



Rolls-Royce®

RULES

OF THE

ROLLS-ROYCE INCENTIVE PLAN

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Rolls-Royce Incentive Plan

1. Meaning of words used

1.1 General

In these rules:

“A-type Award” means an Award specified as an A-type Award under rule 2.5.3;

“Additional Conditions” means any conditions imposed under rule 2.5.6;

“Award” means a Conditional Award or a Phantom Award;

“Award Date” means the date specified under rule 2.5.1;

“B-type Award” means an Award specified as a B-type Award under rule 2.5.3;

“Business Day” means a day on which the London Stock Exchange (or, if the Committee decides, any other stock exchange on which the Shares are traded) is open for the transaction of business;

“Company” means Rolls-Royce Holdings plc with registered number 07524813;

“Committee” means the remuneration committee of the board of directors of the Company or a committee duly authorised by it. For the purposes of rules 14 (Takeovers and restructurings) and 15 (Exchange of Awards), it means those persons who were members of the Committee immediately before the relevant event;

“Conditional Award” means a conditional right to acquire Shares granted under the Plan;

“Control” means the power of a person to secure by means of the holding of shares or the possession of voting power or by virtue of any powers conferred by any articles of association (or other document), that the affairs of a body corporate are conducted in accordance with the wishes of that person;

“Dealing Restrictions” means any internal or external restrictions on dealings or transactions in securities;

“Dividend Equivalent” means a right to receive an additional amount, as set out in rule 8.4 (Dividend Equivalents);

“Employee” means any employee (including an employed executive director), or former employee, of any Member of the Group;

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

“Expected Vesting Date” means the date the Committee decides under rule 2.5.5;

“Good Leaver Reason” means:

- (i) death;
- (ii) ill-health, injury or disability (evidenced to the satisfaction of the Committee);
- (iii) retirement by agreement with the Participant’s employing company;
- (iv) redundancy within the meaning of the Employment Rights Act 1996 (or an overseas equivalent);
- (v) the Participant’s employing company ceasing to be a Member of the Group;

(vi) the business or part of the business that employs the Participant being transferred outside of the Group; or

(vii) any other reason, at the discretion of the Committee;

“Group” means the Company and any company that is a subsidiary of the Company (within the meaning of section 1159 of the Companies Act 2006) and, for the purposes of rule 11 (Leaving), it includes associated companies nominated for this purpose by the Committee, and **“Member of the Group”** will be understood accordingly;

“Leaves” means ceasing to be an employee (and ceasing to be a director) of all Members of the Group and **“Left”** and **“Leaving”** will be understood accordingly;

“Malus and Clawback Policy” means the Rolls-Royce Group Malus and Clawback Policy (as amended from time to time) and **“Malus”** and **“Clawback”** will be understood accordingly;

“Participant” means a person holding or who has held an Award or, after death, that person’s personal representatives;

“Phantom Award” means a conditional right granted under the Plan to receive a cash sum linked to the value of a number of notional Shares;

“Plan” means the plan constituted by these rules and its schedules known as the Rolls-Royce Incentive Plan, as amended from time to time;

“Remuneration Policy” means the Company’s Directors’ Remuneration Policy as last approved by shareholders;

“Share” means a fully paid ordinary share in the capital of the Company;

“Tax” means any tax and social security charges (and/or any similar charges), wherever arising, in respect of a Participant’s Award or otherwise arising in connection with that Participant’s participation in the Plan; and

“Vesting” means:

(i) in relation to a Conditional Award, a Participant becoming entitled to the Shares; and

(ii) in relation to a Phantom Award, a Participant becoming entitled to the cash sum,

and **“Vest”**, **“Vested”**, and **“Unvested”** will be understood accordingly.

1.2 Interpretation

In this Plan, the singular includes the plural and the plural includes the singular. References to any enactment or statutory requirement will be understood as references to that enactment or requirement as amended or re-enacted and they include any subordinate legislation made under it. References in these rules to dividends includes shares in the Company that are issued to shareholders in lieu of cash dividends.

1.3 Award tranches

Where an Award is made up of different tranches with different Expected Vesting Dates, each tranche will be considered a separate Award for the purposes of interpreting and administering this Plan.

2. Granting Awards

2.1 Eligibility

The Committee may only grant an Award to someone who is an Employee at the Award Date.

2.2 Additional criteria for former employees

Former employees or Employees who are on notice to terminate their employment within the Group (save where the Participant will continue to be employed by another Member of the Group) will only be eligible to be granted an Award:

2.2.1 if they are still employed within the Group at the Award Date or their employment within the Group ceased within the 12 months preceding the Award Date; and

2.2.2 to the extent that the Award relates to performance while employed within the Group.

2.3 Timing of grant

Awards may only be granted within 42 days starting on any of the following:

2.3.1 the day on which the Company's shareholders approve the Plan;

2.3.2 the Business Day following the day on which the Company's results are announced for any period;

2.3.3 any day on which changes to the legislation or regulations affecting share plans are announced or take effect;

2.3.4 any day on which the Committee resolves that exceptional circumstances exist which justify the grant of Awards; and

2.3.5 the day Dealing Restrictions, which prevented the granting of Awards during the periods specified above, are lifted.

If, by reason of this rule 2.3 (Timing of grant), the date on which an Award would have been granted to an Employee has to be or has been deferred, the Committee may nevertheless decide that, for the purposes of these rules, the Award Date will be deemed to be the date on which the Award would have been granted but for the deferral. The preceding sentence will not be applied to Awards granted to Executive Directors.

No Awards may be granted after the termination of the Plan.

2.4 Making an Award

Awards will be granted by deed or in any other way which ensures the Awards are contractually enforceable.

Participants will be notified of the terms of their Awards as soon as practicable.

