



Rolls-Royce®

RULES

OF THE

ROLLS-ROYCE INTERNATIONAL SHARESAVE PLAN

Committee adoption: [7] May 2021

Shareholders' approval: [13] May 2021

Expiry date: [13] May 2031

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Rolls-Royce International Sharesave Plan

1. Meaning of words used

1.1 General

In these rules:

“Award” means an Option or a SAR;

“Award Price” means:

- (i) in relation to an Option, the amount payable for each Share on the exercise of an Option; and
- (ii) in relation to a SAR, the notional price per Unit used to calculate the payment due to the Participant on the settlement of a SAR,

determined in accordance with rule 3.4 (Award Price);

“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 15 (Takeovers and restructurings) and 16 (Exchange of Awards), it means those persons who were members of the Committee immediately before the relevant event;

“Contribution” means one or more contributions made 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;

“Eligible Employee” means a person who is eligible to participate in the Plan under rule 2.1 (Eligibility);

“Employee” means any employee (including an employed executive director) of any Member of the Group and, for the purposes of rule 19 (Terms of employment), it includes a former employee;

“Exercise Period” means the period during which an Option may be exercised, as specified in accordance with rule 3.3.5;

“Expected Repayment” means the aggregate of all the Eligible Employee’s expected Contributions under the Savings Arrangement, plus (unless the Committee decides otherwise) an estimate of any interest payable in relation to those Contributions (as determined by the Committee), provided that the estimate of interest does not exceed the bonus payable for an equivalent length of Savings Arrangement under the UK Plan;

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

“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 13 (Leaving), it includes associated companies nominated for this purpose by the Committee, and **“Member of the Group”** will be understood accordingly;

“Market Value” on any day means:

- (i) when Shares are listed on the London Stock Exchange (or, if the Committee decides, any other stock exchange on which the Shares are traded):
 - (a) the average of the price shown in the Stock Exchange Daily Official List (or the relevant foreign exchange list that performs a similar function) as the closing price for 3 consecutive Business Days ending on the previous Business Day; or
 - (b) if the Committee decides, the price shown in the Stock Exchange Daily Official List (or the relevant foreign exchange list that performs a similar function) as the closing price for the previous Business Day,and for these purposes closing price means the closing price for the Shares on that day (or if two closing prices are shown, the lower price plus one-half of the difference between those two figures); or
- (ii) otherwise, the market value of a Share as determined in accordance with Part VIII of the Taxation of Chargeable Gains Act 1992; or
- (iii) in either case, any value that the Committee may decide;

“Maturity Date” means the date the Savings Arrangement ends and:

- (i) in the case of SARs, the Participant becoming entitled to settlement of the SAR; and
- (ii) in the case of Options, the Option becoming exercisable;

“Option” means a right to acquire Shares granted under, and exercisable in accordance with, the Plan;

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

“Participating Company” means the Company and any company that is:

- (i) a subsidiary of the Company (within the meaning of section 1159 of the Companies Act 2006); and
- (ii) designated by the Committee at the relevant time as a participating company for the purposes of the Plan;

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

“Qualifying Period” means a qualifying period of continuous service with a Participating Company, in accordance with rule 2.2 (Qualifying Period);

“SAR” means a share appreciation right, which is a right to receive a payment per Unit calculated in accordance with rule 11.2 (Settlement of SARs);

“Savings Arrangement” has the meaning given in rule 3.5 (Savings Arrangement);

“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;

“UK Plan” means the Rolls-Royce UK Sharesave Plan; and

“Unit” means a notional unit equivalent to a Share, which determines the value of any payment due on the settlement of a SAR.

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.

2. Eligible Employees

2.1 Eligibility

A person is an Eligible Employee if that person:

- 2.1.1 does not fall within the definition of ‘Eligible Employee’ contained in the UK Plan, unless the Committee decides otherwise;
- 2.1.2 is an employee (including an employed executive director) of a Participating Company;
- 2.1.3 is not on notice to terminate their employment (so that they would no longer be employed by any Participating Company); and
- 2.1.4 satisfies any Qualifying Period, unless the Committee decides otherwise.

2.2 Qualifying Period

The Committee may decide to impose a Qualifying Period of such length as it determines from time to time.

3. Issuing invitations

3.1 Operation

The Committee has discretion to decide whether the Plan will be operated. When the Plan is operated, the Committee will invite all Eligible Employees to apply for an Award.

