

KINGSPAN GROUP PLC

**RULES OF
THE KINGSPAN GROUP PLC
2017 PERFORMANCE SHARE PLAN**



APPROVED BY A SHAREHOLDERS' RESOLUTION ON [] 2017

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RULES OF THE KINGSPAN GROUP PLC 2017 PERFORMANCE SHARE PLAN

1 Definitions

1.1 In these Rules, including the Appendix, unless the context otherwise requires, the following words and expressions shall bear the meanings set out below:

“Accounting Period” means any period in respect of which the Company prepares a report and audited financial statements;

“Adoption Date” means the date on which the Plan is adopted by the Company in general meeting;

“Announcement Date” means the date on which the Company announces its annual or half-yearly results;

“Annual Remuneration” means the annual rate of regular remuneration as designated by the Committee for the purposes of the Plan;

“Award” means an Option granted by the Committee to an Eligible Employee in accordance with these Rules;

“Award Certificate” means a certificate issued by the Company to an Eligible Employee in respect of the grant of an Award to him or her;

“Award Date” means the date specified in the Award Certificate as the Award Date;

“Board” means the board of directors from time to time of the Company or a duly authorised committee thereof;

“Committee” means the remuneration committee of the Board consisting exclusively of non-executive directors;

“Company” means Kingspan Group plc, having its registered office at Dublin Road, Kingscourt, Co. Cavan, Ireland;

“Control” means the control of a company within the meaning given to that expression by Section 432 of the Act and for the purposes of Rule 11 a person shall be deemed to have control of a company if he or she and others acting in concert with him or her have together obtained control of a company within such meaning;

“CPI” means the Consumer Price Index compiled and published by the Central Statistics Office of the Government of Ireland;

“Data Protection Acts” means the Data Protection Acts, 1988 and 2003 as amended from time to time;

“Dealing Day” means a day on which transactions take place on the Irish Stock Exchange;

“Earnings Per Share” or “EPS” means the consolidated earnings per Share of the Company for the Accounting Period concerned as shown in the most recent annual report issued by the

Company for such Accounting Period or as extracted from a summary contained in the most recent annual report issued by the Company;

“Eligible Employee” means

- (a) any director holding an executive office in the service of a company which is a member of the Group and who devotes substantially the whole of his or her business time thereto, or
- (b) any other employee in the service of a company which is a member of the Group;

“Expiry Date” means the latest date on which an Option may be exercised as specified on the Award Certificate;

“Group” means the Company and all of its Subsidiaries and the expression **“member of the Group”** shall be construed accordingly;

“Listing” means admission to trading of Shares on the main market of the Irish Stock Exchange and/or London Stock Exchange and/or any other stock market, multilateral trading facility and/or investment exchange(s) which may be approved at any time by the Board for the purpose of the listing or admission to trading of Shares;

“Market Value” on any day means, if at the relevant time Shares are listed on the Daily Official List of the Irish Stock Exchange, the closing price for a Share on the immediately preceding Dealing Day, as derived from the website of the Irish Stock Exchange (www.ise.ie) and, if at the relevant times shares are not so listed but are listed or dealt in on one or more other stock exchanges or markets, such value as the Committee may determine having regard to dealings in Shares on, and prices for Shares reported by, the other stock exchange or market (or, where there is more than one other such stock exchange, such one of them as the Remuneration Committee may select for the purpose), and so that for this purpose any resulting average amount that is expressed in a currency other than the euro shall be converted into euro at the rate of exchange prevailing at the close of business on the day immediately preceding the relevant day;

“Notice of Exercise” means the notice given by a Participant in order to exercise an Option;

“Option” means an option to acquire Shares granted under the Plan;

“Option Price” means the amount (being not less than the nominal (par) amount of a Share) that shall be payable on the exercise of an Option;

“Participant” means a person to whom a subsisting Award has been granted or, where the context permits, his or her legal personal representatives;

“Performance Conditions” means the performance measures and conditions set out in Appendix 1 to these Rules as may be varied or amended from time to time in accordance with Rule 3.7;

“Performance Period” means, with respect to an Award, the period over which the performance of the Company shall be measured in order to determine Vesting of the Award, such period to be determined by the Committee and being one of the following:

- (a) the period of three Accounting Periods of the Company beginning with the Accounting Period in which the Award Date occurs; or
- (b) the period of three calendar years measured from the Award Date or such other date determined by the Committee; or
- (c) such other period determined by the Committee;

