

## **Rules of the AO 2018 Incentive Plan**

Approved by the shareholders of AO World plc on 19 July 2018

Adopted by the board of directors of AO World plc on 19 July 2018

Amended by the board of directors of AO World plc on 13 July 2020

Amended by the board of directors and shareholders of AO World plc on 28 September 2022

Expiry date: 19 July 2028

# THE AO 2018 INCENTIVE PLAN

## 1. DEFINITIONS AND INTERPRETATION

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

<b>“Admission”</b>	the day on which the Shares were admitted to the Official List of the UKLA and to trading on the London Stock Exchange’s market for listed securities;
<b>“Award”</b>	a Performance Award, Immediate Cash and/or a Share Award;
<b>“Award Amount”</b>	a monetary amount (expressed in pounds sterling) determined by the Board on the Grant Date;
<b>“Board”</b>	subject to rule 13.10, the board of the Company or any duly authorised committee of the board;
<b>“Company”</b>	AO World plc registered in England and Wales under number 05525751;
<b>“Conditional Award”</b>	a right to acquire Shares subject to the rules of the Plan with no Exercise Period;
<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 Company’s share dealing code, the Listing Rules, the MAR or any other applicable laws or regulations which impose restrictions on share dealing;
<b>“Delivery Period”</b>	<p>the period of 42 days beginning on:</p> <ol style="list-style-type: none"><li>i. the first Dealing Day after the day on which the Company makes an announcement of its results for any period; or</li><li>ii. any day on which the Board resolves that exceptional circumstances exist that justify the delivery of Share Awards</li></ol> <p>unless the Company is restricted from delivering Share Awards during the periods specified above as a result of any Dealing Restrictions, in which case the relevant Delivery Period will be 42 days beginning on the Dealing Day after such Dealing Restrictions are lifted;</p>
<b>“Eligible Employee”</b>	an employee (including an executive director) of the Company or any of its Subsidiaries;
<b>“Exercise Period”</b>	the period during which a Nil-Cost Option may be exercised, such period not to exceed ten years from the Grant Date;

<b>“Financial Year”</b>	a financial year of the Company;
<b>“Grant Date”</b>	the date on which a Performance Award is granted;
<b>“Group Member”</b>	the Company, any Subsidiary of the Company, any company which is (within the meaning of 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>“GDPR”</b>	the EU General Data Protection Regulation 2016/679;
<b>“Holding Period”</b>	in relation to a Share Award, a period of one year (or such other period as the Board may determine) beginning on the Dealing Day immediately following the determination of the Board under rule 6.9 of the Performance Underpin;
<b>“Immediate Cash”</b>	a payment of a cash amount determined by the Board in accordance with rule 6.4;
<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 prior to the change of Control;
<b>“Listing Rules”</b>	the UKLA’s listing rules, as amended from time to time;
<b>“London Stock Exchange”</b>	the London Stock Exchange or any successor body;
<b>“MAR”</b>	the EU Market Abuse Regulation 596/2014, as amended from time to time;
<b>“Nil-Cost Option”</b>	a right to acquire Shares subject to the rules of the Plan during an Exercise Period for nil cost;
<b>“Normal Release Date”</b>	the date set by the Board in accordance with rule 6.4.2 on which a Share Award will normally be Released, which, unless the Board determines a later date will apply, will be: (i) for a Share Award to which no Holding Period applies, the date on which the Board determines the extent to which the Performance Underpin has been satisfied in accordance with rule 6.9; or (ii) for a Share Award to which a Holding Period applies, the first Dealing Day immediately after the end of the Holding Period;
<b>“Participant”</b>	any person who holds an Award (or, in respect of rule 8, any person to whom Shares have been issued or transferred or to whom cash is paid in respect of an Award) or following his death, his personal representatives;

