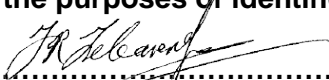




# Rules of the Treatt plc Deferred Share Bonus Scheme

**This is a copy of the rules of The Treatt plc Deferred Share Bonus Scheme  
as produced to the Annual General Meeting  
of Treatt plc held on 28 January 2022 and initialled by the  
Chairman for the purposes of identification only**

  
.....  
Chairman

Approved by shareholders on [28 January 2022]

Adopted by the Board on 26 November 2021

# RULES OF THE TREATT PLC DEFERRED SHARE BONUS SCHEME

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## RULES OF THE TREATT PLC DEFERRED SHARE BONUS SCHEME

### 1. DEFINITIONS

In these Rules (unless the context otherwise requires):

**"Acquiring Company"** means a person who has or obtains Control of the Company;

**"Associated Company"** has the meaning given to it in section 449 of the Corporation Tax Act 2010;

**"Award"** means an Option, a Restricted Stock Unit or a Phantom Option;

**"Award Tax Liability"** means an amount sufficient to satisfy all United Kingdom and/or other taxes, duties, social security or national insurance contributions (including any Employer's NICs which are the subject of an election or agreement with a Member of the Group) or any other amounts which are required to be withheld or accounted for by a Participant's Employing Company, the Company, any Associated Company of the Company or the Trustees in connection with the grant, holding, exercise and/or Vesting of an Award;

**"Board"** means the board of directors from time to time of the Company (or the directors present at a duly convened meeting of such board) or a duly authorised committee of the board;

**"Bonus"** means an Eligible Employee's opportunity to receive either a cash bonus or an Award (or a combination of the two) under any annual bonus arrangement operated by a Member of the Group;

**"Clawback"** means an obligation to repay the amounts referred to in Rule 9.3;

**"Clawback Period"** means the period of up to three years, commencing on the Vesting Date;

**"Commencement Date"** means the date on which the Scheme is approved by shareholders;

**"Company"** means Treatt plc;

**"Compulsory Acquisition Provisions"** means the provisions contained in Chapter 3 of Part 28 of the Companies Act 2006;

**"Committee"** means the duly authorised remuneration committee of the Company;

**"Control"** has the meaning given to it by section 995 of the Income Tax Act 2007;

**"Date of Grant"** means the date on which an Award is granted in accordance with Rule 5;

**"Dealing Day"** means any day on which the London Stock Exchange is open for the transaction of business;

**"Dealing Restrictions"** means restrictions imposed on the dealings in Shares by statute, order, regulation or Government directive or by the Market Abuse Regulation or any code adopted by the Company based on the Market Abuse Regulation;

**"Discretionary Share Scheme"** means any Employees' Share Scheme in which participation is solely at the discretion of the Board or the grantor of rights under such a scheme, but for the avoidance of doubt does not include any award which is made on an all-employee basis under that scheme;

**"Early Vesting Date"** means, if any of the circumstances described in Rule 11.1 or Rule 12.1 shall arise, such earlier date than the Normal Vesting Date as may be provided for;

**"Eligible Employee"** means any employee (including an executive director) or former employee or former executive director of any Member of the Group;

**"Employees' Share Scheme"** has the meaning given to it in section 1166 of the Companies Act 2006;

**"Employer's NICs"** means secondary Class 1 national insurance contributions;

**"Employing Company"** means the Company or any Member of the Group or any Associated Company of the Company by which the Participant is or, where the context so admits, was employed;

**"Employment"** means office or employment with any Member of the Group;

**"Exceptional Circumstances"** means

- (a) the Committee forms the view that:
  - (i) the results or accounts for any period of any member of the Group or any business area or undertaking were materially misstated, incorrect or misrepresented for whatever reason and that such misstatement, error or reliance upon an incorrect fact or misrepresentation resulted either directly or indirectly in a Bonus calculation being greater than would have been the case had that misstatement, error or misrepresentation not been made;
  - (ii) the Bonus calculation and/or basis for determining the Bonus was based or made upon reliance of any other kind of statement or fact and/or information or assumption that the Committee subsequently discovers to have been inaccurate, misleading, misrepresented or misstated for any reason and reliance upon such error or incorrect fact, misleading statement, misrepresentation or misstatement resulted either directly or indirectly in a Bonus calculation being greater than would otherwise have been the case;
  - (iii) an error was made in assessing the extent to which any performance condition and/or any other condition imposed on a Bonus was satisfied, and/or
  - (iv) in assessing any performance condition and/or any other condition imposed on a Bonus the Committee relied on incorrect statements and/or facts, and that such error, reliance upon an incorrect statement, fact or misrepresentation resulted either directly or indirectly in a Bonus calculation being greater than would have been the case had the error, reliance upon an incorrect statement, fact or misrepresentation not been made; or
- (b) the Participant leaves employment by reason of misconduct; or
- (c) the Participant leaves employment in any circumstances and the Committee determines that before the leaving date circumstances had arisen in which the Participant's employer was entitled to dismiss the Participant summarily; or
- (d) the Company has been placed in receivership, compulsory liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors; or
- (e) in the reasonable opinion of the Committee, Clawback (under Rule 9.3) or malus (as set out under Rules 9.1 and 9.2) is required in order to prevent serious reputational damage to the Company.

