

# Rules of the Marston's PLC Long Term Incentive Plan

Approved by the shareholders of Marston's PLC on [ ] January 2023

Adopted by the board of directors of Marston's PLC on [ ] 2023

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# Contents

1	DEFINITIONS AND INTERPRETATION	1
2	GRANT OF AWARDS	3
3	PERFORMANCE CONDITION	4
4	RESTRICTIONS ON TRANSFER AND BANKRUPTCY	4
5	DIVIDEND EQUIVALENTS	4
6	INDIVIDUAL LIMIT	4
7	PLAN LIMITS	4
8	REDUCTION FOR MALUS AND CLAWBACK	5
9	VESTING, RELEASE AND EXERCISE	7
10	SUSPENSION OF AWARDS	7
11	TAXATION AND REGULATORY ISSUES	8
12	CASH EQUIVALENT	8
13	CESSATION OF EMPLOYMENT	8
14	CORPORATE EVENTS	10
15	CORPORATE EVENTS – ADDITIONAL PROVISIONS	12
16	ADJUSTMENTS	13
17	AMENDMENTS	13
18	LEGAL ENTITLEMENT	14
19	GENERAL	14
	SCHEDULE 1 - CASH AWARDS	16
	SCHEDULE 2 - CSOP OPTIONS	17
	SCHEDULE 3 - FURTHER PROVISIONS RELATING TO THE GRANT AND EXERCISE OF LINKED NIL-COST OPTIONS	28

# THE MARSTON'S LONG TERM INCENTIVE PLAN

## 1 DEFINITIONS AND INTERPRETATION

1.1 In this Plan, unless otherwise stated, the words and expressions below have the following meanings:

<b>“Award”</b>	a Conditional Award or a Nil-Cost Option (including a Linked Nil-Cost Option);
<b>“Board”</b>	subject to rule 14.9, the board of the Company or any duly authorised committee of the board;
<b>“Company”</b>	Marston's PLC registered in England and Wales under number 00031461;
<b>“Conditional Award”</b>	a right to acquire Shares in accordance with the rules of the Plan with no Exercise Period;
<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 Schedule 2 to the Plan which is intended to qualify as a tax-advantaged option;
<b>“Dealing Day”</b>	any day on which the London Stock Exchange is open for business;
<b>“Dealing Restrictions”</b>	restrictions imposed by the MAR, the Company's share dealing code, the Listing Rules or any applicable laws or regulations which impose restrictions on share dealing;
<b>“Eligible Employee”</b>	an employee (including an executive director) of the Company or any of its Subsidiaries;
<b>“Exercise Period”</b>	the period during which a Nil-Cost Option may be exercised;
<b>“FCA”</b>	the Financial Conduct Authority (or other relevant authority) in exercise of its primary market functions;
<b>“GDPR”</b>	the retained EU law version of the EU General Data Protection Regulation 2016/679;
<b>“Grant Date”</b>	the date on which an Award is granted;
<b>“Grant Period”</b>	<p>the period of 42 days commencing on:</p> <ul style="list-style-type: none"><li>i) the Dealing Day after the day on which the Company makes an announcement of its results for any period; or</li><li>ii) any day on which the Board resolves that exceptional circumstances exist which justify the grant of Awards;</li></ul> <p>unless the Company is restricted from granting Awards under the Plan during the periods specified above as a result of any Dealing Restrictions, in which case the relevant Grant Period will be 42 days commencing on the Dealing Day after such Dealing Restrictions are lifted;</p>

<b>“Group Member”</b>	the Company, any Subsidiary of the Company, any company 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 or, if the Board so determines, any body corporate in relation to which the Company is able to exercise at least 20% of the equity voting rights and <b>“Group”</b> will be construed accordingly;
<b>“Holding Period”</b>	the period beginning at the end of the Performance Period applying to an Award and ending on the second anniversary of that date, or such other period as the Board shall determine;
<b>“Internal Reorganisation”</b>	where immediately after a change of Control of the Company, all or substantially all of the issued share capital of the acquiring company is owned directly or indirectly by the persons who were shareholders in the Company immediately before the change of Control;
<b>“Linked Nil-Cost Option”</b>	a Nil-Cost Option designated by the Board as a Linked Nil-Cost Option;
<b>“Listing Rules”</b>	the FCA’s listing rules, as amended from time to time;
<b>“MAR”</b>	the retained EU law version of the Market Abuse Regulation 596/2014;
<b>“Nil-Cost Option”</b>	a right to acquire Shares in accordance with the terms of the Plan during an Exercise Period;
<b>“Normal Release Date”</b>	the date on which an Award will normally be Released, which: <ul style="list-style-type: none"> <li>i) in the case of an Award to which no Holding Period applies will be the Vesting Date; and</li> <li>ii) in relation to an Award to which a Holding Period applies will be the first Dealing Day immediately following the end of the Holding Period;</li> </ul>
<b>“Participant”</b>	any person who holds an Award or following his death, his personal representatives;
<b>“Performance Condition”</b>	a condition or conditions imposed under rule 3.1 which relates to performance and upon which the Vesting of an Award is dependent;
<b>“Performance Period”</b>	the period over which a Performance Condition will be measured which, unless the Board determines otherwise, will be at least three years;
<b>“Plan”</b>	the Marston’s Long Term Incentive Plan in its present form or as from time to time amended;
<b>“Release”</b>	<ul style="list-style-type: none"> <li>i) in relation to a Conditional Award, the Participant becomes entitled to receive the Shares; and</li> <li>ii) in relation to a Nil-Cost Option, that it becomes capable of exercise,</li> </ul>

and **“Released”** and **“Unreleased”** will be construed accordingly;

**“Release Date”**

the date on which an Award is Released;

**“Share”**

a fully paid ordinary share in the capital of the Company;

**“Subsidiary”**

the meaning given by section 1159 of the Companies Act 2006;

**“Tax Liability”**

any tax or social security contributions liability in connection with an Award for which the Participant is liable and for which any Group Member or former Group Member is obliged to account to any relevant authority;

**“Trustee”**

the trustee or trustees for the time being of any employee benefit trust, the beneficiaries of which include Eligible Employees;

**“Vest”**

in relation to an Award, the occurrence of its Vesting Date and **“Vesting”**, **“Vested”** and **“Unvested”** will be construed accordingly;

**“Vesting Date”**

the third anniversary of the Grant Date (or such other date determined by the Board); and

**“Vesting Period”**

- i) in relation to an Award that is subject to a Performance Condition, the Performance Period; and
- ii) in relation to an Award that is not subject to a Performance Condition, the period commencing on the Grant Date and ending on the third anniversary of the Grant Date (or such other date as the Board may determine on or before the Grant Date).

1.2 References in the Plan to:

1.2.1 any statutory provisions are to those provisions as amended or re-enacted from time to time;

1.2.2 the singular include the plural and vice versa; and

1.2.3 the masculine include the feminine and vice versa.

1.3 Headings do not form part of the Plan.

## 2 GRANT OF AWARDS

2.1 Subject to rule 2.2, during a Grant Period, the Board may grant an Award to an Eligible Employee in its absolute discretion subject to the rules of the Plan and upon such additional terms as the Board may determine.

2.2 The grant of an Award will be subject to obtaining any approval or consent required by the FCA (or other relevant authority), any Dealing Restrictions and any other applicable laws or regulations (whether in the UK or overseas).

2.3 Awards must be granted by deed and, as soon as practicable after the Grant Date, Participants must be notified of the terms of their Award including any Performance Condition (or the date by which any Performance Condition will be determined) and, in the case of an Award subject to a Performance Condition, any Holding Period.

- 2.4 No Award may be granted under the Plan after the tenth anniversary of the date on which the Plan was approved by the shareholders of the Company.
- 2.5 A Participant will be required to accept an Award in such form as the Board reasonably requires and, if the Board has not received (or waived the right to receive) such acceptance on or before the date that is three months after the Grant Date (or such other date as the Board determines on or before the Grant Date):
  - 2.5.1 the Award may not be Released; and
  - 2.5.2 the Board may determine that the Award will lapse.

