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# ***Longboat Energy plc***

## The Longboat Energy plc

### Co-Investment Plan

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*Adoption Date: [30 June] 2021*

*Plan expires: [30 June] 2031*

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## **1. *Invitations to participate in the Plan***

### **1.1. *Invitations***

The Board may at its absolute discretion from time to time before the 10<sup>th</sup> anniversary of the adoption of the Plan invite such Eligible Employees to apply to participate in the Plan by inviting such Eligible Employees to enter into a Contribution Agreement.

However, invitations may not be made:

1. when prevented by any Dealing Restrictions; or
2. after the 10th anniversary of adoption of the Plan.

An invitation may only be made to an individual who is an Eligible Employee at the date the invitation is made. Unless the Board decides otherwise, an invitation will not be made to an Eligible Employee who on or before the date of the invitation has given or received notice of termination of employment (whether or not lawful).

### **1.2. *Form and contents of invitation***

An invitation shall be in such form and communicated in such way as the Board determines and will specify:

1. the Minimum Contribution which may be made by the relevant Eligible Employee;
2. the Maximum Contribution which may be made by the relevant Eligible Employee;
3. the period during which any Investment Shares may be acquired by the Eligible Employee;
4. the Matching Award Ratio; and
5. any other terms and conditions prescribed by the Board.

### **1.3. *Maximum Contribution, Minimum Contribution and Matching Award Ratio***

For the purposes of Rule 1.2:

1. the Maximum Contribution is the maximum aggregate Market Value of Investment Shares that a Participant may acquire in any Financial Year, and shall be an amount equal to 50% of the relevant Eligible Employee's pre-tax Base Salary at the start of the Financial Year in which the Investment Shares are acquired or such other date that the Board may select to provide for Eligible Employees who have joined since the start of the Financial Year or to reflect any material interim adjustments made to an Eligible Employee's Base Salary;
2. the Minimum Contribution is the minimum aggregate Market Value of Investment Shares that a Participant may acquire in any Financial Year and shall be such an amount as may be prescribed by the Board from time to time (if any) in respect of any Financial Year; and
3. the Matching Award Ratio shall be the number of Plan Shares granted under Option for every Investment Share Acquired by an Eligible Employee and shall be one Plan Share for every Investment Share acquired by such Eligible Employee (grossed up to reflect the pre-tax salary that each such eligible employee would have had to be paid to acquire such Investment Shares using their net salary income, as determined by the Board).

### **1.4. *Entry into Contribution Agreement***

An Eligible Employee who wishes to accept an invitation to take part in the Plan must enter into a Contribution Agreement in such form and manner as the Board determines, which will include:

1. confirmation of the number and Market Value of the Investment Shares that the Eligible Employee has acquired along with evidence of the same;
2. a declaration that the Eligible Employee will hold the Investment Shares subject to the rules of the Plan (along with an agreement that their Option will be granted subject to the rules of the Plan) and that they will notify the Company in the event that they assign, transfer or otherwise dispose of the Investment Shares; and
3. any other matters the Board may determine (including, but not limited to, any requirement as to how the Investment Shares may be held such as in a blocked or restricted account in order that they are separately identifiable).

## **2. Grant of Options**

### **2.1. Options granted by Company and Remuneration Policy**

Subject to Rules 2.4 and 2.5, as soon as practicable following the date that an Eligible Employee has provided a Contribution Agreement to the satisfaction of the Board in accordance with Rule 1, the Company will grant an Option to such Eligible Employee.

The terms of an Option to be granted to an Eligible Employee who is a director of the Company must fall within the scope of the Directors' Remuneration Policy in place at the relevant time. In the case of any inconsistency between the Rules and the terms of the Directors' Remuneration Policy, the terms of the remuneration policy will prevail.

### **2.2. Procedure for grant of Options and Grant Date**

An Option shall be granted by the Board passing a resolution. The Grant Date shall be the date on which the Board passes the resolution or any later date specified in the resolution and allowed by Rule 2.1. The grant of an Option shall be evidenced by a deed executed by or on behalf of the Board.

An Option Certificate shall be issued to each Option Holder as soon as reasonably practicable following the grant of the Option setting out details of the Option determined in accordance with Rule 2.3.

### **2.3. Terms and conditions set at grant**

The Board shall, at the time of grant, determine:

1. the Grant Date;
2. the number of Plan Shares subject to the Option which shall be equal to the Matching Award Ratio;
3. the Exercise Price which shall be equal to the nominal value of the Plan Shares;
4. the date on which the Option will normally Vest which will be three years from the date that the Investment Shares are acquired;
5. the Exercise Period which will be five years from the Vesting Date;
6. the Performance Condition which shall be that the Market Value of the Plan Shares on the Vesting Date must be equal to or more than 30% higher than the Market Value of such Plan Shares on the date that the corresponding Investment Shares were acquired;
7. that the Option shall only Vest provided that the Option Holder can evidence to the satisfaction of the Board that they have retained the corresponding Investment Shares on, and until, the Vesting Date.

### **2.4. When Options may not be granted**

Options may not be granted:

1. when prevented by any Dealing Restrictions; or
2. after the 10th anniversary of the adoption of the Plan.

## **2.5. Who can be granted Options**

An Option may only be granted to an individual who is an Eligible Employee at the Grant Date. Unless the Board decides otherwise, an Option will not be granted to an Eligible Employee who on or before the Grant Date has given or received notice of termination of employment (whether or not lawful).

## **2.6. Confirmation of acceptance of Option**

The Board may require an Eligible Employee who is (or is to be) granted an Option to confirm their acceptance of the Rules and the terms of any Option granted to them by a specified date. Such confirmation will be in a manner and form set by the Board (which may require the Eligible Employee to confirm acceptance on a portal or execute a document). The Board may provide that the Option will lapse (and as a result be treated as never having been granted) if the confirmation of acceptance is not provided by the specified date, or provide that the Option will not Vest until they do so agree in writing.

## **2.7. Right to refuse Option**

An Option Holder may by notice in writing to the Company within 30 days after the Grant Date say they do not want their Option in whole or part. In such a case, the Option shall to that extent be treated as never having been granted.

