

Memo

To: ERM Partners

From: David McArthur/Simon Crowe

Subject: Highly Confidential:
The ERM Employee Share Scheme Guidelines (2021)

Date: 28 January 2022

This document sets out the guidelines for the Employee Share Scheme (2021) for ERM Partners for the new investment cycle following the completion of the buy-out with KKR. It has been discussed in principle with KKR and represents the framework for managing the new shares and the “sweet equity” pool that has been issued and/or created as part of the recent transaction. The approach is very similar to that adopted during the previous investment cycles and so will be familiar to many of you. For the avoidance of doubt, these Guidelines may be revised and updated from time to time to reflect future decisions of the Board and Remuneration Committee, subsequent share offerings and any changes to the capital structure, but subject always to the terms set out in the Articles of Association and the Share Scheme Principles agreed between Management and KKR. All references below to \$ are US\$.

1. Background

At the transaction last year, ERM Partners rolled over and reinvested approximately \$162m representing approximately 5% of the total equity value in the new structure. An additional “Sweet Equity” pool has been set aside representing 26% of the Ordinary Shares in the company and the issue of these shares to ERM Partners in future effectively dilutes the holdings of KKR and the Partners who “rolled-over” at the transaction. After the issuance of these shares, ERM Partners in total will hold approximately 31% of the Ordinary Shares in the company with the balance held by KKR and its funds/co-investors. It should be noted that the intention is that in the event that we make acquisitions, any shares used as part of the acquisition would in effect further dilute both of the above shareholder groups, but of course, with the intention that such acquisitions should increase the enterprise value of the company such that the dilution is more than offset by an increase in value of the company at some point in the future.

The share capital structure of the Company is comprised as follows, as at 13th October 2021 (the closing date of the transaction):

A Ordinary Shares held by ERM Partners who reinvested in the 2021 scheme – 2,427,314
B Ordinary Shares held by KKR and its co-investors – 27,574,626

C Ordinary Shares – available as sweet equity - up to 10,541,222

D Ordinary Shares – available to issue in respect of Acquisitions – as needed and equal/dilutive of all other ordinary share classes.

A Preference Shares – held by ERM Partners - 160,202,724

B Preference Shares – held by KKR and its co-investors – 1,819,925,316

The value rolled-over by Partners into the current investment cycle purchased new A Ordinary and A Preference Shares in The ERM International Group Limited (previously called Nature HoldCo UK Limited at the time of the scheme) at a ratio of 66 Preference Shares at \$1.00 each and 1 Ordinary Share at \$1.00 each. As indicated below, going forward, the Board - via the Directors - may choose to offer tranches of Preference and Ordinary Shares to new Partners (promoted or hired) at an enhanced ratio to give them an opportunity to build a more significant stake in the company over time and to act as an incentive to grow the business for all shareholders. Whilst the Preference Shares are fixed at \$1.00, the Ordinary Shares will be priced based on advice from an independent valuation obtained after the audit of the financials of the company each year and reviewed every six months. This will be communicated to Partners at such times. The Preference Shares accrue interest at 8% pa which compounds quarterly, but is not distributed until a sale or distribution event occurs.

2. Anticipated Events

The investment terms agreed with KKR provide for a series of liquidity events to occur. In each of the years following the third and fourth anniversary of the completion of the transaction with KKR, there will be the opportunity for eligible Partner shareholders, who have held preference shares for at least three years prior to the relevant event, to liquidate up to 10% of their holdings of A Preference Shares in each year.

If by the fifth anniversary of the completion of the transaction, there has been no sale or listing or similar transaction, then the Investors have agreed to procure that an event will occur whereby partners will be able to sell up to 50% of their total equity (less any Preference share value they have elected to liquidate in the prior two years' events) and the remaining shares will be rolled over and reinvested into a new equity instrument and structure.

Such events will of course be subject to prevailing economic conditions and available financing at the time.

3. Leaving Partners

Under the Articles of Association, if a person ceases to be an employee or director of, or consultant to, an ERM company, that person and any family member or family trust of that person that holds A Preference Shares, A Ordinary Shares, C Ordinary Shares or D Ordinary Shares will be subject to compulsory transfer provisions whereby the Company can require him, her or them to transfer all or any such Shares to the Employee Benefit Trust. However, the Company may in its discretion determine to buy back all or any or none of such leaver's shares and has up to 11 months following the relevant termination date to so determine in accordance with the Articles of Association.

