
Drax Group plc

The Drax Group plc Long Term Incentive Plan 2020

Shareholder approval: 22 April 2020

Board adoption: 1 May 2020

Plan expires: 22 April 2030



PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH

T: +44 (0) 20 7583 5000, F: +44 (0) 20 7822 4652, www.pwc.co.uk

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

Table of contents

1. Grant of Awards	1
2. Plan limits	3
3. Individual limits	4
4. Award Price	54
5. Performance Target and conditions	5
6. Malus	65
7. Clawback	6
8. Vesting of Awards (and exercise of Options)	9
9. Holding Period	1211
10. Vesting of Awards (and exercise of Options) in special circumstances	1312
11. Takeover and other corporate events	1514
12. Exchange of Awards	1716
13. Lapse of Awards	17
14. Adjustment of Awards on Reorganisation	1817
15. Tax and social security withholding	1817
16. Rights and listing of Plan Shares	1918
17. Relationship of the Plan to contract of employment	1918
18. Administration of the Plan	2019
19. Amendment of the Plan	2120
20. Notices	2221
21. Governing law and jurisdiction	2221
22. Interpretation	2221

1. Grant of Awards

1.1. Awards granted by Board

Subject to Rules 1.5, 1.6, 1.7 and 18.3, the Board may from time to time grant Awards to Eligible Employees.

1.2. Terms of Awards and Directors' Remuneration Policy limitations

Subject to the Rules, the Board will in its absolute discretion decide whether or not any Awards are to be granted at any particular time and, if they are, to whom they are granted and the terms of such Awards.

Where the Company has in place a Directors' Remuneration Policy approved by the Company in general meeting, the terms of an Award to be granted to an Eligible Employee who is a director of the Company must fall within the scope of the Directors' Remuneration Policy most recently approved by the Company in a general meeting. Such terms may include by way of example but without limitation any relevant individual limit in Rule 3 and any Performance Target set under Rule 5.

1.3. Procedure for grant of Awards and Award Date

An Award shall be granted by the Board passing a resolution. The Award Date shall be the date on which the Board passes the resolution or any later date specified in the resolution and allowed by Rule 1.5. The grant of an Award shall be evidenced by a deed executed by or on behalf of the Board.

An Award Certificate or a Restricted Share Agreement (as applicable) shall be issued to each Award Holder as soon as reasonably practicable following the grant of the Award setting out details of the Award determined in accordance with Rule 1.4 and, where applicable, Rule 1.12.

1.4. Terms and conditions set at grant

The Board shall, at the time of grant, determine:

1. whether the Award comprises an Option, a Conditional Share Award or Restricted Shares;
2. the Award Date;
3. the number of Plan Shares subject to the Award or the basis on which the number of Plan Shares will be calculated;
4. the Award Price (if any);
5. the date or dates on which the Award will normally Vest;
6. whether or not any dividend equivalents will be payable under Rule 8.9;
7. in the case of an Option, the Exercise Period(s);
8. any Performance Target(s);
9. any Holding Period;
10. whether Rule 6 (Malus) and/or Rule 7 (Clawback) shall apply to the Award;
11. any other conditions of the Award; and
12. where the Award comprises Restricted Shares, any provisions which must be determined under Rule 1.12.

1.5. When Awards may be granted

Subject to Rule 1.6, the Board may grant Awards only during the 42 days beginning on:

1. the date of shareholder approval of the Plan;

2. the day after the announcement of the Company's results, including a preliminary announcement, for any period through a Regulatory Information Service;
3. any day on which the Board determines that circumstances are sufficiently exceptional to justify the grant of the Award at that time; or
4. the day after the lifting of any Dealing Restrictions which prevented the grant of Awards during any of the times described above.

1.6. When Awards may not be granted

Awards may not be granted:

1. when prevented by any Dealing Restrictions; or
2. after the 10th anniversary of shareholder approval of the Plan.

1.7. Who can be granted Awards

An Award may only be granted to an individual who is an Eligible Employee at the Award Date. Unless the Board decides otherwise, an Award will not be granted to an Eligible Employee who on or before the Award Date has given or received notice of termination of employment (whether or not lawful).

1.8. Confirmation of acceptance of Award

The Board may require an Eligible Employee who is (or is to be) granted an Award to confirm their acceptance of the Rules and the terms of any Award granted to them by a specified date. Such confirmation will be in a manner and form set by the Board). The Board may provide either that the Award will lapse (and as a result be treated as never having been granted) if the confirmation of acceptance is not provided by the Eligible Employee by the specified date or that the Award will not Vest until they do so agree in the manner specified by the Board.

1.9. Right to refuse Award

An Award Holder may by notice in writing to the Company within 30 days after the Award Date say they do not want their Award in whole or part. In such a case, the Award (or the relevant part of it) shall to that extent be treated as never having been granted.

1.10. No payment for an Award

An Award Holder shall not be required to make payment for the grant of an Award unless the Board determines otherwise. Where an Award Holder refuses their Award pursuant to the terms of Rule 1.9, no payment in connection with the refusal is required from the Award Holder or the Board.

1.11. Awards non-transferable

An Award shall be personal to the Award Holder and, except in the case of the death of an Award Holder, an Award shall not be capable of being transferred, charged or otherwise alienated and shall lapse immediately if the Award Holder purports to transfer, charge or otherwise alienate the Award.

1.12. Awards which are Restricted Shares

This Rule 1.12 sets out specific provisions in relation to Restricted Shares.

1. An Eligible Employee who is to be granted Restricted Shares must enter into a Restricted Share Agreement with the Board providing that to the extent the Award lapses, the Restricted Shares are forfeited and the Restricted Shares will immediately be transferred for no (or nominal) consideration to any person specified by the Board. The Restricted Share Agreement will also provide that, except for transfer on death of the Award Holder to their personal representatives or to the extent agreed by the

Board (and subject to such conditions as it may decide), the Award Holder will not transfer, give security over or assign the Restricted Shares subject to their Award during the Vesting Period.

2. The Award Holder must sign any document (including a blank stock transfer form) requested by the Board relating to the Restricted Shares. The Board may provide that the Award will lapse if any such document is not signed within any specified period.
3. On or as soon as practicable after the Award Date of Restricted Shares the Board will procure that the relevant number of Restricted Shares are issued or transferred (including out of treasury or otherwise) to the Award Holder or another person to be held for the benefit of the Award Holder.
4. Except to the extent set out in the Restricted Share Agreement, the Award Holder shall have all the rights in respect of Restricted Shares from the date of transfer until any date on which the Award comprising the Restricted Shares lapses (whether in whole or in part).

2. Plan limits

2.1. General

The aggregate number of Plan Shares over which Awards may be granted shall be limited as set out in this Rule 2. In the event of any conflict between the limits in this Rule 2, the lower limit shall prevail.

2.2. 10 per cent in 10 years

An Award may not be granted if the result of granting the Award would be that the aggregate number of Plan Shares issued or committed to be issued in the preceding 10 year period under:

1. Awards under the Plan; or
2. options or awards granted under any other Employees' Share Scheme (whether or not discretionary) operated by the Group,

would exceed 10 per cent of the Company's issued ordinary share capital at that time.

2.3. 5 per cent in 10 years

An Award may not be granted if the result of granting the Award would be that the aggregate number of Plan Shares issued or committed to be issued in the preceding 10 year period under:

1. Awards under the Plan; or
2. options or awards granted under any other discretionary Employees' Share Scheme adopted by the Group,

would exceed 5 per cent of the Company's issued ordinary share capital at that time.

2.4. Calculation

For the purpose of the limits contained in this Rule 2:

1. for as long as required by The Investment Association guidelines treasury shares shall be included in the limit as if they were new issue shares;
2. there shall be disregarded any Plan Shares where the right to acquire the Plan Shares has lapsed or been renounced;
3. there shall be disregarded any Plan Shares which the Trustees have purchased, or determined that they will purchase, in order to satisfy an Award or the exercise of an option or the vesting of other rights of an employee under any other Employees' Share Scheme operated by the Group; and
4. any Plan Shares issued or issuable in relation to an Award, or on the exercise of an option or the vesting of other rights of an employee under any other Employees' Share Scheme operated by the Group, shall be taken into account once only (when the Award is granted or the option is granted or the right

awarded) and shall not fall out of account when the Award Vests, the option is exercised or other rights vest.

2.5. Scaling down

If the granting of an Award would cause the limits in this Rule 2 to be exceeded, such Award shall take effect as an Award over the maximum number of Plan Shares which does not cause the limit to be exceeded. If more than one Award is granted on the same Award Date, the number of Plan Shares which would otherwise be subject to each Award shall be reduced pro rata.

3. Individual limits

3.1. General

The number of Plan Shares over which Awards may be granted to any one Eligible Employee shall be limited as set out in this Rule 3.

3.2. Limits

An Award (other than a Recruitment Award) must not be granted to an Eligible Employee if the result of granting the Award would be that, at the proposed Award Date, the Market Value of the Plan Shares subject to that Award, when aggregated with the Market Value of the Plan Shares subject to any other Award (other than a Recruitment Award) granted to them in the same Financial Year, would exceed 200% of their Annual Remuneration.

A Recruitment Award must not be granted to an Eligible Employee if the result of granting the Recruitment Award would be that, at the proposed Award Date, the Market Value of the Plan Shares subject to that Recruitment Award would exceed 300% of their Annual Remuneration.

The limits set out in this Rule 3.2 shall not apply to Buy-Out Awards.

For the purpose of this Rule 3.2:

1. **Annual Remuneration** means the higher of:
 - a. basic salary paid by the Group expressed as an annual rate as at the Award Date; and
 - b. basic salary paid by the Group for the period of 12 months ending on the last day of the month immediately preceding the month in which the Award Date occurs.
2. **Financial Year** means the financial year of the Company.
3. The **Market Value** of Plan Shares subject to an Award shall be measured as an average over the three Dealing Days ending on the date on which that Award was granted.

