

INSPECTION COPY

## **Rules of the Dunelm 2020 Share Plan**

Approved by shareholders of Dunelm Group plc on [ ]  
November 2020

Adopted by the board of directors of Dunelm Group plc on [ ]  
November 2020

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# THE DUNELM 2020 SHARE PLAN

## 1. DEFINITIONS AND INTERPRETATION

1.1 In this Plan, unless otherwise stated, the words and expressions below have the following meanings:

<b>"Award"</b>	<b>a right to receive Shares automatically subject to the rules of the Plan;</b>
<b>"Board"</b>	subject to rule 13.7, the board of the Company or any committee or person duly authorised by the board of directors of the Company, or any duly appointed successor body;
<b>"Bonus"</b>	the bonus (if any) earned or, where the context so requires, capable of being earned by an Eligible Employee pursuant to a bonus plan operated by any Group Member;
<b>"Company"</b>	Dunelm Group plc registered in England under number 4708277;
<b>"Control"</b>	the meaning given by section 995 of the Income Tax Act 2007;
<b>"Dealing Day"</b>	any day on which the London Stock Exchange is open for business;
<b>"Dealing Restrictions"</b>	restrictions imposed by the MAR, the Company's share dealing code, the Listing Rules or any applicable laws or regulations which impose restrictions on share dealing;
<b>"Eligible Employee"</b>	an employee (including an executive director) or former employee of the Company or any of its Subsidiaries;
<b>"FCA"</b>	the United Kingdom Financial Conduct Authority (or any successor body);
<b>"Financial Year"</b>	a financial year of the Company;
<b>"FY20 Average Market Value"</b>	subject to rule 14, 1189 pence;
<b>"GDPR"</b>	the EU General Data Protection Regulation 2016/679;
<b>"Grant Date"</b>	the date on which an Award is granted;
<b>"Grant Period"</b>	the period of 42 days commencing on: <ul style="list-style-type: none"><li>i) the day on which the Plan is approved by shareholders in general meeting</li><li>ii) the first Dealing Day after the day on which the Company makes an announcement of its results for any period;</li><li>iii) in the case of a Share Bonus Award, the day on which any Bonus is determined; or</li><li>iv) any day on which the Board resolves that exceptional circumstances exist which justify the grant of Awards;</li></ul>

unless the Company is restricted from granting Awards during the periods specified above as a result of any Dealing Restrictions, in which case the

relevant Grant Period will be 42 days commencing on the Dealing Day after such Dealing Restrictions are lifted;

<b>“Group Member”</b>	the Company, any Subsidiary of the Company, any company that is (within the meaning given by section 1159 of the Companies Act 2006) the Company’s holding company or a Subsidiary of the Company’s holding company or, if the Board so determines, any body corporate in relation to which the Company is able to exercise at least 20% of the equity voting rights and <b>“Group”</b> will be construed accordingly;
<b>“Internal Reorganisation”</b>	where immediately after a change of Control of the Company, all or substantially all of the issued share capital of the acquiring company is owned directly or indirectly by the persons who were shareholders in the Company immediately before the change of Control;
<b>“Listing Rules”</b>	the FCA’s listing rules, as amended from time to time;
<b>“MAR”</b>	the EU Market Abuse Regulation 596/2014;
<b>“Normal Vesting Date”</b>	the date on which an Award will normally Vest, which will be: <ul style="list-style-type: none"><li>i) in the case of a Share Bonus Award in respect of Financial Year 2019/20 or Financial Year 2020/21 granted to an Executive Director of the Company:<ul style="list-style-type: none"><li>(a) as regards 50% of the Shares subject to the Award (rounded down to the nearest whole Share, the first Dealing Day following the announcement by the Company of its results for Financial Year 2020/21; and</li><li>(b) as regards the balance of the Shares, of its results for Financial Year 2021/22;</li></ul></li><li>ii) in the case of a Share Bonus Award in respect of Financial Year 2019/20 or Financial Year 2020/21 granted to a person who is not an Executive Director of the Company, such date or dates as the Board determines on or before the Grant Date;</li><li>iii) in the case of a Share Bonus Award in respect of any other Financial Year and any Award that is not a Share Bonus Award, the later of:<ul style="list-style-type: none"><li>a) the date determined by the Board on or before the Grant Date;</li><li>b) the date on which the Board determines the extent to which any Performance Condition has been satisfied in accordance with rule 9.1; and</li><li>c) the date on which the Board determines whether an adjustment should be made in accordance with rule 9.2;</li></ul></li></ul>
<b>“Participant”</b>	any person who holds an Award or following his death, his personal representatives;
<b>“Performance Condition”</b>	a condition or conditions imposed under rule 3.1 that relates to performance;
<b>“Performance Period”</b>	the period over which a Performance Condition will be measured;
<b>“Plan”</b>	the Dunelm 2020 Share Plan as amended from time to time;

