



**RULES OF THE
HILL & SMITH 2023 LONG TERM INCENTIVE PLAN**

Approved by the shareholders of Hill & Smith plc on [] May 2023

Adopted by the board of directors of Hill & Smith plc on [] May 2023

Expiry date: [] May 2033



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THE HILL & SMITH 2023 LONG TERM INCENTIVE PLAN

1 DEFINITIONS AND INTERPRETATION

1.1 In this Plan, unless otherwise stated, the words and expressions below have the following meanings:

“Award”	a Conditional Award or a Nil-Cost Option;
“Board”	subject to rule 15.9 the board of the Company or any duly authorised committee of the board;
“Company”	Hill & Smith plc, registered in England and Wales under number 00671474;
“Conditional Award”	a right to acquire Shares in accordance with the rules of the Plan with no Exercise Period;
“Control”	the meaning given by section 995 of the Income Tax Act 2007;
“Dealing Day”	any day on which the London Stock Exchange is open for business;
“Dealing Restrictions”	restrictions imposed by the Company’s share dealing code, the Listing Rules or any applicable laws or regulations which impose restrictions on share dealing;
“Eligible Employee”	an employee (including an executive director) of the Company or any of its Subsidiaries;
“Exercise Period”	the period during which a Nil-Cost Option may be exercised;
“FCA”	the Financial Conduct Authority (or other relevant authority) in exercise of its primary market functions;
“GDPR”	the retained EU law version of the EU General Data Protection Regulation 2016/679;
“Grant Date”	the date on which an Award is granted;

“Grant Period”	<p>the period of 42 days commencing on:</p> <ul style="list-style-type: none"> i) the day on which the Plan is approved by shareholders of the Company in general meeting; ii) the Dealing Day after the day on which the Company makes an announcement of its results for any period; iii) in relation to a particular person, the day on which that person becomes an Eligible Employee; or iv) any day on which the Board resolves that exceptional circumstances exist which justify the grant of Awards; <p>unless the Company is restricted from granting Awards under the Plan during the periods specified above as a result of any Dealing Restrictions, in which case the relevant Grant Period will be 42 days commencing on the Dealing Day after such Dealing Restrictions are lifted;</p>
“Group Member”	<p>the Company, any Subsidiary of the Company, any company which is (within the meaning of section 1159 of the Companies Act 2006) the Company’s holding company or a Subsidiary of the Company’s holding company or, if the Board so determines, any body corporate in relation to which the Company is able to exercise at least 20% of the equity voting rights and “Group” will be construed accordingly;</p>
“Holding Period”	<p>a period of up to two years as determined by the Board beginning on the Vesting Date;</p>
“Internal Reorganisation”	<p>where immediately after a change of Control of the Company, all or substantially all of the issued share capital of the acquiring company is owned directly or indirectly by the persons who were shareholders in the Company immediately before the change of Control;</p>
“Listing Rules”	<p>the FCA’s listing rules, as amended from time to time;</p>
“Nil-Cost Option”	<p>a right to acquire Shares in accordance with the terms of the Plan during an Exercise Period;</p>
“Normal Release Date”	<p>the date on which an Award will normally be Released, which:</p> <ul style="list-style-type: none"> i) in respect of an Award to which no Holding Period applies, will be the Vesting Date; and ii) in respect of an Award to which a Holding Period applies, will be the first Dealing Day immediately following the end of the Holding Period;

“Participant”	any person who holds an Award or following his death, his personal representatives (and where applicable, in particular in Rule 8, shall be deemed to include a former Participant);
“Performance Condition”	a condition or conditions imposed under rule 3.1 which relates to performance and upon which the Vesting of an Award is dependent;
“Performance Period”	the period over which a Performance Condition will be measured which, unless the Board determines otherwise, will be at least three years;
“Plan”	the Hill & Smith 2023 Long Term Incentive Plan in its present form or as from time to time amended;
“Pro-Rating Period”	<ul style="list-style-type: none"> i) in relation to an Award which is subject to a Performance Condition, the Performance Period; and ii) in relation to an Award which is not subject to a Performance Condition, the period beginning on the Grant Date and ending on the Vesting Date;
“Release”	<ul style="list-style-type: none"> i) in relation to a Conditional Award, the Participant becomes entitled to receive the Shares; and ii) in relation to a Nil-Cost Option, that it becomes capable of exercise, <p>and “Released” will be construed accordingly.</p>
“Release Date”	the date on which an Award is Released;
“Share”	a fully paid ordinary share in the capital of the Company;
“Subsidiary”	the meaning given by section 1159 of the Companies Act 2006;
“Tax Liability”	any tax or social security contributions liability in connection with an Award for which the Participant is liable and for which any Group Member or former Group Member is obliged to account to any relevant authority;
“Trustee”	the trustee or trustees for the time being of any employee benefit trust, the beneficiaries of which include Eligible Employees;
“Vest”	in relation to an Award, the occurrence of its Vesting Date, and “Vested” will be construed accordingly; and
“Vesting Date”	i) in relation to an Award which is subject to a Performance Condition, the later of: (a) date on which the Board determines the extent to which the Performance Condition has been satisfied in accordance with rule 9.1

(or such later date determined by the Board); and (b) the date on which the Board determines whether an adjustment should be made in accordance with rule 9.2; and

- ii) in relation to an Award which is not subject to a Performance Condition, the later of: (a) the third anniversary of the Grant Date (or such other date determined by the Board); and (b) the date on which the Board determines whether an adjustment should be made in accordance with rule 9.2.

1.2 References in the Plan to:

- 1.2.1 any statutory provisions are to those provisions as amended or re-enacted from time to time;
- 1.2.2 the singular include the plural and vice versa; and
- 1.2.3 the masculine include the feminine and vice versa.

1.3 Headings do not form part of the Plan.

2 GRANT OF AWARDS

2.1 Subject to rule 2.2, during a Grant Period, the Board may grant an Award to an Eligible Employee in its absolute discretion subject to the rules of the Plan and upon such additional terms as the Board may determine.

