

ZOTEFOAMS plc

(Reg no. 2714645)

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**SHARE INCENTIVE PLAN**

(as provided for in section 488 and Schedule 2 ITEPA 2003)

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Approved by the shareholders:

13 May 2015

Date of execution of Trust Deed:

27 May 2015

Registered with HMRC on:

14 May 2015

[Amended by the shareholders:

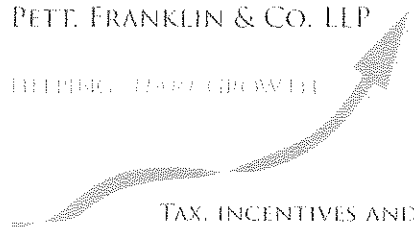
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TAX, INCENTIVES AND  
EMPLOYEE SHARE PLANS

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**RULES OF  
THE ZOTEFOAMS SHARE INCENTIVE PLAN**

**PART A: GENERAL**

**1. PURPOSE OF THE PLAN**

The purpose of the Plan is to provide benefits to employees of Participating Companies in the form of Shares which give such employees a continuing stake in the Company.

**2. SCHEME OF THE PLAN**

**2.1 The Plan provides:**

- (a) in **Part B**, for Shares ("**Partnership Shares**") to be acquired on behalf of participating Eligible Employees out of sums deducted from their salaries;
- (b) in **Part C**, for the Company to procure that Shares ("**Matching Shares**") are awarded to employees without payment in proportion to the Partnership Shares acquired by them; and
- (c) in **Part D**, for Shares ("**Free Shares**") to be awarded to participating Eligible Employees without payment.

**2.2** The Directors may from time to time determine whether Eligible Employees shall, in a given Tax Year, or in, or in respect of, a given Financial Year, be offered the opportunity to acquire Shares pursuant to the provisions of either or both of Part B (Partnership Shares) and Part D (Free Shares) and, if pursuant to Part B, also Part C (Matching Shares).

**2.3** Shares may not be awarded at any time before this Plan has been registered with HMRC.

**2.4** **Part E** contains provisions governing the terms on which Dividend Shares may be acquired and on which Partnership Shares, Matching Shares, Free Shares and Dividend Shares shall be held in the Plan.

**2.5** Pro forma letters, forms and other documents to be used in the operation of the Plan are set out in **Part F**.

**2.6** The Company will establish a trust in the form set out in **Part G** which is constituted under the laws of England and Wales for the purposes of:

- (a) in the case of Free Shares and Matching Shares, acquiring Shares and awarding them to Eligible Employees in accordance with the Plan;
- (b) in the case of Partnership Shares, holding Partnership Share Money and applying it in acquiring shares on behalf of Eligible Employees in accordance with the Plan;
- (c) in the case of Dividend Shares, acquiring such Shares in accordance with the Plan; and

holding in accordance with the Plan all such Shares so awarded or acquired.

### 3. DEFINITIONS AND INTERPRETATION

The following words and expressions shall, where they are used in the Plan, have the following meanings:

<b>"Accumulation Period"</b>	in relation to Partnership Shares, the period during which a Participant's Partnership Share Money is accumulated by the Trustee pending the acquisition of Partnership Shares or its repayment to such person
<b>"Acquisition Date"</b>	in relation to an acquisition of Partnership Shares, the date mentioned in Rule 22.5 and, in relation to Dividend Shares, the date mentioned in Rule 68.1
<b>"Acquisition Period"</b>	means, for the purposes of Rule 25.5 and in relation to an acquisition of Partnership Shares by the Trustee on behalf of a Participant: <ul style="list-style-type: none"><li>(a) if there was no Accumulation Period, the period beginning with the deduction of the Partnership Share Money and ending with the Acquisition Date; and</li><li>(b) if there was an Accumulation Period, the period beginning with the end of that period and ending immediately before the Acquisition Date</li></ul>
<b>"Administrator"</b>	such person as is from time to time appointed by the Trustee with the approval of the Company to administer the Plan and to whom the Trustee has delegated the necessary administrative powers pursuant to Clause 5.22 of the Deed
<b>"Articles of Association"</b>	the articles of association of the Company
<b>"Associated Company"</b>	has the meaning given in paragraph 94 of Schedule 2
<b>"Award Date"</b>	in relation to Free Shares or Matching Shares, the date on which such Shares are awarded
<b>"Bank"</b>	<ul style="list-style-type: none"><li>(a) a person who falls within section 991(2)(b) of the Income Tax Act 2007;</li><li>(b) a building society within the meaning of the Building Societies Act 1986; or</li><li>(c) a European Economic Area firm of the kind mentioned in paragraph 5(b) of Schedule 3 to the Financial Services and Markets Act 2000 which has permission under paragraph 15 of that Schedule (as a result of qualifying for authorisation under paragraph 12(1) of that Schedule) to accept deposits</li></ul>

<b>"Benefits Code"</b>	has the meaning given in section 63 of ITEPA
<b>"Capital Receipt"</b>	has the same meaning as in section 502 of ITEPA
<b>"the Company"</b>	Zotefoams plc (registered number 2714645)
<b>"Connected Company"</b>	has the meaning given in paragraph 18(3) of Schedule 2
<b>"Control"</b>	has the same meaning as in section 995 Income Tax Act 2007
<b>"CTA 2010"</b>	the Corporation Tax Act 2010
<b>"the Directors"</b>	the board of directors of the Company or, if the board of directors has established such a committee, the Remuneration Committee
<b>"Dividend Shares"</b>	Shares acquired by the Trustee on behalf of a Participant using dividends paid in respect of such Participant's Plan Shares and which are held in the Plan
<b>"Eligible Employee"</b>	in relation to an acquisition of Partnership Shares, or an award of Matching Shares or Free Shares, on any occasion, a Plan Employee who satisfies all of the relevant conditions for participating in the Plan mentioned in Rule 4.1
<b>"Employee"</b>	a director or employee of any member of the Group
<b>"Financial Year"</b>	a financial year of the Company
<b>"Forfeiture Period"</b>	means in relation to Free or Matching Shares awarded on any occasion, the period of 3 years beginning with the Award Date (or such lesser period as the Directors may determine, and notify to Participants at or before the Award Date, to be the Forfeiture Period in relation to such Free and/or Matching Shares awarded on that occasion)
<b>"Free Shares"</b>	Shares awarded to an Eligible Employee in accordance with Part D of the Plan and which are held in the Plan
<b>"the Group"</b>	the Company and each and every company which is for the time being controlled by the Company within the meaning of section 995 of the Income Tax Act 2007 and is also a subsidiary of the Company within the meaning of section 1159 of the Companies Act 2006
<b>"HMRC"</b>	Her Majesty's Revenue and Customs (and references to HMRC shall include references to an officer of HMRC)
<b>"Holding Period"</b>	in relation to Free Shares and Matching Shares, the periods specified by the Directors as respectively

	mentioned in Rules 38 and 54 and, in relation to Dividend Shares, the period of three years mentioned in Rule 69
<b>"ITEPA"</b>	the Income Tax (Earnings and Pensions) Act 2003
<b>"ITTOIA 2005"</b>	the Income Tax (Trading and Other Income) Act 2005
<b>"Market Value"</b>	in relation to a Share on a given date, the market value of a Share on that date (or on such earlier date or dates as may be agreed in advance in writing with HMRC Shares and Assets Valuation) determined in accordance with the provisions of Part VIII of the Taxation of Chargeable Gains Act 1992 <b>SAVE THAT</b> for the purposes of this Plan the market value of a Share which is subject to a Restriction shall be determined as if it was not subject to such Restriction
<b>"Matching Shares"</b>	Shares awarded to an Eligible Employee as mentioned in Part C and which are held in the Plan
<b>"NICs"</b>	National Insurance contributions
<b>"Participant"</b>	in relation to Free Shares, a person who has been awarded Free Shares which are held in the Plan and, in relation to Partnership Shares or Matching Shares, a person who is party to a subsisting Partnership Share Agreement or on whose behalf Partnership Shares, Matching Shares or Dividend Shares have been acquired and which are for the time being held in the Plan
<b>"Participant's Employer Company"</b>	has the meaning given in Rule 70.4
<b>"Participating Company"</b>	a company which is a member of the Group in relation to which the Directors have resolved that the employees of such company may, if so permitted by the Rules of this Plan, be eligible to participate in the Plan
<b>"Participation Agreement"</b>	a contract between the Company and an Employee under which the Employee agrees to participate in the Plan (as mentioned in Rule 43.4) and which is substantially in the form set out in Part F or such other form as the Directors may (with the prior approval of HMRC) determine
<b>"Partnership Share Agreement"</b>	a contract between the Company and a Participant (as mentioned in Rule 12.1) which is substantially in the form set out in Part F or such other form (with the prior approval of HMRC) as the Directors may determine
<b>"Partnership Share Money"</b>	money deducted from a Participant's Salary pursuant to a Partnership Share Agreement and held by the Trustee pending the acquisition of Partnership Shares or its repayment to such person

<b>"Partnership Shares"</b>	shares acquired by the Trustee on behalf of an Eligible Employee using Partnership Share Money and which are held in the Plan
<b>"PAYE"</b>	<p>the Rules and regulations governing the obligation of an employer or other person to account for:</p> <ul style="list-style-type: none"> <li>(a) income tax as mentioned in Part 11 of ITEPA or the regulations made under section 684 of ITEPA; and</li> <li>(b) NICs</li> </ul>
<b>"PAYE Deduction"</b>	a deduction required by PAYE Regulations
<b>"PAYE Regulations"</b>	regulations under section 684 of ITEPA
<b>"Performance Unit"</b>	<p>in relation to the allocation and award of Free Shares by reference to performance, any one or more of:</p> <ul style="list-style-type: none"> <li>(a) the Group</li> <li>(b) a Participating Company; or</li> <li>(c) any business or part of a business of a Participating Company or any one Employee or group of two or more Employee</li> </ul> <p>as shall be specified by the Directors <b>PROVIDED THAT</b> no Employee shall be a member of more than one such group</p>
<b>"Personal Representatives"</b>	in relation to a Participant, the personal representatives of the Participant (being either the executors of his will or if he dies intestate the duly appointed administrator(s) of his estate) who have provided to the Directors evidence of their appointment as such
<b>"the Plan"</b>	this Share Incentive Plan as amended from time to time in accordance with Rule 5
<b>"Plan Employee"</b>	<p>an employee of a Participating Company who:</p> <ul style="list-style-type: none"> <li>(a) is an employee whose earnings from the employment by reference to which he is eligible to participate in the Plan are (or would be if there were any) general earnings to which section 15 of ITEPA applies (earnings for year when employee UK resident); and</li> <li>(b) every other employee of a Participating Company who has been nominated by the Directors</li> </ul>

<b>"Plan Shares"</b>	subject to Rules 65.5 and 67.3(a), Free and Matching Shares which have been awarded to an Eligible Employee and Partnership and Dividend Shares which have been acquired by the Trustee on behalf of an Eligible Employee and which (in each case) remain subject to the Plan
<b>"the Plan Trust"</b>	the trust established by the Company by the execution of a trust deed for use in conjunction with this Plan for the purpose, inter alia, of holding on behalf of Participants legal title to Plan Shares
<b>"Qualifying Company"</b>	<p>in relation to a Qualifying Period:</p> <ul style="list-style-type: none"> <li>(a) a company that is a Participating Company at the end of the Qualifying Period;</li> <li>(b) a company that, when the individual concerned was employed by it, was a Participating Company;</li> <li>(c) a company that, when the individual concerned was employed by it, was an Associated Company of either: <ul style="list-style-type: none"> <li>(i) any such company as is mentioned in (a) or (b) above; or</li> <li>(ii) another company which is itself a Qualifying Company</li> </ul> </li> </ul>
<b>"Qualifying Corporate Bond"</b>	has the meaning given by section 117 of the Taxation of Chargeable Gains Act 1992
<b>"Qualifying Period"</b>	in relation to an individual's eligibility to acquire Partnership Shares or be awarded Free Shares on any occasion, such period (if any) as is specified by the Directors pursuant to paragraph 16 of Schedule 2 and throughout which the individual must at all times have been an employee of a Qualifying Company
<b>"Recognised Stock Exchange"</b>	has the meaning given in section 1005 of the Income Tax Act 2007
<b>"Redundancy"</b>	has the same meaning as in the Employment Rights Act 1996
<b>"Relevant Dividend"</b>	means, if a Participant's Dividend Shares cease to be subject to the Plan before the end of the period of 3 years beginning with the Acquisition Date, the cash dividend applied to acquire Dividend Shares on behalf of the Participant
<b>"Relevant Employment"</b>	employment by the Company or any Associated Company (and see also Rule 3.13)

<b>"Restriction"</b>	means, in relation to a Share, any contract, agreement, arrangement or condition which makes provision to which any of sub-sections (2) to (4) of section 423 of ITEPA (restricted securities) would apply if the references in those sub-sections to the employment-related securities were to such share, and the restriction was that provision
<b>"Salary"</b>	in relation to a Participant, means such of the earnings of the employment by reference to which he is eligible to participate in the Plan as are liable to be paid under deduction of tax under PAYE after deducting any amounts included by virtue of the Benefits Code or as would be so liable apart from the SIP Code or, in the case of an individual not within the scope of the charge to tax under Part 2 of ITEPA, which would be if that individual were within the scope of the charge to tax under Part 2 of ITEPA
<b>"Schedule 2"</b>	Schedule 2 to ITEPA
<b>"Schedule 2 Share Incentive Plan"</b>	a share incentive plan which satisfies the requirements of Parts 2 – 9 of Schedule 2 and which has been registered with HMRC in accordance with the SIP Code (and see Rule 24.2)
<b>"Shares"</b>	Ordinary Shares in the capital of the Company which, except in the circumstances mentioned in paragraph 86(4) and 88 of Schedule 2, satisfy the requirements of paragraphs 25 to 29 of Schedule 2
<b>"SIP Code"</b>	has the meaning given in section 488(3) of ITEPA
<b>"Subsidiary"</b>	a subsidiary (within the meaning given in section 1159 of the Companies Act 2006) of the Company
<b>"Tax Year"</b>	a year ending 5 April
<b>"the Trustee" or "the Trustees"</b>	the trustee or trustees for the time being of the Plan Trust
<b>"UK"</b>	means the United Kingdom
3.2	Words and expressions used in the Plan but not defined in this Rule 3 have the same meanings they bear for the purposes of the SIP Code.
3.3	References to the provisions of any Act shall include any statutory consolidation, modification, amendment or re-enactment thereof, or any subordinate legislation made under it for the time being in force.
3.4	Words denoting the masculine gender shall include the feminine.
3.5	Words denoting the singular shall include the plural and vice versa.
3.6	References to an <b>"award"</b> of Shares shall be construed as references to the transfer of the beneficial interest in such Shares (and related expressions shall be construed accordingly).

- 3.7 If New Shares (as mentioned in Rule 67) are treated as awarded to, or as having been acquired on behalf of, a Participant as mentioned in Rule 67, all references in Part E and Rule 67 to Shares (including references to Partnership Shares, Free Shares, Matching Shares and Dividend Shares) shall be construed as including references to such New Shares and if such New Shares were so treated as having been awarded to, or acquired on behalf of, a Participant in consequence of his interest in Partnership Shares, Free Shares, Matching Shares or Dividend Shares then references in Part E to any such Partnership Shares, Free Shares, Matching Shares or Dividend Shares shall be construed as including such New Shares.
- 3.8 Subject to Rule 3.6, references to Shares or to any interest in Shares being "**held in the Plan**" shall be construed as references to the legal title to such Shares being held by the Trustee, subject to and in accordance with the Rules of this Plan (and related expressions shall be construed accordingly).
- 3.9 References in relation to a Participant to "**participation in the Plan**" and related expressions shall be construed as references to participation by being a party to either (or both) a Partnership Share Agreement or a Participation Agreement or by reason of any Shares then being held in the Plan on behalf of such Participant.
- 3.10 References to the Plan being registered with HMRC shall be construed as references to notice of the Plan being given to HMRC in accordance with paragraph 81A of Schedule 2.
- 3.11 References to Rules are to the Rules set out in this Plan as amended from time to time in accordance with Rule 5.
- 3.12 References to the "**forfeiture**" of Free Shares or Matching Shares shall be construed as references to the transfer by a Participant to the Trustee of all of his interest in such Participant's Free or Matching Shares as mentioned in Rule 62 (and related expressions shall be construed accordingly).
- 3.13 A Participant shall not be treated for the purposes of this Plan as ceasing to be in Relevant Employment if he remains in the employment of the Company or any company which, in relation to the Company, is an Associated Company.
- 3.14 References in Parts A to F of this Plan to anything done or to be done by or to the Trustee shall be read and construed as including anything done or to be done by or to the Administrator pursuant to the powers and duties delegated to the Administrator by the Trustee.

