



**RULES OF THE
HILL & SMITH 2023 EXECUTIVE SHARE OPTION SCHEME**

Approved by the shareholders of Hill & Smith plc on [] May 2023

Adopted by the board of directors of Hill & Smith plc on [] May 2023

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THE HILL & SMITH 2023 EXECUTIVE SHARE OPTION SCHEME

1. DEFINITIONS AND INTERPRETATION

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

“Board”	the board of the Company or any duly authorised committee of the board;
“Company”	Hill & Smith plc registered in England and Wales under number 00671474;
“Control”	the meaning given by section 995 of the Income Tax Act 2007;
“Dealing Day”	any day on which the London Stock Exchange is open for business;
“Dealing Restrictions”	restrictions imposed by the Company’s share dealing code, the Listing Rules or any applicable laws or regulations which impose restrictions on share dealing;
“Eligible Employee”	an employee (including an executive director) of the Company or any of its Subsidiaries;
“Exercise Period”	the period during which an Option may be exercised;
“Exercise Price”	the price per Share payable to exercise an Option as determined by the Board in accordance with rule 2.6, as adjusted from time to time in accordance with the rules of the Scheme;
“FCA”	the Financial Conduct Authority (or other relevant authority) in exercise of its primary market functions;
“GDPR”	the retained EU law version of the EU General Data Protection Regulation 2016/679;
“Grant Date”	the date on which an Option is granted;
“Grant Period”	the period of 42 days commencing on: i) the day on which the Scheme is approved by shareholders of the Company in general meeting;

- ii) the Dealing Day after the day on which the Company makes an announcement of its financial results for any period;
- iii) any day on which any change to any relevant legislation affecting employees' share schemes is proposed or made;
- iv) in relation to a particular person, the day on which that person becomes an Eligible Employee; or
- v) any day on which the Board resolves that exceptional circumstances exist which justify the grant of Options,

unless the Company is restricted from granting Options under the Scheme 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;

“Group Member”

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 “Group” will be construed accordingly;

“Internal Reorganisation”

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;

“Listing Rules”

the FCA's listing rules, as amended from time to time;

“Market Value”

in relation to a Share on any day an amount equal to:

- i) if the Shares are quoted in the London Stock Exchange Daily Official List:

- (a) the middle market quotation (as derived from that List) of a Share on the Dealing Day immediately preceding the relevant date; or
 - (b) if the Board so determines the average of the closing middle market quotations (as so derived) of a Share for a number of Dealing Days within a period not exceeding 5 days immediately preceding the relevant date; and
- ii) subject to (i) above, the market value of a Share as determined in accordance with Part VIII of the Taxation of Chargeable Gains Act 1992 on the relevant date (or such earlier date as determined by the Board);

“Normal Vesting Date”

the date on which an Option will normally Vest, which:

- i) in respect of an Option which is subject to the satisfaction of a Performance Condition will be the later of:
- (a) the date on which the Board determines that the Performance Condition has been satisfied in accordance with rule 8.1;
 - (b) the date on which the Board determines whether an adjustment should be made in accordance with rule 8.2; and
 - (c) the third anniversary of the Grant Date,
- (or such later date determined by the Board and notified to the Participant in accordance with rule 2.3); and
- ii) in respect of an Option which is not subject to the satisfaction of a Performance Condition, the third anniversary of the Grant Date (or such other date determined by the Board and notified to the Participant in accordance with rule 2.3);

“Option”	a right to acquire Shares in accordance with the terms of the Scheme during an Exercise Period;
“Participant”	any person who holds an Option or following his death, his personal representatives (and where applicable, in particular in Rule 7, shall be deemed to include a former Participant);
“Performance Period”	the period over which a Performance Condition will be measured which, unless the Board determines otherwise, will be at least three years;
“Performance Condition”	a condition or conditions imposed under rule 3.1 which relates to performance and upon which the Vesting of an Option is dependent;
“Pro-Rating Period”	<p>i) in relation to an Option which is subject to a Performance Condition, the Performance Period; and</p> <p>ii) in relation to an Option which is not subject to a Performance Condition, the period beginning on the Grant Date and ending on the Normal Vesting Date;</p>
“Scheme”	the Hill & Smith 2023 Executive Share Option Scheme in its present form or as from time to time amended;
“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 or other levy in connection with an Option 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”	the point at which an Option becomes capable of exercise and “Vesting” and “Vested” shall be construed accordingly.

1.2 References in the Scheme 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 Scheme.

2. GRANT OF OPTIONS

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

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

2.3 Options must be granted by deed and as soon as practicable after the Grant Date, Participants must be notified of the terms of their Option, including any Performance Condition.

2.4 A Participant will be required to accept an Option 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 Grand Date:

2.4.1 the Option may not Vest; and

2.4.2 the Board may determine that the Option shall lapse.

2.5 No Option may be granted under the Scheme after the tenth anniversary of the date on which the Scheme was approved by the shareholders of the Company.