“Plan” means the Kingspan Group plc 2017 Performance Share Plan constituted by these Rules as amended from time to time in accordance with Rule 14;

“Plan Shares” such Shares as are issued pursuant to the Plan;

“Rules” means the rules of the Plan as set forth herein or as amended from time to time and **“Rule”** means a rule of the Plan;

“Shares” means ordinary shares of €0.13 each in the capital of the Company (or any shares representing them);

“Subsidiary” means a company which is a subsidiary within the meaning of Section 7 of the Companies Act, 2014;

“Total Shareholder Return” or “TSR” means the return that a company has provided for its shareholders, reflecting share price movements and assuming reinvestment of dividends;

“Vest” means a Participant becoming, in accordance with the Plan, entitled to exercise an Option and **“Vested”** and **“Vesting”** shall be construed accordingly;

“Vesting Date” means the date on which an Award normally Vests, as stated on the Award Certificate, or such earlier date when the Award Vests pursuant to Rule 9 or 11; and

“Vesting Period” means the period from the Award Date to the Vesting Date.

1.2 In these Rules, where the context permits or requires:

- (a) the singular shall include the plural and vice versa,;
- (b) a reference to a statutory provision includes any statutory modification, amendment or re-enactment; and
- (c) the contents and headings are for ease of reference only and shall not affect their interpretation.

2 Eligibility to participate

2.1 The Plan is available for such Eligible Employees as shall be nominated for the purpose in accordance with procedures approved from time to time by the Committee.

2.2 No Eligible Employee shall be entitled as of right to participate in the Plan. The decision as to who shall have the opportunity of participating and the time and extent of his or her participation shall be made, subject to these Rules, by the Committee at its absolute discretion.

3 Grant of Awards

- 3.1 Subject to Rule 3.4 the Committee may, in its absolute discretion, grant an Award by resolution in accordance with these Rules to any Eligible Employee.
- 3.2 An Award shall, unless the Committee determines otherwise, be granted:
- (a) in respect of a fixed number of Shares; and
 - (b) on the basis that the Shares in respect of which the Award is granted may, subject to Rules 9 and 11, Vest on a date specified by the Committee which shall be no earlier than the third anniversary of the Award Date.
- 3.3 The grant of an Award shall be evidenced by an Award Certificate issued by the Company to the Participant. The Award Certificate shall specify:
- (a) the number of Shares subject to the Award;
 - (b) the Award Date;
 - (c) the date when the Award shall normally Vest;
 - (d) the Option Price;
 - (e) the Expiry Date;
 - (f) any conditions which have to be satisfied to determine the extent of Vesting of the Award, and where the Award is also subject to restrictions on the disposal of the associated Plan Shares, the relevant release date;
 - (g) that the Award is subject to the Rules; and
 - (h) where relevant, any amendments to these Rules as may have been made by the Company pursuant to Rule 14 that are applicable to the Award.
- 3.4 The Committee may grant an Award under the Plan within the period of 42 days following the Adoption Date and thereafter only:
- (a) during the 42 days commencing on the Dealing Day following an Announcement Date; or
 - (b) if there is a restriction on dealing in Shares by virtue of the listing rules of any stock exchange or the EU Market Abuse Regulation (or any similar or amended rules or regulations in force from time to time) during or immediately following such 42 day period, during the 14 days immediately following the day on which such restriction ceases to have effect; or
 - (c) at any other time when the Committee, having consulted the Board, considers that exceptional circumstances exist which justify the grant of an Award.

No Award may be granted more than 10 years after the Adoption Date.