## **2.8. No payment for an Option**

An Option Holder shall not be required to make payment for the grant of an Option unless the Board determines otherwise. Where an Option Holder refuses their Option pursuant to the terms of Rule 2.9, no payment in connection with the refusal is required from the Option Holder.

## **2.9. Options non-transferable**

An Option shall be personal to the Option Holder and, except in the case of the death of an Option Holder, an Option shall not be capable of being transferred, charged or otherwise alienated and shall lapse immediately if the Option Holder purports to transfer, charge or otherwise alienate the Option.

## **3. Plan limits**

An Option may not be granted if the result of granting the Option would be that the aggregate number of Plan Shares issued or committed to be issued in the preceding 10 year period under:

1. Options under the Plan; or
2. options or awards granted under any other Employees' Share Scheme (whether or not discretionary) operated by the Group,

would exceed 15 per cent of the Company's issued ordinary share capital at that time.

### **3.2. Calculation**

For the purpose of the limits contained in this Rule 3:

1. for as long as prescribed by The Investment Association guidelines treasury shares shall be included in the limit as if they were new issue shares;
2. there shall be disregarded any Plan Shares where the right to acquire the Plan Shares has lapsed or been renounced;
3. there shall be disregarded any Plan Shares which the Trustees have purchased, or determined that they will purchase, in order to satisfy an Option or the exercise of an option or the vesting of other rights of an employee under any other Employees' Share Scheme operated by the Group;
4. any Plan Shares issued or issuable in relation to an Option, or on the exercise of an option or the vesting of other rights of an employee under any other Employees' Share Scheme operated by the Group, shall be taken into account once only (when the Option is granted or the option is granted or

the right awarded) and shall not fall out of account when the Option Vests, the option is exercised or other rights vest.

### **3.3. *Scaling down***

If the granting of an Option would cause the limits in this Rule 3 to be exceeded, such Option shall take effect as an Option over the maximum number of Plan Shares which does not cause the limit to be exceeded. If more than one Option is granted on the same Grant Date, the number of Plan Shares which would otherwise be subject to each Option shall be reduced pro rata.

## **4. *Malus***

Notwithstanding any other provision of the Rules, the Board may, at (or at any time before) the Vesting of an Option, cancel or reduce the number of Plan Shares subject to such Option in whole or in part (including, for the avoidance of doubt, to nil) or impose additional conditions on the Option in the following circumstances:

1. discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts of the Group or the audited accounts of any Group Member for a period that was wholly or partly before the end of the period over which the Performance Condition applicable to an Option was assessed; and/or
2. action or conduct of an Option Holder which, in the reasonable opinion of the Board, amounts to fraud or gross misconduct; and/or
3. a material failure of risk management of the Company, a Group Member or a business unit of the Group where the underlying risk was assumed in breach of the Company's policies and procedures and had not been fairly disclosed to the Board; and/or
4. the Company or any Group Member or business of the Group becomes insolvent or otherwise suffers a corporate failure so that the value of Plan Shares is materially reduced provided that the Board determines following an appropriate review of accountability that the Option Holder should be held responsible (in whole or in part) for that insolvency or corporate failure.

In determining any reduction which should be applied under this Rule 4, the Board shall act fairly and reasonably but its decision shall be final and binding.

For the avoidance of doubt, any reduction under this Rule 4 may be applied on an individual basis as determined by the Board. Whenever a reduction is made under this Rule 4, the relevant Option shall be treated as having lapsed to that extent.

## **5. *Clawback***

### **5.1. *Trigger Events***

In this Rule 5, **Trigger Events** means:

1. discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts of the Group or the audited accounts of any Group Member for a period that was wholly or partly before the end of the period over which the Performance Condition applicable to an Option was assessed; and/or
2. action or conduct of an Option Holder which, in the reasonable opinion of the Board, amounts to fraud or gross misconduct; and/or
3. a material failure of risk management of the Company, a Group Member or a business unit of the Group where the underlying risk was assumed in breach of the Company's policies and procedures and had not been fairly disclosed to the Board; and/or
4. the Company or any Group Member or business of the Group becomes insolvent or otherwise suffers a corporate failure so that the value of Plan Shares is materially reduced provided that the

Board determines following an appropriate review of accountability that the Option Holder should be held responsible (in whole or in part) for that insolvency or corporate failure.

## **5.2. Application**

Notwithstanding any other provision of the Rules, if at any time during the period of two years following the Vesting of an Option, then:

1. Rules 5.3 to 5.7 and 5.9 shall apply; and
2. where the Option has not been exercised, Rule 5.8 shall also apply.

If an investigation into the conduct or actions of any Option Holder or any Group Member has started before the second anniversary of Vesting of an Option, the Board may, in its absolute discretion, determine that the provisions of Rules 5.3 to 5.9 may be applied to an Option until such later date as the Board may determine to allow that investigation to be completed.

## **5.3. Clawback methods**

Where Rule 5.2 applies, the Board may in its absolute discretion require the relevant Option Holder to:

1. transfer to the Company (or, if required by the Company, any other person specified by the Company) all or some of the Plan Shares acquired by the Option Holder (or his or her nominee) following the exercise of the Option; and/or
2. pay to the Company (or if required by the Company, any other person specified by the Company) an amount equivalent to all or part of the proceeds of sale or, in the event of a disposal of the Plan Shares at a price which the Board reasonably determines was less than Market Value at the time of disposal and where the disposal was not made at arm's length, an amount equivalent to the Market Value (as reasonably determined by the Board) at the time of disposal of all or some of the Plan Shares acquired pursuant to the exercise of the Option; and/or
3. pay to the Company (or, if required by the Company, any other person specified by the Company) an amount equivalent to all or part of the amount of any cash in respect of an Option paid to or for the benefit of the Option Holder; and/or
4. pay to the Company (or, if required by the Company, any other person specified by the Company) an amount equivalent to all or part of any benefit or value derived from or attributable to the Plan Shares referred to in paragraph 1 above (including but not limited to any special dividend or additional or replacement shares) on such terms as the Board may reasonably direct,

less in each case the amount of tax and social security contributions actually paid (or due to be paid) by the Option Holder in respect of the acquisition of the Plan Shares, the disposal of the Plan Shares and/or payment of cash in respect of an Option.

