

# Grafton Group plc

## 2021 SAYE Plan

The Remuneration Committee of Grafton Group plc reserves the right up to the time of the annual general meeting on 28 April 2021 to make such amendments or additions to these Rules as it considers necessary or desirable, provided that such amendments or additions do not conflict with the description contained in the circular to shareholders dated 19 March 2021

THIS DOCUMENT IS AVAILABLE FOR INSPECTION ONLY AND MAY NOT BE REMOVED FROM THE OFFICES OF GRAFTON GROUP PLC

KPMG LLP  
66 Queen Square  
Bristol, BS1 4BE

## Contents

1	Interpretation	2
2	Invitations	10
3	Scaling down	12
4	Grant of Options	13
5	Plan limits	15
6	Right to exercise Options	15
7	Change of Control and winding-up	17
8	Replacement Options	18
9	Manner of exercise	20
10	Lapse of Options	21
11	Variation of share capital	22
12	Overseas Tax Liability	23
13	Administration	24
14	Amendment	26
15	Miscellaneous	26

# 1 Interpretation

## Definitions

1.1 In these Rules, unless the context otherwise requires, the following words and expressions shall have the following meanings:

<b>“Acquiring Company”</b>	an Acquiring Company as defined in Rule 8.1 or, if applicable, Rule 8.2;
<b>“Adoption Date”</b>	the date this Plan is adopted by the Company;
<b>“Application”</b>	a notice from an Eligible Employee applying for an Option, in such form as the Committee may from time to time determine;
<b>“Application Period”</b>	the period commencing on the Date of Invitation and ending on a date determined by the Grantor, being at least 14 days and not more than 21 days later;
<b>“Associated Company”</b>	the same meaning as in paragraph 47 of Schedule 3;
<b>“Bonus”</b>	the bonus payable under a Savings Contract following:  (a) in the case of a 3 year Savings Contract, the third anniversary of the start date and the payment of 36 monthly contributions; and  (b) in the case of a 5 year Savings Contract, the fifth anniversary of the start date and the payment of 60 monthly contributions;
<b>“Bonus Date”</b>	the earliest date on which a Bonus is payable under the relevant Savings Contract;
<b>“CA 2014”</b>	the Irish Companies Act 2014;
<b>“CA 2006”</b>	the UK Companies Act 2006;

<b>“Committee”</b>	the duly appointed Remuneration Committee of the board of directors of the Company at which a quorum is present save that, for the purposes of the definition of Internal Reconstruction and Rule 8, it means the Remuneration Committee as constituted immediately before the change of Control of the Company;
<b>“Company”</b>	Grafton Group plc, registered in Ireland with company number 8149;
<b>“Constituent Company”</b>	(a) the Company;  (b) any Group Company that is under the Control of the Company and is for the time being nominated by the Committee for the purposes of this Plan; or  (c) any Jointly Owned Company that is for the time being nominated by the Committee for the purposes of this Plan;
<b>“Continuous Service”</b>	continuous employment within the meaning of Chapter 1 of Part XIV of the UK Employment Rights Act 1996 with one or more Group Companies or Jointly Owned Companies;
<b>“Control”</b>	the same meaning as in Section 995 of ITA 2007;
<b>“Daily Official List”</b>	the daily record setting out the prices of all trades in shares and other securities conducted on the London Stock Exchange;
<b>“Date of Grant”</b>	the date the Grantor grants an Option under this Plan in accordance with Rule 4.7;
<b>“Date of Invitation”</b>	the date on which an Invitation is communicated to relevant Eligible Employees in accordance with Rule 2.7;
<b>“Dealing Day”</b>	a day on which the London Stock Exchange is open for the transaction of business;

<b>“Dealing Restriction”</b>	a restriction on dealings in Shares imposed by any law, regulation, order or directive (including the MAR), by the rules applying to any listing of the Company and/or by any code for transactions in securities by employees or directors that has been adopted by the Company;
<b>“Eligible Employee”</b>	an employee (including an employee who is also a director) of any Constituent Company;
<b>“Exercise Date”</b>	the date that an Option is exercised as defined in Rule 9.2;
<b>“Exercise Notice”</b>	an exercise notice given by a Participant in accordance with Rule 9, in such form as the Committee may from time to time determine;
<b>“Exercise Price”</b>	the price at which a Share under Option may be acquired, being at least: <ul style="list-style-type: none"><li>(a) the Specified Percentage of the Market Value of a Share on the Date of Invitation (and for this purpose Market Value shall be determined without regard to any Restrictions); and</li><li>(b) if the Shares under Option are to be subscribed for, the nominal value of a Share;</li></ul>
<b>“General Offer”</b>	a general offer to acquire: <ul style="list-style-type: none"><li>(a) all of the issued ordinary share capital of the Company other than that which is already owned by the person making the offer (or by a person connected under Section 993 of ITA 2007), or</li><li>(b) all of the shares of the same class as the Shares other than those which are already owned by the person making the offer (or by a person connected under Section 993 of ITA 2007)</li></ul>

which, in either case, is related to and conditional on the person making the offer, either alone or together with persons acting in concert with him, acquiring Control of the Company and for the purposes of the above, it does not matter if the General Offer is made to different shareholders by different means;