<b>"Recovery Period"</b>	subject to rule 8.7: <ul style="list-style-type: none"> <li>i) in the case of a Share Bonus Award, the period ending on the Dealing Day after the announcement of the Company's results for the third Financial Year following the Financial Year in respect of which the Bonus was earned; and</li> <li>ii) in the case of any other Award, the period ending on the third anniversary of the Award's Normal Vesting Date;</li> </ul>
<b>"Share"</b>	a fully paid ordinary share in the capital of the Company;
<b>"Share Bonus"</b>	the amount of Bonus which is to be delivered in the form of an Award;
<b>"Share Bonus Award"</b>	an Award granted in respect of a Share Bonus;
<b>"Shareholding Requirement"</b>	any requirement, guideline or policy determined by the Board from time to time pursuant to which a person must hold Shares either while they hold office or employment with a Group Member or following their ceasing to hold office or employment with a Group Member;
<b>"Subsidiary"</b>	the meaning given by section 1159 of the Companies Act 2006;
<b>"Tax Liability"</b>	any tax or social security contributions liability in connection with an Award for which the Participant is liable and for which any Group Member or former Group Member is obliged to account to any relevant authority;
<b>"Trustee"</b>	the trustee or trustees for the time being of any employee benefit trust, the beneficiaries of which include Eligible Employees;
<b>"Vest"</b>	the point at which a Participant becomes entitled to receive the Shares subject to an Award, and <b>"Vesting", "Vested" and "Vesting Date"</b> will be construed accordingly;
<b>"Vesting Period"</b>	<ul style="list-style-type: none"> <li>i) in relation to an Award that is subject to a Performance Condition, its Performance Period; and</li> <li>ii) in relation to an Award that is not subject to a Performance Condition, the period commencing on the Grant Date and ending on the date that would be its Normal Vesting Date but for rule 9.2.</li> </ul>

## 1.2 References in the Plan to:

1.2.1 any statutory provisions are to those provisions as amended or re-enacted from time to time;

1.2.2 the singular include the plural and vice versa; and

1.2.3 the masculine include the feminine and vice versa.

## 1.3 Headings do not form part of the Plan.

## 2. GRANT OF AWARDS

2.1 Subject to rule 2.2, during a Grant Period, the Board may grant an Award to an Eligible Employee in its discretion subject to the rules of the Plan and upon such additional terms as the Board may determine.

2.2 An Executive Director of the Company may only be granted an Award that is a Share Bonus Award.

2.3 An Award may be divided into distinct tranches with different Performance Conditions and/or Vesting Periods, and, if so, the rules of the Plan will be construed as if each tranche were itself a separate Award.

- 2.4 The grant of an Award will be subject to obtaining any approval or consent required by the FCA (or other relevant authority), any Dealing Restrictions and any other applicable laws or regulations (whether in the UK, or overseas).
- 2.5 Awards must be granted by deed (or in such other written form as the Board determines) and as soon as practicable after the Grant Date, Participants must be notified of the terms of their Award including any Performance Condition, the Normal Vesting Date and any additional terms imposed in accordance with rule 2.1. Any such notification may be given electronically.
- 2.6 A Participant may be required to accept an Award in such form as the Board reasonably requires and, if the Board has not received (or waived the right to receive) such acceptance on or before the date that is three months after the Grant Date:
- 2.6.1 the Award may not Vest; and
- 2.6.2 the Board may determine that the Award will lapse.
- 2.7 No Award may be granted under the Plan after the tenth anniversary of the date on which the Plan was approved by the shareholders of the Company.

