

VELOCYS PLC

VELOCYS 2012 SHARE OPTION SCHEME

This is a copy of the rules of the Velocys 2012 Share Option Scheme as approved by the Shareholders of Velocys plc in General Meeting on 8 June 2012 and adopted by the Board of Directors of the Company on 8 June 2012, amended by the Board on 11 February 2015 (amendments to rule 6 approved by Shareholders on 23 February 2015) and further amended by the Board on 10 December 2019

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1. INTERPRETATION

1.1 In this Scheme:

"Acquiring Company"	means a company which has acquired Control of the Company
"Admission"	means the first occasion on which Shares are traded in or dealt in on AIM or another Relevant EEA Market or Relevant Market
"AIM"	means the Alternative Investment Market of the London Stock Exchange
"AIM Rules"	means the rules published by the London Stock Exchange governing admission to, and operation of, AIM
"Announcement"	means, following Admission, the preliminary announcement to the London Stock Exchange of the results of the Company for any financial period
"Change of Control"	means the Company coming under the Control of another person or persons as mentioned in Rule 18
"Company"	means Velocys plc (registered in England no 05712187) (formerly known as Oxford Catalysts Group and before that as Pimco 2445 Limited)
"Committed Time"	has the meaning given in paragraph 26 of Schedule 5
"Control"	has the meaning given in section 719 of ITEPA
"Date of Grant"	means, in relation to any Option, the date on which that Option is granted
"Dealing Day"	means a day on which the London Stock Exchange is open for business
"Directors"	means the board of directors of the Company or a duly authorised committee of the directors
"Eligible Employee"	means an Employee: (a) whose Committed Time amounts to:- (i) at least 25 hours a week; or (ii) if less, 75% of his Working Time; and (b) has no Material Interest in any company in the Group

"Employee"	means an employee (including an executive director) of any member of the Group
"EMI Option"	means an Option which satisfies, or which is intended to satisfy the conditions of Schedule 5
"Employees' Share Trust"	means any employees' trust established by the Company for the benefit of employees of the Group
"Exchange of Options"	means, the grant, to an Optionholder, in consideration of the release of an Option, of rights to acquire shares in an Acquiring Company or a company which has Control of an Acquiring Company or either is, or has Control of, a company which is a member of a consortium owning either an Acquiring Company or a company having Control of an Acquiring Company, being rights which are:- (a) in the opinion of the Directors, substantially equivalent in value to the value of such Option; and (b) on terms approved by the Directors
"Exercise Price"	means the price per Share payable upon the exercise of an Option
"Employer's NICs"	means secondary Class I NICs
"Grantor"	means, in relation to an Option, the Company or such other person as has granted that Option
"Group"	means the Company and any company which is for the time being a Subsidiary
"ITEPA"	means the Income Tax (Earnings and Pensions) Act 2003
"London Stock Exchange"	means London Stock Exchange plc
"Market Value"	means the market value of a Share on the Date of Grant as determined in accordance with Part VIII of the Taxation of Chargeable Gains Act 1992
"Material Interest"	has the meaning given in paragraphs 29 to 30 of Schedule 5
"NICs"	means National Insurance Contributions
"N.I. Regulations"	means the laws, regulations and practices currently in force relating to liability for and the collection of NICs
"Option"	means a right to acquire Shares granted in accordance with and subject to the rules of this Scheme which has not lapsed or ceased to be exercisable

"Option Contract"	means a deed granting an Option in such a form not inconsistent with the Scheme as the Directors may determine
"Option Gain"	means, in relation to an Option, a gain realised on the exercise or release of, or the acquisition of Shares pursuant to, an Option, being a gain that is treated as derived from the Optionholder's employment by virtue of section 4(4)(a) of the Social Security Contributions and Benefits Act 1992
"Optionholder"	means a person who has been granted an Option or, if that person has died and where the context requires, his Personal Representatives
"Optionholder's Employer"	means such member of the Group as is the Optionholder's employer or, if he has ceased to be employed within the Group, was his employer or such other member of the Group, or other person as, under the PAYE Regulations or, as the case may be, the N.I. Regulations, or any other statutory or regulatory enactment (whether in the United Kingdom or otherwise) is obliged to account for any Option Tax Liability
"Option Shares"	means the Shares over which an Option subsists
"Option Tax Liability"	means, in relation to an Optionholder, any liability of the Optionholder's Employer to account to H M Revenue & Customs or other tax authority for any amount of, or representing, income tax or NICs (which shall, to the extent provided for in Rule 4.6.2, include Employer's NICs) or any equivalent charge in the nature of tax or social security contributions (whether under the laws of the United Kingdom or otherwise) which may arise on the exercise or release of, or the acquisition of Shares pursuant to, an Option
"Ordinary Share Capital"	means the issued ordinary share capital of the Company other than fixed-rate preference shares, including any Shares held in treasury
"PAYE Regulations"	means the regulations made under section 684 of ITEPA
"Performance Option"	means an Option, the exercise of which is subject to the attainment of a Performance Target
"Performance Period"	means the period over which the performance of the Company is to be measured for the purpose of determining whether, and to what extent, the Performance Target is satisfied
"Performance Target"	means the condition(s) which may, at the discretion of the Directors, be imposed on the exercise of an Option pursuant to Rule 10, as amended from time to time