#### **4. ELIGIBILITY TO PARTICIPATE IN THE PLAN**

- 4.1 An individual shall not be entitled to have Shares acquired on his behalf under Part B, or to receive an award of Matching or Free Shares under Parts C or D at any time unless:
- (a) subject to Rule 25.5, he is then an employee of a Participating Company;
  - (b) if, pursuant to Rules 15 or 42, the Directors have specified a Qualifying Period in relation to eligibility on that occasion, he has, at all times during that Qualifying Period, been an employee of a Qualifying Company; and
  - (c) in relation to an award of Free Shares, he has entered into a Participation Agreement as mentioned in Rule 43.4.
- 4.2 Free Shares or Matching Shares shall not be awarded to an individual if he has directed the Trustee not to award Shares to him.



## 5. AMENDMENT OF THE PLAN

5.1 Before the Plan is registered with HMRC, the Directors may by resolution in writing alter (by amending, deleting or adding to) any of the terms of the Plan in any respect.

5.2 After the Plan is registered with HMRC, the Directors may alter any of the terms of Parts A to F of the Plan **SAVE THAT**:

5.2.1 no such alteration shall have effect if it would result in the requirements of Parts 2 to 9 of Schedule 2 ceasing to be met in relation to the Plan; and

5.2.2 no such alteration shall be made to the advantage of Participants to the provisions of:

- |     |         |  |
|-----|---------|--|
| (a) | Rule 4  | eligibility to participate                     |
| (b) | Rule 9  | expiry of directors' authority to issue shares |
| (c) | Rule 11 | overall limit on the issue of shares           |
| (d) | Rule 34 | limit on matching shares                       |
| (e) | Rule 38 | holding period for matching shares             |
| (f) | Rule 49 | limit on appropriation of free shares          |
| (g) | Rule 58 | holding period for free shares                 |
| (h) | Rule 64 | voting rights                                  |
| (i) | Rule 65 | rights and capitalisation issues               |
| (j) | Rule 67 | company reconstructions                        |

and this Rule 5 without the prior approval of shareholders of the Company except for amendments which, in the opinion of the Directors, are minor amendments 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 for any member of the Group.

5.3 The terms of the Plan Trust may be amended, deleted or added to in accordance with the terms of the Deed by the Company executing a deed expressed to be supplemental to the Deed **SAVE THAT** :

(a) no such amendment deletion or addition to any feature of the Plan Trust shall take effect if it would result in the requirements of Parts 2 to 9 of Schedule 2 ceasing to be met in relation to the Plan; and

(b) no such amendment deletion or addition any feature of the Plan Trust that would adversely affect the provisions of the Trust Deed for the protection and indemnity of the Trustee shall take effect without the prior written consent of the Trustee.

## 6. TERMINATION OF THE PLAN

6.1 The Directors may at any time, by giving notice in writing to:

- (a) HMRC;
- (b) the Trustee; and
- (c) each Participant

terminate the operation of the Plan on and with effect from a date specified in such notice which is not earlier than 14 days after the date of such notice.

6.2 Following such termination:

- (a) no further Partnership Shares shall be acquired by the Trustee on behalf of Participants;
- (b) no further Free or Matching Shares shall be awarded by the Trustee;
- (c) no further Dividend Shares shall be acquired on behalf of any Participant;
- (d) the Trustee shall as soon as practicable after such notice is given to the Trustee return to each Participant (subject to deduction of income tax and NICs under PAYE) all of the Partnership Share Money and any other money held on behalf of such Participant;
- (e) the Trustee shall withdraw from the Plan each Participant's Plan Shares as soon as is practicable after:
  - (i) the end of the period of 3 months beginning with the date on which notice is given pursuant to Rule 6.1; or
  - (ii) if later, the first date on which such Participant's Plan Shares may be removed from the Plan without giving rise to a charge to income tax under Chapter 6 of Part 7 of ITEPA on such Participant;
- (f) the Trustee may, if the Participant so directs, withdraw from the Plan any of a Participant's Plan Shares at any time before the end of the relevant period mentioned in Rule 6.2(e) above **SAVE THAT** the Trustee shall disregard any such direction given before the date on which notice is given to such Participant pursuant to Rule 6.1; and
- (g) Shares which remain held in the Plan pending their withdrawal from the Plan by virtue of Rules 6.2(e) and 6.2(f) above shall continue to be so held by the Trustee subject to the provisions of Part E of the Plan.

6.3 Whenever a Participant's Plan Shares are withdrawn from the Plan pursuant to Rules 6.26.2(e) and 6.26.2(f), the Trustee shall, subject to the provisions of Rule 70 (PAYE):

- (a) transfer such Shares to the Participant or to such other person as the Participant may direct; or
- (b) dispose of the Shares and account (or hold itself ready to account) for the proceeds to the Participant or to such other person as the Participant may specify.

6.4 Unless the Participant otherwise agrees, a disposal of Shares as mentioned in Rule 6.3(b) shall be for the best consideration which the Trustee is able to obtain at the time of such disposal.

6.5 References in this Rule 6 to a disposal of Shares shall be construed as including references to a purchase of the beneficial interest in such Shares by the Trustee.

- 6.6 If a Participant has died, references in Rule 6.3 to the Participant shall be read as references to his Personal Representatives.

## **7. ERRORS AND OMISSIONS**

If in consequence of an error or omission:

- (a) an Eligible Employee has not been given the opportunity to participate in the Plan on any occasion; or
- (b) the number of Shares appropriated to any Eligible Employee on any occasion is found to be incorrect

and such error or omission cannot be corrected within the relevant period specified in the Plan, the Company and the Trustee may do all such acts and things as may be agreed with HMRC to rectify such error or omission.

## **8. RELATIONSHIP WITH CONTRACT OF EMPLOYMENT**

- 8.1 Neither the opportunity given to any person to participate in the Plan nor any award to any person of Free or Matching Shares shall form part of such person's entitlement to remuneration or benefits pursuant to his contract of employment and, except as otherwise expressly provided in the Plan, the existence of a contract of employment between any person and any member or former member of the Group or any Associated Company shall not give such person any right or entitlement to participate in the Plan in any manner or any expectation that Shares might be awarded to such person or at all.
- 8.2 The rights, entitlements and obligations under the terms of any contract of employment between any person and any member or former member of the Group or any Associated Company shall not be affected by such person's participation in the Plan.
- 8.3 Participation in the Plan shall not afford any person any rights or additional rights to compensation or damages in consequence of the loss or termination of such person's employment with any member or former member of the Group or any Associated Company for any reason whatsoever (whether or not such termination is ultimately held to be unfair or wrongful).
- 8.4 No person shall be entitled to any compensation or damages for any loss or potential loss which he may suffer by reason of being unable to participate (or continue to participate) in the Plan in consequence of the loss or termination of any such employment for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).

## **9. AUTHORITY TO ISSUE SHARES**

- 9.1 The Company may issue and allot Shares, or transfer Shares out of Treasury, subject to the following limits in Rules 9.2 and 10.
- 9.2 The authority of the Directors to issue Shares or transfer Shares out of treasury pursuant to Rule 9.1 shall expire on the ~~tenth anniversary of the date on which this Plan received shareholder approval~~ 22 May 2035.

## **10. OVERALL LIMIT ON THE ISSUE OF SHARES**

The number of Shares which may on any day be issued, or in respect of which the Company may grant rights to subscribe for Shares, when added to the number of Shares which have been

so issued or in respect of which rights to subscribe for Shares have been granted (and, if not exercised, have not ceased to be exercisable) for the purposes of the Plan or pursuant to any other employees' share scheme in the period of ten years ending on that day, shall not exceed 10 per cent of the ordinary share capital of the Company in issue on that day.

**11. PROPER LAW**

The Plan shall be subject to the laws of England and Wales and the Company and the Trustee and all Participants shall submit to the exclusive jurisdiction of the Courts of England and Wales in relation to any matter concerning the Plan or the rights or entitlement of any person under the Plan.

## **PART B: PARTNERSHIP SHARES**

### **12. ISSUE OF INVITATIONS TO ENTER INTO A PARTNERSHIP SHARE AGREEMENT**

- 12.1 The Company may from time to time invite every Plan Employee to enter into an agreement with the Company ("**a Partnership Share Agreement**") under which:
- (a) such Employee agrees to one or more deductions being made from his Salary (before deduction of income tax and NICs under PAYE) for the acquisition of Shares on his behalf to be held in the Plan ("**Partnership Shares**"); and
  - (b) the Company undertakes to arrange for Shares to be acquired by the Trustee on behalf of such person in accordance with the Plan.
- 12.2 Every Plan Employee invited to enter into a Partnership Share Agreement on any occasion must be invited to do so on the same terms, and Partnership Shares acquired on behalf of each Plan Employee who enters into a Partnership Share Agreement in response to such invitation must actually be so acquired on the same terms, except that the number of Partnership Shares acquired on behalf of a Participant on any occasion (and consequently any number of Matching Shares awarded to such Participant on that occasion) may be determined by applying the limits imposed in accordance with Rule 17 so that deductions of different amounts are made from the Salaries of different Eligible Employees resulting in the acquisition of different numbers of Partnership Shares on behalf of each Participant.
- 12.3 If the terms of such Partnership Share Agreement (as is mentioned in Rule 12.1) do not differ materially from the terms of any subsisting Partnership Share Agreement, then no such invitation need be issued to any Plan Employee who is already party to such a subsisting Partnership Share Agreement.
- 12.4 If the terms of such Partnership Share Agreement (as is mentioned in Rule 12.1) differ in any material respect from the terms of any subsisting Partnership Share Agreement, then the Company shall on that occasion invite each of those Plan Employees who is already party to a subsisting Partnership Share Agreement either:
- (a) to give notice of withdrawal from such subsisting Partnership Share Agreement (as mentioned in Rule 29) and enter into a fresh Partnership Share Agreement; or
  - (b) if the difference relates only to an increase in the maximum amount of deductions from salary specified by the Directors (as mentioned in Rule 17), to vary the amount of the deductions authorised to be made under such subsisting Partnership Share Agreement (as mentioned in Rule 18).
- 12.5 A Partnership Share Agreement may relate to the acquisition of Shares on a single occasion, or either in successive months over a defined period or after the end of successive Accumulation Periods and, in either case, until such time as the Participant gives notice pursuant to Rule 21 or the Participant's authority to make deductions from Salary lapses as mentioned in Rule 19.
- 12.6 Partnership Shares shall not be subject to any provision for forfeiture otherwise than as mentioned in paragraph 43 (2B) and (2C) of Schedule 2.

### **13. FORM OF PARTNERSHIP SHARE AGREEMENT**

Partnership Share Agreements shall be substantially in the form set out in Part F or in such other form as the Directors may from time to time determine.

**14. ENTRY INTO A PARTNERSHIP SHARE AGREEMENT**

Each Plan Employee who wishes to enter into a Partnership Share Agreement in response to such an invitation shall, within the period of 14 days after such notice is given, or such further period as the Company may allow, complete and return to the Company (or such other person as the Company may direct) in such form as the Company may specify (which may be in writing or electronic form) a Partnership Share Agreement.

**15. QUALIFYING PERIOD OF EMPLOYMENT**

15.1 The Directors may determine that a Plan Employee shall be eligible to have Shares acquired by the Trustee on his behalf on any occasion only if he has, throughout such period as the Directors shall specify, held continuous employment with a Qualifying Company.

15.2 Any such Qualifying Period shall:

- (a) if a Participant's deductions from Salary are to be accumulated as mentioned in Rule 23.4, be a period of not more than 6 months ending with the start of the Accumulation Period;
- (b) if not, be a period of not more than 18 months ending on the day on which the deduction is made from the Participant's Salary; and
- (c) be the same for all Plan Employees in relation to acquisitions of Shares on the same occasion.

**16. AUTHORITY TO MAKE DEDUCTIONS FROM SALARY**

A Partnership Share Agreement shall specify either:

- (a) in the case of a single deduction, the amount to be deducted from the Participant's Salary in the specified month; or
- (b) the amount (or percentage of the amount of Salary from which such deduction is made) which the employee authorises to be deducted from his Salary each month; and at what intervals such deductions shall be made.

**17. INDIVIDUAL LIMIT ON DEDUCTIONS FROM SALARY**

17.1 The amount of Partnership Share Money deducted from a Participant's Salary in any Tax Year must be specified by the Directors in relation to each award of Partnership Shares but must not exceed £1,800 (or such other amount as may be mentioned in paragraph 46 of Schedule 2).

17.2 The amount of Partnership Share Money deducted from a Participant's Salary for any Tax Year must not exceed 10 per cent (or such other percentage as is mentioned in paragraph 46 of Schedule 2) of the Participant's Salary for that Tax Year.

17.3 Any amount deducted in excess of that allowed by Rules 17.1 and 17.2 shall be paid over to the Participant, subject to deduction of income tax and NICs under PAYE, as soon as is practicable.

17.4 The minimum amount to be deducted pursuant to a Partnership Share Agreement on any occasion shall:

- (a) be determined by the Directors and specified in the Partnership Share Agreement;

- (b) be not greater than £10; and
  - (c) be the same in relation to all Partnership Share Agreements entered into in response to invitations issued on the same occasion.
- 17.5 A limit lower than that specified in Rule 17.2 may be expressed as a percentage lower than that specified in Rule 17.2 or in terms that a particular description of earnings is not to be regarded as forming part of a Participant's salary for those purposes.
- 18. **VARIATION BY PARTICIPANTS OF AMOUNTS DEDUCTED**

An Eligible Employee may only be a party to one Partnership Share Agreement authorising one or more deductions from his Salary in any given month, but the Directors may from time to time, and subject to Rule 17, invite all Participants to vary the amount of the deductions authorised to be made.
- 19. **TERM OF A PARTNERSHIP SHARE AGREEMENT**

The authority to make deductions from Salary in successive months granted by a Participant pursuant to a Partnership Share Agreement shall lapse upon the occurrence of any of the events specified in Rule 23.6 or, if earlier, upon the effective date of a Participant's withdrawal from that Partnership Share Agreement as mentioned in Rule 29.
- 20. **NOTICE OF EFFECT OF DEDUCTIONS ON BENEFITS AND TAX CREDITS**

Every Partnership Share Agreement shall contain a notice under paragraph 48 of Schedule 2 containing information prescribed by regulations made by HMRC as to the possible effect of deductions on an employee's entitlement to social security benefits, statutory sick pay and statutory maternity pay.
- 21. **NOTICE TO STOP DEDUCTIONS**
  - 21.1 A Participant may at any time give notice in writing to the Company or the Administrator directing the Company to procure that deductions being made from his Salary pursuant to a Partnership Share Agreement are stopped.
  - 21.2 If a Participant has given a notice pursuant to Rule 21.1, he may (on one occasion only in any Accumulation Period) subsequently give notice in writing to the Company or the Administrator directing the Company to procure that deductions are again made pursuant to that Partnership Share Agreement.
  - 21.3 Unless a Participant specifies a later date in any such notice, the Company shall procure that:
    - (a) within 30 days of receiving a notice given pursuant to Rule 21.1, no further deductions are so made; and
    - (b) if a notice is given pursuant to Rule 21.2, the first deduction made thereafter shall be made not later than the date on which the first deduction is due to be made under the relevant Partnership Share Agreement more than 30 days after receipt of such notice.
  - 21.4 A Participant may not make up any deduction that has been missed in consequence of having given such notice.

**22. PARTNERSHIP SHARE MONEY TO BE HELD BY THE TRUSTEE**

- 22.1 Partnership Share Money shall be paid to the Trustee as soon as is practicable after it is deducted from a Participant's Salary.
- 22.2 The Trustee shall hold such moneys on behalf of, and on trust for the benefit of, such Participant and shall apply such moneys in acquiring Partnership Shares on the Participant's behalf.
- 22.3 A Participant's Partnership Share Money shall be deposited by the Trustee in an account with a Bank.
- 22.4 If such account pays interest, the Trustee shall account for such interest to the Participant.
- 22.5 Participants' Partnership Share Money shall either:
- (a) be applied by the Trustee in acquiring Shares on behalf of each Participant on the date set by the Trustee (which shall be the same date in relation to all Participants) being a date within 30 days after each deduction is made; or
  - (b) be accumulated by the Trustee within each successive Accumulation Period (as mentioned in Rule 23) and be applied in acquiring Shares on behalf of each Participant on the date set by the Trustee (which shall be the same date in relation to all Participants), being a date within 30 days after the end of the relevant Accumulation Period.