2.2 The grant of an Award will be subject to obtaining any approval or consent required by the FCA (or other relevant authority), any Dealing Restrictions and any other applicable laws or regulations (whether in the UK or overseas).

2.3 Awards must be granted by deed and, as soon as practicable after the Grant Date, Participants must be notified of the terms of their Award including any Performance Condition and whether the Award is subject to a Holding Period (and if so what that Holding Period is).

2.4 A Participant will be required to accept an Award in such form as the Board reasonably requires and, if the Board has not received (or waived the right to receive) such acceptance on or before the date that is three months after the Grant Date:

2.4.1 the Award may not be Released; and

2.4.2 the Board may determine that the Award will lapse.

2.5 No Award may be granted under the Plan after the tenth anniversary of the date on which the Plan was approved by the shareholders of the Company.

3 PERFORMANCE CONDITION

3.1 Unless the Board determines otherwise, the Vesting of Awards will be subject to the satisfaction of one or more Performance Conditions. Subject to rules 13 and 15 the Performance Condition

will be measured over the Performance Period.

- 3.2 The Board may amend or substitute a Performance Condition if one or more events occur which cause the Board to consider that a substituted or amended Performance Condition would be more appropriate and would not be materially less difficult to satisfy than the Performance Condition when originally set.

4 RESTRICTIONS ON TRANSFER AND BANKRUPTCY

- 4.1 An Award must not be transferred, assigned, charged or otherwise disposed of in any way (except in the event of the Participant's death, to his personal representatives) and will lapse immediately on any attempt to do so.

- 4.2 An Award will lapse immediately if the Participant is declared bankrupt.

5 DIVIDEND EQUIVALENTS

- 5.1 The Board may:

- 5.1.1 grant an Award on the basis that the number of Shares to which the Award relates will be increased by deeming some or all dividends (excluding special dividends, unless the Board determines otherwise) that would have been paid on Shares in respect of which the Award Vests from the Grant Date until the Release Date to have been invested in the purchase of additional Shares on such terms (including the deemed purchase price(s)) as the Board shall determine; or

- 5.1.2 determine at any time that a Participant will be entitled to a benefit calculated by reference to the value of some or all of the dividends (excluding special dividends, unless the Board determines otherwise) that would have been paid on Shares in respect of which the Award Vests from the Grant Date until the Release Date and the Board will determine if the benefit will be delivered in the form of cash or Shares and the basis on which the benefit will be calculated.

6 INDIVIDUAL LIMIT

- 6.1 No Eligible Employee may be granted Awards which would, at the time they are granted, cause the market value (as at the Grant Date, as determined by the Board) of all the Shares subject to Awards granted to that Eligible Employee in respect of a particular financial year of the Company to exceed 200% of his base annual salary at the Grant Date, and to the extent any Award exceeds this limit it will be scaled back accordingly.

7 PLAN LIMITS

- 7.1 The Board must not grant an Award which would, on the day before the Grant Date, cause the number of Shares allocated under the Plan and under any other employee share plan adopted by the Company to exceed such number as represents ten per cent of the ordinary share capital of the Company in issue at that time.

- 7.2 The Board must not grant an Award which would, on the day before the Grant Date, cause the number of Shares allocated under the Plan and under any other discretionary employee share plan adopted by the Company to exceed such number as represents five per cent of the ordinary share capital of the Company in issue at that time.
- 7.3 Subject to rules 7.4 and 7.5, in determining the limits set out in rules 7.1 and 7.2 Shares are treated as allocated if they have been newly issued by the Company or transferred from treasury to satisfy an option, award or other right granted during the previous ten years (an “**award**”), or in the case of such an award in respect of which Shares are yet to be delivered, if the Board intends that new Shares will be issued or that Shares from treasury will be transferred and for these purposes the number of Shares allocated includes:
- 7.3.1 Shares which have been issued or may be issued to any Trustee; and
- 7.3.2 Shares which have been or may be transferred from treasury to any Trustee
- in either case for the Trustee to then transfer to satisfy an award (unless these Shares have already been counted under this rule).
- 7.4 The Board may determine that Shares transferred from treasury will cease to count as allocated for the purposes of rule 7.3 if guidelines published by institutional investor representative bodies no longer require such Shares to be counted.
- 7.5 The number of Shares allocated does not include:
- 7.5.1 Shares in respect of which the right to acquire such Shares lapses or is surrendered; and
- 7.5.2 existing Shares other than treasury Shares which are transferred or to which an award relates;
- 7.5.3 Shares allocated in respect of awards which are then satisfied in cash.
- 7.6 If the Board purports to grant one or more Awards which are inconsistent with the limits in this rule 7:
- 7.6.1 if only one Award is purported to be so granted, that Award will be limited and will take effect from the Grant Date over the maximum number of Shares permitted by those limits; and
- 7.6.2 if more than one Award is purported to be so granted, each such Award will be reduced as determined by the Board and will take effect from the Grant Date over the maximum number of Shares permitted by those limits.
- 7.7 The Board may make such adjustments to the method of assessing the limits set out in rules 7.1 and 7.2 as it considers appropriate in the event of any variation of the Company’s share capital.

8 REDUCTION FOR MALUS AND CLAWBACK

Reduction of Awards prior to Release (malus)

8.1 Notwithstanding any other rule of the Plan, the Board may, in its absolute discretion, determine at any time prior to the Release of an Award or the exercise of a Nil-Cost Option to:

8.1.1 reduce the number of Shares to which an Award relates;

8.1.2 cancel an Award; or

8.1.3 impose further conditions on an Award;

in circumstances in which the Board considers such action is appropriate.

8.2 Such circumstances include, but are not limited to:

8.2.1 a material error in or misstatement of the Company's audited financial results;

8.2.2 the Board reasonably determining that the Participant has been guilty of gross misconduct;

8.2.3 serious reputational damage to the Company, any Group Member or a relevant business unit as a result of the Participant's misconduct or otherwise;

8.2.4 material corporate failure in any Group Member or a relevant business unit;

8.2.5 an error in assessing a Performance Condition applicable to the Award or in the information or assumptions on which the Award was granted or Vests; or

8.2.6 a failure of what the Board considers to be acceptable health and safety standards, which may include a fatality.

