

Clarkson PLC

2023 SHARE OPTION PLAN

Approved by shareholders of the Company on [11 May] 2023

Adopted by the board of the Company on 1 March 2023

Registered with HMRC on [DATE] under reference [ERS REGISTRATION NUMBER]

Expiry date: [11 May] 2033

The Plan is a discretionary benefit offered by the Clarkson group for the benefit of its employees. Its main purpose is to increase the interest of the employees in Clarkson's long-term business goals and performance through share ownership. The Plan is an incentive for the employees' future performance and commitment to the goals of the Clarkson group.

Shares purchased under the Plan, any cash received under the Plan and any gains made by exercising options granted under the Plan are **not** part of salary for any purpose (except to any extent required by statute).

The remuneration committee of the board of Clarkson PLC shall have the right to decide, in its sole discretion, whether or not further option will be offered and to which employees those options will be granted.

Participating in the Plan is an investment opportunity distinct from any employment contract. Participation in the Plan entails the risks associated with an investment. An individual who participates in the Plan is treated as being aware of such risks and accepts such risks of his own free will.

The detailed rules of the Plan are set out in this document.

INTRODUCTION

This Plan is intended to comprise of two separate and independent parts.

Part A is intended to satisfy the qualifying requirements of Schedule 4 to the Income Tax (Earnings and Pensions) Act 2003.

Part B is not intended to meet the requirements of Schedule 4 and is intended to allow broader participation.

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PART A - SCHEDULE 4 TAX-ADVANTAGED OPTIONS

1. DEFINITIONS AND INTERPRETATION

1.1 In this Part A of the Plan, unless the context otherwise requires:

"Board" means the board of directors of the Company or a duly authorised committee of the Board or a duly authorised person;

"Committee" means the remuneration committee of the Board or, on and after the occurrence of a corporate event described in Rule 7 (*Takeovers and other corporate events*), the remuneration committee of the Board as constituted immediately before such event occurs;

"Company" means Clarkson PLC (registered in England and Wales with registered number 01190238);

"Control" means control within the meaning of section 995 of the Income Tax Act 2007;

"Grant Date" means the date on which an Option is granted;

"Group Member" means:

- (a) a Participating Company; and
- (b) a body corporate which has been designated by the Board for this purpose and is:
 - (i) the Company's holding company (within the meaning of section 1159 of the Companies Act 2006) or a subsidiary (also within the meaning of section 1159 of that Act) of the Company's holding company; or
 - (ii) a subsidiary undertaking (within the meaning of section 1162 of that Act) of a body corporate within paragraph (b)(i) above;

"HMRC" means HM Revenue & Customs;

"ITEPA" means the Income Tax (Earnings and Pensions) Act 2003;

"Listing Rules" means the Listing Rules published by the Financial Conduct Authority;

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

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

"Participant" means a person who holds an Option including his personal representatives;

"Participating Company" means the Company or any Subsidiary;

"Performance Condition" is a condition related to performance which is specified by the Committee under Rule 3.1 (*Terms of grant*);

"Plan" means this Part A of the Clarkson PLC 2023 Share Option Plan as amended from time to time;

"Restriction" means any contract, agreement, arrangement or condition which makes provision to which any of subsections (2) to (4) of section 423 ITEPA (*Restricted securities*) would apply

if the references in those subsections to the employment-related securities were to Shares and the 'restriction' is such provision;

"Rule" means a rule of the Plan;

"Schedule 4" means Schedule 4 to ITEPA;

"Schedule 4 plan" means a share option plan which meets the requirements of Parts 2 to 6 of Schedule 4;

"Shares" means fully paid ordinary shares in the capital of the Company which satisfy the requirements of paragraphs 16 to 18 and paragraph 20 of Schedule 4 (*fully paid up, ordinary share capital*) unless Rule 7.5 (*Exercise following disqualifying event*) applies;

"Subsidiary" means a body corporate which is a subsidiary (within the meaning of section 1159 of the Companies Act 2006) of the Company and of which the Company has Control;

"Tax Liability" means any amount of tax or social security contributions for which a Participant would or may be liable and for which any Group Member or former Group Member would or may be obliged to (or would or may suffer a disadvantage if it were not to) account to any relevant authority.

- 1.2 Expressions not defined in Part A of the Plan have the same meanings as they have in Schedule 4 and interpretative provisions in Schedule 4 and any guidance issued by HMRC shall apply in interpreting this Plan (except where the Plan expressly provides otherwise).
- 1.3 Any reference in the Plan to any enactment includes a reference to that enactment as from time to time modified, extended or re-enacted.
- 1.4 The singular includes references to the plural and vice versa. Words denoting the masculine gender shall include the feminine.
- 1.5 Expressions in italics, headings and any footnotes are for guidance only and do not form part of the Plan.

2. ELIGIBILITY

2.1 General rule on eligibility

Subject to Rule 2.3 (*Individuals not eligible*), an individual is eligible to be granted an Option only if he is a full-time director or qualifying employee as defined in Rule 2.2 (*Individuals eligible*).

2.2 Individuals eligible

For the purposes of Rule 2.1:

- (a) a full-time director is an individual who is a director of a Participating Company and 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 that and any other Participating Company; and
- (b) a qualifying employee is an employee of a Participating Company (except an employee who is a director of a Participating Company).

2.3 Individuals not eligible

An individual is not eligible to be granted an Option at any time when he is not eligible to participate in the Plan by virtue of paragraph 9 of Schedule 4 (*material interest in a close company*). An individual is not eligible to be granted an Option at any time when they are an executive director of the Company.

3. GRANT OF OPTIONS

3.1 Terms of grant

- (a) Subject to Rule 3.5 (*Timing of grant*), Rule 3.7 (*Approvals and consents*) and Rule 4 (*Limits*), the Committee may resolve to grant an Option on:
 - (i) the terms set out in Part A of the Plan; and
 - (ii) such additional terms (whether a Performance Condition and/or any other terms) as the Committee may specify, provided the Committee reasonably considers that any such Performance Condition is a fair and objective measure of performanceto any person who is eligible to be granted an Option under Rule 2 (*Eligibility*).
- (b) On or before the Grant Date, the Committee shall determine the date on which an Option may become exercisable for the purposes of Rule 5.1 (*Timing of exercise*).
- (c) The following terms of an Option shall be stated at the time the Option is granted:
 - (i) the Option price (as determined by the Committee in accordance with Rule 3.4);
 - (ii) the number and description of the Shares which may be acquired by the exercise of the Option;
 - (iii) any Restriction to which the Shares which may be acquired by the exercise of the Option may be subject;
 - (iv) the times at which the Option may be exercised (in whole or in part);
 - (v) any terms set out and/or specified under Rule 3.1(a) and the circumstances under which an Option will lapse or be cancelled (in whole or in part); and
 - (vi) any mechanism by which the Committee may, acting fairly and reasonably, alter the aspects referred to in Rule 3.1(c)(ii) (other than pursuant to Rule 8.3) and Rules 3.1(c)(iii), (iv) and (v) above.

3.2 Method of grant

An Option shall be granted by deed executed by the Company.

3.3 Method of satisfying Options

Unless specified to the contrary by the Board at the time of grant of an Option, an Option may be satisfied:

- (a) by the issue of new Shares; and/or
- (b) by the transfer of treasury Shares; and/or

- (c) by the transfer of Shares (other than the transfer of treasury Shares).

The Committee may decide to change the way in which it is intended that an Option may be satisfied after it has been granted, having regard to the provisions of Rule 4 (*Limits*).

3.4 Option price

The Committee shall decide before an Option is granted the price at which Shares may be acquired by the exercise of that Option, but the price shall not be less than:

- (a) if Shares are quoted in the London Stock Exchange Daily Official List, the middle-market quotation of the Shares (as derived from that List) on the dealing day before the Grant Date or, if the Committee so determines, the average of the middle-market quotations during a period determined by the Committee not exceeding the period of 3 consecutive dealing days ending with the dealing day immediately preceding the Grant Date provided such dealing day(s) do not fall within any period when dealings in Shares are prohibited under the Company's share dealing code;
- (b) if Rule 3.4(a) does not apply, the market value (within the meaning of Part VIII of the Taxation of Chargeable Gains Act 1992) of Shares, as agreed in advance for the purposes of the Plan with HMRC Shares and Assets Valuation, on the Grant Date; and
- (c) in the case of an Option to acquire Shares only by subscription, the nominal value of those Shares.

For the purposes of determining the minimum Option price under this Rule 3.4, any Restrictions applying to the Shares shall be ignored.

3.5 Timing of grant

Subject to Rule 3.7 (*Approvals and consents*), an Option may only be granted:

- (a) within the period of 6 weeks beginning with:
 - (i) the day on which the Plan is approved by shareholders of the Company; or
 - (ii) the dealing day after the day on which the Company announces its results for any period; or
- (b) at any other time when the Committee considers that circumstances are sufficiently exceptional to justify its grant

but an Option may not be granted after [10 May] 2033 (that is, the expiry of the period of 10 years beginning with the date on which the Plan is approved by shareholders of the Company).

3.6 Non-transferability and bankruptcy

An Option granted to any person:

- (a) shall not be transferred, assigned, charged or otherwise disposed of except on his death to his personal representatives and shall lapse immediately on any attempt to do so; and
- (b) shall lapse immediately if he is declared bankrupt.

3.7 Approvals and consents

The grant of any Option shall be subject to obtaining any approval or consent required under the Listing Rules, any relevant share dealing code of the Company, the City Code on Takeovers and Mergers, or any other relevant UK or overseas regulation or enactment.

3.8 Employee communications

Each Participant shall be sent or notified of employee communication materials as soon as practicable after the grant of the Option, which shall include the information set out in Rule 3.1(c) above.

4. LIMITS

4.1 5 per cent in 10 years limit

An Option shall not be granted in any calendar year if, at the time of its proposed Grant Date it would cause the number of Shares allocated (as defined in Rule 4.3) in the period of 10 calendar years ending with that calendar year under the Plan and under any other executive share plan adopted by the Company to exceed such number as represents 5 per cent of the ordinary share capital of the Company in issue at that time.

