NOTICE OF THE ANNUAL GENERAL MEETING

This document is important and requires your immediate attention

If you are in any doubt as to the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent professional advisor authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if you reside elsewhere, another appropriately authorised financial advisor.

If you have sold or otherwise transferred all of your shares in Chesnara plc, please pass this document (together with the accompanying proxy form) as soon as possible to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

Chesnara plc has a policy of not paying to have access to governance and sustainability analysts' databases on which voting recommendations and reports are produced. We encourage early, open and timely engagement to ensure the accuracy of the information contained in any analysis and reports issued in respect of Chesnara plc.

Company No. 4947166

Notice is given that the 2023 Annual General Meeting of Chesnara plc will be held at the offices of Panmure Gordon, 40 Gracechurch Street, London, EC3V 0BT on 16 May 2023 at 11am, for the business set out below. Shareholders will be kept informed via the Regulatory News System (RNS) should arrangements need to be changed for any reason.

Resolutions 1 to 18 inclusive will be proposed as ordinary resolutions and resolutions 19 to 23 inclusive will be proposed as special resolutions.

1. To receive and adopt the audited accounts for the financial year ended 31 December 2022, together with the reports of the directors and auditor thereon.

2. To approve the Directors' Remuneration Report for the year ended 31 December 2022.

3. To approve the Directors' Remuneration Policy (as contained in the Directors' Remuneration Report for the year ended 31 December 2022).

4. To declare a final dividend of 15.16 pence per ordinary share for the financial year ended 31 December 2022.

5. To re-elect Steve Murray as a director.

6. To re-elect Carol Hagh as a director.

7. To re-elect Karin Bergstein as a director.

8. To re-elect David Rimmington as a director.

9. To re-elect Jane Dale as a director.

10. To re-elect Luke Savage as a director.

11. To re-elect Mark Hesketh as a director.

12. To re-elect Eamonn Flanagan as a director.

13. To reappoint Deloitte LLP as auditor of the company to hold office until the conclusion of the next general meeting of the company at which accounts are laid before shareholders.

14. To authorise the directors to determine the auditor's remuneration.

15. That, from the passing of this resolution 15 until the earlier of the close of business on 30 June 2024 and the conclusion of the company's next Annual General Meeting, the company and all companies which are its subsidiaries at any time during such period are authorised:

(a) to make donations to political parties or independent election candidates;

(b) to make donations to political organisations other than political parties; and

(c) to incur political expenditure up to an aggregate total amount of £50,000,

with the individual amount authorised for each of (a) to (c) above being limited to £50,000. Any such amounts may comprise sums paid or incurred in one or more currencies. Any sum paid or incurred in a currency other than sterling shall be converted into sterling at such rate as the board may decide is appropriate. Terms used in this resolution have, where applicable, the meanings that they have in Part 14 of the Companies Act 2006.

16. That:

(a) the rules of the Chesnara 2023 Short-Term Incentive Scheme (the 2023 STI Scheme), the principal terms of which are summarised in Appendix 1 to this Notice of Annual General Meeting and a copy of which is produced to the meeting and initialled by the Chair of the meeting for the purposes of identification, be and are hereby approved and adopted and the directors of the company be and are hereby authorised to do all such things in accordance with applicable law as may be necessary or desirable to carry the 2023 STI Scheme into effect; and

(b) the directors of the company be and are hereby also authorised to adopt further schemes based on the 2023 STI Scheme but modified to take account of local tax, exchange control or securities law in overseas territories, provided that any shares made available under such further schemes are treated as counting against any limits on individual or overall participation in the 2023 STI Scheme.

17. That:

(a) the rules of the Chesnara 2023 Long-Term Incentive Plan (the 2023 LTIP), the principal terms of which are summarised in Appendix 2 to this Notice of Annual General Meeting and a copy of which is produced to the meeting and initialled by the Chair of the meeting for the purposes of identification, be and are hereby approved and adopted and the directors of the company be and are hereby authorised to do all such things in accordance with applicable law as may be necessary or desirable to carry the 2023 LTIP into effect; and

(b) the directors of the company be and are hereby also authorised to adopt further schemes based on the 2023 LTIP but modified to take account of local tax, exchange control or securities law in overseas territories, provided that any shares made available under such further schemes are treated as counting against any limits on individual or overall participation in the 2023 LTIP.

NOTICE OF THE ANNUAL GENERAL MEETING (CONTINUED)

18. That the directors be and they are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the Act), to exercise all the powers of the company, to allot shares in the company and/or to grant rights to subscribe for or to convert any security into shares in the company (Allotment Rights):

(a) up to an aggregate nominal amount of £2,506,480 such amount to be reduced by the aggregate nominal amount of any equity securities allotted pursuant to the authority in paragraph (b) below in excess of £2,506,480; and

(b) up to an aggregate nominal amount of £5,012,959 (such amount to be reduced by the aggregate nominal amount of any shares allotted or rights granted pursuant to the authority in paragraph (a) above) in connection with an offer by way of a rights issue:

i) to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and

ii) to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange, provided that this authority shall, unless renewed, varied or revoked by the company, expire at the conclusion of the company's next Annual General Meeting (or, if earlier, at the close of business on 30 June 2024) save that the company may, before such expiry, make offers or agreements which would or might require securities to be allotted or Allotment Rights to be granted after such expiry and the directors may allot securities or grant Allotment Rights in pursuance of such offer or agreement notwithstanding the expiry of the authority conferred by this resolution.

19. That, subject to the passing of resolution 18 in this notice, the directors be and are hereby empowered pursuant to Section 570 of the Companies Act 2006 (the Act) to allot equity securities (as defined in Section 560 of the Act) for cash, pursuant to the authority conferred on them by resolution 18 of this notice or by way of a sale of treasury shares as if Section 561 of the Act did not apply to any such allotment, provided that this power is limited to:

(a) the allotment of equity securities in connection with any rights issue or open offer (each as referred to in the Financial Conduct Authority's listing rules) or any other pre-emptive offer that is open for acceptance for a period determined by the directors to the holders of ordinary shares on the register on any fixed record date in proportion to their holdings of ordinary shares (and, if applicable, to the holders of any other class of equity security in accordance with the rights attached to such class), subject in each case to such exclusions or other arrangements as the directors may deem necessary or appropriate in relation to fractions of such securities, the use of more than one currency for making payments in respect of such offer, any such shares or other securities being represented by depositary receipts, treasury shares, any legal or practical problems in relation to any territory or the requirements of any regulatory body or any stock exchange; and

(b) the allotment of equity securities (other than pursuant to paragraph (a) above) with an aggregate nominal value of £375,972,

and shall expire on the revocation or expiry (unless renewed) of the authority conferred on the directors by resolution 18 of this notice, save that, before the expiry of this power, the company may make any offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities under any such offer or agreement as if the power had not expired.

