



Triad Group Plc
Weyside Park
Catteshall Lane
Godalming
Surrey
GU7 1XE

19 August 2020

This document is important and requires your immediate attention.

If you have any doubt about the action you should take, it is recommended that you consult your stockbroker, solicitor, accountant or other independent professional advisor authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all your shares in Triad Group Plc please pass this document and the accompanying documents as soon as possible to the purchaser or to the agent through whom the sale was effected for onward transmission to the purchaser.

Notice of Meeting

Dear Shareholder,

Annual General Meeting 2020

I am writing to invite you to the Annual General Meeting of Triad Group Plc (the “**Company**”) which will be held on Thursday 24 September 2020 at 10 a.m. (the “**AGM**”) as a full virtual meeting without anybody attending in person. A limited number of Directors and personnel will be required at the AGM to ensure that a quorum is present.

This letter accompanies the Directors’ Report and audited financial statements for the year ended 31 March 2020. Full details of the AGM and the resolutions that will be put to shareholders are set out in the notice of meeting at page 4 of this circular (the “**Notice of Meeting**”).

The Directors are mindful of the rapidly evolving situation in relation to Covid-19, together with recent government guidance, and continue to monitor the situation closely. The safety and security of the Company’s shareholders, guests, officers and service providers is of paramount importance.

Although physical attendance will not be permitted, we will be holding a virtual AGM so that shareholders are able to participate in the meeting remotely and submit their voting instructions in a number of ways, both in advance and on the day.

Shareholders are invited to participate in the AGM via <http://web.lumiagm.com>. On this website, you can submit questions and your voting instructions during the meeting. A step-by-step guide on how to join the meeting electronically and submit your votes and questions can be found on pages 6 to 7.

Sadly, we will not be permitting physical attendance at the AGM by shareholders not only for legal reasons, but because it is the right thing to do for the safety of our colleagues and shareholders.

The formal Notice of Meeting follows this letter. If you cannot join the meeting on-line on the day, we would still like to understand the themes and issues of concern to you, as shareholders. You may send your comments by email to investors@triad.co.uk with the heading ‘AGM 2020’.

In addition to the usual business, the AGM will consider the adoption of a new employee share option scheme, which is intended to be a qualifying enterprise management incentives (“**EMI**”) scheme, (the “**New Scheme**”), the principal provisions of which are set out on pages 9 to 11 of this circular.

It is no longer possible to grant further options under the Company’s previous EMI share option scheme which was established and approved by shareholders in March 2008 (the “**Previous Scheme**”), as under the rules of this scheme no further options may be granted after a ten year period which expired on 12 March 2018. The Directors consider it is important for the future of the business that key employees should continue to receive meaningful incentives and are therefore seeking to establish the New Scheme. It is currently the Directors’ intention that shortly after the New Scheme is adopted a first grant of options will take place under the New Scheme.

Notice of Meeting

Whilst the New Scheme is based on the Previous Scheme, the terms of the New Scheme have been updated to reflect changes to the rules and regulations affecting EMI schemes since the Previous Scheme was established. The full terms of the New Scheme will be available for inspection at the Company's offices at the Company's registered office during normal business hours, and at the place of the AGM for the fifteen minutes preceding the AGM and also during the AGM. Copies are available on request from the Company Secretary, Huxley House, Weyside Park, Catteshall Lane, Godalming, Surrey GU7 1XE.

The Directors consider the New Scheme and each of the proposed resolutions set out in the Notice of Meeting to be in the best interests of the Company and its shareholders as a whole and therefore unanimously recommend you to vote in favour of each of them as they intend to do in respect of their beneficial holdings.

YOUR VOTE COUNTS

Your vote is important to us. You can:

- Complete and return the paper proxy form enclosed with this notice.
- Use the service offered by Euroclear UK & Ireland Limited for members of CREST. Please refer to the General notes 5–8 on page 5 for further guidance.
- Join the AGM online and vote electronically. Please see page 7 of this Notice for further details.