Where a payment of salary is made in a currency other than sterling, the payment shall be treated as equal to the equivalent amount of sterling determined by using any rate of exchange which the Board may, in its discretion, reasonably select.

3.3. Scaling down

If the grant of an Award would cause the limits in Rule 3.2 to be exceeded, such Award shall take effect as an Award over the maximum number of Plan Shares which does not cause the limits to be exceeded.

Where an individual is granted two Awards on terms that the exercise, Vesting or release of one will automatically result in a reduction to the extent to which the other may be exercised, Vest or be released and vice versa, then for the purposes of this Rule 3 it will only be necessary to take into account that number of Plan Shares which could be acquired in respect of those Awards having regard to those terms.

4. Award Price

The Award Price (if any) shall be determined by the Board and may be any price.

Where the Board has determined that an Award will be satisfied by the issue of new shares and the Award Price per Plan Share is less than the nominal value of a Plan Share, the Company will ensure that at the time of the issue of the Plan Shares arrangements are in place to pay up at least the nominal value of the relevant Plan Shares.

5. Performance Target and conditions

5.1. Setting of Performance Target and conditions

The Vesting of an Award and the extent to which it Vests will be subject to the satisfaction of any applicable Performance Target and any other conditions set by the Board.

The Board may in addition adjust the level of Vesting of an Award upwards or downwards (including for the avoidance of doubt to nil) after the application of any Performance Target and/or any other conditions set by the Board if in its opinion:

1. the level of Vesting resulting from the application of the Performance Target and/or any other conditions is not a fair and accurate reflection of the performance of the Company, the Group or any Group Member(s); and/or
2. the level of Vesting resulting from the application of the Performance Target and/or any other conditions is not a fair and accurate reflection of the performance of the Award Holder; and/or
3. there is any other factor or there are any other circumstances which would make the level of Vesting resulting from the application of the Performance Target and/or any other conditions inappropriate without adjustment.

The decision of the Board to make an adjustment under Rule 5.1 shall be final and binding.

5.2. Nature of Performance Target and conditions

Any Performance Target and any other condition imposed under Rule 5.1 shall be:

1. objective; and
2. determined at the Award Date and notified in writing to the Award Holder.

5.3. Substitution, variation or waiver of Performance Target and conditions

The Board may waive or change any Performance Target or any condition imposed under Rule 5.1 in accordance with its terms.

If an event occurs which causes the Board to consider that any Performance Target and/or any other condition imposed under Rule 5.1 subject to which an Award has been granted is no longer appropriate, the Board may substitute, vary or waive that Performance Target and/or any other condition in such manner (and make such consequential amendments to the Rules) as:

1. is reasonable in the circumstances; and
2. except in the case of waiver, produces a fairer measure of performance and is not materially less difficult to satisfy than if the event had not occurred.

The Award shall then take effect subject to the Performance Target and any other conditions as substituted, varied or waived.

5.4. Notification of Award Holders

The Board shall, as soon as reasonably practicable, notify each Award Holder concerned of any determination made by it under Rule 5.3.

6. Malus

Notwithstanding any other provision of the Rules, the Board may, at (or at any time before) the Vesting of an Award to which the Board has specified under Rule 1.4 that this Rule 6 applies, cancel or reduce the number of Plan Shares subject to an Award in whole or in part (including, for the avoidance of doubt, to nil) or impose additional conditions on the Award in the following circumstances:

1. the Board forms the view that the Company or a Group Member materially misstated its financial results for whatever reason;
2. the Board forms the view that in assessing any Performance Target and/or any other condition imposed on the Award was based on an error, or on inaccurate or misleading information or assumptions;
3. an Award Holder acts in a way that amounts to fraud or misconduct (as determined by the Board);
4. a material failure of risk management of the Company, a Group Member or a business unit of the Group;
5. the Company or any Group Member or business of the Group becomes insolvent or otherwise suffers a corporate failure so that the value of Plan Shares is materially reduced provided that the Board determines following an appropriate review of accountability that the Award Holder should be held responsible (in whole or in part) for that insolvency or corporate failure; or
6. any other circumstances arise which the Board, acting fairly and reasonably, considers justify the operation of this Rule 6 (for example, but without limitation to, an Award Holder has by act or omission contributed to serious reputational damage to the Group).

In determining any reduction which should be applied under this Rule 6, the Board shall act fairly and reasonably but its decision shall be final and binding.

For the avoidance of doubt, any reduction under this Rule 6 may be applied on an individual basis as determined by the Board. Whenever a reduction is made under this Rule 6, the relevant Award shall be treated as having lapsed to that extent.

7. Clawback

7.1. Trigger Events

In this Rule 7, a **Trigger Event** means:

1. the Board forms the view that the Company or a Group Member materially misstated its financial results for a period that was wholly or partly before the end of the period over which the Performance Target applicable to an Award was assessed for whatever reason;
2. the Board forms the view that in assessing any Performance Target and/or any other condition imposed on an Award was based on an error, or on inaccurate or misleading information or assumptions;
3. an Award Holder acts in a way that amounts to fraud or misconduct (as determined by the Board);
4. a material failure of risk management of the Company, a Group Member or a business unit of the Group;
5. the Company or any Group Member or business of the Group becomes insolvent or otherwise suffers a corporate failure so that the value of Plan Shares is materially reduced provided that the Board determines following an appropriate review of accountability that the Award Holder should be held responsible (in whole or in part) for that insolvency or corporate failure; or

6. any other circumstances arise which the Board, acting fairly and reasonably, considers justify the operation of this Rule 7 (for example, but without limitation to, an Award Holder has by act or omission contributed to serious reputational damage to the Group).

7.2. Application

Notwithstanding any other provision of the Rules, if at any time during the period of two years following the Vesting of an Award to which the Board has specified under Rule 1.4 that this Rule 7 applies a Trigger Event occurs, then:

1. Rules 7.3 to 7.6 and 7.8 shall apply; and
2. where the Award takes the form of an Option and the Award Holder has not exercised such Option, Rule 7.7 shall also apply.

If an investigation into the conduct or actions of any Award Holder or any Group Member has started before the second anniversary of Vesting of an Award, the Board may, in its absolute discretion, determine that the provisions of Rules 7.3 to 7.9 may be applied to an Award until such later date as the Board may determine to allow that investigation to be completed.

7.3. Clawback methods

Where Rule 7.2 applies, the Board may in its absolute discretion require the relevant Award Holder to:

1. transfer to the Company (or, if required by the Company, any other person specified by the Company) all or some of the Plan Shares acquired by the Award Holder (or their nominee) pursuant to the Vesting of the Award or, in the case of an Award which is an Option, the exercise of that Option; and/or
2. pay to the Company (or if required by the Company, any other person specified by the Company) an amount equivalent to all or part of the proceeds of sale or, in the event of a disposal of the Plan Shares at a price which the Board reasonably determines was less than market value at the time of disposal and where the disposal was not made at arm's length, an amount equivalent to the market value (as reasonably determined by the Board) at the time of disposal of all or some of the Plan Shares acquired pursuant to the Vesting of the Award or, in the case of an Award that is an Option, the exercise of that Option; and/or
3. pay to the Company (or, if required by the Company, any other person specified by the Company) an amount equivalent to all or part of the amount of any cash in respect of an Award paid to or for the benefit of the Award Holder; and/or
4. pay to the Company (or, if required by the Company, any other person specified by the Company) an amount equivalent to all or part of any benefit or value derived from or attributable to the Plan Shares referred to in paragraph 1 above (including but not limited to any special dividend or additional or replacement shares) on such terms as the Board may reasonably direct.

In determining the number of Plan Shares which the Board requires to be transferred or the amount which it requires to be paid under this Rule 7.3, the Board may at its absolute discretion take into account any tax and social security contributions actually paid (or due to be paid) by the Award Holder in respect of the acquisition of the Plan Shares and/or payment of cash in respect of an Award. If the Board so exercises its discretion, Rule 7.4 shall also apply.

7.4. Award Holder's obligation to recover tax

In addition to the obligation of the Award Holder as described above, the Award Holder shall use their best endeavours to seek and obtain repayment or credit from HMRC or any relevant overseas tax authority of the tax and social security contributions paid on the Award Holder's behalf in relation to the Award as soon as reasonably practicable and to notify the Company of such claim and/or receipt of any credit or payment by HMRC (or any relevant overseas tax authority) in this regard. Following such notification the Company will be entitled to require the Award Holder to make a payment to it within 30 days of an amount equivalent to the amount of any payment or credit received from HMRC (or any relevant overseas tax authority).

7.5. Authorisation of deductions

By accepting the grant of an Award, the Award Holder authorises the Company or such other Group Member as may be the employer of the Award Holder to make deductions from any payment owing to them including but not limited to salary, bonus, holiday pay or otherwise in respect of any sum which would otherwise be payable by the Award Holder under this Rule 7.

7.6. Additional methods of effecting clawback

In addition to or in substitution for the actions described above that the Board may take under Rule 7.3 (the **Actions**), the Board may:

1. reduce the amount (including, for the avoidance of doubt, to nil) of any future bonus payable to the Award Holder; and/or
2. determine that the number of Plan Shares over which an award or right to acquire Plan Shares that may otherwise be granted to the Award Holder under any Employees' Share Scheme operated by any Group Member (other than any tax-advantaged employee share plan that complies with the requirements of Schedules 2 or 3 of ITEPA 2003) shall be reduced by such number as the Board may determine (including for the avoidance of doubt to nil); and/or
3. reduce the number of Plan Shares (including, for the avoidance of doubt, to nil) subject to any award or right to acquire Plan Shares which has been granted to the Award Holder under any Employees' Share Scheme operated by any Group Member (other than any tax-advantaged employee share plan that complies with the requirements of Schedules 2 to 4 of ITEPA 2003) before the date on which the relevant award or right vests or becomes exercisable by such number as the Board may determine; and/or
4. reduce the number of Plan Shares (including, for the avoidance of doubt, to nil) subject to any option to acquire Plan Shares which has been granted to the Award Holder under any Employees' Share Scheme operated by any Group Member (other than any tax-advantaged employee share plan that complies with the requirements of Schedules 2 to 4 of ITEPA 2003) which has vested but not yet been exercised by such number as the Board may determine,

provided that the total amount represented by:

- a. reductions under this Rule 7.6;
- b. reductions under Rule 7.7; and
- c. the amount represented by any transfer and any amount or value payable under Rule 7.3,

shall not, in the Board's reasonable opinion, exceed the amount represented by any transfer and any amount or value which would have been due if the Board had only carried out the Actions.