The Committee may require Participants to accept Awards or specific terms and may provide for Awards to lapse if they are not accepted within the time specified.

The Committee may allow Participants to disclaim all or part of an Award within a specified period. If an Award is disclaimed, it will be deemed never to have been granted.

2.5 Terms of Awards

Awards are subject to the rules of the Plan.

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

- 2.5.1 the Award Date;
- 2.5.2 whether it is a Conditional Award or a Phantom Award;
- 2.5.3 whether it is an A-type Award or a B-type Award;
- 2.5.4 the number of Shares subject to the Award or the basis for calculating the number of Shares;
- 2.5.5 the Expected Vesting Date, which will be consistent with the Remuneration Policy for an Executive Director;
- 2.5.6 details of any Additional Conditions;
- 2.5.7 whether Dividend Equivalents will apply (they will apply unless the Committee decides otherwise);
- 2.5.8 whether the Malus and Clawback Policy will apply (it will apply unless the Committee decides otherwise);
- 2.5.9 in relation to an Award granted to an Executive Director, the relevant period for the purposes of rule 12.1.1, if not 12 months from Leaving; and
- 2.5.10 whether the Participant may be required to enter into any election for a particular tax and/or social security treatment in respect of an Award and/or any Shares and any consequences of failing to make the election.

2.6 Additional Conditions

The Committee may impose additional conditions on Vesting. The Committee may change or waive those additional conditions in accordance with their terms or if anything happens that causes the Committee to reasonably consider it appropriate to do so.

The Committee will notify any relevant Participant as soon as practicable after any change or waiver.

2.7 Malus and Clawback

If there is any discrepancy between the Malus and Clawback Policy and the Plan, the Malus and Clawback Policy will prevail.

2.8 Shareholding Policy

Where a Participant is subject to the Shareholding Policy, the Shareholding Policy will apply to the Participant's Awards and any Shares acquired pursuant to those Awards. For these purposes, "**Shareholding Policy**" means the Rolls-Royce Group Shareholding Policy that requires a minimum shareholding by certain individuals, as in force from time to time.

2.9 No payment

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

2.10 Administrative errors

If the Committee grants an Award:

- 2.10.1 in error, it will be deemed never to have been granted and/or will immediately lapse; and/or

- 2.10.2 which is inconsistent with any provisions in this Plan, it will take effect only to the extent permissible under the Plan and will otherwise be deemed never to have been granted and/or will immediately lapse.

3. Phantom Awards

A Phantom Award will not confer any right to receive Shares or any interest in Shares. The Plan will be interpreted and applied to reflect the fact that Phantom Awards are granted in respect of notional Shares only and are settled in cash rather than Shares.

4. Participant limits

Awards to Executive Directors may only be granted in accordance with the limits set out in the Remuneration Policy.

5. Share dilution limits

5.1 Share limits

An Award may not be granted that would cause:

- 5.1.1 the total number of Shares that have been Allocated in the previous 10 years (or could still be Allocated by virtue of rights granted) under the Plan and under any other employee share plans operated by any Member of the Group to exceed 10% of the ordinary share capital of the Company in issue; or
- 5.1.2 the total number of Shares that have been Allocated in the previous 10 years (or could still be Allocated by virtue of rights granted) under the Plan and under any other discretionary employee share plans operated by any Member of the Group to exceed 5% of the ordinary share capital of the Company in issue.

5.2 Calculating the number of Shares

For the purposes of this rule 5 (Share dilution limits):

- 5.2.1 Shares are considered to be “**Allocated**” when allotted and issued as new shares, or transferred from treasury. However, if relevant institutional investor guidelines cease to require treasury shares to be taken into account for these purposes, then treasury Shares will not count towards these Share limits; and
- 5.2.2 where there has been a variation in the share capital of the Company as described in rule 16 (Variations in share capital), the number of Shares taken into account for the purposes of the Share limits will be adjusted as the Committee considers appropriate to take account of the variation.

6. Vesting of Awards

6.1 Timing of Vesting

An Award will Vest on the latest of:

- 6.1.1 the Expected Vesting Date; and
- 6.1.2 the date it is decided that any Additional Conditions are satisfied.

6.2 Extent of Vesting

An Award will Vest to the extent that the Committee decides that any Additional Conditions are satisfied.

6.3 Vesting outcomes

The Committee may adjust the extent to which an Award will Vest if it considers the level of Vesting would otherwise not be appropriate, including when considering the wider performance of the Group or any Member of the Group, the performance of the Participant or the experience of stakeholders.

7. Lapsing

An Award will lapse to the extent any part of it is no longer capable of Vesting.

To the extent an Award lapses, it cannot Vest under any other provision of the Plan. This means that, to the extent the Award lapses, the Participant has no right to receive the Shares or cash comprised in the Award.

8. Settlement of Awards

8.1 Meaning of “Market Value”

For the purposes of this rule 8 (Settlement of Awards), “**Market Value**” on any day means the market value of a Share as decided by the Committee.

8.2 Delivery of Shares or cash

If an Award Vests, the Committee will arrange for the delivery of Shares or cash to the Participant as soon as practicable after Vesting.

8.3 Phantom Award payment

In the case of a Phantom Award, the cash sum will be equal to the aggregate Market Value of the notional Shares which have Vested.

8.4 Dividend Equivalents

Where an Award includes Dividend Equivalents, the Participant will receive an amount equal to the dividends, the record date for which falls between the Award Date and Vesting, multiplied by the number of Shares in respect of which the Award Vests. Dividend Equivalents will be calculated on such basis as the Committee decides. Special dividends will not be included, unless the Committee decides otherwise.

Any Dividend Equivalents may be paid in cash or Shares as determined by the Committee. For Executive Directors, any Dividend Equivalents will be paid in Shares, unless the Committee decides otherwise. Dividend Equivalents will be paid on the same date and the same terms as the related Award.