VOTING BEFORE THE MEETING

Your vote counts and all shareholders are encouraged to vote either in advance or on the day. There are two ways to submit your voting instructions in advance of the meeting, which are available from the publication date of this Notice.

Paper proxy votes and electronic votes prior to the Meeting must be received by no later than 10.00 a.m. on 22 September 2020.

You will be able to vote in one of three ways for each of the resolutions: "For", "Against" or "Vote Withheld". Please note that a "Vote Withheld" is not a vote in law and will not be counted in the calculation of votes "For" and "Against" each resolution.

If you are in any doubt as to the action you should take, you should seek your own professional advice immediately.

Yours sincerely,



Dr John Rigg
Executive Chairman

Notice of Meeting

Notice is hereby given that the Annual General Meeting of Triad Group Plc ("Company") will be held as a full virtual meeting on Thursday 24 September 2020, at 10.00 a.m. to transact the following business:

To consider and, if thought fit, pass the following resolutions as ordinary or special resolutions (as indicated below):

Ordinary Resolutions

1. **TO** receive the reports of the Company's directors ("**Directors**") and auditors and the audited accounts and financial statements for the year ended 31 March 2020.
2. **TO** approve the Directors' remuneration report (other than the part containing the Directors' remuneration policy) in the form set out in the Company's annual report and accounts for the year ended 31 March 2020.
3. To elect Tim Eckes as a Director.
4. To elect James McDonald as a Director.
5. To elect Charlotte Rigg as a Director.
6. To re-elect Chris Duckworth as a Director.
7. **THAT**:
 - a. the rules of the Triad Group Plc 2020 Enterprise Management Incentives Share Option Plan ("Plan"), in the form produced at the meeting and initialled by the chairman of the meeting for the purposes of identification, be and are hereby approved and adopted; and
 - b. the Directors be and are hereby authorised to do all acts and things which they consider necessary or expedient for the purposes of implementing and giving effect to the Plan, including granting share options under the Plan.
8. **TO** re-appoint BDO LLP as auditors of the Company, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company and that their remuneration be fixed by the Directors.
9. **THAT** in substitution for any existing such authority, the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ("Rights") up to an aggregate nominal amount of £53,266, provided that this authority shall expire (unless previously renewed, varied or revoked by the Company in general meeting) on the conclusion of the Company's AGM to be held in 2021 save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors from time to time may allot shares and grant Rights in pursuance of such offer or agreement as if the authority hereby conferred had not expired.

Special Resolutions

10. **THAT** the Directors from time to time be and hereby are empowered pursuant to Section 570 and Section 573 of the Companies Act 2006 (the "Act") to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by resolution 9 or by way of a sale of treasury shares as if Section 561(1) of the Act did not apply to any such allotment provided that this power shall be limited to:
 - a. the allotment of equity securities in connection with any offer by way of rights or open offer of relevant equity securities where the equity securities respectively attributed to the interests of all holders of relevant equity securities are proportionate (as nearly as may be) to the respective numbers of relevant equity securities held by them but subject to such exclusions or other arrangements as the Directors from time to time may deem necessary or expedient to deal with equity securities which represent fractional entitlements or on account of either legal or practical problems arising in connection with or under the laws or requirements of any regulatory or other authority in any jurisdiction; and
 - b. the allotment (otherwise than pursuant to paragraph (a) above) of equity securities up to an aggregate nominal value of £7,990 and shall expire (unless previously renewed, varied or revoked by the Company in general meeting) at the end of the conclusion of the AGM of the Company in 2021, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted or treasury shares sold after the expiry of the authority period and the Directors from time to time may allot equity securities or sell treasury shares in pursuance of such offer or agreement as if the authority hereby conferred had not expired.
11. **THAT** the Directors be authorised to call general meetings (other than an Annual General Meeting) on not less than 14 clear days' notice.

