

The Sage Group plc.



# 2019 Notice of Meeting



This notice is important and requires your immediate attention. If you are in any doubt about the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser duly authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all of your ordinary shares, please send this document, as soon as possible, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.

The Sage Group plc.  
North Park Newcastle upon Tyne NE13 9AA  
United Kingdom  
[www.sage.com](http://www.sage.com)

Dear Shareholder

### Annual General Meeting 2019

I am pleased to send you details of the thirty-first annual general meeting (the "AGM") of The Sage Group plc. (the "Company"). The AGM will be held on Wednesday 27 February 2019 at North Park, Newcastle-upon-Tyne, NE13 9AA at 12 noon. Shareholder registration will be available from 11:00am.

The following documentation is enclosed with this letter:

- Notice of AGM, which sets out on pages 4 to 5 the details of the resolutions to be proposed at the AGM, together with explanatory notes on pages 6 to 7; and
- Form of Proxy (pre-paid for postal return).

The Annual Report & Accounts for the year ended 30 September 2018 were posted to shareholders who have elected to receive hard copy documents on 17 December 2018, and are available to view and download online at <https://www.sage.com/corporate/investors>.

### What to do next

I would ask you to complete the Form of Proxy and return it (prepaid within the UK) to the Company's Registrars, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA so as to arrive as soon as possible but in any event no later than 12 noon on 25 February 2019. Alternatively, if you would prefer to appoint a proxy or proxies electronically, you may do so by going to [www.sharevote.co.uk](http://www.sharevote.co.uk). You will be required to key in the Voting ID, Task ID and Shareholder Reference Number printed on the Form of Proxy to access the voting site. CREST members may appoint their proxy or proxies electronically via Equiniti (ID RA19). Submitting a proxy appointment will not prevent you from also attending the AGM and voting in person. Further details relating to voting by proxy are set out in the Notes on pages 8 to 9 of this document.

### Shareholder helpline

If you have any questions relating to the enclosed documents, please call the Company's Registrars, Equiniti, on 0371 384 2859. Non-UK callers should dial +44(0) 121 415 7047. Lines are open 8.30am to 5.30pm, Monday to Friday (excluding public holidays in England and Wales). The helpline cannot give any financial, legal or tax advice.

### Documents available for inspection

The following documents are available for inspection at the registered office of the Company during usual business hours on any weekday (except public holidays) from the date of the Notice of AGM until the conclusion of the AGM and will be available for inspection at the AGM venue from at least 15 minutes before the AGM until it ends:

- A copy of the Company's memorandum of association and articles of association;
- Copies of the service contracts or letters of appointment of the Directors of the Company; and
- The Annual Report and Accounts 2018.

Copies of The Sage Group 2019 Restricted Share Plan and the proposed amendments to The Sage Group 2010 Restricted Share Plan, which are summarised at Schedule A and Schedule B of this document respectively, will be available for inspection at Deloitte LLP, Company Secretarial Department, 2 New Street Square, London, EC4A 3BZ during the same period, and at the AGM venue from at least 15 minutes before the AGM until it ends.

### Recommendation

The directors believe that the proposals in all resolutions to be put to the meeting are in the best interests of shareholders as a whole and, accordingly, they unanimously recommend that you vote in favour of all the resolutions.

Yours sincerely

Sir Donald Brydon CBE  
Chairman

## Notice of Meeting

Notice is hereby given that the thirty-first Annual General Meeting of The Sage Group plc. will be held at North Park, Newcastle upon Tyne NE13 9AA at 12 noon on 27 February 2019 for the following purposes:

To consider and, if thought fit, to pass the following resolutions, of which resolutions 1 to 15 (inclusive), 19 and 20 will be proposed as ordinary resolutions and resolutions 16 to 18 (inclusive) will be proposed as special resolutions:

1. To receive and consider the Annual Report & Accounts for the financial year ended 30 September 2018.
2. To declare a final dividend recommended by the directors of 10.85 pence per ordinary share for the financial year ended 30 September 2018 to be paid on 1 March 2019 to members whose names appear on the register at the close of business on 8 February 2019.
3. To re-elect Sir Donald Brydon as a director.
4. To re-elect Neil Berkett as a director.
5. To re-elect Blair Crump as a director.
6. To re-elect Drummond Hall as a director.
7. To re-elect Steve Hare as a director.
8. To re-elect Jonathan Howell as a director.
9. To re-elect Soni Jiandani as a director.
10. To re-elect Cath Keers as a director.
11. To re-appoint Ernst & Young LLP as auditors to the Company.
12. To authorise the Audit and Risk Committee to determine the remuneration of the auditors to the Company.
13. To approve the directors' remuneration report (excluding the directors' remuneration policy set out on pages 108 to 115 of the Annual Report & Accounts 2018) for the financial year ended 30 September 2018, as set out on pages 103 to 128 of the Annual Report & Accounts 2018.
14. To approve the directors' remuneration policy, the full text of which is contained in the directors' remuneration report for the year ended 30 September 2018, as set out on pages 108 to 115 of the Annual Report & Accounts 2018.
15. That:
  - (a) the directors be authorised to allot shares in the Company or grant rights to subscribe for, or convert any security into, shares in the Company:
    - (i) in accordance with article 7 of the Company's articles of association, up to a maximum nominal amount of £3,803,174.30 (such amount to be reduced by the nominal amount of any equity securities (as defined in article 8 of the Company's articles of association) allotted under paragraph (ii) below in excess of £3,803,174.30); and
    - (ii) comprising equity securities (as defined in article 8 of the Company's articles of association) up to a maximum nominal amount of £7,606,348.60 (such amount to be reduced by any shares allotted or rights granted under paragraph (i) above) in connection with an offer by way of a rights issue (as defined in article 8 of the Company's articles of association);
  - (b) this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, or, if earlier, at the close of business on 31 March 2020; and
  - (c) all previous unutilised authorities under section 551 of the Companies Act 2006 shall cease to have effect (save to the extent that the same are exercisable pursuant to section 551(7) of the Companies Act 2006 by reason of any offer or agreement made prior to the date of this resolution which would or might require shares to be allotted or rights to be granted on or after that date).
16. That:
  - (a) in accordance with article 8 of the Company's articles of association, the directors be given power to allot equity securities for cash;
  - (b) the power under paragraph (a) above (other than in connection with a rights issue, as defined in article 8 of the Company's articles of association) shall be limited to the allotment of equity securities having a nominal amount not exceeding in aggregate £571,047.19;
  - (c) this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or, if earlier, at the close of business on 31 March 2020; and
  - (d) all previous unutilised authorities under sections 570 and 573 of the Companies Act 2006 shall cease to have effect.
17. That in accordance with section 701 of the Companies Act 2006 the Company be and is hereby granted general and unconditional authority to make one or more market purchases (within the meaning of section 693 of the Companies Act 2006) of ordinary shares in the capital of the Company on such terms and in such manner as the directors shall determine PROVIDED THAT:
  - (a) the maximum number of ordinary shares which may be acquired pursuant to this authority is 108,569,466 ordinary shares in the capital of the Company;
  - (b) the minimum price which may be paid for each such ordinary share (exclusive of all expenses) is its nominal value;
  - (c) the maximum price which may be paid for each such ordinary share (exclusive of all expenses) shall not be more than the higher of:
    - (i) an amount equal to 105 per cent. of the average of the middle market prices shown in the quotations for the ordinary shares in the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that ordinary share is purchased; and
    - (ii) 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 trading venue where the purchase is carried out;
  - (d) this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, or, if earlier, at the close of business on 31 March 2020 unless renewed before that time; and
  - (e) the Company may make a contract or contracts to purchase ordinary shares under this authority before its expiry which will be or may be executed wholly or partly after expiry of this authority and may make a purchase of ordinary shares in pursuance of such contract.
18. That a general meeting (other than an Annual General Meeting) may be called on not less than 14 clear days' notice.