<b>"Performance Award"</b>	a right to receive, subject to the rules of the Plan, the Award Amount in such proportions of Immediate Cash and Share Awards as the Board may determine in accordance with rule 6.4.1;
<b>"Performance Condition"</b>	a condition or conditions imposed under rule 3.1 to a Performance Award which relates to performance;
<b>"Performance Period"</b>	the period over which a Performance Condition will be measured which, unless the Board determines that the Performance Condition will be measured over a longer period, will be one Financial Year;
<b>"Performance Underpin"</b>	a condition or conditions imposed under rule 3.2 to a Share Award which relates to performance;
<b>"Performance Underpin Period"</b>	the period over which a Performance Underpin will be measured which: <ul style="list-style-type: none"><li>i. will be determined by the Board on the Grant Date;</li><li>ii. will begin at the end of the Performance Period applicable to the relevant Performance Award; and</li><li>iii. for Performance Awards granted to executive directors of the Company, will be a period of at least three years;</li></ul>
<b>"Plan"</b>	the AO 2018 Incentive Plan as amended from time to time;
<b>"Release"</b>	<ul style="list-style-type: none"><li>i. in relation to a Conditional Award, the point at which a Participant becomes entitled to receive the Shares under his Share Award in accordance with the rules of the Plan; and</li><li>ii. in relation to a Nil-Cost Option, the point at which it becomes capable of exercise in accordance with the rules of the Plan,</li></ul> and <b>"Released"</b> and <b>"Unreleased"</b> will be construed accordingly;
<b>"Release Date"</b>	the date on which a Share Award is Released;
<b>"Share"</b>	a fully paid ordinary share in the capital of the Company;
<b>"Share Award"</b>	a Conditional Award or a Nil-Cost Option (or a Cash Conditional Award or Cash Nil-Cost Option granted under Schedule 1 to the Plan), delivered, subject to the rules of the Plan, in satisfaction of some or all of a Participant's rights to receive the Award Amount;
<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;

- “UKLA”** the United Kingdom Listing Authority or any successor body;
- “Vested Amount”** the proportion of the Award Amount which may be satisfied with Immediate Cash and/or Share Awards in accordance with rule 6.4 as a consequence of the extent to which the Board determines that the Performance Conditions have been satisfied in accordance with rule 6.1; and
- “Vesting Date”** in relation to a Performance Award, the date on which the Board determines the extent to which the Performance Condition has been satisfied in accordance with rule 6.1 and **“Vest”**, **“Vesting”**, **“Vested”** and **“Unvested”** will be construed accordingly.

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 PERFORMANCE AWARDS**

- 2.1 The Board may grant a Performance 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 (which may include restrictions on the disposal of some or all of the Shares acquired pursuant to a Share Award for such period as the Board may determine, and that any Shares so restricted may be forfeited if the Participant ceases to hold office or employment with a Group Member during such period on account of misconduct). The Board may also make the Release of an Award conditional on the Participant taking any action (including entering into any agreement) reasonably required by the Board in relation to such additional terms.
- 2.2 The grant of a Performance Award will be subject to obtaining any approval or consent required by the UKLA (or other relevant authority) and any other applicable laws or regulations (whether in the UK or overseas).
- 2.3 Performance Awards must be granted by deed (or in such other written form as the Board determines) and, as soon as reasonably practicable after the Grant Date, Participants must be notified of the terms of their Performance Award including the Performance Condition, the Performance Underpin relating to any related Share Awards, any Holding Period relating to any related Share Awards and any additional terms imposed by the Board under rule 2.1.
- 2.4 No Performance Award may be granted under the Plan after the tenth anniversary of the date on which the Plan is approved by the Company’s shareholders.
- 2.5 Performance Awards will be satisfied by the delivery of Immediate Cash and Share Awards in such proportions as the Board may determine in accordance with rule 6.4.

**3. PERFORMANCE CONDITIONS AND UNDERPINS**

- 3.1 Performance Awards will be subject to the satisfaction of a Performance Condition. Subject to rules 12 and 13, the Performance Condition will be measured over the Performance Period.
- 3.2 Share Awards will be subject to the satisfaction of a Performance Underpin. Subject to rules 12 and 13, the Performance Underpin will be measured over the Performance Underpin Period.

- 3.3 The Board may amend or substitute a Performance Condition or Underpin if one or more events occur which cause the Board to consider that a substituted or amended Performance Condition or Underpin would be more appropriate and would not be materially less difficult to satisfy.

