

Notice of Annual General Meeting

Sancus Lending Group Limited

(a non-cellular company limited by shares incorporated in Guernsey with registration number 43260)

Block C, Hirzel Court, Hirzel Street, St Peter Port, Guernsey, GY1 2NL
Tel: +44 (0) 1481 708280 Fax: +44 (0) 1481 749829

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, or the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser who, if you are taking advice in the United Kingdom, is duly authorised under the Financial Services and Markets Act 2000, as amended.

If you have sold or otherwise transferred all of your Ordinary Shares in the Company, you should send this document, together with the accompanying proxy form, at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee.

NOTICE IS HEREBY GIVEN that the annual general meeting (“**AGM**”) of Sancus Lending Group Limited (the “**Company**”) will be held at Block C, Hirzel Court, Hirzel Street, St Peter Port, Guernsey on Friday, 19th of May 2023 at 10:00hrs for the transaction of the following business:

ORDINARY BUSINESS

To consider and, if thought fit, pass the following resolutions, each of which will be proposed as an ordinary resolution:

1. THAT the Financial Statements of the Company for the year ended 31 December 2022 with the Report of the Directors and Auditors thereon be received and adopted.
2. THAT the Directors’ Remuneration Report for the year ended 31 December 2022 be approved.
3. THAT the long-term incentive scheme (the “**Scheme**”) set out in Appendix 1 to this Notice of Annual General Meeting be approved and the Directors of the Company be and are hereby authorised to adopt the Scheme and do all acts and things which they may, in their absolute discretion, consider necessary or expedient to give effect to the Scheme, and the Directors of the Company be and are hereby authorised to adopt further schemes based on the Scheme but modified to take account of local tax, exchange control or securities laws (including in overseas territories), provided that any shares made available under such further schemes are treated as counting against any limits on individual or overall participation in the Scheme.
4. THAT Moore Stephens be re-appointed as auditors of the Company (the “**Auditors**”) to hold office until the conclusion of the next annual general meeting of the Company.
5. THAT the Directors be authorised to fix the remuneration of the Auditors for their next period of office.

SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions of which resolutions 6 and 7 will be proposed as ordinary resolutions and resolution 8 will be proposed as a special resolution:

6. THAT the Company be and is hereby generally and unconditionally authorised, in accordance with Section 315 of The Companies (Guernsey) Law 2008 (as amended) (the “**Law**”), to make market acquisitions (as defined in that Law) of ordinary shares of no par value in the capital of the Company (“**Ordinary Shares**”), provided that:
 - a. the maximum number of Ordinary Shares hereby authorised to be purchased shall be 14.99% of the issued Ordinary Shares on the date on which this resolution is passed;
 - b. the minimum price which may be paid for an Ordinary Share shall be 1p;
 - c. the maximum price (exclusive of expenses) which may be paid for an Ordinary Share shall be 105% of the average of the middle market quotations (as derived from the Daily Official List) of the Ordinary Shares for the five business days immediately preceding the date of purchase; and
 - d. the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company held in 2024 or 18 months from the date of this resolution, whichever is the earlier, unless such authority is varied,

revoked or renewed prior to such time, save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares under such authority and may make a purchase of Ordinary Shares pursuant to any such contract.

