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If you have sold or otherwise transferred all of your shares in GVC Holdings PLC, you should immediately send this document, together with the accompanying form of proxy, to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

# GVC HOLDINGS PLC

*(Incorporated in the Isle of Man with Registered No. 004685V)*

*Directors:*
Lee Feldman (*Non-executive Chairman*)
Kenneth Alexander (*Chief Executive Officer*)
Paul Miles (*Chief Financial Officer*)
Will Whitehorn (*Senior Independent Non-executive Director*)
Stephen Morana (*Independent Non-executive Director*)
Karl Diacono (*Independent Non-executive Director*)
Peter Isola (*Independent Non-executive Director*)
Norbert Teufelberger (*Non-executive Director*)
Jane Anscombe (*Independent Non-executive Director*)

*Registered Office:*
32 Athol Street
Douglas
Isle of Man
IM1 1JB

21 November 2017

TO: *Shareholders and (for information purposes only) option holders of GVC Holdings PLC (the "Company" or "GVC")*

Dear Sir or Madam

## Notice of an Extraordinary General Meeting

I have pleasure in enclosing with this letter the notice of an Extraordinary General Meeting ("EGM") of the Company to be held on 14 December 2017 at 9.30 a.m. (Gibraltar time) at the Sunborn Hotel, 35 Ocean Village, Gibraltar GX11 1AA. The notice convening the EGM is set out on pages 18 to 37 of this document, however, I would like to take this opportunity to explain to you the effect of the resolutions to be proposed at the meeting.

### A. The Resolutions

***Resolution 1 – Approval of Directors' Remuneration Policy (ordinary resolution)***

Resolution 1 seeks approval of the Company's future Directors' Remuneration Policy which, if approved, will take effect from the conclusion of the EGM. A letter and accompanying schedules from the Chair of the Remuneration Committee setting out details on the structure and rationale for the new incentive plans in the proposed Directors' Remuneration Policy can be found on pages 4 to 17 of this document. The Directors' Remuneration Policy, other than in relation to the new incentive plans, is the same as the current Directors' Remuneration Policy approved by shareholders at the Company's Annual General Meeting on 20 June 2017. The proposed Directors' Remuneration Policy can be found in Appendix 1 to the EGM notice.

***Resolution 2 – Approval of the GVC Holdings PLC Annual and Deferred Bonus Plan (the "ABP") (ordinary resolution)***

Resolution 2 seeks approval of the GVC Holdings PLC Annual and Deferred Bonus Plan, the principal terms of which are set out in Appendix 2 to the EGM notice and which is a key component of the proposed Directors' Remuneration Policy.

***Resolution 3 – Approval of the GVC Holdings PLC 2017 Long Term Incentive Plan (the "LTIP") (ordinary resolution)***

Resolution 3 seeks approval of the GVC Holdings PLC 2017 Long Term Incentive Plan, the principal terms of which are set out in Appendix 2 to the EGM notice and which is a key component of the proposed new Directors' Remuneration Policy.

**B. Action To Be Taken**

Shareholders will find enclosed with this document a form of proxy for the EGM. Whether or not you intend to be present at the meeting, you are requested to complete, sign and return the form of proxy in accordance with the instructions printed on it. The form of proxy should be returned to Link Asset Services, PXS1, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4ZF as soon as possible and, in any event, so as to arrive not later than 8.30 a.m. (UK time) on 12 December 2017. The completion and return of a form of proxy will not preclude you from attending the meeting and voting in person should you wish to do so.

**C. Recommendation**

In the opinion of the Directors, each of the resolutions to be proposed at the EGM is in the best interests of the Company and shareholders as a whole and are most likely to promote the success of the Company.

Accordingly the Directors of the Company recommend that shareholders vote in favour of the resolutions.

Yours faithfully

**Lee Feldman**
*Non-executive Chairman*

## Index



## Documents for Inspection

The following information, which is available for inspection during normal business hours at the registered office of the Company on any weekday (Saturdays, Sundays and Isle of Man public holidays excepted) from the date of the document until the date of the Extraordinary General Meeting, will also be available for inspection at the place of the EGM for a period of 15 minutes prior to the meeting and until the conclusion of the meeting:

- The proposed Rules of the GVC Holdings PLC Annual and Deferred Bonus Plan
- The proposed Rules of the GVC Holdings PLC 2017 Long Term Incentive Plan
- Current Memorandum and Articles of Association of the Company
- Copies of service contracts and letters of appointment of the directors of the Company

21 November 2017

TO: *Shareholders and (for information purposes only) option holders of GVC Holdings PLC (the "Company" or "GVC")*

Dear Sir or Madam

# Directors' Remuneration Policy

## Introduction

I am writing to you in my capacity as Chair of the Remuneration Committee of the Company ("the Committee"). In this letter and the attached schedules I have set out the background, detailed terms and conditions and rationale behind the new incentive plans. The Directors' Remuneration Policy, other than in relation to the new incentive plans, is the same as the current Directors' Remuneration Policy approved by shareholders at the Company's Annual General Meeting ("AGM") on 20 June 2017. The full Directors' Remuneration Policy can be found in Appendix 1 to this Notice of Meeting enclosed with this letter.

The current Directors' Remuneration Policy was formally approved by shareholders at the Company's 2017 AGM and received a 90.17% vote in favour. The Directors' Remuneration Policy approved at the 2017 AGM did not have any incentive elements (other than the annual bonus for the new CFO), because of the subsisting options granted under the Company's legacy plan which do not vest in full until August 2018. At the time of the 2017 AGM the Committee felt that reviewing and proposing a new incentive structure for approval in early 2017 would have been premature, particularly given the ever evolving executive remuneration environment.

The Committee stated in its 2016 Directors' Remuneration Report that it would review replacement incentive arrangements for the Executive Directors and propose new plans and this document sets out the details of these new plans.

The original intention was to put to shareholders a revised Remuneration Policy including new incentive arrangements at the 2018 AGM. However, the Committee now wishes to implement the new incentive plans for the year ending 31 December 2017 reflecting:-

- the Committee's desire to implement remuneration arrangements which are in line with corporate governance best practice as soon as possible;
- to ensure that awards under the proposed GVC Holdings PLC 2017 Long Term Incentive Plan are in place prior to the full vesting of the options granted under the legacy plan to provide ongoing incentivisation and retention.

Shareholder approval would have been sought earlier in the year had the process not been delayed by a period of corporate activity during which the Committee did not feel that it was appropriate to consult with shareholders on remuneration.

## Background

Historically the Executive Directors' only variable incentive was market priced options based solely on relative share price performance. Upon the Company's admission to the Main Market on 2 February 2016, the Executive Directors were granted market priced options as described in the Company's prospectus dated 13 November 2015 ("Prospectus") and the 2016 Annual Report. These options are due to be fully vested in August 2018.

The Committee noted that the 2016 Annual Report on Remuneration only received a 56.92% vote in favour largely due to the legacy option plan and its structure. Therefore, the intended replacement incentive plans set out in this document have been designed to ensure that structurally they are in line with corporate governance best practice.

The Committee was of the opinion that market priced options were appropriate for the Company's phase of development at that stage. Given our rapid growth and entrance into the FTSE 250, the Committee now recognises the need to ensure that incentives are structurally aligned with best practice whilst providing an opportunity commensurate with the entrepreneurial approach of the management team.

Since admission to the Main Market in February 2016, the Company has seen an increase in total shareholder return of 96%. This level of success has been driven by our small high performing executive team whose retention is crucial to the continued success of the business. In addition, given the international focus of the online gaming industry and relatively small talent pool across both public and private companies, a competitive level of remuneration is critical to the retention of this exceptional team. The Committee is mindful of the current executive pay environment and therefore will ensure that exceptional levels of reward will only be paid for maintaining exceptional levels of performance over the longer term.

As a Company incorporated outside the UK there is no requirement to comply with the Directors Disclosure Regulations and in particular the binding vote on remuneration, however the Company has decided to do so in line with best practice corporate governance.

**Proposed Incentive Plans**

Having completed a detailed review, the Committee has determined that the most appropriate incentive structures for the Company going forward are as follows:

- **GVC Holdings PLC Annual and Deferred Bonus Plan (the "ABP")** – this incentive entitles the participants to an annual award based on performance over the financial year. The award will be paid partly in cash following the determination of performance, with the remaining portion deferred into Company shares. The maximum award level for the Chief Executive Officer ("CEO") will be 250% of salary and the maximum award level for the Chief Financial Officer ("CFO") will be 200% of salary.
- **GVC Holdings PLC 2017 Long Term Incentive Plan (the "LTIP")** – this incentive entitles the participants to an annual share award based on performance over three financial years. Any shares earned will be released to participants after a further two year holding period taking the total period to five years. The maximum award level for the CEO will be 300% of salary and the maximum award level for the CFO will be 250% of salary.

Alongside this we will be introducing market leading levels of shareholding requirement (CEO 400% of salary, CFO 200%), as well as best practice malus and clawback, cessation of employment and change of control provisions in the Plans.

**Summary of Current Remuneration for CEO and Chairman**

***CEO***

The remuneration currently provided to the CEO is as follows:-

- Salary £731,000;
- Options:-
    - 8,798,075 shares;
    - vesting over 30 months from the date of grant on a quarterly basis with full vesting by August 2018;
    - the payment of dividend equivalents in cash on vested options between the date of grant and date of vesting. The Committee recognises that the provision of dividend equivalents on options is not standard, as opposed to shares issued under LTIPs where it is common practice. However, there is no incentive element to the dividend payments as this is a Board decision not an incentive remuneration decision, in line with best practice for a FTSE 250 company;
- Incentive value of the options was €21.26 million (as calculated for the purposes of the single figure of remuneration in the 2016 Directors' Remuneration Report);
- Cessation of employment protection with an approximate value of £6.01 million.

***Chairman***

The remuneration currently provided to the Chairman is as follows:-

- Salary £180,000;
- Options:-
  - 4,399,037 shares;
  - vesting over 30 months from the date of grant on a quarterly basis with full vesting by August 2018;
  - the payment of dividend equivalents in cash on vested options between the date of grant and date of vesting;
- Incentive value of the options was €9.07 million (as calculated for the purposes of the single figure of remuneration in the 2016 Directors' Remuneration Report);
- Cessation of employment protection with an approximate value of £2.50 million.

**Contracts – cessation of employment**

The contracts of the CEO and Chairman provide loss of office provisions materially outside corporate governance best practice for a FTSE 250 Company.