19. That the rules of the Sage Group 2019 Restricted Share Plan (the "2019 RSP") in the form produced to the Annual General Meeting and for the purposes of identification, initialled by the Chairman, the principal terms of which are summarised in Schedule A to this Notice, be approved and the Board be authorised to:
  - a. do all such other acts and things as they may consider appropriate to implement the 2019 RSP; and
  - b. establish such further plans for the benefit of employees overseas, based on the 2019 RSP and modified, as may be necessary or desirable to take account of local securities laws, exchange control and tax legislation, provided that any shares of the Company made available under such plans are treated as counting against any limits on individual or overall participation in the 2019 RSP.
20. That the amended rules of the Sage Group 2010 Restricted Share Plan (the "2010 RSP") in the form produced to the Annual General Meeting and for the purposes of identification, initialled by the Chairman of the meeting, the principal terms and amendments to which are summarised in Schedule B to this Notice, be approved.

**By Order of the Board**

**V Bradin**  
Secretary  
Registered office:  
North Park, Newcastle upon Tyne NE13 9AA  
Registered in England and Wales Company number 2231246  
22 January 2019

## Explanatory notes

**Resolution 1** is to receive and consider the Annual Report & Accounts for the financial year ended 30 September 2018. The directors are required to present to the meeting the annual accounts and reports which are contained in the Annual Report & Accounts 2018.

**Resolution 2** is to declare a final dividend of 10.85p per ordinary share. The final dividend declared cannot exceed the amount recommended by the directors. An interim dividend of 5.65p per share was paid on 1 June 2018. The Board is proposing a final dividend of 10.85p per share, making a total dividend for the year of 16.50p per share.

**Resolutions 3 to 10** relate to the re-election of directors to the Board. In accordance with the recommendations of the UK Corporate Governance Code, all directors retire at the AGM and those wishing to serve again submit themselves for re-election by the shareholders.

The Nomination Committee, which is the Committee of the Board that considers the balance of the Board and the mix of skills, knowledge and experience of its members, has considered and approved the proposed re-election of each of the directors. The Board believes that the skills and experience of each director, as outlined in their biography, will be of benefit to the Board and the Company. All the directors have been subject to a formal evaluation procedure in the last 12 months, details of which are on page 83 of the Annual Report & Accounts 2018.

The performance and skills of Steve Hare and Jonathan Howell were also given further, detailed consideration, prior to their appointment as Chief Executive Officer and Chief Financial Officer respectively. Following these procedures the Chairman confirms the continuing commitment and effective contribution of all directors to their roles and recommends their re-election. Drummond Hall, in his role as Senior Independent Director, also confirms Donald Brydon's continuing commitment and effective contribution in his role as Chairman.

Further biographical details and information on the individual contributions of all directors are set out on pages 10 to 11 of this notice.

**Resolutions 11 and 12** relate to the re-appointment of the auditors and determination of their remuneration. Resolution 11 is proposed to approve the re-appointment of Ernst & Young LLP, following the recommendation of the Audit and Risk Committee. Resolution 12 authorises the Audit and Risk Committee to determine the auditors' remuneration. Further details of the external audit are set out on pages 99 to 100 of the Annual Report & Accounts 2018.

**Resolution 13** is to approve the directors' remuneration report (excluding the directors' remuneration policy on pages 108 to 115 of the Annual Report & Accounts 2018) as set out on pages 103 to 128 of the Annual Report & Accounts 2018.

Section 439 of the Companies Act 2006 requires that the directors' remuneration report for the financial year be put to a vote of shareholders at the AGM. This vote is advisory and the directors' entitlement to receive remuneration is not conditional on it.

**Resolution 14** is to approve the directors' remuneration policy as set out on pages 108 to 115 of the Annual Report & Accounts 2018.

Following approval of the Company's remuneration policy by shareholders at the 2016 AGM, the Company is asking shareholders to approve the new remuneration policy to take account of a review and consultation undertaken by the Remuneration Committee in 2018. Once the new policy has been approved, the Company will not be able to make a remuneration payment to a current or future director or a payment for loss of office to a current or past director, unless the payment is consistent with that policy, or has been approved by a resolution of the members of the Company.

The key proposed changes from the current policy are as follows:

- The revised policy provides flexibility for the Remuneration Committee to use different performance measures for different PSP award cycles in order to ensure that awards are aligned with strategic objectives.
- There will be an increase in the maximum annual bonus potential to 175% of salary (from a previous maximum of 125% of salary). The minimum level of bonus to be determined by measures of Group financial performance will be set at 70%.
- Minimum shareholding guideline for Executive Directors has been increased to 250% of salary (previously 200%).
- There will be a reduction in the maximum level of pension provision for Executive Directors to 15% of salary (previously 25%).
- The revised policy clarifies payments that can be made in connection with a Director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation or by way of a compromise or settlement of any claim arising in connection with the cessation of a Director's office or employment.
- If appropriate, Non-executive Directors may be paid an additional fee for membership of a Board Committee.