2.6 On the grant of an Option, the Board shall determine the Exercise Price which applies to that Option which shall not be less than the greater of:

2.6.1 the Market Value of a Share on the Grant Date; and

2.6.2 if the Shares are to be subscribed, the nominal value of a Share.

The Exercise Price applying to an Option may be adjusted in accordance with rule 15.

3. PERFORMANCE CONDITIONS

3.1 Unless the Board determines otherwise, the Vesting of Options will be subject to the satisfaction of one or more Performance Conditions. Subject to rules 12 and 13, the Performance Condition will be measured over the Performance Period.

- 3.2 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 Option 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 Option will lapse immediately if the Participant is declared bankrupt.

5. INDIVIDUAL LIMIT

- 5.1 No Eligible Employee may be granted Options 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 Options granted to that Eligible Employee in respect of a particular financial year of the Company to exceed 100% of his base annual salary at the Grant Date and to the extent any Option exceeds this limit it will be scaled back accordingly.

6. SCHEME LIMITS

- 6.1 The Board must not grant an Option which would, on the day before the Grant Date, cause the number of Shares allocated under the Scheme, 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.
- 6.2 The Board must not grant an Option which would, on the day before the Grant Date, cause the number of Shares allocated under the Scheme 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.
- 6.3 Subject to rules 6.4 and 6.5, in determining the limits set out in rules 6.1 and 6.2, 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 in the previous ten years (an "award"), or in the case of 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:

6.3.1 Shares which have been issued or may be issued to any trustee; and

6.3.2 Shares which have been or may be transferred from treasury to any trustee

in either case for the trustee to then satisfy an award (unless these Shares have already been counted as allocated for the purposes of this rule).

- 6.4 The Board may determine that Shares transferred from treasury will cease to count as allocated for the purposes of rule 6.3 if guidelines published by institutional investor representative bodies no longer require such shares to be counted.
- 6.5 The number of Shares allocated does not include:
- 6.5.1 Shares in respect of which the right to acquire such Shares lapses or is surrendered;
 - 6.5.2 existing Shares, other than treasury shares, which are transferred to an individual pursuant to an award or to which an award relates, and
 - 6.5.3 **SHARES ALLOCATED IN RESPECT OF AWARDS WHICH ARE THEN SATISFIED IN CASH.**
- 6.6 If the Board purports to grant one or more Options which is or are inconsistent with the limits in this rule 6:
- 6.6.1 if only one Option is purported to be granted, that Option will be limited and will take effect from the Grant Date over the maximum number of Shares permitted by those limits; and
 - 6.6.2 if more than one Option is purported to be granted, each such Option shall be reduced pro-rata and will take effect from the Grant Date over the maximum number of Shares permitted by those limits.
- 6.7 The Board may make such adjustments to the method of assessing the limits set out in rules 6.1 and 6.2 as it considers appropriate in the event of any variation of the Company's share capital.

7. REDUCTION FOR MALUS AND CLAWBACK

Reduction of Options prior to Exercise (malus)

- 7.1 Notwithstanding any other rule of the Scheme, the Board may, in its discretion, determine at any time prior to the exercise of an Option to:
- 7.1.1 reduce the number of Shares to which the Option relates;
 - 7.1.2 cancel the Option; or
 - 7.1.3 impose further conditions on the Option,
- in circumstances in which the Board considers such action is appropriate.
- 7.2 Such circumstances include but are not limited to:
- 7.2.1 a material error in or misstatement of the Company's audited financial results;
 - 7.2.2 the Board reasonably determining that the Participant has been guilty of gross misconduct

- 7.2.3 serious reputational damage to the Company, any Group Member or a relevant business unit as a result of the Participant's misconduct or otherwise;
- 7.2.4 material corporate failure in any Group Member or a relevant business unit;
- 7.2.5 an error in assessing a Performance Condition applicable to the Option or in the information or assumptions on which the Option was granted; or
- 7.2.6 a failure of what the Board considers to be acceptable health and safety standards, which may include a fatality.

Recovery of Options after Exercise (clawback)

7.3 Notwithstanding any other provision of the Plan, the Board may, in its absolute discretion, determine that the provisions of rule 7.5 should be applied to an Option if the circumstances referred to in rule 7.4 arise within the period beginning on the Grant Date (or in relation to an Option which is subject to a Performance Condition, the first day of the Performance Period) and ending on the second anniversary of the date the Option Vested.

7.4 The relevant circumstances are:

- 7.4.1 a material error in or misstatement of the Company's audited financial results for any year in the Option's Performance Period;
- 7.4.2 the Board reasonably determining that the Participant has been guilty of gross misconduct;
- 7.4.3 serious reputational damage to the Company, any Group Member or a relevant business unit as a result of the Participant's misconduct or otherwise;
- 7.4.4 material corporate failure in any Group Member or a relevant business unit;
- 7.4.5 an error in assessing a Performance Condition applicable to the Option or in the information or assumptions on which the Option was granted or Vests; or
- 7.4.6 a failure of what the Board considers to be acceptable health and safety standards, which may include a fatality.