A summary of the provisions is as follows:-

*In the event that either of the Chairman or CEO is given notice of termination without cause or resigns for a good reason then the executive director shall be entitled to:*

- *a payment equivalent to two year's salary/fees and bonus (2015 being the reference year);*
- *any unpaid bonus for the prior completed bonus year;*
- *a pro-rata bonus for the current bonus year (being the average of the preceding 12 months); and*
- *maximum discretions being exercised under the 2015 LTIP and any successor plans.*

The Company made clear in the statements in the Prospectus and 2016 Directors' Remuneration Report that following the grant of options the Directors would not be eligible to participate in the bonus plans in operation at that time; these were the GVC Annual Bonus for Directors and the Dividend Bonuses for Executive Directors. The Committee determined that there would be no bonus plan operated for the CEO unless it was as part of a new policy put to a shareholder vote; which is the purpose of the Extraordinary General Meeting to approve this new Policy which includes the GVC Holdings PLC Annual and Deferred Bonus Plan and the GVC Holdings PLC 2017 Long Term Incentive Plan.

***New Remuneration Arrangements***

The Committee has proposed the following new remuneration arrangements (subject to shareholder approval) for the CEO and Chairman in line with the Committee's proposed approach to future incentives and the desire to bring all structural elements of the remuneration in to line with corporate governance best practice. As part of this approach the Committee is asking both the CEO and Chairman to enter into standard FTSE 250 plc contracts in FY 2017:-

- **CEO:-**
  - Base salary of £750,000 for 2018 (2.5% rise – average employee rise >3%);
  - No pension allowance;
  - Participation in the new GVC Holdings PLC Annual and Deferred Bonus Plan for the current 2017 Financial Year ending 31 December 2017. In anticipation, and subject to shareholder approval, the Committee set EBITDA targets for the 2017 Financial Year. This

approach has the added benefit of consistency across our reward framework for 2017 whereby our CFO, Paul Miles and other members of the senior management team participate in a bonus arrangement. Full details will be disclosed in this year's Directors' Remuneration Report;

    - First grant under the GVC Long Term Incentive Plan in 2017 subject to shareholder approval;
    - 400% of salary minimum shareholding requirement;
    - 12 month notice period with the only entitlement being to fixed pay over the notice period and including a duty to mitigate loss. Removal of any commitment under the new incentive plans to treat the executive as a good leaver.

- **Chairman:-**
    - Fee of £350,000;
    - No further participation in the Company's incentive arrangements going forward (historically the Chairman has participated in the legacy option plan and bonus plan);
    - A payment of a one-off fee of £950,000 which has to be invested in GVC shares, these shares will be subject to a risk of forfeiture; the forfeiture risk on 50% of the shares will be removed on the 2nd anniversary of the date of payment with the risk removed on the balance of the shares on the 3rd anniversary subject solely to continuing to hold office as a Director. This payment will be made under the current Remuneration Policy and its terms will be fully disclosed in the 2017 Directors' Remuneration Report which will be subject to shareholder vote at the 2018 AGM. There is no intention to provide any future one-off payments to the Chairman or other Non-Executive Directors under the new Directors' Remuneration Policy;
    - 12 month notice period with the only entitlement being to fees over the notice period.

It should be noted that the Chairman under the current Policy is rewarded in a similar way to an Executive Director (and historically also participated in the GVC Bonus Plans before the grant of options). This reflects the fact that his commitment and the scope of the role is significantly in excess of the normal level for a chairman. The Chairman is closely involved in the implementation of the strategy and in particular in considering and executing potential acquisitions. Given the potential consolidation in the industry over the next period and his success in working with the CEO to deliver the strategy to date it is not anticipated that the Chairman's role will change in the short-term. Shareholders may wish to note that over the period of his tenure, the Chairman has acquired and holds 734,141 GVC shares.

The Committee wishes to move the Chairman on to a package more in line with corporate governance best practice by removing any performance elements and providing an approach solely based on fees.

The Chairman received €9.07 million in gains on his options (as calculated for the purposes of the single figure of remuneration in the 2016 Directors' Remuneration Report). The proposed new package is a cash fee of £350,000 p.a. and a one-off additional fee of £950,000. In addition, the contractual protection worth £2.5 million will be removed. On this basis the Chairman is being materially less rewarded for the same expectation around commitment.

**Quantum**

In designing the policy, the Committee has aimed to ensure best practice corporate governance in all aspects, but acknowledges that the levels of quantum proposed may be higher than an average FTSE 250 company. However, the Committee believes that this level of incentive is required to attract, retain and incentivise the executive team taking into account:-

- The challenge for executives in this industry due to volatility, inherent risk and constant change;
- The small pool of experienced talent in the industry; and
- For the reasons stated above the difficulty of recruiting from outside the industry.

Even with this quantum, the maximum value of all the incentive elements (and assuming a 20% p.a. share price growth and 100% satisfaction of the performance conditions) for the CEO would be £5.65 million, which is circa 30% of the value provided under the legacy options in 2016 of €21.26 million.

The Committee strongly believes that key to the continued success of the business is the retention of its high performing entrepreneurial executive team and that the proposed incentives in the new Directors' Remuneration Policy are therefore in the best interest of shareholders. The Committee's expectation is that the Directors' Remuneration Policy, along with further improvements in the disclosure of remuneration, will together enable greater alignment with business requirements and shareholder expectations resulting in improved investor support for its implementation.

**Shareholder Consultation**

The Committee consulted with the Company's main shareholders as well as the main shareholder representative bodies prior to finalising the proposed incentive plans and other changes to the Directors' remuneration. The Committee is grateful for the significant degree of engagement with the Company and its advisers shown by those shareholders throughout the consultation process, and for their comments and feedback. At the end of this process the Committee is pleased that the majority of shareholders consulted have indicated they are supportive of the amendments.

**Conclusion**

I will be attending the EGM and will be available to answer any shareholder questions on the contents of this document or more broadly in relation to the Company's executive remuneration.

Yours faithfully,

Jane Anscombe
GVC Holdings PLC
Chair of the Remuneration Committee

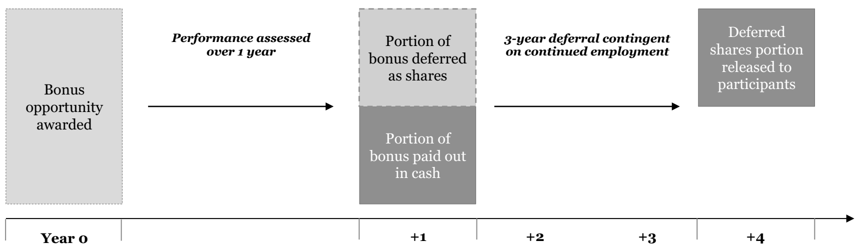
**Schedule 1 to the Chair of Remuneration Committee's Letter – Summary of the Key Terms of the GVC Holdings PLC Annual and Deferred Bonus Plan (the "ABP")**

The key features of the ABP are as follows:-

- The Plan will operate on an annual rolling basis.
- Participation in the Plan will be the Executive Directors and approximately 20 other senior employees.
- Each year, Participant's will have the opportunity to earn a maximum bonus opportunity which for the CEO will be 250% of salary and for the CFO will be 200% of salary.
- At the beginning of each financial year the Committee will set stretching performance conditions and targets.
- At a minimum, 50% of the maximum bonus opportunity will be dependent on financial performance conditions. See section below for further details.
- Operational and strategic objectives may also be included however, where measurement is qualitative as opposed to quantifiable, the maximum bonus subject to these type of performance conditions will not exceed 30% of the overall opportunity.
- At the end of each financial year, the Committee will assess the achievement of the performance conditions and determine the level of bonus earned.
- 50% of the bonus earned is paid immediately following the end of the financial year; and
- 50% of the bonus earned is deferred into shares (using the average share price for the final quarter of the financial year) which will vest at the end of three years subject to continued employment.

**Illustration of operation**

The schematic below illustrates the operation of the ABP in the first year.




**Performance Condition**

It is currently intended that the following performance condition will apply in the first year of operation (in addition it is the Committee's current intention to use the same measure for FY18). Targets have not been disclosed as the Committee deem these to be commercially sensitive. The Committee is committed to disclosing performance conditions, targets and actual outcomes retrospectively as part of the Annual Report on Remuneration each year.

| Performance condition | Weighting (% of award) | Performance assessment | Annual bonus outcome |
|---|---|---|---|
| EBITDA | 100% | Below threshold | 0% |
| | | Threshold | 25% |
| | | Budget | 60% |
| | | Maximum | 100% |
| | | **Between Threshold & Budget and Budget & Maximum** | **Straight line interpolation** |

Like-for-like adjusted EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) is considered to be the most important financial metric for the Company and the measure by which successful implementation of the business strategy is assessed. The Committee considered the incorporation of strategic/personal performance conditions but determined that a sole focus on EBITDA was most appropriate for the 2017 and 2018 financial years. Given that acquisitions form part of GVC's growth strategy, the Committee believes that it is reasonable to exclude the impact of current and previous year acquisitions when determining annual performance outcomes. This approach provides management with an appropriate timeframe in which to integrate new businesses whilst ensuring that organic growth targets are achieved.

**Schedule 2 to the Chair of Remuneration Committee's Letter – Summary of the Key Terms of the GVC Long Term Incentive Plan (the "LTIP")**

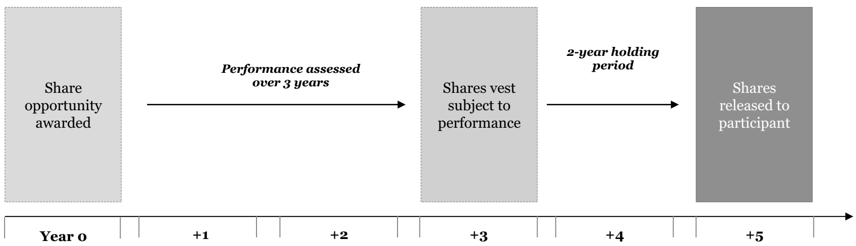
**Overview of operation**

The key features of the LTIP are as follows:-

- The LTIP will operate on an annual rolling basis.
- Participation in the LTIP will be restricted to the Executive Directors and key value drivers.
- Each year, participants will be granted a nil cost option over ordinary shares.
- Participants will have the opportunity to be granted a maximum award equal to 300% of salary for the CEO and 250% of salary for the CFO.
- At the beginning of each financial year the Committee will set performance conditions and targets for the awards granted in that year.
- Awards vest after three years subject to a relative Total Shareholder Return ("TSR") performance condition (50%), a cumulative EPS performance condition (50%), and continued employment over this period.
- Awards can be exercised once vested (after three years) with the post-tax amount retained for a further two year holding period during which they cannot be sold.

**Illustration of operation**

The schematic below illustrates the overall operation of the LTIP in the first year.