- 3.5 The grant of an Award under the Plan shall not in any circumstances whatsoever constitute the acquisition by a Participant of an interest in the Shares subject to the Award. There shall be no consideration payable by an Eligible Employee for the grant of an Award.
- 3.6 A Participant shall not become the beneficial owner of the Shares subject to his or her Option until he or she has validly exercised the Option. Until that date, the Participant shall not be entitled to any dividends (or other distributions made) and shall have no right to vote in respect of the Shares subject to his or her Award.
- 3.7 The Award shall Vest only to the extent that the Performance Conditions set out in the Appendix to these Rules have been achieved. The Committee may change these Performance Conditions for future Awards provided that the conditions remain no less challenging and are aligned with the interests of the Company's shareholders. The Committee may also vary the proportion of the Award that is conditional on each Performance Condition as it deems appropriate provided always that no more than 60% of the Award granted shall be conditional on any single Performance Condition.
- 3.8 The Option Price and the Expiry Date for an Option shall be determined by the Committee. Where the Committee has determined that an Option shall be satisfied by the issue of Shares directly to the Participant, the Option Price shall not be less than the nominal (par) value of a Share. The Expiry Date shall not be earlier than the fifth anniversary or later than the seventh anniversary of the Award Date, subject to any requirements under local law as may be referred to under Rule 3.3(g), and except as provided in Rule 16 below for Participants subject to U.S. Tax rules. If any Options are granted at a price less than fair market value on the date of the grant, or the requirements specified in Rule 16.3 for the fair market value issuance exemption from Section 409A of the U.S. Internal Revenue Code of 1986, as amended (the "Code") are not satisfied, the Options granted to Participants who are subject to U.S. tax laws shall expire as provided in Rule 16.2 below.
- 3.9 Every such grant may be conditional upon the Eligible Employee entering into an agreement with the Company in relation to such Award (including restrictions on the disposal of Plan Shares) within such time and in such form and content as the Committee may require. If the Eligible Employee shall fail to enter into such agreement within the time so specified the grant shall be deemed to have been renounced.
- 3.10 Where in accordance with Rule 3.9 an Award is subject to a restriction on disposal of the associated Plan Shares the Participant may not transfer, assign, charge or otherwise dispose of such Plan Shares until after the release date stated in the Award Certificate provided however that such restriction shall not prevent a disposal of Plan Shares prior to such release date by (i) the personal representative of a Participant or (ii) by the Participant in connection with a transaction or event described in Rule 11.1.

4 Limits to Awards

- 4.1 An Award may not be granted if the result would be that the aggregate number of Shares issued or issuable pursuant to Awards granted under the Plan or under any other share award or share option plan operated by a member of the Group in the 10 years preceding the Award Date would exceed 10% of the Company's issued ordinary share capital at the Award Date.

4.2 An Award may not be granted if the result would be that the aggregate number of Shares issued or issuable pursuant to Awards granted under the Plan or under any other share award or share option plan operated by a member of the Group in the 3 years preceding the Award Date would exceed 3% of the Company's issued ordinary share capital at the Award Date.

4.3 For the purpose of the limit in Rule 4.1 and 4.2:

- (a) any Shares subject to an award or option that has lapsed or been renounced or has otherwise become incapable of Vesting, and
- (b) any Shares issued or issuable under any other plan made available to all or most of the Employees of any member of the Group, and which has been approved in general meeting by the shareholders of the Company

shall be disregarded.

4.4 Other than as provided for in Rule 4.5 no Eligible Employee may be granted Awards in any period of 12 months over Shares whose aggregate Market Value (taking the Market Value of each Award on its Award Date), in the case of the Chief Executive, exceeds 200% of his or her Annual Remuneration at the time of the latest such Award and, in the case of other Participants, exceeds a lower percentage, as determined by the Committee.

4.5 In exceptional circumstances, including but not limited to facilitating recruitment, the Committee at its sole discretion may grant an Award whose aggregate Market Value does not exceed 400% of his or her Annual Remuneration at the time of the latest such Award in the case of the Chief Executive or such lower percentage as the Committee determines in the case of other Eligible Employee.

5 Transfer and renunciation of Awards

5.1 An Award is personal to a Participant and, except on the Participant's death, shall not be capable of being transferred, assigned, charged, encumbered or otherwise alienated by a Participant. An Award shall lapse forthwith if it is so transferred, assigned, charged, encumbered or otherwise alienated or if a Participant is adjudged bankrupt.

5.2 A Participant shall be entitled to renounce, surrender or cancel or agree to the cancellation of an Award within 30 days of the Award Date or thereafter only in circumstances which the Committee considers to be exceptional.

6 Vesting and exercise

6.1 Subject to Rules 9 and 11, an Award shall Vest on the normal Vesting Date specified on the Award Certificate. The Committee shall determine, in its absolute discretion, as soon as practicable after the Vesting Date the number of Shares in respect of which the Award Vests in accordance with the conditions specified in the Award Certificate. The Company shall give notice to each Participant as to whether, and if so the extent to which, an Award has Vested.

6.2 To the extent that an Award has not Vested under Rule 6.1, it shall immediately lapse.

6.3 Subject to Rules 9 and 11, the Participant shall be entitled to exercise an Option to the extent that it has Vested from the Vesting Date (or from the date when the Committee determines

the extent of Vesting, if later) until the Expiry Date. An Option may be exercised in whole or in part. If exercised in part, the unexercised part of the Option shall remain exercisable. The Option, or any unexercised part of the Option, shall lapse to the extent that it has not been exercised on or before the Expiry Date.