4.2 10 per cent in 10 years limit

An Option shall not be granted in any calendar year if, at the time of its proposed Grant Date, it would cause the number of Shares allocated (as defined in Rule 4.3) in the period of 10 calendar years ending with that calendar year under the Plan and under any other employee share plan adopted by the Company to exceed such number as represents 10 per cent of the ordinary share capital of the Company in issue at that time.

4.3 Meaning of "allocated"

For the purposes of Rules 4.1 and 4.2:

- (a) Shares are allocated:
 - (i) when an option, award or other contractual right to acquire unissued Shares or treasury Shares is granted;
 - (ii) where Shares are issued or treasury Shares are transferred other than in respect of an option, award or other contractual right to acquire Shares, when those Shares are issued or treasury Shares transferred;
- (b) any Shares which have been issued or which may be issued (or any Shares transferred out of treasury or which may be transferred out of treasury) to any trustees to satisfy the exercise of any option, award or other contractual right shall be treated as allocated unless they are already treated as allocated under this Rule; and
- (c) for the avoidance of doubt, existing Shares other than treasury Shares that are transferred or over which options, awards or other contractual rights are granted shall not count as allocated.

4.4 Post-grant events affecting numbers of "allocated" Shares

For the purposes of Rule 4.3:

- (a) where:

- (i) any option, award or other contractual right to acquire unissued Shares or treasury Shares is released or lapses (whether in whole or in part); or
- (ii) after the grant of an option, award or other contractual right the Committee determines that:
 - (aa) it shall be satisfied by the payment of cash equal to the gain made on its vesting or exercise; or
 - (bb) it shall be satisfied by the transfer of existing Shares (other than Shares transferred out of treasury)

the unissued Shares or treasury Shares which consequently cease to be subject to the option, award or other contractual right shall not count as allocated; and

- (b) the number of Shares allocated in respect of an option, award or other contractual right shall be such number as the Board shall reasonably determine from time to time.

4.5 Changes to investor guidelines

Treasury Shares shall cease to count as allocated Shares for the purposes of Rule 4.3 if institutional investor guidelines cease to require such Shares to be so counted.

4.6 Individual limit

Subject to Rule 4.7 (*Schedule 4 limit*), the maximum total market value of Shares (calculated as set out in this Rule) over which Options may be granted to any employee during any financial year of the Company is 150 per cent of his salary (as defined in this Rule), unless the Committee decides that exceptional circumstances exist, such as in relation to the recruitment or retention of an eligible employee, in which case the maximum total market value of Shares over which Options may be granted to that employee during a financial year of the Company is 200 per cent. of his salary (as defined in this Rule).

For the purpose of this Rule 4.6:

- (a) an employee's **salary** shall be taken to be his base salary (excluding benefits in kind), expressed as an annual rate payable by the Participating Companies to him on the Grant Date (or such earlier date as the Committee shall determine). Where a payment of salary is made in a currency other than sterling, the payment shall be treated as equal to the equivalent amount of sterling determined by using any rate of exchange which the Committee may reasonably select; and
- (b) the **market value** of the Shares over which an option is granted shall be calculated in accordance with the method set out in Rules 3.4 (a) or (b) and:
 - (i) for an Option, on the day(s) by reference to which the price at which Shares may be acquired by the exercise of that Option was determined under Rule 3.4 (*Option price*); and
 - (ii) for an option granted under any other Schedule 4 plan, at the time when it was granted or, in a case where an agreement relating to the shares has been made under paragraph 22 of Schedule 4, such earlier time or times as may be provided in that agreement.

For the purposes of calculating the **market value** under this Rule 4.6(b), any Restriction applying to the shares under option shall be ignored.

4.7 Schedule 4 limit

No person shall be granted an Option which would, at the time it is granted, cause the total **market value** (as defined in paragraph 36(1) of Schedule 4) of the shares (calculated as set out in Rule 4.6(b)) which he may acquire as a result of options granted to him (and not exercised, surrendered or lapsed) under:

- (a) Part A of the Plan; and
- (b) any other Schedule 4 plan established by the Company or by any associated company (as defined in paragraph 35 of Schedule 4) of the Company

to exceed £30,000¹ (or such other limit as may from time to time be imposed by Schedule 4).

4.8 Effect of limits

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

5. EXERCISE OF OPTIONS

5.1 Timing of exercise

An Option may only be exercised on the later of:

- (a) if any Performance Condition and any other condition has been imposed on the exercise of the Option, the date on which the Committee determines whether or not all such Performance Conditions or other conditions have been wholly or partly satisfied; and
- (b) the third anniversary of the Grant Date (or such later date as the Committee may specify on or before the Grant Date)

except where Rule 6 (*Leavers and deceased Participants*), Rule 7.1 (*General offers*), Rule 7.2 (*Schemes of arrangement or non-UK arrangement*), Rule 7.3 (*Compulsory acquisition*), Rule 7.6 (*Winding up*) or Rule 7.7 (*Demergers and similar events*) applies.

5.2 Performance Condition and other exercise conditions

An Option may only be exercised to the extent:

- (a) that any Performance Condition is satisfied; and
- (b) as permitted by any other term specified under Rule 3.1(a)(ii).

The Option shall lapse regardless of any other Rule to the extent any Performance Condition is not satisfied.

¹ At the date the Plan was adopted the limit under paragraph 6 of Schedule 4 was £30,000. The UK government has announced that it intends to introduce legislation to increase the limit to £60,000 in early 2023. The Plan will automatically benefit from the increased limit (and any further changes).

Where, under Rule 6 (*Leavers and deceased Participants*) or Rule 7 (*Takeovers and other corporate events*), an Option would (subject to the satisfaction of any Performance Condition) become exercisable before the end of the full period over which performance would otherwise be measured under any Performance Condition then, unless provided to the contrary by the Performance Condition, the extent to which the Performance Condition has been satisfied in such circumstances shall be determined by the Committee on such objective, fair and reasonable basis as it decides.

5.3 Restrictions on exercise: regulatory and tax issues

An Option may not be exercised unless the following conditions are satisfied:

- (a) the exercise of the Option and the issue or transfer of Shares after such exercise would be lawful in all relevant jurisdictions and in compliance with the Listing Rules, any relevant share dealing code of the Company, the City Code on Takeovers and Mergers and any other relevant UK or overseas regulation or enactment;
- (b) if a Tax Liability would arise by virtue of the exercise of the Option, then the Participant must have either:
 - (i) made a payment to the relevant Group Member of an amount at least equal to the Company's estimate of the Tax Liability; or
 - (ii) entered into arrangements acceptable to the Board to secure that such a payment is made (whether by authorising the sale of sufficient Shares on his behalf and the payment to the Group Member of the relevant amount out of the proceeds of sale or otherwise);
- (c) the Participant has entered into such arrangements as the Committee requires to satisfy a Group Member's liability to social security contributions in respect of the exercise of the Option; and
- (d) if the Shares are subject to any relevant Restrictions and where the Committee requires, the Participant has entered into, or agreed to enter into, a valid election under Part 7 of ITEPA (*Employment income: elections to disapply tax charge on restricted securities*).

For the purposes of this Rule 5.3, references to Group Member include any former Group Member.

5.4 Restriction on exercise: material interest in a close company

A Participant shall not be eligible to exercise an Option at any time when he is not eligible to participate in Part A of the Plan by virtue of paragraph 9 of Schedule 4 (*material interest in close company*).

5.5 Long stop date for exercise

Except as provided in Rule 6.1 (*Deceased Participants*), an Option may not in any circumstances (and regardless of any other Rule) be exercised after the expiry of 10 years beginning with the Grant Date (or such shorter period beginning with the Grant Date as the Committee may have decided on or before the grant of that Option) and if not exercised shall lapse at the end of such period.

5.6 Exercise in whole or in part

An Option must be exercised to the maximum extent possible at the time of exercise unless the Committee, acting fairly and reasonably, decides that a Participant may exercise his Option in respect of such fewer number of Shares as it decides.

5.7 Method of exercise

The exercise of any Option shall be effected in the form and manner prescribed by the Board. Any notice of exercise shall, subject to Rules 5.3 (*Restrictions on exercise: regulatory and tax issues*) and 5.4 (*Restriction on exercise: material interest in a close company*) take effect only when the Company receives it, together with:

- (a) payment of the relevant price at which Shares can be acquired under the Option (or, if the Board so permits, an undertaking to pay that amount); and
- (b) where applicable, payment relating to the Tax Liability in accordance with Rule 5.3 (*Restrictions on exercise: regulatory and tax issues*) or an agreement to secure that such a payment is made under arrangements acceptable to the Board.

5.8 Restriction on use of unissued Shares and treasury Shares

No Shares may be issued or treasury Shares transferred to satisfy the exercise of any Option to the extent that such issue or transfer would cause the number of Shares allocated (as defined in Rule 4.3 (*Meaning of "allocated"*)) and adjusted under Rule 4.4 (*Post-grant events affecting numbers of "allocated" Shares*)) to exceed the limits in Rules 4.1 (*5 per cent in 10 years limit*) and 4.2 (*10 per cent in 10 years limit*) except where there is a variation in the share capital of the Company which results in the number of Shares so allocated exceeding such limits solely by virtue of that variation.

5.9 Allotment and transfer timetable

Within 30 days after an Option has been exercised by a Participant, the Board shall allot to him (or a nominee for him) or, if appropriate, transfer or procure the transfer to him (or a nominee for him) of the number of Shares in respect of which the Option has been exercised.

5.10 Share rights

All Shares allotted under the Plan shall rank equally in all respects with Shares then in issue except for any rights attaching to such Shares by reference to a record date before the date of allotment.

Where Shares are transferred under the Plan after the exercise of an Option, Participants will be entitled to any rights attaching to such Shares by reference to a record date on or after the date of such transfer.