**Performance Conditions**

It is intended that the following performance conditions will apply in 2017, the first year of operation. The performance period for these awards will be 1 January 2017 to 31 December 2019

| Performance condition | Weighting (% of award) | Performance target | Vesting schedule |
|---|---|---|---|
| **Relative TSR vs. FTSE 250** | 50% | Median of Comparator Group | **25%** |
| | | Median to Upper Quartile | **Straight line interpolation between 25% and 100%** |
| | | Upper Quartile of Comparator Group | **100%** |
| **EPS (cumulative EPS over 3 year period)** | 50% | Threshold 180 cents | **25%** |
| | | Threshold 180 cents to Maximum 214 cents | **Straight line interpolation between 25% and 100%** |
| | | **Maximum 214 cents** | **100%** |

These measures are deemed to be the most appropriate measures with which to motivate and incentivise the Executive Directors to outperform the market and deliver long-term, sustainable shareholder value creation. TSR will be measured over 3 years relative to the FTSE 250. The Committee believe that having a relative TSR element in the LTIP awards will ensure that outcomes reflect the shareholder experience and measure whether strong earnings performance has flowed through to share price and dividend distributions. It is proposed that adjusted EPS forms the remaining

50%, which is in line with prevailing market practice in the UK. Adjusted EPS will be measured on a cumulative basis over the course of the 3-year period. Threshold and Maximum targets will be set taking account of budgeted growth and consensus analyst forecasts at the start of each performance period. EPS will be calculated on an adjusted diluted basis taking account of the P&L and dilution impact of all of GVC’s share based incentives. The Committee will disclose the targets and the vesting schedule in advance of granting awards under the LTIP.

**Schedule 3 to the Chair of Remuneration Committee's Letter – Design Principles behind the ABP and LTIP**

***Holistic Approach***

It is important to note that the ABP and LTIP should be viewed holistically. It is intended that the design of the two Plans complement each other. Each of the Plans is designed to support the implementation of the Company strategy in a different way. This allows each of the Plans to be kept simple and avoids the issues which arise when there is one incentive plan trying to target too many different outcomes; this approach generally results in a complex and opaque arrangement that fails to achieve any of its objectives and causes issues for all the stakeholders in the Company.

**The ABP provides:**

- the flexibility for the Committee to set annual performance targets which can be linked to key financial, operational and strategic goals;
- minimum performance thresholds to ensure that key Executives are encouraged to focus on sustainable long term performance, which should flow through to the creation of shareholder value;
- an opportunity for Executives to increase their take-home cash and further build an equity stake in the Company; and
- deferral into shares, which combined with malus and claw-back provisions, ensures balance and alignment between the interests of shareholders and key Executives.

**The LTIP provides:**

- an incentive that ensures alignment with the long term strategy of the Company;
- an opportunity for Executives to further increase their equity stake in the Company; and
- nil cost options earned through the LTIP will be "locked in" for five years (3 year performance period and 2 year holding period), providing an effective focus on the long-term sustainable value generation of the Company and alignment with the ownership experience of shareholders over this period.

The following table sets out some key design principles considered by the Committee in developing the proposed design of the ABP and LTIP:-

| ABP | LTIP |
|---|---|
| **Volatility and fast changing markets** | |
| The ABP measures performance over an annual period of assessment which allows the Company to quickly react and adapt to change. | The three year performance period of the proposed LTIP cannot take account of the fast changing online gaming industry, however, the Committee will retain the flexibility to amend the performance targets/weighting on an annual basis for each award to ensure they remain appropriate and robust. |
| **Retention of key Executives** | |
| The ABP provides annual deferral of amounts earned into shares which provide a retention element. Executives are tied into the business until such time that the deferred shares are released to them (3 years following grant). | Executives are required to hold earned shares for an additional 2 years following the 3 year performance period taking the total period to 5 years and thus creating a strong retentive element. |
| **Adherence to UK Corporate Governance** | |
| The ABP has been designed to support the Company's strategy whilst also incorporating UK corporate governance best practice:<br>• Best practice malus and clawback provisions;<br>• A substantial proportion of the bonus earned is deferred in shares; and<br>• It encourages the alignment of the interests of executives with shareholders through supporting the accumulation of material long-term shareholdings. | The LTIP has been designed to support the Company's strategy whilst also incorporating UK corporate governance best practice:<br>• Best practice malus and clawback provisions;<br>• It ensures that Executives build up long-term equity holdings providing a long-term alignment with shareholders. |
| **Competition for talent** | |
| The ABP provides a high economic value due to the range of performance conditions which can be used and the short performance period. It is, therefore, an important element in ensuring that the Company maximises its total remuneration package to ensure it is competitive with its international peers, both public and private companies. | The proposed awards are towards the top end of FTSE 250 market practice. However, the Committee is cognisant of the competition for a relatively small talent pool of experienced executives in this young industry, including from international and private companies. The Committee is determined to ensure that the high performing executive team are well rewarded for exceptional performance. |
| **Simplicity and clarity** | |
| The ABP has the following relevant features:<br>• annual assessment of performance providing a clear line of sight for the participants;<br>• flexibility to set appropriate targets for the business as it develops ensuring the ABP is continually relevant to participants; and<br>• simple payment mechanism. | The LTIP has the following relevant features:<br>• 2 performance conditions that are widely understood in the market; and<br>• simple payment mechanism. |

<table>
<tr><th>ABP</th><th>LTIP</th></tr>
<tr><td colspan="2">Supporting a high performance culture</td></tr>
<tr><td>The ABP has the following relevant features:<br>• high incentive potential if stretching targets are achieved; and<br>• ensures that the Company is competitive and therefore able to retain and attract the best talent.</td><td>The LTIP has the following relevant features:<br>• the Plan rewards the successful implementation of the Company strategy on the basis that one of the key objectives of the strategy is to create sustainable increases in total shareholder returns; and<br>• maximum levels of quantum can be earned but only where exceptional performance is achieved.</td></tr>
<tr><td colspan="2">Balancing risk and reward</td></tr>
<tr><td>The ABP balances the level of reward earned with the risks taken to achieve the strategy through:<br>• 50% of the annual bonus is deferred; and<br>• deferred elements are in shares with the corresponding alignment of interests with shareholders and additional risk adjustment of bonus amounts through the exposure to the share price over the periods of deferral.</td><td>The LTIP balances the level of reward earned with the risks taken to achieve the strategy through:<br>• awards are assessed based on performance over 3 years with a further 2 year holding period before shares are released ensuring that sustainable performance must be achieved; and<br>• awards are in shares and therefore exposed to the movement in share price over the vesting and holding periods.</td></tr>
</table>

**Schedule 4 to the Chair of Remuneration Committee's Letter – Illustrative Modelling of the Cost and Benefits of the ABP and LTIP**

Below we indicate prospective pay-outs under the incentives based on the following core assumptions:

| | |
|---|---|
| **Market Capitalisation (£m)** | 2,535 |
| **Issued share capital** | 300,668,000 |

When considering the potential pay-outs we have considered the following two performance scenarios:

| **Performance scenarios** | **Performance outcome: Annual Bonus (% maximum)** | **Performance outcome: LTIP (% vesting)** | **Increase in Market Cap over 5 years** |
|---|---|---|---|
| Scenario 1 | 100% | 100% | 100% |
| Scenario 2 | 60% | 60% | 50% |

**Potential pay-outs – CEO**

Remuneration Data

| | |
|---|---|
| **2018 Base Salary (£'000)** | 750 |
| **Maximum bonus (% salary)** | 250% |
| **LTIP opportunity (% salary)** | 300% |

**Scenario 1 (all figures in £000s)**

| **Year** | **2017** | **2018** | **2019** | **2020** | **2021** | **Total** |
|---|---|---|---|---|---|---|
| Cash bonus | 915 | 938 | 938 | 938 | 938 | **4,667** |
| Deferred bonus | | | | 1,387 | 1,422 | **2,809** |
| LTIP | | | | 3,329 | 3,410 | **6,739** |
| **Total incentives** | **915** | **938** | **938** | **5,654** | **5,770** | **14,215** |
| **Increase in Market Cap** | **–** | **377,000** | **810,000** | **1,307,000** | **1,878,000** | **1,878,000** |

**Scenario 2 (all figures in £000s)**

| **Year** | **2017** | **2018** | **2019** | **2020** | **2021** | **Total** |
|---|---|---|---|---|---|---|
| Cash bonus | 549 | 563 | 563 | 563 | 563 | **2,801** |
| Deferred bonus | | | | 700 | 718 | **1,418** |
| LTIP | | | | 1,680 | 1,722 | **3,402** |
| **Total incentives** | **549** | **563** | **563** | **2,943** | **3,003** | **7,621** |
| **Increase in Market Cap** | **–** | **214,000** | **446,000** | **698,000** | **971,000** | **971,000** |

**Potential pay-outs – CFO**

Remuneration Data

| | |
|---|---|
| **2018 Base Salary (£'000)** | 350 |
| **Maximum bonus (% salary)** | 200% |
| **LTIP opportunity (% salary)** | 250% |

**Scenario 1 (all figures in £000s)**

| Year | 2017 | 2018 | 2019 | 2020 | 2021 | Total |
|---|---|---|---|---|---|---|
| Cash bonus | 350* | 350 | 350 | 350 | 350 | **1,750** |
| Deferred bonus | | | | | 531 | **531** |
| LTIP | | | | 1,326 | 1,326 | **2,652** |
| **Total incentives** | **350** | **350** | **350** | **1,676** | **2,207** | **4,933** |
| **Increase in Market Cap** | **–** | **377,000** | **810,000** | **1,307,000** | **1,878,000** | **1,878,000** |

**Scenario 2 (all figures in £000s)**

| Year | 2017 | 2018 | 2019 | 2020 | 2021 | Total |
|---|---|---|---|---|---|---|
| Cash bonus | 210* | 210 | 210 | 210 | 210 | **1,050** |
| Deferred bonus | | | | | 268 | **268** |
| LTIP | | | | 670 | 670 | **1,340** |
| Total incentives | **210** | **210** | **210** | **880** | **1,148** | **2,658** |
| Increase in Market Cap | **–** | **214,000** | **446,000** | **698,000** | **971,000** | **971,000** |

* *The CFO's existing bonus arrangement is a maximum opportunity of 100% of salary paid in cash.*

### Aggregate cost and benefits

Below we indicate, for the same set of assumptions, the aggregate total incentive pay-out for the 25 proposed participants including the Executive Directors and the one-off award of fees in shares to the Chairman, the potential dilution impact of these incentives (as a % of issued share capital on the basis the deferred bonus shares and LTIP shares are settled via newly issued shares) and their relevant IFRS2 charge to the profit and loss account.