8.5 Nominee

Shares may be delivered to and held by a nominee on behalf of the Participant.

8.6 Shareholder rights

Shares issued in connection with this Plan will rank equally in all respects with the Shares in issue on that date.

Participants will only be entitled to rights attaching to Shares from the date of the allotment or transfer to them.

8.7 Cash alternative

The Committee may choose to settle any Award partly or fully in cash, in which case the cash sum will be equal to the aggregate Market Value of the Shares that would otherwise have Vested.

The Participant will have no right to acquire the Shares in respect of which an Award has been settled in cash.

8.8 Share transfer tax

The Committee will arrange payment of any share transfer taxes on settlement, unless the Committee determines that Participants will cover them.

9. Investigations

9.1 Relevant investigation

This rule 9 (Investigations) applies where an investigation is ongoing that might lead to Malus and/or Clawback being triggered in relation to a Participant's Award.

9.2 Impact of investigation

If an investigation is ongoing then, unless the Committee decides otherwise:

9.2.1 the Participant's Award will not Vest; and

9.2.2 where relevant, the Participant's Award will not be settled,

until the investigation is concluded and then any Award will only Vest or be settled as determined by the Committee.

10. Dealing Restrictions

10.1 Application of rule

This rule 10 (Dealing Restrictions) applies if Dealing Restrictions would prohibit delivering or arranging delivery of Shares or cash to settle an Award, and/or the Participant from selling Shares, if required to discharge Tax.

10.2 Impact of Dealing Restrictions

If Dealing Restrictions apply, then:

10.2.1 an Unvested Award will not Vest until the Dealing Restrictions cease to apply; and

10.2.2 the delivery of Shares or cash to settle an Award will not occur until the Dealing Restrictions cease to apply,

unless the Committee decides otherwise.

11. Leaving

11.1 Leaving – before Vesting

Where a Participant Leaves before Vesting, the Participant's Award will lapse on the date of Leaving, unless other provisions of this rule 11 (Leaving) apply.

If a Participant Leaves for a Good Leaver Reason before Vesting, the Participant's Award will:

- 11.1.1 if the reason is death, Vest on the date of death;
- 11.1.2 otherwise continue until the normal date of Vesting, unless the Committee decides to accelerate Vesting; and
- 11.1.3 Vest only to the extent prescribed by rule 11.4 (Good leavers – Vesting).

11.2 Leaving – after Vesting

If a Participant Leaves after Vesting, the Participant's Award will continue in accordance with the Plan.

11.3 Summary dismissal

If, at any time, a Participant is summarily dismissed or Leaves in circumstances where the Participant's employer would have been entitled to summarily dismiss the Participant (in the opinion of the Committee) then that Participant's Awards will immediately lapse.

11.4 Good leavers – Vesting

If this rule 11.4 (Good leavers – Vesting) applies:

- 11.4.1 If the Award is an A-type Award, the Participant's Award will Vest in full, unless:
 - (i) it is subject to any Additional Conditions, in which case it will Vest to the extent that the Committee decides those conditions have been satisfied, unless the Committee decides otherwise; and/or
 - (ii) the Committee decides that the Award will Vest pro-rata to reflect the period from the Award Date until the date the Participant Leaves, as a proportion of the period from the Award Date until the Expected Vesting Date; and
- 11.4.2 if the Award is a B-type Award:
 - (i) if it is subject to any Additional Conditions, it will only Vest to the extent that the Committee decides those conditions have been satisfied, unless the Committee decides otherwise; and
 - (ii) it will Vest pro-rata to reflect the period from the Award Date until the date the Participant Leaves, as a proportion of the period from the Award Date until the Expected Vesting Date, unless the Committee decides otherwise,

and, to the extent the Participant's Award does not Vest, it will then lapse.

11.5 Leaving – former employees

The other provisions of this rule 11 (Leaving) will not apply to a Participant who has Left at the Award Date or is on notice to terminate their employment within the Group at the Award Date (save where the Participant will continue to be employed by another Member of the Group).

Instead, the following provisions will apply to the Participant:

- 11.5.1 if the Participant dies holding an Unvested Award, the Award will Vest on the date of death to the extent prescribed by rule 11.4 (Good leavers – Vesting); and
- 11.5.2 if it is discovered that there are circumstances which permit or which would have entitled the Participant's employer to summarily dismiss the Participant (in the opinion of the Committee), the Participant's Award will immediately lapse.

12. Post-termination restriction for Executive Directors

12.1 Meaning of “Employed as an Executive”

For the purposes of this rule 12 (Post-termination restriction for Executive Directors), “**Employed as an Executive**” means becoming directly or indirectly employed or engaged by another business in a non-voluntary capacity as an executive director within a period of 12 months from Leaving, or such other period determined by the Committee:

12.1.1 at the time the Award is granted; or

12.1.2 if the Participant is not an Executive Director at the time the Award is granted, then at the time that the Participant becomes an Executive Director.

12.2 Application of rule

This rule 12 (Post-termination restriction for Executive Directors) will apply to an Award where the Participant:

12.2.1 is an Executive Director;

12.2.2 Leaves for a Good Leaver Reason before Vesting and the reason for Leaving is retirement by agreement with the Participant’s employing company; and

12.2.3 becomes Employed as an Executive.

12.3 Before settlement of the Award

If the Committee decides, at any time, that the Participant became Employed as an Executive before settlement of the Award under rule 8 (Settlement of Awards):

12.3.1 if the Award has not yet been settled, it will immediately lapse in full, unless the Committee decides otherwise; or

12.3.2 if the Award has already been settled, the Committee may recover such amount relating to the Award as the Committee determines appropriate (not exceeding the aggregate gross value (as determined by the Committee) of the Award, including any Dividend Equivalents). This amount may be recovered by using any of the methods set out in the Malus and Clawback Policy to effect Clawback (as defined in that policy).