20. That, subject to the passing of resolution 18 of this notice and, in addition to the power contained in resolution 19 of this notice, the directors be and are hereby empowered pursuant to Section 570 of the Companies Act 2006 (the Act) to allot equity securities (as defined in Section 560 of the Act) for cash, pursuant to the authority conferred on them by resolution 18 of this notice or by way of sale of treasury shares as if Section 561 of the Act did not apply to any such allotment, provided that this power is:

(a) limited to the allotment of equity securities up to an aggregate nominal value of £375,972; and

(b) used only for the purposes of financing (or refinancing, if the power is to be exercised within 6 months after the date of the original transaction) a transaction which the directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of the notice of this meeting,

and shall expire on the revocation or expiry (unless renewed) of the authority conferred on the directors by resolution 18 of this notice save that, before the expiry of this power, the company may make any offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities under any such offer or agreement as if the power had not expired.

21. That the company be and is hereby generally and unconditionally authorised for the purposes of Section 701 of the Companies Act 2006 (the Act) to make one or more market purchases (as defined in Section 693(4) of the Act) of ordinary shares in the capital of the company, provided that:

(a) the maximum aggregate number of ordinary shares hereby authorised to be purchased is 15,038,877;

(b) the minimum price (exclusive of expenses) which may be paid for such ordinary shares is its nominal value;

(c) the maximum price (exclusive of expenses) which may be paid for such ordinary shares is the maximum price permitted under the Financial Conduct Authority's listing rules or, in the case of a tender offer (as referred to in those rules), 5% above the average of the middle market quotations for those shares (as derived from the Daily Official List of London Stock Exchange plc) for the 5 business days immediately preceding the date on which the terms of the tender offer are announced;

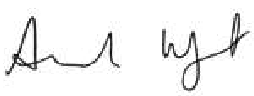
(d) the authority hereby conferred shall expire at the conclusion of the company's next Annual General Meeting (or, if earlier, at the close of business on 30 June 2024); and

(e) the company may enter into contracts or contracts to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be completed wholly or partly after the expiry of such authority, and may make a purchase of ordinary shares in pursuance of any such contract or contracts.

22. That with effect from the conclusion of the AGM, the Articles of Association produced to the meeting and initialled by the Chair for the purpose of identification be adopted as the Articles of Association of the company in substitution for, and to the exclusion of, the company's current Articles of Association.

23. That a general meeting of the company (other than an Annual General Meeting) may be called on not less than 14 clear days' notice.

By order of the board



Amanda Wright
Group General Counsel and Company Secretary

2nd Floor, Building 4
West Strand Business Park
West Strand Road
Preston
Lancashire
PR1 8UY

29 March 2023

EXPLANATORY NOTES TO THE NOTICE OF THE ANNUAL GENERAL MEETING

Arrangements for the 2023 AGM

The company is pleased to be able to invite members to attend the AGM in person in May. It is the company's intention to give a presentation on business progress at this year's AGM should a physical meeting be held. A results presentation will also be recorded on 30 March 2023 and made available on the corporate website.

The company continues to strongly encourage shareholders to vote electronically. Instructions on voting are attached to the Notice of AGM sent out to shareholders and can also be found on the company's website. Shareholders may also wish to submit questions in advance via e-mail to **info@chesnara.co.uk**. We will endeavour to respond to questions raised directly, or by publishing responses on our website.

1. Any member who is entitled to attend and vote at this Annual General Meeting is entitled to appoint another person, or two or more persons in respect of different shares held by the shareholder, as their proxy to exercise all or any of their rights to attend and to speak and to vote at the Annual General Meeting. Members who wish to appoint a proxy are encouraged to appoint the Chair of the meeting as their proxy and give your instructions on how you wish the Chair of the meeting to vote on the proposed resolutions. Appointing the Chair as your proxy will not prevent you from attending and voting in person at the AGM should we be able to proceed with a physical meeting as intended, but will ensure that your vote is able to be cast in accordance with your wishes should you (or any other person who you might otherwise choose to appoint as your proxy) be unable to attend for any reason. Members are strongly encouraged to vote electronically.

2. You will not receive a form of proxy for the AGM in the post. Instead, you will receive instructions to enable you to vote electronically and how to register to do so. You may request a physical copy proxy form directly from the registrars, Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL (telephone number: 0371 664 0300). If you request a physical copy proxy form, it must be completed in accordance with the instructions that accompany it and then delivered (together with any power of attorney or other authority under which it is signed, or a certified copy of such item) to Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL so as to be received by 11am on Friday 12 May 2023.

3. Any member wishing to vote at the Annual General Meeting without attending in person or (in the case of a corporation) through its duly appointed representative, must appoint a proxy to do so. A proxy need not be a member of the company, but as noted above members should appoint the Chair of the meeting as their proxy to ensure that their vote is able to be cast in accordance with their wishes should they (or any other persons who members might otherwise choose to appoint as their proxy) be unable to attend for any reason. Members may appoint a proxy online by following the instructions for the electronic appointment of a proxy at **www.signalshares.com** by entering the company name 'Chesnara plc' and following the on-screen instructions. To be a valid proxy appointment, the member's electronic message confirming the details of the appointment completed in accordance with those instructions must be transmitted so as to be received by 11am on Friday 12 May 2023. Members who hold their shares in uncertificated form may also use the 'CREST' voting service to appoint a proxy electronically, as explained below.

4. Proxymity Voting – if you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the company and approved by the registrar. For further information regarding Proxymity, please go to **www.proxymity.io**. Your proxy must be lodged by 11am on Friday 12 May 2023 in order to be considered valid or, if the meeting is adjourned, by the time which is 48 hours before the time of the adjourned meeting. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proxymity platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote.

5. CREST members who wish to appoint one or more proxies through the CREST system may do so by using the procedures described in 'the CREST voting service' section of the CREST Manual.

   CREST personal members or other CREST sponsored members, and those CREST members who have appointed one or more voting service providers, should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or a proxy instruction made using the CREST voting service to be valid, the appropriate CREST message (a 'CREST proxy appointment instruction') must be properly authenticated in accordance with the specifications of CREST's operator, Euroclear UK & Ireland Limited ('Euroclear'), and must contain all the relevant information required by the CREST Manual. To be valid, the message (regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy) must be transmitted so as to be received by Link Group (ID RA10), by 11am on Friday 12 May 2023, which is acting as the company's 'issuer's agent'. After this time, any change of instruction to a proxy appointed through the CREST system should be communicated to the appointee through other means. The time of the message's receipt will be taken to be when (as determined by the timestamp applied by the CREST Applications Host) the issuer's agent is first able to retrieve it by enquiry through the CREST system in the prescribed manner. Euroclear does not make available special procedures in the CREST system for transmitting any particular message. Normal system timings and limitations apply in relation to the input of CREST proxy appointment instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or a CREST sponsored member or has appointed any voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as is necessary to ensure that a message is transmitted by means of the CREST system by any particular time. CREST members and, where applicable, their CREST sponsors or voting service providers should take into account the provisions of the CREST Manual concerning timings as well as its section on 'Practical limitations of the system'. In certain circumstances, the company may, in accordance with the Uncertificated Securities Regulations 2001 or the CREST Manual, treat a CREST proxy appointment instruction as invalid.

