

RULES OF THE DFS GROUP SHARE PLAN

DFS FURNITURE PLC

Shareholders' Approval: [date]

Directors' Adoption: [date]

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Rules of the DFS Group Share Plan

1 Definitions

In these rules:

“Acquiring Company” means, subject to rule 8.4 (Exchange of Awards on a sale of employer), a person who has or obtains Control of the Company;

“Award” means, subject to rule 2.7 (Other forms of Award), a Conditional Award or an Option;

“Award Date” means the date on which the Award is granted;

“Change of Control” means:

- (a) (i) a person (or a group of persons acting in concert) obtaining Control of the Company as a result of a general offer to acquire Shares becoming or being declared wholly unconditional; or (ii) a general offer to acquire Shares made by a person (or a group of persons acting in concert) having Control of the Company being made and (if applicable) becoming wholly unconditional; or
- (b) a court sanctioning a compromise or arrangement under Section 895 of the Companies Act 2006 pursuant to which a person (or group of persons acting in concert) obtain or will obtain Control of the Company;

“Clawback Period” means, subject to rule 5.5 (Delay to Vesting or settlement), the period during which the Directors can decide under rule 6 (Malus and clawback) that clawback will apply which, unless the Directors decide otherwise under rule 2.3 (Terms of Awards) and subject to any longer period provided under any Clawback Terms, will run from the date on which the Award Vests until the third anniversary of the Normal Vesting Date (or such later date as is provided in accordance with any applicable clawback policy);

“Clawback Terms” means any policy operated by any Member of the Group or any contractual terms between a Participant operated by any Member of the Group, in each case as in force from time to time, which provide for the operation of malus or clawback or similar;

“Company” means DFS Furniture plc a public limited company incorporated in England and Wales whose registered office is at 1 Rockingham Way, Redhouse Interchange, Adwick-Le-Street, Doncaster and whose company number is 07236769;

“Condition” means a condition set for an Award under rule 2.4 (Conditions);

“Condition Assessment Period” means the period in respect of which a Condition is to be satisfied;

“Conditional Award” means a conditional right to receive Shares granted under the Plan at no cost;

“Control” has the meaning given in Section 995 of the Income Tax Act 2007;

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

“Directors” means, subject to rule 9.7 (Directors), the board of directors of the Company or a duly authorised person or group of persons;

“Directors’ Remuneration Policy” means the shareholder approved directors’ remuneration policy of the Company from time to time in force;

“Dividend Equivalent” means a right to an amount in respect of dividends on Shares subject to an Award, as described in rule 5.8 (Dividend Equivalents);

“Employee” means any employee of a Member of the Group, including an executive director of the Company;

“Final Exercise Date” means the 1st anniversary of the date on which an Option Vests or such other date (being no later than the 10th anniversary of the date on which an Option is granted) as is set under rule 2.3 (Terms of Awards);

“Holding Period” means a period during which the Holding Requirement applies;

“Holding Requirement” means a requirement for Shares in respect of which an Award Vests being required to be held as described in Schedule 1, or for the Award to be subject to such other terms as are determined by the Directors pursuant to rule 7 (Holding Requirements), during the Holding Period.

“Grantor” means, in respect of an Award, the entity or person which grants that Award under the Plan;

“Member of the Group” means:

- (a) the Company;
- (b) its Subsidiaries from time to time; or
- (c) any other company which is associated with the Company and is so designated by the Directors;

“Normal Vesting Date” means the date set by the Directors for Vesting of an Award under rule 2.3 (Terms of Awards);

“Option” means a right to acquire Shares granted under the Plan;

“Participant” means a person holding (or who previously held) an Award or their personal representatives;

“Plan” means these rules known as “The DFS Group Share Plan”, as changed from time to time;

“Recruitment Award” means any Award granted in connection with an Employee commencing employment with any Member of the Group, whether being granted to replace awards which lapse as a result of the Employee leaving their former employment or otherwise;

“Shares” means fully paid ordinary shares in the capital of the Company (or any depositary receipts representing the same under any depositary receipt program or similar operated by the Company from time to time);

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

“US Taxpayer” means a Participant who is or becomes subject to taxation under the laws of the United States of America; and

“Vesting” means, in relation to an Option, an Option becoming exercisable and, in relation to a Conditional Award, means a Participant becoming entitled to have the Shares issued or transferred to them on the timeframe described in rule 5.6 (Consequences of Vesting for Conditional Awards) and **“Vest”**, **“Vested”**, and **“Unvested”** have a corresponding meaning.

1.1 Interpretation

In this Plan, unless otherwise specified:

- 1.1.1 the headings are for reference purposes only and are not to be used in construing the meaning of the Plan;
- 1.1.2 a reference to legislation, an agreement or other document is to the legislation, agreement or document as amended or substituted and, in the case of legislation, to any legislation re-enacted or a regulation or statutory instrument issued under it;
- 1.1.3 words in the singular include the plural and vice versa;
- 1.1.4 to the extent permitted by law, a reference to writing includes any visible means of reproducing words in a tangible form, including electronic communication;
- 1.1.5 reference to a “person” includes a body corporate;
- 1.1.6 the term “including” (or similar) shall mean “including, without any limitation whatsoever and without prejudice to the generality of the foregoing”;
- 1.1.7 a provision obliging, or permitting, a company to do any thing shall be read as obliging, or permitting, such company to do that thing or procure that thing to be done;
- 1.1.8 a provision permitting a person to do any thing shall not be read as obliging the person to do that thing; and
- 1.1.9 a reference in any rule to that rule being subject to these rules, subject to another rule or subject to any rule of interpretation shall not be read as meaning that any other rule that does not include such reference is not so subject.

2 Granting Awards

2.1 Eligibility

- 2.1.1 The Directors may select any Employee for the grant of Award on such basis as the Directors may determine.
- 2.1.2 In the event that the Directors specify any criteria for the making of the determination in rule 2.1.1 above the Directors may:
 - (i) alter the terms of such criteria if, following them being set, anything happens which causes the Directors to consider that it is appropriate to do so, including to ensure that such criteria continue to provide an assessment on a basis consistent with that intended in setting the original criteria; and
 - (ii) determine that the number of Shares over which an Award will be granted shall (notwithstanding the extent to which such criteria are met) be larger or smaller than the number that would have been determined by reference to such criteria (including reducing the number of Shares to nil, such that no

Award shall be granted), if the Directors determine that it is appropriate to do so.

