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RULES OF THE NORCROS PLC  
2020 PERFORMANCE SHARE PLAN

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Approved by shareholders of the Company at the Annual General Meeting held on [30  
July] 2020

Adopted by the board of directors on [DATE] 2020

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## THE NORCROS PLC 2020 PERFORMANCE SHARE PLAN

### 1. DEFINITIONS

1.1 In this Plan, the following words and expressions shall have, where the context so admits, the meanings set forth below.

<b>"Acceptance Notice"</b>	a document in a form approved by the Committee that the Participant must sign and return to the Company in accordance with Rule 4.8
<b>"Board"</b>	The board of directors for the time being of the Company or a duly authorised committee thereof.
<b>"Committee"</b>	the remuneration committee of the Board.
<b>"Company"</b>	Norcros plc registered in England and Wales under No. 03691883.
<b>"Connected Persons"</b>	has the same meaning as in section 993 of the Income Tax Act 2007.
<b>"Constituent Company"</b>	(A) The Company; and (B) any other company which is under the Control of the Company, is a Subsidiary of the Company except one which the Committee has designated shall not be a Constituent Company.
<b>"Control"</b>	The meaning given by Section 995 of the Income Tax Act 2007.
<b>"CSOP Option"</b>	A right to acquire Shares granted in accordance with the CSOP Schedule to the Plan.
<b>"CSOP Schedule"</b>	Schedule 1 to the Plan.
<b>"Daily Official List"</b>	The register of listed securities and the prices of transactions published by the London Stock Exchange.
<b>"Date of Grant"</b>	The date on which an Option is granted.
<b>"Dealing Day"</b>	Any day on which the London Stock Exchange is open for the transaction of business.

<b>"Dividend Equivalent"</b>	A benefit added to a Non-Tax Advantaged Option which is calculated by reference to dividends paid on Shares as described in Rule 2.11.
<b>"Eligible Employee"</b>	An employee or an executive director of a Constituent Company.
<b>"Employees' Share Scheme"</b>	The meaning given by Section 1166 of the Companies Act 2006.
<b>"Executive Share Plan"</b>	An executive share plan in which participation is discretionary.
<b>"Fair Processing Notice"</b>	the notice referring to this Plan, made available through the Company's intranet and/or the Company Secretary or any other officer of the Company, which sets out how personal data relating to Eligible Employees and Participants will be processed in connection with the Plan;
<b>"Financial Year"</b>	a financial year of the Company;
<b>"Grant Period"</b>	<p>The period of 42 days commencing on any of the following days:</p> <ul style="list-style-type: none"> <li>(A) the day on which the Plan is adopted by the Company;</li> <li>(B) the Dealing Day immediately following the day on which the Company makes an announcement of its results for the last preceding financial year, half- year or other period;</li> <li>(C) any day on which the Committee resolves that exceptional circumstances exist which justify the grant of Options;</li> </ul>

PROVIDED THAT if by reason of the Share Dealing Code, any statute, regulation or order thereunder or any governmental directive, the Grantor is restricted from granting Options under the Plan during the period specified above the relevant Grant Period shall be 42 days

	commencing on the Dealing Day after such restriction is lifted.
<b>"Grantor"</b>	The Company or the Trustees acting on the recommendation of, or with the consent of, the Committee, as the case may be.
<b>"Group Member"</b>	A Constituent Company or a body corporate which is (within the meaning of Section 1159 of the Companies Act 2006) the Company's holding company or a Subsidiary of the Company's holding company.
<b>"HMRC"</b>	HM Revenue & Customs.
<b>"ITEPA"</b>	The Income Taxes (Employment and Pensions) Act 2003.
<b>"Linked Award"</b>	A Non-Tax Advantaged Option with a nil cost Option Price designated by the Committee as a Linked Award.
<b>"London Stock Exchange"</b>	London Stock Exchange plc or any successor body carrying on the business of London Stock Exchange plc.
<b>"Market Value"</b>	In relation to a Share on any day: <ul style="list-style-type: none"> <li>(A) if and so long as the Shares are listed on the London Stock Exchange, their closing middle market quotation (as derived from the Daily Official List) for the immediately preceding Dealing Day: or</li> <li>(B) in any other case, their market value as determined in accordance with Part VIII of the Taxation of Chargeable Gains Act 1992.</li> </ul>
<b>"Non-Tax Advantaged Option"</b>	A right to acquire shares granted under the Plan which is designated as an Option but which does not satisfy the requirements of the CSOP Schedule to the Plan.
<b>"Option"</b>	Either a Non-Tax Advantaged Option or a CSOP Option.

<b>"Option Price"</b>	The price per Share, as determined by the Committee at the Date of Grant, at which an Eligible Employee may acquire Shares upon the exercise of an Option granted to him. In respect of a Non-Tax Advantaged Option the Option Price shall be nil and in respect of CSOP Option the Option Price shall be the Market Value of a Share on the Date of Grant (or the nominal value of a Share if greater and the CSOP Option is an Option to subscribe for Shares).
<b>"Participant"</b>	Any Eligible Employee to whom an Option has been granted, or (where the context so admits) the personal representative of any such person.
<b>"Performance Condition"</b>	A condition related to performance which is specified by the Committee under Rule 2.3.
<b>"Plan"</b>	The Norcros plc 2020 Performance Share Plan in its present form or as from time to time amended in accordance with the provisions hereof.
<b>"Rules"</b>	the rules of this Plan and "Rule" shall be construed accordingly.
<b>"Share"</b>	A fully paid ordinary share in the capital of the Company.
<b>"Subsidiary"</b>	The meaning given by Section 1159 of the Companies Act 2006.
<b>"Tax Liability"</b>	<p>In respect of an Option (a liability to account for any tax, national insurance, social security or other levy in respect of an Option by the Company or any Constituent Company, whether by reason of grant, exercise or otherwise, including for the avoidance of doubt:</p> <p>(A) any liability to pay secondary Class 1 (employer's) National Insurance Contributions for which an agreement or election has been entered into under paragraph 3A or 3B of Schedule 1 to the Social Security Contributions and Benefits Act 1992 ("National Insurance</p>

Election") and

- (B) any liability arising after termination of a Participant's employment for whatever reason and which may arise or be incurred in any jurisdiction whatever, and by the law of the same jurisdiction may or shall be recovered from the person entitled to the Option, but subject to (A) above, not including any secondary Class 1 (employer's) National Insurance Contributions.

**"Trustees"**

The trustee or trustees for the time being of any employee benefit trust established for the benefit of all or substantially all of the Eligible Employees.

**"Vest"**

The point at which an Option becomes capable of exercise and "Vesting" and "Vested" shall be construed accordingly.

- 1.2 Words and expressions not otherwise defined herein have the same meaning they have in ITEPA.
- 1.3 Where the context so admits or requires words importing the singular shall include the plural and vice versa and words importing the masculine shall include the feminine.
- 1.4 Reference in the Rules of the Plan to any statutory provisions are to those provisions as amended, extended or re-enacted from time to time, and shall include any regulations made thereunder. The Interpretation Act 1978 shall apply to these Rules on the same basis as if they were an Act of Parliament.
- 1.5 The headings in the Rules of the Plan are for the sake of convenience only and should be ignored when construing the Rules.

**2. GRANT OF OPTIONS**

- 2.1 Subject to Rule 3 the Committee may authorise the grant of an Option by the Grantor at any time during a Grant Period to such Eligible Employees as it may, in its absolute discretion, determine.
- 2.2 The Committee may make the exercise of an Option conditional upon a Participant having

entered into a National Insurance Election (or its overseas equivalent to the extent this is lawful).

2.3 The Committee may at the Date of Grant impose such Performance Condition or Performance Conditions on the exercise of an Option as it may determine. Such Performance Conditions must:

2.3.1 be objective and stated in writing at the Date of Grant;

2.3.2 not be waived, varied or amended by the Committee unless in accordance with the terms of such Performance Condition or, if events happen which cause the Committee, acting fairly and reasonably, to consider that the waiver of the Performance Condition or a varied or amended Performance Condition would be appropriate and where the Performance Condition has been varied or amended would result in the varied or amended Performance Condition being not more or less difficult to satisfy than the Performance Condition as it existed immediately prior to such variation or amendment; and

2.3.3 be measured over a performance period determined by the Committee at the Date of Grant which shall not be less than three years long and does not commence before the Financial Year that ends immediately prior to the Date of Grant.