EXPLANATORY NOTES TO THE NOTICE OF THE ANNUAL GENERAL MEETING (CONTINUED)

6. Copies of (i) directors' service contracts and letters of appointment; and (ii) a copy of the company's current articles of association together with a copy of the proposed new articles of association that are proposed to be adopted pursuant to resolution 22, are available for inspection at the registered office of the company during normal business hours each business day subject to prevailing public health measures. They will also be available for inspection at the Annual General Meeting for at least 15 minutes prior to and during the Annual General Meeting.

7. The time by which a person must be entered on the register of members in order to have the right to vote at the Annual General Meeting (and for the purpose of the determination by the company of the votes they may cast) is close of business on Friday 12 May 2023. Changes to entries on the register of members after that time will be disregarded in determining the right of any person to attend or vote at the Annual General Meeting.

8. The right to appoint proxies does not apply to persons nominated to receive information rights under Section 146 of the Companies Act 2006; as such rights can only be exercised by the member concerned. Any person nominated to enjoy information rights under Section 146 of the Companies Act 2006 who has been sent a copy of this notice of Annual General Meeting is hereby informed, in accordance with Section 149(2) of the Companies Act 2006, that they may have a right under an agreement with the registered member by whom they were nominated to be appointed, or to have someone else appointed, as a proxy for this Annual General Meeting. If they have no such right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights. Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements.

9. As at 24 March 2023 (being the last practicable date prior to the publication of this document), the company's issued share capital consisted of 150,388,770 ordinary shares, carrying one vote each. No shares were held by the company in treasury. Therefore, the total voting rights in the company as at 24 March 2023 (being the last practicable date prior to the publication of this document) were 150,388,770.

10. Information regarding this Annual General Meeting, including information required by Section 311A of the Companies Act 2006, is available at **www.chesnara.co.uk**. Any electronic address provided either in this notice or any related documents may not be used to communicate with the company for any purposes other than those expressly stated.

11. In accordance with Section 319A of the Companies Act 2006, any member attending the Annual General Meeting has the right to ask questions. The company must cause to be answered any such question relating to the business being dealt with at the Annual General Meeting, but no such answer need be given if (a) to do so would interfere unduly with the preparations for the Annual General Meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question or (c) it is undesirable in the interests of the company or the good order of the Annual General Meeting that the question be answered. The company encourages shareholders to submit their questions electronically in advance of the meeting via **info@chesnara.co.uk**.

12. Under Section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the company to publish on a website a statement in accordance with Section 528 of the Companies Act 2006 setting out any matter relating to (i) the audit of the company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting or (ii) any circumstances connected with an auditor of the company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Companies Act 2006. The company may not require the members requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the company has been required under Section 527 of the Companies Act 2006 to publish on a website.

13. Members meeting the threshold requirements in Sections 338 and 338A of the Companies Act 2006 have the right to require the company (i) to give to members entitled to receive notice of the meeting notice of a resolution which may properly be moved and is intended to be moved at the meeting and/or (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business. A resolution may properly be moved or a matter may properly be included in the business unless (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the company's constitution or otherwise), (b) it is defamatory of any person, or (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or (as applicable) the matter to be included in the business, must be authenticated by the person or persons making it, must be received by the company not later than 11am on Tuesday 4 April 2023, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

The notes on the following pages give an explanation of the proposed resolutions:

Resolution 1

Report and Accounts
The Companies Act 2006 requires the directors of a public company to lay its Annual Report and Accounts before the company in general meeting, giving shareholders the opportunity to ask questions on the contents. The Annual Report and Accounts comprise the audited Financial Statements, the Auditor's Report, the Directors' Report, the Directors' Remuneration Report, and the Directors' Strategic Report.

Resolutions 2 and 3

Approval of the Directors' Remuneration Report
In accordance with the Companies Act 2006, the company proposes ordinary resolution 2 to approve the Directors' Remuneration Report for the financial year ended 31 December 2022. The Directors' Remuneration Report can be found on pages 98 to 118 of the 2022 Report and Accounts and, for the purposes of this resolution, does not include the parts of the Directors' Remuneration Report containing the Directors' Remuneration Policy as set out on pages 112 to 118. The vote on this resolution is advisory only and the directors' entitlement to remuneration is not conditional on it being passed. The Companies Act 2006 requires the Directors' Remuneration Policy to be put to shareholders for approval annually unless the approved Policy remains unchanged, in which case it need only be put to shareholders for approval at least every 3 years.

Approval of the Directors' Remuneration Policy
The Companies Act 2006 requires the Directors' Remuneration Policy (the Policy) to be put to shareholders for approval annually unless the approved Policy remains unchanged, in which case it need only be put to shareholders for approval at least every 3 years. The company is proposing the following changes to the Policy which was last approved at the Annual General Meeting in 2020:

Following consultation with shareholders:

- To increase the maximum LTIP opportunity that may be granted to the Group CEO from 100% of salary to 125% of salary;
- To provide greater flexibility to change the performance measures for the LTIP from year to year to ensure that these remain aligned to strategy and business priorities whilst retaining the commitment that a minimum of 50% of the assessment would be based on financial metrics; and
- To enhance malus and clawback provisions in line with the new Short-Term Incentive Scheme and Long-Term Incentive Scheme presented for approval as resolutions 16 and 17.

The revised Policy is therefore presented for approval as resolution 3 at the Annual General Meeting. The Policy can be found on pages 112 to 118 of the Annual Report and Accounts. The vote on the new Policy is a binding vote, meaning that payments to directors may only be made if they are within the boundaries of the approved Policy. If approved, the Policy will replace the policy approved in 2020, becoming effective following the AGM and it is currently intended that it will continue to apply for 3 years until the Annual General Meeting in 2023, when further shareholder approval will be sought. Any future changes to the Policy will require shareholder approval. Once approved, the company will only be able to make remuneration payments to current and prospective directors and payments for loss of office to current or past directors within the boundaries of the new Policy, unless an amendments to the Policy authorising the company to make such payments has been approved by a separate shareholder resolution.

