if the Committee has determined in accordance with Rule 2.11 that the Shares acquired by the Participant pursuant to an Option shall be subject to a holding period, details of such restriction;
  - 2.4.9 that the Option is subject to the terms of the Malus and Clawback Policy and a copy of the policy must accompany the Individual deed or certificate (as the case may be); and
  - 2.4.10 the date on which the Option will lapse pursuant to Rule 8.1.1.
- 2.5 No payment by the Participant shall be required on the grant of an Option.



- 2.6 The grant of an Option shall be subject to obtaining any approval or consent required by the United Kingdom Listing Authority (or other relevant authority), the Share Dealing Code or any applicable laws or regulations (whether in the UK or overseas).
- 2.7 Every Option shall be personal to the Participant to whom it is granted and shall not be assigned, transferred or charged in any way (except, in the event of the Participant's death, to the Participant's personal representatives).
- 2.8 A Participant may surrender an Option in whole or in part by notice in writing to the Company Secretary of the Company within the period of 30 days immediately following the Date of Grant and if an Option, or any part of an Option, is so surrendered, it shall be deemed for all purposes not to have been granted.
- 2.9 The Committee may make the exercise of an Option conditional upon the Participant having entered into an agreement or election pursuant to paragraphs 3A or 3B of Schedule 1 to the Social Security Contributions and Benefits Act 1992 (as the Grantor shall determine).
- 2.10 A Participant shall be entitled on exercise of an Option to receive cash and/or additional Shares (as determined by the Committee) of a value determined by reference to the dividends or other cash distribution that would have been paid on Shares subject to his Vested Option in respect of dividend record dates occurring during the period between the Date of Grant and the Vesting of the Option. The Committee shall decide the basis on which the value of such dividends shall be calculated which may assume the reinvestment of dividends. In giving effect to this Rule 2.10, the Committee shall have complete discretion to decide the basis on which the Dividend Equivalent should be calculated or paid.
- 2.11 The Committee may at the Date of Grant determine that the Shares acquired pursuant to an Option will be subject to a holding period, which shall expire no later than five years following the Date of Grant, during which the Participant may not dispose of the Shares he has acquired on the exercise of his Option other than in certain specified circumstances. Details of the holding period shall be set out in the Individual Deed or certificate issued to the Participant following the Date of Grant.

### **3 RESTRICTIONS ON THE GRANTING OF OPTIONS AND PLAN LIMITS**

- 3.1 No Option shall be granted to an Eligible Employee except during a Permitted Grant Period provided that if, by reason of the Share Dealing Code, or any statute, regulation or order thereunder or any governmental directive, the Grantor shall be restricted from granting Options within such Permitted Grant Period, Options may be granted within the period commencing on the Dealing Day immediately following the lifting of such restrictions and ending 42 days

thereafter.

- 3.2 No Option shall be granted to an Eligible Employee at a time when such grant to such Eligible Employee would be in breach of the Share Dealing Code, any statute, regulation, or order made thereunder or any governmental directive.
- 3.3 Subject to Rule 3.4, no Eligible Employee shall be granted an Option which would, at the Date of Grant, cause the aggregate Market Value of Shares which he may acquire in pursuance of Options granted to him under the Plan in any Financial Year to exceed 200% of his base salary (or, if the Committee determines that exceptional circumstances exist which justify a higher percentage, such higher percentage as determined by the Committee, not exceeding 300% of his base salary).
- 3.4 In calculating the individual limit under Rule 3.3, no account shall be taken of any Shares which may be acquired pursuant to any Option granted solely for the purpose of ensuring that a Participant is not materially disadvantaged by agreeing to bear the secondary Class 1 (employer's) national insurance contributions arising in respect of other Options (to the extent this is lawful).
- 3.5 The Grantor shall not grant an Option in any Financial Year which would, at the Date of Grant, cause the number of Shares allocated during the previous ten years, under the Plan or under any other Employees' Share Scheme adopted by the Company, to exceed such number as represents ten per cent of the ordinary share capital of the Company in issue at that time.
- 3.6 The Grantor shall not grant an Option in any Financial Year which would, at the Date of Grant, cause the number of Shares allocated during the previous ten years, under the Plan or under any other Executive Share Plan adopted by the Company, to exceed such number as represents five per cent of the ordinary share capital of the Company in issue at that time.
- 3.7 Indetermining the above limits:
- 3.7.1 in the case of an option or any other type of award to acquire Shares (where such option or award may be satisfied with newly issued shares), Shares are allocated at the time of grant of such option or award and where Shares are issued otherwise than pursuant to an option or other type of award to acquire Shares, Shares are allocated at the time of such issue;
- 3.7.2 Shares which have been issued to the Trustee or which may be issued to the Trustee to satisfy options or any other type of award shall be treated as allocated for the purposes of Rules 3.5 and 3.6;
- 3.7.3 no account shall be taken of any Shares where the right to acquire such Shares is

released or lapses including, without limitation, pursuant to Rule 2.8;