"Personal Representatives"	means, in relation to an Optionholder, the personal representatives of the Optionholder (being either the executors of his will to whom a valid grant of probate has been made or, if he dies intestate, the duly appointed administrator(s) of his estate) who have produced to the Company evidence of their appointment as such
"Relevant EEA Market"	has the same meaning as that term is defined in paragraph 68(2) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 as amended or re-issued from time to time
"Relevant Market"	has the same meaning as that term is defined in paragraph 69(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 as amended or re-issued from time to time
"Salary"	the gross rate of basic annual salary (excluding any bonus, company pension contributions, and any other perquisites and benefits-in-kind) payable to a person at a given time by members of the Group
"Schedule 5"	means Schedule 5 of ITEPA
"Scheme"	means the Velocys 2012 Share Option Scheme as set out in these rules and amended from time to time
"Shares"	means ordinary shares in the capital of the Company
"Subscription Option"	means a right to subscribe for Shares granted in accordance with and subject to the rules of this Scheme
"Subsidiary"	means any company which is for the time being a subsidiary (as defined in section 1159(1) of the Companies Act 2006) of the Company
"Trustee"	means the trustee or trustees for the time being of an Employees' Share Trust
"Vested Shares"	<p>(a) in the case of a Performance Option, means Shares which may be acquired by the exercise of such Option either immediately or, subject to the Optionholder continuing to hold office or employment within the Group, at some future time in consequence of:-</p> <p>(i) the Performance Target having been satisfied or waived or; if earlier</p> <p>(ii) the Performance Target having been deemed to be satisfied as mentioned in Rule 10.7</p>

- (b) in the case of an Option which is not a Performance Option, such of the Option Shares as become vested in accordance with a vesting schedule contained in the Option Contract constituting such Option

"Working Time" has the meaning given in paragraph 27 of Schedule 5

- 1.2 References to Shares in respect of which an Option subsists at any time are to be read and construed as references to the Shares over which the Option is then held (and in respect of which it has not then lapsed and ceased to be exercisable).
- 1.3 Words and expressions used in this Scheme and in the ancillary documents which are not defined in this Rule have the meanings they bear for the purposes of ITEPA.
- 1.4 Any reference to any enactment includes a reference to that enactment as from time to time modified extended or re-enacted.
- 1.5 Words denoting the masculine gender shall include the feminine.
- 1.6 Words denoting the singular shall include the plural and vice versa.
- 1.7 References to rules are to the rules of this Scheme and no account should be taken of the rule headings which have been inserted for ease of reference only.
- 1.8 If any question, dispute or disagreement arises as to the interpretation of this Scheme or of any rules, regulations or procedures relating to it or as to any question or right arising from or related to this Scheme, the decision of the Directors shall be final and binding upon all persons.

2. ADMINISTRATION

- 2.1 The Directors may from time to time make and vary such rules and regulations not inconsistent with the rules of the Scheme and establish such procedures for its administration and implementation as they think fit.
- 2.2 The Company shall bear the costs of the administration and implementation of this Scheme.

3. ELIGIBILITY

- 3.1 Subject to the following provisions of this Rule 3, the Directors shall have an absolute discretion as to the selection of persons to whom Options may be granted.
- 3.2 An Option may only be granted to an Employee.
- 3.3 An Option intended to qualify as an EMI Option may only be granted to an Eligible Employee.
- 3.4 An Option shall not be granted by any person other than the Company without the prior approval of the Directors.

4. GRANT AND ACCEPTANCE OF OPTIONS

- 4.1 An Option may only be granted during the period of:-
- 4.1.1 42 days beginning with the fourth Dealing Day following an Announcement;
 - 4.1.2 28 days immediately after the person to whom it is granted first becomes an Employee; or
 - 4.1.3 subject to the AIM Rules, at any other times but only if, in the opinion of the Directors, it is appropriate.
- 4.2 If the Grantor is restricted by statute, order or regulation (including any regulation, order or requirement imposed on the Company by the London Stock Exchange or any other regulatory authority) from granting an Option within any period as mentioned in Rules 4.1.1 or 4.1.2, the Grantor may grant an Option at any time during the period of 42 days (or, in the circumstances referred to in Rule 4.1.2, 28 days) beginning with the date on which all such restrictions are removed.
- 4.3 No Option may be granted in breach of the AIM Rules or in breach of applicable law.
- 4.4 No Option may be granted after the tenth anniversary of the approval of this Scheme by the Directors.
- 4.5 An Option shall be granted by the Grantor executing an Option Contract as a deed. The Grantor may (and for an EMI Option shall) require the Optionholder to return a copy of the Option Contract executed by him as a deed by a specified date, failing which the Option shall lapse.
- 4.6 By executing an Option Contract or exercising an Option the Optionholder shall:-
- 4.6.1 indemnify the Grantor and the Optionholder's Employer against any liability they may have to account for an Option Tax Liability pursuant to this Scheme;
 - 4.6.2 if the Directors so determine in relation to any Option, agree with and undertake to the Company and, if different, the Optionholder's Employer that:-
 - (a) the Optionholder's Employer may recover from the Optionholder the whole or any part of any Employer's NICs payable in respect of any Option Gain; and/or
 - (b) join with the Optionholder's Employer in making an election for the transfer to the Optionholder of the whole, or such part as the Company may determine, of any liability to Employer's NICs on any Option Gain;
 - 4.6.3 agree to join, if requested to do so, with the Optionholder's Employer in making an election as mentioned in section 431 of ITEPA for the full or partial (as determined by the Directors) disapplication of Chapter 2 (restricted securities) in such form as the Directors may specify from time to time or an equivalent election or similar in any jurisdiction outside the United Kingdom.