<b>“Good Leaver”</b>	a Participant who is a Good Leaver as defined in Rule 6.5;
<b>“Grantor”</b>	the Company acting by the Committee or the Trustee, as the context requires;
<b>“Group Company”</b>	the Company or a subsidiary of the Company within the meaning of Section 7 of CA 2014 or Section 1159 of CA 2006 and <b>“Group”</b> shall be construed accordingly;
<b>“HMRC”</b>	HM Revenue & Customs;
<b>“Internal Reconstruction”</b>	<p>an event that will result in:</p> <ul style="list-style-type: none"><li>(a) the Company coming under the Control of another company; or</li><li>(b) the business of the Company being carried on by another company</li></ul> <p>in circumstances where the persons who directly or indirectly own the shares in the Company before the event will be substantially the same as the persons who will directly or indirectly own the shares in that other company after the event;</p>
<b>“Invitation”</b>	an invitation to apply for Options, made to Eligible Employees under Rule 2;
<b>“Invitation Period”</b>	a period of 42 days commencing on the Dealing Day after the end of a closed period for the Company under the MAR;
<b>“ITA 2007”</b>	the UK Income Tax Act 2007;
<b>“ITEPA”</b>	the UK Income Tax (Earnings and Pensions) Act 2003;
<b>“ITTOIA”</b>	the UK Income Tax (Trading and Other Income) Act 2005;

<b>“Jointly Owned Company”</b>	a company within paragraph 46(3) and/or 46(5) of Schedule 3;
<b>“Key Feature”</b>	a provision of this Plan that is necessary to meet the requirements of Schedule 3;
<b>“London Stock Exchange”</b>	London Stock Exchange plc;
<b>the “ MAR”</b>	the EU Market Abuse Regulation 596/2014 and/or, as applicable, the retained EU law version applicable to the UK in consequence of the European Union (Withdrawal) Act 2018, including any related UK subsidiary or successor regulations;
<b>“Market Value”</b>	on any day:  (a) if the Shares are traded on a Recognised Exchange other than the Alternative Investment Market, an amount equal to the middle market quotation of a Share as derived, where relevant, from the Daily Official List for the immediately preceding Dealing Day; or  (b) in any other case, the market value of a Share determined by the Committee in accordance with the provisions of Part VIII of the Taxation of Chargeable Gains Act 1992 and agreed in advance with HMRC Shares and Assets Valuation;
<b>“Minimum Contribution”</b>	£5, or such other minimum monthly contribution as is permitted under the relevant Savings Contract or, if applicable, such higher minimum contribution determined by the Committee for the purposes of an Invitation in accordance with paragraph 25(3)(b) of Schedule 3;
<b>“Non-UK Reorganisation”</b>	the same meaning as a non-UK reorganisation arrangement in paragraph 47A of Schedule 3;
<b>“Option”</b>	a right to acquire Shares granted to an Eligible Employee under this Plan;

<b>“Option Certificate”</b>	a certificate evidencing an Option issued in accordance with Rule 4.9, in such form as the Committee may from time to time determine;
<b>“Overseas Tax”</b>	any tax, employee’s social security contributions, employee’s social taxes and/or similar liabilities arising outside the UK;
<b>“Overseas Tax Liability”</b>	any Overseas Tax relating to the exercise of an Option to the extent that any person other than the Participant is liable to account to the appropriate overseas authorities for the Overseas Tax or may suffer a disadvantage if it does not do so;
<b>“Participant”</b>	a person who holds an Option or, if the context requires, his personal representatives;
<b>this “Plan”</b>	the Grafton Group plc 2021 SAYE Plan as set out in these Rules;
<b>“Recognised Exchange”</b>	an exchange that is a recognised stock exchange for the purposes of Section 1005 of ITA 2007;
<b>“Relevant Company”</b>	a Group Company, a Jointly Owned Company, a former Group Company or a former Jointly Owned Company;
<b>“Relevant Shares”</b>	Relevant Shares as defined in Rule 5.2;
<b>“Reorganisation”</b>	a Reorganisation as defined in Rule 8.1 or, if applicable, Rule 8.2;
<b>“Repayment”</b>	the amount of the contributions repayable under a Savings Contract, aggregated, if applicable, with the Bonus and/or any interest payable under the Savings Contract;
<b>“Replacement Option”</b>	a new option granted in consideration of the release of an Option in accordance with Rule 8;
<b>“Restrictions”</b>	any restrictions that could cause shares to be restricted securities for the purposes of Section 423 of ITEPA;



<b>“Rules”</b>	the rules of this Plan as amended from time to time under Rule 14 and <b>“Rule”</b> shall be construed accordingly;
<b>the “Savings Body”</b>	the savings provider or the savings providers nominated by the Company for the purposes of this Plan, who are eligible to offer linked savings arrangements under Section 704 of ITTOIA;
<b>“Savings Contract”</b>	a 3 or, as applicable, 5 year agreement for an Eligible Employee to pay monthly contributions to the Savings Body under a certified SAYE savings arrangement (within the meaning of Section 703(1) of ITTOIA);
<b>“Schedule 3”</b>	Schedule 3 to ITEPA;
<b>“Schedule 3 SAYE Plan”</b>	a tax-advantaged SAYE option plan that meets the requirements of Schedule 3;
<b>“Scheme of Arrangement”</b>	a court sanctioned compromise or arrangement applicable to or affecting Specified Shares made under Section 899 of CA 2006 or Chapter 1 of Part 9 of the CA 2014;
<b>“Shares”</b>	ordinary shares of €0.05 each in the capital of the Company or, as the context may require, shares for the time being representing or deriving from the same following a reorganisation of the Company’s share capital;
<b>“Specified Percentage”</b>	80 percent or such other percentage as is for the time being the lowest permitted by paragraph 28 of Schedule 3;
<b>“Specified Shares”</b>	<ul style="list-style-type: none"><li>(a) all of the issued ordinary share capital of the Company;</li><li>(b) all of the shares of the same class as the Shares; or</li><li>(c) all of the shares in the Company, or all the shares of that same class, which are held by a class of shareholders identified otherwise than by reference to their employments or directorships or their participation in a Schedule 3 SAYE Plan;</li></ul>

<b>“Taxable Year”</b>	the calendar year or, if it would result in a longer period for the exercise of an Option under Rule 6.3, the 12 month period in respect of which the Participant’s employing company is obliged to pay tax;
<b>“Terminated Savings Contract”</b>	a certified SAYE savings arrangement (within the meaning of Section 703(1) of ITTOIA) made available by a Group Company where an Eligible Employee gives notice to permanently stop paying contributions;
<b>“Termination Date”</b>	the date on which this Plan terminates in accordance with Rule 15.9;
<b>“Trust”</b>	any employee share trust that the Committee from time to time nominates for the purposes of this Plan;
<b>“Trustee”</b>	the trustee or trustees for the time being of the Trust; and
<b>“US Taxpayer”</b>	a person who is subject to taxation under the tax rules of the United States of America including Section 409A of the US Internal Revenue Code of 1986 and regulations and guidance promulgated under it.