**"FCA"** means the Financial Conduct Authority (or any successor body exercising its functions under part VI of the Financial Services and Markets Act 2000);

**"Financial Misstatement"** means limbs (a)(i) to (iv) of the definition of Exceptional Circumstances;

**"Group"** means the Company and its Subsidiaries from time to time;

**"HMRC"** means Her Majesty's Revenue and Customs and, where relevant, any predecessor body which carried out part of its functions and references to any approval by HMRC shall, where appropriate, include approval by an officer of Revenue and Customs;

**"Internal Reorganisation"** means any compromise, arrangement or offer (including any Specified Event) after which, in the reasonable opinion of the Board, Control of the Company remains substantially in the hands of the same person(s) as beforehand;

**"Listing Rules"** means the listing rules made by the FCA pursuant to Part VI of the Financial Services and Markets Act 2000;

**"London Stock Exchange"** means London Stock Exchange plc or any successor company or body carrying on the business of London Stock Exchange plc;

**"Market Abuse Regulation"** means the Market Abuse Regulation (EU) (596/2014) (as it forms part of the laws of the UK by virtue of the European Union (Withdrawal) Act 2018 (as amended)) or any subsequent applicable code or codes aimed at preventing dealings in or in relation to Shares;

**"Market Value"** means in relation to a Share on any day an amount equal to its middle market quotation as derived from the Daily Official List of the London Stock Exchange on the Dealing Day immediately before that day or on any other day or days agreed by the Committee;

**"Member of the Group"** means the Company or any one of its Subsidiaries from time to time;

**"Normal Vesting Date"** means, in relation to an Award, any date as the Committee may determine in its absolute discretion on or before the Date of Grant PROVIDED THAT in the case of a Participant who is an executive director of a Member of the Group, the Normal Vesting Date shall for an Award be no earlier than the second anniversary of the Date of Grant (or such later date as the Committee may on or before the Date of Grant determine);

**"Option"** means a right to acquire a specified number of Shares at nil cost in accordance with the Rules and which may, at the Committee's discretion and subject to the Rules, be exercisable up to 10 years from the Date of Grant;

**"Participant"** means any individual who has been granted and continues to hold an Award or (where the context admits) the personal representative(s) of any such individual;

**"Phantom Option"** means an Option which is over a notional number of Shares and which is satisfied by an amount in cash equivalent to the Market Value of such notional Shares on the date of exercise;

**"Restricted Stock Unit"** means a conditional right to acquire a specified number of Shares, as may be granted pursuant to a sub-plan to the Plan adopted by the Committee from time to time for the grant such Awards;

**"Rules"** means these rules as from time to time amended in accordance with their provisions by the Committee or by the Company in general meeting;

**"Scheme"** means this scheme as governed by the Rules;

**"Share"** means a fully paid ordinary share in the capital of the Company;

**"Specified Event"** means any of the following events:

- (a) any person obtains Control of the Company as a result of making a general offer to acquire the whole of the issued share capital of the Company or all the shares in the Company which are of the same class as the Shares (in each case excluding any shares already held by the offeror); or
- (b) any person obtains control of the Company as a result of the Court sanctioning a compromise or arrangement under section 899 of the Companies Act 2006; or
- (c) any person becomes bound or entitled to acquire Shares under the Compulsory Acquisition Provisions; or
- (d) the Company passes a resolution for solvent voluntary winding-up; or
- (e) such other event as the Committee shall determine in its absolute discretion;

**"Subsidiary"** means a company which is both under the Control of the Company and is a subsidiary of the Company (within the meaning of section 1159 of the Companies Act 2006);

**"Trustees"** means the trustees of any employee benefit trust established by the Company or any other Member of the Group for the benefit of directors and/or employees of the Company and/or any other Member of the Group;

**"Vest"** or **"Vesting"** in relation:

- (f) to an Option, means an Option becoming exercisable;
- (g) to a Restricted Stock Unit, means a Participant becoming entitled to have the Shares transferred to him subject to the Rules;
- (h) to a Phantom Option, means the Phantom Option becoming exercisable;

**"Vesting Date"** means either a Normal Vesting Date or an Early Vesting Date PROVIDED that if a Vesting Date would otherwise fall on a day on which the resulting dealing in Shares would be prohibited under the Dealing Restrictions, the Vesting Date shall instead be the first day following the expiry of such prohibition on which dealings would be permitted under the Dealing Restrictions; and

**"Vesting Period"** means the period between the Date of Grant and the Vesting Date.

Where the context so admits the singular shall include the plural and vice versa and the masculine gender shall include the feminine. Any reference to a statutory provision is to be construed as a reference to that provision as for the time being amended or re-enacted and shall include any regulations or other subordinate legislation made under it.