- 3.7.4 where, instead of the Participant paying any Exercise Price required on the exercise of an Option, the Participant is only issued an amount in Shares equal to the amount by which the Market Value of the Shares on the date of exercise (or a date set by reference to the date of exercise) exceeds the Exercise Price, it is only the number of Shares actually issued that shall count as being allocated;
- 3.7.5 no account shall be taken of any Shares where the right to acquire such Shares has been or is to be satisfied other than by the issue or allotment of any part of the share capital of the Company (including, without limitation, by the transfer of existing Shares or by cash);
- 3.7.6 treasury shares shall count as newly issued Shares until they are no longer required to be included for the purposes of operating anti-dilution limits in Employee Share Schemes by the Investment Association (or any other representative body of investors);
- 3.7.7 any Share which the Company issues or intends to issue in accordance with Rule 2.10 shall be taken into account; and
- 3.7.8 the Board may adjust the aggregate number of Shares already issued in each case to reflect any subsequent variation of share capital of the Company in such manner as it determines is fair and reasonable.

- 3.8 If the Grantor purports to grant an Option which is inconsistent with the limits in Rule 3.3 or 3.5 or 3.6, the Option will be limited and will take effect from the Date of Grant over the maximum number of Shares permitted by the remainder of this Rule.

#### **4 VESTING AND EXERCISE OF AN OPTION**

- 4.1 As soon as reasonably practicable after the end of the Performance Period relating to an Option, the Committee shall determine the extent to which any Performance Target has been met.
- 4.2 Save as provided in Rules 6 and 7, an Option shall Vest on the later of (i) three years after the Date of Grant or such longer period specified by the Committee at the Date of Grant, which shall not exceed five years commencing in the Date of Grant and (ii) such date as is specified by the Grantor following its determination that any Performance Target has been met in accordance with Rule 4.1, but in either case, only to the extent that any Performance Target (and any other conditions) imposed under Rule 2.1 or 2.3 has been met or waived.
- 4.3 An Option may be exercised in whole or in part and such exercise shall be effected in

such form or manner as the Committee may determine. An Option may not be exercised at a time when such exercise would not be in accordance with the requirements of the Share Dealing Code or any statute, regulation or order thereunder or any government directive

- 4.4 For the avoidance of doubt, no Option shall Vest more than five years after the Date of Grant.
- 4.5 It shall be a condition of exercise that a Participant shall, if requested by the Company, exercise an election under section 431 of the Income Tax (Earnings and Pensions) Act 2003 in respect of the Shares resulting from the exercise of the Option concerned.
- 4.6 The number of Shares in respect of which an Option may be exercised may be reduced down (including if appropriate to zero) to give effect to any provision of the Malus and Clawback Policy which requires a reduction in the number of Shares which is subject to an Option. Such reduction will be made in accordance with the terms of the relevant provision, or where the relevant provision does not specify how the reduction shall be made, on such basis as the Committee, in its absolute discretion, determines appropriate taking account of all the circumstances the Committee considers to be relevant and the Option shall lapse immediately in respect of the number of Shares by which the Option has been reduced pursuant to this Rule 4.6.
- 4.7 In the event that any reduction is made to an Option pursuant to Rule 4.6, the Participant shall be bound by such reduction and shall have no right or entitlement whatsoever to any compensation in respect of such reduction.
- 4.8 It shall be a condition of the Vesting of an Option that a Participant has signed an Acceptance Notice declaring an irrevocable agreement to the terms of Rules 4.6 and 4.7.

## **5 TAX LIABILITY**

- 5.1 A Participant shall be responsible for and indemnifies all relevant Group Members and the Trustee (if applicable) against, all Relevant Tax relating to his Option. Any Group Member and/or the Trustee may withhold an amount equal to such Relevant Tax from any amounts due to the Participant (to the extent such withholding is lawful) and/or make any other arrangements as it considers appropriate to ensure recovery of such Relevant Tax including, without limitation, the sale of sufficient Shares acquired pursuant to the Option to realise an amount equal to the Relevant Tax (and the payment of that amount to the relevant authorities in satisfaction of the Relevant Tax).