**Scenario 1**

| Year | 2017 | 2018 | 2019 | 2020 | 2021 | Total |
|---|---|---|---|---|---|---|
| Aggregate incentive pay-out (£000s) | 1,265 | 4,038 | 4,038 | 13,690 | 18,505 | **41,536** |
| Equity dilution | 0.30% | 0.39% | 0.34% | 0.29% | 0.26% | **1.57%** |
| P&L charge* (£000s) | 1,331 | 8,590 | 11,028 | 13,159 | 12,475 | **46,583** |
| Increase in Market Cap (£000s) | – | 377,000 | 810,000 | 1,307,000 | 1,878,000 | **1,878,000** |

**Scenario 2**

| Year | 2017 | 2018 | 2019 | 2020 | 2021 | Total |
|---|---|---|---|---|---|---|
| Aggregate incentive pay-out (£000s) | 759 | 2,421 | 2,421 | 7,294 | 9,726 | **22,621** |
| Equity dilution | 0.19% | 0.23% | 0.21% | 0.20% | 0.18% | **1.02%** |
| P&L charge* (£000s) | 843 | 5,751 | 7,418 | 8,809 | 8,146 | **30,966** |
| Increase in Market Cap (£000s) | – | 214,000 | 446,000 | 698,000 | 971,000 | **971,000** |

* *Please note that when assessing the fair value of the LTIP for the purposes of the IFRS2 charge we have assumed that the awards will be subject to market-based and non-market based performance conditions, with 50% weighting on each. For market-based conditions, a fair value of 60% has been applied (though in practice this award value would be calculated using Monte Carlo simulation on grant), whilst for non-market based conditions, the IFRS2 charge value has been derived from the expected performance outcome under the relevant scenario (i.e. in Scenario 1 this is 100%, in Scenario 2 it is 60%).*

Company Number: 004685V

# THE ISLE OF MAN COMPANIES ACT 2006
# NOTICE OF AN EXTRAORDINARY GENERAL MEETING
# of
# GVC HOLDINGS PLC
# (the "Company")

Notice is hereby given that an Extraordinary General Meeting of the Company will be held on **14 December 2017 at 9.30 a.m. (Gibraltar time) at the Sunborn Hotel, 35 Ocean Village, Gibraltar GX11 1AA** for the purpose of considering and, if thought fit, passing the following resolutions. All resolutions will be proposed as ordinary resolutions and will be decided on a poll.

1. THAT the Directors' Remuneration Policy as set out in Appendix 1 to this Notice of Meeting be and is approved.

2. THAT:

   (a) the GVC Holdings PLC Annual and Deferred Bonus Plan (the "ABP"), the principal terms of which are summarised in Appendix 2 to this Notice of Meeting and the rules of which are produced at the Meeting and for the purposes of identification initialled by the Chairman, is approved and that the Directors are authorised to do all acts and things which they may consider necessary or expedient to carry the ABP into effect; and

   (b) the Directors are authorised to establish such further plans based on the ABP or schedules to the ABP as they consider necessary or desirable but which have been modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further plans or schedules are treated as counting against any limits on individual or overall participation in the ABP.

3. THAT:

   (a) the GVC Holdings PLC 2017 Long Term Incentive Plan (the "LTIP"), the principal terms of which are summarised in Appendix 2 to this Notice of Meeting and the rules of which are produced at the Meeting and for the purposes of identification initialled by the Chairman, is approved and that the Directors are authorised to do all acts and things which they may consider necessary or expedient to carry the LTIP into effect; and

   (b) the Directors are authorised to establish such further plans based on the LTIP or schedules to the LTIP as they consider necessary or desirable but which have been modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further plans or schedules are treated as counting against any limits on individual or overall participation in the LTIP.

By Order of the Board

**Lee Feldman** Dated: 21 November 2017
Chairman of the Board

*Registered Office:*
32 Athol Street
Douglas
Isle of Man
IM1 1JB

## Notes to Notice:

1. Pursuant to Regulation 22 of the Uncertificated Securities Regulations 2006, only those shareholders registered in the shareholders' register of the Company as at close of business on 12 December 2017 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. If the meeting is adjourned, the time by which a person must be entered on the shareholders' register of the Company in order to have the right to attend and vote at the adjourned meeting is at close of business on the day two days before the date fixed for the adjourned meeting. Changes to entries on the relevant register of securities after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

2. Members entitled to attend and vote at the Extraordinary General Meeting are also entitled to appoint one or more proxies to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder, which detail must be identified on the form of proxy. A proxy need not be a shareholder of the Company. A form of proxy which may be used to make such appointment and give proxy instructions accompanies this notice. If you wish your proxy to speak at the meeting, you should appoint a proxy other than the chairman of the meeting and give your instructions to that proxy.

3. To be valid the form of proxy should be completed, signed and delivered (together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority) to the Company's registrars, Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF not later than 48 hours before the time appointed for holding the Extraordinary General Meeting or, in the case of a poll taken subsequent to the date of the Extraordinary General Meeting, or any adjourned meeting, not less than 24 hours before the time appointed for the taking of the poll which is taken more than 48 hours after the day of the Extraordinary General Meeting or adjourned meeting. Shareholders who intend to appoint more than one proxy can obtain additional forms of proxy from Link Asset Services. Alternatively, the form of proxy provided may be photocopied prior to completion. The forms of proxy should be returned in the same envelope and each should indicate that it is one of multiple appointments being made.

4. Completion and submission of the form of proxy by a shareholder will not prevent him from attending the meeting and voting at the meeting in person, in which case any votes cast by the proxy will be excluded.

5. In the case of joint holders, the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of any other joint holders. For these purposes, seniority shall be determined by the order in which the names stand in the shareholders' register in respect of the joint holding.

6. A "vote withheld" option has been included on the form of proxy. The legal effect of choosing the vote withheld option on any resolution is that the shareholder concerned will be treated as not having voted on the relevant resolution. The number of withheld votes will however be counted and recorded, but disregarded in calculating the number of votes for or against each resolution.

7. CREST members who wish to appoint one or more proxies through the CREST system may do so by using the procedures described in the "CREST voting service" section of the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed one or more voting service providers, should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or a proxy instruction made using the CREST voting service to be valid, the appropriate CREST message (a "CREST proxy appointment instruction") must be properly authenticated in accordance with the specifications of CREST's operator, Euroclear UK & Ireland Limited ("Euroclear"), and must contain all the relevant information required by the CREST Manual. To be valid, the message (regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy) must be transmitted so as to be received by Link Asset Services (ID RA10), as the Company's "issuer's agent", by 8.30 a.m. (UK time) on 12 December 2017. After this time any change of instruction to a proxy appointed through the CREST system should be communicated to the appointee through other means. The time of the message's receipt will be taken to be when (as determined by the timestamp applied by the CREST Applications Host) the issuer's agent is first able to retrieve it by enquiry through the CREST system in the prescribed manner. Euroclear does not make available special procedures in the CREST system for transmitting any particular message. Normal system timings and limitations apply in relation to the input of CREST proxy appointment instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or a CREST sponsored member or has appointed any voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as is necessary to ensure that a message is transmitted by means of the CREST system by any particular time. CREST members and, where applicable, their CREST sponsors or voting service providers should take into account the provisions of the CREST Manual concerning timings as well as its section on "Practical limitations of the system". In certain circumstances the Company may, in accordance with the Uncertificated Securities Regulations 2006 or the CREST Manual, treat a CREST proxy appointment instruction as invalid.

8. Shareholders, proxies and authorised representatives will be required to provide their names and addresses for verification against the register of members and proxy appointments received by the Company before entering the meeting. Each authorised representative must produce proof of his or her appointment, in the form of the actual appointment or a certified copy. Other than this, there are no procedures with which any such persons must comply in order to attend and vote at the meeting.

9. As at 6:00 pm (UK time) on 17 November 2017, which is the latest practicable date before publication of this document, the Company's issued share capital comprised 303,561,921 ordinary shares of €0.01 each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 6:00 pm (UK time) on 17 November 2017 was 303,561,921. The Company's website will include information on the number of shares and voting rights.

# Appendix 1 – Directors' Remuneration Policy

This Appendix contains details of the Directors' Remuneration Policy that, if approved at the EGM, will govern the Company's future remuneration payments and will take effect from the conclusion of the Extraordinary General Meeting. The Committee is responsible for establishing the policy on the remuneration of the Executive Directors and Chairman. The Board is responsible for setting the remuneration of the Non-Executive Directors. The Remuneration Policy has been prepared in accordance with the requirements of the UK's Companies Act 2006 (the Act) and Schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the Regulations), the Listing Rules of the UK Listing Authority and the UK Corporate Governance Code.

## 1. Executive Director Remuneration Policy

### *Introduction*

When setting Executive Directors' remuneration, the Committee has endeavoured to ensure that all Directors are provided with an appropriate remuneration framework to encourage enhanced performance and that they are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Group. GVC's proposed Directors' Remuneration Policy, is described in the table below.

### *Executive Directors' Remuneration Policy*

| Element and strategic link | Operation | Maximum | Performance targets and recovery provisions |
|---|---|---|---|
| **Salary** | | | |
| To provide competitive fixed remuneration that will attract and retain appropriate talent.<br><br>Reflects an individual's responsibilities, experience and role. | An Executive Director's basic salary is set on appointment and reviewed annually or when there is a change in position or responsibility.<br><br>When determining an appropriate level of salary, the Committee considers:<br>• remuneration practices within the group;<br>• the general performance of the group;<br>• salaries within the ranges paid by the companies in the comparator group used for remuneration benchmarking (when the Committee determines it is appropriate to carry out a benchmarking exercise);<br>• any change in scope, role and responsibilities;<br>• the experience of the relevant director; and<br>• the economic environment.<br><br>Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set below the targeted policy level until they become established in their role. In such cases subsequent increases in salary may be higher than the general rises for employees until the target positioning is achieved. | The Committee ensures that maximum salary levels are positioned in line with companies of a similar size to GVC and validated against other companies in the e-gaming industry, so that they are competitive against the market.<br><br>The Committee intends to review the comparator each year and may add or remove companies from the group as it considers appropriate. Any changes to the comparator group will be set out in the section headed Implementation of Remuneration Policy, in the following financial year.<br><br>In general salary increases for Executive Directors will be in line with the increase for employees.<br><br>The Company will set out in the section headed Implementation of Remuneration Policy, in the following financial year, the salaries for that year for each of the Executive Directors. | A broad assessment of individual and business performance is used as part of the salary review.<br><br>No recovery provisions apply. |

| Element and strategic link | Operation | Maximum | Performance targets and recovery provisions |
|---|---|---|---|
| **Benefits** | | | |
| To provide competitive benefits and to attract and retain high calibre employees. | The Executive Directors receive private health insurance, life insurance and accommodation allowances.<br>The Committee recognises the need to maintain suitable flexibility in the benefits provided to ensure it is able to support the objective of attracting and retaining personnel in order to deliver the Group strategy. Additional benefits may therefore be offered such as relocation allowances on recruitment. | The maximum is the cost of providing the relevant benefits set out adjacent. | No performance or recovery provisions applicable. |
| **Pension** | | | |
| To provide an opportunity for retirement planning. | The Company does not currently have a separate pension arrangement for Executive Directors. It does however provide the opportunity for all employees to participate in a Company-provided pension in line with statutory requirements. | There is no executive level pension contribution or salary supplement provided. | No performance or recovery provisions applicable. |
| **GVC Holdings PLC Annual and Deferred Bonus Plan (the "ABP")** | | | |
| To incentivise the achievement of a combination of financial and non-financial performance targets in line with corporate strategy over the one-year operating cycle. | Award made annually based on the achievement of a combination of financial and non-financial performance measures.<br>50% of the bonus will be paid immediately following the end of the financial year.<br>50% of the bonus will be deferred into shares which will vest at the end of three years subject to continued employment.<br>Dividend equivalents are payable on deferred shares. | Maximum annual incentive opportunity of 250% of salary for CEO and 200% of salary for CFO.<br>Threshold performance is equal to 25% of maximum opportunity.<br>Target performance is equal to 60% of the maximum opportunity. | Performance measures and targets will be set by the Committee annually based on a range of financial and non-financial measures.<br>The specific measures, targets and weightings may vary from year to year in order to align with the Company's strategy over each year. However, at least 50% of the bonus will be linked to financial measures.<br>Operational and strategic objectives may also be included however, where measurement is qualitative as opposed to quantifiable, the maximum bonus subject to these types of performance conditions will not exceed 30% of the overall opportunity.<br>The Committee is of the opinion that given the commercial sensitivity arising in relation to the detailed financial targets used for the bonus, disclosing precise targets for the Plan in advance would not be in shareholder interests. Except in circumstances where elements remain commercially sensitive, targets, performance achieved and awards made will be published at the end of the performance period so shareholders can fully assess the basis for any pay-outs under the Plan. |