12.4 After settlement of the Award

If the Committee decides that the Participant became Employed as an Executive after settlement of the Award under rule 8 (Settlement of Awards), the Committee may recover such amount relating to the Award as the Committee determines appropriate (not exceeding the aggregate gross value (as determined by the Committee) of the Award, including any Dividend Equivalents). This amount may be recovered by using any of the methods set out in the Malus and Clawback Policy to effect Clawback (as defined in that policy).

13. Mobile Participants

13.1 Adjustment of Awards

If a Participant moves from one jurisdiction to another or becomes tax resident in a different jurisdiction and, as a result, there may be adverse legal, regulatory or tax consequences for the Participant and/or a Member of the Group in connection with an Award then the Committee may

adjust that Participant's Award so that the Award is on such terms, subject to such conditions and over such shares (or other type of securities or cash) as the Committee may consider appropriate.

13.2 Lapse

If the Committee decides that the adjustment of an Award under rule 13.1 (Adjustment of Awards) is not practicable or appropriate, the Committee may decide that the Award will lapse.

13.3 Notifying Participants

The Committee will notify affected Participants of any adjustment or decision made under this rule 13 (Mobile Participants) as soon as practicable.

14. Takeovers and restructurings

14.1 Change of Control

Where a person (or a group of persons acting together) obtains Control of the Company as a result of making an offer to acquire Shares, Awards will Vest on the date the person obtains such Control in accordance with rule 14.5 (Vesting).

14.2 Bound or entitled

Where a person becomes bound or entitled to acquire Shares under sections 979 to 982 or 983 to 985 of the Companies Act 2006 (inclusive), Awards will Vest on the date the person becomes so bound or entitled in accordance with rule 14.5 (Vesting).

14.3 Schemes of arrangement

Where a court sanctions a compromise or arrangement in connection with the acquisition of Shares, Awards will Vest on the date of the court sanction or the effective date in accordance with rule 14.5 (Vesting).

14.4 Winding up

If shareholders approve the voluntary winding up of the Company, Awards will Vest on the date of the shareholder approval in accordance with rule 14.5 (Vesting).

14.5 Vesting

If this rule 14.5 (Vesting) applies:

14.5.1 If the Award is an A-type Award, the Participant's Award will Vest in full, unless:

- (i) it is subject to any Additional Conditions, in which case it will Vest to the extent that the Committee decides those conditions have been satisfied, unless the Committee decides otherwise; and/or
- (ii) the Committee decides that the Award will Vest pro-rata to reflect the period from the Award Date until the date of Vesting, as a proportion of the period from the Award Date until the Expected Vesting Date; and

14.5.2 if the Award is a B-type Award:

- (i) if it is subject to any Additional Conditions, it will only Vest to the extent that the Committee decides those conditions have been satisfied, unless the Committee decides otherwise; and

- (ii) it will Vest pro-rata to reflect the period from the Award Date until the date of Vesting, as a proportion of the period from the Award Date until the Expected Vesting Date, unless the Committee decides otherwise,

and, to the extent the Participant's Award does not Vest, it will then lapse.

14.6 Malus and Clawback Policy

If this rule 14 (Takeovers and restructurings) applies to an Award, the Committee may decide that the Malus and Clawback Policy will no longer apply to an Award or will be varied in its application to the Award.

In relation to any cash or Shares acquired prior to the relevant event, the Committee may decide that the Malus and Clawback Policy will no longer apply to them or will be varied in its application to them.

15. Exchange of Awards

15.1 Meaning of "Acquirer"

For the purposes of this rule 15 (Exchange of Awards), "**Acquirer**" means a person that obtains Control of the Company.

15.2 Application of rule

Where any of rules 14.1 (Change of Control), 14.2 (Bound or entitled) or 14.3 (Schemes of arrangement) is expected to or does apply:

- 15.2.1 if the relevant event constitutes a corporate reorganisation of the Company where substantially all the shareholders of the Company immediately before the reorganisation will continue to have Control immediately afterwards, Awards will not Vest under rule 14 (Takeovers and restructurings) but will instead, along with Vested Awards, be exchanged for new awards, unless the Committee decides otherwise acting fairly and reasonably; and
- 15.2.2 in any other case, the Committee may, with the consent of the Acquirer, decide that either:
 - (i) Awards will not Vest under rule 14 (Takeovers and restructurings) but will instead, along with Vested Awards, be exchanged for new awards; or
 - (ii) Participants will be entitled to choose, within a period decided by the Committee, whether to exchange their Award for a new award.

15.3 Timing of exchange

Any exchange will take place on (or as soon as practicable after) the relevant event under rule 14 (Takeovers and restructurings).

15.4 Exchange terms

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

- 15.4.1 must be granted over such shares (or other type of securities) as the Committee decides and, where rule 15.2.2 applies, with the agreement of the Acquirer;
- 15.4.2 is treated as having been acquired at the same time as the Award; and
- 15.4.3 unless the Committee decides otherwise (and, where rule 15.2.2 applies, with the agreement of the Acquirer), must be subject to terms and conditions which are considered

by the Committee to be substantially equivalent to the terms and conditions applicable to the Award immediately prior to exchange.

15.5 Interpretation following exchange

Unless the Committee decides otherwise, any new award that is subject to the Plan will be interpreted as if references to Shares are references to the shares (or other securities) over which the new award is granted and references to the Company are references to the Acquirer.