7.7. Reduction of unexercised Option

Where Rule 7.2 applies and the Award takes the form of an Option which the Award Holder has not exercised in full, the Board may in its absolute discretion reduce the number of Plan Shares which remain subject to such Option (including, for the avoidance of doubt, to nil). In addition to or in substitution for reducing such Option, the Board may take any of the actions set out in Rules 7.6.1 to 7.6.4 provided that the total amount represented by reductions under Rules 7.6.1 to 7.6.4 and any reduction of the Option under this Rule 7.7 shall not, in the Board's reasonable opinion, exceed the amount which would have been represented by the reduction of the Option only.

7.8. General provisions

In carrying out any action under this Rule 7, the Board shall act fairly and reasonably but its decision shall be final and binding.

For the avoidance of doubt, any action carried out under this Rule 7 may be applied on an individual basis as determined by the Board. Whenever a reduction of an award, right to acquire Plan Shares or option is made

under this Rule 7, the relevant award, right to acquire Plan Shares or option shall be treated to that extent as having lapsed.

7.9. Interaction with other plans

The Board may determine at any time to reduce the number of Plan Shares subject to an Award (including, for the avoidance of doubt, to nil) either:

1. to give effect to one or more provisions of any form which are equivalent to those in Rule 7 (**Clawback Provisions**) contained in any Employees' Share Scheme operated by any Group Member (other than the Plan) or any bonus plan operated by any Group Member; or
2. as an alternative to giving effect to any such Clawback Provisions.

The value of any reduction under Rule 7.9.1 shall be determined in accordance with the terms of the relevant Clawback Provisions in the relevant Employees' Share Scheme or bonus plan as interpreted by the Board in its absolute discretion.

The value of any reduction under Rule 7.9.2 shall be determined as if the terms of the relevant Clawback Provisions in the relevant Employees' Share Scheme or bonus plan applied as interpreted by the Board in its absolute discretion.

8. Vesting of Awards (and exercise of Options)

8.1. Earliest date for Vesting of Awards

Subject to Rules 5, 10 and 11, an Award will Vest on a Dealing Day determined by the Board falling within the period of 30 days following the later of:

1. the relevant date specified under Rule 1.4.5; and
2. the date on which the Board determines that the Performance Target and/or any other conditions imposed under Rule 1.4.11 or Rule 5.1 have been satisfied.

The Board may determine that Vesting of the Award shall be delayed until any relevant investigation or other procedure relevant to an event falling within the scope of Rule 6 or Rule 7.9 has been completed.

The Board may in addition adjust the level of Vesting of an Award upwards or downwards (including for the avoidance of doubt to nil) after the application of any Performance Target and/or any other conditions set by the Board if in its opinion:

1. the level of Vesting resulting from the application of the Performance Target and/or any other conditions is not a fair and accurate reflection of the performance of the Company, the Group or any Group Member(s); and/or
2. the level of Vesting resulting from the application of the Performance Target and/or any other conditions is not a fair and accurate reflection of the performance of the Award Holder; and/or
3. there is any other factor or circumstances which would make the level of Vesting resulting from the application of the Performance Target and/or any other conditions inappropriate without adjustment.

The decision of the Board to make an adjustment under Rule 8.1 shall be final and binding.

8.2. Effect of Award Vesting

Subject to the Rules, the effect of an Award Vesting shall be:

1. in the case of an Option, that the Award Holder is entitled to exercise the Option at any time during the Exercise Period to the extent that it has Vested;
2. in the case of a Conditional Share Award, that the Award Holder shall become entitled to the Plan Shares to the extent that the Award has Vested; and

3. in the case of Restricted Shares, the restrictions set out in the relevant Restricted Share Agreement shall cease to apply to the extent that the Award has Vested.

8.3. *No Vesting or exercise while Dealing Restrictions or Directors' Remuneration Policy restrictions apply*

Where the Vesting of an Award is prevented by any Dealing Restriction, the Vesting of that Award shall be delayed until the Dealing Restriction no longer prevents it. Plan Shares may not be issued or transferred to an Award Holder while Dealing Restrictions prevent such issue or transfer. In the case of an Option, the Option may not be exercised while Dealing Restrictions prevent such exercise.

Where the Company has in place a Directors' Remuneration Policy:

1. the Vesting of an Award held by an Award Holder who is or was a director of the Company;
2. the delivery of Plan Shares or payment of cash pursuant to the Vesting of an Award held by an Award Holder who is or was a director of the Company; and
3. in the case of an Option held by an Award Holder who is or was a director of the Company, the exercise of the Option

must where relevant fall within the scope of the Directors' Remuneration Policy most recently approved by the Company in a general meeting prior to the relevant event in paragraphs 1 to 3 above.

8.4. *Effect of cessation of Relevant Employment*

Subject to Rule 10, an Award shall Vest and an Option may be exercised only while the Award Holder is in Relevant Employment and if an Award Holder ceases to be in Relevant Employment, any Award granted to them shall lapse on cessation. This Rule 8.4 shall apply where the Award Holder ceases to be in Relevant Employment in any circumstances (including, in particular, but not by way of limitation, where the Award Holder is dismissed unfairly, wrongfully, in breach of contract or otherwise).

An Award Holder who has given or received notice of termination of Relevant Employment (whether or not lawful) may not exercise an Option which has already Vested during any period when the notice is effective, unless the Board determines otherwise.

An Award granted to an Award Holder who has received notice of termination of Relevant Employment (whether or not lawful) shall Vest during this period, unless the Board determines otherwise. If the Board so determines and the notice is withdrawn by the Award Holder's employer, subject to the Rules the Award will Vest when the notice is withdrawn.

An Award granted to an Award Holder who has given notice of termination of Relevant Employment (whether or not lawful) shall not Vest during this period, unless the Board determines otherwise. If the Board does not make such a determination and the notice is withdrawn by the Award Holder, subject to the Rules the Award will Vest when the notice is withdrawn.

8.5. *Options may be exercised in whole or in part*

Subject to Rules 8.3, 8.4 and 15, a Vested Option may be exercised in whole or in part at any time. If exercised in part, the unexercised part of the Option shall not lapse as a result and shall remain exercisable until such time as it lapses in accordance with the Rules.

8.6. *Procedure for exercise of Options*

An Option shall be exercised by the Award Holder giving notice to the Board (or any person appointed by the Board) in the form from time to time prescribed by the Board, which may include (for the avoidance of doubt) any electronic and/or online notification. Such notice shall specify the number of Plan Shares in respect of which the Option is being exercised, and be accompanied by either the Award Price (if any) in full or confirmation of arrangements satisfactory to the Board for the payment of the Award Price, together with any payment and/or documentation required under Rule 15 and, if required, the Award Certificate.

For the avoidance of doubt, the date of exercise of an Option shall be the later of the date of receipt of a duly completed valid notice of exercise (or any later date as may be specified in that notice of exercise) and the date of compliance with the requirements of the first paragraph of this Rule 8.6.

8.7. Issue or transfer of Plan Shares

Subject to Rules 8.3, 8.8 and 15 and to any necessary consents and to compliance by the Award Holder with the Rules, the Board shall as soon as reasonably practicable and in any event not later than 30 days after:

1. the exercise date, in the case of an Option, arrange for the issue or transfer to the Award Holder (or a nominee specified or permitted by the Company) of the number of Plan Shares specified in the notice of exercise and make available to the Award Holder, in the case of the partial exercise of an Option, an Award Certificate in respect of, or the original Award Certificate updated to show, the unexercised part of the Option; and
2. the Vesting of an Award, in the case of a Conditional Share Award, arrange for the issue or transfer to the Award Holder (or a nominee specified or permitted by the Company) of the number of Plan Shares in respect of which the Award has Vested.

8.8. Net or cash settling

Subject to Rule 15, the Board may on exercise of an Option:

1. make a cash payment as soon as reasonably practicable following the exercise of the Option to the Award Holder equal to the Gain on the date of exercise of the Option; or
2. arrange for the issue or transfer to the Award Holder of Plan Shares with a Market Value equal to the Gain on the date of exercise of the Option (rounded down to the nearest whole Plan Share). The Award Holder shall not be required to make payment for these Plan Shares.

Subject to Rule 15, the Board may on the Vesting of a Conditional Share Award make a cash payment as soon as reasonably practicable following Vesting to the Award Holder equal to the Market Value of the Plan Shares in respect of which the Conditional Share Award has Vested, less the Award Price (if any).

Where the Board settles an Award in the manner described in this Rule 8.8, this shall be in full and final satisfaction of the Award Holder's rights under the Award.

8.9. Dividend equivalents

An Award (except an Award comprising Restricted Shares where the right to dividends has not been waived) may include the right to receive an amount in Plan Shares, cash or such other form of payment as the Board considers appropriate on or following Vesting equal in value to the dividends which were payable on the number of Plan Shares in respect of which the Award has Vested during the period between the Award Date and the date of Vesting (or in the case of an Option the number of Plan Shares subject to the Option shall be increased as at the date of Vesting by the relevant value in Plan Shares).

