Appendix A: Summary of the 2022 Long-Term Incentive Plan

The Pepco Group N.V Long-Term Incentive Plan ("**LTIP**") is proposed to be adopted by the Company in order to give effect to the making of long-term incentive plan awards from 2022 onwards for senior employees but no earlier than 1 April 2024 for the current Executive Directors.

Further details on the rules of the LTIP are set out below:

Administration

The LTIP will be administered by the remuneration committee of the Board (the "Committee") which consists entirely of independent non-executive directors.

Eligibility

All employees (including Executive Directors) of the Group may be eligible to participate in the LTIP at the discretion of the Committee and/or the Board as the case may be.

Nature of LTIP and form of Awards

It is intended that the LTIP will be used annually to grant "Performance Share Awards" to selected senior executives of the Company, including Executive Directors in accordance with the remuneration policy of the Company. "Restricted Stock Awards" may be granted under the LTIP as the Committee/Board decides, but not to Executive Directors.

Awards made to senior executives (including Executive Directors) will be determined by the Committee, awards made to other employees will be determined by the Board.

Performance Share Awards must be granted subject to performance targets.

Restricted Share Awards may be granted subject to performance targets.

No awards can be granted more than 10 years after the date of the AGM.

LTIP awards would be able to be granted as follows:

Performance conditions

Where the vesting of the award is subject to performance targets, the Committee (or in the case of other employees, the Board) will determine these targets. The Performance Share Awards will usually be subject to one or more performance conditions and the period over which any performance condition will be assessed will not usually be less than three years.

Any performance condition may be amended or substituted if one or more events occur which cause the Committee and/or the Board as the case may be to consider that an amended or substituted performance condition would be fairer and would not be materially more or less difficult to satisfy.

Individual limits

The LTIP contains an individual limit, which provides that the market value of Shares that may be awarded to any one participant in any financial year of the Company cannot exceed 300% of the participants annual base salary.

This is intended to be applied as follows:

(i) 300% of the participant's annual base salary if they are Performance Share Awards or
(ii) 150% of the participant's annual base salary if they are Restricted Share Awards, or
(iii) any combination of Performance Share Awards and Restricted Share Awards applying the same proportions.

Source of Shares and dilution limits

Awards may be satisfied by newly issued Shares, Shares purchased in the market by an employee benefit trust or by the transfer of Shares held in treasury.

The number of new Shares issued or remaining capable of being issued pursuant to awards under the LTIP and any awards granted on or after 1 October 2021 under any other employee share plan of the Company will not exceed 10 % of the issued share capital of the Company in issue from time to time.

The number of new Shares issued or remaining capable of being issued pursuant to awards under the LTIP and any awards granted on or after 1 October 2021 under any other discretionary share plan of the Company will not exceed 5 % of the issued share capital of the Company in issue from time to time.

If awards are to be satisfied by a transfer of existing Shares, the percentage limits stated above will not apply. Insofar as it is necessary to ensure compliance with the guidelines issued from time to time by institutional investors, the percentage limits will apply to awards satisfied by the transfer of Shares held in treasury.

Grant of awards

Awards may be granted during the 42 days immediately following approval of the LTIP by shareholders and thereafter:

- within 42 days following the announcement by the Company of its results for any period;
- within 42 days after the approval by shareholders of a new or amended directors' remuneration policy;
- within 28 days of a person first joining the Group; or
- subject to any relevant restrictions on dealings in Shares, on any other day which the Committee determines that circumstances have arisen which justify the grant of an award.

Unless the Company is restricted from granting awards during the periods specified above, as a result of any dealing restrictions, in which case the relevant grant period will be 42 days commencing on the dealing day after the dealing restrictions lift.

No payment will be required for the grant of an award.

Vesting of awards

Awards would normally vest on the date specified by the Committee (or in the case of other employees, the Board) at the time of grant and to the extent any performance conditions have been met.

Vesting would not normally occur until at least the third anniversary of the date of grant.

The Committee could decide to shorten the vesting period for employees in certain circumstances, e.g. for recruitment Purposes. Vesting periods for awards granted to executive directors will comply with the remuneration policy.

The Committee will have the discretion to adjust the level of vesting up or down if, in its opinion, the formulaic outcome is not appropriate in the circumstances.

Exercise of options

LTIP awards which have been granted in the form of options will normally be exercisable up to the 10th anniversary of grant.

The Committee could decide to shorten the exercise window at the time of grant.

Holding period

The Committee may grant awards subject to a holding period. This may apply to the net of tax number of Shares received. The Committee's current intention would be to apply a 2 year holding period for all Executive Directors.