7. THAT the Company be and is hereby generally and unconditionally authorised, in accordance with Section 315 of The Companies (Guernsey) Law 2008 (as amended) (the "**Law**"), to make market acquisitions (as defined in that Law) of redeemable zero dividend preference shares in the capital of the Company ("**ZDP Shares**"), provided that:
- a. the maximum number of ZDP Shares hereby authorised to be purchased shall be 100% of the issued ZDP Shares on the date on which this resolution is passed;
 - b. the minimum price which may be paid for a ZDP Share shall be 1p;
 - c. the maximum price (exclusive of expenses) which may be paid for a ZDP Share shall be 105% of the average of the middle market quotations (as derived from the Daily Official List) of the ZDP Shares for the five business days immediately preceding the date of purchase;
 - d. the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company held in 2024 or 18 months from the date of this resolution, whichever is the earlier, unless such authority is varied, revoked or renewed prior to such time, save that the Company may, prior to such expiry, enter into a contract to purchase ZDP Shares under such authority and may make a purchase of ZDP Shares pursuant to any such contract; and
 - e. the Cover Test (as defined in the Articles) will continue to be met immediately following any such acquisition of ZDP Shares, or the A Cover and B Cover is otherwise increased immediately following any such acquisition.
8. THAT pursuant to Article 8.7 of the Articles, the provisions of Article 8.2 of the Articles shall not apply and shall be excluded in relation to the issue of up to an aggregate number of Ordinary Shares as represents less than 20 per cent. of the number of Ordinary Shares admitted to trading on London Stock Exchange plc's Alternative Investment Market for listed securities immediately following the passing of this resolution, provided that such disapplication and exclusion shall expire on the date which is 18 months from the date of the passing of this resolution or, if earlier, at the conclusion of the next annual general meeting of the Company following the date of the passing of this resolution (unless previously renewed, revoked or varied by the Company by special resolution) save that the Company may before such expiry make an offer or agreement which would or might require Ordinary Shares to be issued and allotted after such expiry and the Directors may issue and allot Ordinary Shares in pursuance of such an offer or agreement as if the disapplication and exclusion conferred hereby had not expired.

BY ORDER OF THE BOARD

Sanne Fund Services (Guernsey) Limited

Company Secretary

25 April 2023

Block C
Hirzel Court
Hirzel Street
St Peter Port
Guernsey
GY1 2NL

EXPLANATORY NOTES:

Re-election Directors:

Article 37.3 requires that each Director shall retire from office at the third annual general meeting after the annual general meeting or general meeting (as the case may be) at which he was previously appointed. Each of the Directors stood for re-election at the 2022 annual general meeting and therefore will not be due to stand for re-election until 2025.

Biographical details for all Directors are provided in the Company's 31 December 2022 Annual Report.

New Long-Term Incentive Plan – resolution 3:

Under these resolutions, shareholders are asked to approve a new Long-Term Incentive Plan ("LTIP") for the senior leaders of the Company, and to give the Board the flexibility to adopt similar schemes if required in the future for different territories in which the Group operates.

The Board's intention to introduce an LTIP in 2023 was noted in the 2022 Annual Report. With the assistance of independent external advisers, the Board has now agreed the key terms of the LTIP and is presenting the plan for formal shareholder approval in the interests of good corporate governance.

As disclosed in the Annual Report, the remuneration of the Executive Directors and the other members of the Executive Management Team includes basic salary, pension contributions and a discretionary executive cash bonus. Bonus payments are not guaranteed and only one member of the executive team received a bonus in respect of the 2022 financial year. The LTIP will act as a material additional incentive for the Company's senior leaders to grow the business and generate value for shareholders over the coming years.

The LTIP has been designed to operate as a conventional performance share plan. This means that participants will receive an award relating to a number of Sancus shares which will vest subject to the achievement of performance conditions set by the Remuneration Committee. In line with standard market practice, it is the Committee's current intention to grant an award each year, with the vesting of each award subject to the satisfaction of targets measured over the subsequent three-year period. Ahead of each annual grant, the Committee will determine which individuals will receive an award, the size of their award and the performance conditions to apply.

Subject to shareholder approval of the LTIP, the Committee intends to make the first grant under the LTIP as soon as reasonably practicable. Awards will be made to the Executive Management Team as follows:

		Value at grant of share awards
Rory Mepham	Chief Executive Officer	£110,000
Tracy Clarke	Chief Financial Officer	£70,000
James Waghorn	Chief Investment Officer	£70,000
Helen Trott	Chief Operating Officer and Legal Counsel	£20,000

Awards will also be made to a small number of other senior executives within the business.

It is currently intended that the awards will be granted in the form of nil-cost options or forfeitable shares.