2.4 No Eligible Employee shall be granted an Option which would, at the Date of Grant, cause the aggregate Market Value of Shares which he may acquire in pursuance of any Option granted to him under the Plan (but excluding any Shares granted under a Linked Award) in any Financial Year to exceed 100% of his base salary (or if the Committee determines that exceptional circumstances exist which justify a higher percentage, such higher percentage as determined by the Committee, not exceeding 150% of his base salary).

2.5 The grant of an Option or the delivery of any Shares following its exercise shall be subject to obtaining any approval or consent required under any Share Dealing Code or any applicable laws, regulations of governmental authority and the requirements of the London Stock Exchange and any other securities exchange on which the Shares are traded.

2.6 No Option shall be granted to an Eligible Employee at a time when such grant to such Eligible Employee would be in breach of any Share Dealing Code, any statute, regulation or order thereunder or any governmental directive.

2.7 The grant of an Option shall be evidenced by execution of either an individual deed ("Individual Deed") for each Option or a deed for any number of Options at the same time ("Global Deed"). As soon as practicable after grant, the Grantor shall issue to each



Participant an Individual Deed, or in the case of a Global Deed, an option certificate, in respect of the Option which may be under the autographic or facsimile signature of an officer of the Company and in such form as the Committee may from time to time prescribe. Such Individual Deed or in the case of a Global Deed, option certificate must state:

- 2.7.1 the number of Shares over which the Option has been granted to the Participant;
  - 2.7.2 the Option Price;
  - 2.7.3 if the Committee has determined, in accordance with Rule 2.2, that it shall be a condition of exercise that the Participant shall enter into a National Insurance Election, that the Option is subject to such condition;
  - 2.7.4 any Performance Conditions imposed pursuant to Rule 2.3 on the exercise of the Option;
  - 2.7.5 the first date on which any part of the Option becomes capable of exercise (which shall not be earlier than the third anniversary of the Date of Grant) and any subsequent dates on which any remaining part of the Option becomes capable of exercise;
  - 2.7.6 the Date of Grant;
  - 2.7.7 the date on which the Option will lapse pursuant to Rule 4.9 or any earlier date on which the Committee determines that the Option should lapse;
  - 2.7.8 if the Committee has determined in accordance with Rule 2.12 that the Shares acquired by the Participant pursuant to an Option shall be subject to a holding period, details of such restriction; and
  - 2.7.9 that the Option is subject to the terms of the Malus and Clawback Policy and a copy of the policy must accompany the Individual deed or option certificate (as the case may be).
- 2.8 No payment by the Participant shall be required on the grant of an Option.
- 2.9 Subject to the rights of exercise by the Participant's personal representatives pursuant to Rule 4.3, every Option shall be personal to the Participant to whom it is granted and shall not be transferable or in any way alienable.
- 2.10 A Participant may surrender his Option in whole or in part within the period of 30 days immediately following the Date of Grant and if an Option, or any part of an Option, is so surrendered, it shall be deemed for all purposes not to have been granted.
- 2.11 A Participant shall be entitled on exercise of an Option to receive cash and/or additional

Shares (as determined by the Committee) of a value determined by reference to the dividends or other cash distribution that would have been paid on Shares subject to his Vested Option in respect of dividend record dates occurring during the period between the Date of Grant and the Vesting of the Option. The Committee shall decide the basis on which the value of such dividends shall be calculated which may assume the reinvestment of dividends. In giving effect to this Rule 2.11, the Committee shall have complete discretion to decide the basis on which the Dividend Equivalent should be calculated or paid.

- 2.12 The Committee may at the Date of Grant determine that the Shares acquired pursuant to an Option will be subject to a holding period, which shall expire no later than five years following the Date of Grant, during which the Participant may not dispose of the Shares he has acquired on the exercise of his Option other than in certain specified circumstances. Details of the holding period shall be set out in the Individual Deed or option certificate issued to the Participant following the Date of Grant.

### **3. NUMBER OF SHARES IN RESPECT OF WHICH OPTIONS MAY BE GRANTED**

- 3.1 The number of Shares which may be allocated under the Plan on any day shall not, when added to the aggregate of the number of Shares which have been allocated during the previous ten years under the Plan and under any other Employees' Share Scheme adopted by the Company, exceed such number as represents ten per cent of the ordinary share capital of the Company in issue immediately prior to that day.
- 3.2 The number of Shares which may be allocated under the Plan on any day shall not, when added to the aggregate of the number of Shares which have been allocated during the previous ten years under the Plan and any other Executive Share Plan adopted by the Company, exceed such number as represents five per cent of the ordinary share capital of the Company in issue immediately prior to that day.
- 3.3 In determining the above limits:
- 3.3.1 any Shares issued to the Trustees or which may be issued to the Trustees to satisfy Options or other types of award granted pursuant to the Plan and any other Employees' Share Scheme adopted by the Company shall be included;
  - 3.3.2 no account shall be taken of any Shares where the right to acquire such Shares was released or lapsed without being exercised, including pursuant to Rule 2.10 above;
  - 3.3.3 no account shall be taken of any Shares where the right to acquire such Shares has been or is to be satisfied other than by the issue or allotment of any

part of the share capital of the Company;

3.3.4 treasury shares shall count as newly issued Shares until they are no longer required to be included for the purposes of operating anti-dilution limits in Employee Share Schemes by the Investment Association (or any other representative body of investors);

3.3.5 any Share which the Company issues or intends to issue in accordance with Rule 2.11 shall be taken into account; and

3.3.6 the Board may adjust the aggregate number of Shares already issued in each case to reflect the subsequent variation of share capital of the Company in such manner as it determines is fair and reasonable.

3.4 For the avoidance of doubt, references in this Rule 3 to the "allocation" of Shares shall mean, in the case of any share option plan, the placing of unissued Shares under option, and, in relation to other types of Employees' Share Schemes, shall mean the issue and allotment of Shares.

3.5 If the Grantor purports to grant an Option which is inconsistent with the limits in Rule 3.1 or 3.2, the Option will be limited and will take effect from the Date of Grant over the maximum number of Shares permitted by the remainder of this Rule.

#### **4. RIGHTS OF EXERCISE AND LAPSE OF OPTIONS**

4.1 An Option:

4.1.1 save as provided in Rules 4.3 or 5 below, shall not be exercised earlier than the third anniversary of the Date of Grant, or such other later date as is determined by the Committee at the Date of Grant pursuant to Rule 2.7.5;

4.1.2 save as provided in Rule 4.3 below, may only be exercised by a Participant whilst he is a director or employee of a Group Member; and

4.1.3 will only Vest and become capable of being exercised if any Performance Conditions (as varied or amended pursuant to Rule 2.3.2) imposed pursuant to Rule 2.3 which have not been waived have been fulfilled to the satisfaction of the Committee.

4.2 Schedule 3 to the Rules applies to the Vesting of a Linked Award.

4.3 If a Participant ceases to hold office or employment with a Group Member for any reason at all Options held by him (vested or unvested) shall cease to be capable of exercise

immediately upon such cessation and shall lapse on the date falling one month from the date of cessation, unless prior to such date the Committee, in its absolute discretion (provided that for the avoidance of doubt, the Committee shall not be obliged to exercise such discretion in favour of the Participant), determines that the Options shall not lapse and that the following provisions shall apply:

- 4.3.1 an Option which has already Vested on the date of his cessation of office or employment may be exercised during the period of six months or, in the case of death, during the period of twelve months following the date of such cessation;
- 4.3.2 an Option which has not Vested on the date of his cessation of office or employment shall Vest in accordance with Rule 4.3.2.1 or 4.3.2.2 below as determined by the Committee:
  - 4.3.2.1 the Option shall Vest on the date of such cessation, to the extent permitted by the Committee, at its absolute discretion, but taking into account the period of time which has elapsed since the Date of Grant relative to the normal vesting period and the extent to which any Performance Condition has been satisfied at the time of such cessation and such other factors, including (without limitation) the performance of the Company and the conduct of the Participant, as it may deem relevant. An Option may then be exercised, to the extent Vested in accordance with this sub-rule, during the period of six months, or in the case of death, the period of twelve months, commencing on the date of such cessation;

OR

- 4.3.2.2 the Option shall not Vest until its normal Vesting Date determined in accordance with Rule 4.1. The number of Shares in respect of which the Option will Vest in these circumstances shall be determined by the Committee, in its absolute discretion, but taking into account the extent to which any Performance Condition has been satisfied over the performance period and the period of time that had elapsed from the Date of Grant to the date of such cessation relative to the normal vesting period and such other factors, including (without limitation) the performance of the Company and the conduct of the Participant, as it may deem relevant. An Option may then be exercised, to the extent Vested,

within the period of six months, in the case of death, the period of twelve months commencing on the date on which the Option Vests.