## **5.4. Option Holder's obligation to recover tax**

In addition to the obligation of the Option Holder as described above, the Option Holder shall use all reasonable endeavours to seek and obtain repayment or credit from HMRC or any relevant overseas tax authority of the tax and social security contributions paid on the Option Holder's behalf in relation to the Option as soon as reasonably practicable and to notify the Company of such claim and/or receipt of any credit or payment from HMRC (or any relevant overseas tax authority) in this regard. Following such notification the Company will be entitled to require the Option Holder to make a payment to it within 30 days of an amount equivalent to the amount of any payment or credit received from HMRC (or any relevant overseas tax authority). If required the Company shall procure the service of professional advisers, and meet the associated costs, to assist in obtaining the repayment or credit from HMRC.

## **5.5. Authorisation of deductions**

By accepting the grant of an Option, the Option Holder authorises the Company or such other Group Member as may be the employer of the Option Holder to make deductions from any payment owing to him

or her including but not limited to salary, bonus, holiday pay or otherwise in respect of any sum which would otherwise be payable by the Option Holder under this Rule 5.

## **5.6. Timing of transfers, payments and repayments**

Any transfers, payments or repayments to be made by the Option Holder under this Rule 5 shall be made within 30 days of the date the Option Holder is notified in writing of the transfer required or the amount due, as appropriate.

## **5.7. Additional methods of effecting clawback**

In addition to or in substitution for the actions described above that the Board may take under Rule 5.3 (the **Actions**), the Board may:

1. reduce the amount (including, for the avoidance of doubt, to nil) of any future bonus payable to the Option Holder; and/or
2. determine that the number of Plan Shares over which an option or right to acquire Plan Shares that may otherwise be granted to the Option Holder under any Employees' Share Scheme operated by any Group Member (other than any tax-advantaged employee share plan that complies with the requirements of Schedules 2 or 3 of ITEPA 2003) shall be reduced by such number as the Board may determine (including for the avoidance of doubt to nil); and/or
3. reduce the number of Plan Shares (including, for the avoidance of doubt, to nil) subject to any Option or right to acquire Plan Shares which has been granted to the Option Holder under any Employees' Share Scheme operated by any Group Member (other than any tax-advantaged employee share plan that complies with the requirements of Schedules 2 to 4 of ITEPA 2003) before the date on which the relevant Option or right vests or becomes exercisable by such number as the Board may determine; and/or
4. reduce the number of Plan Shares (including, for the avoidance of doubt, to nil) subject to any option to acquire Plan Shares which has been granted to the Option Holder under any Employees' Share Scheme operated by any Group Member (other than any tax-advantaged employee share plan that complies with the requirements of Schedules 2 to 4 of ITEPA 2003) which has vested but not yet been exercised by such number as the Board may determine,

provided that the total amount represented by:

- a. reductions under this Rule 5.7;
- b. reductions under Rule 5.8; and
- c. the amount represented by any transfer and any amount or value payable under Rule 5.3,

shall not, in the Board's reasonable opinion, exceed the amount represented by any transfer and any amount or value which would have been due if the Board had only carried out the Actions.

## **5.8. Reduction of unexercised Option**

Where Rule 5.2 applies and the Option Holder has not exercised the Option in full, the Board may in its absolute discretion reduce the number of Plan Shares which remain subject to such Option (including, for the avoidance of doubt, to nil). In addition to or in substitution for reducing such Option, the Board may take any of the actions set out in Rules 5.7.1 to 5.7.4 provided that the total amount represented by reductions under Rules 5.7.1 to 5.7.4 and any reduction of the Option under this Rule 5.8 shall not, in the Board's reasonable opinion, exceed the amount which would have been represented by the reduction of the Option only.

## **5.9. General provisions**

In carrying out any action under this Rule 5, the Board shall act fairly and reasonably but its decision shall be final and binding.



For the avoidance of doubt, any action carried out under this Rule 5 may be applied on an individual basis as determined by the Board. Whenever a reduction of an option is made under this Rule 5, the relevant option shall be treated to that extent as having lapsed.

### **5.10. Interaction with other plans**

The Board may determine at any time to reduce the number of Plan Shares subject to an Option (including, for the avoidance of doubt, to nil) either:

1. to give effect to one or more provisions of any form which are equivalent to those in Rule 5 (Clawback Provisions) contained in any Employees' Share Scheme operated by any Group Member (other than the Plan) or any bonus plan operated by any Group Member; or
2. as an alternative to giving effect to any such Clawback Provisions.

The value of any reduction under Rule 5.10.1 shall be determined in accordance with the terms of the relevant Clawback Provisions in the relevant Employees' Share Scheme or bonus plan as interpreted by the Board in its absolute discretion.

The value of any reduction under Rule 5.10.2 shall be determined as if the terms of the relevant Clawback Provisions in the relevant Employees' Share Scheme or bonus plan applied as interpreted by the Board in its absolute discretion.

## **6. Vesting and exercise of Options**

### **6.1. Earliest date for Vesting of Options**

Subject to the Rules of the Plan and:

1. the Option Holder providing evidence to the satisfaction of the Board that Investment Shares corresponding to the relevant Option have not been transferred, assigned or disposed of; and
2. the Performance Condition having been met,

the Option will Vest on the date specified in Rule 2.3.4.

### **6.2. Effect of Option Vesting**

Subject to the Rules, the effect of an Option Vesting shall be that the Option Holder is entitled to exercise the Option at any time during the Exercise Period to the extent that it has Vested.

### **6.3. No Vesting or exercise while Dealing Restrictions or Directors' Remuneration Policy restrictions apply**

Where the Vesting of an Option is prevented by any Dealing Restriction, the Vesting of that Option shall be delayed until the Dealing Restriction no longer prevents it. Plan Shares may not be issued or transferred to an Option Holder while Dealing Restrictions prevent such issue or transfer. An Option may not be exercised while Dealing Restrictions prevent such exercise.