### **3 PERFORMANCE CONDITION**

- 3.1 Unless the Board determines otherwise, the Vesting of Awards will be subject to the satisfaction of one or more Performance Conditions. Subject to rules 13 and 14, the Performance Condition(s) will be measured over the Performance Period. The Board may amend or substitute a Performance Condition if one or more events occur which cause the Board to consider that a substituted or amended Performance Condition would be more appropriate and would not be materially less difficult to satisfy than the Performance Condition when originally set.

### **4 RESTRICTIONS ON TRANSFER AND BANKRUPTCY**

- 4.1 An Award must not be transferred, assigned, charged or otherwise disposed of in any way (except in the event of the Participant's death, to his personal representatives) and will lapse immediately on any attempt to do so.
- 4.2 An Award will lapse immediately if the Participant is declared bankrupt.

### **5 DIVIDEND EQUIVALENTS**

- 5.1 The Board may decide at any time prior to the issue or transfer of the Shares in respect of which an Award is Released (or where granted as a Linked Nil-Cost Option, would have been Released) that the Participant will receive an amount (in cash and/or additional Shares) equal in value to any dividends that would have been paid on those Shares in the period beginning on the Grant Date and ending on the Release Date, on such terms as the Board may determine. This amount may assume the reinvestment of dividends (on such basis as the Board may determine) and may exclude or include special dividends.
- 5.2 Any such amount will be payable within 30 days after Release or, in the case of a Nil-Cost Option, exercise of the relevant Award.

### **6 INDIVIDUAL LIMIT**

- 6.1 Subject to rule 6.2, no Eligible Employee may be granted Awards which would, at the time they are granted, cause the market value (as at the Grant Date, as determined by the Board) of all the Shares subject to Awards granted to that Eligible Employee in respect of a particular financial year of the Company to exceed 200% of his base annual salary at the Grant Date and to the extent any Award exceeds this limit it will be scaled back accordingly.
- 6.2 If an Eligible Employee is granted a CSOP Option, the Shares subject to the CSOP Option shall not be taken into account for the purposes of assessing the limit set out in rule 6.1.

### **7 PLAN LIMITS**

- 7.1 The Board must not grant an Award which would, on the day before the Grant Date, cause the number of Shares allocated under the Plan and under any other employee share plan adopted by the Company to exceed such number as represents ten per cent of the ordinary share capital of the Company in issue at that time.

- 7.2 The Board must not grant an Award which would, on the day before the Grant Date, cause the number of Shares allocated under the Plan and under any other discretionary employee share plan adopted by the Company to exceed such number as represents five per cent of the ordinary share capital of the Company in issue at that time.
- 7.3 Subject to rules 7.4 and 7.5, in determining the limits set out in rules 7.1 and 7.2 Shares are treated as allocated if they have been newly issued by the Company or transferred from treasury to satisfy an option, award or other right granted during the previous ten years (an “**award**”), or in the case of such an award in respect of which Shares are yet to be delivered, if the Board intends that new Shares will be issued or that Shares from treasury will be transferred and for these purposes the number of Shares allocated includes:
- 7.3.1 Shares which have been issued or may be issued to any Trustee; and
- 7.3.2 Shares which have been or may be transferred from treasury to any Trustee
- in either case for the Trustee to then transfer to satisfy an award (unless these Shares have already been counted under this rule).
- 7.4 The Board may determine that Shares transferred from treasury will cease to count as allocated for the purposes of rule 7.3 if guidelines published by institutional investor representative bodies no longer require such Shares to be counted.
- 7.5 The number of Shares allocated does not include:
- 7.5.1 Shares in respect of which the right to acquire such Shares lapses or is surrendered; and
- 7.5.2 existing Shares other than treasury shares which are transferred or to which an award relates.
- 7.6 If the Board purports to grant one or more Awards which are inconsistent with the limits in this rule 7:
- 7.6.1 if only one Award is purported to be so granted, that Award will be limited and will take effect from the Grant Date over the maximum number of Shares permitted by those limits; and
- 7.6.2 if more than one Award is purported to be so granted, each such Award will be reduced as determined by the Board and will take effect from the Grant Date over the maximum number of Shares permitted by those limits.
- 7.7 The Board may make such adjustments to the method of assessing the limits set out in rules 7.1 and 7.2 as it considers appropriate in the event of any variation of the Company’s share capital.

## **8 REDUCTION FOR MALUS AND CLAWBACK**

### **Malus prior to Release**

- 8.1 Notwithstanding any other rule of the Plan, the Board may, in its absolute discretion, determine at any time prior to the Release of an Award or the exercise of a Nil-Cost Option to:
- 8.1.1 reduce the number of Shares to which an Award relates;
- 8.1.2 cancel an Award; or
- 8.1.3 impose further conditions on an Award;
- in circumstances in which the Board considers such action is appropriate.
- 8.2 Such circumstances include, but are not limited to:

- 8.2.1 a material misstatement of any Group Member's audited financial results;
- 8.2.2 a material failure of risk management by the Company, any Group Member or a relevant business unit;
- 8.2.3 serious reputational damage to the Company, any Group Member or a relevant business unit as a result of the Participant's misconduct or otherwise;
- 8.2.4 serious misconduct on the part of the Participant; or
- 8.2.5 the corporate failure of any Group Member or a relevant business unit.

#### **Clawback after Release**

- 8.3 Notwithstanding any other rule of the Plan, the Board may, in its absolute discretion, determine that the provisions of rule 8.5 should be applied to:

- 8.3.1 a person who at the relevant Grant Date was an executive director of the Company;
- 8.3.2 a person who at the relevant Grant Date was not an executive director of the Company but was a "Person Discharging Managerial Responsibilities" in relation to the Company as defined for the purposes of the Listing Rules; and
- 8.3.3 any other person to whom the Board determined at the relevant Grant Date that rule 8.5 may be applied.

if any of the circumstances referred to in rule 8.4 have occurred.

- 8.4 The circumstances referred to in rule 8.3 are:

- 8.4.1 a material misstatement of any Group Member's audited financial results;
- 8.4.2 the Board determining that the relevant Participant or former Participant has been guilty of serious misconduct;
- 8.4.3 an error in assessing a Performance Condition applicable to the Award;
- 8.4.4 serious reputational damage to any Group Member or a relevant business unit as a result of the Participant's misconduct or otherwise;
- 8.4.5 a material failure of risk management by any Group Member or a relevant business unit; or
- 8.4.6 the corporate failure of any Group Member or a relevant business unit.

- 8.5 The Board may, in its discretion, determine at any time on or after the Release of an Award and prior to the second anniversary of Release to:

- 8.5.1 if the Shares have not yet been acquired by the Participant, reduce the number of Shares to which the Award relates, cancel the Award or impose further conditions on the Award;
- 8.5.2 reduce or cancel (a) any other Awards the Participant holds that have not yet Vested, (b) any cash bonus payable to the Participant, or (c) any future or existing award made or option granted to the Participant under any cash-based or share-based incentive scheme or bonus scheme operated by any Group Member (other than any tax-advantaged scheme established under schedules 2 to 5 (inclusive) of ITEPA 2003);
- 8.5.3 require a Participant or former Participant to transfer for nil consideration some or all of the Shares delivered to him under the Award;



- 8.5.4 require a Participant or former Participant to make a cash payment to the Company in respect of some or all of the Shares or cash delivered to him under the Award; and/or

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

- 8.6 If the Board exercises its discretion in accordance with this rule 8, it will confirm this in writing to each affected Participant and, if necessary, the Trustee.

## **9 VESTING, RELEASE AND EXERCISE**

- 9.1 As soon as reasonably practicable after the end of the Performance Period relating to an Award in respect of which a Performance Condition has been imposed under rule 3, the Board will determine if and to what extent the Performance Condition(s) has/have been satisfied, and, accordingly the extent to which the Award will, subject to rule 9.2, be Released.