The Board may determine at its absolute discretion whether or not the method used to calculate the value of dividends shall assume that such dividends have been reinvested into Plan Shares, on such basis as the Board determines.

The Board may decide at any time not to apply this Rule 8.9 to all or any part of a special dividend or dividend in specie.

8.10. US Taxpayers

Schedule A shall apply to all Award Holders who are US Taxpayers (as defined in Schedule A).

9. Holding Period

9.1. Definitions

In this Rule 9:

Holding Period Holder means a trustee or nominee designated by the Board in accordance with this Rule 9; and

Holding Period Shares means Plan Shares which are or were the subject of an Award to which a Holding Period applies and in respect of which the Holding Period has not ended in accordance with this Rule 9.

9.2. Application

This Rule 9 applies to the extent that some or all of the Plan Shares acquired on Vesting of an Award (or exercise of an Option) are subject to a Holding Period.

9.3. Issue or transfer to Holding Period Holder

Instead of arranging for the issue or transfer of the Holding Period Shares to the Award Holder on Vesting of a Conditional Share Award or exercise of an Option under Rule 8.7, the Board may arrange for the Holding Period Shares to be issued or transferred to the Holding Period Holder, as designated by the Board, to be held for the benefit of the Award Holder. Any balance of the Plan Shares in respect of which an Award Vests or is exercised will be issued or transferred as described in Rule 8.7.

If the Award took the form of Restricted Shares, the Holding Period Shares will be transferred to (or continue to be held by) the Holding Period Holder on the terms of this Rule 9.

9.4. No transfer during Holding Period

The Award Holder or Holding Period Holder may not transfer, assign or otherwise dispose of any of the Holding Period Shares or any interest in them (and the Award Holder may not instruct the Holding Period Holder to do so) during the Holding Period except in the following circumstances:

1. the sale of sufficient entitlements nil-paid in relation to Holding Period Shares to take up the balance of the entitlements under a rights issue; and
2. the sale of sufficient Holding Period Shares to satisfy any liability to tax or employee social security contributions (or where Rule 15.2 applies, Employer's NIC) arising in relation to Holding Period Shares.

9.5. Shareholder rights during Holding Period

1. Unless the Board decides otherwise, the restrictions in this Rule 9 will apply to any cash or assets (other than ordinary dividends) received in respect of the Holding Period Shares and such cash or assets will be held by the Holding Period Holder until the end of the Holding Period.
2. During the Holding Period, the Holding Period Holder will be entitled to vote and have all other rights of a shareholder in respect of the Holding Period Shares.

9.6. Ceasing Relevant Employment during the Holding Period

Ceasing Relevant Employment during the Holding Period will have no impact on the provisions of this Rule 9, unless the Board otherwise decides, save where cessation is by reason of death in which case the Holding Period shall immediately be deemed to have ended.

9.7. Clawback

For the avoidance of doubt, Rule 7 shall apply to the Holding Period Shares in the same way that it applies to any Plan Shares acquired by an Award Holder following Vesting of an Award or exercise of an Option which are not Holding Period Shares.

9.8. End of Holding Period

Subject to the provisions of this Rule 9, the Holding Period will end on the earliest of the following:

1. the date set as the end of the Holding Period under Rule 1.4;
2. subject to Rule 12.1, the relevant date on which an Award would have Vested under Rules 11.1 to 11.4;
3. if the Board so allows, the circumstances in which any event described in Rule 11.5 would apply; and
4. any other circumstances in the absolute discretion of the Board. Where this paragraph 4 applies, the Board may additionally determine that the Holding Period shall end only for such number of Holding Period Shares as it may specify.

10. Vesting of Awards (and exercise of Options) in special circumstances

10.1. Death

If an Award Holder dies, a proportion of each Award held by them which has not Vested will Vest immediately. The proportion of each Award which shall Vest shall be determined by the Board at its absolute discretion taking into account such factors as the Board may consider relevant including, but not limited to, the satisfaction of any Performance Target as at the date of death and any other conditions imposed under Rule 5.1.

Alternatively, the Board may decide that an Award held by the Award Holder which has not yet Vested will continue until the normal time of Vesting in which case any Performance Target and/or any other conditions imposed under Rule 5.1 shall be considered at the time of Vesting.

Unless the Board in its absolute discretion decides otherwise (and irrespective of the time at which the Board has determined that the Award will Vest under this Rule 10.1), the number of Plan Shares which Vest will be reduced pro rata to reflect the number of whole months from the Award Date until the date of death as a proportion of the original Vesting Period.

In the case of an Option, if an Award Holder dies, their personal representatives (having established title to the satisfaction of the Company) shall be entitled to exercise the Vested proportion of their Option (whether Vested under this Rule or otherwise) at any time during the 12 month period following death, or, if later, following Vesting or, in either case, during such other longer period as the Board determines. The Option shall lapse at the end of such period.

10.2. Ill-health, disability, redundancy, retirement etc.

If an Award Holder ceases to be in Relevant Employment by reason of:

1. ill-health or disability evidenced to the satisfaction of the Board;
2. redundancy within the meaning of the Employment Rights Act 1996 (any successor legislation or any applicable equivalent overseas legislation) evidenced to the satisfaction of the Board;
3. retirement by agreement with the company by which they are employed;
4. the Award Holder being employed by a company which ceases to be a Group Member or a Related Undertaking;
5. the Award Holder being employed in an undertaking or part of an undertaking which is transferred to a person who is not a Group Member or a Related Undertaking; or
6. any other circumstances if the Board decides in any particular case

any Award held by them which has not Vested will continue until the normal time of Vesting and any Performance Target and/or any other conditions imposed under Rule 5.1 shall be considered at the time of Vesting.

Alternatively, the Board may decide that an Award will Vest immediately in which case the proportion of the Award which shall Vest will be determined by the Board in its absolute discretion taking into account such

factors as the Board may consider relevant including, but not limited to, the satisfaction of any Performance Target as at the time of cessation and any other conditions imposed under Rule 5.1.

Unless the Board in its absolute discretion decides otherwise (and irrespective of the time at which the Board has determined that the Award will Vest under this Rule 10.2), the number of Plan Shares which Vest will be reduced pro rata to reflect the number of whole months from the Award Date until the date of cessation of Relevant Employment as a proportion of the original Vesting Period.

In the case of an Option, the Award Holder shall be entitled to exercise the Vested proportion of their Option (whether Vested under this Rule or otherwise) at any time during the period ending 6 months following cessation of Relevant Employment or, if later, following Vesting or, in either case, during such other longer period as the Board determines. The Option shall lapse at the end of such period.

10.3. Award Holder relocated abroad

If it is proposed that an Award Holder, while continuing to be in Relevant Employment, should work in a country other than the country in which they are currently working and, by reason of the change, the Award Holder would:

1. suffer less favourable tax treatment in respect of their Award; or
2. become subject to a restriction on their ability to exercise an Option, to have issued or transferred to them the Plan Shares subject to an Award or to hold or deal in such Plan Shares or the proceeds of sale of such Plan Shares,

the Board may, in its absolute discretion, determine that an Award will Vest immediately either in full or to the extent determined by the Board in its absolute discretion and subject to such conditions as it may require taking into account such factors as the Board may consider relevant including, but not limited to, the period of time the relevant Award has been held and the extent to which any Performance Target and any other conditions imposed under Rule 5.1 have been met. Where the Award is an Option and has become Vested pursuant to this Rule 10.3, the Award Holder may exercise their Vested Option at any time during the period beginning 3 months before the proposed date of their transfer and ending 3 months after the date of their actual transfer. If not so exercised, the Option shall not lapse but shall cease to be treated as having Vested and shall continue in force in accordance with the Rules.

10.4. Meaning of ceasing to be in Relevant Employment

For the purposes of the Plan, an Award Holder shall not be treated as ceasing to be in Relevant Employment until they no longer hold any office or employment with any Group Member or Related Undertaking. In addition, unless the Board otherwise decides an Award Holder shall not be treated as so ceasing if within 7 days they recommence employment or become an office holder with any Group Member or Related Undertaking.

The Board may determine that an Award Holder will be treated as ceasing to be in Relevant Employment when they give or receive notice of termination of their employment (whether or not lawful).

10.5. Interaction of Rules

In the case of an Option:

1. if the Option has become exercisable under Rule 10.2 and, during the period allowed for the exercise of the Option under Rule 10.2 the Award Holder dies, the period allowed for the exercise of the Option shall be the period allowed by Rule 10.1; and
2. if the Option has become exercisable under Rule 10 and, during the period allowed for the exercise of the Option under Rule 10, the Option becomes exercisable under Rule 11 also (or vice versa), the period allowed for the exercise of the Option shall end on the earlier of the end of the period allowed by Rule 10 and the end of the period allowed by Rule 11.

11. Takeover and other corporate events

11.1. Takeover

Subject to Rule 12, where a person obtains Control of the Company as a result of making an offer to acquire Plan Shares, Awards shall Vest on the date the person obtains Control and the offer becomes wholly unconditional in all respects as set out below.

The proportion of an Award which shall Vest will be determined by the Board in its absolute discretion taking into account such factors as the Board may consider relevant including, but not limited to, the time the Award has been held by the Award Holder and having regard to any Performance Target and/or any other conditions imposed under Rule 5.1.

In the case of an Option, the Vested proportion of the Option (whether Vested under this Rule 11.1 or otherwise) may be exercised at any time during the period of 6 months (or, if the Board determines a longer period shall apply, that period) beginning with the time when the person making the offer has obtained Control. The Option shall lapse at the end of such period unless the Board determines that a longer period for exercise shall apply, in which case the Option shall continue in force until the end of such extended period or until it otherwise lapses in accordance with the Rules.

If the extent of Vesting of an Award which Vests under this Rule 11.1 has been reduced by the Board to reflect the period of time that the Award has been held by the Award Holder, the Board may determine that Rule 12 shall apply to the proportion of the Award that did not Vest.