6. LEAVERS AND DECEASED PARTICIPANTS

6.1 Deceased Participants

If a Participant dies at a time when either he is a director or employee of a Group Member or he is or may be entitled to exercise the Option under Rule 6.2 (*Good leavers*), the following provisions apply:

- (a) any Option granted to him that is already capable of exercise at the time of death shall, subject to Rules 5.3 (*Restrictions on exercise: regulatory and tax issues*) and 5.4

(Restriction on exercise: material interest in a close company), continue to be capable of exercise by his personal representatives for a period of 12 months after his death and if not exercised shall lapse at the end of that period;

- (b) any other Option granted to him may, subject to Rule 5.2 (*Performance Condition*) and Rules 5.3 (*Restrictions on exercise: regulatory and tax issues*) and 5.4 (*Restriction on exercise: material interest in a close company*), be exercised by his personal representatives during the period of 12 months after his death and if not exercised shall lapse at the end of that period; and
- (c) in both cases (a) and (b) above the period for exercise shall only be shortened if Rule 7.6 (*Winding up*) applies.

6.2 Good leavers

If a Participant ceases to be a director or employee of a Group Member in the following circumstances:

- (a) retirement;
- (b) ill-health², injury or disability evidenced to the satisfaction of his employer;
- (c) redundancy (within the meaning of the Employment Rights Act 1996);
- (d) a relevant transfer within the meaning of the Transfer of Undertakings (Protection of Employment) Regulations 2006;
- (e) his office or employment being with a Participating Company of which the Company ceases to have Control;
- (f) his office or employment being either with a company which ceases to be a Group Member or relating to a business or part of a business which is transferred to a person who is not a Group Member²; or
- (g) for any other reason, if the Committee so decides acting fairly and reasonably²

the following provisions apply:

- (i) any Option granted to him that is already capable of exercise at the date of cessation shall, subject to Rules 5.3 (*Restrictions on exercise: regulatory and tax issues*) and 5.4 (*Restrictions on exercise: material interest in a close company*) and Rule 6.1 (*Deceased Participants*), continue to be capable of exercise for a period of six months after the date of cessation and if not exercised shall lapse at the end of that period;
- (ii) any other Option granted to him may, subject to Rule 5.2 (*Performance Condition*), Rules 5.3 (*Restrictions on exercise: regulatory and tax issues*) and 5.4 (*Restriction on exercise: material interest in a close company*) and Rule 6.1 (*Deceased Participants*), be exercised during the period of six months after the date of cessation (or such longer period as the Committee, acting fairly and reasonably, may determine not being greater than 42 months after the Grant Date) and if not exercised shall lapse at the end of that period; and

² Please note that tax-relief is not available for a 'good leaver' in circumstances such as ill-health, transfer of a business (not including a TUPE transfer) or as a result of Committee discretion. It is recommended that advice is taken to confirm the tax treatment if it is proposed that good leaver status is to be conferred for these circumstances.

- (iii) subject to Rule 6.1 (*Deceased Participants*), in both cases (i) and (ii) above, the period for exercise shall be shortened if Rule 5.5 (*Long stop date for exercise*), Rule 7.1 (*General offers*), Rule 7.2 (*Schemes of arrangement or non-UK arrangement*), Rule 7.3 (*Compulsory acquisition*), Rule 7.6 (*Winding up*) or Rule 7.7 (*Demergers and similar events*) applies.

6.3 Cessation of employment in other circumstances

If a Participant ceases to be a director or employee of a Group Member for any reason other than those specified in Rule 6.1 (*Deceased Participants*) and Rule 6.2 (*Good leavers*), any Option held by him shall immediately lapse on such cessation.

6.4 Meaning of ceasing employment

A Participant shall not be treated for the purposes of this Rule 6 as ceasing to be a director or employee of a Group Member until such time as he is no longer a director or employee of any Group Member. Any Participant who ceases to be such a director or employee before exercising an Option in circumstances where he retains a statutory right to return to work shall be treated as not having ceased to be such a director or employee until such time (if at all) as he ceases to have such a right while not acting as an employee or director.

The reason for the termination of office or employment of a Participant shall be determined by reference to Rules 6.1 to 6.3 regardless of whether such termination was lawful or unlawful.

7. TAKEOVERS AND OTHER CORPORATE EVENTS

7.1 General offers

In the event that any person (or any group of persons acting in concert):

- (a) makes a general offer to acquire the whole of the issued ordinary share capital of the Company (other than that already owned by it or persons connected with it) which is made on a condition such that, if it is met, the person making the offer will have Control of the Company; or
- (b) makes a general offer to acquire all the shares in the Company which are of the same class as the shares to which the Option relates (other than those shares already owned by it or persons connected with it)

and, as a result of such offer, that person (and any others acting in concert) obtains Control of the Company and any condition subject to which the offer was made has been satisfied (the "**Relevant Event**"), then subject to Rule 5.2 (*Performance Condition*), Rules 5.3 (*Restrictions on exercise: regulatory and tax issues*) and 5.4 (*Restriction on exercise*), Rule 5.5 (*Long stop date of exercise*), Rule 6 (*Leavers and deceased Participants*), Rule 7.5 (*Exercise following disqualifying event*) and Rule 7.10 (*Internal reorganisations*), any Option may be exercised within the period of one month (or such other period not exceeding six months as the Committee may permit) following the date of the Relevant Event but to the extent that the Option is not exercised within that period it shall, regardless of any other provision of the Plan except Rule 6.1 (*Deceased Participants*), lapse at the end of that period.

For the purposes of this Rule 7.1, "**connected**" has the meaning within section 993 of the Income Tax Act 2007.

7.2 Schemes of arrangement or non-UK arrangement

In the event that:

- (a) under section 899 or 901F of the Companies Act 2006 the Court sanctions a compromise or arrangement; or
- (b) a non-UK company reorganisation arrangement (as defined in paragraph 35ZA of Schedule 4) becomes binding on the shareholders covered by it

(the "**Relevant Event**")

and it is applicable to or affecting:

- (i) all the ordinary share capital of the Company or all the shares of the same class as the shares to which the Option relates; or
- (ii) all the shares, or all the shares of that same class, which are held by a class of shareholders identified otherwise than by reference to their employment or directorship or their participation in a Schedule 4 plan

an Option may, subject to Rule 5.2 (*Performance Condition*), Rules 5.3 (*Restrictions on exercise: regulatory and tax issues*) and 5.4 (*Restriction on exercise: material interest in a close company*), Rule 5.5 (*Long stop date for exercise*), Rule 6 (*Leavers and deceased Participants*), Rule 7.5 (*Exercise following disqualifying event*) and Rule 7.10 (*Internal reorganisations*), be exercised within one month of such Relevant Event. To the extent that the Option is not exercised within that period, it shall, regardless of any other provision of the Plan except Rule 6.1 (*Deceased Participants*), lapse at the end of that period.

7.3 Compulsory acquisition

In the event that any person becomes bound or entitled to acquire Shares in the Company under sections 979 to 982 or 983 to 985 of the Companies Act 2006 (the "**Relevant Event**"), an Option may, subject to Rule 5.2 (*Performance Condition*), Rules 5.3 (*Restrictions on exercise: regulatory and tax issues*) and 5.4 (*Restriction on exercise: material interest in a close company*), Rule 5.5 (*Long stop date of exercise*), Rule 6 (*Leavers and deceased Participants*), Rule 7.5 (*Exercise following disqualifying event*) and Rule 7.10 (*Internal reorganisations*), be exercised at any time during the period when that person is so bound or entitled. To the extent that the Option is not exercised within that period, it shall, regardless of any other provision of the Plan except Rule 6.1 (*Deceased Participants*), lapse at the end of that period.

7.4 Conditional exercise

If a Relevant Event under any of Rules 7.1 (*General Offers*), 7.2 (*Schemes of arrangement or non-UK arrangement*) or 7.3 (*Compulsory acquisition*) is anticipated the Committee may notify Participants that any Option may, subject to Rule 5.2 (*Performance Condition*), Rules 5.3 (*Restrictions on exercise: regulatory and tax issues*) and 5.4 (*Restriction on exercise: material interest in a close company*), Rule 5.5 (*Long stop date for exercise*) and Rule 6 (*Leavers and deceased Participants*), be exercised in anticipation of such Relevant Event in the period of 20 days ending with the date of the Relevant Event and shall be treated as if it had been exercised in accordance with the relevant Rule 7.1 (*General Offers*) or 7.2 (*Schemes of arrangement or non-UK arrangement*) or 7.3 (*Compulsory acquisition*).

If the anticipated Relevant Event does not occur within a period of 20 days beginning with the date of exercise of an Option under this Rule 7.4 then any such exercise shall be treated as having had no effect.

7.5 Exercise following disqualifying event

If as a consequence of a person obtaining Control of the Company in any of the circumstances in Rules 7.1 (*General Offers*) (ignoring whether any condition subject to which an offer was made has been satisfied), 7.2 (*Schemes of arrangement or non-UK arrangement*) or 7.3 (*Compulsory acquisition*) the Shares no longer meet the requirements of Part 4 of Schedule 4, any Option may be exercised in accordance with the relevant Rule no later than 20 days after the day on which the person obtains Control of the Company notwithstanding that the Shares no longer meet such requirements, but to the extent that the Option is not exercised within that period it shall (regardless of any other provision of the Plan except Rule 6.1 (*Deceased Participants*)) lapse at the end of that period.

This Rule 7.5 shall not authorise the exercise of any Option at a time outside the relevant period of exercise within any of Rules 7.1 (*General Offers*) or 7.2 (*Schemes of arrangement or non-UK arrangement*) or 7.3 (*Compulsory acquisition*).

7.6 Winding up

In the event that:

- (a) the Company passes a resolution for a voluntary winding up of the Company; or
- (b) an order is made for the compulsory winding up of the Company

an Option may, subject to Rule 5.2 (*Performance Condition*), Rules 5.3 (*Restrictions on exercise: regulatory and tax issues*) and 5.4 (*Restriction on exercise: material interest in a close company*), Rule 5.5 (*Long stop date for exercise*), Rule 6 (*Leavers and deceased Participants*), Rule 7.5 (*Exercise following disqualifying event*) and Rule 7.10 (*Internal reorganisations*), be exercised within one month of such event. To the extent that the Option is not exercised within that period, it shall, regardless of any other provision of the Plan lapse at the end of that period.