## **General**

- 1.2 In these Rules, except insofar as the context otherwise requires:
- (a) words denoting the singular shall include the plural and vice versa;
  - (b) words importing a gender shall include every gender;
  - (c) references to a person shall include bodies corporate and unincorporated and any successors or assignees;
  - (d) reference to any enactment or statutory provision shall be construed to include a reference to that enactment or provision as from time to time amended, re-enacted, extended or replaced and shall include any subordinate legislation made under the enactment;
  - (e) words and expressions shall have the same meaning as in Schedule 3;
  - (f) headings are provided for reference only and shall not be considered as part of this Plan; and

- (g) a reference to writing or written form shall include any legible format capable of being reproduced on paper, irrespective of the medium used.

1.3 The Company holds the benefit of any agreement or consent given by a Participant under these Rules for itself and as trustee and agent for any Group Company or other person who benefits from the agreement or consent. The Company may assign the benefit of such agreement or consent to such Group Company or other person.

## **2 Invitations**

### **Period for making Invitations**

- 2.1 Subject to any Dealing Restriction, an Invitation may be made within the period commencing on the Adoption Date and ending 42 days later.
- 2.2 Except for an Invitation made under Rule 2.1, an Invitation may only be made in an Invitation Period unless:
  - (a) the Grantor is prevented from making an Invitation in an Invitation Period by a Dealing Restriction; or
  - (b) there are exceptional circumstances that the Committee considers justify making an Invitation outside an Invitation Period

in which case the Grantor may make an Invitation within 42 days of the lifting of such Dealing Restriction or of the occurrence of the exceptional circumstances.

- 2.3 An Invitation may not be made if it would result in the grant of Options after the Termination Date.

### **Persons included in an Invitation**

- 2.4 If the Committee determines that an Invitation shall be made it shall include:
  - (a) all Eligible Employees who, subject to Rule 2.6, meet the conditions specified in Rule 2.5; and
  - (b) such other Eligible Employees as the Committee selects for participation in this Plan.
- 2.5 For the purposes of Rule 2.4(a), the conditions in relation to an Eligible Employee are that:
  - (a) in the case of a director, he is required to devote at least 25 hours per week to his duties excluding meal breaks;

- (b) earnings from his office or employment with the relevant Constituent Company are (or would be if there were any) general earnings to which Section 15 of ITEPA applies;
- (c) at the Date of Grant he has Continuous Service for such period as the Committee may determine not exceeding 5 years; and
- (d) he has not given or been given notice of the termination of his employment such that he will no longer be an employee of any Group Company and/or any Jointly Owned Company.

2.6 If paragraph 6 of Schedule 3 is amended, Rule 2.5 shall take effect as if it set out such other conditions in relation to the all-employee nature of the Plan as may be prescribed by Schedule 3 from time to time.

### **Procedure for making Invitations**

2.7 An Invitation shall be made by communicating the information specified in Rule 2.8 to relevant Eligible Employees by such means determined by the Committee from time to time.

### **Information to be included in an Invitation**

2.8 Eligible Employees included in an Invitation shall be given the following information:

- (a) details of whether an Option will be linked to a 3 year or a 5 year Savings Contract or a statement to the effect that the Eligible Employee may choose between a 3 year and a 5 year Savings Contract;
- (b) the Exercise Price or details of how the Exercise Price is to be calculated;
- (c) whether or not the Shares over which an Option is to be granted may be subject to any Restrictions and, if so, details of such Restrictions;
- (d) whether or not, for the purpose of determining the number of Shares over which an Option is to be granted, the repayment under the Savings Contract shall be taken as including the Bonus;
- (e) the maximum monthly contribution permitted by the Committee (and the Invitation may specify that this maximum shall be reduced by an amount equal to the contribution that an Eligible Employee is deemed to make under Rule 2.9);
- (f) if applicable, details of a determination under Rule 3.1 as to the maximum number of Shares over which Options will be granted on that occasion and a statement that, in the event of excess Applications, each Application may be scaled down; and

- (g) the address for returning the Application and a statement to the effect that it must be received by the Grantor or other nominated person by the last day of the Application Period.

2.9 The Committee may determine that, for the purposes of Rule 2.8(e), an Eligible Employee is deemed to continue making contributions under a Terminated Savings Contract until the earliest date on which a bonus would have been paid.

## **Applications**

2.10 The Application shall provide for the Eligible Employee to:

- (a) specify, if applicable, whether he wishes to take out a 3 year or a 5 year Savings Contract;
- (b) specify the monthly savings contribution that he wishes to make under the related Savings Contract, being a multiple of £1 and not less than the Minimum Contribution;
- (c) confirm that his proposed monthly savings contribution, when added to any savings contribution he is making under any other Schedule 3 SAYE Plan savings arrangements, will not exceed the maximum amount specified in paragraph 25(3) of Schedule 3 or, if lower, Rule 2.8(e);
- (d) enter into a related Savings Contract and authorise his employer or other relevant person to deduct the relevant monthly contribution from his pay and transfer it to the Savings Body; and
- (e) if applicable, select whether for the purpose of determining the number of Shares over which an Option is to be granted, the repayment under the Savings Contract shall be taken as including the Bonus.

