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**RULES OF THE  
PHAROS ENERGY PLC  
LONG-TERM INCENTIVE PLAN**

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## **RULES OF THE PHAROS ENERGY PLC LONG-TERM INCENTIVE PLAN**

### **1 DEFINITIONS AND INTERPRETATION**

**1.1 Definitions:** Where the context permits, the words and expressions used in this Plan which have capital letters have the meanings set out in Appendix 1.

**1.2 Interpretation:** In these Rules:

**1.2.1** the headings are for the sake of convenience only and should be ignored when construing the Rules;

**1.2.2** where the context so requires, words importing the singular shall include the plural and vice versa and words importing the masculine shall include the feminine;

**1.2.3** reference to any statutory provisions are to those provisions as amended, extended or re-enacted from time to time, and shall include any regulations or other subordinate legislation made under them; and

**1.2.4** the Interpretation Act 1978 shall apply with the necessary changes as if these Rules were an Act of Parliament.

### **2 GRANT OF AWARDS**

**2.1 Grant of Awards:** Subject to Rule 2.4, the Grantor may grant to any Eligible Employee in its absolute discretion an Award or Awards over such whole number of Shares as the Grantor may decide and when doing so, shall take into account Awards made to that Eligible Employee under other incentive plans and the nature of their performance targets to ensure, as far as it is able, that the expected total compensation opportunity available to that individual is appropriate in the context of the prevailing market.

**2.2 Form of Awards:** Awards may be granted in the form of a Contingent Award, a Nil Price Option or in such other form as the Grantor considers has a substantially similar purpose or effect (in which case the Rules of the Plan shall be interpreted in such manner as the Grantor reasonably determines is necessary to give effect to such form of Award).

**2.3 Period for granting Awards:** Awards may be granted at any time during a Grant Period and before the end of the Plan Period.

**2.4 Terms of grant:** Subject to Rules 2.3, 2.6, and 3, the Grantor may resolve to grant an Award:

**2.4.1** on the terms set out in the Plan; and

**2.4.2** subject to such additional terms (whether a condition specified in accordance with

Rule 2.5 and/or any other terms) as the Grantor may specify

to any Eligible Employee, **PROVIDED THAT** Awards granted to an executive director of the Company shall be subject to:

- a) a Normal Vesting Date falling on the third anniversary of the Date of Grant, or such later date specified by the Grantor; and
- b) a performance condition measured over a period of not less than three financial years of the Company; and
- c) a Holding Period as set out in Rule 7.2.

**2.5 Conditions to be satisfied on the exercise or vesting of Awards:** Subject to Rule 2.4, the Grantor may grant an Award subject to such conditions as the Grantor shall decide which must be met before some or all of the Award may be exercised or may vest. Such conditions:

**2.5.1** must be stated in writing at the Date of Grant;

**2.5.2** must be measured over a period of not less than three financial years of the Company (unless otherwise determined by the Grantor); and

**2.5.3** may not be waived or amended by the Grantor unless an event occurs which causes the Grantor to consider that a waiver of or amendment to the conditions would be fair and reasonable.

**2.6 Approvals and consents:** The grant, vesting or exercise of an Award shall be subject to obtaining any approval or consent required under the provisions of the Listing Rules of the UK Listing Authority, The Takeover Code or of any other applicable regulations or enactments.

**2.7 Award certificates and payment for Awards:** The Grantor shall approve the grant of Awards by resolution or such other form as the Committee shall decide, and shall execute or authorise the subsequent execution of a deed of grant of the Awards in such form as the Committee shall decide. The rights described by any such deed shall have effect from the Date of Grant, which shall be stated in the deed. A single deed of grant may be executed in favour of any number of Participants. Each Participant shall on, or as soon as possible after, the Date of Grant be given: (i) an Award certificate as evidence of the grant of an Award; and (ii) if appropriate, a notice of exercise. The Award certificate shall state whether the Award is in the form of a Nil Price Option, a Contingent Award or such other form as the Grantor considers has a substantially similar purpose or effect and shall also state any performance condition(s) applicable to the Award as imposed under Rule 2.5. Where applicable, the vesting schedule for an Award shall also be stated in the Award certificate. There shall be no payment for the

grant of an Award.

- 2.8 Dividend Equivalents:** An Award may be granted on terms that on the Award Vesting Date or the Award Exercise Date (as applicable), the number of Shares subject to the Award shall be increased by such number of Shares as could have been acquired with the amount of each cash dividend for which the dividend record date falls between the Date of Grant and the Award Vesting Date, the date of vesting of a Nil Price Option or the Award Exercise Date (as determined by the Grantor), in each case calculated using the average of the closing middle market quotation of the Shares for the five Dealing Days starting on the day the Shares are first quoted ex-dividend in respect of that dividend. Alternatively, the Grantor may determine that the Participant shall receive dividends or dividend equivalents in respect of Shares subject to an Award on such other terms as the Grantor shall, in its absolute discretion, determine including making such adjustment as is necessary to reflect the fact that the dividend paid is net of tax paid (or treated as being so paid).
- 2.9 Transfer of Employer's National Insurance:** The Grantor may make the vesting of a Contingent Award or the exercise of a Nil Price Option (as the case may be) conditional upon the Participant having entered into an agreement or election pursuant to paragraphs 3A or 3B of Schedule 1 to the Social Security Contributions and Benefits Act 1992 (as the Grantor shall determine), in which case the number of Shares subject to an Award may, at the discretion of the Grantor, be increased (at the Date of Grant) to reflect that the Participant is bearing this liability.
- 2.10 Awards not pensionable and personal to Participants:** Awards shall not be pensionable and shall be personal to the Participant to whom it is granted and may not, nor any rights in respect of it, be transferred or otherwise disposed of to any other person except that, on the death of a Participant, an Award may be transferred to his personal representatives.
- 2.11 Disclaimer of Awards:** A Participant may disclaim his Award, in whole or in part, in writing to the Secretary of the Company within 30 days after the Date of Grant. No consideration shall be paid for the disclaimer of the Award which shall be deemed, to the extent that it has been disclaimed, never to have been granted.
- 2.12 Purported grant of Awards in excess of limits:** If an Award is purported to be granted in excess of the limits in Rule 3, the number of Shares over which that Award has been granted shall, (together with the number of Shares over which all other Awards have been granted on the same Date of Grant, where Rule 3.1 applies) be reduced pro rata to the largest lower number (if any) as would comply with the terms of Rule 3 and the Award shall take effect over such lower number of Shares from the Date of Grant.

