

COOPERATION AGREEMENT
relating to
THE PROPOSED ACQUISITION OF
ARROW GLOBAL GROUP PLC

between
SHERWOOD ACQUISITIONS LIMITED
and
ARROW GLOBAL GROUP PLC

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This Agreement is made on 31 March 2021 between:

- (1) **Sherwood Acquisitions Limited (“Bidco”)** incorporated in England & Wales whose registered office is at 1 Bartholomew Lane, London, United Kingdom, EC2N 2AX with registered number 13299321; and
- (2) **Arrow Global Group plc**, a public limited company incorporated in England & Wales whose registered office is at Belvedere, 12 Booth Street, Manchester, M2 4AW with registered number 08649661 (“**Arrow**”),

together referred to as the “**parties**” and each as a “**party**” to this agreement (the “**Agreement**”).

Whereas:

- (A) Bidco, a company owned (directly or indirectly) by investment funds managed by TDR Capital (as defined below), proposes to announce, immediately following execution of this Agreement, a firm intention to make a recommended offer for the entire issued and to be issued share capital of Arrow on the terms and subject to the conditions set out in the Press Announcement (as defined below) (the “**Transaction**”).
- (B) The parties intend that the Transaction will be implemented by way of a scheme of arrangement of Arrow pursuant to Part 26 of the Act (the “**Scheme**”), but Bidco reserves the right, as set out in (and subject to the terms and conditions of) the Press Announcement and this Agreement, to elect to implement the Transaction by way of a contractual takeover offer as defined in Chapter 3 of Part 28 of the Act (the “**Offer**”).
- (C) The parties have agreed to take certain steps to effect completion of the Transaction and wish to enter into this Agreement to record their respective rights, commitments and obligations relating to such matters.

IT IS AGREED as follows:

1. **INTERPRETATION**

1.1 In this Agreement:

“**Acceptance Condition**” means, if applicable, the acceptance condition to the Offer as specified in Clause 6.2.1;

“**Act**” means the Companies Act 2006 as amended from time to time;

“**Agreed Switch**” means where the Transaction is implemented by way of an Offer in accordance with: (i) Clause 6.1.1; or (ii) Clause 6.1.2 in circumstances where the Arrow Board Recommendation is given in respect of the Offer;

“**Arrow Board Adverse Recommendation Change**” means:

- (a) if Arrow makes an announcement prior to the publication of the Scheme Document that:
 - (i) the Arrow Directors no longer intend to make the Arrow Board Recommendation or intend adversely to modify or qualify such recommendation;
 - (ii) (other than where an Agreed Switch has occurred) it will not convene the Court Meeting or the Arrow General Meeting; or
 - (iii) (other than where an Agreed Switch has occurred) it intends not to post the Scheme Document or (if different) the document convening the Arrow General Meeting;

- (b) if Arrow makes an announcement that it will delay the convening of, or will adjourn, the Court Meeting or the Arrow General Meeting to a date which is later than the latest date permitted by Condition 2, in each case without the consent of Bidco, except where such delay or adjournment is for reasons outside Arrow's control;
- (c) the Arrow Board Recommendation is not included in the Scheme Document; or
- (d) the Arrow Directors withdraw or adversely modify or qualify the Arrow Board Recommendation;

"Arrow Board Recommendation" means a unanimous and unqualified recommendation from the Arrow Directors to the Arrow Shareholders in respect of the Transaction: (i) to vote in favour of such shareholder resolutions of Arrow as are necessary to approve, implement and effect the Scheme and the Transaction and the changes to Arrow's articles of association contemplated in the Press Announcement; or (ii) if Bidco elects to implement the Transaction by means of an Offer in accordance with the terms of this Agreement, to accept the Offer;

"Arrow Directors" means the directors of Arrow from time to time;

"Arrow General Meeting" means the general meeting of holders of Arrow Shares which are in issue as at the Voting Record Time (including any adjournment thereof) to be convened and held in connection with the Transaction to consider, and if thought fit, approve the shareholder resolutions necessary to enable Arrow to implement the Transaction;

"Arrow Group" means Arrow and its subsidiaries and subsidiary undertakings from time to time and **"member of the Arrow Group"** shall be construed accordingly;

"Arrow Representative" has the meaning given to it in Clause 11.4;

"Arrow Share Plans" has the meaning given to it in Schedule 1;

"Arrow Shareholders" means the registered holders of Arrow Shares from time to time;

"Arrow Shares" means the ordinary shares of 1 p each in the capital of Arrow from time to time;

"Bidco Directors" means the directors of Bidco from time to time;

"Bidco Group" means Bidco and its subsidiary undertakings and where the context permits, each of them;

"Business Day" means a day, other than a Saturday or Sunday or public or bank holiday, on which banks in London are generally open for business;

"Clearances" means all approvals, consents, clearances, permissions, confirmations, comfort letters and waivers that may need to be obtained, all filings that may need to be made and all waiting periods that may need to have expired, from or under any Laws or practices applied by any Relevant Authority (or under any agreements or arrangements to which any Relevant Authority is a party), in each case that are necessary and/or expedient to satisfy one or more of the Regulatory Conditions; and any reference to any Clearance having been **"satisfied"** shall be construed as meaning that the foregoing has been obtained, or where relevant, made or expired;

"Code" means the UK City Code on Takeovers and Mergers as from time to time amended and interpreted by the Panel;

“**Conditions**” means the conditions to implementation of the Transaction set out in Appendix 1 to the Press Announcement and “**Condition**” shall be construed accordingly;

“**Confidentiality Agreement**” means the confidentiality agreement entered into between TDR Capital and Arrow in relation to the Transaction dated 14 February 2021;

“**Court**” means the High Court of Justice in England and Wales;

“**Court Meeting**” means the meeting of the holders of the Scheme Shares which are in issue as at the Voting Record Time to be convened by order of the Court pursuant to section 896 of the Act for the purpose of considering, and if thought fit, approving (with or without modification) the Scheme, including any adjournment thereof;

“**Day 60**” has the meaning given to it in Clause 6.2.2;

“**Disclosing Party**” has the meaning given to it in Clause 3.6;

“**Effective Date**” means the date upon which either:

- (a) the Scheme becomes effective in accordance with its terms; or
- (b) if Bidco elects to implement the Transaction by way of the Offer, the Offer becomes or is declared unconditional in all respects;

“**FCA Handbook**” means the Financial Conduct Authority’s Handbook of rules and guidance as amended from time to time;

“**Financial Services Clearances**” means the Clearances that are necessary to fulfil the Conditions set out in paragraphs 3(b) to (h) (inclusive) of Part A of Appendix 1 to the Press Announcement;

“**General Clearances**” means the Clearances other than the Financial Services Clearances;

“**Initial Provisions**” means Clause 1, Clause 2.1, Clause 9 and Clauses 11 to 20 and 22 to 23 (in each case, inclusive);

“**Law**” means any applicable statutes, common law, rules, ordinances, regulations, codes, orders, judgments, injunctions, writs, decrees, directives, governmental guidelines or interpretations having the force of law or bylaws, in each case, of a Relevant Authority;

“**Long Stop Date**” means 31 December 2021 or such later date as may be agreed by the parties in writing (with the Panel’s consent and as the Court may approve (if such consent and/or approval is/are required));

“**Notice**” has the meaning given to it in Clause 12.1;

“**Offer**” has the meaning given to it in Recital (B), and reference to Offer also includes any increased, renewed or revised offer;

“**Offer Document**” means, in the event Bidco elects to implement the Transaction by means of the Offer in accordance with Clause 6, the document setting out (among other things) details of the Transaction and the full terms and conditions of the Offer to be sent to (among others) the Arrow Shareholders, including any revised or supplementary offer document;

“**Panel**” means the UK Panel on Takeovers and Mergers;