Where the Company has in place a Directors' Remuneration Policy the Vesting and exercise of an Option of an Option held by an Option Holder who is or was a director of the Company must where relevant fall within the scope of the Directors' Remuneration Policy most recently approved by the Company in a general meeting prior to the relevant Vesting or exercise of the Option.

### **6.4. Effect of cessation of Relevant Employment**

Subject to Rule 7, an Option shall Vest and may be exercised only while the Option Holder is in Relevant Employment and if an Option Holder ceases to be in Relevant Employment, any Option granted to them shall lapse on cessation. This Rule 6.4 shall apply where the Option Holder ceases to be in Relevant Employment in any circumstances (including, in particular, but not by way of limitation, where the Option Holder is dismissed unfairly, wrongfully, in breach of contract or otherwise).

An Option Holder who has given or received notice of termination of Relevant Employment (whether or not lawful) may not exercise an Option during any period when the notice is effective and an Option granted to them shall not Vest during this period, unless the Board determines otherwise. If an Option would otherwise have Vested during this period, and the notice is withdrawn by the relevant party, subject to the Rules the Option will Vest when the notice is withdrawn.

### ***6.5. Options may be exercised in whole or in part***

Subject to Rules 6.3, 6.4 and 12, a Vested Option may be exercised in whole or in part at any time. If exercised in part, the unexercised part of the Option shall not lapse as a result and shall remain exercisable until such time as it lapses in accordance with the Rules.

### ***6.6. Procedure for exercise of Options***

An Option shall be exercised by the Option Holder giving notice to the Board (or any person appointed by the Board) in the form from time to time prescribed by the Board, which may include (for the avoidance of doubt) any electronic and/or online notification. Such notice shall specify the number of Plan Shares in respect of which the Option is being exercised, and be accompanied by either the Exercise Price in full or confirmation of arrangements satisfactory to the Board for the payment of the Exercise Price, together with any payment and/or documentation required under Rule 12 and, if required, the Option Certificate.

For the avoidance of doubt, the date of exercise of an Option shall be the later of the date of receipt of a duly completed valid notice of exercise (or any later date as may be specified in that notice of exercise) and the date of compliance with the requirements of the first paragraph of this Rule 6.6.

### ***6.7. Issue or transfer of Plan Shares***

Subject to Rules 6.3, 6.8 and 12 and to any necessary consents and to compliance by the Option Holder with the Rules, the Company shall as soon as reasonably practicable and in any event not later than 30 days after the exercise date of an Option, arrange for the issue or transfer to the Option Holder (or a nominee specified or permitted by the Company) of the number of Plan Shares specified in the notice of exercise and make available to the Option Holder, in the case of the partial exercise of an Option, an Option Certificate in respect of, or the original Option Certificate updated to show, the unexercised part of the Option.

### ***6.8. Net or cash settling***

Subject to Rule 12, the Company may on exercise of an Option:

1. make a cash payment as soon as reasonably practicable following exercise of the Option to the Option Holder equal to the Gain on the date of exercise of the Option; or
2. arrange for the issue or transfer to the Option Holder of Plan Shares with a Market Value equal to the Gain on the date of exercise of the Option (rounded down to the nearest whole Plan Share). The Option Holder shall not be required to make payment for these Plan Shares.

Where the Company settles an Option in the manner described in this Rule 6.8, this shall be in full and final satisfaction of the Option Holder's rights under the Option.

## ***7. Vesting and exercise of Options in special circumstances***

### ***7.1. Death***

If an Option Holder dies, a proportion of each Option held by them which has not Vested will Vest immediately. The proportion of each Option which shall Vest shall be determined by the Board at its absolute discretion taking into account such factors as the Board may consider relevant including, but not limited to, the satisfaction of the Performance Condition as at the date of death.

Alternatively, the Board may decide that an Option held by the Option Holder which has not yet Vested will continue until the normal time of Vesting in which case the Performance Condition shall be considered at the time of Vesting.

Unless the Board in its absolute discretion decides otherwise (and irrespective of the time at which the Board has determined that the Option will Vest under this Rule 7.1), the number of Plan Shares which Vest will be reduced pro rata to reflect the number of whole months from the Investment Date until the date of death as a proportion of the original Vesting Period.

If an Option Holder dies, their personal representatives (having established title to the satisfaction of the Company) shall be entitled to exercise the Vested proportion of their Option (whether Vested under this Rule or otherwise) at any time during the 12 month period following death, or, if later, following Vesting or, in either case, during such other longer period as the Board determines. The Option shall lapse at the end of such period.

### **7.2. *Injury, disability, redundancy, retirement etc.***

If an Option Holder ceases to be in Relevant Employment by reason of:

1. injury, ill-health or disability evidenced to the satisfaction of the Board;
2. redundancy within the meaning of the Employment Rights Act 1996 (or any applicable equivalent overseas legislation) evidenced to the satisfaction of the Board;
3. retirement by agreement with the company by which they are employed;
4. the Option Holder being employed by a company which ceases to be a Group Member;
5. the Option Holder being employed in an undertaking or part of an undertaking which is transferred to a person who is not a Group Member; or
6. any other circumstances if the Board decides in any particular case,

any Option held by them which has not Vested will continue until the normal time of Vesting and the Performance Condition shall be considered at the time of Vesting.

Alternatively, the Board may decide that an Option will Vest immediately in which case the proportion of the Option which shall Vest will be determined by the Board in its absolute discretion taking into account the satisfaction of the Performance Condition as at the time of cessation.

Unless the Board in its absolute discretion decides otherwise (and irrespective of the time at which the Board has determined that the Option will Vest under this Rule 7.2), the number of Plan Shares which Vest will be reduced pro rata to reflect the number of whole months from the Investment Date until the date of cessation of Relevant Employment as a proportion of the original Vesting Period.