The LTIP awards will vest in 2026, three years after grant, and will be subject to the achievement of operating profit targets measured up to the end of the 2025 financial year. The Group currently makes an operating loss and it is a priority of the Board and the management team to develop a sustainable profit-making business over the medium term. The Remuneration Committee has therefore agreed the following targets for the LTIP awards, which are considered by the Committee to be appropriately stretching in the context of the Board's expectations of Group performance over the next few years. As additional context, and as explained in the Annual Report, the Group made an operating loss of £4.7m for the financial year ending 31 December 2022.

	Operating profit* to be achieved in the financial year ending 31 December 2025	Level of vesting
Maximum	£4m	100%
	£3m	75%
	£2m	50%
Threshold	£1m	25%
Below threshold	Below £1m	0%

* Defined as operating profit after all debt financing including ZDP and Bonds, loan loss provisions/recoveries and a provision for other staff cash bonuses. Operating profit is measured pre-exceptional items and taxation.

Awards will vest on a straight-line basis between the various points set out in the table above.

In addition, the rules of the LTIP will give the Remuneration Committee the ability to adjust the formulaic vesting outcome of the awards if it considers that the formulaic outcome is not a fair reflection of the performance of the Company, the participant's performance and/or wider circumstances.

In respect of the Executive Directors, the Committee has agreed that any shares which vest must be held for a minimum of one year following vesting (other than any shares which are required to be sold to pay any tax due at the point of vesting).

The LTIP awards will be subject to malus and clawback provisions which will enable the Committee to cancel or recover awards in certain specific circumstances. The LTIP rules also include market-standard provisions covering the treatment of outstanding awards held by individuals who leave the business.

The Company will be able to issue new shares in respect of LTIP awards. In any 10-year period, the number of shares which can be issued under the LTIP and under any other employee share plan operated by the Company may not exceed 15% of the issued ordinary share capital.

The Board has discussed the key terms of the LTIP with Somerston, the Group's major shareholder, which has indicated its support for the plan and for the ongoing incentivisation of the management team.

A summary of the principal terms of the LTIP is set out in the Appendix to this document. The full LTIP rules will be available for inspection at the location of the AGM for at least 15 minutes before and after the meeting, and on the national storage mechanism from the date of this circular.

Re-appointment and remuneration of the Auditors – resolutions 4-5:

Shareholders are asked to vote on the re-appointment of Moore Stephens as the Company's Auditors until the conclusion of the next AGM to be held in 2024, and to grant authority to the Directors to determine Moore Stephens' remuneration for their services as Auditors to the Company in respect of their next period of office.

Market acquisitions – resolutions 6 and 7:

This resolution renews the share buy-back authority that was given by the Company's shareholders on 16 May 2022 Resolution 5 gives the Company authority to make market acquisitions of the Company's own Ordinary Shares, up to a maximum of 14.99 per cent. per annum of the Company's Ordinary Shares in issue (as at the time immediately following the passing of the resolution) and subject to minimum and maximum purchase prices as set out in parts b. and c. of resolution 5. This authority will only be invoked if, after taking proper advice, the Directors consider that benefits will accrue to shareholders generally.

Shareholders are also being asked to give the Company authority to make market acquisitions of the Company's own ZDP shares. If approved, any such acquisitions will only be made subject to the terms set out in resolution 6, and conditional on the relevant Cover Test ratios (as defined in the Articles) continuing to be met following any such acquisitions.

Disapplication of pre-emption rights - 8:

This resolution grants the Directors the authority to issue and allot Ordinary Shares for cash without first offering them to existing holders on a pro rata basis. The number of shares issued and allotted under this power must be less than 20 per cent. of the number of Ordinary Shares admitted to trading on London Stock Exchange plc's Alternative Investment Market for listed securities immediately following the passing of this resolution.

Any specific questions on the business of the AGM and resolutions can be submitted ahead of the AGM by email to info@sancus.com

May we finally take this opportunity to encourage shareholders to use the online voting facilities, rather than posting a paper proxy card. Details on how to submit your proxy vote online or through CREST are set out in notes 4, 5 and 6 below.

Note from the Board:

Members are requested to submit their votes in respect of all of the resolutions proposed in this Notice of AGM. It is the recommendation of the Board that members vote in favour of each resolution on the basis that the Board considers their passing to be in the best interests of the members as a whole.