**23. ACCUMULATION PERIODS**

- 23.1 The first Accumulation Period shall begin with the date on which the first deductions from Salary are made and successive Accumulation Periods shall each begin with the date on which the first deductions from Salary are made after the end of the last Accumulation Period.
- 23.2 Accumulation Periods relating to deductions from Salaries made pursuant to all Partnership Share Agreements entered into in response to invitations issued on the same occasion shall be of the same length.
- 23.3 Subject to Rule 23.2, successive Accumulation Periods may vary in length, but no Accumulation Period shall exceed 12 months.
- 23.4 A Participant's Partnership Share Money first deducted within a given Accumulation Period shall be accumulated by the Trustee with all other amounts of that Participant's Partnership Share Money deducted from Salary within that Accumulation Period.
- 23.5 If a Participant ceases to be in Relevant Employment during an Accumulation Period, any Partnership Share Money deducted from Salary in that Accumulation Period is to be paid over to such Participant (subject to deduction of income tax and NICs under PAYE) as soon as practicable thereafter.
- 23.6 All subsisting Accumulation Periods shall immediately come to an end:
- (a) with effect from the date specified in a notice to terminate the operation of the Plan given in accordance with Rule 6.1;
  - (b) if notice is given to shareholders of the Company of a resolution being proposed for the voluntary winding-up of the Company;



- (c) upon the commencement of a winding-up of the Company;
  - (d) if a general offer is made to acquire the whole of the issued ordinary share capital of the Company which is made on a condition such that if it is satisfied the person making the offer will have control of the Company;
  - (e) if a general offer is made to acquire all the shares in the Company of the same class as the Shares;
  - (f) if the court sanctions under section 899 Companies Act 2006 (court sanction for compromise or arrangement) a compromise or arrangement applicable to or affecting:
    - (i) all the ordinary share capital of the Company or all the shares of the same class as the shares held in the Plan; 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;
  - (g) if any person becomes entitled or bound to acquire shares in the Company under sections 979 to 991 (inclusive) of the Companies Act 2006; or
  - (h) with effect from the date on which the Directors specify in a notice in writing given to all Participants that all subsisting Accumulation Periods shall end (being a date which is not earlier than the date on which such notice is given).
- 23.7 If an Accumulation Period comes to an end pursuant to Rule 23.5, and if the Partnership Share Agreement so provides, the Trustee shall, as soon as practicable, pay to each Participant the amount of that Participant's Partnership Share Money deducted from salary within that Accumulation Period, subject to deduction of income tax and NICs under PAYE.
- 23.8 If, after the end of an Accumulation Period, the shares which would otherwise be acquired using Partnership Share Money would not satisfy the requirements of Part 4 of the Schedule, the Trustee shall, as soon as practicable, pay to each Participant, subject to deduction of income tax and NICs under PAYE, all of the Partnership Share Money held on behalf of such Participant.
- 24. PARTICIPATION IN MORE THAN ONE SIP**
- 24.1 An individual shall be entitled to have Shares acquired on his behalf pursuant to this Part B in any Tax Year notwithstanding that he has in that Tax Year had shares appropriated to him or acquired on his behalf (or would have had shares awarded to him but for his failure to meet any performance target set in relation to such award) under any connected Schedule 2 Share Incentive Plan **PROVIDED THAT:**
- (a) an individual shall not be entitled to participate simultaneously in connected Schedule 2 Share Incentive Plans; and
  - (b) the limits on a Participant's contributions towards the purchase of Partnership Shares referred to in Rule 17 shall apply as if the Plan and the other Schedule 2 Share Incentive Plan(s) in which the individual participates in the same Tax Year were one plan.
- 24.2 For purposes of this Rule 24 a Schedule 2 Share Incentive Plan is a "**connected Schedule 2 Share Incentive Plan**" if it is established by the Company or a Connected Company.

## **25. ACQUISITION OF PARTNERSHIP SHARES**

- 25.1 Subject to Rule 25.5, the Trustee shall not at any time acquire Shares on behalf of any person under this Part B who does not then meet the requirements of Rule 4.
- 25.2 Subject to Rule 25.3, the Trustee shall apply Participants' Partnership Share Money in acquiring Shares on the Acquisition Date and shall do so at a price per Share equal to the Market Value of a Share on that date.
- 25.3 If a Participant's deductions from Salary are to be accumulated as mentioned in Rule 23.4, the Partnership Share Agreement shall specify that the number of Shares acquired on behalf of the Participant shall be determined on the basis that the Shares shall be acquired at a price per Share which is equal to one only of (a), (b) or (c) below:
- (a) the lesser of:
    - (i) the Market Value of a Share at the beginning of the relevant Accumulation Period; and
    - (ii) the Market Value of a Share on the Acquisition Date; or
  - (b) the Market Value of a Share at the beginning of the relevant Accumulation Period; or
  - (c) the Market Value of a Share on the Acquisition Date.
- 25.4 If the application of Rules 25.2 and 25.3 would result in the acquisition of a fraction of a Share, the number of Shares actually acquired on that occasion shall be rounded down to a whole number.
- 25.5 If a Participant, having entered into a Partnership Share Agreement, ceases to be in Relevant Employment at any time during the Acquisition Period in relation to an acquisition of Partnership Shares by the Trustee on his behalf, he is to be treated, for the purposes of this Plan, as not ceasing to be in Relevant Employment until immediately after Partnership Shares have been acquired by the Trustee on his behalf pursuant to this Rule 25 so that:
- (a) the Trustee shall apply the Participant's Partnership Share Money in acquiring Shares; but
  - (b) such Partnership Shares are to be treated, immediately after such acquisition, as ceasing to be subject to the Plan.

## **26. SCALING BACK OF PARTNERSHIP SHARES**

- 26.1 The Directors may determine and specify that the maximum number of Shares which the Trustee may acquire on behalf of Participants on any occasion shall be restricted to such number of Shares as the Directors shall notify to Participants:
- (a) before the deductions from Salary are made; or
  - (b) if such deductions from Salary are to be accumulated as mentioned in Rule 23.4, before the beginning of the relevant Accumulation Period.

- 26.2 If on any occasion the number of Shares which could otherwise be awarded to Participants as Partnership Shares on that occasion is greater than such maximum number as is specified pursuant to Rule 26.1, then the following steps shall be taken in sequence until the aggregate number of Shares so awarded on that occasion shall be as nearly as may be equal to, but shall not exceed such maximum number:

*Step 1*

the number of Partnership Shares awarded to each Participant shall be reduced pro rata;

*Step 2*

the number of Partnership Shares awarded to each Participant shall, as necessary, be reduced to such number as may be so awarded if the aggregate amount of a Participant's Partnership Share Money to be used to acquire Shares on that occasion were reduced to such amount (being not less than the aggregate of the minimum amounts of each deduction referred to in Rule 17.4) as the Directors shall determine (provided that such aggregate amount is not less than is necessary to satisfy the limit imposed on that occasion); and thereafter, if necessary

*Step 3*

the Participants to whom Partnership Shares are awarded on that occasion shall be selected by lot (each Participant having an equal chance of selection) and the number of Shares which are so awarded to each such Participant chosen by lot shall be such number as may be acquired if the aggregate amount of a Participant's Partnership Share Money to be used to acquire Shares on that occasion were determined by reference to a deduction of £10 per month.

- 26.3 Such scaling-back may be undertaken either:

- (a) when all relevant Partnership Share Agreements have been completed and it is apparent that any limit imposed pursuant to Rule 26.1 will be exceeded; and/or
- (b) if there is an Accumulation Period, when all deductions of Partnership Share Money have been made in relation to such award of Partnership Shares and it is apparent that any limit imposed pursuant to Rule 26.1 will be exceeded.

**27. CARRY-FORWARD OF SURPLUS PARTNERSHIP SHARE MONEY**

If after Partnership Share Money has been applied in the acquisition of Shares on any occasion there remains a surplus of unused cash, such surplus may, if the Participant has so agreed in the Partnership Share Agreement, be retained by the Trustee and added to the Partnership Share Money which is so applied on the next occasion on which Shares are acquired on behalf of the Participant, but shall otherwise be returned to the Participant (subject to deduction of income tax and NICs under PAYE).

**28. NOTIFICATION OF ACQUISITION OF PARTNERSHIP SHARES**

As soon as practicable after any Partnership Shares have been acquired on behalf of a Participant, the Trustee shall notify the Participant of:

- (a) the number of Partnership Shares so acquired;
- (b) the description of such Shares;
- (c) if any of such Shares is subject to any Restriction, details of that Restriction;

- (d) the amount of Partnership Share Money applied by the Trustee in acquiring such Shares;
- (e) the actual price per Share at which Shares were so acquired;
- (f) their Market Value on the date on which they were so acquired; and
- (g) the amount of any surplus Partnership Share Money carried forward.

## **29. WITHDRAWAL FROM A PARTNERSHIP SHARE AGREEMENT**

- 29.1 A Participant may withdraw from a Partnership Share Agreement by giving notice in writing to the Company at any time and, unless the Participant specifies a later date in such notice, the Company shall procure that such withdrawal takes effect within 30 days of when such notice is received by the Company.
- 29.2 The Company may direct that, to be effective, any such notice must be given in writing to such person (as agent for the Company) as the Company shall specify.
- 29.3 If a Participant withdraws from a Partnership Share Agreement with effect from any date, the Company shall procure that any Partnership Share Money which by that date has not been applied in the acquisition of Shares is paid to the Participant (subject to deduction of income tax and NICs under PAYE) as soon as is practicable after that date.

## **30. RETURN OF PARTNERSHIP SHARE MONEY**

- 30.1 Partnership Share Money shall be repaid to a Participant or former Participant (subject to deduction of income tax and NICs under PAYE) as soon as is practicable without being used to acquire Partnership Shares if:
  - (a) the Participant ceases to be in Relevant Employment during an Accumulation Period and before the final deduction has been made from the Salary of such Participant in that Accumulation Period; or
  - (b) the Directors give notice of termination of the Plan pursuant to Rule 6; or
  - (c) Partnership Share Money has been carried forward pursuant to Rule 27 and the Participant ceases to be in Relevant Employment before any further deduction from Salary is made.
- 30.2 If HMRC determine and notify the Company that the Plan shall no longer be a Schedule 2 SIP with effect from a specified date, the Company shall as soon as practicable provide the Trustee with a copy of such notice served on the Company and the Trustee shall as soon as practicable thereafter pay to each Participant (subject to deduction of income tax and NICs under PAYE) any Partnership Share Money then held on behalf of such Participant.

## **31. SUSPENSION OF DEDUCTIONS FROM SALARY**

- 31.1 The Directors may give notice to all Participants that, on and with effect from a date specified in the notice (being a date which is not earlier than the date on which such notice is given), no further deductions from Salary shall be made for the purposes of enabling Participants to acquire Partnership Shares and all existing Accumulation Periods shall come to an end **SAVE THAT:**

- (a) such notice shall only be given if an event or events have occurred which cause the Directors acting fairly and reasonably to consider that such suspension is appropriate;
  - (b) the notice shall specify the event or events which has or have caused the Directors to give such notice; and
  - (c) no such notice shall have the effect of avoiding the obligation of the Company to apply a Participant's Partnership Share Money deducted from Salary before the date on which such notice has effect in acquiring Shares as mentioned in Rule 25.1.
- 31.2 If notice to suspend the operation of the Plan is given to all Participants as mentioned in Rule 31.1, then the Directors may at any time thereafter give notice to all Participants that on and with effect from a date specified in such notice (being a date which is not earlier than the date on which such notice is given) deductions from Salary will be resumed in accordance with each Participant's Partnership Share Agreement.
- 31.3 If deductions from Salary are resumed as mentioned in Rule 31.2 then, if a Participant's deductions from Salary are to be accumulated, a new Accumulation Period shall begin on the date on which the first deductions from Salary are then made.

## **PART C: MATCHING SHARES**

### **32. ISSUE OF INVITATIONS TO ACCEPT AN AWARD OF MATCHING SHARES**

The Directors may invite all those Plan Employees on whose behalf it is expected that the Trustee will acquire Partnership Shares on any day, to accept an award of additional Shares ("**Matching Shares**") on that day in accordance with the provisions of this Part C of the Plan.

### **33. REQUIREMENTS FOR MATCHING SHARES**

Matching Shares must be:

- (a) Shares of the same class and carrying the same rights as the Partnership Shares with which they are matched;
- (b) awarded on the same day as the Partnership Shares with which they are matched are acquired on behalf of the Participant; and
- (c) awarded to all Participants on exactly the same basis.

### **34. LIMIT ON MATCHING SHARES**

34.1 The number of Matching Shares to be awarded to a Participant on any occasion shall be a multiple of the number of Partnership Shares acquired on behalf of the Participant on that occasion.

34.2 Such multiple:

- (a) shall not exceed 2;
- (b) shall be specified in the Partnership Share Agreement; and
- (c) may be varied by the Directors at any time before the corresponding Partnership Shares are acquired **PROVIDED THAT** all Plan Employees are notified of any such variation before the corresponding Partnership Shares are acquired on behalf of Participants.

### **35. NOTIFICATION OF AWARD OF MATCHING SHARES**

As soon as practicable after any Matching Shares have been awarded, the Trustee shall notify the Participant of:

- (a) the number of Matching Shares;
- (b) the description of such Shares;
- (c) the Market Value of such Shares as at the Award Date;
- (d) the Acquisition Date;
- (e) the Holding Period applicable to such Matching Shares; and
- (F)** if any of such Shares is subject to any Restriction, details of that Restriction.

**36. CARRY-FORWARD OF UNMATCHED PARTNERSHIP SHARES**

If, on an Award Date, the Trustee does not then acquire on behalf of any given Participant a sufficient number of Partnership Shares to qualify that Participant for an award of a whole number of Matching Shares on that occasion (whether in consequence of an insufficiency of Partnership Share Money or otherwise) the Trustee shall, on the next occasion on which Partnership Shares are acquired on behalf of that Participant, award to that Participant a number of Matching Shares calculated on the basis that the Partnership Shares acquired on that next occasion are increased by the number of Partnership Shares previously acquired on behalf of such Participant but which have not so far been counted in calculating the Participant's entitlement to any Matching Shares.

**37. AGREEMENT TO ACCEPT AN AWARD OF MATCHING SHARES**

A Participant shall not be entitled to an award of Matching Shares on any occasion unless he has first agreed with the Company (by entering into a Partnership Share Agreement which includes provisions in substantially the same form as sub-paragraphs (e) (f) and (g) of the Partnership Share Agreement set out in Part F) to accept and be bound by the following provisions of this Part C of the Plan.

**38. HOLDING PERIOD FOR MATCHING SHARES**

38.1 The Directors shall, in relation to Matching Shares, specify in the Partnership Share Agreement a period ("**the Holding Period**") throughout which a Participant shall be bound (except as mentioned in Rule 38.3):

- (a) for so long as the Participant remains in Relevant Employment, to permit his Matching Shares to remain in the hands of the Trustee; and
- (b) not to assign, charge or otherwise dispose of his beneficial interest in such Matching Shares.

38.2 The Holding Period shall be a period, of not less than 3, nor more than 5, years beginning with the Award Date, and shall be the same for all Participants in relation to all Matching Shares appropriated on the same occasion.

38.3 A Participant's obligation to permit his Matching Shares to remain in the hands of the Trustee shall be subject to the following exceptions:

- (a) the Trustee may at any time dispose of such a Participant's Plan Shares as may be necessary to realise sufficient monies to satisfy any obligation under PAYE as mentioned in Rule 70.1; and
- (b) a Participant may during the Holding Period direct the Trustee to deal with any of such Participant's Plan Shares as mentioned in Rule 66.

**39. FORFEITURE OF MATCHING SHARES**

If a Participant's Partnership Share Agreement so provides, his Matching Shares shall be at risk of forfeiture as provided in Rule 62.

## **PART D: FREE SHARES**

### **40. AWARD OF FREE SHARES**

- 40.1 The Trustee, acting with the prior consent of the Directors, may from time to time award Shares ("**Free Shares**") in accordance with this Part D of the Plan on any such day ("**the Award Date**") as the Trustee and the Company shall agree.
- 40.2 Free Shares shall not be awarded to any person on any occasion unless he then meets the requirements of Rule 4.

### **41. PARTICIPATION IN MORE THAN ONE SIP**

- 41.1 An individual shall be entitled to have Free Shares awarded to him or her pursuant to this Part D in any Tax Year notwithstanding that he has in that Tax Year had shares awarded to him or acquired on his behalf (or would have had shares awarded to him but for his failure to meet any performance target set in relation to such award) under any other Schedule 2 Share Incentive Plan **PROVIDED THAT:**
- (a) an individual shall not be entitled to participate simultaneously in connected Schedule 2 Share Incentive Plans; and
  - (b) the limit on a Participant's participation in Free Shares referred to in Rule 49 shall apply as if the Plan and the other Schedule 2 Share Incentive Plan(s) were one plan.
- 41.2 For the purposes of Rule 41.1, a Schedule 2 Share Incentive Plan is a "**connected Schedule 2 Share Incentive Plan**" if it is established by the Company or an Associated Company.

