

# CRODA

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## Notice of Annual General Meeting

**Thursday 24 April 2014 at 12 noon**

**to be held at the Royal York Hotel, Station Road, York, North Yorkshire, YO24 1AA**

**This document is important and requires your immediate attention**

If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek your own advice from a stockbroker, bank manager, solicitor or accountant or other independent professional adviser duly authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom, or another appropriately authorised independent adviser if you are in a territory outside the United Kingdom.

If you have sold or otherwise transferred all of your shares in Croda International Plc, you should pass this Notice and accompanying documents to the purchaser or transferee, or to the person through whom the sale or transfer was effected, for transmission to the purchaser or transferee. A personalised proxy form for use by holders of ordinary shares in the Company has been despatched with this Notice.

24 March 2014

Dear Fellow Shareholder

## **Annual General Meeting**

I am pleased to enclose the Notice convening the forthcoming Annual General Meeting (the "AGM" or the "Meeting") for shareholders of Croda International Plc, which will be held on Thursday 24 April 2014. Please note the change in venue from recent years; the AGM will be at the Royal York Hotel, Station Road, York, North Yorkshire, YO24 1AA and will commence at 12 noon. The business to be considered at the AGM is set out in the Notice, which you can find on pages 3 and 4 of this document. Explanatory notes on each Resolution to be considered at the AGM appear on pages 5 and 6 of this document.

## **Final dividend**

Shareholders are being asked to approve a final dividend of 35.5p per ordinary share for the financial year ended 31 December 2013. If shareholders approve the recommended final dividend, this will be paid on 30 May 2014 to all ordinary shareholders who are on the register of members on 2 May 2014.

## **The Board of Directors**

I would like to take this opportunity to make special mention of Resolutions 5 to 12 which relate to the election and re-election of directors. Helena Ganczakowski will be standing for election, having been appointed to the Board on 1 February 2014. Stanley Musesengwa will be retiring from the Board immediately following the AGM so will not be offering himself for re-election. In accordance with the UK Corporate Governance Code, all other directors will be standing for re-election this year. Biographical details of each of the directors are set out on pages 34 and 35 of the Company's Annual Report and Accounts 2013. Each of the directors being proposed for re-election has been subject to a formal performance evaluation and was considered to be effective in their role and to be committed to making available the appropriate time for Board Meetings and other duties. Further details of the performance evaluation are set out in the Corporate Governance report on page 36 of the Annual Report and Accounts 2013.

## **Actions to be taken by shareholders**

All Resolutions for consideration at the Meeting will be decided on a show of hands. Although we like as many shareholders as possible to attend our AGM, I do appreciate that this is not always possible. However, even if you are not able to come to the AGM in person your vote is still important. I would therefore encourage you, regardless of the number of shares you own, to complete, sign and return the accompanying Form of Proxy to our Registrars as soon as possible but, in any event, by no later than 12 noon on 22 April 2014. Alternatively, you may also register your proxy appointment(s) and voting instructions electronically. Please refer to the notes on page 7 of this document for further details of how to appoint a proxy or proxies, the deadlines for submission and also how to vote electronically. Registration of a proxy appointment will not prevent you from attending and voting at the Meeting if you so wish. CREST members may also choose to use the CREST electronic proxy appointment service in accordance with the procedures set out in the notes to the Notice.

## **Recommendation**

Your Board considers all of the proposed Resolutions set out in this Notice to be put to the AGM to be in the best interests of the Company and its shareholders as a whole. Accordingly, the directors unanimously recommend that shareholders vote in favour of the Resolutions, as the directors intend to do in respect of their own beneficial holdings.

## **Questions and answers**

The AGM provides an opportunity for you to ask questions about the business set out in this Notice and to raise other matters about the business of the Company. I will endeavour to ensure that discussions are kept relevant and that as many shareholders as possible have the opportunity to speak. I do hope that you will be able to attend the Meeting and I look forward to seeing you.

Yours sincerely

**Martin Flower**  
Chairman

# Notice of Annual General Meeting

**Holders of ordinary shares are entitled to attend the meeting and vote on all the Resolutions to be proposed at the Annual General Meeting.**

**Notice is hereby given that the eighty-ninth Annual General Meeting (the "AGM" or the "Meeting") of Croda International Plc (the "Company") will be held at the Royal York Hotel, Station Road, York, North Yorkshire, YO24 1AA on Thursday 24 April 2014 at 12 noon.**

You will be asked to consider and, if thought fit, to pass the Resolutions set out below (the "Resolutions"), of which Resolutions numbered 1 to 16 (inclusive) and 20 will be proposed as Ordinary Resolutions and Resolutions numbered 17 to 19 (inclusive) will be proposed as Special Resolutions.

As a member of the Company, you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote at the Meeting.

- 1 To receive the financial statements of the Company and the Group and the reports of the directors and auditors for the year ended 31 December 2013.
- 2 To approve the directors' remuneration policy, the full text of which is contained in the Directors' Remuneration Report for the year ended 31 December 2013, as set out on pages 53 to 60 of the Annual Report and Accounts 2013, in accordance with s439A of the Companies Act 2006 (the "Act"), to take effect from 24 April 2014.
- 3 To approve the Directors' Remuneration Report (excluding the directors' remuneration policy set out on pages 52 to 73 of the Annual Report and Accounts 2013) for the year ended 31 December 2013, in accordance with s439 of the Act.
- 4 To declare a final dividend of 35.5p per ordinary share.
- 5 To re-elect M S Christie as a director.
- 6 To re-elect A M Ferguson as a director.
- 7 To re-elect M C Flower as a director.
- 8 To re-elect S E Foots as a director.
- 9 To elect H L Ganczakowski as a director.
- 10 To re-elect K Layden as a director.
- 11 To re-elect P N N Turner as a director.
- 12 To re-elect S G Williams as a director.
- 13 To reappoint PricewaterhouseCoopers LLP as auditors of the Company to hold office until the conclusion of the next general meeting of the Company at which accounts are laid.
- 14 To authorise the Company's Audit Committee to determine the remuneration of the auditors on behalf of the directors.

## **Political donations**

- 15 The Company, and any company which is or becomes its subsidiary during the period in which this Resolution has effect, be authorised for the purpose of Part 14 of the Act, during the period from the date of the passing of this Resolution until the conclusion of the Company's next annual general meeting, to:
  - (i) make political donations to political parties and/or independent election candidates;
  - (ii) make political donations to political organisations other than political parties; and
  - (iii) incur political expenditure, provided that in each case any such donations and expenditure made by the Company or by any such subsidiary shall not exceed £50,000 in aggregate.