2.2 Timing of Award

Awards may only be granted:

- 2.2.1 within 42 days starting on any of the following:
 - (i) the date of shareholder approval of the Plan;
 - (ii) the announcement of the Company's results for any period;
 - (iii) the date of any shareholder approval of the Directors' Remuneration Policy;
 - (iv) any day on which changes to the legislation or regulations affecting share plans are announced, effected or made;
- 2.2.2 as soon as practicable following the lifting of Dealing Restrictions which prevented the granting of Awards during any period specified above;
- 2.2.3 in the case of a Recruitment Award, as soon as practicable following the start of the relevant employment with any Member of the Group; or
- 2.2.4 at any other time at which the Directors resolve that exceptional circumstances exist which justify the grant of Awards.

2.3 Terms of Awards

The Directors will determine the terms of each Award, including (but not limited to):

- 2.3.1 whether the Award is a Conditional Award or an Option or in any other form as referred to in rule 2.7 (Other forms of Award);
- 2.3.2 the number of Shares subject to the Award or the basis on which the number of Shares subject to the Award will be calculated;
- 2.3.3 the Normal Vesting Date (or, if applicable, the Normal Vesting Dates and the proportion of the Award that shall be capable of vesting on each);
- 2.3.4 whether the Award is subject to a Condition, and if so its details and the applicable Condition Assessment Period;
- 2.3.5 whether the Award is subject to a Holding Period, and if so when the Holding Period will normally end;
- 2.3.6 whether the Award carries a Dividend Equivalent and, if so, the basis on which it will be calculated, as described in rule 5.8 (Dividend Equivalents);
- 2.3.7 the Clawback Period; and
- 2.3.8 for an Option, the Option Price (which may be nil) and (if relevant) the Final Exercise Date.

2.4 Underpin Condition

- 2.4.1 When granting an Award, the Directors may, subject to rule 2.5 (Executive Directors), make its Vesting conditional on the satisfaction of one or more conditions which may or may not be linked to the performance of the Company, the Participant, or the Member of the Group in whose business unit the Participant works.

2.4.2 The Directors may waive or change a Condition in accordance with its terms or if anything happens which causes the Directors to consider it appropriate to do so, provided that the terms of the revised Condition are not, in the opinion of the Directors, materially less challenging in the circumstances, taking account of the intervening thing that happens, than was intended when originally granting the Award.

2.5 Executive directors

In the case of an Award granted to an executive director of the Company:

2.5.1 the basis for the grant of the Award, and the terms of the Award (including the applicable vesting period and the terms of any applicable Condition or Holding Period) must comply with the Directors' Remuneration Policy; and

2.5.2 the market value of Shares over which the Award may be granted shall be subject to any limitation in the Directors' Remuneration Policy.

2.6 US Taxpayers

In the event a Participant is or after grant of an Award becomes a US Taxpayer the Board may make such amendments to the terms of the Award, on retrospective basis as required, as it sees necessary or desirable to avoid or limit the application of any additional or accelerated taxation.

2.7 Other forms of Award

The Directors may determine that Awards may be granted under the Plan: (i) by Shares being held by, or for the benefit of, Participants, subject to the terms of the Plan and to forfeiture in the event of the Award lapsing or not Vesting (being a "Forfeitable Share Award"); and/or (ii) in such other form as the Directors may determine (which may include a "stock appreciation right"). If the Directors so determine, the Directors shall determine the terms of and how the Plan shall operate in respect of such Awards, such terms being not inconsistent with the rules of the Plan (which, as necessary, will be read accordingly).

2.8 Grant process

2.8.1 An Award will be granted by the Company or, if the Directors so determine, any other Member of the Group.

2.8.2 An Award will be granted by deed.

2.8.3 Each Participant will be notified of the terms of their Award (as determined under rule 2.3 (Terms of Awards)) as soon as practicable after the grant.

2.8.4 The Directors may determine that a Participant is required to accept the terms of their Award. In such case, unless the Directors determine otherwise, if the Participant does not accept the terms of their Award it shall not be capable of Vesting and the Directors may determine that the Award shall lapse in full.

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

2.9 Administrative errors

2.9.1 If the grant of an Award would be inconsistent with rule 2.1 (Eligibility), it will have no effect (and so shall be treated as lapsing immediately).

2.9.2 If the grant of an Award would be inconsistent with rule 3.1 (Plan limit - 10 per cent) the Award will be limited and will take effect from the date it is granted on a basis consistent with that rule.

2.9.3 If the Directors determine that an Award is granted in or subject to an error, the Directors may determine that the Award shall lapse or that its terms or the number of Shares subject to the Award shall be adjusted on such basis as the Directors determine to correct such error.

3 Plan limit

3.1 Plan limit - 10 per cent

An Award must not be granted if the number of Shares committed to be issued under that Award would exceed 10 per cent of the ordinary share capital of the Company in issue immediately before that day, when added to the number of Shares which have been issued, or committed to be issued, to satisfy Awards under the Plan, or options or awards under any other employee share plan adopted by the Company, granted in the previous 10 years.

3.2 Scope of Plan limit

For the purposes of determining the limit in rule 3.1, the following are ignored:

3.2.1 any Awards which have lapsed;

3.2.2 Shares receivable under a Dividend Equivalent (or otherwise in respect of any dividend);

3.2.3 the number of Shares subject to an Award in respect of which the Directors have determined shall be satisfied otherwise than by the issue of Shares; and

3.2.4 Shares issued, or committed to be issued, to satisfy options or awards under any other employee share plan operated by the Company granted before the admission of the Shares to public trading.

As long as so required by the applicable institutional investor guidance, shares transferred from treasury are counted as part of the ordinary share capital of the Company, and as shares issued by the Company.

3.3 Listing Rules

No Shares will be issued under the Plan if it would cause Listing Rule 6.1.19 (shares in public hands) to be breached.

4 Before Vesting

4.1 Rights

A Participant is not entitled to vote, to receive dividends or to have any other rights of a shareholder in respect of Shares subject to an Award until the Shares are issued or transferred to the Participant. In the event that an Award is granted under rule 2.7 (Other forms of Award) the terms on which the Award is granted shall specify the Participant's rights in this regard.

4.2 Transfer

A Participant may not transfer, assign or otherwise dispose of, or grant any security or other rights over, an Award or any rights in respect of it. Unless the Directors determine otherwise an Award will immediately lapse if the Participant does so, whether voluntarily or involuntarily, is deprived of the beneficial ownership of an Award or becomes bankrupt. This rule 4.2 (Transfer) does not apply to the transmission of an Award on the death of a Participant to the personal representatives.