### **3. PERFORMANCE CONDITIONS**

- 3.1 Share Bonus Awards in respect of the Company's Financial Year 2019/20 and in respect of any other Financial Year if granted after the amount of the Bonus earned in respect of that Financial Year is known will not be subject to the satisfaction of a Performance Condition.
- 3.2 Share Bonus Awards in respect of the Company's Financial Year 2020/21 and in respect of any other Financial Year if granted before the amount of the Bonus earned in respect of that Financial Year is known will be subject to the satisfaction of a Performance Condition.
- 3.3 Awards which are not Share Bonus Awards may be subject to the satisfaction of a Performance Condition.
- 3.4 Subject to rules 12 and 13, a Performance Condition will be measured over the Performance Period.
- 3.5 The Board may amend or substitute a Performance Condition if one or more events occur which cause the Board to consider that an amended or substituted Performance Condition would be more appropriate and would not be materially less difficult to satisfy.

### **4. RESTRICTIONS ON TRANSFER AND BANKRUPTCY**

- 4.1 An Award may not be transferred, assigned, charged or otherwise disposed of in any way (except in the event of the Participant's death, to their personal representatives) and will lapse immediately on any attempt to do so.
- 4.2 An Award will lapse immediately if the Participant is declared bankrupt or, if the participant is outside the UK, any analogous event occurs.

### **5. DIVIDEND EQUIVALENTS**

- 5.1 The Board may decide at any time prior to the issue or transfer of Shares to which an Award relates that the Participant will receive an amount (which may be calculated assuming the reinvestment of dividends) equal in value to some or all of the dividends (including special dividends, unless the Board determines otherwise) that would have been paid on Shares in respect of which the Award Vests over such period (ending no later than the Vesting Date) as the Board may determine.

### **6. INDIVIDUAL LIMITS**

- 6.1 The Share Bonus Awards to be granted in respect of Bonuses for the Financial Year 2019/20 will be over:
- 6.1.1 in the case of the Company's Chief Executive Officer, 11,594 Shares;

- 6.1.2 in the case of the Company's Chief Financial Officer, 7,675 Shares; and
  - 6.1.3 in the case of any other Participant, such number of Shares as the Board determines, not exceeding such number of Shares as have an aggregate FY20 Average Market Value equal to the amount of the Bonus they earned for Financial Year 2019/20.
- 6.2 The Share Bonus Awards to be granted in respect of Bonuses for Financial Year 2020/21 will be over:
- 6.2.1 in the case of the Company's Chief Executive Officer, 59,130 Shares;
  - 6.2.2 in the case of the Company's Chief Financial Officer, 40,291 Shares; and
  - 6.2.3 in the case of any other Participant, such number of Shares as the Board determines, not exceeding such number of Shares as have an aggregate FY20 Average Market Value equal to the amount of the Bonus they may earn for Financial Year 2020/21.
- 6.3 Any Share Bonus Award to be granted in respect of a Bonus for the Financial Year 2021/22 or any later Financial Year shall be:
- 6.3.1 if it is granted before the amount of the Bonus earned is known, granted over a number of Shares with a market value equal to the maximum Bonus that may be earned; and
  - 6.3.2 if it is granted after the amount of the Bonus earned is known, be granted over a number of Shares with a market value (as determined by the Board) equal to the Bonus earned,

provided that if an average share price is used to determine the number of Shares over which a Share Bonus Award is granted, the averaging period shall not exceed six months.

- 6.4 No Eligible Employee may be granted an Award which is not a Share Bonus Award that would, at the time it is granted, cause the market value (as determined by the Board) of the Shares subject to all Awards (other than Share Bonus Awards) granted to that Eligible Employee in respect of a particular Financial Year to exceed 100 per cent. of their base salary. To the extent any such Award exceeds the limit in this rule 6.4 it will be scaled back accordingly.