For the purposes of this Resolution the terms "political donations", "political parties", "independent election candidates", "political organisations" and "political expenditure" have the meanings given by sections 363 – 365 of the Act.

## **Directors' authority to allot shares**

- 16 The directors, pursuant to section 551 of the Act, be generally and unconditionally authorised to allot shares in the Company and to grant rights to subscribe for, or convert any security into, shares in the Company:
  - (A) up to an aggregate nominal amount of £4,480,799; and
  - (B) comprising equity securities (as defined in section 560 of the Act) up to an aggregate nominal amount of £8,961,598 (including within such limit any shares or rights issued or granted under paragraph (A) above) in connection with an offer by way of a rights issue:
    - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
    - (ii) to holders of other equity securities as required by the rights of those securities or as the Board otherwise considers necessary,

and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under, the laws of any territory or any other matter,

such authorities to apply until (unless previously reviewed, varied or revoked by the Company in a general meeting) the earlier of (i) the conclusion of the next annual general meeting of the Company, and (ii) the close of business on 23 July 2015 provided that in each case, during this period the Company may make offers and enter into agreements which would, or might, require shares in the Company to be allotted or rights to subscribe for, or convert securities into, shares to be granted, after the authority ends and the directors may allot shares or grant rights to subscribe for, or convert securities into, shares under any such offer or agreement as if the authority had not ended.

## **Disapplication of pre-emption rights**

- 17 That subject to the passing of Resolution 16, the directors be empowered pursuant to section 570 and 573 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash and/or to sell ordinary shares held by the Company as treasury shares for cash, pursuant to the authority conferred by Resolution 16 as if section 561 of the Act did not apply to any such allotment or sale, provided that this power shall be limited to:
  - (A) the allotment of equity securities and sale of treasury shares (but in the case of the authority granted under paragraph (B) of Resolution 16, by way of rights issue only) in connection with an offer of, or invitation to apply for, securities, open for acceptance for a period fixed by the directors:
    - (i) to holders of ordinary shares and other persons entitled to participate in such offer in proportion (as nearly as may be practicable) to their holdings (or, as appropriate, to the number of shares which such other persons are deemed to hold) on a record date fixed by the directors; and
    - (ii) to holders of other equity securities, as required by the rights of those securities, or as the directors otherwise consider necessary, as permitted by the rights of those securities, and so that the directors may impose any limits and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter whatsoever; and

# Notice of Annual General Meeting

- (B) in the case of the authority granted under paragraph (A) of Resolution 16, to the allotment (otherwise than pursuant to sub-paragraph (A) above) of equity securities with an aggregate, nominal value of up to £678,909,

such authorities to apply until (unless previously reviewed, varied or revoked by the Company in a general meeting) the earlier of (i) the date of the next annual general meeting of the Company, and (ii) the close of business on 23 July 2015, and so that this power shall enable the Company to make offers or agreements before such expiry which would or might require equity securities to be allotted (and treasury shares to be sold) after such expiry and the directors may allot equity securities in pursuance of such offers or agreements as if the power had not expired.

This power shall supersede the previous power to allot equity securities conferred at the annual general meeting of the Company held on 25 April 2013 which shall be terminated upon the passing of this Resolution, but without prejudice to any action taken under such power prior to such termination.

This power applies in relation to a sale of treasury shares which is included as an allotment of equity securities by virtue of section 560(2) of the Act as if all references in this Resolution to any such allotment included any such sale and as if in the first paragraph of this Resolution the words "pursuant to the authority conferred by Resolution 16" were omitted in relation to such sale.

## Company's authority to purchase its own shares

- 18 The Company be authorised generally and unconditionally in accordance with section 701 of the Act to make market purchases (as defined in section 693(4) of the Act) of its own ordinary shares, provided that:
- (i) the Company may not purchase more than 13,500,000 ordinary shares in the capital of the Company;
  - (ii) the minimum price (excluding expenses) which the Company may pay for each ordinary share is 10 pence;
  - (iii) the maximum price (excluding expenses) which the Company may pay for each ordinary share is the higher of (a) an amount equal to 105% of the average of the closing middle market price taken from the London Stock Exchange Daily Official List for each of the five business days preceding the date on which the ordinary share is contracted to be purchased, and (b) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share on the London Stock Exchange Trading Systems;
  - (iv) such authority shall, unless previously renewed, revoked or varied, expire at the earlier of (i) the conclusion of the next annual general meeting of the Company, and (ii) the close of business on 23 October 2015; and
  - (v) the Company may, pursuant to the authority granted by this Resolution, enter into a contract to purchase such ordinary shares before the expiry of this authority which would or might be

executed wholly or partly after such expiry and may make a purchase of ordinary shares in pursuance of such contract as if the authorities had not expired.

## Notice period for shareholders' meetings

- 19 That a general meeting (other than an annual general meeting) may be called on not less than 14 clear days' notice, provided that the authority for this Resolution shall expire at the conclusion of the next annual general meeting of the Company.

## To adopt the new Performance Share Plan 2014

- 20 That the directors of the Company be, and are hereby authorised:
- (A) to adopt and establish the Croda International Plc Performance Share Plan 2014 (the "Performance Share Plan"), the principal terms of which are summarised in the Appendix to this Notice, and the rules of which are produced to this Meeting and, for the purpose of identification only, initialled by the Chairman of the Meeting, and to do all such acts and things which they may consider necessary or desirable to establish and carry it into effect; and
  - (B) to establish further plans based on the Performance Share Plan, but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further plans are treated as counting against any limits on individual or overall participation contained within the Performance Share Plan.

## By Order of the Board

### Tom Brophy

Group General Counsel and Company Secretary  
24 March 2014

### Registered Office:

Cowick Hall  
Snaith  
Goole  
East Yorkshire DN14 9AA

Registered in England and Wales No: 206132

# Explanatory notes

## 1 Resolution 1 - Financial statements

The directors are required to present to the AGM the audited financial statements and the directors' and auditors' reports for the financial year ended 31 December 2013.

## 2 Resolution 2 - Remuneration policy

Pages 53 to 60 of the Annual Report and Accounts 2013 form the directors' remuneration policy (the "Policy"), which shareholders are asked to approve. The Policy sets out the Company's forward looking policy on directors' remuneration and is subject to a binding shareholder vote.

The Policy describes the components of the executive and non-executive directors' remuneration. A copy of the Policy is available on the website at [www.croda.com](http://www.croda.com).

If Resolution 2 is passed, the Policy will take effect from 24 April 2014 (the "Effective Date") and from the Effective Date, the Company will not be able to make a remuneration payment or a payment for loss of office to a current, former or prospective director, unless that payment is consistent with the Policy or has been approved by a Resolution of the members of the Company. The Company is required to seek shareholder approval for a remuneration policy at least every three years, except in the event that a change to the Policy is proposed or the advisory vote on the annual Directors' Remuneration Report is not passed in any year subsequent to the approval of the Policy.