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

- 4.1 An Award must not be transferred, assigned, charged or otherwise disposed of in any way (except in the event of the Participant's death, to his 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. INDIVIDUAL LIMIT**

- 5.1 No Eligible Employee who is an executive director of the Company may be granted a Performance Award which would, at the time it is granted, cause the Award Amount subject to Performance Awards granted to that Eligible Employee in respect of a particular Financial Year to exceed 300% of his base salary.
- 5.2 To the extent any Performance Award exceeds the limit in rule 5.1, it will be scaled back accordingly.

#### **6. VESTING OF PERFORMANCE AWARDS AND RELEASE AND EXERCISE OF SHARE AWARDS**

- 6.1 As soon as reasonably practicable after the end of the Performance Period relating to a Performance Award, the Board will determine if and to what extent the Performance Condition has been satisfied.
- 6.2 As soon as reasonably practicable after the determination under rule 6.1, the Board may in its discretion, adjust (including by reducing to nil) the extent to which a Performance Award would (but for this rule 6.2) Vest, if it considers that:
- 6.2.1 such Vesting level does not reflect the underlying financial or non-financial performance of the Participant or the Group over the Performance Period);
- 6.2.2 such Vesting level is not appropriate in the context of circumstances that were unexpected or unforeseen at the Grant Date;
- 6.2.3 there exists any other reason why an adjustment is appropriate,
- taking into account such factors as the Board considers relevant.
- 6.3 A Performance Award will Vest to the extent determined in accordance with rules 6.1 and 6.2 on its Normal Vesting Date and any part of the Performance Award that does not Vest on such date will lapse immediately.
- 6.4 The Board will then determine:
- 6.4.1 to the extent the Performance Conditions have been satisfied and subject to any adjustment made under rule 6.2, the proportions of the Vested Amount which will be delivered in the form of Immediate Cash and Share Awards, provided that the amount of Immediate Cash delivered in satisfaction of a Performance Award granted to an executive director of the Company will not, subject to rules 12 or 13, exceed one third of the total Award Amount; and
- 6.4.2 the Normal Release Date of any Share Awards.
- 6.5 The Immediate Cash payable in respect of a Performance Award will be paid as soon as reasonably practicable after the Vesting Date (or, where the Board determines that Immediate Cash should be paid in accordance with rules 12 or 13, as soon as reasonably practicable after the date of such determination).
- 6.6 For the purposes of calculating the number of Shares subject to a Share Award, those Shares will have an aggregate market value (as determined by the Board on the Vesting Date) equal to that proportion of the Vested Amount to be delivered as a Share Award in accordance with rule 6.4.1.

- 6.7 Where a Share Award is delivered in satisfaction of a Performance Award, that Share Award will be delivered to the Participant during a Delivery Period, such delivery being subject to obtaining any approval or consent required by the UKLA (or other relevant authority), any Dealing Restrictions and any other applicable laws or regulations (whether in the UK or overseas).
- 6.8 Subject to rules 10, 12 and 13, a Share Award will be Released on the Normal Release Date unless on the Normal Release Date (or on any other date on which that Share Award is due to be Released under rule 12 or 13):
- 6.8.1 a Dealing Restriction applies to the Participant, in which case the Share Award will be Released on the date on which such Dealing Restriction lifts; or
- 6.8.2 the action or conduct of any Participant, Group Member or relevant business unit is under investigation pursuant to rule 8 and such investigation has not yet been concluded by that date, in which case an Award will be Released on such later date as the Board considers appropriate to allow such investigation to be concluded

provided that Share Awards will be Released only if and to the extent that the Board determines that the Performance Underpin has been satisfied in accordance with rule 6.9.

- 6.9 As soon as reasonably practicable after the end of the Performance Underpin Period, the Board will determine if and to what extent the Performance Underpin has been satisfied. If the Board determines that the Performance Underpin has will not been satisfied in full in respect of the applicable Performance Underpin Period, the Share Award will lapse unless the Board determines that the Share Award will be Released in respect of such number of Shares (not exceeding the number of Shares subject to the Share Award) as the Board may determine.
- 6.10 Subject to rules 10, 12 and 13, a Nil-Cost Option may, to the extent it has been Released in accordance with rule 6.8, be exercised until the tenth anniversary of the Grant Date (or such earlier date as the Board may determine on or prior to the Grant Date) in such manner as the Board determines, after which time it will lapse.
- 6.11 Subject to rules 10 and 11, where a Conditional Award has been Released or a Nil-Cost Option has been exercised, the number of Shares in respect of which the Share Award has been Released or exercised together with any additional Shares or cash to which a Participant becomes entitled under rule 9 will be issued, transferred or paid (as applicable) to the Participant as soon as reasonably practicable thereafter.