3.2 Timing of invitation

Invitations under the Plan may only be issued within 42 days starting on any of the following:

- 3.2.1 the day on which the Company’s shareholders approve the Plan;
- 3.2.2 the Business Day following the day on which the Company’s results are announced for any period;
- 3.2.3 any day on which changes to the legislation or regulations affecting share plans are announced or take effect;
- 3.2.4 any day on which the Committee resolves that exceptional circumstances exist which justify the issue of invitations; and
- 3.2.5 the day Dealing Restrictions, which prevented the issuing of invitations during the periods specified above, are lifted.

No invitations may be issued after the termination of the Plan.

3.3 Form of invitation

An invitation under the Plan will be in a form approved by the Committee. The invitation must specify:

- 3.3.1 the Award Price, or how the Award Price is to be calculated;
- 3.3.2 the form and method of an application for an Award;
- 3.3.3 the deadline for a valid application for an Award to be received by or on behalf of the Company;
- 3.3.4 the details of the Savings Arrangement;
- 3.3.5 in the case of Options, the Exercise Period, which may not end later than the 10th anniversary of the Grant Date;
- 3.3.6 the minimum and maximum permitted Contributions;
- 3.3.7 the proposed frequency of Contributions;
- 3.3.8 any maximum number of Shares over which Options may be granted on this occasion;
- 3.3.9 any maximum number of Units over which SARs may be granted on this occasion;
- 3.3.10 that applications will be scaled down in accordance with rule 6 (Scaling down) if necessary; and
- 3.3.11 whether the Eligible Employee 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.

3.4 Award Price

The Award Price must:

- 3.4.1 not be manifestly less than 80 per cent of the Market Value per Share; and
- 3.4.2 be at least the nominal value of a Share, if the Award may be satisfied with newly issued Shares,

as measured on the date an invitation to apply for an Award is issued under the Plan or, if the Committee decides, the Grant Date.

3.5 Savings Arrangement

The Committee will decide the method and form for holding Contributions. The length of the Savings Arrangement will be the same as that offered to participants of the UK Plan unless the Committee decides otherwise.

4. Contributions

4.1 Method for making Contributions

Contributions will be deducted from a Participant's salary (which includes bonus payments and other forms of cash remuneration), unless local laws do not permit this or the Committee permits a different method of collection.

4.2 Minimum and maximum Contributions

The maximum Contribution will be the maximum permitted under the UK Plan unless the Committee decides otherwise.

The Committee can decide to set a minimum Contribution.

The Committee can decide to set different minimum and maximum Contribution limits in different currencies.

4.3 Adjusting for currency movements

Where a Participant makes Contributions in a currency other than pounds sterling, the Committee may decide to alter either or both of the following to reflect currency movements:

4.3.1 any minimum permitted Contribution; and

4.3.2 the maximum permitted Contribution.

4.4 Varying contributions

If and to the extent permitted by the Committee, Participants may vary their Contributions subject to the maximum and any minimum Contribution limits.

4.5 Effect of missing Contributions

If a Participant misses any Contributions:

4.5.1 in the case of a SAR, the number of Units over which the SAR is held will be reduced accordingly; and

4.5.2 in the case of an Option, the Maturity Date will be postponed in the same manner as would apply under the UK Plan,

unless the Committee decides otherwise.

4.6 Effect of stopping Contributions

An Award will lapse when a Participant gives notice that they intend to permanently stop paying Contributions, other than in connection with the exercise of an Option or the settlement of a SAR. If a Participant misses more than 12 Contributions, or such other number of Contributions permitted to be missed without an option lapsing under the UK Plan, the Award will lapse.

4.7 Effect of seeking repayment of the Savings Arrangement

If a Participant requests repayment of their Contributions otherwise than in connection with the exercise of an Option or the settlement of a SAR, the Award will lapse.

5. Applications for Awards

5.1 Requirements of an application

An application must:

5.1.1 state:

(i) the proposed Contribution the Eligible Employee wishes to make; and

(ii) the chosen length of the Savings Arrangement, where a choice is offered;

5.1.2 require an Eligible Employee to confirm that the proposed Contribution will not exceed the maximum; and

5.1.3 require an Eligible Employee to authorise:

- (i) the deduction and transfer of the Contributions in accordance with the Savings Arrangement, where applicable; and
- (ii) scaling down, where necessary.

5.2 Modification of application

If an application specifies a Contribution that would otherwise exceed the maximum, the application will be deemed to have been made in such a way that the maximum will not be exceeded.