Resolution 4

Final dividend
The declaration of the final dividend requires the approval of shareholders in general meeting. If the 2023 Annual General Meeting approves resolution 4, the final dividend of 15.16 pence per share will be paid on 26 May 2023 to ordinary shareholders who are on the register of members at the close of business on 11 April 2023 in respect of each ordinary share.

Resolutions 5 – 12 inclusive

Re-election of directors
The company's Articles of Association provide that any director who has not been elected or re-elected by the shareholders at either of the two preceding Annual General Meetings is required to retire at the next Annual General Meeting. Additionally, the Articles of Association require such further directors to retire at the Annual General Meeting as would bring the total number of directors retiring up to one-third of their number.

Notwithstanding the provisions of the company's Articles of Association, the board of directors has determined that all the directors shall retire from office at this year's Annual General Meeting in line with the best practice recommendations of the UK Corporate Governance Code 2018 (the Code). Each of the directors intends to stand for re-election by the shareholders. Biographical details of each director can be found on pages 88 and 89 of this document. The Chair confirms that each of the directors proposed continues to make an effective and valuable contribution and demonstrates commitment to their responsibilities. This is supported by the annual performance evaluation that was undertaken recently. The board unanimously recommend that each of these directors be re-elected as a director of the company.

In accordance with the Code, the board has reviewed the independence of its non-executive directors and has determined that they remain fully independent of management.

Resolutions 13 and 14

Re-appointment and remuneration of auditor
The company is required to appoint an auditor, at each general meeting before which accounts are laid, to hold office until the end of the next such meeting. The Audit & Risk Committee has recommended the re-appointment of Deloitte LLP and has confirmed that such recommendation is free from influence by a third party and that no restrictive contractual terms have been imposed on the company. Deloitte LLP has indicated that it is willing to continue to act as the company's auditor.

Resolution 13, therefore, proposes Deloitte's reappointment as auditor to hold office until the next general meeting at which the company's accounts are laid before shareholders. Resolution 14 authorises the directors to determine the auditor's remuneration.

Resolution 15

Political donations
It has always been the company's policy that it does not make political donations. This remains the company's policy.

Part 14 of the Companies Act 2006 (the Act) imposes restrictions on companies making political donations to any political party or other political organisation or to any independent election candidate unless they have been authorised to make donations at a general meeting of the company. Whilst the company has no intention of making such political donations, the Act includes broad and ambiguous definitions of the terms 'political donation' and 'political expenditure' which may apply to some normal business activities which would not generally be considered to be political in nature.

The directors therefore consider that, as a purely precautionary measure, it would be prudent to obtain the approval of the shareholders to make donations to political parties, political organisations and independent election candidates and to incur political expenditure up to the specified limit. The directors intend to seek renewal of this approval at future Annual General Meetings but wish to emphasise that the proposed resolution is a precautionary measure for the above reason and that they have no intention of making any political donations or entering into party political activities.

EXPLANATORY NOTES TO THE NOTICE OF THE ANNUAL GENERAL MEETING (CONTINUED)

Resolutions 16 and 17

These resolutions seek shareholder approval to the introduction of the Chesnara 2023 Short-Term Incentive Scheme (the 2023 STI Scheme) and the Chesnara 2023 Long-Term Incentive Plan (the 2023 LTIP) (together, the 2023 Schemes), which are intended to replace the Chesnara 2014 Short-Term Incentive Scheme and the Chesnara 2014 Long-Term Incentive Scheme (together, the 2014 Schemes).

Shareholder approval is sought for the approval of the 2023 Schemes at the AGM to ensure that the company has the appropriate share incentives and that they operate consistently with the proposed Directors' Remuneration Policy (see resolution 3, the Directors' Remuneration Policy). No new awards will be made under the 2014 Schemes after the date of the AGM, provided shareholder approval is obtained for the approval of the 2023 Schemes.

The principal terms of the 2023 Schemes are set out in Appendix 1 and 2 of this document on pages 234 to 237.

A summary of the background to the 2023 STI Scheme and the 2023 LTIP and the key terms of initial awards which are intended to be made under those schemes shortly following the AGM (which are also described in the Directors' Remuneration Policy, subject to the approval of the 2023 Schemes by shareholders) is set out below:

- The Remuneration Committee of the board (the Committee) has reviewed the current schemes and is satisfied that in terms of their core structure and terms, these remain fit for purpose for the company. However, given the existing schemes are due to expire in 2024, the Committee was of the view that now was the appropriate time to renew them, given that a new Directors' Remuneration Policy will also be presented at the 2023 AGM.
- The 2023 STI Scheme is intended to replace the 2014 STI Scheme. It will continue to provide for the mandatory deferral of a proportion of payments into shares which will vest after a deferral period, which will typically be 3 years. For the initial awards under the 2023 STI Scheme, provided that the amount due is at least £20,000, this proportion will be a minimum of 35%.
- The initial awards under the 2023 STI Scheme will be subject to a combination of stretching performance targets which will be assessed over the 2023 financial year, being 35% cash generation, 35% EcV earnings and 30% group strategic objectives. The Committee believes that the combination of performance targets will provide a balanced measure of performance that continues to be aligned to the company's strategy. The exact performance targets are commercially sensitive and therefore will only be disclosed, along with the extent of vesting, in the year that the cash element of awards is paid. These measures will be reviewed by the Committee each year to ensure that they remain appropriate and aligned to the company's priorities.
- The 2023 LTIP is intended to replace the 2014 LTI Plan and will provide for awards to be made over shares in the company, which will vest subject to performance over a performance period which will typically be 3 years.
- The individual limits for the initial awards made to executive directors under each of the new schemes will be aligned to the maximum limit within the Directors' Remuneration Policy (125% of salary for the 2023 LTIP and 100% for the 2023 STI Scheme under the Directors' Remuneration Policy which is being put to shareholders as Resolution 3). Awards granted to participants below board level will be subject to a maximum award limit equal to the maximum value that may be granted to the highest paid executive director under the Directors' Remuneration Policy.
- Awards under the 2023 STI Scheme and the 2023 LTIP may be subject to malus provisions which will reduce the number of shares or cash amounts payable on vesting in circumstances including a material misstatement of the company's results, regulatory breach, gross misconduct on the part of the participant, reputational damage to the company, a material failure of risk management, insolvency or corporate failure.
- Awards under the 2023 STI Scheme and the 2023 LTIP may be subject to clawback provisions which will permit the recovery of amounts in substantially the same circumstances as for malus.