7.5 If the Board determines that this rule 7.5 should be applied, the Board may determine at any time after the Vesting of the Option and prior to the second anniversary of the date the Option Vested:

- 7.5.1 take the action referred to in rule 7.1 if Shares or cash have not yet been delivered to satisfy the exercise of the Option;
- 7.5.2 require a Participant to transfer for nil-consideration some or all of the Shares delivered to him under the Option,

7.5.3 reduce or cancel (a) any other Options 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), and/or

7.5.4 require a 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 Option;

and the Board will have the discretion to determine the basis on which the 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 Option.

Confirmation of the application of malus or clawback

7.6 If the Board exercises its discretion in accordance with this rule 7, it shall confirm this in writing to each affected Participant and, if necessary, the Trustee.

8. VESTING AND EXERCISE

8.1 As soon as reasonably practicable after the end of the Performance Period relating to an Option which is subject to the satisfaction of a Performance Condition, the Board will determine if and to what extent the Performance Condition has been met.

8.2 As soon as reasonably practicable after: (a) the Board's determination under rule 8.1, in the case of an Option that is subject to a Performance Condition; and (b) the third anniversary of the Grant Date (or such other date determined by the Board and notified to the Participant on the Grant Date) in the case of an Option that is not subject to a Performance Condition, the Board may, in its discretion, adjust (including by reducing to nil) the extent to which an Option would (but for this rule 8.2) Vest, if it considers that:

8.2.1 such extent does not reflect the underlying financial or non-financial performance of the Participant or the Group over the Pro-Rating Period;

8.2.2 such extent is not appropriate in the context of circumstances that were unexpected or unforeseen at the Grant Date; or

8.2.3 there exists any other reason why an adjustment is appropriate,

taking into account such factors as the Board considers relevant.

8.3 An Option will Vest to the extent determined in accordance with rules 8.1 and 8.2 and any part of the Option that does not Vest will lapse immediately following such determination.

8.4 Subject to rules 12 and 13, an Option will Vest on the Normal Vesting Date and will normally be exercisable until the tenth anniversary of the Grant Date (or such earlier

date as the Board may determine on or prior to the Grant Date), after which time it will lapse.

8.5 Subject to rules 8.6 and 9, an Option may be exercised pursuant to this rule 8 or rules 12 and 13 in such form and manner as the Board may determine, provided that exercise of an Option shall not take effect until the Company receives:

8.5.1 notice of exercise of the Option; and

8.5.2 payment of the aggregate Exercise Price (or an undertaking to pay that amount).

8.6 Options may be exercised in whole or in part and if in part may not, unless the Board determines otherwise, be exercised in respect of fewer than 5,000 Shares nor otherwise than in a multiple of 100 Shares on any one occasion unless either the Option is over fewer than 100 shares or it is the last occasion on which the Option is exercised, when it may be exercised in respect of any number of Shares up to the number in respect of which it is then capable of exercise.

8.7 Subject to rules 9 and 11, where an Option has been exercised, the number of Shares in respect of which it has been exercised will be issued or transferred (as applicable) to the Participant within 30 days.

9. SUSPENSION OF OPTIONS

9.1 Subject to rule 9.2, a Participant may not exercise an Option, at any time:

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

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

9.2 The Board shall not unfairly frustrate the valid exercise of an Option by the inappropriate application of any provision of rule 9.1.

9.3 Subject to rules 10, 11 and 12, an Option that the Participant was prevented from exercising due to the application of rule 9.1 may be exercised if the Board so determines within 21 business days of the conclusion of the disciplinary proceedings or investigation.

9.4 If the Board determines that the Option may be exercised, the date from which the Option may be exercised shall be the date of the Board's determination (or, if that date falls during a period when Dealing Restrictions prevent such exercise, the first Dealing Day following the end of that period).

9.5 If the Board does not determine that the Option may be exercised, the Option shall lapse at the end of the 21 day period.

10. TAXATION AND REGULATORY ISSUES

- 10.1 A Participant will be responsible for and indemnifies each relevant Group Member and the Trustee against any Tax Liability relating to his Option. 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 pursuant to the exercise of the Option to realise an amount equal to the Tax Liability.
- 10.2 The exercise of an Option will be subject to the Participant entering into any election required by the Board under Chapter 2 of Part 7 to the Income Tax (Earnings and Pensions) Act 2003.
- 10.3 The exercise of an Option and the issue or transfer of Shares under this Scheme 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).