- 9.2 As soon as reasonably practicable after the end of the Vesting Period (and, in the case of an Award that is subject to a Performance Condition, after the Board's determination under rule 9.1), the Board may, in its discretion, adjust (including by reducing to nil) the extent to which an Award would (but for this rule 9.2) be Released, if it considers that:

- 9.2.1 the extent to which it would otherwise be Released does not reflect the overall business performance of the Group over the Vesting Period;
- 9.2.2 the extent to which it would otherwise be Released is not appropriate in the context of circumstances that were unexpected or unforeseen at the Grant Date; or
- 9.2.3 there exists any other reason why an adjustment is appropriate,

taking into account such factors as the Board considers relevant.

- 9.3 An Award will be Released to the extent determined in accordance with rules 9.1 and 9.2 and, any part of the Award that is not Released will lapse immediately following the later of those determinations.

- 9.4 Subject to rules 13 and 14, an Award will be Released (to the extent it has not lapsed under rule 9.3):

- 9.4.1 on the Normal Release Date; or

- 9.4.2 if on the Normal Release Date (or on any other date on which an Award is due to be Released under rule 13 or 14) a Dealing Restriction applies to the Award, on the date on which such Dealing Restriction lifts; and

a Nil-Cost Option may then be exercised until the tenth anniversary of the Grant Date (or such earlier date as the Board may determine on or prior to the Grant Date) in such manner as the Board determines, after which time it will lapse.

- 9.5 Subject to rules 10, 11 and 12, where a Conditional Award has been Released or a Nil-Cost Option has been exercised, the number of Shares in respect of which the Award has been Released or been exercised will be issued or transferred (as applicable) to the Participant within 30 days.

## **10 SUSPENSION OF AWARDS**

- 10.1 Subject to rule 10.2, an Award shall not be Released, and a Participant may not exercise a Nil-Cost Option, at any time:

10.1.1 while disciplinary proceedings by any Group Member are underway against the Participant; or

10.1.2 while any Group Member is investigating the Participant's conduct and may as a result begin disciplinary proceedings.

10.2 The Board shall not unfairly frustrate a valid Release of an Award or exercise of a Nil-Cost Option by the inappropriate application of any provision of rule 10.1.

10.3 Subject to rules 10, 12 and 13, an Award that was not Released on its expected Release Date (or a Nil-Cost Option which the Participant was prevented from exercising) due to the application of rule 10.1 shall be Released (and a Nil-Cost Option which has already been Released may be exercised) if the Board so determines within 21 business days of the conclusion of the disciplinary proceedings or investigation.

10.3.1 If the Board determines that the Award shall be Released (and/or may be exercised), the Release Date (and/or the date from which the Nil-Cost Option may be exercised) of that Award shall be the date of the Board's determination (or, if that date falls during a period when Dealing Restrictions prevent such Release or exercise, the first Dealing Day following the end of that period).

10.3.2 If the Board does not determine that the Award shall be Released (and/or may be exercised), the Award shall lapse at the end of the 21 day period.

## **11 TAXATION AND REGULATORY ISSUES**

11.1 A Participant will be responsible for and indemnifies each relevant Group Member and the Trustee against any Tax Liability relating to his Award. Any Group Member and/or the Trustee 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 subject to the Award to realise an amount equal to the Tax Liability.

11.2 The Release of a Conditional Award, the exercise of a Nil-Cost Option and the issue or transfer of Shares under the Plan will be subject to obtaining any approval or consent required by the FCA (or other relevant authority), any Dealing Restrictions, or any other applicable laws or regulations (whether in the UK or overseas).

## **12 CASH EQUIVALENT**

12.1 Subject to rule 12.2, at any time prior to the date on which an Award has been Released or, in the case of a Nil-Cost Option, has been exercised, the Board may determine that, in substitution for his right to acquire some or all of the Shares to which his Award relates, the Participant will instead receive a cash sum. The cash sum will be equal to the market value (as determined by the Board) of that number of the Shares which would otherwise have been issued or transferred and for these purposes:

12.1.1 in the case of a Conditional Award, market value will be determined on the date of Release;

12.1.2 in the case of a Nil-Cost Option, market value will be determined on the date of exercise; and

12.1.3 in either case the cash sum will be paid to the Participant within 30 days after the Release of the Conditional Award or the exercise of the Nil-Cost Option, net of any deductions (including but not limited to any Tax Liability or similar liabilities) as may be required by law.

12.2 The Board may determine that this rule 12 will not apply to an Award, or any part of it.

## **13 CESSATION OF EMPLOYMENT**

### **Death**

13.1 If a Participant dies, unless the Board determines otherwise:

- 13.1.1 an Award which has not Vested at the date of his death will be Released as soon as practicable thereafter in accordance with rule 13.2; and
- 13.1.2 a Vested Award which has not yet been Released will be Released as soon as reasonably practicable after the date of his death to the extent determined in accordance with rules 9.1 and 9.2.
- 13.2 The number of Shares in respect of which an Unvested Award is Released pursuant to rule 13.1.1 will be determined by the Board in its absolute discretion, taking into account:
  - 13.2.1 the extent to which any Performance Condition imposed under rule 3 has been satisfied;
  - 13.2.2 whether it is appropriate to adjust (including by reducing to nil) the extent to which the Award would (but for this rule 13.2.2) be Released if it considers that rule 9.2.1, 9.2.2, or 9.2.3 applies taking into account such factors as the Board considers relevant; and
  - 13.2.3 if the Board so determines, the proportion of Vesting Period that has elapsed at the date of death.

To the extent that an Award is not Released in full, the remainder will lapse immediately.

- 13.3 If a Participant dies, a Nil-Cost Option may be exercised, subject to rule 14, during the period of 12 months from the date of death (or such other period as the Board may determine), upon the expiry of which it will lapse.

#### **Cessation of employment prior to the Vesting Date**

- 13.4 If a Participant ceases to hold office or employment with a Group Member prior to the Vesting Date as a result of:
  - 13.4.1 ill-health, injury or disability evidenced to the satisfaction of the Board, or
  - 13.4.2 any other reason at the Board's absolute discretion, except where a Participant is summarily dismissed, unless the Board determines that rule 13.5 applies, an Award which has not yet Vested as at the date of cessation will continue and be Released, subject to rule 14, in accordance with rule 13.6 on the Normal Release Date.
- 13.5 If this rule 13.5 applies, the relevant Award will be Released as soon as practicable following the date of cessation (or on such other date as the Board determines) in accordance with rule 13.6.
- 13.6 The number of Shares in respect of which the Award is Released pursuant to rule 13.4 or 13.5 will be determined by the Board in its absolute discretion, taking into account:
  - 13.6.1 the extent to which the Performance Condition has been satisfied on the Normal Release Date (if rule 13.4 applies) or at the date of cessation of office or employment or such other date as the Board determines for the purposes of rule 13.5 (if rule 13.5 applies);
  - 13.6.2 whether it is appropriate to adjust (including by reducing to nil) the extent to which the Award would (but for this rule 13.6.2) be Released if it considers that rule 9.2.1, 9.2.2, or 9.2.3 applies taking into account such factors as the Board considers relevant;
  - 13.6.3 unless the Board determines otherwise, the proportion of the Performance Period or, if the Award is not subject to a Performance Condition the period between the Grant Date and the third anniversary of the Grant Date (or such other date as the Board may determine) that has elapsed at the date of cessation,

and to the extent that an Award is not Released in full, the remainder will lapse immediately. A Nil-Cost Option may, subject to rule 14, be exercised for a period of six months (or such other period as the Board may determine) from the date of Release after which time it will lapse.