For the avoidance of doubt the exercise of an Option pursuant to this Rule 4.3 shall be subject to the provision of Rule 4.6 if such provision applies any time before exercise of the Option.

- 4.4 For the purposes of the Plan, no person shall be treated as ceasing to hold an office or employment with a Group Member until that person no longer holds an office or employment with any Group Member.
- 4.5 For the purposes of the Plan, if the Committee so determines, a Participant will not be treated as ceasing to hold an office or employment with a Group Member if such Participant is on an extended leave of absence, until the earlier of the date on which he notifies his employer of his intention not to return or the date on which he ceases to have any statutory or contractual rights to return to work.
- 4.6 The number of Shares in respect of which an Option may be exercised may be reduced down (including if appropriate to zero) to give effect to any provision of the Malus and Clawback Policy which requires a reduction in the number of Shares which is subject to an Option. Such reduction will be made in accordance with the terms of the relevant provision, or where the relevant provision does not specify how the reduction shall be made, on such basis as the Committee, in its absolute discretion, determines appropriate taking account of all the circumstances the Committee considers to be relevant and the Option shall lapse immediately in respect of the number of Shares by which the Option has been reduced pursuant to this Rule 4.6.
- 4.7 In the event that any reduction is made to an Option pursuant to Rule 4.6, the Participant shall be bound by such reduction and shall have no right or entitlement whatsoever to any compensation in respect of such reduction.
- 4.8 It shall be a condition of the Vesting of an Option that a Participant has signed an Acceptance Notice declaring an irrevocable agreement to the terms of Rules 4.6 and 4.7.
- 4.9 In addition to any other provisions of the Rules for the lapse of an Option, an Option shall lapse upon the occurrence of the earliest of the following events:
  - 4.9.1 the tenth anniversary of the Date of Grant (or such shorter period as the Committee may determine at the Date of Grant)
  - 4.9.2 the date falling one month following the cessation of the Participant's employment with a Group Member unless the Committee determines

otherwise in accordance with Rule 4.3;

4.9.3 on the date of Vesting, to the extent that the Option does not Vest as a result of the Performance Condition not being satisfied in full;

4.9.4 where the Committee has exercised its discretion pursuant to Rule 4.3 to allow the Participant to retain their Option following the cessation of their employment with a Group Member:

4.9.4.1 at the time, and to the extent that the Committee determines pursuant to Rule 4.3 that the Option shall not Vest;

4.9.4.2 the expiry of any of the periods specified in Rules 4.3.1 or 4.3.2;

4.9.5 the expiry of any of the periods specified in Rules 5.1, 5.3, 5.4 and 5.5 save where an Option is released in consideration of the grant of a New Option (during one of the periods specified in Rules 5.1, 5.3 or 5.4) pursuant to Rule 5.6;

4.9.6 subject to Rule 5.5, the passing of an effective resolution, or the making of an order by the Court, for the winding-up of the Company;

4.9.7 the Participant being deprived of the legal or beneficial ownership of the Option by operation of law, or doing or omitting to do anything which causes him to be so deprived or being declared bankrupt; and

4.9.8 4.5.8 the Participant purporting to transfer or dispose of the Option or any rights in respect of it other than as permitted under Rule 2.9.

4.10 No Option may be, exercised, released or surrendered at a time when such, exercise, release or surrender would be in breach of any Share Dealing Code, any statute, regulation or order thereunder or any governmental directive.

## **5. TAKEOVER, RECONSTRUCTION AND WINDING-UP**

5.1 Subject to Rules, 5.6, 5.8 and 5.10 below, if any person obtains Control of the Company as a result of making, either:

5.1.1 a general offer to acquire the whole of the issued ordinary share capital of the Company (which is either unconditional or is made on a condition such that if it is satisfied the person making the offer will have Control of the Company); or

5.1.2 a general offer to acquire all the shares in the Company which are of the same class as the Shares,

(in either case disregarding any shares already owned by the person making the offer or by

any Connected Persons and irrespective of whether the general offer is made to different shareholders by different means), an Option may be exercised within the period of one month (or such other period as the Committee determines) of the time when the person making the offer has obtained Control of the Company and any condition subject to which the offer is made has been satisfied.

- 5.2 For the purpose of Rule 5.1 a person shall be deemed to have obtained Control of the Company if he and others acting in concert (as defined by the City Code on Take-overs and Mergers) with him have together obtained Control of it.
- 5.3 Subject to Rules 5.6, 5.8 and 5.10 if any person becomes bound or entitled to acquire Shares under Sections 979 - 985 of the Companies Act 2006 an Option may be exercised at any time when that person remains so bound or entitled.
- 5.4 Subject to Rules 5.6, 5.8 and 5.10, if under Section 899 of the Companies Act 2006 it is proposed that the Court sanctions a compromise or arrangement proposed for the purposes of or in connection with the acquisition of the whole or part of the issued ordinary share capital of the Company (or such part that is not then owned by the acquiror or any person acting in concert with the acquiror) as a result of which the acquiror (or any such other person) may gain Control of the Company or a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the following apply:
  - 5.4.1 the Company shall give notice thereof to all Participants at the same time as it sends notices to members of the Company calling the meeting to consider such a compromise or arrangement;
  - 5.4.2 the Participant may then exercise the Option subject to the terms of this Rule 5.4 before the earlier of the expiry of six months from the date of such notice and the date on which the Court sanctions the compromise or arrangement;
  - 5.4.3 the Option shall then lapse on such compromise or arrangement becoming effective;
  - 5.4.4 the exercise of an Option under this Rule 5.4 shall be conditional on and take effect immediately prior to such compromise or arrangement becoming effective; and
  - 5.4.5 after exercising the Option the Participant shall transfer or otherwise deal with the Shares issued to him so as to place him in the same position (so far as possible) as would have been the case if such Shares had been subject to such compromise or arrangement.

5.5 Subject to Rule 5.10, if the Company proposes to pass a resolution for voluntary winding up, an Option may then be exercised immediately prior to, but conditional upon, such resolution being passed, or during such other period as determined by the Committee.

5.6 If Options become exercisable pursuant to any of Rules 5.1, 5.3 or 5.4 above (where this occurs as a result of a company obtaining Control in the case of Rules 5.1 and 5.4 or as a result of a company becoming bound or entitled in accordance with Rule 5.3, any Participant may:

5.6.1 if the Options become exercisable under Rule 5.1, at any time within the period of one month (or such other time as the Committee determines) beginning with the time the company obtains control and any conditions to the offer are met;

5.6.2 if the Options become exercisable under Rule 5.3, within the period during which the acquiring company remains bound or entitled; or

5.6.3 if the Options become exercisable under Rule 5.4, before the earlier of the expiry of six months from the date of such notice and the date on which the court sanctions the compromise or arrangement

by agreement with the relevant company, release any Option which has not lapsed ("**the Old Option**") in consideration of the grant to him of an Option ("**the New Option**") which is equivalent to the Old Option but relates to shares in a different company (whether the company which has obtained Control of the Company itself or some other company).

5.7 For the purposes of Rule 5.6 the provisions of the Plan shall be construed as if:

5.7.1 the New Option was an option granted under the Plan at the same time as the Old Option;

5.7.2 unless the Committee determines otherwise, the references to "the Company" are to the company (or companies) over whose shares the New Option is granted in accordance with Rule 5.6 except for the purpose of the definition of "Constituent Company" in Rule 1;

5.7.3 any Performance Condition imposed under Rule 2.3 shall apply in its original form unless the Committee determines in accordance with Rule 2.3.2 to be varied, amended or to be waived in full or in part;

5.7.4 the New Option shall not Vest nor lapse by virtue of the event pursuant to which it was granted; and



5.7.5 the Plan remains under the operation of the Company over whose shares the Old Option was granted.