**Resolution 15** will be proposed to enable the directors to renew their existing powers to allot ordinary shares in the capital of the Company without the prior consent of shareholders for a period expiring at the conclusion of the next AGM of the Company or, if earlier, at the close of business on 31 March 2020.

Paragraph (a)(i) of resolution 15 will allow the directors to allot ordinary shares up to an aggregate maximum nominal amount of £3,803,174.30 (representing approximately 33.3% of the nominal value of the Company's issued share capital, excluding shares held in treasury, on 16 January 2019, the latest practicable date prior to the publication of this document).

In accordance with the institutional guidelines issued by the Investment Association ("IA"), paragraph (a)(ii) of resolution 15 will allow directors to allot, including the ordinary shares referred to in paragraph (a)(i) of resolution 15, further of the Company's ordinary shares in connection with a pre-emptive offer by way of a rights issue to ordinary shareholders up to a maximum nominal amount of £7,606,348.60 (representing approximately 66.6% of the Company's existing issued share capital, excluding shares held in treasury, on 16 January 2019, the latest practicable date prior to the publication of this document). The directors have no present intention of exercising this authority. However, if they do exercise the authority, the directors intend to follow best practice as regards its use as recommended by the IA.

As at 16 January 2019, the latest practicable date prior to the publication of this document, the Company holds 35,094,633 shares in treasury, which represents approximately 3.23% of the total ordinary share capital in issue.

**Resolution 16** will allow the directors to allot equity securities for cash without first being required to offer such shares to existing shareholders for a period expiring at the conclusion of the next AGM of the Company or, if earlier, at the close of business on 31 March 2020. If approved, the resolution will authorise the directors to issue shares in connection with a rights issue or other pre-emptive offer and otherwise to issue shares for cash up to an aggregate maximum nominal amount of £571,047.19 (representing approximately 5% of the issued ordinary share capital of the Company, excluding shares held in treasury, on 16 January 2019, the latest practicable date prior to the publication of this document), which includes the sale on a non-pre-emptive basis of any shares the Company holds in treasury for cash. The directors do not have any present intention of exercising this authority and do not intend to issue more than 7.5% of the issued share capital of the Company for cash on a non-pre-

emptive basis in any rolling three-year period without prior consultation with the relevant investor groups.

The directors are aware of the Pre-Emption Group's Statement of Principles, and its template resolutions, and may, if considered appropriate, seek authority by way of an additional resolution at future Annual General Meetings to issue shares for cash on a non pre-emptive basis up to an amount equal to a further 5% of the issued share capital of the Company, provided that such additional authority is used only in accordance with the Pre-Emption Group's Statement of Principles.

This resolution will be proposed as a special resolution.

**Resolution 17** will be proposed to continue to enable the Company to purchase its own shares in accordance with the Companies Act 2006 on such terms and in such manner as the directors determine, subject to the following:

- the price which may be paid for each ordinary share will not be less than the nominal value of the share and will not exceed the higher of 5% above the average of the middle market quotations for prices of the ordinary shares of the Company (as derived from the London Stock Exchange Daily Official List) for the five business days before the purchase is made and 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 trading venue where the purchase is carried out, in each case exclusive of any expenses payable by the Company;
- the maximum aggregate number of shares that may be purchased pursuant to this authority shall be limited to 108,569,466 shares which is equivalent to approximately 10% of the Company's issued share capital, excluding shares held in treasury, as at 16 January 2019, the latest practicable date prior to publication of this document; and
- the authority will remain in force until the conclusion of the next AGM of the Company but will terminate on 31 March 2020 if the AGM has not been held by that date.

The Company may agree before the authority terminates to purchase ordinary shares where the purchase will or may be executed after the authority terminates (either in whole or in part). The Company may complete such a purchase even though the authority has ended.

The power given by the resolution will only be exercised if the directors are satisfied that any purchase will increase the earnings per share of the ordinary share capital in issue after the purchase and, accordingly, that the purchase is in the interests of shareholders. The directors will also give careful consideration to gearing levels of the Company and its general financial position. The purchase price would be paid out of distributable profits.

A listed company may hold shares in treasury, as an alternative to cancelling them, following a purchase of own shares by the company in accordance with the Companies Act 2006. Shares held in treasury in this manner will be available for resale by the company or may be transferred for the purpose of or pursuant to an employees' share scheme. Accordingly, if the directors exercise the authority conferred by resolution 17, the Company will have the option of holding those shares in treasury, rather than cancelling them. Your Board will have regard to any guidelines published by any of the investor groups in force at the time of any such purchase, holding or resale of treasury shares.

The total number of options to subscribe for ordinary shares and awards to be satisfied by newly issued ordinary shares under other long-term incentive plans of the Group that were outstanding at 16 January 2019 (being the latest practicable date prior to the publication of this document) was 18,779,269. The proportion of

issued share capital, excluding shares held in treasury, that they represented at that time was 1.73% and the proportion of issued share capital that they will represent if the full authority to purchase shares, existing and being sought, is used is 1.70%.

This resolution will be proposed as a special resolution.

**Resolution 18** will be proposed to allow the Company to call general meetings (other than an AGM) on 14 clear days' notice. A resolution in the same terms was passed at the AGM in 2018. The notice period required by the Companies Act 2006 for general meetings of the Company is 21 clear days unless shareholders approve a shorter notice period, which cannot, however, be less than 14 clear days. AGMs must always be held on at least 21 clear days' notice.

It is intended that the flexibility offered by this resolution will only be used for time-sensitive, non-routine business and where merited in the interests of shareholders as a whole. The approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed. In order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting.

This resolution will be proposed as a special resolution.

**Resolutions 19 and 20** The Company currently operates the 2010 RSP. The 2010 RSP expires on 10 March 2020, and it will not be possible to grant further awards under the 2010 RSP after this date. Shareholder approval is being sought to adopt the 2019 RSP as a replacement plan in order to enable the Company to continue to grant restricted share plan awards to eligible employees.