7.7 Demergers and similar events

If a demerger, special dividend or other similar event (the "**Relevant Event**") is proposed which, in the opinion of the Committee, would affect the market price of an Option to a material extent, then the Committee may, at its discretion and acting fairly and reasonably, decide that the following provisions will apply:

- (a) the Committee shall, as soon as reasonably practicable after deciding to apply these provisions, notify a Participant that, subject to Rule 5.2 (*Performance Condition*), Rules 5.3 (*Restrictions on exercise: regulatory and tax issues*) and 5.4 (*Restriction on exercise: material interest in a close company*), Rule 5.5 (*Long stop date of exercise*), and Rule 6 (*Leavers and deceased Participants*), his Option may be exercised on such terms as the Committee may determine and, subject to Rule 6.1 (*Deceased Participants*), during such period preceding the Relevant Event, or on the Relevant Event, as the Committee may determine. Subject to Rule 6.1 (*Deceased Participants*), to the extent that the Option is not exercised when the Relevant Event occurs, it shall lapse at the end of that period; and
- (b) if an Option is exercised in advance of and conditional upon the Relevant Event and such event does not occur, then the conditional exercise shall not be effective and the Option shall continue to subsist.

7.8 Option rollover: general provisions

If any company (the "**acquiring company**"):

- (a) obtains Control of the Company as a result of making a general offer to acquire:
 - (i) the whole of the issued ordinary share capital of the Company (other than that which is already owned by it or persons connected with it) which is made on a condition such that if it is satisfied the person making the offer will have Control of the Company; or
 - (ii) all the shares in the Company which are of the same class as those subject to the Option (other than those shares already owned by it or persons connected with it); or
- (b) obtains Control of the Company as a result of a compromise or arrangement sanctioned by the Court under section 899 of the Companies Act 2006 or as a result of a non-UK company reorganisation arrangement (as defined in paragraph 35ZA of Schedule 4) which has become binding on the shareholders covered by it; or
- (c) becomes bound or entitled to acquire shares in the Company under sections 979 to 982 or 983 to 985 of the Companies Act 2006

any Participant may, at any time within the relevant period specified under paragraph 26(3) of Schedule 4, by agreement with the acquiring company, release any Option granted under Part A of the Plan (the "**Old Option**") in consideration of the grant to him of an option (the "**New Option**") which for the purposes of paragraph 27 of Schedule 4 is equivalent to the Old Option but relates to shares in a different company (whether the acquiring company itself or some other company falling within paragraph 16(b) or (c) of Schedule 4).

For the avoidance of doubt, if this Rule 7.8 applies, no further Options may be granted under Part A of the Plan other than the New Options granted in accordance with this Rule 7.8.

For the purposes of this Rule 7.8:

- (i) "**connected**" has the meaning within section 993 of the Income Tax Act 2007; and
- (ii) when determining if a New Option is equivalent to an Old Option, the market value of any shares is to be determined using a methodology agreed by HMRC.

7.9 Option rollover: interpretation of Rules

Where a New Option is granted under Rule 7.8 (*Option rollover: general provisions*) the following terms of Part A of the Plan shall, in relation to the New Option, be construed:

- (a) as if, except for the purposes of the definitions of "Group Member", "Participating Company" and "Subsidiary" in Rule 1.1 and the reference to the "Committee" in Rule 5.5 (*Long stop date for exercise*), the expression the "Company" were defined as "a company whose shares may be acquired by the exercise of Options granted under Part A of the Plan";
- (b) if the New Option is granted in circumstances where Rule 7.10 (*Internal reorganisations*) does apply, so that the Performance Condition continues to apply, subject to any alterations made in accordance with Rule 9.7 (*Alterations to the Performance Condition*);

- (c) the Company will remain the scheme organiser of the Plan (as defined in paragraph 2(2) of Schedule 4) following the release of Old Options and the grant of New Options under Rule 7.8 (*Option rollover: general provisions*).

7.10 Internal reorganisations

In the event that:

- (a) an offer (as referred to in Rule 7.1 (*General offers*)) is made or a compromise or arrangement (as referred to in Rule 7.2 (*Schemes of arrangement or non-UK arrangement*)) is proposed which is expected to result in the Company becoming controlled by a new company (the "**New Company**");
- (b) at least 75 per cent of the shares in the New Company will be held by substantially the same persons who immediately before the offer or proposal was made were shareholders in the Company; and
- (c) the New Company makes an offer for the release of Options for New Options pursuant to Rule 7.8 (*Option rollover: general provisions*)

then an Option granted under Part A of the Plan (the "**Original Option**") shall not become exercisable under Rule 7.1 (*General offers*) or Rule 7.2 (*Schemes of arrangement or non-UK arrangement*) (as applicable) and, if the Option is not released pursuant to Rule 7.8 (*Option rollover: general provisions*), it shall lapse at the end of the relevant period specified under paragraph 26(3) of Schedule 4.

8. ADJUSTMENT OF OPTIONS

8.1 General rule

Subject to Rule 8.2 (*Adjustment which may be made*), in the event of any variation of the share capital of the Company (whether by way of capitalisation or rights issue, or a reduction, subdivision, consolidation or other variation), the Committee, acting fairly and reasonably, may make such adjustment so far as necessary to take account of such variation under Rule 8.3 (*Method of adjustment*).

8.2 Adjustment which may be made

An adjustment may only be made under Rule 8.1 provided that:

- (a) any adjustment that requires the prior approval of HMRC is not made without such prior approval being received;
- (b) adjustments to the Option price and number of Shares may only be made in accordance with the provisions of paragraph 22 of Schedule 4;
- (c) the total market value (determined in accordance with Rule 3.4 (*Option price*)) of the Shares subject to the Option is, immediately after the variation of share capital, substantially the same as immediately before the variation of share capital; and
- (d) the total amount payable on exercise of an Option immediately after the variation of share capital must be substantially the same as immediately before the variation of share capital.

8.3 Method of adjustment

An adjustment made under this Rule 8.3 shall be to one or more of the following:

- (a) the number of Shares in respect of which any Option may be exercised;
- (b) the description of the Shares which may be acquired by the exercise of any Option; and
- (c) subject to Rule 8.4 (*Adjustment below nominal value*), the price at which Shares may be acquired by the exercise of any Option.

8.4 Adjustment below nominal value

An adjustment under Rule 8.3 (*Method of adjustment*) may reduce the price at which Shares may be subscribed for on the exercise of an Option to less than their nominal value, but only if and to the extent that the Board is authorised:

- (a) to capitalise from the reserves of the Company a sum equal to the amount by which the nominal value of the Shares in respect of which the Option is exercised and which are to be allotted after such exercise exceeds the price at which the Shares may be subscribed for; and
- (b) to apply that sum in paying up such amount on such Shares

so that on exercise of any Option in respect of which such a reduction shall have been made the Board shall capitalise that sum (if any) and apply it in paying up that amount.

9. ALTERATIONS

9.1 General rule on alterations

Except as described in Rule 9.3 (*Shareholder approval*) and Rule 9.5 (*Alterations to disadvantage of Participants*), the Committee may at any time, acting fairly and reasonably, alter the Plan or the terms of any Option.

9.2 Alterations to a key feature

No alteration may be made under Rule 9.1 to any provision of the Plan that is necessary to meet the requirements of Schedule 4.

9.3 Shareholder approval

Except as described in Rule 9.4 (*Exceptions to shareholder approval*), no alteration to the advantage of an individual to whom an Option has been or may be granted shall be made under Rule 9.1 (*General rule on alterations*) to the provisions concerning:

- (a) eligibility;
- (b) the individual limits on participation;
- (c) the overall limits on the issue of Shares or the transfer of treasury Shares;
- (d) the basis for determining a Participant's entitlement to, and the terms of, Shares provided under the Plan;
- (e) the adjustments that may be made in the event of any variation of capital; and
- (f) the terms of this Rule 9.3 and Rule 9.4 (*Exceptions to shareholder approval*)

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

9.4 Exceptions to shareholder approval

Rule 9.3 (*Shareholder approval*) shall not apply to:

- (a) any minor alteration to benefit the administration of the Plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for Participants or any Group Member; or
- (b) any alteration relating to the Performance Condition made under Rule 9.7 (*Alterations to any Performance Condition*).

9.5 Alterations to disadvantage of Participants

Except as described in Rule 9.6 (*Exceptions to Participant approval*), no alteration to the material disadvantage of any Participant (other than a technical change to any Performance Condition) shall be made under Rule 9.1 (*General rule on alterations*) unless:

- (a) the Board shall have invited every relevant Participant to indicate whether or not he approves the alteration; and
- (b) the alteration is approved by a majority of those Participants who have given such an indication.

9.6 Exceptions to Participant approval

Rule 9.5 (*Alterations to disadvantage of Participants*) shall not apply to any alteration which is required in accordance with paragraph 28I(2)(b) of Schedule 4 or which is otherwise required in order that the Plan complies with the requirements of Schedule 4.

9.7 Alterations to any Performance Condition

The Committee may amend any Performance Condition without prior shareholder approval if:

- (a) an event has occurred which causes the Committee reasonably to consider that it would be appropriate to amend the Performance Condition;
- (b) the altered Performance Condition will, in the reasonable opinion of the Committee, be not materially more difficult to satisfy than the unaltered Performance Condition would have been but for the event in question; and
- (c) the Committee shall act fairly and reasonably in making the alteration.

10. MISCELLANEOUS

10.1 Employment

The rights and obligations of any individual under the terms of his office or employment with any Group Member shall not be affected by his participation in the Plan or any right which he may have to participate in it. An individual who participates in the Plan waives any and all rights to compensation or damages in consequence of the termination of his office or employment for any reason whatsoever insofar as those rights arise or may arise from his ceasing to have rights under or be entitled to exercise any Option as a result of such termination. Participation in the Plan shall not confer a right to continued employment upon any individual who participates in it. The grant of an Option does not imply that any further Options will be granted nor that a Participant has any right to be granted any further Options.