| Element and strategic link | Operation | Maximum | Performance targets and recovery provisions |
|---|---|---|---|
| **GVC Holdings PLC Annual and Deferred Bonus Plan (the "ABP") (continued)** | | | |
| | | | In exceptional circumstances the Committee retains the discretion to:<br>• change the performance measures and targets and the weighting attached to the performance measures and targets part-way through a performance year if there is a significant and material event which causes the Committee to believe the original measures, weightings and targets are no longer appropriate;<br>• make downward or upward adjustments to the amount of bonus earned resulting from the application of the performance measures, if the Committee believes that the bonus outcomes are not a fair and accurate reflection of business performance.<br>Any adjustments or discretion applied by the Committee will be fully disclosed in the following year's Remuneration Report.<br>Malus and clawback provisions operate in line with best practice corporate governance. |
| **GVC Holdings PLC Long Term Incentive Plan (the "LTIP")** | | | |
| Incentivises Directors to execute the long-term business plan and deliver long-term sustainable value for shareholders. | Under the LTIP the Committee may grant annual awards of performance shares in the form of conditional awards or nil-cost options. LTIP awards will vest three years from the date of grant subject to the achievement of the performance measures.<br>A two year holding period will apply following the three year vesting period for LTIP awards granted to the executive directors. Upon vesting, sufficient shares can be sold to pay tax.<br>Participants may be entitled to dividends or dividend equivalents representing the dividends paid during the performance period on vested LTIP Awards. | Maximum LTIP Awards are 300% of base salary for CEO and 250% of base salary for CFO.<br>Threshold performance is equal to 25% of the opportunity granted, performance below which will result in zero vesting.<br>There is straight line vesting between threshold performance and maximum performance. | Awards vest based on performance against stretching targets, measured over a three-year performance period.<br>The Committee will review and set weightings and targets before each grant to ensure they remain appropriate. The Committee may change the balance of the measures, or use different measures for subsequent awards, as appropriate.<br>No material change will be made to the type of performance conditions without prior shareholder consultation.<br>In exceptional circumstances the Committee retains the discretion to:<br>• change the performance measures and targets and the weighting attached to the performance measures and targets part-way through a performance period if there is a significant and material event which causes the Committee to believe the original measures, weightings and targets are no longer appropriate;<br>• make downward or upward adjustments to the amount of LTIP award vesting resulting from the application of the performance measures, if the Committee believe that the vesting outcomes are not a fair and accurate reflection of business performance.<br>Any adjustments or discretion applied by the Committee will be fully disclosed in the following year's Remuneration Report.<br>Malus and clawback provisions operate in line with best practice corporate governance. |

| Element and strategic link | Operation | Maximum | Performance targets and recovery provisions |
|---|---|---|---|
| **Shareholding Guidelines** | | | |
| To ensure that Executive Directors' interests are aligned with those of shareholders over a longer time horizon. | The Committee has adopted formal shareholding requirements that will encourage the Executive Directors to build up over a five year period and then subsequently hold a shareholding equivalent to a percentage of base salary.<br>Adherence to these guidelines is a condition of continued participation in the equity incentive arrangements. This policy ensures that the interests of Executive Directors and those of shareholders are closely aligned. In addition, Executive Directors will be required to retain 50% of the post-tax amount of vested shares from the Company incentive plans until the minimum shareholding requirement is met and maintained.<br>The Committee retains discretion to increase the minimum shareholding requirement. | The shareholding guideline is equal to:<br>• CEO: 400% of salary<br>• CFO: 200% of salary | No performance or recovery provisions applicable. |
| **Non-executive Director fees** | | | |
| To provide compensation that attracts high calibre individuals and reflects their experience and knowledge. | Non-executive Directors are paid an annual fee and additional fees for chairmanship and membership of committees. The Chairman does not receive any additional fees for membership of committees.<br>Fees are reviewed annually based on equivalent roles in the comparator group used to review salaries paid to the Executive Directors.<br>Non-executive Directors do not participate in any variable remuneration or benefits arrangements. | The fees for Non-executive Directors and the Chairman are broadly set at a competitive level against the comparator group.<br>In general the level of fee increase for the Non-executive Directors and the Chairman will be set taking account of any change in responsibility and the general rise in salaries across employees.<br>The Company will pay reasonable expenses incurred by the Non-executive Directors and Chairman and may settle any tax incurred in relation to these. | No performance or recovery provisions applicable. |

## Discretion within the Directors' Remuneration Policy

The Committee has discretion in several areas of Policy as set out in this report. The Committee may also exercise operational and administrative discretions under relevant plan rules as set out in those rules. In addition, the Committee has the discretion to amend Remuneration Policy with regard to minor or administrative matters where it would be, in the opinion of the Committee, disproportionate to seek or await shareholder approval.

## Malus and Clawback

Market practice malus and clawback provisions will apply. Trigger events will be:

- discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts of the Company or the audited accounts of any Group Member; and/or
- the assessment of any performance condition or target in respect of a payment was based on error, or inaccurate or misleading information; and/or

- the discovery that any information used to determine the payment was based on error, or inaccurate or misleading information; and/or
- action or conduct of a participant which, in the reasonable opinion of the Committee, amounts to fraud or gross misconduct; and/or
- events or behaviour of a participant have led to the censure of a Group Member by a regulatory authority or have had a significant detrimental impact on the reputation of any Group Member provided that the Committee is satisfied that the relevant participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to him.

Malus will operate throughout the vesting periods. Clawback will apply for 2 years following the vesting of nil cost options.

The Committee believes that it has the necessary powers under the rules of the LTIP and ABP to enforce these provisions.

**Legacy arrangements**

***CFO 2017 bonus***

Upon appointment, as part of a market-competitive remuneration package, the incoming CFO was offered a bonus opportunity for the 2017 financial year. The maximum opportunity available is 100% of base salary. The performance measure for this award is net gaming revenue growth (100% weighting). Targets will be disclosed retrospectively in the Directors' Remuneration Report for the year ending 31 December 2017.

***GVC 2015 Long-term Incentive Plan ("2015 LTIP")***

The Committee reserves the right to honour any historic awards that were granted under any previous share schemes operated by the Company but remain outstanding, notwithstanding that they are not in line with the Policy set out above, where the terms of the payment or award were agreed before the new Policy came into effect. Details of these awards are set out below. It should be noted that the 2015 LTIP was separately approved by shareholders with a strong level of support as part of the acquisition of bwin.party digital entertainment plc.

| | Date of grant | Number of shares under Option | Exercise Price | Vesting Period | Final vesting date |
|---|---|---|---|---|---|
| K Alexander | 2 February 2016 | 8,798,075 | 422p | 2 years 6 months | 2 August 2018 |
| L Feldman | 2 February 2016 | 4,399,037 | 467p | 2 years 6 months | 2 August 2018 |
| N Teufelberger | 2 February 2016 | 200,000 | 422p | 2 years 6 months | 2 August 2018 |
| P Miles | 30 March 2017* | 350,000 | 422p | 2 years 6 months | 2 August 2018 |

* Paul Miles joined the Company on 20 February 2017 and was appointed as CFO on 28 February 2017. The option awarded to him was granted under the exemption to Listing Rule 9.4.1 contained in Listing Rule 9.4.2 (2). The rules governing the Option are identical to the rules of the GVC 2016 Management Incentive Plan ("MIP") except in respect of the latter's eligibility provision. The option vests in line with the remaining vesting schedule for the awards granted to senior executives under the MIP and the Directors under the 2015 LTIP. The performance condition applying to the Option is the same condition applying to the 2015 LTIP and other MIP awards.

Options will vest, subject to the satisfaction of a Performance Condition, one ninth six months after the date of grant, with one ninth vesting in each subsequent quarter. In order to vest, the total shareholder return (TSR) of the Company must rank at median or above against the FTSE 250. Each ninth of the Shares subject to the Option will have its TSR condition reviewed from the date of grant until the relevant vesting date. To the extent the TSR condition is not met at that time then it shall be tested in the next quarter and at the end of the 30 month vesting period.

The options are entitled to a dividend equivalent and are exercisable up to ten years from the date of grant.

The exercise price of £4.22 in respect of the awards made to Kenneth Alexander and Norbert Teufelberger was set out in the Company's November 2015 prospectus. Due to certain limitations associated with the grant of options to individuals subject to U.S. federal income taxes, Lee Feldman's option was granted at a higher exercise price which represents the market value of the Shares as of the date at which the scheme to acquire bwin.party became effective, being, £4.67. In order to compensate Lee Feldman for the higher exercise price, the Company agreed to pay him a cash bonus of £1,979,567 (being £4.67 less £4.22 multiplied by 4,399,037). This cash bonus is to be paid over the 30-month vesting period of his option, but only upon vesting and satisfaction of the TSR performance condition attached to the options.