Recovery of Awards after Release (clawback)

8.3 Notwithstanding any other rule of the Plan, the Board may, in its absolute discretion, determine that the provisions of rule 8.5 should be applied to an Award if the circumstances referred to in rule 8.4 arise within the period beginning on the Grant Date (or in relation to an Award which is subject to a Performance Condition, the first day of the Performance Period) and ending on the second anniversary of the Vesting Date.

8.4 The relevant circumstances are:

8.4.1 a material error in or misstatement of the Company's audited financial results for any year in the Award's Performance Period;

8.4.2 the Board reasonably determining that the Participant has been guilty of gross misconduct;

8.4.3 serious reputational damage to the Company, any Group Member or a relevant business unit as a result of the Participant's misconduct or otherwise;

8.4.4 material corporate failure in any Group Member or a relevant business unit;

- 8.4.5 an error in assessing a Performance Condition applicable to the Award or in the information or assumptions on which the Award was granted or is Released; or
 - 8.4.6 a failure of what the Board considers to be acceptable health and safety standards, which may include a fatality.
- 8.5 If the Board determines that this rule 8.5 should be applied, the Board may determine at any time on or after the Release of an Award and prior to the second anniversary of the Vesting Date to:
- 8.5.1 take the action referred to in rule 8.1 if Shares or cash have not yet been delivered to satisfy the Release or exercise of the Award;
 - 8.5.2 require a Participant to transfer for nil consideration some or all of the Shares delivered to him under the Award,
 - 8.5.3 reduce or cancel (a) any other Awards the Participant holds that have not yet been Released, (b) any cash bonus payable to the Participant, or (c) any future or existing award made or option granted to the Participant under any cash-based or share-based incentive scheme or bonus scheme operated by any Group Member (other than any tax-advantaged scheme established under schedules 2 to 5 (inclusive) of ITEPA 2003), and/or
 - 8.5.4 require a Participant to make a cash payment to the Company in respect of some or all of the Shares or cash delivered to him under the Award;

and the Board will have the discretion to determine the basis on which the amount of cash or Shares is calculated including whether and if so to what extent to take account of any tax or social security liability applicable to the Award.

Confirmation of the application of malus or clawback

- 8.6 If the Board exercises its discretion in accordance with this rule 8, it will confirm this in writing to each affected Participant and, if necessary, the Trustee.

9 VESTING, RELEASE AND EXERCISE

- 9.1 As soon as reasonably practicable after the end of the Performance Period relating to an Award in respect of which a Performance Condition has been imposed, the Board will determine if and to what extent the Performance Condition has been satisfied.
- 9.2 As soon as reasonably practicable after: (a) the Board's determination under rule 9.1, in the case of an Award that is subject to a Performance Condition; and (b) the third anniversary of the Grant Date (or such other date determined by the Board) in the case of an Award that is not subject to a Performance Condition, the Board may, in its discretion, adjust (including by reducing to nil) the extent to which an Award would (but for this rule 9.2) become capable of Release, if it considers that:
 - 9.2.1 such extent does not reflect the underlying financial or non-financial performance of the Participant or the Group over the Pro-rating Period;
 - 9.2.2 such extent is not appropriate in the context of circumstances that were unexpected or unforeseen at the Grant Date; or

9.2.3 there exists any other reason why an adjustment is appropriate, taking into account such factors as the Board considers relevant.

9.3 An Award will become capable of Release to the extent determined in accordance with rules 9.1 and 9.2 and any part of the Award that does not so become capable of Release will lapse immediately following such determination.

9.4 Subject to rules 10, 11.2, 13 and 15, an Award will be Released:

9.4.1 on the Normal Release Date; or

9.4.2 if on the Normal Release Date (or on any other date on which an Award is due to be Released under rule 13 or 15) a Dealing Restriction applies to the Award, on the date on which such Dealing Restriction lifts; and

subject to rule 11, a Nil-Cost Option may then be exercised until the tenth anniversary of the Grant Date (or such earlier date as the Board may determine on or prior to the Grant Date) in such manner as the Board determines, after which time it will lapse.

9.5 Subject to rules 11 and 12, where a Conditional Award has been Released or a Nil-Cost Option has been exercised, the number of Shares in respect of which the Award has been Released or been exercised together with any additional Shares or cash to which a Participant becomes entitled under rule 5 will be issued, transferred or paid (as applicable) to the Participant within 30 days.

10 SUSPENSION OF AWARDS

10.1 Subject to rule 10.2, an Award shall not be Released, and a Participant may not exercise a Nil-Cost Option, at any time:

10.1.1 while disciplinary proceedings by any Group Member are underway against the Participant; or

10.1.2 while any Group Member is investigating the Participant's conduct and may as a result begin disciplinary proceedings.

10.2 The Board shall not unfairly frustrate a valid Release of an Award or exercise of a Nil-Cost Option by the inappropriate application of any provision of rule 10.1.

10.3 Subject to rules 11, 13 and 14, an Award that was not Released on its expected Release Date (or a Nil-Cost Option which the Participant was prevented from exercising) due to the application of rule 10.1 shall be Released (and a Nil-Cost Option which has already been Released may be exercised) if the Board so determines within 21 business days of the conclusion of the disciplinary proceedings or investigation.

10.4 If the Board determines that the Award shall be Released (and/or may be exercised), the Release Date (and/or the date from which the Nil-Cost Option may be exercised) of that Award shall be the date of the Board's determination (or, if that date falls during a period when Dealing Restrictions prevent such Release, exercise, or the sale of Shares by the Participant, the first Dealing Day following the end of that period).

- 10.5 If the Board does not determine that the Award shall be Released (and/or may be exercised), the Award shall lapse at the end of the 21 day period.