Of those Directors who hold shares in the Company, each intends to vote in favour of all resolutions (other than the resolution in respect of his or her own re-election) proposed in this Notice of AGM. Their holdings as of the date of this notice were as follows:

	Ordinary Shares of no par value each held	Percentage of total issued share capital
John Whittle	138,052	0.03%

Information as to how to vote can be found in the Notes below or contained in the notes to the Form of Proxy, which accompanies this Notice of AGM.

NOTES:

1. A copy of this Notice of Annual General Meeting will be available for inspection at the registered office of the Company during normal business hours on any weekday (excluding Saturday, Sunday and public holidays) and at <http://www.sancus.com> from the date of the Notice of Annual General Meeting until (and including) the date of the Annual General Meeting and for 15 minutes prior to and during the Annual General Meeting.
2. Any shareholder entitled to attend, speak and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote instead of him. A proxy need not be a shareholder of the Company. A shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by the shareholder. A shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way. A proxy may be an individual or a body corporate who need not be a shareholder of the Company.
3. In the case of a shareholder which is a company, the instrument appointing a proxy must be executed under the shareholder's common seal or under the hand of a duly authorised officer or attorney.
4. You can submit your proxy vote electronically by accessing the shareholder portal at www.signalshares.com, logging in and selecting the 'Vote Online Now' link. You will require your username and password in order to log in and vote. If you have forgotten your username or password, you can request a reminder via the shareholder portal. If you have not previously registered to use the portal you will require your investor code ("IVC") which can be found on your share certificate. To be effective, the proxy vote must be submitted at www.signalshares.com so as to have been received by the Company's Registrars not less than 48 hours (excluding weekends and public holidays) before the time appointed for the meeting or any adjournment of it. By registering on the Signal shares portal at www.signalshares.com, you can manage your shareholding, including:
 - cast your vote
 - change your dividend payment instruction
 - update your address
 - select your communication preference
5. Link Group, the company's registrar, has launched a shareholder app: LinkVote+. It's free to download and use and gives shareholders the ability to access their shareholding record at any time and allows users to submit a proxy appointment quickly and easily online rather than through the post. The app is available to download on both the Apple App Store and Google Play, or by scanning the relevant QR code below.

Apple App Store



GooglePlay



6. If you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 10:00am on 17th of May 2023 in order to be considered valid or, if the meeting is adjourned, by the time which is 48 hours before the time of the adjourned meeting. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proxymity platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote.
7. Any power of attorney or other authority under which the proxy is submitted must be returned to the Company's Registrars, Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL.
8. If you are a member of CREST, you may register the appointment of a proxy by using the CREST electronic proxy appointment service. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) thereof by using the procedures, and to the address, described in the CREST Manual (available via www.euroclear.com) subject to the provisions of the Company's Articles of Incorporation. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK and International specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID: RA10) by 10.00 a.m. 17th of May 2023 or, in the event of any adjournment of the Annual General Meeting, not later than 48 hours (excluding days which are not business days) before the time appointed for the adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner

prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK and International does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction.