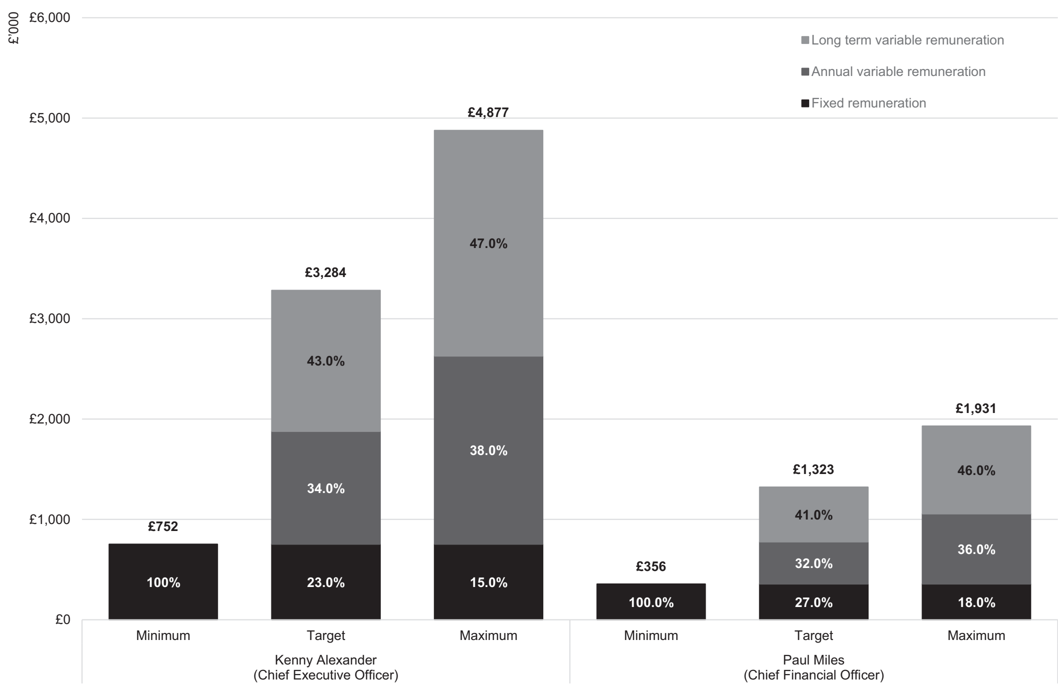
***Comparison with other employees***

All employees receive base salary, benefits and may contribute to a Group-provided pension where applicable. For employees below Board level, GVC operates a discretionary bonus arrangement with opportunity levels linked to seniority and role. In addition a number of key senior employees receive share options under a Management Incentive Plan (MIP) the terms of which are the same as for the legacy awards set out above. Any differences in an individual's reward package is reflective of an individual's location, seniority and level of responsibility.

The ABP and LTIP will be extended to a select group of senior employees. Award levels, as well as performance measures and targets will be set in line with the Policy table above.

## 2. Reward scenarios

The charts below show an estimate of the remuneration that could be received by Executive Directors under the Policy set out in this report.




Assumptions used in determining the level of pay-out under given scenarios are as follows:

| Element | Minimum | On-Target | Maximum |
|---|---|---|---|
| **Fixed Elements** | Base salary for FY 2018 | | |
| | Benefits paid for FY 2016 (private medical insurance and life assurance and accommodation allowances) | | |
| **Annual Bonus** | Nil | 60% of maximum | 100% of the maximum being 250% of salary for the CEO and 200% of salary for the CFO. |
| **LTIP** | Nil | 62.5% of maximum | 100% of the maximum being 300% of salary for the CEO and 250% of salary for the CFO. |

### 3. Approach to recruitment and promotions

The Company's principle is that the remuneration of any new recruit will be assessed in line with the same principles as for the Executive Directors, as set out in the Remuneration Policy table above. The Committee is mindful that it wishes to avoid paying more than it considers necessary to secure a preferred candidate with the appropriate calibre and experience needed for the role. In setting the remuneration for new recruits, the Committee will have regard to guidelines and shareholder sentiment regarding one-off or enhanced short-term or long-term incentive payments as well as giving consideration for the appropriateness of any performance measures associated with an award.

The Company's detailed policy when setting remuneration for the appointment of new Directors is summarised in the table below:-

| Remuneration element | Recruitment policy |
|---|---|
| **Salary, Benefits and Pension** | These will be set in line with the policy for existing Executive Directors.<br>In instances where the new executive is relocated from one work location to another, the Company will provide compensation to reflect the cost of relocation for the Executive in cases where they are expected to spend significant time away from their home location in accordance with its normal relocation package for employees. The level of the relocation package will be assessed on a case by case basis, but may take into consideration any cost of living differences; housing allowance; and schooling in accordance with the Company's normal relocation package for employees. |
| **Short-term incentives** | The appointed Executive Director will be eligible to earn a discretionary annual award in accordance with the rules and terms of the ABP. The maximum opportunity will be 250% of base salary. |
| **Long-term incentives** | The appointed Executive Director will be eligible for performance based equity awards in accordance with the rules and terms of the LTIP. The maximum opportunity will be 300% of base salary. |
| **Maximum Variable Remuneration** | The maximum variable remuneration which may be granted is 550% of salary. |
| **"Buy Out" of incentives forfeited on cessation of employment** | Where the Committee determines that the individual circumstances of recruitment justifies the provision of a buyout, the equivalent value of any incentives that will be forfeited on cessation of an Executive Director's previous employment will be calculated taking into account the following:<br>• the proportion of the performance period completed on the date of the Executive Director's cessation of employment;<br>• the performance conditions attached to the vesting of these incentives and the likelihood of them being satisfied; and<br>• any other terms and condition having a material effect on their value ("lapsed value");<br>The Committee may then grant up to the same value as the lapsed value, where possible, under the Company's incentive plans. To the extent that it was not possible or practical to provide the buyout within the terms of the Company's existing incentive plans, a bespoke arrangement would be used. |

Where an existing employee is promoted to the Board, the Policy set out above will apply from the date of promotion, but there would be no retrospective application of the policy in relation to subsisting incentive awards or remuneration arrangements. Accordingly, prevailing elements of the remuneration package for an existing employee would be honoured and form part of the ongoing remuneration of the employee. These would be disclosed to shareholders in the following year's Annual Report on Remuneration.

The Company's policy when setting fees for the appointment of new Non-executive Directors is to apply the policy which applies to current Non-executive Directors.

## 4. Service contracts & letters of appointment

The Company's policy is that executive directors have rolling contracts which are terminable by either party giving the other 12 months' notice. Non-executive Directors do not have service contracts but are appointed under letters of appointment. With the exception of the Chairman of the Board, each Non-executive Director is subject to an initial 3-year term followed by annual re-election at the Company's AGM. All service contracts and letters of appointment are available for viewing at the Company's registered office and at the AGM.

| Director | Date appointed | Arrangement | Notice period/ unexpired term |
|---|---|---|---|
| K Alexander | 19 April 2010 | Service contract | 12 months |
| P Miles | 28 February 2017 | Service contract | 12 months |
| L Feldman | 19 April 2010 | Letter of appointment | 12 months |
| K Diacono | 19 April 2010 | Letter of appointment | 12 months |
| N Teufelberger | 2 February 2016 | Letter of appointment: 2 year period | Remaining period |
| S Morana | 2 February 2016 | Letter of appointment: 3 year period | Remaining period |
| P Isola | 2 February 2016 | Letter of appointment: 3 year period | Remaining period |
| W Whitehorn | 23 March 2017 | Letter of appointment: 3 year period | Remaining period |
| J Anscombe | 20 June 2017 | Letter of appointment: 3 year period | Remaining period |

The Board allows Executive Directors to accept appropriate outside commercial Non-executive Director appointments provided the aggregate commitment is compatible with their duties as Executive Directors. The Executive Directors concerned may retain fees paid for these services, which will be subject to approval by the Board.

## 5. Payment for loss of office

When determining any loss of office payment for a departing director, the Committee will always seek to minimise cost to the Company whilst complying with the contractual terms and seeking to reflect the circumstances in place at the time. The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment.

The Committee will honour Executive Directors' contractual entitlements. Service contracts do not contain liquidated damages clauses. If a contract is to be terminated, the Committee will determine such mitigation as it considers fair and reasonable in each case. There is no agreement between the Company and its Executive Directors or employees, providing for compensation for loss of office or employment that occurs because of a takeover bid.

When determining the treatment upon cessation of employment, the following definitions of leaver will apply:

A good leaver reason is defined as cessation in the following circumstances:

- death;
- injury, ill-health or disability;
- redundancy;
- retirement;
- the employing company ceasing to be a Group company;
- transfer of employment to a company which is not a Group company; and
- any other circumstances if the Board decides.

Cessation of employment in circumstances other than those set out above is defined as cessation for other reasons.

A summary of the main terms is set out below:-

| | Treatment on Cessation of Employment | Treatment on Change of Control |
|---|---|---|
| Salary, Benefits and Pension | These will be paid over the notice period.<br>The Company has discretion to make a lump sum payment in lieu. | |
| ABP | **For the Year of Cessation**<br>*Good leavers*: Performance conditions will be measured at the end of the financial year. Any bonus will normally be pro-rated for the period worked during the financial year.<br>*Other leavers:* No bonus payable for year of cessation.<br>*Discretion:* the Committee has the following elements of discretion:-<br>• to determine that an individual is a good leaver. It is the Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders; and<br>• to determine whether to pro-rate the bonus to time. The Committee's normal policy is that it will pro-rate for time. It is the Committee's intention to use discretion to not pro-rate in circumstances where there is an appropriate business case which will be explained in full to shareholders. | **For the Year of the Change of Control**<br>Performance conditions will be measured at the date of the change of control. Any bonus for the year will normally be pro-rated to the date of the change of control and paid immediately prior to the date of the change of control.<br>*Discretion:* the Committee has the following discretion:-<br>• to determine whether to pro-rate the bonus to time. The Committee's normal policy is that it will pro-rate for time. It is the Committee's intention to use discretion to not pro-rate in circumstances where there is an appropriate business case which will be explained in full to shareholders. |
| | **Deferred shares**<br>*Good leavers:* All unvested deferred shares will vest on the normal vesting date.<br>*Other leavers:* All unvested deferred shares will be forfeited on cessation of employment.<br>*Discretion:* the Committee has the following elements of discretion:<br>• to determine that an individual is a good leaver. It is the Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders;<br>• to determine whether to pro-rate the deferred shares on cessation. The Committee's normal policy is that it will not pro-rate. The Committee will determine whether to pro-rate based on the circumstances of the Executive Directors' departure;<br>• to vest deferred shares at the end of the original deferral period or at the date of cessation. The Committee will make this determination depending on the type of good leaver reason resulting in the cessation. | **Deferred shares**<br>Any unvested deferred shares will vest immediately prior to a change of control. |