## **7. PLAN LIMITS**

- 7.1 The Board must not deliver a Participant a Share Award which 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 deliver a Participant a Share Award which would cause the number of Shares allocated under the Plan and under any other discretionary employee share plan ([except the AO World plc Value Creation Plan 2020 and/or the AO World plc Value Creation Plan 2022](#)) 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 prior to 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 which have been issued or may be issued to any Trustee; and
- 7.3.2 Shares which have been or may be transferred from treasury to any Trustee

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 issued (or transferred from treasury) or committed to be issued (or transferred from treasury) to satisfy awards granted prior to or in respect of Admission;
  - 7.5.2 Shares that were allocated to satisfy awards to the extent that such awards have lapsed or been relinquished;
  - 7.5.3 existing Shares (other than treasury Shares) which have been transferred to satisfy awards or which have been allocated to satisfy awards; and
  - 7.5.4 Shares allocated in respect of awards which are then satisfied in cash.
- 7.6 If the Board purports to deliver one or more Share Awards which are inconsistent with the limits in this rule 7, each such Share Award will be reduced as determined by the Board and will take effect over the maximum number of Shares permitted by those limits.
- 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 OF AWARDS (MALUS) AND CLAWBACK**

- 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 the cessation is lawful.
- 8.2 The Board may, in its discretion, determine that the provisions of any or all of rules 8.5 to 8.7 be applied to an Award if any of the circumstances referred to in rule 8.3 arise within the period beginning at the start of the Performance Period relating to the relevant Performance Award and ending on the fifth anniversary of the Grant Date of that Performance Award, or if the circumstances referred to in rule 8.4 arise within the Performance Period.
- 8.3 The circumstances arising within the period beginning at the start of the Performance Period relating to the relevant Performance Award and ending on the fifth anniversary the Grant Date of that Performance Award are:
- 8.3.1 a material misstatement of any Group Member's audited accounts;
  - 8.3.2 an error in assessing a Performance Condition or Underpin applicable to an Award or in the information or assumptions on which the Award was granted, Vests or is Released;
  - 8.3.3 a material failure of risk management in any Group Member or a relevant business unit;
  - 8.3.4 serious reputational damage to any Group Member or a relevant business unit;
  - 8.3.5 misconduct on the part of the Participant, justifying his summary dismissal;
  - 8.3.6 a material corporate failure in any Group Member or a relevant business unit; or
  - 8.3.7 any other circumstances that the Board in its discretion considers to be similar in their nature or effect to those in rules 8.3.1 to 8.3.6.
- 8.4 The circumstances arising within the Performance Period only are:



- 8.4.1 a material downturn in the financial performance of any Group Member or a relevant business unit;  
or
  - 8.4.2 any other circumstances that the Board in its discretion considers to be similar in their nature or effect to those in rule 8.4.1.
- 8.5 The Board may, in its discretion, determine at any time prior to the Vesting Date of a Performance Award to:
- 8.5.1 reduce (including to zero) the Award Amount to which that Performance Award relates; and
  - 8.5.2 impose further conditions on that Performance Award.
- 8.6 The Board may, in its discretion, determine at any time prior to the Release of a Share Award to:
- 8.6.1 reduce (including to zero) the number of Shares to which that Share Award relates; and
  - 8.6.2 impose further conditions on that Share Award.
- 8.7 The Board may, in its discretion, determine at any time on or after the Vesting Date of a Performance Award (or, if earlier, the date on which it determines cash or Shares will be delivered to the Participant in satisfaction of the Performance Award in accordance with rules 12 or 13) and, unless rule 8.8 applies, prior to the fifth anniversary of the Grant Date, to:
- 8.7.1 take the actions referred to in rule 8.5 and 8.6 if Shares or cash have not been delivered to satisfy the Performance Award or Share Award;
  - 8.7.2 require a Participant to make a cash payment to the Company in respect of some or all of the Shares or cash delivered to him under the Performance Award or Share Award; and/or
  - 8.7.3 require a Participant to transfer for nil consideration some or all of the Shares delivered to him under the Share 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.
- 8.8 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, prior to the fifth anniversary of the Grant Date and such investigation has not been or is not expected to be concluded by that date, the Board may extend the period referred to in rule 8.7 to end on such later date as the Board considers appropriate to allow such investigation to be concluded.
- 8.9 The Board may decide to:
- 8.9.1 reduce (including to zero):
    - i. the Award Amount to which a Performance Award relates;
    - ii. the amount of Immediate Cash due to the Participant; and/or
    - iii. the number of Shares to which a Share Award relates;
  - 8.9.2 impose further conditions on an Award; and/or
  - 8.9.3 require a Participant to transfer for nil consideration some or all of the Shares delivered to him under a Share Award or make a cash payment to the Company in respect of some or all of the cash or Shares delivered to him under an Award