11 TAXATION AND REGULATORY ISSUES

- 11.1 A Participant will be responsible for and indemnifies each relevant Group Member and the Trustee against any Tax Liability relating to his Award. Any Group Member and/or the Trustee may withhold an amount equal to such Tax Liability from any amounts due to the Participant (to the extent such withholding is lawful) and/or make any other arrangements as it considers appropriate to ensure recovery of such Tax Liability including, without limitation, the sale of sufficient Shares acquired subject to the Award to realise an amount equal to the Tax Liability.
- 11.2 The Release of an Award will be subject to the Participant entering into any election required by the Board under Chapter 2 of Part 7 to the Income Tax (Earnings and Pensions) Act 2003.
- 11.3 The Release of a Conditional Award, the exercise of a Nil-Cost Option and the issue or transfer of Shares under the Plan will be subject to obtaining any approval or consent required by the FCA (or other relevant authority), any Dealing Restrictions, or any other applicable laws or regulations (whether in the UK or overseas).

12 CASH EQUIVALENT

- 12.1 Subject to rule 12.2 at any time prior to the date on which an Award has been Released or, in the case of a Nil-Cost Option, has been exercised, the Board may determine that, in substitution for his right to acquire some or all of the Shares to which his Award relates, the Participant will instead receive a cash sum. The cash sum will be equal to the market value (as determined by the Board) of that number of the Shares which would otherwise have been issued or transferred and for these purposes:
- 12.1.1 in the case of a Conditional Award, market value will be determined on the date of Release;
- 12.1.2 in the case of a Nil-Cost Option, market value will be determined on the date of exercise; and
- 12.1.3 in either case the cash sum will be paid to the Participant within 30 days after the Release of the Conditional Award or the exercise of the Nil-Cost Option, net of any deductions (including but not limited to any Tax Liability or similar liabilities) as may be required by law.
- 12.2 The Board may determine that this rule 0 will not apply to an Award, or any part of it.

13 CESSATION OF EMPLOYMENT

Death before an Award Vests

- 13.1 If a Participant dies before an Award has Vested:
- 13.1.1 unless the Board determines otherwise, the Award will be Released as soon as practicable thereafter in accordance with rule 13.1.2,
- 13.1.2 the number of Shares in respect of which the Award is Released pursuant to rule 13.1.1 will be determined by the Board taking into account:
- (a) the extent to which any Performance Condition has been satisfied;
 - (b) whether it is appropriate to adjust (including by reducing to nil) the extent to which the Award would (but for this rule 13.1.2(a)) become capable of Release, if it considers that rule 9.2.1, 9.2.2 or 9.2.3 applies, taking into account such factors as the Board considers relevant and

- (c) if the Board so determines, the proportion of the Pro-Rating Period that has elapsed at the date of death,

and to the extent that an Award is not Released in full, the remainder will lapse immediately; and

- 13.1.3 the Award, if a Nil-Cost Option may then be exercised, subject to rule 15, during the period of 12 months from the date of death (or such other period as the Board may determine), after which time it will lapse.

Death after an Award has Vested

- 13.2 If a Participant dies after an Award has Vested:

- 13.2.1 the Award, if it has not already been Released, will be Released as soon as practicable thereafter to the extent it has already Vested; and

- 13.2.2 the Award, if a Nil-Cost Option, may be exercised, subject to rule 15, during the period of 12 months from the date of death (or such other period as the Board may determine), after which time it will lapse.

Good leavers before an Award has Vested

- 13.3 If before an Award has Vested a Participant ceases to hold office or employment with a Group Member as a result of:

- 13.3.1 ill-health, injury or disability evidenced to the satisfaction of the Board;

- 13.3.2 redundancy;

- 13.3.3 the Participant's employing company ceasing to be a Group Member or the transfer of an undertaking or part of an undertaking (in which the Participant is employed) to a person who is not a Group Member; or

- 13.3.4 any other reason at the Board's absolute discretion, except where a Participant is summarily dismissed,

unless the Board determines that an Award will be Released in accordance with rule 13.4, the Award will continue and be Released, subject to rule 15, in accordance with rule 13.5 on the Normal Release Date.

- 13.4 If the Board determines that an Award which has not Vested at the date of cessation will be Released in accordance with this rule 13.4, it will be Released as soon as practicable following the date of cessation in accordance with rule 13.5 (or on such other date as the Board determines falling after the Vesting Date and before the Normal Release Date).

- 13.5 The number of Shares in respect of which the Award is Released pursuant to rule 13.3 or 13.4 will be determined by the Board, taking into account:

- 13.5.1 the extent to which any Performance Condition has been satisfied on the Vesting Date (if rule 13.3 applies or if rule 13.4 applies and the Award is Released following the Vesting Date) or at the date of cessation of office or employment (if rule 13.4 applies and Award is Released as soon as practicable following the date of cessation);

13.5.2 whether it is appropriate to adjust (including by reducing to nil) the extent to which the Award would (but for this rule 13.5.2) become capable of Release, if it considers that rule 9.2.1, 9.2.2 or 9.2.3 applies, taking into account such factors as the Board considers relevant; and

13.5.3 unless the Board determines otherwise, the proportion of the Pro-Rating Period that has elapsed at the date of cessation of office or employment,

and to the extent that an Award is not Released in full, the remainder will lapse immediately. A Nil-Cost Option may be exercised for a period of six months (or such other period as the Board may determine) from the Release Date after which time it will lapse.

Other leavers before an Award Vests

13.6 If a Participant ceases to hold office or employment with a Group Member before an Award Vests other than as a result of his death or for a reason referred to in rule 13.3, the Award will lapse at that time.

Leavers after an Award has Vested

13.7 If a Participant ceases to hold office or employment with a Group Member after an Award has Vested but before it is Released for any reason (except summary dismissal, in which case the Award will lapse on the date of cessation), unless the Board determines that the Award will be Released in accordance with rule 13.8 it will continue and be Released on the Normal Release Date, subject to it being Released or lapsing earlier under rule 15.

13.8 If the Board determines that an Award will be Released in accordance with this rule 13.8, it will be Released as soon as practicable following the date of the Participant's cessation of office or employment.

13.9 If a Participant ceases to hold office or employment with a Group Member after a Nil-Cost Option has Vested for any reason (except summary dismissal, in which case the Nil-Cost Option will lapse on the date of cessation), the Nil-Cost Option may be exercised for a period of six months (or 12 months in the case of death) from:

13.9.1 the date of cessation, if it has already been Released on that date; or

13.9.2 the Release Date, to the extent it is Released under rule 13.7 or rule 13.8.