In addition, it is proposed to approve amendments to the 2010 RSP, to provide more flexibility in the satisfaction of existing awards granted under it. The principal changes are: (i) to allow the satisfaction of awards by using newly issued shares and treasury shares as well as market purchase shares and (ii) to permit cash settlement of awards. The former change requires shareholder approval under the UKLA Listing Rules. Without prejudice to any other rule in the 2010 RSP, the satisfaction of awards and the cash settlement of awards may be applied to outstanding invested awards at release. Certain other consequential changes are proposed to be made to the 2010 RSP in order to ensure that the amended 2010 RSP complies with the UK Listing Rules.

Directors of the Company are not eligible to participate in either the 2019 RSP or the 2010 RSP. The flexibility to use new issue and treasury shares will be subject to standard best practice limits

A summary of the principal terms of the 2019 RSP is set out in Schedule A.

A summary of the principal terms and proposed amendments to the 2010 RSP is set out in Schedule B.

By Order of the Board

**V Bradin**  
Secretary

22 January 2019

## Notes

- (i) A member entitled to attend and to speak and vote at the meeting may appoint one or more proxies to exercise all or any of his/her rights to attend and to speak and vote instead of him/her. A proxy need not also be a member. You may appoint more than one proxy provided that each proxy is appointed to exercise rights attaching to different shares. If you wish your proxy to speak on your behalf at the Annual General Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
- (ii) To be valid, a Form of Proxy and any power of attorney or other authority (if any) under which it is signed (or a duly certified copy thereof) must be lodged with the Company's Registrars, Equiniti, Aspect House, Spencer Road, Lancing BN99 6DA no later than 12 noon on 25 February 2019. The completion and return of a Form of Proxy will not prevent a member who wishes to do so from attending and voting in person. A Form of Proxy which may be used to make such appointment and give proxy instructions accompanies this notice. As an alternative to completing a hard copy Form of Proxy, a member can appoint a proxy electronically by visiting [www.sharevote.co.uk](http://www.sharevote.co.uk). For security purposes, you will need to provide your voting ID, task ID and shareholder reference number (which are shown under your name on the Form of Proxy). Full instructions are given on the website. The proxy appointment and instructions should reach the Company's Registrars not later than 12 noon on 25 February 2019. CREST members may appoint a proxy through the CREST electronic proxy appointment service (please see note (xv) below). You must inform the Company's Registrars in writing of any termination of the authority of a proxy.
- (iii) If you do not have a Form of Proxy and believe you should have one, or if you require additional forms, please contact the Company's Registrars, Equiniti, on 0371 384 2859. Non-UK callers should dial +44(0) 121 415 7047. Lines are open 8.30am to 5.30pm, Monday to Friday (excluding public holidays in England and Wales).
- (iv) Any corporation that is a member can appoint one or more corporate representatives who may exercise on its behalf all of the same powers as the corporation could exercise if it were an individual member provided that they do not do so in relation to the same shares.
- (v) Copies of the service contracts and terms of appointment of the directors are available for inspection at North Park, Newcastle upon Tyne, NE13 9AA during normal business hours on any weekday (public holidays excepted) and will be available at the Annual General Meeting (for at least 15 minutes prior to and during the meeting).
- (vi) Copies of the the Sage Group 2010 Restricted Share Plan and the Sage Group 2019 Restricted Share Plan will be available for inspection at the offices of Deloitte LLP, Company Secretarial Department, 2 New Street Square, London, EC4A 3BZ during normal business hours on any weekday (public holidays excepted) from the date of this notice until the close of the Annual General Meeting and will be available at the Annual General Meeting (for at least 15 minutes prior to and during the meeting).
- (vii) Only those members registered in the register of members of the Company as at 6.30pm on 25 February 2019 or, in the event that this meeting is adjourned, in the register of members as at 6.30pm on the day two days (excluding any non-working days) before the time of any adjourned meeting shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after 6.30pm on 25 February 2019 or, in the event that this meeting is adjourned, in the register of members after 6.30pm on the day two days (excluding any non-working days) before the time of any adjourned meeting shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- (viii) If you return paper and electronic proxy instructions, those received last by the Registrars before the latest time for receipt of proxies will take precedence. You are advised to read the website terms and conditions of use carefully. Electronic communication facilities are available to all shareholders and those who use them will not be disadvantaged.
- (ix) Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated (the "Relevant Member"), have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. 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 Relevant Member as to the exercise of voting rights. Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.
- (x) The statement of the rights of shareholders in relation to the appointment of proxies in notes (i), (ii) and (iii) above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
- (xi) As at 16 January 2019 (being the last practicable date prior to the publication of this document) the Company's issued share capital consists of 1,120,789,295 ordinary shares, carrying one vote each, of which 35,094,633 are held in treasury. Therefore, the total exercisable voting rights in the Company as at 16 January 2019 are 1,085,694,662.
- (xii) It is possible that, pursuant to requests made by members of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on its website a statement setting out any matter relating to the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are to be laid before the Annual General Meeting or relating to any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual reports and accounts were laid. The Company may not require the members requesting such website publication to pay its expenses in complying with section 527 or 528 of the Companies Act 2006 and it must forward the statement to the Company's auditors not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on its website.

- (xiii) A member attending the meeting has the right to ask questions relating to the business being dealt with at the meeting in accordance with section 319A of the Companies Act 2006. 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.
- (xiv) In accordance with section 311A of the Companies Act 2006, the contents of this notice, details of the total number of shares in respect of which members are entitled to exercise voting rights at the Annual General Meeting, the total voting rights members are entitled to exercise at the Annual General Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice can be found at [www.sage.com](http://www.sage.com).
- (xv) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) of that meeting by using the procedures described in the CREST Manual, which is available at [www.euroclear.com](http://www.euroclear.com). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. 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 ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time(s) for receipt of proxy appointments specified in note (ii) above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his/her 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. 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.
- (xvi) Except as provided above, members who have general queries about the Annual General Meeting should use the following means of communication (no other methods of communication will be accepted): calling our shareholder helpline on 0371 384 2859, Non-UK callers should dial +44(0) 121 415 7047. Lines are open 8.30am to 5.30pm, Monday to Friday (excluding public holidays); or writing to the Company's Registrars, Equiniti, Aspect House, Spencer Road, Lancing BN99 6DA. You may not use any electronic address provided either in this notice or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.
- (xvii) All resolutions will be put to vote on a poll. This will result in a more accurate reflection of the views of shareholders by ensuring that every vote is recognised, including the votes of all shareholders who are unable to attend the meeting but who appoint a proxy for the meeting. On a poll, each shareholder has one vote for every share held.