“Press Announcement” means the press announcement to be released by Bidco and Arrow pursuant to Rule 2.7 of the Code in relation to the Transaction, in substantially the form set out in Schedule 2 (*Press Announcement*);

“Regulatory Conditions” means the Conditions set out in paragraphs 3(a) to (h) (inclusive) of Part A of Appendix 1 to the Press Announcement (so far as, in the case of paragraphs 3(a) to (h), the relevant third party under that condition is a Relevant Authority);

“Regulatory Information Service” means a regulatory information service as defined in the FCA Handbook;

“Relevant Authority” means any central bank, ministry, governmental, quasi-governmental, national, supranational (including the European Union), statutory, regulatory, environmental, administrative, supervisory, fiscal or investigative body or authority (including any antitrust, competition or merger control authority, any sectoral ministry or regulator and any foreign investment review body), tribunal, court, trade agency, association, institution, employee representative body or any other body or person whatsoever in any jurisdiction, including the Panel;

“Relevant Third Party” has the meaning given to it in Clause 17.1;

“Remedies” means any conditions, obligations, measures, commitments, modifications, undertakings, remedies (including disposals and any pre-divestiture reorganisations) or assurance (financial or otherwise) offered or required in connection with the obtaining of any Clearances and **“Remedy”** shall be construed accordingly;

“Sanction Hearing” means the hearing of the Court of the petition to sanction the Scheme pursuant to section 899 of the Act, including any adjournment thereof;

“Scheme” has the meaning given to it in Recital (B), and reference to Scheme also includes any modified, renewed or revised scheme;

“Scheme Conditions” means the Conditions relating to the Scheme becoming effective in accordance with its terms, set out in paragraph 2(c) of Part A of Appendix 1 to the Press Announcement;

“Scheme Document” means the circular to be sent to (among others) Arrow Shareholders setting out (among other things) details of the Transaction, the full terms and conditions of the Scheme and the explanatory statement required pursuant to Part 26 of the Act and incorporating the notices convening the Court Meeting and the Arrow General Meeting, including any revised or supplementary circular;

“Scheme Shares” has the meaning given to that term in the Press Announcement;

“TDR Capital” TDR Capital LLP or, where the context requires, investment funds managed by TDR Capital LLP;

“Transaction” has the meaning given to it in Recital (A);

“Voting Record Time” has the meaning given to it in the Press Announcement or such other time and/or date as the parties may agree in writing; and

“Wider Bidco Group” has the meaning given to it in the Press Announcement.

1.2 In this Agreement, except where the context otherwise requires:

- 1.2.1 the expression “**group**”, in relation to a party, means that party together with its subsidiaries and subsidiary undertakings from time to time;
- 1.2.2 the expressions “**subsidiary**” and “**subsidiary undertaking**” shall have the meanings given in the Act;
- 1.2.3 the expression “**acting in concert**” shall be construed in accordance with the Code;
- 1.2.4 a reference to an enactment or statutory provision shall include a reference to any subordinate legislation made under the relevant enactment or statutory provision and is a reference to that enactment, statutory provision or subordinate legislation as from time to time amended, consolidated, modified, re-enacted or replaced;
- 1.2.5 references to one gender include other genders;
- 1.2.6 words in the singular shall include the plural and vice versa;
- 1.2.7 a reference to a “**person**” shall include a reference to an individual, an individual’s executors or administrators, a partnership, a firm, a body corporate, an unincorporated association, government, state or agency of a state, local or municipal authority or government body, a joint venture or association (in any case, whether or not having separate legal personality);
- 1.2.8 a reference to a Recital, Clause or Schedule (other than to a schedule to a statutory provision) shall be a reference to a recital, clause or schedule (as the case may be) to this Agreement;
- 1.2.9 references to times are to London time;
- 1.2.10 any reference to a “**day**” (including within the phrase “**Business Day**”) shall mean a period of 24 hours running from midnight to midnight;
- 1.2.11 references to any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall in respect of any jurisdiction other than England be deemed to include what most nearly approximates the English legal term in that jurisdiction;
- 1.2.12 references to “**writing**” shall include any modes of reproducing words in any legible form and shall include email except where otherwise expressly stated;
- 1.2.13 a reference to “**includes**” or “**including**” shall mean “includes without limitation” or “including without limitation” respectively;
- 1.2.14 the rule known as the *ejusdem generis* rule shall not apply and accordingly general words introduced by the word “other” shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things;
- 1.2.15 general words shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words;
- 1.2.16 references to “**£**” and “**pounds sterling**” are to the lawful currency of the United Kingdom;
- 1.2.17 a reference to any other document referred to in this Agreement is a reference to that other document as amended, varied, novated or supplemented at any time; and

1.2.18 references to this Agreement include this Agreement as amended or supplemented in accordance with its terms.

1.3 The headings in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

1.4 The Schedules form part of this Agreement and shall have the same force and effect as if set out in the body of this Agreement and any reference to this Agreement shall include the Schedules.

2. PUBLICATION OF THE PRESS ANNOUNCEMENT AND TERMS OF THE TRANSACTION

2.1 The obligations of the parties under this Agreement, other than the Initial Provisions, shall be conditional on the release of the Press Announcement via a Regulatory Information Service at or before 8.00 a.m. on the date of this Agreement, or such later date and time as the parties may agree (and, where required by the Code, the Panel may approve). The Initial Provisions shall take effect on and from execution of this Agreement.

2.2 The terms of the Transaction shall be as set out in the Press Announcement, together with such other terms as may be agreed by the parties in writing (save in the case of an improvement to the terms of the Transaction, which shall be at the sole discretion of Bidco) and, where required by the Code, approved by the Panel.

2.3 The terms of the Transaction at the date of posting of the Scheme Document shall be set out in the Scheme Document. Should Bidco elect to implement the Transaction by way of an Offer in accordance with Clause 6, the terms of the Transaction shall be set out in the announcement of the switch to an Offer and in the Offer Document.

3. REGULATORY CLEARANCES

3.1 Bidco shall, and shall procure that any person acting in concert or deemed to be acting in concert with Bidco, including TDR Capital, shall:

3.1.1 take all such actions as may be necessary or advisable to secure the Financial Services Clearances; and

3.1.2 use all reasonable efforts to secure the General Clearances,

in each case, as soon as reasonably practicable following the date of this Agreement and in any event in sufficient time to enable the Effective Date to occur by the Long Stop Date. This shall include, without limitation, offering (and not withdrawing) and executing any Remedies that are required or can reasonably be expected to be required to obtain Clearances to enable the Effective Date to occur by the Long Stop Date, provided always that any such Remedy applies only to a member or members of the Arrow Group and/or its or their businesses and/or Bidco and, for the avoidance of doubt, does not apply to any company or business (i) which is (directly or indirectly) controlled by funds and entities managed, advised or sub-advised by TDR Capital (other than Bidco); or (ii) in which any fund or entity managed, advised or sub-advised by TDR Capital has a direct or indirect interest.

3.2 Without prejudice to the generality of Clause 3.1, Bidco shall (except where otherwise required by applicable Law or a Relevant Authority) submit to the Relevant Authorities (in draft or in final form, as the case may be) any filings, notifications or submissions as are necessary to satisfy the Clearances as soon as reasonably practicable after the date of this Agreement and within any applicable mandatory time periods and, in any event, as regards the filings, notifications or submissions as are necessary to satisfy the Regulatory Condition set out in

paragraph 3(b) of Appendix 1 of the Press Announcement, by no later than 15 Business Days following the date of this Agreement and respond to any supplemental inquiries and file any additional information requested by a Relevant Authority in connection therewith as soon as practicable after receipt of such request.