9. The Form of Proxy, together with, if appropriate, any power of attorney or other authority or a notarially certified copy of any power of attorney or other authority (if any) under which it is signed, must be deposited at the Company's receiving agent, Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL, not later than 48 hours (excluding days which are not business days) before the time appointed for holding the meeting.
10. To appoint more than one proxy to vote in relation to different shares within your holding you may photocopy the form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which in aggregate should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All Forms of Proxy must be signed and should be returned together in the same envelope.
11. In the case of joint holders, the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority will be determined by the order in which the names stand in the register of shareholders in respect of the joint holding.
12. Any corporation which is a shareholder of the Company may, by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of any class of shareholders of the Company and the person so authorised shall be entitled to exercise the same power on behalf of the corporation which he represents as that corporation could exercise if it were an individual shareholder of the Company.
13. To change your proxy instructions, simply submit a new proxy appointment using the method set out above. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence. Please note that the cut-off time for receipt of proxy appointments also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
14. Return of a completed Form of Proxy will not preclude a shareholder from attending and voting personally at the meeting. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
15. Pursuant to the Articles, the Company specifies that only shareholders entered on the register of shareholders of the Company will be entitled to receive notice of the meeting. In addition, only shareholders registered in the register of shareholders of the Company at close of business on the day 2 days (excluding any part of a day that is not a business day) before the day fixed for the meeting or adjourned meeting shall be entitled to attend, speak and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register after such time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
16. The quorum for a meeting of shareholders is two or more shareholders holding 5% or more of the voting rights (provided that they are entitled to vote on the business to be transacted at the meeting) present in person or by proxy.
17. If, within half an hour from the appointed time for the meeting, a quorum is not present, the meeting shall stand adjourned to the same date in the next week at the same time and place or to such time and place as the Board may determine. The quorum at any such adjourned meeting shall be such shareholder or shareholders who shall attend in person or by proxy.
18. The majority required for the passing of the ordinary resolutions is more than fifty per cent (50%) of the total number of votes cast in favour of each resolution. The majority required for the passing of special resolutions (if any) is not less than seventy five per cent (75%) of the total number of votes cast in favour of the resolution.
19. If the resolutions are duly passed at the meeting (or any adjourned meeting thereof), and other necessary formalities are completed, this will result in all of the proposed resolutions becoming binding on each shareholder in the Company whether or not they voted in favour of the resolutions, or voted at all.
20. To allow effective constitution of the meeting, if it is apparent to the chairman that no shareholders will be present in person or by proxy, other than by proxy in the chairman's favour, then the chairman may appoint a substitute to act as proxy in his stead for any shareholder, provided that such substitute proxy shall vote on the same basis as the chairman.

Documents available for inspection at and prior to the AGM

Copies of contracts of service and letters of engagement of the Directors with the Company and the Articles of Association of the Company are available for inspection at the Company's registered office on any weekday (Saturdays, Sundays and Bank Holidays excepted) during normal business hours. The rules of the LTIP will be available for inspection at the place of the general meeting for at least 15 minutes before and during the meeting and on the national storage mechanism from the date of this circular¹.

Summary of terms

APPENDIX

A summary of the principal terms of the Sancus Lending Group Ltd Long Term Incentive Plan (the “**LTIP**”) is set out below.

1. ELIGIBILITY

Any employee (including an executive director) of Sancus Lending Group Ltd (the “**Company**”) or any of its subsidiaries will be eligible to participate in the LTIP at the discretion of the Remuneration Committee.

2. FORM OF AWARDS

Awards under the LTIP may be in the form of: (a) a conditional right to acquire ordinary shares in the Company (“**Shares**”) at no cost to the participant (a “**Conditional Award**”), (b) an option to acquire Shares with an exercise price (if any) set by the Remuneration Committee at the date of grant (an “**Option**”), (c) Shares subject to restrictions on disposal (“**Forfeitable Shares**”) (d) a right to receive a cash amount which relates to the value of a certain number of notional Shares (a “**Cash Award**”) or (e) a cash or Share-settled Share Appreciation Right (together, “**Awards**”). References in this summary to Shares include, where appropriate, notional Shares to which a Cash Award relates. It is not anticipated that executive directors will receive Cash Awards.

It is currently intended to grant Awards in form of Options or Forfeitable Shares.

Awards may be granted over newly issued Shares, treasury Shares or Shares purchased in the market. Awards are not transferable (other than automatically on death). No payment will be required for the grant of an Award. Awards will not form part of pensionable earnings.

3. PERFORMANCE CONDITIONS

Unless the Remuneration Committee determines otherwise, Awards will be subject to the satisfaction of one or more performance conditions which will determine the proportion (if any) of the Award which will vest following the end of a performance period. A performance period will not ordinarily be less than three years long.

Any performance condition may be amended if an event occurs which causes the Remuneration Committee to consider that it would be appropriate to amend such condition. Any amended or substituted performance condition would not be materially less difficult to satisfy than the performance condition it replaces was at the time it was set.