### **42. QUALIFYING PERIOD OF EMPLOYMENT**

- 42.1 The Directors may determine that a Plan Employee shall be eligible to have Free Shares awarded to him on any such occasion only if he has, throughout such period ending on the Award Date as the Directors shall specify, held continuous employment with a Qualifying Company.
- 42.2 Any such Qualifying Period shall:
- (a) be of not more than 18 months; and
  - (b) be the same for all Plan Employees in relation to all awards of Free Shares on the same occasion.

### **43. ISSUE OF INVITATIONS TO ACCEPT AN AWARD OF FREE SHARES**

- 43.1 On any occasion on which the Trustee intends to award Free Shares under this Part D, the Company shall invite every Plan Employee to participate in the Plan by:
- (a) accepting an award of Free Shares (if and to the extent that such Employee is then entitled pursuant to the Rules of the Plan to participate in an award of Free Shares) on that and on any subsequent occasion on which any Free Shares are to be awarded under this Part D; and
  - (b) permitting such Free Shares to remain in the hands of the Trustee as mentioned in Rule 54.



43.2 Every such invitation must be on the same terms and those to whom Free Shares are awarded pursuant to an acceptance of such an invitation must actually be awarded Free Shares on the same terms except that Free Shares may be awarded as mentioned in Rule 53.2 (which allows for differentiation according to levels of remuneration, length of service or hours worked) and Rules 50 to 52 (allocation by reference to performance).

43.3 No such invitation need be issued to any Plan Employee who is already party to a subsisting Participation Agreement.

43.4 Each Plan Employee who wishes to accept any or all such awards of Free Shares under this Part D shall within the period of 14 days after such notice is given, or such further period as the Company shall allow, complete and return to the Company (or such other person as the Company may direct), in such form as the Company may specify (which may be in writing or in electronic form), a Participation Agreement.

#### **44. EMPLOYEES' RIGHT NOT TO ACCEPT AN AWARD OF FREE SHARES**

44.1 A Plan Employee may, by giving notice in writing to the Trustee before an Award Date, direct that Shares under this Part D shall not be awarded to him on that, or on any later, Award Date.

44.2 Such a notice may be revoked by the Plan Employee concerned giving notice in writing to that effect to the Trustee.

#### **45. NO MATCHING OF FREE SHARES**

An Eligible Employee's entitlement to any Shares under this Part D shall not be made conditional upon such person holding or acquiring any other Shares.

#### **46. DETERMINATION OF MARKET VALUE**

Before Free Shares are awarded to Eligible Employees by the Trustee on any occasion, the Directors shall determine the Market Value of such Shares as at the Award Date.

#### **47. TOTAL NUMBER OF FREE SHARES TO BE AWARDED**

The aggregate number of Free Shares to be awarded to all Eligible Employees on any occasion under this Part D shall be determined by the Directors.

#### **48. NUMBERS OF FREE SHARES TO BE AWARDED TO EACH ELIGIBLE EMPLOYEE**

The number of Free Shares to be awarded by the Trustee to each Eligible Employee on an Award Date under this Part D shall be determined by the Directors in accordance with Rules 49 to 53.

#### **49. LIMIT ON THE VALUE OF FREE SHARES AWARDED IN ANY TAX YEAR**

49.1 The Market Value as at the Award Date (or, if more than one, the respective Award Dates) of Free Shares awarded to a Participant in any Tax Year under this Part D shall not exceed £3,600 or such other amount as is stated in paragraph 35 of Schedule 2 to be the maximum value of Shares which may be so awarded.

49.2 Before Free Shares are awarded to Eligible Employees by the Trustee on any occasion, the Directors may determine and notify all Eligible Employees that the maximum value of Shares which are to be awarded to a Participant on that occasion shall not exceed such other amount, being an amount less than that mentioned in Rule 49.1, as the Directors shall specify.

**50. ALLOCATION OF FREE SHARES BY REFERENCE TO PERFORMANCE**

- 50.1 The Directors may stipulate that some or all of the Free Shares which may be awarded on any occasion shall be so awarded (if at all) by reference to performance (as mentioned below) over such period as the Directors shall determine.
- 50.2 A determination by reference to performance of the number of Free Shares (if any) to be awarded to each Eligible Employee on any Award Date shall be made only according to either of the two methods, **Method One** and **Method Two**, mentioned in Rules 51 and 52.
- 50.3 In this Part D, references to "**performance**" shall be taken as referring to the performance of each given Performance Unit determined by reference to such fair and objective measures of the performance of the Performance Units to which they are applied being measures based on business results or such other objective criteria as the Directors may determine.
- 50.4 The Company shall procure that:
- (a) each Eligible Employee is notified of such performance measures and targets as will be used to determine the number of Free Shares to be awarded to him on any Award Date; and
  - (b) all Plan Employees are notified, in general terms, of the performance measures and targets to be used to determine the number of Free Shares to be awarded to each Eligible Employee on such Award Date **SAVE THAT** there may be excluded from such notice any information the disclosure of which the Directors reasonably consider would prejudice commercial confidentiality.
- 50.5 Such notices shall be given as soon as reasonably practicable.
- 50.6 The Directors may, by giving notice in writing to Eligible Employees, vary or waive the terms of any performance measures or performance targets as will be used to determine the number of Free Shares awarded to such Eligible Employees on any Award Date **PROVIDED THAT**:
- (a) in consequence of any such variation the revised performance targets are no more difficult to satisfy than would have been the performance targets had the variation not been made;
  - (b) if different target levels of performance have been specified in relation to different Performance Units, the likelihood of each Performance Unit meeting the revised target set in relation to that Performance Unit must be no less than it would have been had the variation not been made; and
  - (c) no such waiver shall be made unless an event has, or events have, occurred which cause the Directors, acting fairly and reasonably, to consider that a different condition would be a fairer measure of performance.

**51. METHOD ONE**

- 51.1 By this method:
- (a) at least 20 per cent of the Free Shares appropriated on a given Award Date are awarded otherwise than by reference to performance;
  - (b) the balance of the Free Shares awarded on that Award Date are so awarded by reference to performance; and

- (c) the highest number of Free Shares so awarded to any Eligible Employee as mentioned in Rule 51.1(b) above shall be not more than four times the highest number of Free Shares awarded on that Award Date otherwise than by reference to performance.
- 51.2 If Shares of different classes are to be awarded on any occasion, this Method One shall be applied separately in relation to each class.
- 52. METHOD TWO**
- 52.1 By this method, the Directors may set any performance target in relation to each Performance Unit **PROVIDED THAT:**
  - (a) if the Directors specify different target levels of performance which must be achieved as a condition for the award of Free Shares to Eligible Employees in different Performance Units the targets set must, at the time they are set, be comparable in terms of the likelihood of each Performance Unit meeting the target set in relation to that Performance Unit; and
  - (b) the number of Free Shares which, in consequence of the application of this Method Two, is available for award to Eligible Employees within a given Performance Unit, shall be divided amongst and awarded to such Eligible Employees on the basis of "similar treatment" (as mentioned in Rule 53).
- 53. NON-PERFORMANCE RELATED FREE SHARES TO BE AWARDED ON BASIS OF THE SAME TREATMENT**
- 53.1 If, or to the extent that, the number of Free Shares which are, or may be, awarded to Eligible Employees on any occasion under this Part D is not determined by reference to performance, such Shares shall be allocated amongst and awarded to all Eligible Employees on the basis that each Eligible Employee is eligible to participate in the Plan (by qualifying to receive an award of Shares) on any occasion on the same terms and all those Eligible Employees who do participate must actually do so on the same terms.
- 53.2 The requirement of Rule 53.1 is not infringed by the award of Free Shares by reference to an Eligible Employee's:
  - (a) remuneration;
  - (b) length of service; and/or
  - (c) hours worked

provided each of those factors gives rise to a separate entitlement directly proportional to the amount of remuneration, length of service or hours worked.
- 53.3 The requirement of Rule 53.1 is infringed if Free Shares are awarded by reference to factors other than remuneration, length of service or hours worked.
- 54. HOLDING PERIOD FOR FREE SHARES**
- 54.1 The Directors shall, in relation to each Award Date, specify a period ("**the Holding Period**") throughout which a Participant must be bound by contract with the Company (except as mentioned in Rule 54.3);

- (a) for so long as the Participant remains in Relevant Employment, to permit his Free Shares to remain in the hands of the Trustee; and
  - (b) not to assign, charge or otherwise dispose of his beneficial interest in such Free Shares.
- 54.2 The Holding Period must be a period of not less than 3 years nor more than 5 years, beginning with the Award Date and shall be the same in relation to all Free Shares awarded on any given Award Date.
- 54.3 A Participant's obligation to permit his Free Shares to remain in the hands of the Trustee throughout the Holding Period shall be subject to the following exceptions:
- (a) the Trustee may at any time dispose of such a Participant's Plan Shares as may be necessary to realise sufficient monies to satisfy any obligation under PAYE as mentioned in Rule 70.1; and
  - (b) a Participant may during the Holding Period direct the Trustee to deal with any of such Participant's Plan Shares as mentioned in Rule 66.
- 54.4 The Trustee shall notify each Eligible Employee to whom Free Shares are awarded of the Holding Period applicable to such Free Shares.

**55. NOTIFICATION OF AWARD**

As soon as practicable after any Free Shares have been awarded by the Trustee, the Trustee shall notify each Participant to whom Free Shares have been so awarded on that occasion of:

- (a) the number of Free Shares awarded to him;
- (b) the description of such Shares;
- (c) the Market Value of such Shares as at the Award Date;
- (d) the date on which the Holding Period ends; and
- (e) if the Shares are subject to any Restriction, details of the Restriction.

**56. FORFEITURE OF FREE SHARES**

If a Participant's Participation Agreement so provides, his Free Shares shall be at risk of forfeiture as provided in Rule 62.

## **PART E: PROVISIONS RELATING TO THE HOLDING OF PLAN SHARES**

### **57. HOLDING OF PLAN SHARES**

- 57.1 For so long as a Participant is in Relevant Employment, he may, subject to Rule 6 (termination of the Plan) allow his Plan Shares to remain held in the Plan.
- 57.2 All Plan Shares shall be registered in the name of the Trustee or a nominee of the Trustee.
- 57.3 Subject to Rule 68, cash dividends paid to the Trustee in respect of a Participant's Plan Shares shall be paid to the Participant as soon as is practicable.
- 57.4 Sections 1105 to 1108 of CTA 2010 (Information relating to distributions to be provided by nominee) shall apply in relation to:
- (a) the balance of any cash dividend paid to a Participant under Rule 57.3;
  - (b) any amount paid over to a Participant under Rule 68.9(b) (Dividend retained for reinvestment and later paid out); or
  - (c) any Relevant Dividend

as if it were a payment to which section 1105(1)(b) of CTA 2010 applied (and, in the case of an amount within sub-rule (b) above, as if the cash dividend had been paid at the time of the payment to the Participant under Rule 57.3).

### **58. VOLUNTARY WITHDRAWAL OF SHARES FROM THE PLAN**

- 58.1 A Participant may at any time withdraw any or all of such Participant's Partnership Shares from the Plan (notwithstanding that this may give rise to a charge to income tax).
- 58.2 Subject to Rule 58.1 and except as provided by the terms of a Participation Agreement, a Participant may at any time withdraw any or all of such Participant's Plan Shares from the Plan by:
- (a) directing the Trustee in writing to transfer any or all of his Plan Shares to such Participant or to such other person as the Participant may specify;
  - (b) assigning, charging or otherwise disposing of his beneficial interest in any of the Participant's Plan Shares; or
  - (c) directing the Trustee to dispose of any or all of the Participant's Plan Shares and account (or hold itself ready to account) for the proceeds to the Participant or to such other person as the Participant may specify.

### **59. AUTOMATIC WITHDRAWAL OF PLAN SHARES UPON CEASING TO BE IN RELEVANT EMPLOYMENT**

If a Participant ceases to be in Relevant Employment then, subject to Rule 62.3, his Plan Shares shall thereupon automatically be withdrawn from the Plan.

### **60. CONSEQUENCES OF WITHDRAWAL OF SHARES FROM THE PLAN**

- 60.1 The provisions of this Rule 60 are subject to the provisions of Rule 70 (PAYE).
- 60.2 Whenever a Participant's Plan Shares are voluntarily or automatically withdrawn from the Plan pursuant to Rules 58 or 59:
- (a) the Trustee shall immediately cease to hold such Shares in the Plan and, if and for so long as the Trustee then retains any title to or interest in such Shares, the Trustee shall, subject to Rule 63.2(b), hold such title or interest on bare trust for the Participant otherwise than in the Plan;
  - (b) if the Participant has so directed the Trustee in writing before the Shares cease to be held in the Plan, the Trustee shall as soon as is practicable:
    - (i) transfer the Shares to the Participant or to such other person as the Participant has specified; or
    - (ii) dispose of the Shares and account (or hold itself ready to account) for the proceeds to the Participant or to such other person as the Participant has specified; and
  - (c) if no such direction has been given, the Trustee shall as soon as is practicable dispose of the Shares and account (or hold itself ready to account) for the proceeds to the Participant or to such other person as the Participant may specify.
- 60.3 Unless the Participant otherwise agrees, a disposal of Shares as mentioned in 60.2(b)(ii) and 60.2(c) shall be for the best consideration which the Trustee is able to obtain at the time of such disposal.
- 60.4 References in this Rule 60 to a disposal of Shares shall be construed as including references to a purchase by the Trustee of the beneficial interest in such Shares.
- 60.5 If a Participant has died, references in Rule 60.2 to the Participant shall be read as references to his Personal Representatives.
- 60.6 If, because another company obtains control of the Company as a result, or in consequence, of:
- (a) having made a general offer to acquire the whole of the issued ordinary share capital of the Company which is made on a condition such that, if it is met, the person making the offer will have control of that Company; or
  - (b) having made a general offer to acquire all the shares in the Company which are of the same class as the Plan Shares; or
  - (c) a compromise or arrangement being sanctioned by the court under Part 26 of the Companies Act 2006; or
  - (d) having become bound or entitled to acquire shares in the Company under sections 979 to 991 of the Companies Act 2006,

Plan Shares would be withdrawn from the Plan, the Directors may determine and notify to all Participants and the Trustee before such change of control has effect, that each Participant's beneficial interest in the Free Shares and Matching Shares shall not then be transferred to, and shall not then become vested in, the Trustee for no consideration (as mentioned in Rule 62.5).

**61. NO LIABILITY FOR LOSS OCCASIONED BY DELAY**

In giving effect to any such direction as mentioned in Rules 58.2(a) and 60.2(b) neither the Trustee nor the Company shall be liable to the Participant (or any other person) for any loss occasioned by delay on the part of the Company or the Trustee in giving effect to such direction or procuring a sale or transfer of any of a Participant's Plan Shares (whether or not such delay is occasioned by the Company's obligations to comply with the requirements of a Recognised Stock Exchange or otherwise).

**62. FORFEITURE OF FREE AND MATCHING SHARES**

- 62.1 The following provisions of this Rule 62 shall apply in relation to a Participant's Free or Matching Shares only if the Participant's Participation Agreement or, as the case may be, the Participant's Partnership Share Agreement, pursuant to which such Free or Matching Shares were so awarded, so provides.
- 62.2 If at any time within the Forfeiture Period set in relation to all Free or Matching Shares included in an award, the Participant ceases to hold Relevant Employment for any reason other than as mentioned in Rule 62.3, his beneficial interest in all of the Free and Matching Shares appropriated to him under that award shall thereupon be transferred to and become vested in the Trustee for no consideration.
- 62.3 The circumstances referred to in Rule 62.2 are:
- (a) because of injury or disability;
  - (b) on being dismissed by reason of Redundancy;
  - (c) by reason of a relevant transfer within the meaning of the Transfer of Undertaking (Protection of Employment) Regulations 2006 apply;
  - (d) if the Relevant Employment is employment by an Associated Company of the Company, by reason of a change of control or other circumstances ending that company's status as an Associated Company;
  - (e) by reason of his retirement; or
  - (f) death.
- 62.4 If at any time within the Forfeiture Period set in relation to all Free or Matching Shares included in an award, the Participant withdraws from the Plan any of the Partnership Shares in respect of which such Matching Shares were so awarded to him on that Award Date, then his beneficial interest in those Matching Shares shall thereupon be transferred to and become vested in the Trustee for no consideration.
- 62.5 If at any time within the Forfeiture Period set in relation to all Free or Matching Shares included in an award, any such Free Shares or Matching Shares are withdrawn from the Plan (otherwise than in consequence of the Participant ceasing to hold Relevant Employment in any of the circumstances mentioned in Rule 62.3 or as mentioned in Rule 60.6) then his beneficial interest in all of the Free and Matching Shares so withdrawn from the Plan shall thereupon be transferred to and become vested in the Trustee for no consideration.
- 62.6 The same provisions for forfeiture shall apply (if at all) in relation to all Free or Matching Shares included in the same award.