2.11 Each Application shall be deemed to be for an Option over the largest whole number of Shares which can be acquired at the Exercise Price with the expected Repayment at the Bonus Date.

## **3 Scaling down**

### **Maximum number of Shares available**

3.1 Before an Invitation is made, the Grantor may determine a limit on the number of Shares over which Options will be granted pursuant to that Invitation.

### **Scaling down process**

3.2 If the Grantor receives valid Applications over an aggregate number of Shares which exceeds the number determined under Rule 3.1 or the limitation under Rule 5.1, subject to Rules 3.3, 3.4 and 3.5, any one or more of the following steps may be carried out in any order, as determined by the Committee, to the extent

necessary to eliminate the excess:

- (a) in all cases, the Repayment under the Savings Contract shall be taken as not including the Bonus;
- (b) the excess over the Minimum Contribution or such greater amount as the Committee may determine of the monthly savings contribution chosen by each applicant shall be reduced pro-rata to the extent necessary;
- (c) Applications (on the basis of the Minimum Contribution with the Repayment taken as not including the Bonus) shall be selected by ballot, conducted in such a manner as the Committee shall decide and any undrawn Applications shall lapse.

3.3 For the purpose of applying Rule 3.2, if an Eligible Employee has made multiple Applications, the Applications shall be treated as a single Application and the monthly contributions applied for in the Applications shall be aggregated.

3.4 If after applying the provisions in Rule 3.2(a), (b) and (c) the number of Shares available is insufficient to enable Options to be granted to all Eligible Employees making valid Applications, the Committee may determine that no Options shall be granted.

3.5 If the Committee so determines, the provisions in Rule 3.2 may be modified or applied in any manner as the Committee considers fair and reasonable having regard to the 'all employee' requirements of Schedule 3.

3.6 Each Application shall be deemed to have been modified or withdrawn in accordance with this Rule 3.

## **4 Grant of Options**

### **No obligation to grant Options**

4.1 The Grantor is not obliged to grant Options following an Invitation under Rule 2 but, subject to the scaling down provisions in Rule 3, any grant of Options that is made must be on similar terms to all individuals who made valid Applications and are still Eligible Employees on the Date of Grant.

### **Paragraphs 17 to 22 inclusive of Schedule 3**

4.2 Options may only be granted if the Shares satisfy the conditions specified in paragraphs 17 to 22 inclusive of Schedule 3 on the Date of Grant.

### **Period for granting Options**

4.3 Subject to Rules 4.4 and 4.5, Options may be only granted within a period of 30 days commencing on:

- (a) the first Dealing Day by reference to which the Market Value of the Shares has been determined; or
- (b) if Market Value is not determined by reference to any Dealing Days, the Date of Invitation.

4.4 If Applications need to be scaled down under Rule 3 and Options cannot be granted within the period specified in Rule 4.3, the period shall be extended to 42 days.

4.5 No Options may be granted before the Adoption Date or after the Termination Date.

4.6 If the Grantor is prevented from granting Options within the period specified in Rule 4.3 by a Dealing Restriction, no Options can be granted without the issue of a new Invitation unless the Committee determines otherwise (after consultation with HMRC if appropriate).

### **Procedure for granting Options**

4.7 Options shall be granted by either resolution or deed of the Grantor.

4.8 If an Option is granted by resolution, the Grantor shall execute the Option Certificate as a deed.

### **Option Certificate**

4.9 The Grantor shall as soon as reasonably practicable send an Option Certificate to each Eligible Employee to whom an Option has been granted.

4.10 The Option Certificate shall contain the following information:

- (a) the Date of Grant;
- (b) the number of Shares subject to the Option;
- (c) whether or not the Shares over which an Option is granted may be subject to any Restrictions and, if so, details of such Restrictions;
- (d) the Exercise Price; and
- (e) a statement that the Option may not be transferred, assigned or charged.

### **Non-transferability of Options**

4.11 No Option may be transferred, assigned or charged and any purported transfer, assignment or charge shall cause the Option to lapse immediately.

4.12 Rule 4.11 shall not prevent the Option of a deceased Participant being exercisable by his personal representatives.

## **5 Plan limits**

### **10 percent in 10 years dilution limit**

- 5.1 A Grantor may not grant an Option if it would cause the total number of Relevant Shares to exceed 10 percent of the issued ordinary share capital of the Company.

#### **Definition of Relevant Shares**

- 5.2 Relevant Shares means all shares that have been issued or are issuable by the Company in satisfaction of:

- (a) Options granted under this Plan in the preceding 10 years; and
- (b) options granted or awards made under any other executive or employees' share scheme in the preceding 10 years.

- 5.3 Rule 5.2 includes Relevant Shares issued or issuable to the trustees of an employee trust in order for the trustees to satisfy options or awards.

- 5.4 Treasury shares shall be treated as issued or issuable for the purposes of this Plan unless the Investment Association amends its guidelines on remuneration so that the guidelines no longer state that companies should take account of treasury shares for the purposes of dilution limits.

## **6 Right to exercise Options**

### **Events giving a right to exercise**

- 6.1 Subject to this Rule 6 and to Rules 7 and 9.1, an Option may be exercised by the Participant at the time of or following the earliest of the following events:

- (a) the Bonus Date;
- (b) the death of the Participant;
- (c) the Participant becoming a Good Leaver; and
- (d) subject to Rule 8.5, an event specified in Rule 7.