## 3 Resolution 3 - Directors' Remuneration Report

Pages 52 to 73 of the Annual Report and Accounts 2013 form the annual Directors' Remuneration Report which shareholders are asked to approve. The vote is advisory and the directors' entitlement to receive remuneration is not conditional on it, meaning that payments already made to directors will not have to be repaid in the event that Resolution 3 is not passed.

## 4 Resolution 4 - Declaration of dividends

The directors are recommending that the ordinary shareholders declare a final dividend of 35.5p per ordinary share in respect of the year ended 31 December 2013. The final dividend declared may not exceed the amount recommended by the directors and must be approved by the ordinary shareholders. If approved, the final dividend will be paid on 30 May 2014 to ordinary shareholders who are on the register of members at close of business on 2 May 2014.

## 5 Resolutions 5 to 12 - Election and re-election of directors

These Resolutions concern the appointment and re-appointment of directors. Helena Ganczakowski will be standing for election, having been appointed to the Board on 1 February 2014. Stanley Musengeswa will be retiring from the Board immediately following the AGM so will not be offering himself for re-election. All of the other directors are standing for re-election at this AGM in accordance with the UK Corporate Governance Code. Biographical details of the directors appear on pages 34 and 35 of the Annual Report and Accounts 2013. The Board considers that each non-executive director is independent in character and judgement. This follows an evaluation during the year that confirmed that each of the directors makes an effective and valuable contribution to the Board and demonstrates commitment to the role (including making sufficient time available for Board and committee meetings and other duties as requested). The Board is recommending that shareholders should re-elect them.

## 6 Resolutions 13 and 14 - Appointment and remuneration of auditors

The Company is required to appoint auditors at each general meeting at which accounts are presented to shareholders. Resolution 13 proposes the appointment of PricewaterhouseCoopers LLP as the Company's auditors until the conclusion of the next AGM. It is normal practice for a company's directors to be authorised to determine the level of the auditors' remuneration for the ensuing year. Resolution 14 proposes to give such authority to the Company's Audit Committee.

## 7 Resolution 15 - Political donations

This Resolution enables the directors to incur expenditure of up to £50,000 in aggregate in respect of the activities identified in Resolution 15 (including any such expenditure by a subsidiary company) without unintentionally breaching the provisions of the Companies Act 2006 (the "Act"). It is not proposed or intended to alter the Company's policy of not making political donations, within the normal meaning of that expression. However, without the authorisation contained in this Resolution, some of the Company's activities may inadvertently fall within the prohibition contained in the Act and the Company's ability to communicate its views effectively to political audiences and to relevant interest groups could be inhibited without such authority. The authority sought will, if granted, last until the conclusion of the next annual general meeting of the Company when the directors intend to seek renewal of this authority. The Company will continue its policy of not giving any cash contributions to any political party. Any expenditure which may be incurred under authority of this Resolution will be disclosed in next year's Annual Report and Accounts. During 2013, no donations were made by the Company or any of its subsidiaries for political purposes.

## 8 Resolution 16 - Renewal of directors' authority to allot shares

Under section 551 of the Act, the directors of the Company may only allot shares or grant rights to subscribe for or convert any securities into shares if authorised to do so. The Company's Articles of Association give a general authority to the directors to allot shares.

This Resolution, which complies with guidance issued by the Association of British Insurers (the "ABI"), will, if passed, authorise the directors to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares up to an aggregate nominal amount of £4,480,799 (representing 44,807,990 ordinary shares of 10p each and being approximately 33% of the current issued share capital, excluding shares held in treasury, as at 10 March 2014, the latest practicable date prior to publication of this Notice) and up to an additional amount not exceeding £4,480,799 in the case of allotments in connection with a rights issue. As at 10 March 2014, this additional authority represents approximately 33% of the issued ordinary share capital, excluding shares held in treasury, which brings the aggregate authority for allotments in connection with a rights issue to approximately 66% of the issued ordinary share capital, excluding shares held in treasury. As at 10 March 2014, the Company held 4,168,181 ordinary shares in treasury, representing 3.07% of the issued ordinary share capital of the Company, excluding shares held in treasury. The directors have no present intention to exercise either of the authorities sought under this Resolution. However, the directors may consider doing so if they believe it would be appropriate in respect of business opportunities that may arise consistent with the Company's strategic objectives. If the directors do exercise the authorities, they intend to follow the ABI's recommendations concerning their use (including as regards the directors standing for re-election in certain cases). The authorities will last until the earlier of (i) the conclusion of the next annual general meeting of the Company, and (ii) the close of business on 23 July 2015.



# Explanatory notes

## 9 Resolution 17 - Disapplication of pre-emption rights

This is a special Resolution to renew the directors' authority to allot shares for cash without first offering them to existing shareholders in proportion to their existing holdings. In addition, subject to a waiver by way of special Resolution, or in the Articles of Association, treasury shares must in the first instance be offered for sale to existing shareholders in proportion to their holdings. As with the allotment of shares for cash, the directors consider that it is in the interests of the Company, in certain circumstances, for the directors to be able to sell treasury shares for cash without having to offer them to existing shareholders first. Therefore, the directors' authority to allot equity securities for cash on a non-pre-emptive basis pursuant to this special Resolution will also cover the sale for cash of any share held by the Company as treasury shares.

Although there is currently no intention to make use of this authority, its renewal would provide the directors with continued flexibility to act in the best interests of shareholders when opportunities arise and, in respect of treasury shares, also give the Company the ability to sell treasury shares quickly and cost-effectively. The authority sought is limited to allotments or sales in connection with pre-emptive offers and offers to holders of other equity securities if required by the rights of those shares or as the directors otherwise consider necessary, or otherwise up to an aggregate nominal amount of £678,909, which represents approximately 5% of the issued ordinary share capital, excluding shares held in treasury, as at 10 March 2014, the latest practicable date prior to publication of this Notice. In relation to the exercise of this authority, the directors would have regard to the guidelines published by the investment committees of the ABI and the National Association of Pension Funds. In respect of the aggregate nominal amount, the directors confirm their intention to follow the provisions of the Pre-Emption Group's Statement of Principles regarding cumulative usage of authorities within a rolling 3-year period where the Principles provide that usage in excess of 7.5% should not take place without prior consultation with shareholders. This authority will last until the earlier of (i) the conclusion of the next annual general meeting of the Company, and (ii) the close of business on 23 July 2015.