By order of the board

James Vincent McDonald
Company Secretary, Triad Group Plc
19 August 2020

Registered office:
Weyside Park
Catteshall Lane
Godalming
Surrey
GU7 1XE

General notes

1. Given the UK Government public health restrictions for Covid-19, **shareholders and their representatives will NOT be permitted to attend the AGM in person**. You should therefore appoint the Chairman of the meeting as your proxy rather than a named person who will not be permitted to attend the meeting. If you appoint any person other than the Chairman of the meeting as your proxy, your vote will not be counted.
2. Under normal circumstances, shareholders may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. However, given the restrictions on attendance at the AGM, you should appoint only the Chairman of the meeting as your proxy rather than appointing one or more named person(s) who will not be permitted to attend the meeting.
3. To be valid, an instrument of proxy and any letter or power of attorney (or a duly certified copy thereof) must (failing previous registration with the Company) be lodged with the Company's registrars, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA no later than 10.00 a.m. on 22 September 2020.
4. In accordance with Section 325 of the Companies Act 2006 (the "**Act**"), the right to appoint proxies does not apply to persons nominated to receive information rights under section 146 of the Act. Persons nominated to receive information rights under section 146 of the Act who have been sent a copy of this Notice of Meeting are hereby informed, in accordance with Section 149(2) of the Act, that they may have a right under an agreement with the registered member by whom they were nominated to be appointed, or to have someone else appointed, as a proxy for this meeting. If they have no such right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights. Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements.
5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM to be held on 24 September 2020 and any adjournment(s) thereof by using the procedures described in the CREST Manual which can be viewed at www.euroclear.com. 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.
6. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate Crest message ("**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear's 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 instructions given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (RA19) by 10.00 a.m. on 22 September 2020. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Registrars are 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.
7. CREST members, and where applicable their CREST sponsors or voting service provider(s), should note that Euroclear 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 a 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.
8. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
9. Pursuant to the Uncertificated Securities Regulations 2001, the Company specifies that to be entitled to attend and vote at the AGM (and for the purposes of determining the number of votes they may cast) members must be entered on the Company's register of members no later than 6.30 p.m. on 22 September 2020 or, in the event the meeting is adjourned, 6.30 p.m. on the date which is two days prior to the adjourned meeting. Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the AGM.
10. Pursuant to section 319A of the Act, the Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a member attending the meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered or if to do so would involve the disclosure of confidential information.
11. In accordance with section 311A of the Act, the contents of this Notice of Meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this Notice will be available on the Company's website www.triad.co.uk.
12. Subject to any Government Public Health restrictions on Covid-19, the following documents will be available for inspection at the registered office of the Company during normal business hours and at the place of the AGM for fifteen minutes prior to and during the AGM: (a) copy of the Triad Group Plc 2020 Enterprise Management Incentives Share Option Plan; (b) Directors' service contracts; and (c) copies of letters of appointment between the Non-Executive Directors and the Company.
13. At the close of business on 18 August 2020 (being the latest practicable date prior to the publication of this Notice), the Company's issued share capital comprised 15,979,979 ordinary shares carrying one vote each. Therefore, the total number of voting rights in the Company at 18 August 2020 is 15,979,979.
14. You may not use any electronic address provided either in this Notice of Meeting or any related documents (including the Proxy Form) to communicate with the Company for any purposes other than those expressly stated.

General notes

Electronic Meeting

For the 2020 AGM, Triad Group Plc is for the first time enabling shareholders to attend and participate in the meeting electronically, should they wish to do so. This can be done by accessing the AGM website, <https://web.lumiagm.com>

Accessing the AGM Website

Lumi AGM can be accessed online using most well-known internet browsers such as Internet Explorer (not compatible with versions 10 and below), Chrome, Firefox and Safari on a PC, laptop or internet-enabled device such as a tablet or smartphone. Please go to <https://web.lumiagm.com> on the day.

Logging In

On accessing the AGM website, you will be asked to enter a Meeting ID which is **143-465-861**. You will then be prompted to enter your unique SRN and Password. These can be found printed on your Proxy Form. Your password will be the first two and last two digits of your SRN number. Access to the meeting will be available from 8.30 a.m. on 24th September 2020; however, please note that your ability to vote will not be enabled until the Chairman formally opens the meeting at 10.00 a.m.