5.8 Rules 5.1, 5.3 and 5.4 above shall not apply where:

5.8.1 Control of the Company is obtained by another company ("**the Acquiring company**");

5.8.2 immediately after the Acquiring Company obtains Control, the issued equity share capital of the Acquiring Company is owned (directly or indirectly) substantially by the same persons who were equity shareholders of the Company immediately prior to the Acquiring Company obtaining Control; and

5.8.3 the Acquiring Company has agreed to grant new options in accordance with Rule 5.6 in consideration for the release of any Options which have not lapsed.

5.9 If the Company has been or will be affected by any demerger, dividend in specie, super dividend or other transaction which will adversely affect the current or future value of any Options, the Committee may, acting fairly, reasonably and objectively, allow all such Options (but not some only) to be exercised conditionally on such event happening. The Committee will specify the period of exercise of such Options and the date on which the Options shall lapse if not exercised. The Committee will notify any Participant who is affected by this Rule.

5.10 Where Rules 5.1, 5.3, 5.4, 5.5 or 5.9 apply an unvested Option may be exercised to the extent determined by the Committee taking into account the period of time between the Date of Grant and the date of the relevant corporate event relative to the performance or Vesting period which the Option has been granted subject to and the extent to which Performance Conditions have been satisfied at that time. For the avoidance of doubt the exercise of an Option pursuant to this Rule 5 shall be subject to the provision of Rule 4.6 if such provision applies any time before exercise of the Option.

## **6. MANNER OF EXERCISE**

6.1 An Option may be exercised, in whole or in part.

6.2 Subject to compliance with these Rules by the Participant, an Option may be exercised by the delivery to the Company Secretary (as agent for the Grantor), or his duly appointed agent, of an Individual Deed or option certificate (as the case may be) covering at least all the Shares over which the Option is then to be exercised, with

the notice of exercise in the prescribed form duly completed and signed by the Participant (or by his duly authorised agent) together with a remittance for the total Option Price payable (if any) to the Company (as agent for the Trustees, where the Trustees have agreed to satisfy the Option) in respect of the Shares over which the Option is to be exercised (unless the Committee has agreed some other arrangements for the Option Price to be settled which have been entered into ). If any Performance Conditions must be fulfilled before an Option may be exercised, the delivery of the exercise notice shall not be treated as effecting the exercise of an Option unless and until the Committee is satisfied that the Performance Conditions have been fulfilled. The Committee shall state whether the Performance Conditions have been fulfilled to its satisfaction as soon as practicable following the expiry of any performance period over which the fulfilment of Performance Conditions is to be measured or where a performance period is not relevant within 14 days of receipt of the documentation referred to above.

- 6.3 Except as otherwise specified in Rules 5.4, 5.5 and 5.9, the effective date of exercise shall be the later of the date of delivery of the notice of exercise and the date that the Committee states that the Performance Conditions imposed by Rule 2.3 have been fulfilled, if applicable. For the purposes of this Plan a notice of exercise shall be deemed to be delivered when it is received by the Company.
- 6.4 A Participant shall be responsible for and indemnifies all relevant Group Members and the Trustees against the Tax Liability relating to his Option. Any Group Member and/or the Trustees may withhold an amount equal to such Tax Liability from any amounts due to the Participant (to the extent such withholding is lawful) and/or make any other arrangements as it considers appropriate to ensure recovery of such Tax Liability including, without limitation, the sale of sufficient Shares acquired pursuant to the Option to realise an amount equal to the Tax Liability (and the payment of that amount to the relevant authorities in satisfaction of the Tax Liability).

## **7. ISSUE OR TRANSFER OF SHARES**

- 7.1 Subject to Rule 7.3, Shares to be issued pursuant to the exercise of an Option shall be allotted to the Participant (or his nominee) within 30 days following the date of effective exercise of the Option.
- 7.2 Subject to Rule 7.3, where Shares are to be transferred to a Participant (or his nominee) pursuant to the exercise of an Option the Grantor shall procure the transfer of any such Shares within 30 days following the date of effective exercise of the Option.

- 7.3 The allotment or transfer of any Shares under the Plan shall be subject to obtaining any such approval or consent as is mentioned in Rule 2.5 above.
- 7.4 Shares issued pursuant to the Plan will rank *pari passu* in all respects with the Shares then in issue, except that they shall not rank for any right attaching to Shares by reference to a record date preceding the date of exercise.
- 7.5 If Shares are transferred pursuant to the Plan the Participant shall not be entitled to any rights attaching to Shares by reference to a record date preceding the date of exercise.
- 7.6 If and so long as the Shares are listed on the London Stock Exchange, the Company shall apply for listing of any Shares issued pursuant to the Plan as soon as practicable after the allotment thereof.

## **8. ADJUSTMENTS**

- 8.1 Subject to Rule 8.2 and 8.3, the number and description of Shares over which an Option is granted, and the Option Price thereof (and where an Option has been exercised but no Shares have been allotted or transferred pursuant to such exercise, the number and description of Shares which may be so allotted or transferred and the price at which they may be acquired) shall be adjusted in such manner as the Committee shall determine following any capitalisation issue, demerger, any offer or invitation made by way of rights, subdivision, consolidation, reduction, other variation in the share capital of the Company, to the extent that (as nearly as may be without involving fractions of a Share and without involving an Option Price calculated to more than two places of decimals) the aggregate Option Price payable in respect of an Option shall remain unchanged.
- 8.2 Apart from pursuant to this Rule 8.2, no adjustment under Rule 8.1 above may have the effect of reducing the Option Price to less than the nominal value of a Share. Where an Option subsists over both issued and unissued Shares, any such adjustment may only be made if the reduction of the Option Price of an Option over both issued and unissued Shares can be made to the same extent. Any adjustment made to the Option Price of an Option over unissued Shares to less than the nominal value of a Share shall only be made if and to the extent that the Board shall be authorised to capitalise from the reserves of the Company a sum equal to the amount by which the nominal value of the Shares in respect of which the Option is exercisable exceeds the adjusted Option Price and to apply such sum in paying up such amount on such Shares so that on exercise of any Option in respect of which such a reduction shall have been made, the Board shall capitalise such sum (if any) and apply the same in paying up such amount.
- 8.3 Where an Option was granted by the Trustee no adjustment pursuant to this Rule 8 shall

be made without the prior consent of the Trustee.

- 8.4 The Committee may take such steps as it may consider necessary to notify Participants of any adjustment made under this Rule 8 and to call in, cancel, endorse, issue or reissue any Individual Deed or option certificate consequent upon such adjustment.

## **9. ADMINISTRATION**

- 9.1 Any notice or other communication under or in connection with the Plan may be given by personal delivery or by sending the same by electronic means or post, in the case of a company to its registered office, and in the case of an individual to his last known address, or, where he is a director or employee of a Group Member, either to his last known address or to the address of the place of business at which he performs the whole or substantially the whole of the duties of his office or employment, and where a notice or other communication is given by post, it shall be deemed to have been received 72 hours after it was put into the post properly addressed and stamped, and if by electronic means, when the sender receives electronic confirmation of delivery or if not available, 24 hours after sending the notice.
- 9.2 The Company may distribute to Participants copies of any notice or document normally sent by the Company to the holders of Shares.
- 9.3 In the case of partial exercise of an Option, the Grantor may in consequence call in, endorse, cancel and reissue, as it considers appropriate, any certificate for the balance of the Shares over which the Option was granted.
- 9.4 If any certificate shall be worn out, defaced or lost, it may be replaced on such evidence and documentation being provided as the Grantor may require.
- 9.5 The Company shall at all times keep available for allotment unissued Shares at least sufficient to satisfy all Options under which Shares may be subscribed or the Grantor shall procure that sufficient Shares are available for transfer to satisfy all Options under which Shares may be acquired.
- 9.6 The Plan shall be administered by the Committee. The Committee shall have full authority, consistent with the Plan, to administer the Plan, including authority to interpret and construe any provision of the Plan and to adopt such regulations for administering the Plan and such forms of exercise as it may deem necessary or appropriate. Decisions of the Committee shall be final and binding on all parties.
- 9.7 The costs of introducing and administering the Plan shall be borne by the Constituent Companies

- 9.8 The Committee shall have the discretion to override any formulaic outcomes resulting from the application of any provision of the Plan or any Performance Conditions which an Option has been granted subject to.