- 3.3 Except where otherwise required by applicable Law or a Relevant Authority, Bidco shall:
 - 3.3.1 after prior consultation with Arrow, and having taken into account the reasonable views of Arrow, determine the strategy to be pursued for obtaining the Clearances;
 - 3.3.2 contact, correspond and maintain appropriate, regular and ongoing dialogue with the Relevant Authorities in relation to the Clearances, including submitting and preparing, with the reasonable assistance of Arrow in accordance with this Agreement, all necessary filings, notifications and submissions; and
 - 3.3.3 be responsible for the payment of all filing fees required in connection with the Clearances.
- 3.4 Save to the extent prohibited by applicable Law or the Relevant Authority, each party shall:
 - 3.4.1 provide as soon as reasonably practicable, and in any event before any deadline or due date imposed by applicable Law:
 - (a) all such information as may reasonably be required for inclusion in any filings, notifications or submissions to any Relevant Authority for the purposes of obtaining the Clearances or for inclusion in any responses to any requests for further information consequent upon such filings, notifications or submissions; and
 - (b) all such other assistance as may reasonably be required for the purposes of obtaining the Clearances, including assistance in connection with such pre-notification contacts with the Relevant Authorities as Bidco, after prior consultation with Arrow, and having had regard to the views of Arrow, reasonably considers desirable or appropriate in the circumstances, and the identifying, structuring and preparation of any Remedies (if any are required); and
 - 3.4.2 provide as soon as reasonably practicable, such information and access to its management and employees as the other party or any Relevant Authority may reasonably require for the purposes of making a filing, notification or submission to any Relevant Authority in connection with the Clearances.
- 3.5 Save to the extent prohibited by applicable Law or the Relevant Authority, Bidco undertakes to Arrow (and Arrow undertakes to Bidco) to:
 - 3.5.1 provide, or procure the provision of, to the other party (and/or its legal advisers) draft copies of all filings, notifications, submissions, material correspondence and material communications (including, in the case of material non-written correspondence or communications, reasonably detailed summaries of such correspondence or communications), other than those of a purely administrative nature, (i) that, in connection with obtaining any General Clearance, are intended to be submitted, sent or communicated to any Relevant Authority, or (ii) that, in connection with obtaining any Financial Services Clearance, set out or concern the description of the Transaction, the Transaction rationale, the strategic development and/or business plan following the Transaction, the governance arrangements following the Transaction or the Transaction financing arrangements, in each case that are intended to be submitted, sent or

communicated to any Relevant Authority, at such time as will allow the other party (and/or its legal advisers) reasonable opportunity to review and comment thereon;

- 3.5.2 take into account reasonable comments made by the other party (and/or its legal advisers) on draft copies of filings, notifications, submissions, material correspondence and material communications provided pursuant to Clause 3.5.1;
 - 3.5.3 as soon as reasonably practicable provide, or procure the provision of, to the other party (and/or its legal advisers) copies of all filings, notifications, submissions, material correspondence and material communications to the extent that draft copies of the same would be required to be provided under Clause 3.5.1 in the form finally submitted, sent or communicated to any Relevant Authority in connection with obtaining any Clearance (including, in the case of material non-written correspondence or communications, reasonably detailed summaries of such correspondence or communications);
 - 3.5.4 as soon as reasonably practicable notify the other party (and/or its legal advisers) of, and provide copies of, any material correspondence and material communications (including, in the case of material non-written correspondence or communications, reasonably detailed summaries of such correspondence or communications) to the extent required under Clause 3.5.1 received from any Relevant Authority in connection with obtaining the Clearances;
 - 3.5.5 give the other party (and/or its legal advisers) reasonable notice of any meetings, hearings or scheduled telephone calls, other than those of a purely administrative nature, to the extent required under Clause 3.5.1, with any Relevant Authority in connection with obtaining the Clearances, and allow the other party (and/or its legal advisers) to attend and make reasonable oral submissions during any such material meetings, hearings or telephone calls (provided such oral submissions have been discussed by the parties in advance) and, where such attendance and participation is not permitted by applicable Law or the Relevant Authority, to provide, to the extent so permitted, the other party with a reasonably detailed written summary of such meeting, hearing or telephone call as soon as reasonably practicable following the meeting, hearing or telephone call;
 - 3.5.6 keep the other party (and/or its legal advisers) informed as soon as reasonably practicable of developments which are material or potentially material to obtaining of any of the Clearances; and
 - 3.5.7 not to withdraw a filing, submission or notification made to any Relevant Authority in connection with obtaining any of the Clearances without the prior consent of the other party.
- 3.6 If a provision of this Agreement obliges Bidco or Arrow (the “**Disclosing Party**”) to disclose any information to the other:
- 3.6.1 that is personally identifiable information of a director, officer or employee of the Disclosing Party or its affiliated persons, unless that information can be reasonably anonymised (in which case the Disclosing Party shall provide the relevant information on an anonymous basis);
 - 3.6.2 which the Disclosing Party or its affiliated persons reasonably considers to be commercially or competitively sensitive or where disclosure to the other party would reasonably be expected to have a material adverse effect on the Disclosing Party’s legitimate business interest;

- 3.6.3 which the disclosing party is prohibited from disclosing by applicable Law or the terms of an existing contract;
- 3.6.4 where such disclosure would result in the loss of privilege that subsists in relation to such information, including legal professional privilege; or
- 3.6.5 where such disclosure would result in the relevant information being required to be disclosed to a competing bidder pursuant to Rule 21.3 of the Code,

the Disclosing Party shall, to the extent permitted by applicable Law (and, if relevant, the Code), disclose the relevant information to the other party on an outside counsel basis or where disclosure in this manner would reasonably be expected to have a material adverse effect on the disclosing party's legitimate business interest, directly to a Relevant Authority (and in such circumstances, and to the extent permitted by applicable Law, the Disclosing Party shall provide to the other a non-confidential version of such information).

- 3.7 Except with the prior written consent of Arrow, until the Effective Date, Bidco shall not, and shall procure that no person acting in concert or deemed to be acting in concert with it (including TDR Capital) will take, or omit to take, or permit or cause to be taken or omitted to be taken, any action, or enter into any acquisition, transaction or other agreement, which would, or would be reasonably likely to, have the effect of in any way preventing, impeding, materially delaying or materially prejudicing the satisfaction of the Regulatory Conditions or completion of the Transaction, provided always that, for the avoidance of doubt, nothing in this Clause 3.7 shall apply to any company or business (i) which is (directly or indirectly) controlled by funds and entities managed, advised or sub-advised by TDR Capital; or (ii) in which any fund or entity managed, advised or sub-advised by TDR Capital has a direct or indirect interest.
- 3.8 Notwithstanding any other provision of this Agreement to the contrary, nothing contained in this Agreement shall require a party (or any person acting in concert or deemed to be acting in concert) to take, or cause to be taken, any action with respect to the divestiture of assets, properties or businesses of the Arrow Group, or any combination thereof, that is not conditional on completion of the Transaction, except as otherwise agreed by the parties and with the consent of the Panel if required.

4. **SCHEME DOCUMENT**

4.1 Bidco agrees to:

- 4.1.1 as soon as reasonably practicable provide to Arrow (and/or its legal advisers) all such information about itself, the Bidco Directors, TDR Capital or any other person acting in concert with Bidco (including any information required by the Code or under other applicable Law, including in relation to the intentions of Bidco) as may be reasonably requested and which is reasonably required by Arrow and/or its legal advisers, having regard to the Code and other applicable Law, for inclusion in the Scheme Document;
- 4.1.2 as soon as reasonably practicable provide all such other assistance and access as may be reasonably required for the preparation of the Scheme Document and any other document required by the Code or other applicable Law to be published in connection with the Scheme, including access to, and procuring that reasonable assistance is provided by, Bidco's relevant professional advisers; and
- 4.1.3 procure that the Bidco Directors (and any other person connected with Bidco and/or TDR Capital, as required by the Panel) accept responsibility, in the terms required by the Code, for all the information in the Scheme Document, and any other document required by the Code or other applicable Law to be published in connection with the Scheme, relating to:

- (a) themselves (and their close relatives (as defined in the Code), related trusts and companies and other persons connected with them), TDR Capital, Bidco's concert parties and the financing of the Transaction;
- (b) information on Bidco's future plans for the Arrow Group and its management and employees;
- (c) any statements of the opinion, belief, intention or expectation of Bidco or the Bidco Directors in relation to the Transaction or the Arrow Group following the completion of the Transaction; and
- (d) any other information in the Scheme Document for which a bidder and/or its directors are required to accept responsibility under the Code.