**63. PROVISIONS OF SHAREHOLDERS' INFORMATION TO PARTICIPANTS**

The Company shall procure that copies of any or all such notices, circulars and other documents (except for proxy forms) sent to the holders of ordinary shares in the Company shall be sent to all Participants who have Shares held in the Plan.

**64. VOTING RIGHTS ATTACHING TO PLAN SHARES**

- 64.1 In relation to any matter on which the Trustee has a right or opportunity as a member of the Company to vote or to exercise any other rights, the Trustee may, but shall not be obliged to, seek irrevocable directions from each Participant as to the manner in which the Trustee should exercise such rights in respect of a Participant's Plan Shares.
- 64.2 The Trustee shall comply with such directions and if, before such time as may be specified in writing by the Trustee, the Trustee does not receive directions in respect of the exercise of voting or other rights attaching to any Plan Shares, then, except as otherwise provided in Rule 64.3 the Trustee shall refrain from exercising any such rights.
- 64.3 The Trustee shall not be entitled to vote on a show of hands on a particular resolution in respect of Plan Shares held on behalf of Participants unless all directions received from those Participants who have given directions in respect of that resolution are identical.
- 64.4 The Trustee shall not be under any obligation to call for a poll, and in the event of any poll the Trustee shall in relation to Plan Shares vote only in accordance with the directions of Participants.

**65. RIGHTS ISSUES**

- 65.1 If the Company makes an offer or invitation conferring any rights upon its members to acquire against payment additional securities in the Company, the Trustee shall allocate such rights or securities amongst the Participants in direct proportion to the number of Plan Shares respectively held by the Trustee on behalf of each Participant and, if such allocation shall give rise to a fraction of a security or a transferable unit thereof, the Trustee shall round down to the next whole unit and shall aggregate the fractions not so allocated and use best endeavours to sell any rights or units which are not so allocated and distribute the net proceeds of sale (after deducting any expenses of sale and any taxes which may be payable) proportionately amongst the Participants whose allocation was rounded down, provided that any sum of less than £3 otherwise distributable to a particular Participant may be retained by the Trustee.
- 65.2 If the Company makes an offer or invitation conferring any rights upon its members to acquire against payment additional shares, securities or rights of any description in the Company, the Trustee shall comply with any direction from a Participant concerning the exercise or sale of any rights attributable to the Participant's Plan Shares **PROVIDED THAT** the Trustee shall not be required to exercise any such rights except to the extent that they have been provided with the full amount payable (if any) on such exercise either by the Participant concerned or, with his authority, out of the net proceeds of the sale, nil paid, of another part of the rights attributable to that Participant's Plan Shares.
- 65.3 If no such direction as is mentioned in Rule 65.2 is received at least 7 business days before the last day on which such rights may be exercised, the Trustee shall take no action in relation to such rights.
- 65.4 If a Participant so directs the Trustee at least 7 business days before the last day on which such rights may be exercised, the Trustee shall exercise a proportion of such rights by selling



sufficient of the rights, nil paid, so that out of the net proceeds of sale, the balance of the rights may be exercised.

65.5 Shares acquired by the Trustee on behalf of a Participant upon the exercise of such rights as are mentioned in Rule 65.2 and which are conferred in respect of all Shares and are acquired in the manner mentioned in Rule 65.4 shall, for the purposes of this Part E, be held by the Trustee as Plan Shares and be deemed to have been awarded to, or acquired by the Trustee on behalf of, the Participant in the same way and at the same time as were the Participant's Plan Shares in respect of which such rights were conferred.

65.6 Subject to Rule 65.5, any shares or other securities acquired by the Trustee on behalf of a Participant in any of the circumstances mentioned in Rules 65.1 or 65.2 shall not be held in the Plan and shall not form part of that Participant's Plan Shares, but shall be held by the Trustee as bare trustee for the Participant subject to the provisions of Rule 60.2(b) and 60.2(c).

**66. HOLDING PERIOD: FREEDOM TO AUTHORISE TRUSTEE TO ACCEPT A GENERAL OFFER ETC**

A Participant may during the Holding Period direct the Trustee to:

66.1 accept an offer for any of his Free or Matching Shares (referred to in this Rule 66.1 as "**the Original Shares**") if the acceptance or agreement will result in a new holding being equated with the original shares for the purposes of capital gains tax;

66.2 accept an offer of a Qualifying Corporate Bond (whether alone or with other assets or cash or both) for his Free or Matching Shares if the offer forms part of such a general offer as is mentioned in Rule 66.3 below;

66.3 accept an offer of cash, with or without other assets, for his Free or Matching Shares if the offer forms part of a general offer which is made to holders of shares of the same class as his of shares in the same company and which is made in the first instance on a condition such that if it is satisfied the person making the offer will have control of that company, within the meaning of section 450 and 451 of the CTA 2010; or

66.4 agree to a transaction affecting his Free or Matching Shares or such of them as are of a particular class, if the transaction would be entered into pursuant to a compromise, arrangement or scheme applicable to or affecting:

(a) all of the ordinary share capital of the Company or, as the case may be, all the shares of the class in question; or

(b) all the shares, or all the shares of the class in question, which are held by a class of shareholders identified otherwise than by reference to their employment or their participation in a Schedule 2 Share Incentive Plan.

**67. COMPANY RECONSTRUCTIONS**

The following provisions of this Rule 67 apply if there occurs in relation to any of a Participant's Plan Shares (referred to in this Rule 67 as "**the Original Holding**");

(a) a transaction which results in a new holding (referred to in this Rule 67 as "**the New Holding**") being equated with the Original Holding for the purposes of capital gains tax; or

- (b) a transaction that would have that result but for the fact that what would be the new holding consists of or includes a Qualifying Corporate Bond

for the purposes of identifying the Shares which, after the time of the Company Reconstruction, comprise a Participant's Plan shares held and identifying the beginning of any Holding Period or other period throughout which such shares are at risk of forfeiture as mentioned in Rule 62. Such a transaction is referred to in this Rule 67 as a "**Company Reconstruction**".

67.2 If an issue of shares of any of the following descriptions (in respect of which a charge to income tax arises) is made as part of a Company Reconstruction, such shares shall be treated for the purposes of this Rule 67 as not forming part of the New Holding:

- (a) redeemable shares or securities issued as mentioned in paragraph C or D in section 1000(1) of CTA 2010 (distributions);
- (b) share capital issued in circumstances such that section 1022(3) of CTA 2010 (bonus issues) applies;
- (c) share capital to which section 410 of ITTOIA 2005 (stock dividends) applies that is issued in a case to which subsections (2) or (3) of that section applies.

67.3 In this Rule 67:

- (a) "**Corresponding Shares**", in relation to any New Shares, means the shares in respect of which the New Shares are issued or which the New Shares otherwise represent; and
- (b) "**New Shares**" means shares comprised in the New Holding which were issued in respect of, or otherwise represent, shares comprised in the Original Holding.

67.4 Subject to the following provisions of this Rule 67, references in this Plan to a Participant's Plan Shares or, as the case may be, a Participant's Free Shares or a Participant's Matching Shares or a Participant's Dividend Shares shall be respectively construed, after the time of the Company Reconstruction, as being or, as the case may be, as including references to any New Shares.

67.5 For the purposes of this Plan:

- (a) a Company Reconstruction shall be treated as not involving a disposal of Shares comprised in the Original Holding; and
- (b) the date on which any New Shares are to be treated as having been awarded to or acquired on behalf of the Participant shall be that on which the Corresponding Shares were so awarded or acquired.

67.6 In the context of a New Holding, any reference in this Rule 67 to shares includes securities and rights of any description which form part of the new holding for the purposes of Chapter II of Part IV of the Taxation of Chargeable Gains Act 1992.

## **68. REINVESTMENT OF CASH DIVIDENDS IN PLAN SHARES**

68.1 The Directors may at any time direct the Trustee and notify all Participants that, with effect from such date as the Directors shall specify, some or all of the cash dividends paid to the Trustee in respect of Plan Shares held on behalf of:

- (a) all Participants; or
- (b) all Participants who so elect in writing to reinvest their dividends

shall be applied by the Trustee in acquiring further Shares ("**Dividend Shares**") on behalf of each such Participant on the date set by the Trustee (which shall be the same date in relation to all Participants) being a date within 30 days after the dividends are received by the Trustee.

- 68.2 Subject to any such direction as is mentioned in Rule 68.1, all cash dividends paid to the Trustee in respect of every Participant's Plan Shares shall, with effect from 30 days (or such shorter period as the Trustee may specify) after the date of such notice, be paid by the Trustee to each such Participant in cash.
- 68.3 Any direction made pursuant to Rule 68.1 must set out:
  - (a) the amount of the cash dividends to be applied as mentioned in that Rule; or
  - (b) how that amount is to be determined.
- 68.4 The Directors may from time to time modify or revoke any direction requiring the reinvestment of cash dividends.
- 68.5 A Participant who has made an election as mentioned in Rule 68.1(b) may at any time thereafter give notice in writing to the Trustee revoking that election and the Trustee shall give effect to such revocation (so that all cash dividends paid to the Trustee in respect of that Participant's Plan Shares shall thereafter be paid by the Trustee to the Participant in cash) as soon as practicable after such notice has been received.
- 68.6 Any such election as mentioned in Rule 68.1(b), and any such notice of revocation as mentioned in Rule 68.5, shall relate to all, and not some only, of a Participant's Plan Shares.
- 68.7 The Dividend Shares which are so acquired on behalf of a Participant:
  - (a) shall be shares of the same class and carry the same rights as the shares in respect of which the dividend is paid; and
  - (b) shall be held by the Trustee on behalf of the Participant upon and subject to the provisions of this Part E of the Plan.
- 68.8 The number of Dividend Shares so acquired on behalf of each Participant shall be a whole number determined by dividing the amount to be so applied (plus any amount brought forward as mentioned in Rule 68.9) by the Market Value of a Share on the Acquisition Date.
- 68.9 Any cash balance remaining because it is insufficient to acquire a Share after reinvestment of cash dividends specified as mentioned in Rule 68.1 shall be retained and carried forward by the Trustee and added to the amount of any cash dividend so applied on the next occasion **SAVE THAT:**
  - (a) any amount so carried forward shall be separately identified by the Trustee; and
  - (b) if it is not reinvested then, upon the Participant ceasing to hold Relevant Employment or the Directors giving notice under Rule 6 to terminate the Plan, such sum shall as soon as practicable be paid over to the Participant.

- 68.10 For the purposes of Rule 68.9, an amount carried forward representing an earlier cash dividend shall be treated as reinvested before any such amount representing a later cash dividend.
- 68.11 In exercising its powers in relation to the acquisition of Dividend Shares, the Trustee must treat all Participants fairly and equally.
- 68.12 As soon as practicable after any Dividend Shares have been acquired on behalf of a Participant the Trustee shall give him notice of the acquisition:
- (a) specifying the number and description of those Shares;
  - (b) stating their Market Value on the Acquisition Date;
  - (c) stating the Holding Period applicable to them;
  - (d) informing him of any surplus amount of cash dividend carried forward; and
  - (e) if the Shares are subject to any Restriction, giving details of the Restriction.
- 68.13 Dividend Shares shall not be subject to any provision for forfeiture otherwise than as mentioned in paragraph 43 (2B) and (2C) of Schedule 2.

#### **69. HOLDING PERIOD FOR DIVIDEND SHARES**

- 69.1 Except as mentioned in Rule 66 and subject to Rule 62.2, a Participant shall be bound by the Participation Agreement or, as the case may be, Partnership Share Agreement:

- (a) to permit his Dividend Shares to remain in the hands of the Trustee; and
- (b) not to assign, charge or otherwise dispose of his beneficial interest in such Dividend Shares

for a period of 3 years beginning with the date on which such Shares are acquired on behalf of the Participant.

- 69.2 A Participant's obligation to permit his Dividend Shares to remain in the hands of the Trustee throughout the Holding Period shall be subject to the following exceptions:

- (a) the Trustee may at any time dispose of such a Participant's Plan Shares as may be necessary to realise sufficient monies to satisfy any obligation under PAYE as mentioned in Rule 70.1; and
- (b) a Participant may during the Holding Period direct the Trustee to deal with any of such Participant's Plan Shares as mentioned in Rule 66 (read and construed as if references in that Rule to Free and Matching Shares included references to Dividend Shares).

#### **70. PAYE**

- 70.1 If, in consequence of any of a Participant's Plan Shares ceasing to be held in the Plan, there is an amount that counts as employment income of a Participant by virtue of the SIP Code and an obligation to make a deduction under PAYE arises in respect of that amount then, unless within 14 days of the date on which the Shares in question cease to be so held (or, if earlier the date on which the Trustee receives notice of such withdrawal) the Participant pays to the Participant's Employer Company sufficient money to enable such obligation to be discharged:

- (a) the Trustee may retain and dispose of any of the Shares so ceasing to be held in the Plan or any of the Participant's remaining Plan Shares as shall be necessary to raise sufficient funds (after deduction of expenses and commissions) to discharge such obligation; and
  - (b) subject to Rule 70.5, the Trustee shall pay to the Participant's Employer Company a sum which is sufficient to enable the Participant's Employer Company to discharge that obligation.
- 70.2 If on any occasion the Trustee receives a sum of money which constitutes (or forms part of) a Capital Receipt which, by virtue of the SIP Code, counts as employment income of a Participant when it is received by the Participant, the Trustee shall, subject to Rule 70.6, pay to the Participant's Employer Company out of that sum an amount equal to the amount of employment income and the Participant's Employer Company must then pay over that amount to the Participant subject to a PAYE Deduction.
- 70.3 If a Participant disposes of his beneficial interest in any Plan Shares to the Trustee, and the Trustee is deemed for the purposes of Schedule 2 to have disposed of such Shares for any consideration, the Trustee shall be deemed to have received such consideration as the proceeds of disposal of the Participant's Plan Shares.
- 70.4 For the purposes of this Rule 70 **"Participant's Employer Company"** means:
- (a) the company which employs the Participant in the Relevant Employment at the time when the Trustee receives the sum;
  - (b) a company of which the Participant is an employee at the time when the Participant's Plan Shares cease to be held in the Plan (as mentioned in Rule 70.1) or when the Trustee receives or is deemed to receive the sum of money referred to in Rule 70.2; and
  - (c) a company to whom PAYE then applies.
- 70.5 If, in consequence of any of a Participant's Plan Shares ceasing to be held in the Plan, there is an amount that counts as employment income of a Participant by virtue of the SIP Code and either:
- (a) there is no Participant's Employer Company; or
  - (b) an officer of HMRC is of the opinion that it is impracticable for the Participant's Employer Company to make a PAYE Deduction, and accordingly directs that section 511 of ITEPA is to apply
- then the Trustee must make a PAYE Deduction in respect of an amount equal to an amount that counts as employment income of the Participant by virtue of the SIP Code as if the Participant were a former employee of the Trustee.
- 70.6 If the Trustee receives a sum of money as mentioned in Rule 70.2 and either:
- (a) there is no Participant's Employer Company; or
  - (b) an officer of HMRC is of the opinion that it is impracticable for the Participant's Employer Company to make a PAYE Deduction and so directs that section 514 of ITEPA is to apply

then in paying over to the Participant the Capital Receipt, the Trustee must make a PAYE Deduction in respect of an amount equal to the amount which counts as employment income of the Participant by virtue of the SIP Code as if the Participant were a former employee of the Trustee.

- 70.7 The reference in Rule 70.1 to a disposal of Shares shall be construed as including a reference to a purchase by the Trustee of the beneficial interest in such Shares.
-

## PART F: ANCILLARY DOCUMENTS

### THE ZOTEFOAMS SHARE INCENTIVE PLAN ("the Plan")

#### FORM OF PARTNERSHIP SHARE AGREEMENT

##### (Partnership and Matching Shares)

If you are eligible to participate in the Plan and you wish to allocate part of your pre-tax Salary for the purchase of shares in Zotefoams plc, you must complete this form of Partnership Share Agreement and return it to ..... so as to be received not later than [ ].

In this Partnership Share Agreement, references to "**the Company**" are to Zotefoams plc, references to "**you**", "**me**" or "**I**" are to ..... of ..... (N.I. no ..... ) and references to "**the Trustee**" are to [ ].

**Notice** Deductions from your pay to buy Partnership Shares under this agreement may affect your entitlement to or the level of, some contributory social security benefits, statutory maternity pay and statutory sick pay.

They may also have a similar effect in respect of some contributory social security benefits paid to your spouse or civil partner.