The Option Holder shall be entitled to exercise the Vested proportion of their Option (whether Vested under this Rule or otherwise) at any time during the period ending 6 months following cessation of Relevant Employment or, if later, following Vesting or, in either case, during such other longer period as the Board determines. The Option shall lapse at the end of such period.

### **7.3. *Option Holder relocated abroad***

If it is proposed that an Option Holder, while continuing to be in Relevant Employment, should work in a country other than the country in which they are currently working and, by reason of the change, the Option Holder would:

1. suffer less favourable tax treatment in respect of their Option; or
2. become subject to a restriction on their ability to exercise an Option, to have issued or transferred to them the Plan Shares subject to an Option or to hold or deal in such Plan Shares or the proceeds of sale of such Plan Shares,

the Board may, in its absolute discretion, determine that an Option will Vest immediately either in full or to the extent determined by the Board in its absolute discretion and subject to such conditions as it may require taking into account such factors as the Board may consider relevant including, but not limited to, the proportion of the Vesting Period that the relevant Option has been held and whether the Performance Condition has been met. Where an Option has become Vested pursuant to this Rule 7.3, the Option Holder may exercise their Vested Option at any time during the period beginning 3 months before the proposed date of their transfer and ending 3 months after the date of their actual transfer. If not so exercised, the

Option shall not lapse but shall cease to be treated as having Vested and shall continue in force in accordance with the Rules.

#### **7.4. *Meaning of ceasing to be in Relevant Employment***

For the purposes of the Plan, an Option Holder shall not be treated as ceasing to be in Relevant Employment until they no longer hold any office or employment with any Group Member. In addition, unless the Board otherwise decides an Option Holder shall not be treated as so ceasing if within 7 days they recommence employment or become an office holder with any Group Member.

The Board may determine that an Option Holder will be treated as ceasing to be in Relevant Employment when they give or receive notice of termination of their employment (whether or not lawful).

#### **7.5. *Interaction of Rules***

1. If an Option has become exercisable under Rule 7.2 and, during the period allowed for the exercise of the Option under Rule 7.2 the Option Holder dies, the period allowed for the exercise of the Option shall be the period allowed by Rule 7.1; and
2. If an Option has become exercisable under Rule 7 and, during the period allowed for the exercise of the Option under Rule 12, the Option becomes exercisable under Rule 8 also (or vice versa), the period allowed for the exercise of the Option shall end on the earlier of the end of the period allowed by Rule 12 and the end of the period allowed by Rule 8.

### **8. *Takeover and other corporate events***

#### **8.1. *Takeover***

Subject to Rule 11, where a person obtains Control of the Company as a result of making an offer to acquire Plan Shares, Options shall Vest on the date the person obtains Control as set out below.

The proportion of an Option which shall Vest will be determined by the Board in its absolute discretion taking into account such factors as the Board may consider relevant including, but not limited to, the time the Option has been held by the Option Holder and having regard to the Performance Condition.

The Vested proportion of the Option (whether Vested under this Rule 8.1 or otherwise) may be exercised at any time during the period of 6 months (or, if the Board determines a longer period shall apply, that period) beginning with the time when the person making the offer has obtained Control. The Option shall lapse at the end of such period unless the Board determines that a longer period for exercise shall apply, in which case the Option shall continue in force until the end of such extended period or until it otherwise lapses in accordance with the Rules.

#### **8.2. *Compulsory acquisition of shares in the Company***

Subject to Rule 11, if a person becomes entitled or bound to acquire shares in the Company under sections 979 to 982 of the Companies Act 2006, Options shall Vest as set out below.

The proportion of an Option which shall Vest will be determined by the Board in its absolute discretion taking into account such factors as the Board may consider relevant including, but not limited to, the time the Option has been held by the Option Holder and having regard to the Performance Condition.

The Vested proportion of the Option (whether Vested under this Rule 8.2 or otherwise) may be exercised at any time during the period beginning with the date the person serves a notice under section 979 and ending 7 clear days before the date on which the person ceases to be entitled to serve such a notice. The Option shall lapse at the end of the 7 days.

#### **8.3. *Scheme of arrangement***

Subject to Rule 11, if a person proposes to obtain Control of the Company in pursuance of a compromise or arrangement sanctioned by the court under section 899 of the Companies Act 2006 Options shall Vest on the date of the court sanction as set out below.

The proportion of an Option which shall Vest will be determined by the Board in its absolute discretion taking into account such factors as the Board may consider relevant including, but not limited to, the time the Option has been held by the Option Holder and having regard to the Performance Condition.

The Vested proportion of the Option (whether Vested under this Rule 8.3 or otherwise) may be exercised at any time during the period of 6 months from the compromise or arrangement being sanctioned by the court. The Option shall lapse at the end of such period.

#### ***8.4. Winding-up of the Company***

If notice is given of a resolution for the voluntary winding-up of the Company, Options shall Vest on the date notice is given.

The proportion of an Option which shall Vest will be determined by the Board in its absolute discretion taking into account such factors as the Board may consider relevant including, but not limited to, the time the Option has been held by the Option Holder and having regard to the Performance Condition a.

The Vested proportion of the Option (whether Vested under this Rule 8.4 or otherwise) may be exercised at any time during the period of 6 months from the date of the notice or, if earlier, on completion of the winding up. The Option shall lapse at the end of such period.

#### ***8.5. Demergers and other events***

The Board may determine that Options Vest if it becomes aware that the Company will be affected by a demerger, distribution (which is not an ordinary dividend) or other transaction not otherwise covered by the Rules.

The proportion of an Option which shall Vest will be determined by the Board in its absolute discretion subject to such conditions as it may require taking into account such factors as the Board may consider relevant including, but not limited to, the time the Option has been held by the Option Holder and having regard to the Performance Condition.

The Vested proportion of the Option (whether Vested under this Rule 8.5 or otherwise) may be exercised at any time during a period as shall be determined by the Board. The Option shall lapse at the end of such period.

#### ***8.6. Meaning of “obtains Control of the Company”***

For the purpose of Rule 8 a person shall be deemed to have obtained Control of the Company if they and others Acting In Concert with them have together obtained Control of it.