Audiocast

The electronic meeting will be broadcast in audio format with presentation slides. Once logged in and at the commencement of the meeting, you will be able to listen to the proceeding of the meeting on your device as well as being able to see the slides of the meeting, which will include the resolutions to be put forward to the meeting. These slides will progress automatically as the meeting progresses.

Voting

Once the Chair has formally opened the meeting, they will explain the voting procedure. Voting will be enabled on all resolutions at the start of the formal meeting on the Chair's instruction. This means shareholders may, at any time while the poll is open, vote electronically on any or all of the resolutions in the Notice of Meeting, resolutions will not be put forward separately.

Once the resolutions have been proposed, the list of resolutions will appear along with the voting options available. Select the option that corresponds with how you wish to vote, "FOR", "AGAINST" or "WITHHELD". Once you have selected your choice, the option will change colour and a confirmation message will appear to indicate your vote has been cast and received – There is no submit button. If you make a mistake or wish to change your vote, simply select the correct choice, if you wish to "cancel" your vote, select the "cancel" button. You will be able to do this at any time whilst the poll remains open and before the Chair announces its closure at the end of the meeting.

Questions

Questions will be invited before the resolutions are formally put to the vote. Shareholders attending electronically may ask questions via the app or website by typing and submitting their question in writing – select the messaging icon from within the navigation bar and type your question at the bottom of the screen.

Requirements

An active internet connection is required at all times in order to allow you to cast your vote when the poll opens, submit questions and listen to the audiocast. It is the user's responsibility to ensure you remain connected for the duration of the meeting.

Duly appointed proxies and corporate representatives

Please contact the Company's registrar before 6.30 p.m. on 23 September 2020 on 0371 384 2486 or +44 (0) 121 415 7047 if you are calling from outside the UK for your unique username and password. Lines are open 9.00am to 5.00pm Monday to Friday (excluding public holidays in England & Wales).

General notes

User Guide to Joining the Triad Group plc AGM 2020 Remotely

To login you must have your Meeting ID: 143-465-861

1



Navigate to web.lumiagm.com and you will be prompted to enter the Meeting ID.

2



After entering the Meeting ID, you will be prompted to enter your unique SRN and password.

Your password is the first two and last two digits of your SRN number.

3




When successfully authenticated, you will be taken to the Home Screen.

4



The meeting presentation will appear automatically if viewing through a web browser to the side of the page.

This can be minimised by pressing the button. 

5



When the Chairman declares the poll open, a list of all resolutions and voting choices will appear on your device.

Scroll through the list to view all resolutions.

6



For each resolution, press the choice corresponding with the way in which you wish to vote.


When selected, a confirmation message will appear.

For – Vote received

7




To change your mind, simply press the correct choice to override your previous selection. To cancel your vote, press Cancel.

To return to the voting screen whilst the poll is open, select the voting icon. 

8



question, select the messaging icon. 

Type your message within the chat box at the bottom of the messaging screen.

Click the send button to submit.

Explanatory notes

ORDINARY RESOLUTIONS

Resolution 1 – Annual Report and Accounts

The Directors are required to present the reports of the Directors and the auditors and the audited accounts of the Company to the shareholders at a general meeting.

Resolution 2 – Approval of the Directors' Remuneration Report.

The Directors' Remuneration Report (other than the part containing the Directors' Remuneration Policy) is laid before shareholders for approval. This report is set out on pages 13 to 15 in the 2020 Annual Report.

Resolution 3 – Election of Director

Tim Eckes was appointed to the Board on 1 January 2020. Tim Eckes joined Triad in 1991 as a graduate software engineer before moving into a number of technical and commercial roles. He has multi-sector experience, having been involved in engagements across finance, telecoms, travel and central government. Over the last 5 years, as Managing Consultant, he has played a significant role in growing the business through the development of long lasting and profitable relationships with key clients.