10.2 Disputes

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

10.3 Exercise of powers and discretions

The exercise of any power or discretion by the Committee shall not be open to question by any person and a Participant or former Participant shall have no rights in relation to the exercise of or omission to exercise any such power or discretion.

10.4 Notices

Any notice or other communication under or in connection with the Plan may be given:

- (a) by personal delivery or by post, in the case of a company to its registered office, and in the case of an individual to his last known address, or, where he is a director or employee of a Group 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; or
- (b) in an electronic communication to their usual business address or such other address for the time being notified for that purpose to the person giving the notice; or
- (c) by such other method as the Board determines.

10.5 Third parties

No third party has any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Plan.

10.6 Benefits not pensionable

Benefits provided under the Plan shall not be pensionable.

10.7 Data Protection

For the purpose of operating the Plan, the Company will collect and process information relating to Participants (and any eligible employees under Rule 2) in accordance with the privacy notice which is available on the Company intranet.

10.8 Governing law

The Plan and all Options shall be governed by and construed in accordance with the law of England and Wales and the Courts of England and Wales have exclusive jurisdiction to hear any dispute.

PART B – NON-TAX ADVANTAGED OPTIONS

1. DEFINITIONS AND INTERPRETATION

1.1 In this Part B of the Plan, unless the context otherwise requires:

"Board" means the board of directors of the Company or a duly authorised committee of the Board or a duly authorised person;

"Clawback" means an obligation to repay the amounts referred to in Rule 9.4 of Part B of the Plan;

"Committee" means the remuneration committee of the Board or, on and after the occurrence of a corporate event described in Rule 7 (*Takeovers and other corporate events*), the remuneration committee of the Board as constituted immediately before such event occurs;

"Company" means Clarkson PLC (registered in England and Wales with registered number 01190238);

"Control" means control within the meaning of section 995 of the Income Tax Act 2007;

"Grant Date" means the date on which an Option is granted;

"Group Member" means:

- (a) a Participating Company; and
- (b) a body corporate which has been designated by the Board for this purpose and is:
 - (i) the Company's holding company (within the meaning of section 1159 of the Companies Act 2006) or a subsidiary (also within the meaning of section 1159 of that Act) of the Company's holding company;
 - (ii) a subsidiary undertaking (within the meaning of section 1162 of that Act) of a body corporate within paragraph (b)(i) above; or
 - (iii) a body corporate in relation to which a body corporate within paragraph (b)(i) or (b)(ii) above is able (whether directly or indirectly) to exercise 20 per cent or more of its equity voting rights.

"ITEPA" means the Income Tax (Earnings and Pensions) Act 2003;

"Listing Rules" means the Listing Rules published by the Financial Conduct Authority;

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

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

"Participant" means a person who holds an Option including his personal representatives;

"Participating Company" means the Company or any Subsidiary;

"Performance Condition" is a condition related to performance which is specified by the Committee under Rule 3.1 (*Terms of grant*);

"Plan" means the Clarkson PLC 2023 Share Option Plan as amended from time to time;

"Rule" means a rule of the Plan;

"Shares" means fully paid ordinary shares in the capital of the Company;

"Subsidiary" means a body corporate which is a subsidiary (within the meaning of section 1159 of the Companies Act 2006) of the Company;

"Tax Liability" means any amount of tax or social security contributions for which a Participant would or may be liable and for which any Group Member or former Group Member would or may be obliged to (or would or may suffer a disadvantage if it were not to) account to any relevant authority.

- 1.2** Any reference in the Plan to any enactment includes a reference to that enactment as from time to time modified, extended or re-enacted.
- 1.3** Expressions in italics, headings and any footnotes are for guidance only and do not form part of the Plan.
- 1.4** The singular includes references to the plural and vice versa. Words denoting the masculine gender shall include the feminine.

2. ELIGIBILITY

An individual is eligible to be granted an Option only if he is at the time of grant of the relevant Option an employee of a Participating Company (including an executive director other than an executive director of the Company).

3. GRANT OF OPTIONS

3.1 Terms of grant

Subject to Rule 3.5 (*Timing of grant*), Rule 3.7 (*Approvals and consents*) and Rule 4 (*Limits*), the Committee may resolve to grant an Option on:

- (a) the terms set out in Part B of the Plan; and
- (b) such additional terms (whether a Performance Condition and/or any other terms) as the Committee may specify

to any person who is eligible to be granted an Option under Rule 2 (*Eligibility*).

On or before the Grant Date, the Committee shall determine the date on which an Option may become exercisable for the purposes of Rule 5.1 (*Timing of exercise*) and the applicability of Clawback to an Option under Rule 9.1 (*Applicability of Clawback*).

3.2 Method of grant

An Option shall be granted by deed executed by the Company.

3.3 Method of satisfying Options

Unless specified to the contrary by the Board at the time of grant of an Option, an Option may be satisfied:

- (a) by the issue of new Shares; and/or
- (b) by the transfer of treasury Shares; and/or

- (c) by the transfer of Shares (other than the transfer of treasury Shares).

The Committee may decide to change the way in which it is intended that an Option may be satisfied after it has been granted, having regard to the provisions of Rule 4 (*Limits*).

3.4 Option price

The Committee shall decide before an Option is granted the price at which Shares may be acquired by the exercise of that Option, but the price shall not be less than:

- (a) if Shares are quoted in the London Stock Exchange Daily Official List, the middle-market quotation of the Shares (as derived from that List) on the dealing day before the Grant Date or, if the Committee so determines, the average of the middle-market quotations during a period determined by the Committee not exceeding the period of 3 consecutive dealing days ending with the dealing day immediately preceding the Grant Date provided such dealing day(s) do not fall within any period when dealings in Shares are prohibited under the Company's share dealing code;
- (b) if Rule 3.4(a) does not apply, the market value of the Shares as determined by the Committee on the Grant Date or such other day as the Committee decides; and
- (c) in the case of an Option to acquire Shares only by subscription, the nominal value of those Shares.

3.5 Timing of grant

Subject to Rule 3.7 (*Approvals and consents*), an Option may only be granted:

- (a) within the period of 6 weeks beginning with:
 - (i) the day on which the Plan is approved by shareholders of the Company; or
 - (ii) the dealing day after the day on which the Company announces its results for any period; or
- (b) at any other time when the Committee considers that circumstances are sufficiently exceptional to justify its grant

but an Option may not be granted after 10 May 2023 (that is, the expiry of the period of 10 years beginning with the date on which the Plan is approved by shareholders of the Company).

3.6 Non-transferability and bankruptcy

An Option granted to any person:

- (a) shall not be transferred, assigned, charged or otherwise disposed of except on his death to his personal representatives and shall lapse immediately on any attempt to do so; and
- (b) shall lapse immediately if he is declared bankrupt.

3.7 Approvals and consents

The grant of any Option shall be subject to obtaining any approval or consent required under the Listing Rules, any relevant share dealing code of the Company, the City Code on Takeovers and Mergers, or any other relevant UK or overseas regulation or enactment.

4. LIMITS

4.1 5 per cent in 10 years limit

An Option shall not be granted in any calendar year if, at the time of its proposed Grant Date, it would cause the number of Shares allocated (as defined in Rule 4.3) in the period of 10 calendar years ending with that calendar year under the Plan and under any other executive share plan adopted by the Company to exceed such number as represents 5 per cent of the ordinary share capital of the Company in issue at that time.

4.2 10 per cent in 10 years limit

An Option shall not be granted in any calendar year if, at the time of its proposed Grant Date, it would cause the number of Shares allocated (as defined in Rule 4.3) in the period of 10 calendar years ending with that calendar year under the Plan and under any other employee share plan adopted by the Company to exceed such number as represents 10 per cent of the ordinary share capital of the Company in issue at that time.

4.3 Meaning of "allocated"

For the purposes of Rules 4.1 and 4.2:

- (a) Shares are allocated:
 - (i) when an option, award or other contractual right to acquire unissued Shares or treasury Shares is granted;
 - (ii) where Shares are issued or treasury Shares are transferred other than in respect of an option, award or other contractual right to acquire Shares, when those Shares are issued or treasury Shares transferred;
- (b) any Shares which have been issued or which may be issued (or any Shares transferred out of treasury or which may be transferred out of treasury) to any trustees to satisfy the exercise of any option, award or other contractual right shall be treated as allocated unless they are already treated as allocated under this Rule; and
- (c) for the avoidance of doubt, existing Shares other than treasury Shares that are transferred or over which options, awards or other contractual rights are granted shall not count as allocated.

4.4 Post-grant events affecting numbers of "allocated" Shares

For the purposes of Rule 4.3:

- (a) where:
 - (i) any option, award or other contractual right to acquire unissued Shares or treasury Shares is released or lapses (whether in whole or in part); or
 - (ii) after the grant of an option, award or other contractual right the Committee determines that:
 - (aa) it shall be satisfied by payment of cash equal to the gain made on its vesting or exercise; or
 - (bb) it shall be satisfied by the transfer of existing Shares (other than Shares transferred out of treasury)

the unissued Shares or treasury Shares which consequently cease to be subject to the option, award or other contractual right shall not count as allocated; and

- (b) the number of Shares allocated in respect of an option, award or other contractual right shall be such number as the Board shall reasonably determine from time to time.

4.5 Changes to investor guidelines

Treasury Shares shall cease to count as allocated Shares for the purposes of Rule 4.3 if institutional investor guidelines¹ cease to require such Shares to be so counted.

4.6 Individual limit

The maximum total market value of Shares (calculated as set out in this Rule) over which Options may be granted to any employee during any financial year of the Company is 150 per cent of his salary (as defined in this Rule), unless the Committee decides that exceptional circumstances exist, such as in relation to the recruitment or retention of an eligible employee, in which case the maximum total market value of Shares over which Options may be granted to that employee during a financial year of the Company is 200 per cent. of his salary (as defined in this Rule).

