



Free Share Award

Babcock Colleague Share Plan
UK Free Shares Brochure

At Babcock, we want all eligible colleagues to have the opportunity to share in the Company's success by becoming shareholders.

This is why we're awarding you free Babcock shares (Free Shares) - both as a recognition of your contribution, and as a way to help you build a meaningful stake in Babcock's future.

This brochure will help you to understand how the Plan works and the benefits it offers.

Go together

Go far

What is a Free Share award?

The Free Share award is an award of ordinary shares in Babcock International Group PLC (Babcock). Each share represents a unit of ownership in Babcock.

You do not have to pay anything for your Free Share award, as it is being awarded to you automatically, subject to certain terms and conditions, which are set out below and in the Plan rules.

After 3 years, provided you're still employed by the Babcock Group, you'll receive the shares in your Free Share award.

What's more, if Babcock continues to do well, we hope to offer more Free Shares each year, helping connect the dots between performance, culture and reward.

The Free Share award is part of the Babcock Colleague Share Plan (the **"Plan"**) - previously known as the Babcock Employee Share Plan. The Plan is a Share Incentive Plan (SIP) which provides certain tax benefits on shares awarded to you if particular requirements are met. It is regulated by HM Revenue & Customs (HMRC).

Day-to-day management

We're working with MUFG Corporate Markets Trustees (UK) Limited who will act as the trustee (the **"Trustee"**). They will be responsible for the day-to-day administration of the Plan and hold any shares acquired by or awarded to you under the Plan on your behalf while you're employed by Babcock.

Who is eligible for the Free Share award?

All Babcock employees who joined the Company prior to, or on 01 July 2025 and are still employed at the date the award is made, will be eligible for a Free Share award. This

includes fixed-term employees and employees on maternity or long-term sick-leave. It doesn't include contingent workers, interns, non-executive directors or pension trustees (who aren't employees).

Do I have to do anything to receive my Free Shares?

You do not have to do anything if you wish to receive Free Shares. These will automatically be awarded to you if you're eligible.

Wait... What if I don't want to receive this Free Share award?

If you'd prefer not to receive Free Shares, you'll need to submit an opt-out form by the date specified in your communication. You can find the form at clients.cm.mpms.mufg.com/babcock/ or request a form by contacting the Trustee (Help and information section on [page 06](#) for contact details).

Please note: no cash or benefit alternative will be offered if you opt out, as the purpose of this award is to give you a meaningful stake in Babcock's future success.

How will I know the value of my shares?

We'll write to you to confirm how many Free Shares you've been awarded.

We'll set up an account on our share portal for you and send you your 11-digit investor code. With it, you'll be able to log in at www.babcock-shares.com to view your Babcock shares anytime and track their value.

If you already participate in the Plan (where you buy partnership shares and receive matching shares in return), your 11-digit investor code will remain the same and will be sent to you as a reminder.

What are my shareholder voting rights?

Whilst the Free Shares awarded to you under the Plan are held in trust, you'll be able to direct the Trustee how to vote at the Annual General Meeting (AGM) of Babcock. If you'd like to vote you'll have to notify the Trustee online at www.babcock-shares.com and they will vote on your behalf. You won't be able to vote at or attend the meeting in person, unless you also hold shares in Babcock in your own name.

What about Dividends?

Babcock may pay out dividends on its shares from time to time. When that happens, the Trustee will hold onto any dividends on your behalf until there is enough money to purchase additional share(s) in Babcock with future dividend proceeds. This process is called dividend reinvestment.

When can I sell my shares?

You are free to sell your shares at the end of the three-year period, but there might be tax to pay. If you work in the UK, after 5 years your shares will be all yours, tax-free (see tax section on [page 5](#) for more information).

To sell your shares, please log in to your online account at www.babcock-shares.com.



What if I go on maternity/ paternity leave?

Your shares will stay in the Plan while you're on leave. If you decide not to return to work, you'll be treated as having left employment, and your shares will be handled as outlined in the next section.



What if I leave?

We'd hate to see you go, but if you leave the Babcock Group before the end of the three-year holding period, you'll forfeit your Free Shares, unless you leave under what HMRC defines as 'Special Circumstances'.

If you leave after the three-year holding period, your shares will be removed from the Plan and transferred to you. The Trustee will contact you to explain your options for any remaining shares, including any potential tax implications.



Leaving due to 'Special Circumstances'

If you leave under what HMRC defines as 'Special Circumstances', you'll be able to keep all of your Free Shares and gain early access to them without forfeiture or tax penalties, even if you leave before the end of the three-year holding period.

Special circumstances include the following:

- Injury or disability
- Redundancy
- Retirement
- Death, or
- The Company or business for which you work being sold.



What happens if I die?

The Trustee will transfer the shares over to your legal personal representatives upon production of the necessary documentation. The legal formalities are usually completed more quickly where a will has been made.



What happens if Babcock is taken over?

You'll be treated like any other shareholder and receive the same value for your shares. You'll keep all your Free Shares, even if held for less than three years. Tax treatment will depend on how long you've held them and the form of payment, with full details provided if such an event occurs.