5. EXERCISE PRICE

- 5.1 Subject to Rule 5.2 and any adjustment being made pursuant to Rule 23, the Exercise Price shall be determined by the Directors (with the prior consent of the Grantor, if appropriate) but shall be not less than the lower of Market Value or the nominal value of a Share.
- 5.2 The Exercise Price in respect of a Subscription Option shall not (except as mentioned in Rule 23.1.3(a)) be less than the nominal value of the Share.

6. COMPANY LIMITS (INSTITUTIONAL) ON THE GRANT OF SUBSCRIPTION OPTIONS

- 6.1 The number of Shares in respect of which Subscription Options may be granted on any day, when added to the number of Shares issued or which remain issuable pursuant to rights to subscribe for Shares granted under this Scheme and any other employees' share scheme of the Company in the period of 10 years preceding that day, shall not exceed 25 per cent of the ordinary shares in issue on that day. For these purposes, no account shall be taken of any Shares issued or which remain issuable pursuant to rights granted under the Velocys, Inc. 2001 Stock Incentive Plan.
- 6.2 For the purposes of this Rule 6, references to rights to subscribe for Shares shall:-
- 6.2.1 include references to a right to acquire Shares issued or to be issued out of treasury;
 - 6.2.2 exclude any Options or rights to subscribe for Shares which have in fact been, or will be, satisfied by the transfer of Shares by an existing shareholder (other than the Company itself); and
 - 6.2.3 exclude any Options or rights to subscribe for Shares granted in respect of Shares or shares in Velocys plc prior to Admission.

7. COMPANY LIMITS (EMI) ON THE GRANT OF OPTIONS

No EMI Options shall be granted if such grant would cause the limit of £3 million on the value of Shares subject to unexercised EMI Options, or such other limit as is specified in paragraph 7 of Schedule 5 from time to time, to be exceeded.

8. INDIVIDUAL LIMITS (INSTITUTIONAL) ON THE GRANT OF OPTIONS

- 8.1 Subject to Rule 8.2, the aggregate market value of Shares in respect of which Options may be granted to an Employee in any year, when added to the aggregate market value of Shares in respect of which rights to acquire Shares have previously been granted to that Employee pursuant to this Scheme and any other employees' share scheme of the Company (not being a savings related share option scheme) in that year shall not exceed an amount equal to the greater of:-
- 8.1.1 three times the Salary payable to that Employee by members of the Group in the financial year which includes the Date of Grant; and
 - 8.1.2 three times the Salary payable to that Employee by members of the Group in the financial year preceding that in which the Date of Grant falls.

8.2 An Employee may be granted an Option in excess of the limit in Rule 8.1 if the Directors consider that exceptional circumstances exist.

8.3 For the purposes of this Rule 8:-

8.3.1 the market value of a Share in respect of which an Option has been or is to be granted shall be the Exercise Price or, if less, the minimum price per Share which could have been determined by the Committee to be its Exercise Price under Rule 5; and

8.3.2 the market value of Shares in respect of which other rights to acquire Shares have been granted shall have the same meaning as in Part VIII of the Taxation of Chargeable Gains Act 1992 and shall be calculated as at the time those rights were granted.

9. INDIVIDUAL LIMITS (EMI) ON THE GRANT OF OPTIONS

An EMI Option shall not be granted to an Eligible Employee on any occasion if such grant would cause the individual limit of £250,000 on the value of Shares which such individual may hold subject to unexercised EMI Options, or such other limit as is specified in paragraph 5 of Schedule 5 from time to time, to be exceeded.

10. PERFORMANCE TARGETS

10.1 When an Option is granted, the Directors may determine and specify that the exercise of such Option shall be conditional upon the performance of all or any combination of the Group, the Company and/or the Optionholder over such period and measured against such objective criteria as the Directors shall specify in writing PROVIDED THAT save as set out in these Rules and the Option Contract the question of whether an Option is or is not capable of being exercised on any occasion in respect of any given number or proportion of the Option Shares shall not be determined or determinable at the discretion of any person.

10.2 The Performance Target may provide that the number or proportion of the Option Shares in respect of which that Option may, subject to Rule 11, be exercised shall vary according to the extent to which any such criteria are met.