#### ***8.7. References to Board within this Rule 8***

For the purposes of this Rule 8, any reference in this Rule 8 to the Board shall be taken to be a reference to those individuals who were members of the Board immediately before the event by virtue of which this Rule 8 applies.

#### ***8.8. Notification of Option Holders***

The Board shall, as soon as reasonably practicable, notify each Option Holder of the occurrence of any of the events referred to in this Rule 8 and explain how this affects their position under the Plan.

#### ***8.9. Vesting of Options in advance of a corporate event***

Where the Board is aware that an event is likely to occur under Rule 8:

1. in respect of which Options will Vest in circumstances where the conditions for relief under Part 12 of the Corporation Tax Act 2009 may not be satisfied; or
2. if the Board in its absolute discretion considers it appropriate,

the Board may, in its absolute discretion and by notice in writing to all Option Holders, declare that all Options that are expected to Vest as a result of the relevant event shall Vest and be exercisable in accordance with Rule 8 during such period prior to the relevant event as determined by the Board.

## **9. Exchange of Options**

### **9.1. Where exchange applies**

An Option will not Vest under Rule 8 but will be exchanged for a new option (**New Option**) under this Rule to the extent that:

1. an offer to exchange the Option for a New Option is made and accepted by the Option Holder; or
2. the Board, with the consent of the persons acquiring Control if relevant, decides that Options will be automatically exchanged for New Options. The circumstances in which the Board may make such a decision include (but are not limited to) where an event occurs under Rules 8.1, 8.2, or 8.3 and:
  - a. the shareholders of the acquiring company, immediately after it has obtained Control, are substantially the same as the shareholders of the Company immediately before the event; or
  - b. the obtaining of Control amounts in the opinion of the Board to a merger with the Company.

### **9.2. Terms of exchange**

The following applies in respect of the New Option:

1. The Grant Date of the New Option shall be deemed to be the same as the Grant Date of the Option.
2. The New Option will be in respect of the shares in a company determined by the Board.
3. In the application of the Plan to the New Option, where appropriate, references to “**Company**” and “**Plan Shares**” shall be read as if they were references to the company to whose shares the New Option relates.
4. The New Option must be equivalent to the Option and will Vest at the same time and in the same manner as the Option.

## **10. Lapse of Options**

Notwithstanding any other provision of the Rules, an Option shall lapse on the earliest of:

1. the expiry of the Exercise Period;
2. the Board determining that the Performance Condition has not been satisfied;
3. the date that the Option Holder assigns, transfers, or otherwise disposes of their corresponding Investment Shares;
4. subject to Rule 7, the Option Holder ceasing to be in Relevant Employment;
5. any date for lapse provided for under these Rules; and
6. the date on which the Option Holder becomes bankrupt or enters into a compromise with their creditors generally.

## **11. Adjustment of Options on Reorganisation**

### **11.1. Power to adjust Options**

In the event of a Reorganisation, the number of Plan Shares subject to an Option, the description of the Plan Shares, the Exercise Price or any one or more of these shall be adjusted in such manner as the Board shall determine.

### **11.2. Exercise Price**

No adjustment shall be made to the Exercise Price which would result in the Plan Shares subject to an Option being issued at a price per Plan Share lower than the nominal value of a Plan Share except where the Company puts in place arrangements to pay up the nominal value at the date of issue of the Plan Shares (or the difference between the adjusted Exercise Price and the nominal value as the case may be).

### **11.3. Notification of Option Holders**

The Company shall, as soon as reasonably practicable, notify each Option Holder of any adjustment made under this Rule 11 and explain how this affects their position under the Plan.

## **12. Tax and social security withholding**

### **12.1. Deductions**

Unless the Option Holder discharges any liability that may arise, the Company or any Group Member or former Group Member (as the case may be) may withhold such amount, or make such other arrangements as it may determine appropriate, for example to sell or withhold Plan Shares, to meet any liability to taxes or social security contributions in respect of such Option Holder's Options, including, where applicable, Employer's NIC transferred under Rule 12.2. The Option Holder will be responsible for all taxes, social security contributions and other liabilities arising in respect of the Option Holder's Options.

### **12.2. Transfer of Employer's NIC**

The Company may, at its discretion and to the extent permitted by law, require the Option Holder to pay all or any part of the Employer's NIC in relation to an Option.

### **12.3. Execution of document by Option Holder**

The Board may require an Option Holder to execute a document in order to bind the Option Holder contractually to any such arrangement as is referred to in Rules 12.1 and 12.2 and return the executed document to the Company by a specified date. It shall be a condition of Vesting, and where applicable exercise, of the Option that the executed document be returned by the specified date unless the Board determines otherwise.

### **12.4. Tax elections**

The Board may, at its discretion, determine that an Option may not be exercised unless the Option Holder has beforehand signed an election under Chapter 2 of Part 7 of ITEPA 2003 and/or section 165 of the Taxation of Chargeable Gains Act 1992 or entered into broadly similar local arrangements.

## **13. Rights and listing of Plan Shares**

### **13.1. Rights attaching to Plan Shares**

All Plan Shares issued or transferred under the Plan shall, as to voting, dividend, transfer and other rights, including those arising on a liquidation of the Company, rank equally in all respects and as one class with the shares of the same class in issue at the date of issue or transfer save as regards any rights attaching to such Plan Shares by reference to a record date prior to the date of such issue or transfer.

### **13.2. Listing and admission to trading of Plan Shares**

If and so long as Plan Shares are listed on the Alternative Investment Market of the London Stock Exchange, the Company will apply for the admission to trading of any Plan Shares issued under the Plan as soon as reasonably practicable.