For the purpose of this Rule 4.6:

- (a) an employee's **salary** shall be taken to be his base salary (excluding benefits in kind), expressed as an annual rate payable by the Participating Companies to him as at the Grant Date (or such earlier date as the Committee shall determine). Where a payment of salary is made in a currency other than sterling, the payment shall be treated as equal to the equivalent amount of sterling determined by using any rate of exchange which the Committee may reasonably select; and
- (b) the **market value** of the Shares over which an Option is granted shall be calculated by reference to the price at which Shares may be acquired by the exercise of that Option as determined under Rule 3.4 (*Option price*).

4.7 Effect of limits

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

Where the grant of an Option under Part A of the Plan is limited solely by virtue of Rule 4.7 of that Part (*Schedule 4 limit*) the grant shall be effective under this Part B of the Plan subject to the limits set out in this Part.

5. EXERCISE OF OPTIONS

5.1 Timing of exercise

An Option may only be exercised on the later of:

- (a) if any Performance Condition and any other condition has been imposed on the exercise of the Option, the date on which the Committee determines whether or not all such Performance Conditions or other conditions have been wholly or partly satisfied; and
- (b) the third anniversary of the Grant Date (or such other date as the Committee may specify on or before the Grant Date)

except where Rule 6 (*Leavers and deceased Participants*), Rule 7.1 (*General offers*), Rule 7.2 (*Schemes of arrangement or non-UK reorganisation*), Rule 7.3 (*Compulsory acquisition*), Rule 7.5 (*Winding up*) or Rule 7.6 (*Demerger and similar events*) applies.

5.2 Performance Condition and other exercise conditions

An Option may only be exercised to the extent:

- (a) that any Performance Condition is satisfied; and
- (b) as permitted by any other term specified under Rule 3.1(b).

The Option shall lapse regardless of any other Rule to the extent that any Performance Condition is not satisfied.

Where, under Rule 6 (*Leavers and deceased Participants*) or Rule 7 (*Takeovers and other corporate events*), an Option would (subject to the satisfaction of any Performance Condition) become exercisable before the end of the full period over which performance would otherwise be measured under any Performance Condition then, unless provided to the contrary by the Performance Condition, the extent to which the Performance Condition has been satisfied in such circumstances shall be determined by the Committee on such reasonable basis as it decides.

5.3 Restrictions on exercise: regulatory and tax issues

An Option may not be exercised unless the following conditions are satisfied:

- (a) the exercise of the Option and the issue or transfer of Shares after such exercise would be lawful in all relevant jurisdictions and in compliance with the Listing Rules, any relevant share dealing code of the Company, the City Code on Takeovers and Mergers and any other relevant UK or overseas regulation or enactment;
- (b) if a Tax Liability would arise by virtue of the exercise of the Option and the Board decides that such Tax Liability shall not be satisfied by the sale of sufficient shares pursuant to Rule 5.10 (*Payment of Tax Liability*) then the Participant must have entered into arrangements acceptable to the Board to secure that such a payment is made (whether pursuant to Rule 5.10 (*Payment of Tax Liability*) or otherwise);
- (c) the Participant has entered into such arrangements as the Committee requires (and where permitted in the relevant jurisdiction) to satisfy a Group Member's liability to social security contributions in respect of the exercise of the Option; and
- (d) where the Committee requires, the Participant has entered into, or agreed to enter into, a valid election under Part 7 of ITEPA (*Employment income: elections to disapply tax charge on restricted securities*) or any similar arrangement in any overseas jurisdiction.

For the purposes of this Rule 5.3, references to Group Member include any former Group Member.

5.4 Long stop date for exercise

An Option may not in any circumstances (and regardless of any other Rule) be exercised after the expiry of 10 years beginning with the Grant Date (or such shorter period beginning with the Grant Date as the Committee may have decided on or before the grant of that Option) and if not exercised shall lapse at the end of such period.

5.5 Exercise in whole or in part

An Option must be exercised to the maximum extent possible at the time of exercise unless the Committee decides that a Participant may exercise his Option in respect of such fewer number of Shares as it decides.

5.6 Method of exercise

The exercise of any Option shall be effected in the form and manner prescribed by the Board. Unless the Board, acting fairly and reasonably determines otherwise, any notice of exercise shall, subject to Rule 5.3 (*Restrictions on exercise: regulatory and tax issues*), take effect only when the Company receives it, together with:

- (a) payment of the relevant price at which Shares can be acquired under the Option (or, if the Board so permits, an undertaking to pay that amount); and
- (b) if a Participant decides to satisfy the Tax Liability other than pursuant to the authority in Rule 5.10 (*Payment of Tax Liability*), an agreement relating to the payment of the Tax Liability having been entered into.

5.7 Restriction on use of unissued Shares and treasury Shares

No Shares may be issued or treasury Shares transferred to satisfy the exercise of any Option to the extent that such issue or transfer would cause the number of Shares allocated (as defined in Rule 4.3 (*Meaning of "allocated"*)) and adjusted under Rule 4.4 (*Post-grant events of affecting numbers of "allocated" Shares*)) to exceed the limits in Rules 4.1 (*5 per cent in 10 years limit*) and 4.2 (*10 per cent in 10 years limit*) except where there is a variation in the share capital of the Company which results in the number of Shares so allocated exceeding such limits solely by virtue of that variation.

5.8 Allotment and transfer timetable

Within 30 days after an Option has been exercised by a Participant, the Board shall allot to him (or a nominee for him) or, if appropriate, transfer or procure the transfer to him (or a nominee for him) of the number of Shares in respect of which the Option has been exercised.

5.9 Share rights

All Shares allotted under the Plan shall rank equally in all respects with Shares then in issue except for any rights attaching to such Shares by reference to a record date before the date of allotment.

Where Shares are transferred under the Plan after the exercise of an Option, Participants will be entitled to any rights attaching to such Shares by reference to a record date on or after the date of such transfer.

5.10 Payment of Tax Liability

The Participant authorises the Company to sell or procure the sale of sufficient Shares on or following the exercise of his Option on his behalf to ensure that any relevant Group Member or former Group Member receives the amount required to discharge the Tax Liability which arises on such exercise except to the extent he agrees to fund all or part of the Tax Liability in a different manner.

5.11 Cash alternative

Subject to Rule 5.11(d), where an Option has been exercised by a Participant in respect of any number of Shares, and those Shares have not yet been allotted or transferred to him (or his

nominee), the Committee may determine that, in substitution for his right to acquire such number of those Shares as the Committee may decide (but in full and final satisfaction of that right), he shall be paid by way of additional employment income a sum equal to the cash equivalent (as defined in Rule 5.11(a)) of that number of Shares in accordance with the following provisions of this Rule 5.11.

- (a) For the purpose of this Rule 5.11, the cash equivalent of a Share is the amount by which the market value of that Share exceeds the option price. The market value of a Share for this purpose is either:
 - (i) if on the day of exercise, Shares are quoted in the London Stock Exchange Daily Official List, the middle-market quotation of a Share, as derived from that List, on that day; or
 - (ii) if Shares are not so quoted, such value of a Share as the Committee reasonably determines.
- (b) Subject to Rule 5.11(c), as soon as reasonably practicable after the Committee has determined under this Rule 5.11 that a Participant shall be paid a sum in substitution for his right to acquire any number of Shares:
 - (i) the Company shall pay to him or procure the payment to him of that sum in cash; and
 - (ii) if he has already paid the Company for those Shares, the Company shall return to him the amount so paid by him.
- (c) There shall be deducted from any payment under this Rule 5.11 such amounts (on account of tax or similar liabilities) as may be required by law or as the Board may reasonably consider to be necessary or desirable.
- (d) If the Committee so decides, the whole or any part of the sum payable under Rule 5.11(b)(i) (but after any deductions under Rule 5.11(c)) shall, instead of being paid to the Participant in cash, be applied on his behalf:
 - (i) in subscribing for Shares at a price equal to the market value by reference to which the cash equivalent is calculated; or
 - (ii) in purchasing such Shares; or
 - (iii) partly in one way and partly in the other

and the Company shall allot or transfer to him (or his nominee) or procure the transfer to him (or his nominee) of the Shares so subscribed for or purchased.

This Rule 5.11 shall not apply in relation to Options made into any jurisdiction where the presence of this Rule would cause:

- (a) the grant of the Option to be unlawful or for it to fall outside any applicable securities law exclusion or exemption; or
- (b) adverse tax or social security consequences for the Participant or any Group Member as determined by the Board.

6. LEAVERS AND DECEASED PARTICIPANTS

6.1 Deceased Participants

If a Participant dies at a time when either he is a director or employee of a Group Member or he is or may be entitled to exercise the Option under Rule 6.2 (*Good leavers*), the following provisions apply:

- (a) any Option granted to him that is already capable of exercise at the time of death shall, subject to Rule 5.3 (*Restrictions on exercise: regulatory and tax issues*), continue to be capable of exercise by his personal representatives for a period of 12 months after his death and if not exercised shall lapse at the end of that period;
- (b) any other Option granted to him may, subject to Rule 5.2 (*Performance Condition*) and Rule 5.3 (*Restrictions on exercise*), be exercised by his personal representatives during the period of 12 months after his death and if not exercised shall lapse at the end of that period; and
- (c) in both cases (a) and (b) above the period for exercise shall be shortened if Rule 5.4 (*Long stop date for exercise*), Rule 7.1 (*General offers*), Rule 7.2 (*Schemes of arrangement or non-UK arrangement*), Rule 7.3 (*Compulsory acquisition*), Rule 7.5 (*Winding up*) or Rule 7.6 (*Demergers and similar events*) applies.