5. IMPLEMENTATION OF THE SCHEME

5.1 Where the Transaction is being implemented by way of the Scheme, Bidco undertakes to deliver a notice in writing to Arrow on the Business Day prior to the Sanction Hearing, confirming either:

- 5.1.1 the satisfaction or waiver of the Conditions (other than the Scheme Conditions); or
- 5.1.2 its intention to invoke one or more Conditions (if permitted by the Panel), and providing reasonable details of the event which has occurred, or circumstances which have arisen, which Bidco reasonably considers entitles it to invoke such Condition or treat it as unsatisfied or incapable of satisfaction, and why Bidco considers such event or circumstance to be sufficiently material for the Panel to permit it to invoke such Condition(s).

5.2 Where the Transaction is being implemented by way of the Scheme, Bidco shall instruct counsel to appear on its behalf at the Sanction Hearing and undertake to the Court to be bound by the terms of the Scheme in so far as it relates to Bidco and to the extent that all the Conditions (other than the Scheme Conditions) have been satisfied or waived prior to or on the date of the Sanction Hearing. Bidco shall provide such documentation or information as may reasonably be required by Arrow's counsel or the Court in relation to such undertaking.

5.3 If the board of Bidco intends to invoke (and the Panel would permit Bidco to so invoke) any of the Conditions, Bidco shall, subject to applicable Law, inform Arrow, providing reasonable details as soon as is reasonably practicable.

6. SWITCHING TO AN OFFER

6.1 The parties intend that the Transaction will be implemented by way of the Scheme. Bidco shall be entitled, with the consent of the Panel (if required), to elect at any time to implement the Transaction by way of the Offer, rather than the Scheme only if:

- 6.1.1 Arrow provides its prior written consent;
- 6.1.2 a third party announces a firm intention to make an offer (whether or not subject to the satisfaction or waiver of any pre-conditions) under Rule 2.7 of the Code for all or part of the issued, and to be issued share capital of Arrow; or
- 6.1.3 a Arrow Board Adverse Recommendation Change occurs.

6.2 In the event of an Agreed Switch, unless otherwise agreed with Arrow or required by the Panel, the parties agree:

- 6.2.1 the Acceptance Condition shall be set at 75 per cent of the Arrow Shares (or such other percentage as may be agreed between the parties in writing after (to the extent necessary) consultation with the Panel, being in any case more than 50 per cent of the Arrow Shares to which the Offer relates);
- 6.2.2 Bidco will discuss any announcements relating to the Agreed Switch and its implementation and any proposed changes to the timetable in relation to the implementation of the Agreed Switch with Arrow in a timely manner;
- 6.2.3 Bidco shall not take any action which would cause the Offer not to proceed, to lapse or to be withdrawn, in each case for non-fulfilment of the Acceptance Condition, prior to midnight on the 60th day after publication of the Offer Document (or such later date as may be the last date for the Offer to be declared unconditional as to acceptances under Rule 31.6 of the Code (“**Day 60**”)) and subject to the Conditions Bidco shall ensure that the Offer remains open for acceptances until such time;
- 6.2.4 Bidco shall not, without the prior consent of Arrow, declare the Offer unconditional as to acceptances prior to Day 60, unless all of the remaining Conditions either: (i) have been satisfied or waived (if capable of waiver); or (ii) are reasonably expected to be satisfied or waived (if capable of waiver) prior to the last date permitted under Rule 31.7 of the Code;
- 6.2.5 if at any time following the publication of the Offer Document it is reasonably expected that any outstanding Regulatory Conditions are not likely to be satisfied or waived (if capable of waiver) prior to the last date permitted under Rule 31.7 of the Code, Bidco shall, before the 30th day after the publication of the Offer Document (or such later day as Arrow may agree), consult with Arrow and the Panel as to whether an extension to Day 60 should be sought, rather than an extension under Rule 31.7 and, if so, seek the consent of the Panel to extend Day 60 to a date agreed with Arrow and the Panel, provided always that such date shall not be later than the Long Stop Date;
- 6.2.6 Bidco shall ensure that, subject to the terms of this Agreement, the Offer is made on the same or improved terms relative to those set out in the Press Announcement and the only conditions of the Offer shall be the Conditions (subject to replacing the Scheme Conditions with the Acceptance Condition referred to in Clause 6.2.1), unless the parties agree otherwise in writing or with any modification or amendments to such terms and Conditions as may be required by the Panel; and
- 6.2.7 Bidco shall keep Arrow informed, on a regular and confidential basis, of the number of holders of Arrow Shares that have validly accepted the Offer or withdrawn their acceptance of the Offer, or incorrectly submitted their acceptance or withdrawal, the identity of such shareholders and the number of Arrow Shares held by such shareholders.
- 6.3 In the event of any Agreed Switch, the parties agree that all provisions of this Agreement relating to the Scheme and the Scheme Document and its implementation shall apply to the Offer, the Offer Document and its implementation *mutatis mutandis*, save as set out in this Clause 6.
- 6.4 Bidco hereby represents that it is not, at the date of this Agreement, and undertakes that (for so long as the Agreement is in force) it shall not become, following the date of this Agreement, required to make a mandatory offer for Arrow under Rule 9 of the Code, unless Clause 6.1.2 applies.

7. **ARROW SHARE PLANS**

The parties agree that the provisions of Schedule 1 (*Arrow Share Plans*) with respect to certain employee-related matters shall be implemented in accordance with that Schedule.

8. **DIRECTORS' AND OFFICERS' INSURANCE**

8.1 If and to the extent such obligations are permitted by applicable Law, for six years after the Effective Date Bidco shall procure that the members of the Arrow Group honour and fulfil their respective obligations (if any) existing as at the date of this Agreement to provide all reasonable assistance to the current directors and officers of Arrow and each member of the Arrow Group to the extent they need to make a claim against the existing Arrow directors' and officers' insurance policy (including any associated run-off cover), in each case with respect to matters existing or occurring at or prior to the Effective Date.

8.2 Bidco acknowledges and agrees that Arrow may purchase directors' and officers' liability insurance cover for both current and former directors and officers of the Arrow Group, including directors and officers who retire or whose employment is terminated as a result of the Transaction, for acts and omissions up to and including the Effective Date, in the form of run-off cover for a period of six years following the Effective Date. Such insurance cover shall be with reputable insurers and provide cover, in terms of quantum and scope, substantially equivalent to that provided under the Arrow Group's directors' and officers' liability insurance as at the date of this Agreement.

9. **CODE AND RELEVANT APPLICABLE LAW**

9.1 Nothing in this Agreement shall in any way limit the parties' obligations under the Code and any other applicable Law, and any uncontested rulings of the Panel as to the application of the Code in conflict with the terms of this Agreement shall take precedence over the terms of this Agreement.

9.2 The parties agree that, if the Panel determines that any provision of this Agreement that requires Arrow to take or not take action, whether as a direct obligation or as a condition to any other person's obligation (however expressed), is not permitted by Rule 21.2 of the Code, that provision shall have no effect and shall be disregarded, and neither Arrow nor the Arrow Directors shall have any obligation to take or not take any such action.