At certain times and in exceptional cases, where a person retires from the business and is not in competition or conflict with the interests of the Company, the Remuneration Committee of the Board has the discretion to permit that person and his or her permitted transferees to retain some or all of their Shares. The Remuneration Committee may exercise such discretion as it considers appropriate in all the circumstances and there shall be no right or entitlement to retain any Shares, based on precedent or otherwise. However, the criteria which the Board are likely to consider in such cases include (i) a career of at least 7 years as partner prior to date of retirement; (ii) in good standing; and (iii) have made a significant contribution to the business during the current investment cycle. The Remuneration Committee will consider, entirely at its discretion, allowing them to retain some of their Preference and Ordinary shares, together with accrued interest on the Preference Shares, in the Company through to the next transaction. Such requests must be made to the Board at the time of making the decision to retire. This will of course be subject to these retiring Partners continuing to be 'Good Leavers', meeting the criteria set out in the Articles (specifically Article 13) and agreeing to provide satisfactory undertakings. The decision to allow such share retention and the extent of such retention will be subject to individual circumstances and the absolute discretion of the Board, but is unlikely in any case to be more than 50% of total shareholding at time of retirement

Where the Company exercises its right to require a Leaver to sell all or any of their Shares:

In the case of a person who is a Good Leaver (as defined below) the applicable price for (i) his or her Ordinary Shares will be the Subscription Price, until there is a Valuation Per Share (as provided in the Articles of Association) and thereafter the most recently determined Valuation Per Share; and (ii) his or her A Preference Shares will be the Subscription Price for such Shares plus accrued and unpaid dividends thereon. Payment for the Good Leaver's Shares shall be in the form of (a) an initial payment of 50% of the purchase price in cash payable on the later of (i) completion of the transfer of the Shares and (ii) the second anniversary of the completion of Nature Topco's investment in ERM (i.e. 13 October 2023), and (b) a promissory note for the 50% balance of the purchase price on or immediately after completion of the transfer of the Shares with interest accruing at a rate of 3% per annum payable on the earlier of a Realisation Date (as defined in the Articles of Association) or two years after the date of the Partner's termination of employment with ERM (the "Termination Date").

In the case of a person who is an Intermediate Leaver (as defined below), the applicable price for (i) his or her Ordinary Shares will be the lower of the Subscription Price and the most recently determined Valuation Per Share; and (ii) his or her A Preference Shares will be the Subscription Price for such Shares plus accrued and unpaid dividends thereon. Payment for an Intermediate Leaver's Shares shall be in the form of (a) an initial payment of 50% of the purchase price in cash payable on the later of (i) completion of the transfer of the Shares and (ii) the second anniversary of the completion of Nature Topco's investment in ERM (i.e. 13 October 2023), and (b) a promissory note for the 50% balance of the purchase price on or immediately after completion of the transfer of the Shares with interest accruing at a rate of 3% per annum payable on the earlier of a Realisation Date (as defined in the Articles of Association) or two years after the Termination Date.

In the case of a person who is a Bad Leaver (as defined below), the applicable price for (i)

his or her Ordinary Shares will be the lower of the Subscription Price and the most recently determined Valuation Per Share; and (ii) his or her A Preference Shares will be the Subscription Price only (i.e., all of the accrued Preference Share dividend is forfeited). Payment for the Bad Leaver's Shares shall be all in the form of a promissory note with interest accruing at a rate of zero per cent. per annum payable on the earlier of a Realisation Date or seven years after the Termination Date.

A Good Leaver is defined in the Articles of Association as someone who becomes a Leaver by reason of:

- (a) death;
- (b) permanent ill-health or permanent disability (in each case, as confirmed by the Board);
- (c) retirement (as confirmed by the Board acting reasonably and having regard to the laws and practices of the relevant jurisdiction where such Leaver is employed or engaged);
- (d) redundancy;
- (e) voluntary resignation where notice of such resignation is given on or after the date which is three years from the date the Leaver (or any of their permitted transferees such as family members and family trusts) is first issued any Shares; or
- (f) dismissal from employment other than for cause.

