

Zotefoams plc

Approved Share Option Plan

Adopted by the shareholders of the Company on 16 May 2018

Registered with HMRC on • 2018

Osborne Clarke LLP

One London Wall
London
EC2Y 5EB

Tel +44 (0) 207 105 7000

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**Rules of the Zotefoams plc
Approved Share Option Plan 2018**

1. Definitions and interpretation

1.1 In this Plan, unless the context otherwise requires, the following definitions shall apply:

"**Acquirer**" has the meaning set out in Rule 8.1.

"**Acquiring Company**" has the meaning set out in Rule 8.6.

"**Associated Company**" means the meaning contained in paragraph 35 of Schedule 4.

"**Board**" means the board of directors of the Company or a duly authorised committee of the Board (which includes the Committee) or a duly authorised person.

"**Closed Period**" has the meaning contained in the Market Abuse Regulation.

"**Code**" means the share dealing code adopted by the Company from time to time.

"**Committee**" means the Remuneration Committee of the Board or, on and after the occurrence of a corporate event described in Rule 8, the remuneration committee of the board as constituted immediately before such event occurs.

"**Company**" means Zotefoams plc registered in England and Wales with registered number 02714645.

"**Control**" has the meaning contained in section 995, Income Tax Act 2007.

"**Date of Grant**" means the date upon which the Committee resolves to grant an Option pursuant to Rule 3.

"**Dealing Day**" means a day on which the London Stock Exchange is open for the transaction of business.

"**Directors' Remuneration Policy**" means any policy that is in force at the Date of Grant that has been approved by the Company's shareholders, in relation to the remuneration of the Executive Directors.

"**Eligible Employee**" means any full-time director (meaning that he is required to work for at least 25 hours per week, excluding meal breaks) or any employee of a Group Company who, at the Date of Grant, does not have a "**material interest**" as defined in paragraphs 9 – 11 of Schedule 4.

"**Employees' Share Scheme**" has the meaning contained in section 1166, Companies Act 2006.

"**Executive Director**" means an Eligible Employee who is a director of the Company.

"**Exercise Date**" has the meaning set out in Rule 7.1.

"**Exercise Price**" means the amount payable per Share on the exercise of an Option which amount shall be determined by the Committee at the Date of Grant but shall not be less than the higher of:

- (a) the nominal value of a Share; and
- (b) the Market Value on the Date of Grant.

"Financial Year" means a financial year of the Company within the meaning of section 390 Companies Act 2006.

"Group Company" means the Company and any of its Subsidiaries from time to time.

"HMRC" means Her Majesty's Revenue and Customs.

"Listing Rules" means the Listing Rules published by the UK Listing Authority or any successor body.

"London Stock Exchange" means the London Stock Exchange plc or any successor to that company.

"Market Abuse Regulation" means Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and any accompanying measures and guidance, as it is in force from time to time.

"Market Value" means an amount equal to:

- (a) the middle-market quotation of such Shares (as derived from the London Stock Exchange Daily Official List) on the Dealing Day immediately prior to the Date of Grant;
- (b) if the Committee so determines, the average of the middle-market quotations during a period determined by the Committee not exceeding the period of five Dealing Days ending with the Dealing Day immediately prior to the Date of Grant; or
- (c) such value of a Share as the Committee reasonably determines,

provided that in all cases such Dealing Day(s) do not fall within any period when dealings in Shares are prohibited under the Code.

"National Insurance Liability" means any national insurance contributions which fall to be paid to HMRC by the Company (or the relevant employing Group Company) under the modified PAYE system as it applies for national insurance purposes under the Social Security Contributions and Benefits Act 1992 and regulations referred to in it (or the equivalent in any jurisdiction outside England and Wales).

"New Option" means the meaning contained in Rule 8.6.

"New Shares" means the meaning contained in Rule 8.7.

"Old Option" means the meaning contained in Rule 8.6.

"Option" means a right granted under the Plan to acquire Shares.

"Option Holder" means a person to whom an Option has been granted under the Plan including, where the context permits, the legal personal representatives of such a person.

"Ordinary Shares" means shares comprising the ordinary share capital of the Company as defined in section 989, Income Tax Act 2007.

"Plan" means the Zotefoams plc Approved Share Option Plan 2018, as amended from time to time.

"Performance Period" means the period over which any performance conditions attaching to the Vesting or exercise of the Option pursuant to Rule 3.2 must be satisfied, being the three years commencing on the Date of Grant or, if earlier, the date of the beginning of the financial year in which the Option is granted, or such other period as the Committee may specify prior

to the grant of an Option provided that the period shall be at least three years for Options granted to Executive Directors.

"Release" means the meaning contained in Rule 8.6.

"Rule" means a rule of the Plan.

"Schedule 4" means Schedule 4 to the Taxes Act as the same may from time to time be amended.

"Schedule 4 CSOP" means a company share option scheme which satisfies the requirements of Schedule 4 and has been notified to HMRC in accordance with paragraph 28A Schedule 4.

"Scheme of Arrangement" has the meaning contained in Rule 8.1(c).

"Shares" means ordinary shares in the capital of the Company which satisfy the provisions of Part 4 of Schedule 4 and comply with the terms of this Plan.

"Subsidiary" means a company (wherever incorporated) which for the time being is under the Control of the Company.

"Taxes Act" means the Income Tax (Earnings and Pensions) Act 2003.