## **6 CESSATION OF EMPLOYMENT**

- 6.1 If a Participant ceases to hold office or employment with a Group Member for any reason all

Options held by him (whether Vested or not) shall cease to be capable of exercise immediately upon such cessation and shall lapse on the date falling one month from the date of cessation, unless prior to such date the Committee, in its absolute discretion (provided that for the avoidance of doubt, the Committee shall not be obliged to exercise such discretion in favour of the Participant), determines that the Options shall not lapse and that the following provisions shall apply:

6.1.1 an Option which has already Vested in accordance with Rule 4.2 on the date of his cessation of office or employment may be exercised during the period of six months or, in the case of death, during the period of twelve months following the date of such cessation (or such other period as the Committee may determine);

6.1.2 an Option which has not Vested in accordance with Rule 4.2 or Rule 7 on the date of his cessation of office or employment shall Vest in accordance with Rule 6.1.2.1 or 6.1.2.2 below as determined by the Committee:

6.1.2.1 the Option shall Vest on the date of such cessation, to the extent permitted by the Committee, at its absolute discretion, but taking into account the period of time which has elapsed since the Date of Grant and the extent to which any Performance Target has been satisfied at the time of such cessation and such other factors, including (without limitation) the performance of the Company and the conduct of the Participant, as it may deem relevant. An Option may then be exercised, to the extent Vested in accordance with this sub-rule, during the period of six months, or in the case of death, the period of twelve months, (or such other period as the Committee may determine) commencing on the date of such cessation;

OR

6.1.2.2 the Option shall not Vest until its normal Vesting Date determined in accordance with Rule 4.2. The number of Shares in respect of which the Option will Vest in these circumstances shall be determined by the Committee, in its absolute discretion, but taking into account the extent to which any Performance Target has been satisfied over the Performance Period and the period of time that had elapsed from the Date of Grant to the date of such cessation and such other factors, including (without limitation) the performance of the Company and the conduct of the Participant, as it may deem relevant. An Option may then be exercised, to the extent Vested, within the period of six months, in the case of death, the period of twelve months (or such other period as

the Committee may determine) commencing on the date on which the Option Vests.

For the avoidance of doubt the exercise of an Option pursuant to this Rule 6 shall be subject to the provision of Rule 4.6 if such provision applies any time before exercise of the Option.

- 6.2 For the purposes of the Plan, no person shall be treated as ceasing to hold an office or employment with a Group Member until that person no longer holds an office or employment with any Group Member.
- 6.3 For the purposes of the Plan, if the Committee so determines, a Participant will not be treated as ceasing to hold an office or employment with a Group Member if such Participant is on an extended leave of absence, until the earlier of the date on which he notifies his employer of his intention not to return or the date on which he ceases to have any statutory or contractual rights to return to work.

## **7 CORPORATE TRANSACTIONS**

- 7.1 Subject to Rule 7.8, where any of the corporate events specified in Rules 7.2 to 7.6 inclusive occurs before an Option has Vested in accordance with Rule 4.2 or Rule 6, unless the Committee (in its absolute discretion) determines otherwise, the proportion of the Option that shall Vest under the relevant Rule shall be calculated by reference to the extent to which any applicable Performance Target has been satisfied at the date of the relevant corporate event (as determined by the Committee) and such other factors, including (without limitation) the performance of the Company and the conduct of the Participant, as it may deem relevant and, unless the Committee (in its absolute discretion) determines otherwise, such proportion shall then be reduced pro rata to the period from the Date of Grant to the date of the relevant corporate event as compared with the period from the Date of Grant to the Vesting Date or if applicable the last date of the Performance Period relating to that Option. For the avoidance of doubt the exercise of an Option pursuant to this Rule 7 shall be subject to the provision of Rule 4.6 if such provision applies any time before exercise of the Option.
- 7.2 Subject to Rules 7.1, and 7.7, if any person (either alone or together with any person acting in concert with him) obtains Control of the Company whether or not as a result of making a General Offer (or having obtained Control of the Company makes a General Offer) and, where there is a General Offer, and any such General Offer is or becomes unconditional in all respects, an Option shall Vest and Options may then be exercised (to the extent Vested) during the period of two months (or such longer period as the Committee may determine) thereafter.