10.3 The terms of any Performance Target shall be set out in the Option Contract and the Directors shall subsequently notify an Optionholder in writing as to when, and the extent to which, any such Performance Target has been met in relation to his Option.

10.4 If, and insofar as, a Performance Target set in relation to an Option is met to any extent so that such Option shall, subject to Rule 11, be capable of being exercised in respect of any given number or proportion of the Option Shares, such Option shall thereupon lapse in respect of the balance of such Shares.

10.5 After an Option has been granted the Directors may, in appropriate circumstances, amend a Performance Target PROVIDED THAT any amended Performance Target will afford a more effective incentive to the Optionholder and will be no more difficult to satisfy than was the original Performance Target when first set.

10.6 The Directors may at any time waive altogether any requirement that a Performance Target be met as a condition of exercise of an Option.

10.7 If, before the end of the Performance Period:-

10.7.1 an Optionholder ceases to hold office or employment within the Group; or

10.7.2 circumstances arise as mentioned in Rules 16 ("Demerger or Court-sanctioned Scheme or Arrangement") or 18 ("Change of Control")

the Directors may, in their discretion, and acting fairly and reasonably, determine whether and to what extent the Performance Target shall be deemed to be satisfied, unless stated otherwise in the Option Contract.

11. EXERCISE OF OPTIONS - GENERAL RULES

11.1 During his lifetime, only the individual to whom an Option is granted may exercise that Option.

11.2 An Option may not be exercised on any occasion if the exercise would not be in full compliance with the AIM Rules and all applicable law.

11.3 It is a condition of exercise that the Optionholder agrees to indemnify the Grantor and the Optionholder's Employer in respect of any Option Tax Liability.

11.4 An Option may not be exercised if the Optionholder, having been required to do so, has not then entered into either or both:-

11.4.1 a joint election for the transfer to him of the liability to Employer's NICs on the Option Gain (see Rule 4.6.2); and/or

11.4.2 a joint election as mentioned in section 431 of ITEPA or equivalent election or similar (see Rule 4.6.4).

11.5 Except as specified in Rules 12 to 14 (inclusive), 16 to 18 (inclusive) and 20, an Option shall only be exercisable within such time period, in such manner and in such circumstances as are specified in the Option Contract constituting such Option.

11.6 Notwithstanding the following provisions of this Scheme and the detailed provisions of any Option Contract, no Option shall be exercisable later than the day immediately preceding the tenth anniversary of the Date of Grant.

11.7 Rules 12 to 21 (inclusive) and Rule 24 shall apply unless the Option Contract provides that they shall be disapplied in a particular way in which case such Rules shall be disapplied to the extent so specified.

12. INJURY, DISABILITY, REDUNDANCY, ETC

12.1 The provisions of this Rule 12 shall apply if an Optionholder ceases to hold office or employment within the Group by reason of:-

- 12.1.1 injury, ill-health or disability (evidenced to the satisfaction of the Directors);
 - 12.1.2 dismissal by reason of redundancy (within the meaning of the Employment Rights Act 1996) or workforce reduction in any jurisdiction outside the United Kingdom;
 - 12.1.3 the fact that the office or employment by virtue of which he is eligible to participate in this Scheme relates to a business or part of a business which is transferred to a person who is not a member of the Group; or
 - 12.1.4 the fact that the company with which he holds the office or employment by virtue of which he is eligible to participate in this Scheme is no longer a member of the Group.
- 12.2 An Option which is not a Performance Option may be exercised within the period of 40 days beginning with the date of such cessation, but only in respect of Option Shares which were Vested Shares at the date of such cessation.
- 12.3 A Performance Option may be exercised as follows:-
- 12.3.1 if such cessation occurs after the end of the Performance Period, within the period of 40 days beginning with the date of such cessation, but only in respect of Vested Shares; and
 - 12.3.2 if such cessation occurs during the Performance Period, within the period of 40 days beginning with the date of such cessation, but only in respect of a proportion (corresponding to such proportion of the Performance Period as fell before that date) of such of the Option Shares as become Vested Shares in consequence of the application of Rule 10.7.
- 12.4 If or insofar as an Option is not exercised within the relevant period of 40 days mentioned in Rules 12.2 and 12.3, such Option shall lapse and cease to be exercisable at the end of such period.

13. LEAVING FOR OTHER REASONS

- 13.1 If an Optionholder ceases to hold office or employment within the Group for any reason other than those set out in Rules 12 or 14, then an Option granted to him may only be exercised (if at all) in relation to such proportion of the Vested Shares, and (subject to Rule 11.6) within such period, as the Directors (acting fairly and reasonably) shall determine and notify to the Optionholder within 30 days of such cessation and shall otherwise lapse and cease to be exercisable.
- 13.2 An Optionholder who ceases to hold office or employment within the Group for any such other reason shall not be entitled to exercise an Option after the date of such cessation, except when and insofar as the Directors may determine as mentioned in Rule 13.1.

14. DEATH OF AN OPTIONHOLDER

- 14.1 If an Optionholder dies an Option granted to him may be exercised by his Personal Representatives (if at all) only within the period of 12 months beginning with the date of his

death, and only in respect of such of the Option Shares as are determined in accordance with the following provisions of this Rule 14. If and insofar as the Option is not exercised within that period, it shall lapse and cease to be exercisable at the end of that period.