## 10 Resolution 18 - Company's authority to purchase its own shares

Resolution 18 is a special Resolution seeking to renew the authority to purchase up to 10% of the Company's issued ordinary shares (excluding treasury shares). The maximum price to be paid on any occasion for each ordinary share will be the higher of (a) an amount equal to 105% of the average of the closing middle market price taken from the London Stock Exchange Daily Official List for each of the five business days preceding the date on which the ordinary share is contracted to be purchased, and (b) an amount equal to the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange Trading Systems. The minimum price to be paid on any occasion for each ordinary share will be 10 pence. In exercising this authority the directors will comply with the rules of the London Stock Exchange and the ABI guidelines on the purchase of own shares. This authority will expire on the date of the earlier of (i) the next annual general meeting of the Company, and (ii) the close of business on 23 October 2015.

As at 10 March 2014, the latest practicable date prior to publication of this Notice, the total number of outstanding options to subscribe for new ordinary shares was just over 1,409,300. This represents approximately 1.03% of the Company's issued ordinary share capital (excluding treasury shares) on that date and would represent 1.15% of the Company's issued ordinary share capital (excluding treasury shares) in the event that the proposed new authority to repurchase shares were to be exercised in full.

Under the Act the Company is allowed to hold its own shares purchased in the market in treasury as an alternative to cancelling

them. Shares held in treasury may subsequently be sold for cash, transferred for the purposes of employee share schemes or cancelled.

The directors will only purchase the Company's shares from the market if they believe that such purchases will improve earnings per share and will be in the best interests of the shareholders generally. It is the intention of the directors that any such shares purchased will be held as treasury shares. This would give the Company the ability to re-issue treasury shares quickly and cost-effectively and provide the Company with additional flexibility in the management of its capital base.

## 11 Resolution 19 - Notice period for shareholders' meetings

The Companies (Shareholder Rights) Regulations 2009 require that all general meetings must be held on 21 days' notice unless shareholders agree to a shorter notice period which is subject to a minimum of 14 days. Prior to August 2009 we were able to call general meetings (other than annual general meetings) on 14 days' notice and this Resolution is being proposed so that we can continue to be able to do so. In order to be able to call a general meeting on less than 21 clear days' notice the Company must make an electronic means of voting available to all shareholders for the meeting. This condition is met by the Company providing the facility for shareholders to appoint a proxy via an online shareholder portal operated by our Registrars. It is not the Company's intention to use the shorter notice period as a matter of routine but only when the flexibility is merited by the business of the meeting and is thought to be in the interests of shareholders as a whole.

## 12 Resolution 20 - To adopt new Performance Share Plan 2014 Rules

During the course of 2013, the Company conducted a review of executive remuneration as part of a group wide exercise to ensure that its remuneration policies continue to support the Company's strategy and that its current pay practices are adequately aligned with the Company's guiding principles of reward (which include being competitive, aligned with strategy and motivational).

As part of that review, the Company's Remuneration Committee recognised that the operation of the existing Croda International Co-Investment Plan did not fit well with some institutional investors' best practice guidelines and that it was also necessary to replace the Croda International Long Term Incentive Plan which will expire in early 2015.

In order to reflect market practice and recent institutional investor best practice guidelines and to simplify the incentive arrangements for executives, the Company therefore proposes to replace the existing Croda International Co-Investment Plan and Croda International Long Term Incentive Plan with a single long term incentive plan, the Performance Share Plan.

It should be noted that the proposed Performance Share Plan will impose a minimum holding period for shares that vest pursuant to awards made under that plan to executive directors of the Company. It is proposed that for awards made to executive directors of the Company in 2014 under the Performance Share Plan, the after tax number of shares that vest pursuant to such award must be retained for a minimum period of one year, and that for awards made in 2015 to executive directors of the Company, the minimum holding period will be extended to two years. It is anticipated that the introduction of the minimum holding periods will better align executives' interests with those of the Company's shareholders over the long term.

Resolution 20 seeks approval for the introduction of the Performance Share Plan. The principal terms of the Performance Share Plan 2014 are summarised in the Appendix on pages 10 to 12 of this document.

# Notes

## 1 Entitlement to attend and vote

To be entitled to speak, attend and vote at the AGM (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the register of members of the Company at 6 p.m. on 22 April 2014 (or, in the event of any adjournment, 48 hours before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend, speak and vote at the Meeting.

## 2 Appointment of proxies

- (i) Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the Meeting. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this Notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact our registrars, Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Alternatively you may choose to vote online by logging on to [www.capitashareportal.com](http://www.capitashareportal.com) and selecting the "Proxy Voting" link. If you have not previously registered to use the portal you will require your investor code ("IVC"), which can be found on your share certificate or dividend tax voucher.
- (ii) To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at the Company's registrars, Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or online at [www.capitashareportal.com](http://www.capitashareportal.com) or, in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below, and in each case by no later than 12 noon on 22 April 2014.
- (iii) The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 3 below) will not prevent a shareholder attending the AGM and voting in person if he/she wishes to do so.
- (iv) In accordance with section 149 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 (a "Nominated Person"). Any Nominated Person to whom this notice is sent may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right, or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
- (v) The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 2 (i) and 2 (ii) above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.

## 3 Electronic proxy voting through CREST

- (i) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a 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.

- (ii) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 12 noon on 22 April 2014. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- (iii) CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, 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 providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- (iv) 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.

## 4 Voting rights

As at 10 March 2014 (being the last practicable date before the publication of this Notice) the Company's issued share capital consisted of 139,949,969 ordinary shares, carrying one vote each. Croda International Plc holds 4,168,181 ordinary shares in treasury and so the total number of voting rights in the Company at that date was 135,781,788.

## 5 Corporate representatives

Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

## 6 Website publication of audit concerns

Under section 527 of the Act, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it

# Notes

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makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Act to publish on a website.

## 7 Questions

Any member attending the Meeting or any proxy or corporate representative attending the Meeting on behalf of a member has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the Meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered. The Chairman may also nominate a Company representative to answer a specific question after the AGM.

## 8 Website

A copy of this Notice, and other information required by s311A of the Act, can be found on the Company's website at [www.croda.com/AGM](http://www.croda.com/AGM).

## 9 Inspection of documents

The following documents are available for inspection at the registered office of the Company during normal business hours on any business day, and will also be available for inspection during the AGM and for 15 minutes beforehand:

- Copies of the service contracts of the executive directors;
- Letters of appointment of the non-executive directors; and
- A copy of the draft form of the rules of the Performance Share Plan, which will also be available for inspection at the offices of Eversheds LLP, One Wood Street, London EC2V 7WS during normal business hours on any business day from the date of this Notice until the close of the AGM.