"Tax Liabilities" has the meaning contained in Rule 12.1.

"Vest" means an Option Holder having a right of exercise and **"Vests"** and **"Vesting"** shall be construed accordingly.

"Vesting Period" means the period specified by the Committee over which an Option Vests.

1.2 In this Plan, unless the context otherwise requires:

- (a) words in the singular include the plural and vice versa and words in one gender include any other gender;
- (b) a reference to a statute or statutory provision includes:
 - (i) any subordinate legislation (as defined in section 21(1), of the Interpretation Act 1978) made under it;
 - (ii) any repealed statute or statutory provision which it re-enacts (with or without modification); and
 - (iii) any statute or statutory provision which modifies, consolidates, re-enacts or supersedes it;
- (c) a reference to rules are to rules in these Rules and references to sub-rules are to sub-rules in which the appear; and
- (d) the table of contents and headings are for convenience only and shall not affect the interpretation of these Rules.

2. Purpose

The purpose of the Plan is to provide benefits for Eligible Employees in the form of share options in accordance with Schedule 4. No other benefits may be provided under the Plan.

3. **Grant of Options**

Timing of grant

- 3.1 Subject to Rule 3.68, the Code and these Rules, the Committee may grant Options over Shares to such Eligible Employees as it in its entire discretion thinks fit, provided that Options may only be granted:
- (a) within the period of 42 days starting on the date on which the Plan is adopted by the Company; or
 - (b) within the period of 42 days immediately following the end of a Closed Period, being:
 - (i) the day of release of the preliminary announcement of the Company's annual results (or, where no such announcement is released, the day of publication of the Company's annual financial report); or
 - (ii) the announcement of the Company's half-yearly results; or
 - (c) from the date on which an Option Holder becomes an Eligible Employee; or
 - (d) if Options cannot be granted under (a), (b) or (c) above due to restrictions on the grant of Options under Rule 3.6, the Dealing Day after the day on which any such restrictions are lifted; or
 - (e) at any other time if the Committee considers that exceptional circumstances exist to justify the grant at such other time.

Performance conditions

- 3.2 The Committee shall determine when granting an Option whether the Option shall be subject or not to such objective conditions by way of performance targets which it considers fair and reasonable to be satisfied before that Option may be exercised and measured over the Performance Period, provided that any Option granted to an Executive Director must be subject to one or more objective conditions. Where objective conditions have been set, the Committee may in its discretion (acting fairly and reasonably) subsequently amend or waive such objective conditions if events happen which cause the Committee reasonably to consider that it would be a fairer measure of performance so to amend or waive the conditions to ensure that they achieve their original purpose, provided that any amended conditions are no more difficult to achieve than those previously imposed. Any objective condition imposed when granting an Option shall be notified to the Option Holder in the option certificate, issued under Rule 3.3.

Method of grant

- 3.3 As soon as practicable after the relevant Date of Grant the Company shall issue to the Option Holder a letter enclosing an option certificate evidencing the grant of the Option in such form, not inconsistent with these Rules, as the Committee may determine provided that the option certificate together with the Rules shall specify:
- (a) the number of Shares subject to the Option;
 - (b) a description of the Shares and details of any restrictions applying to the Shares;
 - (c) the Exercise Price;
 - (d) the Date of Grant;
 - (e) the Vesting Period (including details of the number of Shares Vesting during the period);

- (f) any subsequent dates on which an Option may be exercised and when the Option lapses or can be cancelled;
- (g) whether the Option Holder is required either to bear some or all of the cost of any Employers' Contributions arising from the exercise of the Option or jointly to elect with the Company to transfer some or all of any such liability to the Option Holder; and
- (h) any performance conditions attaching to the Vesting or exercise of the Option pursuant to Rule 3.2 and the Performance Period over which those conditions will be measured.

In the event of any conflict between the Rules of the Plan and any such document, the provisions of the Plan shall prevail.

- 3.4 An Option shall be granted by deed executed by the Company. No cash payment shall be required in consideration of such grant.
- 3.5 No Option may be granted more than 10 years after the date on which the Plan is adopted by a resolution of the Company.

Exercise Price

- 3.6 The Exercise Price of an Option granted pursuant to Rule 3 shall not be determined by reference to a Market Value which would itself fall to be determined by reference to any Dealing Day proscribed by the Code or fall within a period prohibited by the Market Abuse Regulation or by reference to any Dealing Day which would fall during a Closed Period.

Method of satisfying Options

- 3.7 Unless specified otherwise by the Committee on or before the Date of Grant, an Option may be satisfied by:
 - (a) the issue of Shares; and/or
 - (b) the transfer of treasury Shares; and/or
 - (c) the transfer of Shares (other than the transfer of treasury Shares).

Approvals and consents

- 3.8 The grant of any Option shall be subject to obtaining any approval or consent required under the Listing Rules, the Code, the Market Abuse Regulation, the City Code on Takeovers and Mergers and any other relevant UK or overseas regulation or enactment.

Renouncement of Option

- 3.9 Any Option may be renounced in whole or in part by the Option Holder by notice in writing to the Company within 30 days of the Date of Grant of the Option, in which case the Option (or part thereof, as applicable) shall for all purposes be taken never to have been granted.

Non-transferability and bankruptcy

- 3.10 An Option may not be transferred, assigned, charged or otherwise encumbered and any purported transfer, assignment, charge or encumbrance shall cause the Option to lapse. Each option certificate shall carry a statement to this effect.