16. Variations in share capital

16.1 Adjustment of an Award

If there is:

- 16.1.1 a variation in the share capital of the Company, including a capitalisation or rights issue, open offer, sub-division, consolidation or reduction of share capital;
- 16.1.2 a demerger (in whatever form);
- 16.1.3 a special dividend or distribution; or
- 16.1.4 any other transaction which the Committee decides will materially affect the value of the Shares,

the Committee may adjust the number or class of the Shares to which an Award relates in such manner as the Committee considers appropriate.

The Committee will notify affected Participants of any adjustment made under this rule 16.1 (Adjustment of an Award) as soon as practicable.

16.2 Accelerated Vesting

If the Committee decides that an adjustment of an Award is not practicable or appropriate, then the Committee may decide that:

- 16.2.1 the Award will Vest immediately prior to, and conditional on, the relevant event;
- 16.2.2 if the Award is an A-type Award, the Participant's Award will Vest in full, unless:
 - (i) it is subject to any Additional Conditions, in which case it will Vest to the extent that the Committee decides those conditions have been satisfied, unless the Committee decides otherwise; and/or
 - (ii) the Committee decides that the Award will Vest pro-rata to reflect the period from the Award Date until the date of Vesting, as a proportion of the period from the Award Date until the Expected Vesting Date;
- 16.2.3 if the Award is a B-type Award:
 - (i) if it is subject to any Additional Conditions, it will only Vest to the extent that the Committee decides those conditions have been satisfied, unless the Committee decides otherwise; and
 - (ii) it will Vest pro-rata to reflect the period from the Award Date until the date of Vesting, as a proportion of the period from the Award Date until the Expected Vesting Date, unless the Committee decides otherwise; and

16.2.4 the Malus and Clawback Policy will continue to apply to the Award, unless and to the extent the Committee decides otherwise,

and, to the extent that an Award does not Vest, it will then lapse.

17. Tax

17.1 Withholding

Any Member of the Group, any employing company, the trustee of any relevant employee benefit trust or any third-party provider nominated by the Committee may make withholding arrangements as set out in this rule 17.1 (Withholding).

A withholding entity may make any withholding arrangements that it considers necessary or desirable, including making deductions from any cash payment owed to the Participant.

Withholding arrangements may include the sale on behalf of the Participant of some or all of the Shares to which the Participant is entitled under the Plan.

An entity may withhold to meet any liability for Tax and to meet any applicable dealing and/or currency exchange costs and other associated costs.

17.2 Participant indemnity

A Participant will, if requested, indemnify the Group for the Participant's liability for Tax.

18. Terms of employment

18.1 Application

This rule 18 (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.

18.2 Not part of employment contract

Nothing in the rules of the Plan or the operation of the Plan forms part of an Employee's contract of employment or alters it. The rights and obligations arising from the employment or former employment relationship between the Employee and the relevant Member of the Group are separate from, and are not affected by, the Plan. Participation in the Plan does not create any right to, or expectation of, employment (continued or otherwise).

18.3 No future expectation

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

18.4 Decisions and discretion

The terms of the Plan do not entitle the Employee to the exercise of any discretion in the Employee's favour. The Employee will have no 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 or might otherwise be regarded as being perverse or in breach of the duty of trust and confidence (and/or any other implied duty), for example between the Employee and the relevant Member of the Group.

18.5 No compensation

No Employee has any right to compensation or damages for any loss (actual or potential) in relation to the Plan, including any loss in relation to:

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

18.6 Waiver

By participating in the Plan, an Employee agrees to waive all rights which might otherwise arise under the Plan, other than the right to acquire Shares or cash (as appropriate) subject to and in accordance with the explicit rules of the Plan, in consideration for and as a condition of the grant of an Award.

19. General

19.1 Data protection

Participation in the Plan will be subject to:

- 19.1.1 any data protection policies applicable to any relevant Member of the Group; and
- 19.1.2 any applicable privacy notices.

19.2 Consents and filings

All allotments, issues and transfers of Shares or cash payments will be subject to the Company's articles of association and any necessary consents or filings required in any relevant jurisdiction. The Participant will be responsible for complying with any requirements needed in order to obtain, or to avoid the necessity for, any such consents or filings.

19.3 Source of Shares

Awards may be settled using newly issued Shares, Shares transferred from treasury and Shares purchased in the market.

19.4 Listing

If, and as long as, the Shares are listed on the London Stock Exchange (or, if the Committee decides, any other stock exchange on which the Shares are traded), the Company will apply as soon as practicable for the listing and admission to trading on such exchange of any Shares issued in connection with the Plan.

19.5 Notices

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

Any notice or other communication to be given to an Employee or Participant may be delivered by electronic means (including by email, through the Group's intranet or a share plan portal), personally delivered or sent by ordinary post to the address that the Committee reasonably considers appropriate.

Any notice or other communication to be given to the Company or its agents may be delivered or sent to its registered office or any other place and by any means that the Committee or the Company's agents may specify and notify to Employees and/or Participants, as relevant.

Notices or other communications:

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

unless there is evidence to the contrary.

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

19.6 Third party rights

Except as otherwise expressly stated to the contrary, nothing in the Plan confers any benefit, right or expectation on any person other than an Employee, Participant or Member of the Group. No third party has any rights under the Contracts (Rights of Third Parties) Act 1999 (or any similar legislation in an overseas jurisdiction) to enforce any rule of this Plan.

19.7 Bankruptcy

A Participant's Award will lapse if the Participant becomes bankrupt or enters into a compromise (or any overseas equivalent) with the Participant's creditors generally, other than where the compromise (or overseas equivalent) is entered into by the Participant voluntarily and at the Participant's complete discretion.

19.8 Not pensionable

None of the benefits that may be received under the Plan are pensionable.

19.9 Not transferable

A Participant's Award will lapse if the Participant transfers, assigns, charges or otherwise disposes of the Award or any of the rights in respect of it, whether voluntarily or involuntarily (other than to that Participant's personal representatives on death).