11. CASH EQUIVALENT/NET SETTLEMENT

- 11.1 Subject to rule 11.5, at any time prior to the date on which an 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 Option relates, the Participant will instead receive a cash sum in accordance with rule 11.2 or a reduced number of Shares in accordance with rule 11.3.
- 11.2 A cash sum to which a Participant becomes entitled under this rule 11.2 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, less the aggregate Exercise Price payable in respect of the exercise of the Option in relation to those Shares and for these purposes:
- 11.2.1 market value will be determined on the date of exercise; and
- 11.2.2 the cash sum will be paid to the Participant as soon as practicable after exercise of the Option, net of any deductions (including, but not limited to, any Tax Liability or similar liabilities) as may be required by law.
- 11.3 The number of Shares to which a Participant becomes entitled under this rule 11.3 shall be such number of Shares as have a market value (as determined by the Board) equal to the amount by which the market value (as determined by the Board) of that number of the Shares which would otherwise have been issued or transferred, exceeds the aggregate Exercise Price payable in respect of the exercise of the Option in relation to those Shares. For these purposes market value will be determined on the date of exercise.

11.4 Any Exercise Price paid by a Participant shall be refunded to him to the extent an Option he has exercised is settled by a payment of cash in accordance with rule 11.2 or delivery of Shares in accordance with rule 11.3.

11.5 The Board may determine that this rule 11 will not apply to an Option, or any part of it.

12. CESSATION OF EMPLOYMENT

12.1 If a Participant ceases to hold office or employment with a Group Member other than in accordance with rules 12.2 or 12.3 his Option (whether or not Vested) will lapse at that time.

12.2 If a Participant dies:

12.2.1 unless the Board determines otherwise, an Option which has not Vested at the date of his death will Vest as soon as practicable thereafter in accordance with rule 12.2.2;

12.2.2 the number of Shares in respect of which an Option Vests pursuant to rule 12.2.1 will be determined by the Board taking into account:

(a) the extent to which any Performance Condition has been satisfied;

(b) whether it is appropriate to adjust (including by reducing to nil) the extent to which the Option would but for this rule 12.2.2(b) Vest, if it considers that rule 8.2.1, 8.2.2 or 8.2.3 applies, taking into account such factors as the Board considers relevant; and

(c) if the Board so determines, the proportion of the Pro-Rating Period that has elapsed at the date of death

and to the extent that an Option does not Vest in full, the remainder will lapse immediately; and

12.2.3 an Option may then be exercised during the period of 12 months from the date of death (or such other period as the Board may determine), after which time it will lapse.

12.3 If a Participant ceases to hold office or employment with a Group Member as a result of:

12.3.1 ill-health, injury or disability evidenced to the satisfaction of the Board;

12.3.2 redundancy;

12.3.3 the Participant's employing company ceasing to be a Group Member or the transfer of an undertaking or part of an undertaking (in which the Participant is employed) to a person who is not a Group Member; or

12.3.4 any other reason at the Board's discretion, except where a Participant is summarily dismissed,

unless the Board determines that an Option will Vest in accordance with rule 12.4 an Option which has not yet Vested as at the date of cessation will, subject to rule 13, continue and Vest in accordance with rule 12.5 on the Normal Vesting Date.

12.4 If the Board determines that an Option which has not yet Vested at the date of cessation will Vest in accordance with this rule 12.4, it will Vest as soon as practicable following the date of cessation in accordance with rule 12.5.

12.5 The number of Shares in respect of which an Option Vests pursuant to rule 12.3 or 12.4 will be determined by the Board taking into account:

12.5.1 the extent to which any Performance Condition has been satisfied at the date of cessation (if rule 12.4 applies) or at the Normal Vesting Date (if rule 12.3 applies);

12.5.2 whether it is appropriate to adjust (including by reducing to nil) the extent to which the Option would (but for this rule 12.5.2) Vest, if it considers that rule 8.2.1, 8.2.2 or 8.2.3 applies, taking into account such factors as the Board considers relevant; and

12.5.3 unless the Board determines otherwise, the proportion of the Pro-Rating Period that has elapsed as at the date of the date of cessation of office or employment,

and the Option may, subject to rule 13, then be exercised in respect of the Shares in relation to which it Vests for a period of six months (or such other period as the Board may determine) from the date of Vesting and then shall lapse immediately. To the extent that an Option does not Vest in full, the remainder will lapse immediately.

12.6 If a Participant ceases to hold office or employment with a Group Member as a result of a reason referred to in rules 12.2 or 12.3 an Option which has Vested prior to the date of cessation may be exercised subject to rule 13 during the period of:

12.6.1 where rule 12.2 applies, 12 months from the date of cessation; and

12.6.2 where rule 12.3 applies, six months from the date of the Participant's cessation of office or employment,

(or such other period as the Board may determine), after which time it will lapse.

12.7 For the purposes of the Scheme, no person will be treated as ceasing to be in office or employment with a Group Member until that person no longer holds:

12.7.1 an office or employment; or

12.7.2 a right to return to work

with any Group Member.