Income Tax and National Insurance Contributions (NICs)

There is no income tax to pay when you're awarded Free Shares. The tax treatment of your shares depends on the length of time you leave the shares in the Plan and the reason for taking shares out of the Plan:

Time you leave the shares in the plan from award date	Reasons for taking the shares out of the plan		
	Selling the shares whilst remaining with Babcock	Leaving Babcock due to special circumstances*	Leaving Babcock for other reasons
Less than 3 years	Not applicable as shares cannot come out of the Plan for the first three years	No income tax or NICs on either Free Shares or Dividend Shares	Free Shares: Not applicable as all shares are forfeited Dividend Shares: Income tax but no NICs
Between 3 and 5 years	Free Shares: Income tax and NICs due on the lower of the market value of the Free Shares on the award date and the date they come out of the Plan Dividend Shares: No income tax and NICs	No income tax or NICs on either Free Shares or Dividend Shares	Free Shares: Income tax and NICs due on the lower of the market value of the Free Shares on the award date and the date they come out of the Plan Dividend Shares: No income tax or NICs if the Dividend Shares have been held for three years
More than 5 years	No income tax or NICs on either Free Shares or Dividend Shares	No income tax or NICs on either Free Shares or Dividend Shares	No income tax or NICs on either Free Shares or Dividend Shares

* see [page 4](#)

How will income tax and NICs be collected?

As with salary, any income tax due on your Free Shares will be deducted by Babcock, or your employing company, from your pay under the PAYE (Pay As You Earn) system together with any NICs due. Where there is insufficient salary to meet the PAYE tax liability (for instance, if you've left employment) under the rules of the Plan, the Trustee may sell your shares on your behalf to meet this liability.

Where there is income tax due on the dividend shares it will not be collected through PAYE but rather you should report this via self-assessment and pay the income tax due, if any.

Capital Gains Tax

You won't have to pay capital gains tax on any growth in value in your shares while they are held in the Plan. If you take your shares out of the Plan and sell them at a later date, you may have to pay capital gains tax on the increase in value from the date you took them out of the Plan.

The taxation information in this brochure is provided for general guidance only. If you're unsure as to how to proceed, please contact an independent financial adviser. You should note that tax legislation may change, and revised legislation will take precedence.

Will the receipt of shares under the Plan affect my eligibility to state benefits?

The receipt of Free Shares will be considered to be additional income and could therefore impact any means-tested benefits (such as child benefit and universal credit) to the extent the additional income brings you over a relevant threshold.



Help and information

For all details on the Babcock Free Share Award including FAQs, please access clients.cm.mpms.mufg.com/babcock/. If you require any further help, you can contact the Trustee and administrators of the Plan, MUFG Corporate Markets Trustees (UK) Limited:



General Enquires Helpline: **0371 664 0539**



Share Portal Helpline: **0371 664 0391**

Calls to 0371 are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom are charged at the applicable international rate. Lines are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales.



Write to: **MUFG Corporate Markets Trustees (UK) Limited, Central Square, 29 Wellington Street, Leeds LS1 4DL.**



Email: shareinoursuccess@cm.mpms.mufg.com or for Share Portal enquiries: shareportal.uk@cm.mpms.mufg.com

To make sure you stay up to date about your shares, please keep your contact details current with the Trustee, who administer the Plan. If you change your email, postal address, or bank account, just update them in the 'Manage your account' section at www.babcock-shares.com.

If you change your name, please let HR know and they'll take care of notifying the Trustee for you.

Questions

The information in this brochure is for general guidance only. If you have any questions about the operation of the Plan, you can contact the Trustee using the contact details outlined above.

However, neither the Trustee nor the Company can advise you as to whether it is in your best interests to participate in the Plan as this will depend on your personal circumstances. If you are unsure as to how to proceed, you should contact an independent financial adviser.

You should also remember that, as with any shares listed on the London Stock Exchange, the value of your shares may go up or down over time.





Additional Information

The following additional information is being provided, along with the rest of the brochure, to comply with Article 1 paragraph 4(i) of the UK version of the Prospectus Regulation (EU) 2017/1129, which is the employee share plan exemption from producing a prospectus.

Babcock International Group PLC ("Babcock") is a company registered in England and Wales under company number 02342138. Further information on Babcock can be found at www.babcockinternational.com. The reasons for the offer under the Plan are to motivate and retain employees through the benefits set out in the brochure. There is no numerical maximum number of shares that can be used for the Plan and the minimum is nil, if no employees choose to take up the offer under the Plan. Babcock can use newly issued or existing shares under the Plan. Shares issued under the Plan shall rank equally in all respects with shares of the same class then in issue and shall share the same voting and dividend rights. Precise details of the rights attaching to shares, which are ordinary shares, are set out in the Babcock Articles of Association.

Complaints

The Trustee have a procedure to help resolve complaints. They are regulated by the Financial Conduct Authority and are bound by its rules. If you have a complaint relating to the Plan, please write to **MUFG Corporate Markets Trustees (UK) Limited at Central Square, 29 Wellington Street, Leeds LS1 4DL**.

You may also complain directly to the Investment Ombudsman whose details can be obtained from the Trustee. You may also ask the Trustee for a statement describing your rights under the Investors Compensation Scheme.

Scan below to find out more.