## 2. INTRODUCTION

The Scheme allows for all or part of a Bonus to be satisfied in the form of an Award. Subject to Rules 5.2 and 5.3, the proportion of the Bonus paid in this way shall be set by the Committee in its absolute discretion.

This introduction does not form part of the rules of the Scheme.

### 3. **COMMENCEMENT AND TITLE**

The Scheme shall commence on the Commencement Date and shall be known as the Treatt plc Deferred Share Bonus Scheme.

### 4. **GRANT OF AWARDS**

4.1 The Committee may from time to time in its absolute discretion determine the extent to which the Bonus of any Eligible Employee may be satisfied by the grant of an Award.

4.2 The Committee will determine and notify to the Eligible Employee:

- (a) the amount or percentage of his Bonus which will be satisfied in the form of an Award;
- (b) the intended and, in due course, the actual Date of Grant;
- (c) the Normal Vesting Date(s) of each Award;
- (d) whether the Award will take the form of an Option, a Restricted Stock Unit or a Phantom Option;
- (e) whether the Malus and Clawback provisions under Rule 9 shall apply to the Award.

### 5. **TERMS OF AWARDS**

#### 5.1 **Number of Shares subject to Awards**

Subject to Rules 5.2 to 5.5, the Committee may grant an Eligible Employee an Award over such number of Shares as have an aggregate Market Value, as determined by the Committee, equal to the amount or percentage of the Eligible Employee's Bonus which is to be satisfied in the form of an Award.

#### 5.2 **Individual limit**

The maximum Market Value of Shares over which an Award may be granted to any Participant during any financial year of the Company may not exceed the amount of any Bonus for the relevant year and, in respect of Awards made to executive directors of the Company, may not exceed any limit specified in the Company's directors' remuneration policy, as approved by shareholders of the Company from time to time.

#### 5.3 **Plan limit**

Subject to such adjustments as may be made in accordance with Rule 17, no Award (excluding Phantom Options) shall be granted on any Date of Grant or any proposed Date of Grant if, as a result:

- (a) the aggregate number of Shares issued or committed to be issued pursuant to Awards made under the Plan and pursuant to grants or appropriations made during the ten years preceding such Date of Grant under all other Employees' Share Schemes established by the Company would exceed ten per cent of the issued ordinary share capital of the Company on that Date of Grant; or
- (b) the aggregate number of Shares issued or committed to be issued pursuant to Awards made under the Plan and pursuant to grants or appropriations made during the ten years preceding such Date of Grant under all other Discretionary Share Schemes established by the Company would exceed five per cent of the issued ordinary share capital of the Company on that Date of Grant.

For the avoidance of doubt, Shares which have been the subject of Awards or of rights granted under any other Employees' Share Scheme which have lapsed shall not be taken into account for the purposes of this Rule 5.3.

For the purposes of the limits contained in Rule 5.3, the references to Shares issued or committed to be issued shall include Shares transferred from treasury or committed to be so transferred.

#### 5.4 **Timing of Awards**

- (a) Subject to Rules 5.4(b) and (c) below, an Award may only be granted at the following times:
  - (i) within 42 days after the Commencement Date; or
  - (ii) within 42 days after the announcement of the Company's results for any period;
  - (iii) within 42 days after the payment of a Bonus in respect of any financial year for the Company; or
  - (iv) at any time at which the Committee resolves that exceptional circumstances exist which justify the grant of an Award.
- (b) No Award may be granted at any time at which a Dealing Restriction applies.
- (c) No Award may be granted under the Scheme later than ten years after the Commencement Date.

#### 5.5 **Form of Awards**

- (a) Subject to Rules 5.2 and 5.3, Awards may take the form of either:
  - (i) An Option which entitles the Participant to receive a specified number of Shares upon exercise of such Option; or
  - (ii) Restricted Stock Units under any sub-plan to the Plan, as may be adopted by the Committee in accordance with Rule 19.2; or
  - (iii) A Phantom Option which entitles the Participant to receive a cash amount equivalent to the Market Value of the notional Shares upon exercise of such Option.

#### 5.6 **General**

- (a) The Committee may grant Awards by deed or in such form as the Committee shall decide. A single deed of grant may be executed in favour of any number of Eligible Employees.
- (b) Each Participant may at the Committee's discretion on, or as soon as reasonably practicable after, the Date of Grant be issued with a certificate evidencing the grant of the Award and setting out its terms. The certificate may be the deed referred to in Rule 5.5(a) or any other document (including one produced electronically).