Variation of terms of Option

- 3.11 The terms of an Option which has been granted may only be varied:

- (a) in the case of the number of Shares, the description of the Shares and the Exercise Price, in accordance with Rule 10; and
- (b) in respect of any other term, in accordance with the amendment provisions in Rule 11.

4. **Plan limits**

10% limit

- 4.1 On any day, the number of Shares which may be allocated, as defined in Rule 4.4, under the Plan shall not, when added to the aggregate of the number of Shares which have been allocated in the previous 10 years under the Plan and any other Employees' Share Scheme adopted by the Company, exceed that number of Shares that represents 10% of the ordinary share capital of the Company in issue immediately prior to that day.

7.5% limit

- 4.2 On any day, the number of Shares which may be allocated, as defined in Rule 4.4, under the Plan on any day shall not, when added to the aggregate of the number of Shares which have been allocated in the previous 10 years under the Plan, and any other discretionary Employees' Share Scheme adopted by the Company, exceed that number of Shares that represents 7.5% of the ordinary share capital of the Company in issue immediately prior to that day.

Exclusions from the limits

- 4.3 In calculating the limits in Rules 4.1 and 4.2, where:
 - (a) the right to acquire any Shares was released or lapsed without being exercised; or
 - (b) after the grant of an Option the Committee determines that it shall be satisfied by the transfer of existing Shares (other than Shares transferred out of treasury),

such Shares will be disregarded.

Meaning of allocated

- 4.4 References to "**allocated**" Shares 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 Scheme, means the issue and allotment of Shares or transfer of Shares out of treasury (including any issue and allotment of Shares, or transfer of Shares out of treasury, to any trustees to satisfy the exercise of any option, award or contractual right granted under any Employees' Share Scheme unless such Shares are already treated as allocated under this Rule 4.4).

Adjustment to Shares to be taken into account

- 4.5 Where Shares which have been issued under the Plan or any other Employees' Share Scheme of the Company are to be taken into account for the purposes of the limits in Rule 4.1 and Rule 4.2 and an adjustment of the Option terms has taken place in accordance with Rule 10 between the date of issue of those Shares and the date on which the limit is to be calculated, then the number of Shares taken into account for the purposes of the limit will be adjusted in the manner the Committee considers appropriate to take account of such adjustment.

Effect of limits

- 4.6 Any Option shall be limited and take effect so that the limits in this Rule 4 are complied with.

5. Individual limits

CSOP limit

5.1 No Option may be granted to an Eligible Employee if the Market Value at the intended Date of Grant of the Shares to be subject to the Option, when aggregated with:

- (a) the Market Value of Shares subject to unexercised Options (valued as at their date of grant) (excluding any which have lapsed or have been cancelled or surrendered) granted to him prior to the intended Date of Grant; and
- (b) the Market Value of shares subject to unexercised options (valued as at their date of grant) (excluding any which have lapsed or have been cancelled or surrendered) granted to him prior to the intended Date of Grant under any other Schedule 4 CSOP established by the Company or any Associated Company of the Company,

would exceed £30,000 or such other limit imposed from time to time under paragraph 6, Schedule 4.

Individual Plan limit

5.2 In relation to an Option Holder who is an Executive Director at the Date of Grant, any Option shall be limited and take effect so that immediately following such grant no such Option Holder has been granted, in respect of any Financial Year, Options and awards any other discretionary Employees' Share Scheme adopted by the Company over Shares with a total market value, measured on their dates of grant, in excess of any limit or percentage as is specified in the Directors' Remuneration Policy.

5.3 For the purpose of Rules 5.1(a), 5.1(b) and 5.2 the Market Value of the Shares referred to shall be calculated as at the Date of Grant of the related Options or as at the date of grant of the related awards according to the rules of the governing Employees Share Scheme, as applicable.

Effect of limits

5.4 Any Option shall be limited and take effect so that the limits in this Rule 5 are complied with.

6. Rights to exercise Options

6.1 Options granted under the Plan shall Vest and be capable of exercise in whole or in part in accordance with the following provisions of this Rule 6 and Rules 7 and 8.

Normal exercise

6.2 Except as otherwise provided in the remaining provisions of this Rule 6 and Rule 8, an Option shall only Vest:

- (a) if an Option Holder remains an Eligible Employee on the applicable Vesting Date or Dates;
- (b) if any conditions imposed pursuant to Rule 3.2, and not waived, have been fulfilled to the satisfaction of the Committee; and
- (c) in accordance with Rule 3.3(e).

The Committee shall as soon as practicable after the end of the Performance Period notify the Option Holder of the extent to which the performance conditions the subject of an Option have been satisfied and the number of Shares in respect of which the Option shall Vest shall be calculated. In determining the number of Shares in respect of which the Option shall Vest, the Committee may, in its absolute discretion, reduce (down to zero, if appropriate) the number of

Shares so Vesting, to take account of the overall performance of the Company since the Date of Grant and the contribution of the Option Holder over that period.