- 14.2 If an Optionholder dies in service, an Option may be exercised in respect of all of the Option Shares.
- 14.3 If an Optionholder dies after having ceased to hold office or employment within the Group as mentioned in Rule 12 but before his Option lapses, an Option granted to him may be exercised only in respect of such proportion of the Option Shares as mentioned in Rule 12.
- 14.4 If an Optionholder dies after having ceased to hold office or employment within the Group for any other reason, an Option granted to him may be exercised only in respect of such proportion of the Option Shares as the Directors may determine and notify to the Personal Representatives as mentioned in Rule 13.

15. TIME OF LEAVING

- 15.1 For the purposes of this Scheme, an Optionholder shall be treated as having ceased to hold office or employment within the Group only when he no longer holds any office or employment with any member of the Group or is summarily dismissed from any such office or employment.
- 15.2 An Optionholder shall not be treated as having ceased to hold office or employment within the Group solely by reason of being absent from work during any period of:-
 - 15.2.1 statutory or contractual paternity, maternity, parental or adoption leave; or
 - 15.2.2 compulsory national military service.

16. DEMERGER OR COURT-SANCTIONED COMPROMISE OR ARRANGEMENT

- 16.1 Subject to Rule 11.6, if the Company's shareholders are notified of a proposed demerger of the Company or of any Subsidiary, the Directors shall, as soon as practicable, notify Optionholders that Options may be exercised in respect of such proportion of the Option Shares as specified in Rule 21, within one month of the date of such notice (or such longer period as the Directors may specify in such notice). No such notice shall be given unless the Company has received independent advice that (disregarding any Performance Target subject to which Options are then exercisable) the interests of Optionholders would or might be substantially prejudiced if, before the proposed demerger has effect, Optionholders could not exercise Options and be registered as the holder of the Shares so acquired. Options will lapse and cease to be exercisable, to the extent not exercised at the end of the relevant period.
- 16.2 Subject to Rule 11.6, if pursuant to section 899 of the Companies Act 2006 the court sanctions a compromise or arrangement:-
 - 16.2.1 pursuant to which the Company shall (if the compromise or arrangement becomes effective) come under the Control of another person; or

16.2.2 which is proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation

Options may be exercised in respect of such proportion of the Option Shares as specified in Rule 21, within the period of 3 months commencing on the date on which the compromise or arrangement becomes effective (or, if the Directors so determine, the earlier date when the court sanctions the compromise or arrangement). Options will lapse and cease to be exercisable, to the extent not exercised at the end of the 3 month period.

16.3 In addition to Rule 16.2, subject to Rule 11.6 the Directors may permit Options to be exercised in respect of such proportion of the Option Shares as specified in Rule 21 conditionally on the court sanction, but before the compromise or arrangement becomes effective. In this case, the Directors shall notify Optionholders of a period (the "Conditional Exercise Period") during which Options may be exercised conditional upon the compromise or arrangement becoming effective. The Conditional Exercise Period must be at least 14 days, and end no more than 14 days before the date on which the court is expected to sanction the proposals. Any entitlement to exercise Options pursuant to this Rule 16.3 is in addition to Optionholders' rights under Rule 16.2, provided that in connection with a compromise or arrangement as described in Rule 16.2.1 the Directors may specify that Options are to lapse at the end of the Conditional Exercise Period, if not conditionally exercised by the end of that period.

16.4 In making any determination as mentioned in Rules 16.1 to 16.3 (inclusive) the Directors shall act fairly and reasonably, applying the same criteria to all Options granted on the same Date of Grant.

17. WINDING UP

Subject to Rule 11.6, if the Company's shareholders are notified of a resolution for the voluntary winding-up of the Company, Options may be exercised in respect of such proportion of the Option Shares as specified in Rule 21, at any time before the commencement of the winding-up or within such other period as the Directors notify to Optionholders. Options will lapse and cease to be exercisable to the extent not exercised at the end of the relevant period.

18. CHANGE OF CONTROL

18.1 Subject to Rule 11.6, if, as a result of:-

18.1.1 a general offer to acquire the whole of the Ordinary Share Capital which is made on a condition which, if satisfied or waived, the person making the offer will have Control of the Company; or

18.1.2 a general offer to acquire all the shares in the Company of the same class as the Shares

the Company shall come under the Control of another person or persons, Options may be exercised in respect of such proportion of the Option Shares as specified in Rule 21, within the period of one month (or such longer period, not exceeding 6 months, as the Directors may determine and notify to Optionholders) of the date when the person making the offer has obtained Control of the Company and any condition subject to which the offer is made has

then been satisfied. Options will lapse and cease to be exercisable, to the extent not exercised, at the end of such period.

18.2 If at any time any person becomes entitled or bound to acquire shares in the Company under the provisions contained in sections 974-987 (inclusive) of the Companies Act 2006, Options may be exercised in respect of such proportion of the Option Shares as specified in Rule 21 at any time when that person remains so entitled or bound. Options will lapse and cease to be exercisable, to the extent not exercised, when that person no longer remains so entitled or bound.