- 6.2 If at the Bonus Date a Participant is no longer employed by a Constituent Company but holds an office or employment with an Associated Company of the Company, the Option shall be capable of exercise for a period of six months unless it lapses earlier under Rule 10.

### **US Taxpayers**

- 6.3 This rule shall apply to US Taxpayers. Notwithstanding anything contrary contained in these Rules, a US Taxpayer may only exercise an Option within the shorter of



any exercise period specified in these Rules and the expiry of 2.5 calendar months after the end of the Taxable Year in which the Option first becomes exercisable.

### **Limit on right to exercise**

- 6.4 An Option may only be exercised over the number of Shares which may be acquired with the Repayment as at the date of such exercise.

### **Meaning of Good Leaver**

- 6.5 For the purposes of this Plan, a Good Leaver is a Participant who ceases to hold scheme-related employment in accordance with Rule 6.6 by reason of:
- (a) injury or disability provided that the Committee is satisfied, on production of such evidence as it may reasonably require, that:
    - (i) the individual has ceased to exercise and, by reason of injury or disability, is incapable of exercising that employment; and
    - (ii) the individual is likely to remain so incapable for the foreseeable future;
  - (b) redundancy within the meaning of the UK Employment Rights Act 1996 or a closely comparable overseas provision
  - (c) retirement;
  - (d) his employing company ceasing to be an associated company of the Company by reason of a change of control (within the meaning given by paragraphs 34(2)(d) and 35(4) of Schedule 3); or
  - (e) his employment being transferred, as part of a business transfer, to a person who is not an associated company of the Company (within the meaning given by paragraph 35(4) of Schedule 3) (including for the avoidance of doubt a transfer within the meaning of the UK Transfer of Undertakings (Protection of Employment) Regulations 2006).

### **Ceasing to hold scheme-related employment**

- 6.6 For the purposes of Rules 6.1(c), 6.5, 6.7, 10.1(b), (c) and (d), a Participant ceases to hold scheme-related employment on the first date that he no longer holds any office or employment with:
- (a) the relevant Constituent Company;
  - (b) the Company; or
  - (c) any other company that is an associated company of the Company for the purposes of paragraph 35(4) of Schedule 3.

- 6.7 A female Participant only ceases to hold scheme-related employment due to pregnancy when she no longer has any right to return to work.

## **7 Change of Control and winding-up**

### **Right to exercise on change of Control**

- 7.1 Subject to Rule 8.5, an Option shall become exercisable under Rule 6.1(d) as a result of an event specified in Rule 7.2.
- 7.2 For the purposes of Rule 7.1 and subject to Rule 7.3, the events specified are where:
- (a) a person either alone or together with persons acting in concert with him obtains Control of the Company as a result of a General Offer and any condition subject to which that General Offer is made is satisfied;
  - (b) the court sanctions a Scheme of Arrangement as a result of which a person either alone or together with persons acting in concert with him obtains Control of the Company;
  - (c) a Non-UK Reorganisation applicable to or affecting Specified Shares becomes binding on the affected shareholders in the Company as a result of which a person either alone or together with persons acting in concert with him obtains Control of the Company; or
  - (d) a person becomes bound or entitled to acquire shares in the Company under Sections 979 to 982 or 983 to 985 of CA 2006 (as applicable), or a closely comparable overseas provision which HMRC accepts is the same in intent or purpose.
- 7.3 If paragraph 37 of Schedule 3 is amended, Rules 7.2 and 7.9 shall take effect so that a right of exercise arises on an event specified in paragraph 37 as amended.
- 7.4 Except for Replacement Options granted under Rule 8, subject to Rule 7.5, all Options that do not lapse earlier under any other provision of this Plan shall lapse and become incapable of exercise on the earliest of the dates falling:
- (a) six months after an event specified in Rule 7.2(a) or (c) which is not an Internal Reconstruction;
  - (b) two months after an event specified in Rule 7.2(a) or (c) in the case of an Internal Reconstruction;
  - (c) the day after a Scheme of Arrangement specified in Rule 7.2(b) becomes effective; and
  - (d) 30 days after the date of service of the first notice of compulsory acquisition where any person becomes bound or entitled to acquire shares in the Company under Sections 979 to 982 of CA 2006 or, as applicable, 30 days

after the first written communication is given to the offeror under Section 984.

- 7.5 If the event specified in Rule 7.2 means that the Shares will cease to satisfy paragraphs 17 to 22 inclusive of Schedule 3, notwithstanding Rule 7.4, all Options except for Replacement Options that do not lapse earlier under any other provision of this Plan shall lapse and become incapable of exercise 20 days after the relevant event.

### **Advance Exercise Notice**

- 7.6 Where the Committee considers it likely that an event specified in Rule 7.2 will occur, the Committee, acting fairly and reasonably, may request in writing that Participants give an Exercise Notice within a 20 day period in advance of the relevant event.
- 7.7 Where an Exercise Notice is given in advance of a relevant event under Rule 7.6, the Option exercise shall only take effect immediately before the relevant event occurs or, if earlier, immediately before a related change of Control of the Company.
- 7.8 If an Exercise Notice is given under Rule 7.6 and the relevant event in question does not occur within 20 days, such Exercise Notice shall be deemed never to have been given.

### **Right to exercise on a winding-up**

- 7.9 An Option shall become exercisable under Rule 6.1(d) if the Company passes a resolution for the voluntary winding-up of the Company.