## 10 Addresses

You may not use any electronic address provided in either this Notice or any related documents (including the Proxy Form) to communicate with the Company for any purposes other than those expressly stated.

## 11 Shareholders' statement and AGM business

Under section 338 and section 338A of the Act, shareholders meeting the threshold requirements in those sections have the right to require the Company (i) to give to shareholders of the Company entitled to receive this Notice, notice of a resolution which may properly be moved and is intended to be moved at the AGM and/or (ii) to include in the business to be dealt with at the AGM any matter (other than a proposed resolution) which may be properly included in the business. A resolution may properly be moved or a matter may properly be included in the business unless (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise), (b) it is defamatory, or (c) it is frivolous or vexatious. Such a request may be in hard copy or electronic form and must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than the close of business on 12 March 2014, being the date six clear weeks before the AGM, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.



# AGM information

## Attending the meeting

If you are attending the AGM please bring your attendance card with you. It authenticates your right to attend, speak and vote at the AGM and will speed your admission. You may also find it useful to bring this Notice and the 2013 Annual Report and Accounts in order that you may refer to them in the Meeting. All joint shareholders may attend and speak at the AGM. However, it is only the most senior shareholder by reference to the register of members and in attendance who is entitled to vote.

## Not attending the meeting

Whoever you appoint as a proxy can attend, speak, vote or abstain from voting, as he or she decides on any other business which may validly come before the AGM. This includes proxies appointed using the CREST service. Details of how to complete the appointment of a proxy either electronically or on paper are given in the notes to this Notice and in the accompanying Form of Proxy.

## Enquiries

Capita Asset Services maintain the Company's share register. If you have any enquiries about the Meeting or about your Croda International Plc shareholding, you may contact Capita:

by telephone to the Shareholder helpline:

(from the UK) - **0871 664 0300** \*

(from outside the UK) - **+ 44 20 8639 3399**

\* Calls to this number cost 10p per minute plus network extras; lines are open 8.30am to 5.30pm, Monday to Friday.

or in writing to:

Capita Asset Services  
The Registry  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU

Email enquiries: [shareholderenquiries@capita.co.uk](mailto:shareholderenquiries@capita.co.uk)

You may also contact Croda International Plc at the following corporate address:

Cowick Hall  
Snaith  
Goole  
East Yorkshire  
DN14 9AA

## Data Protection Statement

Your personal data includes all data provided by you, or on your behalf, which relates to you as a shareholder, including your name and contact details, the votes you cast and your Reference Number (attributed to you by the Company). The Company determines the purposes for which and the manner in which your personal data are to be processed. The Company and any third party to which it discloses the data (including the Company's Registrars) may process your personal data for the purposes of compiling and updating the Company's records, fulfilling its legal obligations and processing the shareholder rights you exercise.

## Venue location

### Royal York Hotel

The Royal York Hotel is accessible by rail, bus or car and is next door to York mainline railway station.

### By Car

Satellite navigation postcode YO24 1AA.

The Royal York Hotel is a 20 minute drive from the A1.

### Parking at The Royal York Hotel

There is ample on-site car parking at £8.00 per 24 hours and £2.00 per hour. Should the hotel car park be full, there are three public car parks close by. York Commuter Car Park - Leeman Road, York Esplanade - Leeman Road and York Nunnery Lane.

### Park and Ride Buses

There are five Park and Ride sites in York, most of which stop adjacent to York mainline railway station. For further details visit: [http://www.firstgroup.com/ukbus/york/journey\\_planning/park\\_ride/routes.php](http://www.firstgroup.com/ukbus/york/journey_planning/park_ride/routes.php)



# Appendix

## The Croda International Plc Performance Share Plan 2014 ("PSP")

### Status of the PSP

The PSP is not subject to approval by HM Revenue & Customs ("HMRC") and awards made under it will have no beneficial tax status.

### Eligibility

All employees (including executive directors) of the Company and any of its subsidiaries may be granted awards under the PSP.

### Types of Award

Awards made under the PSP may take the form of a Conditional Award or a SAR Award.

A Conditional Award is a conditional right to receive fully paid ordinary shares in the capital of the Company ("Shares").

A SAR Award is a right to be paid a cash payment calculated by reference to the market value of a specified number of Shares subject to such award. Whilst a SAR Award does not entitle the award holder to receive any Shares, the Company may determine that some or all of the cash sum otherwise payable to the award holder pursuant to their SAR Award may be satisfied by the issue or transfer of Shares.

A Conditional Award may be structured either as an option to acquire Shares (with an exercise price set at zero) which has to be exercised by the award holder in order for them to acquire Shares or as a right to receive Shares automatically (without any action on the part of the award holder) provided that the conditions imposed on such award are satisfied. Similarly a SAR Award may be structured as an option which has to be exercised by the award holder in order for them to receive a cash payment or as a right to receive such payment automatically (without any action on the part of the award holder) if the conditions imposed on such award are satisfied.

The amount of cash payable pursuant to a SAR Award will be determined by reference to the market value of the Shares subject to the award at the point of exercise (where the award is structured as an option) and at the point of vesting (where the award is not structured as an option).

### Grant of Awards

The remuneration committee of the Company ("Remuneration Committee") will have absolute discretion to select the persons to whom awards under the PSP may be granted and, subject to the limits set out below, the number of Shares over which any such award is granted. The Remuneration Committee will also have absolute discretion to decide whether any award will be granted as a Conditional Award, or SAR Award and in the case of a Conditional Award or a SAR Award, whether such award will be structured as an option or not.

Awards may be granted in the period of 42 days commencing on: (a) the date that the PSP is adopted by the Company; (b) the dealing day immediately following the date that the Company announces its results for any period; and (c) any other date fixed by the Remuneration Committee, where, in its discretion, circumstances are considered to be exceptional so as to justify the grant of awards.

If the grant of an award on any of the above days would be prohibited by virtue of the model code on directors' dealings set out in the appendix to rule 9 of the Listing Rules ("Model Code"), or any statute or regulation or any order made pursuant to such statute, then such award may be granted during the period of 40 days commencing immediately after the second dealing day following the time that such prohibition ceases to have effect.

No consideration is payable for the grant of an award.

### Plan Limits

On any date, no award may be granted under the PSP if, as a result, the aggregate nominal value of Shares issued or issuable pursuant to awards granted during the previous ten years under the PSP or any other discretionary employees' share scheme (which excludes any Save As You Earn Scheme approved by HMRC, a share incentive plan approved by HMRC under Schedule 2 to the Income Tax (Earnings and Pensions) Act 2003 or any other share option scheme of the Company which is linked to a contractual savings scheme) adopted by the Company would exceed five per cent. of the nominal value of the share capital of the Company in issue on that date.