## **10. ALTERATIONS**

- 10.1 Subject to Rules 10.2 and 10.4, the Board may at any time (but only with the prior consent of the Trustees if there are subsisting Options which they have agreed to satisfy or which will be affected by the alteration or addition) alter or add to all or any of the provisions of the Plan in any respect,.

- 10.2 Subject to Rule 10.3, no alteration or addition to the material advantage of Participants or employees shall be made under Rule 10.1 to:

- 10.2.1 the persons to whom Shares are provided under the Plan;
- 10.2.2 the limitations on the number or amount of Shares subject to the Plan;
- 10.2.3 the maximum entitlement for any Eligible Employee;
- 10.2.4 the basis of determining an Eligible Employee's entitlement and the terms of the Shares and Options;
- 10.2.5 the basis for determining the adjustment of Options in the event of any capitalisation issue, rights issue open offer, sub-division or consolidation of shares or reduction of capital or any other variation of capital of the Company; and
- 10.2.6 the terms of this Rule 10.2;

without the prior approval by ordinary resolution of the members of the Company in general meeting.

- 10.3 Rule 10.2 shall not apply to any minor alteration or addition which is to benefit the administration of the Plan, is necessary or desirable in order to take account of any change in legislation or to obtain or maintain favourable taxation, exchange control or regulatory treatment for the Company, or any Subsidiary of the Company or any Participant.

- 10.4 No alteration or addition shall be made under Rule 10.1 which would materially abrogate or adversely affect the subsisting rights of a Participant unless it is made:

- 10.4.1 with the consent in writing of such number of Participants as hold Options

under the Plan to acquire 75 per cent of the Shares which would be issued or transferred if all Options granted and subsisting under the Plan were exercised; or

10.4.2 by a resolution at a meeting of Participants passed by not less than 75 per cent of the Participants who attend and vote either in person or by proxy,

10.4.3 and for the purpose of this Rule 10.4 the provisions of the Articles of Association of the Company relating to shareholder meetings shall apply *mutatis mutandis*.

10.5 Notwithstanding any other provision of the Scheme other than Rule 10.1 the Committee may, in respect of Options granted to Eligible Employees who are or who may become subject to taxation outside the United Kingdom on their remuneration adopt sub-plans to this Plan or amend or add to the terms of Options as it considers necessary or desirable to take account of or to mitigate or to comply with relevant overseas taxation, securities or exchange control laws provided that the terms of Options granted to such Eligible Employees are not overall more favourable than the terms of Options granted to other Eligible Employees and that any Shares made available under any sub-plan to this Plan shall count towards the limits set out in Rule 3.

10.6 As soon as reasonably practicable after making any alteration or addition under Rule 10.1, the Board shall give written notice thereof to any Participant materially affected thereby.

10.7 No alteration shall be made to the Plan if following the alteration the Plan would cease to be an Employees' Share Scheme.

## **11. LEGAL ENTITLEMENT**

11.1 For the purposes of this Rule 11.1 "Employee" means any Participant or Eligible Employee.

11.2 This Rule 11.2 applies:

11.2.1 whether the Committee has full discretion in the operation of the Plan, or whether the Committee could be regarded as being subject to any obligations in the operation of the Plan;

11.2.2 during an Employee's employment or employment relationship; and

11.2.3 after the termination of an Employee's employment or employment relationship, whether the termination is lawful or unlawful.

11.3 Nothing in the Plan (or in any instrument executed pursuant to it) forms part of the

contract of employment or employment relationship of an Employee nor will it confer on any person any right to continue in employment, nor will it affect the right of any Group Member to terminate the employment of any person without liability at any time with or without cause, nor will it impose upon the Committee, the Grantor or any other person any duty or liability whatsoever (whether in contract, tort or otherwise) in connection with:

- 11.3.1 the lapsing of any Option pursuant to the Plan;
- 11.3.2 the failure or refusal to exercise any discretion under the Plan; and/or
- 11.3.3 an Employee ceasing to hold office or employment for any reason whatever.

11.4 An Option shall not (except as may be required by taxation law) form part of the emoluments of individuals or count as wages or remuneration for pension or other purposes.

11.5 The rights and obligations arising from the employment relationship between the Employee and any Group Member are separate from, and are not affected by, the Plan. Participation in the Plan does not create any right to, or expectation of, continued employment or a continued employment relationship.

11.6 Any Employee who ceases to be an officer or employee with any Group Member as a result of the termination and/or giving of notice of termination of his office or employment for any reason and however that termination and/or giving of notice of termination occurs, whether lawfully or otherwise, shall not be entitled and shall be deemed irrevocably to have waived any entitlement by way of damages for dismissal or by way of compensation for loss of office or employment or otherwise to any sum, damages or other benefits to compensate that Employee for the loss or alteration of any rights, benefits or expectations in relation to any Option, the Plan or any instrument executed pursuant to it.

11.7 No Employee is entitled to participate in the Plan, or be considered for participation in the Plan on any basis. The grant of any Option on any basis in any year does not infer any right to or expectation of the grant of any Option on the same basis, or at all, in any future year.

11.8 Without prejudice to an Employee's right to exercise an Option (subject to and in accordance with the express terms of the Option grant and the Rules), no Employee has any rights in respect of the exercise or omission to exercise any discretion, or the making or omission to make any decision, relating to an Option. Any and all

discretions, decisions or omissions relating to an Option may operate to the disadvantage of the Employee, even if this could be regarded as in breach of any implied term between the Employee and any Group Member, including any implied duty of trust and confidence. Any such implied term is excluded and overridden by this Rule.

11.9 No Employee has any right to compensation for any loss in relation to the Plan, including:

- 11.9.1 any loss or reduction of any rights or expectations under the Plan in any circumstances or for any reason (including lawful or unlawful termination of employment or the employment relationship);
- 11.9.2 any exercise of a discretion or a decision taken in relation to an Option or to the Plan, or any failure to exercise a discretion or take a decision;
- 11.9.3 the operation, suspension, termination or amendment of the Plan.

11.10 Participation in the Plan is permitted only on the basis that the Employee accepts all the provisions of the Rules, including in particular this Rule. By participating in the Plan, an Employee waives all rights under the Plan, other than the right to exercise an Option (subject to and in accordance with the express terms of the Option and the Rules), in consideration for, and as a condition of, the grant of an Option under the Plan.

11.11 Each of the provisions of each Rule under this Plan is entirely separate and independent from each of the other provisions of each Rule. If any provision is found to be invalid then it will be deemed never to have been part of the Rules of the Plan and to the extent that it is possible to do so, this will not affect the validity or enforceability of any of the remaining provisions of each Rule of the Plan.

## **12. GENERAL**

12.1 The Plan shall terminate upon the tenth anniversary of its approval by the Company or at any earlier time by the passing of a resolution by the Board or an ordinary resolution of the Company in general meeting. Termination of the Plan shall be without prejudice to the subsisting rights of Participants.

12.2 The Company and any Subsidiary of the Company may provide money to the trustees of any trust or any other person to enable them or him to acquire Shares to be held for the purposes of the Plan, or enter into any guarantee or indemnity for those purposes, to the extent permitted by company law. In addition, the Company may



require any Subsidiary to enter into such other agreement or agreements as it shall deem necessary to oblige such Subsidiary to reimburse the Company for any other amounts paid by the Company hereunder, directly or indirectly in respect of such Subsidiary's employees. Nothing in the Plan shall be deemed to give any employee of any Constituent Company any right to participate in the Plan.

- 12.3 Any personal data relating to an Eligible Employee and/or a Participant that is used in connection with the Plan shall be processed in accordance with the Fair Processing Notice as from time to time amended. A copy of the current Fair Processing Notice will be available on the Company's intranet or on request by contacting the Company Secretary or any other officer of the Company
- 12.4 These Rules shall be governed by and construed in accordance with the laws of England and Wales. Any person referred to in this Plan submits to the exclusive jurisdiction of the English courts.

## CSOP SCHEDULE (SCHEDULE 1): CSOP OPTIONS

This CSOP Schedule sets out the terms on which the Committee may authorise the grant of CSOP Options.

The Rules apply to CSOP Options save as modified below. The Plan as modified by this CSOP Schedule is referred to as the CSOP-sub plan and shall take effect as a Schedule 4 Scheme (as defined below). In the event of any conflict between the Rules and this CSOP Schedule and Schedule 2, this CSOP Schedule and Schedule 2 shall prevail.