6.4 An Option shall be exercised by the Participant delivering to the Company a duly completed Notice of Exercise in the form prescribed from time to time by the Committee, specifying the number of Shares in respect of which the Option is being exercised and accompanied by the Option Price (if any) in full and the Option Certificate.

6.5 Unless otherwise determined by the Committee in its sole discretion, a Participant may not exercise an Option at a time when the Participant is subject to disciplinary proceedings or has been notified that an investigation into an allegation of serious misconduct against him or her is in process.

7 Delivery of Shares and rights of Participants

7.1 Subject to all necessary consents and to compliance by the Participant with these Rules, the Company shall, as soon as reasonably practicable and in any event not later than 21 working days after the date of exercise of an Option issue to the Participant, or procure the transfer to the Participant of, the number of Shares specified in the Notice of Exercise of an Option and shall arrange for such Shares to be registered in his or her name (or that of his or her nominee) in the register of members of the Company.

8 Plan Shares

8.1 During the period in which the Plan is in operation the Company shall keep available sufficient Shares to satisfy any outstanding Awards.

8.2 Plan Shares shall rank *pari passu* in all respects with the Shares for the time being in issue. For the avoidance of doubt, Plan Shares shall not confer on the holders thereto any rights which the holders of the Shares for the time being in issue have by reference to a record date which has occurred before the date on which the Plan Shares have been issued or as the case may be transferred to the Participant.

8.3 As soon as practicable after the Vesting of any Award the Company shall apply to The Irish Stock Exchange Limited and to the U.K. Listing Authority for the admission to the Irish Stock Exchange Official List and to the Official List of the Stock Exchange in London (and/or shall apply to such other stock exchanges or operators of markets on which Shares are then listed for the listing of such Shares) of the Plan Shares resulting from such Vesting, unless an application for the listing of the Shares has already been made.

9 Cessation of employment of a Participant

9.1 Subject to Rule 9.2, if a Participant ceases to be an Employee for any reason, any Award granted to him or her that has not already Vested shall immediately lapse. A Participant may exercise an Option in accordance with Rule 6 to the extent that it had already Vested on the date of cessation during the 12 month period (or such other period as the Committee may determine) following such date (or, in the case of a Participant who has died, his or her legal personal representatives may exercise the Option during the 12 month period following his or

her death (or such other period as the Committee may determine)). If not so exercised, the Option shall lapse immediately upon expiration of the relevant period or, if earlier, the Expiry Date.

9.2 If a Participant ceases to be an Employee by reason of:

- (a) his or her death;
- (b) his or her injury or disability;
- (c) dismissal for redundancy within the meaning of the Redundancy Payment Acts 1967 to 2007;
- (d) retirement and/or termination of employment with the consent of the member of the Group which employs him or her;
- (e) the company by which he or she is employed ceasing to be a member of the Group;
- (f) the undertaking by which he or she is employed being transferred to a transferee which is not a member of the Group; or
- (g) any other exceptional circumstances, at the discretion of the Committee

any Award that has not already Vested shall Vest on a date determined by the Committee, which shall be no earlier than the date of cessation and no later than the normal Vesting Date specified in the Award Certificate. The number of Shares, if any, in respect of which the Award Vests shall be determined by the Committee in accordance with the conditions specified in the Award Certificate and shall be reduced pro rata by the proportion of the Vesting Period which has not elapsed at the date of such cessation.

The Participant shall be entitled to exercise an Option in accordance with Rule 6, to the extent that it has Vested pursuant to a determination made by the Committee under this Rule 9.2, at any time during the 12 month period (or such other period as the Committee shall determine) following the Vesting Date (or, in the case of a Participant who has died, his or her legal personal representatives may exercise the Option during the 12 month period following the later of (i) the Vesting Date, and (ii) the date of his or her death (or such other period as the Committee shall determine)) but in no event may the Option be exercised later than the Expiry Date. If not so exercised, the Option shall lapse immediately on expiry of the relevant period or, if earlier, the Expiry Date.

9.3 Notwithstanding any other provision of the Plan, in the event that a Participant ceases to be an Eligible Employee by reason of a termination of his or her employment for serious misconduct, each Option held by the Participant, whether or not Vested, shall automatically lapse immediately upon the service of notice of such termination, unless the Committee in its sole discretion determines otherwise.