9.3 Nothing in this Agreement shall oblige Arrow or the Arrow Directors to recommend an Offer or a Scheme proposed by Bidco and/or TDR Capital and/or any of the Wider Bidco Group.

10. **TERMINATION**

10.1 Subject to Clauses 10.2 and 10.3, this Agreement shall terminate with immediate effect and all rights and obligations of the parties under this Agreement shall cease immediately as follows:

10.1.1 if agreed in writing between the parties, at any time prior to the Effective Date;

10.1.2 if the Press Announcement is not released via a Regulatory Information Service at or before 8.00 a.m. on the date of this Agreement (unless, prior to that time, the parties have agreed another later time and date in accordance with Clause 2.1);

10.1.3 upon service of written notice by Bidco to Arrow, if one or more of the following occurs:

(a) prior to the Long Stop Date, a third party announces a possible or firm intention to make an offer or revised offer (whether or not subject to the satisfaction or

waiver of any pre-conditions) for Arrow, which is recommended by the Arrow Directors; or

- (b) a Arrow Board Adverse Recommendation Change occurs other than a Arrow Board Adverse Recommendation Change set out in limb (b) of that definition, it being understood that the issue of any holding statement(s) issued to Arrow Shareholders following a change of circumstances (so long as any such holding statement: (i) contains an express statement that such recommendation is not withdrawn or adversely modified; and (ii) does not contain a statement that the Arrow Directors intend to withdraw or adversely modify such recommendation), shall not constitute a Arrow Board Adverse Recommendation Change for purposes of this Clause 10.1.3(b).

10.1.4 upon service of written notice by either party to the other party, if one or more of the following occurs:

- (a) prior to the Long Stop Date, any Condition has been invoked by Bidco (where the invocation of the relevant Condition is permitted by the Panel);
- (b) prior to the Long Stop Date, a third party announces a firm intention to make an offer or revised offer (whether or not subject to the satisfaction or waiver of any pre-conditions) for Arrow under Rule 2.7 of the Code, which completes, becomes effective or is declared or becomes unconditional in all respects;
- (c) if the Transaction is withdrawn, terminated or lapses in accordance with its terms prior to the Long Stop Date and, where required, with the consent of the Panel (other than: (i) where such lapse or withdrawal is as a result of the exercise of Bidco's right to effect a switch from the Scheme to the Offer under Clause 6.1.1 or Clause 6.1.3; or (ii) it is otherwise to be followed within five Business Days (or such other period as Arrow and Bidco may agree) by an announcement under Rule 2.7 of the Code made by Bidco or any person acting in concert with Bidco (or deemed to be acting in concert with the Bidco) to implement the Transaction by a different offer or scheme on substantially the same or improved terms);
- (d) if the Scheme is not approved by the holders of Scheme Shares at the Court Meeting and/or Arrow Shareholders at the Arrow General Meeting, or the Court refuses to sanction the Scheme; or
- (e) unless otherwise agreed by the parties in writing or required by the Panel, if the Effective Date has not occurred by the Long Stop Date.

10.2 Termination of this Agreement shall be without prejudice to the rights of either party that have or may have arisen at or prior to termination.

10.3 This Clause 10 and Clauses 1, 9 and 11 to 20 (inclusive), 22 and 23 shall survive termination of this Agreement.

11. **WARRANTIES AND UNDERTAKINGS**

11.1 Each of the parties warrants to the other on the date of this Agreement that:

- 11.1.1 it has the requisite power and authority to enter into and perform its obligations under this Agreement;

- 11.1.2 this Agreement constitutes its legal, valid and binding obligations in accordance with its terms; and
- 11.1.3 the execution and delivery of, and performance of its obligations under, this Agreement shall not:
- (a) result in a breach of any provision of its constitutional documents;
 - (b) result in a breach of, or constitute a default under, any instrument (which is material in the context of the Transaction) to which it is a party or by which it is bound; or
 - (c) result in a breach of any order, judgment or decree of any court or governmental agency to which it is a party or by which it is bound.
- 11.2 No party shall have any claim against the other for breach of warranty after the Effective Date (without prejudice to any liability for fraudulent misrepresentation or fraudulent misstatement).
- 11.3 Bidco warrants to Arrow that, as at the date of the Agreement:
- 11.3.1 no shareholder resolution of Bidco is required to implement the Transaction; and
 - 11.3.2 it is not aware of any matter or circumstance which would or could reasonably be expected to result in any of the Conditions not being satisfied.
- 11.4 Bidco acknowledges and agrees that any information and/or assistance provided by any of the Arrow Directors, officers, employees or advisers (each a “**Arrow Representative**”) to it and/or any of the Wider Bidco Group or any of their respective directors, officers, employees or advisers, whether before, on or after the date of this Agreement: (i) pursuant to the obligations of Arrow or any member of the Arrow Group under or otherwise in connection with this Agreement; or (ii) in connection with the Transaction, shall in each case be (and have been) given on the basis that the relevant Arrow Representative shall not incur any liability, whether in contract, tort (including negligence) or otherwise, in respect of any loss or damage that any of the Wider Bidco Group or any of their respective directors, officers, employees or advisers may suffer as a result of the provision of any such information and/or assistance, save, in each case for loss or damage resulting from the fraudulent misrepresentation of the relevant Arrow Representative.

12. **NOTICES**

- 12.1 A notice under or in connection with this Agreement (a “**Notice**”) shall be:
- 12.1.1 in writing;
 - 12.1.2 in the English language; and
 - 12.1.3 delivered personally or sent by first class post pre-paid recorded delivery (and air mail if overseas) or by email to the party due to receive the Notice at the address specified in Clause 12.2 (or to another address specified by that party by not less than seven days’ written notice to the other party).
- 12.2 The address referred to in Clause 12.1.3 is:
- 12.2.1 in the case of Bidco:

Address: Sherwood Acquisitions Limited
1 Bartholomew Lane
London
United Kingdom
EC2N 2AX

Email: [REDACTED]

Marked for the attention of Jonathan Rosen (Director) and Jonathan Mitchell (Director) and a copy to (but such copy shall not constitute Notice):

Address: Kirkland & Ellis LLP
30 St Mary's Axe
London, EC3A 8AF
United Kingdom

Email: [REDACTED]

Marked for the attention of David Holdsworth (Partner) and Dipak Bhundia (Partner)

Address: TDR Capital LLP
20 Bentinck Street
London
W1U 2EU

Email: [REDACTED]

12.2.2 in the case of Arrow:

Address: Arrow Global Group plc
Belvedere
12 Booth Street
Manchester M2 4AW

Email: [REDACTED]

Marked for the attention of Matt Hotson (Group Chief Financial Officer) and Martina Swart (Group Chief Legal and Risk Officer) and a copy to (but such copy shall not constitute Notice):

Address: Slaughter and May
One Bunhill Row
London
EC1Y 8YY

Email: [REDACTED]

Marked for the attention of Harry Bacon (Partner) and David Johnson (Partner)

- 12.3 A party may change its notice details on giving notice to the other party of the change in accordance with Clauses 12.1, 12.2 and 12.4.
- 12.4 Unless there is evidence that it was received earlier, a Notice is deemed given:
- 12.4.1 if delivered personally, when left at the address referred to in Clause 12.2;
- 12.4.2 if sent by post, except air mail, two Business Days after posting it;
- 12.4.3 if sent by air mail, six Business Days after posting it;
- 12.4.4 if sent by email, when sent, provided that the sender does not receive a notice of non-delivery.

Any Notice sent outside of the hours of 9 a.m. to 5.30 p.m. shall be deemed to be given at the start of the next Business Day.