13. LEAVERS – POST-CESSATION SHAREHOLDING REQUIREMENTS

- 13.1 The Board may determine that any Option 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 applicable 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 Options which have not yet Vested will Vest in accordance with rule 14.2 at (or immediately before) the time of such event unless they Vest earlier in accordance with rule 14.4. Vested Options will be exercisable (a) for one month from the date of the relevant event, after which all 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 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 and 14.8).

- 14.2 An Option will Vest pursuant to rule 14.1 to the extent determined by the Board 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 Option would (but for this rule 14.2.2) Vest, if it considers that rule 8.2.1, 8.2.2 or 8.2.3 applies, taking into account such factors as the Board considers relevant; and

14.2.3 unless the Board determines otherwise, the proportion of the Pro-Rating Period that has elapsed as at the date of the relevant event. To the extent that an Option does not Vest 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):

- 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 Scheme of arrangement

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 which 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 Options were to be exercised on or after an event described in rule 14.3 then the Board may resolve that Options will Vest immediately prior to that event.

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 Options which have not yet Vested shall Vest taking into account:

- (a) the extent to which any Performance Condition has been satisfied at the date of the relevant event;
- (b) whether it is appropriate to adjust (including by reducing to nil) the extent to which the Option would (but for this rule 14.5.1(b)) Vest, if it considers that rule 8.2.1, 8.2.2 or 8.2.3 applies, taking into account such factors as the Board considers relevant; and
- (c) unless the Board determines otherwise, the number of Shares in respect of which the Option would otherwise Vest will be reduced to reflect the proportion of the Pro-Rating Period that has elapsed as at the date of the relevant event; and

14.5.2 the period during which a Vested Option may be exercised, after such time it will lapse.

To the extent that an Option does not Vest it will lapse immediately.

14.6 Other events

If the Company is or may be affected by a demerger, delisting 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 Option will Vest on such terms as the Board may determine;

14.6.2 if an Option Vests under this rule 14.6, it will Vest to the extent determined by the Board taking into account:

(a) the extent to which any Performance Condition has been satisfied at the date of the relevant event;

(b) whether it is appropriate to adjust (including by reducing to nil) the extent to which the Option would (but for this rule 14.6.2(b)) Vest, if it considers that rule 8.2.1, 8.2.2 or 8.2.3 applies, taking into account such factors as the Board considers relevant; and

(c) unless the Board determines otherwise, the proportion of the Pro-Rating Period that has elapsed at the date of the relevant event; and

14.6.3 if an Option Vests in part under this rule 14.6 it will lapse as to the remainder unless the Board determines otherwise.

In the circumstances referred to in this rule 14.6, the Board will also determine the period during which any Vested Option may then be exercised, after which time it will lapse (unless and to the extent that the Board determines otherwise).

14.7 Exchange

An Option will not Vest 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 Option (the “**Existing Option**”) is made by the buyer and accepted by a Participant; or

14.7.2 there is an Internal Reorganisation.

14.8 Exchange terms

If this rule 14.8 applies, the Existing Option will not Vest but will be released in consideration of the grant of a new option which, in the opinion of the Board, is equivalent to the Existing Option, 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 before 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 Options which would Vest pursuant to rule 14.1 (or have already Vested), request in writing that Participants

give a notice exercising their 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 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 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 Option under rule 14.7, his or her 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 Options shall continue on their terms.

16. ADJUSTMENTS

16.1 The number of Shares subject to an Option and/or the Exercise Price 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 Board’s opinion, 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 Scheme.

17.2 Subject to rule 17.3, no amendments 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 Scheme;

17.2.2 limitations on the number or amount of Shares or cash subject to the Scheme;

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 Scheme;

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 the 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 Scheme 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 the 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 Scheme 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 Scheme 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 Scheme. Participation in the Scheme does not create any right to continued employment for any Participant.

18.3 The grant of any Option to a Participant does not create any right for that Participant to be granted any further Options or to be granted Options on any particular terms, including the number of Shares to which Options relate.

18.4 By participating in the Scheme, a Participant waives all rights to compensation for any loss in relation to the Scheme, including:

18.4.1 any loss or reduction of any rights or expectations under the Scheme 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 Option or to the Scheme, or any failure to exercise a discretion or take a decision;

18.4.3 the operation, suspension, termination or amendment of the Scheme.

19. GENERAL

19.1 The Scheme will terminate upon the date stated in rule 2.5, 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 Scheme will be without prejudice to the existing rights of Participants.

19.2 Shares issued or transferred from treasury under the Scheme 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 Scheme 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 Scheme, 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 Scheme.

19.4 The Scheme will be administered by the Board. The Board will have full authority, consistent with the Scheme, to administer the Scheme, including authority to interpret and construe any provision of the Scheme and to adopt regulations for administering the Scheme. Decisions of the Board will be final and binding on all parties.

19.5 Any notice or other communication in connection with the Scheme 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 this Scheme (without prejudice to any right of a third party which exists other than under that Act).