Resolution 4 – Election of Director

James McDonald is Finance Director. He was appointed to the Board 16 June 2020. He joined the Company in February 2020 and, in March, assumed the position of Company Secretary and acting Finance Director. He is a Chartered Certified Accountant and has previously held a senior finance position at Foxtons Group plc, prior to which he was Group Finance Director and Company Secretary at Brook Street Bureau Plc. He qualified with EY in London.

Resolution 5 – Election of Director

Charlotte Rigg is a non-executive Director and was appointed to the Board on 1 January 2020. Charlotte Rigg's experience is both extensive and diverse. Over the last 25 years she has built an internationally recognised stud farm and runs a sizeable upland grazing farm in Cumbria where the stud is based. In addition, Charlotte runs a successful and expanding investment property portfolio which has been established for over 20 years.

Resolution 6 – Re-election of Director

Chris Duckworth was appointed on 1 July 2017 as a non-executive Director. He has held numerous positions within public and private companies as Finance Director, Managing Director, Non-Executive Director and Chairman. He was a founding shareholder and from 1989 to 1994 was Finance Director of Triad where he remained as a non-executive Director until 1999. From 1989 to 1994 he was Finance Director of Vega Group PLC after which he served as a non-executive Director until 1997. He was a founding shareholder and Chairman of Telecity PLC in May 1998 and subsequently acted as a nonexecutive Director until August 2001.

Resolution 7 – Triad Group Plc 2020 Enterprise Management Incentives Share Option Plan

This resolution seeks authority to adopt a new employee share option scheme, the Triad Group Plc 2020 Enterprise Management Incentives Share Option Plan (the "Plan"), the principal provisions of which are set out on the following pages of this circular. The Directors consider it is important for the future of the business that employees should continue to receive meaningful incentives and are therefore seeking to establish the Plan.

Resolution 8 – Reappointment and remuneration of auditors

The Company is required to appoint auditors at every general meeting at which accounts are presented to shareholders. The Directors recommend the reappointment of BDO LLP as the Company's auditors. The resolution also authorises the Directors to approve the auditors fee.

Resolution 9 – Authority to allot shares

This resolution seeks the authority to allot ordinary shares for a period expiring at the conclusion of the next Annual General Meeting. The £53,266 nominal amount of shares to which this authority will relate represents approximately one third of the nominal amount of the issued ordinary share capital of the Company at 18 August 2020, the latest practicable date prior to publication of this Notice. The Directors have no present intention of exercising this authority but are seeking its renewal to ensure that the Company has maximum flexibility in managing the Group's capital resources. It is the current intention to renew this authority annually.

SPECIAL RESOLUTIONS

Resolution 10 – Disapplication of pre-emption rights

This resolution seeks the authority to allot equity securities for cash without first being required to offer such securities to existing shareholders. The £7,990 nominal amount of equity securities to which this authority relates represents approximately five per cent of the nominal amount of the issued ordinary share capital of the Company at 18 August 2020, the latest practicable date prior to publication of this Notice. The Directors believe that this resolution will mean that they can take advantage of advantageous business opportunities as they arise. The Directors have no present intention of exercising this authority. The authority will expire at the conclusion of the next Annual General Meeting and it is the current intention to renew this authority annually.

Resolution 11 – Notice of General Meetings

The Companies Act 2006 enables listed companies to call a general meeting (other than an Annual General Meeting) on 14 clear days' notice. The EU Shareholder Rights Directive requires listed companies to call such general meetings on at least 21 clear days' notice unless shareholders have previously approved the calling of general meetings at shorter notice. The Company wishes to retain the option of calling general meetings on 14 clear days' notice. This resolution seeks such approval. The approval will be effective up to the next Annual General Meeting and it is the current intention to renew the authority at each Annual General Meeting.

Explanatory notes

PRINCIPAL PROVISIONS OF THE TRIAD GROUP PLC 2020 ENTERPRISE MANAGEMENT INCENTIVES SHARE OPTION PLAN (THE “SCHEME”)

Operational Provisions

The Scheme is intended to comply with the Enterprise Management Incentives (“**EMI**”) code set out in Chapter 9 of Part 7 of and Schedule 5 to the Income Tax (Earnings and Pensions) Act 2003 (“**EMI Code**”) so that share options qualifying for favourable EMI tax treatment can be granted under the Scheme, although it is also possible for non-qualifying share options to be granted.