On any date, no award may be granted under the PSP if, as a result, the aggregate nominal value of the Shares issued or issuable pursuant to awards granted during the previous ten years under the PSP or any other employees' share scheme, profit sharing scheme or employee share ownership plan adopted by the Company would exceed ten per cent. of the nominal value of the share capital of the Company in issue on that date.

For the purposes of the limits set out above:

- any Shares which were subject to an award which has lapsed or been surrendered will not count towards the limits;
- where an award takes the form of a right to acquire Shares from an employee benefit trust established by the Company, such Shares will only be counted as "issued or issuable" to the extent to which they have been issued (or there is an intention for them to be issued) by the Company to the trust for the purposes of the PSP or any other employees' share scheme operated by the Company;
- Shares held in treasury which are used to satisfy awards shall be taken into account

unless and until treasury shares are no longer required by the Association of British Insurers to be so included for the purpose of such limits; and

- Shares subject to SAR Awards which are to be settled with a cash payment shall not count towards the limits.

### Individual Limit

In general, each individual's participation is limited so that, in any one financial year of the Company, the aggregate market value of Shares subject to all awards (calculated as at the date of grant of each award) granted to the individual under the PSP in that financial year, will not exceed 200 per cent. of the individual's basic salary at the date of grant.

This individual limit can be exceeded in circumstances which the Remuneration Committee consider to be exceptional. However, in any such case, the maximum aggregate market value of Shares subject to all awards (calculated as at the date of grant of each award) granted to the individual concerned in the financial year under the PSP cannot exceed 300 per cent. of their basic annual salary at the date of grant.

### Performance Targets

Awards granted under the PSP will be subject to an objective performance target set by the Remuneration Committee at the date of grant ("Performance Target").

Such Performance Target shall be measured over a performance period (determined by the Remuneration Committee at the date of grant but which shall not be less than three years) ("Performance Period").

Subject to the satisfaction of the relevant Performance Target, an award will normally "vest" following a date ("Vesting Date") specified at the date of grant of the award. The Vesting Date for any award will be a date selected by the Remuneration Committee which occurs after the expiry of the relevant Performance Period and not before the third anniversary of the date of grant.

When a Conditional Award (structured as an option) vests or a SAR Award (structured as an option) vests, such award will become capable of exercise. (Please refer to the section below headed "Vesting & Exercise of Awards" for details of the period during which such awards may be exercised).

When a Conditional Award or a SAR Award (which in either case has not been structured as an option) vests, the award holder will become beneficially entitled to receive cash (in the case of such a SAR Award) or become beneficially entitled to receive Shares (in the case of such a Conditional Award).

The ability of the award holder to deal with either the cash or Shares to which they become beneficially entitled will be subject to the provisions described below under the heading "Holding Period".

The extent to which an award vests (and hence the number of Shares or quantum of cash payment to be delivered to the award holder pursuant to the award) will normally be determined in accordance with the Performance Target that applies to the award in question. Accordingly the vesting of any award may not normally occur unless and until the Remuneration Committee has determined the extent to which the Performance Target applying to the award has been satisfied.

In relation to the initial grant of awards under the PSP it is intended that the Performance Period will be three years long commencing on the first day of the financial year in which the award is made and that:

- half of the Shares subject to any award will be subject to the earnings per share growth target as described below ("EPS Target"); and
- half of the Shares subject to any award will be subject to the total shareholder return target as described below ("TSR Target").

### EPS Target

In normal circumstances if the average annual growth in earnings per share of the Company measured over the Performance Period is less than 7 per cent. per annum, then the award will not vest to any extent at all in respect of the Shares subject to the EPS Target.

If the average annual growth in earnings per share of the Company measured over the Performance Period is exactly 7 per cent. per annum ("Lower Target"), then the award will vest in respect of 25 per cent. of the Shares that are subject to the EPS Target (rounded down to the nearest whole number of Shares).

If the average annual growth in earnings per share of the Company measured over the Performance Period is exactly 9 per cent. per annum ("Intervening Target"), then the award will vest in respect of 50 per cent. of the Shares that are subject to the EPS Target (rounded down to the nearest whole number of Shares).

Where the average annual growth in earnings per share of the Company measured over the Performance Period falls between the Lower Target and the Intervening Target, the number of Shares that vest will be determined on a straight line basis between 25 per cent. and 50 per cent. of the Shares subject to the EPS Target (rounded down to the nearest whole number of Shares).

If the average annual growth in earnings per share of the Company measured over the Performance Period is exactly 14 per cent. per annum ("Upper Target"), then the award will vest in respect of all of the Shares that are subject to the EPS Target.

Where the average annual growth in earnings per share of the Company measured over

the Performance Period falls between the Intervening Target and the Upper Target, the number of Shares that vest will be determined on a straight line basis between 50 per cent. and 100 per cent. of the Shares subject to the EPS Target (rounded down to the nearest whole number of Shares).

For the purpose of undertaking the calculations for the EPS Target, it is intended that earnings per share will be determined on such adjusted basis as the Remuneration Committee determines appropriate.

#### TSR Target

If the Company is ranked less than median by reference to its total shareholder return over the Performance Period relative to that of the constituents (as at the start of the Performance Period) of the FTSE 350 Index (excluding investment trusts) ("Comparator Group"), then the award will not vest to any extent at all in respect of the Shares subject to the TSR Target.

If the Company is ranked exactly at the median by reference to its total shareholder return over the Performance Period relative to that of the constituents of the Comparator Group, then the award will vest in respect of 25 per cent. of the Shares that are subject to the TSR Target (rounded down to the nearest whole number of Shares).

If the Company is ranked exactly at the upper quartile or higher than the upper quartile by reference to its total shareholder return over the Performance Period relative to that of the constituents of the Comparator Group, then the award will vest in respect of all of the Shares that are subject to the TSR Target.

Where the Company is ranked between the median and the upper quartile by reference to its total shareholder return over the Performance Period relative to that of the constituents of the Comparator Group then the number of Shares over which the award will vest will be determined on a straight line basis between 25 per cent. and 100 per cent. of the Shares subject to the TSR Target (rounded down to the nearest whole number of Shares).

For the purpose of undertaking the calculations for the TSR Target, the relevant total shareholder return for the Company and the constituents of the Comparator Group will be averaged over a period of three months prior to the start of the Performance Period and averaged over a period of three months prior to the end of the Performance Period.

#### Performance Underpin

Regardless of the extent to which the TSR Target and EPS Target are satisfied, vesting of the award shall not take place unless the Remuneration Committee, acting fairly and reasonably, determines that the level of vesting calculated in accordance with the TSR Target and the EPS Target summarised above fairly reflects the underlying financial performance of the Company over the Performance Period.