### 6. **WITHHOLDING**

The Company, the Participant's Employing Company or the Trustees may make such arrangements as they consider necessary or desirable to meet any Award Tax Liability arising in connection with Awards. These arrangements may include the withholding of



Shares or cash due to the Participant under the Scheme, reducing in number or selling any of the Shares due to the Participant and/or requiring the Participant to discharge the Award Tax Liability himself.

**7. NON-ASSIGNABILITY OF AWARDS**

Neither an Award nor any right in respect of it may be transferred, charged, pledged, mortgaged or encumbered in any way whatsoever by a Participant or his personal representative(s). In the event of any breach or purported breach of this Rule, an Award shall lapse immediately. This Rule 7 shall not prevent the transmission of an Award to the personal representative(s) of a deceased Participant nor does it prevent those personal representative(s) from exercising an Option or Phantom Option or receiving Shares pursuant to a Vested Award in accordance with the Rules or the law of succession.

**8. RIGHTS**

A Participant is not entitled to vote or to receive dividends or have any other rights of a shareholder in respect of Shares subject to an Award unless and until the Shares are transferred to him.

**9. MALUS AND CLAWBACK**

Malus

9.1 Where the Committee reasonably determines that where Exceptional Circumstances justify it, the Committee may determine that all or any part of the Award that has not yet Vested will be forfeited and will lapse.

9.2 In addition, the Committee may, acting reasonably and in good faith, delay the Vesting of an Award if, at the Vesting Date, there is an ongoing investigation or other procedure to determine whether Exceptional Circumstances exist and the Committee decides that further investigation is warranted.

Clawback

9.3 Where the Committee reasonably determines that Exceptional Circumstances justify it, the Committee may determine at any time within the Clawback Period that a Participant shall be subject to Clawback in respect of any Award (but only if paid to a person who is or was a director of the Company, unless the Committee determines otherwise).

9.4 Where Rule 9.3 applies as a result of the occurrence of Financial Misstatement, the amount subject to Clawback shall be the additional number of Shares or the amount of the overpayment which the Committee considers has been received by the relevant Participant as a result of the misstatement.

9.5 Subject to 9.4, the Committee may, acting reasonably and in good faith, determine the amount subject to Clawback, which, for the avoidance of doubt, may be all of the Shares received by the Participant in respect of an Award. To the extent any Shares subject to such Clawback have been sold during the Clawback Period, the Committee may instead recover the proceeds of sale of such Shares, or, if higher, the Market Value of such Shares at such date of sale. The Committee may, in its absolute discretion, determine the proportion of cash proceeds to any remaining Shares to be repaid.

9.6 Unless the Committee determines otherwise, the amount subject to Clawback will be the number of Shares subject to which an Award has Vested.

9.7 Clawback may be satisfied in one, or a combination, of the following ways:

(a) the Committee may:

- (i) require the relevant Participant to pay to such Member of the Group as the Committee may direct, and on such terms as the Committee may direct (including, without limitation, on terms that the relevant amount is to be deducted from the relevant Participant's salary or from any other payment to be made to the relevant Participant by any Member of the Group), such amount as is required for the Clawback to be satisfied in full; or
  - (ii) require the relevant Participant to transfer to the Company, or any other person, such number of Shares as is required for the Clawback to be satisfied in full for no (or nominal) consideration; or
- (b) the Committee may reduce (including, if appropriate, to zero) any of the following elements of the remuneration of the relevant Participant:
- (i) the amount of any future bonus which would be payable to the relevant Participant under any bonus plan operated by any Member of the Group; or
  - (ii) the number of Shares subject to which any future award would be granted to the relevant Participant under the Plan or any other employee share plan operated by the Company; or
  - (iii) the extent to which any Award, Option or Phantom Option or any awards or options granted to the relevant Participant under any other employee share plan operated by the Company Vests or becomes exercisable, notwithstanding the extent to which any Performance Condition and/or Condition imposed on any such award or option has been satisfied; or
  - (iv) the number of Shares subject to any Vested but unexercised Option, Phantom Option, or options granted to the relevant Participant under any other employee share plan operated by the Company; or
  - (v) in any case in which a Cash Alternative is paid under Rule 16, an amount equivalent to that paid under Rule 16.2

**10. VESTING IN NORMAL CIRCUMSTANCES**

- (a) Save as otherwise provided in the Rules and subject to Rule 14, an Award will Vest on the Vesting Date (or if there is more than one, as to the relevant percentage of the Shares subject to it, on each of the Vesting Dates). Once Vested, an Award which is granted as an Option or Phantom Option shall be capable of exercise by the Participant in accordance with Rule 14.1(b).
- (b) If the Committee considers that any Dealing Restrictions prevent the Vesting of an Award in accordance with Rule 10(a), the Award will Vest on the first day on which they cease to apply.