## **14. Relationship of the Plan to contract of employment**

### **14.1. Contractual provisions**

Notwithstanding any other provision of the Plan:

1. the Plan shall not form part of any contract of employment between any Group Member and an Eligible Employee;
2. unless expressly so provided in their contract of employment, an Eligible Employee has no right to be granted an Option and the receipt of an Option in one year (and the calculation of the Exercise Price in a particular way) is no indication that the Option Holder will be granted any subsequent Options (or that the calculations of the Exercise Price will be made in the same or a similar way);
3. the Plan does not entitle any Option Holder to the exercise of any discretion in their favour;
4. the benefit to an Eligible Employee of participation in the Plan (including, in particular but not by way of limitation, any Options held by them) shall not form any part of their remuneration or count as their remuneration for any purpose and shall not be pensionable; and
5. if an Eligible Employee ceases to be in Relevant Employment for any reason, they shall not be entitled to compensation for the loss or diminution in value of any right or benefit or prospective right or benefit under the Plan (including, in particular but not by way of limitation, any Options held by them which lapse by reason of their ceasing to be in Relevant Employment) whether by way of damages for unfair dismissal, wrongful dismissal, breach of contract or otherwise or anything analogous thereto in any jurisdiction.

### **14.2. Deemed agreement**

By accepting the grant of an Option, an Option Holder is deemed to have agreed to the provisions of these Rules, including this Rule 14.

## **15. Administration of the Plan**

### **15.1. Responsibility for administration**

The Board shall be responsible for, and shall have the conduct of, the administration of the Plan. The Board may from time to time make, amend or rescind regulations for the administration of the Plan provided that such regulations shall not be inconsistent with the Rules.

### **15.2. Board's decision final and binding**

The decision of the Board shall be final and binding in all matters relating to the Plan, including but not limited to the resolution of any dispute concerning, or any inconsistency or ambiguity in the Rules or any document used in connection with the Plan.

### **15.3. Discretionary nature of Options**

All Options shall be granted entirely at the discretion of the Board and the form and structure of all Options, including for the avoidance of doubt the application and testing of the Performance Condition, shall be entirely at the discretion of the Board.

### **15.4. Provision of information**

An Option Holder shall provide to the Company or any Group Member as soon as reasonably practicable such information as the Company reasonably requests for the purpose of complying with its obligations under section 421J of ITEPA 2003 or similar requirements of tax legislation in any relevant jurisdiction.



### **15.5. Cost of the Plan**

The cost of introducing and administering the Plan shall be met by the Company. The Company shall be entitled, if it wishes, to charge an appropriate part of such cost and/or the costs of an Option to a Subsidiary or the Board.

### **15.6. Data protection**

1. For the purposes of operating the Plan, the Company's Employee Privacy Statement (**Privacy Statement**) will inform the Option Holder whether their personal data is processed under the EU's General Data Protection Regulation (2016/679) (or any successor or implementing laws) (the **GDPR**). Where processing of the Option Holder's personal data is subject to the GDPR, the basis for processing such data is set out in the Privacy Statement.
2. Where processing of the Option Holder's personal data is not subject to the GDPR, personal data will be processed under the Option Holder's consent. In such circumstances, the Option Holder gives their consent to the holding, processing and transfer of personal data in relation to the Option Holder by or to the Company, any Group Member, the Trustees, any third party broker, registrar or administrator or any future purchaser of the Company or relevant Group Member employing the Option Holder for all purposes relating to the operation of the Plan and this consent shall include transferring or processing personal data to a country or territory that may not provide the same statutory protection for the information as the Option Holder's home country.

### **15.7. Third party rights**

Nothing in these Rules confers any benefit, right or expectation on a person who is not an Option Holder. No such third party has any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any terms of these Rules.

## **16. Amendment of the Plan**

### **16.1. Power to amend the Plan**

Subject to Rules 16.2, and the provisions in the Remuneration Policy, the Board may from time to time amend the Rules (including, for the purposes of establishing a sub-plan for the benefit of employees located overseas).

### **16.2. Rights of existing Participants**

An amendment may not materially adversely affect the rights of an existing Participant except:

1. where the amendment is made to take account of any matter or circumstance which the Board reasonably considers is a legal or regulatory requirement which the Board reasonably considers is relevant and requires an amendment to be made in order for any Group Member to comply with such requirement; or
2. where the Participant affected by the change has been notified of such amendment and the majority of Participants affected by the change who have responded to such notification have approved the amendment.

## **17. Notices**

### **17.1. Notice by the Company**

Save as provided for by law, any notice, document or other communication given by, or on behalf of, the Company or to any person in connection with the Plan shall be deemed to have been duly given if delivered to them at their place of work, if they are in Relevant Employment, if sent by e-mail to such e-mail address as may be specified by them from time to time or, in the case of an Option Holder who remains in Relevant Employment, to such e-mail address as is allocated to them by any Group Member, or sent through the post in a pre-paid envelope to the postal address last known to the Company to be their address and, if so sent, shall be deemed to have been duly given on the date of posting.

### **17.2. Deceased Option Holders**

Save as provided for by law, any notice, document or other communication so sent to an Option Holder shall be deemed to have been duly given notwithstanding that such Option Holder is then deceased (and whether or not the Company has notice of their death) except where their personal representatives have established title to the satisfaction of the Company and supplied to the Company an e-mail or postal address to which notices, documents and other communications are to be sent.

### **17.3. Notice to the Company**

Save as provided for by law any notice, document or other communication given to the Company (or any relevant person appointed by the Company) in connection with the Plan shall be delivered by hand or sent by email, fax or post to the Company Secretary (or any relevant person appointed by the Company) at the Company's registered office (or such other e-mail or postal address as may from time to time be notified to Option Holders) but shall not in any event be duly given unless it is actually received at the registered office or such e-mail or postal address.

## **18. Governing law and jurisdiction**

### **18.1. Plan governed by English law**

The formation, existence, construction, performance, validity and all aspects whatsoever of the Plan, any term of the Plan and any Option granted under it shall be governed by English law.

### **18.2. English courts to have jurisdiction**

The English courts shall have jurisdiction to settle any dispute which may arise out of, or in connection with, the Plan.

### **18.3. Jurisdiction agreement for benefit of the Company**

The jurisdiction agreement contained in this Rule 18 is made for the benefit of the Company only, which accordingly retains the right to bring proceedings in any other court of competent jurisdiction.