Rights attaching to the shares

Shares transferred to a participant would not confer any rights to the participant until the relevant award has vested, or the option has been exercised and the participant receives the underlying Shares.

Shares allotted or transferred under the LTIP will rank alongside Shares of the same class then in issue. Awards are not transferable (except on death) and are not pensionable benefits.

Leavers

Generally, LTIP awards would lapse upon a participant ceasing to be an employee within the Group.

However, if a participant ceases to be an employee by reason of ill-health, injury, disability, redundancy (as may be defined in the rules), the sale or transfer of his employing company or undertaking out of the Group or for any other reason, at the discretion of the Committee, then their award would vest on the normal vesting date. Alternatively, in such case, the Committee may decide that the LTIP award should vest immediately on the participant ceasing employment.

Vesting would still be subject to the satisfaction of any applicable performance conditions and there would also be a pro rata reduction in the number of Shares that vest to reflect the period of time that elapsed unless the Committee determined otherwise.

Corporate events

Awards will generally vest early on a takeover or other corporate reorganisation. Alternatively, participants may be able or required to exchange their awards for an equivalent in the acquiring company or the award may vest shortly after the takeover or corporate reorganisation event.

Where an award vests under these circumstances, the Board or Committee will assess performance against the performance targets and the number of shares which vest will be reduced accordingly, including to reflect the fact that it is vesting early.

In the case of a demerger or other extraordinary distribution or variation of share capital, where it is determined the interests of award holders may be substantially prejudiced, some or all of the awards may be released and, in the case of an option, an award holder may exercise all or some of it. Where it has materially affected the value of the award the Board/ Committee may make adjustments it considers appropriate.

Malus and Clawback

The number of Shares in an unvested award may be reduced to any amount including nil ('malus') or the participant may need to repay part of the vested award ('clawback') where the following circumstances apply:

- 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 target or condition in respect of a conditional award or nil cost option was based on error, or inaccurate or misleading information; and/or
- the discovery that any information used to determine the number of plan shares subject to an award was based on error, or inaccurate or misleading information; and/or
- action or conduct of the award holder which in the reasonable option of the Board, amounts to fraud or gross misconduct; and/or
- events or behaviour of the award holder 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 Board is satisfied that the relevant award holder was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to them; and/or
- a material failure of risk management of the Company or Group member; and/or
- the Company or any Group member or business of the Group becomes insolvent or otherwise suffers a corporate failure so that the value of plan shares is materially reduced provided that the Board determines following an appropriate review of accountability that the award holder should be held responsible (in whole or in part) for that insolvency or corporate failure.

If the Committee decides to operate the malus and clawback provisions, it may:

- reduce the amount of any future annual bonus; and/or
- reduce the number of Shares in whole or part (including to nil) under any Share award; and/or
- require the award holder to transfer all or some of the Shares acquired by the award holder to the Company; and/or
- require the award holder to make a payment to the Company; and/or
- cause any Shares held by a nominee to be forfeited for no consideration; and/or
- make appropriate deductions from salary or other payments due to the award holder.

The Committee may determine, in the event tax and/or social security contributions have been paid (or are due to be paid) by the award holder, the amount subject to malus or clawback should be reduced accordingly.

The Committee may also reduce the number of Shares under an award granted under the LTIP to give effect to any malus and/or clawback provision contained in any other incentive plan operated by the Group.

These rules would apply for a 2 year period post vesting.

Dividend equivalents

An award may be made on terms that the participant will be entitled to receive additional Shares with a value equal to the aggregate dividends in respect of which the ex-dividend date occurred between the award date and the date of vesting on the vested number of Shares as if the participant had been the legal owner of such Shares during that time. The calculation of the number of Shares to be so received may assume the reinvestment of dividends. Alternatively, the Committee may decide to deliver the dividend equivalent in cash.

Adjustment of awards

If there is any variation of the Company's share capital, or in the event of a demerger or payment of a special dividend or similar event which would otherwise materially affect the value of an award, the Committee may adjust the number of Shares under award and the exercise price (if any).

Amendment

The Board may amend the LTIP in any respect. However, the provisions governing eligibility, equity dilution, individual participation limits, the basis for determining the rights of participants to acquire Shares or to receive cash and the adjustments that may be made following a variation of capital cannot be altered to the advantage of existing or new participants without the prior approval of shareholders in general meeting.

There is an exception for minor amendments to benefit the administration of the LTIP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the LTIP or for any member of the Group.