13.10 The Board may permit the exercise of the Nil-Cost Option in a longer period. The Nil-Cost Option will lapse at the end of the relevant exercise period, unless it lapses earlier under rule 15.

Meaning of ceasing employment

13.11 For the purposes of the Plan, no person will be treated as ceasing to hold office or employment with a Group Member until that person no longer holds:

13.11.1 an office or employment; or

13.11.2 a right to return to work with any Group Member.

14 LEAVERS – POST-CESSATION SHAREHOLDING REQUIREMENTS

14.1 The Board may determine that any Award held by a Participant after he has ceased to hold office or employment with a Group Member will lapse if the Participant fails to abide by any applicable requirement, guideline or policy determined by the Board from time to time pursuant to which

that person must hold Shares following their ceasing to hold office or employment with a Group Member.

15 CORPORATE EVENTS

15.1 Where any of the events described in rule 15.3 occur, then subject to rules 15.7 and 15.8, all Awards which have not yet been Released will be Released in accordance with rule 15.2 at (or immediately before) the time of such event unless they are Released earlier in accordance with rule 15.4. Released Nil-Cost Options, whether Released under this rule 15.1 or earlier, will be exercisable (a) for one month¹ from the date of the relevant event, after which time all Nil-Cost Options will lapse, or (b) where rule 15.3.3 applies, at any time when the person who has become bound or entitled remains so, and shall lapse to the extent unexercised at the end of the period during which that person first becomes bound or entitled (in each case, unless it is exchanged under rule 15.7).

15.2 An Award which has not Vested will be Released pursuant to rule 15.1 to the extent determined by the Board taking into account:

15.2.1 the extent to which any Performance Condition has been satisfied;

15.2.2 whether it is appropriate to adjust (including by reducing to nil) the extent to which the Award would (but for this rule 15.2.2) become capable of Release, if it considers that rule 9.2.1, 9.2.2 or 9.2.3 applies, taking into account such factors as the Board considers relevant and

15.2.3 unless the Board determines otherwise, the proportion of the Pro-Rating Period that has elapsed at the relevant event,

and to the extent that an Award is not Released, or is not exchanged in accordance with rules 15.7 and 15.8 it will lapse immediately.

15.3 The events referred to in rule 15.3 are:

15.3.1 General offer

If any person (either alone or together with any person acting in concert with him):

- (i) obtains Control of the Company as a result of making a general offer to acquire Shares; or
- (ii) already having Control of the Company, makes an offer to acquire all of the Shares other than those which are already owned by him

and such offer becomes wholly unconditional.

15.3.2 Scheme of arrangement

A compromise or arrangement in accordance with section 899 or 901F of the Companies

¹ **KF note:** If an option holder exercised during this post-completion period, to acquire the shares issued in satisfaction of the exercise of their option a buyer would need to operate the squeeze-out procedure under the Companies Act (if possible) where the acquisition is by way of a general offer, or operate the compulsory acquisition procedure which will have been added into the company's articles on a scheme of arrangement. We have added a provision (rule 16) so option holders can be asked to submit an exercise notice during a period set by the board before a change of control, and exercise takes effect immediately before the change of control. Unexercised options lapse on the change of control.

Act 2006 is sanctioned by the Court.

15.3.3 Compulsory acquisitions

Any person becomes bound or entitled to acquire Shares under sections 979 to 982 or 983 to 985 of the Companies Act 2006.

15.4 Loss of corporation tax deduction

If the Board determines that there would be a loss of corporation tax deduction under Part 12 of the Corporation Tax Act 2009 (or any similar legislation or rules in a jurisdiction outside the United Kingdom) if Awards were to Vest or be Released on or after an event described in rule 15.2, then the Board may resolve that Awards will Vest or be Released (as the case may be) on an earlier date.

15.5 Winding-up

On the passing of a resolution for the voluntary winding-up or the making of an order for the compulsory winding up of the Company, the Board will determine:

15.5.1 whether and to what extent Awards which have not yet been Released will be Released taking into account, in the case of any Award which has not Vested:

- (a) the extent to which any Performance Condition has been satisfied;
- (b) whether it is appropriate to adjust (including by reducing to nil) the extent to which the Award would (but for this rule 15.5.1(b)) become capable of Release, if it considers that rule 9.2.1, 9.2.2 or 9.2.3 applies, taking into account such factors as the Board considers relevant; and
- (c) unless the Board determines otherwise, the proportion of the Pro-Rating Period that has elapsed at the date of the relevant event; and

15.5.2 the period of time during which any Released Nil-Cost Option may be exercised, after which time it will lapse.

To the extent that an Award is not Released it will lapse immediately.

15.6 Other events

If the Company is or may be affected by a demerger, delisting, special dividend or other event which in the opinion of the Board, may affect the current or future value of Shares, the Board may determine that the following provisions will apply:

15.6.1 an Award which has not been Released will be Released on such terms as the Board may determine;

15.6.2 if an Award which has not Vested is Released under this rule 15.6 it will be Released to the extent determined by the Board taking into account:

- (a) the extent to which any Performance Condition has been satisfied;
- (b) whether it is appropriate to adjust (including by reducing to nil) the extent to which the Award would (but for this rule 15.6.2(b)) become capable of Release, if it considers that rule 9.2.1, 9.2.2 or 9.2.3 applies, taking into account such factors as

the Board considers relevant; and

- (c) unless the Board determines otherwise, the proportion of the Pro-Rating Period that has elapsed at the date of the relevant event; and

15.6.3 to the extent that the Award is not Released, it will lapse immediately, unless the Board determines otherwise.

The Board will then also determine the period during which any Released Nil-Cost Option may be exercised, after which time it will lapse.

15.7 Exchange

An Award will not be Released under rule 15.1 but will be exchanged on the terms set out in rule 15.8 to the extent that:

15.7.1 an offer to exchange the Award (the “**Existing Award**”) is made by the buyer and accepted by a Participant;

15.7.2 there is an Internal Reorganisation.