### 1 Definitions

The following definitions will be added to or substitute meanings already given in the Rules:

**"Acquiring Company"** a company which obtains Control of the Company;

**"Associated Company"** means an associated company within the meaning of paragraph 35 of Schedule 4 to ITEPA;

**"Eligible Employee"** means any person who at the Date of Grant is:

- (A) an employee of a Constituent Company, who is not a director; or
- (B) an executive director of a Constituent Company who works 25 hours or more a week for a Constituent Company

and in either case, is not precluded by paragraph 9 of Schedule 4 to ITEPA from participating in the Plan;

**"Market Value"** means in relation to a Share on any day:

- (a) if and so long as the Shares are listed on the Official List of the London Stock Exchange, the closing middle market quotation of a Share (as derived from the Daily Official List) for the immediately preceding Dealing Day; and
- (b) in any other case, their market value determined in accordance with Part VIII of the Taxation of Chargeable Gains Act 1992 as may be agreed in advance with HMRC Shares and Assets Valuation,

provided always that in the event that the Shares are subject to any Restriction, the market value of a Share shall be determined as

though they were not subject to the Restriction;

- "Relevant Event"** means a person acquiring Control of the Company by means of an event specified in Rule 5.1 or 5.4 or a person who is bound or entitled to acquire Shares in the Company under sections 979 to 982 (inclusive) or 983 to 985 (inclusive) of the Companies Act 2006 obtaining Control of the Company;
- "Restriction"** in relation to any share in the capital of a company (including a Share), a restriction applying to such share by virtue of any contract, agreement, arrangement or condition which makes provision to which any of subsections (2) to (4) of section 423 of ITEPA would apply, if the references in those subsections to employment-related securities were to the share in question;
- "Schedule 4 Scheme"** an Employee's Share Scheme that meets the requirements of Parts 2 to 6 (inclusive) of Schedule 4 to ITEPA.

## **2 Eligibility to be granted CSOP Options**

An individual is eligible to be granted a CSOP Option only if he is an Eligible Employee.

## **3 Terms of grant**

- 3.1 Where a CSOP Option is subject to a Performance Condition in accordance with Rule 2.3 of the Plan, that Performance Condition must be objective, fair and reasonable and where events happen which cause the Committee, acting fairly and reasonably, to consider that the waiver of the Performance Condition or a varied or amended Performance Condition would be appropriate they may only vary or amend the Performance Condition if the varied or amended Performance Condition would be a fairer measure of performance
- 3.2 An Individual Deed or in the case of a Global Deed, an option certificate issued to a Participant in respect of a CSOP Option must state the following, in addition to the information referred to at Rule 2.7:
- 3.2.1 that it is granted under the provisions of Schedule 4 to ITEPA;
- 3.2.2 the description of the shares over which the Option has been granted to the Participant;

- 3.2.3 the times at which the Option may be exercised (in whole or in part) either by reference to the Rules or otherwise;
- 3.2.4 the circumstances under which the Option will lapse or be cancelled (in whole or in part), either by reference to the Rules or otherwise;
- 3.2.5 whether or not the shares subject to the Option are subject to any Restriction and in any case where such shares are subject to any Restriction, full details of that Restriction.

#### **4 Shares subject to a CSOP Option**

The Shares subject to a CSOP Option must satisfy paragraphs 16 to 20 of Schedule 4 of ITEPA.

#### **5 Option Price**

The Option Price of a CSOP Option will not be less than the Market Value of a Share on the Date of Grant or such other date as may be determined in accordance with guidance issued by HMRC in respect of Schedule 4 Schemes ; and if Shares subject to a CSOP Option are to be subscribed, not less than the nominal value of a Share.

#### **6 HMRC Limit**

- 6.1 The Committee must not authorise the grant of a CSOP Option to an Eligible Employee which would cause at the time it is granted the aggregate Market Value of the Shares the Eligible Employee may acquire as a result of options granted to him (and not exercised) under:

- (a) this CSOP Schedule; and

- (b) any other HMRC Schedule 4 Scheme established by the Company or by any of its Associated Companies;

to exceed the amount permitted from time to time under paragraph 6(1) of Schedule 4 to ITEPA (currently £30,000). For the purposes of this paragraph 6.1 the aggregate Market Value of Shares shall be calculated as at the Date of Grant of a CSOP Option or at the date on which the subsisting rights were obtained by the Participant (as the case may be) or at such earlier time as may be permitted in accordance with HMRC guidance (pursuant to paragraph 22(1)(ii) of Schedule 4 to ITEPA).

- 6.2 To the extent that any grant of a CSOP Option exceeds the limit set out in Rule 6.1, the number of Shares comprised in such CSOP Option shall be deemed always to have been such number as would result in the limit set out in Rule 6.1 not having been exceeded. If more than one CSOP Option is granted to an Eligible Employee on the same Date of Grant the number of Shares which would otherwise be subject to each CSOP Option shall be reduced pro rata.

## **7 Vesting and Exercise of CSOP Options**

- 7.1 The exercise of a CSOP Option is subject to the conditions set out in Schedule 2 to the Rules.
- 7.2 A Participant may not exercise a CSOP Option while he is precluded from participating in the Plan under paragraph 9 of Schedule 4 of ITEPA (*material interest provisions*).
- 7.3 If at any time the Shares cease to satisfy the requirements of paragraphs 16 to 20 of Schedule 4 of ITEPA a CSOP Option may be exercised regardless of that fact (but subject to the other provisions of this Plan).
- 7.4 The Option Price payable in respect of the exercise of a CSOP Option shall be payable by the Participant in one of the following ways:
- 7.4.1 the Participant may remit a cheque made payable to the Company for the aggregate Option Price payable on exercise of the CSOP Option;
  - 7.4.2 the Participant may authorise the Company to sell such number of Shares arising on exercise of the Linked Award as will enable the Company (after payment of all necessary selling expenses and commissions) to recover and retain for itself from the sale proceeds an amount equal to the aggregate Option Price of the CSOP Option; or
  - 7.4.3 any other means agreed in advance with the Company which is in compliance with HMRC's published guidance in respect of Schedule 4 Schemes.

## **8 Good Leavers**

Rule 4.3 of the Plan shall be deleted and replaced by the following Rule:

- 4.3 The following provisions shall apply if a Participant ceases to hold office or employment with a Group Member:
- 4.3.1 If a Participant ceases to hold office or employment with a Group Member by

reason of:

- (a) injury or disability (in each case evidenced to the satisfaction of the Committee);
- (b) redundancy within the meaning of the Employment Rights Act 1996;
- (c) retirement;
- (d) the company by which the Participant is for the time being employed ceasing to be Controlled by the Company;
- (e) a relevant transfer under the Transfer of Undertakings (Protection of Employment) Regulations 2006,

then his CSOP Option shall Vest (to the extent that it has not already Vested) on the date of cessation and may be exercised during the six month period commencing on the date of cessation. If not so exercised, any such CSOP Option shall lapse immediately. Where the Participant ceases to hold office or employment with a Group Member before the normal date of Vesting in respect of the CSOP Option the number of Shares which Vest in these circumstances shall be determined by the Committee taking into account the period of time between the Date of Grant and the date of cessation relative to the Vesting period relating to the CSOP Option and to the extent to which Performance Conditions have been satisfied.

- 4.3.2 If a Participant ceases to hold office or employment with a Group Member by reason of death then his CSOP Option shall Vest (to the extent that it has not already Vested) on the date of cessation and may be exercised by his legal personal representatives during the twelve month period commencing on the date of his death. If not so exercised, any such CSOP Option shall lapse immediately. Where the Participant dies before the normal date of Vesting in respect of the CSOP Option the number of Shares which Vest in these circumstances shall be determined by the Committee taking into account the period of time between the Date of Grant and the date of the Participants' death relative to the Vesting period relating to the CSOP Option and to the extent to which Performance Conditions have been satisfied. For the avoidance of doubt, the period of twelve months from the date of the Participant's death specified in the foregoing provisions of this paragraph 4.3.2 during which CSOP Options may be exercised shall not be curtailed or shortened by virtue of any other provision of these Rules and following the Participant's death, the CSOP Options shall not lapse pursuant to any other provision of these Rules apart from where such lapse occurs pursuant to the

foregoing provisions of this paragraph 4.3.2 save that any CSOP Options held by the Participant at the date of his death shall lapse at the time specified by Rule 5.5, in the event that a resolution is passed by the Company for the voluntary winding-up of the Company irrespective of whether or not such resolution is passed before, on, or after the death of the Participant concerned.