Good leaver

6.3 Where an Option Holder ceases to hold any office or employment with a Group Company by reason of:

- (a) ill health, injury or disability (evidenced to the satisfaction of the Committee); or
- (b) a subsidiary ceasing to be under the Control of the Company, or a business or part of a business being transferred to a person who is neither an Associated Company nor a company of which the Company has Control; or
- (c) a relevant transfer within the meaning of the Transfer of Undertakings (Protection of Employment (Regulations) 2006; or
- (d) such other reason as the Committee may in its discretion approve,

to the extent an Option has not yet fully Vested at the date of cessation, the Committee shall, as soon as reasonably practical following the end of the Vesting Period, or such earlier date as the Committee may agree (acting fairly and reasonably), determine the number of Shares under Option which shall Vest on the basis of the proportion of the Vesting Period during which the Option Holder was employed by the Group and notify the Option Holder accordingly. The Committee (acting fairly and reasonably) may adjust the number of Shares Vesting to take account of the extent to which the performance conditions specified in accordance with Rule 3.2 have not been satisfied over the period to the date of cessation. Such Vested Options which are notified may be exercised during the period of six months following such notification whereupon to the extent unexercised, they shall lapse.

In the case of an Option which has Vested at the date of cessation, the Option Holder may exercise the Option during the period of six months following the date of cessation, whereupon to the extent unexercised, it shall lapse.

Death

6.4 Where an Option Holder dies, to the extent an Option has not fully Vested at the date of death, the Committee shall, no later than twelve months following death determine the number of Shares under Option which shall Vest, on the basis of the proportion of the Vesting Period during which the Option Holder was employed by the Group, and notify the personal representatives of the Option Holder accordingly. The Committee may (acting fairly and reasonably) adjust the number of Shares Vesting to take account of the extent to which the performance conditions specified in accordance with Rule 3.3 have not been satisfied over the period to the date of death. Such Vested Options which are notified may be exercised during the period of twelve months following the date of death whereupon to the extent unexercised, they shall lapse.

In the case of an Option which has Vested at the date of death, the personal representatives of the Option Holder may exercise the Option during the period of twelve months following the date of death, whereupon to the extent unexercised it shall lapse.

Other leaver

6.5 Where the Option Holder gives or receives notice to terminate any office or employment with a Group Company in circumstances different to those provided for in Rules 6.3 and 6.4 any Option of his shall lapse on the date of cessation of such office or employment, unless the Committee in its discretion, such discretion to be exercised fairly and reasonably, within 28 days following the giving or receipt of such notice (and prior to the date of cessation), consents to the exercise of any such Option, to the extent it determines, during the period ending 6 months after the date of such cessation (or such longer period as the Committee

may allow, ending no later than the tenth anniversary of the Date of Grant) after which, to the extent unexercised, the Option shall lapse.

Meaning of ceasing employment

- 6.6 For the purposes of Rules 6.3 to 6.5 (inclusive):
- (a) an Option Holder shall not be treated as ceasing to hold any office or employment until he no longer holds any office or employment with the Company or any Subsidiary or any Associated Company; and
 - (b) an Option Holder who is absent from work on statutory and/or any enhanced contractual entitlement to maternity, paternity, adoption or parental leave shall not be deemed to have ceased holding any office or employment until he or she ceases to be entitled to exercise any statutory and/or contractual right to return to work.

Lapse of Options

- 6.7 As well as in the circumstances provided elsewhere in these Rules, subject always to Rule 6.4 (*Death*) an Option shall lapse on the earliest to occur of the following:
- (a) the tenth anniversary of the Date of Grant;
 - (b) the passing of a resolution by the shareholders in respect of a creditor's voluntary liquidation, the making by the Court of a winding up order, or the appointment of an administrator or receiver in respect of the Company (otherwise than in connection with a compromise or arrangement as referred to in Rule 8.3 and other than as provided in Rule 8.6);
 - (c) the Option Holder being adjudicated bankrupt, making or proposing a voluntary arrangement under the Insolvency Act 1986 or otherwise being deprived (except on death) of the legal or beneficial ownership of the Option;
 - (d) in the event (or to the extent) that the Committee determines that the performance conditions which apply to the Option have not been satisfied or are no longer capable of being satisfied; or
 - (e) the expiry of the relevant periods referred to in this Rule 6 or Rule 8 and where more than one such period applies, the earliest to expire of those periods.

For the avoidance of doubt, in the event of the death of the Option Holder the applicable period set out in rule 6.4 shall apply notwithstanding any shorter period(s) for exercise set out in these rules.

Limitations on exercise

- 6.8 No Option may be exercised at any time:
- (a) by an Option Holder when he is precluded by paragraph 9 of Schedule 4 from participating in the Plan; or
 - (b) by the personal representatives of an Option Holder if he was at the date of his death precluded by paragraph 9 of Schedule 4 from participating in the Plan.
- 6.9 No Option may be exercised at any time when the shares which may be thereby acquired are not Shares as defined in Rule 1, taking into account the provisions of Rule 7 (if relevant).
- 6.10 No Option shall be exercised unless such exercise and the issue or transfer of Shares after such exercise would be lawful in all relevant jurisdictions and in compliance with the Listing

Rules, the Code, the Market Abuse Regulation, the City Code on Takeovers and Mergers and any other relevant UK or overseas regulation or enactment.