**11. VESTING IN OTHER CIRCUMSTANCES - LEAVERS**

11.1 Subject to Rule 12, if a Participant ceases to hold Employment before an Award is made or has Vested as a result of:

- (a) death
- (b) injury, ill-health or disability;
- (c) retirement with the agreement of the Committee;
- (d) redundancy within the meaning of the Employment Rights Act 1996;

- (e) the company employing the Participant ceasing to be a Member of the Group;
- (f) the business or part of the business to which the Participant's office or employment relates being transferred to a person who is not a Member of the Group; or
- (g) any other reason that the Committee in its absolute discretion so permits in any particular case,

an Award shall Vest in full on the Normal Vesting Date unless the Committee, in its absolute discretion, shall determine that the Award shall Vest on the Early Vesting Date. An Award granted as an Option or Phantom Option shall be capable of exercise in full on the Normal Vesting Date (or the Early Vesting Date, as the case may be) within the following time periods:

- (i) in the event of the death of a Participant, for the period of twelve months from the Vesting; and
- (ii) in the event of the Participant ceasing to hold employment in the circumstances envisaged by Rule 11.1(b)-(g), for the period of six months from the date on which the Committee determines the Award Vests.

11.2 In exceptional circumstances, the Committee may reduce the number of Shares which Vest under Rule 11.1 pro rata to reflect the proportion of the Vesting Period which has elapsed at the time of cessation of Employment, based on the total number of days that have been completed during the Vesting Period.

11.3 If the Committee considers that any Dealing Restrictions prevent the Vesting of an Award on a date specified in this Rule 11.1, the Award will Vest on the first day on which they cease to apply.

## 12. **VESTING IN OTHER CIRCUMSTANCES – CORPORATE EVENTS**

12.1 Subject to Rule 12.5, if a Specified Event occurs, Awards Vest in full immediately following the Specified Event. The Committee may, however, determine that Awards Vest at such other time prior to the Specified Event if it considers it reasonable to do so in any particular case.

12.2 An Award which is granted as an Option or Phantom Option shall be deemed to have been exercised immediately following the Specified Event, following which it shall lapse, unless the Committee determines that it may be exercised from the date of Vesting as determined in accordance with Rule 12.1 until the earlier of:

- (a) the expiry of the period of six months commencing on the date of the Specified Event; and
- (b) the expiry of any period during which any person is bound or entitled to acquire Shares under the Compulsory Acquisition Provisions,

and in each case under paragraphs (a) and (b) above, the Option or Phantom Option shall lapse thereafter.

12.3 If the Committee becomes aware that the Company is or is expected to be affected by any demerger, delisting, distribution (other than an ordinary dividend) or other transaction which, in the opinion of the Committee, might affect the current or future value of any Award, the Committee may, acting fairly, reasonably and objectively, in their discretion, allow some or all Awards to Vest at such time as the Committee considers appropriate.

12.4 If a company (the "**Acquiring Company**") has obtained Control of the Company or has become bound or entitled to acquire Shares as a result of a Specified Event or if an event

under Rule 12.3 has occurred, to the extent that an offer to exchange the Award is made and accepted by a Participant, the Award will be exchanged on the terms set out in Rule 13 and will not Vest under Rule 12.1.

- 12.5 Unless the Committee determines otherwise, Rule 12.1 does not apply in the case of an Internal Reorganisation. Instead, Awards do not Vest but will be exchanged in accordance with Rule 13.
- 12.6 If the Committee considers that any Dealing Restrictions prevent the Vesting of an Award on a date specified in this Rule 12, the Award will Vest on the first day on which they cease to apply.
- 12.7 In this Rule 12, the "**Committee**" means those people who were members of the Committee immediately before the relevant event.

### 13. **EXCHANGE**

- 13.1 Where an Award is to be exchanged under this Rule 13, the exchange is effective immediately following the relevant event.
- 13.2 Where a Participant is granted a new award in exchange for an existing Award, the new Award:
- (a) must confer a right to acquire shares in the Acquiring Company or another body corporate determined by the Acquiring Company;
  - (b) must be equivalent to the existing Award;
  - (c) is treated as having been acquired at the same time as the existing Award and Vests in the same manner and at the same time; and
  - (d) is governed by the Rules as if references to Shares were references to shares over which the new award is granted and references to the Company were references to the Acquiring Company or the body corporate determined under Rule 13.2(a) above.

### 14. **MANNER OF EXERCISE OR VESTING**

- 14.1 Subject to the Rules of the Plan, and in particular, Rules 11, 12, and 14.3:
- (a) an Award shall Vest automatically on the Vesting Date; and
  - (b) an Award which is granted as an Option or Phantom Option shall be capable of being exercised in full by the Participant on or after the Vesting Date for a maximum period of 10 years from the Date of Grant (as determined by the Committee).
- 14.2 An Option or Phantom Option shall usually be exercised by the following means:
- (a) the Option or Phantom Option may be exercised by the Participant lodging with the Secretary of the Company at its registered office (or otherwise as may be notified to Participants from time to time) a notice of exercise in such form as the Committee may from time to time prescribe, or by effecting exercise in such other manner as may be notified to Participants from time to time including, for the avoidance of doubt, via any online share administration portal; and
  - (b) the date of exercise of the Option or Phantom Option shall be the date of receipt by the Company of the items referred to in Rule 14.2(a) or such other date as the Committee may have specified in the notice of exercise.