#### **Cessation of employment on or after the Vesting Date**

- 13.7 If a Participant ceases to hold office or employment with a Group Member on or after the Vesting Date but prior to the Normal Release Date for any reason (except summary dismissal, in which case any Award he holds will lapse on the date of such cessation), unless the Board determines that rule 13.8 applies, any Award he holds which has Vested but which has not been Released will continue and be Released on the Normal Release Date, subject to it being Released or lapsing earlier under rule 13.
- 13.8 If this rule 13.8 applies, the relevant Award will be Released as soon as reasonably practicable following the date of the Participant's cessation of office or employment.
- 13.9 Subject to rule 13.3, if a Participant ceases to hold office or employment with a Group Member on or after the Vesting Date of a Nil-Cost Option (except where he ceases to hold office of employment with a Group Member because of summary dismissal, in which case the Nil-Cost Option will lapse on the date of such cessation), the Nil-Cost Option may be exercised for a period of six months (or such other period as the Board may determine) from:
- 13.9.1 the date of such cessation, if it has already been Released on that date; or
- 13.9.2 the Release Date, to the extent it is Released in accordance with rule 13.7 or 13.8,
- after which time it will lapse.
- 13.10 For the purposes of the Plan, no person will be treated as ceasing to hold office or employment with a Group Member until that person no longer holds:
- 13.10.1 an office or employment; or
- 13.10.2 a right to return to work
- with any Group Member.

#### **Leavers – post-cessation shareholding requirements**

- 13.11 The Board may determine that any Award held by a Participant after he has ceased to hold office or employment with a Group Member will lapse if the Participant fails to abide by any requirement, guideline or policy determined by the Board from time to time pursuant to which that person must hold Shares following their ceasing to hold office or employment with a Group Member.

### **14 CORPORATE EVENTS**

- 14.1 Where any of the events described in rule 14.3 occur, then subject to rules 14.7 and 14.8, all Awards which have not yet been Released will be Released (in the case of Unvested Awards in accordance with rule 14.2) at (or immediately before) the time of such event unless they are Released earlier in accordance with rule 14.4. Nil-Cost Options, whether Released under this rule 14.1 or earlier, will be exercisable (a) for one month<sup>1</sup> from the date of the relevant event, after which time all Nil-Cost Options will lapse, or (b) where rule 14.3.3 applies, at any time when the person who has become bound or entitled remains so, and shall lapse to the

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<sup>1</sup> **KF note:** If an option holder exercised during this post-completion period, to acquire the shares issued in satisfaction of the exercise of their option a buyer would need to operate the squeeze-out procedure under the Companies Act (if possible) where the acquisition is by way of a general offer, or operate the compulsory acquisition procedure which will have been added into the company's articles on a scheme of arrangement. We have added a provision (rule 15) so option holders can be asked to submit an exercise notice during a period set by the board before a change of control, and exercise takes effect immediately before the change of control. Unexercised options lapse on the change of control.

extent unexercised at the end of the period during which that person first becomes bound or entitled (in each case, unless it is exchanged under rule 14.7).

14.2 An Unvested Award will be Released pursuant to rule 14.1 to the extent determined by the Board in its absolute discretion taking into account:

14.2.1 the extent to which any Performance Condition has been satisfied;

14.2.2 whether it is appropriate to adjust (including by reducing to nil) the extent to which the Award would (but for this rule 14.2.2) be Released if it considers that rule 9.2.1, 9.2.2, or 9.2.3 applies taking into account such factors as the Board considers relevant;

14.2.3 and, unless the Board determines otherwise, the proportion of the Vesting Period that has elapsed at the date of the relevant event.

To the extent that an Award is not Released, or is not exchanged in accordance with rules 14.7 and 14.8, it will lapse immediately.

14.3 The events referred to in rule 14.1 are:

14.3.1 General offer

If any person (either alone or together with any person acting in concert with him):

14.3.1.1 obtains Control of the Company as a result of making a general offer to acquire Shares; or

14.3.1.2 already having Control of the Company, makes an offer to acquire all of the Shares other than those which are already owned by him

and such offer becomes wholly unconditional.

14.3.2 Scheme of arrangement

A compromise or arrangement in accordance with section 899 or 901F of the Companies Act 2006 is sanctioned by the Court.

14.3.3 Compulsory acquisitions

Any person becomes bound or entitled to acquire Shares under sections 979 to 982 or 983 to 985 of the Companies Act 2006.

14.4 Loss of corporation tax deduction

If the Board determines that there would be a loss of corporation tax deduction under Part 12 of the Corporation Tax Act 2009 (or any similar legislation or rules in a jurisdiction outside the United Kingdom) if Awards were to be Released on or after an event described in rule 14.3, then the Board may resolve that Awards will be Released on an earlier date.

14.5 Winding-up

On the passing of a resolution for the voluntary winding-up or the making of an order for the compulsory winding up of the Company, the Board will determine:

14.5.1 whether and to what extent Awards which have not yet been Released will be Released, taking into account the extent to which any Performance Condition has been satisfied and, unless the Board determines

otherwise, the proportion of the Performance Period or, if the Award is not subject to a Performance Condition, the period between the Grant Date and the third anniversary of the Grant Date (or such other date as the Board may determine) that has elapsed at the date of the relevant event; and

14.5.2 the period of time during which any Released Nil-Cost Option may be exercised, after which time it will lapse.

To the extent that an Award is not Released it will lapse immediately.

#### 14.6 Other events

If the Company is or may be affected by a demerger, delisting, special dividend or other event which in the opinion of the Board, may affect the current or future value of Shares, the Board may determine that the following provisions will apply:

14.6.1 an Award will be Released on such terms as the Board may determine;

14.6.2 if an Award is Released under this rule 14.6, it will be Released taking into account the extent to which any Performance Condition has been satisfied and, unless the Board determines otherwise, the proportion of the Performance Period or, if the Award is not subject to a Performance Condition, the period between the Grant Date and the third anniversary of the Grant Date (or such other date as the Board may determine) that has elapsed at date of the relevant event; and

14.6.3 to the extent that the Award is not Released, it will lapse immediately, unless the Board determines otherwise.

The Board will then also determine the period during which any Released Nil-Cost Option may be exercised, after which time it will lapse.

#### 14.7 Exchange

An Award will not be Released under rule 14.1 but will be exchanged on the terms set out in rule 14.8 to the extent that:

14.7.1 an offer to exchange the Award (the “**Existing Award**”) is made by the buyer and accepted by a Participant;

14.7.2 there is an Internal Reorganisation; or

14.7.3 the Board decides (before the relevant event) that an Existing Award will be exchanged automatically.

#### 14.8 Exchange terms

If this rule 14.8 applies, the Existing Award will not be Released but will be exchanged in consideration of the grant of a new award which, in the opinion of the Board, is equivalent to the Existing Award, but relates to shares in a different company (whether the acquiring company or a different company).

#### 14.9 Meaning of Board

Any reference to the Board in this rule 14 means the members of the Board immediately prior to the relevant event.

### 15 CORPORATE EVENTS – ADDITIONAL PROVISIONS

15.1 If the Board considers that an event specified in rule 14.3.1 or 14.3.2 is likely to occur (a “**Change of Control**”), the Board may, in respect of Nil-Cost Options which would be Released pursuant to rule 14.1 (or have already been Released), request in writing that Participants give a notice exercising their Nil-Cost Option(s) (an “**Exercise Notice**”) within a period to be specified by the Board ending before the acquiror obtains Control of the Company.

15.2 If Board makes a request pursuant to rule 15.1 above:

- 15.2.1 the exercise of Nil-Cost Options in respect of which a valid Exercise Notice has been received by the Company by the relevant deadline shall take effect immediately before the Change of Control (or, in the case of a Scheme of Arrangement, within the period beginning with the time the Court sanctions the Scheme of Arrangement and ending on the scheme record time);
- 15.2.2 if a Participant fails to give an advance Exercise Notice in respect of their Nil-Cost Option within the time period specified by the Board in any written request made pursuant to rule 15.1, then unless before the occurrence of the Change of Control the Participant has irrevocably agreed with the prospective acquiror to exchange the Nil-Cost Option under rule 14.7, his or her Nil-Cost Option(s) shall lapse on the occurrence of the Change of Control (which in respect of a Scheme of Arrangement shall for the purposes of this rule be deemed to be when the scheme becomes effective), and
- 15.2.3 if the anticipated Change of Control does not occur, any Exercise Notice given pursuant to rule 15.1 shall be deemed never to have been given, and all Nil-Cost Options shall continue on their terms.