## **7. PLAN LIMITS**

- 7.1 The Board must not grant an Award that would cause the number of Shares allocated under the Plan and under any other employee share plan adopted by the Company to exceed such number as represents ten per cent of the ordinary share capital of the Company in issue.
- 7.2 The Board must not grant an Award that would cause the number of Shares allocated under the Plan and under any other discretionary employee share plan adopted by the Company to exceed such number as represents five per cent of the ordinary share capital of the Company in issue.
- 7.3 Subject to rules 7.4 and 7.5, in determining the limits set out in rules 7.1 and 7.2, Shares are treated as allocated if, on any day, they have been newly issued by the Company or transferred from treasury to satisfy an option, award or other right granted during the period of ten years before that day (an "award"), or in the case of such an award in respect of which Shares are yet to be delivered, if the Board intends that new Shares will be issued or that Shares from treasury will be transferred and for these purposes the number of Shares allocated includes:
- 7.3.1 Shares that have been issued or may be issued to any Trustee; and
  - 7.3.2 Shares that have been or may be transferred from treasury to any Trustee,

and in either case for the Trustee to then transfer to satisfy an award (unless these Shares have already been counted under this rule).

- 7.4 The Board may determine that Shares transferred from treasury will cease to count as allocated for the purposes of rule 7.3 if guidelines published by institutional investor representative bodies no longer require such Shares to be counted.
- 7.5 The number of Shares allocated does not include:
- 7.5.1 Shares that were allocated to satisfy awards to the extent that such awards have lapsed, been relinquished or been satisfied in cash; and
- 7.5.2 existing Shares (other than treasury Shares) that have been transferred to satisfy awards or that have been allocated to satisfy awards.
- 7.6 If the Board purports to grant one or more Awards that are inconsistent with the limits in this rule 7, each such Award will be reduced as determined by the Board and will take effect from the Grant Date over the reduced number of Shares.
- 7.7 The Board may make such adjustments to the method of assessing the limits set out in rules 7.1 and 7.2 as it considers appropriate in the event of any variation of the Company's share capital.

## **8. REDUCTION AND RECOVERY**

### **Introduction**

- 8.1 Notwithstanding any other rule of the Plan, this rule 8 applies to each Award and will continue to apply after the cessation of a Participant's office or employment with a Group Member for any reason, whether or not any termination is lawful.
- 8.2 The Board may, where rule 8.4 or 8.6 applies:
- 8.2.1 impose further conditions on an Award; and/or
- 8.2.2 reduce (including to nil) the number of Shares to which an Award relates,
- at any time before the end of the Recovery Period in respect of such Award.
- 8.3 If Shares and/or cash has been delivered in satisfaction of an Award, the Board may, where rule 8.4 applies:
- 8.3.1 require a Participant to make a cash payment to the Company in respect of some or all of the Shares or cash delivered to them under the Award; and/or
- 8.3.2 require a Participant to transfer for nil consideration some or all of the Shares delivered to them under the Award,
- at any time before the end of the Recovery Period in respect of an Award, and the Board will have the discretion to determine the basis on which the amount of cash or Shares is calculated including whether and if so to what extent to take account of any tax or social security liability applicable to the Award.

### **Triggers**

- 8.4 The Board may take any of the actions set out in rule 8.2 or 8.3 if it determines that any of the following circumstances have occurred before the end of the Recovery Period:
- 8.4.1 a material misstatement of any Group Member's results;
- 8.4.2 material error in assessing any Performance Condition, any performance condition applying to the Bonus in respect of which a Share Bonus Award was granted, or in the information or assumptions on which the Award was granted or Vests;
- 8.4.3 a material failure of risk management in any Group Member or a relevant business unit;

- 8.4.4 serious reputational damage to any Group Member or a relevant business unit;
  - 8.4.5 serious misconduct or material error on the part of the Participant;
  - 8.4.6 material corporate failure in any Group Member or a relevant business unit; or
  - 8.4.7 any other circumstance which the Board, in its discretion, considers to be similar in nature or effect to those in rules 8.4.1 to 8.4.6.
- 8.5 The Board may take any of the actions set out in rule 8.2 or 8.3 at any time if it determines that the Participant has committed fraud.

#### **Cross-clawback**

- 8.6 The Board may take any of the actions set out in rule 8.2 in order to effect the recovery of sums paid or Shares delivered under any malus or clawback provisions that are included in any incentive plan (including the Plan) operated by any Group Member.