Resolution 18

Power to allot shares
The Companies Act 2006 provides that the directors may only allot shares if authorised by shareholders to do so. The directors' current allotment authority is due to lapse at the 2023 Annual General Meeting. The board is, therefore, seeking to renew its authority over shares having an aggregate nominal amount of £2,506,480, representing approximately one-third of the issued ordinary share capital of the company (excluding treasury shares) as at 24 March 2023 (being the latest practicable date prior to the publication of this document). The board is also seeking authority to allot shares having an aggregate nominal amount of £5,012,959, representing approximately two-thirds of the issued share capital of the company (excluding treasury shares) as at 24 March 2023 by way of a rights issue.

The allotment authority sought is in line with the Share Capital Management guidelines issued by the Investment Association. For the avoidance of doubt, the authority sought pursuant to this resolution will give the directors the ability to allot shares (or grant rights to shares) up to a maximum aggregate nominal amount of £5,012,959.

As at 24 March 2023, the company held no treasury shares.

The authority will expire at the earlier of the conclusion of the company's next Annual General Meeting and the close of business on 30 June 2024.

Passing resolution 18 will ensure that the directors have flexibility to take advantage of any appropriate opportunities that may arise. At present the directors have no intention of exercising this authority.

Resolutions 19 and 20

Disapplication of statutory pre-emption rights
The directors are currently authorised, subject to certain limitations, to issue shares for cash without first offering them to existing shareholders in proportion to their existing shareholdings. That authority will expire at the conclusion of the 2023 Annual General Meeting and, in accordance with the Statement of Principles issued by the Pre-Emption Group, resolutions 19 and 20 (which will be proposed as special resolutions) seek to renew the directors' authority to disapply pre-emption rights as referenced below.

Resolution 19, if passed, will allow the directors to (a) allot shares in the company for cash in connection with a rights issue or other pre-emptive offer; and (b) otherwise allot shares in the company for cash up to a maximum aggregate nominal value of £375,924, in each case as if the pre-emption rights of Section 561 of the Companies Act 2006 did not apply. This aggregate nominal amount equates to approximately 5% of the issued ordinary share capital of the company (excluding treasury shares) as at 24 March 2023 (being the latest practicable date prior to the publication of this notice of Annual General Meeting).

Resolution 20 is proposed as a separate special resolution. In line with the Pre-Emption Group's Statement of Principles, the company is seeking authority, to issue up to an additional 5% of its issued ordinary share capital for cash without pre-emption rights applying. In accordance with the Statement of Principles, the company will only allot shares under this additional authority in connection with an acquisition or specific capital investment (within the meaning given in the Statement of Principles) which is announced contemporaneously with the allotment, or which has taken place in the preceding 6 month period and is disclosed in the announcement of the allotment.

The board also confirms its intention to follow the provisions of the Statement of Principles regarding cumulative usage of authorities within a rolling 3 year period. Those provisions provide that no more than 7.5% of the issued share capital will be issued for cash on a non-pre-emptive basis during any rolling 3 year period, other than to existing shareholders, without prior consultation with shareholders. This limit excludes any ordinary shares issued pursuant to a general disapplication of pre-emption rights in connection with an acquisition or specified capital investment.

Resolution 21

Authority to purchase own shares
This resolution, which will be proposed as a special resolution, seeks to renew the company's authority to purchase its own shares. It specifies the maximum number of shares which may be acquired as 10% of the company's issued ordinary share capital (excluding treasury shares) as at 24 March 2023, being the latest practicable date prior to the publication of this document, and specifies the minimum and maximum prices at which shares may be bought.

The directors will only use this authority if, in the light of market conditions prevailing at the time, they believe that the effect of such purchases will be (where such shares are to be purchased for cancellation) to increase earnings per share, and that taking into account other investment opportunities, purchases will be in the best interests of the shareholders generally. Any shares purchased in accordance with this authority will be cancelled or held in treasury for subsequent transfer to an employee share scheme. The directors have no present intention of exercising this authority, which will expire at the earlier of the conclusion of the company's next Annual General Meeting and the close of business on 30 June 2024.

The company has options and awards outstanding under existing share schemes over an aggregate of 1,501,566 ordinary 5p shares, representing 1.00% of the company's issued ordinary share capital (excluding treasury shares) as at 24 March 2023 (the latest practicable date prior to the publication of this document). This would represent approximately 1.11% of the company's issued share capital (excluding treasury shares) if the proposed authority being sought at the Annual General Meeting to buy back 15,038,877 ordinary shares was exercised in full (and all the repurchased ordinary shares were cancelled).

Resolution 22

Amendment to articles
The adoption of new articles of association (the New Articles) provide for the following key amendments:

Share warrant to bearers: The New Articles remove provisions relating to the issue of share warrants to bearers in relation to any entitlement to shares due to abolition of bearer shares from May 2015.

Retirement of directors (Article 67): The New Articles amend the provisions setting out the rules around the retirement of directors. Whilst directors are currently required to retire on the year following the third anniversary of their appointment, all directors shall now retire and be eligible for re-election at each Annual General Meeting of the company.

Hybrid meetings (Article 46): The New Articles give the directors the power to convene a hybrid general meeting, being a meeting, which has the facilities for shareholders to attend both in a physical place and via electronic platforms. The New Articles do not give the directors the power to hold a solely electronic general meeting. The provisions in the New Articles include, for example, the details that need to be provided to shareholders if such a meeting is to be held and a requirement that all resolutions must be taken on a poll in the event of a hybrid meeting. The directors consider that the company should properly have the ability to convene hybrid meetings should the circumstances require this.

Nomination notices (Article 131): The New Articles include provisions setting out the form and content of nomination notices under the information rights regime in sections 146 to 151 of the Companies Act 2006, which gives members of traded companies who hold shares as nominees the right to allow the underlying owners to receive information about the company. While this right exists as a matter of law, it is usual practice to include specific provision in a company's articles of association to provide greater certainty regard the process.

Untraced members (Articles 29 and 30): In line with market practice, the New Articles provide additional flexibility in relation to the sale of shares owned by shareholders who are untraced after a period of at least 12 years. Under the current articles of association, the company is required to give notice to untraced shareholders of an intention to sell their shares by way of an advertisement in a widely available daily newspaper circulating in the country in which the shareholder's last known postal address is. Under the New Articles, the company must instead send a notice to the last registered or known address of the shareholder and use reasonable steps to trace the shareholder including, if considered appropriate, using a professional asset reunification company or other tracing agent. Additionally, under the New Articles, the proceeds of shares sold on behalf of an untraced member will belong to the company.

Method of voting and demand for poll (Article 51): The New Articles amend the provisions relating to the method of voting and demand for poll to allow for voting at hybrid meetings.