10 Clawback

10.1 If at any time the Committee at its sole discretion determines that any of the following have occurred:

- (a) an Award has been granted or has deemed to have Vested on the basis of any materially incorrect information or assumptions relevant to the basis for setting of the Performance Conditions or determining the extent to which the Performance Conditions have been satisfied including, without limitation, any material misstatement in any published financial results of the Company;
- (b) the Participant has engaged in any wilful misconduct, recklessness, fraud and/or criminal activity which reflects negatively on the Company or otherwise impairs or impedes its operations and/or which has caused serious injury to the financial condition and/or business reputation of the Company; or
- (c) the Participant commits an act or omission that constitutes a material breach by the Participant of his or her contract of employment including, without limitation to the foregoing, a material breach by the Participant of his or her restrictive covenant and/or confidentiality obligations to the Company

the Committee may take any or all of the following actions in circumstances where it considers it is appropriate to do so.

- (a) prior to the Vesting of an Award, or to the exercise of a Vested Option reduce the number of Shares to which the Award relates, cancel the Award or impose additional conditions;
- (b) following the exercise of a Vested Option, demand a return of any Shares acquired under the terms of the Plan or demand the repayment of the proceeds of the sale of any such Shares.

This facility shall expire after a period of two years from the Vesting Date of the relevant Award.

10.2 Following a determination of the Committee under Rule 10.1 the Company shall serve a notice to the Participant notifying the Participant of its decision.

11 Corporate events

11.1 This Rule 11.1 shall apply to an Award where:

- (a) any person obtains Control of the Company as a result of making either a general offer to acquire the whole of the Company's issued share capital (other than any Shares already owned by such person or any Subsidiary of such person) and which is made on a condition that if it is satisfied the offeror shall have such Control, or a general offer to acquire all the Shares in the Company;
- (b) an application is made for the acquisition by any person of Control of the Company by scheme of arrangement or merger;
- (c) any proposal for the reorganisation of the capital of the Company or for the reconstruction or amalgamation of the Company is adopted involving a material change in the nature of the Shares comprised in any Award (and for the purposes of

this sub-Rule the determination by the Committee of a material change in the nature of the Shares in any particular case shall be final and conclusive); or

(d) notice is given of a resolution for the voluntary winding-up of the Company.

11.2 Subject to Rule 11.3, where Rule 11.1 applies, the Committee may in its absolute discretion determine the number of Shares in respect of which each Award Vests (conditional upon completion of the relevant event or transaction) in accordance with the conditions specified in the Award Certificate. In the case of an Option, including an Option which has already Vested when the event occurs, the Committee shall specify the period during which the Option may be exercised. If not exercised within this period, the Option shall lapse immediately.

11.3 If as a consequence of a demerger, reconstruction, reorganisation or amalgamation, another company shall obtain Control of the Company or the business of the Company shall be carried out by another company and, in either case, the persons who owned the issued ordinary share capital of the Company immediately before such change shall immediately thereafter continue to have Control of the Company and shall then own more than 50 per cent of the issued ordinary share capital of such other company, the Committee may determine that the provisions of Rules 11.1 and 11.2 shall not apply. The Award shall then lapse, and shall be exchanged for a grant of options over shares in that other company. The number of options awarded in that other company upon the exercise shall be such so as to maintain the intrinsic value of the original Award as determined by the Committee in its sole discretion.

12 Variation of share capital

12.1 Subject to Rule 12.2, in the event of any increase or variation of the share capital of the Company (whenever effected) by way of capitalisation or rights issue, or sub-division, consolidation or reduction of capital or other variation, a demerger of the Company or the payment of a special dividend by the Company, the Committee at its absolute discretion may make such adjustments as it considers appropriate to the number of Shares comprised in any Award, the Option Price (if any) and the conditions specified in the Award Certificate, consulting its professional advisers as necessary.

12.2 The Committee shall give notice in writing to a Participant of any adjustments made under Rule 12.1 as soon as practicable following the making of such adjustments.

13 Administration of the Plan

13.1 The Plan shall be administered by the Committee whose decision on any matter connected with the Plan shall be final and binding.

13.2 If there is any dispute as to the rights and obligations of any person under the Plan or any question concerning the construction or effect of the Plan or any other question in connection with the Plan, the Committee shall determine the same and any such determination shall be final and binding on all persons.

13.3 The costs of introducing and administering the Plan shall be met by the Company. The Company shall be entitled to charge an appropriate part of such costs to a Subsidiary. The Company shall also be entitled to charge to a Subsidiary the opportunity cost of issuing Shares under the Plan in respect of an Award made to a Participant employed by the Subsidiary.