Under the Scheme:

1. The board of directors of the Company (“**Board**”) has the right, at its discretion, to grant share options (“**Options**”) over the Company’s ordinary shares of 1p each (“**Shares**”), which will rank pari passu with existing Shares already in issue, to any employee of the Company or its subsidiaries (“**Employee**”). It is intended that all aspects of the administration of the Scheme will be delegated to the Company’s Remuneration Committee.
2. Options can only be granted:
 - a. for commercial reasons in order to recruit or retain Employees and not as part of tax avoidance arrangements; and
 - b. by deed, signed by the Company and the relevant Employee, substantially in the form of the template deed attached at annexure 1 to the Rules of the Scheme (“**Model Option Deed**”). The Board has the right, at its discretion, to amend the Model Option Deed generally or in relation to the grant of any specific Option.
3. It is intended that Options will be satisfied by the issue of new Shares, but it is also possible for an Option to be satisfied by the transfer of existing Shares from an existing shareholder (subject to his/her written agreement).
4. No Option may be granted:
 - a. after the tenth anniversary of the date of adoption of the Scheme (“**Adoption Date**”);
 - b. at an exercise price per Share which is less than the higher of the market value per Share on the date of grant of the Option and the nominal value per Share;
 - c. at any time to the extent that it would cause the total number of Shares which have been or remain to be issued on exercise of Options granted under the Scheme when aggregated with the total number of Shares which have been or may be issued pursuant to any other options or rights granted under any other employees’ share scheme in the preceding 10 years to exceed 10 per cent. (10%) of the fully diluted issued ordinary share capital of the Company (taking account of all Shares capable of being issued on the exercise of all outstanding options and rights granted over Shares) at that time;
 - d. outside a period of 42 days immediately following either the Adoption Date or the announcement of the Company annual or half-yearly financial results; and
 - e. unless it is subject to appropriate objective performance conditions, determined by the Board, the attainment of which will normally be a condition precedent to the exercise of the Option.
5. Each Option is personal to the relevant Option holder and is not transferable (other than to the Option holder’s legal personal representatives on death).
6. In normal circumstances, an Option may only be exercised:
 - a. after three years from the date of grant of the Option (“**Restriction Period**”), unless the Option holder died or a Change of Control (as defined in the Model Option Deed) occurred before the end of that period, in which case the Option would be exercisable only to the extent permitted by Schedule 3 or 4 to the Model Option Deed;
 - b. within a period of 42 days following the announcement of the Company’s annual or half-yearly financial results;
 - c. while the Option holder remains an Employee; and
 - d. within the period of 10 years from the date of grant of the Option, provided that the Option has not lapsed beforehand.

Explanatory notes

7. The Scheme may be amended by the Board, but certain changes that would benefit existing Option holders cannot be made without the prior sanction of the shareholders in general meeting, unless in the opinion of the Board the amendment is a minor amendment to benefit the administration of the Scheme or to take account of any change in legislation or to maintain favourable tax, exchange control or regulatory treatment for existing Option holders or any member of the Group.
8. To the extent that any PAYE income tax or national insurance contributions (“**NICs**”) are triggered on exercise of an Option, the Option holder is required to reimburse the Company for all such tax liabilities (including both employee’s and employer’s NICs) as a condition for exercise. As Options cannot be granted under the Scheme at an exercise price per Share which is less than the market value per Share on the date of grant of the Option, based on the EMI Code in force at the date of this circular, it is not expected that any PAYE income tax or NICs will actually be triggered on exercise of a qualifying EMI Option granted under the Scheme. However, if a ‘disqualifying event’ (as defined under the EMI Code) occurs and the Option is not exercised within 90 days of such event, the Option could lose its EMI tax advantages with the result that PAYE income tax and NICs become payable on exercise.