6.2 Good leavers

If a Participant ceases to be a director or employee of a Group Member in the following circumstances:

- (a) retirement;
- (b) ill-health, injury or disability evidenced to the satisfaction of his employer;
- (c) redundancy (within the meaning of the Employment Rights Act 1996) or any overseas equivalent;
- (d) a relevant transfer within the meaning of the Transfer of Undertakings (Protection of Employment) Regulations 2006;
- (e) his office or employment being with a Participating Company of which the Company ceases to have Control;
- (f) his office or employment being either with a company which ceases to be a Group Member or relating to a business or part of a business which is transferred to a person who is not a Group Member; or
- (g) for any other reason, if the Committee so decides

the following provisions apply:

- (i) any Option granted to him that is already capable of exercise at the date of cessation shall, subject to Rule 5.3 (*Restrictions on exercise: regulatory and tax issues*) and Rule 6.1 (*Deceased Participants*), continue to be capable of exercise for a period of six months after the date of cessation and if not exercised shall lapse at the end of that period;

- (ii) any other Option granted to him may, subject to Rule 5.2 (*Performance Condition*), Rule 5.3 (*Restrictions on exercise*) and Rule 6.1 (*Deceased Participants*), be exercised during the period of six months after the date of cessation (or such longer period as the Committee may determine not being greater than 42 months after the Grant Date) and if not exercised shall lapse at the end of that period; and
- (iii) in both cases (i) and (ii) above, the period for exercise shall be shortened if Rule 5.4 (*Long stop date for exercise*), Rule 7.1 (*General offers*), Rule 7.2 (*Schemes of arrangement or non-UK arrangement*), Rule 7.3 (*Compulsory acquisition*), Rule 7.5 (*Winding up*) or Rule 7.6 (*Demergers and similar events*) applies.

6.3 Cessation of employment in other circumstances

If a Participant ceases to be a director or employee of a Group Member for any reason other than those specified in Rule 6.1 (*Deceased Participants*) and Rule 6.2 (*Good leavers*), any Option held by him shall immediately lapse on such cessation.

6.4 Meaning of ceasing employment

A Participant shall not be treated for the purposes of this Rule 6 as ceasing to be a director or employee of a Group Member until such time as he is no longer a director or employee of any Group Member. Any Participant who ceases to be such a director or employee before exercising an Option in circumstances where he retains a statutory right to return to work then be treated as not having ceased to be such a director or employee until such time (if at all) as he ceases to have such a right while not acting as an employee or director.

The reason for the termination of office or employment of a Participant shall be determined by reference to Rules 6.1 to 6.3 regardless of whether such termination was lawful or unlawful.

7. TAKEOVERS AND OTHER CORPORATE EVENTS

7.1 General offers

In the event that any person (or any group of persons acting in concert):

- (a) makes a general offer to acquire the whole of the issued ordinary share capital of the Company (other than that already owned by it or persons connected with it) which is made on a condition such that, if it is met, the person making the offer will have Control of the Company; or
- (b) makes a general offer to acquire all the shares in the Company which are of the same class as the shares to which the Option relates (other than those shares already owned by it or persons connected with it)

and, as a result of such offer, that person (and any others acting in concert) obtains Control of the Company and any condition subject to which the offer was made has been satisfied (the "**Relevant Event**"), then subject to Rule 5.2 (*Performance Condition*), Rule 5.3 (*Restrictions on exercise: regulatory and tax issues*), Rule 5.4 (*Long stop date for exercise*), Rule 6 (*Leavers and deceased Participants*) and Rule 7.7 (*Internal reorganisations*), any Option may be exercised within the period of one month (or such other period not exceeding six months as the Committee may permit) following the date of the Relevant Event but to the extent that the Option is not exercised within that period it shall, regardless of any other provision of the Plan, lapse at the end of that period.

For the purposes of this Rule 7.1, "**connected**" has the meaning within section 993 of the Income Tax Act 2007.

7.2 Schemes of arrangement or non-UK arrangement

In the event that:

- (a) under section 899 or 901F of the Companies Act 2006 the Court sanctions a compromise or arrangement; or
- (b) a non-UK company reorganisation arrangement (as defined in paragraph 35ZA of Schedule 4 to ITEPA) becomes binding on the shareholders covered by it)

(the "**Relevant Event**")

and it is applicable to or affecting:

- (i) all the ordinary share capital of the Company or all the shares of the same class as the shares to which the Option relates; or
- (ii) all the shares, or all the shares of that same class, which are held by a class of shareholders identified otherwise than by reference to their employment or directorships or their participation in the Plan

an Option may, subject to Rule 5.2 (*Performance Condition*), Rule 5.3 (*Restrictions on exercise*), Rule 5.4 (*Long stop date for exercise*), Rule 6 (*Leavers and deceased Participants*) and Rule 7.7 (*Internal reorganisations*), be exercised within one month of such Relevant Event. To the extent that the Option is not exercised within that period, it shall (regardless of any other provision of the Plan) lapse at the end of that period.

7.3 Compulsory acquisition

In the event that any person becomes bound or entitled to acquire Shares in the Company under sections 979 to 982 or 983 to 985 of the Companies Act 2006 (the "**Relevant Event**"), an Option may, subject to Rule 5.2 (*Performance Condition*), Rules 5.3 (*Restrictions on exercise: regulatory and tax issues*) and 5.4 (*Long stop date for exercise*), Rule 6 (*Leavers and deceased Participants*) and Rule 7.7 (*Internal reorganisations*), be exercised at any time during the period when that person is so bound or entitled. To the extent that the Option is not exercised within that period, it shall, regardless of any other provision of the Plan, lapse at the end of that period.

7.4 Conditional exercise

If a Relevant Event under any of Rules 7.1 (*General Offers*), 7.2 (*Schemes of arrangement or non-UK arrangement*) or 7.3 (*Compulsory acquisition*) is anticipated the Committee may notify Participants that any Option may, subject to Rule 5.2 (*Performance Condition and other exercise conditions*), Rule 5.3 (*Restrictions on exercise: regulatory and tax issues*), Rule 5.4 (*Long stop date for exercise*) and Rule 6 (*Leavers and deceased Participants*), be exercised in anticipation of such Relevant Event in the period of 20 days ending with the date of the Relevant Event and shall be treated as if it had been exercised in accordance with the relevant Rule 7.1 (*General Offers*) or 7.2 (*Schemes of arrangement or non-UK arrangement*) or 7.3 (*Compulsory acquisition*).

If the anticipated Relevant Event does not occur within a period of 20 days beginning with the date of exercise of an Option under this Rule 7.4 then any such exercise shall be treated as having had no effect.

7.5 Winding up

In the event that:

- (a) the Company passes a resolution for a voluntary winding up of the Company; or
- (b) an order is made for the compulsory winding up of the Company

an Option may, subject to Rule 5.2 (*Performance Condition*), Rule 5.3 (*Restrictions on exercise: regulatory and tax issues*), Rule 5.4 (*Long stop date for exercise*), Rule 6 (*Leavers and deceased Participants*) and Rule 7.7 (*Internal reorganisations*), be exercised within one month of such event. To the extent that the Option is not exercised within that period, it shall, regardless of any other provision of the Plan, lapse at the end of that period.

7.6 Demergers and similar events

If a demerger, special dividend or other similar event (the "**Relevant Event**") is proposed which, in the opinion of the Committee, would affect the market price of Shares to a material extent, then the Committee may, at its discretion, decide that the following provisions will apply:

- (a) the Committee shall, as soon as reasonably practicable after deciding to apply these provisions, notify a Participant that, subject to Rule 5.2 (*Performance Condition*), Rule 5.3 (*Restrictions on exercise: regulatory and tax issues*), Rule 5.4 (*Long stop date for exercise*), and Rule 6 (*Leavers and deceased Participants*), his Option may be exercised on such terms as the Committee may determine and during such period preceding the Relevant Event, or on the Relevant Event, as the Committee may determine. To the extent that the Option is not exercised when the Relevant Event occurs, it shall lapse; and
- (b) if an Option is exercised in advance of and conditional upon the Relevant Event and such event does not occur, then the conditional exercise shall not be effective and the Option shall continue to subsist.

7.7 Internal reorganisations

In the event that:

- (a) an offer (as referred to in Rule 7.1 (*General offers*)) is made or a compromise or arrangement (as referred to in Rule 7.2 (*Schemes of arrangement or non-UK arrangement*)) is proposed which is expected to result in the Company becoming controlled by a new company (the "**New Company**");
- (b) at least 75 per cent of the shares in the New Company will be held by substantially the same persons who immediately before the offer or proposal was made were shareholders in the Company; and
- (c) the Committee and the New Company agree that this Rule should apply

then an Option granted under Part B of the Plan (the "**Original Option**") shall not become exercisable under Rule 7.1 (*General offers*) or Rule 7.2 (*Schemes of arrangement or non-UK arrangement*) (as applicable) but shall be automatically surrendered in consideration for the grant of a new Option which the Committee determines is equivalent to the Original Option it replaces except that it will be over shares in the new company or some other company.

The Rules shall apply to any new Option granted under this Rule 7.7 as if references to Shares were references to shares over which the new Option is granted and references to the Company were references to the company whose shares are subject to the new Option.

8. ADJUSTMENT OF OPTIONS

8.1 General rule

In the event of:

- (a) any variation of the share capital of the Company; or
- (b) a demerger, special dividend or other similar event which affects the market price of Shares to a material extent

the Committee may make such adjustment as it considers appropriate under Rule 8.2 (*Method of adjustment*).

8.2 Method of adjustment

An adjustment made under this Rule 8.2 shall be to one or more of the following:

- (a) the number of Shares in respect of which any Option may be exercised;
- (b) the description of the Shares which may be acquired by the exercise of any Option; and
- (c) subject to Rule 8.3 (*Adjustment below nominal value*), the price at which Shares may be acquired by the exercise of any Option.

8.3 Adjustment below nominal value

An adjustment under Rule 8.2 (*Method of adjustment*) may reduce the price at which Shares may be subscribed for on the exercise of an Option to less than their nominal value, but only if and to the extent that the Board is authorised:

- (a) to capitalise from the reserves of the Company a sum equal to the amount by which the nominal value of the Shares in respect of which the Option is exercised and which are to be allotted after such exercise exceeds the price at which the Shares may be subscribed for; and
- (b) to apply that sum in paying up such amount on such Shares

so that on exercise of any Option in respect of which such a reduction shall have been made the Board shall capitalise that sum (if any) and apply it in paying up that amount.