### **3 NUMBER OF SHARES IN RESPECT OF WHICH AWARDS MAY BE GRANTED**

**3.1 The 10 per cent. limit:** The number of Shares which may be allocated under the Plan on any day shall not, when added to the aggregate of the number of Shares which have been allocated in the previous 10 years under the Plan and under any other Employees' Share Scheme, adopted by the Company or any Subsidiary, exceed such number as represents 10 per cent. of the ordinary share capital of the Company in issue immediately prior to that day.

#### **3.2 Interpreting these limits:**

**3.2.1** In this Rule the "**allocation**" of shares shall mean, in the case of the Plan and any share option plan, the placing of unissued shares under option or award and, in relation to other types of Employees' Share Schemes, shall mean the issue and allotment of shares;

**3.2.2** Any Shares issued to the Trustees under the Plan and under any other Employees' Share Scheme adopted by the Company shall be included;

**3.2.3** Any shares transferred from treasury under the Plan and under any other Employees' Share Scheme (unless the contrary has been stated in the remuneration report of the Board) shall be included; and

**3.2.4** No account shall be taken of any Shares where the right to acquire such Shares was released or lapsed without being exercised including pursuant to Rule 2.11 above.

**3.3 Limit on Shares awarded:** The Market Value of Shares (at the Date of Grant) subject to Awards to an Eligible Employee made in any financial year shall not exceed two hundred per cent. of that Eligible Employee's base salary in respect of that financial year. However, in exceptional circumstances, Awards may be of such higher percentage as determined by the Grantor, not exceeding four hundred per cent. of that Eligible Employee's base salary.

**3.4** In calculating the Limit on Shares awarded under Rule 3.3 no account shall be taken of:

**3.4.1** any additional number of Shares which may be acquired pursuant to an Award where the purpose of granting an Award over that additional number of Shares was to ensure that a Participant is not materially disadvantaged by agreeing to bear the secondary Class 1 (employer's) National Insurance contributions arising in respect of such Award (to the extent this is lawful); and

**3.4.2** any Shares which may be acquired pursuant to any Award as a result of the

operation of Rule 2.8.

#### **4 RIGHTS OF EXERCISE OR VESTING AND LAPSE OF AWARDS**

##### **4.1 General rules for exercise and vesting:** An Award:

**4.1.1** shall not, subject to Rules 4.2, 5.1 and 5.2, be exercised or vest earlier than the Normal Vesting Date;

**4.1.2** may only be exercised or vest whilst the Participant is a director or employee of a Participating Company or an Associated Company or if he has ceased to be such in one of the circumstances set out in Rule 4.2;

**4.1.3** may only be exercised or vest if:

**4.1.3.1** subject to Rule 4.1.3.2, any conditions (as amended, if appropriate) imposed under Rule 2.5 have been fulfilled to the satisfaction of the Grantor, or have been waived;

**4.1.3.2** the Committee is satisfied that the level of vesting indicated by any applicable condition under Rule 4.1.3.1 is appropriate in all the circumstances and the Committee may reduce the level of vesting to such lesser amount (including to zero) as it in its absolute discretion considers to be appropriate having regard to such factors as it considers relevant, including the performance of the Company, any individual or business (and such reduction may impact one or more Participants and not all Participants); and

**4.1.4** will vest in accordance with any vesting schedule set out in the Award certificate.

**4.2 Compassionate circumstances:** Notwithstanding Rule 4.1, upon a Participant ceasing to be a director or employee of a Participating Company or an Associated Company as a result of:

**4.2.1** death;

**4.2.2** ill health, injury or disability;

**4.2.3** redundancy within the meaning of the Employment Rights Act 1996;

**4.2.4** retirement (by agreement with the company which employs him); or

**4.2.5** any reason other than the reasons specified in Rule 4.2.1 to 4.2.4 at the discretion of the Grantor, such discretion to be exercised within 3 months of the cessation of office or employment,

then a vested Nil Price Option will remain exercisable and a proportion of an unvested Award will continue to vest in accordance with Rule 4.1.1 **UNLESS** the Committee

decides in exceptional circumstances that an unvested Award will vest immediately on cessation (or such later date as determined by the Committee in its absolute discretion). Thereafter, a Nil Price Option shall remain or become exercisable for a period of six months (or twelve months in the case of death) from such cessation or vesting (as applicable). The Committee may, in its absolute discretion, extend the period during which a vested Nil Price Option shall remain exercisable, such discretion to be exercised before the end of the normal exercise period.

The proportion of an unvested Award which shall vest shall be determined by the Committee in its absolute discretion taking into account, the extent to which any conditions of exercise or vesting imposed under Rule 2.5 have been satisfied at the date of cessation or later vesting (as applicable) and the period elapsed between the Date of Grant and the date of cessation as compared to the original vesting period.

### **4.3 Reduction of Awards and Clawback**

#### **For Awards granted prior to 1 October 2015**

**4.3.1** If it becomes known that a Participant had engaged in any activity which, in the opinion of the Committee in its absolute discretion, amounted to serious misconduct, fraud or mis-statement (whether by an exaggeration of financial performance or mis-marking the valuation of any asset or otherwise) so as to undermine the effective risk management or accuracy of the financial reporting of the Company, the Committee may, in its absolute discretion, reduce the number of Shares subject to any or all of that Participant's subsisting Awards, to such extent as it considers appropriate (including to nil).

#### **For Awards granted on or after 1 October 2015**

**4.3.2** Notwithstanding any other Rule of the Plan, the Committee may, in its discretion, determine that the provisions of both or either Rules 4.3.3 and 4.3.4 should be applied in respect of any Award if it becomes known that a Participant has engaged in, or should be held accountable for, an activity which, in the opinion of the Committee, amounted or contributed to:

**4.3.2.1** misstatement or error (whether by an exaggeration of financial performance or mis-marking the valuation of an asset or otherwise);

**4.3.2.2** serious misconduct;

**4.3.2.3** fraud;

**4.3.2.4** there are circumstances which in the Committee's opinion have (or would have if made public) a sufficiently significant impact on the



reputation of the Company to justify the application of this clause, and for the avoidance of doubt, such circumstances need not relate to a financial year in which the Participant was a participant in the Plan; or

**4.3.2.5** in respect of awards granted after 4 December 2019 only, the insolvency of the Company and the Committee determines that such insolvency arose from events occurring (in whole or substantial part) during any period in which the relevant individual was a Participant and, in determining whether to apply this Rule 4.3.2.5, the Committee shall have regard to the extent to which it considers that the Participant was involved (directly or through oversight) in such events

which undermines the effective risk management, reputation or accuracy of the financial reporting of the Company or any Group Member.