4.3 Adjustment of Awards

4.3.1 If there is:

- (i) a variation in the equity share capital of the Company, including a capitalisation or rights issue, sub-division, consolidation or reduction of share capital;
- (ii) a demerger (in whatever form) or exempt distribution by virtue of Section 1075 of the Corporation Tax Act 2010;
- (iii) a special dividend or distribution, or
- (iv) any other corporate event which in the Directors' opinion might affect the current or future value of any Award,

the Directors may adjust the number of Shares subject to the Award, the method of calculating Dividend Equivalents and/or, in the case of an Option, the Option Price. No adjustment may be made to an Award in respect of a special dividend or distribution which counts towards a Dividend Equivalent for that Award.

4.3.2 If, as a result of the adjustment, the Option Price is less than the nominal value of a Share, the Directors may capitalise reserves at the time of the adjustment on the basis described in rule 5.11 (Issuing Shares for less than nominal value).

4.3.3 Participants will be notified of any adjustments which impact their existing Awards.

5 Vesting

5.1 Determining Vesting

If an Award is subject to a Condition, as soon as reasonably practicable after the end of the Condition Assessment Period, the Directors will determine the number of Shares in respect of which an Award will, subject to rule 5.4 (Discretion to adjust Vesting), be capable of Vesting, by reference to the extent to which the Directors determine that the Condition has been satisfied.

5.2 Timing of Vesting

Subject to rules 5.3 (Dealing Restrictions), 5.5 (Delayed Vesting) and any Holding Requirement, an Award (or the relevant part of an Award) will Vest on the latest of:

- 5.2.1** the date on which the Directors make the determination under rule 5.1 (Determining Vesting) (or any other date the Directors set for Vesting when making such determination); and

5.2.2 the Normal Vesting Date,
and will lapse to the extent it does not Vest.

5.3 Dealing Restrictions

A Conditional Award will not Vest unless, and Vesting will be delayed until, the Vesting (and any action which in the opinion of the Directors is required to give effect to such Vesting) is not prevented by a Dealing Restriction.

5.4 Discretion to adjust Vesting

5.4.1 Notwithstanding any other provision of these rules (and without limiting rule 6 (Malus and clawback)), the Directors may adjust upwards or downwards (including to nil) the number of Shares in respect of which an Award may Vest under any rule if, in their discretion, they determine that it is appropriate to do so.

5.4.2 Without prejudice to the generality of the Directors' discretions under this rule 5.4, and without any limitation whatsoever, in considering the exercise of such discretions, the factors which the Directors may, but shall not be obliged to, take into account may include the Directors' assessment of the performance of the Company, of any Member of the Group or of any business area or team; the conduct, capability, or performance of the Participant; the Directors' assessment of the appropriateness of the value in respect of which the Award would otherwise Vest; the Directors' assessment of the shareholder and stakeholder experience and any exceptional event that has affected the Company or any Member of the Group.

5.5 Delay to Vesting or settlement

5.5.1 Notwithstanding any other provision of these rules (and without limiting rule 6 (Malus and clawback)), the Directors may delay the Vesting of an Award under any rule; the issue or transfer of Shares or payment of cash pursuant to an Award which Vests; the ability for a Participant to exercise an Option, the expiry of a Holding Period and/or the expiry of the Clawback Period if the Directors determine that it is appropriate to do so.

5.5.2 Without prejudice to the generality of the Directors' discretion, and without any limitation whatsoever, the circumstances in which the Directors may (but shall not be obliged) to consider doing so include where, on the date on which such event would otherwise occur, there is an ongoing investigation or other procedure to determine whether the Award should be subject to adjustment in accordance with rule 5.4 (Discretion to adjust Vesting) or malus or clawback in accordance with rule 6 (Malus and clawback) or where the Committee determines that further investigation of any matter is needed.

5.6 Consequences of Vesting for Conditional Awards

5.6.1 Subject to Rule 5.5 (Delay to Vesting or settlement) and any Holding Requirement, as soon as reasonably practicable following of a Conditional Award Vesting, the Grantor will arrange (subject to rules 5.10 (Tax), 6 (Malus and clawback), 8.5 (Death) and 11.12 (Consents)) the issue or transfer (including a transfer out of treasury) to the Participant of the number of Shares in respect of which the Award has Vested.

5.7 Consequences of Vesting for Options

- 5.7.1 Subject to Rule 5.5 (Delay to Vesting or settlement) and any Holding Requirement and to this Rule 5.7, a Participant may exercise an Option to the extent it has Vested.
- 5.7.2 An Option may not be exercised at any time at which the exercise of the Option (and any action which in the opinion of the Directors is required to give effect to such exercise) is prevented by a Dealing Restriction.
- 5.7.3 An Option may be exercised either in full or, if so permitted by the Directors from time to time, and subject to such restrictions as the Directors may determine, in part.
- 5.7.4 To exercise the Option the Participant must give notice in the prescribed form to the Grantor or any person nominated by the Directors and pay the Option Price (if any) or make arrangements satisfactory to the Directors for its payment.
- 5.7.5 As soon as reasonably practicable following the valid exercise of an Option, the Grantor will arrange (subject to any Holding Requirement, rules 5.9 (Cash and Share alternative), 5.10 (Tax), 6 (Malus and clawback) and 11.12 (Consents) the issue or transfer (including a transfer out of treasury) to the Participant of the number of Shares in respect of which the Option is exercised.
- 5.7.6 To the extent that an Option has not been exercised by the close of business on the Final Exercise Date, the Company will, unless it has received notice in writing to the contrary and subject to the condition set out below being satisfied, be deemed to have received a valid exercise notice immediately preceding the close of business on the Final Exercise Date, together with a direction to sell sufficient of the Shares issued or transferred on the exercise of the Option to fund any Option Price and any taxation or social security contributions payable under rule 5.10 (Tax). The remaining Shares subject to the Option will be transferred as set out in rule 5.7.5.
- 5.7.7 The condition referred to above is that the expected sale proceeds of the Shares resulting from the exercise of the Option, after deduction of any costs of any sale (including, any actual or estimated liability to taxation, social security contributions and any other related costs in respect of the Option) would be greater than the Option Price.
- 5.7.8 The Option will lapse, at the latest, on the close of business on the Final Exercise Date.
- 5.7.9 If an Option lapses under more than one provision of the rules of the Plan, the provision resulting in the shortest exercise period will prevail.