### **18.4. Option Holder deemed to submit to such jurisdiction**

By accepting the grant of an Option, an Option Holder is deemed to have agreed to submit to such jurisdiction.

## **19. Interpretation**

### **19.1. Definitions**

In this Plan, unless the context otherwise requires, the following words and expressions have the following meanings:

**Acting In Concert** has the meaning given to that expression in The City Code on Takeovers and Mergers in its present form or as amended from time to time;

**Base Salary** means the base salary of an Eligible Employee at a relevant time which for the avoidance of doubt shall exclude any annual bonus, employer's pension contribution, long term incentive award and/or any other benefit in kind.

**Board** means, subject to Rule 8.7, the board of directors of the Company or a duly authorised committee of it or a person duly authorised by the board of directors of the Company or such committee;

**Company** means Longboat Energy plc incorporated in England and Wales under company number 12020297;

**Control** has the meaning given to it by section 995 of ITA 2007;

**Dealing Day** means any day on which the London Stock Exchange is open for the transaction of business;

**Dealing Restrictions** means any restrictions imposed by legislation, regulation or any other code or guidance on share dealing with which the Company seeks to comply;

**Directors' Remuneration Policy** means any remuneration policy adopted by the Company governing the remuneration of the directors and/or employees of the Group;

**Eligible Employee** means an individual who is an employee of a Group Member as at the date that invitations are issued under Rule 1 or the Grant Date (as applicable);

**Employees' Share Scheme** has the meaning set out in section 1166 of the Companies Act 2006;

**Employer's NIC** means employer's secondary class 1 National Insurance contributions liability or any local equivalent;

**Exercise Period** means the period set by the Board on the Grant Date during which an Option may be exercised, ending no later than the 5th anniversary of the Vesting Date;

**Exercise Price** means the amount (if any), expressed as an amount per Plan Share payable in respect of the exercise of an Option being an amount equal to the nominal value of each Plan Share;

**Financial Conduct Authority** means the "competent authority" as that expression is defined in Part VI of the Financial Services and Markets Act 2000;

**Financial Year** means a financial year of the Company from time to time;

**Gain** means the difference between (i) the Market Value of a Plan Share on the date of exercise of an Option and (ii) the Exercise Price, multiplied by the number of Plan Shares in respect of which the Option is being exercised;

**Grant Date** means the date on which an Option is granted in accordance with Rule 2.2;

**Group** means the Company and its Subsidiaries from time to time and **Group Member** shall be interpreted accordingly;

**HMRC** means Her Majesty's Revenue & Customs;

**Investment Date** means the date that the relevant Investment Shares are acquired by an Eligible Employee in accordance with Rule 1;

**Investment Shares** means Plan Shares acquired by an Eligible Employee in accordance with Rule 1 (and which, for the avoidance of doubt, will exclude any shares acquired by a Participant under any Employees' Share Scheme);

**ITA 2007** means the Income Tax Act 2007;

**ITEPA 2003** means the Income Tax (Earnings and Pensions) Act 2003;

**London Stock Exchange** means London Stock Exchange plc or any successor body;

**Market Value** on any day means:

1. if at the relevant time Plan Shares are listed on the Official List (or on any other recognised stock exchange within the meaning of section 1005 of ITA 2007 or the Alternative Investment Market of

the London Stock Exchange), the closing middle market quotation (as derived from the Daily Official List of the London Stock Exchange or the equivalent list or record for the recognised stock exchange on which the Plan Shares are listed) or, if the Board so decides, the closing price on the preceding Dealing Day; or

2. where Plan Shares are not so listed, the market value of a Plan Share calculated as described in the Taxation of Chargeable Gains Act 1992;

**Matching Award Ratio** shall have the meaning given to it in Rule 1.3;

**Maximum Contribution** shall have the meaning given to it in Rule 1.3;

**Minimum Contribution** shall have the meaning given to it in Rule 1.3;

**Official List** means the list maintained by the Financial Conduct Authority in accordance with section 74(1) of the Financial Services and Markets Act 2000 for the purposes of Part VI of that Act;

**Option** means a right to acquire Plan Shares granted under the Plan;

**Option Certificate** means a statement in a form, which may include an electronic form, determined by the Company setting out details of an Option in accordance with Rule 2.3;

**Option Holder** means an individual who holds an Option or, where the context permits, his legal personal representatives. Where relevant, Option Holder(s) shall include reference to former Option Holder(s);

**Performance Condition** means the performance condition imposed as a condition of the Vesting of an Option under Rule 2.3;

**Plan** means the Longboat Energy plc Co-investment Plan as amended from time to time;

**Plan Shares** means ordinary shares in the capital of the Company (or any shares representing them);

**Regulatory Information Service** means a service that is approved by the Financial Conduct Authority on meeting the Primary Information Provider criteria and is on the list of Regulatory Information Services maintained by the Financial Conduct Authority (or any overseas equivalent);

**Relevant Employment** means employment with any Group Member;

**Reorganisation** means any variation in the share capital of the Company, including but without limitation a capitalisation issue, rights issue, demerger or other distribution, a special dividend or distribution, rights offer or bonus issue and a sub-division, consolidation or reduction in the capital of the Company;

**Rules** mean the rules of the Plan;

**Subsidiary** has the meaning set out in section 1159 of the Companies Act 2006;

**Trustees** means the trustees of any trust created by a Group Member which, when taken together with the Plan, constitutes an Employees' Share Scheme;

**Vest** means the Option Holder becoming entitled to exercise the Option and **Vesting** and **Vested** shall be construed accordingly; and

**Vesting Date** shall mean the date that the Option Vests;

**Vesting Period** means the three year period from the date that the Investment Shares are acquired.

## ***19.2. Interpretation***

In the Plan, unless otherwise specified:

3. save as provided for by law a reference to writing includes any mode of reproducing words in a legible form and reduced to paper or electronic format or communication including, for the avoidance of doubt, correspondence via email; and
4. the Interpretation Act 1978 applies to the Plan in the same way as it applies to an enactment.