15.8 Exchange terms

If this rule 15.8 applies, the Existing Award will not be Released but will be exchanged in consideration of the grant of a new award which, in the opinion of the Board, is equivalent to the Existing Award, but relates to shares in a different company (whether the acquiring company or a different company).

15.9 Meaning of Board

Any reference to the Board in this rule 15 means the members of the Board immediately prior to the relevant event.

16 CORPORATE EVENTS – ADDITIONAL PROVISIONS

16.1 If the Board considers that an event specified in rule 15.3.1 or 15.3.2 is likely to occur (a “**Change of Control**”), the Board may, in respect of Nil-Cost Options which would be Released pursuant to rule 15.1 (or have already been Released), request in writing that Participants give a notice exercising their Nil-Cost Option(s) (an “**Exercise Notice**”) within a period to be specified by the Board ending before the acquiror obtains Control of the Company.

16.2 If Board makes a request pursuant to rule 16.1 above:

16.2.1 the exercise of Nil-Cost Options in respect of which a valid Exercise Notice has been received by the Company by the relevant deadline shall take effect immediately before the Change of Control (or, in the case of a Scheme of Arrangement, within the period beginning with the time the Court sanctions the Scheme of Arrangement and ending on the scheme record time);

16.2.2 if a Participant fails to give an advance Exercise Notice in respect of their Nil-Cost Option within the time period specified by the Board in any written request made pursuant to rule 16.1, then unless before the occurrence of the Change of Control the Participant has

irrevocably agreed with the prospective acquiror to exchange the Nil-Cost Option under rule 15.7, his or her Nil-Cost Option(s) shall lapse on the occurrence of the Change of Control (which in respect of a Scheme of Arrangement shall for the purposes of this rule be deemed to be when the scheme becomes effective), and

- 16.2.3 if the anticipated Change of Control does not occur, any Exercise Notice given pursuant to rule 16.1 shall be deemed never to have been given, and all Nil-Cost Options shall continue on their terms.

17 ADJUSTMENTS

- 17.1 The number of Shares subject to an Award may be adjusted in such manner as the Board determines, in the event of:

17.1.1 any variation of the share capital of the Company; or

17.1.2 a demerger, delisting, special dividend, rights issue or other event which may, in the opinion of the Board, affect the current or future value of Shares.

- 17.2 The Board may also adjust any Performance Condition.

18 AMENDMENTS

- 18.1 Except as described in this rule 18, the Board may at any time amend the rules of the Plan or the terms of any Award.

- 18.2 Subject to rule 18.3, no amendment to the advantage of Eligible Employees and/or Participants will be made under this rule 18 to the provisions relating to:

18.2.1 the persons to whom, or for whom, Shares or cash are provided under the Plan;

18.2.2 limitations on the number or amount of Shares or cash subject to the Plan;

18.2.3 the maximum entitlement for any one Participant;

18.2.4 the basis for determining a Participant's entitlement to, and the terms of, Shares or cash to be provided under the Plan;

18.2.5 the adjustments that may be made in the event of a variation of capital; and

18.2.6 the terms of this rule 18.2

without prior approval of the members of the Company in general meeting.

- 18.3 Rule 18.2 will not apply to any minor amendment which is to benefit the administration of the Plan or is necessary or desirable to take account of any change in legislation or to obtain or maintain favourable taxation, exchange control or regulatory treatment for any Group Member or Participant.

- 18.4 No amendment to the material disadvantage of existing rights of Participants (except in respect of the Performance Condition) will be made under rule 18.1 unless:

18.4.1 every Participant who may be affected by such amendment has been invited to indicate whether or not he approves the amendment; and

18.4.2 the amendment is approved by a majority of those Participants who have so indicated.

- 18.5 No amendment will be made under this rule 18 if it would prevent the Plan from being an employees' share scheme in accordance with section 1166 of the Companies Act 2006.

19 LEGAL ENTITLEMENT

- 19.1 This rule 19 applies during a Participant's employment with any Group Member and after the termination of such employment, whether or not the termination is lawful.
- 19.2 Nothing in the Plan or its operation forms part of the terms of employment of a Participant and the rights and obligations arising from a Participant's employment with any Group Member are separate from, and are not affected by, his participation in the Plan. Participation in the Plan does not create any right to continued employment for any Participant.
- 19.3 The grant of any Award to a Participant does not create any right for that Participant to be granted any further Awards or to be granted Awards on any particular terms, including the number of Shares to which Awards relate.
- 19.4 By participating in the Plan, a Participant waives all rights to compensation for any loss in relation to the Plan, including:
- 19.4.1 any loss or reduction of any rights or expectations under the Plan in any circumstances or for any reason (including lawful or unlawful termination of the Participant's employment);
 - 19.4.2 any exercise of a discretion or a decision taken in relation to an Award or to the Plan, or any failure to exercise a discretion or take a decision; or
 - 19.4.3 the operation, suspension, termination or amendment of the Plan.

20 GENERAL

- 20.1 The Plan will terminate upon the date stated in rule 0, or at any earlier time by the passing of a resolution by the Board or an ordinary resolution of the Company in general meeting. Termination of the Plan will be without prejudice to the existing rights of Participants.
- 20.2 Shares issued or transferred from treasury under the Plan will rank equally in all respects with the Shares then in issue, except that they will not rank for any voting, dividend or other rights attaching to Shares by reference to a record date preceding the date of issue or transfer from treasury.
- 20.3 The personal data of any Eligible Employee, Participant or former Participant may be processed in connection with the operation of the Plan in accordance with the Group's prevailing data protection policy and as notified to Eligible Employees in accordance with the GDPR. By participating in the Plan, a Participant consents (otherwise than for the purposes of the GDPR) to the processing of their personal data in connection with the operation of the Plan.
- 20.4 The Plan will be administered by the Board. The Board will have full authority, consistent with the Plan, to administer the Plan, including authority to interpret and construe any provision of the Plan and to adopt regulations for administering the Plan. Decisions of the Board will be final and binding on all parties.
- 20.5 Any notice or other communication in connection with the Plan may be delivered personally or sent by electronic means or post, in the case of a company to its registered office (for the attention of the company secretary), and in the case of an individual to his last known address, or, where he is a director or employee of a Group Member, either to his last known address or to the address of the place of business at which he performs the whole or substantially the whole of the duties of his office or employment. Where a notice or other communication is given by post, it will be deemed to have been received 72 hours after it was put into the post properly addressed and stamped, and if by electronic means, when the sender receives electronic confirmation of delivery or if not available, 24 hours after sending the notice.
- 20.6 No third party will have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Plan (without prejudice to any right of a third party which exists other than under that Act).