13. **REMEDIES AND WAIVERS**

- 13.1 No delay or omission by any party to this Agreement in exercising any right, power or remedy provided by applicable Law or under this Agreement shall affect that right, power or remedy or operate as a waiver of it.
- 13.2 The single or partial exercise of any right, power or remedy provided by applicable Law or under this Agreement shall not preclude any other or further exercise of it or the exercise of any other right, power or remedy.
- 13.3 The rights, powers and remedies provided in this Agreement are cumulative and not exclusive of any rights, powers and remedies provided by applicable Law.
- 13.4 Without prejudice to any other rights and remedies which either party may have, each party acknowledges and agrees that damages alone may not be an adequate remedy for any breach by either party of the provisions of this Agreement and the other party shall be entitled to seek the remedies of injunction, specific performance and other equitable remedies, for any threatened or actual breach of any such provision of this Agreement by a party hereto, and no proof of special damages shall be necessary for the enforcement by either party of the rights under this Agreement.
- 13.5 Nothing in this Agreement shall oblige Arrow to pay an amount in damages which the Panel determines would not be permitted by Rule 21.2 of the Code.

14. **VARIATION**

No variation of this Agreement shall be valid unless it is in writing (which, for this purpose, does not include email) and signed by or on behalf of each of the parties.

15. **INVALIDITY**

- 15.1 If at any time any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the applicable Law of any jurisdiction, that shall not affect or impair:
- 15.1.1 the legality, validity or enforceability in that jurisdiction of any other provision of this Agreement; or
- 15.1.2 the legality, validity or enforceability under the applicable Law of any other jurisdiction of that or any other provision of this Agreement,

and, if such provision would be valid and enforceable if deleted in whole or in part or reduced in application, such provision shall apply with such deletion or modification as may be necessary to make it valid and enforceable.

16. ENTIRE AGREEMENT

- 16.1 Save for the Confidentiality Agreements (which remains in force) and any other agreements the parties agree in writing are deemed to be included in this Clause 16, this Agreement constitutes the whole and only agreement between the parties relating to the Transaction, and supersedes any previous agreement whether written or oral between the parties in relation to the Transaction.
- 16.2 Except in the case of fraud, each party acknowledges that it is entering into this Agreement in reliance upon only this Agreement and that it is not relying upon any pre-contractual statement that is not set out in this Agreement.
- 16.3 Except in the case of fraud, no party shall have any right of action (including those in tort or arising under statute) against the other party arising out of or in connection with any pre-contractual statement, except to the extent that it is repeated in this Agreement.
- 16.4 For the purposes of this Clause 16, “**pre-contractual statement**” means any draft, agreement, undertaking, representation, warranty, promise, assurance or arrangement of any nature whatsoever, whether or not in writing, relating to the subject matter of this Agreement made or given by any person at any time before the date of this Agreement.

17. THIRD PARTY RIGHTS

- 17.1 Each of the persons to whom Clauses 8 and/or 11.4 applies (“**Relevant Third Party**”) may under the Contracts (Rights of Third Parties) Act 1999 enforce the terms of Clauses 8 and/or 11.4 (as applicable). This right is subject to: (i) the rights of the parties to rescind or vary this Agreement without the consent of any other person (save that any amendment, waiver or variation of Clause 8 and/or 11.4 shall require the consent of the affected Relevant Third Party); and (ii) the other terms and conditions of this Agreement.
- 17.2 Part 1, paragraphs 11 and 12 and Part 2, paragraph 2 of Schedule 1 (Arrow Share Plans) confers a benefit on the members of the Arrow Remuneration Committee (as defined in Schedule 1), who may under the Contracts (Rights of Third Parties) Act 1999 enforce the terms of Bidco’s agreement in Part 1, paragraphs 11 and 12 and Part 2, paragraph 2.
- 17.3 Except as set out in Clauses 17.1 and 17.2 above, a person who is not a party to this Agreement shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of, or enjoy any benefit under, this Agreement.

18. NO PARTNERSHIP

No provision of this Agreement creates a partnership between any of the parties or makes a party the agent of another party for any purpose. A party has no authority or power to bind, to contract in the name of, or to create a liability for another party in any way or for any purpose.

19. ASSIGNMENT

No party shall be entitled to assign (whether absolutely or by way of security and whether in whole or in part), transfer, mortgage, charge, declare itself a trustee for a third party of, or otherwise dispose of in any manner whatsoever, the benefit of this Agreement (or any part of

it) or sub-contract in any manner whatsoever its performance under this Agreement, without the prior written consent of the other party.

20. COSTS AND EXPENSES

Save as expressly provided otherwise, each party shall pay its own costs and expenses in relation to the negotiation, preparation, execution and implementation of this Agreement and any matter contemplated by it.

21. FURTHER ASSURANCE

Each party shall, at the cost of the requesting party, use reasonable endeavours to, or use reasonable endeavours to procure that any relevant third party shall, do and/or execute and/or perform all such further deeds, documents, assurances, acts and things as the requesting party may reasonably be required to give effect to this Agreement to the requesting party.

22. COUNTERPARTS

22.1 This Agreement may be executed in any number of counterparts, and by the parties on separate counterparts, but shall not be effective until each party has executed at least one counterpart. Each counterpart shall constitute an original of this Agreement, but all the counterparts shall together constitute one and the same instrument.

22.2 Delivery of an executed counterpart signature page of this Agreement by email (pdf) shall be as effective as manual delivery. In relation to each counterpart, upon confirmation by or on behalf of the signatory that the signatory authorises the attachment of such counterpart signature page on the final text of this Agreement, such counterpart signature page shall take effect with such final text as a complete authorised counterpart.

23. GOVERNING LAW AND JURISDICTION

23.1 This Agreement is to be governed by and construed in accordance with English law. Any matter, claim or dispute arising out of or in connection with this Agreement, whether contractual or non-contractual, is to be governed by and determined in accordance with English law.

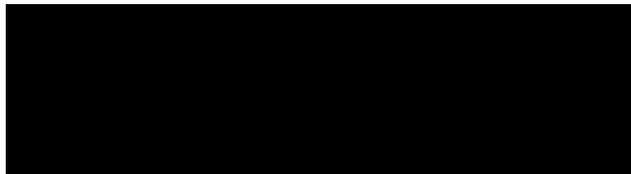
23.2 The parties irrevocably submit to the exclusive jurisdiction of the courts of England and Wales in respect of any matter, claim or dispute arising out of or in connection with this Agreement, whether contractual or non-contractual.

IN WITNESS WHEREOF the parties have executed this Agreement on the date first set out above.

EXECUTED BY



acting for and on behalf of
**Sherwood Acquisitions
Limited**



EXECUTED BY



acting for and on behalf of
Arrow Global Group plc

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SCHEDULE 1
ARROW SHARE PLANS AND EMPLOYEE RELATED MATTERS

Arrow and Bidco intend that the following arrangements and acknowledgements will, subject to the Scheme becoming effective in accordance with its terms, apply to the Arrow Share Plans and the Arrow Employees.

In the event that the Acquisition is effected as an Offer, references to the date of the Scheme Order (“**Court Sanction Date**”) and the Effective Date will be read as if they referred to the date on which the Offer becomes or is declared unconditional in all respects.

The acknowledgements in paragraphs 2, 4-7, 9-18 and 20 of Part 1 (*Arrow Share Plans*) (inclusive), and paragraphs 1-3 and 5 of Part 2 (*Employees*) (inclusive) of this Schedule 1 do not impose contractual restrictions or obligations on any member of the Arrow Group or their boards of directors.