4.3.3 If a Participant ceases to hold office or employment with a Group Member for any reason other than those specified in Rules 4.3.1 and 4.3.2, his CSOP Option (whether Vested or Unvested) shall cease to be capable of exercise immediately upon such cessation and shall lapse on the date falling one month from the date of cessation, unless prior to such date the Committee, in its absolute discretion (provided that for the avoidance of doubt, the Committee shall not be obliged to exercise such discretion in favour of the Participant), determines that the CSOP Option shall not lapse and that the following provisions shall apply:

4.3.3.1 a CSOP Option which has already Vested on the date of his cessation of office or employment may be exercised during the period of six months following the date of such cessation;

4.3.3.2 a CSOP Option which has not Vested on the date of his cessation of office or employment shall Vest in accordance with Rule 4.3.3.2.1 or 4.3.3.2.2 below as determined by the Committee:

4.3.3.2.1 the Option shall Vest on the date of such cessation, to the extent permitted by the Committee, at its absolute discretion, but taking into account the period of time which has elapsed since the Date of Grant relative to the normal Vesting period and the extent to which any Performance Condition has been satisfied at the time of such cessation and such other factors, including (without limitation) the performance of the Company and the conduct of the Participant, as it may deem relevant. A CSOP Option may then be exercised, to the extent Vested in accordance with this sub-rule, during the period of six months, commencing on the date of such cessation;

OR

4.3.3.2.2 the Option shall not Vest until its normal Vesting Date determined in accordance with Rule 4.1. The

number of Shares in respect of which the Option will Vest in these circumstances shall be determined by the Committee, in its absolute discretion, but taking into account the extent to which any Performance Condition has been satisfied over the performance period and the period of time that had elapsed from the Date of Grant to the date of such cessation relative to the normal Vesting period and such other factors, including (without limitation) the performance of the Company and the conduct of the Participant, as it may deem relevant. An Option may then be exercised, to the extent Vested, within the period of six months commencing on the date on which the Option Vests."

## **9 Lapse of CSOP Options**

9.1 Rule 4.9.2 shall be replaced with the following new rule:

"4.9.2 one month following the cessation of employment unless Rules 4.3.1 or 4.3.2 applies or the Committee decides that a CSOP Option shall become exercisable under Rule 4.3.3";

9.2 Rule 4.9.4 shall be replaced with the following new rule:

"4.9.4 at the time, and to the extent that the Committee determines pursuant to Rule 4.3 that the Option shall not Vest";

9.3 The following new Rule 4.9.9 shall be added to Rule 4.9:

"the expiry of any of the periods specified in Rules 4.3"

9.4 The following new Rule 4.9.10. shall be added to Rule 4.9:

"if either of the conditions in paragraphs 1 or 2 of Schedule 2 to the Plan are not satisfied, on the purported date of exercise."



## **10 Discretion**

If the Committee exercises any discretion under the Rules in relation to a CSOP Option, they must do so acting fairly and reasonably.

## **11 Change of Control**

11.1 Rule 5 shall be deleted and replaced with the following:

"5.1 Subject to Rules 5.6, 5.11, 5.13, 5.14 and 5.15 below, if any person obtains Control of the Company as a result of making, either:

5.1.1 a general offer to acquire the whole of the issued ordinary share capital of the Company (which is either unconditional or is made on a condition such that if it is satisfied the person making the offer will have Control of the Company); or

5.1.2 a general offer to acquire all the shares in the Company which are of the same class as the Shares,

(in either case disregarding any shares already owned by the person making the offer or by any Connected Persons and irrespective of whether the general offer is made to different shareholders by different means), a CSOP Option may be exercised within the period of six months of the time when the person making the offer has obtained Control of the Company and any condition subject to which the offer is made has been satisfied.

5.2 For the purpose of Rule 5.1 a person shall be deemed to have obtained Control of the Company if he and others acting in concert (as defined by the City Code on Take-overs and Mergers) with him have together obtained Control of it.

5.3 Subject to Rules 5.6, 5.11, 5.13, 5.14 and 5.15, if any person becomes bound or entitled to acquire Shares under Sections 979 - 985 of the Companies Act 2006 a CSOP Option may be exercised at any time when that person remains so bound or entitle

5.4 Subject to Rules 5.6, 5.11, 5.13, 5.14 and 5.15, if under Section 899 of the Companies Act 2006 the Court sanctions a compromise or arrangement applicable to or affecting: i) all of the ordinary share capital of the Company or all of the shares in the Company which are of the same class as the Shares subject to CSOP Options; or ii) all the shares, or all of the shares of that same

class, which are identified otherwise than by reference to their employment or directorship or their participation in a Schedule 4 Scheme, a CSOP Option may be exercised at any time during the six month period commencing on the date on which the compromise or arrangement is sanctioned by the court.

5.5 Subject to Rule 5.13, if the Company proposes to pass a resolution for voluntary winding up, a CSOP Option may then be exercised immediately prior to, but conditional upon, such resolution being passed, or during such other period as determined by the Committee

5.6 If a company:

5.6.1 obtains Control of the Company as a result of making either:

5.6.1.1 a general offer to acquire the whole of the issued ordinary share capital of the Company (or such part of such capital as is not then owned by the Acquiring Company or any persons who are Connected Persons in relation to the Acquiring Company) which is made on a condition such that, if it is met, the person making the offer will have Control of the Company; or

5.6.1.2 a general offer to acquire all the shares in the Company which are of the same class as the Shares over which CSOP Options have been granted (or such shares of that class as are not then owned by the Acquiring Company or any persons who are Connected Persons in relation to the Acquiring Company);

irrespective of whether or not the general offer is made to different shareholders by different means;

5.6.2 obtains Control of the Company as a result of a compromise or arrangement sanctioned by the Court under section 899 of the Companies Act 2006;

5.6.3 becomes bound or entitled to acquire Shares under sections 979 to 982 (inclusive) or 983 to 985 (inclusive) of the Companies Act 2006,

a Participant may, at any time during the appropriate period (as defined in Rule 5.7) and by agreement with the Acquiring Company, release any CSOP

Option which has not lapsed (“the Old Option”) in consideration of the grant of an option which is equivalent to the Old Option but which relate to shares (“the new shares”) in the Acquiring Company (or some other company falling within the definitions contained in paragraphs 16(b) and 16(c) of Schedule 4 to ITEPA) (“New Option”) and any CSOP Options not so released at the expiry of the appropriate period shall lapse.

5.7 For the purposes of Rule 5.6 “the appropriate period” shall mean:

- 5.7.1 in the circumstances mentioned in Rule 5.6.1, the period of six calendar months beginning on the later of the date on which Control of the Company passes to the Acquiring Company and the date on which any condition subject to which the offer is made has been satisfied;
- 5.7.2 in the circumstances mentioned in Rule 5.6.2, the period of six calendar months beginning on the date on which the compromise or arrangement is sanctioned by the Court; and
- 5.7.3 in the circumstances mentioned in Rule 5.6.3, the period during which the Acquiring Company remains bound or entitled as mentioned in such rule.

5.8 For the purposes of Rule 5.6 the New Option shall not be deemed to be equivalent to the Old Option unless:

- 5.8.1 the new shares satisfy the conditions specified in paragraphs 16 to 20 inclusive of Schedule 4 to ITEPA;
- 5.8.2 the New Option will be exercisable in the same manner as the Old Option and be subject to the provisions of the Plan as in effect immediately prior to the release of the Old Option;
- 5.8.3 subject always to Rule 5.10, the total market value (as determined in accordance with Part VIII of the Taxation of Chargeable Gains Act 1992), immediately before the release, of the Shares which were subject to the relevant Participant’s Old Option is substantially the same as the total market value (as so determined), immediately after the grant, of the new shares in respect of which the New Option is granted to that Participant; and
- 5.8.4 the total amount payable by that Participant for the acquisition of new shares in pursuant the New Option is substantially the same as the total amount that would have been payable for the acquisition of

Shares pursuant to the Old Option.