## Director biographies

### Sir Donald Brydon

**Position:** Chairman

**Appointment to the Board:** 6 July 2012

**Age:** 73

**Committee membership:** Nomination (Chair)

**External appointments:** London Stock Exchange plc (Chairman), Medical Research Council (Chairman), Chair of the Government's Review of Audit Effectiveness

**Skills and experience:** Donald brings extensive Chairmanship and governance experience to the Board, along with a deep understanding of several industries including banking. Donald was considered independent at the date of his appointment. Donald had a 20-year career with Barclays Group, during which time he was Chairman and Chief Executive of BZW Investment Management and acting Chief Executive of BZW followed by fifteen years with the AXA Group including holding the posts of Chairman and Chief Executive of AXA Investment Managers and Chairman of AXA Framlington. He has also chaired Smiths Group plc, Royal Mail plc, the London Metal Exchange, Amersham plc, Taylor Nelson Sofres plc and the ifs School of Finance and is a past Chairman of EveryChild. He has also served as Senior Independent Director of Allied Domecq plc and Scottish Power plc.

### Neil Berkett

**Position:** Independent Non-executive Director

**Appointment to the Board:** 5 July 2013

**Age:** 63

**Committee membership:** Audit & Risk (Chair), Remuneration

**External appointments:** Guardian Media Group (Chairman), NSPCC (Chair elect)

**Skills and experience:** Neil brings commercial, financial and operational management expertise to the Board. Neil was a board member at Bank of Queensland Ltd. He has over 25 years' experience in a wide range of highly competitive consumer industries. Most recently, he was Chief Executive of Virgin Media Group from March 2008 to June 2013, having joined ntl, Virgin Media's predecessor, as Chief Operating Officer in September 2005. Before ntl he was Managing Director, Distribution, at Lloyds TSB plc (UK). His previous roles include Chief Operating Officer at Prudential Assurance Company Ltd UK, Head of Retail at St George Bank, Senior General Manager at the Australian division of Citibank Limited, Chief Executive at Eastwest Airlines Australia and Financial Controller at ICL Australia.

### Blair Crump

**Position:** President (Executive Director)

**Appointment to the Board:** 1 January 2018

**Age:** 57

**Committee membership:** None

**External appointments:** None

**Skills and experience:** Blair has significant leadership experience in the technology sector, joining Sage from Texas-based profit realisation company PROS Holdings, where he was Chief Operating Officer. Previously, Blair led Salesforce.com's Global Enterprise business, reporting into CEO Marc Benioff, and prior to this spent five years at Verizon Business, where he was appointed Group President. Blair was also at MCI Communications for 23 years, before its acquisition by Verizon in 2006. Blair has a strong background in sales, customer service and driving growth.

### Drummond Hall

**Position:** Senior Independent Non-executive Director

**Appointment to the Board:** 1 January 2014

**Age:** 69

**Committee membership:** Remuneration (Chair), Audit & Risk, Nomination

**External appointments:** WH Smith plc (SID), First Group plc (SID)

**Skills and experience:** Drummond brings extensive general management and marketing expertise to the Board, as well as being an experienced SID and Remuneration Committee Chairman. Previously Drummond was Chief Executive of Dairy Crest Group plc from 2002 to 2006, prior to which the majority of his career was spent with Procter and Gamble, Mars and PepsiCo. Drummond was a Non-executive Director of Mitchells & Butlers plc from July 2004 to January 2010 and Chairman from June 2008 to November 2009.

### Steve Hare

**Position:** Chief Executive Officer (since 2 November 2018)

**Appointment to the Board:** 3 January 2014

**Age:** 57

**Committee membership:** None

**External appointments:** None

**Skills and experience:** Steve joined Sage in 2014 as Chief Financial Officer and served in the additional role of Interim Chief Operating Officer from 31 August 2018 to 2 November 2018, when he was appointed to the role of Chief Executive Officer. Steve was previously Operating Partner and Co-Head of the Portfolio Support Group at the private equity firm Apax Partners, which he joined in 2009. Prior to this he built over 10 years' experience leading the finance function for three listed UK companies culminating as CFO for FTSE 100 company Invensys plc, the global technology-related business, from 2006 to 2009. Between 2004 and 2006 Steve was Group Finance Director for Spectris plc, the FTSE 250 precision instrumentation and controls company and from 1997 to 2003 he was with Marconi PLC, acting as CFO from 2001

### Jonathan Howell

**Position:** Chief Financial Officer (since 10 December 2018)

**Appointment to the Board:** 15 May 2013

**Age:** 56

**Committee membership:** None

**External appointments:** None

**Skills and experience:** Jonathan brings significant financial experience to the Board. Jonathan served nearly six years as an independent non-executive director and Chair of the Audit & Risk Committee at Sage prior to his appointment as CFO. Prior to taking on the CFO role at Sage, Jonathan spent 10 years as Group Finance Director of Close Brothers Group plc, having previously held the same position at the London Stock Exchange Group plc since 1999. Jonathan has also been a non-executive director of EMAP plc and Chairman of FTSE International. The early part of his career was at Price Waterhouse where he qualified as a chartered accountant.

**Soni Jiandani**

**Position:** Independent Non-executive Director

**Appointment to the Board:** 28 February 2017

**Age:** 52

**Committee membership:** Nomination

**External appointments:** None

**Skills and experience:** Soni brings a deep understanding of the software industry and in particular the US West Coast market. She is the former SVP Marketing of Cisco. During her 22 years at the company she was part of a team which was responsible for a number of successes and helped establish multi-billion dollar revenue streams for the company in the Switching, Storage Networking and Server markets. She was also part of the teams that established start-ups which Cisco first funded and later acquired entering new adjacent markets and building successful businesses. Prior to joining Cisco, Soni was a marketing executive at UB Networks and prior to that she was with Excelan which was acquired by Novell.