11.2. Compulsory acquisition of shares in the Company

Subject to Rule 12, if a person becomes entitled or bound to acquire shares in the Company under sections 979 to 982 of the Companies Act 2006, Awards shall Vest as set out below.

The proportion of an Award which shall Vest will be determined by the Board in its absolute discretion taking into account such factors as the Board may consider relevant including, but not limited to, the time the Award has been held by the Award Holder and having regard to any Performance Target and/or any other conditions imposed under Rule 5.1.

In the case of an Option, the Vested proportion of the Option (whether Vested under this Rule 11.2 or otherwise) may be exercised at any time during the period beginning with the date the person serves a notice under section 979, or if there are more than one notice served under section 979 the date the person serves the last notice, and ending 7 clear days before the date on which the person ceases to be entitled to serve such a notice. The Option shall lapse at the end of the 7 days.

If the extent of Vesting of an Award which Vests under this Rule 11.2 has been reduced by the Board to reflect the period of time that the Award has been held by the Award Holder, the Board may determine that Rule 12 shall apply to the proportion of the Award that did not Vest.

11.3. Scheme of arrangement

Subject to Rule 12, if a person proposes to obtain Control of the Company in pursuance of a compromise or arrangement sanctioned by the court under section 899 of the Companies Act 2006 Awards shall Vest on the date of the court sanction as set out below.

The proportion of an Award which shall Vest will be determined by the Board in its absolute discretion taking into account such factors as the Board may consider relevant including, but not limited to, the time the Award has been held by the Award Holder and having regard to any Performance Target and/or any other conditions imposed under Rule 5.1.

In the case of an Option, the Vested proportion of the Option (whether Vested under this Rule 11.3 or otherwise) may be exercised at any time during the period of 6 months from the compromise or arrangement being sanctioned by the court. The Option shall lapse at the end of such period.

If the extent of Vesting of an Award which Vests under this Rule 11.3 has been reduced by the Board to reflect the period of time that the Award has been held by the Award Holder, the Board may determine that Rule 12 shall apply to the proportion of the Award that did not Vest.

11.4. Winding-up of the Company

If notice is given of a resolution for the voluntary winding-up of the Company, Awards shall Vest on the date the resolution is passed or the date notice is given.

The proportion of an Award which shall Vest will be determined by the Board in its absolute discretion taking into account such factors as the Board may consider relevant including, but not limited to, the time the Award has been held by the Award Holder and having regard to any Performance Target and/or any other conditions imposed under Rule 5.1.

In the case of an Option, the Vested proportion of the Option (whether Vested under this Rule 11.4 or otherwise) may be exercised at any time during the period of 6 months from the date of the notice or, if earlier, on completion of the winding up. The Option shall lapse at the end of such period.

11.5. Demergers and other events

The Board may determine that Awards Vest if it becomes aware that the Company will be affected by a demerger, distribution (which is not an ordinary dividend) or other transaction not otherwise covered by the Rules.

The proportion of an Award which shall Vest will be determined by the Board in its absolute discretion subject to such conditions as it may require taking into account such factors as the Board may consider relevant including, but not limited to, the time the Award has been held by the Award Holder and having regard to any Performance Target and/or any other conditions imposed under Rule 5.1.

In the case of an Option, the Vested proportion of the Option (whether Vested under this Rule 11.5 or otherwise) may be exercised at any time during a period as shall be determined by the Board. The Option shall lapse at the end of such period.

11.6. Meaning of “obtains Control of the Company”

For the purpose of Rule 11 a person shall be deemed to have obtained Control of the Company if they and others Acting In Concert with them have together obtained Control of it.

11.7. References to Board within this Rule 11

For the purposes of this Rule 11, any reference in this Rule 11 to the Board shall be taken to be a reference to those individuals who were members of the Board immediately before the event by virtue of which this Rule 11 applies.

11.8. Vesting of Awards in advance of a corporate event

Where the Board is aware that an event is likely to occur under Rule 11:

1. in respect of which Awards will Vest in circumstances where the conditions for relief under Part 12 of the Corporation Tax Act 2009 may not be satisfied; or
2. if the Board in its absolute discretion considers it appropriate,

the Board may, in its absolute discretion and by notice in writing to all Award Holders, declare that all Awards that are expected to Vest as a result of the relevant event shall Vest (and in the case of any such Award which is an Option, shall be exercisable) in accordance with Rule 11 during such period prior to the relevant event as determined by the Board.

11.9. Interaction with Rule 7 (Clawback)

Where an event occurs under Rules 11.1 to 11.5 which:

1. results in the Vesting of Awards; or
2. would so result if there was any subsisting Award which had not already Vested or, in relation to an event referred to in Rule 11.5, if the Board had permitted Vesting of Awards under Rule 11.5 in relation to such event,

the Board may, at its absolute discretion, determine in relation to any Award which was granted on the basis that Rule 7 applied to that Award that Rule 7 (Clawback) shall only apply to such Award to such extent (if at all) that the Board determines. Where the Board makes such a determination, it will specify which Awards such determination applies to (which may include Awards which have already Vested and Options which have already been exercised).

12. Exchange of Awards

12.1. Where exchange applies

An Award will not Vest under Rule 11 but will be exchanged for a new award (**New Award**) under this Rule to the extent that:

1. an offer to exchange the Award for a New Award is made and accepted by the Award Holder; or
2. the Board, with the consent of the persons acquiring Control if relevant, decides that Awards will be automatically exchanged for New Awards. The circumstances in which the Board may make such a decision include (but are not limited to) where an event occurs under Rules 11.1, 11.2, or 11.3 and:
 - a. the shareholders of the acquiring company, immediately after it has obtained Control, are substantially the same as the shareholders of the Company immediately before the event; or
 - b. the obtaining of Control amounts in the opinion of the Board to a merger with the Company.

12.2. Terms of exchange

The following applies in respect of the New Award:

1. The Award Date of the New Award shall be deemed to be the same as the Award Date of the Award.
2. The New Award will be in respect of the shares in a company determined by the Board.
3. In the application of the Plan to the New Award, where appropriate, references to “Company” and “Plan Shares” shall be read as if they were references to the company to whose shares the New Award relates.
4. The New Award must be equivalent to the Award and subject to paragraph 5 below it will Vest at the same time and in the same manner as the Award.
5. Either the Vesting of the New Award must be subject to performance conditions and/or any other conditions which are so far as possible equivalent to any Performance Target and/or any other conditions applying to the Award or no performance conditions will apply but the value of shares comprised in the New Award shall have substantially the same value of the number of Plan Shares which would have Vested under Rule 11 as applicable.

13. Lapse of Awards

Notwithstanding any other provision of the Rules, an Award shall lapse on the earliest of:

1. in the case of Options, the expiry of the Exercise Period;
2. the Board determining that any Performance Target and/or any other conditions imposed under Rule 5.1 has not been satisfied either in whole or in part in respect of the Award and can no longer be

- satisfied in whole or in part in which case the Award shall lapse to the extent that the Performance Target and/or any other conditions imposed under Rule 5.1 can no longer be satisfied;
3. subject to Rule 10, the Award Holder ceasing to be in Relevant Employment;
 4. any date for lapse provided for under these Rules; and
 5. the date on which the Award Holder becomes bankrupt or enters into a compromise with their creditors generally.

14. Adjustment of Awards on Reorganisation

14.1. Power to adjust Awards

In the event of a Reorganisation, the number of Plan Shares subject to an Award which is an Option or a Conditional Share Award, the description of the Plan Shares, the Award Price or any one or more of these shall be adjusted in such manner as the Board, together with the Board where relevant, shall determine.

In the case of Restricted Shares, subject to the relevant Restricted Share Agreement, the Award Holder shall have the same rights as any other shareholder in respect of Restricted Shares in the event of a Reorganisation, subject to compliance with applicable law. Any shares, securities or other rights allotted to an Award Holder for no consideration or with the proceeds of sale of such rights (but not with new consideration provided by the Award Holder) as a result of such Reorganisation shall be treated as if they were awarded to the Award Holder at the same time as the Restricted Shares in respect of which the rights were conferred and subject to the Rules, the terms of the Restricted Share Agreement and applicable law.

14.2. Award Price

No adjustment shall be made to the Award Price which would result in the Plan Shares subject to an Option or Conditional Share Award being issued at a price per Plan Share lower than the nominal value of a Plan Share except where the Board puts in place arrangements to pay up the nominal value at the date of issue of the Plan Shares (or the difference between the adjusted Award Price and the nominal value as the case may be).

14.3. Notification of Award Holders

The Board shall, as soon as reasonably practicable, notify each Award Holder of any adjustment made under this Rule 14 and explain how this affects their position under the Plan.

15. Tax and social security withholding

15.1. Deductions

Unless the Award Holder discharges any liability that may arise themselves or provides undertakings relating to any liability required by the Board in advance of Vesting, the Board, the Company or any Group Member or Related Undertaking or former Group Member or Related Undertaking (as the case may be) may withhold such amount, or make such other arrangements as it may determine appropriate, for example to sell or withhold Plan Shares, to meet any liability to taxes or social security contributions in respect of such Award Holder's Awards, including, where applicable, Employer's NIC transferred under 15.2. The Award Holder will be responsible for all taxes, social security contributions and other liabilities arising in respect of the Award Holder's Awards.

15.2. Transfer of Employer's NIC

The Board may, at its discretion and to the extent permitted by law, require the Award Holder to pay all or any part of the Employer's NIC in relation to an Award.

15.3. Execution of document by Award Holder

The Board may require an Award Holder to execute a document in order to bind themselves contractually to any such arrangement as is referred to in Rules 15.1 and 15.2 and return the executed document to the Company by a specified date. It shall be a condition of Vesting, and where applicable exercise, of the Award that the executed document be returned by the specified date unless the Board determines otherwise.