- 14.3 The Company may require a Participant who is resident for tax purposes in the UK to enter into an agreement under paragraph 3A of Schedule 1 to the Social Security Contributions and Benefits Act 1992 or to make an election under paragraph 3B of Schedule 1 to the Social Security Contributions and Benefits Act 1992 in relation to any secondary Class I National Insurance contributions arising on the vesting or exercise of an Award.
- 14.4 An Option or Phantom Option which is exercised in accordance with Rule 14.2 may be exercised in whole or in part, at the discretion of the Committee.
- 14.5 Subject to the obtaining of any necessary consents from H.M. Treasury, the Bank of England or other competent authority and to the terms of any such consent and subject to Rules 12.4 and 12.6, the Committee shall within 30 days of the Vesting of an Award or exercise of an Option procure the transfer of the relevant Shares and send or cause to be sent to the Participant a share certificate (or other evidence of title) for the Shares in respect of which the Award is exercised or has Vested. The Company may alternatively arrange for the Shares to be transferred to a nominee appointed by the Company, to be held on behalf of the Participant.
- 14.6 The Company and/or the Employing Company of a Participant and/or the Trustees shall have the right, prior to the delivery of the Shares (or in respect of a Phantom Option, a cash equivalent sum) otherwise deliverable to him on the exercise or Vesting of an Award:
- (a) to require the Participant to remit to or at the direction of his Employing Company an amount sufficient to satisfy the Award Tax Liability; and/or
  - (b) save in respect of the Phantom Options, to reduce the number of Shares otherwise deliverable to the Participant by an amount equal in value to the amount of the Award Tax Liability or sell a sufficient number of the Shares on behalf of the Participant to realise sale proceeds equivalent to the Award Tax Liability and remit such amount to or at the direction of his Employing Company or the Trustees in satisfaction of the liability; and/or
  - (c) to deduct the amount of the Award Tax Liability from cash payments otherwise to be made to the Participant; and/or
  - (d) in respect of a Phantom Option, to deduct the amount of the Award Tax Liability from cash payments payable on exercise,

The Committee may make such arrangements and determinations in this regard, consistent with the Rules, as it may in its absolute discretion consider to be appropriate.

## 15. **LAPSE**

An Award shall lapse and cease to be capable of Vesting or exercise upon the earliest to occur of the following:

- (a) in the case of an Award which is granted as an Option or Phantom Option, the expiry of any of the periods mentioned in Rule 11.1(i) or (ii);
- (b) the date on which the Participant ceases to hold any Employment for any reason other than those set out in Rule 11.1(a) to (f) above and the Committee has not determined that an Award may be exercised or Vest under Rule 11.1(g) above;
- (c) the date upon which the Participant ceases to hold Employment (or is given notice to cease) by reason of his dishonesty, fraud, misconduct or any other circumstances justifying summary dismissal;
- (d) the first to expire of any of the periods mentioned in Rule 12 above;

- (e) the date upon which the Participant is adjudicated bankrupt; and
- (f) any breach or purported breach of Rule 7 by the Participant,

PROVIDED THAT where any such date or event as is referred to in paragraphs (a) and (d) falls at a time when the exercise or Vesting of an Award would be prohibited by any Dealing Restrictions, such an Award shall not lapse and cease to be capable of exercise until the expiry of one month after the first date on which the Dealing Restrictions cease to apply.

## 16. **CASH ALTERNATIVE**

- 16.1 Where an Award has Vested or, in relation to an Option, exercised and Shares have not yet been allotted or transferred to the Participant, the Committee may determine that, instead of allotting or transferring all or some of the Shares to which the Participant is then entitled, it will pay to the Participant an amount in cash (the "**Cash Alternative**") equal to the market value of the relevant number of Shares on the Vesting Date.
- 16.2 The Cash Alternative, less the amount of any Award Tax Liability, will be paid to the Participant as soon as reasonably practicable after the Committee has determined to make such a payment and shall be in full and final satisfaction of the Participant's right to acquire the corresponding number of Shares.
- 16.3 If the Participant has paid any amount by way of the subscription price for any Shares subject to an Award and the Committee determines to pay a Cash Alternative, any such sum shall be reimbursed to the Participant.
- 16.4 For the purposes of Rule 16.1, the market value of a Share means:
  - (a) at any time at which Shares are admitted to trading on the London Stock Exchange, its middle market quotation (as derived from the Daily Official List of the London Stock Exchange) on the Vesting Date or exercise; or
  - (b) at any time at which Shares are not admitted to trading on the London Stock Exchange, the Committee's reasonable opinion of the fair market value on the Vesting Date or exercise.