#### **Further provisions relating to reduction and recovery**

- 8.7 If the action or conduct of any Participant, Group Member or relevant business unit is under investigation by the Company, or the Company has been notified by a third party that an investigation into such action or conduct has begun, before the end of the Recovery Period and such investigation has not been or is not expected to be concluded by that date, the Board may extend the Recovery Period to end on such later date as the Board considers appropriate to allow such investigation to be concluded.
- 8.8 For the purposes of this rule 8, references to:
- 8.8.1 a Participant includes former Participants; and
  - 8.8.2 a Group Member or a relevant business unit include references to any former Group Member or former business unit.

### **9. VESTING AND SETTLEMENT**

- 9.1 As soon as reasonably practicable after the end the Performance Period, the Board will determine if and to what extent any Performance Condition has been satisfied, and, accordingly, the extent to which the Award will, subject to rule 9.2, Vest.
- 9.2 Other than in the case of a Share Bonus Award that is not subject to a Performance Condition, as soon as reasonably practicable after the end of the Vesting Period (and, in the case of an Award that is subject to a Performance Condition, after the Board's determination under rule 9.1), the Board may, in its discretion, adjust (including by reducing to nil) the extent to which an Award would (but for this rule 9.2) Vest, if it considers that:
- 9.2.1 such Vesting level does not reflect the underlying financial or non-financial performance of the Participant or the Group over the Vesting Period;
  - 9.2.2 such Vesting level is not appropriate in the context of circumstances that were unexpected or unforeseen at the Grant Date; or
  - 9.2.3 there exists any other reason why an adjustment is appropriate,
- taking into account such factors as the Board considers relevant.
- 9.3 To the extent an Award will not Vest as a result of the determination referred to in rule 9.1 and any adjustment under rule 9.2 it will lapse immediately.
- 9.4 Subject to rules 10, 12 and 13, an Award will Vest;

9.4.1 on the Normal Vesting Date; or

9.4.2 if on the Normal Vesting Date (or on any other date on which an Award is due to Vest under rule 12 or 13) a Dealing Restriction applies to the Participant, on the date on which such Dealing Restriction lifts.

9.5 Subject to rules 10 and 11, where an Award has Vested, the number of Shares in respect of which the Award has Vested or been exercised together with any additional Shares or cash to which a Participant becomes entitled under rule 5 will be issued, transferred or paid (as applicable) to the Participant as soon as practicable thereafter.

9.6 Any costs associated with the delivery of Shares to satisfy an Award (including any stamp duty or stamp duty reserve tax) will be borne by the Company (or another Group Member). Any costs associated with the sale of Shares acquired pursuant to an Award (including on any sale pursuant to rule 10) will be borne by the Participant.

## **10. TAXATION AND REGULATORY ISSUES AND SHAREHOLDING REQUIREMENTS**

10.1 A Participant will be responsible for and indemnifies each relevant Group Member and the Trustee against any Tax Liability relating to their Award. Any Group Member and/or the Trustee may withhold an amount equal to such Tax Liability (or the relevant Group Member's reasonable estimate of such Tax Liability) from any amounts due to the Participant (to the extent such withholding is lawful) and/or make any other arrangements as it considers appropriate to ensure recovery of such Tax Liability (or reasonable estimate thereof). These arrangements may include the sale of Shares acquired to realise an amount equal to the Tax Liability (or reasonable estimate thereof) or the cash settlement under rule 11 of such part of the Award as is as near as reasonably possible equal to the Tax Liability (or reasonable estimate thereof).

10.2 The Vesting of an Award and the issue or transfer of Shares under the Plan will be subject to obtaining any approval or consent required by the FCA (or other relevant authority), any Dealing Restrictions, or any other applicable laws or regulations (whether in the UK or overseas).

10.3 The Board may make the delivery of any Shares to satisfy the Vesting of an Award conditional on the Participant taking any action (including entering into any agreement) in relation to those Shares reasonably required by the Board in connection with any Shareholding Requirement.