7. Manner of exercise of Options

Notice of exercise

- 7.1 An Option shall be exercised by notice in writing (in the form prescribed by the Company) given by the Option Holder to the Company in respect of all or some of the Shares comprised in the Option, and such notice shall be accompanied by:
- (a) the relevant option certificate (or an indemnity in respect of a lost option certificate);
 - (b) if required by the Committee, an election to transfer liability for any Employer's Contributions to the Option Holder (in the form prescribed by the Committee and approved by HMRC);
 - (c) a remittance for the aggregate Exercise Price payable or an agreement to secure that such a payment is made under arrangements acceptable to the Committee; and
 - (d) if required by the Committee, if the Shares to be acquired on exercise of the Option are considered to be restricted securities as defined in Part 7, Chapter 2 of the Taxes Act (such determination to be in the discretion of the Committee, acting fairly and reasonably), a joint section 431, Taxes Act election (electing that the Market Value of the Shares acquired on exercise of the Option be calculated as if the Shares were not restricted securities),

and shall, subject to Rule 6 and Rule 7.2, take effect on the date of its receipt, unless the Committee, acting fairly and reasonably, determines otherwise (the "**Exercise Date**").

Exercise Date

- 7.2 If any conditions must be fulfilled before an Option may be exercised, the Option will not be validly exercised unless and until the Committee is satisfied that the conditions have been fulfilled. Otherwise the Exercise Date will be the date as set out in Rule 7.1.

Action by the Company

- 7.3 Not later than 30 days after the Exercise Date the Company shall:
- (a) allot and issue as fully paid such Shares which are to be issued pursuant to the exercise of an Option; or
 - (b) procure the transfer of such Shares which are to be transferred pursuant to the exercise of an Option,

to the Option Holder (or his nominee) and cause to be registered in his name (or the name of his nominee) the number of Shares specified in the notice of exercise and (save where the Shares so registered are uncertificated securities within the meaning of the Uncertificated Securities Regulations 2001) shall deliver a definitive share certificate or statement in respect thereof.

Exercise in part

- 7.4 When an Option is exercised only in part, the balance shall remain exercisable on the same terms as originally applied to the whole Option and a new option certificate shall be issued accordingly by the Company as soon as possible after the partial exercise.

Rights attaching to Shares

7.5 Save for any right determined by reference to a date preceding the date upon which Shares are allotted and issued, Shares issued upon the exercise of an Option shall rank pari passu with the existing Ordinary Shares then in issue. Shares transferred pursuant to the Plan will be transferred without the benefit of any rights attaching to them by reference to a record date preceding the Exercise Date.

8. Takeovers and other corporate events

Takeovers

8.1 If a person or group of persons acting in concert (the "**Acquirer**"):

- (a) obtains Control of the Company as a result of making a general offer:
 - (i) to acquire all of the issued ordinary share capital of the Company (other than that already held by the Acquirer or persons connected with the Acquirer) which is made on a condition such that if it is satisfied the Acquirer will have Control of the Company; or
 - (ii) to acquire all of the shares in the Company of the same class as the Shares;

(in either case whether or not the general offer is made to different shareholders by different means); or

- (b) becomes bound or entitled to acquire shares in the Company pursuant to sections 979 to 982, 985 or 986 of the Companies Act 2006; or
- (c) subject to Rule 8.3, acquires Control of the Company as a result of the Court sanctioning a compromise or arrangement in relation to the Company and its shareholders under Part 26 of the Companies Act 2006 (a "**Scheme of Arrangement**"),

the Committee (acting fairly and reasonably) shall determine the extent to which any unvested Option shall Vest on the basis of:

- (i) the proportion of the Vesting Period which has elapsed up to the date of the change of Control; and
- (ii) the extent to which the performance conditions specified in accordance with Rule 3.2 have been satisfied;

or on such other basis as the Committee, (acting fairly and reasonably), may determine and notify the Option Holder accordingly. The Option Holder may exercise such Vested Option within the periods set out in Rule 8.2 after which, unless the Option Holder has released his Option according to Rule 8.6, and to the extent unexercised, the Option shall lapse.

Timing of exercise on a takeover

8.2 Subject to Rule 8.5 (Loss of Schedule 4 status), the periods referred to in Rule 8.1 are as follows:

- (a) in a case falling within Rule 8.1(a) the period of one month beginning with the date when the Acquirer has obtained Control of the Company and any condition subject to which the offer is made is satisfied or waived;
- (b) in a case falling within Rule 8.1(b), the period of one month from the first date on which the Acquirer becomes bound or entitled to give a notice to acquire shares in the

Company under sections 979 to 982 of the Companies Act 2006 (notwithstanding any other provisions as to exercise in these Rules);

- (c) in a case falling within Rule 8.1(c), the period of one month beginning with the date the Court sanctions the Scheme of Arrangement, or

alternatively, if the Committee so determines, the period of not more than 20 days ending with date on which the periods mentioned in each of Rules 8.2(a) – (c) commences. If an Option is exercised in anticipation of such event and the event does not occur within a 20 day period beginning with the Date of Exercise, the exercise of the Option shall be treated as having no effect.

Scheme of arrangement

- 8.3 For the avoidance of doubt, the provisions of Rule 8.2(c) shall not apply to permit the exercise of an Option if the Scheme of Arrangement is approved by shareholders in connection with a reorganisation which creates a new holding company for the Company which has the same (or substantially the same) shareholders holding the same (or substantially the same) proportionate shareholdings as the shareholders of the Company immediately prior to the compromise or arrangement.

Voluntary winding-up

- 8.4 If notice is duly given to members of a resolution at a general meeting for the voluntary winding-up of the Company, except for the purposes of reconstruction or amalgamation, any Option Holder may, exercise any Option of his in full (but so that any exercise hereunder shall be conditional upon such resolution being passed) within the period of one month beginning with the date of such notice. Any Option not exercised within this period shall lapse immediately upon expiry of the period.