It is noted that Listing Rule (“LR”) 11 regulates related party transactions, including transactions with the directors of the Company. The Board considers that the Scheme falls within the exception to this Rule for employees’ share schemes in paragraph 3 of LR 11 Annex 1, which applies to any *“grant of an option or other right to a director of the listed company, its parent undertaking, or any of its subsidiary undertakings to acquire (whether or not for consideration) any asset (including cash or new or existing securities of the listed company or any of its subsidiary undertakings) ... in accordance with the terms of an employees’ share scheme”*.

EMI Limits

Under the EMI Code:

1. The total “value” of Shares in the Company over which unexercised qualifying EMI options exist cannot exceed the statutory limit (being £3,000,000 at the date of this circular);
2. No Employee can hold unexercised EMI Options and/or options granted under a Company Share Option Plan over Shares in the Company with a “value” exceeding the statutory limit (being £250,000 at the date of this circular); and
3. Once an Employee has been granted EMI Options over Shares in the Company with a “value” exceeding the statutory limit (being £250,000 at the date of this circular), no further EMI Options can be granted to that individual until three years after the last EMI Option was granted to him/her.

“Value” for these purposes means market value at the date of grant of the relevant qualifying EMI option(s).

Investment Association Principles of Remuneration (“IAPR”)

The IAPR are designed to give companies general guidance on the best practice for executive director remuneration in accordance with the expectations of the members of the IA. Whilst compliance with the IAPR is not compulsory, the Scheme is intended to comply, as far as possible, with the relevant principles IAPR; in particular the Scheme:

1. The total “value” of Shares in the Company over which unexercised qualifying EMI options exist cannot exceed the statutory limit (being £3,000,000 at the date of this circular);
2. No Employee can hold unexercised EMI Options and/or options granted under a Company Share Option Plan over Shares in the Company with a “value” exceeding the statutory limit (being £250,000 at the date of this circular); and
3. Once an Employee has been granted EMI Options over Shares in the Company with a “value” exceeding the statutory limit (being £250,000 at the date of this circular), no further EMI Options can be granted to that individual until three years after the last EMI Option was granted to him/her.

“Value” for these purposes means market value at the date of grant of the relevant qualifying EMI option(s).

Explanatory notes

Investment Association Principles of Remuneration (“IAPR”)

The IAPR are designed to give companies general guidance on the best practice for executive director remuneration in accordance with the expectations of the members of the IA. Whilst compliance with the IAPR is not compulsory, the Scheme is intended to comply, as far as possible, with the relevant principles IAPR; in particular the Scheme:

1. Adopts a Restriction Period of three years before an Option can be exercised. This is consistent with the Restriction Period in the Company’s Previous Scheme and is considered by the Board, in light of the nature of the Scheme, to be an appropriate vesting period within which to incentivise Employees;
2. Requires Options to be granted subject to appropriate objective performance conditions, as determined by the Board, the achievement of which determines the extent to which Options can be exercised; and
3. Does not permit a new Option to be granted if it would cause the total number of “Dilutive Shares” to exceed 10% of the “issued ordinary share capital of the Company”. For these purposes, “Dilutive Shares” means all the shares of the Company which have been issued, or which remain capable of issue, on the exercise of options or other rights to acquire shares in the Company granted in the last 10 years under any employees’ share scheme. Under the Scheme, “issued ordinary share capital of the Company” means the fully diluted ordinary share capital of the Company taking into account shares to be issued if all existing share options are exercised in full, which is consistent with the approach under the Existing Scheme.

Whilst the IAPR recommend that the limit for “Dilutive Shares” under executive (discretionary) schemes should not exceed 5% of the “issued ordinary share capital of the Company”, the Board consider that this recommendation is inappropriate for the Scheme, given that: (a) it is inconsistent with the limits under the Previous Scheme; (b) the Scheme is intended to be used to incentivise all Employees, so is not a typical executive (discretionary) scheme under which options are only granted to a limited number of selected individuals; and (c) if the 5% limit were adopted, no new Options could be granted under the Scheme for a number of years, which the Board considers would be detrimental to Employee incentivisation and levels of engagement.