**4.3.3** The Committee may, in its discretion, determine at any time prior to the earlier of:

**4.3.3.1** the delivery of Shares or cash to a Participant following the Vesting of an Award; or

**4.3.3.2** subject to Rule 4.3.5, the fifth anniversary of the Date of Grant (or, if earlier, the date on which an Award vests under Rule 5) to:

- (i) reduce or extinguish the number of Shares to which an Award relates; or
- (ii) cancel an Award.

**4.3.4** The Committee may, in its discretion, determine that at any time after the delivery of Shares or cash to a Participant following the Vesting of an Award and, subject to Rule 4.3.5, prior to the fifth anniversary of the Date of Grant (or, if earlier, the date on which an Award vests under Rule 5) to:

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

**4.3.4.2** require a Participant to transfer for nil consideration some or all of the Shares delivered to him under the Award; and/or

**4.3.4.3** reduce (including to zero, if appropriate), any future bonus which would, but for the operation of this Rule 4.3.4, be payable to the

Participant under any bonus plan operated by any Group Member;  
and/or

**4.3.4.4** reduce (including to zero, if appropriate) the number of Shares which would, but for the operation of this Rule 4.3.4, be comprised in any Awards to be granted under the Plan

and the Committee, acting fairly and reasonably and having regard to the current value of the Shares delivered (if applicable), will have discretion to determine the basis on which the amount of cash or Shares is calculated, including whether and if so to what extent to take account of any tax or social security liability applicable to the Award.

**4.3.5** In circumstances in which the action or conduct of the Participant is under investigation prior to the fifth anniversary of the Date of Grant and such investigation has not yet been concluded by the fifth anniversary of the Date of Grant, the period referred to in Rules 4.3.3.2 and 4.3.4 will end on such later date as the Grantor considers appropriate.

**4.3.6** The Committee may decide to:

**4.3.6.1** reduce or extinguish the number of Shares to which an Award relates;

**4.3.6.2** cancel an Award; or

**4.3.6.3** require a Participant to transfer for nil consideration some or all of the Shares delivered to him under an Award or make a cash payment to the Company in respect of some or all of the Shares delivered to him under an Award

to effect the recovery of sums paid or Shares delivered under any provisions similar to this Rule 4.3 which are included in any bonus plan or share plan (other than the Plan) operated by any Group Member and if the Committee decides to apply Rule 4.3.6.3, the Board acting fairly and reasonably and having regard to the current value of the Shares delivered (if applicable), will have discretion to determine the basis on which the amount of cash or Shares is calculated, including whether and if so to what extent to take account of any tax or social security liability applicable to the Award.

**4.3.7** For the purposes of this Rule 4.3 references to Group Member or a relevant business unit include references to any former Group Member or former business unit.

**4.3.8** If the Committee exercises its discretion in accordance with this Rule 4.3 it will

confirm this in writing to each Participant and, if necessary, the Trustee.

**4.4 Lapsing of Awards:** Awards shall lapse to the extent not already exercised or vested on the earliest of the following events occurring:

**4.4.1** the tenth anniversary of the Date of Grant;

**4.4.2** subject in each case to Rules 5.3 and 5.4, in respect of a Nil Price Option, the expiry of any of the periods specified in Rules 5.1.1, 5.1.2, 5.1.3 or 5.1.4 and, in respect of a Contingent Award, to the extent not vested on the day after the day specified in Rules 5.2.1 to 5.2.4 (inclusive);

**4.4.3** the Participant ceasing to hold an office or employment with a Participating Company or an Associated Company in any circumstances other than:

(i) for any reason specified in Rules 4.2.1 to 4.2.5 (inclusive) (including where the Grantor has exercised its discretion under Rule 4.2.5); or

(ii) subject to Rules 5.3 and 5.4, for any reason whatsoever during any periods specified in Rules 5.1 and 5.2;

**4.4.4** subject to Rule 5.1.4 in respect of a Nil Price Option, and subject to Rule 5.2.4 in respect of a Contingent Award, the passing of an effective resolution, or the making of an order by the court, for the winding-up of the Company;

**4.4.5** the Participant being deprived of the legal or beneficial ownership of the Award by operation of law, or doing or omitting to do anything which causes him to be so deprived or being declared bankrupt; and

**4.4.6** the Participant purporting to transfer or dispose of the Award or any rights in respect of it other than as permitted under Rule 2.10.

**4.5 Dealing Restrictions:** No Award may be granted, exercised, released or surrendered at a time when such grant, exercise, release or surrender would not be in accordance with any Dealing Restrictions.

## **5 CORPORATE EVENTS**

**5.1 Early exercise of Awards:** Subject to Rules 5.3, 5.4 and 5.6, an Award in the form of a Nil Price Option may, at the discretion of the Grantor, be exercised to the extent permitted by the Grantor, taking into account the extent to which any condition imposed under Rule 2.5 has been satisfied at that date and the period elapsed between the Date of Grant and the relevant corporate event as compared to the original vesting period, as follows:

**5.1.1** subject to Rule 5.1.2, within the period of one month (or such longer period as the Grantor may determine) following the date on which a person who made an offer to acquire shares which was either unconditional or was made on a condition

such that if it were satisfied the person making the offer would have Control of the Company), has obtained Control of the Company and any condition subject to which the offer is made has been satisfied. For the purpose of this Rule 5.1.1 a person shall be deemed to have obtained Control of the Company if he and others acting in concert (as defined by the Takeover Code) with him have together obtained Control of it;

**5.1.2** at any time during which any person who has become bound or entitled to acquire Shares under Sections 979 to 982 of the Companies Act 2006 remains so bound or entitled;

**5.1.3** conditionally from the date on which the court orders a shareholders' meeting to sanction a compromise or arrangement proposed for the purposes of or in connection with a scheme for the purpose of a change in Control of the Company or its amalgamation with any other company or companies under Section 899 of the Companies Act 2006 until 12 noon on the day immediately preceding the date of the shareholders' meeting. Any Award not exercised by the end of that period shall, if the compromise or arrangement is sanctioned, cease to be exercisable and shall lapse on the expiry of the period of 6 months beginning with the time when the court sanctioned the compromise or arrangement. The Board shall try to procure that the proposal, in so far as it relates to the holders of the Shares, shall be extended to each Participant who shall have conditionally exercised his Awards prior to 12 noon on the day immediately before the date of the shareholders' meeting; and

**5.1.4** at any time before a resolution for the voluntary winding-up of the Company, of which the Company shall give notice to all Participants, has been passed or defeated or the meeting concluded or adjourned indefinitely, conditionally on the resolution being passed. If such resolution is passed all Awards shall, to the extent that they have not been exercised, lapse at the expiry of 2 months from the date of the resolution.