to effect the recovery of sums paid or Shares delivered under any malus or clawback provisions which are included in any bonus plan or share plan (other than the Plan) operated by any Group Member and if the Board decides to apply rule 8.9.3, 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.

- 8.10 For the purposes of this rule 8, references to a Group Member or a relevant business unit include references to any former Group Member or former business unit.

## **9. DIVIDEND EQUIVALENTS**

- 9.1 The Board may decide at any time prior to the issue or transfer of the Shares in respect of which a Share Award is Released that the Participant will receive an amount (in cash and/or additional Shares) equal in value to any dividends that would have been paid on those Shares on such terms and over such period (beginning on the date of delivery of the Share Award and ending no later than the Release Date) as the Board may determine. This amount may assume the reinvestment of dividends (on such basis as the Board may determine) and may exclude or include special dividends.

- 9.2 Any such amount will be payable as soon as reasonably practicable after Release or, in the case of a Nil-Cost Option, exercise, of the relevant Share Award.

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

- 10.1 A Participant will be responsible for and indemnifies each relevant Group Member and the Trustee against any Tax Liability relating to his Award. Any Group Member and/or the Trustee may withhold an amount equal to 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 including, without limitation, the sale of sufficient Shares acquired subject to a Share Award to realise an amount equal to the Tax Liability.

- 10.2 The Release of a Share Award, the exercise of a Nil-Cost Option and the issue or transfer of Shares under the Plan will be subject to obtaining any approval or consent required by the UKLA (or any other relevant authority), any Dealing Restrictions or any other applicable laws or regulations (whether in the UK or overseas).

## **11. CASH EQUIVALENT**

- 11.1 Subject to rule 11.2, at any time prior to the date on which Shares in respect of which a Share Award that has been Released or 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 the Shares to which his Share Award relates, the Participant will instead receive a cash sum. The cash sum will be equal to the market value (as determined by the Board) of that number of the Shares which would otherwise have been issued or transferred and for these purposes:

11.1.1 in the case of a Conditional Award, market value will be determined on the Release Date;

11.1.2 in the case of a Nil-Cost Option, market value will be determined on the date of exercise; and

11.1.3 the cash sum will be paid to the Participant as soon as reasonably practicable after the Release of the Conditional Award or the exercise of the Nil-Cost Option (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 will not apply to a Share Award, or any part of it.

## **12. CESSATION OF EMPLOYMENT**

### **Leavers: general**

- 12.1 A Performance Award will lapse if the Participant ceases to hold office or employment with a Group Member prior to the Vesting Date other than in accordance with rule 12.4 or 12.8.

- 12.2 Subject to rule 12.3, a Share Award will lapse if a Participant ceases to hold office or employment with a Group Member prior to the Normal Release Date other than in accordance with rule 12.4 or 12.8.
- 12.3 A Share Award that is subject to a Holding Period will not lapse if a Participant ceases to hold office or employment with a Group Member during the Holding Period (except where the cessation is by reason of gross misconduct, in which case the Share Award will lapse on the date of cessation). The Share Award will continue and be Released on its Normal Release Date unless rule 12.4 or 12.9 applies.