19.7 Benefits under the Scheme shall not pensionable.

19.8 These rules will be governed by and construed in accordance with the laws of England and Wales. Any person referred to in this Scheme submits to the exclusive jurisdiction of the Courts of England and Wales.

APPENDIX CSOP OPTIONS

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

1. INTERPRETATION

- 1.1 The rules of the Scheme apply to CSOP Options except as modified below and references in the rules of the Scheme to an Option will be interpreted as references to a CSOP Option for the purposes of this Appendix.
- 1.2 References in this Appendix to 'rules' are to rules of the Scheme and references to 'sections' are to the sections of this Appendix.
- 1.3 In the event of any conflict between the rules of the Scheme and the sections of this Appendix, this Appendix shall take precedence.

2. DEFINITIONS

- 2.1 For the purposes of this Appendix, the following definitions shall apply:

- | | |
|-----------------------------|--|
| “Associated Company” | has the meaning given to it in paragraph 35(1) of Schedule 4; |
| “CSOP Option” | an Option granted under this Appendix, which is intended to qualify as a tax-advantaged option; |
| “HMRC” | His Majesty’s Revenue & Customs, or any successor tax authority; |
| “Market Value” | in relation to a Share on any day, an amount equal to: <ol style="list-style-type: none">i) if the Shares are quoted in the London Stock Exchange Daily Official List:<ol style="list-style-type: none">(a) the closing middle market quotation (as derived from that list) of a Share on the Dealing Day immediately preceding the relevant date; or(b) if the Board so determines, the average of the closing middle market quotations (as so derived) of a Share for a number of Dealing Days within a period of 5 days immediately preceding the relevant date; andii) subject to i) above, such market value of a Share as determined in accordance with Part VIII of the Taxation of Chargeable Gains Act 1992 on the relevant date as may be agreed in advance with HMRC Shares and Assets Valuation; |

“Restriction”	has the meaning given by paragraph 36(3) of Schedule 4;
“Schedule 4”	Schedule 4 to the Income Tax (Earnings and Pensions) Act 2003; and
“Variation of Capital”	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 CSOP Options may be adjusted in accordance with rule 16 as applied by this CSOP Appendix and the requirements of Schedule 4.

3. ELIGIBILITY TO BE GRANTED A CSOP OPTION

- 3.1 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 office or employment with the Company or any Subsidiary.
- 3.2 A CSOP Option may not be granted to an Eligible Employee who is excluded from participation by virtue of paragraph 9 of Schedule 4 (material interest in a close company).

4. GRANT OF A CSOP OPTION

- 4.1 No CSOP Option may be granted unless and until this Appendix meets the requirements of Schedule 4.
- 4.2 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, and any other option which is to be taken into account for the purposes of the limit specified in paragraph 6(1) of Schedule 4, to exceed that limit.
- 4.3 For the purposes of this section 4:
 - 4.3.1 the Market Value of any share which is not a Share shall be determined as if the definition of “Market Value” in this Appendix applied;
 - 4.3.2 the Market Value of any share will be determined at the time the relevant option is granted; and
 - 4.3.3 in the case of a share subject to a Restriction, will be determined as if the Restriction did not apply.
- 4.4 If the Company purports to grant a CSOP Option in breach of the limit in section 4.2, 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.
- 4.5 The following rule 3.2 shall apply to CSOP Options in substitution for rule 3.2.

- “3.2 Any Performance Condition applied to a CSOP Option shall be set at the Grant Date and must be objective. The Board, acting fairly and reasonably, may amend or substitute a Performance Condition if one or more events occur which cause the Board to reasonably consider 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, it will afford a more effective incentive to the Participant, and any such amended Performance Condition shall be not materially more or less difficult to satisfy than the original Performance Condition.”

5. SHARES SUBJECT TO A CSOP OPTION

- 5.1 The Shares subject to a CSOP Option must satisfy Part 4 of Schedule 4.
- 5.2 If the Shares subject to a CSOP Option are subject to a Restriction, the details of the Restriction will be included in the notification given under rule 2.3, which shall also include:
- 5.2.1 the Grant Date of the CSOP Option;
 - 5.2.2 the Exercise Price of the CSOP Option;
 - 5.2.3 the number and description of the Shares under the CSOP Option;
 - 5.2.4 the time the CSOP Option can be exercised;
 - 5.2.5 the circumstances in which the CSOP Option will lapse (provided that rule 13 shall not apply to CSOP Options), and
 - 5.2.6 any exercise conditions or Performance Conditions.

6. REDUCTION FOR MALUS AND CLAWBACK AND VESTING

Reduction of Options prior to Exercise (malus)

- 6.1 The words “in circumstances in which the Board considers such action is appropriate” in rule 7.1 shall be replaced with the words “in the circumstances set out in rule 7.2.1 or rule 7.2.4 (in each case as such rules are modified by section 6 of the Appendix in their application to CSOP Options)”.
- 6.2 Rule 7.1.3 shall not apply to any CSOP Option.
- 6.3 In its application to any CSOP Option, the word “material” shall be deleted from rule 7.2.1.
- 6.4 In its application to any CSOP Option, the words “or in the information or assumptions on which the Option was granted” shall be deleted from rule 7.2.5.
- 6.5 Rules 7.2.2, 7.2.3, 7.2.4 and 7.2.6 shall not apply to any CSOP Option.