4. DISCRETIONARY ADJUSTMENT

The Remuneration Committee can adjust the formulaic vesting outcome of any Award upwards or downwards (including to zero) if it considers that the extent to which the Award would otherwise vest is not a fair reflection of the performance of the Company, the participant’s performance and/or wider circumstances.

5. PLAN LIMITS

In any 10-year period, the number of Shares which may be issued (or committed to be issued) under the LTIP and under any other employee share plan adopted by the Company may not exceed 15 per cent of the issued ordinary share capital of the Company from time to time. Treasury Shares will be treated as newly issued for the purpose of these limits until such time as guidelines published by institutional investor representative bodies determine otherwise.

6. INDIVIDUAL LIMITS

Awards will not be granted to a participant under the LTIP in respect of any financial year over Shares with a market value (at the date of grant, as determined by the Remuneration Committee) in excess of 100% of a participant’s base salary in respect of any financial year of the Company.

7. GRANT OF AWARDS

Awards may only be granted within the six-week period beginning with (a) the approval of the LTIP by shareholders or (b) the dealing day after the date on which the Company announces its results for any period. If the Company is restricted from granting Awards during any such period, Awards may be granted in the period of 42 days following the relevant restriction being lifted. Awards may also be granted at any other time the Remuneration Committee determines that exceptional circumstances exist.

8. DIVIDEND EQUIVALENTS

The Remuneration Committee may provide additional Shares (or the cash equivalent) to a participant based on the value of some or all of the dividends which would have been paid on the number of Shares acquired pursuant to the Award had the participant held those Shares from the grant date until the date of vesting (or, in respect of an Option which is subject to a holding period, from the grant date until the earlier of the date the option is exercised and the end of the holding period).

9. MALUS AND CLAWBACK

The Remuneration Committee may, in its absolute discretion, determine at any time prior to the vesting of an Award (and, in the case of an Option, at any time before it is exercised) to reduce the number of Shares to which an Award relates (including to nil), in circumstances including:

- (a) the Committee forms the view that the Company materially misstated its financial results;
- (b) the Committee forms the view that the assessment of a performance or other condition was based on an error, or on inaccurate information;
- (c) there is evidence of fraud, gross misconduct, dishonesty or other behaviour which would have entitled the participant's employer to summarily dismiss them;
- (d) serious reputational damage to the Company, any group member or a relevant business unit;
- (e) the Remuneration Committee determines there is a corporate failure, material downturn, material failure of risk management or the occurrence of an event which in the opinion of the Remuneration Committee is a serious health and safety event in any Group Member or a relevant business unit, or
- (f) the participant was a Good Leaver by reason of retirement with the agreement of the Remuneration Committee, but becomes employed in a paid executive role.

The participant can be required to give back some or all of the Shares or cash received pursuant to an Award (or pay an amount equal to the value of such Shares) if, within two years of an Award vesting, the Remuneration Committee becomes aware that any of the events described above have occurred. The clawback obligation can be enforced against any other Awards the Participant holds, any cash bonus payable to the Participant, or any other award under an incentive scheme operated by a member of the Company's group.

10. VESTING AND EXERCISE

Awards that are subject to one or more performance conditions will normally vest, to the extent that the performance condition(s) has/have been satisfied, on the later of the third anniversary of the grant date and the date the Remuneration Committee determines the extent to which the performance conditions have been met. Where Awards are granted without performance conditions, they will vest on a date determined by the Remuneration Committee at the time of grant (normally the third anniversary of the grant date). Options will then normally be exercisable until the tenth anniversary of the grant date.

Where a Conditional Award has vested, or an Option has been exercised, but the Shares have not been allotted or transferred to the participant, the Remuneration Committee may decide to pay a participant a cash amount equal to the value of the Shares he or she would otherwise have received.

Any Shares or cash that are to be issued, transferred or paid (as appropriate) to a participant in respect of a vested Award or an exercised Option (including a Cash Award) will be issued, transferred or paid (as appropriate) within 30 days of the date of vesting or exercise (as appropriate).