## **8 Replacement Options**

### **Meaning of Reorganisation**

- 8.1 There is a Reorganisation for the purposes of this Plan if another company (referred to as the Acquiring Company):
- (a) obtains Control of the Company as a result of making a General Offer;
  - (b) obtains Control of the Company as a result of a Scheme of Arrangement;
  - (c) obtains Control of the Company as a result of a Non-UK Reorganisation which has become binding on the shareholders covered by it; or
  - (d) becomes bound or entitled to acquire shares in the Company under Sections 979 to 982 or 983 to 985 of CA 2006.
- 8.2 If paragraph 38 of Schedule 3 is amended, Rule 8.1 shall take effect so that Acquiring Company and Reorganisation have the meanings given by paragraph

38 as amended.

## **Grant of Replacement Options**

- 8.3 If there is a Reorganisation, a Replacement Option over shares in the Acquiring Company or another body corporate within paragraph 39(2)(b) of Schedule 3 may only be granted if:
- (a) the shares subject to the Replacement Option meet the conditions in paragraphs 17 to 22 of Schedule 3; and
  - (b) the Acquiring Company and the Participant consent.
- 8.4 A Replacement Option must be granted within the period specified in paragraph 38(3) of Schedule 3.

## **Lapse of Option unless Replacement Option accepted**

- 8.5 If a Participant is or will be offered a Replacement Option and the Reorganisation is an Internal Reconstruction, the Committee may notify a Participant in writing that his Option:
- (a) may not be exercised under Rule 6.1(d); and
  - (b) shall lapse on the expiry of the period for accepting the Replacement Option unless the Replacement Option is accepted.

## **Terms of Replacement Options**

- 8.6 The number of shares subject to any Replacement Option shall be such that:
- (a) the total market value of the Shares subject to the original Option immediately before its release is substantially the same as the market value of the shares subject to the Replacement Option on that date (and for this purpose the market value of shares in the context of both the original Option and the Replacement Option shall be determined without regard to any Restrictions and, if applicable, using a methodology agreed by HMRC); and
  - (b) the aggregate Exercise Price of the original Option is substantially the same as the aggregate exercise price of the Replacement Option.
- 8.7 The Replacement Option shall be exercisable in the same manner as the original Option and shall be governed by these Rules as if:
- (a) references to Shares were references to the shares subject to the Replacement Option; and
  - (b) references to the Company, except for the purposes of Rules 2 and 14 were references to the Acquiring Company or to the body corporate whose shares are subject to the Replacement Option.

- 8.8 If a Replacement Option is granted, a Participant's rights in respect of the original Option shall lapse.
- 8.9 The Replacement Option shall be treated as granted at the same time as the original Option and shall be treated as the same option except that the Replacement Option shall not become exercisable or lapse by reason of the event pursuant to which it was granted.

### **Replacement Option certificate**

- 8.10 Where a Replacement Option is granted, the Acquiring Company shall, as soon as reasonably practicable, send or procure the sending of a Replacement Option certificate to each Participant to whom a Replacement Option has been granted.
- 8.11 The Replacement Option certificate shall contain the information required to be included in an Option Certificate.

## **9 Manner of exercise**

### **Restrictions on exercise**

- 9.1 An Option that has become exercisable under Rule 6 or 7 may be exercised at any time provided that:
- (a) unless this Plan is no longer intended to take effect as a Schedule 3 SAYE Plan or an event specified in Rule 7.2 has occurred and exercise will be before the lapse date specified in Rule 7.5, the Shares satisfy paragraphs 17 to 22 inclusive of Schedule 3;
  - (b) exercise is not prevented by a Dealing Restriction; and
  - (c) the Option has not lapsed under Rule 10.

### **Exercise Date**

- 9.2 The Exercise Date is the date that the Grantor or other person nominated for this purpose receives:
- (a) a validly completed and submitted Exercise Notice; and
  - (b) satisfactory payment of the Exercise Price.

### **Period for satisfying exercised Options**

- 9.3 Subject to Rule 9.4 and provided the Participant meets any obligations under Rule 12 in relation to the Overseas Tax Liability, the Grantor shall satisfy an Option as soon as reasonably practicable following, and in any event within 30 days of, the Exercise Date.

- 9.4 If the Grantor is prevented from satisfying an Option in accordance with the time period prescribed in Rule 9.3 by a Dealing Restriction, the Grantor shall satisfy an Option as soon as reasonably practicable following, and in any event within 14 days of, the lifting of that Dealing Restriction.

### **Manner of satisfying exercised Options**

- 9.5 The Grantor shall satisfy an Option by issuing or transferring or procuring the issue or transfer of Shares to the Participant or, if applicable, a nominee of the Participant.
- 9.6 The number of Shares issued or transferred shall, subject to Rule 12, be equal to the number of Shares in respect of which the Option has been exercised.
- 9.7 The Grantor shall be responsible for the payment of any stamp duty or stamp duty reserve tax that may arise on any transfer of Shares.
- 9.8 The Grantor shall arrange for the delivery of evidence of title to any Shares issued or transferred to the Participant or a nominee as soon as reasonably practicable.
- 9.9 All Shares allotted under this Plan shall rank equally in all respects with Shares of the same class then in issue except for any rights attaching to Shares by reference to a record date prior to the date of allotment.
- 9.10 If necessary, the Company shall apply for Shares issued to a Participant to be admitted to trading on the relevant Recognised Exchange.