## **11. CASH EQUIVALENT**

11.1 Subject to rule 11.2, at any time before Shares in respect of which an Award that has Vested or been exercised have been issued or transferred to a Participant, the Board may determine that, in substitution for his right to acquire some or all of those Shares, the Participant will receive a cash sum equal to the market value (as determined by the Board) on the Vesting Date of the Shares that would otherwise have been issued or transferred to the Participant. Any cash sum will be paid to the Participant within 30 days after the Vesting of the Award (or, if later, the date of the determination by the Board under this rule 11.1) net of any Tax Liability

11.2 The Board may determine that this rule 11 or any part of it will not apply to an Award, or any part of it.

## **12. CESSATION OF EMPLOYMENT**

### **Leavers other than "Good Leavers" before the Normal Vesting Date**

12.1 Subject to rule 12.2, if a Participant ceases to hold office or employment with a Group Member before the Normal Vesting Date of an Award for any reason, that Unvested Award will lapse at that time.

### **"Good Leavers" before the Normal Vesting Date**

12.2 If a Participant ceases to hold office or employment with a Group Member before the Normal Vesting Date of an Award as a result of:

12.2.1 their death;

12.2.2 serious ill health evidenced to the satisfaction of the Board; or

12.2.3 any other reason at the Board's discretion,

unless the Board determines that rule 12.3 will apply, that Unvested Award will continue and, subject to rule 13, will Vest on its Normal Vesting Date in respect of a number of Shares determined in accordance with rule 12.4.

12.3 If the Board determines under rule 12.2 that this rule 12.3 will apply, the Award will Vest as soon as reasonably practicable following the date of cessation of office or employment in respect of a number of Shares determined in accordance with rule 12.4.

### **Extent of Vesting**

12.4 If an Award Vests after a Participant has ceased to hold office or employment with a Group Member the number of Shares in respect of which it Vests will be determined by the Board in its discretion taking into account:

12.4.1 in the case of an Award subject to a Performance Condition, the extent to which the Performance Condition has, in the Board's opinion, been satisfied as determined in accordance with rule 9.1 or, if the Award Vests before the end of the Performance Period, on the date of cessation of office or employment as determined by the Board;

12.4.2 in the case of any Award, whether it is appropriate to adjust (including by reducing to nil) the extent to which the Award would (but for this rule 12.4.2) Vest, if it considers that rule 9.2.1, 9.2.2, or 9.2.3 applies, taking into account such factors as the Board considers relevant; and

12.4.3 unless the Board determines otherwise:

(a) in the case of an Award that is subject to a Performance Condition, the proportion of the Performance Period that has elapsed at the date of cessation of office or employment; and

(b) in the case of an Award that is not a Share Bonus Award and is not subject to a Performance Condition, the proportion of the Vesting Period that has elapsed at the date of cessation of office or employment.

### **Meaning of ceasing employment**

12.5 For the purposes of the Plan, no person will be treated as ceasing to hold office or employment with a Group Member until that person no longer holds:

12.5.1 an office or employment; or

12.5.2 a right to return to work

with any Group Member unless the Board determines that a person will be treated as ceasing to hold office or employment with a Group Member on the date notice of termination of office or employment is served **PROVIDED THAT** in the case of a Share Bonus Award granted in respect of Financial Year 2019/20 or Financial Year 2020/21 a Participant will be treated as ceasing to hold office or employment with a Group Member on the date on which notice is served.

### **Leavers –Shareholding Requirement**

12.6 The Board may determine that any Award held by a Participant after he has ceased to hold office or employment with a Group Member will lapse if the Participant fails to abide by any Shareholding Requirement.

### 13. CORPORATE EVENTS

13.1 Where any of the events described in rule 13.2 occur, then subject to rule 13.5, all Awards which have not yet Vested will Vest at the time of such event in respect of a number of Shares determined in accordance with rule 13.8.

#### General offer and scheme of arrangement

13.2 The events referred to in rule 13.1 are:

13.2.1 General offer

If any person (either alone or together with any person acting in concert with him):

- i) obtains Control of the Company as a result of making a general offer to acquire Shares; or
- ii) already having Control of the Company, makes an offer to acquire all of the Shares other than those which are already owned by him and such offer becomes wholly unconditional.