#### **Death**

- 12.4 If a Participant dies, unless the Board determines otherwise:
- 12.4.1 his Performance Award will be satisfied in accordance with rule 12.5 as soon as reasonably practicable after the date of his death; and
- 12.4.2 any Unreleased Share Award will be Released as soon as reasonably practicable after the date of his death in accordance with rule 12.6 and 12.7.
- 12.5 Where rule 12.4.1 applies, the Board will determine, in its discretion:
- 12.5.1 the proportion of the Award Amount in respect of which a Performance Award will be satisfied, taking into account:
- i. the extent to which the Performance Condition has, in the Board's opinion, been satisfied;
  - ii. whether it is appropriate to adjust (including by reducing to nil) the extent to which the Performance Award would (but for this rule ii) Vest, if it considers that rule 6.2.1, 6.2.2 or 6.2.3 applies, taking into account such factors as the Board considers relevant; and
  - iii. unless the Board determines otherwise, the proportion of the Performance Period that has elapsed at the date of death; and
- 12.5.2 the extent to which the Performance Award will be satisfied solely with Immediate Cash.
- To the extent that an Award is not satisfied in full, the remainder will lapse immediately.
- 12.6 The number of Shares in respect of which an Unreleased Share Award is Released pursuant to rule 12.4.2 will be determined by the Board in its discretion, taking into account the extent to which the Performance Underpin has, in the Board's opinion, been satisfied and to the extent that an Award is not Released in full, the remainder will lapse immediately.
- 12.7 If a Participant dies, a Share Award delivered as a Nil-Cost Option may be exercised, to the extent Released, until the first anniversary of the date of death (or such other period as the Board may determine) after which time it will lapse, unless it lapses earlier under rule 13.
- 12.8 If a Participant ceases to hold office or employment with a Group Member as a result of:
- 12.8.1 ill-health, injury or disability as established to the satisfaction of the Board;
- 12.8.2 the Participant's employing company ceasing to be a Group Member or the transfer of an undertaking or part of an undertaking (in which the Participant is employed) to a person who is not a Group Member; or
- 12.8.3 any other reason at the Board's discretion, except where a Participant is dismissed for gross misconduct,

then:

- 12.8.4 where such cessation occurs prior to the Vesting Date of a Performance Award, that Performance Award will continue and, subject to it being satisfied or lapsing earlier under rule 13, will be satisfied, unless the Board determines it will be satisfied in accordance with rule 12.9, in accordance with rule 12.10 on the Vesting Date; and
- 12.8.5 where such cessation occurs prior to the Normal Release Date of a Share Award, that Share Award will continue and, subject to it being Released or lapsing earlier under rule 13, will be Released, unless the Board determines that it will be Released in accordance with rule 12.9, in accordance with rule 12.11 on the Normal Release Date.
- 12.9 If the Board determines that an Award will be satisfied or Released in accordance with this rule 12.9, it will be satisfied or Released as soon as reasonably practicable after the date of the Participant's cessation of office or employment (or on such other date as determined by the Board) in accordance with:
- 12.9.1 rule 12.10, in the case of a Performance Award; and
- 12.9.2 rule 12.11, in the case of a Share Award.
- 12.10 Where rule 12.8.4 or 12.9.1 applies, the Board will determine, in its discretion:
- 12.10.1 the proportion of the Award Amount in respect of which a Performance Award will be satisfied, taking into account:
- i. the extent to which the Performance Condition has, in the Board's opinion, been satisfied at the end of the Performance Period (if rule 12.8.4 applies) or at the date of the Participant's cessation of office or employment or such other date as determined by the Board (if rule 12.9.1 applies);
  - ii. whether it is appropriate to adjust (including by reducing to nil) the extent to which the Performance Award would (but for this rule ii) Vest, if it considers that rule 6.2.1, 6.2.2 or 6.2.3 applies, taking into account such factors as the Board considers relevant; and
  - iii. unless the Board determines otherwise, the proportion of the Performance Period that has elapsed at the date of cessation; and
- 12.10.2 the extent to which the Performance Award will be satisfied solely with Immediate Cash.
- To the extent that an Award is not satisfied in full, the remainder will lapse immediately.
- 12.11 The number of Shares in respect of which a Share Award is Released pursuant to rule 12.8.5 or 12.9.2 will be determined by the Board in its discretion, taking into account the extent to which the Performance Underpin has, in the Board's opinion, been satisfied at the end of the Performance Underpin Period (if rule 12.8.5 applies) or at the date of the Participant's cessation of office or employment or such other date as determined by the Board (if rule 12.9.2 applies) and to the extent that an Award is not Released in full, the remainder will lapse immediately.
- 12.12 Subject to rule 12.7, a Share Award delivered as a Nil-Cost Option which is Released pursuant to rule 12.8.5 or 12.9.2 may be exercised for a period of twelve months from the Release Date (or such other period as the Board may determine) after which time it will lapse, unless it lapses earlier under rule 13.
- 12.13 Subject to rule 12.7, where a Participant ceases to hold office or employment with a Group Member holding a Released Nil-Cost Option (except where he ceases to hold office or employment with a Group Member because of gross misconduct, in which case his Nil-Cost Option will lapse on the date of such cessation), his Nil-Cost Option may be exercised for a period of twelve months (or such other period as the Board may determine) from the date of such cessation, after which time it will lapse, unless it lapses earlier under rule 13.
- 12.14 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:
- 12.14.1 an office or employment; or