5.3 Late applications

The Committee may, in its sole discretion, treat applications received after the date specified in accordance with rule 3.3.3 but before the Grant Date as valid.

5.4 Number of Shares or Units

Each Eligible Employee's application will be for an Option over the largest whole number of Shares, or a SAR over the largest whole number of Units, that the Eligible Employee could acquire at the Award Price using the Expected Repayment.

6. Scaling down

6.1 When scaling down may be applied

If applications are received for more Units or Shares than specified in the invitation, then the Committee has discretion to decide to grant Awards over the full number of Units or Shares in respect of which applications were received or to scale down applications. However, the Committee will scale down applications if Awards would otherwise be granted in excess of the Share limit specified in rule 8 (Share dilution limit).

6.2 Method of scaling down

The Committee will scale down applications by applying any steps it feels are appropriate.

Where the Committee scales down applications, each application will be deemed to have been modified or withdrawn accordingly, and Contributions and the Expected Repayment will be adjusted accordingly.

7. Granting Awards

7.1 Grant to all Eligible Employees

Shortly after the deadline for submitting applications, the Committee will grant an Award to every Eligible Employee whose valid application has been received, subject to rule 6 (Scaling down).

7.2 Grant only to employees

An Award cannot be granted to a person who is not an employee (including an employed executive director) of a Participating Company on the Grant Date. Any attempt to do so will be ineffective.

7.3 Price and number

Awards will be granted:

- 7.3.1 at the Award Price; and
- 7.3.2 over the number of Units or Shares calculated under rule 5.4 (Number of Shares or Units), after any adjustments for scaling down.

7.4 Manner of grant

Awards will be granted by the Company in any way that ensures they are contractually enforceable.

7.5 No Payment

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

7.6 Administrative errors

If the Committee grants an Award:

- 7.6.1 in error, it will be deemed never to have been granted and/or will immediately lapse; and/or
- 7.6.2 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.

8. Share dilution limit

8.1 Share limit

An Award may not be granted that would cause 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.

8.2 Calculating the number of Shares

For the purposes of this rule 8 (Share dilution limit):

- 8.2.1 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 this Share limit; and
- 8.2.2 where there has been a variation in the share capital of the Company as described in rule 17.1 (Adjustment of an Award), the number of Shares taken into account for the purposes of the Share limit will be adjusted as the Committee considers appropriate to take account of the variation.

9. Exercise of Options

9.1 Becoming exercisable

An Option will only be exercisable during the Exercise Period or in accordance with this Plan.

9.2 Process for exercise

A Participant may exercise an Option by giving notice in the manner decided by the Committee. The notice must:

- 9.2.1 specify the number of Shares in respect of which the Option is being exercised; and
- 9.2.2 be accompanied by:
 - (i) payment of the aggregate Award Price; or
 - (ii) a direction to the Savings Arrangement provider to pay the aggregate Award Price,

unless the Committee decides otherwise.

The exercise of the Option is effective on the date of receipt of a notice in accordance with these terms.

9.3 Whole or part exercise

An Option may be exercised in whole or in part but may not be exercised on more than one occasion (and where an Option is exercised in part, the remainder of the Option will immediately lapse), unless the Committee decides otherwise.

10. Lapsing

An Option will lapse to the extent any part of it is no longer capable of being exercised. To the extent an Option lapses, it cannot be exercised under any provision of the Plan.

To the extent an Award lapses, the Participant has no right to receive the Shares or cash comprised in the Award.

If an Award lapses entirely, the linked Savings Arrangement will come to an end and Contributions will be returned to the Participant.

11. Settlement of Awards

11.1 Payment limited to savings

In relation to a SAR, the SAR will only vest over the number of whole Units that could be purchased at the Award Price with the total Contributions actually made and any interest paid, if relevant, under the Savings Arrangement.

In relation to an Option, a Participant may only exercise an Option over the number of whole Shares that can be purchased at the Award Price with the total Contributions actually made and any interest paid, if relevant, under the Savings Arrangement.

Exceptionally, the Committee may permit a Participant to top up the proceeds of the Savings Arrangement prior to the exercise of an Option or prior to settlement of a SAR to enable the Award to be settled to the fullest extent possible.

A SAR will lapse to the extent of the balance of Units that have not vested, and an Option will lapse to the extent of the balance of Shares that cannot be exercised, under this rule 11.1 (Payment limited to savings).