## **16 ADJUSTMENTS**

- 16.1 The number of Shares subject to an Award may be adjusted in such manner as the Board determines, in the event of:
  - 16.1.1 any variation of the share capital of the Company; or
  - 16.1.2 a demerger, delisting, special dividend, rights issue or other event which may, in the opinion of the Board, affect the current or future value of Shares.
- 16.2 The Board may also adjust any Performance Condition.

## **17 AMENDMENTS**

- 17.1 Except as described in this rule 17, the Board may at any time amend the rules of the Plan or the terms of any Award.
  - 17.2 Subject to rule 17.3, no amendment to the advantage of Eligible Employees and/or Participants will be made under this rule 17 to the provisions relating to:
    - 17.2.1 the persons to whom, or for whom, Shares or cash are provided under the Plan;
    - 17.2.2 limitations on the number or amount of Shares or cash subject to the Plan;
    - 17.2.3 the maximum entitlement for any one Participant;
    - 17.2.4 the basis for determining a Participant's entitlement to, and the terms of, Shares or cash to be provided under the Plan;
    - 17.2.5 the adjustments that may be made in the event of a variation of capital; and
    - 17.2.6 the terms of this rule 17.2
- without prior approval of the members of the Company in general meeting.

- 17.3 Rule 17.2 will not apply to any minor amendment which is to benefit the administration of the Plan or is necessary or desirable to take account of any change in legislation or to obtain or maintain favourable taxation, exchange control or regulatory treatment for any Group Member or Participant.
- 17.4 No amendment to the material disadvantage of existing rights of Participants (except in respect of the Performance Condition) will be made under rule 17.1 unless:
- 17.4.1 every Participant who may be affected by such amendment has been invited to indicate whether or not he approves the amendment; and
- 17.4.2 the amendment is approved by a majority of those Participants who have so indicated.
- 17.5 No amendment will be made under this rule 17 if it would prevent the Plan from being an employees' share scheme in accordance with section 1166 of the Companies Act 2006.

## **18 LEGAL ENTITLEMENT**

- 18.1 This rule 18 applies during a Participant's employment with any Group Member and after the termination of such employment, whether or not the termination is lawful.
- 18.2 Nothing in the Plan or its operation forms part of the terms of employment of a Participant and the rights and obligations arising from a Participant's employment with any Group Member are separate from, and are not affected by, his participation in the Plan. Participation in the Plan does not create any right to continued employment for any Participant.
- 18.3 The grant of any Award to a Participant does not create any right for that Participant to be granted any further Awards or to be granted Awards on any particular terms, including the number of Shares to which Awards relate.
- 18.4 By participating in the Plan, a Participant waives all rights to compensation for any loss in relation to the Plan, including:
- 18.4.1 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 the Participant's employment);
- 18.4.2 any exercise of a discretion or a decision taken in relation to an Award or to the Plan, or any failure to exercise a discretion or take a decision; or
- 18.4.3 the operation, suspension, termination or amendment of the Plan.

## **19 GENERAL**

- 19.1 The Plan will terminate upon the date stated in rule 2.4, 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 will be without prejudice to the existing rights of Participants.
- 19.2 Shares issued or transferred from treasury under the Plan will rank equally in all respects with the Shares then in issue, except that they will not rank for any voting, dividend or other rights attaching to Shares by reference to a record date preceding the date of issue or transfer from treasury.
- 19.3 The personal data of any Eligible Employee, Participant or former Participant may be processed in connection with the operation of the Plan in accordance with the Group's prevailing data protection policy and as notified to Eligible Employees in accordance with the GDPR. By participating in the Plan, a Participant consents (otherwise than for the purposes of the GDPR) to the processing of their personal data in connection with the operation of the Plan.



- 19.4 The Plan will be administered by the Board. The Board will 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 regulations for administering the Plan. Decisions of the Board will be final and binding on all parties.
- 19.5 Any notice or other communication in connection with the Plan may be delivered personally or sent by electronic means or post, in the case of a company to its registered office (for the attention of the company secretary), 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. Where a notice or other communication is given by post, it will 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.
- 19.6 No third party will have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Plan (without prejudice to any right of a third party which exists other than under that Act).
- 19.7 The rules of the Plan will be governed by and construed in accordance with the laws of England and Wales. Any person referred to in the Plan submits to the exclusive jurisdiction of the Courts of England and Wales.

## **SCHEDULE 1 - CASH AWARDS**

The rules of the Marston's Long Term Incentive Plan will apply to a right to receive a cash sum granted under this Schedule as if it was either a Conditional Award (a "Cash Conditional Award") or a Nil-Cost Option (a "Cash Option"), except as set out in this Schedule. Where there is any conflict between the rules of the Plan and this Schedule, the terms of this Schedule will prevail.

- 1.1 Each Cash Conditional Award or Cash Option will relate to a certain number of notional Shares.
- 1.2 On the Release of a Cash Conditional Award or the exercise of a Cash Option the Participant will be entitled to receive a cash sum, calculated by reference to the value of the number of notional Shares to which the Cash Conditional Award or the Cash Option relates, on the following basis:
  - 1.2.1 in the case of a Cash Conditional Award the cash sum will be equal to the market value (as determined by the Board) of the notional Shares to which the Cash Conditional Award relates on the Release Date; and
  - 1.2.2 in the case of a Cash Option the cash sum will be equal to the market value (as determined by the Board) of the notional Shares to which the Cash Option relates on the date of exercise.
- 1.3 The cash sum payable under paragraph 1.2 above will be paid to the Participant as soon as practicable after the Release of the Cash Conditional Award or the exercise of the Cash Option, net of any deductions (including, but not limited to, any Tax Liability or similar liabilities) as may be required by law.
- 1.4 For the avoidance of doubt, a Cash Conditional Award or Cash Option will not confer any right on the holder to receive Shares or any interest in Shares.

## SCHEDULE 2 - CSOP OPTIONS

This Schedule 2 sets out the terms on which the Board may grant CSOP Options.

The rules of the Plan apply to CSOP Options save as modified by this Schedule 2 and references in the rules of the Plan to an “Award” or a “Nil-Cost Option” will be interpreted as references to an “CSOP Option” for the purposes of this Schedule 2. In the event of any conflict between the rules of the Plan and this Schedule 2, this Schedule 2 as appropriate shall prevail.

### 1. DEFINITIONS AND INTERPRETATION

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

<b>“Associated Company”</b>	means an associated company within the meaning of paragraph 35 of Schedule 4 to ITEPA;
<b>“Exercise Price”</b>	the price per Share payable to exercise a CSOP Option as determined by the Board in accordance with section 7.1 of this Schedule 2;
<b>“HMRC”</b>	HM Revenue & Customs;
<b>“ITEPA”</b>	the Income Tax (Earnings and Pensions) Act 2003;
<b>“Market Value”</b>	means in relation to a Share on any day: <ul style="list-style-type: none"><li>i) 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 on that Dealing Day or the immediately preceding Dealing Day; and</li><li>ii) subject to i) above, its 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;</li></ul>
<b>“Restriction”</b>	has the meaning given by paragraph 36(3) of Schedule 4 to ITEPA;
<b>“Schedule 4 CSOP”</b>	a share option plan that meets the requirements of Schedule 4 to ITEPA, and
<b>“Variation of Capital”</b>	in relation to the equity share capital of the Company, a capitalisation issue (other than a scrip dividend), an offer or invitation made by way of rights, a subdivision, consolidation, reduction or any other variation in respect of which HMRC will allow an adjustment of Options in accordance with rule 14;

- 1.2 In this Schedule 2, references to rules are to the rules of the Plan.