**5.2 Early vesting of Contingent Awards:** Subject to Rules 5.3, 5.4 and 5.6, an Award in the form of a Contingent Award may, at the discretion of the Grantor, vest to the extent permitted by the Grantor, taking into account the extent to which any condition imposed under Rule 2.5 has been satisfied at that date and the period elapsed between the Date of Grant and the relevant corporate event as compared to the original vesting period, as follows:

**5.2.1** subject to Rule 5.2.2, the first day of the one month period referred to in Rule 5.1.1;

**5.2.2** on the first day on which any person becomes bound or entitled to acquire Shares

under Sections 979 to 982 of the Companies Act 2006;

**5.2.3** on the day on which a compromise or arrangement proposed for the purposes of or in connection with a scheme for the purpose of a change in Control of the Company or its amalgamation with any other company or companies under Section 899 of the Companies Act 2006 is sanctioned by shareholders; and

**5.2.4** on the day on which shareholders sanction the voluntary winding-up of the Company.

**5.3 Rollover of Awards:** In connection with one of the events described in Rules 5.1 and 5.2;

**5.3.1** a Participant may, by agreement with the acquiring company, release any Award which has not lapsed (“**the Old Award**”) in consideration of the grant to him of an Award (“**the New Award**”) which is determined by the Grantor to be equivalent to the Old Award but relates to shares in a different company (whether the company which has obtained Control of the Company itself or some other company) within the period during which a Nil Price Option would be exercisable under the relevant provision of Rule 5.1 or such longer period as the Grantor may specify not exceeding six months; or

**5.3.2** if the Grantor so determines that this sub-Rule shall apply, the Old Award shall not vest but, with the agreement of the acquiring company, shall be automatically released in consideration of the grant of a New Award which is determined by the Grantor to be equivalent to the Old Award but relates to shares in a different company (whether the company which has obtained Control of the Company itself or some other company).

**5.4 Internal Reorganisation:** In the event of an Internal Reorganisation, where the Grantor determines that this Rule 5.4 shall apply, an existing Award shall not vest in accordance with Rules 5.1 and 5.2 but, with the agreement of the Acquiring Company (as defined in the definition of “**Internal Reorganisation**”), shall be automatically released in consideration for the grant of a new Award which is determined by Grantor to be equivalent to the existing Award but relates to shares in a different company (whether the Acquiring Company itself or some other company).

**5.5 Rolled-over Awards:** For the purposes of Rules 5.3 and 5.4 the provisions of the Plan shall be construed as if:

**5.5.1** the New Award is an Award granted under the Plan at the same time as the existing Award;

**5.5.2** unless the Grantor determines otherwise, the references to “**the Company**” are

to the company over whose shares the New Award is granted in accordance with Rules 5.3 or 5.4 (as applicable), except for the purpose of the definition of “**Participating Company**”; and

**5.5.3** any performance condition imposed under Rule 2.5 shall apply in its original form unless the Grantor determines in accordance with Rule 2.5.3 that it would be appropriate for such performance condition to be varied or to be waived in full or in part.

**5.6 Corporation Tax Deduction:** If the Grantor resolves that, in its reasonable opinion, there would be a loss of corporation tax deduction pursuant to Part 12 of the Corporation Tax Act 2009 if Awards were to vest on or following an event described in Rules 5.1 and 5.2 then the Grantor may resolve that Awards shall vest (and Nil Price Options become exercisable) otherwise in accordance with the provisions of Rules 5.1 and 5.2, but from such earlier date as the Grantor shall specify.

## **6 EXERCISE OR VESTING OF AWARDS**

**6.1 Exercise or vesting in whole or in part:** Subject to Rules 4.2, 5.1 and 5.2, an Award may be exercised or may vest in whole or in part.

**6.2 Manner of exercise:** To exercise an Award which takes the form of a Nil Price Option in whole or in part, the Participant must deliver to the address specified in the notice of exercise:

**6.2.1** an Award certificate covering at least all the Shares over which the Award is then to be exercised; and

**6.2.2** the notice of exercise in the prescribed form properly completed and signed by the Participant (or by his duly authorised agent).

**6.3 Award Exercise Date or Award Vesting Date:** In the case of an Award in the form of a Nil Price Option, the Award Exercise Date shall be the date of receipt of all the items referred to in Rule 6.2. In the case of an Award in the form of a Contingent Award, the Award Vesting Date shall, subject to Rules 4.2 and 5.2, be the date set out in the Award certificate or any vesting schedule to it; **UNLESS**, in either case, any conditions must be fulfilled before an Award may be exercised or may vest, in which case the Award shall not be treated as exercised or vested unless and until the Grantor is satisfied that those conditions have been fulfilled.

## **7 HOLDING PERIOD**

### **7.1 Restrictions on the sale, transfer, disposal and assignment of Vested Shares**

Unless the Committee determines otherwise an individual to whom an Award has been

granted who is or was an executive director of the Company or who has been chosen by the Committee under Rule 2.4 as an individual to whom this Rule 7 shall apply (for the purposes of this Rule 7 the "**relevant individual**") agrees:

- 7.1.1** to hold his Vested Shares (except any Vested Shares sold by or on behalf of the relevant individual to pay any Tax Liability due and arising on the vesting and/or exercise of the relevant Award) during the relevant Holding Period applying to those Shares in accordance with such terms and conditions that the Committee may impose and determine from time to time, which may include his Vested Shares being held by a nominee appointed by the Company, on his behalf;
- 7.1.2** not to sell, transfer, assign or dispose of any interest in his Vested Shares (except any Vested Shares sold by or on behalf of the relevant individual to pay any Tax Liability due and arising on the vesting and/or exercise of the relevant Award) until the expiry of the relevant Holding Period applying to those Vested Shares unless the Committee determines otherwise or as otherwise permitted under Rule 7.3;
- 7.1.3** that if he acquires any further Shares by virtue of his holding of Vested Shares during the relevant Holding Period those newly acquired Shares shall also be held subject to the terms of this Rule 7 as they apply to the original Vested Shares until the expiry of the relevant Holding Period unless the Committee, in its discretion, determines otherwise; and
- 7.1.4** to enter into any other document required by the Committee from time to time (including a power of attorney or its equivalent) to give effect to the restrictions under this Rule 7.

For the avoidance of any doubt, Vested Shares shall not be subject to any risk of forfeiture under this Rule 7 during the Holding Period; however, Vested Shares may be subject to clawback in accordance with Rule 4.3.