11.2 Settlement of SARs

As soon as practicable after the Maturity Date of a SAR, the Company will pay the Participant, or arrange that there is paid to the Participant, their Contributions plus a cash sum of an amount determined by the following formula:

$(MV - E) \times C$, where:

MV is the market value of a Share on the Maturity Date or the date the Committee selects falling within a period of 30 days before or after the Maturity Date;

E is the Award Price; and

C is the number of Units in respect of which the SAR is being settled.

11.3 Settlement of Options

The Committee will arrange for the delivery of Shares to the Participant as soon as practicable after exercise of an Option.

11.4 Alternative settlement

The Committee may choose to settle any SAR partly or fully in Shares, in which case the aggregate Market Value of the Shares awarded will be as close as possible in value to the cash sum that would have otherwise been paid to the Participant. The Participant will have no right to acquire the cash sum in respect of which a SAR has been settled in Shares.

The Committee may choose to settle any Option partly or fully in cash, in which case the cash sum will be equal to the aggregate Market Value of the Shares over which the Option has been exercised. The Participant will have no right to acquire the Shares in respect of which an Option has been settled in cash.

11.5 Nominee

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

11.6 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.

11.7 Share transfer tax

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

12. Dealing Restrictions

12.1 Application of rule

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

12.2 Impact of Dealing Restrictions

If Dealing Restrictions apply, then:

- 12.2.1 an Option will not become exercisable until the Dealing Restrictions cease to apply;
- 12.2.2 a SAR will not vest until the Dealing Restrictions cease to apply;
- 12.2.3 any exercise will take effect on the Business Day after the Dealing Restrictions cease to apply;
- 12.2.4 if an Exercise Period would otherwise end before the Dealing Restrictions cease to apply, it will be extended to end 30 days after the Dealing Restrictions cease to apply and "Exercise Period" will be understood accordingly; and
- 12.2.5 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.

13. Leaving

13.1 Meaning of terms

For the purposes of this rule 13 (Leaving):

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

13.1.2 **“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.

13.2 Leaving – general

A Participant’s Award will lapse on the date the Participant Leaves, unless other provisions of this rule 13 (Leaving) apply.

13.3 Good leavers before Maturity Date

If a Participant Leaves before the Maturity Date for a Good Leaver Reason:

- 13.3.1 holding a SAR, the Maturity Date of that SAR will be accelerated to the date of Leaving and rule 13.7 (Pro-rating) will apply; or
- 13.3.2 holding an Option, the Option may be exercised in accordance with rule 13.7 (Pro-rating) for a period of 6 months from Leaving (12 months in the case of death), or such longer period as the Committee decides, and will then lapse.

13.4 Leaving on or after Maturity Date

If a Participant Leaves on or after the Maturity Date:

- 13.4.1 holding a SAR, it will continue in accordance with the Plan;
- 13.4.2 holding an Option, the Option may be exercised for a period of 6 months from Leaving (12 months in the case of death), or such longer period as the Committee decides, and will then lapse.

13.5 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.

13.6 No extension

No period for exercise set out in this rule 13 (Leaving) will extend any Exercise Period that would otherwise apply to an Option if the Participant was not Leaving.

13.7 Pro-rating

Where this rule 13.7 (Pro-rating) applies:

13.7.1 the maximum number of Units in respect of which a SAR will be settled; and

13.7.2 the maximum number of Shares in respect of which an Option will become exercisable,

will be the number that, pro rata, reflects the total number of Contributions made before Leaving (for a SAR) or before exercise (for an Option), as a proportion of the total number of Contributions expected to be made by the Participant under the Savings Arrangement, unless the Committee decides otherwise.

To the extent that the Award is not so settled (for a SAR) or does not become exercisable (for an Option), it will lapse.

14. Mobile Participants

14.1 Treatment of mobile Participants

If a Participant moves from one jurisdiction to another or becomes tax resident in a different jurisdiction then the Committee may:

14.1.1 freeze the Participant's Savings Arrangement, meaning that no further Contributions can be made but the Participant's Award continues without amendment;

14.1.2 decide that the Participant's Award will lapse and no further Contributions will be made, and arrange for the Participant's Contributions to date to be returned to the Participant; or

14.1.3 decide that the Participant's Award will be adjusted so that the Award is on any terms, subject to any conditions and over any shares (or other type of securities, cash or units) that the Committee may consider appropriate.

14.2 Notifying Participants

The Committee will notify affected Participants of any adjustment or decision made under this rule 14 (Mobile Participants) as soon as practicable.