**Cath Keers**

**Position:** Independent Non-executive Director

**Appointment to the Board:** 1 July 2017

**Age:** 53

**Committee membership:** Remuneration

**External appointments:** Funding Circle plc (NED), TalkTalk Telecom Group plc (NED), UsTwo Fampany Ltd (Chair)

**Skills and experience:** Cath brings strong sales and marketing experience gained across a number of industries to the Board. She started her retail career with Thorn EMI and, after marketing and business development roles at Sky TV, Avon and Next, joined the BT Group in 1996, holding a number of commercial roles, including Marketing Director O2, Chairman of Tesco Mobile and Customer Director O2. Cath has held non-executive roles at a number of FTSE companies including TalkTalk Telecom Group plc, Royal Mail plc and Liverpool Victoria Friendly Society Limited (LV=). She was a non-executive director of Home Retail Group Limited from September 2011 to September 2016.

## SCHEDULE A

### Summary of the principal terms of the Sage Group 2019 Restricted Share Plan (the 2019 RSP)

Terms used but not defined carry the same meaning as in the 2019 RSP.

#### Operation

The Remuneration Committee of the Board (the **Committee**) will supervise the operation of the 2019 RSP.

#### Grant of Awards

Awards will be granted over ordinary shares in the capital of the Company. Awards may be granted under the 2019 RSP as conditional share rights, nil or nominal cost share options or cash-based phantom awards (**Awards**). Phantom awards will be granted by reference to a number of notional shares in the Company.

#### Eligible employees

Any employee of the Company or its subsidiaries (the **Group**), is eligible to participate in the 2019 RSP, subject to the discretion of the Committee. Directors of the Company are not eligible to participate.

#### Timing of grants

Awards may only be granted within a period of 42 days commencing on any of the following:

- the day the 2019 RSP is approved by shareholders;
- the business day following the date of the announcement or publication of the Company's results for any period;
- any day on which changes to the legislation or regulations affecting share plans are announced or take effect; or
- if restrictions on dealings or transactions in securities (**Dealing Restrictions**) prohibited the grant of an Award in the periods mentioned above, the date that all such Dealing Restrictions cease to apply.

Subject to Dealing Restrictions, Awards may also be granted in the 42-day period following the Committee resolving that exceptional circumstances exist which justify the grant of Awards.

Awards may not be granted after the tenth anniversary of the approval of the 2019 RSP by shareholders.

Awards are not pensionable or transferable (other than on death) and will lapse if the participant becomes bankrupt or attempts to transfer, assign, charge or otherwise dispose of the Award.

#### Vesting and exercise of Awards

The vesting of Awards will take place at the end of a "**Vesting Period**" (or **Periods**, in respect of Awards divided into tranches with different Vesting Periods) determined by the Committee at the date of grant of an Award but which will normally be between one and four years.

Options will normally be exercisable in the period commencing on the vesting date and ending on the tenth anniversary of the award date.

Awards may be granted subject to performance conditions, or other conditions that must be satisfied in order for Awards to vest. The Committee may amend or vary a performance condition or amend or waive any other condition where anything happens which causes it reasonably to consider it appropriate to do so, provided that an amended or varied performance condition is not materially less or more difficult to satisfy than as was intended when originally imposed.

Vesting, release, exercise and settlement of Awards may be delayed due to Dealing Restrictions or where an investigation is ongoing as to whether an Award should be subject to a malus or clawback adjustment.

The Committee has the discretion to reduce (including to zero) the extent to which an Award will vest on the basis of the wider underlying financial performance of the Group.

Settlement of a share-based Award may be made by means of newly issued shares, treasury shares or shares purchased in the market.

Vesting, release, exercise and settlement of Awards will be conditional upon the participant paying any taxes and employee social security contributions (or similar liabilities) due, or agreeing appropriate arrangements with the Company to ensure that such charges are paid. These arrangements may include agreeing to sell sufficient shares acquired on vesting (or exercise) (sell to cover) or the withholding of sufficient shares with a value to meet such charges (net settlement).

In addition, the Committee may decide to arrange for settlement of vested Awards in whole or in part by paying an equivalent cash amount in lieu of issuing or transferring Shares.

#### Dividend equivalents

Participants may receive an amount equal to the total dividends paid or payable in respect of vested Award shares, by reference to record dates from the date of grant until release. Payment may be made in cash or shares, may assume that dividends have been reinvested in Shares (on such basis as the Committee may determine) and may include or exclude special dividends.

#### Individual limit

The aggregate market value of shares subject to Awards granted to an eligible employee under the 2019 RSP in respect of any year will not exceed 300 per cent. of that person's annual salary (as at the date of grant). The Committee has discretion to grant buy-out or recruitment awards to an eligible employee within 12 months of that person commencing employment with the Group, of up to a further 300% of that person's annual salary (as at the date of grant).

Market value will be determined by the Committee with reference to the Company's mid-market closing share price on the dealing day prior to the relevant date, the average of mid-market closing prices of a Share on the London Stock Exchange for such number of immediately preceding Business Days at the Committee determines, or, on any date where the Shares are not so listed, the market value of a share as determined by the Committee.

#### Plan limits

No Award may be granted under the 2019 RSP if it would cause the number of Shares which may be allocated, when added to the total number of Shares which have been allocated in the previous 10 years under the 2019 RSP and any other employee share plans operated by the Company, to exceed 10% of the ordinary share capital of the Company in issue immediately before that day.

Additionally, a similar limit of 5% of the Company's ordinary share capital applies to Awards granted under the 2019 RSP, when taken in conjunction with Shares allocated under any other discretionary share plans operated by the Company. For so long as it is required by institutional investor guidelines, treasury Shares will count towards these limits but Awards satisfied using existing shares in the Company's employee benefit trust will not.

## Malus and clawback

The Committee may determine that Awards be subject to malus and/or clawback provisions whereby the Committee may reduce the Award (malus) or recover from the participant an amount relating to the value of the Award (clawback), as appropriate, where it determines that:

- there is a material misstatement of the accounts of the Company's audited results;
- there is serious reputational damage or significant financial loss to the Company, any Group member or a relevant business unit as a result of the Participant's conduct or misconduct;
- a participant's actions or conduct amount to gross misconduct;
- there is an error in the information, assumptions or calculations on the basis of which the Award was granted or vests; or
- there is any other circumstance justifying the operation of malus and/or clawback.

The Committee may also reduce an Award to give effect to a clawback provision contained in any other employee share plan or bonus plan operated by the Group.