Recovery of Options after Vesting (clawback)

- 6.6 In its application to any CSOP Option, the word “material” shall be deleted from rule 7.4.1.
- 6.7 Rules 7.4.2, 7.4.3, 7.4.4 and 7.4.6 shall not apply to any CSOP Option.
- 6.8 For the avoidance of doubt, in its application to any CSOP Option, the reference in rule 7.5.1 to rule 7.1 shall not include rule 7.1.3.

Vesting of Options

- 6.9 Rule 8.2 shall not apply to any CSOP Option.

7. EXERCISE OF CSOP OPTIONS

- 7.1 A Participant may not exercise a CSOP Option while he is excluded from being granted a CSOP Option under paragraph 9 of Schedule 4 (material interest in a close company).
- 7.2 The following rule 10.1 shall apply to CSOP Options in substitution for rule 10.1:

“10.1 A Participant will be responsible for and indemnifies each relevant Group Member and the Trustee against any Tax Liability arising as a result of the exercise of an Option and will reimburse the Group Member and/or the Trustee (as relevant) for the Tax Liability within thirty days of it arising. An Option may only be exercised if there are arrangements in place acceptable to the Board to provide for the reimbursement of any Tax Liability arising as a result of the exercise of the Option, which may include:

10.1.1 the Participant making a payment to the Group Member and/or the Trustee;

10.1.2 the Group Member withholding the Tax Liability from the Participant's remuneration (to the extent permitted by law, and after the Participant has been given the opportunity to pay an amount equal to the Tax Liability to the relevant Group Member); or

10.1.3 with the Participant's agreement, any other arrangement acceptable to the Group Member and/or the Trustee to reimburse the Tax Liability, including authorising the sale of sufficient of the Shares on the Participant's behalf.”

- 7.3 Rule 11 of the Scheme shall not apply to CSOP Options, and in its application to CSOP Options there shall be deleted from rules 7.5.1, 7.5.4, 17.2.1 and 17.2.2 the expression “or cash”.

8. CESSATION OF EMPLOYMENT

- 8.1 In its application to any CSOP Option, there shall be deleted from rule 12.2.1 the words:

“unless the Board determines otherwise,”

- 8.2 The following rules 12.2.2 and 12.2.3 shall apply to CSOP Options in substitution for rules 12.2.2 and 12.2.3:

“12.2.2a CSOP Option will Vest pursuant to rule 12.2.1 to the extent any Performance Condition has been satisfied (or to such greater extent as the Board may decide) and, unless the Board determines otherwise, the number of Shares in respect of which the Option would otherwise Vest will be reduced to reflect the proportion of the Pro-Rating Period that has elapsed as at the date of death. To the extent that an Option does not Vest in full, the remainder will lapse immediately; and

12.2.3 an Option may then be exercised during the period of 12 months from the date of death, after which time it will lapse to the extent unexercised

- 8.3 The following rules 12.3, 12.4 and 12.5 shall apply to CSOP Options in substitution for rules 12.3, 12.4 and 12.5:

“12.3 If a Participant ceases to hold office or employment with a Group Member as a result of:

12.3.1 ill-health, injury or disability evidenced to the satisfaction of the Board;

12.3.2 redundancy, or retirement with the agreement of the Board (acting fairly and reasonably);

12.3.3 the Participant's employing company ceasing to be a Group Member or the transfer of an undertaking or part of an undertaking (in which the Participant is employed) to a person who is not a Group Member; or

12.3.4 any other reason at the Board's discretion, except where a Participant is summarily dismissed,

an Option which has not Vested as at the date of cessation will, subject to rule 12, continue and Vest in accordance with rule 12.5 on the Normal Vesting Date, unless the Board determined at the Grant Date that the Option will Vest in accordance with rule 12.4.

12.4 If an Option which has not yet Vested at the date of cessation Vests in accordance with this rule 12.4, it will Vest as soon as practicable following the date of cessation in accordance with rule 12.5.

12.5 A CSOP Option will Vest pursuant to rule 12.3 or 12.4:

12.5.1 to the extent any Performance Condition has been satisfied at the date of cessation (if rule 12.4 applies) or at the Normal Vesting Date (if rule 12.3 applies) (or to such greater extent as the Board may decide); and,

12.5.2 unless the Board determines otherwise, the number of Shares in respect of which the Option would otherwise Vest will be reduced to

reflect the proportion of the Pro-Rating Period that has elapsed as at the cessation of office or employment,

and the Option may, subject to rule 14, then be exercised in respect of the Shares in relation to which it Vests for a period of six months (or such longer period as the Board may determine) from the date of Vesting and then shall lapse immediately. To the extent that an Option does not Vest in full, the remainder will lapse immediately.”