- 13.4 The Company may make such modifications to the Plan as are necessary or expedient to take account of local tax, exchange control, securities law or other regulations in any one or more overseas territories. The limits to Awards in Rule 4 shall include Awards granted under such modified plan.
- 13.5 The Company may establish further schemes based on the Plan but modified to take account of local tax, exchange control, securities law or other regulations in any one or more overseas territories provided that the limits to Awards in Rule 4 shall include Awards granted under such further schemes.
- 13.6 Any maximum period of time referred to in the Plan within which anything may be done may at the discretion of the Committee be extended by such period as it may consider reasonable if, and to make allowance for the fact that, such thing could not be done for some number of days during that period by reason of those days constituting or being included in a restricted period, provided, however, that this Rule 13.6 extension shall not apply to the “short-term deferral period” described in Rule 16.2 unless the extension meets the “certain delayed payments” requirements of U.S. Treasury Regulation Section 1.409A-1(b)(4)(ii). A restricted period for the purpose of the Plan shall mean any time at which in accordance with market abuse law and/or listing rules of any stock exchange no dealings in Shares (including the grant, acceptance or exercise of any option to acquire Shares, or the acceptance of any right, present or future, conditional or unconditional, to acquire any Shares) may be made by the Company or by any person discharging managerial responsibilities in the Company.

14 Amendment of the Plan

- 14.1 Subject to Rules 14.2 and 14.4, the Board, on the recommendation of the Committee, shall at any time be entitled to amend all or any of the provisions of these Rules by resolution.
- 14.2 Subject to:
- (a) any adjustment made pursuant to Rule 12; and
 - (b) Rule 14.3;
- the Rules governing eligibility, limits on participation, the overall limits on the issue of Shares, the basis for determining a Participant’s entitlement to, and the terms of, the Shares to be acquired and the adjustment of Awards shall not be amended to the advantage of existing or future Participants without the prior approval by ordinary resolution of the members of the Company in general meeting.
- 14.3 Rule 14.2 shall not apply to any amendment which:
- (a) is necessary or desirable to take account of a change in legislation or to obtain or maintain favourable taxation, exchange control or regulatory treatment in any territory or country of any member of the Group or any Participant; or
 - (b) is a minor amendment which is necessary or desirable to benefit or facilitate the administration of the Plan.
- 14.4 No amendment shall be made pursuant to Rule 14.1 which would prejudice the subsisting rights of an existing Participant without the prior consent of that Participant.

15 Termination of the Plan

- 15.1 The Board may, having first consulted the Committee, at any time suspend or terminate the operation of the Plan in which case no further Awards under the Plan shall be granted but in all other respects the provisions of the Plan shall remain in force.

16 Compliance with U.S. Code Section 409A

- 16.1 At the time Options are granted to Participants subject to U.S. tax laws, the Committee shall determine whether (a) to set the Option Price at the fair market value of the applicable Shares as of the date of grant, and comply with the other requirements of the fair market value issuance exemption from Code Section 409A as specified in Rule 16.3 below, or (b) to set the Option Price at a price below fair market value and comply with the “short-term deferral period” requirements under U.S. Code Section 409A as described in Rule 16.2 below. If the Committee follows subsection (a) above, the Options so granted shall be exempt from U.S. Code Section 409A as provided in U.S. Treasury Regulation Section 1.409A-1(b)(5)(i)(A) and may be exercised without application of the restrictions in Rule 16.2 below. If the Committee follows subsection (b) above, the Options must be exercised within the so-called “short-term deferral period” as provided in Rule 16.2 below in order to be exempt from the application of Code Section 409A.
- 16.2 Except as provided in Rules 16.1 and 16.3 hereof, Participants under the Plan who are subject to income taxation under U.S. tax laws shall be restricted with regard to the exercise of their Options hereunder in order for the Plan to qualify for an exemption from the dictates of Code Section 409A. In order to conform to the so-called “short-term deferral” exemption under Code Section 409A, all Options held by Participants who are subject to U.S. taxation shall expire (unless exercised beforehand) at the end of the “short-term deferral period”, which ends 2½ months after the end of the later of the Company’s fiscal year or the taxable year of the Participant in which such Options become vested and exercisable under Rule 6 above. The Plan, including without limitation, Rules 1.1 “Expiry Date”, and Rules 6, 9, 10, 11, 12 13 and 14, is hereby amended accordingly so that any such Options held by a Participant subject to U.S. tax laws (or the legal personal representatives of any deceased Participant subject to U.S. tax laws) shall be exercisable only during the “short-term deferral period” allowed under the applicable exemption from Code Section 409A, and if not then exercised, shall expire and shall thereafter be void and of no force and effect.
- 16.3 If the Committee elects to set the Option Price of specific Options at fair market value in compliance with Treasury Regulation Section 1.409A-1(b)(5)(iv)(A), such Options are intended to be exempt from compliance with Code Section 409A for Participants who are U.S. taxpayers and shall be administered as provided in this Rule. The Plan shall be interpreted and administered so as to comply with the requirements of U.S. Treasury Regulation Section 1.409A-1(b)(5)(i)(A) as it relates to Participants who are U.S. Taxpayers. No dividends shall be paid or credited to any Participant subject to U.S. taxation on unexercised Options which would have the effect of reducing the exercise price below fair market value on the date of the grant in violation of Code Section 409A and the Treasury Regulations issued thereunder. If it becomes necessary to make any increase, variation or alteration of the Options or Option Price as described in Rules 12, 13 or 14 above, or any other provision of this Plan, such modification or amendment shall be made in compliance with Code Section 409A, and particularly Treasury Regulation Section 1.409A-1(b)(5)(v), for Participants that are U.S. taxpayers, so that this Plan