15.4. Tax elections

The Board may, at its discretion, determine that an Option may not be exercised and/or the Plan Shares subject to a Conditional Share Award and/or the Plan Shares the subject of an Award comprising Restricted Shares may not be issued or transferred to the Award Holder (or for their benefit) unless the Award Holder has beforehand signed an election under Chapter 2 of Part 7 of ITEPA 2003 and/or section 165 of the Taxation of Chargeable Gains Act 1992 or entered into broadly similar local arrangements.

16. Rights and listing of Plan Shares

16.1. Rights attaching to Plan Shares

Except as set out in Rule 1.12 (Restricted Shares), all Plan Shares issued or transferred under the Plan shall, as to voting, dividend, transfer and other rights, including those arising on a liquidation of the Company, rank equally in all respects and as one class with the shares of the same class in issue at the date of issue or transfer save as regards any rights attaching to such Plan Shares by reference to a record date prior to the date of such issue or transfer.

16.2. Listing and admission to trading of Plan Shares

If and so long as Plan Shares are listed on the Official List and traded on the London Stock Exchange, the Company will apply for the listing and admission to trading of any Plan Shares issued under the Plan as soon as reasonably practicable.

17. Relationship of the Plan to contract of employment

17.1. Contractual provisions

Notwithstanding any other provision of the Plan:

1. the Plan shall not form part of any contract of employment between any Group Member or Related Undertaking and an Eligible Employee;
2. the rights and obligations arising from the employment relationship between the Eligible Employee and their employer will be separate from, and not affected by, the Plan;
3. unless expressly so provided in their contract of employment, an Eligible Employee has no right to be granted an Award and the receipt of an Award in one year (and the calculation of the Award Price in a particular way) is no indication that the Award Holder will be granted any subsequent Awards (or that the calculations of the Award Price will be made in the same or a similar way);
4. the Plan does not entitle any Award Holder to the exercise of any discretion in their favour;
5. participation in the Plan does not create any right to, or expectation of, continued employment;
6. the benefit to an Eligible Employee of participation in the Plan (including, in particular but not by way of limitation, any Awards held by them) shall not form any part of their remuneration or count as their remuneration for any purpose and shall not be pensionable;
7. if an Eligible Employee ceases to be in Relevant Employment for any reason, they shall not be entitled to compensation for the loss or diminution in value of any right or benefit or prospective right or benefit under the Plan (including, in particular but not by way of limitation, any Awards held by them which

lapse by reason of their ceasing to be in Relevant Employment) whether by way of damages for unfair dismissal, wrongful dismissal, breach of contract or otherwise or anything analogous thereto in any jurisdiction; and

8. this Rule 17.1 applies during an Eligible Employee's employment and after the termination of an Eligible Employee's employment, whether or not the termination is lawful.

17.2. Deemed agreement

By accepting the grant of an Award, an Award Holder is deemed to have agreed to the provisions of these Rules, including this Rule 17.

18. Administration of the Plan

18.1. Responsibility for administration

The Board (and the Board, where appropriate) shall be responsible for, and shall have the conduct of, the administration of the Plan. The Board may from time to time make, amend or rescind regulations for the administration of the Plan provided that such regulations shall not be inconsistent with the Rules.

18.2. Board's decision final and binding

The decision of the Board shall be final and binding in all matters relating to the Plan, including but not limited to the resolution of any dispute concerning, or any inconsistency or ambiguity in the Rules or any document used in connection with the Plan.

18.3. Discretionary nature of Awards

All Awards shall be granted entirely at the discretion of the Board.

18.4. Provision of information

An Award Holder and, where the Board is not the Company, the Board shall provide to the Company or any Group Member **or Related Undertaking** as soon as reasonably practicable such information as the Company reasonably requests for the purpose of complying with its obligations under section 421J of ITEPA 2003 or similar requirements of local tax legislation.

18.5. Cost of the Plan

The cost of introducing and administering the Plan shall be met by the Company. The Company shall be entitled, if it wishes, to charge an appropriate part of such cost and/or the costs of an Award to a Subsidiary or the Board.

18.6. Data protection

For the purposes of administering the Plan, the Company will have access to and process, or authorise the processing of, Award Holders' personal data (as defined in the Data Protection Act 2018, the EU General Data Protection Regulation 5419/16 and/or any implementing legislation (together, the **Data Protection Laws**)) held and controlled by the Company or any Group Member. The Company and each Group Member will comply with the terms of the Data Protection Laws, and the Company's data protection policies issued from time to time, in relation to such data.

Any Group Member and its employees and agents may from time to time hold, process and disclose Award Holders' personal data in accordance with the terms of the employee share plan privacy notice, the employee privacy notice and the privacy policy in force from time to time. The current versions of the applicable policies are available on the Company's privacy sharepoint and on the online employee share plan portal (as applicable).

18.7. Third party rights

Nothing in these Rules confers any benefit, right or expectation on a person who is not an Award Holder. No such third party has any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any terms of these Rules.

18.8. Employee trust

The Company and any Group Member may provide money to the trustee of any trust or any other person to enable them to acquire Plan Shares to be held for the purposes of the Plan, or enter into any guarantee or indemnity for those purposes, to the extent permitted by Chapter 2 of Part 18 of the Companies Act 2006.

19. Amendment of the Plan

19.1. Power to amend the Plan

Subject to Rules 19.2 and 19.3, the Board may from time to time amend the Rules (including, for the purposes of establishing a sub-plan for the benefit of employees located overseas).

19.2. Amendments to the Plan

Without the prior approval of the Company in general meeting, an amendment may not be made for the benefit of existing or future Award Holders to the Rules relating to:

1. the basis for determining an Eligible Employee's entitlement (or otherwise) to be granted an Award and/or to acquire Plan Shares on the exercise of an Option and/or to become absolutely entitled to Plan Shares subject to a Conditional Share Award (as the case may be) under the Plan;
2. the persons to whom an Award may be granted;
3. the limit on the aggregate number of Plan Shares over which Awards may be granted;
4. the limit on the number of Plan Shares over which Awards may be granted to any one Eligible Employee;
5. the adjustment of Awards on a Reorganisation; or
6. this Rule 19.2,

except for:

7. an amendment which is of a minor nature and benefits the administration of the Plan; or
8. an amendment which is of a minor nature and is necessary or desirable in order to take account of a change of legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the Plan, the Company or some other Group Member or Related Undertaking.

19.3. Rights of existing Award Holders

An amendment may not materially adversely affect the rights of an existing Award Holder except:

1. where the amendment is made to take account of any matter or circumstance which the Board reasonably considers is a legal or regulatory requirement which the Board reasonably considers is relevant and requires an amendment to be made in order for any Group Member or Related Undertaking to comply with such requirement; or
2. where the Award Holder affected by the change has been notified of such amendment and the majority of Award Holders affected by the change who have responded to such notification have approved the amendment.

20. Notices

20.1. Notice by the Board

Save as provided for by law, any notice, document or other communication given by, or on behalf of, the Board or to any person in connection with the Plan shall be deemed to have been duly given if delivered to them at their place of work, if they are in Relevant Employment, if sent by e-mail to such e-mail address as may be specified by them from time to time or, in the case of an Award Holder who remains in Relevant Employment, to such e-mail address as is allocated to them by any Group Member or Related Undertaking, or sent through the post in a pre-paid envelope to the postal address last known to the Company to be their address and, if so sent, shall be deemed to have been duly given on the date of posting.

20.2. Deceased Award Holders

Save as provided for by law, any notice, document or other communication so sent to an Award Holder shall be deemed to have been duly given notwithstanding that such Award Holder is then deceased (and whether or not the Company has notice of their death) except where their personal representatives have established title to the satisfaction of the Company and supplied to the Company an e-mail or postal address to which notices, documents and other communications are to be sent.

20.3. Notice to the Board

Save as provided for by law any notice, document or other communication given to the Board (or any relevant person appointed by the Board) in connection with the Plan shall be delivered by hand or sent by email, fax or post to the Company Secretary (or any relevant person appointed by the Board) at the Company's registered office (or such other e-mail or postal address as may from time to time be notified to Award Holders) but shall not in any event be duly given unless it is actually received at the registered office or such e-mail or postal address.

21. Governing law and jurisdiction

21.1. Plan governed by English law

The formation, existence, construction, performance, validity and all aspects whatsoever of the Plan, any term of the Plan and any Award granted under it shall be governed by English law.

21.2. English courts to have jurisdiction

The English courts shall have jurisdiction to settle any dispute which may arise out of, or in connection with, the Plan.

21.3. Jurisdiction agreement for benefit of the Company

The jurisdiction agreement contained in this Rule 21 is made for the benefit of the Company only, which accordingly retains the right to bring proceedings in any other court of competent jurisdiction.

21.4. Award Holder deemed to submit to such jurisdiction

By accepting the grant of an Award, an Award Holder is deemed to have agreed to submit to such jurisdiction.