An Intermediate Leaver is defined in the Articles of Association as someone who becomes a Leaver by reason of voluntary resignation where notice of such resignation is given before the date which is three years from the date the Leaver (or any of their permitted transferees such as family members and family trusts) is first issued any Shares.

A Bad Leaver is defined in the Articles of Association as someone who is not a Good Leaver or an Intermediate Leaver.

The Remuneration Committee has discretion to waive certain provisions summarized in this Section 3.

If a Leaver who is a Good Leaver or Intermediate Leaver solicits a customer or employee of the ERM Group or establishes a business in competition with ERM on or prior to the 24 month anniversary of their Termination Date, then such Leaver shall immediately become a Bad Leaver.

Whilst we cannot recycle these shares directly, an equivalent number of shares will be made available and added to the Sweet Equity pool for use as described below, thus ensuring that the economic value and associated rights of these shares in effect remain within the ERM Partner group of shareholders.

4. Discretionary Buybacks in exceptional cases of hardship

Partners may make a request to the Remuneration Committee to realise up to 20% of their investment by means of transfer to the Employee Benefit Trust in cases of exceptional compassionate need. Any such applications are subject to the discretion and approval of the Remuneration Committee and the Employee Benefit Trust and subject to the Employment Benefit Trust having sufficient funds available to fund the purchase. No more than 20% of a

Partner's Shares may be transferred to the Employee Benefit Trust in any calendar year and no Partner may realise more than up to 50% of their investment in their Shares in aggregate in the course of the KKR investment cycle (the length of which is currently unknown). It should be noted that the Remuneration Committee and Employee Benefit Trust may determine in their absolute discretion whether to allow any such transfers, taking into account any personal or special circumstances of individuals and Partners shall have no right or entitlement to make such transfer, based on precedent or otherwise

5. Transfers of Shares

Shares are not freely transferable and may only be transferred as described in the Articles of Association. Share transfers are not permitted other than:

- (a) in accordance with certain permitted transfer provisions contained in the Articles of Association regarding transfers to certain qualifying family members and family trusts;
- (b) with the approval of (i) the majority of the holders of the A Ordinary Shares and the majority of the holders of B Ordinary Shares or (ii) the Remuneration Committee;
- (c) in accordance with the leaver provisions described in Section 4 above; and
- (d) in all cases solely in accordance with applicable securities laws and regulations.

Shares which are sold to Partners in units consisting of a specified number of A Ordinary Shares, C Ordinary Shares and/or D Ordinary Shares, together with a specified number of A Preference Shares, may be transferred only in the same units.

In order to maintain exemption from, or obtain relief from current or future US securities registration and reporting requirements (or similar securities registration and reporting requirements in other relevant jurisdictions), the Company may impose additional restrictions on transferability (in particular, to prohibit transfers among Partners), and if required, will seek shareholder approval to amend the Articles of Association as appropriate.

6. Sweet Equity Pool

With respect to the "Sweet Equity" Pool, the Board has agreed in principle to allocate the Ordinary Shares included in this pool according to the following:

a. Partner Hires (excluding any bonus shares offered subsequently)

As you know our growth plans are dependent to some extent on our ability to grow the Partnership both by internal promotions and by hiring Partners from outside of ERM, including senior hires that are able to help us enter and/or scale our business in key markets. All hired Partners will be required to buy initial tranches of Preference and Ordinary Shares with the minimum expected buy-in of 49,302 Preference Shares at \$1.00 each and 1,494 Ordinary Shares, that are currently valued at \$1.00 each. In addition, some of the Partners that we will be hiring into more senior and executive

roles will be expected to invest in larger tranches of Preference and Ordinary Shares.

b. Promoted Partners (excluding any bonus shares offered subsequently)

We expect to continue to develop and promote around 25 to 45 Partners per year. These newly promoted Partners will also be required to buy initial tranches of Preference and Ordinary Shares with the minimum buy-in of 49,302 Preference Shares at \$1.00 each and 1,494 Ordinary Shares, currently valued at \$1.00 each.

c. The Senior Leadership Group

As in the previous investment cycles, the aim is to provide material incentives to senior managers, to incentivise, drive and reward strategic actions and programs to deliver strong growth in the business and hence to create the greatest value for all shareholders. Such awards will not necessarily be limited to members of the Senior Leadership Team, and will be based on contribution and not purely on role.