9. CLAWBACK

9.1 Applicability of Clawback

This Rule 9 shall apply to all Options granted under this Part B of the Plan to such individuals (if any) as the Committee decides on or before the Grant Date and applies to those Options regardless of any of the other provisions of Part B of the Plan.

9.2 Clawback of Options

The Committee may decide at any time within the period commencing on the date on which an Option becomes exercisable and ending on the day on which the Company's audited results in respect of the financial year in which that Option became exercisable are available, that the individual to whom the Option was granted (the "**relevant individual**") shall be subject to Clawback if:

- (a) there has been a material misstatement (including any omission) in the Company's financial statements which falls within the regime for "prior period errors" under International Accounting Standard 8 and such misstatement resulted either directly or indirectly in an Option becoming exercisable over a higher number of Shares than would have been the case had that misstatement not been made; or
- (b) the Committee forms the view that in assessing any Performance Condition and/or any other condition imposed on the exercise of the Option, such assessment was based on an error, or on inaccurate or misleading information or assumptions and that such error, information or assumptions resulted either directly or indirectly in that Option becoming exercisable to a greater degree than would otherwise have been the case.

9.3 Amount to be subject to Clawback

The amount to be subject to Clawback shall be the additional value which the Committee considers has been received by the relevant individual as a result of the misstatement or error referred to in Rule 9.2 above but if the relevant individual is required to repay all or part of such additional value pursuant to Rule 9.4(b) below then the amount (or remaining amount if applicable) subject to Clawback shall be limited to the net (post-tax) amount of such additional value.

9.4 Satisfaction of the Clawback

The Clawback shall be satisfied in the following ways:

- (a) The Committee may reduce (including, if appropriate, reducing to zero) any of the following elements of the remuneration of the relevant individual:
 - (i) the amount of any future bonus which would, but for the operation of the Clawback, be payable to the relevant individual under any bonus plan operated by any Group Member; and/or
 - (ii) the extent to which any subsisting Option granted under Part B of the Plan held by the relevant individual becomes exercisable notwithstanding the extent to which any Performance Condition and/or any other condition imposed on any such Option has been satisfied; and/or
 - (iii) the extent to which any rights to acquire Shares granted to the relevant individual under any share incentive plan (other than any tax advantaged share plan (including Part A of the Plan) under schedules 2 to 5 of ITEPA) operated by any Group Member vest or become exercisable notwithstanding the extent to which any conditions imposed on such rights to acquire Shares have been satisfied; and/or
 - (iv) the number of Shares subject to any Option granted under Part B of the Plan which has become capable of exercise but has not yet been exercised; and/or
 - (v) the number of Shares subject to any vested but unexercised right to acquire Shares granted to the relevant individual under any share incentive plan (other than any tax advantaged share plan (including Part A of the Plan) under schedules 2 to 5 of ITEPA) operated by any Group Member.
- (b) The Committee may require the relevant individual to pay to such Group Member as the Committee may direct, and on such terms as the Committee may direct (including, but without limitation to, on terms that the relevant amount is to be deducted from the

relevant individual's salary or from any other payment to be made to the relevant individual by any Group Member), such amount as is required for the Clawback to be satisfied in full.

9.5 Timing of effect of Clawback

- (a) Any reduction made pursuant to Rule 9.4(a)(ii) and/or Rule 9.4(a)(iii) above shall take effect immediately prior to the Option becoming exercisable or the right vesting or becoming exercisable (as applicable).
- (b) Any reduction made pursuant to Rule 9.4(a)(iv) and/or Rule 9.4(a)(v) shall take effect at such time as the Committee decides.

9.6 Reduction in Options to give effect to clawback provisions in other plans

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

9.7 Increase in number of Shares under Option in circumstances of misstatement or error

If, within the period set out in Rule 9.1 above, it is discovered that a misstatement or error as described in Rule 9.2 has resulted in an Option granted under Part B of the Plan becoming exercisable over a lower number of Shares than would have been the case had the misstatement or error not occurred, the Committee shall award an additional number of Shares to the relevant individual to reflect the shortfall on such basis as it decides.

10. ALTERATIONS

10.1 General rule on alterations

Except as described in Rule 10.2 (*Shareholder approval*) and Rule 10.4 (*Alterations to disadvantage of Participants*), the Committee may at any time alter the Plan or the terms of any Option.

10.2 Shareholder approval

Except as described in Rule 10.3 (*Exceptions to shareholder approval*), no alteration to the advantage of an individual to whom an Option has been or may be granted shall be made under Rule 10.1 (*General rule on alterations*) to the provisions concerning:

- (a) eligibility;
- (b) the individual limits on participation;
- (c) the overall limits on the issue of Shares or the transfer of treasury Shares;
- (d) the basis for determining a Participant's entitlement to, and the terms of, Shares or cash provided under the Plan;
- (e) the adjustments that may be made in the event of any variation of capital; and
- (f) the terms of this Rule 10.2

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

10.3 Exceptions to shareholder approval

Rule 10.2 (*Shareholder approval*) shall not apply to:

- (a) any minor alteration to benefit the administration of the Plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for Participants or any Group Member; or
- (b) any alteration relating to the Performance Condition made under Rule 10.5 (*Alterations to any Performance Condition*).

10.4 Alterations to disadvantage of Participants

No alteration to the material disadvantage of any Participant (other than a technical change to any Performance Condition) shall be made under Rule 10.1 (*General rule on alterations*) unless:

- (a) the Board shall have invited every relevant Participant to indicate whether or not he approves the alteration; and
- (b) the alteration is approved by a majority of those Participants who have given such an indication.

10.5 Alterations to any Performance Condition

The Committee may amend any Performance Condition without prior shareholder approval if:

- (a) an event has occurred which causes the Committee reasonably to consider that it would be appropriate to amend the Performance Condition;
- (b) the altered Performance Condition will, in the reasonable opinion of the Committee, be not materially less difficult to satisfy than the unaltered Performance Condition would have been but for the event in question; and
- (c) the Committee shall act fairly and reasonably in making the alteration.

11. MISCELLANEOUS

11.1 Employment

The rights and obligations of any individual under the terms of his office or employment with any Group Member shall not be affected by his participation in the Plan or any right which he may have to participate in it. An individual who participates in the Plan waives any and all rights to compensation or damages in consequence of the termination of his office or employment for any reason whatsoever insofar as those rights arise or may arise from his ceasing to have rights under or be entitled to exercise any Option as a result of such termination. Participation in the Plan shall not confer a right to continued employment upon any individual who participates in it. The grant of any Option does not imply that any further Options will be granted nor that a Participant has any right to be granted any further Options.

11.2 Disputes

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

11.3 Exercise of powers and discretions

The exercise of any power or discretion by the Committee shall not be open to question by any person and a Participant or former Participant shall have no rights in relation to the exercise of or omission to exercise any such power or discretion.

11.4 Notices

Any notice or other communication under or in connection with the Plan may be given:

- (a) by personal delivery or by post, in the case of a company to its registered office, and in the case of an individual to his last known address, or, where he is a director or employee of a Group 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; or
- (b) in an electronic communication to their usual business address or such other address for the time being notified for that purpose to the person giving the notice; or
- (c) by such other method as the Board determines.

11.5 Third parties

No third party has any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Plan.

11.6 Benefits not pensionable

Benefits provided under the Plan shall not be pensionable.

11.7 Data Protection

For the purpose of operating the Plan, the Company will collect and process information relating to Participants (and any eligible employees under Rule 2) in accordance with the privacy notice which is available on the Company intranet.

11.8 Governing law

The Plan and all Options shall be governed by and construed in accordance with the law of England and Wales and the Courts of England and Wales have exclusive jurisdiction to hear any dispute.

SCHEDULE 1

SHARE APPRECIATION RIGHTS

1. A Share Appreciation Right (“**SAR**”) may be granted under this Schedule to Part B of the Plan. The Rules shall apply to a SAR as if it were an Option, except as set out in this Schedule. Where there is any conflict between the Rules and this Schedule, the terms of this Schedule shall prevail.
2. Before the grant of a SAR, the Committee shall determine a “**base price**” for each Share under the SAR. The base price shall be subject to the same restrictions as an option price set out in Rule 3.4 (*Option Price*) of Part B of the Plan.
3. There shall be no amount payable on the exercise of a SAR.
4. Subject to paragraph 8 below, within 30 days after a SAR has been exercised by a Participant, the Board shall procure the transfer to him (or a nominee for him) or, if appropriate, allot to him (or a nominee for him) the number of Shares which shall have an aggregate **market value** (as defined in paragraph 6 below) as near as possible equal to (but not exceeding) the **notional gain** (as defined in paragraph 5 below).
5. The **notional gain** is the amount by which the aggregate **market value** of the number of Shares in respect of which the SAR is exercised exceeds the aggregate **base price** (as calculated in accordance with paragraph 2 above) of that number of Shares.
6. For the purpose of this Schedule the **market value** of a Share is either:
 - (a) if Shares are quoted in the London Stock Exchange Daily Official List, the middle market quotation of a Share (as derived from that List) on the day on which the SAR is exercised; or
 - (b) where Shares are not so quoted, such value on the day on which the SAR is exercised as the Committee, acting fairly and reasonably, shall decide.
7. Shares may only be allotted to a Participant (or a nominee for him) who exercises his SAR to the extent that the Board is authorised:
 - (a) to capitalise from the reserves of the Company a sum equal to at least the aggregate nominal value of the Shares to be allotted to satisfy the exercise of the SAR; and
 - (b) to apply that sum in paying up such amount on such Shares.
8. If the Board so decides, the whole or any part of the **notional gain** determined under paragraph 5 above shall, instead of being delivered to the Participant (or his nominee) in Shares under paragraph 4 above, be paid in cash.
9. Any payment of cash under paragraph 8 above will be subject to deduction of such amount (on account of tax and similar liabilities) as may be required by law or as the Board may reasonably consider to be necessary or desirable.