22. Interpretation

22.1. Definitions

In this Plan, unless the context otherwise requires, the following words and expressions have the following meanings:

Acting In Concert has the meaning given to that expression in The City Code on Takeovers and Mergers in its present form or as amended from time to time;

Award means an Option, a Conditional Share Award or Restricted Shares granted under the Plan;

Award Certificate means a statement in a form, which may include an electronic form, determined by the Company setting out details of an Award which is an Option or a Conditional Share Award determined in accordance with Rule 1.4;

Award Date means the date on which an Award is granted in accordance with Rule 1.3;

Award Holder means an individual who holds an Award or, where the context permits, their legal personal representatives. Where relevant, Award Holder(s) shall include reference to former Award Holder(s);

Award Price means the amount (if any), expressed either as an amount per Plan Share or a total amount, payable in respect of the exercise of an Option or Vesting of a Conditional Share Award or for the acquisition of Restricted Shares under a Restricted Share Agreement, determined in accordance with Rule 4;

Board means, subject to Rule 11.7, the board of directors of the Company or a duly authorised committee of it or a person duly authorised by the board of directors of the Company or such committee;

Buy-Out Award means an Award granted to an individual which replaces elements of remuneration forfeited by the individual on leaving a previous employment to take up employment with a Group Member;

Company means Drax Group plc incorporated in England and Wales under company number 05562053;

Conditional Share Award means a conditional right under the Plan to acquire Plan Shares;

Control has the meaning given to it by section 995 of ITA 2007;

Dealing Day means any day on which the London Stock Exchange is open for the transaction of business;

Dealing Restrictions means any restrictions imposed by legislation, regulation or any other code or guidance on share dealing with which the Company seeks to comply;

Directors' Remuneration Policy has the meaning given to it by section 422A(6) of the Companies Act 2006;

Eligible Employee means an individual who at the Award Date is an employee of a Group Member;

Employees' Share Scheme has the meaning set out in section 1166 of the Companies Act 2006;

Employer's NIC means employer's secondary class 1 National Insurance contributions liability or any local equivalent;

Exercise Period means the period set by the Board on the Award Date during which an Option may be exercised, ending no later than the 10th anniversary of the Award Date;

Financial Conduct Authority means the "competent authority" as that expression is defined in Part VI of the Financial Services and Markets Act 2000;

Gain means the difference between (i) the Market Value of a Plan Share on the date of exercise of an Option and (ii) the Award Price, multiplied by the number of Plan Shares in respect of which the Option is being exercised;

Group means the Company and its Subsidiaries (and, for the purposes of Rules 5.1, 6, 7 and 8.1, its Related Undertakings) from time to time and **Group Member** shall be interpreted accordingly;

HMRC means Her Majesty's Revenue & Customs;

Holding Period means the period (if any) specified under paragraph 9 of Rule 1.4 (commencing from the date of Vesting of the relevant Award) during which the restrictions contained in Rule 9 apply;

ITA 2007 means the Income Tax Act 2007;

ITEPA 2003 means the Income Tax (Earnings and Pensions) Act 2003;

London Stock Exchange means the London Stock Exchange plc or any successor body;

Market Value on any day means:

1. if at the relevant time Plan Shares are listed on the Official List (or on any other recognised stock exchange within the meaning of section 1005 of ITA 2007 or the Alternative Investment Market of the London Stock Exchange), the closing middle market quotation (as derived from the Daily Official List of the London Stock Exchange or the equivalent list or record for the recognised stock exchange on which the Plan Shares are listed) or, if the Board so decides, the closing price on the preceding Dealing Day; or
2. where Plan Shares are not so listed, the market value of a Plan Share calculated as described in the Taxation of Chargeable Gains Act 1992;

Official List means the list maintained by the Financial Conduct Authority in accordance with section 74(1) of the Financial Services and Markets Act 2000 for the purposes of Part VI of that Act;

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

Performance Target means a performance target imposed as a condition of the Vesting of an Award under Rule 5.1 and as substituted or varied in accordance with Rule 5.3;

Plan means the Drax Group plc Long Term Incentive Plan 2020 as amended from time to time;

Plan Shares means ordinary shares in the capital of the Company (or any shares representing them);

Recruitment Award means an award granted to facilitate an individual's recruitment to the Company or any Group Member;

Regulatory Information Service means a service that is approved by the Financial Conduct Authority on meeting the Primary Information Provider criteria and is on the list of Regulatory Information Services maintained by the Financial Conduct Authority (or any overseas equivalent);

Related Undertaking means an employer which is not a Group Member but is a subsidiary undertaking, associated undertaking or related undertaking or entity (in each case as determined by the Committee) of the Company designated by the Board for the purposes of the Plan;

Relevant Employment means employment with any Group Member or any Related Undertaking;

Reorganisation means any variation in the share capital of the Company, including but without limitation a capitalisation issue, rights issue, demerger or other distribution, a special dividend or distribution, rights offer or bonus issue and a sub-division, consolidation or reduction in the capital of the Company;

Restricted Shares means Shares where the Award Holder is the beneficial owner of the Plan Shares from the Award Date subject to the Restricted Share Agreement;

Restricted Share Agreement means the agreement referred to in Rule 1.12;

Rules mean the rules of the Plan;

Subsidiary has the meaning set out in section 1159 of the Companies Act 2006;

Trustees means the trustees of any trust created by a Group Member which, when taken together with the Plan, constitutes an Employees' Share Scheme;

Vest means:

1. in relation to an Option, the Award Holder becoming entitled to exercise the Option;
2. in relation to a Conditional Share Award, the Award Holder becoming entitled to have the Plan Shares issued or transferred to them (or to a nominee specified or permitted by the Company); and
3. in relation to Restricted Shares means the restrictions set out in the Restricted Share Agreement ceasing to have effect,

and **Vesting** and **Vested** shall be construed accordingly; and

Vesting Period means the period from the Award Date to the normal date of Vesting.

22.2. Interpretation

In the Plan, unless otherwise specified:

1. save as provided for by law a reference to writing includes any mode of reproducing words in a legible form and reduced to paper or electronic format or communication including, for the avoidance of doubt, correspondence via e-mail; and
2. the Interpretation Act 1978 applies to the Plan in the same way as it applies to an enactment.

Schedule A

Terms of Awards for US Taxpayers

This Schedule A shall apply to all Award Holders who are US Taxpayers (as defined below). In the event that an Award Holder becomes a US Taxpayer subsequent to the Award Date of an Award under the Plan, then such Award shall immediately be amended in a manner consistent with this Schedule A. References in this Schedule A to Awards granted to US Taxpayers shall include Awards held by an Award Holder who becomes a US Taxpayer subsequent to the Award Date.

A.1. Definitions

In this Schedule A, the following definitions shall apply:

Code means the US Internal Revenue Code of 1986, as amended from time to time. References to the Code or to a particular section of the Code shall include references to any related Treasury Regulations and rulings to successor provisions;

Conditional Share Award Short-Term Deferral Period means the period commencing on the date that a Conditional Share Award first is no longer subject to a substantial risk of forfeiture for purposes of section 409A of the Code and ending upon the fifteenth day of the third month following the end of the Taxable Year in which such Conditional Share Award first is no longer subject to a substantial risk of forfeiture;

Employer means, consistent with the definition of service recipient in section 1.409A-1(g) of the US Treasury Regulations:

- 1) the Group Member employing the US Taxpayer; and
- 2) all other entities with which the entity named in (i) would be aggregated and treated as a single employer under section 414(b) of the Code (governing a controlled group of corporations) and section 414(c) of the Code (governing a group of trades or businesses under common control), as applicable. To identify the group of entities described in the preceding sentence, an ownership threshold of 50% shall be used as a substitute for the 80% minimum ownership threshold that appears in, and otherwise must be used when applying, the applicable provisions of: (a) section 1563 of the Code and the US Treasury Regulations thereunder for determining a controlled group of corporations under section 414(b) of the Code; and (b) section 1.414(c)-2 of the US Treasury Regulations for determining the trades or businesses that are under common control under section 414(c) of the Code;

Option Short-Term Deferral Period means the period commencing on the date that an Option first is no longer subject to a substantial risk of forfeiture for purposes of section 409A of the Code and ending on December 31st of the calendar year in which such Option first is no longer subject to a substantial risk of forfeiture;

Separation from Service means a termination of services provided by a US Taxpayer to their Employer, whether voluntarily or involuntarily, as determined by the Board in accordance with the rules for determining when a service provider has incurred a separation from service under section 1.409A-1(h) of the US Treasury Regulations;

Specified Employee means a US Taxpayer who, as of the date of their Separation from Service, is a “key employee” as defined in section 416(i)(1)(A)(i), (ii), or (iii) of the Code (applied in accordance with the US Treasury Regulations thereunder and disregarding section 416(i)(5) of the Code) at any time during the 12-month period ending on a “specified employee identification date” (within the meaning of section 1.409A-1(i)(3) of the US Treasury Regulations), as determined by the Board in accordance with section 1.409A-1(i)(1) of the US Treasury Regulations. If a US Taxpayer is a key employee as of a specified employee identification date,

the US Taxpayer is treated as a key employee for purposes of this definition for the entire 12-month period beginning on the specified employee effective date (within the meaning of section 1.409A-1(i)(4) of the US Treasury Regulations);

Taxable Year means the calendar year, or, if later, the end of the taxable year of the Company, in which a Conditional Share Award first is no longer subject to a substantial risk of forfeiture;

US means the United States of America;

US Tax means income taxation by the US; and

US Taxpayer means an Award Holder who is subject to US Tax at the Award Date, is expected to become subject to US Tax following the Award Date or does become subject to US Tax following the Award Date but prior to the date upon which any part of an Award Vests. US Taxpayers shall include US citizens working abroad, US resident aliens and other individuals rendering services in the US.

A.2. Options

Notwithstanding Rule 8.2 and any other Rule, and subject to Rule A.7, Options granted to US Taxpayers must be exercised no later than the end of the Option Short-Term Deferral Period (or the end of the applicable Exercise Period, if earlier). For purposes of Rule 13, an Option granted to a US Taxpayer will also lapse at the end of the Option Short-Term Deferral Period.

Notwithstanding Rule 8.4, and subject to Rule A.7, where a US Taxpayer has given or received notice of termination and the Award would have otherwise Vested and the notice is withdrawn, the Option Short-Term Deferral Period shall be determined using the original Vesting date and not the date when the notice is withdrawn.

For purposes of Rule 8.6, the Company will be deemed to have received a valid notice of exercise for a Vested Option granted to a US Taxpayer that remains unexercised on the last day of the Option Short-Term Deferral Period, or if earlier, the last day of the applicable Exercise Period.