Increase in the maximum aggregate directors' fees payable (Article 87): To ensure sufficient flexibility for non-executive director remuneration in the future, the New Articles contain an amendment to the maximum amount of the aggregate remuneration of the non-executive directors, which was set at £500,000 and will now be set at £650,000. The company's current Articles provide for the total aggregate fees payable to all non-executive directors to not exceed £500,000 per annum but fees for 2023 are estimated to be very close to this limit at £477,500 after increases since last the Articles were approved at the 2017 AGM and with the number of non-executive directors increasing. The board is proposing to increase the limit by special resolution to £650,000 to allow the board, as and when required, to appoint non-executive directors to replace existing directors, with appropriate handover arrangements, and to add additional non-executive directors or to increase the time commitment of existing directors as required to perform the expanding regulatory duties of the board.

The New Articles showing all the changes to the current Articles of Association of the company are available for inspection, as noted on page 230 of the Notice of Annual General Meeting.

Resolution 23

Notice of general meetings
The Companies Act 2006 requires the notice period for general meetings of the company to be at least 21 days, but, as a result of a resolution which was passed by the company's shareholders at last year's Annual General Meeting, the company is currently able to call general meetings (other than an Annual General Meeting) on not less than 14 clear days' notice. In order to preserve this ability, shareholders must once again approve the calling of meetings on not less than 14 clear days' notice. Resolution 23 seeks such approval. The approval will be effective until the company's next Annual General Meeting, when it is intended that a similar resolution will be proposed. The company will also need to meet the statutory requirements for electronic voting before it can call a general meeting on less than 21 days' notice.

The shorter notice period would not be used as a matter of routine for general meetings, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole.

Directors' recommendation
The directors recommend all shareholders to vote in favour of all of the above resolutions, as the directors intend to do in respect of their own shares (save in respect of those matters in which they are interested), and consider that all resolutions are in the best interests of the company and its shareholders as a whole.

APPENDIX TO AGM NOTICE

Appendix 1 – Summary of the principal features of the Chesnara plc 2023 Short-Term Incentive Scheme (the 2023 STI Scheme)

Overview and administration
It is proposed that the company will adopt the 2023 STI Scheme, subject to the approval of shareholders. For completeness, a summary of the principal terms of the 2023 STI Scheme is set out below.

The 2023 STI Scheme comprises a discretionary annual incentive scheme together with provisions for the mandatory deferral of a proportion of the cash amounts payable into shares, under which awards may be made to selected employees or directors of the company or any of its subsidiaries (the group).

The Remuneration Committee of the board (the Committee) will be responsible for the operation of the 2023 STI Scheme. Awards to receive a cash amount, subject to the achievement of a performance target (which may comprise a combination of separate targets) measured over a financial year (Cash Awards) will be made to participants. Following the determination of the extent to which the performance target has been met, a proportion of the cash amount due under a Cash Award is deferred into shares (a Deferred Share Award) which will vest at the end of a deferral period (which will typically be 3 years), subject to the participant's continued employment.

Deferred Share Awards made under the 2023 STI Scheme will normally be nil-cost options to acquire shares at no cost to the participant, although Deferred Share Awards may also be made as conditional share awards.

Deferred Share Awards may be satisfied by the issue of new shares or by the transfer of shares held in treasury or by the trustee of an employee benefit trust.

Awards under the 2023 STI Scheme are not pensionable.

Eligibility
A participant must be an employee or director of the group at the time a Cash Award is made.

Participation in the 2023 STI Scheme will be at the discretion of the Committee.

Individual limits
As stated in the Directors' Remuneration Policy report which is being put to shareholders as resolution 3, the maximum cash amount which may be payable under any Cash Award made to an executive director during 2023 may not exceed 100% of that participant's salary. The Committee may specify another limit from time to time, subject (in the case of a higher limit) to the approval of a revised Directors' Remuneration Policy by the company's shareholders.

A participant who is not an executive director may not be granted a Cash Award with a maximum cash amount in excess of the maximum cash amount which may be paid to an executive director under a Cash Award as stated in the Directors' Remuneration Policy from time to time.

A Cash Award may be granted under the 2023 STI Scheme with a maximum cash amount in excess of these limits, in the event that the Cash Award is made to a new joiner in recognition of an award or bonus which they are losing in respect of their former employment.

Performance targets
A Cash Award will be subject to a performance target which will be set by the Committee at the time the Cash Award is made and which must be satisfied before the Cash Award can vest.

The Committee may vary or waive the performance target applying to a Cash Award if an event occurs which causes the Committee to consider that the performance target is no longer appropriate, provided that such variation or waiver is reasonable in the circumstances and, except in the case of a waiver, produces a fairer measure of performance and is not materially less difficult to satisfy.

Leaving employment before a Cash Award vests
If a participant ceases to be employed within the group for any reason before a Cash Award made to them vests then that Cash Award will lapse unless the Committee in its discretion determines that the participant may retain a time pro-rated proportion of the Cash Award (according to the proportion of the performance period which has then elapsed) and it shall continue to vest, if at all, in accordance with its original terms.

Alternatively, the Committee may determine that a time pro-rated proportion of the Cash Award will vest immediately upon the cessation of employment, subject to the Committee's assessment of the extent to which the applicable performance target shall be deemed to be met at that time.

The Committee may vary the time pro-rating applied to allow a greater proportion of the Cash Award to vest. Where a participant's Cash Award vests following their cessation of employment, the whole of the amount due shall be paid in cash, with no deferral into a Deferred Share Award.

Deferral into shares
The Committee will determine the extent to which the performance target applicable to a Cash Award has been met following the end of the relevant financial year, and accordingly the cash amount payable under the Cash Award. Subject to any applicable minimum cash payment under the Cash Award, a proportion of the cash amount shall be deferred into a Deferred Share Award, with the number of shares subject to the Deferred Share Award being determined by reference to the share price on the dealing day preceding the day on which the Deferred Share Award is made. For Cash Awards made in 2023, unless the cash amount payable is £20,000 or less, a minimum of 35% of the cash amount shall be deferred into a Deferred Share Award, as set out in the Directors' Remuneration Policy report.

Grant of Deferred Share Awards
Deferred Share Awards will be granted as soon as practicable following the determination of the extent to which the performance target applicable to the relevant Cash Award has been met, subject to the company not being prevented from granting awards over shares by restrictions on dealings in shares by directors or employees of the group imposed by statute, order, regulation, Government directive or the company's own code on dealings in its securities by directors and employees. No payment will be required for the grant of a Deferred Share Award and Deferred Share Awards are not transferable (except on death).

Dilution limits
A Deferred Share Award may not be made under the 2023 STI Scheme if it would cause the number of shares issued or issuable under any employee share scheme operated by the company in the preceding 10 years to exceed 10% of the company's issued ordinary share capital at that time.

In addition, a Deferred Share Award may not be made under the 2023 STI Scheme if it would cause the number of shares issued or issuable under any discretionary employee share scheme adopted by the company in the preceding 10 years to exceed 5% of the company's issued ordinary share capital at that time.