5.8 Dividend Equivalents

- 5.8.1 Subject to any other basis of calculation specified in connection with the grant of an Award, the amount of any Dividend Equivalent will be calculated as the number of Shares in respect of which the Award Vests multiplied by the per-Share amount of the ordinary dividends with a record date between the Award Date and the date of Vesting (“**relevant dividends**”), provided that the Directors may at any time prior to payment determine (or change their determination of):
 - (i) the basis on which the value of such dividends may be calculated, which may be determined as if each relevant dividend were re-invested in further Shares at the market value of a Share on the payment date;

- (ii) whether or not the amount shall also be calculated by reference to any special dividend or distribution (including any dividend or distribution in specie) with a record date between such dates; and/or
- (iii) in the case where a Holding Requirement is applied on a basis that delays the delivery of Shares in respect of which an Award vests, that the amount shall also be calculated by reference to dividends with a record date that falls in the applicable Holding Period.

5.8.2 If an Award carries a Dividend Equivalent, it will be paid in cash or Shares (as determined from time to time by the Directors) at or around the same time as the balance of the Award is satisfied.

5.9 Cash and Share alternative

5.9.1 The Directors may decide that an Award shall be satisfied (in whole or in part) by paying an equivalent amount in cash (subject to rule 5.10 (Tax) (in the case of an Option, taking into account the Option Price).

5.9.2 An Award may be granted on the basis that it will always be satisfied in this manner.

5.9.3 In respect of an Award which consists of a right to receive a cash amount, the Directors may decide instead to satisfy such Award (and, if so determined by the Directors, any Dividend Equivalents) by the delivery of Shares (subject to rule 5.10 (Tax)). The number of Shares will be calculated by reference to the market value of the Shares on the date of Vesting for Conditional Awards and the date of exercise for Options.

5.10 Tax

5.10.1 A Participant:

- (i) will be responsible for all taxes, social security contributions and other levies or charges arising out of or in connection with an Award or any interest in it or the acquisition, holding or disposal of Shares in relation to any Award or any interest in them; and
- (ii) indemnifies and agrees to keep indemnified on a continuing basis (in each case on an after-tax basis) each Member of the Group against any liability for any Member of the Group or the trustee of any employee benefit trust to pay or account for any such tax, contribution, levy or charge (a **"Withholding Liability"**),

provided that in either case this will only apply to employer social security contributions to the extent that the Directors so decide and to the extent lawful.

5.10.2 The Grantor will normally sell Shares to which the Participant becomes entitled on their behalf and use the proceeds to meet any Withholding Liability. However, the Directors may decide that the Withholding Liability will, instead, be met by:

- (i) deducting the amount of the liability from any cash payment due under the Plan;
- (ii) reducing the number of Shares to which the Participant would otherwise be entitled;

- (iii) deducting the amount of the liability from any payment of salary, bonus or other payment due to the Participant; and/or
- (iv) inviting the Participant to pay the amount of the liability to such Member of the Group as the Directors may specify.

Such withholding and/or arrangements may be operated on the basis of an estimate of the expected Withholding Liability on such basis as the Directors may determine.

5.10.3 The Participant will enter into any elections required by the Directors, including elections under Part 7 of the Income Tax (Earnings and Pensions) Act 2003 and/or elections to transfer any liability, or agreements to pay social security contributions.

5.10.4 Notwithstanding anything else in these rules, the Vesting of an Award or the issue or transfer of Shares or any payment of cash may be delayed until the Participant has done all things reasonably required by the Directors to give effect to this rule 5.10 (Tax).

5.11 Issuing Shares for less than nominal value

This rule applies where:

- 5.11.1** an Option is exercised and the Option Price is nil or less than the nominal value of a Share at the time; or
- 5.11.2** a Conditional Award Vests.

If the Award is to be satisfied by the issue of new Shares, the Directors are authorised to capitalise the reserves of the Company. The amount to be capitalised will be the nominal value of a Share less the Option Price (if any) multiplied by the number of Shares to be issued.

6 Malus and clawback

6.1 Malus (performance adjustment)

Notwithstanding anything else in these rules (and without limiting rule 5.4 (Discretion to adjust Vesting)), the Directors may, at any time before an Award has been satisfied and in their absolute discretion, decide that:

- 6.1.1** the number of Shares subject to any Award will be reduced;
- 6.1.2** the Award will lapse (at a time they determine); and/or
- 6.1.3** additional conditions will be imposed on the Vesting or satisfaction of the Award.

Without limiting their discretion under this rule 6.1, the events in rule 6.2 (Clawback) are examples of what the Directors may take into account in making any decision under this rule.

6.2 Clawback

Notwithstanding anything else in these rules, the Directors may, in their absolute discretion, at any time prior to the end of the Clawback Period, decide that a Clawback will apply.

If Clawback applies the Directors may:

- 6.2.1** decide that the Participant must immediately on demand:
- (i) transfer to or to the order of the Company a number of Shares which is equal to (or less than) the gross number of Shares issued or transferred to them pursuant to the Award, or pay to or to the order of the Company an amount representing the gross value of such number of Shares; and/or
 - (ii) pay to or to the order of the Company an amount equal to (or less than) the gross cash payment made to them pursuant to the Award;
- 6.2.2** decide that, to the extent of the number of Shares and/or cash value subject to the Clawback:
- (i) any Award, bonus or other benefit which might have been granted, Vested or paid to the Participant under this or any other arrangement (other than any plan under Schedule 2 or 3 to the Income Tax (Earnings and Pensions) Act 2003) will be reduced, not awarded or not Vest; and/or
 - (ii) to the extent permitted by law, the cash value subject to the Clawback will be offset or deducted from any amount(s) otherwise payable to the Participant by any Member of the Group (including, to the extent permitted by law, any salary or bonus payments).

Without limiting their discretion under this rule 6.1, the events in rule 6.2 (Clawback) are examples of what the Directors may take into account in making any decision under this rule.