12.14.2a 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 such person serves notice of termination of office or employment.

**13. CORPORATE EVENTS**

13.1 Where any of the events described in rule 13.5 occur, subject to rules 13.8 and 13.9:

13.1.1 any Performance Award will be satisfied in accordance with rule 13.3; and

13.1.2 all Unreleased Share Awards will be Released in accordance with rule 13.4

at the time of such event.

13.2 Where any of the events described in rule 13.5 occur, a Nil-Cost Option will (whether it was Released under this rule 13.1 or earlier), subject to rules 13.8 and 13.9, lapse after a period of one month (or such other period as the Board may determine) from the date of the relevant event.

13.3 The Board will determine, in its discretion:

13.3.1 the proportion of the Award Amount in respect of which a Performance Award will be satisfied, taking into account the extent to which the Performance Condition has, in the Board's opinion, been satisfied and:

- i. if a Participant has already ceased to hold office or employment with a Group Member, in accordance with rule 12.10.1(ii), unless the Board determines otherwise;
- ii. whether it is appropriate to adjust (including by reducing to nil) the extent to which the Performance Award would (but for this rule ii) Vest, if it considers that rule 6.2.1, 6.2.2 or 6.2.3 applies, taking into account such factors as the Board considers relevant; and
- iii. in all other circumstances, unless the Board determines otherwise, the proportion of the Performance Period that has elapsed at the date of the relevant event; and

13.3.2 the extent to which the Performance Award will be satisfied solely with Immediate Cash; and

to the extent that an Award is not satisfied or Released, or is not exchanged in accordance with rules 13.8 and 13.9, it will lapse immediately.

13.4 The number of Shares in respect of which a Share Award is Released pursuant to rule 13.1.2 will be determined by the Board in its discretion, taking into account the extent to which the Performance Underpin has, in the Board's opinion, been satisfied at the date of the relevant event and to the extent that the Share Award is not Released in full, the remainder will lapse immediately.

13.5 The events referred to in rule 13.1 are:

13.5.1 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.

### 13.5.2 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 is sanctioned by the Court.

### 13.6 Winding-up

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:

13.6.1 whether Performance Awards will be satisfied in accordance with rule 13.3;

13.6.2 whether Share Awards will be satisfied in accordance with rule 13.4; and

13.6.3 the period of time during which any Released Nil-Cost Option may be exercised, after which time it will lapse.

To the extent that an Award is not satisfied or Released it will lapse immediately.

### 13.7 Other events

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 materially affect the current or future value of Shares, the Board may determine that:

13.7.1 Performance Awards will be satisfied in accordance with rule 13.3;

13.7.2 Share Awards will be satisfied in accordance with rule 13.4; and

13.7.3 the period of time during which any Released Nil-Cost Option may be exercised, after which time it will lapse.

To the extent that the Award is not satisfied or Released it will lapse immediately, unless the Board determines otherwise.