- 7.3 Subject to Rules 7.1 and 7.7, if any person becomes bound or entitled to acquire Shares under sections 974 to 991 of the Companies Act 2006, an Option shall Vest on the date on which that person becomes so bound or entitled. An Option may then be exercised (to the extent Vested) within the period of four weeks (or such longer period as the Committee may determine) thereafter.
- 7.4 Subject to Rules 7.1, and 7.7 if, under Part 26 of the Companies Act 2006, the Court sanctions a compromise arrangement, or scheme between the Company and its members which if it becomes effective would result in a person obtaining Control of the Company or where the Committee determines that Participants could be unfairly disadvantaged if the Options did not Vest, an Option shall Vest and may then be exercised (to the extent Vested) immediately prior to, but conditional upon, such compromise, arrangement or scheme becoming effective, during a period determined by the Committee ending on the date of such Court sanction.
- 7.5 Subject to Rule 7.1, if the Company proposes to pass a resolution for voluntary winding up, an Option shall Vest and may then be exercised (to the extent Vested) immediately prior to, but conditional upon, such resolution being passed, or during such other period as determined by the Committee.
- 7.6 Subject to Rule 7.1, if the Company has been or will be affected by any demerger, dividend in specie, super dividend or other transaction which will adversely affect the current or future value of an Option, the Committee may, acting fairly and reasonably, determine the extent to which an Option should Vest and the period within which an Option may be exercised (if at all).
- 7.7 In connection with one of the events described in Rules 7.2, 7.3 or 7.4:
- 7.7.1 a Participant may, by agreement with the acquiring company, release any Option which has not lapsed ("**the Old Option**") in consideration of the grant to him of an Option ("**the New Option**") which is determined by the Committee to be equivalent to the Old Option but relates to shares in a different company or companies (whether the company which has obtained Control of the Company itself or some other company or companies) within the period during which an Option would be exercisable in accordance with Rules 7.2, 7.3 or 7.4 or such longer period as the Committee may specify not exceeding six months; or
  - 7.7.2 if the Committee so determines that this sub-Rule shall apply, the Old Option shall not Vest but, with the agreement of the acquiring company, shall be automatically released in consideration of the grant of a New Option which is

determined by the Grantor to be equivalent to the Old Option but relates to shares in a different company or companies (whether the company which has obtained control of the Company itself or some other company or companies).

7.8 In the event of an Internal Reorganisation, where the Committee determines that this Rule 7.8 shall apply, an existing Option shall not Vest in accordance with Rules 7.2, 7.3 or 7.4 but, with the agreement of the Acquiring Company (as defined in the definition of "Internal Reorganisation"), shall be automatically released in consideration for the grant of a New Option which is determined by Committee to be equivalent to the Old Option but relates to shares in a different company or companies (whether the Acquiring Company itself or some other company or companies).

7.9 For the purposes of Rules 7.7 and 7.8 the provisions of the Plan shall be construed as if

7.9.1 the New Option is an Option granted under the Plan at the same time as the Old Option;

7.9.2 unless the Committee determines otherwise, the references to "the Company" are to the company (or companies) over whose shares the New Option is granted in accordance with Rule 7.7 or 7.8 (as applicable) except for the purpose of the definition of "Constituent Company";

7.9.3 any Performance Target imposed under Rule 2.3 shall apply in its original form unless the Committee determines in accordance with Rule 12.5 that it would be appropriate for such Performance Target to be varied or to be waived in full or in part;

7.9.4 the New Option shall not Vest nor lapse by virtue of the event pursuant to which it was granted; and

7.9.5 the Plan remains under the operation of the Company over whose shares the Old Option was granted.

## **8 LAPSE OF OPTIONS**

8.1 In addition to any other provisions of the Rules providing for the lapse of an Option, an Option shall lapse on the occurrence of the earliest of the following events:

8.1.1 on the tenth anniversary of the Date of Grant (unless the Committee specifies any earlier date at the Date of Grant);

8.1.2 on the date on which an Option would Vest under Rule 4.2, to the extent that it does not Vest on that date as a result of the Performance Target not being satisfied



in full;