6.3 Examples of where Malus and Clawback may be applied

Without prejudice to the generality of the Directors' discretions in rules 6.1 and 6.2 and without any limitation whatsoever, circumstances in which the Directors may (but shall not be obliged) to determine that rule 6.1 and/or 6.2 may apply include circumstances which, in the Directors' opinion, amount to:

- 6.3.1** material underperformance by the Participant in the course of his office or employment with any Member of the Group (as determined by the Directors in their absolute discretion);
- 6.3.2** material brand and/or reputational damage to any Member of the Group or relevant business unit;
- 6.3.3** material misstatement of the Company's accounts or financial results;
- 6.3.4** gross misconduct by the Participant in the course of his office or employment with any Member of the Group (as determined by the Directors in their absolute discretion);
- 6.3.5** fraud;
- 6.3.6** an event, act or omission that the Directors determine constitutes, or is reasonably anticipated to result in, the corporate failure of any Member of the Group, where (without any limitation whatsoever) "corporate failure" may (but shall not have to) include a material reduction in the value of the relevant company; any involuntary insolvency or similar circumstance; or any event that the Directors determine has a material negative impact on any of the stakeholders in the Company;
- 6.3.7** the Directors determining that:

- (i) any financial results or other measures of performance used in assessing the extent to which the Award Vested (or which influenced such assessment), whether relating to any Member of the Group or business unit; individual conduct, capability or performance; or otherwise, were misstated or incorrect, or were misleading, and which resulted in the Award Vesting (or Shares being issued or transferred and/or cash being paid) to a greater extent than would otherwise have been the case; or
 - (ii) an error was made in determining the extent to which an Award Vested, and which resulted in the Award Vesting (or Shares being issued or transferred and/or cash being paid) to a greater extent than would otherwise have been the case;
- 6.3.8** an event, act or omission that the Directors determine constitutes a failure of risk management, whether relating to any Member of the Group or business unit; and
- 6.3.9** any other events or scenarios referred to in any Malus and Clawback Terms which may be applicable from time to time.

6.4 General

- 6.4.1** For the avoidance of doubt, rules 6.1 (Malus (performance adjustment)) and 6.2 (Clawback) can apply even if the Participant was not responsible for the event in question or if it took place before the Vesting or grant of the Award.
- 6.4.2** This rule 6 will cease to apply following a Change of Control or, if the Directors so determine prior to the relevant event, any other event referred to in rule 9 (Corporate events), save only where this rule 6 is applied on the grounds of gross misconduct in respect of which the Participant's employment is terminated on such grounds.
- 6.4.3** Without limiting rule 11.1 (Terms of employment), the Participant will not be entitled to any compensation in respect of the operation or purported operation of this rule 6 (Malus and clawback).
- 6.4.4** Nothing in this rule 6 shall in any way restrict a Participant from being able to transfer or otherwise dispose of any Shares acquired by such Participant pursuant to an Award.

6.5 Other

- 6.5.1** The number of Shares subject to an Award may, if the Directors so determine be reduced, or an Award may be lapsed in full, to give effect to the operation of malus or clawback or any similar cancellation or reduction power under the terms of any incentive arrangement and/or policy operated by from time to time by any Member of the Group.

7 Holding Requirement

Where an Award is granted, pursuant to rule 2.3 (Terms of Awards), subject to a Holding Requirement, the Award shall be subject to the provisions of Schedule 1 (Holding Requirement) or such other terms implementing the Holding Requirement as the Directors may determine and notify to the Participant at any time prior to Vesting (which terms may include Vesting or settlement of an Award being delayed for the duration of the Holding Period).

8 Leaving employment and death

8.1 General rule on leaving employment

Unless rule 8.2 (Exceptions) or 8.6 (Death) applies, an Award (whether or not Vested) will lapse on the date the Participant leaves employment.

8.2 Exceptions

Subject to rule 8.3 (Timing and extent of Vesting) and 8.4 (Exchange of awards on a sale of employer), an Award will not lapse and the rules will continue to apply if a Participant leaves employment due to:

- 8.2.1** ill-health, injury or disability, as established to the satisfaction of the Company;
- 8.2.2** the Participant's employing company ceasing to be a Member of the Group;
- 8.2.3** a transfer of the undertaking, or the part of the undertaking, in which the Participant works to a person which is not a Member of the Group; or
- 8.2.4** any other reason, if the Directors so decide in any particular case (except that, where a Participant has committed gross misconduct, this discretion will not be exercised by the Directors),

provided that the Vesting or exercise of an Award at any time on or after leaving employment may be subject to such additional conditions as the Directors may impose.

8.3 Timing and extent of Vesting

Where a Participant leaves employment for one of the reasons set out in rule 8.2 (Exceptions) (subject to any additional conditions imposed thereunder):

- 8.3.1** the number of Shares in respect of which the Award is capable of Vesting will, unless the Directors decide otherwise, be reduced to reflect the proportion of the period up to the Normal Vesting Date which had elapsed by the date the Participant left employment;
- 8.3.2** the Award will remain outstanding and capable of Vesting under these rules, provided that the Directors may decide that the Award will Vest on the date the Participant leaves employment or on any later date. Where they do so the Award will Vest to the extent that the Directors determine, taking into account the extent to which any Condition has been or is likely to be satisfied (as determined by the Directors, in the manner specified in any applicable Condition or in such manner as they consider appropriate) and such other factors as the Directors may determine appropriate; and
- 8.3.3** the Award will lapse to the extent it ceases to be capable of Vesting or does not Vest.

8.4 Exchange of awards on a sale of employer

If the Directors, with the agreement of any relevant purchaser, so decide before the event referred to in rules 8.2.2 or 8.2.3 takes effect, an Award will not Vest, but will instead be exchanged, and rules 9.4 (Exchange) to 9.6 (Exchange terms) will apply. For the purpose of applying those rules, the "Acquiring Company" will mean the relevant purchaser or any company nominated by the relevant purchaser and approved by the Directors.

8.5 Misconduct or joining a competitor

Notwithstanding any other provision of these rules, an Award (including an Award which has Vested but not yet been exercised or settled) will, unless the Directors decide otherwise, immediately lapse in full in the event that:

- 8.5.1** a Participant leaves employment by way of termination on the grounds of misconduct or voluntary resignation in a situation where the Participant could have been terminated on the grounds of misconduct, whether summarily or on notice; or
- 8.5.2** the Board determines that, in its opinion, there is reasonable evidence that at any time after leaving employment a Participant has committed any act or omission which amounts to a breach of any post-employment covenant or similar undertaking or obligation owed by the Participant to any Member of the Group (whether pursuant to the Participant's employment or service agreement, any agreement entered into in connection with the Participant leaving employment or otherwise).

8.6 Death

- 8.6.1** If a Participant dies, an unvested Award will Vest on the date of death to the extent that the Directors determine, taking into account the extent to which any Condition has been or is likely to be satisfied (as determined by the Directors, in the manner specified in any applicable Condition or in such manner as they consider appropriate) and such other factors as the Directors may determine appropriate. The number of Shares in respect of which the Award Vests will, unless the Directors decide otherwise, be reduced to reflect the proportion of the period up to the Normal Vesting Date the Condition Assessment Period which had elapsed by the date of death. The Award will lapse to the extent it does not Vest.
- 8.6.2** In respect of any settlement or exercise of an Award following the Participant's death, the Grantor will only arrange for Shares to be issued or transferred, or cash paid, to the personal representatives of the deceased Participant if they have produced such evidence as the Directors may require of their status as such. The receipt of any person who has produced such evidence will discharge the Grantor from any obligation to the Participant or their estate.