## Holding period

A holding period may be applied to an Award such that the participant may not normally dispose of the Shares subject to the Award for a specified period after vesting. Shares withheld or sold to satisfy any taxes and/or social security contributions which may arise in connection with the Award will not be subject to a holding period.

The holding period may be applied in two different ways. The Committee may determine that the ownership of the Shares is delivered to participants before the holding period and the Shares subject to the holding period must be held subject to transfer restrictions, or the Committee may determine that the ownership of the Shares is not delivered to the participants until the end of the holding period and the Award will continue through the holding period.

## Leavers

If a participant ceases to be employed within the Group before their Award has vested, their Award will normally lapse.

If a participant leaves the Group by reason of ill-health, injury or disability, the transfer of the participant's employment under the Transfer of Undertakings (Protection of Employment) Regulations 2006, or the sale or transfer of the participant's employing business or subsidiary company outside the Group or for any other reason at the Committee's discretion (a "Good Leaver"), their Award will not lapse and instead will, unless the Committee determines otherwise, continue until the original vesting date and normally:

- vest pro-rata to the time elapsed between the date of grant of the Award and the date of cessation of employment as a proportion of the Vesting Period; and
- vest to the extent any applicable conditions have been satisfied (measured over the original performance period or another period determined to be appropriate by the Committee).

The Committee has discretion to permit vesting of good leavers' Awards on another basis, including on an earlier vesting date and not subject to pro-rating. Options may be exercised within 6 months of cessation.

If a participant ceases to be employed after their Award has vested but during a holding period, their Award will continue to be subject to the holding period, unless the Committee determines otherwise.

Where a participant dies before their Award has vested, it will vest on the date of their death, any performance or other conditions may be waived and it may be time pro-rated at the discretion of the Committee. Any holding period will expire on the date of death. Options will be exercisable for 12 months following death.

Where a participant is summarily dismissed their Awards will immediately lapse.

## Corporate events

In the event of a takeover (including a person becoming bound or entitled to acquire shares in the capital of the Company pursuant to Sections 979 to 982 or 983 to 985 of the Companies Act 2006), a scheme of arrangement or voluntary winding up of the Company, Awards will normally vest. Vesting will normally be permitted on a pro-rata basis by reference to the time elapsed from the date of grant to the change of control event as a proportion of the Vesting Period.

The Committee has discretion to take into account any other factors it believes to be relevant in determining the extent to which an Award will vest. The Committee may therefore permit vesting on an alternative basis, including but not limited to, full vesting.

Alternatively, in some circumstances (including internal reorganisations in particular), if the Committee so determine, Awards may be exchanged for substantially equivalent rights over shares in an acquiring company.

Options will ordinarily be exercisable for 1 month following the corporate event.

Any holding period applicable to an Award will normally continue to apply unless the Committee decides otherwise. The Committee may determine that malus and clawback terms will no longer apply, or may be varied.

## Variation of share capital

In the event of a variation of share capital such as a capitalisation issue or rights issue, open offer, subdivision, consolidation or reduction of share capital, or a demerger, special dividend or distribution or any other variation or transaction which the Committee believes justifies an adjustment to Awards, the number and/or nominal value of shares subject to an Award may be adjusted by the Committee.

Alternatively, the Committee may decide that Awards will vest. Vesting will normally be permitted on a pro-rata basis by reference to the time elapsed from the date of grant to the relevant event as a proportion of the vesting period.

The Committee have discretion to take into account any other factors it believes to be relevant in determining the extent to which an Award will vest. The Committee may therefore permit vesting on an alternative basis, including but not limited to, full vesting.

## Rights attaching to Shares

All Shares issued under the 2019 RSP will rank alongside shares of the same class then in issue. Participants will not be entitled to any dividend, voting or other shareholder rights in respect of Shares until the Shares are issued or transferred to them (as appropriate). Participants will have no shareholder rights prior to vesting (or exercise in the case of options).

The Company will apply for the listing of any Shares issued in connection with the 2019 RSP as soon as practicable after issue.

## SCHEDULE A continued

### Amendments and termination

The Board may at any time amend the 2019 RSP in any way, save that any proposed amendment that is to the advantage of present or future participants and that relates to the provisions governing the persons to or for whom Shares or cash may be provided, the overall and individual limits on the granting of Awards, the basis for determining participants' entitlement to, and the terms of, Shares or cash, or the rights of participants in the event of a capitalisation or rights issue, open offer, sub-division or consolidation of shares, reduction of capital or any other variation of capital of the Company may not be made without the prior approval of shareholders in general meeting.

There is an exception for minor amendments to benefit the administration of the 2019 RSP, to comply with or take account of the provisions of any proposed or existing legislation and/or to obtain or maintain favourable tax, exchange control or regulatory treatment for the Group or any present or future participant.

No amendment may be made that would be to the material disadvantage of any subsisting rights of any participants unless all such disadvantaged participants have been asked for consent to the amendment and a majority of those who respond give their consent.

The Board may terminate the 2019 RSP at any time, although this will not affect any subsisting rights under the 2019 RSP.

### US Schedule

The 2019 RSP includes US schedules to ensure that the Awards granted to US tax payers are made in accordance with US securities and tax rules as well as complying with Californian securities rules.

This summary does not form part of the rules of the 2019 RSP and should not be taken as affecting the interpretation of their detailed terms and conditions. The Board reserves the right to amend or add to the rules of the 2019 RSP up until the time of the annual general meeting, provided that such amendments or additions do not conflict in any material respect with this summary.

## SCHEDULE B

### Summary of principal terms and proposed amendments to the Sage Group 2010 Restricted Share Plan (the "2010 RSP")

Terms used but not defined carry the same meaning as in the 2010 RSP.

#### Operation

The Committee will supervise the operation of the 2010 RSP.

#### Eligible employees

Any employee of the Group is eligible to participate in the 2010 RSP, subject to the discretion of the Committee. Directors of the Company are not eligible to participate.

#### Grant and vesting of awards

Awards will be granted by the Committee only in the form of conditional share awards (Awards).

An Award may be granted at any time that the Committee believes is appropriate, other than during a 'closed period' under the EU Market Abuse Regulation.

No Awards may be granted more than 10 years after the adoption of the 2010 RSP.

Awards are not pensionable or transferable (other than on death) and will lapse if the participant becomes bankrupt or attempts to transfer, assign, charge or otherwise encumber or dispose of the Award.