The above limits exclude any share awards which lapse, as well as any share awards which are satisfied by the transfer of existing shares. However, for as long as is required by guidelines issued by the Investment Association, the transfer of treasury shares will be treated as an issue of new shares.

Vesting of Deferred Share Awards
Deferred Share Awards will normally vest 3 years after the date on which they are made. A Deferred Share Award which is a nil-cost option will lapse 10 years after the date on which it is granted.

Malus

At any time before a Cash Award or Deferred Share Award or an award under the 2023 STI Scheme (a Relevant Award) has vested the Committee may reduce the number of shares subject to the Relevant Award if any of the following events occur:

- the discovery of a material misstatement in the accounts of the company or another member of the group;
- a regulatory breach by the group resulting in material financial or reputational harm;
- the discovery of an error in the assessment of the extent to which a performance target applicable to a participant's Cash Award has been satisfied;
- action or conduct of the participant amounting to fraud or gross misconduct;
- events or behaviour of the participant leading to the censure or reputational damage to a group member;
- a material failure of risk management of the company, a group member or a business unit of the group; or
- insolvency or corporate failure of the company or any group member or business of the group for which the participant is wholly or partly responsible.

Clawback

Where a Cash Award or Deferred Share Award has vested (or, in the case of a Deferred Share Award which is an option, been exercised), the Committee may require the participant to transfer all or a proportion of the value received under the Cash Award or Deferred Share Award in substantially the same circumstances as apply to malus (as described above) for a period of 2 years after the vesting of the Cash Award. Clawback may be effected, among other means, by requiring the transfer of shares back to the company or as it directs, or by a cash payment.

Leaving employment during the deferral period

If a participant ceases to be employed within the group during the deferral period, a Deferred Share Award granted to them will normally lapse.

If the reason for cessation of the participant's employment is death, injury or disability, redundancy, retirement, the sale of their employing business or company, or if the Committee in its discretion determines in any other particular case, the participant may retain the Deferred Share Award and it shall continue to vest in accordance with its original terms.

Alternatively, the Committee may determine that the Deferred Share Award will vest immediately upon the cessation of employment. An award which is a nil-cost option will ordinarily lapse if it has not been exercised within 6 months of cessation of employment or, if later, when it becomes exercisable.

Takeover, etc.

In the event of a takeover, scheme of arrangement or winding up of the company or, if the Committee determines, where the company is affected by a demerger or similar other event, a Deferred Share Award will vest immediately. The Deferred Share Award may be exchanged for an award over shares in an acquiring company if an offer to exchange is made and accepted by the participant or if the Committee, with consent of the acquiring company, determines that Deferred Share Awards should automatically be exchanged.

If the Committee is aware that an event described above is likely to occur and will result in Deferred Share Awards vesting in circumstances where the company's entitlement to a corporation tax deduction may be lost, the Committee may determine that the time that Deferred Share Awards vest shall be immediately before such event takes place.

Variations of share capital

In the event of a variation of the share capital of the company, including by way of a capitalisation issue, rights issue, demerger or other distribution, a special dividend or distribution, rights offer or bonus issue or any sub-division, consolidation, or reduction in the company's share capital, either or both of the number of shares and the description of the shares subject to a Deferred Share Award may be adjusted in such manner as the Committee determines.

Rights attaching to shares

A Deferred Share Award will not confer any shareholder rights, such as the right to vote or to receive any dividend, where the record date is prior to the allotment or transfer of shares to the participant following the vesting of the Deferred Share Award.

A participant will be entitled to receive a payment in cash or shares upon his acquisition of the shares subject to his Deferred Share Award in respect of dividends on those shares. The payment will be of an amount equal to any dividends paid on the number of shares acquired pursuant to the Deferred Share Award during the period from the date that the Deferred Share Award was made to the date that the participant acquires the shares.

A further payment may also be made in respect of interest on any such dividends from the date the dividend was paid to the date that the participant acquires the shares, at a rate determined by the Committee.

Share ownership requirement

A participant will be required to retain the shares they acquire following the vesting of a Deferred Share Award, subject to being permitted to sell sufficient of those shares to meet income tax and national insurance contributions liabilities arising on such acquisition, until they have met any share ownership requirements which apply to them.

Amendments

The Committee may amend the rules of the 2023 STI Scheme at any time. However, the provisions relating to eligibility requirements, individual participation limits, dilution limits, the basis for determining a participant's entitlement to benefits under the 2023 STI Scheme, the adjustments that may be made in the event of a variation of share capital and the amendment provisions themselves may not be made to the advantage of existing or future participants without the prior approval of shareholders of the company in general meeting.

There are exceptions for minor amendments to benefit the administration of the 2023 STI Scheme or to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants, the company or another member of the group. Additionally, no amendment can normally be made which would adversely affect the rights of existing participants without their consent.

APPENDIX TO AGM NOTICE (CONTINUED)

Appendix 2 – Summary of the principal features of the Chesnara plc 2023 Long-Term Incentive Plan (2023 LTIP)

Overview and administration

It is proposed that the company will adopt the 2023 LTIP, subject to the approval of shareholders. The 2023 LTIP will allow awards over shares in the company (Awards) to be made to selected employees or executive directors of the group.

For completeness, a summary of the principal terms of the 2023 LTIP is set out below.

The Committee will be responsible for the operation of the 2023 LTIP.

Awards made under the 2023 LTIP will normally be nil-cost options to acquire shares at no cost to the participant, although Awards may also be made as conditional share awards.

The vesting of Awards will be subject to the achievement of a performance target (which may comprise a combination of separate targets) measured over a specified period. Awards may be satisfied by the issue of new shares or by the transfer of shares held in treasury or by the trustee of an employee benefit trust.

Eligibility

A participant must be an employee or executive director of the group at the time an Award is made.

Participation in the 2023 LTIP will be at the discretion of the Committee.

Individual limits

As stated in the Directors' Remuneration Policy, the total market value of shares over which Awards may be made to a participant who is an executive director during 2023 may not exceed 125% of that participant's salary. The Committee may specify another limit from time to time, subject (in the case of a higher limit) to the approval of a revised Directors' Remuneration Policy by the company's shareholders.

A participant who is not an executive director may not be granted an Award with a value in excess of the total market value of shares over which an Award may be granted to an executive director, applying the limit above (or such other limit as may be specified in the Directors' Remuneration Policy from time to time).

An Award may be granted under the 2023 LTIP over shares with a market value in excess of these limits, in the event that the Award is made to a new joiner in recognition of an award or bonus which they are losing in respect of their former employment.