8.7 General

- 8.7.1** Unless the Directors decide otherwise, a Participant will be treated as leaving employment on the earlier of:
 - (i) the date on which they are no longer an Employee or a director of any Member of the Group; or
 - (ii) save where rule 8.2 (Exceptions) applies, the date they give or receive notice pursuant to which they would no longer be an Employee or a director of any Member of the Group,in either case whether or not the termination is or would be lawful.
- 8.7.2** An Option which does not lapse when the Participant leaves employment will be exercisable for three months (or such longer period as the Directors may permit) from the date of leaving or, if later, from the date on which it Vests. In the case of death, the Option will be exercisable for 12 months from the date of death. In either case the Option will lapse to the extent not exercised on the expiry of such period.

9 Corporate events

9.1 Time of Vesting

9.1.1 If there is a Change of Control an Award will Vest subject to rule 9.2 (Extent of Vesting).

9.1.2 If the Company is or may be affected by:

- (i) any demerger, delisting, distribution (other than an ordinary dividend) or other transaction, which, in the opinion of the Directors, might affect the current or future value of any Award; or
- (ii) any reverse takeover (not within rule 9.1.1 above), merger by way of a dual listed company or other significant corporate event, as determined by the Directors,

the Directors may determine that an Award will Vest on the date of such event or such other date as the Directors may determine subject to rule 9.2 (Extent of Vesting) and provided that the Directors may impose other conditions on such Vesting.

9.1.3 If the Directors determine that an event in rules 9.1.1 or 9.1.2 above is to occur, the Directors may determine that the Award will vest on the last practicable date prior to the anticipated date of such event in accordance with this rule 9.1.3.

9.1.4 This rule 9.1.4 applies if an Option will Vest as a result of, or has Vested before, a court sanctioning a compromise or arrangement in connection with the acquisition of Shares. The Directors may decide at any time before court sanction that the Option will be deemed exercised (to the extent specified under rule 9.2 (Extent of Vesting) or otherwise) with effect from court sanction, if they consider that the value of consideration receivable for the resulting Shares under the compromise or arrangement would be more than the Option Price. The Option Price will be paid as described in rule 5.10 (Tax) as if it were tax. The Company will notify each affected Participant of this decision and may (but shall not be obliged to) give the Participant a reasonable opportunity to direct the Company that the Option should not be deemed exercised.

9.2 Extent of Vesting

9.2.1 Where an Award vests under rule 9.1 (Time of Vesting):

- (i) if the Award is subject to a Condition, the Award will Vest to the extent that the Directors determine, taking into account the extent to which any Condition has been or is likely to be satisfied (as determined by the Directors, in the manner specified in any applicable Condition or in such manner as they consider appropriate) and such other factors as the Directors may determine appropriate; and
- (ii) the number of Shares in respect of which the Award Vests will, unless the Directors decide otherwise, be reduced to reflect the proportion of the period up to the Normal Vesting Date which had elapsed prior to Vesting.

9.2.2 To the extent that the Award does not Vest as a result of this rule 9.2 (Extent of Vesting), the Directors may decide that it will be exchanged (wholly or partly) under rule 9.4 (Exchange) or otherwise it shall lapse.

9.3 Lapse of Options

An Option will be exercisable:

- 9.3.1 following a Change of Control, for six months after the Change of Control or, if earlier, for one month after the date on which a notice to acquire Shares under section 979 of the Companies Act 2006 is first served (or in each case for such shorter period as the Directors may set at the time of the Change of Control); or
- 9.3.2 following an event described in rule 9.1.2, for one month from the date of such event (or such longer or shorter period (not exceeding one year) as the Directors may set at the time of the event),

and will lapse at the end of that period to the extent it has not been exercised or exchanged.

9.4 Exchange

9.4.1 An Award will not Vest (or, in the case of an Option, be exercisable) following an event described in rule 9.1 (Time of Vesting) but will be exchanged pursuant to rule 9.6 (Exchange terms) to the extent that:

- (i) an offer to exchange the Award is made and accepted by a Participant; or
- (ii) the Directors, with the consent of the Acquiring Company, decide before the relevant event that the Award will be automatically exchanged.

An exchange may be applied to part of an Award.

9.4.2 An Award will also be exchanged under this rule 9.4 (Exchange) if rule 8.4 (Exchange of awards on a sale of employer) applies.

9.5 Timing of exchange

Where an Award is to be exchanged under rule 9.4 (Exchange) the exchange is effective immediately following the relevant event.

9.6 Exchange terms

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

- 9.6.1 must confer a right to acquire shares in the Acquiring Company or another body corporate determined by the Acquiring Company or to receive a cash payment of an amount determined by reference to the value of such shares;
- 9.6.2 must be equivalent to the existing Award, subject to rules 6.4.2 and 9.6.4;
- 9.6.3 is treated as having been acquired at the same time as the existing Award and, subject to rule 9.6.4, shall be capable of Vesting in the same manner and at the same time;
- 9.6.4 in the case of an Award subject to a Condition either shall not be subject to a Condition or shall be subject to a replacement condition which the Directors consider to be appropriate in the circumstances; and
- 9.6.5 is governed by the rules of the Plan from time to time, excluding rule 10.2 (Shareholder approval), as if references to Shares were references to the shares

over which the new award is granted and references to the Company were references to the Acquiring Company or the body corporate determined under rule 9.6.1 above.

9.7 Directors

In these rules, other than in respect of Awards which are exchanged pursuant to rule 9.6 (Exchange terms) and unless before such event the Directors determine otherwise), following an event referred to in rule 9.1 (Time of Vesting) “**Directors**” means those people who were members of the remuneration committee of the Company immediately before such event.

10 Changing the Plan and termination

10.1 Directors’ powers

Subject to rule 10.2 (Shareholder approval), the Directors may at any time change the Plan and/or the terms of any Awards in any way, including making changes to the terms of any existing Award where such change may be to the disadvantage of the Participant.

10.2 Shareholder approval

10.2.1 Except as described in rule 10.2.2, the Company in general meeting must approve in advance by ordinary resolution any proposed change to the Plan or any Award to the advantage of present or future Participants, which relates to:

- (i) eligibility to participate in the Plan;
- (ii) the limitations on the amount or number of Shares, cash, or other benefits subject to the Plan;
- (iii) the individual limit for each Participant under the Plan;
- (iv) the basis for determining a Participant's entitlement to, and the terms of, securities, cash, or other benefit to be provided and for the adjustment thereof (if any) if there is a capitalisation issue, rights issue or open offer, sub-division or consolidation of shares or reduction of capital or any other variation of capital; or
- (v) the terms of this rule 10.2.1.