## **10 Lapse of Options**

### **General**

- 10.1 Subject to Rule 6.3 and Rule 10.2 (which applies on the death of a Participant), an Option shall lapse and become incapable of exercise on the earliest of the following dates:
- (a) the date falling six months after the Bonus Date;
  - (b) if the Participant ceases to hold scheme-related employment in accordance with Rule 6.6 due to becoming a Good Leaver, the date falling six months after the Participant ceases to hold scheme-related employment;
  - (c) if the Participant ceases to hold scheme-related employment in accordance with Rule 6.6 for a reason other than death or becoming a Good Leaver on or before the third anniversary of the Date of Grant, the date the Participant ceases to hold the scheme-related employment;
  - (d) if the Participant ceases to hold scheme-related employment in accordance with Rule 6.6 for a reason other than death or becoming a Good Leaver after the third anniversary of the Date of Grant, the date falling six months

after the date the Participant ceases to hold the scheme-related employment;

- (e) on an event specified in Rule 7.2:
  - (i) the lapse date specified in Rule 7.4 or, as applicable, 7.5, unless a Replacement Option is granted; or
  - (ii) the lapse date specified in Rule 8.5(b), where Rule 8.5 applies and a Replacement Option is offered but is not accepted;
- (f) the date falling six months after a resolution for the voluntary winding-up of the Company is passed;
- (g) an order being made by the court for the compulsory winding-up of the Company;
- (h) the Participant giving or being deemed to give notice to the relevant Savings Body that he intends to permanently stop paying monthly contributions under his Savings Contract prior to the date on which a right to exercise the Option will arise;
- (i) the Participant making an application for repayment of the monthly contributions paid by him;
- (j) the date that the Option is renounced by the Participant;
- (k) the date of any purported transfer, assignment or charge of the Option by the Participant; and
- (l) the date that the Participant is adjudicated bankrupt or does or omits to do anything as a result of which he is deprived of legal and beneficial ownership of the Option.

10.2 Where a Participant dies, an Option shall lapse and become incapable of exercise on the date falling one year after:

- (a) the death of the Participant, in a case where the Participant dies before the Bonus Date; or
- (b) the Bonus Date, in a case where the Participant dies on or after the Bonus Date.

## **11 Variation of share capital**

### **Adjustment to Options**

11.1 If there is a variation of the share capital of the Company including, without limitation, any capitalisation, rights issue, consolidation, sub-division or reduction

of capital; subject to Rule 11.2, the Grantor may make such adjustment to the number of Shares subject to an Option and/or to the Exercise Price, as the Committee, acting fairly and reasonably, considers appropriate PROVIDED THAT any such adjustment satisfies the requirements of paragraph 28(3A) of Schedule 3.

- 11.2 An adjustment under Rule 11.1 may only reduce the Exercise Price to less than the nominal value of any Shares to be issued if and to the extent that arrangements to issue the Shares paid up as to nominal value are made.

### **Effective date of adjustment**

- 11.3 A variation shall take effect from the record date on which the respective variation applied to Shares or, as applicable, the date on which the event occurred.
- 11.4 Any Options that are exercised within the period from the effective date to the date when the Options are adjusted shall be subject to the variation.

### **Notification of adjustment**

- 11.5 The Grantor shall take such steps as it considers necessary to notify Participants of any adjustment made under this Rule 11 and may call in, cancel, endorse or reissue any Option Certificate.

## **12 Overseas Tax Liability**

### **Liability of Participant**

- 12.1 As a condition of exercise of the Option, the Participant agrees that the Overseas Tax Liability shall be satisfied in accordance with Rule 12.2 or the Participant shall otherwise pay to the Company or other person nominated for this purpose an amount equal to the Overseas Tax Liability in accordance with Rule 12.5.

### **Arrangements for satisfying the Overseas Tax Liability**

- 12.2 Subject to Rules 12.3 and 12.4, on or as soon as reasonably practicable after the Exercise Date, in order to make good the due amount by obtaining an amount equal to the Overseas Tax Liability, the Grantor or other relevant person shall sell Shares on behalf of a Participant.
- 12.3 The Committee may determine that, in order to make good the due amount, instead of selling Shares under Rule 12.2, the Grantor, acting fairly and reasonably, shall make such alternative arrangements as it considers necessary to obtain an amount equal to the Overseas Tax Liability. Such arrangements may include without limitation making deductions within 90 days of the Exercise Date of the necessary amount from the Participant's salary payments or other sums due to him.
- 12.4 The Participant may notify the Grantor in writing on or prior to the Exercise Date that he wishes to satisfy the Overseas Tax Liability by making a payment to the



relevant person provided that if such payment is not received in cleared funds within 14 days of the Exercise Date the Grantor shall be entitled to obtain an amount equal to the Overseas Tax Liability by selling Shares on behalf of the Participant in accordance with Rule 12.2 or by an alternative arrangement in accordance with Rule 12.3.

- 12.5 Notwithstanding the provisions of Rule 12.2 and Rule 12.3, the Participant agrees, if so requested by the Grantor, to pay the Overseas Tax Liability:
- (a) within 14 days of the Exercise Date; or
  - (b) by such other date specified in a written demand from the Company.
- 12.6 As a condition of exercise of the Option the Participant is deemed to give all necessary consents and authorisations and agrees to do any other thing required in relation to this Rule 12.

## **13 Administration**

### **Notices**

- 13.1 Any notice or other document given to an Eligible Employee or Participant shall be delivered personally or sent by post, email or fax or given via an intranet communications system or other electronic means to such address or number as the person giving the notice or document considers appropriate.
- 13.2 Any notice or other document which has to be given to any other person under or in connection with this Plan shall be delivered personally or sent by post, email or fax or given via an intranet communications system or by such other method as the Committee determines. It shall be sent to such address or number as is notified for this purpose and shall be marked for the attention of the designated person.
- 13.3 References to post include, where relevant, an organisation's internal post system. Items sent by external post shall be pre-paid and shall be deemed to have been received 72 hours after posting or, if posted overseas, seven days after posting or at such earlier time as receipt is acknowledged.
- 13.4 Notices sent by any method other than external post, in the absence of evidence to the contrary, shall be deemed to have been received on the day after sending.

### **Disputes**

- 13.5 The Committee's decision on all disputes relating to the interpretation of this Plan or as to any question or right related to this Plan shall be final and conclusive.