| | Treatment on Cessation of Employment | Treatment on Change of Control |
|---|---|---|
| LTIP | *Good leavers:* unvested awards will vest on the normal vesting date subject to (i) the extent any applicable performance condition have been satisfied at the end of the normal performance period and (ii) pro-rating to reflect the period of time elapsed between grant and cessation of employment as a proportion of the normal vesting period. The holding period will continue to apply.<br>*Other leavers:* All unvested awards will be forfeited on cessation of employment.<br>*Discretion:* the Committee has the following elements of discretion:<br>• to determine that an individual is a good leaver. It is the Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders;<br>• to measure performance over the original performance period or at the date of cessation. The Committee will make this determination depending on the type of good leaver reason resulting in the cessation;<br>• to determine whether unvested awards should vest on the normal vesting date or date of cessation. The Committee's normal policy is that unvested awards will vest on the normal vesting date. The Committee will determine the vesting date based on the circumstances of the Executive Directors' departure;<br>• to determine whether to pro-rate the maximum number of shares to the time from the date of grant to the date of cessation. The Committee's normal policy is that it will pro-rate awards for time. The Committee will determine whether to pro-rate based on the circumstances of the Executive Directors' departure;<br>• to determine that no holding period will apply following vesting. The Committee's normal policy is that a holding period will apply. The Committee will determine whether to disapply a holding period based on the circumstances of the Executive Directors' departure. | Performance conditions will be measured at the date of the change of control. Any unvested awards will vest immediately prior to a change of control subject to (i) the extent any applicable performance condition have been satisfied at date of change of control and (ii) pro-rating to reflect the period of time elapsed between grant and change of control as a proportion of the normal vesting period.<br>*Discretion:* the Committee has the following element of discretion:-<br>• to determine whether to pro-rate the LTIP awards to time. The Committee's normal policy is that it will pro-rate for time. It is the Committee's intention to only use discretion to not pro-rate in circumstances where there is an appropriate business case which will be explained in full to shareholders. |
| Summary of Provisions relating to legacy awards | *Good leavers:* unvested awards will vest on the normal vesting date subject to (i) the extent any applicable performance targets have been satisfied at the end of the normal performance period and (ii) pro-rating to reflect the period of time between grant and cessation of employment as a proportion of the vesting period that has elapsed.<br>The Committee has the discretion to determine that the end of the performance period is the date of cessation and whether to pro-rate the number of vested awards to reflect the vesting period completed.<br>If a participant dies before his award vests, the award shall vest as soon as practicable after death and shall be pro-rated for time elapsed and applicable performance targets. The personal representatives may then exercise the award in the 12 months following death, after which it will lapse.<br>*Other leavers:* all vested and unvested awards will be forfeited. | All awards may be exercised for a period of one month from the date the participants are notified of such event or the change of control occurs.<br>Performance conditions shall apply to any unvested award on a change of control, unless the Remuneration Committee determines otherwise. |

## 6. Consideration of employee remuneration and shareholders

### *All-employee remuneration*

In setting the remuneration policy for Directors, the pay and conditions of other employees are taken into account, including any base salary increases awarded. The Committee is provided with data on the remuneration structure for management level tiers below the Executive Directors, and uses this information to ensure consistency of approach throughout the Company.

The Committee has not expressly sought the views of employees and no remuneration comparison measurements were used when drawing up the Directors' Remuneration Policy. Through the Board, however, the Committee is updated as to employee views on remuneration generally.

### *Consideration of shareholder views*

The Committee has an open relationship with shareholders on remuneration matters. It welcomes dialogue and will engage with significant shareholders on material changes to its remuneration policy or structure. During the acquisition of bwin.party, we consulted with shareholders on, amongst other aspects, the remuneration arrangements of the Executive Directors. It should be noted that the 2015 LTIP was separately approved by shareholders with a strong level of support as part of the acquisition of bwin.party.

During the process of formulating this Directors' Remuneration Policy the Committee consulted extensively with the Company's main shareholders and the main shareholder representative bodies.

## Appendix 2 – Principal Terms of the new share plans

This Appendix 2 sets out the principal terms of the share plans for which the Company is seeking shareholder approval at the Extraordinary General Meeting on 14 December 2017, namely:

- The GVC Holdings PLC Annual and Deferred Bonus Plan (the "ABP"); and
- The GVC Holdings PLC 2017 Long Term Incentive Plan (the "LTIP").

**Defined Terms:-**

"**Board**" means 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.

"**Committee**" means the remuneration committee of the Board.

"**Company**" means GVC Holdings PLC incorporated in the Isle of Man under company number 4685V.

"**Group**" means the Company and its subsidiaries from time to time and Group Member shall be interpreted accordingly.

"**Shares**" means ordinary shares in the capital of the Company.

The ABP and LTIP are together referred to as the Plans in this Appendix 2. References to the Board in this Appendix 2 includes any designated committee of the Board.

### 1. The ABP

The ABP incorporates the Company's executive bonus plan as well as a mechanism for the deferral of bonus into awards over Shares. The ABP will operate in respect of the annual bonus earned for the financial year ending 31 December 2017 for the CEO, with the first deferred award over Shares under the ABP to be granted in March 2018 following the announcement of the Company's 2017 annual financial results (provided the Company is not in a closed period). The CFO and other intended participants will participate in respect of the annual bonus to be earned for the year ending 31 December 2018.

a. ***Status***

The ABP is both a cash bonus plan and a discretionary executive share plan under which a proportion of a participant's bonus may be deferred into an award over Shares. Under the ABP, the Board may, within certain limits, grant to eligible employees deferred awards over Shares taking the form of (i) nil cost options over Shares ("ABP Options") and/or (ii) conditional awards (i.e. a conditional right to acquire Shares) ("ABP Conditional Awards") and/or (iii) Shares which are subject to restrictions and the risk of forfeiture ("ABP Restricted Shares" and, together with ABP Options and ABP Conditional Awards, "ABP Awards"). No payment is required for the grant of an ABP Award.

b. ***Eligibility***

All employees (including Executive Directors) of the Group are eligible for selection to participate in the ABP at the discretion of the Board.

c. ***Bonus opportunity***

Participants selected to participate in the ABP for a financial year of the Company will be eligible to receive an annual bonus subject to satisfying performance conditions and targets set for that financial year. The Board may determine that a proportion of a participant's annual bonus will be deferred into an ABP Award. The maximum bonus (including any part of the bonus deferred into an ABP Award) deliverable under the ABP will be 250% of a participant's annual base salary. The Board will determine the bonus to be delivered following the end of the relevant financial year.

Except in certain circumstances, an ABP participant who ceases to be employed by or hold office with the Group before the bonus determination is made will cease to be eligible to receive a bonus. However, if a participant so ceases because of his ill-health, injury, disability, redundancy, retirement with the agreement of his employer, the participant being employed by a company which ceases to be a Group company or being employed in an undertaking which is transferred to a person who is not a Group company or in other circumstances at the discretion of the Board (each an ''ABP Good Leaver Reason''), he will remain eligible for a bonus. The performance conditions and targets will be considered and the bonus will be deliverable in the same way and at the same time as if the individual had not ceased to be employed or hold office with the Group, unless the Board otherwise decides, although the value of the bonus will be normally be pro rated to reflect the reduced period of time between the start of the financial year and the participant's cessation of employment as a proportion of that financial year, unless the Board otherwise decides.

In addition, in the event that a corporate event occurs as described below, a participant will be eligible to receive a bonus as soon as practicable after the relevant event, the amount of which shall be determined by the Board taking into account the performance conditions and targets. The value of the bonus will be pro rated to reflect the reduced period of time between the start of the financial year and the relevant corporate event as a proportion of the relevant financial year unless the Board otherwise decides.

Malus and clawback provisions apply to a bonus awarded under the ABP as described below.

d. ***Grant of ABP Awards***

The Board may determine that a proportion of a participant's annual bonus will be deferred into an ABP Award.

There is a maximum limit on the market value of Shares granted to any employee under an ABP Award of 50% of the total annual bonus for that individual. ABP Awards may be granted during the 42 days beginning on: (i) the dealing day after the announcement of the Company's results for any period; (ii) any day on which the Board determines that circumstances are sufficiently exceptional to justify the making of the ABP Award at that time; or (iii) the day after the lifting of any dealing restrictions.

However, no ABP Awards may be granted more than 10 years from the date when the ABP was approved by shareholders.

e. ***Malus***

The Board may decide (a) at the time of payment of a cash bonus or at any time before to reduce the amount of the bonus (including to nil) and/or (b) at the vesting of ABP Award or any time before, that the number of Shares subject to a ABP Award shall be reduced (including to nil) on such basis that the Board in its discretion considers to be fair and reasonable in the following circumstances:

- discovery of a material misstatement resulting in an adjustment in the audited accounts of the Group or any Group company,
- the assessment of any performance condition or condition in respect of a ABP Award was based on error, or inaccurate or misleading information,
- the discovery that any information used to determine the number of Shares subject to a ABP Award was based on error, or inaccurate or misleading information,
- action or conduct of a participant which amounts to fraud or gross misconduct, or
- events or the behaviour of a participant have led to the censure of a Group company by a regulatory authority or have had a significant detrimental impact on the reputation of any Group company provided that the Board is satisfied that the relevant participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to him.

f. ***Vesting and exercise***

ABP Awards will normally vest on the third anniversary of the date of grant of the ABP Award to the extent permitted following any operation of malus or clawback. ABP Options will normally remain exercisable for a period determined by the Board at grant which shall not exceed 10 years from the date of grant.

g. ***Clawback***

The Board may apply clawback to all or part of a participant's cash bonus and/or ABP Award in substantially the same circumstances as apply to malus (as described above) during the period of two years following the determination of the bonus by reference to which the ABP Award was granted. Clawback may be effected, among other means, by requiring the transfer of Shares, payment of cash or reduction of awards or bonuses.

h. ***Cessation of employment***

Except in certain circumstances, set out below, an ABP Award will lapse immediately upon a participant ceasing to be employed by or holding office with the Group.

However, if a participant so ceases because of his ill-health, injury, disability, redundancy, retirement with the agreement of his employer, the participant being employed by a company which ceases to be a Group company or being employed in an undertaking which is transferred to a person who is not a Group company or in other circumstances at the discretion of the Board (each an "ABP Good Leaver Reason"), his ABP Award will ordinarily vest on the date when it would have vested if he had not so ceased to be a Group employee or director, subject to the operation of malus or clawback. In addition, the Board may decides that vesting will be pro-rated to reflect the reduced period of time between grant and the participant's cessation of employment as a proportion of the normal vesting period.

If a participant ceases to be a Group employee or director for an ABP Good Leaver Reason, the Board can alternatively decide that his ABP Award will vest early when he leaves. If an employee dies, a proportion of his ABP Award will vest on the date of his death. The extent to which an ABP Award will vest in these situations will be determined by the Board at its absolute discretion taking into account, among other factors, the period of time the ABP Award has been held and the operation of malus or clawback. In addition, the Board may decides that vesting will be pro rated to reflect the reduced period of time between grant and the participant's cessation of employment as a proportion of the normal vesting period.

To the extent that ABP Options vest for a ABP Good Leaver Reason, they may be exercised for a period of 6 months following vesting (or such longer period as the Board determines) and will otherwise lapse at the end of that period. To the extent that ABP Options vest following death of a participant, they may be exercised for a period of 12 months following death and will otherwise lapse at the end of that period.

i. ***Corporate events***

In the event of a takeover, scheme of arrangement or winding-up of the Company, the ABP Awards will vest early in full, unless the Board otherwise decides.

To the extent that ABP Options vest in the event of a takeover, scheme of arrangement or winding-up of the Company they may be exercised for a period of 6 months measured from the relevant event (or in the case of takeover such longer period as the Board determines) and will otherwise lapse at the end of that period.