In the event that the Remuneration Committee determines that the level of vesting determined in accordance with the EPS Target and TSR Target is not reflective of the underlying financial performance of the Company over the Performance Period, the Remuneration Committee may determine that partial vesting of awards may still take place. In this case, the level of vesting determined for an award in accordance with the EPS Target and TSR Target, shall be scaled back and reduced (including to nil) by such extent as the Remuneration Committee determines is appropriate.

#### Other Provisions relating to Performance Targets

If events occur which cause the Remuneration Committee reasonably to consider that a different or amended target would be a fairer measure of performance, the Remuneration Committee may waive or amend the original Performance Target in such manner as it deems fit provided that any such amended target is not materially more nor less difficult to achieve than the original Performance Target.

It should also be noted that a Performance Target, applying to an award, may be measured over an abbreviated period less than the Performance Period in circumstances where an award holder ceases to be an employee before the end of the relevant Performance Period or certain corporate events occur (such as a change of control of the Company) before the end of the relevant Performance Period. In these circumstances such performance target may be modified in such manner as the Remuneration Committee thinks fit so as to be applied over such abbreviated period.

The Remuneration Committee has the right to determine and set different performance targets to those described above in relation to any award made under the PSP provided that in the case of awards made to executive directors of the Company, the new performance targets are not materially less challenging in the circumstances prevailing at the relevant time than the performance targets described above.

#### Dividend Equivalents

Until Shares have been transferred to an award holder pursuant to any Conditional Award or SAR Award they shall have no entitlement to any dividends or other distributions payable by reference to a record date preceding the date of such transfer.

The Remuneration Committee has a discretion, which must be exercised at the time of grant of an award, to permit awards to be enhanced by reference to dividends paid on Shares in the following manner. If, at any time, following the date of grant of an award but before its Vesting Date, a dividend or other cash distribution is paid by the Company in respect of its Shares, the number of Shares under the award then subsisting shall be notionally increased to reflect the value of the dividend. The number of Shares to be notionally added to an award ("Dividend Equivalent Shares") shall equate to such number of Shares as could have been purchased, at the middle market price of a Share on the

date the dividend is paid, from an amount equal to the dividend paid on each Share multiplied by the number of Shares under the award.

To the extent that an award does not vest in relation to any Shares, the award shall also cease to vest in respect of a proportionate number of Dividend Equivalent Shares.

Dividend Equivalent Shares that have been issued and any Dividend Equivalent Shares that have been notionally added to an award shall be taken into account for the purposes of applying the plan dilution limits set out above. Any potential right to receive additional Dividend Equivalent Shares in the future shall not, however, be taken into account.

#### Vesting & Exercise of Awards

Normally, an award will only vest following the occurrence of the Vesting Date to the extent that the Performance Target has been satisfied and the award holder is still an employee within the Company or its subsidiaries ("Group"). For the purpose of assessing whether an individual has ceased to be employed within the Group, any company which is owned (directly or indirectly) as to not less than 20% of its share capital by the Company and its subsidiaries will be regarded as a member of the Group provided that the Remuneration Committee has resolved that this should be the case.

Vesting of an award may however not occur during any prohibited period specified by the Model Code and no award shall in any event be capable of exercise during such a prohibited period. In the event that the vesting of an award is prohibited by the Model Code, such vesting shall occur as soon as the relevant prohibitions cease to apply.

Conditional Awards or SAR Awards which are in either case structured as options may normally only be exercised during the period specified by the Remuneration Committee at the date of grant of the award concerned ("Exercise Period"). The Exercise Period relating to any such award shall not commence prior to the Vesting Date of the award and shall not expire more than ten years after its date of grant. All Conditional Awards or SAR Awards structured as options will lapse on the tenth anniversary of their date of grant unless they lapse sooner pursuant to another provision of the PSP.

If an award holder ceases to be employed within the Group the treatment of an award held by the award holder will normally differ depending on whether the Vesting Date in respect of such award has been reached at the point of cessation of employment. In relation to:

- any Conditional Award or SAR Award structured as an option for which the Vesting Date has passed at the date of such cessation, the award holder will be able to retain such award for a period of 12 months (or such shorter period as the Remuneration Committee may decide) following the date of cessation of employment and exercise the same during this period in respect of the Shares that have vested pursuant to such award, provided it does not lapse under some other provision of the PSP. To the extent it is not so exercised, it will lapse and become worthless;
- any Conditional Award or SAR Award which has not been structured as an option for which the Vesting Date has passed at the date of such cessation, the award holder will be entitled to receive a transfer of the Shares pursuant to the Conditional Award or the cash payment pursuant to the SAR Award that has vested, to the extent not already received by the award holder concerned prior to cessation of employment;
- any Conditional Award or SAR Award structured as an option for which the Vesting Date has not passed at the date of such cessation, provided that the reason for such cessation of employment is death, ill health, injury or disability, redundancy, the business or company in which the award holder works being sold outside the Group or retirement as determined by the Remuneration Committee ("Good Leaver Reasons"), then the award holder will be able to retain such award. To the extent that the award vests subsequent to the Vesting Date, the award may be exercised during the period of 12 months following the Vesting Date, provided it does not lapse under some other provision of the PSP. To the extent it is not so exercised, it will lapse and become worthless; and
- any Conditional Award or SAR Award which is not structured as an option for which the Vesting Date has not passed at the date of such cessation, provided that the reason for such cessation is one of the Good Leaver Reasons, then the award holder will be able to retain such award. Subsequent to such Vesting Date, the award holder will be entitled to receive the Shares or cash payment to the extent that the award has vested.

In any case where an award holder ceases to be an employee within the Group prior to the Vesting Date of an award he holds for any reason which is not one of the Good Leaver Reasons, then such award will lapse on cessation of employment and be worthless, unless the Remuneration Committee exercises its discretion to permit the award concerned to be retained. To the extent that the Remuneration Committee exercises its discretion in favour of the award holder, the provisions summarised above in relation to the treatment of award holders who cease to be employed for one of the Good Leaver Reasons prior to the Vesting Date of the award will apply to the award concerned.

In all cases where there is a cessation of employment of an award holder, the number of Shares that vest pursuant to any award held by such award holder will be determined by reference to the Performance Target applying to the award in question.