In this Schedule 1, each of the following words and expressions shall have the following meanings:

“Arrow Directors’ Remuneration Policy”	means the directors’ remuneration policy approved by Arrow Shareholders from time to time;
“Arrow Employees”	means the employees of Arrow and the employees of members of the Arrow Group from time to time;
"Arrow Redundancy Practices"	has the meaning given to it in Part 2, paragraph 7 of this Schedule 1;
“Arrow Remuneration Committee”	means the remuneration committee of the board of directors of Arrow;
“Arrow Share Plans”	means each of the LTIP, DSBP and SIP;
“Awards”	has the meaning given to it in Part 1, paragraph 5(C) of this Schedule 1;
“Bonus Payment Date”	has the meaning given to it in Part 2, paragraph 2(C)(ii) of this Schedule 1;
“Carry Plan”	means the Spear Transaction Incentive Plan;
“Cash Amount”	has the meaning given to it in Part 1, paragraph 19 of this Schedule 1;
“DSBP”	means Arrow’s 2013 Deferred Share Bonus Plan, as amended from time to time;
“FY2020”	means Arrow’s financial year ending on 31 December 2020;

“FY2021”	means Arrow’s financial year ending on 31 December 2021;
“LTIP”	means the Arrow 2013 Long Term Incentive Plan, including the CSOP Option sub-plan, as amended from time to time;
“Qualifying Termination”	has the meaning given to it in Part 2, paragraph 6 of this Schedule 1;
“Retention Awards”	has the meaning given to it in Part 2, paragraph 3 of this Schedule 1;
“Scheme Order”	means the order of the Court sanctioning the Scheme pursuant to section 899 of the Companies Act;
“SIP”	means the Arrow Share Incentive Plan; and
“Trust”	has the meaning given to it in Part 1, paragraph 19 of this Schedule 1.

PART 1
ARROW SHARE PLANS

General

1. As at 28 March 2021, the following options and awards were outstanding under the Arrow Share Plans:

Arrow Plan	Share	Form of award(s)	Number of Arrow Shares subject to outstanding awards/options
LTIP		Options	7,506,168
		CSOP options	204,694
		Conditional Awards	92,511
DSBP		Options	340,495
SIP		Partnership, Matching and Free Shares	916,619

2. Bidco acknowledges Arrow's current intention that additional Arrow Shares will be due to be delivered on vesting of certain outstanding awards under the LTIP and DSBP by way of dividend equivalent under the rules of the LTIP and DSBP.
3. Arrow confirms that no additional options or awards have been granted since 28 March 2021.
4. Bidco acknowledges that, before the Effective Date, Arrow may continue to operate the Arrow Share Plans in accordance with the rules of the relevant plan, Arrow's normal practice and, where applicable, the Arrow Directors' Remuneration Policy. For the avoidance of doubt, the operation of the Arrow Share Plans includes (without limitation): granting awards, determining the extent to which awards vest and satisfying the vesting of awards and exercise of options. In particular, Bidco acknowledges that Arrow may make additional awards under the LTIP and/or DSBP in a manner and level (both individually and in aggregate) consistent with the LTIP and/or DSBP rules and the Arrow Directors' Remuneration Policy (as applicable).
5. Bidco and Arrow acknowledge that:
- (A) The Scheme Record Time (as defined in the Announcement) shall take place after the Court Sanction Date, to allow those participants in Arrow Share Plans who acquire Arrow Shares on or before the Court Sanction Date to have those Arrow Shares acquired by Bidco and dealt with through the Scheme.
- (B) Arrow may amend the rules of the Arrow Share Plans if the Arrow Directors (or the relevant committee) are of the opinion that such amendments are necessary to implement the Scheme and the treatment set out in this Agreement, to

facilitate the administration of the Arrow Share Plans or to obtain or maintain favourable tax treatment for participants or for Arrow.

- (C) Bidco and Arrow intend to jointly write to participants in the Arrow Share Plans on, or as soon as practicable after, the posting of the Scheme Document to inform them of the impact of the Scheme on their outstanding options and awards under the Arrow Share Plans (“**Awards**”) and the extent to which their Awards will vest and become exercisable as a result of the Scheme and any actions they may need to take in connection with their Awards as a result of the Scheme.
 - (D) Arrow Shareholder approval will be sought for an amendment to the articles of association of Arrow so that any Arrow Shares issued or transferred on or after the Scheme Record Time will be automatically transferred to, or to the order of, Bidco in exchange for the provision by Bidco of the same consideration payable per Arrow Share under the Scheme (or such other consideration as may be agreed between Bidco and Arrow and disclosed in the Scheme Document).
6. Bidco acknowledges and agrees that if, for any reason, Arrow Shares cannot be issued or transferred (including by way of market purchase) when options are exercised or awards vest under any of the Arrow Share Plans (or the Arrow Remuneration Committee considers that it is inconvenient or costly to do so), such Awards may be settled by Arrow in cash.
 7. Bidco acknowledges that Arrow may make any submission to the Panel which it deems necessary to implement the arrangements referred to in this Schedule 1 (*Employee Related Matters*), having consulted with Bidco before making such submission, and Bidco agrees to co-operate as soon as possible and in good faith in the making of any such submission.
 8. Bidco confirms that none of the outstanding options or awards under the Arrow Share Plans will be exchanged for, converted into or replaced by any options or awards issued or granted by Bidco or any member of the Bidco Group.

LTIP

9. Bidco acknowledges that the extent to which awards outstanding under the LTIP vest in consequence of the Acquisition is to be determined solely by the Arrow Remuneration Committee in accordance with the rules of the LTIP.
10. Bidco acknowledges that the Arrow Remuneration Committee has determined that the performance conditions in respect of outstanding awards granted under the LTIP in 2018 (the “**2018 LTIP Awards**”) have not been met and accordingly that the 2018 LTIP Awards have lapsed.
11. Bidco acknowledges that:
 - (A) it is the current intention of the Arrow Remuneration Committee to determine that all awards granted under the LTIP in 2019 and 2020 (the “**2019 and 2020 LTIP Awards**”) vest in connection with the Proposed Transaction with no

application of time pro rating, but subject to the assessment of applicable performance conditions by the Arrow Remuneration Committee; and

- (B) the satisfaction of performance conditions in respect of the 2019 and 2020 LTIP Awards will be assessed by the Arrow Remuneration Committee on, or shortly prior to, the Court Sanction Date. Bidco further acknowledges the Arrow Remuneration Committee's current expectation, based on the information available to it as at the date of this Agreement, that performance conditions will be satisfied in full such that all outstanding 2019 and 2020 LTIP Awards vest in full and Bidco agrees to that outcome.

12. Bidco acknowledges that:

- (A) subject to the consent of the Panel, Arrow reserves the right to make further Awards under the LTIP in the ordinary course of business and in accordance with its usual practice for FY2021 (the "**2021 LTIP Awards**");
- (B) it is the current intention of the Arrow Remuneration Committee to determine that any 2021 LTIP Awards (if granted) vest in connection with the Proposed Transaction subject to both time pro-rating (to one-third, based on the period of time from the start of FY2021 to the end of FY2021 against the full performance period) and the assessment of applicable performance conditions by the Arrow Remuneration Committee; and
- (C) the satisfaction of performance conditions in respect of any 2021 LTIP Awards will be assessed by the Arrow Remuneration Committee on, or shortly prior to, the Court Sanction Date. Bidco further acknowledges the Arrow Remuneration Committee's current expectation, based on the information available to it as at the date of this Agreement, that performance conditions will be satisfied in full and Bidco agrees to that outcome.

DSBP

- 13. Bidco acknowledges that, in respect of subsisting awards under the DSBP, the Arrow Shares subject to such awards shall vest, in full, with no application of pro-rating, on the Court Sanction Date in accordance with the rules of the DSBP and the Arrow Directors' Remuneration Policy (as applicable).
- 14. Bidco acknowledges that, subject to the consent of the Panel, Arrow reserves the right to grant further awards for FY2020 under the DSBP although it is the current intention of the Arrow Remuneration Committee that there will be no awards under the DSBP in respect of FY2020.

SIP

- 15. Bidco acknowledges and agrees that the acquisition of partnership and matching shares (as such terms are defined in Schedule 2 to ITEPA) under the SIP may continue until the last normal purchase date before the Effective Date.