## 17. **CAPITAL REORGANISATION**

- 17.1 In the event of:
  - (a) any variation in the ordinary share capital of the Company by way of capitalisation of profits or reserves or by way of rights or any consolidation or sub-division or reduction of capital or otherwise; or
  - (b) any demerger, dividend in specie or super dividend; or
  - (c) any other corporate event which in the reasonable opinion of the Board justifies such an adjustment;

then the number and the nominal value of Shares subject to any Awards and, where an Option or an Award has been exercised or has Vested but, as at the date of the variation of capital referred to above, no Shares have been allotted or transferred pursuant to such exercise or Vesting, the number of Shares which may be so allotted or transferred and the price at which they may be acquired, may be adjusted by the Board in such manner and with effect from such date as the Committee may determine to be appropriate.

- 17.2 The Board may notify Participants in such manner as it thinks fit of any adjustment made under Rule 17.1 and may call in, cancel, endorse, issue or re-issue any Award certificate as a result of any such adjustment.

**18. EMPLOYMENT RIGHTS**

- 18.1 The Scheme does not form part of any contract of employment between any Member of the Group and any employee of any such company and the rights and obligations of any individual under the terms of his office or employment with any such company shall not be affected by his participation in the Scheme or any right which he may have to participate in it.
- 18.2 The grant of an Award to a Participant on one occasion is no indication that any further Award(s) will be granted to such Participant.
- 18.3 No Eligible Employee or Participant is entitled to any compensation for any loss which he may suffer as a result of the exercise by the Committee, or its failure to exercise, any of the discretions given to it by the Rules even if such exercise, or failure to exercise, constitutes a breach of contract or breach of duty by the Company or by any Member of the Group by whom the Eligible Employee or Participant is employed or gives rise to any other claim whatsoever.
- 18.4 Neither participation in the Scheme nor the grant of an Award forms any part of a Participant's remuneration or counts as his remuneration for any purpose or is pensionable.
- 18.5 Participation in the Scheme shall be on the express condition that:
- (a) neither it nor cessation of participation will afford any individual under the terms of his office or employment with any Member of the Group any additional or other rights to compensation or damages; and
  - (b) no damages or compensation will be payable in consequence of the termination of such office or employment (whether or not in circumstances giving rise to a claim for wrongful or unfair dismissal) or for any other reason whatsoever to compensate him for the loss of any rights the Participant would otherwise have had (actual or prospective) under the Scheme howsoever arising but for such termination; and
  - (c) the Participant is deemed irrevocably to have waived any such rights to which he may otherwise have been entitled.
- 18.6 No individual will have any claim against a Member of the Group arising out of his not being admitted to participation in the Scheme which (for the avoidance of all, if any, doubt) is entirely within the discretion of the Committee.
- 18.7 No Participant will be entitled to claim compensation from any Member of the Group in respect of any sums paid by him pursuant to the Scheme or for any diminution or extinction of his rights or benefits (actual or otherwise) under any Award held by him consequent upon the lapse for any reason of any Award held by him or otherwise in connection with the Scheme and each such company shall be entirely free to conduct its affairs as it sees fit without regard to any consequences under, upon or in relation to the Scheme or any Award or Participant.
- 18.8 By accepting the grant of an Award, a Participant is deemed to have agreed to the provisions of this Rule 18.

**19. AMENDMENT**

- 19.1 The Plan shall be administered under the direction of the Committee which may at any time and from time to time by resolution and without other formality delete, amend or add to the Rules of the Plan in any respect provided that:

- (a) no deletion, amendment or addition shall operate to affect adversely in any material way any rights already acquired by a Participant under the Plan without the approval of 75% of the affected Participants first having been obtained;
- (b) no deletion, amendment or addition to the advantage of Participants may be made to any of the provisions of the Plan relating to:
  - (i) eligibility;
  - (ii) the limitations on the number or amount of Shares, cash or other benefits subject to the Plan;
  - (iii) the maximum entitlement for any one Participant;
  - (iv) the basis for determining a Participant's entitlement to, and the terms of Shares, cash or other benefits to be provided under the Plan and for the adjustment thereof (if any) 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 capital;

except with the prior approval of the Company in general meeting, unless the deletion, amendment or addition is minor and to benefit the administration of the Plan, to obtain or maintain approval of the Plan by HMRC, to obtain or maintain favourable tax, exchange control or regulatory treatment for Participants or any Member of the Group or to take into account existing or proposed legislation.

19.2 Notwithstanding anything to the contrary contained in these Rules, the Committee may at any time by resolution and without further formality establish further plans or sub-plans to apply in overseas territories governed by rules similar to these Rules but modified to take account of local tax, exchange control or securities laws, regulation or practice provided that any Shares made available under any such plan shall be treated as counting against any limits on overall or individual participation in the Plan.