- 8.1.3 the date falling one month following the cessation of the Participant's office or employment with a Group Member unless the Committee has exercised its discretion pursuant to Rule 6.1 to allow the Participant to retain their Option;
- 8.1.4 where the Committee has exercised its discretion pursuant to Rule 6.1 to allow the Participant to retain their Option following the cessation of their office or employment with a Group Member:
  - 8.1.4.1 at the time, and to the extent that, the Committee determines pursuant to Rules 6.1.2 that the Option shall not Vest; and
  - 8.1.4.2 the expiry of any period specified under Rules 6.1.1 or 6.1.2;
- 8.1.5 at the time, and to the extent, that the Committee determines that the Option shall not Vest pursuant to Rule 7.1;
- 8.1.6 the expiry of any of the periods of exercise set out in Rule 7 (whichever shall be the earliest), save where an Option is to be released in consideration for the grant of a New Option pursuant to Rule 7.7.1 then the expiry of the period during which the Option may be released in consideration for the grant of a new Option set out in Rule 7.7.1;
- 8.1.7 the making of an order by the Court for the compulsory winding-up of the Company;
- 8.1.8 the Participant being deprived of the legal or beneficial ownership of the Option by operation of law, or doing or omitting to do anything which causes him to be so deprived;
- 8.1.9 the Participant being declared bankrupt; or
- 8.1.10 the Participant purporting to transfer or dispose of his Option or any part of it other than in accordance with Rule 2.7.

## **9 ISSUE AND TRANSFER OF SHARES**

- 9.1 Subject to Rule 9.4, the Grantor shall, within thirty days thereafter, procure the issue or transfer to the Participant (or his nominee) of the number of Shares in respect of which the Option has been exercised (as applicable) provided that the Grantor is satisfied that any Relevant Tax due to be reimbursed or paid to a Group Member and/or the Trustee pursuant to Rule 5 has been so reimbursed or paid or, where relevant, appropriate arrangements have been made for such reimbursement or payment.
- 9.2 Shares to be issued pursuant to the Plan will rank equally in all respects with the Shares then in

issue, except that they will not rank for any voting, dividend or other rights attaching to Shares by reference to a record date preceding the date of issue.

- 9.3 If Shares are transferred pursuant to the Plan the Participant shall not be entitled to any rights attaching to the Shares by reference to a record date preceding the date of exercise.
- 9.4 The issue or transfer of Shares under this Plan shall be subject to the payment or entering into arrangements for payment of any Relevant Tax and to obtaining any approval or consent required by the United Kingdom Listing Authority (or other relevant authority), the Share Dealing Code or any applicable laws or regulations (whether in the UK or overseas).
- 9.5 If and so long as the Shares are admitted to trading on a Recognised Exchange the Company shall apply to the relevant authority of that Recognised Exchange for admission to trading of any Shares issued pursuant to the Plan as soon as practicable after the allotment thereof.
- 9.6 Subject to Rule 11.3 the Company shall pay any stamp duty arising on the transfer of Shares under this Plan.

## **10 ADJUSTMENTS**

- 10.1 Subject to Rules 10.2 and 10.3, the number of Shares subject to an Option and/or Exercise Price of an Option (and where an Option has been exercised but no Shares have been allotted or transferred pursuant to such exercise, the number of Shares which may be so allotted or transferred and the price at which they may be acquired) shall be adjusted in such manner as the Committee shall determine following any variation of share capital to the intent that (as nearly as may be without involving fractions of a Share and without involving an Exercise Price calculated to more than two places of decimals) the aggregate Exercise Price payable in respect of an Option shall remain unchanged.
- 10.2 Apart from pursuant to this Rule 10.2, no adjustment under Rule 10.1 above may have the effect of reducing the Exercise Price to less than the nominal value of a Share. Where an Option subsists over both issued and unissued Shares, any such adjustment may only be made if the reduction of the Exercise Price of an Option over both issued and unissued Shares can be made to the same extent. Any adjustment made to the Exercise Price of an Option over unissued Shares to less than the nominal value of a Share shall only be made if and to the extent that the Board shall be authorised 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 exercisable exceeds the adjusted Exercise Price and to apply such 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 such sum (if any) and apply

the same in paying up such amount.

- 10.3 Where an Option was granted by the Trustee no adjustment pursuant to this Rule 10 shall be made without the prior consent of the Trustee.