In the event of a demerger, distribution or any other corporate event, the Board may determine that ABP Awards shall vest. The proportion of the ABP Awards which vest shall be determined by the Board taking into account, among other factors, the period of time the ABP Award has been held by the participant. ABP Options that vest in these circumstances may be exercised during such period as the Board determines and will otherwise lapse at the end of that period.

If there is a corporate event resulting in a new person or company acquiring control of the Company, the Board may (with the consent of the acquiring company) alternatively decide that ABP Awards will not vest or lapse but will be replaced by equivalent new awards over shares in the new acquiring company.

## 2. The LTIP

### a. *Status*

The LTIP is a discretionary executive share plan and is intended to be operated for selected directors and senior employees of the Company and its subsidiaries (the "Group").

Under the LTIP, awards are granted over ordinary shares of the Company ("Shares"). The Board may, within certain limits and subject to any applicable performance conditions, grant to eligible employees (i) nil cost options over Shares ("LTIP Options") and/or (ii) conditional awards (i.e. a conditional right to acquire Shares) ("LTIP Conditional Awards") and/or (iii) Shares which are subject to restrictions and the risk of forfeiture ("LTIP Restricted Shares", and together with LTIP Options and LTIP Conditional Awards, "LTIP Awards").

### b. *Eligibility*

All employees (including Executive Directors) of the Group are eligible for selection to participate in the LTIP at the discretion of the Board.

### c. *Grant of LTIP Awards*

The Board may grant LTIP Awards over Shares to eligible employees with a maximum total market value in any financial year of up to 300% of the relevant individual's annual base salary.

LTIP Awards may be granted during the 42 days beginning on: (i) the dealing day after the announcement of the Company's results for any period; (ii) any day on which the Board determines that circumstances are sufficiently exceptional to justify the making of the LTIP Award at that time; or (iii) the day after the lifting of any dealing restrictions.

However, no LTIP Awards may be granted more than 10 years from the date when the LTIP was approved by shareholders.

### d. *Performance and other conditions*

The Board may impose performance conditions on the vesting of LTIP Awards. Where performance conditions are specified for LTIP Awards, the underlying measurement period for such conditions will ordinarily be three years. The proposed performance conditions for the first grant of LTIP Awards is as follows:

| **Performance measure** | **Weighting** | **Performance target** | **Vesting schedule (% of award)** |
|---|---|---|---|
| Relative TSR vs. FTSE 250 | 50% | Median of Comparator Group | 25% |
| | | Median to Upper Quartile | Straight line interpolation between 25% and 100% |
| | | Upper Quartile of Comparator Group | 100% |
| EPS (cumulative EPS over 3 year period) | 50% | Threshold 180 cents | 25% |
| | | Threshold 180 cents to Maximum 214 cents | Straight line interpolation between 25% and 100% |
| | | Maximum 214 cents | 100% |

These performance conditions will be measured over the period 1 January 2017 to 31 December 2019.

Any performance conditions applying to LTIP Awards may be varied, substituted or waived if the Board considers it appropriate, provided the Board considers that the new performance conditions are reasonable and are not materially less difficult to satisfy than the original conditions (except in the case of waiver).

The Board may also impose other conditions on the vesting of LTIP Awards.

e. ***Malus***

The Board may decide, at the vesting of LTIP Awards or at any time before, that the number of Shares subject to an LTIP Award shall be reduced (including to nil) on such basis that the Board in its discretion considers to be fair and reasonable in the following circumstances:

- discovery of a material misstatement resulting an adjustment in the audited accounts of the Group or any Group company;
- the assessment of any performance condition or condition in respect of an LTIP Award was based on error, or inaccurate or misleading information;
- the discovery that any information used to determine the number of Shares subject to an LTIP Award was based on error, or inaccurate or misleading information;
- action or conduct of a participant which amounts to fraud or gross misconduct; or
- events or the behaviour of a participant have led to the censure of a Group company by a regulatory authority or have had a significant detrimental impact on the reputation of any Group company provided that the Board is satisfied that the relevant participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to him.

f. ***Vesting and exercise***

LTIP Awards will normally vest, and LTIP Options will normally become exercisable, on the third anniversary of the date of grant of the LTIP Award to the extent that any applicable performance conditions have been satisfied and to the extent permitted following any operation of malus or clawback. LTIP Options will normally remain exercisable for a period determined by the Board at grant which shall not exceed 10 years from grant.

g. ***Clawback***

The Board may apply clawback to all or part of a participant's LTIP Award in substantially the same circumstances as apply to malus (as described above) during the period of two years following the vesting of an Award. Clawback may be effected, among other means, by requiring the transfer of Shares, payment of cash or reduction of awards.

h. ***Cessation of employment***

Except in certain circumstances, set out below, an LTIP Award will lapse immediately upon a participant ceasing to be employed by or holding office with the Group.

However, if a participant so ceases because of his ill-health, injury, disability, redundancy, retirement with the agreement of his employer, the participant being employed by a company which ceases to be a Group company or being employed in an undertaking which is transferred to a person who is not a Group company or in other circumstances at the discretion of the Board (each an "LTIP Good Leaver Reason"), his LTIP Award will ordinarily vest on the date when it would have vested if he had not so ceased to be a Group employee or director, subject to the satisfaction of any applicable performance conditions measured over the original performance period and the operation of malus or clawback. In addition, unless the Board decides otherwise, vesting will be pro-rated to reflect the reduced period of time between grant and the participant's cessation of employment as a proportion of the normal vesting period.

If a participant ceases to be a Group employee or director for an LTIP Good Leaver Reason, the Board can alternatively decide that his LTIP Award will vest early when he leaves. If a participant dies, a proportion of his LTIP Award will normally vest on the date of his death. The extent to which an LTIP Award will vest in these situations will be determined by the Board at its absolute discretion taking into account, among other factors, the period of time the LTIP Award has been held and the extent to which any applicable performance conditions have been satisfied at the date of cessation of employment and the operation of malus or clawback. In addition, unless the Board decides otherwise, vesting will be pro-rated to reflect the reduced period of time between grant and the participant's cessation of employment as a proportion of the normal vesting period.

To the extent that LTIP Options vest for an LTIP Good Leaver Reason, they may be exercised for a period of 6 months following vesting (or such longer period as the Board determines) and will otherwise lapse at the end of that period. To the extent that LTIP Options vest following death of a participant, they may normally be exercised for a period of 12 months following death and will otherwise lapse at the end of that period.

i. ***Corporate events***

In the event of a takeover, scheme of arrangement, or winding-up of the Company, the LTIP Awards will vest early. The proportion of the LTIP Awards which vest shall be determined by the Board taking into account, among other factors, the period of time the LTIP Award has been held by the participant and the extent to which any applicable performance conditions have been satisfied at that time.

To the extent that LTIP Options vest in the event of a takeover, scheme of arrangement, or winding-up of the Company they may be exercised for a period of six months measured from the relevant event (or in the case of takeover such longer period as the Board determines) and will otherwise lapse at the end of that period.

In the event of a demerger, distribution or any other corporate event, the Board may determine that LTIP Awards shall vest. The proportion of the LTIP Awards which vest shall be determined by the Board taking into account, among other factors, the period of time the LTIP Award has been held by the participant and the extent to which any applicable performance conditions have been satisfied at that time. LTIP Options that vest in these circumstances may be exercised during such period as the Board determines and will otherwise lapse at the end of that period.

If there is a corporate event resulting in a new person or company acquiring control of the Company, the Board may (with the consent of the acquiring company) alternatively decide that LTIP Awards will not vest or lapse but will be replaced by equivalent new awards over shares in the new acquiring company.

**3. Provisions applying to each of the Plans**

a. ***Awards not transferable***

Awards granted under the Plans are not transferable other than to the participant's personal representatives in the event of his death provided that awards and Shares may be held by the trustees of an employee as nominee for the participants.

b. ***Holding period***

At its discretion, the Board may grant awards under one or more of the Plans subject to a holding period of a maximum of up to two years following vesting.

c. ***Limits***

The Plans may operate over new issue Shares, treasury Shares or Shares purchased in the market. The rules of each of the Plans provide that, in any period of 10 calendar years, not more than 10% of the Company's issued ordinary share capital may be issued under the relevant plan and under any other employees' share scheme operated by the Company. In addition, the rules of each of the Plans provide that, in any period of 10 calendar years, not more than 5% of the Company's issued ordinary share capital may be issued under the relevant plan and under any other executive share scheme adopted by the Company. Shares issued out of treasury under the relevant Plan will count towards these limits for so long as this is required under institutional shareholder guidelines. In addition, awards which are renounced or lapse shall be disregarded for the purposes of these limits.

d. ***Variation of capital***

If there is a variation of share capital of the Company or in the event of a demerger or other distribution, special dividend or distribution, the Board may make such adjustments to awards granted under each of the Plans, including the number of Shares subject to awards and the option exercise price (if any), as it considers to be fair and reasonable.

e. ***Dividend equivalents***

In respect of any award granted under any of the Plans, the Board may decide that participants will receive a payment (in cash and/or additional Shares) equal in value to any dividends that would have been paid on the Shares which vest under that award by reference to the period between the time when the relevant award was granted and the time when the relevant award vested. This amount may assume the reinvestment of dividends and exclude or include special dividends or dividends *in specie*.

f. ***Alternative settlement***

At its discretion, the Board may decide to satisfy awards granted under the Plans with a payment in cash or Shares equal to any gain that a participant would have made had the relevant award been satisfied with Shares.

g. ***Rights attaching to Shares***

Except in relation to the award of Shares subject to restrictions, Shares issued and/or transferred under the Plans will not confer any rights on any participant until the relevant award has vested or the relevant option has been exercised and the participant in question has received the underlying Shares. Any Shares allotted when an option is exercised or an award vests will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their issue). A participant awarded Shares subject to restrictions shall have the same rights as a holder of Shares in issue at the time that the participant acquires the Shares, save to the extent set out in the agreement with the participant relating to those Shares.

h. ***Amendments***

The Board may, at any time, amend the provisions of any of the Plans in any respect. The prior approval of the Company in general meeting must be obtained in the case of any amendment to the advantage of participants which is made to the provisions relating to eligibility, individual or overall limits, the persons to whom an award can be made under the relevant Plan, the adjustments that may be made in the event of any variation to the share capital of the Company and/or the rule relating to such prior approval, save that there are exceptions for any minor amendment to benefit the administration of the relevant Plan, to take account of the provisions of any proposed or existing legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants, the Company and/or its other Group companies. Amendments may not normally adversely affect the rights of participants except where participants are notified of such amendment and the majority of participants approve such amendment.

i. ***Overseas plans***

The Board may, at any time, establish further plans based on the ABP and the LTIP for overseas territories. Any such plan shall be similar to the ABP or the LTIP, as relevant, but modified to take account of local tax, exchange control or securities laws. Any Shares made available under such further overseas plans must be treated as counting against the limits on individual and overall participation under the relevant Plan.

j. ***Benefits not pensionable***

The benefits received under the Plans are not pensionable.