18.3 For the purposes of the preceding provisions of this Rule 18, a person shall be deemed to have Control of the Company if he and others acting in concert with him have together obtained Control of it.

19. EXCHANGE OF OPTIONS IF NO CHANGE OF CONTROL

19.1 The provision of Rule 19.2 shall have effect, and Rules 16.2, 18.1 and 18.2 shall not apply, if:-

19.1.1 immediately after the Company has (or will have) come under the Control of an Acquiring Company, the Company nevertheless remains under the Control of the person who, or persons who together, had Control of the Company immediately before the Company came under the Control of such Acquiring Company; and

19.1.2 the Directors so determine.

19.2 If, before Options lapse, Optionholders are invited to accept an Exchange of Options, then Options shall lapse and cease to be exercisable at the end of such period as the Directors shall determine and notify to Optionholders (being a period which is not less than 28 days beginning with the date on which such invitation is issued to Optionholders).

20. EXERCISE PRIOR TO CHANGE OF CONTROL

Subject to Rule 11.6, if the Directors receive any offer which, if accepted, would result in a Change of Control, or become aware that such an offer has been made, they may give notice to Optionholders that Options may be exercised in respect of such proportion of the Option Shares as specified in Rule 21 at such time or times before any Change of Control takes place as the Directors may specify, and if Options are not exercised within that period, they shall lapse and cease to be exercisable.

21. PROPORTION OF OPTION SHARES

21.1 This Rule 21 specifies the proportion of Option Shares in respect of which Options may be exercised pursuant to Rules 16 to 18 (inclusive) and 20.

21.2 In the case of a Performance Option, such Option may only be exercised as follows:-

21.2.1 if the relevant event takes place after the end of the Performance Period, in respect of Vested Shares; and

- 21.2.2 if the relevant event takes place during the Performance Period, in respect of a proportion (corresponding to the proportion of the Performance Period as fell before the date of the relevant event) of such of the Option Shares as then became Vested Shares in consequence of Rule 10.7.
- 21.3 In the case of an Option which is not a Performance Option, such Option may only be exercised in respect of Vested Shares.

22. ISSUE OR TRANSFER OF SHARES

- 22.1 Within the period of 30 days beginning with the date on which the Grantor receives a notice of exercise which complies with the procedures set out in the relevant Option Contract, the Grantor shall issue, transfer or procure the transfer to the Optionholder of such number of Shares as is specified in the notice.
- 22.2 If the Grantor is restricted from issuing, transferring or procuring the transfer of Shares by reason of any statutory, regulatory or other legal provision or rule or any other requirement or guidance issued by the London Stock Exchange or on behalf of institutional investors in the Company or any other body, the Grantor shall not be obliged to issue, transfer or procure the transfer of Shares in consequence of an Option exercise until after all such restrictions are lifted and shall then do so within 30 days.
- 22.3 Subject to Rule 22.4, as soon as reasonably practicable after allotting or procuring the transfer of any Shares pursuant to Rules 22.1 or 22.2, the Grantor shall procure:-
- 22.3.1 the issue to the Optionholder of a definitive share certificate or such acknowledgement of shareholding as is prescribed from time to time in respect of the Shares so allotted or transferred;
- 22.3.2 if Shares are to be allotted and if on that date Shares of the same class are admitted to trading on AIM or on another Relevant EEA Market or Relevant Market, that any Shares so allotted are admitted to trading; and
- 22.3.3 if the Option remains partially unexercised, that either the relevant Option Contract is amended so as to indicate the number of Shares in respect of which the Option subsists, or that the Optionholder is issued with a new Option Contract which contains all the information which would have been contained in such amended Option Contract.
- 22.4 Some or all of the Shares acquired upon the exercise of an Option may, if the Optionholder so requests, be issued or transferred to a nominee of the Optionholder provided that beneficial ownership of such Shares shall be vested in the Optionholder.
- 22.5 The allotment or transfer of any Shares under this Scheme shall be subject to the Memorandum and Articles of Association of the Company and to any necessary consents of any governmental or other authorities (whether in the United Kingdom or otherwise) under any enactments or regulations from time to time in force and the Optionholder shall comply with any requirements to be fulfilled in order to obtain or obviate the necessity of any such consent.

22.6 All Shares allotted or transferred under this Scheme shall rank equally in all respects with the Shares for the time being in issue save as regards any rights attaching to such Shares by reference to a record date prior to the date of such allotment or transfer.