## **11 ADMINISTRATION**

- 11.1 The Plan shall be administered by the Committee. The Committee shall have full authority, consistent with the Plan, to administer the Plan, including authority to interpret and construe any provision of the Plan and to adopt such regulations for administering the Plan. Decisions of the Committee shall be final and binding on all parties.
- 11.2 Any notice or other communication under or in connection with the Plan may be given by personal delivery or by sending the same by electronic means or post, in the case of a company to its registered office (for the attention of the Company secretary), 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, and where a notice or other communication is given by post, it shall be deemed to have been received 72 hours after it was put into the post properly addressed and stamped, and if by electronic means, when the sender receives electronic confirmation of delivery or if not available, 24 hours after sending the notice.
- 11.3 The Constituent Companies shall bear the costs of administering the Plan in such proportions as may be determined by the Committee.
- 11.4 The Committee shall have the discretion to override any formulaic outcomes resulting from the application of any provision of the Plan or any Performance Targets which an Option has been granted subject to.
- 11.5 A Group Member may provide money to the trustees of any trust or any other person to enable them or him to acquire Shares to be held for the purposes of the Plan, or enter into any guarantee or indemnity for those purposes, to the extent permitted by UK company law. In addition, the Company may require any Group Member to enter into such other agreement or agreements as it shall deem necessary to oblige such Group Member to reimburse the Company for any other amounts paid by the Company hereunder, directly or indirectly in respect of such Group Member's employees.
- 11.6 To the extent that any amount is expressed in a currency other than pounds sterling, for the purposes of the Plan, it shall be converted into pounds sterling at the mid-market spot

rate for the relevant currency (as published by the Financial Times) at the close of business on the applicable Dealing Day, which in the case of the Date of Grant shall be the immediately preceding Dealing Day.

## 12 ALTERATIONS

12.1 Subject to Rules 12.2 and 12.4, the Board may at any time alter or add to all or any of the provisions of the Plan in any respect.

12.2 Subject to Rule 12.3, no alteration, deletion or addition to the material advantage of Participants shall be made under Rule 12.1 to:

- 12.2.1 the persons to whom Shares are provided under the Plan;
- 12.2.2 the limitations on the number or amount of Shares subject to the Plan;
- 12.2.3 the maximum entitlement for any Eligible Employee;
- 12.2.4 the basis of determining an Eligible Employee's entitlement and the terms of Shares and Options;
- 12.2.5 the basis for determining the adjustment of Options in the event of any capitalization issue, rights issue or open offer, sub-division or consolidation of shares or reduction of capital or any other variation of capital of the Company; and
- 12.2.6 the terms of this Rule 12.2,

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

12.3 Rule 12.2 shall not apply to any alteration which relates solely to any Performance Target or to any minor alteration, deletion or addition which is to benefit the administration of the Plan or is necessary or desirable to take account of any change in legislation or to obtain or maintain favourable taxation, exchange control or regulatory treatment for any Group Member or Participant.

12.4 Subject to Rule 12.6, no alteration or addition shall be made under Rule 12.1 which would materially abrogate or adversely affect the subsisting rights of a Participant unless all of the Participants who would be affected by the proposed alteration, deletion or addition have been invited to indicate whether or not they approve the proposed alteration or addition and the proposed alteration or addition is approved by at least 75% (by value of subsisting Options) of the Participants who have provided such an indication.

12.5 The Committee may waive, vary or amend any Performance Target **provided that** any such

waiver, variation or amendment is in accordance with the terms of such Performance Target or events have happened which cause the Committee, acting fairly and reasonably, to consider that the waiver of a Performance Target or a varied or amended Performance Target would be appropriate (taking into account the interests of the shareholders of the Company) and where the Performance Target has been varied or amended that the varied or amended Performance Target would not be more or less difficult to satisfy than the existing Performance Target would have been had the relevant event not occurred.

12.6 Notwithstanding any other provision of the Plan the Committee may, in respect of any Option granted to Eligible Employees who are or who may become subject to taxation outside the United Kingdom on their remuneration, adopt sub-plans to this Plan or amend or add to the terms of the Option as it considers necessary or desirable to take account of or to mitigate or to comply with relevant overseas taxation, securities or exchange control laws provided that the terms of the Option granted to such Eligible Employees are not overall more favourable than the terms of the Option granted to any other Eligible Employees and that any Shares made available under any sub-plan to this Plan shall count towards the limits set out in Rule 3.

12.7 No alteration shall be made to the Plan if following the alteration the Plan would cease to be an Employees' Share Scheme.