Dilution limits

An Award may not be made under the 2023 LTIP if it would cause the number of shares issued or issuable under any employee share scheme operated by the company in the preceding 10 years to exceed 10% of the company's issued ordinary share capital at that time.

In addition, an Award may not be made under the 2023 LTIP if it would cause the number of shares issued or issuable under any discretionary employee share scheme adopted by the company in the preceding 10 years to exceed 5% of the company's issued ordinary share capital at that time.

The above limits exclude any share awards which lapse, as well as any share awards which are satisfied by the transfer of existing shares. However, for as long as is required by guidelines issued by the Investment Association, the transfer of treasury shares will be treated as an issue of new shares.

Grant of Awards

Awards may only be granted during the period of 42 days beginning with the date of approval of the 2023 LTIP by the shareholders of the company, or during the period of 42 days beginning with the day after the announcement of the company's results for any period, or at such other times that the Committee considers that exceptional circumstances exist.

An Award may not be granted when prevented by restrictions on dealings in shares by directors or employees of the group imposed by statute, order, regulation, Government directive or the company's own code on dealings in its securities by directors and employees.

An Award may not be made more than 10 years after the date of adoption of the 2023 LTIP.

No payment will be required for the grant of an Award and Awards are not transferable (except on death). Awards are not pensionable.

Vesting of Awards

Awards will normally vest 3 years after the date on which they are made, subject to the satisfaction of the applicable performance target. An Award which is a nil-cost option will lapse 10 years after the date on which it is granted.

Performance targets

An Award will be subject to a performance target which will be set by the Committee at the time the Award is granted and which must be satisfied before the Award can vest.

The Committee may vary or waive the performance target applying to an Award if an event occurs which causes the Committee to consider that the performance target is no longer appropriate, provided that such variation or waiver is reasonable in the circumstances and, except in the case of a waiver, produces a fairer measure of performance and is not materially less difficult to satisfy.

Details of the performance target which is intended to apply to Awards made in 2023 are set out in the Directors' Remuneration Policy report.

Malus

At any time before an Award or an Award under the 2023 STI Scheme (a Relevant Award) has vested the Committee may reduce the number of shares subject to the Relevant Award if any of the following events occur:

– the discovery of a material misstatement in the accounts of the company or another member of the group;

– a regulatory breach by the group resulting in material financial or reputational harm;

– the discovery of an error in the assessment of the extent to which a performance target applicable to any of the participant's Awards has been satisfied;

– action or conduct of the participant amounting to fraud or gross misconduct;

– events or behaviour of the participant leading to the censure or reputational damage to a group member;

– a material failure of risk management of the company, a group member or a business unit of the group; or

– insolvency or corporate failure of the company or any group member or business of the group for which the participant is wholly or partly responsible.

Clawback
Where an Award has vested (or, in the case of an Award which is an option, been exercised), the Committee may require the participant to transfer all or a proportion of the value received under the Award in substantially the same circumstances as apply to malus (as described above) for a period of 2 years after vesting. Clawback may be effected, among other means, by requiring the transfer of shares back to the company or as it directs, or by a cash payment.

Leaving employment
If a participant ceases to be employed within the group for any reason granted an Award made to them vests, then that award will lapse unless the Committee in its discretion determines that the participant may retain a time pro-rated proportion of the Award (according to the proportion of the performance period which has then elapsed) and it shall continue to vest, if at all, in accordance with its original terms. Alternatively, the Committee may determine that a time pro-rated proportion of the Award will vest immediately upon the cessation of employment, subject to the Committee's assessment of the extent to which the applicable performance target shall be deemed to be met at that time.

The Committee may vary the time pro-rating applied to allow a greater proportion of the Award to vest.

An Award which is a nil-cost option will ordinarily lapse if it has not been exercised within 6 months of cessation of employment or, if later, when it becomes exercisable.

Takeover, etc.
In the event of a takeover, scheme of arrangement or winding up of the company or if the Committee determines where the company is affected by a demerger or similar other event, a time pro-rated proportion of an Award (according to the part of the performance period which has then elapsed) will vest immediately, subject to the Committee's assessment of the extent to which the applicable performance target shall be deemed to be met at that time. The Committee may vary the time pro-rating applied to allow a greater proportion of the Award to vest.

The Award may be exchanged for an award over shares in an acquiring company if an offer to exchange is made and accepted by the participant or if the Committee, with consent of the acquiring company, determines that Awards should automatically be exchanged.

If the Committee is aware that an event described above is likely to occur and will result in Awards vesting in circumstances where the company's entitlement to a corporation tax deduction may be lost, the Committee may determine that the time that Awards vest shall be immediately before such event takes place.

Variations of share capital
In the event of a variation of the share capital of the company, including by way of a capitalisation issue, rights issue, demerger or other distribution, a special dividend or distribution, rights offer or bonus issue or any sub-division, consolidation, or reduction in the company's share capital, either or both of the number of shares and the description of the shares subject to an Award may be adjusted in such manner as the Committee determines.

Rights attaching to shares
An Award will not confer any shareholder rights, such as the right to vote or to receive any dividend, where the record date is prior to the allotment or transfer of shares to the participant following the vesting of the Award.

A participant will be entitled to receive a payment in cash or shares upon his acquisition of the shares subject to their Award in respect of dividends on those shares. The payment will be of an amount equal to any dividends paid on the number of shares acquired pursuant to the Award during the period from the date that the Award was made to the date that the participant acquires the shares.

A further payment may also be made in respect of interest on any such dividends from the date the dividend was paid to the date that the participant acquires the shares, at a rate determined by the Committee.

Share ownership requirements
A participant will be required to retain the shares he acquires following the vesting of an Award, subject to being permitted to sell sufficient of those shares to meet income tax and national insurance contributions liabilities arising on such acquisition, until they have met any share ownership requirements which apply to them.

Amendments
The Committee may amend the rules of the 2023 LTIP at any time. However, the provisions relating to eligibility requirements, individual participation limits, dilution limits, the basis for determining a participant's entitlement to benefits under the 2023 LTIP, the adjustments that may be made in the event of a variation of share capital and the amendment provisions themselves may not be made to the advantage of existing or future participants without the prior approval of shareholders of the company in general meeting.

There are exceptions for minor amendments to benefit the administration of the 2023 LTIP or to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants, the company or another member of the group. Additionally, no amendment can normally be made which would adversely affect the rights of existing participants without their consent.

The draft rules of the Chesnara 2023 Short-Term Incentive Scheme and the Chesnara 2023 Long-Term Incentive Plan (the Schemes) will be available for inspection on the National Storage Mechanism at **https://data.fca.org.uk/#/nsm/nationalstoragemechanism** from the date of sending this document. The draft rules of the Schemes will also be on display at the place of the Annual General Meeting for at least 15 minutes prior to and during the Annual General Meeting.