23. VARIATION OF SHARE CAPITAL

23.1 If the Ordinary Share Capital is altered by way of capitalisation or rights issue, sub-division, consolidation or reduction or in the event of a demerger, payment of a capital dividend or similar event, or if there is any other variation in the share capital of the Company, the Directors may make such adjustment as they consider appropriate:-

23.1.1 to the aggregate number or amount of Shares subject to any Option; and/or

23.1.2 to the Exercise Price of any Option; and/or

23.1.3 if an Option has been exercised but no Shares have been allotted or transferred in accordance with Rule 22.1, to the number of Shares which may be so allotted or transferred and the Exercise Price of each Share

PROVIDED THAT:-

- (a) in the case of an EMI Option, an adjustment must be made if the variation would otherwise increase the value of the Shares subject to such Option;
- (b) except insofar as the Directors (on behalf of the Company) agree to capitalise the Company's reserves and apply the same at the time of exercise in paying up the difference between the Exercise Price and the nominal value of the Shares, the Exercise Price of any Subscription Option shall not be reduced below a Share's nominal value;
- (c) the number of Shares as so adjusted has been rounded down to the nearest whole number and the Exercise Price has been rounded up to the nearest whole penny; and
- (d) if the Grantor is not the Company, no such adjustment shall be made without the Grantor's consent.

23.2 The Directors (on behalf of the Grantor) shall notify every Optionholder affected by an adjustment under Rule 23.1 as soon as reasonably practicable after making the adjustment.

23.3 The Directors shall deliver, or procure the delivery of, a revised Option Contract to any Optionholder who makes a request in writing for an amended Option Contract.

24. MALUS AND CLAWBACK

24.1 Malus

The Directors (acting fairly and reasonably) may, at any time prior to the exercise of an Option, decide that the number of Option Shares shall be reduced in some proportion (including to nil)

on such basis that the Directors considers to be fair, reasonable and proportionate where, in the opinion of the Directors, exceptional circumstances exist that merit an Adjustment (as defined below). Such exceptional circumstances include (without limitation): where the Optionholder has benefitted from wilful negligence, there has been a material misstatement of results, the Optionholder has caused serious reputational damage to the Company, the Optionholder is responsible for serious individual wrongdoing such as a material breach of any applicable code of conduct adopted by the Company, the Optionholder's actions amount to gross misconduct or where the Performance Targets have been calculated incorrectly (to be referred to as "Malus Circumstances").

"Adjustment" for the purposes of Rule 24.1 means a reduction in the number of Shares subject to an Option.

Whenever there is an Adjustment, that Option will be treated (to the relevant extent) as having lapsed and the Company must notify the Optionholder as soon as reasonably practicable thereafter.

24.2 Clawback

24.2.1 The period during which clawback may be effected (the "Clawback Period") shall be the period of three years from and including the relevant date of exercise, provided that where the exceptional circumstances referred to below involve fraud on the part of the Optionholder committed prior to end of that three year period which was not discovered until after the end of that three year period, the applicable Clawback Period shall be five years from and including the relevant date of exercise. The Directors (acting fairly and reasonably) may during the Clawback Period make an Adjustment (as defined below) and require the Optionholder to transfer to the Company (or to the Trustees, if required by the Company) all or some of the Shares:

- (a) acquired pursuant to an exercise under the Scheme; and
- (b) which the Optionholder still holds,

on such basis that the Directors considers to be fair, reasonable and proportionate where, in the opinion of the Directors, exceptional circumstances exist. Such exceptional circumstances include (without limitation): where the Optionholder has benefitted from wilful negligence, there has been a material misstatement of results, the Optionholder has caused serious reputational damage to the Company, the Optionholder is responsible for serious individual wrongdoing such as a material breach of any applicable code of conduct adopted by the Company, the Optionholder's actions amount to gross misconduct or where the Performance Targets have been calculated incorrectly (to be referred to as "Clawback Circumstances").

24.2.2 Where a number of Shares are required to be transferred in accordance with Rule 24.2.1 and the Optionholder no longer holds sufficient Shares, the Directors may make an Adjustment and require the Optionholder to transfer to the Company (or to the Trustees if required by the Company):

- (a) an amount equal to the proceeds the Optionholder received on the disposal of such Shares; or
- (b) if that amount is in the opinion of the Directors, acting reasonably, manifestly less than the fair market value of the Shares as the date of disposal, the proceeds the Optionholder would have received on a disposal of the Shares for their fair market value (determined by the Directors, acting reasonably) at the time of disposal; and

in either case, less the amount of tax and reasonable dealing expenses actually paid (or due to be paid) by the Optionholder in respect of the acquisition of the relevant Shares (except where the Optionholder can claim relief arising from the transfer of Shares or payments under this Rule).

24.2.3 As an alternative (in full or in part) to Rules 24.2.1 and 24.2.2, the Directors (acting fairly and reasonably) may, during the Clawback Period make an Adjustment and:

- (a) reduce the amount on Vesting of any unvested Option held by the relevant Optionholder; and/or
- (b) require the relevant Optionholder to make a cash payment to the Company (or to the Trustees if required by the Company),

on such basis that the Directors considers to be fair, reasonable and proportionate. Whenever there is an Adjustment pursuant to Rule 24.2.3(a), the relevant Option will be treated (to the relevant extent) as having lapsed. The Company may deduct any amount owing to it as a result of the operation of Rule 24.2.3(b) from any salary or other financial amount payable by the Company to the affected Optionholder, and may do so in instalments or in a single deduction at its discretion.