can remain exempt from the dictates of Code Section 409A.

- 16.4 If a Participant in the Plan is classified as a so-called “Specified Employee” of the Company or a subsidiary of the Company and if the 409A “Specified Employee” restriction is applicable, any deferred compensation payable under this Plan, or any other deferred compensation program, which is subject to Code Section 409A, may not be made before the date which is six (6) months after the date of the Participant’s separation from service (or, if earlier, the date of the Participant’s death) in accordance with Code Section 409A(a)(2)(B)(i) and the Treasury Regulations thereunder.
- 16.5 This Plan and all Options issued under this Plan for Participants subject to U.S. taxation are intended to qualify either for (a) the so-called “short-term deferral” exemption under Code Section 409A, or (b) the fair market value issuance exemption of Treasury Regulation Section 1.409A-1(b)(5)(i)(A), and are thereby exempt from the compliance dictates of Code Section 409A. Any interpretations or administrative actions necessary to implement these provisions shall be made so that such Options are exempt from compliance with Code Section 409A.

17 General provisions

- 17.1 All Awards shall be granted entirely at the discretion of the Committee. The rights and obligations of any Participant under the terms of his or her office or employment with any member of the Group shall not be affected by his or her participation in the Plan or any right which he or she may have to participate in the Plan and the Plan shall not give to a Participant any right to continued employment or any additional right to compensation in consequence of the termination of his or her employment whatsoever.
- 17.2 The benefit to a Participant of participation in the Plan (including, in particular but not by way of limitation, any Awards held by him or her) shall not count as his or her remuneration for any purpose and shall not count as part of his or her pensionable salary for the purpose of any employer contribution to any pension plan operated by a member of the Group.
- 17.3 Any liability of a Participant to taxation or social security contributions or similar liabilities in respect of an Award shall be for the account of the relevant Participant, and a Participant shall promptly reimburse the Group for any such taxation or contributions or liabilities that the Group is required to account for. The Committee may make an Award and the delivery of Shares pursuant to it conditional on the Participant complying with arrangements specified by the Committee for the payment of any taxation (including, without limitation, the withholding of taxation and/or social taxes or levies of any kind at source, by any member of the Group, where necessary to satisfy any obligations applicable in any territory).
- 17.4 (a) If the Company or any member of the Group would be accountable for any taxation or social security contribution or similar liabilities attributable to a Participant in respect or in connection with the issue or transfer of Shares pursuant to an Award the Company shall be entitled to have a lien on such Shares for the amount thereof.
- (b) The Company may sell, in such manner as it may think fit, any Shares on which the Company has a lien, but no sale shall be made until the expiration of seven days after a notice in writing stating and requiring payment of that amount has been given to the Participant. To give effect to any such sale the Company may authorise some

person to transfer the Shares. The proceeds of the sale shall be received by the Company and applied in payment of the amount in respect of which the lien exists, and the residue, if any, shall be paid to the Participant.

- 17.5 Any notice or other communication under or in connection with the Plan may be given by personal delivery or by sending the same by post or email in the case of a company to its registered office, and in the case of an individual to his or her last known address or email address, or, where he or she is a director or Employee of any member of the Group, either to his or her last known address or to the address of the place of business at which he or she performs the whole or substantially the whole of the duties of his or her office or employment or to his or her business email address, and where a notice or other communication is given by first-class post, it shall be deemed to have been received 48 hours after it was put into the post properly addressed and stamped.