15. Takeovers and restructurings

15.1 Application of the UK Plan

The Committee may decide to apply rules 14 (Takeovers and restructurings) and/or 15 (Exchange of Options) of the UK Plan to Awards granted under this Plan, in which case:

15.1.1 the rest of the provisions of this rule 15 (Takeovers and restructurings) and/or rule 16 (Exchange of Awards) will no longer apply; and

15.1.2 in applying the provisions of the UK Plan, the Committee will interpret references to options as applying to SARs accordingly and may choose to use relevant defined terms as defined in the UK Plan for the interpretation of those provisions instead of this Plan.

15.2 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, rule 15.6 (Pro-rating) will apply and the Maturity Date for Awards will be accelerated to the date the person obtains Control.

15.3 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), rule 15.6 (Pro-rating) will apply and the Maturity Date for Awards will be accelerated to the date the person becomes bound or entitled.

15.4 Schemes of arrangement

Where a court sanctions a compromise or arrangement in connection with the acquisition of Shares, rule 15.6 (Pro-rating) will apply and the Maturity Date for Awards will be accelerated to the date of the court sanction.

15.5 Winding up

If a resolution is passed for the voluntary winding up of the Company, rule 15.6 (Pro-rating) will apply and the Maturity Date for Awards will be accelerated to the date the Company passes the resolution.

15.6 Pro-rating

If this rule 15.6 (Pro-rating) applies:

15.6.1 the maximum number of Units in respect of which a SAR will be settled; and

15.6.2 the maximum number of Shares in respect of which an Option will become exercisable,

will be the number that, pro rata, reflects the total number of Contributions made before the relevant event (for a SAR) or before exercise (for an Option), as a proportion of the total number of Contributions expected to be made by the Participant under the Savings Arrangement, unless the Committee decides otherwise.

To the extent that the Award is not so settled (for a SAR) or does not become exercisable (for an Option), it will lapse.

15.7 Exercise Period

Where an Option becomes exercisable pursuant to this rule 15 (Takeovers and restructurings) or was already exercisable it will be exercisable for a period of 6 months, or any other period that the Committee decides, from the date of the relevant event and will then lapse. Participants will be permitted to continue making Contributions until exercise, if the Committee so decides.

This will not extend any Exercise Period that would otherwise apply to an Option if the relevant event had not occurred..

16. Exchange of Awards

16.1 Meaning of “Acquirer”

For the purposes of this rule 16 (Exchange of Awards), “**Acquirer**” means a person that obtains Control of the Company.

16.2 Application of rule

Where any of rules 15.2 (Change of Control), 15.3 (Bound or entitled) or 15.4 (Schemes of arrangement) is expected to or does apply (or if, by virtue of rule 15.1 (Application of the UK Plan), rule 14 (Takeovers and restructurings) of the UK Plan applies):

- 16.2.1 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, the Maturity Date for Awards will not be accelerated under rule 15 (Takeovers and restructurings) of this Plan or rule 14 (Takeovers and restructurings) of the UK Plan but the Awards will instead, along with any Options already exercisable, be exchanged for new awards, unless the Committee decides otherwise acting fairly and reasonably; and
- 16.2.2 in any other case, the Committee may, with the consent of the Acquirer, decide that either:
 - (i) the Maturity Date for Awards will not be accelerated under rule 15 (Takeovers and restructurings) of this Plan or rule 14 (Takeovers and restructurings) of the UK Plan but the Awards will instead, along with any Options already exercisable, 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.

16.3 Timing of exchange

Any exchange will take place on (or as soon as practicable after) the relevant event under rule 15 (Takeovers and restructurings) of this Plan or rule 14 (Takeovers and restructurings) of the UK Plan.

16.4 Exchange terms

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

- 16.4.1 must be granted over such shares (or other type of securities) or units as the Committee decides and, where rule 16.2.2 applies, with the agreement of the Acquirer;
- 16.4.2 is treated as having been acquired at the same time as the Award; and
- 16.4.3 unless the Committee decides otherwise (and, where rule 16.2.2 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.

16.5 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 and Units are references to the shares (or other securities) or units over which the new award is granted, and references to the Company are references to the Acquirer.

17. Variations in share capital

17.1 Adjustment of an Award

If there is:

- 17.1.1 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;
- 17.1.2 a demerger (in whatever form);
- 17.1.3 a special dividend or distribution; or
- 17.1.4 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 Option relates, the number of Units in a SAR (and the class of Share to which those Units relate) and/or the Award Price in such manner as the Committee considers appropriate.