16. Bidco acknowledges that Arrow Shares granted under the SIP will participate in the Acquisition on the same terms as other Shares.
17. Bidco acknowledges that Arrow intends to cancel its proposed extension of participation under the SIP to Arrow Employees outside the UK if the Acquisition proceeds on a timetable agreed between Arrow and Bidco.

Carry Plan

18. Bidco acknowledges that the Carry Plan in its current form, including with respect to “good leaver” provisions, will continue after the Effective Date in accordance with its terms.

Employee Benefit Trust

19. As at 28 March 2021, the Arrow Employee Benefit Trust (the “Trust”) held approximately £7,216 in cash (the “Cash Amount”) and 481,815 Arrow Shares.
20. Bidco and Arrow acknowledge that the expectation is that the trustee of the Trust will be requested to use the Arrow Shares that it holds to satisfy outstanding Awards as far as possible. To the extent there are insufficient Arrow Shares in the Trust to satisfy outstanding Awards, Arrow intends to request the trustee to use the Cash Amount to the extent necessary to subscribe for new Arrow Shares or purchase existing Arrow Shares to satisfy outstanding Awards.

PART 2 EMPLOYEES

Arrow Employees: ordinary course of business arrangements

1. Bidco acknowledges and agrees that Arrow will carry out annual (or other periodic) pay reviews and appraisals and promotion rounds in the ordinary course of business.

Annual bonus

2. Bidco acknowledges that:
 - (A) Arrow operates annual bonus arrangements that are conditional on financial and individual performance;
 - (B) bonus determinations for any Arrow financial year completed before the Effective Date have been undertaken by Arrow and, if applicable, bonuses have been or will be paid by Arrow in accordance with the Arrow Directors' Remuneration Policy (where applicable) and consistent with normal Arrow practice, with payment being made on the normal bonus payment date;
 - (C) for the Arrow financial year in which the Effective Date occurs:
 - (i) bonus determinations:
 - (a) for the period from 1 January up to and including the Effective Date will be undertaken by Arrow on or before the Effective Date on a time pro-rated basis up to the end of the month in which the Effective Date occurs. Bidco further acknowledges that the Arrow Remuneration Committee's current expectation is that, subject to and conditional on completion of the Acquisition, the amount of such bonus will be: (x) for executive directors, assessed at 100% against performance targets (subject to time pro-rating); and (y) for all other Arrow Employees, assessed at no less than 50% against performance targets (subject to time pro-rating), and Bidco agrees to that outcome; and
 - (b) for the period from Effective Date to the end of the Arrow financial year in which the Effective Date occurs will be undertaken by Bidco shortly after the end of the Arrow financial year on a pro-rated basis from the start of the month following the month in which the Effective Date occurs. In doing so, Bidco agrees to act reasonably and in good faith and primarily having regard to satisfactory personal performance in contributing to transition after the Acquisition.
 - (ii) the bonus payable in accordance with paragraph 2(C)(i)(a) and/or (b) will be paid on or around the normal bonus payment date following the end of the Arrow financial year (the "**Bonus Payment Date**"), provided that:

- (a) the relevant individual is in employment with a member of the Arrow Group or the Bidco Group on the Bonus Payment Date and is not serving notice; or
 - (b) the relevant individual is not an executive director and has been served with, or serves notice of, a Qualifying Termination before the Bonus Payment Date, in which case that relevant individual will receive a bonus calculated in accordance with paragraph 2(C)(i) above as if they had been in employment to the end of the financial year; or
 - (c) the relevant individual is an executive director and has been served with, or serves notice of, a Qualifying Termination before the Bonus Payment Date, in which case that relevant individual will receive a bonus calculated in accordance with paragraph 2(C)(i)(a) above (and without prejudice to any determination that may be made by Bidco in accordance with paragraph 2(C)(i)(b) above).
- (D) for financial years starting after the Arrow financial year in which the Effective Date occurs, Arrow Employees will be eligible to participate in bonus arrangements operated by Bidco in accordance with Bidco's policies and practices from time to time.

Retention arrangements

3. Bidco acknowledges that, for the purpose of protecting the business to be acquired pursuant to the Scheme, Arrow may make cash retention awards, up to a maximum in aggregate of £3 million, to Arrow Employees (excluding Executive Directors) whose recruitment and/or retention is considered critical for the business (the "Retention Awards"). Bidco further acknowledges that the Retention Awards will be paid within 90 days after the Effective Date.
4. Bidco agrees to implement retention arrangements for the executive directors of Arrow on the following terms:
 - (A) Bidco will procure that a payment is made to each executive director equal to: (i) 100% of annual base salary (less any required deductions); plus (ii) 100% of their maximum FY2021 annual bonus opportunity (less any required deductions), payable within 90 days after the Effective Date or, if later, the day following the day on which Arrow is de-listed from the London Stock Exchange;
 - (B) payment of the amounts provided for under paragraph 4(A) above will be subject to and conditional on: (i) completion of the Acquisition; (ii) de-listing of the Company; and (iii) the relevant executive director remaining in employment with a member of the Arrow Group or the Bidco Group and not having resigned prior to the payment date, save that if the relevant executive director has given or received notice of a Qualifying Termination (as defined in paragraph 7 below) at any time prior to the payment date they will remain entitled to payment in accordance with paragraph 4(A).

Bidco agrees that the terms of such retention arrangements will be documented in a separate agreement between Bidco and each executive director prior to the Court Sanction Date.

5. Bidco acknowledges that it will develop a retention programme that will apply after the Effective Date and will communicate it as appropriate.

Severance arrangements

6. Bidco agrees that, where any Arrow Employee is served with (or serves) notice of a Qualifying Termination (as defined in paragraph 7 below) or is otherwise subject to a Qualifying Termination at any time during the period of twelve months from the Effective Date, such Arrow Employee will:
 - (A) receive a reasonable and appropriate contribution to legal fees if they enter into a settlement agreement on termination of employment; and
 - (B) be entitled to applicable redundancy and severance payments, benefits and arrangements under any Arrow Redundancy Practices in which they are entitled to participate in accordance with past practice.
7. In this Schedule 1, a “Qualifying Termination” is:
 - (A) any termination by the employer: (i) other than by reason of the Arrow Employee’s misconduct or poor performance (provided, in the reasonable opinion of Arrow’s Chief People Officer as at the Effective Date (or, if that individual is no longer in role, the most senior of the Reward, Performance & People Experience Director and the relevant European HR Directors), an appropriate and reasonable disciplinary process or performance improvement plan was implemented and followed prior to termination); or (ii) other than where the employer is entitled pursuant to the employment contract to dismiss the Arrow Employee summarily without notice (or payment in lieu of notice);
 - (B) a termination by reason of the Arrow Employee’s resignation in circumstances amounting to constructive dismissal; or
 - (C) a termination by reason of the Arrow Employee’s resignation where, without the Arrow Employee’s express written consent: (i) the Arrow Employee’s role and/or reporting level and/or status has been materially diminished; or (ii) there is a material reduction in the Arrow Employee’s base salary or wage, or cash compensation opportunities, taken as a whole, or a material reduction in the Arrow Employee’s benefits and allowance package, taken as a whole; or (iii) an Arrow Employee's normal place of work is moved more than 25 miles from their previous place of work. In the event of any dispute about whether (i) or (ii) applies to a particular Arrow Employee, the decision shall be referred to Arrow’s Chief People Officer as at the Effective Date (or, if that individual is no longer in role, the most senior of the Reward, Performance & People Experience Director and the relevant European HR Directors), who shall, acting reasonably, determine the position.

8. For these purposes "**Arrow Redundancy Practices**" is any contractual policy or established Arrow Group practice in existence at the date of this agreement as notified by Arrow to Bidco or Bidco's legal advisors by 26 March 2021.

SCHEDULE 2
PRESS ANNOUNCEMENT