## **2. ELIGIBILITY TO BE GRANTED CSOP OPTIONS**

- 2.1 A CSOP Option may only be granted to an Eligible Employee who is a director of the Company or any of its Subsidiaries if he is obliged to devote not less than 25 hours a week (excluding meal breaks) to the performance of the duties of his employment with the Company or any Subsidiary. For the avoidance of doubt, the restriction in this section 2.1 of this Schedule 2 shall not apply to any Eligible Employee who is not a director of the Company or any of its Subsidiaries.
- 2.2 A CSOP Option may not be granted to an Eligible Employee who is excluded from participation by virtue of paragraph 9 of Schedule 4 to ITEPA (*material interest in a close company*).

## **3. GRANT OF A CSOP OPTION**

- 3.1 No CSOP Option may be granted prior to the date this Schedule 2 is registered with HMRC as a Schedule 4 CSOP.
- 3.2 Notwithstanding rule 2.3, any Performance Condition applying to a CSOP Option must:
- 3.2.1 be set at the Grant Date; or
  - 3.2.2 be capable of later determination in accordance with objective machinery in place at the Grant Date governing when and what Performance Conditions can be set.

## **4. LIMIT ON THE VALUE OF SHARES OVER WHICH A CSOP OPTION MAY BE GRANTED**

- 4.1 The Board must not grant a CSOP Option to an Eligible Employee which would on the Grant Date cause the aggregate Market Value of the shares which he may acquire by exercising that CSOP Option, any other CSOP Option or any other option granted under a scheme established by the Company or an Associated Company of the Company and approved by or registered with HMRC under Schedule 4 to ITEPA to exceed the amount permitted from time to time under paragraph 6(1) of Schedule 4 to ITEPA.
- 4.2 For the purposes of this section 4 of this Schedule 2:
- 4.2.1 the Market Value of any share which is not a Share shall be determined as if the definition of "Market Value" in this Schedule 2 applied;
  - 4.2.2 the Market Value of any share will be determined at the time the relevant option is granted; and
  - 4.2.3 in the case of a share subject to a Restriction, the Market Value will be determined as if the Restriction did not apply.
- 4.3 If the Board purports to grant a CSOP Option in breach of the limit in section 4.1 of this Schedule 2, that CSOP Option shall take effect from the Grant Date over the maximum number of Shares over which it may be granted within that limit.

**5. PERFORMANCE CONDITIONS, DIVIDEND EQUIVALENTS, MALUS AND CLAWBACK**

- 5.1 Any Performance Condition applied to a CSOP Option shall be objective. The last sentence of Rule 3.1 shall be replaced by the following wording “The Board may amend or substitute a Performance Condition where an event or events have occurred in consequence of which the Board reasonably considers that the existing Performance Condition should be amended to ensure that the objective criteria against which performance is to be measured will be a fairer measure of performance, and it will afford a more effective incentive to the Participant, provided that the amended Performance Condition is no more difficult to satisfy than the original Performance Condition was at the Grant Date.”
- 5.2 Rule 5 shall not apply to CSOP Options.
- 5.3 Rule 8.1 and 8.2 shall not apply to CSOP Options and in its application to CSOP Options rule 8.5.1 shall apply with the deletion of the words: “or impose further conditions on the Award”.
- 5.4 In its application to CSOP Options there shall be deleted from rule 8.5.2 the words: “or cash”.
- 5.5 Rules 8.4.3, 8.4.5, 8.4.6 and 8.4.7 shall not apply to any CSOP Option.
- 5.6 Rules 9.2, 13.2.2, 13.6.2 and rule 14.2.2 shall not apply to any CSOP Option.

**6. SHARES SUBJECT TO A CSOP OPTION**

- 6.1 The Shares subject to a CSOP Option must satisfy part 4 of Schedule 4 to ITEPA.
- 6.2 The notification of a CSOP Option given under rule 2.3 of the Plan shall include:
- 6.2.1 the Grant Date of the CSOP Option,
  - 6.2.2 the number and description of the Shares under the CSOP Option;
  - 6.2.3 details of any Restriction attaching to the Shares subject to the CSOP Option under rule 8.5, and of any other Restriction to which those Shares are subject;
  - 6.2.4 the time the CSOP Option can be exercised,
  - 6.2.5 the circumstances in which the CSOP Option will lapse, including any exercise conditions,
  - 6.2.6 the Exercise Price of the CSOP Option, and
  - 6.2.7 any Performance Conditions.

## **7. SETTING THE EXERCISE PRICE**

- 7.1 On the grant of a CSOP Option, the Board shall determine the Exercise Price which applies to that CSOP Option which shall not be less than the Market Value of a Share on the Grant Date.

## **8. EXERCISE OF CSOP OPTIONS**

- 8.1 A Participant may not exercise a CSOP Option while he is excluded from being granted a CSOP Option under paragraph 9 of Schedule 4 to ITEPA (*material interest in a close company*).
- 8.2 The exercise of a CSOP Option is subject to the conditions set out in Schedule 3.
- 8.3 If at any time the Shares cease to satisfy the requirements of part 4 of Schedule 4 to ITEPA, a CSOP Option may be exercised regardless of that fact (but subject to the other provisions of the Plan) and the Company shall notify HMRC as soon as practicable.
- 8.4 To exercise a CSOP Option, the Participant must pay the Exercise Price of the Shares in respect of which he is exercising the CSOP Option. The Exercise Price may be paid by the Participant in one of the following ways (or in a combination of one or more of the following ways):
- 8.4.1 the Participant may remit a cheque made payable to the Company for the aggregate Exercise Price payable on exercise of the CSOP Option;
  - 8.4.2 the Participant may authorise the Company to sell such number of Shares they have acquired on the exercise of a CSOP Option or a Linked Nil-Cost Option 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 Exercise Price of the CSOP Option; or
  - 8.4.3 any other means agreed in advance with the Company (and, where applicable, agreed with HMRC).
- 8.5 A CSOP Option may only be exercised once and if it is exercised over fewer than all of the Shares over which it may be exercised, it shall immediately lapse over the remaining Shares.
- 8.6 Rule 11.1 of the Plan shall be read as if the words "If the Participant, having been given the opportunity to do so, does not pay an amount equal to the Tax Liability relating to his CSOP Option" were inserted before the second sentence.
- 8.7 Rule 12 of the Plan shall not apply to CSOP Options.
- 8.8 A CSOP Option may only be exercised if:
- 8.9.1 the Market Value of a Share on the proposed date of exercise exceeds the Exercise Price of the relevant CSOP Option; and
  - 8.9.2 in accordance with section 524 of ITEPA, no liability to income tax will arise in respect of the exercise of the CSOP Option.

## 9. CESSATION OF EMPLOYMENT

- 9.1 In its application to any CSOP Option there shall be deleted from rule 13.1 of the Plan the words:

“unless the Board determines otherwise”.

- 9.2 The following rule 13.2 shall apply to CSOP Options in substitution for rule 13.2 of the Plan:

“13.2 An Unvested CSOP Option will be Released pursuant to rule 13.1.2 to the extent any Performance Condition imposed under rule 3 has been satisfied at the date of death (or to such greater extent as the Board may determine) and, unless the Board determines otherwise, the number of Shares which would otherwise be Released will be reduced to reflect the proportion of the Performance Period, or, if the CSOP Option is not subject to a Performance Condition, the period between the Grant Date and the third anniversary of the Grant Date (or such other date as the Board may determine) that has elapsed at the date of death. To the extent that an Option is not Released in full, the remainder will lapse immediately; and”

- 9.3 In its application to any CSOP Option, rule 13.3 shall be read without the words “(or such other period as the Board may determine)”

- 9.4 In its application to any CSOP Option, rule 13.4.2 shall be replaced with the words:

“13.4.2 any other reason at the Board's absolute discretion, other than (a) summary dismissal or (b) redundancy (within the meaning of ERA 1996 or ER(NI)O 1996), retirement, a relevant transfer within the meaning of the Transfer of Undertakings (Protection of Employment) Regulations 2006, or their employing company ceasing to be controlled by the Company”

- 9.5 The following rule 13.6A shall apply to CSOP Options where a Participant ceases to hold office or employment with a Group Member prior to the Vesting Date as a result of injury or disability (evidenced to the satisfaction of the Board). Rule 13.6 of the Plan (extent to which Unvested Options become exercisable) shall apply where a Participant ceases to hold office or employment with a Group Member prior to the Vesting Date as a result of the operation of rule 13.4.2 (as modified above in its application to any CSOP option):

“13.6A This rule applies where CSOP Options will be Released pursuant to rule 13.4 or 13.5 as follows.