18 Data Protection Acts

- 18.1 By participating in the Plan each Participant consents to the holding and processing of personal data provided by the Participant to the Company for all purposes relating to the operation of the Plan. These include, but are not limited to:
- (a) administering and maintaining Participant records;
 - (b) providing information to trustees of any employee benefit trust, registrars, brokers or other third party administrators of the Plan; and
 - (c) providing information to potential purchasers of the Company or the business in which the Participant works.

19 Governing law and jurisdiction

- 19.1 The Plan shall be governed by and construed in accordance with the laws of Ireland and the Courts of Ireland shall have exclusive jurisdiction in relation to all matters arising under the Plan.

**Appendix
Performance Conditions**

- 1** An Award shall not Vest unless the Committee is satisfied that the Company’s underlying financial performance has shown a sustained improvement in the period since the Award Date. If this condition is met, the extent of vesting for Awards granted to Employees of the Company shall be determined by the Performance Conditions set out below.
- 2** The proportion of the Shares subject to an Award which Vests shall be determined by the TSR performance of the Company, as set out in paragraphs 5 to 8 below, and the EPS performance of the Company, as set out in paragraphs 9 to 11 below.
- 3** The Committee may modify these Performance Conditions at its discretion where it is satisfied that there are valid reasons to do so.
- 4** No re-testing of the Performance Conditions is permitted.

TSR Performance Condition

- 5** Up to 50% of the Shares subject to an Award shall Vest according to this TSR Performance Condition. The extent to which this part of the Award Vests shall be determined by reference to the ranking of the Company’s TSR during the Performance Period in comparison with the companies in the peer group, in accordance with the following table:

Position of the Company in the peer group	Percentage of the total Award which Vests
Below median	0%
Median	25%
Between median and the 75 th percentile	25% - 50% pro rata
75th percentile or above	50%

- 6** The peer group in respect of all Awards granted shall consist of the Company and the following companies:

Armstrong World Industries	Owens Corning
Boral Ltd	Rockwool Intl. A/S
CRH Plc	SIG Plc
Geberit AG	Sika
Grafton Group Plc	Travis Perkins Plc
Lafarge Holcim	USG Corporation
NCI Building Systems Inc	Wienerberger AG

- 7** The Committee may from time to time and at its discretion modify the composition of such peer group if by reason of any change in the business of any such company, or if any such

company ceases to be publicly listed, they consider that it would no longer properly form part of such peer group for the business of the Company or that any one or more other or additional companies would properly form part of such peer group.

- 8** TSR for each company in the peer group shall be calculated on such basis as the Committee, acting reasonably, may specify from time to time, provided that as far as practicable the same method of calculation shall be used for every company in the peer group and that the share prices at the beginning and end of the Performance Period may be averaged over a period of not less than 30 days. The Committee may request an independent firm of consultants to carry out the calculation of TSR for each company in the peer group.

EPS Performance Condition

- 9** Up to 50% of the Shares subject to an Award shall Vest according to this EPS Performance Condition. The extent to which this part of the Award Vests shall be determined by reference to the growth in the Company’s EPS during the Performance Period in comparison with the increase in the CPI.

The percentage of the Award which Vests shall be determined in accordance with the following table:

Company’s EPS growth per annum in excess of increase in CPI per annum	Percentage of the total Award which vests
Less than 5%	0%
At 5%	25%
Between 5% and 10%	Between 25% and 50% calculated on a pro rata basis
10% or more	50%

- 10** The growth in the Company’s EPS shall be calculated by reference to the EPS of the Accounting Period immediately preceding the start of the Performance Period and the EPS of the last Accounting Period of the Performance Period.
- 11** The increase in the CPI shall be calculated by reference to the last figure published in the Accounting Period immediately preceding the start of the Performance Period and the last figure published in the last Accounting Period of the Performance Period.
- 12** The Committee, at its discretion, may replace CPI with an alternative price index or adopt such other measure for EPS growth as the Committee at its discretion deems appropriate in respect of future Awards where it is satisfied that this is more aligned with the Company’s operations.
- 13** Should the Committee consider it appropriate, following any change in the Company’s accounting policy, Accounting Period or method of calculating EPS, it may make such adjustments as are necessary to put the calculations of EPS for the relevant Accounting Periods on a broadly comparable basis.