For the avoidance of doubt, where Rule 10 or Rule 11 applies, the issuance and transfer by the Board of Plan Shares or a cash payment made by the Board, as applicable, to a US Taxpayer in respect of an Option shall be made no later than December 31st of the calendar year in which the relevant Vesting event occurs.

A.3. Conditional Share Awards

For the avoidance of doubt and subject to Rule A.7, the issuance and transfer by the Board pursuant to Rule 8.7 to a US Taxpayer of Plan Shares in respect of a Conditional Share Award that has Vested shall be made no later than the end of the Conditional Share Award Short-Term Deferral Period.

For the avoidance of doubt and subject to Rule A.7, the cash payment made by the Board pursuant to Rule 8.8 to a US Taxpayer in respect of a Conditional Share Award that has Vested shall be made no later than the end of the Conditional Share Award Short-Term Deferral Period.

For the avoidance of doubt, where Rule 10 or Rule 11 applies, the issuance and transfer by the Board of Plan Shares or a cash payment made by the Board, as applicable, to a US Taxpayer in respect of a Conditional Share Award shall be made no later than the fifteenth day of the third month following the calendar year in which the relevant Vesting event occurs.

A.4. Dividend Equivalents

For purposes of Rule 8.9, any dividend equivalents that may be awarded on an Option granted to a US Taxpayer shall be subject to the same Vesting requirements of the applicable shares under the Option on which the

dividend equivalents are accrued. If the accumulated dividend equivalents Vest, they shall be paid to the Award Holder by the end of the Option Short-Term Deferral Period applicable to the shares of the Option on which the dividend equivalents are accrued.

For purposes of Rule 8.9, any dividend equivalents that may be awarded on a Conditional Share Award granted to a US Taxpayer shall be subject to the same Vesting requirements of the applicable shares under the Conditional Share Award on which the dividend equivalents are accrued. If the accumulated dividend equivalents Vest, they shall be paid to the Award Holder by the end of the Conditional Share Award Short-Term Deferral Period applicable to the shares of the Conditional Share Award on which the dividend equivalents are accrued.

A.5. *Substitution or Variation of Performance Target*

The Performance Target of an outstanding Award granted to a US Taxpayer may not be substituted or varied pursuant to Rule 5.3 if and to the extent that the substitution or variation of the Performance Target would result in the earlier ending of the applicable Option Short-Term Deferral Period or Conditional Share Award Short-Term Deferral Period. Notwithstanding the foregoing, the Board may waive the Performance Target of an outstanding Award granted to a US Taxpayer pursuant to Rule 5.3.

A.6. *Dealing Restrictions and Holding Period*

For the avoidance of doubt, any deferral in the settlement of a Conditional Share Award or exercise of an Option pursuant to Rule 8.3 as a result of Dealing Restrictions will be administered in a manner consistent with section 409A of the Code, including section 1.409A-2(b)(7)(ii) of the US Treasury Regulation allowing for a delay where a payment is reasonably believed to violate securities laws or other applicable laws.

For the avoidance of doubt, any Holding Period under Rule 9 with respect to an Award granted to a US Taxpayer will not impose an additional or extend the existing substantial risk of forfeiture applicable to such Award for purposes of section 409A of the Code.

A.7. *Good Leavers*

For purposes of the application of Rule 10.2 to Awards granted to a US Taxpayer:

- to the extent that any amount or benefit payable hereunder is or becomes subject to section 409A of the Code, the concept of ceasing to be in Relevant Employment under Rule 10.4 will be interpreted consistently with the term “Separation from Service”;
- “ill-health or disability” shall mean the Award Holder is permanently and totally disabled within the meaning of section 22(e) of the Code; and
- The provision regarding “retirement by agreement with the company” shall not apply.

For the avoidance of doubt, to the extent that any amount or benefit payable hereunder is or becomes subject to section 409A of the Code and where a US Taxpayer ceases to be in Relevant Employment pursuant to Rule 10.2, an Option held by such US Taxpayer which has not Vested will continue until the normal time of Vesting and such Option must be exercised by such US Taxpayer no later than December 31st of the calendar year in which the such Vesting Period ends.

For the avoidance of doubt, to the extent that any amount or benefit payable hereunder is or becomes subject to section 409A of the Code and where a US Taxpayer ceases to be in Relevant Employment pursuant to Rule 10.2, a Conditional Share Award held by such US Taxpayer which has not Vested will continue until the normal time of Vesting and the issuance and transfer by the Board of Plan Shares or a cash payment made by the Board, as applicable, to such US Taxpayer in respect of such Conditional Share Award shall be made no later than 30 days

following the end of the Vesting Period, but in no event later than December 31st of the calendar year in which such Vesting Period ends.

If any payment under an Award (or any portion thereof) that is subject to the requirements of section 409A of the Code arises due to the “Separation from Service” of a US Taxpayer who is a “Specified Employee,” such payment shall not be made within the 6-month period commencing on the date of the “Separation from Service,” and any such payment that would have been made during such period if not for the application of this rule shall be made on the earlier of (a) the expiration of the 6-month period and (b) the date of the US Taxpayer’s death.

A.8. US Taxpayer Relocated Abroad

Notwithstanding Rule 10.3, an Option granted to a US Taxpayer who is relocated abroad as described in such Rule may not be exercised after the earliest of (a) the date that is three months after the date of the US Taxpayer’s actual transfer date, (b) the end of the applicable Exercise Period, and (c) the end of the applicable Option Short-Term Deferral Period.

A.9. Corporate Transactions

Notwithstanding Rules 11 and 12, in connection with a takeover, other corporate event, or exchange of awards, the treatment of any awards will be administered in a manner consistent with the requirements of section 1.424 of the US Treasury Regulations and section 409A of the Code.

A.10. Tax Withholding

Notwithstanding Rule 15.1, the Company or any Group Member or **Related Undertaking** or former Group Member **or Related Undertaking** (as the case may be) may withhold Plan Shares otherwise issuable to a US Taxpayer to satisfy maximum statutory tax rates in the US Taxpayer’s applicable jurisdictions.

A.11. Changing the Terms of Awards for US Taxpayers

The Board need not obtain the approval of the Company in general meeting for any minor changes to Awards that were granted to US Taxpayers which are necessary or desirable in order for the Awards to qualify for an exemption from or to comply with section 409A of the Code.

A.12. Use of Trusts

Plan Shares with respect to Awards granted to US Taxpayers may not be deposited to a trust or similar arrangement if such action would cause the Awards to violate section 409A of the Code.

A.13. Interpretation and Administration Intent

Awards granted and dividend equivalents payable to US Taxpayers are intended to be exempt from the requirements of section 409A of the Code under the short-term deferral exception described in section 1.409A-1(b)(4) of the US Treasury Regulations, and the Plan and this Schedule A shall be interpreted and administered consistent with such intention. To the extent that any amount or benefit payable hereunder is or becomes subject to section 409A of the Code, the Rules are intended to comply with the applicable requirements of section 409A of the Code so as to avoid any additional tax arising pursuant hereto.

Notwithstanding the foregoing, neither the Company nor any Group Member **nor any Related Undertaking** makes any representation, commitment or guarantee that any tax treatment will be applicable with respect to any Awards granted, or any Plan Shares issued or payment made, under the Plan or that such tax treatment will apply to a US Taxpayer.

In the event of any conflict between an applicable provision of the Plan and an applicable provision of this Schedule A with respect to an Award granted to a US Taxpayer, the provision of this Schedule A shall apply.

A.14. *Miscellaneous*

Notwithstanding any other provisions of the Plan, the Company will not be required to issue or cause to be issued any Plan Shares if at such time such issuance would violate the US federal securities laws or any other laws of the US or any state of the US, if applicable. In addition, the holder of any Plan Shares agrees not to sell or transfer such Plan Shares in violation of the US federal securities laws or any other laws of the US or any state of the US, if applicable. The Company shall have the right in its sole discretion to modify the terms of the Plan of this Schedule A at any time and from time to time as it deems necessary or appropriate to ensure or facilitate such compliance and to include appropriate legends on any Awards or Plan Shares issued or caused to be issued in connection with the Plan and this Schedule A. Notwithstanding anything to the contrary contained herein, an Award Holder located in the US may only receive an Award under the Plan if such Award Holder is employed by a Group Member or a Related Undertaking if such Group Member or Related Undertaking, as applicable, is a majority-owned subsidiary of the Company (as determined by the Board under Rule 701 of the Securities Act of 1933, as amended).

Schedule B

Employees of Related Undertakings

The purpose of this Schedule B is to vary certain provisions of the Drax Group plc Long Term Incentive Plan 2020 (the **Plan**) to enable the grants of Awards to employees who are not employees of the Company or a Subsidiary of the Company but are instead employees of a subsidiary undertaking, associated undertaking or related undertaking or entity (in each case as determined by the Board) of the Company (a **Related Undertaking**).

The rules of the Plan (the **Rules**), and for who individuals who are US Taxpayers (as defined in Schedule A), Schedule A, shall apply to an Award granted to an individual under this Schedule B who is an employee of a Related Undertaking except as set out below.

1. In this Schedule B, the following definitions shall apply:

Eligible Employee means an individual who at the Award Date is an employee of a Related Undertaking;

Recruitment Award means an award granted to facilitate an individual's recruitment to a Related Undertaking;

Related Undertaking means an employer which is not a Group Member but is a subsidiary undertaking, associated undertaking or related undertaking or entity (in each case as determined by the Board) of the Company designated by the Board for the purposes of this Schedule B;

2. The following definition of Annual Remuneration in Rule 3.2 shall apply:

Annual Remuneration means the higher of:

- a. basic salary paid by any Related Undertaking expressed as an annual rate as at the Award Date;
and
- b. basic salary paid by the Group and any Related Undertaking for the period of 12 months ending on the last day of the month immediately preceding the month in which the Award Date occurs.