

APPENDIX TO AGM NOTICE

Summary of the principle terms of the Chesnara Savings Related Share Option Scheme 2022 (SAYE)

General

The SAYE is a savings related share option scheme designed to take advantage of the tax beneficial status of savings related share option schemes which comply with Schedule 3 to the Income Tax (Earnings and Pensions) Act 2003 (Schedule 3).

The SAYE will be administered by the board or a duly authorised committee of the board.

Eligibility

UK employees and full-time directors of the company and participating companies within the group are eligible to participate in the SAYE. The board may, however, determine that a qualifying period of service (of up to 5 years) is required before an employee or full-time director can participate in the SAYE.

Timing of invitations

Invitations to participate in the SAYE may be issued within the 42 day period after the adoption date, any general meeting of the company, the announcement of the company's results for any period, any day on which changes to the legislation affecting savings related share option plans under Schedule 3 is announced or made, or any other date on which the board resolves that exceptional circumstances exist.

The Savings Contract

To participate in the SAYE, an eligible employee must enter into a Save-As-You-Earn contract (Savings Contract) with the savings body designated by the board, agreeing to make monthly contributions of between £5 and £500 for a specified savings period of 3 or 5 years (or such other period as may be specified from time to time under Schedule 3). The board has discretion to determine the length of the savings contracts that will be available in respect of any invitation to apply for options (3 years, 5 years or both). A bonus determined by HMRC may be payable after the expiration of the savings period.

Applications to participate in the SAYE may be scaled down by the board, if applications exceed the number of shares available for the grant of options. Such scaling down may include:

- (a) excluding the HMRC bonus;
- (b) reducing monthly contributions above a certain level pro rata;
- (c) reducing monthly contributions for each eligible employee pro rata;
- (d) treating applications for 5 year savings contracts as elections for 3 year savings contracts;
- (e) applications being selected by ballot, based on the minimum contribution and excluding the bonus; or
- (f) such other steps as may be agreed in advance with HMRC, to the extent required.

Option price

The option price for each share in respect of which an option is granted shall not be less than the greater of:

- (g) 80% of the closing middle-market quotation as derived from the London Stock Exchange Daily Official List for the dealing day immediately prior to the date on which the invitation to participate in the SAYE is made (or, if the board so determines, the average of the closing mid-market quotations for the three dealing days immediately prior to the invitation date); and
- (h) the nominal value of the shares.

Grant of options

The number of shares over which options may be granted must as nearly as possible be equal to, but not in excess of, that number of shares which may be purchased out of the repayment proceeds (including, if the board so determines, any bonus payable) of the relevant savings contract at the option price.

Subject to any regulatory restrictions, options under the SAYE may only be granted within the period of 30 days following the date on which the option price is determined or, if the option price is determined over 3 consecutive dealing days, within 30 days after the earliest of those dealing days (though such period will be increased to 42 days if scaling back applies).

No options may be granted more than 10 years after the adoption of the SAYE.

Options granted under the SAYE may not be transferred (other than on death) and will not be pensionable.

No consideration will be required for the grant of the option.

Limit on the issue of shares

Options under the SAYE may not be granted on a date if it would result in the total number of shares issued or to be issued to satisfy share awards granted under the company's employee share plans during the period of 10 years ending with that date to exceed 10% of the issued ordinary share capital of the company from time to time.

For the purposes of this limit, shares transferred out of treasury to satisfy awards will be treated as new issue shares.

Exercise of options

Options will only normally be exercisable for a period of 6 months commencing on the third or fifth anniversary (as the case may be) of the starting date of the related savings contract and, if not exercised by the end of that period, the option will lapse.

Earlier exercise may, however, be permitted in specified circumstances, including:

- (a) termination of employment as a result of death, injury, disability, redundancy, retirement or the sale of the subsidiary or business for which the participant works; and
- (b) in the event of a takeover or reconstruction of the company.

In these early exercise circumstances, options will only be exercisable for a limited period to the extent of the savings in the relevant savings contract at the date of exercise.

Alternatively, in the event of a takeover or reconstruction, options may be exchanged for new equivalent options over shares in the acquiring company where appropriate.

Rights attaching to shares

All shares allotted or transferred under the SAYE will rank *pari passu* with all other shares of the company for the time being in issue (save as regards any rights attaching to such shares by reference to a record date prior to the date of allotment or transfer) and the company will apply for the listing of any new shares issued under the SAYE.

Variation of capital

In the event of any rights or capitalisation issue, sub-division, consolidation, reduction or other variation of the ordinary share capital of the company, the board may make such adjustments as it considers appropriate to the number of shares subject to options and/or the price payable on the exercise of options.

Amendments to the SAYE

The board may amend the provisions of the SAYE in any respect provided that the prior approval of shareholders in general meeting is required for alterations or additions which are to the advantage of participants and relate to eligibility, limits, the option price, the rights attaching to options and shares, the impact of any variation of capital or the amendment provisions. However, the requirement to obtain the prior approval of shareholders will not apply in relation to any alteration or addition which is minor and to benefit the administration of the SAYE, to take account of changes in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for the company, any of its subsidiaries or for participants.

Termination

The SAYE will terminate on the tenth anniversary of its adoption, or such earlier time as the board may determine, but the rights of existing participants will not be affected by such termination. In the event of termination, no further options will be granted.