### 13.8 Exchange

An Award will not be satisfied or Released in accordance with rule 13.1 and a Nil-Cost Option will not lapse under rule 13.2 but will be exchanged on the terms set out in rule 13.9 to the extent that:

13.8.1 an offer to exchange the Award is made and accepted by a Participant;

13.8.2 there is an Internal Reorganisation, unless the Board determines otherwise; or

13.8.3 the Board decides (prior to the relevant event) that an Award will be exchanged automatically.

### 13.9 Exchange terms

If this rule 13.9 applies, the Award 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 Award, but which, in respect of a Share Award, relates to shares in a different company, whether the acquiring company or a different company (the "**New Grantor**"). The rules of this Plan will be construed in relation to the New Award as if:

13.9.1 the New Award was an Award granted under the Plan at the same time as the Award;

13.9.2 references to the Performance Conditions or Underpins were references to the new performance conditions or underpins relating to the New Award;

13.9.3 references to the Company were references to the New Grantor; and

13.9.4 references to Shares were references to shares in the New Grantor.

#### 13.10 Meaning of Board

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

### 14. ADJUSTMENTS

#### 14.1 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, materially affect the current or future value of Shares,

the Board may adjust (in such manner as the Board determines):

14.1.3 any Performance Condition applicable to a Performance Award;

14.1.4 any Performance Underpin applicable to a Share Award; and/or

14.1.5 the number of Shares subject to a Share Award.

### 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 maximum entitlement for any one Participant;

15.2.4 the basis for determining a Participant's entitlement to, and the terms of, Shares or cash to be provided under the Plan;

15.2.5 the adjustments that may be made in the event of a variation of capital; and

15.2.6 the terms of this rule 15.2

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

15.3 Rule 15.2 will not apply to any minor 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 (except in respect of a Performance Condition or Underpin) 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 in accordance with section 1166 of the Companies Act 2006.
- 15.6 The Board may, at any time, establish further schedules to the Plan for overseas territories. Any such schedule will be similar to the Plan but may be modified to take account of local tax, exchange control or securities laws. Any Shares made available must be treated as counting against the limits set out in rules 5 and 7.

## **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 Award Amount or number of Shares to which an Award relates.
- 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; and
- 16.4.3 the operation, suspension, termination or amendment of the Plan.

## **17. GENERAL**

- 17.1 The Plan will terminate on the tenth anniversary of the date the Plan was approved by the Company's shareholders, 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 Eligible Employees in accordance with 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 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).
- 17.8 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.

# SCHEDULE 1

## 1. CASH AWARDS

- 1.1 The rules of the AO 2018 Incentive Plan will apply to a right to receive a cash sum granted under this Schedule 1 as if it was either a Conditional Award (a "**Cash Conditional Award**") or a Nil-Cost Option (a "**Cash Nil-Cost Option**") except as set out in this Schedule 1. Where there is any conflict between the rules of the Plan and this Schedule 1, the terms of this Schedule 1 will prevail.
- 1.2 Each Cash Conditional Award or Cash Nil-Cost Option will relate to a certain number of notional Shares.
- 1.3 On the Release of a Cash Conditional Award or the exercise of a Cash Nil-Cost Option the Participant will be entitled to receive a cash sum, calculated by reference to the value of the number of notional Shares to which the Cash Conditional Award or Cash Nil-Cost Option relates, on the following basis:
  - 1.3.1 in the case of a Cash Conditional Award the cash sum will be equal to the market value (as determined by the Board) of the notional Shares to which the Cash Conditional Award relates on the Release Date; and
  - 1.3.2 in the case of a Cash Nil-Cost Option the cash sum will be equal to the market value (as determined by the Board) of the notional Shares to which the Cash Nil-Cost Option relates on the date of exercise.
- 1.4 The cash sum payable under paragraph 1.2 above will be paid to the Participant as soon as reasonably practicable after the Release of the Cash Conditional Award or the exercise of the Cash Nil-Cost Option, net of any Tax Liability as may be required by law.
- 1.5 A Cash Conditional Award or Cash Nil-Cost Option will not confer any right on the holder to receive Shares or any interest in Shares.



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