19.10 Currency conversions

Any conversion of money into different currencies (whether notional or actual) will be done at a time and rate of exchange that the Committee decides.

No Member of the Group will be liable for any loss due to movements in currency exchange rates or conversion or money transfer charges.

19.11 No liability for delay

No Member of the Group will be liable for any loss arising from any delay in giving effect to any notice or communication received from an Employee or Participant or in procuring a sale, allotment or transfer of any Shares.

20. Administration

20.1 Administration of the Plan

The Plan will be administered by the Committee, which has authority to make any rules and regulations for the administration of the Plan that it considers necessary or desirable. The Committee may delegate any and all of its rights and powers under the Plan.

20.2 Committee decisions

All decisions of the Committee in connection with the Plan and its interpretation and the terms of any Awards (including in any dispute) will be final and conclusive.

The Committee will decide whether and how to exercise any discretion in the Plan.

20.3 Severance of rules

If any provision of the Plan is held to be invalid, illegal or unenforceable for any reason by any court with jurisdiction then, for the purposes of that jurisdiction only:

20.3.1 the provision will be deleted; and

20.3.2 the remaining provisions will continue in full force and effect,
unless the Committee decides otherwise.

20.4 Language

Where there is any conflict between the terms of the English version of the Plan, the Awards and/or any ancillary documents and a version in any other language, the English language version will prevail.

20.5 Dealing Restrictions

Each person will have regard to Dealing Restrictions when operating, interpreting, administering, participating in and/or taking any other action in relation to the Plan.

21. Changing the Plan and termination

21.1 General power

The Committee may change the Plan in any way and at any time.

21.2 Shareholder approval

The Committee will obtain prior approval of shareholders by ordinary resolution for any change to the Plan which is to the advantage of present or future Participants and which relates to any of the following:

21.2.1 the persons who may receive Shares or cash under the Plan;

21.2.2 the total number or amount of Shares or cash which may be delivered or paid under the Plan;

- 21.2.3 the maximum entitlement for any Participant;
- 21.2.4 the basis for determining a Participant's entitlement to, and the terms of, Shares or cash provided under the Plan and the rights of a Participant in the event of a variation made under rule 16.1.1; and
- 21.2.5 this rule 21.2 (Shareholder approval).

21.3 Shareholder approval – minor changes exception

The Committee need not obtain shareholder approval for any minor changes to the Plan which are to:

- 21.3.1 benefit the administration of the Plan;
- 21.3.2 comply with or take account of a change in legislation; and/or
- 21.3.3 obtain or maintain favourable tax, exchange control or regulatory treatment of any Member of the Group or any present or future Participant.

21.4 Participant consent

If a proposed change would be to the material disadvantage of one or more Participants in respect of existing rights under the Plan, then the Committee must obtain the written consent of the affected Participant(s).

21.5 Participant consent – minor changes exception

The Committee need not obtain Participant consent for any minor changes which are to:

- 21.5.1 benefit the administration of the Plan;
- 21.5.2 comply with or take account of a change in legislation; and/or
- 21.5.3 obtain or maintain favourable tax, exchange control or regulatory treatment of any Member of the Group or any present or future Participant.

21.6 Participant consent – majority consent exception

The Committee need not obtain the consent of a Participant if:

- 21.6.1 the Committee invites each disadvantaged Participant to indicate whether or not they approve the change; and
- 21.6.2 the majority of the Participants who were invited and who make an indication approve the change.

21.7 Notice of change

The Committee will give written notice of changes to Participants whose Awards are materially affected.

21.8 International variations

The Committee may establish plans or schedules based on the Plan, but modified to take account of any local tax, exchange control or securities laws in other jurisdictions, provided that any Awards made under such plans or schedules are subject to the limits set out in rules 4 (Participant limits) and 5 (Share dilution limits).

21.9 Termination of the Plan

The Plan will terminate on [13] May 2031 (or on such earlier date as the Committee decides). Termination will not affect existing rights under the Plan.

22. Governing law and jurisdiction

The laws of England and Wales govern the Plan and all Awards. The courts of England and Wales have exclusive jurisdiction in respect of any disputes arising in connection with the Plan or any Award.

Schedule 1

Awards granted to US Taxpayers

1. Introduction

The purpose of this Schedule is to make certain variations to the terms of the Plan in the case of its operation for Participants who are US Taxpayers. In the event that a Participant becomes a US Taxpayer after the Award Date, then the Participant's Awards will immediately be modified in a manner consistent with the provisions of this Schedule.

Awards subject to this Schedule are intended to qualify for the short-term deferral exception to Section 409A.

2. Meaning of words used

In this Schedule:

"Section 409A" means Section 409A of the US Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated and other official guidance issued under it, collectively, and **"Treasury Regulations"** will be understood accordingly;

"Short-Term Deferral Period" means the period commencing on the date that an Award (or portion of an Award) first is no longer subject to a "substantial risk of forfeiture" for the purposes of Section 409A and ending upon the 15th day of the third month following the end of the Taxable Year in which the Award (or portion of it) first is no longer subject to the substantial risk of forfeiture;

"Taxable Year" means the calendar year or, if later, the end of the taxable year of the Member of the Group that employs the US Taxpayer; and

"US Taxpayer" means a Participant who is subject to US federal income taxation on the Award Date, or who is expected to become subject to US federal income taxation following the Award Date, or who becomes subject to US federal income taxation following the Award Date but prior to the date upon which any part of the Award Vests.

3. Settlement of Awards

3.1 Timing for payment

Notwithstanding any of the rules of the Plan, an Award (or a portion of an Award) and any Dividend Equivalent in respect of an Award (or a portion of an Award), granted to a US Taxpayer, must be settled under rule 8 (Settlement of Awards) no later than the end of the Short-Term Deferral Period.