24.2.4 "Adjustment" for the purposes of Rule 24.2 means any or all of a transfer of Shares, a payment of the proceeds of a sale of Shares, a reduction in the number of Shares under Option or a payment of cash.

25. ALTERATION OF THE SCHEME

25.1 The Directors may at any time alter or add to any of the provisions of this Scheme in any respect **PROVIDED THAT:-**

25.1.1 no alteration or addition shall be made to the advantage of existing or new Optionholders to the provisions relating to eligibility to participate, the overall limitations on the issue of new Shares, the individual limitations on Option grants under this Scheme, the basis for determining Optionholders' rights to acquire Shares, the adjustment of such rights in the event of variation of the Ordinary Share Capital or this Rule 25 without the prior approval by ordinary resolution of the shareholders of the Company **SAVE THAT** the provisions of this Rule 25.1.1 shall not apply to the extent that the alteration or addition is in the opinion of the Directors:-

- (a) a minor amendment which is necessary or appropriate to benefit the administration of this Scheme;
 - (b) to take account of any change in legislation; or
 - (c) to obtain or maintain favourable tax, exchange control or regulatory treatment for existing or new Optionholders, any member of the Group;
- 25.1.2 if in relation to any Options the Grantor is not the Company, no alteration or addition shall be made to the terms of the Options without the approval of the Grantor; and
- 25.1.3 no alteration or addition shall materially adversely affect an Option granted before the alteration or addition without the written agreement of the Optionholder.
- 25.2 The provisions of any Option Contract may only be altered by written agreement between the Grantor and the Optionholder.
- 25.3 Details of any alteration shall be given to any affected Optionholders as soon as reasonably practicable.

26. SERVICE OF DOCUMENTS

- 26.1 Except as otherwise provided in this Scheme, any notice or document to be given by, or on behalf of, the Company or other Grantor or any administrator of this Scheme to any Employee or Optionholder in accordance or in connection with this Scheme shall be duly given:-
- 26.1.1 by sending it through the post in a pre-paid envelope to the address last known to the Company to be his address and, if so sent by first class post, it shall be deemed to have been duly given on the day after posting and if sent by second class post on the second day after posting; or
 - 26.1.2 if he holds office or employment with any member of the Group, by delivering it to him at his place of work or by sending a facsimile transmission or an e-mail addressed to him at his place of work and, if so sent, it shall be deemed to have been duly given on the day following transmission SAVE THAT a notice or document shall not be duly given by e-mail unless that person is known by his employer company to have personal access during his normal business hours to information sent to him by email.
- 26.2 Any notice or document so sent to an Employee or Optionholder shall be deemed to have been duly given notwithstanding that such person is then deceased (and whether or not the Company or other Grantor has notice of his death) except where his Personal Representatives have supplied an alternative address to which documents are to be sent to the Company.
- 26.3 Any written notice or document to be submitted or given to the Grantor, the Company or any administrator of this Scheme in accordance or in connection with this Scheme may be delivered, sent by post, facsimile transmission or e-mail but shall not in any event be duly given unless:-

- 26.3.1 it is actually received by the secretary of the Company or such other individual as may from time to time be nominated by the Company and whose name and address is notified to Optionholders; and
 - 26.3.2 if given by e-mail (and if so required by the Company), it includes a digitally encrypted signature of the Optionholder.
- 26.4 For the purposes of this Scheme, an e-mail shall be treated as not having been duly sent or received if the recipient of such e-mail notifies the sender that it has not been opened because it contains, or is accompanied by a warning or caution that it could contain or be subject to, a virus or other computer programme which could alter, damage or interfere with any computer software or e-mail.

27. OBLIGATION TO ENSURE SUFFICIENT AVAILABLE SHARES

- 27.1 The Company shall always keep sufficient authorised but unissued Shares available to satisfy the exercise in full of all Subscription Options for the time being remaining capable of being exercised under this Scheme.
- 27.2 No Option to purchase existing Shares shall be granted by any person unless that person beneficially owns such Shares at the Date of Grant or the Directors are satisfied that sufficient Shares will be made available to satisfy the exercise in full of all Options granted or to be granted by that person.

28. STAMP DUTY

Any stamp duty or stamp duty reserve tax payable in respect of a transfer of Shares to or at the direction of the Optionholder (other than stamp duty or stamp duty reserve tax payable on a sale of Shares by the Grantor at the direction of the Optionholder) shall be paid by the Company or, if different, the Grantor (who shall be reimbursed by the Company).

29. DATA PROTECTION

For the purpose of operating this Scheme, the Company will collect and process information relating to Employees and Optionholders in accordance with the privacy notice which is on the Company intranet.

30. JURISDICTION

- 30.1 This Scheme and any Option shall be governed by, and construed in accordance with, the laws of England and Wales.
- 30.2 The courts of England shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning an Option and any matter arising from or in relation to this Scheme.

31. THIRD PARTY RIGHTS

Except as otherwise expressly stated to the contrary, neither this Scheme nor the making of any Option shall have the effect of giving any third party any rights under this Scheme

pursuant to the Contracts (Rights of Third Parties) Act 1999 and that Act shall not apply to this Scheme or to the terms of any Option.