17.2 Notice of adjustment

The Committee will notify affected Participants of any adjustment made under rule 17.1 (Adjustment of an Award) as soon as practicable.

18. Tax

18.1 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 18.1 (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, to collect any outstanding Award Price payable and to meet any applicable dealing and/or currency exchange costs and other associated costs.

18.2 Participant indemnity

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

19. Terms of employment

19.1 Application

This rule 19 (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.

19.2 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).

19.3 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.

19.4 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.

19.5 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:

- 19.5.1 any loss or reduction of rights or expectations under the Plan in any circumstances (including lawful or unlawful termination of employment);
- 19.5.2 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
- 19.5.3 the operation, suspension, termination or amendment of the Plan.

19.6 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.

20. General

20.1 Data protection

Participation in the Plan will be subject to:

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

20.2 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.

20.3 Source of Shares

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

20.4 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.

20.5 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:

- 20.5.1 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);
- 20.5.2 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
- 20.5.3 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.

20.6 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 Eligible 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.

20.7 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.

20.8 Not pensionable

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

20.9 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).

20.10 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.

20.11 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 Eligible Employee or Participant or in procuring a sale, allotment or transfer of any Shares.

21. Administration

21.1 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.

21.2 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.

21.3 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:

21.3.1 the provision will be deleted; and

21.3.2 the remaining provisions will continue in full force and effect,

unless the Committee decides otherwise.

21.4 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.

21.5 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.

22. Changing the Plan and termination

22.1 General power

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

22.2 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:

- 22.2.1 the persons who may receive Shares or cash under the Plan;
- 22.2.2 the total number or amount of Shares or cash which may be delivered or paid under the Plan;
- 22.2.3 the maximum entitlement for any Participant;
- 22.2.4 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 17.1.1; and
- 22.2.5 this rule 22.2 (Shareholder approval).

22.3 Shareholder approval – exceptions

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

- 22.3.1 to maintain alignment with the UK Plan; and/or
- 22.3.2 minor and to:
 - (i) benefit the administration of the Plan;
 - (ii) comply with or take account of a change in legislation; and/or
 - (iii) obtain or maintain favourable tax, exchange control or regulatory treatment of any Member of the Group or any present or future Participant.

22.4 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).

22.5 Participant consent – exceptions

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

- 22.5.1 to maintain alignment with the UK Plan; and/or
- 22.5.2 minor and to:
 - (i) benefit the administration of the Plan;
 - (ii) comply with or take account of a change in legislation; and/or
 - (iii) obtain or maintain favourable tax, exchange control or regulatory treatment of any Member of the Group or any present or future Participant.

22.6 Participant consent – majority consent exception

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

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

22.7 Notice of change

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

22.8 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:

- 22.8.1 maximum Contribution limit in rule 4.2 (Minimum and maximum Contributions); and
- 22.8.2 Share dilution limit in rule 8 (Share dilution limit).

22.9 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.

23. 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 Grant 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 Grant Date, or who is expected to become subject to US federal income taxation following the Grant Date, or who becomes subject to US federal income taxation following the Grant Date but prior to the date upon which any part of the Award Vests.

3. Exercise of Options

Notwithstanding any of the rules of the Plan, an Option (or portion of an Option) granted to a US Taxpayer must be exercised no later than the end of the applicable Short-Term Deferral Period.

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

4. Settlement of SARs

Notwithstanding any of the rules of the Plan, a SAR (or a portion of a SAR) granted to a US Taxpayer must be settled under rule 11.2 (Settlement of SARs) no later than the end of the Short-Term Deferral Period.

In the event that a SAR (or a portion of a SAR) 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 SAR (or portion of the SAR) is then settled at the earliest date at which it is reasonably anticipated that such law no longer prevents the settlement.

4. Changes to Awards

4.1 Adjustments

Where there is to be an adjustment of an Award granted to a US Taxpayer pursuant to rule 14 (Mobile Participants) or rule 17 (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 16 (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 22 (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 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. Any delay in the Vesting of an Award pursuant to rule 12.2 (Impact of Dealing Restrictions) 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.

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 such taxes, penalty or interest.

5.3 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
Awards granted to California Residents

Before granting any Award to an Eligible Employee who resides or works in the State of California, the Committee will seek the advice of US counsel.