13.2.2 Scheme of arrangement

A compromise or arrangement in accordance with section 899 of the Companies Act 2006 for the purposes of a change of Control of the Company being sanctioned by the Court

#### Winding-up

13.3 On the passing of a resolution for the voluntary winding-up or the making of an order for the compulsory winding up of the Company, the Board will determine whether and to what extent Awards which have not yet Vested will Vest. To the extent that an Award does not Vest it will lapse immediately:

#### Other event

13.4 If the Company is or may be affected by a demerger, delisting, special dividend or other event which in the opinion of the Board, may affect the current or future value of Shares, the Board may determine that the following provisions apply:

13.4.1 an Award will Vest on such terms and to such extent as the Board may determine;

13.4.2 to the extent that the Award does not Vest, it will lapse immediately, unless the Board determines otherwise.

#### Exchange

13.5 An Award will not Vest under rule 13.1 but will be exchanged on the terms set out in rule 13.6 to the extent that:

13.5.1 an offer to exchange the Award (the "**Existing Award**") is made and accepted by a Participant;

13.5.2 there is an Internal Reorganisation, unless the Board determines that the Existing Award should Vest under rule 13.1; or

13.5.3 the Board decides (before the relevant event) that an Existing Award will be automatically exchanged.

13.6 If this rule 13.6 applies, the Existing Award will not Vest but will be exchanged in consideration of the grant of a new award (the "**New Award**") which, in the opinion of the Board, is equivalent to the Existing Award, but relates to shares in a different company (whether the acquiring company or a different company). The rules of this Plan will be construed in relation to the New Award as if:

- 13.6.1 the New Award was an Award granted under the Plan at the same time as the Award;
- 13.6.2 references to any Performance Condition were references to a new performance condition to which the New Award is subject;
- 13.6.3 references to the Company were references to the company whose shares are subject to the New Award; and
- 13.6.4 references to Shares were references to shares that are the subject of the New Award.

### **Meaning of Board**

- 13.7 Any reference to the Board in this rule 13 means the members of the Board immediately prior to the relevant event.

### **Extent of Vesting**

- 13.8 If an Award Vests in accordance with rule 13.1, the number of Shares in respect of which it Vests will be determined by the Board in its discretion taking into account:
  - 13.8.1 in the case of an Award subject to a Performance Condition, the extent to which the Performance Condition has, in the Board's opinion, been satisfied on the date of the relevant event, as determined by the Board;
  - 13.8.2 in the case of any Award, whether it is appropriate to adjust (including by reducing to nil) the extent to which the Award would (but for this rule 13.8.2) Vest, if it considers that rule 9.2.1, 9.2.2, or 9.2.3 applies, taking into account such factors as the Board considers relevant; and
  - 13.8.3 unless the Board determines otherwise:
    - (a) in the case of an Award that is subject to a Performance Condition, the proportion of the Performance Period that has elapsed at the date of the relevant event; and
    - (b) in the case of an Award that is not a Share Bonus Award and is not subject to a Performance Condition, the proportion of the Vesting Period that has elapsed at the date of the relevant event.

## **14. ADJUSTMENTS**

The number of Shares subject to an Award, the FY20 Average Market Value and the number of Shares referred to in rules 6.1.1, 6.1.2, 6.2.1, and 6.2.2 may be adjusted in such manner as the Board determines, in the event of:

- 14.1.1 any variation of the share capital of the Company; or
- 14.1.2 a demerger, delisting, special dividend or other event which may, in the opinion of the Board, affect the current or future value of Shares.

## **15. AMENDMENTS**

- 15.1 Except as described in this rule 15, the Board may at any time amend the rules of the Plan or the terms of any Award.
- 15.2 Subject to rule 15.3, no amendment to the advantage of Eligible Employees and/or Participants will be made under this rule 15 to the provisions relating to:
  - 15.2.1 the persons to whom, or for whom, Shares or cash are provided under the Plan;
  - 15.2.2 limitations on the number or amount of Shares or cash subject to the Plan;

- 15.2.3 the basis for determining a Participant's entitlement to, and the terms of, Shares or, cash to be provided under the Plan;
- 15.2.4 the adjustments that may be made in the event of a variation of capital; and
- 15.2.5 the terms of this rule 15.2;

without the prior approval of the members of the Company in general meeting.