11. HOLDING PERIOD

Awards may be granted with a requirement that any shares which are acquired by employees pursuant to an Award must normally be held for a minimum period of one year, save for a sale of Shares to fund any liability (i) to tax or social security liability arising in respect of the vesting or exercise of the Award or (ii) to pay the exercise price of an Option.

12. CESSATION OF EMPLOYMENT

If a participant ceases to be employed by the Company or one of its subsidiaries (together, the "Group") by reason of death, retirement (with the agreement of their employer), ill-health, injury, disability, redundancy, or the sale of the business or subsidiary that employs him or her out of the Group or for any other reason at the Remuneration Committee's discretion, any unvested Award he or she holds will usually continue until the normal vesting date unless the Remuneration Committee determines that the Award will vest earlier.

Awards will vest in respect of a number of Shares determined by the Remuneration Committee, taking account of the extent to which the Performance Condition(s) has/have been achieved (over the shortened period where the Award vests early) and, unless the Remuneration Committee determines otherwise, the number of Shares which vest will be reduced to reflect the proportion of the Performance Period (or, in relation to an Award which is not subject to a Performance Condition, the period beginning on the grant date and ending on the vesting date) (the "Pro-Rating Period") that has elapsed at the date the participant ceases employment.

Where Awards vest in these circumstances, Options will normally be exercisable for the 90 days (or one year where the Award Holder has become a Good Leaver by reason of death) after it vests.

If a participant ceases employment with the group in any other circumstances any Award he or she holds shall lapse on the date on which the participant ceases employment (or, if the Remuneration Committee so decides, the date they give or receive notice).

13. CORPORATE EVENTS

In the event of a change of control of the Company, unvested Awards will vest to the extent the performance condition(s) have been met over the period ending on the date of the change of control (or would, in the opinion of the Remuneration Committee, have been achieved over the full performance period) and, unless the Remuneration Committee determines

otherwise, the number of Shares which vest will be reduced to reflect the proportion of the Pro-Rating Period that has elapsed as at the date of the change of control. Options will then be exercisable for a period of one month, unless the Remuneration Committee requires holders of Options who wish to exercise their Option(s) to give, in advance of the change of control, a notice exercising their Option(s) with effect from immediately before the change of control.

Alternatively, the Remuneration Committee may permit or, in the case of an internal reorganisation, require, Awards to be exchanged for equivalent awards which relate to shares in a different company.

Awards will also vest early if there is a solvent winding-up of the Company and, if the Remuneration Committee so decides, if an extraordinary distribution (including a demerger or special dividend) is proposed which may substantially prejudice the participants' interests. In both cases, unvested Awards will vest to the extent the performance condition(s) are met and, unless the Remuneration Committee determines otherwise, the number of Shares which vest will be reduced to reflect the proportion of the Pro-Rating Period that has elapsed as at the relevant date.

14. ADJUSTMENTS

If a variation of the Company's share capital or an extraordinary distribution materially affects, in the Remuneration Committee's opinion, the value of the Awards, it may adjust the number of Shares subject to an Award and/or the per Share exercise price of an Option.

15. AMENDMENT AND TERMINATION

The Remuneration Committee may amend the LTIP at any time, provided that prior approval of the Company's shareholders in a general meeting will be required for amendments to the advantage of eligible employees or participants relating to eligibility, limits, the basis for determining a participant's entitlement to, and the terms of, the Shares or cash comprised in an Award and the impact of any variation of capital.

However, any minor amendment to benefit the administration of the LTIP, to take account of legislative changes, or to obtain or maintain favourable tax, exchange control or regulatory treatment may be made by the Remuneration Committee without shareholder approval.

No amendment may be made to the material disadvantage of participants in the LTIP unless consent is sought from the affected participants and given by a majority of them.

The LTIP will terminate on the tenth anniversary of its approval by shareholders. The rights of existing participants will not be affected by any termination.

16. DOCUMENTS AVAILABLE FOR INSPECTION

The rules of the LTIP will be available for inspection at the place of the general meeting for at least 15 minutes before and during the meeting and on the national storage mechanism from the date of this circular.