20.7 The rules of the Plan will be governed by and construed in accordance with the laws of England and Wales. Any person referred to in the Plan submits to the exclusive jurisdiction of the Courts of England and Wales.

SCHEDULE 1

1 CASH AWARDS

The rules of the Hill & Smith 2023 Long Term Incentive Plan will apply to a right to receive a cash sum granted under this Schedule as if it was either a Conditional Award (a "Cash Conditional Award") or a Nil-Cost Option (a "Cash Option"), except as set out in this Schedule. Where there is any conflict between the rules of the Plan and this Schedule, the terms of this Schedule will prevail.

- 1.1 Each Cash Conditional Award or Cash Option will relate to a certain number of notional Shares.
- 1.2 On the Release of a Cash Conditional Award or the exercise of a Cash Option the Participant will be entitled to receive a cash sum, calculated by reference to the value of the number of notional Shares to which the Cash Conditional Award or the Cash Option relates, on the following basis:
 - 1.2.1 in the case of a Cash Conditional Award the cash sum will be equal to the market value (as determined by the Board) of the notional Shares to which the Cash Conditional Award relates on the date of Release; and
 - 1.2.2 in the case of a Cash Option the cash sum will be equal to the market value (as determined by the Board) of the notional Shares to which the Cash Option relates on the date of exercise.
- 1.3 The cash sum payable under paragraph 1.2 above will be paid to the Participant as soon as practicable after the Release of the Cash Conditional Award or the exercise of the Cash Option, net of any deductions (including, but not limited to, any Tax Liability or similar liabilities) as may be required by law.
- 1.4 For the avoidance of doubt, a Cash Conditional Award or Cash Option will not confer any right on the holder to receive Shares or any interest in Shares.

SCHEDULE 2 – US PARTICIPANTS

AWARDS WHICH ARE EXEMPT FROM S.409A

1. The purpose of this Schedule 2 is to vary certain provisions of the Plan in their application to Awards granted to US Participants.
2. This Schedule 2 applies to Awards which are not subject to a Holding Period, and which are either granted to:
 - 2.1 individuals who are US Participants on the Grant Date; or
 - 2.2 individuals who are not US Participants on the Grant Date but who subsequently become US Participants whilst holding subsisting Awards.
3. This Schedule 2 is intended to satisfy the “short term deferral” exemption from section 409A and the Plan and this Schedule 2 will be interpreted and administered consistently with that exemption. Notwithstanding any other provision of the Plan, any Award to which this Schedule 2 applies will be Released and the Released Award will be settled no later than 15 March following the end of the calendar year in which the Award ceases to be subject to a substantial risk of forfeiture for the purposes of section 409A.
4. Where there is any conflict between the rules of the Plan and this Schedule 2, the terms of this Schedule 2 will prevail to the extent necessary to permit this Schedule 2 to satisfy the “short term deferral” exemption from section 409A.

5. **Definitions and Interpretation**

- 5.1 Except as provided in this Schedule 2, words and phrases in this Schedule 2 will have the same meaning as in the rules of the Plan.
- 5.2 In this Schedule 2, the words and expressions below have the following meaning:

“Award Certificate”	means a certificate which sets out the terms of an Award;
“Code”	means the US Internal Revenue Code of 1986, as amended from time to time;
“Plan”	means the Hill & Smith 2023 Long Term Incentive Plan, as amended from time to time;
“section 409A”	means section 409A of the Code;
“US Participant”	means a Participant who is subject to a US Tax Liability; and
“US Tax Liability”	means any US tax or social security contributions liability in connection with an Award for which the participant is liable.

6. **Application of the rules of the Plan**

The rules of the Plan will apply to Awards which are subject to this Schedule 2, save as those rules

are amended by this Schedule 2.

7. **Form and Grant of Awards**

7.1 An Award granted to a US Participant may only be granted in the form of a Conditional Award or a Cash Conditional Award and the rules of the Plan, as amended by this Schedule 2, will be construed accordingly.

7.2 An Award to which this Schedule 2 applies may not be granted subject to a Holding Period.

7.3 If a Participant to whom an Award which is not subject to a Holding Period has been granted becomes subject to a US Tax Liability in connection with the Award after the Grant Date and before that Award is Released:

7.3.1 if the Award is a Nil-Cost Option it will be converted without any further action on the part of the Participant or the Company into a Conditional Award;

7.3.2 for the avoidance of doubt, the terms of the Award will be construed as if it had been granted subject to the rules of the Plan as varied by this Schedule 2 ,and

7.3.3 the Participant will be notified of any changes to their Award as soon as possible thereafter.

7.4 The following new rule 2.3 will apply in substitution for rule 2.3:

“2.5 Awards must be granted by deed and, as soon as practicable after the Grant Date, Participants must be notified of the terms of their Award in an Award Certificate.”

8. **Dividend Equivalents**

8.1 The following new rule 5.2 will be added after rule 5.2:

“5.2 Any benefit under rule 5.1.2 will be payable as soon as reasonably practicable after Release and in any event, no later than 15 March following the end of the calendar year in which the Award ceased to be subject to a substantial risk of forfeiture for the purposes of section 409A.”

9. **Vesting, Release, Exercise and Settlement**

9.1 The following new rule 9.4A will be added after rule 9.4:

“9.4A The Release of an Award may not be delayed under rule 9.4.2 beyond 15 March following the end of the calendar year in which the Award ceased to be subject to a substantial risk of forfeiture for the purposes of section 409A.”