## **7.2 The Holding Period**

Unless the Committee, in its discretion, determines otherwise and/or imposes a different Holding Period to the one set out in this Rule 7.2 the Vested Shares held, or acquired on the vesting or exercise of an Award by a relevant individual to whom this Rule 7 applies shall be subject to a Holding Period that starts on the date of vesting of the relevant Award and, subject to Rule 7.4 ends on the earlier of:

- 7.2.1** the fifth anniversary of the Date of Grant of such Award; and
- 7.2.2** the second anniversary of the date of vesting of such Award.

### **7.3 Permitted transfers during the Holding Period**

Subject to the prior approval of the Committee, the relevant individual may transfer or assign some or all of his Vested Shares to:

- 7.3.1** a nominee account (or its equivalent) under which Shares are held on his behalf; and/or
- 7.3.2** his spouse or civil partner; and/or
- 7.3.3** his personal pension plan; and/or
- 7.3.4** to an individual savings account; and/or
- 7.3.5** to the trustees of a family benefit trust established by the relevant individual

during the relevant Holding Period provided that the person to whom the Vested Shares (or an interest in the Shares) are to be transferred (the "**relevant transferee**") has agreed to comply with the terms of this Rule 7 and any other terms and conditions imposed or determined by the Committee, and the relevant transferee agrees not to sell, transfer, assign or dispose of those Vested Shares until the expiry of the relevant Holding Period.

If the relevant individual receives securities other than Shares during the Holding Period by virtue of his holding of Vested Shares, he may sell (or where appropriate redeem) those securities.

The Committee may, in its discretion, allow a relevant individual to sell, transfer, assign or dispose of some or all of his Vested Shares before the end of the relevant Holding Period, subject to any additional terms and conditions that the Committee may specify.

### **7.4 Expiry of the Holding Period**

The Holding Period shall expire early on:

- 7.4.1** the date of a relevant corporate event under Rule 5.1.1 to 5.1.4 (inclusive) (excluding where an Internal Reorganisation under Rule 5.4 applies and Awards shall be automatically released in consideration for the grant of a new Award) or such other convenient date shortly prior to the date of a relevant corporate event under Rule 5.1.1 to 5.1.4 (inclusive) as determined by the Committee;
- 7.4.2** the death of the relevant individual; or
- 7.4.3** such other date determined by the Committee, in its discretion.

Vested Shares (or a proportion of them) shall cease to be subject to any restrictions under this Rule 7 once the relevant Holding Period applying to those Shares has expired.



As soon as reasonably practicable following the expiry of the relevant Holding Period the Board shall (to the extent relevant) transfer or procure the transfer of the legal title to the Vested Shares previously subject to that Holding Period and any documents of title relating to those Vested Shares to the relevant individual or his nominee, subject to Rule 4.3.

## **8 ISSUE OR TRANSFER OF SHARES**

**8.1 Issue or transfer of Shares:** Subject to Rules 7, 8.2 and 8.5, the Grantor shall procure the transfer or allotment of any Shares to be transferred or allotted to a Participant (or his nominee) pursuant to the exercise or vesting of an Award within 30 days following the Award Exercise Date or Award Vesting Date. Shares may only be allotted to satisfy the exercise of a Nil Price Option or the vesting of a Contingent Award if and to the extent that the Board shall be authorised to capitalise from the reserves of the Company a sum at least equal to the nominal value of the Shares in respect of which the Nil Price Option is exercised or the Contingent Award has vested and applies such sum in paying up such amount on such Shares so that on the exercise of a Nil Price Option or the vesting of a Contingent Award which is to be satisfied by the issue of Shares the Board shall capitalise such sum and apply the same in paying up such amount.

**8.2 Consents:** The allotment or transfer of any Shares under the Plan shall be subject to obtaining any such approval or consent as is mentioned in Rule 2.6.

**8.3 Ranking of Shares:** Shares which are:

**8.3.1** issued under the Plan will rank equally in all respects with the Shares then in issue, except that they shall not rank for any right attaching to Shares by reference to a record date preceding the Award Exercise Date or the Award Vesting Date; or

**8.3.2** transferred under the Plan shall not be entitled to any rights attaching to Shares by reference to a record date preceding the Award Exercise Date or the Award Vesting Date.

**8.4 Listing:** If and for so long as the Shares are listed on the London Stock Exchange, the Company shall apply for listing of any Shares issued under the Plan as soon as practicable after their allotment.

**8.5 Settlement in Cash:** Where following an Award Exercise Date or Award Vesting Date but before the underlying Shares have been transferred or allotted to the Participant (or his nominee), the Grantor may in its absolute discretion determine that the Participant shall instead receive a cash sum equal to the aggregate Market Value of some or all of the

Shares which would otherwise have been transferred or allotted to him (or his nominee) pursuant to that Award.

- 8.6 Payment of Taxes:** The exercise of a Nil Price Option or the vesting of a Contingent Award is subject to any withholding that may be necessary on account of a Participant's Tax Liability in respect of the relevant Award. The Company or any relevant Participating Company may make arrangements to sell on behalf of the Participant such number of Shares acquired on the exercise of a Nil Price Option or the vesting of a Contingent Award as is necessary to discharge the Participant's Tax Liability.

## **9 ADJUSTMENTS**

- 9.1 Variation in equity share capital:** If there is a Variation:

**9.1.1** the number of Shares over which an Award is granted; and

**9.1.2** where an Award has been exercised or has vested but at the date of the Variation no Shares have been allotted or transferred pursuant to such exercise, the number of Shares which may be so allotted or transferred

may be adjusted in such manner as the Grantor shall consider appropriate.

- 9.2 Notifying Participants of adjustments:** The Grantor may take such steps as it may consider necessary to notify Participants of any adjustment made under this Rule 9 and to call in, cancel, endorse, issue or re-issue any award certificate as a result of such adjustment.

## **10 ADMINISTRATION**

- 10.1 Notices:** Any notice or other communication in connection with the Plan may be given:

**10.1.1** by personal delivery; or

**10.1.2** by sending the same by electronic means or by post in the case of a company:

- (i) to its registered office; and
- (ii) in the case of an individual to his last known address, or, where he is a director or employee of a Participating Company or an Associated Company, either to his last known address or to the address of the place of business at which he performs the whole or substantially the whole of the duties of his office or employment.

Where a notice or other communication is given by post, it shall be deemed to have been received 72 hours after it was put into the post properly addressed and stamped and if by electronic means when the sender receives electronic information of delivery or if not available 24 hours after sending the notice.