In the event that an Award (or a portion of an Award or any Dividend Equivalents in respect of it) granted to a US Taxpayer has not been settled by the end of the Short-Term Deferral Period because settlement would have violated applicable law, then to the extent permissible under Section 1.409A 1(b)(4)(ii) of the proposed Treasury Regulations, the settlement may be delayed so long as the Award (or portion of the Award or any Dividend Equivalents in respect of it) is then settled at the earliest date at which it is reasonably anticipated that such law no longer prevents the settlement.

3.2 Leavers

If a US Taxpayer Leaves for a Good Leaver Reason other than death and, in accordance with paragraph 3.1 (Timing for payment) above, the Award is satisfied before the Expected Vesting Date, the Shares or cash (as the case may be) acquired by the US Taxpayer may not be transferred,

assigned or otherwise disposed of by or on behalf of the US Taxpayer before the Expected Vesting Date other than:

- 3.2.1 to the US Taxpayer's personal representatives in the event of the US Taxpayer's subsequent death;
- 3.2.2 to a nominee on behalf of the US Taxpayer;
- 3.2.3 in accordance with rule 17.1 (Withholding) to fund any liability for Tax (as well as any applicable dealing and/or currency exchange costs and other associated costs);
- 3.2.4 due to any Malus and/or Clawback being triggered; or
- 3.2.5 if the Committee decides otherwise.

3.3 Delay for investigations

The application of rule 9 (Investigations) to an Award granted to a US Taxpayer will not impose an additional, or extend the existing, substantial risk of forfeiture applicable to the Award for the purposes of Section 409A.

If, in accordance with paragraph 3.1 above (Timing for payment), the Award is satisfied before an investigation is concluded, the Shares or cash (as the case may be) acquired by the US Taxpayer may not be transferred, assigned or otherwise disposed of by or on behalf of the US Taxpayer before the investigation is concluded other than:

- 3.33.1 to the US Taxpayer's personal representatives in the event of the US Taxpayer's subsequent death;
- 3.3.2 to a nominee on behalf of the US Taxpayer;
- 3.3.3 in accordance with rule 17.1 (Withholding) to fund any liability for Tax (as well as any applicable dealing and/or currency exchange costs and other associated costs);
- 3.3.4 due to any Malus and/or Clawback being triggered; or
- 3.3.5 if the Committee decides otherwise.

4. Changes to Awards

4.1 Additional Conditions

Any Additional Conditions applicable to an outstanding Award granted to a US Taxpayer may not be altered if and to the extent that the alteration would result in the Short-Term Deferral Period ending earlier, except where the condition is waived.

4.2 Adjustments

Where there is to be an adjustment of an Award granted to a US Taxpayer pursuant to rule 13 (Mobile Participants) or rule 16 (Variations in share capital), the Committee will attempt to structure the terms of the adjustment so that it does not violate Section 409A.

4.3 Exchange

Where there is to be an exchange of an Award granted to a US Taxpayer pursuant to rule 15 (Exchange of Awards), the Committee will attempt to structure the terms of the exchange and the new award such that neither the exchange nor the new award violate Section 409A.

4.4 Changing the Plan or Awards

Notwithstanding rule 21 (Changing the Plan and termination), any amendment to the Plan (including this Schedule) or an Award will only be effective with respect to an Award granted to a US Taxpayer to the extent that it does not cause the Award to violate Section 409A.

The Committee need not obtain the written consent of Participants for any changes to Awards held by US Taxpayers which are necessary or desirable in order for the Awards to avoid a violation of Section 409A.

5. General

5.1 Intention

Awards granted to US Taxpayers, and any Dividend Equivalents in respect of the Awards, are intended to be exempt from the requirements of Section 409A under the short-term deferral exception described in Section 1.409A-1(b)(4). The Plan (including this Schedule) will be interpreted and administered consistently with this intention with respect to Awards granted to US Taxpayers and any Dividend Equivalents in respect of the Awards. Any delay in the Vesting of an Award pursuant to rule 10 (Dealing Restrictions), and/or the fact that Clawback may be applied to an Award pursuant to the Malus and Clawback Policy, will not in any case impose an additional or extend the existing substantial risk of forfeiture applicable to the Award for the purposes of Section 409A. This does not apply to Awards that are subject to paragraph 5.3 (Awards to former employees) below.

5.2 No guarantee

Notwithstanding any other provision of the Plan (including this Schedule) or any Award, no Member of the Group guarantees or warrants to any person that an Award granted to a US Taxpayer is exempt from Section 409A. Each US Taxpayer is solely responsible and liable for the satisfaction of all taxes, penalties and interest that may be imposed on the US Taxpayer in connection with the Plan and/or this Schedule or any Award, including any taxes, penalty or interest under Section 409A. No Member of the Group shall have any obligation to indemnify or otherwise hold a US Taxpayer harmless from any or all of taxes, penalty or interest.

5.3 Awards to former employees

Any Awards granted to a US Taxpayer who is a former employee of any Member of the Group or is on notice to terminate their employment within the Group (save where the Participant will continue to be employed by another Member of the Group) will be granted and structured on terms so as to be compliant with Section 409A and the Plan (including this Schedule) will be interpreted and administered accordingly.

5.4 Conflict

In the event of any conflict between a provision of the main rules of the Plan and a provision of this Schedule, with respect to an Award granted to a US Taxpayer, the provisions of this Schedule will take precedence.

Schedule 2

Bonus in Shares

1. Introduction

This Schedule is intended to allow the Company to grant Shares in lieu of a cash bonus to Participants (other than to Executive Directors).

The rules in the main body of the Plan apply to Shares granted in accordance with this Schedule, except to the extent those rules are varied or disapplied as set out in this Schedule.