The vesting of Awards will take place at the end of a "Restricted Period" determined by the Committee at the date of grant of an Award. Vesting is also not permitted during a period as a result of the application of the EU Market Abuse Regulation during which share dealing is restricted. The 2010 RSP is being amended to allow Awards to be satisfied using newly issued shares, market purchase shares or shares transferred from treasury.

#### Dividend equivalents

Participants will receive an amount equal to the total dividends paid or payable in respect of vested Award shares, by reference to record dates from the date of grant until vesting. Payment may be made in cash or shares.

#### Individual limit

The aggregate market value of shares subject to Awards granted to an eligible employee under the 2010 RSP in any year will not exceed 300% of that person's annual salary (as at the date of grant). The Committee has discretion to exceed this limit, if it considers this appropriate.

Market value will be determined by reference to the Company's mid-market share price on the dealing day prior to the relevant date.

#### Plan limits

The 2010 RSP is being amended to state that:

No Award may be granted under the 2010 RSP if it would cause the number of Shares which may be allocated, when added to the total number of Shares which have been allocated in the previous 10 years under the 2010 RSP and any other employee share plans operated by the Company, to exceed 10% of the ordinary share capital of the Company in issue immediately before that day.

Additionally, a similar limit of 5% of the Company's ordinary share capital applies to Awards granted under the 2010 RSP, when taken in conjunction with Shares allocated under any other discretionary share plans operated by the Company. For so long as it is required by institutional investor guidelines, treasury Shares will count towards these limits but Awards satisfied using existing shares in the Company's employee benefit trust will not.

#### Vesting and Taxation

Vesting of Awards will be conditional upon the participant paying any taxes and employee social security contributions (or similar liabilities) due whether via withholding, sell to cover or net settlement arrangements. Awards will be delivered as specified by the Committee in a manner that complies with the requirements of Section 409A of the US Treasury Code.

The 2010 RSP is being amended to state that:

The Committee may decide to arrange for settlement of vested Awards in whole or in part by paying an equivalent cash amount in lieu of issuing or transferring Shares.

#### Malus and clawback

The Board may determine that Awards be subject to malus and/or clawback provisions whereby the Board may reduce the Award (malus) or recover from the participant an amount relating to the value of the Award (clawback), as appropriate, where it determines that there has been:

- a material misstatement of the accounts of the Company's audited results;
- serious reputational damage or significant financial loss to the Company, any Group member or a relevant business unit as a result of the participant's conduct or misconduct;
- a participant's actions or conduct amount to gross misconduct;
- there is an error in the information, assumptions or calculations on the basis of which the Award was granted or vests; or
- any other circumstance justifying the operation of malus and/or clawback.

The Board may also reduce an Award to give effect to a clawback provision contained in any other employee share plan or bonus plan operated by the Group.

#### Cessation of employment

Awards held by a 'good leaver' (i.e. someone whose employment is terminated by reason of death, ill-health, injury or disability, evidenced to the satisfaction of the Committee), will vest at the end of the Restricted Period, pro-rata to the time elapsed between the date of grant of the Award and the date of cessation of employment. The Committee also has discretion to permit vesting of good leavers' Awards on another basis, including full vesting immediately at the time employment ceases.

If a participant ceases employment in any circumstances other than the good leaver circumstances described above then all their Awards (vested and unvested) will lapse on such cessation unless and to the extent the Committee considers that there are exceptional circumstances which permit vesting of all or part of an Award on such terms it thinks fit.

#### Corporate events

If a change of control event occurs, such as a takeover, court sanctioned scheme of arrangement or voluntary winding up, an Award will vest, pro-rata to the time elapsed date of grant and the change of control event. The Committee has discretion to take into account any other factors it believes to be relevant in determining the extent to which an Award will vest. The Committee may therefore permit vesting on an alternative basis, including but not limited to, full vesting.

Awards may be exchanged for substantially equivalent rights over shares in an acquiring company.

The 2010 RSP is being amended to state that:

Exchange of Awards may be made on a corporate event as well as an internal reorganisation.

## SCHEDULE B continued

### Variation of share capital

In the event of a variation of share capital such as a capitalisation issue or rights issue, a subdivision, consolidation or reduction of share capital, or any other variation which the Committee believes justifies an adjustment to Awards, the number and/or nominal value of shares subject to an Award may be adjusted by the Committee.

### Rights attaching to Shares

Shares issued under the 2010 RSP will rank alongside shares of the same class then in issue. Participants will not be entitled to any dividend, voting or other shareholder rights in respect of Shares until the Shares are issued or transferred to them (as appropriate). Participants will have no shareholder rights prior to vesting.

The Company will apply for the listing of any Shares issued in connection with the 2010 RSP as soon as practicable after issue.

### Amendments and termination

The 2010 RSP is being amended to state that:

The Board may at any time amend the 2010 RSP in any way, save that any proposed amendment that is to the advantage of present or future participants and that relates to the provisions governing the persons to or for whom Shares or cash may be provided, the overall and individual limits on the granting of Awards, the basis for determining participants' entitlement to, and the terms of, Shares or cash, or the rights of participants in the event of a capitalisation or rights issue, open offer, sub-division or consolidation of shares, reduction of capital or any other variation of capital of the Company may not be made without the prior approval of shareholders in general meeting.

There is an exception for minor amendments to benefit the administration of the 2010 RSP, to comply with or take account of the provisions of any proposed or existing legislation and/or to obtain or maintain favourable tax, exchange control or regulatory treatment for the Group or any present or future participant.

No amendment may be made that would be to the material disadvantage of any subsisting rights of any participants unless all such disadvantaged participants have been asked for consent to the amendment and a majority of those who respond give their consent.

The Board may terminate the 2010 RSP at any time, although this will not affect any subsisting rights under the 2010 RSP.

### US Schedule

The 2010 RSP includes US schedules to ensure that Awards granted to US tax payers are made in accordance with US securities and tax rules as well as complying with Californian securities rules.

This summary does not form part of the rules of the 2010 RSP and should not be taken as affecting the interpretation of their detailed terms and conditions. The Board reserves the right to amend or add to the rules of the 2010 RSP up until the time of the annual general meeting, provided that such amendments or additions do not conflict in any material respect with this summary.