- 10.2 Documents sent to shareholders:** Participants may, at the discretion of the Grantor, receive copies of any notice or document sent by the Company to the holders of Shares.
- 10.3 Partial exercise or vesting of Awards:** In the case of the partial exercise or vesting of an Award, the Grantor may in consequence call in, endorse or cancel and re-issue, as it considers appropriate, any certificate for the balance of the Shares over which the Award was granted.
- 10.4 Replacement award certificates:** If any award certificate shall be worn out, defaced or lost, it may be replaced on such evidence being provided as the Grantor may require.
- 10.5 Shares to cover Awards:** The Company shall at all times keep available sufficient Shares or procure that sufficient Shares are available to satisfy all Awards granted by it.
- 10.6 Administration of the Plan:** The Plan shall be administered by the Committee. The Committee shall have full authority, consistent with the Plan, to administer the Plan, including authority to interpret and construe any provision of the Plan and to adopt such regulations for administering the Plan and such forms of exercise as it may deem necessary or appropriate. Decisions of the Committee shall be final and binding on all parties.
- 10.7 Costs of introducing and administering the Plan:** The costs of introducing and administering the Plan shall be borne by the Company. However, the Company may require any Subsidiary of the Company to enter into such agreement with it as it shall deem necessary to oblige such Subsidiary to reimburse the Company for any costs borne by the Company directly or indirectly in respect of such Subsidiary's officers or employees. The Company may also enter into a similar agreement with any Associated Company which is not a Subsidiary of the Company.

## **11 AMENDING THE PLAN**

- 11.1 The Board's power to amend the Plan:** Subject to the provisions of Rule 11.2, the Board may at any time alter, delete or add to all or any of the provisions of the Plan in any respect.
- 11.2 Shareholders' approval:** Subject to Rule 11.3, no alteration, deletion or addition to the advantage of Participants shall be made under Rule 11.1 to:
- 11.2.1** the persons to whom Awards may be granted under the Plan;
  - 11.2.2** the limits in Rule 3;
  - 11.2.3** the principal terms governing the vesting of Awards (and the exercise of Nil Price Options);
  - 11.2.4** the rights of Participants under Rule 9; and

**11.2.5** the terms of this Rule 11.2;

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

**11.3 Minor Alterations:** Rule 11.2 shall not apply to any minor alteration, deletion or addition which is to benefit the administration of the Plan, or to take account of a change in legislation, or to obtain or maintain favourable taxation, exchange control or regulatory treatment for the Company or Subsidiary of the Company or Associated Company or any Participant.

**11.4 Participants' approval:** No alteration, deletion or addition shall be made under Rule 11.1 which would abrogate or adversely affect the subsisting rights of a Participant unless it is made:

**11.4.1** with the consent in writing of such number of Participants as hold Awards under the Plan to acquire 75 per cent. of the Shares which would be issued or transferred if all Awards granted and subsisting under the Plan were exercised or had vested in full (ignoring any conditions which may be attached to their exercise); or

**11.4.2** by a resolution at a meeting of Participants passed by not less than 75 per cent. of the Participants who attend and vote either in person or by proxy,

and for the purpose of this Rule 11.4 the provisions of the Articles of Association of the Company relating to shareholder meetings shall apply with the necessary changes.

**11.5 Notice of amendments:** Participants shall be given written notice of any alteration, deletion or addition under Rule 11.1 as soon as reasonably practicable after they have been made.

**11.6 Prohibited amendment:** No alteration shall be made to the Plan if, as a result of the alteration, the Plan would cease to be an Employees' Share Scheme.

**11.7 Overseas Plans:** Notwithstanding any other provision of the Plan other than Rule 11.1, the Board may, in respect of Awards granted to Eligible Employees who are or who may become subject to taxation outside the United Kingdom on their remuneration amend or add to the provisions of the Plan and the terms of Awards as it considers necessary or desirable to take account of or to mitigate or to comply with relevant overseas taxation, securities or exchange control laws provided that the terms of Awards granted to such Eligible Employees are not overall more favourable than the terms of Awards granted to other Eligible Employees and that any Shares made available under such plans shall count towards the limits set out in Rule 3.

## **12 GENERAL**

**12.1 Termination of the Plan:** The Plan shall terminate following the end of the Plan Period or at any earlier time by the passing of a resolution by the Board. Termination of the Plan shall not affect the subsisting rights of Participants.

**12.2 The Plan and funding the purchase of Shares:** The Company and any Subsidiary of the Company may provide money to the trustees of any trust or any other person to enable them or him to acquire Shares to be held for the purposes of the Plan, or enter into any guarantee or indemnity for those purposes, to the extent permitted by Company Law. In addition, the Company may require any Subsidiary to enter into such other agreement or agreements as it shall deem necessary to oblige such Subsidiary to reimburse the Company for any other amounts paid by the Company in relation to the Plan, directly or indirectly in respect of such Subsidiary's officers or employees. The Company may also enter into a similar agreement or agreements with any Participating Company or Associated Company which is not a Subsidiary of the Company.

**12.3 Rights of Participants and Eligible Employees:** For the purposes of this Rule 12.3, "Employee" means any Participant or Eligible Employee. This Rule 12.3 applies:

- (i) whether the Grantor has full discretion in the operation of the Plan, or whether the Grantor could be regarded as being subject to any obligations in the operation of the Plan;
- (ii) during an Employee's employment or employment relationship; and
- (iii) after the termination of an Employee's employment or employment relationship, whether the termination is lawful or unlawful.

**12.3.1** Nothing in the Plan or in any instrument executed pursuant to it forms part of the contract of employment or employment relationship of an Employee nor will it confer on any person any right to continue in employment, nor will it affect the right of any Participating Company or Associated Company to terminate the employment of any person without liability at any time with or without cause, nor will it impose upon the Grantor or any other person any duty or liability whatsoever (whether in contract, tort or otherwise) in connection with:

- (i) the lapsing of any Award pursuant to the Plan;
- (ii) the failure or refusal to exercise any discretion under the Plan; and/or
- (iii) an Employee ceasing to hold office or employment for any reason whatever.