With this agreement you should have been given information on the effect of deductions from your pay to buy partnership shares on entitlement to social security benefits, statutory sick pay and statutory maternity pay. The effect is particularly significant if your earnings are brought below the lower earnings limit for National Insurance purposes, and is explained in the information—it is therefore important that you read it. If you have not been given a copy, ask your employer for it. Otherwise a copy may be obtained from any office of HMRC, or the Department for Work and Pensions, or, in Northern Ireland, the Department for Social Development. You should take the information you have been given into account in deciding whether to buy Partnership Shares. Alternatively, you can download leaflet IR177 from the HMRC website.

It is a term of the Plan that the Directors may from time to time specify a maximum number of Shares which may be available to be acquired on behalf of Participants on any occasion. The Company will notify you of any such restriction which may be so imposed.

Words and expressions used in this Partnership Share Agreement have the meanings given in the Plan.

To: the Company and the Trustee

I wish to participate in the Plan:

- (a) by authorising my employer to make:
- (i) [deductions from my gross Salary of sums to be applied at the end of [each/the] Accumulation Period in the purchase on my behalf of Partnership Shares; or]
  - (ii) [a single deduction from my gross Salary of a sum to be applied in the purchase on my behalf of Partnership Shares; or]
  - (iii) [deduction from my gross Salary of sums to be applied each month in the purchase on my behalf of Partnership Shares.]

- (b) by accepting Matching Shares which may be awarded to me by the Trustee.

By signing this Partnership Share Agreement, I hereby agree with the Company and the Trustee:

- (a) to accept and be bound by the Rules of the Plan;
- (b) that my employer (or, if more than one, my principal employer within the Group) may deduct and withhold [either:
- (i) from the amount of gross Salary payable to me each month and pay to the Trustee the sum entered in Box A below; or,]
  - (ii) [from my gross Salary to be paid in [month], and pay to the Trustee the sum entered in Box B below;]
- (c) that if at any time during the term of this Partnership Share Agreement I cease to be employed by a Participating Company, but thereupon become employed by another Participating Company ("**my New Employer**") and I remain eligible to participate in the Plan, my New Employer may thereafter make such deduction(s) from my Salary without further authority from me;
- (d) that, if I am then eligible to participate in the Plan, the money so deducted and withheld (referred to as "**Partnership Share Money**") shall be [accumulated and] applied in the acquisition of Partnership Shares to be held on my behalf by the Trustee upon and subject to the terms of the Plan;
- (e) that the number of Partnership Shares acquired on my behalf shall be determined by reference to the Market Value of a Share at the [beginning of the Accumulation Period]/[Acquisition Date];
- (f) [that the Trustee may also award to me, on the same day that the Partnership Shares to which they relate are acquired on my behalf, additional Shares ("**Matching Shares**") on the basis of [ ] Matching Shares for every [ ] Partnership Share so acquired on that day (or such other basis as the Company may notify to me before such day);
- (g) that I shall accept Matching Shares awarded to me on any occasion and that such Matching Shares may remain in the hands of the Trustee throughout the period of [5] years beginning with the date on which they are so awarded ("**the Holding Period**") and (except as expressly permitted by the Plan) that I shall not assign, charge or otherwise dispose of my beneficial interest in such Matching Shares during the Holding Period;
- (h) that if, before the end of the period of [3] years beginning with the date on which any Matching Shares are awarded to me:
- (i) I cease to hold Relevant Employment otherwise than in any of the circumstances mentioned in Rule 62.3 of the Plan; or
  - (ii) I withdraw from the Plan the Partnership Shares in respect of which such Matching Shares were awarded otherwise than in any of the circumstances mentioned in Rule 60.6 of the Plan; or
  - (iii) I withdraw from the Plan such Matching Shares otherwise than in any of the circumstances mentioned in Rule 62.3 of the Plan

I will thereupon forfeit, and cease to be beneficially entitled to, such Matching Shares;



- (i) that if on any occasion cash dividends paid in respect of my Plan Shares are applied in accordance with Rule 68 of the Plan by the Trustee on my behalf in the acquisition of Dividend Shares, such Dividend Shares may remain in the hands of the Trustee throughout the period of 3 years beginning with the date on which they are so acquired ("**the Holding Period**") and (except as expressly permitted by the Plan) that I shall not assign, charge or otherwise dispose of my beneficial interest in such Dividend Shares during the Holding Period;
- (j) that any company which is for the time being my employer may disclose to the Company and to the Trustee and any Administrator all such information relating to me and my participation in the Plan as shall, in the opinion of the Directors, be necessary to enable the Trustee and any Administrator and the Company to discharge all their respective duties and functions in relation to the operation of the Plan and the deduction and accumulation of Partnership Share Money pursuant to this Partnership Share Agreement;
- (k) that the Trustee and any Administrator may disclose to the Company and to my employer all such information relating to me and my participation in the Plan as shall, in the opinion of the Directors, be necessary to enable my employer to comply with the requirements of PAYE and NICs;
- (l) if during an Accumulation Period a transaction occurs in relation to any of the Shares to be acquired pursuant to this Partnership Share Agreement which results in a new holding of shares being equated with the original holding for the purposes of capital gains tax, this Partnership Share Agreement shall have effect thereafter as if the shares to be so acquired were those comprised in such new holding; and
- (m) that the obligation of my employer (or, as appropriate, my New Employer), to make [a deduction/deductions] from my Salary pursuant to this Partnership Share Agreement, shall immediately cease (and the subsisting Accumulation Period shall thereupon immediately come to an end):
  - (1) with effect from the date specified in a notice to suspend the operation of the Plan given in accordance with Rule 6.1;
  - (2) with effect from the date specified in a notice to suspend the operation of the Plan given in accordance with Rule 31.
  - (3) 30 days (or such later date as I may specify) after the Company receives notice in writing from me (in the form specified from time to time by the Company) of my withdrawal from this Partnership Share Agreement;
  - (4) if notice is given to shareholders of the Company of a resolution being proposed for the voluntary winding-up of the Company;
  - (5) upon the commencement of a winding-up of the Company;
  - (6) if a general offer is made to acquire the whole of the issued ordinary share capital of the Company which is made on a condition such that if it is satisfied the person making the offer will have control of the Company;
  - (7) if a general offer is made to acquire all the shares in the Company of the same class as the Shares;

- (8) if the court sanctions under section 899 Companies Act 2006 (court sanction for compromise or arrangement) a compromise or arrangement applicable to or affecting:
- (i) all the ordinary share capital of the Company or all the shares of the same class as the shares held in the Plan; 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;
- (9) if any person becomes entitled or bound to acquire shares in the Company under sections 979 to 991 of the Companies Act 2006; or
- (10) with effect from the date on which the Directors specify in a notice given in accordance with Rule 31 to all Participants that no further deductions from Salary will be made and no fresh Accumulation Periods shall begin.
- (n) that, if an Accumulation Period comes to an end as mentioned in (l) above, the Partnership Share Money deducted in that period shall be paid to me (subject to deduction of income tax and NICs through PAYE) as soon as practicable instead of being used to acquire Partnership Shares; and
- (o) any company which is for the time being my employer may disclose to the Company and to the Trustee all such information relating to me and my participation in the Plan as shall, in the opinion of the Directors, be necessary to enable the Trustee and the Company to discharge all their respective duties and functions in relation to the operation of the Plan and the deduction of Partnership Share Money pursuant to this Partnership Share Agreement.

### Accumulation Periods

*Note: Each period during which your Partnership Share Money is accumulated by the Trustee pending the acquisition of Partnership Shares or its repayment to you (referred to in the Plan as an "Accumulation Period") shall begin with the day on which the first deduction from Salary is made. Each Accumulation Period shall be of a fixed period of [12] months.*

[Box A	<div style="border: 1px solid black; width: 150px; height: 100px; margin: 0 auto; display: flex; align-items: center; justify-content: center;">£</div>	<p style="text-align: right; margin: 0;"><i>Enter amount of monthly deduction from Salary (max. £125, min. £10)]</i></p>
OR		
[Box B	<div style="border: 1px solid black; width: 150px; height: 100px; margin: 0 auto; display: flex; align-items: center; justify-content: center;">£</div>	<p style="text-align: right; margin: 0;"><i>Enter amount of single deduction from Salary (max. £1,800 or 10% of Salary for the Tax Year)]</i></p>

I agree that any surplus Partnership Share Money remaining after the acquisition of Partnership Shares on any occasion may be carried forward and added to the Partnership Share Money applied in the acquisition of Partnership Shares on the next occasion on which Shares are so acquired.

[Delete the preceding paragraph if you do not want surplus Partnership Share Money to be carried forward. If it is not, it will be returned to you subject to deduction of income tax and NICs under PAYE.]

In consideration of you entering into this Partnership Share Agreement, the Company hereby undertakes:

- (1) to arrange for Partnership Shares to be acquired by the Trustee on your behalf in accordance with the rules of the Plan;
- (2) to notify you of any restriction on the number of Shares which may be so acquired by the Trustee on any occasion before the deduction of Partnership Share Money from your salary in respect of the acquisition of such Partnership Shares or, if there is to be an accumulation period, before the beginning of the accumulation period relating to that acquisition of Partnership Shares; and
- (3) to inform you if the ratio of Matching Shares to Partnership Shares mentioned above changes before the Partnership Shares are awarded under this Partnership Share Agreement.

Restrictions on Shares

Matching Shares are not subject to forfeiture if you cease to be in Relevant Employment within 3 years beginning with the date of acquisition of the Matching Shares in any of the circumstances mentioned in Rule 62.3.

**SIGNED**

on (date) .....201[ ]

.....

(Signature)

Full name: (print)

.....

Address:

.....

.....

.....

Employer company:

.....

Payroll number:

.....

National Insurance number:

.....

**THE ZOTEFOAMS SHARE INCENTIVE PLAN ("the Plan")**

**FORM OF PARTICIPATION AGREEMENT**

**(Free Shares)**

If you wish to participate in the Plan by accepting an award of Free Shares on each occasion on which such Shares may be awarded to you in accordance with the Plan, you must complete this form of Participation Agreement and return it to ..... so as to be received not later than [ ..... ].

In this Participation Agreement, references to "**the Company**" are to Zotefoams plc, references to "**me**" or "**I**" are to ..... of .....  
(N.I. no ..... ) and references to "**the Trustee**" are to [ ..... ]. Other words and expressions used have the meanings given in the Plan.

\*\*\*\*\*

To: the Company and the Trustee

I wish to participate in the Plan by accepting the transfer to me of beneficial ownership of such Free Shares as may from time to time be awarded to me upon and subject to the terms of the Plan.

By ticking Box A and signing this Participation Agreement, I hereby agree with the Company and the Trustee that:

- (a) if I am then eligible to participate in the Plan, I shall accept all of the Free Shares awarded to me on any occasion and that such Free Shares may remain in the hands of the Trustee throughout the period of [5] years beginning with the date on which they are so awarded ("**the Holding Period**") and (except as expressly permitted by the Plan) that I shall not assign, charge or otherwise dispose of my beneficial interest in such Free Shares during the Holding Period;
- (b) if, before the end of the period of [3] years beginning with the date on which any Free Shares are awarded to me, I withdraw such Free Shares from the Plan (except as mentioned in Rule 60.6 of the Plan) or cease to hold Relevant Employment otherwise than in any of the circumstances mentioned in Rule 62.3 of the Plan, I will thereupon forfeit, and cease to be beneficially entitled to, such Free Shares;
- (c) that if on any occasion cash dividends paid in respect of my Plan Shares are applied in accordance with Rule 68 of the Plan by the Trustee on my behalf in the acquisition of Dividend Shares, such Dividend Shares may remain in the hands of the Trustee throughout the period of 3 years beginning with the date on which they are so acquired ("**the Holding Period**") and (except as expressly permitted by the Plan) that I shall not assign, charge or otherwise dispose of any beneficial interest in such Dividend Shares during the Holding Period;
- (d) any company which is for the time being my employer may disclose to the Company and to the Trustee and any Administrator all such information relating to me and my participation in the Plan as shall, in the opinion of the Directors, be necessary to enable the Trustee and any Administrator and the Company to discharge all their respective duties and functions in relation to the operation of the Plan; and

- (e) the Trustee and any Administrator may disclose to the Company and to my employer all such information relating to me and my participation in the Plan as shall, in the opinion of the Directors, be necessary to enable my employer to comply with the requirements of PAYE.

I understand that my agreement to allow Free Shares and Dividend Shares to remain in the hands of the Trustee will not prevent me from directing the Trustee to accept an offer of takeover of the Company or any such other offer or agree to enter into any such transaction as is mentioned in paragraph 37 of Schedule 2.

By ticking this Box A, I hereby agree to accept all the Free Shares awarded to me upon the terms set out above.

Box A ☐ \*

OR:

By ticking this Box B, I confirm that I do not wish to accept any Free Shares under the Plan. I understand that by returning this form with this direction, I will not participate in future appropriations of Free Shares made under the Plan unless I revoke this instruction by notifying the Company and the Trustee in writing in the form prescribed by the Company.

Box B ☐ \*

**SIGNED**

on (date) ..... 201[ ]

.....  
(Signature)

Full name: (print) .....

Address: .....

Employer company: .....

Payroll number: .....

National Insurance number: .....

\* Please tick either Box A or Box B only. **DO NOT** tick both boxes.

## PART G: PLAN TRUST DEED

THIS TRUST DEED is made on [ 27<sup>th</sup> October 2015 ]

### BETWEEN:

- (1) **Zotefoams plc** (registered in England No. 2714645) whose registered office is at 675 Mitcham Road, Croydon CR9 3AL ("**the Company**"); and
- (2) **Yorkshire Building Society** whose principal office is at Yorkshire House, Yorkshire Drive, Bradford, BD5 8LJ ("**the Original Trustee**")

### WHEREAS:

- (A) The parties intend, by the execution of this Deed, to establish a trust as mentioned in para 71(3) of Schedule 2 to the Income Tax (Earnings and Pensions) Act 2003, to facilitate the acquisition and holding of shares by and for the benefit of employees of the Company and of subsidiaries of the Company pursuant to The Zotefoams Share Incentive Plan ("**the Plan**").
- (B) The Company has paid to the Original Trustee by way of gift the sum of £10, the receipt of which the Original Trustee hereby acknowledges.
- (C) The Original Trustee has agreed to act as the first trustee of this Trust.
- (D) The settlement created by this Deed shall be known as The Zotefoams SIP Trust.

### IT IS AGREED as follows:

#### 1. INTERPRETATION

- 1.1 The following words and expressions shall, where they are used in this Deed, have the following meanings:

"Charity"	any company, trust, association or other body of persons established for charitable purposes only
"this Deed"	the provisions of this trust deed as varied or added to from time to time pursuant to and in accordance with Clause 17
"Foreign Cash Dividend"	means a cash dividend paid in respect of Plan Shares in a company not resident in the United Kingdom
"the Plan"	the Zotefoams Share Incentive Plan of which this Trust Deed forms part
"Takeover Offer"	has the meaning given in section 974 of the Companies Act 2006

<b>"Trustee" or "Trustees"</b>	the Original Trustee or other the trustee or trustees for the time being of this Trust
<b>"the Trust Fund"</b>	<p>(a) the initial sum of £10 paid to the Original Trustee;</p> <p>(b) all property, other than any Participant's Partnership Share Money, transferred to the Trustee to hold on the terms of this Trust, including any accumulation of income of such property; and</p> <p>(c) all property from time to time representing the above</p>
<b>"the Trust Period"</b>	<p>means the period beginning with the date hereof and ending upon the first to happen of the following namely:</p> <p>(a) the expiry of the period of 125 years beginning with the date of this Deed; or</p> <p>(b) such date as the Trustee (acting with the prior written consent of the Company) shall by deed declare to be the end of the Trust Period (not being a date earlier than the date of such deed)</p>
<b>"this Trust"</b>	the trusts declared in this Deed
<b>"Trust Property"</b>	any property comprised in the Trust Fund
<b>"Unawarded Shares"</b>	Shares forming part of the Trust Fund and which are not Plan Shares

All other terms used in this Deed which are defined in the Glossary to the Plan shall bear the same meanings as in that Glossary.

## 1.2 For the purposes of the interpretation of this Deed:

- (a) words denoting the singular shall include the plural and vice versa;
- (b) words denoting the masculine gender shall include the feminine;
- (c) no account shall be taken of the clause headings which have been inserted for ease of reference only;
- (d) references to any statutory provision shall be read and construed as references to such provision as amended or re-enacted from time to time; and
- (e) references to clauses and Schedules are to be read and construed as references to clauses and Schedules of this Deed.