Loss of Schedule 4 status

- 8.5 If as a consequence of any of the events in Rule 8.1, the Shares no longer meet the requirements of Part 4 of Schedule 4, the Option Holder may exercise the Option to the extent Vested in accordance with Rule 8.1 during such period specified by the Committee (being no longer than 20 days following the relevant event set out in Rule 8.1), after which, to the extent unexercised, it shall lapse.

Option release

- 8.6 If a company (the "**Acquiring Company**") obtains Control of the Company as a result of the events specified in Rule 8.1, the Option Holder may, by agreement with the Acquiring Company, within whichever of the periods set out in Rule 8.2 shall apply (and where more than one of such periods shall apply to the same circumstances, within such one of the said periods as the Acquiring Company shall stipulate) release (the "**Release**") his Option (the "**Old Option**") in consideration of the grant to him of an equivalent right over shares in the Acquiring Company or in another company within paragraph 26 of Schedule 4 (the "**New Option**").
- 8.7 The grant of a New Option may only take place on the following conditions:
- (a) the shares over which the New Option is granted (the "**New Shares**") comply with the provisions relating to Shares contained in paragraph 27 Schedule 4;
- (b) the total Market Value of the Shares which were subject to the Old Option immediately before the Release is to be substantially the same as the total market value (determined in accordance with Part VIII of the Taxation of Chargeable Gains Act 1992 and using a methodology agreed by HMRC) of the New Shares in respect of which the New Option is granted to the Option Holder immediately after the Release;

- (c) the total amount payable by the Option Holder for the acquisition of New Shares on exercise in full of the New Option is substantially the same as the total amount that would have been payable for the acquisition of Shares on exercise in full of the Old Option; and
 - (d) the New Option will be exercisable in the same manner as the Old Option and subject mutatis mutandis to the provisions of this Plan as it had effect immediately before the Release.
- 8.8 The New Option shall, for the purposes of this Plan, be treated as having been acquired at the same time as the Old Option was or was treated as acquired and "**Date of Grant**" shall be construed accordingly.
- 8.9 The Company shall ensure that any agreement between the Acquiring Company and the Option Holder relating to the Release will be on terms that satisfy Schedule 4 and that the conditions set out in Rule 8.7 shall have been satisfied in relation thereto with the result that the New Option is treated for the purposes of paragraph 27(5), Schedule 4 and this Plan as if such New Option had been granted at the same time as the Old Option.
- 8.10 Where the Option Holder releases his Options under Rule 8.6 he shall not be entitled to exercise the New Option early under Rule 8.1 solely by virtue of the circumstances which entitled the Option Holder to effect the Release.
- 8.11 In relation to any New Options granted pursuant to Rule 8.6, these Rules shall be construed as if:
- (a) except for the purposes of the definitions of "**Participating Company**" and "**Subsidiary**" in Rule 1, references to the Company were references to the Acquiring Company or, as the case may be, to the other company to whose shares the New Options relate; and
 - (b) references to the Shares were references to the ordinary shares in the Acquiring Company or, as the case may be, in that other company.

9. **Malus and clawback**

Application of recovery provisions

- 9.1 Notwithstanding any other Rule of the Plan, the Committee may in its absolute discretion resolve that the provisions of Rule 9.2 and/or Rule 9.3 will be applied in respect of any Options including, but not limited to, the following circumstances:
- (a) if any of the audited financial results for any Group Company are materially misstated (other than restatement due to a change in accounting policy or to rectify a minor error);
 - (b) if, in the reasonable opinion of the Committee and following consultation with the relevant employing Group Company:
 - (i) an Option Holder has deliberately misled the management of the Company and/or the market and/or the Company's shareholders regarding the financial performance of any Group Company;
 - (ii) a Group Company, and/or the Option Holder's business unit has suffered reputational damage as a result of the Option Holder's misconduct or otherwise;
 - (iii) an Option Holder's actions amount to serious misconduct conduct which causes significant financial loss for a Group Company and/or the Option Holder's business unit; or

- (iv) there have been overpayments (including any Options Vesting under the Plan at a level higher than would otherwise have been the case) due to material abnormal write-offs affecting any Group Company of an exceptional basis not included in the Group Company's normal underlying profit before tax or earnings per share calculations.

In all cases, the decision of the Committee as to whether any of the circumstances set out in this Rule exist shall be conclusive and final.

Malus

- 9.2 If the Committee determines that this Rule 9.2 applies then they may resolve that the number of Shares comprised in an Option that has not yet been exercised should be reduced (to nil if appropriate) and/or impose further conditions on an Option within the period beginning on the Date of Grant and ending on the fifth anniversary of the Date of Grant.

Clawback

- 9.3 If, at any time within the period beginning on the Date of Grant and ending on the fifth anniversary of the Date of Grant of an Option, the Committee determines that this Rule 9.3 applies then the Committee may:
 - (a) require the Option Holder to make a cash payment to a Group Company in respect of some or all of the Shares delivered to him under the Option; and/or
 - (b) require the Option Holder to transfer, for nil consideration, some or all of the Shares delivered to him under the Option,

and the Committee will have discretion to determine the basis on which the amount of Shares is calculated, including whether and if so to what extent to take account of any tax or social security liability applicable to the Option.