- 12.3.2** Awards shall not (except as may be required by taxation law) form part of the emoluments of individuals or count as wages or remuneration for pension or other purposes.
- 12.3.3** The rights and obligations arising from the employment relationship between the Employee and any Participating Company or Associated Company are separate from, and are not affected by, the Plan. Participation in the Plan does not create any right to, or expectation of, continued employment or a continued employment relationship.
- 12.3.4** Any Employee who ceases to be an officer or employee with any Participating Company or Associated Company as a result of the termination and/or giving of notice of termination of his office or employment for any reason and however that termination and/or giving of notice of termination occurs, whether lawfully or otherwise, shall not be entitled and shall be deemed irrevocably to have waived any entitlement by way of damages for dismissal or by way of compensation for loss of office or employment or otherwise to any sum, damages or other benefits to compensate that Employee for the loss or alteration of any rights, benefits or expectations in relation to any Award, the Plan or any instrument executed pursuant to it.
- 12.3.5** No Employee is entitled to participate in the Plan, or be considered for participation in it, at a particular level or at all. The grant of Awards on a particular basis in any year does not create any right to or expectation of the grant of Awards on the same basis, or at all, in any future year.
- 12.3.6** Without prejudice to an Employee's rights arising pursuant to a granted Award (subject to and in accordance with the express terms of the Award and the Rules), no Employee has any rights in respect of the exercise or omission to exercise any discretion, or the making or omission to make any decision, relating to an Award. Any and all discretions, decisions or omissions relating to an Award may operate to the disadvantage of the Employee, even if this could be regarded as in breach of any implied term between the Employee and any Participating Company or Associated Company, including any implied duty of trust and confidence. Any such implied term is excluded and overridden by this Rule 12.3.
- 12.3.7** No Employee has any right to compensation for any loss in relation to the Plan, including:
- (i) any loss or reduction of any rights or expectations under the Plan in any circumstances or for any reason (including lawful or unlawful termination of employment or the employment relationship);

- (ii) any exercise of a discretion or a decision taken in relation to an Award or to the Plan, or any failure to exercise a discretion or take a decision;
- (iii) the operation, suspension, termination or amendment of the Plan.

**12.3.8** Participation in the Plan is permitted only on the basis that the Employee accepts all the provisions of the Rules, including in particular this Rule 12.3. By participating in the Plan, an Employee waives all rights under the Plan, other than rights arising pursuant to a granted Award (subject to and in accordance with the express terms of the Award and the Rules), in consideration for, and as a condition of, the grant of an Award under the Plan.

**12.3.9** Each of the provisions of this Rule 12.3 is entirely separate and independent from each of the other provisions. If any provision is found to be invalid then it will be deemed never to have been part of this Rule and to the extent that it is possible to do so, this will not affect the validity or enforceability of any of the remaining provisions.

**12.4 Data protection:** If a Participant is employed outside the European Economic Area and consent is needed for the collection, processing or transfer of their personal data under applicable local law, by participating in the Plan, the Participant gives their consent for the purposes of the Plan. For the purposes of compliance with the General Data Protection Regulation (EU) 2016/679, the Company will separately provide a Participant with information on the collection, processing and transfer of their personal data, including the grounds for processing.

**12.5 Articles of Association:** Any Shares acquired on the exercise of Awards shall be subject to the Articles of Association of the Company as amended from time to time.

**12.6 Governing Law:** These Rules shall be governed by and construed in accordance with the law of England and Wales. All Participants, the Company and any other Participating Company or Associated Company shall submit to the jurisdiction of the Courts of England and Wales in relation to anything arising under the Plan.

## APPENDIX 1 - DEFINITIONS

<b>Appendix 1</b>	this appendix 1 which forms part of the Rules;
<b>Associated Company</b>	in relation to the Company: <ul style="list-style-type: none"><li>(i) any company which has Control of the Company; and</li><li>(ii) any company (other than a Participating Company) which is under the Control of any company referred to in (i) above;</li></ul>
<b>Award</b>	an award is a right to acquire Shares which is either subsisting or is proposed to be granted and may take the form of: <ul style="list-style-type: none"><li>(i) a Nil Price Option;</li><li>(ii) a Contingent Award; or</li><li>(iii) an award in such other form as the Grantor considers has a substantially similar purpose or effect;</li></ul>
<b>Award Exercise Date</b>	the date when the exercise of a Nil Price Option is effective because it complies with Rule 6.3;
<b>Award Vesting Date</b>	the date when the Contingent Award vests because it complies with Rule 6.3;
<b>Board</b>	the board of directors of the Company from time to time or a duly authorised committee of the Board;
<b>Committee</b>	the remuneration committee or other duly authorised committee of the Board provided that, if any person obtains Control of the Company, other than in the context of an Internal Reorganisation, references to the Committee shall thereafter be to the Committee as constituted immediately prior to such Control being obtained;
<b>Company</b>	Pharos Energy plc (registered no. 3300821);
<b>Contingent Award</b>	a contingent right to acquire Shares at no cost;
<b>Control</b>	has the meaning given by Section 995 of the Income Tax Act 2007;



<b>Date of Grant</b>	the date on which the Grantor grants an Award in accordance with Rule 2.7;
<b>Dealing Day</b>	any day on which the London Stock Exchange is open for the transaction of business;
<b>Dealing Restrictions</b>	means any restriction on dealing in securities Shares imposed by regulation, statute, order, directive or any code adopted by the Company as varied from time to time;
<b>Eligible Employee</b>	any person who at the Date of Grant is either: <ul style="list-style-type: none"> <li>(i) an employee (other than an employee who is also a director) of a Participating Company; or</li> <li>(ii) or is a director of a Participating Company (on terms which require him to devote substantially all of his working time to the business of one or more Participating Companies);</li> </ul>
<b>Employees' Share Scheme</b>	the meaning given by Section 1166 of the Companies Act 2006;
<b>Grantor</b>	the Company or, if the Committee so determines, the Trustees acting on the recommendation of the Committee;
<b>Grant Period</b>	the period of 42 days commencing the day immediately following: <ul style="list-style-type: none"> <li>a) the date the Plan is most recently approved by the Company in general meeting;</li> <li>b) the day on which the Company makes an announcement of its results for the last preceding financial year, half-year or other period;</li> <li>c) any other time where the Committee either determines that exceptional circumstances exist to warrant the grant of an Award; or</li> <li>d) any day on which any change to any relevant legislation, regulation or government directive affecting Employees' Share Schemes is proposed or made.</li> </ul> <p>provided that a grant is not precluded by any Dealing Restrictions in which case the relevant Grant Period</p>

shall be 42 days commencing the day immediately following the lifting of such restrictions;

**Holding Period**

means the period set out in or determined by the Committee under Rule 2.4 during which a Participant agrees not to sell, transfer, assign or dispose of some or all (or a proportion) of his Vested Shares (except any Vested Shares sold by or on behalf of the Participant to pay his Tax Liability due and arising on the vesting and/or exercise of his Award) in accordance with and subject to Rule 7;