9.2 The following new rule 9.5 will apply in substitution for rule 9.5:

“9.5 Subject to rules 11 and 12, where a Conditional Award has been Released, the number of Shares in respect of which the Award has been Released together with any additional Shares or cash to which a Participant becomes entitled under rule 5 will be issued, transferred or

paid (as applicable) to the Participant as soon as practicable thereafter and in any in any event no later than 15 March following the end of the calendar year in which the Award ceased to be subject to a substantial risk of forfeiture for the purposes of section 409A.”

9.3 The following new rule 9.6 will be added to rule 9:

“9.6 Where Shares which are to be delivered in respect of an Award granted under this Schedule are delivered via a Trustee:

9.6.1 the Participant will not have any interest in those Shares until the Award has been Released and Shares delivered in accordance with the rules of the Plan;

9.6.2 the Participant will not have any interest in any trust in which the Shares are held; and

9.6.3 the Trustee will not allocate any Shares or other trust assets in favour of the Participant until the Award has been Released in accordance with the rules of the Plan.”

9.4 Any amount payable in respect of a Cash Conditional Award to which this Schedule 2 applies will be paid no later than 15 March following the end of the year in which the Award ceased to be subject to a substantial risk of forfeiture for the purposes of section 409A.

10. **Taxation and Regulatory Issues**

10.1 The following new rule 11.3 will apply in substitution for rule 11.2 and 11.3:

“11.3 The Release of a Conditional Award and the issue or transfer of Shares under the Plan will be subject to obtaining any approval or consent required by the FCA (or other relevant authority), any Dealing Restrictions, or any other applicable laws or regulations (whether in the UK or overseas), provided that the Release of a Conditional Award will only be delayed pursuant to this rule 11.2 to the extent the Conditional Award would continue to satisfy an exemption from section 409A.”

11. **Cash Equivalent**

11.1 The following new rule 12.1 will apply in substitution for rule 12.1:

“12.1 Subject to rule 12.2, at any time prior to the date on which Shares have been delivered to a Participant to satisfy a Conditional Award, the Board may determine that, in substitution for their right to acquire some or all of the Shares to which their Conditional Award relates, the Participant will instead receive a cash sum equal to the market value (as determined by the Board) on the Release Date of the Shares that would otherwise have been delivered. Any such cash sum will be paid to the Participant within 30 days after the Release of the Conditional Award and by no later than 15 March following the end of the calendar year in which the Award ceased to be subject to a substantial risk of forfeiture for the purposes of section 409A, net of any Tax Liability.”

12. **Cessation of Employment**

12.1 The following new rule 13.1 will apply in substitution for rule 13.1:

“13.1 If a Participant dies before an Award has Vested:

13.1.1 unless the Board determines otherwise, the Award will be Released and settled in accordance with rule 13.1.2 as soon as practicable thereafter and in any event no later than 15 March following the end of the year in which the Award ceased to be subject to a substantial risk of forfeiture for the purposes of section 409A;

13.1.2 the number of Shares in respect of which the Award is Released pursuant to rule 13.1.1 will be determined by the Board taking into account:

13.1.2.1 the extent to which any Performance Condition has been satisfied;

13.1.2.2 whether it is appropriate to adjust (including by reducing to nil) the extent to which the Award would (but for this rule 13.1.2(b)) become capable of Release, if it considers that rule 9.2.1, 9.2.2 or 9.2.3 applies, taking into account such factors as the Board considers relevant and

13.1.2.3 if the Board so determines, the proportion of the Pro-Rating Period that has elapsed at the date of death,

and to the extent that an Award is not Released in full, the remainder will lapse immediately.”

13.2 The following new rule 13.3 will apply in substitution for rule 13.3:

“13.3 If before an Award has Vested a Participant ceases to hold office or employment with a Group Member as a result of:

13.3.1 ill-health, injury or disability as established to the satisfaction of the Board;

13.3.2 redundancy;

13.3.3 the Participant’s employing company ceasing to be a Group Member or the transfer of an undertaking or part of an undertaking (to which the Participant is assigned) to a person who is not a Group Member; or

13.3.4 any other reason at the Board’s discretion, except where a Participant is summarily dismissed,

if:

(a) that Award is subject to a Performance Condition, unless the Board determines that rule 13.4 applies that Award will continue and be Released, subject to rule 15, in accordance with rule 13.5 on its Normal Release Date or, if earlier, 15 March following the end of the calendar year in which the Award ceased to be subject to a substantial

risk of forfeiture for the purposes of section 409A and rule 9.5 (as applied by this Schedule) will apply; and

- (b) *that Unvested Award is not subject to a Performance Condition, rule 13.4 will apply and for the avoidance of doubt the Board will be deemed to have determined that rule 13.4 applies.”*

13.3 The following new rule 13.4 will apply in substitution for rule 13.4:

“13.4 If the Board determines that an Award which has not Vested at the date of cessation will be Released in accordance with this rule 13.4, it will be Released and settled in accordance with rule 13.5 as soon as practicable following the date of cessation or on such other date as the Board determines falling after the Vesting Date and before the Normal Release Date, provided that in no case shall it be Released and settled later than 15 March following the end of the calendar year in which cessation occurred.”

13.4 Rules 13.2, 13.7, 13.8 and 13.9 will not apply to any Award that is subject to this Schedule 2.

14 Corporate Events

14.3 The following new rule 15.2A will be added to rule 15:

“15.2A Any Shares or cash which are to be delivered or paid to a Participant following the occurrence of an event described in rule 15.3 will be delivered or paid by no later than 15 March following the end of the calendar year in which the event occurred.”

13.1 The following new rule 15.6A will be added to rule 15:

“15.6A Where the Board determines that an Award will be Released pursuant to rules 15.4, 15.5 or 15.6, the determination will be made such that the Release and settlement of the Award will take place only to the extent that the Award remains exempt from section 409A.”

13.2 The following new rule 15.7A will be added to rule 15:

“15.7A An exchange of an Award under rule 15.6 will be effective only to the extent that the new award is exempt from section 409A.”

15 Amendments

15.3 The following new rule 18.6 will be added to rule 18:

“15.6 No amendment made under this rule 18 will take effect in relation to an Award subject to Schedule 2 unless that Award would continue to satisfy an exemption to section 409A.