2. Plan rules – variation

2.1 Definition of “Award”

The definition of Award will include an award of upfront Shares granted in accordance with this Schedule.

2.2 Terms of Awards

Rule 2.5 (Terms of Awards) will be replaced with the following:

Awards are subject to the rules of the Plan.

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

2.5.1 the intended date of the transfer of Shares;

2.5.2 the number of Shares subject to the Award;

2.5.3 whether the Malus and Clawback Policy will apply (it will apply unless the Committee decides otherwise); and

2.5.4 whether the Participant may be required to enter into any election for a particular tax and/or social security treatment in respect of the Award and any consequences of failing to make the election.

The Committee will arrange for the delivery of Shares to the Participant on or as soon as practicable after the intended date of transfer of the Shares as specified in accordance with rule 2.5.1.

2.3 Administrative errors

Rule 2.10 (Administrative errors) will be replaced with the following:

If the Committee grants an Award:

2.10.1 in error, it will be deemed never to have been granted and rule 2.10.3 will apply to all the Shares subject to the Award;

2.10.2 which is inconsistent with any provisions in this Plan, it will take effect only to the extent permissible under the Plan, will otherwise be deemed never to have been granted and rule 2.10.3 will apply to those Shares subject to the Award that are deemed never to have been granted; and

2.10.3 to which this rule 2.10.3 applies:

- (i) the beneficial title to the Shares will immediately transfer to the Company or such other person as the Committee specifies;*

- (ii) *the legal title to the Shares will be transferred to the Company, or such other person as the Committee specifies, as soon as possible, and the Participant will enter into all documents and take all actions that the Company requires to effect the transfer; and*
- (iii) *the Committee may require the Participant to appoint a person to act as their agent and/or attorney to effect any transfers or take any actions required in respect of the Shares.*

2.4 Investigations and Dealing Restrictions

References to “Vest” (or related terms) in rule 9 (Investigations) and rule 10 (Dealing Restrictions) will not apply.

3. Plan rules – disapplication

The following rules of the Plan do not apply to Awards granted under this Schedule:

- 3.1.1 rule 1.3 (Award tranches);
- 3.1.2 rule 2.6 (Additional Conditions);
- 3.1.3 rule 3 (Phantom Awards);
- 3.1.4 rule 6 (Vesting of Awards);
- 3.1.5 rule 7 (Lapsing);
- 3.1.6 rule 8 (Settlement of Awards), except the following rules will apply:
 - (i) *rule 8.5 (Nominee);*
 - (ii) *rule 8.6 (Shareholder rights);*
 - (iii) *rule 8.8 (Share transfer tax);*
- 3.1.7 rule 11 (Leaving);
- 3.1.8 rule 13 (Mobile Participants);
- 3.1.9 rule 14 (Takeovers and restructurings), except rule 14.6 (Malus and Clawback Policy) will apply to an Award granted in accordance with this Schedule if an event in rule 14 (Takeovers and restructurings) occurs;
- 3.1.10 rule 15 (Exchange of Awards);
- 3.1.11 rule 16 (Variations in share capital);
- 3.1.12 rule 19.7 (Bankruptcy);
- 3.1.13 rule 19.9 (Not transferable); and.
- 3.1.14 Schedule 1 (Awards granted to US Taxpayers).

4. US taxpayers

Section 409A of the U.S. Internal Revenue Code of 1986 is not intended to apply to Awards granted in accordance with this Schedule.

Schedule 3

Conditional Awards granted to California Residents

1. Introduction

This Schedule is intended to satisfy the California Securities Laws requirements and to make certain variations to the terms of the Plan in the case of its operation for Participants who are California Residents. In the event that a Participant becomes a California Resident after the Award Date, then the Participant's Conditional Awards will immediately be modified in a manner consistent with the provisions of this Schedule. The terms and conditions in the main body of the rules of the Plan apply to Awards granted to California Residents. The terms and conditions in Schedule 1 (Awards granted to US Taxpayers) to this Plan will also apply to any California Participants who are also US Taxpayers (as defined in that schedule).

2. Meaning of words used

In this Schedule:

"California Resident" means a Participant who resides or works in the State of California;

"California Securities Laws" means, collectively, Section 25102(o) of the California Corporate Securities Law of 1968, as amended, and the regulations issued thereunder by the California Commissioner of Corporations, including Section 260.140.42;

"Rule 701" means Rule 701 of the Securities Act; and

"Securities Act" means the US Securities Act of 1933, as amended.

3. California Securities Laws

This Schedule applies to all Participants who are California Residents. References in this Schedule to Conditional Awards granted to California Residents shall include Conditional Awards held by a Participant who becomes a California Resident subsequent to the Award Date.

Any Conditional Award granted to a Participant who is a California Resident will be subject to the following additional limitations, terms and conditions (which for the purposes of compliance with California Securities Laws only, shall be deemed to be a separate plan maintained solely for California Residents):

- 3.1.1 except as provided below, the Conditional Awards will be granted in accordance with Rule 701;
- 3.1.2 for the purpose of rule 16 (Variations in share capital) of the Plan, the Committee will proportionately adjust the number of Shares allocated to any California Resident in the event of a stock split, reverse stock split, stock dividend, recapitalization, combination, reclassification or other distribution of the Company's equity securities without the receipt of consideration by the Company, of or on the Company's Shares underlying the Conditional Award; and
- 3.1.3 the Conditional Awards must be granted and Shares must be issued within 10 years from the earlier of (i) the date that the Plan was adopted, or (ii) the date the Plan was approved by the Company's shareholders.

Conditional Awards may be granted under the Plan to any California Resident in accordance with any other registration exemption permitted under the California Corporate Securities Law of 1968, as amended, or by qualification under such law, subject to such conditions as required by such law.