### **Costs**

- 13.6 The costs of establishing and operating this Plan shall be borne by the Constituent Companies in such proportions as the Committee determines, to the extent

permitted by Chapter 2 of Part 18 of CA 2006.

- 13.7 Any Constituent Company may provide money to the Trustee to enable it to acquire and hold Shares for the purposes of this Plan and may enter into any guarantee or indemnity for those purposes, to the extent permitted by Chapter 2 of Part 18 of CA 2006.

### **Power to delegate functions and appoint specialists**

- 13.8 The Committee may delegate the exercise of its powers or discretions in relation to this Plan to any one or more persons including, but not restricted to, a sub-committee of the Committee for such period and on such conditions as the Committee, acting fairly and reasonably, may determine.
- 13.9 The Committee may at any time appoint or engage specialist service providers for the operation and administration of this Plan.

### **Data protection**

- 13.10 A Participant who is subject to the EU General Data Protection Regulation will participate in this Plan on the basis set out in the Invitation in accordance with that regulation.
- 13.11 In other cases, by accepting any benefit in respect of an Option, a Participant agrees to the holding of personal information about him. He authorises the Grantor and its agents and advisers or agents or advisers of the Group to use such information for all purposes relating to the operation of this Plan including, without limitation, making information available to any tax authority or to any other person as the Grantor or other person considers reasonable. By accepting any benefit in respect of an Option, a Participant further agrees that agents of the Grantor or the Group, wherever located, may process data concerning his participation in this Plan and transmit it outside the United Kingdom and/or the European Economic Area.

### **Participant to provide information**

- 13.12 By accepting any benefit in respect of the right to exercise an Option, a Participant agrees to provide promptly any information or do any other thing reasonably required by the Grantor or other relevant person in relation to this Plan, an Option or Shares acquired under this Plan for the purpose of:
- (a) compliance by that person with its tax affairs or other legal or regulatory obligations; or
  - (b) facilitating the operation of this Plan.

## **14 Amendment**

### **Power to amend**

- 14.1 Subject to Rules 14.2, 14.3, 14.4 and 14.5, the board of directors of the Company may from time to time amend these Rules as it sees fit.
- 14.2 No amendment may have a material adverse effect on a Participant with a subsisting Option except with the consent of either:
- (a) that Participant; or
  - (b) Participants who hold a majority, by number of Shares subject to Option, of Options affected by the amendment.
- 14.3 Subject to Rule 14.4, the following provisions cannot be altered to the advantage of Participants without the prior approval of the shareholders of the Company in general meeting:
- (a) the definition of Eligible Employee;
  - (b) the Plan limits specified in Rule 5;
  - (c) the rights attaching to an Option;
  - (d) the rights of a Participant conferred by Rule 11; and
  - (e) this Rule 14.3.
- 14.4 The prior approval of the shareholders of the Company in general meeting is not required for minor amendments to benefit the administration of this Plan, to take account of a change or proposed change in legislation or to obtain or maintain favourable or avoid unfavourable tax, exchange control or regulatory treatment for current or future Participants in this Plan or for any Relevant Company.
- 14.5 No amendment that would cause this Plan to cease to be a Schedule 3 SAYE Plan unless the Committee has specifically determined that it intends this Plan to cease to be a Schedule 3 SAYE Plan.

## **15 Miscellaneous**

### **No employment rights**

- 15.1 The rights of any individual under the terms of his office or employment with any Relevant Company are entirely separate from and shall not be affected in any respect by his participation or prospective participation in this Plan.
- 15.2 In particular but without limiting the generality of Rule 15.1, an individual is not entitled and waives any rights he may have to compensation or damages in

consequence of ceasing to have rights or benefits or prospective rights or benefits under this Plan following:

- (a) the termination of his office or employment or the giving of notice of termination, whether lawfully or unlawfully, for any reason;
- (b) a decision taken under these Rules or any failure to take a decision even if this could be regarded as in breach of any implied term between an individual and his employer, including any implied duty of trust and confidence;
- (c) the operation, suspension, termination or amendment of these Rules; or
- (d) HMRC determining that this Plan fails to meet the requirements of Schedule 3.

15.3 No benefit that may accrue to a Participant under this Plan shall form part of that Participant's pensionable remuneration for the purposes of any pension plan or similar arrangement that may be operated by any Relevant Company.

15.4 The grant of Options on a particular basis or to a particular individual in any year does not create any right or expectation of the grant of Options on the same basis, or at all, or to any particular individual in that or any subsequent year.

### **No rights of a shareholder**

15.5 A Participant shall not be entitled to vote, to receive dividends or to have any other rights of a shareholder in respect of Shares subject to an Option until the issue or transfer of the Shares to him.

### **No limit on Relevant Companies' powers**

15.6 This Plan and the rights of any Participants under this Plan shall not restrict the rights and powers of any Relevant Company or the directors or shareholders of any Relevant Company to take any decision or to effect or authorise any corporate act or proceeding.

### **Third party rights**

15.7 Subject to Rules 1.3 and 4.12, nothing in these Rules confers any benefit, right or expectation on a person who is not a Participant.

15.8 No third party has any rights under the UK Contracts (Rights of Third Parties) Act 1999 or other applicable third party rights legislation to enforce any terms of these Rules.

### **Termination**

15.9 This Plan shall terminate on the tenth anniversary of the Adoption Date provided that the Committee may, with the consent of the Company, resolve to terminate it

on an earlier date.

- 15.10 The subsisting rights of Participants shall not be affected by the termination of this Plan.

### **Governing law**

- 15.11 This Plan and all Options granted under it shall be governed by and construed in accordance with the laws of England and Wales.
- 15.12 Any dispute concerning the operation of this Plan shall be subject to the exclusive jurisdiction of the English courts.