Vesting of awards is possible earlier than the Vesting Date in the event of a takeover, a scheme of arrangement under Part 26 of the Act being sanctioned by the court or a resolution being passed for the voluntary winding up of the Company. In the case of a takeover of the Company or the transfer out of the Company's group of the company employing the award holder concerned, the Remuneration Committee may allow the award to vest (and any exercise of the award, if relevant to the award in question, to occur)

# Appendix

immediately before, but with effect from, the takeover or the transfer of the undertaking concerned. The Remuneration Committee will also have a discretion to permit an award to vest or be exercised prior to its Vesting Date in respect of an award holder who ceases to be an employee within the Group for a Good Leaver Reason or where its discretion is exercised to permit the award holder concerned to be treated as leaving for a Good Leaver Reason as described above.

In any case where a corporate event described above or cessation of employment of the award holder occurs before the Vesting Date relating to the award, the maximum number of Shares which may vest pursuant to the award concerned shall, subject to the discretion of the Remuneration Committee, be pro-rated down on a time apportioned basis by reference to the time that has elapsed from the relevant date of grant of the award to the relevant date of cessation of employment or the corporate event concerned.

In relation to the pro-rating mechanism outlined above, the Remuneration Committee has a discretion to ignore the prescribed pro-rating of the Shares over which such award may vest.

In any case where an award is permitted to vest prior to the Vesting Date relating to the award in question, the award will only vest to the extent to which the performance condition applying to the award has been satisfied. The Remuneration Committee has a discretion to modify the performance condition to take account of the fact that the Performance Period may have been abbreviated by the event giving rise to the award vesting prior to its Vesting Date.

## Holding Period

When an award holder who is an executive director of the Company becomes beneficially entitled to receive any Shares that have vested under their award, (which will normally occur following the Vesting Date in relation to a Conditional Award not structured as an option and at the point of exercise of a Conditional Award structured as an option), the award holder will be required to retain the Shares that have vested for a holding period specified by the Remuneration Committee ("Holding Period"). The Holding Period will be determined by the Remuneration Committee at the time of grant of the award in question and may be any period between one and two years long.

During the Holding Period, the award holder will not be entitled to transfer, assign or otherwise encumber the Shares that have vested pursuant to the award concerned, save that:

- the award holder will be permitted to dispose of such number of vested Shares as may produce a sum sufficient to discharge any tax liability arising as a result of the vesting or exercise of the award in question;
- the Remuneration Committee may, in exceptional circumstances, permit the award holder to dispose of or otherwise encumber such vested Shares or some of them.

In the event that an award holder ceases to be employed within the Group during the Holding Period relating to any of their vested Shares, such Shares will not be forfeited but shall, (unless the Remuneration Committee determines otherwise pursuant to its discretion referred to above), remain subject to the restriction not to dispose of, assign or otherwise encumber the Shares throughout the Holding Period.

At the end of the Holding Period, the Shares concerned will normally be released to the award holder concerned.

Shares which are subject to the restrictions summarised above during the applicable Holding Period shall at all times be subject to the clawback provisions summarised below.

The restrictions described above will also apply during the Holding Period in relation to a SAR Award granted to an executive director of the Company which is settled in Shares. In relation to a SAR Award granted to an executive director of the Company which is settled in cash, the cash payment to which the award holder is entitled may also be paid on terms (including deferred payment terms) to mirror, so far as possible, the restrictions that would otherwise apply during the relevant Holding Period to Shares, if they were used to satisfy the SAR Award in question.

In relation to any employee of the Group who is not an executive director of the Company, the Remuneration Committee has a discretion as to whether or not any Shares that vest pursuant to an award held by such employee (or cash settlement of the award) should be subject to the provisions described above during a Holding Period. To the extent that the Remuneration Committee determine that this should be the case, the provisions described above in relation to the application of the Holding Period to awards made to executive directors of the Company will apply equally to the award in question.

## Clawback

During the three year period following the date that an award vests the Remuneration Committee shall have the ability to reclaim the value of the award. This ability shall be capable of exercise in any case where:

- there has been a misstatement of the Company's financial results;
- an error has been made in assessing the extent to which the Performance Target applying to the award has been met;
- the award holder in question ceases to be employed as a result of serious misconduct.

In the event that this "clawback provision" is exercised, recovery of the value of an award

from the award holder may be made by way of a reduction in any future bonus, reduction of the number of Shares subject to an existing award or that would otherwise be made subject to a future award and/or by way of the award holder making a cash payment to the Company.

## Other Award Terms

Awards are not capable of transfer or assignment.

Until Conditional Awards structured as options are exercised or Conditional Awards which are not structured as options vest, the award holders have no voting or other rights in relation to the Shares subject to those awards.

Shares allotted pursuant to the vesting or exercise of an award will rank *pari passu* in all respects with the Shares already in issue except for rights which attach to Shares by reference to a record date preceding the date of issue. Shares transferred on the exercise or vesting of an award shall be transferred without the benefit of any rights attaching to the Shares by reference to a record date preceding the date of such exercise or vesting as the case may be. For so long as the Company's Shares are listed on the Official List of the London Stock Exchange ("Official List"), the Company will use its best endeavours to procure that the Shares issued to satisfy any awards are admitted to the Official List as soon as practicable after allotment.

Benefits obtained under the PSP are not pensionable.

## Adjustment of Awards

The number of Shares under an award and their nominal value may be adjusted by the Remuneration Committee in the event of any capitalisation issue or rights issue (other than an issue of Shares pursuant to the exercise of an option given to the shareholders of the Company to receive shares in lieu of a dividend) or open offer or any other variation in the share capital of the Company including (without limitation) any consolidation, subdivision or reduction of capital.

## Administration and Amendment

The PSP is administered by the Remuneration Committee. The Remuneration Committee may amend the provisions of the PSP. The rules of the PSP which relate to:

- the persons to whom Shares or cash are provided under the PSP;
- the limits on the number of Shares or cash which may be issued under the PSP;
- the maximum entitlement of any award holder;
- the basis for determining an award holder's entitlement to Shares, cash or awards; and
- the basis for determining the adjustment of any award granted under the PSP in the event of a capitalisation issue, rights issue or open offer, sub-division or consolidation of shares or reduction of capital or any other variation of capital of the Company,

cannot be amended to the advantage of any award holder or potential award holder without the prior approval of the Company in general meeting except for minor amendments to benefit the administration of the PSP, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for award holders or the Company and its subsidiaries.

The Remuneration Committee may, in respect of any award granted to an Eligible Employee who is or who may become primarily subject to taxation on his remuneration outside the United Kingdom, amend or alter the provisions of any such award to take account of relevant overseas taxation, securities or other laws.

## Termination

The PSP may be terminated at any time by Resolution of the Remuneration Committee and shall in any event terminate on the tenth anniversary of its adoption so that no further awards can be granted under the PSP after such termination. Termination shall not affect the outstanding rights of existing award holders.