

Franco Martinelli S430 retirement notice

In July 2020, Franco Martinelli announced that he wished to retire from Babcock, at which point the Babcock Board started a process to appoint his successor. In September 2020, the Babcock Board announced that David Mellors would join the Company as CFO designate on 1 November 2020 and would join the Board as Chief Financial Officer on 30 November 2020 at which point Franco would step down from the Board.

Babcock will continue to pay Franco up to the date of his retirement on 30 September 2021 in accordance with his contractual entitlements and its remuneration policy. Babcock will disclose details of the remuneration and the extent to which it falls due for payment after Franco has ceased to be a director as appropriate in its future Annual Report and Accounts.

As a retiree, Franco is a 'good leaver' for the purposes of Babcock's deferred bonus plan (DBP) and its performance share plan (PSP). Franco has the following outstanding share awards:

- DBP 2017: 18,387 shares
- DBP 2018: 18,483 shares
- DBP 2019: 33,087 shares
- PSP 2018: 101,723 shares
- PSP 2019: 147,743 shares

Babcock's Remuneration Committee will treat these awards in accordance with their respective plan rules. The awards will vest on their normal vesting dates. Franco will receive a cash sum equivalent to the dividends that accrue on the shares that vest. In respect of the PSP awards, the Committee will pro-rate those awards from his retirement date. The number of shares that vest under the PSP remains subject to the performance conditions attaching to each award. The two-year post-vesting holding period will apply to any shares that vest under the PSP.

Babcock will make no payment to Franco by way of compensation for loss of office.