8.4 The following rule 12.6 shall apply to CSOP Options in substitution for rule 12.6:

“12.6 If a Participant ceases to hold office or employment with a Group Member as a result of a reason referred to in rules 12.2 or 12.3 an Option which has Vested prior to the date of cessation may, subject to rule 13, be exercised during the period of:

12.6.1 where rule 12.2 applies, 12 months from the date of cessation; and

12.6.2 where rule 12.3 applies, six months from the date of the Participant’s cessation of office or employment (or such longer period as the Board may determine),

after which time it will lapse.”

9. CORPORATE EVENTS

9.1 The following rules 14.1 – 14.3A shall apply to CSOP Options in substitution for rules 14.1 – 14.3:

“14.1 Where any of the events described in rule 14.3 occur, then subject to rules 14.7 – 14.8A, all Options which have not yet Vested will Vest in accordance with rule 14.2 at the time of such event unless they Vest earlier in accordance with rule 14.4. Vested Options 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 Options will lapse.

14.2 An Option will Vest pursuant to rule 14.1 to the extent any Performance Condition has been satisfied (or to such greater extent as the Board may decide) and, unless the Board determines otherwise, the number of Shares in respect of which the Option would otherwise Vest will be reduced to reflect the proportion of the Pro-Rating Period that has elapsed at the date of the relevant event. To the extent that an Option does not Vest or is not exchanged in accordance with rules 14.7 – 14.8A, 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) has obtained Control of the Company as a result of an offer falling within paragraph

25A(3) of Schedule 4 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 which is proposed for the purposes of a change of Control of the Company.
- (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) of Schedule 4.

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 Option which has not already been exercised or lapsed may be exercised while that person remains so bound or entitled. All unexercised Options shall lapse when that person ceases to be so bound or entitled.

14.3B Where an event described 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 which have not yet Vested will Vest in accordance with rule 14.2 at the time of such event and that Vested Options will be exercisable during the period of 20 days following the change of Control.”

9.2 Rule 14.5.1(b) and 14.6.2(b) shall not apply to CSOP Options.

10. CORPORATE EVENTS – EXCHANGE OF OPTIONS

10.1 The following rules 14.7 – 14.8A shall apply to CSOP Options in substitution for rules 14.7 – 14.8:

“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) 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) 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;

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, or

14.7.4 obtains Control of the Company as a result of a non-UK reorganisation (as defined by paragraph 35ZA of Schedule 4) of a sort referred to in paragraph 25A(6A) of Schedule 4,

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 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; and

14.8.4 the New Option shall be treated as if it was an Option granted under the Scheme 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 If there is an Internal Reorganisation, a CSOP Option will not Vest under rule 14.1 if the acquiring company offers to grant a new share option in consideration of the release of the Option (whether in accordance with rules 14.7 – 14.8 or otherwise). To the extent the Participant does not agree to the release of the Option in accordance with rules 14.7 – 14.8 or otherwise, the Option will lapse one month after the date of the Internal Reorganisation.”

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

11. ADJUSTMENTS

11.1 The following rule 16 shall apply to CSOP Options in substitution for rule 16:

“16.1 The number of Shares subject to a CSOP Option and/or the Exercise Price may be adjusted in such manner as the Board determines in the event of a Variation of Capital.

16.2 No adjustment may be made to a CSOP Option under this rule 13 that does not meet the requirements of Schedule 4 and, in particular, the adjustment(s) must secure that:

16.2.1 the total market value of the Shares subject to the CSOP Option is substantially the same immediately after the variation as it was immediately before the variation, and

16.2.2 the total Exercise Price immediately after the variation is substantially the same as it was immediately before the variation.

16.3 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).

16.4 The Board may also adjust any Performance Condition so far as necessary to take account the variation in the share capital.”

12. AMENDMENTS

12.1 If an amendment is made to this Appendix which will result in this Appendix ceasing to meet the requirements of Schedule 4, the amendment will not have effect unless

and until the Board has determined that the amendment shall take effect even if this causes this Appendix to cease to meet the requirements of Schedule 4.

12.2 During such time as this Appendix meets the requirements of Schedule 4:

12.2.1 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

12.2.2 the Board shall notify HMRC of any amendment made to a Key Feature (within the meaning given to that term in paragraph 30(4) of Schedule 4) on the Company's CSOP annual return.

12.3 Rule 17.4 shall be replaced by the words "An amendment to a Participant's existing rights to the material disadvantage of the Participant may only be made with their prior consent."

13. BOARD DISCRETION

13.1 Any discretion exercisable or action or determination to be undertaken by the Board under this Appendix shall be exercised or undertaken fairly and reasonably (and, in the case of any discretion, may only be used to the advantage of the Participant).