## 2. PRINCIPAL TRUSTS

2.1 During the Trust Period the Trustee shall hold the capital and income of the Trust Fund:

- (a) insofar as the Trust Fund comprises cash, upon trust to apply the same in the acquisition of Shares for the purpose of giving effect to the Plan;
- (b) as to Unawarded Shares, upon trust to:
  - (i) dispose of beneficial interests in such Shares to Participants in satisfaction of awards of Partnership Shares; or
  - (ii) dispose of beneficial interests in such Shares to Participants pursuant to Rule 68 (Reinvestment of Cash Dividends in Plan Shares); or
  - (iii) appropriate beneficial interests in such Shares to Participants in satisfaction of awards of Free or Matching Shares

in accordance with the Rules and, in default of such disposal or appropriation of any such Shares, to hold such Unawarded Shares and deal with the rights attaching to such Shares in accordance with the provisions of this Deed; and

- (c) in default thereof, to apply such cash and other assets as mentioned in Clause 5.30.

2.2 Shares which have been awarded to a Participant in accordance with the Rules ("**Plan Shares**") shall be held by the Trustee upon trust for the benefit of such Participant upon the terms set out in, and subject to, the Rules.

2.3 Partnership Share Money deducted from the Salary of a Participant and paid to the Trustee, shall be held by the Trustee upon trust to apply such money in the acquisition of Shares as Partnership Shares for the benefit of such Participant in accordance with the Rules.

2.4 The Trustee shall accumulate any income of the Trust Fund during the Trust Period as an addition to the capital of the Trust Fund.

2.5 The income of Plan Shares and Partnership Share Money shall be dealt with in accordance with the Rules.

2.6 Subject to the preceding provisions of this Clause 2, and Clause 5.30, the Trustee shall at the expiry of the Trust Period hold the capital and income of the Trust Fund other than Plan Shares and Partnership Share Money **UPON TRUST** to pay or apply the same to or for the benefit of the Company and any other company which is at that time a member of the Group in such proportions, having regard to the amounts contributed by each such company to the Trust Fund, as the Trustee shall in its absolute discretion determine to be appropriate or, if the Company so directs or if there is no such company or in default of any such determination, the Trustee shall hold the capital and income of the Trust Fund on trust absolutely for such one or more Charity as the Trustee shall in its discretion determine.

## 3. ADDITIONS TO THE TRUST FUND

3.1 The Trustee may at any time accept a gift of Shares or other assets to be held as an addition to the Trust Fund.



3.2 Any member of the Group may from time to time at its sole discretion transfer, pay or credit sums of money to the Trustee to be held as an addition to the Trust Fund, and nothing in this Deed shall confer on the Trustee any right to receive any such transfer, payment or credit or create any trust of the money intended to be transferred, paid or credited unless and until the same shall have been actually transferred, paid or credited to the Trustee.

3.3 The Trustee shall not accept any contribution to the Trust Fund from any person if the acceptance of such contribution would cause this Trust to be in breach of the rules restricting the accumulation of trust income.

#### **4. PARTNERSHIP SHARE MONEYS AND PARTNERSHIP SHARES**

4.1 The Trustee shall accept any Participant's Partnership Share Money and shall hold such funds upon trust for the benefit of such Participant and shall deal with such funds and with any income from the investment of such funds only in accordance with the Rules **SAVE THAT** the Trustee shall be under no duty or obligation to deposit such funds in an interest-bearing account.

4.2 Subject to Rule 22.4 of the Plan, any Trustee which is a bank or building society shall, notwithstanding any benefit which may accrue to it as a result, itself be entitled to hold Partnership Share Money in a designated account in its capacity as a bank or building society and not be obliged to account for any resultant profit.

4.3 The Trustee shall apply each Participant's Partnership Share Money in acquiring Shares in accordance with the Plan by:

- (a) purchase in the market;
- (b) subscription; or
- (c) acquisition by purchase from the Trust Fund.

4.4 The Trustee shall hold a Participant's Partnership Shares upon trust for the benefit of such Participant and shall deal with such Shares and all rights attaching to such Shares only in accordance with the Plan and this Deed.

4.5 For the purposes of section 13 of the Perpetuities and Accumulations Act 1964, the accumulation period applicable to any Partnership Share Money shall be 21 years from the date of this Deed.

#### **5. TRUSTEE'S POWERS AND DUTIES RELATING TO THE PLAN**

5.1 The Trustee shall join with the Company in establishing and giving effect to the Plan.

5.2 The Trustee shall apply any sum received from any member of the Group as a contribution to the Trust Fund for any such one or more of the purposes mentioned in Clause 5.3 as the Trustee shall in its absolute discretion determine and pending such expenditure shall deposit any such contribution with a Bank on such terms as the Trustee may in its absolute discretion think fit.

5.3 The purposes referred to in Clause 5.2 are:

- (a) the acquisition of Shares for the purposes of the Plan;
- (b) the repayment of sums borrowed;

- (c) the payment of interest on sums borrowed;
- (d) satisfying any of the obligations of the Trustee under the Plan; and
- (e) paying expenses of the Trustee (including the fees of the Trustee, any administrator and any professional adviser retained by the Trustee in relation to the operation of the Plan).

5.4 The Trustee may only acquire shares or other securities which are not Shares if:

- (a) they are shares or other securities issued to the Trustee in exchange for or in respect of Shares in circumstances mentioned in section 135(1) of the Taxation of Chargeable Gains Act 1992; or
- (b) if they are shares or other securities acquired by the Trustee pursuant to a reconstruction or amalgamation as mentioned in section 136 of that Act.

5.5 The Trustee may at any time and from time to time award Shares to any one or more of the Beneficiaries pursuant to and in accordance with the Plan.

*Duty to give notice of award of Free or Matching Shares*

5.6 As soon as practicable after any Free Shares or Matching Shares have been awarded to an Eligible Employee the Trustee shall give him notice of the award specifying:

- (a) the number and description of those Shares;
- (b) their Market Value on the Award Date;
- (c) in the case of Matching Shares, the Acquisition Date;
- (d) the Holding Period applicable to them; and
- (e) if the Shares are subject to any Restriction, details of the Restriction.

*Duty to give notice of acquisition of Partnership Shares*

5.7 As soon as practicable after the Trustee has acquired any Partnership Shares on behalf of a Participant, the Trustee shall give him notice of the acquisition:

- (a) specifying the number and description of those Shares;
- (b) stating the amount of Partnership Share Money applied by the Trustee in acquiring such Partnership Shares;
- (c) stating the price per Share at which such Partnership Shares were so acquired;
- (d) their Market Value on the Acquisition Date
- (e) informing him of any amount of surplus Partnership Share Money carried forward; and
- (f) if the Shares are subject to any Restriction, giving details of the Restriction.

*Duty to give notice of acquisition of Dividend Shares*

- 5.8 As soon as practicable after any Dividend Shares have been acquired on behalf of a Participant the Trustee shall give him notice of the acquisition:
- (a) specifying the number and description of those Shares;
  - (b) stating their Market Value on the Acquisition Date;
  - (c) stating the Holding Period applicable to them;
  - (d) informing him of any surplus amount of cash dividend carried forward; and
  - (e) if the Shares are subject to any Restriction, giving details of the Restriction.

*Foreign cash dividends*

- 5.9 If the Trustee receives any Foreign Cash Dividend in respect of any of a Participant's Plan Shares, the Trustee shall notify the Participant of the amount of any foreign tax deducted from the dividend before it was paid.

*Duty to deal with Plan Shares*

- 5.10 The Trustee shall hold and deal with all Shares awarded to or acquired on behalf of any Participant only in accordance with the terms of Part E of the Plan and the following provisions of this Deed.

*General duty of Trustee to retain Free, Matching and Dividend Shares*

- 5.11 Save as mentioned in Clause 5.12, the Trustee shall not dispose of any of a Participant's Plan Shares that are Free Shares, Matching Shares or Dividend Shares (whether to the Participant or otherwise) at any time during the Holding Period relating to such Shares unless the Participant ceases to be in Relevant Employment.
- 5.12 The duty imposed by Clause 5.11 shall not restrict the Trustee from disposing of any of a Participant's Plan Shares in accordance with a provision of the Plan which gives effect to the requirements of any of the paragraphs of Schedule 2 mentioned in paragraph 73 of Schedule 2.

*Power of Trustee to raise funds to subscribe for a rights issue*

- 5.13 The Trustee may, subject to Clause 5.19, dispose of some of the rights under a rights issue in order to be able to obtain sufficient funds to exercise other such rights.
- 5.14 For the purposes of Clause 5.13, "rights issue" means rights conferred in respect of a Participant's Plan Shares to be allotted, on payment, other shares or securities or rights of any description in the same company.

*Duty of Trustee on Participant ceasing to be in Relevant Employment*

- 5.15 If a Participant ceases to be in Relevant Employment, the Trustee must as soon as is practicable:
- (a) transfer such Participant's Plan Shares to the Participant or another person at his direction; or

- (b) dispose of the shares and account (or hold themselves ready to account) for the proceeds to the Participant or to another person at his direction.

- 5.16 The Trustee shall pay over to a Participant any money or money's worth received by the Trustee in respect of or by reference to any of such Participant's Plan Shares, other than money or money's worth consisting of New Shares **SAVE THAT** this duty of the Trustee shall not prevent the Trustee from reinvesting cash dividends in accordance with the Plan nor from doing anything in fulfillment of its obligations under or in relation to PAYE.

*Duty to notify Participants to whom Free and Matching Shares have been awarded of any corporate event*

- 5.17 If the Trustee has received in its capacity as registered holder of Free or Matching Shares notice of any general offer made to acquire shares in the Company or shares of the class of which the Shares form part or of any proposed rights issue, scheme of arrangement, demerger, reorganisation, reconstruction or other corporate event affecting all shares in the Company or shares of the class of which the Shares form part ("**a Shareholders' Notice**"), the Trustee shall give details of such offer or proposed transaction to all Participants for whom the Trustee holds Free or Matching Shares.

- 5.18 A Participant for whom the Trustee holds Free or Matching Shares may direct the Trustee as to the action (if any) to be taken by the Trustee in respect of such holding of Free or Matching Shares in response to such Shareholders' Notice but in the absence of any such direction, the Trustee shall take no action in response to such Shareholders' Notice.

*General duties to Participants*

- 5.19 Subject to Clause 5.15, the Trustee shall dispose of a Participant's Plan Shares and deal with any right conferred in respect of any of his Plan Shares to be allotted other shares, securities or rights of any description only pursuant to a direction given by or on behalf of the Participant **SAVE THAT** the Trustee may dispose of any of a Participant's Plan Shares which cease to be held in the Plan and any of a Participant's remaining Plan Shares to meet any obligation imposed on the Trustee under or in relation to PAYE.

*Duties in relation to tax liabilities*

- 5.20 The Trustee shall:
- (a) maintain such records as may be necessary for the purposes of complying with any obligations of the Trustee or of any member or former member of the Group under PAYE so far as they relate to the Plan;
  - (b) when a Participant becomes liable to income tax under ITEPA or under Chapter 3 or 4 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 by reason of the occurrence of any event, inform him of any facts relevant to determining that liability; and
  - (c) the Trustee shall have regard to the additional obligations imposed upon the Trustee by virtue of paragraph 80(4) of Schedule 2.
- 5.21 References in the preceding provisions of this Clause 5 to a Participant include, in relation to a Participant who has died, a reference to his Personal Representatives.

*Administration of the Plan*

5.22 The Trustee may from time to time appoint any such person as the Company may approve to act as Administrator on such terms as the Trustee and the Company shall agree and in that event the Trustee shall delegate to such person such of the Trustee's administrative powers and duties as shall, in the opinion of the Directors, be necessary or appropriate to enable such person to procure the appropriation of Shares to, and the acquisition of Shares on behalf of, Participants and generally to administer the operation of the Plan **PROVIDED THAT**:

- (a) no such delegation shall take effect so as to divest the Trustee of any duty imposed on the Trustee by the provisions of this Deed; and
- (b) the Trustee shall remain liable for the acts and defaults of such person to the intent that section 23 of the Trustee Act 2000 shall not apply.

5.23 The Trustee may pay the costs and expenses of any Administrator out of the Trust Fund.

5.24 Any direction given to the Trustee or Administrator in respect of a Participant's Shares must be given in writing by or on behalf of the Participant or any person in whom the beneficial interest in his Shares is for the time being vested. Any notification, document, payment or other communication to a Participant may be:

- i) delivered personally or sent by post to the Participant at the address which he shall give to the Company for the purpose, or failing any such address to his last known place of abode; or
- ii) sent by e-mail (or other electronic means) to any address which, according to the records of his employing company, is used by him,

or, in either case, such other address which the Company considers appropriate; or

- iii) sent by telephone or other electronic means approved by the Company.

5.25 Any notice or other document which has to be given to the Company, the Trustee or the Administrator in connection with the Plan may be delivered or sent by post to them at their registered/principal offices (or such other place as the Directors, Trustee or Administrator may from time to time notify to Participants) or, if the Directors allow and subject to such conditions as they specify, sent by e-mail (or by telephone or other electronic means) to the address notified by the Company.

5.26 Notices sent by post will be deemed to have been given on the second day after the date of posting. Notices sent by e-mail (or by telephone or other electronic means), in the absence of evidence to the contrary, will be deemed to have been received on the first day after sending.

*Power to take and pay for professional advice*

5.27 The Trustee may, for the purpose of enabling the Trustee or any Administrator to exercise the powers and duties of this Trust, seek and act upon the advice of any such firm of legal or other professional advisers and may pay for such advice out of the Trust Fund **PROVIDED THAT** no such advice shall be sought by the Trustee or the Administrator on any occasion without the prior approval (which shall not be unreasonably withheld) of the Company as to the choice of such adviser and the terms on which such advice shall be sought.

*Provision of information to the Company*

- 5.28 The Trustee shall provide to the Company and every other member of the Group all such information relating to the operation of the Plan as shall, in the opinion of the Directors, be necessary to enable each such member of the Group to fulfil its obligations to account for income tax and NICs under PAYE.
- 5.29 The Trustee shall, from time to time, provide to the Company such other information, relating to the operation of the Plan and to the individual entitlements of any or all of the Participants as the Company may request, and shall do so within such reasonable period as the Company may specify.

*Residual Shares*

- 5.30 If any Unawarded Shares (other than a Participant's Plan Shares) remain part of the Trust Fund after:
- (a) Shares have been awarded to Participants in accordance with the Plan on any occasion; or
  - (b) the Plan has ceased to be a Schedule 2 SIP; or
  - (c) the requirements of paragraph 90 of Schedule 2 have been complied with

the Trustee shall, if the Company so directs, hold such Shares upon trust to sell such Shares for the best price which can reasonably be obtained at the time of sale and pay or apply the net proceeds of sale (after deduction of all costs and expenses and of such amount as, in the opinion of the Trustee, is sufficient to enable the Trustee to discharge in full all of its current and future liabilities, whether actual or contingent) to or for the benefit of Participating Companies in such proportions, having regard to their respective contributions to the Trust Fund, as the Company shall direct or, in the absence of any such direction, as the Trustee shall in its absolute discretion determine.

*Duty to monitor Participants in connected plans*

- 5.31 The Trustee shall maintain records of Participants who in the same Tax Year have participated in one or more other Schedule 2 Share Incentive Plans established by the Company or an Associated Company.

**6. WAIVER OF TRUSTEE'S DIVIDEND AND VOTING RIGHTS**

- 6.1 The provisions of Clauses 6.2 and 6.3 shall not apply (so that the Trustee shall not be taken to have waived their rights to receive dividends and/or exercise voting rights) throughout any period in relation to which the Company has given notice in writing to the Trustee that such provisions shall not apply **PROVIDED THAT** no such period shall commence before the date on which such notice is received by the Trustee.
- 6.2 Whilst and for so long as any Shares are held by the Trustee as Unawarded Shares, the Trustee shall waive any right to dividend payments in respect of such Shares and the Trustee shall not be liable for any loss to the Trust Fund as a result of such waiver.
- 6.3 Whilst any Shares in the Company are held by the Trustee as Unawarded Shares, the Trustee shall refrain from exercising any voting rights which may attach to the Shares.

- 6.4 In relation to Plan Shares held by the Trustee, the Trustee shall comply with the provisions of Rule 64 of the Plan.

## **7. INVESTMENT POWERS**

- 7.1 The Trustee may apply the whole or any part of the Trust Fund in the acquisition of Shares by purchase or subscription from any person at a price which is not greater than the Market Value of such Shares at the time of acquisition.

- 7.2 The Trustee shall not be under any obligation to diversify the investment of the Trust Fund and, in particular, may:

(a) retain, in their existing condition, any investments, including Shares or other securities of the Company, or other property (including uninvested money) for the time being forming part of the Trust Fund for so long as the Trustee in its absolute discretion thinks fit notwithstanding that the same may comprise the sole investment of the Trust Fund; and

(b) at its absolute discretion, invest the whole of the Trust Fund in Shares

without being liable for any loss occasioned thereby.