19.3 The Committee may from time to time make and vary such rules and regulations not inconsistent with the Plan and establish such procedures for the administration and implementation of the Plan as it thinks fit and in the event of any dispute or disagreement as to the interpretation of any such rules, regulations or procedures, the decision of the Committee shall be final and binding upon all persons.

## 20. **LOCAL RULES**

20.1 The Scheme, the granting and Vesting of Awards and the exercise of Options or Phantom Options under the Scheme, and the other obligations of the Company under the Scheme, shall be subject to all applicable national or local laws, rules, and regulations and to such approvals by any regulatory or governmental agency as may be required, and to any rules or regulations of any exchange or securities association on which the Shares are listed.

20.2 The Company, in its discretion, may postpone the granting and Vesting of Awards or the exercise of Options, the issuance or delivery of Shares under any Award or any other action permitted under the Scheme to permit the Company, with reasonable diligence, to complete such stock exchange listing or registration or qualification of such Shares or other required action under any national or local law, rule, or regulation and may require any Participant to make such representations and furnish such information as it may consider appropriate in connection with the issuance or delivery of Shares in compliance with applicable laws, rules, and regulations.

20.3 The Company shall not be obliged by virtue of any provision of the Scheme to recognise the Vesting of any Award or the exercise of any Option or to otherwise sell or issue Shares in violation of any such laws, rules, or regulations; and any postponement of the Vesting of



an Award or the exercise of an Option and settlement of any Award under this provision shall not extend the term of such Award, and neither the Company nor its directors or officers shall have any obligation or liability to the Participant with respect to any Award (or Shares issuable or transferable thereunder) that may lapse because of such postponement.

**21. COMMITTEE'S DECISION FINAL AND BINDING**

The Committee's decision on any matter relating to the interpretation of the Rules and any other matters concerning the Scheme (including the rectification of errors or mistakes of procedure or otherwise) shall be final and binding.

**22. NOTICES**

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

- (a) by the Company to an Eligible Employee or Participant either personally or sent to him at his place of work by electronic mail or by post addressed to the address last known to the Company (including any address supplied by the relevant Participating Company or any Subsidiary) or sent through the Company's internal postal service; and
- (b) to the Company, either personally or by post to the Company Secretary or such other person as the Committee may determine.

22.2 Items sent by post shall be pre-paid and shall be deemed to have been received 72 hours after posting except in the case of a notice sent by or to a Participant who is working overseas in which case items sent by post will be deemed to have been received on the seventh day after posting. Items sent by electronic mail shall be deemed to have been received at the expiration of 24 hours from when they were sent.

**23. ADMINISTRATION**

23.1 The Company will bear the costs of setting up and administering the Scheme. However, the Company may require any Participating Company to reimburse the Company for any costs borne by the Company directly or indirectly in respect of such Participating Company's officers or employees.

23.2 The Company will maintain all necessary books of account and records relating to the Scheme.

23.3 The Committee will be entitled to authorise any person to execute on behalf of a Participant, at the request of the Participant, any document relating to the Scheme, in so far as such document is required to be executed pursuant to the Scheme.

23.4 The Company may send copies to Participants of any notice or document sent by the Company to the holders of Shares.

23.5 If any Award certificate becomes worn out, defaced or lost, it may be replaced on such evidence being provided as the Committee may require.

23.6 In the case of the partial exercise of an Option, the Committee may call in and endorse or cancel and re-issue as it thinks fit, any certificate for the balance of Shares over which the Option was granted.

**24. DATA PROTECTION**

The Company and its Subsidiaries may collect and process personal data about Participants in connection with the implementation and operation of the Plan. Any processing of a Participant's personal data undertaken by the Company or any of its Subsidiaries will be in

accordance with the relevant data protection legislation in force at the relevant time and with the Company's data protection policy as amended from time to time. The Company has issued a privacy notice which is available on request from the Company Secretary at the Company's registered office address or which can be downloaded from the Company's intranet. The privacy notice explains what personal data the Company and its Subsidiaries will commonly collect and process. It also explains the reasons for the processing, for how long this personal data is typically kept, the rights of employees regarding their personal data and when the Company or its Subsidiaries may share personal data, including when it may be transferred outside of the European Economic Area.

25. **EXCLUSION OF THIRD PARTY RIGHTS**

The Contracts (Rights of Third Parties) Act 1999 shall not apply to this Scheme nor to any Award granted under it and no person other than the parties to an Award shall have any rights under it nor shall it be enforceable under that Act by any person other than the parties to it.

26. **TERMINATION**

The Committee or the Company in general meeting may resolve at any time that no Awards or further Awards shall be granted under the Scheme and in any event no Awards may be granted under the Scheme on or after the tenth anniversary of the Commencement Date provided that this Rule shall not affect the subsisting rights of Participants.

27. **GOVERNING LAW**

These Rules and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to these Rules or their formation (including any non-contractual disputes or claims) shall be governed by and construed in accordance with English law.