13.6A.1 Subject to rules 13.6.2 and 13.6.3 below, the CSOP Option will be Released to the extent to which any Performance Condition has been satisfied on the Normal Release Date (if rule 13.4 applies) or at the date of cessation of office or employment or such other date as the Board determines for the purposes of rule 13.5 (if rule 13.5 applies).

13.6A.2 The number of Shares in respect of which the CSOP Option is Released shall **not** be reduced pro rata to the proportion of the Performance Period during which the Participant was employed, or if the CSOP Option is not

subject to a Performance Condition, the period between the Grant Date and the third anniversary of the Grant Date that has elapsed at the date of cessation.

13.6A.3 To the extent that a CSOP Option is not Released in full, the remainder will lapse immediately. The CSOP Option may, subject to rule 14, be exercised for a period of six months from the date of Release, upon the expiry of which it will lapse.”

9.6 The following rules 13.7 – 13.9 shall apply to CSOP Options in substitution for rule 13.7 – 13.9 of the Plan (extent to which Vested Options become exercisable):

“13.7 If a Participant ceases to hold office or employment with a Group Member on or after the Vesting Date but prior to the Normal Release Date for any reason (except (a) summary dismissal or (b) redundancy (within the meaning of ERA 1996 or ER(NI)O 1996), retirement, a relevant transfer within the meaning of the Transfer of Undertakings (Protection of Employment) Regulations 2006, or their employing company ceasing to be controlled by the Company, in which case any CSOP Option he holds will lapse on the date of such cessation), unless the Board determines that rule 13.8 applies, a CSOP Option he holds which has Vested but which has not been Released will continue and be Released on the Normal Release Date, subject to it being Released or lapsing earlier under rule 14.

13.8 If this rule 13.8 applies, the relevant CSOP Option will be Released as soon as reasonably practicable following the date of the Participant’s cessation of office or employment.

13.9 Subject to rule 13.3, if a Participant ceases to hold office or employment with a Group Member on or after the Vesting Date of a CSOP Option (except where they cease to hold office of employment with a Group Member because of (a) summary dismissal or (b) redundancy (within the meaning of ERA 1996 or ER(NI)O 1996), retirement, a relevant transfer within the meaning of the Transfer of Undertakings (Protection of Employment) Regulations 2006, or their employing company ceasing to be controlled by the Company, in which case the CSOP Option will lapse on the date of such cessation), the CSOP Option may be exercised for a period of six months from:

13.9.1 the date of such cessation, if it has already been Released on that date;  
or

13.9.2 the Release Date, to the extent it is Released in accordance with rule 13.7 or 13.8,

after which time it will lapse.”

9.7 Rule 13.11 shall not apply to any CSOP Option.

## **10. CORPORATE EVENTS**

10.1 The following rules 14.1 – 14.3B shall apply to CSOP Options in substitution for rules 14.1 – 14.3 of the Plan.



- “14.1 Where any of the events described in rule 14.3 occur, then subject to rules 14.7 – 14.8A, all CSOP Options which have not yet been Released will be Released (to the extent any Performance Conditions have been met, and in the case of Unvested CSOP Options, in accordance with rule 14.2) at the time of such event unless they are Released earlier in accordance with rule 14.4. CSOP Options, whether Released under this rule 14.1 or earlier, will be exercisable for one month (or such longer period, not exceeding six months, as the Board may permit) from the date of the relevant event, after which all CSOP Options will lapse to the extent unexercised.
- 14.2 An Unvested CSOP Option will be Released pursuant to rule 14.1 to the extent any Performance Condition has been satisfied at that date (or to such greater extent as the Board may determine) and, unless the Board determines otherwise, the proportion of the Performance Period or, if the CSOP Option is not subject to a Performance Condition, the period between the Grant Date and the third anniversary of the Grant Date (or such other date as the Board may determine) that has elapsed at the date of the relevant event. To the extent that a CSOP Option is not Released or is not exchanged in accordance with rules 14.7 – 14.8, it will lapse immediately.
- 14.3 The events referred to in rule 14.1 are:
- 14.3.1 General offer
- (a) If a person (including any person acting in concert with him as referred to in paragraph 25A(8) of Schedule 4 to ITEPA) has obtained Control of the Company as a result of an offer falling within paragraph 25A(3) of Schedule 4 to ITEPA and any condition subject to which the offer is made has been satisfied.
- (b) If any person (either alone or together with any person acting in concert with him) other than in a case falling within rule 14.3.1(a):
- i) obtains Control of the Company as a result of making a general offer to acquire Shares; or
- ii) already having Control of the Company, makes an offer to acquire all of the Shares other than those which are already owned by him,
- and such offer becomes wholly unconditional.
- 14.3.2 Compromise or arrangement
- (a) The sanction by the Court under section 899 or 901F of the Companies Act 2006 of a compromise or arrangement of a sort referred to in paragraph 25A(6) or 25A(6ZA) of Schedule 4 to ITEPA.
- (b) A compromise or arrangement in accordance with section 899 or 901F of the Companies Act 2006 for the purposes of a change of Control of the Company not falling within rule 14.3.2(a) is sanctioned by the Court.

#### 14.3.3 Non-UK company reorganisation arrangement

Shareholders become bound by a non-UK reorganisation (as defined by paragraph 35ZA of Schedule 4 of a sort referred to in paragraph 25A(6A)).

14.3A If a person becomes bound or entitled to acquire Shares under sections 979 to 982 or 983 to 985 of the Companies Act 2006 (takeover offers: right of offeror to buy out minority shareholder etc), any CSOP Option which has not already been exercised or lapsed may be exercised while that person remains so bound or entitled. All unexercised CSOP Options shall lapse when that person ceases to be so bound or entitled.

14.3B Where an event specified in rule 14.3.1 occurs, or a change of Control occurs as a result of an event specified in rule 14.3.2, 14.3.3 or 14.3A and, as a result of the change of Control, Shares will no longer satisfy the requirements of Part 4 of Schedule 4 of ITEPA, the Board may decide that CSOP Options shall be Released (to the extent any Performance Conditions have been met, and in the case of Unvested CSOP Options, in accordance with rule 14.2) and may be exercised during the period of 20 days following the change of Control.”

10.2 Rule 15 of the Plan shall not apply to CSOP Options.

### 11. CORPORATE EVENTS – EXCHANGE OF CSOP OPTIONS

11.1 The following rules 14.7 – 14.8B shall apply to CSOP Options in substitution for rules 14.7 – 14.8 of the Plan:

“14.7 If another company (the “**acquiring company**”):

14.7.1 obtains Control of the Company as a result of making:

- (i) a general offer (disregarding, if relevant, the fact that the general offer may be made to different shareholders by different means) to acquire the whole of the issued ordinary share capital of the Company (construed in accordance with paragraph 26(2A) of Schedule 4 to ITEPA) which is made on a condition such that, if it is met, the person making the offer will have Control of the Company; or
- (ii) a general offer (disregarding, if relevant, the fact that the general offer may be made to different shareholders by different means) to acquire all the shares in the Company (construed in accordance with paragraph 26(2A) of Schedule 4 to ITEPA) which are of the same class as the shares which may be acquired by the exercise of CSOP Options;

14.7.2 obtains Control of the Company as a result of a compromise or arrangement sanctioned by the court under section 899 or 901F of the Companies Act 2006; or

14.7.3 becomes bound or entitled to acquire shares in the Company under sections 979 to 982 or 983 to 985 of the Companies Act 2006,

an Option may be released in consideration of the grant to the holder of that Option of a new share option in accordance with rule 14.8.