d. Other Key/Influential Contributors

We will offer bonus shares drawn from the Sweet Equity pool on a performance-based allocation to Partners making a significant contribution to strategy and sustainable growth.

e. Annual Partner bonus awards (excluding any of the above allocations)

As in the previous investment cycle, we intend to make annual offerings of "bonus shares" to eligible Partners from any part of the business that make an extraordinary contribution to the sustainable, profitable growth of the business in line with our Partner behaviours and code of conduct. We will be reviewing the eligibility criteria, nomination process and scale of allocations/awards and will communicate further on these in due course.

f. General Offerings

General offerings are an opportunity for existing invested partners to increase their ERM shareholding, by purchasing an additional strip of ordinary and preference shares. We aim to make at least one general offering of ordinary and preference shares in strip during the current investment cycle and will look to do more, subject to the availability of shares in the sweet equity pool and the scale of buybacks from departing partners over the period. We do not currently expect to make such general offering until at least 12 months following completion of the transaction. Our goal in making additional shares available is to provide all Partners, but in particular newer Partners with smaller shareholdings, the opportunity to invest further in the company's future success. Depending upon the level of interest, we may have to limit the offering to a certain level and/or exclude larger shareholders from participation to ensure that such smaller shareholders have an opportunity to invest more.

7. Proposed Schedule for Share Offerings

In terms of share offerings going forward, we anticipate offering shares as follows:

1. In January 2022 we will offer shares to recently hired and promoted Partners who have not yet made their initial investment, additional shares to certain partners who were not previously able to invest their full initial investment and to partners eligible for a bonus or incentive share award.
2. After the end of FY22 onwards, we will offer Bonus Shares based on agreed performance and delivery, based on criteria to be agreed and communicated shortly.
3. In each new financial year, with an offering most likely in January, we will make offerings to newly promoted Partners in that year and newly hired Partners in the preceding 12 months who have not yet had the opportunity to purchase Preference and Ordinary Shares.
4. After October 2022, we will aim to make a general offering. Subject to the availability of returned shares, we would aim to repeat this at least once in the subsequent 2-3 years.

As ever, in relation to accepting the above offerings, individual Partners/Shareholders are solely responsible for their own tax and financial affairs and any associated advice and liabilities. The Company cannot provide individual financial or tax planning or advice and cannot be responsible for any consequences of a partner's decision to invest in ERM shares.

8. Roll-Over Bonus

As communicated at the time of the scheme of arrangement last year, a "Roll-over" bonus Pool was triggered and created in the event that ERM partners reinvested at least 50% in aggregate of the total eligible rollover value and such bonus pool would be shared pro-rata amongst and paid to individual partners who rolled at least 55% of their individual eligible rollover value and remained employed and not serving notice as at the first anniversary of the transaction closing (i.e. October 2022). Based on the value reinvested, the rollover bonus conditions have been satisfied and therefore the relevant bonus amounts will be paid as cash bonuses to eligible partners in the payroll for end-September 2022 (or as soon as practicable thereafter) and will be treated as income for payroll tax purposes.

9. Conclusion

I trust that the above is clear and that, given its similarity to previous arrangements, it is easy to understand. We are excited about our ability to provide a large number of Partners across the business the opportunity to invest in, contribute to, and share in the rewards of our collective success going forward. This aligns with our goals of building an even stronger company that is recognised as the pre-eminent player in our field and, in doing so, create real added shareholder value for all shareholders.

Should you have any questions on the above share incentive plan and how it will be applied, please do not hesitate to contact either of us, or Roy Burrows – Group General Counsel & Company Secretary.

Best wishes

David McArthur

Simon Crowe

This document is for general information only and is not intended and should not be construed as an offer of securities or an invitation to subscribe for securities now or at any future date. The contents of this document are a guide to the intended allocation of available shares within the ERM Employee Share Ownership Programme, as at the date above and based on current circumstances and expectations, which may change.

The Company and its Board of Directors retain the discretion to award shares from the Employee Share Pool or otherwise, to such persons and in such manner and terms as it considers appropriate. Eligibility to receive shares and all share offerings will at all times be subject to the Company's Articles of Association, the Investment Agreement with KKR, and all relevant securities legislation or other applicable laws & regulations. The ERM Employee Share Ownership Programme is a discretionary programme and neither the terms of the programme nor any provision in this document shall form part of any terms and conditions of employment at ERM.