- 15.3 Rule 15.2 will not apply to any amendment which is to benefit the administration of the Plan or is necessary or desirable to take account of any change in legislation or to obtain or maintain favourable taxation, exchange control or regulatory treatment for any Group Member or Participant.
- 15.4 No amendment to the material disadvantage of existing rights of Participants will be made under rule 15.1 unless:
  - 15.4.1 every Participant who may be affected by such amendment has been invited to indicate whether or not he approves the amendment; and
  - 15.4.2 the amendment is approved by a majority of those Participants who have so indicated.
- 15.5 No amendment will be made under this rule 15 if it would prevent the Plan from being an employees' share scheme within the meaning of section 1166 of the Companies Act 2006.

## **16. LEGAL ENTITLEMENT**

- 16.1 This rule 16 applies during a Participant's employment with any Group Member and after the termination of such employment, whether or not the termination is lawful.
- 16.2 Nothing in the Plan or its operation forms part of the terms of employment of a Participant and the rights and obligations arising from a Participant's employment with any Group Member are separate from, and are not affected by, his participation in the Plan. Participation in the Plan does not create any right to continued employment with a Group Member for any Participant.
- 16.3 The grant of any Award to a Participant does not create any right for that Participant to be granted any further Awards or to be granted Awards on any particular terms, including the number of Shares to which Awards relate.
- 16.4 By participating in the Plan, a Participant waives all rights to compensation for any loss in relation to the Plan, including:
  - 16.4.1 any loss or reduction of any rights or expectations under the Plan in any circumstances or for any reason (including lawful or unlawful termination of the Participant's employment);
  - 16.4.2 any exercise of a discretion or a decision taken in relation to an Award or to the Plan, or any failure to exercise a discretion or take a decision; or
  - 16.4.3 the operation, suspension, termination or amendment of the Plan.

## **17. GENERAL**

- 17.1 The Plan will terminate upon the date stated in rule 2.7, or at any earlier time by the passing of a resolution by the Board or an ordinary resolution of the Company in general meeting. Termination of the Plan will be without prejudice to the existing rights of Participants.
- 17.2 Shares issued or transferred from treasury under the Plan will rank equally in all respects with the Shares then in issue, except that they will not rank for any voting, dividend or other rights attaching to Shares by reference to a record date preceding the date of issue or transfer from treasury.

- 17.3 The personal data of any Eligible Employee, Participant or former Participant may be processed in connection with the operation of the Plan in accordance with the Group's prevailing data protection policy and as notified to the Eligible Employees in accordance with the GDPR. By participating in the Plan, a Participant consents (otherwise than for the purposes of the GDPR) to the processing of their personal data in connection with the operation of the Plan.
- 17.4 The Plan will be administered by the Board. The Board will have full authority, consistent with the Plan, to administer the Plan, including authority to interpret and construe any provision of the Plan and to adopt regulations for administering the Plan. Decisions of the Board will be final and binding on all parties.
- 17.5 Any notice or other communication in connection with the Plan may be delivered personally or sent by electronic means or post, in the case of a company to its registered office (for the attention of the company secretary), and in the case of an individual to his last known address, or, where he is a director or employee of a Group Member, either to his last known address or to the address of the place of business at which he performs the whole or substantially the whole of the duties of his office or employment. Where a notice or other communication is given by post, it will be deemed to have been received 72 hours after it was put into the post properly addressed and stamped, and if by electronic means, when the sender receives electronic confirmation of delivery or if not available, 24 hours after sending the notice.
- 17.6 No benefits received under the Plan will be pensionable.
- 17.7 If any rule of the Plan or any term of an Award is held to be void but would be valid if part of its wording were deleted, such rule will apply with such deletion as may be necessary to make it valid.
- 17.8 No third party will have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Plan (without prejudice to any right of a third party which exists other than under that Act).
- 17.9 The rules of the Plan will be governed by and construed in accordance with the laws of England and Wales. Any person referred to in the Plan submits to the exclusive jurisdiction of the Courts of England and Wales.