**Internal Reorganisation**

any event, scheme or arrangement whereby another company (the “**Acquiring Company**”) obtains Control of the Company and immediately afterwards all or substantially all of the issued equity share capital of the Acquiring Company is owned directly or indirectly by persons who had Control of the Company immediately prior to such event, scheme or arrangement;

**London Stock Exchange**

means London Stock Exchange plc or any successor body thereto;

**Market Value**

in relation to a Share on any day:

- (i) if and so long as the Shares are listed on the London Stock Exchange, either
  - a) the closing middle market quotation on that Dealing Day or the immediately preceding Dealing Day; or
  - b) an average of the closing middle market quotations over three consecutive Dealing Days (as determined by the Grantor) immediately preceding either of the dates referred to in (a) above; or
- (ii) if paragraph (i) does not apply, the market value as determined in accordance with Part VIII of the Taxation of Chargeable Gains Act 1992 and, where necessary, agreed in advance with the Shares & Assets Valuation division of the UK HM Revenue & Customs;

<b>Nil Price Option</b>	an option with an option price equal to zero;
<b>Normal Vesting Date</b>	the third anniversary of the Date of Grant, or such other date specified by the Grantor at the Date of Grant as the normal vesting date (subject to rule 2.4.2);
<b>Participant</b>	any Eligible Employee to whom an Award has been granted, or (where the context requires) his personal representatives;
<b>Participating Company</b>	<ul style="list-style-type: none"> <li>(i) the Company; and</li> <li>(ii) any other company which is under Control of the Company and is a subsidiary of the Company except one which the Board has designated shall not be a Participating Company;</li> </ul>
<b>Plan</b>	the Pharos Energy plc Long-Term Incentive Plan in its present form or as from time to time amended in accordance with the Rules;
<b>Plan Period</b>	the period starting on the date the Plan is most recently approved by shareholders of the Company in general meeting and ending on the tenth anniversary of that date;
<b>Rules</b>	these rules as amended from time to time in accordance with their terms;
<b>Share</b>	a fully paid ordinary share in the capital of the Company;
<b>Subsidiary</b>	the meaning given by Section 1159 of the Companies Act 2006;
<b>Takeover Code</b>	the City Code on Takeovers and Mergers published by The Panel on Takeovers and Mergers from time to time;
<b>Tax Liability</b>	in relation to a Participant, the amount of all taxes and/or social security contributions which any Participating Company is required to account for in respect of an Award including any liability for tax and social security contributions which the Participating Company has transferred to or sought reimbursement by the Participant pursuant to Rule 2.9;

<b>Trustees</b>	the trustee or trustees for the time being of any employee benefit trust established for the benefit of beneficiaries including all or substantially all of the Eligible Employees;
<b>UK Listing Authority</b>	the UK Listing Authority or any successor body carrying on the business of the UK Listing Authority;
<b>Variation</b>	any variation to the equity share capital of the Company including (without limitation) a capitalisation issue, an offer or invitation made by way of rights, a subdivision, a consolidation or reduction, a demerger or any other corporate event that the Grantor deems exceptional; and
<b>Vested Shares</b>	those Shares in respect of which an Award vests.

## APPENDIX 2 - US ADDENDUM

### 1 GENERAL

- 1.1 This US Sub-Plan shall be used for all Participants who are, or may become prior to an Award Vesting Date, US taxpayers (“**US taxpayers**”). In the event that a Participant becomes a US taxpayer after the grant of an Award, such Award shall be modified in a manner consistent with this Sub-Plan.
- 1.2 The purpose of this Sub-Plan is to ensure that Awards made under the Plan comply with the requirements of section 409A of Title 26 of the United States Code (“**the Internal Revenue Code**”) and should be interpreted in a manner consistent with such requirements. Notwithstanding the foregoing, this Sub-Plan should also be interpreted and applied in a manner consistent with other legal requirements under laws in relevant jurisdictions, including but not limited to applicable securities laws.
- 1.3 Words and phrases defined in the Plan shall bear the same meaning in this US Sub-Plan except as otherwise provided.
- 1.4 The Rules of the Plan apply to this US Sub-Plan except as otherwise provided for below.
- 1.5 This US Sub-Plan shall apply from the date the Plan is first approved by the Company in general meeting and shall impact all Awards made on or after that date.
- 1.6 The Board (with the subsequent agreement of the Grantor, where applicable) may amend any of the provisions of this US Sub-Plan to take account of a change in the Internal Revenue Code, in particular in relation to section 409A of the Internal Revenue Code.

### 2 DEFINITIONS

“**Substantial Risk of Forfeiture**” has the meaning given in section 409A of the Internal Revenue Code and Treas. Reg. §1.409A-1(d)

### 3 GRANT OF AWARDS

- 3.1 Rule 2.2 shall be amended as follows:

“The Grantor may only grant Awards in the form of a Contingent Award.”

- 3.2 Rule 2.8 shall be amended by adding the following at the end of that Rule:

“To the extent that a Contingent Award made to a US taxpayer is increased by dividend equivalents pursuant to this Rule, any Shares representing such dividend equivalents shall be issued or transferred to the Participant within the time period referred to in Rule 7.1 and, where Rule 7.5 applies, any cash representing such Shares shall be paid to the Participant within the time period referred to in that Rule.”

- 3.3 Rule 4.2.4 shall be deleted.

### 4 RELEASE OF AWARDS

- 4.1 Rule 7.1 shall be amended as follows:

**“Issue or transfer of Shares:** Subject to Rules 7.2 and 7.5, the Grantor shall procure the transfer or allotment of any Shares to be transferred or allotted to a Participant (or his nominee) pursuant to the vesting of an Award within 30 days following the Award Vesting Date (but in no event shall such issue or transfer occur after the 15th March following the end of the calendar year in which the Award is no longer subject to a Substantial Risk of Forfeiture). Shares may only be allotted to satisfy the vesting of a Contingent Award if and to the extent that the Board shall be authorised to capitalise from the reserves of the Company a sum at least equal to the nominal value of the Shares in respect of which the Contingent Award has vested and applies such sum in paying up such amount on such Shares so that on the vesting of a Contingent Award which is to be satisfied by the issue of Shares the Board shall capitalise such sum and apply the same in paying up such amount.”

**4.2** Rule 7.5 shall be amended by adding the following at the end of that Rule:

“Any payment of cash pursuant to this Rule 7.5 shall be made within 30 days following the Award Vesting Date of the underlying Award (but in no event shall such payment occur after the 15<sup>th</sup> March following the end of the calendar year in which the Award is no longer subject to a Substantial Risk of Forfeiture).”