- 5.9 For the purposes of the Plan, following the grant of the New Option:
- 5.9.1 the term “Shares” shall have the same meaning as ascribed to the term “the new shares” in Rule 5.6 and the term “Company” shall, for the purposes only of Rules 5, 6, 7, 8 and 10, mean the company the share capital of which the new shares form part;
- 5.9.2 the New Option shall be treated as if it was an option granted under the Plan at the same time as the Old Option;
- 5.9.3 any Performance Condition imposed under Rule 2.3 shall apply in its original form unless the Committee determines in accordance with Rule 2.3.2 to be varied, amended or to be waived in full or in part;
- 5.9.4 the New Option shall not Vest nor lapse by virtue of the event pursuant to which it was granted; and
- 5.9.5 the Plan remains under the operation of the Company over whose shares the Old Option was granted.
- 5.10 For the purposes of Rule 5.8.3, the market value of shares is to be determined using a methodology agreed with HMRC and if such shares are subject to a Restriction, as if such shares were not subject to such Restriction.
- 5.11 Rules 5.1, 5.3 and 5.4 above shall not apply where:
- 5.11.1 Control of the Company is obtained by an Acquiring Company;
- 5.11.2 immediately after the Acquiring Company obtains Control, the issued equity share capital of the Acquiring Company is owned (directly or indirectly) substantially by the same persons who were equity shareholders of the Company immediately prior to the Acquiring Company obtaining Control; and
- 5.11.3 the Acquiring Company has agreed to grant new options in accordance with Rule 5.6 in consideration for the release of any CSOP Options which have not lapsed.
- 5.12 If the Company has been or will be affected by any demerger, dividend in specie, super dividend or other transaction which will adversely affect the current or future value of any CSOP Options, the Committee may, acting

fairly, reasonably and objectively, allow all such CSOP Options (but not some only) to be exercised conditionally on such event happening. The Committee will specify the period of exercise of such CSOP Options. The Committee will notify any Participant who is affected by this Rule.

- 5.13 Where Rules 5.1, 5.3, 5.4, 5.5 or 5.12 apply an unvested CSOP Option may be exercised to the extent determined by the Committee taking into account the period of time between the Date of Grant and the date of the relevant corporate event relative to the performance or Vesting period which the Option has been granted subject to and the extent to which Performance Conditions have been satisfied at that time.
- 5.14 If a Relevant Event occurs and as a consequence of such Relevant Event, the Shares to which a CSOP Option relates no longer meet the requirements of Part 4 of Schedule 4 to ITEPA, the Participant may, only exercise the Option concerned pursuant to Rule 5.1, 5.3 or 5.4, as the case may be, within the period of 20 days commencing on the day after the day on which the Relevant Event occurs, notwithstanding that the Shares no longer meet the requirements of Part 4 of Schedule 4 and notwithstanding that Rules 5.1, 5.3 and 5.4 provide a longer period in which the CSOP Option may be exercised, provided always that the foregoing provisions of this Rule 5.14 shall not permit the exercise of a CSOP Option at a time which is outside of the six month period permitted for the exercise of CSOP Options by virtue of the relevant one of Rules 5.1 or 5.4 nor at a time other than that permitted for the exercise of CSOP Options by Rule 5.3 where such Rule is relevant, as the case may be. Any CSOP Option not exercised at the end of such period of 20 days will, lapse immediately.
- 5.15 If the Committee reasonably expects any of the events referred to in Rules 5.1, 5.3 or 5.4 to occur, the Committee may make arrangements permitting Participants to exercise CSOP Options during a period of 20 days ending with:
- 5.15.1 in relation to Rule 5.1, the date on which the person obtains Control of the Company and any condition subject to which the offer is made has been satisfied;
- 5.15.2 in relation to Rule 5.3, the date on which the person becomes bound or entitled to acquire Shares; and
- 5.15.3 in relation to Rule 5.4, the date of the court sanction;

A Participant who exercises a CSOP Option under this Rule 5.15 will be treated as having

exercised it in accordance with Rules 5.1, 5.3 or 5.4 as the case may be.

If the Committee makes arrangements for the exercise of CSOP Options under this Rule 5.15 and the expected event does not occur within 20 days of the date of purported exercise, the purported exercise of the CSOP Option shall be treated as having had no effect.

## **12 Adjustments**

12.1 For the purposes of Rule 8.1, the word "demerger" shall be deleted.

12.2 Any adjustments in relation to the number and/or nominal value and/or description of Shares subject to CSOP Option and/or the Option Price of the CSOP Option pursuant to Rule 8:

12.2.1 may only be made in respect of variations in share capital falling within paragraph 22 of Schedule 4 to ITEPA;

12.2.2 must be made in accordance with paragraph 22 of Schedule 4 to ITEPA and guidance issued by HMRC in respect of Schedule 4 Schemes;

12.2.3 must secure that the total Market Value of the shares which may be acquired by the exercise of the CSOP Option is immediately after such adjustment or adjustments substantially the same as it was immediately before the adjustment or adjustments;

12.2.4 must secure that the total price at which those shares which may be acquired by the exercise of the CSOP Option is immediately after such adjustment or adjustments substantially the same as it was immediately before the adjustment or adjustments; and

12.2.5 must not result in the requirements of Schedule 4 to ITEPA ceasing to be met in relation to the CSOP Option.

## **13 Changing the terms of CSOP Options**

13.1 The terms of the CSOP Option referred to in Rules 2.7.1, 2.7.2, 2.7.4 and paragraphs 3.2.2 to 3.2.5 of this Schedule may be varied after the grant of the CSOP Option, save that:

13.1.1 any variation to the Option Price may only be made in accordance with Rule 8 and paragraph 12 of this Schedule;

13.1.2 any variation to the number or description of shares subject to the CSOP Option may only be made in accordance with Rule 8 and

paragraph 12 of this Schedule, or pursuant to a mechanism which is stated at the time of grant of the Option;

13.1.3 any variation not referred to in paragraph 13.1.1 and/or 13.1.2 of this Schedule may only be made pursuant to a mechanism which is stated at the time of grant of the CSOP Option;

13.1.4 no variation to the terms of the CSOP Option may be made which would breach the provisions of Rule 9 and paragraph 13.3 of this Schedule.

13.2 Any mechanism referred to in paragraph 13.1.2 and/or 13.1.3 of this Schedule must be applied in a way that is fair and reasonable and such mechanism must be notified to the Participant concerned as soon as practicable after the grant of the CSOP Option to such Participant.

13.3 No amendment may be made to a key feature of the Plan if it will result in the CSOP sub-plan no longer meeting the requirements of Schedule 4 to ITEPA unless the Committee resolves that the alteration shall take effect even if this causes the CSOP sub-plan to cease to meet the requirements under Schedule 4 of ITEPA. A key feature is any provision of the Plan that is necessary in order for the requirements of Parts 2 to 6 of Schedule 4 to ITEPA to be met.

## **14 Rules**

Rules 2.10 and 3.3.5 shall not apply to CSOP Options.

## **SCHEDULE 2**

### **CONDITIONS OF EXERCISE OF CSOP OPTION**

Subject always to paragraphs 7.2 and 7.3 of the CSOP Schedule to the Plan and the satisfaction of any Performance Conditions, the exercise of a CSOP Option is conditional on the satisfaction of the following conditions:

1. The Market Value of a Share on the date of exercise must exceed the Option Price;  
and
2. The conditions set out in Section 524 of ITEPA are satisfied on the date of exercise.



### **SCHEDULE 3**

#### **CONDITIONS OF VESTING OF A LINKED AWARD**

Subject to the satisfaction of any Performance Conditions a Linked Award shall Vest and become exercisable as follows:

1. If both the conditions set out in paragraphs 1 and 2 of Schedule 2 to the Plan are satisfied in respect of a CSOP Option, the Linked Award shall Vest and become exercisable over such number of Shares as determined by the following formula:

$$A \times \frac{B}{C}$$

Where:

"A" means the number of Shares granted under the Linked Award;

"B" means the Market Value of a Share on the Date of Grant; and

"C" means the Market Value of a Share on the date of exercise of the CSOP Option.

2. If one or both of the conditions set out in paragraphs 1 or 2 of Schedule 2 to the Plan are not satisfied in respect of a CSOP Option, the Linked Award will Vest and become exercisable over the number of Shares in respect of which it would otherwise Vest under Rule 4.1.
3. To the extent that a Linked Award does not Vest in whole or part under paragraphs 1 or 2 of this Schedule 3 to the Plan the remaining part of the Linked Award shall lapse.