14.8 If an Option (the “**Old Option**”) is to be released in consideration of the grant of a new share option (a “**New Option**”) in accordance with this rule 14.8:

14.8.1 that must be done with the agreement of the acquiring company;

14.8.2 the agreement must be made in the relevant period determined in accordance with paragraph 26 of Schedule 4 to ITEPA and before the Old Option lapses in accordance with rule 14.1;

14.8.3 any New Option granted in consideration of the release of an Old Option in accordance with this rule 14.8 must satisfy the requirements of paragraphs 27(2) – 27(4) (inclusive) of Schedule 4 to ITEPA; and

14.8.4 the New Option shall be treated as if it was an Option granted under the Plan at the same time as the Old Option, except that:

(i) other than in the definition of “Board”, in rule 17.2 and in rule 19.1, the defined term “Company” shall mean the company whose shares are subject to the New Option; and

(ii) rule 14.9 shall not apply to the New Option.

14.8A Rule 14.8B shall apply to the extent that:

14.8A.1 there is an Internal Reorganisation; or

14.8A.2 the Board decides that rule 14.8B shall apply in connection with an event falling within rule 14.1 that is not an Internal Reorganisation.

14.8B If this rule 14.8B applies:

14.8B.1 a CSOP Option will not be Released under rule 14.1; and

14.8B.2 to the extent the Participant does not agree to the release of a CSOP Option in consideration of the grant of a New Option in accordance with rules 14.7 – 14.8 or if such an exchange is not offered, the CSOP Option will lapse one month after the relevant event.”

11.2 Following the grant of any New Option in accordance with rule 14.8, no CSOP Option may be granted under the Plan other than New Options granted in accordance with rule 14.8.

## **12. ADJUSTMENTS**

12.1 The following rule 16 shall apply to CSOP Options in substitution for rule 16 of the Plan:

- “16.1 In the event of a Variation of Capital, the number of Shares subject to a CSOP Option and/or the Exercise Price may be adjusted in such manner as the Board, in its reasonable opinion, considers to be fair and appropriate, provided that:
- 16.1.1 adjustments to the Exercise Price may only be made in accordance with the provisions of paragraph 22 of Schedule 4 to ITEPA;
  - 16.1.2 any adjustment to the number of Shares may be made only in accordance with either paragraph 22 of Schedule 4 to ITEPA or a mechanism notified to the Participant on or before the Grant Date;
  - 16.1.3 the total market value of the Shares subject to the CSOP Option is, immediately after the Variation of Capital, substantially the same as immediately before the Variation of Capital;
  - 16.1.4 the total amount payable on exercise of a CSOP Option immediately after the Variation of Capital is substantially the same as immediately before the Variation of Capital, and
  - 16.1.5 the Exercise Price for a Share to be newly issued on the exercise of any CSOP Option shall not be reduced below its nominal value (unless the Board resolves to capitalise, from reserves, an amount equal to the amount by which the total nominal value of the relevant Shares exceeds the total adjusted Exercise Price, and to apply such amount to pay up the relevant Shares in full).
- 16.2 The Board may (acting fairly and reasonably) also adjust any Performance Condition to take into account the Variation of Capital, provided that such time as Schedule 2 constitutes a Schedule 4 CSOP, no adjustment may be made to a CSOP Option under this rule 16 if it would cause the CSOP Option to cease to be a valid CSOP Option.”

### **13. AMENDMENTS**

- 13.1 During such time as Schedule 2 constitutes a Schedule 4 CSOP:
- 13.1.1 no adjustment may be made to a CSOP Option if it would cause the CSOP Option to cease to be a valid CSOP Option, and
  - 13.1.2 no amendment may be made to a Key Feature (within the meaning given to that term in paragraph 30(4) of Schedule 4 to ITEPA) of this Schedule 2 if, as a result of the amendment, Schedule 2 would no longer be a Schedule 4 CSOP, unless the Board resolves that the amendment shall take effect even if this causes Schedule 2 to cease to be a Schedule 4 CSOP. The Board shall notify HMRC of any amendment made to a Key Feature on the Company's CSOP annual return.

Rule 17.4 shall be replaced by the words “No amendment to the material disadvantage of the existing rights of a Participant will be made under rule 17.1 without their consent.”

**14. BOARD DISCRETION**

- 14.1 Any discretion exercisable or action or determination to be undertaken by the Board under this Schedule 2 shall be exercised or undertaken fairly and reasonably.

## **SCHEDULE 3 - FURTHER PROVISIONS RELATING TO THE GRANT AND EXERCISE OF LINKED NIL-COST OPTIONS**

This Schedule 3 sets out additional terms which apply to determine the extent to which a Linked Nil-Cost Option may be Released and exercised.

### **1. INTERPRETATION**

- 1.1 In this Schedule 4, references to rules are to the rules of the Plan.

### **2. GRANT OF A LINKED NIL-COST OPTION**

- 2.1 Where a Participant has been or is to be granted a CSOP Option pursuant to Schedule 2 to the Plan, they may also be granted a Linked Nil-Cost Option (the CSOP Option to which it is linked being the "**Linked CSOP Option**").
- 2.2 Rule 5 and rule 12 of the Plan shall not apply to Linked Nil-Cost Options.

### **3. LAPSE OF A LINKED NIL-COST OPTION TO THE EXTENT VALUE IS DELIVERED UNDER THE LINKED CSOP OPTION**

On the Normal Release Date of the Linked CSOP Option and Linked Nil-Cost Option, the Linked Nil-Cost Option shall immediately lapse in respect of such number of Shares as have a market value at that time equal to (a) the market value of the Shares over which the Linked CSOP Option is Released less (b) the aggregate Exercise Price of the Linked CSOP Option.

For the avoidance of doubt, the maximum aggregate market value of Shares which the Participant may acquire on the exercise of the Linked Nil-Cost Option and/or the Linked CSOP Option shall be the market value (as at the Normal Release Date) of the number of Shares over which the Linked Nil-Cost Option was granted (the "**Maximum Value**"). Upon acquisition of Shares with a value equal to the Maximum Value by the Participant pursuant to the exercise of the Linked CSOP Option and/or the Linked Nil-Cost Option, the Linked CSOP Option and/or the Linked Nil-Cost Option shall immediately lapse (and where they do not so lapse, be waived) in relation to any remaining Shares to which the Linked CSOP Option and/or the Linked Nil-Cost Option (as applicable) relates.

### **4. OBJECTIVE PERFORMANCE CONDITION APPLYING TO THE RELEASE AND EXERCISE OF A LINKED CSOP OPTION**

A Linked CSOP Option shall be granted with an objective performance condition which provides that where the market value of the Shares over which the Linked Nil-Cost Option would have been Released if it was a Nil Cost Option but not a Linked Nil-Cost Option (the "**Linked Nil-Cost Option MV**") is below the market value of the Shares over which the Linked CSOP Option subsists on the Normal Release Date, the Linked CSOP Option shall be Released only in respect of such number of Shares as has at the Normal Release Date a market value, less the aggregate exercise price, equal to the Linked Nil-Cost Option MV, and the Linked CSOP Option shall lapse immediately to the extent it is not Released (or, if it was not granted subject to such a term, it shall be a condition of the exercise of the Linked CSOP Option that the Participant surrenders, for nil consideration, the Linked CSOP Option to the extent it is not Released).

For the avoidance of doubt, where the Linked Nil-Cost Option MV is equal to or exceeds the market value of the Shares, less the aggregate exercise price, over which the Linked CSOP Option subsists on the Normal Release Date, the Linked CSOP Option shall, subject to the rules of the Plan and the extent to which any other performance conditions to which it is subject have been met, be Released in full.

**5. APPLICATION OF RULES 14.7 – 14.8**

**5.1 If:**

5.1.1 a Linked Nil-Cost Option is exchanged in accordance with rules 14.7 – 14.8; and

5.1.2 the Linked CSOP Option in connection with which the Linked Nil-Cost Option was granted lapses in accordance with rule 14.8B2 as applied to CSOP Options,

the new award granted under rule 14.8 in consideration of the exchange of the Linked Nil-Cost Option shall be a Nil-Cost Option but shall not be a Linked Nil-Cost Option.