- 7.3 The Trustee shall be under no obligation to:

(a) become a director or officer, or interfere in the management or affairs, of any company any of the shares or other securities of which are, for the time being, comprised in the Trust Fund or any company associated with such company, notwithstanding that the Trustee has (whether directly or indirectly) a substantial holding in or control of any such company; or

(b) seek information about the affairs of any such company

but may leave the conduct of the affairs of any such company to its directors or other persons managing the company (so long as they have no actual notice of any act of dishonesty on the part of such directors or others in connection with the management of the company).

## **8. ADDITIONAL POWERS**

- 8.1 In addition to all the powers vested in trustees by law or statute, the Trustee shall have the following powers regarding the Trust Fund:

(a) power to invest or hold or allow to remain in the name or under the control of any person as nominee or bare trustee of the Trustee the whole or such part of the Trust Fund as the Trustee shall in its absolute discretion think fit and the Trustee shall not be liable for any loss to the Trust Fund or the income thereof occasioned by the exercise of this power;

(b) power to promote, alone or with others, and to approve, concur or acquiesce in, or agree to carry into effect, alone or with others, any scheme, proposal or offer for or leading to or being a step in:

(i) the reconstruction or amalgamation with any other company or corporation of any company or corporation in whose securities the Trust Fund or any part thereof shall be for the time being invested;

- (ii) the release, modification or alteration of the rights, privileges or liabilities attached to any investments or other property forming part of the Trust Fund or attached to any property whatever having rights affecting any such investments or other property; or
  - (iii) the exchange of any investments or other property forming part of the Trust Fund for any other investments or other property;
- (c) power to give warranties and indemnities for the foregoing purposes with power to accept any security, shares or other interest of any description of the reconstructed or purchasing or new company or demerged company or companies in lieu or in exchange for all or any of the original securities, shares or other interest and with power to retain any property so accepted as aforesaid for any period for which the original property could have been retained;
- (d) power to borrow moneys, for any purpose for which trust moneys may be applied under this Trust, from any person or company (including any member of the Group) on such terms as the Trustee may decide **PROVIDED THAT** any loan made to the Trustee by any member of the Group shall be on terms which are no less favourable to the Trustee than if it had been made in a transaction made at arm's length between persons not connected with each other;
- (e) power to pay any duties or taxes or other fiscal impositions (together with any related interest or penalties or surcharges) for which the Trustee may become liable and to have entire discretion as to the time and manner in which such duties taxes and fiscal impositions shall be paid and no person interested under this Deed shall be entitled to make any claim whatsoever against the Trustee by reason of such payment;
- (f) power to arrange for any member of the Group to account to HMRC or other authority concerned for any amounts deducted from the sums of money paid or credited to the Trustee by any member of the Group or from or in respect of any amounts paid or property transferred by the Trustee to Beneficiaries in respect of income tax or any other deductions required by law;
- (g) power to agree with HMRC that, if the Market Value of any Shares falls to be determined for the purposes of Schedule 2, the Market Value of such Shares shall be determined by reference to such date or dates, or to an average of the values on a number of dates, as may be specified in such agreement;
- (h) power to insure the Plan against any loss caused by the Trustee or any of their employees, officers, agents or other delegates and, except where the Trustee receives remuneration in its capacity as a professional trustee, to pay insurance premiums from the Trust Fund;
- (i) power to insure the Trustee and any of their employees, officers, agents or other delegates against liability for breach of trust or negligence not involving fraud or willful wrongdoing of the Trustee or the person concerned and, except where the Trustee receives remuneration in its capacity as a professional trustee, to pay insurance premiums from the Trust Fund.

8.2 The discretions conferred upon the Trustee by this Deed or by law shall be absolute and unfettered discretions and the Trustee shall not be obliged to give any person beneficially interested hereunder any reason or justification for any exercise or non-exercise of any such discretion.



9. **PERPETUITY PERIOD**

The Perpetuity Period applicable to this Trust shall be the period of 125 years from the date of execution of this Deed.

10. **TRUSTEE**

10.1 Subject to the following provisions of this Clause 10, the statutory power to appoint new or additional trustees of this Trust shall be vested in the Company and the Company shall have the power, exercisable by deed, to remove any person as trustee of this Trust and to appoint any new trustee of this Trust in the place of such person **SAVE THAT:**

- (a) the power conferred by this Clause 10.1 shall only be operative and capable of taking effect from the date on which the person who is to be removed as trustee receives notice in writing of such removal and every new trustee accepts office as such new Trustee; and
- (b) if the Company shall be the subject of a Takeover Offer which becomes or is declared unconditional in all respects the Company shall not exercise any power to remove any person as a Trustee or to appoint a new or additional Trustee at any time within the period of thirty days beginning with the date on which such Takeover Offer becomes or is declared unconditional in all respects.

10.2 Every trustee of this Trust shall be resident in the United Kingdom and the Company shall immediately remove as a trustee of this Trust any trustee who ceases to be resident in the United Kingdom.

10.3 The minimum number of trustees of this Trust shall be two individuals or a body corporate.

10.4 So long as the number of trustees of this Trust is below the minimum number, the Trustee shall not be entitled to exercise any discretion or power pursuant to the terms of this Deed.

10.5 Any trustee of this Trust may, at any time, by written notice given to the Company and to the remaining Trustees (if any), retire from their office at the expiry of one month from the date when such notice is received by the Company or any shorter period agreed in writing by the Company **PROVIDED THAT:**

- (a) such retirement shall not take effect unless and until immediately after it there will be as trustees of this Trust, (whether by virtue of an appointment taking effect forthwith upon such retirement or otherwise), at least the minimum number of persons required by Clause 10.3 to be the trustees;
- (b) if the Trustee is a sole corporate trustee the Trustee may appoint a successor as Trustee if the company does not itself do so before the date of such retirement; and
- (c) the Trustee shall not be responsible for any costs arising as a result of its retirement but will do all things necessary to give proper effect to its retirement as mentioned in Clause 10.6.

10.6 Any person who ceases to be a trustee of this Trust shall execute and do or make all such transfers or other documents acts or things as may be necessary for vesting the Trust Fund in the new or continuing Trustee or placing it under the control of the Trustee and shall be bound and entitled to assume that any new trustee of this Trust is a proper person to have been appointed **PROVIDED ALWAYS** that if any outgoing trustee of this Trust is liable as Trustee hereof for any duties or taxes or fiscal impositions (including without prejudice to the generality

of the foregoing words capital gains wealth gifts probate succession death or any other duties or taxes on capital or income) wheresoever arising and whether or not enforceable through the courts of the place where such Trustee is resident or where this Trust is for the time being administered then that person shall not be bound to transfer the Trust Fund as aforesaid unless reasonable security is provided for indemnifying them and their estates against such liability.

10.7 A trust corporation or other corporate trustee may be appointed by deed to be a Trustee upon such terms as to remuneration and otherwise as may be agreed at the time of its appointment by the person or persons making the appointment (on the one hand) and the trust corporation or other corporate trustee (on the other hand).

10.8 The provisions of sections 37 and 39 of the Trustee Act 1925 shall apply hereto as if any reference therein to a trust corporation were a reference to a company or body corporate carrying on trust business.

## **11. REMUNERATION OF THE TRUSTEE**

11.1 Any Trustee, or any director or other officer of a body corporate acting as a Trustee being an individual engaged in any profession or business, shall be entitled to be paid all usual professional or proper charges for work done by him, his firm or his company in connection with the trusts declared in this Deed, on the usual terms and conditions of such firm or company in force from time to time including (in addition to reimbursement of such firm or company's proper expenses, costs and other liabilities) the right to remuneration and the incidence thereof whether such work is in the ordinary course of his profession or business or not, including acts which a trustee, not being in any profession or business, could have done personally.

11.2 Any corporate body acting as Trustee:

- (a) may carry out, in its own office, in connection with this Trust, any business which by its constitution it is authorised to undertake and in which it is then, in fact, ordinarily engaged, upon the same terms as would for the time being be made with an ordinary customer and if it is a bank, it shall be entitled to act as a banker to and make advances to the Trustee in connection with the trusts declared in this Deed, without accounting for any profit thereby made and in all respects as if it were not a Trustee; and
- (b) may employ as a banker or investment adviser or other agent, on behalf of this Trust, any company, firm or enterprise associated with it **PROVIDED THAT** such agent is authorised by its constitution to undertake such business and that it is, in fact, ordinarily so engaged and that all charges made by it for work done or services provided in connection with the trusts declared in this Deed are reasonable and normal.

## **12. PERSONAL INTERESTS OF TRUSTEE**

12.1 No decision of or exercise of a power by the Trustee shall be invalidated or questioned on the grounds that the Trustee or any individual trustee of this Trust or any director or other officer of a body corporate acting as a trustee of this Trust had an interest in a personal or fiduciary capacity in the result of any decision or in the exercising of any power and any such person may vote in respect thereof and be taken into account for the purposes of a quorum notwithstanding his interest.

12.2 A Trustee or a director or other officer or employee of a body corporate acting as Trustee may retain all benefits to which he becomes entitled by virtue of:

- (a) participation in the Plan as an Eligible Employee;
- (b) ownership, in a beneficial or fiduciary capacity of any shares or other securities in any Participating Company; or
- (c) being a director or employee of any Participating Company;
- (d) being a creditor or in any other contractual relationship with any Participating Company

and shall not be liable to account for any property paid to or applied for the benefit of him or any spouse, former spouse, civil partner, child (including step-child) of such person.

- 12.3 Any Trustee, or any director or other officer or any employee of a corporate body acting as Trustee, or any associate or person or body connected with the Trustee may be employed and remunerated as a director or other officer or employee or as agent or adviser of any company, body or firm in any way connected with this Trust or the Trust Fund and may keep as his property (and without being liable to account therefor) any remuneration, fees or profits received by him in any such capacity, notwithstanding that his situation or office may have been obtained, held or retained by means or by reason of his position as Trustee or as an employee or officer of a corporate trustee of the trusts declared in this Deed.

### 13. PROTECTION OF THE TRUSTEE

- 13.1 In the professed execution of the trusts and powers contained in this Deed, no Trustee, or director or other officer of a body corporate acting as Trustee, shall be liable for any loss arising by reason of:

- (a) negligence or fraud of any other Trustee or director or other officer or employee of a body corporate acting as such other Trustee;
- (b) any mistake or omission made in good faith by any Trustee or any such other person, including where the Trustee has acted in good faith in reliance on advice given by any person whose advice has been sought pursuant to Clause 5.27;
- (c) any fraud, negligence, or willful deceit of any agent employed by the Trustee in the absence of fraud, negligence or willful deceit on the part of the Trustee or, in the case of a body corporate, any director or other officer or employee of the Trustee; or
- (d) any other matter or thing except loss arising by reason of fraud, willful default or (in the case of a Trustee, or any director or any other officer of a body corporate acting as Trustee, who is engaged in the business of providing a Trustee service for a fee) negligence on the part of the Trustee or other person who is sought to be made liable.

- 13.2 The Company **HEREBY COVENANTS** with the Trustee and every director or other officer of a body corporate acting as Trustee jointly and severally for themselves and as trustees for their successors in title that it will at all times hereafter keep each of them and each of their successors in title as Trustee and each of their estates and effects fully indemnified and saved harmless both before as well as after any removal or retirement of a trustee of this Trust pursuant to Clause 10 hereof against all claims, losses, demands, actions, proceedings, charges, expenses, costs, damages, taxes, duties and other liabilities that may be suffered or incurred by them or by any of them in connection with the execution of the trusts and powers of this Deed other than liabilities arising as a consequence of fraud, wilful misconduct or (in the case of a Trustee, or any director or other officer of a body corporate acting as Trustee, who is engaged in the business of providing a trustee service for a fee) negligence and save to the extent that any such liability is capable of being discharged at the expense of the Trust Fund.

**14. INFORMATION SUPPLIED BY PARTICIPATING COMPANIES**

The Trustee shall be entitled to rely, without further enquiry, on all information supplied to it by any Participating Company and/or any directors or officers of a Participating Company, and on any direction, notice or document purporting to be given or executed by or with the authority of any Participating Company or Participant, with regard to its duties as trustee of the trusts declared in this Deed whether or not such information is for the purposes of or relates to the operation of the Plan, and the Trustee shall not be liable to any Participant or any member of the Group for any loss arising in consequence of the incompleteness or inaccuracy of any such information.

**15. COVENANT BY THE COMPANY**

The Company hereby agrees with and undertakes to the Trustee that the Company shall procure that the Company and each Participating Company shall pay to the Trustee all such sums as such company may be required to pay to the Trustee in accordance with the Rules.

**16. TRUSTEE'S LIEN**

The Trustee's lien over the Trust Fund in respect of liabilities incurred by the Trustee in the performance of its duties (including the repayment of borrowed money and tax liabilities) shall be enforceable **SAVE THAT** the Trustee shall not be entitled:

- (a) to have recourse to any Partnership Share Money for the satisfaction of any such liabilities; or
- (b) except as expressly provided for in the Rules, to have recourse to any Plan Shares for the satisfaction of any such liabilities.

**17. POWER OF MODIFICATION**

17.1 During the Trust Period, the Company shall have power, so as to bind the Trustee, to vary, amend, modify, alter or extend the trusts, powers and provisions of this Deed in any manner and in any particular whatsoever by deed delivered to the Trustee revocable (during the Trust Period) or irrevocable, which shall be expressed to be supplemental to this Deed, and this Deed shall then be read and construed and take effect as if the provisions of such deed were incorporated in this Deed **PROVIDED THAT** no exercise of these powers may:

- (a) amend Clauses 3.3 (accumulation), 10.3 (minimum number of trustees), 13.2 (indemnity), and this Clause 17 (modification) or the proviso to Clause 8.1(d) (borrowing) insofar as they relate to loans made by any member of the Group;
- (b) confer on any person other than an Eligible Employee any eligibility or entitlement to benefit;
- (c) extend the power conferred by this Clause 17 (modification) or remove the restrictions contained in this proviso;
- (d) be effective to amend Clauses 10.6 (outgoing Trustee), 10.7 (appointment), 11 (remuneration), 12 (personal interests) or 13 (protection), or otherwise to impose on the Trustee any obligations more onerous than the obligations accepted by the Trustee under this Trust prior to such purported amendment without the prior consent of the Trustee in writing;

- (e) reduce or adversely affect the right or interest of any Beneficiary insofar as such right or interest has been granted, awarded or allocated pursuant to the prior exercise by the Trustee of the Trustee's powers under this Deed; or
- (f) adversely affect the position of the Trustee unless the Trustee gives prior written consent to such amendment.

17.2 Every power, authority or discretion conferred upon the Trustee or any other person and not expressly made exercisable only during a period allowed by law shall (notwithstanding anything to the contrary herein expressed or implied) only be exercisable during the Trust Period and during such further period if any (whether definite or indefinite) as in the case of the particular power, authority or discretion the law may allow.

#### **18. PROPER LAW**

The trusts hereby created are established under the laws of England and Wales and subject as hereinafter provided the rights of the Beneficiaries and the rights powers and duties of the Trustee under this Deed and the construction of every provision of this Deed shall be determined according to the laws of England and Wales.

#### **19. EXCLUSIONS FROM BENEFIT**

Notwithstanding anything to the contrary herein expressed or implied, no part of the Trust Fund or the income thereof shall at any time be paid or lent or otherwise applied nor shall any power or discretion in this Deed or by law conferred on the Trustee or on any other person in any circumstances be exercisable or exercised in any manner which causes the Company or any one or more Subsidiaries to be in breach of Chapter 2 of Part 18 of the Companies Act 2006 or causes this Deed to fall outside the provisions of section 86 of the Inheritance Tax Act 1984.

#### **20. COUNTERPARTS**

This Deed may be executed in any number of counterparts, and by the parties on separate counterparts, but shall not be effective until each party has executed at least one counterpart. Each counterpart shall constitute an original of this Deed but all of the counterparts shall together constitute but one and the same instrument.

#### **21. IRREVOCABILITY OF TRUSTS**

The trusts hereby declared are irrevocable.

**EXECUTED AS A DEED** by the parties on the date which first appears in this deed.

**EXECUTED** as a Deed (but not delivered  
until dated) by **ZOTEFOAMS plc**  
acting by:

)   
)  
)

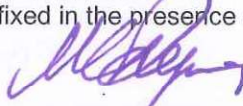
Director

James Kiddle

~~Director~~/Secretary

THE COMMON SEAL of  
**YORKSHIRE BUILDING SOCIETY**  
was hereunto affixed in the presence of:

Signature

 )

Print Name

MIKE REZNICK )

By authority of the Board of Directors