10.2.2 The Directors do not need the approval of the Company in general meeting for any changes to the Plan or an Award that would otherwise fall under rule 10.2.1 in the case of changes to a Condition or minor changes:

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

10.2.3 The Directors may, without obtaining the approval of the Company in general meeting, establish further plans (by way of schedules to the rules or otherwise)

based on the rules, but modified to take account of local tax, exchange control or securities law in non-UK territories. However, any Shares made available under such plans are treated as counting against any limits on individual or overall participation in the Plan under rules 3.1 (Plan limit - 10 per cent), and 3.2 (Scope of Plan limit).

10.3 Employees' share scheme

No amendment or operation of the Plan will be effective to the extent that the Plan would cease to be an "employees' share scheme" as defined in Section 1166 of the Companies Act 2006.

10.4 Notice

The Directors are not required to give Participants notice of any changes.

10.5 Termination

The Plan will terminate on the 10th anniversary of approval of the Plan, but the Directors may terminate the Plan at any time before that date. No further Awards may be granted following the termination of the Plan, but this will not affect existing Awards.

11 General

11.1 Terms of employment

11.1.1 This rule 11.1 (Terms of employment) applies during an Employee's employment and after the termination of an Employee's employment, whether or not the termination is lawful.

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

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

11.1.4 The terms of the Plan do not entitle an Employee to the exercise of any discretion in the Employee's favour.

11.1.5 No Employee will have any claim or right of action in respect of any decision, omission or discretion, which may operate to the disadvantage of the Employee even if it is unreasonable, irrational, capricious arbitrary or might be regarded as being in breach of the duty of trust and confidence (and/or any other implied duty) between the Employee and the employer.

11.1.6 No Employee has any (and by participating in the Plan waives any) right to compensation for any loss in relation to the Plan, including any loss in relation to:

- (i) any loss or reduction of rights or expectations under the Plan in any circumstances (including lawful or unlawful termination of employment);

- (ii) any exercise of a discretion or a decision taken in relation to an Award or to the Plan, or any failure to exercise a discretion or take a decision; or
- (iii) the operation, suspension, termination or amendment of the Plan.

11.1.7 Any discretion may be exercised, or not exercised, at the relevant person's absolute discretion and for any reason or no reason. A person exercising, or not exercising, a discretion is under no obligation to provide reasons for their decision or to determine or take into account the views of the person affected by the exercise of, or decision not to exercise, the decision. A reference in any rule to a discretion being at the person's "absolute discretion" (or similar) does not restrict the operation of this rule 11.1.7 in respect of that or any other rule, including any rule which does not include any such reference.

11.1.8 Any aspect of the operation of the Plan may be applied (or not applied), and a discretion may be exercised (or not exercised), in different ways for different Participants (and/or in connection with different Awards held by the same Participant) in relation to the same or different events or circumstances.

11.1.9 In this rule 11.1 (*Terms of Employment*) reference to a discretion includes any determination, decision, power or similar, and reference to the exercise of (or omission to exercise) a discretion (or similar) includes the making or exercise of (or omission to make or exercise) any determination, decision, power or similar, and in any case whether under or in connection with the Plan or any Award.

11.2 Directors' decisions final and binding

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

11.3 Currency

Any currency conversion required for the operation of the Plan will be done using any rate of exchange which the Directors may select.

11.4 Pension

Payments under the Plan are not intended form part of a Participant's remuneration for the purpose of determining entitlement to any benefit of office or employment including any pension or retirement benefit, life assurance, permanent health insurance or other similar benefit, whether existing or subsequently introduced to be pensionable or to be taken into account in determining any similar entitlements.

11.5 Third party rights

The terms of this Plan and an Award may be relied on and enforced by any current or former Member of the Group. Apart from that, no third party has any rights under the Contracts (Rights of Third Parties) Act 1999 or any equivalent local legislation to enforce any term of this Plan.

This does not affect any other right or remedy of a third party which may exist. The consent of any third party mentioned in this rule 11.5 is not required to any amendment to the Plan or the terms of any Award.

11.6 Assignment

If the Directors so determine, the Grantor may assign its liability to settle an Award to any Member of the Group without the consent of the Participant.

11.7 Documents sent to shareholders

The Company is not required to send to Participants copies of any documents or notices normally sent to the holders of its Shares.

11.8 Discrepancies

To the extent there is any discrepancy between the rules of the Plan or any document setting out the terms of an Award (a “**Plan Document**”), and any information or document setting out a summary or explanation of how the Plan works, the Plan Documents shall prevail.

To the extent any Plan Documents are translated into a language other than English, the English version will prevail.

11.9 Costs

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

11.10 Employee trust

The Company and any Subsidiary may provide money to the trustee of any trust or any other person to enable them to acquire Shares to be held for the purposes of the Plan or enter into any guarantee or indemnity for those purposes, to the extent permitted by Section 682 of the Companies Act 2006 or any applicable law.

11.11 Participants’ information

11.11.1 Subject to rule 11.11.2, by participating in the Plan and accepting an Award, the Participant consents to the holding and processing of personal information the Participant provides to any Member of the Group, trustee or third-party service provider, for all purposes relating to the operation of the Plan. These include, but are not limited to:

- (i) administering and maintaining Participant records;
- (ii) providing information to Members of the Group, trustees of any employee benefit trust, registrars, brokers or third-party administrators of the Plan;
- (iii) providing information to future purchasers or merger partners of the Company, the Participant’s employing company, or the business in which the Participant works; and
- (iv) transferring information about the Participant to any country or territory that may not provide the same statutory protection for the information as the Participant’s home country.

11.11.2 The basis for any processing of personal information about the Participant under the EU’s General Data Protection Regulation (2016/679) (“GDPR”) (or any successor laws, including its incorporation into UK law as the UK GDPR) is set out in the Company’s Employee Privacy Statement (which is accessible on the Company’s

intranet) and is not the consent given under rule.11.11.1 The Employee Privacy Statement also contains details about how the Participant's personal information is processed and the Participant's rights in relation to that information. The Participant has a right to review the Employee Privacy Statement.

11.12 Consents

All allotments, issues and transfers of Shares will be subject to any necessary consents under any relevant enactments or regulations for the time being in force in the United Kingdom or elsewhere. The Participant is responsible for complying with any requirements to obtain or avoid the necessity for any such consent.