### **13 LEGAL ENTITLEMENT**

13.1 For the purposes of this Rule 13, "Employee" means any Participant, Eligible Employee or any other person.

13.2 This Rule 13 applies:

13.2.1 whether the Committee has full discretion in the operation of the Plan, or whether the Committee could be regarded as being subject to any obligations in the operation of the Plan;

13.2.2 during an Employee's employment or employment relationship; and

13.2.3 after the termination of an Employee's employment or employment relationship, whether the termination is lawful or unlawful.

13.3 Nothing in the Plan (or in any instrument executed pursuant to it) forms part of the contract of employment or employment relationship of an Employee nor will it confer on any person any right to continue in employment, nor will it affect the right of any Group Member to terminate the employment of any person without liability at any time with or without cause,

nor will it impose upon the Committee, the Grantor or any other person any duty or liability whatsoever (whether in contract, tort or otherwise) in connection with:

13.3.1 the lapsing of any Option pursuant to the Plan;

13.3.2 the failure or refusal to exercise any discretion under the Plan; and/or

13.3.3 an Employee ceasing to hold office or employment for any reason whatever.

13.4 An Option shall not (except as may be required by taxation law) form part of the emoluments of individuals or count as wages or remuneration for pension or other purposes

13.5 The rights and obligations arising from the employment relationship between the Employee and any Group Member 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 or a continued employment relationship.

13.6 Any Employee who ceases to be an officer or employee with any Group Member as a result of the termination and/or giving of notice of termination of his office or employment for any reason and however that termination and/or giving of notice of termination occurs, whether lawfully or otherwise, shall not be entitled and shall be deemed irrevocably to have waived any entitlement by way of damages for dismissal or by way of compensation for loss of office or employment or otherwise to any sum, damages or other benefits to compensate that Employee for the loss or alteration of any rights, benefits or expectations in relation to any Option, the Plan or any instrument executed pursuant to it.

13.7 No Employee is entitled to participate in the Plan, or be considered for participation in the Plan on any basis. The grant of any Option on any basis in any year does not infer any right to or expectation of the grant of any Option on the same basis, or at all, in any future year.

13.8 Without prejudice to an Employee's right to exercise an Option (subject to and in accordance with the express terms of the Option grant and the Rules), no Employee has any rights in respect of the exercise or omission to exercise any discretion, or the making or omission to make any decision, relating to an Option. Any and all discretions, decisions or omissions relating to an Option may operate to the disadvantage of the Employee, even if this could be regarded as in breach of any implied term between the Employee and any Group Member, including any implied duty of trust and confidence. Any such implied term is excluded and overridden by this Rule.

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

13.9.1 any loss or reduction of any rights or expectations under the Plan in any circumstances or for any reason (including lawful or unlawful termination

of employment or the employment relationship);

13.9.2 any exercise of a discretion or a decision taken in relation to an Option or to the Plan, or any failure to exercise a discretion or take a decision;

13.9.3 the operation, suspension, termination or amendment of the Plan.

13.10 Participation in the Plan is permitted only on the basis that the Employee accepts all the provisions of the Rules, including in particular this Rule. By participating in the Plan, an Employee waives all rights under the Plan, other than the right to exercise an Option (subject to and in accordance with the express terms of the Option and the Rules), in consideration for, and as a condition of, the grant of an Option under the Plan.

13.11 Each of the provisions of each Rule under this Plan is entirely separate and independent from each of the other provisions of each Rule. If any provision is found to be invalid then it will be deemed never to have been part of the Rules of the Plan and to the extent that it is possible to do so, this will not affect the validity or enforceability of any of the remaining provisions of each Rule of the Plan.

## **14 GENERAL**

14.1 The Plan shall terminate upon the tenth anniversary of its approval by the Company or at any earlier time by the passing of a resolution by the Board or an ordinary resolution of the Company in a general meeting. The termination of the Plan shall be without prejudice to the subsisting rights of Participants under the Plan.

14.2 Any personal data relating to an Eligible Employee and/or a Participant that is used in connection with the Plan shall be processed in accordance with the Fair Processing Notice as from time to time amended. A copy of the current Fair Processing Notice will be available on the Company's intranet or on request by contacting the Company Secretary or any other officer of the Company.

14.3 No third party (other than the Trustee or a Group Member which shall be entitled to enforce Rule 5) will have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Plan (without prejudice to any right of a third party which exists other than under that Act).

14.4 These Rules shall be governed by and construed in accordance with the laws of England and Wales. Any person referred to in this Plan submits to the exclusive jurisdiction of the English courts