Reduction in Shares to give effect to clawback under other plans

- 9.4 The Committee may decide at any time to reduce the number of Shares subject to an Option (including, if appropriate, reducing to zero) to give effect to a clawback provision of any form contained in any incentive plan (other than the Plan) or any bonus plan operated by any Group Company. The value of the reduction shall be in accordance with the terms of the clawback provision in the relevant plan or, in the absence of any such term, on such basis as the Committee, acting fairly and reasonably, decides is appropriate.

Notifications

- 9.5 If the Committee exercises its discretion in accordance with this Rule 9.5, it will confirm this in writing to the Option Holder.

10. Adjustment of Options

- 10.1 The number of Shares that are the subject of an Option, the relative Exercise Price and the description of Shares may be adjusted in such manner as the Committee considers to be fair and reasonable upon the occurrence of any capitalisation issue or offer by way of rights (including an open offer) or upon any sub-division, reduction or consolidation or other variation of the capital of the Company provided that following the adjustment the provisions of Schedule 4 continue to be met.
- 10.2 Any adjustment under Rule 10.1 must ensure that the total Market Value of the Shares which may be acquired on exercise of the Option and the Exercise Price remain substantially the same before and after the variation.

- 10.3 An adjustment under Rule 10.1 may reduce the Exercise Price applying to an Option to less than the nominal value of a Share but only if and to the extent that:
- (a) the Committee is authorised both:
 - (i) to capitalise from the reserves of the Company a sum equal to the amount by which the nominal value of the Shares which are allotted pursuant to the exercise of an Option exceeds the adjusted Exercise Price; and
 - (ii) to apply that sum in paying up that amount on those Shares; and
 - (b) on the allotment of the Shares to be subscribed on the exercise of an Option, the Committee proceeds to capitalise the sum referred to in Sub-Rule 10.3(a)(i) above and applies that sum as described in Sub-Rule 10.3(a)(ii) above.

11. **Amendments**

General rule on amendments

- 11.1 Except as described in Rules 11.2 and 11.3 the Committee may at any time amend the Plan or the terms of any Option.

Shareholder approval

- 11.2 Without the prior approval of the Company in general meeting, an amendment to the Rules may not be made for the benefit of a Participant relating to:
- (a) eligibility;
 - (b) the overall limits on the issue of Shares or transfer of treasury shares under the Plan;
 - (c) the basis for determining an Option Holder's entitlement to, and the terms of, Shares (or cash) provided under the Plan;
 - (d) any adjustment of Options under Rule 10; and
 - (e) the terms of this Rule 11.2 except for:
 - (i) an amendment which is of a minor nature and benefits the administration of the Plan; or
 - (ii) an amendment which is necessary or desirable in order to take account of the provisions of any proposed or existing legislation, including overseas legislation, or to take advantage of any change of legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for the Option Holder, the Company or some other Group Company.

Amendments to the disadvantage of Option Holders

- 11.3 No amendment to the material disadvantage of Option Holders shall be made under Rule 11.1 unless:
- (a) the Board shall have invited every relevant Option Holder to indicate whether or not he approves the amendment; and
 - (b) the amendment is approved by a majority of those Option Holders who have given such an indication.

12. Taxation

Tax indemnity

12.1 The Option Holder shall be accountable for any income tax and, subject to the following provisions, National Insurance Liability (or to the extent permitted by Schedule 4 their equivalent in any non-UK jurisdiction) which is chargeable on any assessable income deriving from the exercise of the Option. In respect of such assessable income the Option Holder shall indemnify the Company and (at the direction of the Company) any Subsidiary which is or may be treated as the employer of the Option Holder in respect of the following (together, the "**Tax Liabilities**"):

- (a) any income tax which is PAYE income for the purposes of section 683, Taxes Act (or the equivalent in any jurisdiction outside England and Wales); and
- (b) any National Insurance Liability being the aggregate of:
 - (i) all the employee's primary Class 1 national insurance contribution or any equivalent social security liability in any jurisdiction outside England and Wales; and
 - (ii) all the employer's secondary Class 1 national insurance contribution or any equivalent social security liability in any jurisdiction outside England and Wales as set out in the grant documentation referred to in Rule 3.3 (unless otherwise determined by the Committee).

Payment of Tax Liabilities

12.2 Pursuant to the indemnity referred to in Rule 12.1, unless the Option Holder makes a cash payment of an appropriate amount to the relevant Group Company, whether by cheque, banker's draft or deduction from salary, the Option Holder shall make such arrangements as the Company requires to meet the cost of any Tax Liabilities, including at the direction of the Company any of the following:

- (a) making a cash payment of an appropriate amount to the relevant Group Company whether by way of cheque, banker's draft or deduction from salary in time to enable that Group Company to remit such amount to HMRC before the 14th day following the end of the month in which the event giving rise to the relevant Tax Liabilities occurs;
- (b) appointing the Company as agent and/or attorney for the sale of sufficient Shares acquired pursuant to the exercise of the Option to cover the Tax Liabilities and authorising the payment to the relevant Group Company of the appropriate amount out of the net proceeds of sale of the Shares; and/or
- (c) entering into an election whereby the employer's liability for Employer's Contributions is transferred to the Option Holder on terms set out in the election and approved HMRC.