11.13 Consistency with directors' remuneration policy

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

11.14 Share rights

Shares issued to satisfy Awards under the Plan will rank equally in all respects with the Shares in issue on the date of allotment. They will not rank for any rights attaching to Shares by reference to a record date preceding the date of allotment. Where Shares are transferred to a Participant, including a transfer out of treasury, the Participant will be entitled to all rights attaching to the Shares by reference to a record date on or after the transfer date. The Participant will not be entitled to rights before that date.

11.15 Listing

If and so long as the Shares are listed and traded on a public market, the Company will apply for listing of any Shares issued under the Plan as soon as practicable.

11.16 Notices

11.16.1 Any information or notice to a person who is or will be eligible to be a Participant under or in connection with the Plan may be delivered by hand, posted, or sent by electronic means, in such manner to such address as the Company considers appropriate, including publication on any website.

11.16.2 Any information or notice to the Company or other duly appointed agent under or in connection with the Plan may be sent by post or transmitted to it at its registered office or such other place, or by such other means, as the Directors or duly appointed agent may decide and notify Participants.

11.16.3 Notices sent by post will be deemed to have been given on the second day after the date of posting. However, notices sent by or to a Participant who is working overseas will be deemed to have been given on the seventh day after the date of posting. Notices sent by electronic means, in the absence of evidence to the contrary, will be deemed to have been received on the day after sending.

11.17 Severability

If any provision or rule of this Plan is or becomes invalid, illegal or unenforceable, it will be deemed deleted, but that will not affect the validity or enforceability of the rest of this Plan.

11.18 Governing law and jurisdiction

11.18.1 English law governs the Plan and all Awards and their construction.

11.18.2 The English courts have exclusive jurisdiction in respect of disputes arising under or in connection with the Plan or any Award, provided that nothing in this rule 11.18.2 shall be taken to have limited the right of any person to proceed in the courts of any other competent jurisdiction or the Company or any Member of the Group proceeding in the courts of any other competent jurisdiction in relation to a dispute. Each Participant irrevocably submits to the jurisdiction of such courts and waives any objection to proceedings in any such court on the ground of venue or on the ground that the proceedings have been brought in an inconvenient forum.

Schedule 1

Holding Requirement

1 Effect of Holding Requirement

1.1 If an Award is subject to a Holding Requirement, it will Vest at the time and to the extent determined under the rules of the Plan (including any Dividend Equivalent) but:

1.1.1 if the Award is a Conditional Award, the Shares in respect of which the Award Vests (the “**Holding Shares**”) will be issued or transferred including a transfer out of treasury or otherwise to the Participant or to another person to be held for the benefit of the Participant (as the Directors determine) on the basis set out in this Schedule (Holding Requirement); and

1.1.2 if the Award is an Option and it is exercised during the Holding Period, the Holding Shares will be issued or transferred as described above to be held for the balance of the Holding Period, on the basis set out in this Schedule (Holding Requirement).

1.2 If required to do so by the Directors, the Participant must enter into an agreement setting out the basis on which the Holding Shares will be held under this Schedule (Holding Requirement). If the Participant does not do so in the manner and within the timeframe specified by the Directors, the Award will lapse and the Holding Shares will not be issued or transferred (or will be forfeited if already issued or transferred).

1.3 If the Holding Shares had already been transferred to the Participant or to another person to be held for the benefit of the Participant, the Participant will immediately transfer their interest in the Holding Shares, for no consideration or nominal consideration, to any person (which may include the Company, where permitted) specified by the Directors.

2 Tax

Where any Member of the Group or the trustee of any employee benefit trust is liable to pay or account for any taxes, social security contributions and other levies or charges arising out of or in connection with an Award or any interest in it or the acquisition, holding or disposal of Shares in relation to any Award or any interest in them at any time on or prior to the end of the Holding Period (including as a result of the end of the Holding Period), rule 5.10 (Tax) will apply. Where applicable, the Holding Requirement will then apply in respect of the remainder of the Shares subject to the Award, after any sale pursuant to rule 5.10 (Tax).

3 Rights during the Holding Period

3.1 The Participant will be entitled to vote (or give instructions as to voting) and to receive dividends and have all other rights of a shareholder in respect of the Holding Shares from the date the Shares are issued or transferred.

3.2 The Participant may not transfer, assign or otherwise dispose of the Holding Shares or any interest in them (or instruct anyone to do so) except in the case of:

3.2.1 a sale of sufficient entitlements nil-paid in relation to a Holding Share to take up the balance of the entitlements under a rights issue or similar transaction;

3.2.2 a transfer of Holding Shares as described in paragraph 3.5 (Forfeiture of Holding Shares);

- 3.2.3 a sale of Shares pursuant to rule 5.10 (Tax);
- 3.2.4 the Participant entering into an irrevocable undertaking to accept or vote in favour of a transaction contemplated by rule 9.1 (Time of Vesting); or
- 3.2.5 in any other circumstances if the Directors so allow.

3.3 Any securities which the Participant receives in respect of Holding Shares as a result of an event described in rule 4.3 (Adjustment of Awards) during the Holding Period will, unless the Directors decide otherwise, be subject to the same restrictions as the corresponding Holding Shares. This will not apply to any Shares which a Participant acquires on a rights issue or similar transaction to the extent that they exceed the number they would have acquired on a sale of sufficient rights under the rights issued nil-paid to take up the balance of the rights.

3.4 For the avoidance of doubt, clawback (under rule 6.2 (Clawback)) will apply to the Holding Shares during the Holding Period.

3.5 Forfeiture of Holding Shares

To the extent that Holding Shares are determined by the Directors to be required to be transferred to give effect to malus or a clawback under rule 6 (Malus and clawback) or the lapse of an Award, the Participant agrees to transfer (and irrevocably authorises, and is deemed to consent to, the transfer on their behalf of) sufficient of the Holding Shares, for no consideration, to any person (which may include the Company, where permitted) specified by the Directors.

3.6 End of the Holding Period

3.6.1 The Holding Period will end on earliest of the following:

- (i) the date on which the Holding Period would normally end, as set by the Directors under rule 2.3 (Terms of Awards);
- (ii) the date on which the Participant dies;
- (iii) the date of a Change of Control (but, unless the Directors determine otherwise, the Holding Requirement will apply to any Award exchanged under rule 9.4 (Exchange) before the start of any Holding Period; and
- (iv) any other date determined by the Directors.

3.6.2 At the end of the Holding Period, the restrictions relating to Holding Shares in this Schedule 2 will cease to apply and the Holding Shares will be transferred to the Participant or as they may direct.