13. Employment rights

Employment

13.1 The terms of employment of any Option Holder shall not be affected in any way by his participation in the Plan which shall not form part of such terms (either expressly or impliedly) nor in any way entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for whatever reason (whether lawful or unlawful) which might otherwise be payable to him, and the Option Holder terms of employment shall be deemed to be varied accordingly.

Benefits not pensionable

- 13.2 The value of any benefit realised under the Plan by Option Holders shall not be taken into account in determining any pension or similar entitlements.

No consequential losses on termination

- 13.3 Option Holders shall have no rights to compensation or damages from the Company, any Group Company or any former Group Company on account of any loss in respect of Options where such loss arises (or is claimed to arise), in whole or in part, from:

- (a) termination of office or employment with; or
- (b) notice to terminate office or employment given by or to,

the Company, any Group Company or any former Group Company. This exclusion of liability shall apply however termination of office or employment, or the giving of notice, is caused and however compensation or damages may be claimed.

No consequential losses on transfer of employer

- 13.4 Option Holders shall have no rights to compensation or damages from the Company, any Group Company or any former Group Company on account of any loss in respect of Options where such loss arises (or is claimed to arise), in whole or in part, from:

- (a) any company ceasing to be a Group Company; or
- (b) the transfer of any business from a Group Company to any person that is not a Group Company.

This exclusion of liability shall apply however the change of status of the relevant Group Company, or the transfer of the relevant business, is caused, and however compensation or damages may be claimed.

No consequential losses in relation to other matters

- 13.5 The Option Holder shall have no rights to compensation or damages on account of any income tax or National Insurance Liability (or their equivalent in any non-UK jurisdiction) which arises or is increased in whole or part due to:

- (a) any limits contained in these Rules being exceeded;
- (b) any decision of HMRC that an Option does not meet the requirements of Schedule 4 and is therefore not a qualifying CSOP option for the purposes of Schedule 4; or
- (c) any other action by the Committee, Board or the Company.

No expectation of grant

- 13.6 This Plan is entirely discretionary and may be suspended or terminated by the Company at any time. Such suspension or termination will not affect any Options granted under the Plan to the extent that they are subsisting at the date of such suspension or termination. The grant of an Option is likewise entirely discretionary and does not create any contractual or other right to receive future grants of Options, or benefits in lieu of Options. All determinations with respect to future grants will be at the sole discretion of the Company.

14. **Miscellaneous**

Disputes

- 14.1 In the event of any dispute or disagreement as to the interpretation of the Plan, or as to any question or right arising from or relating to the Plan, the decision of the Committee shall be final and binding upon all persons.

Exercise of powers and discretions

- 14.2 The exercise of any power or discretion by the Committee shall not be open to question by any person and an Option Holder or former Option Holder shall have no rights in relation to the exercise of or omission to exercise any such power or discretion.

Notices

- 14.3 Any notice or other communication under or in connection with the Plan may be given:
- (a) by personal delivery or by 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 Company, 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;
 - (b) in an electronic communication to their usual business address or such other address for the time being notified for that purpose to the person giving the notice; or
 - (c) by such other method as the Committee determines.

Overseas employees

- 14.4 The Board may adopt appendices to this Plan which shall provide for the grant to Eligible Employees who are not at the relevant time exclusively resident for tax purposes in the UK, or who are employed by any non-UK resident Subsidiary, subject to such modifications as the Board considers appropriate to take into account local tax, exchange control, securities laws or other regulatory requirements.

Third parties

- 14.5 No third party has any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Plan, save for any company whose shares are subject to any New Option under Rule 8.6.

Data protection

- 14.6 The Option Holder, by accepting the Option, consents to the collection, processing and transfer, in electronic or other form, of personal data ("**Data**") that is necessary to facilitate the implementation, administration and management of the Plan. The Company may, for the purpose of implementing, administering and managing the Plan, collect, process and transfer certain personal information about the Option Holder, including, but not limited to, the Participant's name, home address and telephone number, date of birth, national insurance number or other identification number, salary, nationality, job title and details of all Options or entitlement to Options that may be granted under the Plan.
- 14.7 Full details about what information the Company collects about an Option Holder, and how the Company collects, uses, shares and protects it, are set out in the Company's Data Protection Policy. In particular, an Option Holder's personal data may:
- (a) be shared with third parties that the Company engages with for the purposes of implementing, administering and managing the Plan, including any broker with whom the Shares that may be issued or transferred on exercise of an Option may be deposited; and
 - (b) be transferred outside of the European Economic Area (the "**EEA**"). The Participant acknowledges that the legal regimes of some territories outside the EEA do not

always offer the same standard of data protection as those inside the EEA. The Company will make sure that any transfer of the Option Holder's Data by the Company or by the third parties with which the Company shares the Option Holder's Data have appropriate protection in place.

The Option Holder is entitled to withdraw their consent to the processing of their Data at any time, unless the Company has a specific legal requirement to process such data or has an alternative legal basis to process that Data. Where the Option Holder is entitled, the Option Holder may withdraw consent at any time to the processing of their Data in a particular way by emailing the Company.

Governing law

- 14.8 The Plan and any dispute, claim or obligation whether contractual or non-contractual arising out of or in connection with it, its subject matter or formation shall be governed by English law. The Option Holder and the Company irrevocably agree that the English courts shall have exclusive jurisdiction to settle any dispute or claim whether contractual or non-contractual arising out of or in connection with this Plan, its subject matter or formation.