

DRAFT 2: 11 April 2023

Rules of the Chesnara 2023 Long-Term Incentive Plan for approval at the Annual General Meeting of Chesnara plc to be held on 16 May 2023.

Chesnara plc

The Chesnara 2023 Long-Term Incentive Plan

Approved by shareholders: [●] 2023

Adopted by the Remuneration Committee: [●] 2023

THE CHESNARA 2023 LONG-TERM INCENTIVE PLAN

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1 *Interpretation*

1.1 *Definitions*

In this Plan, unless the context otherwise requires, the following words and expressions have the following meanings:

Acting In Concert has the meaning given to that expression in The City Code on Takeovers and Mergers as amended from time to time;

Assessment Error means the discovery of an error in the assessment of the extent to which a Performance Target applicable to an Award has been satisfied;

Award means an Option or a Conditional Share Award made under the Plan;

Award Certificate means a statement in a form determined by the Company setting out details of an Award as set out in Rule 2.4;

Award Date means the date on which an Award is made in accordance with Rule 2.3;

Award Dividend Period means:

1. in relation to an Option, the period from the Award Date until the date on which the Option is exercised by the Award Holder; and
2. in relation to a Conditional Share Award, the Vesting Period;

Award Dividends means, in respect of an Award:

1. the dividends (not including any associated tax credit) that would have been paid during the Award Dividend Period on the number of Plan Shares in respect of which the Award Vests which shall, if the Grantor so determines, exclude the value of all or any part of any special dividend or dividend in specie; and
2. if the Grantor so determines and is set out in the Award Certificate, a cash sum equal to an amount of interest, calculated at such rate and on such basis as determined by the Grantor, on the amount of any such dividend from the relevant dividend payment date until the end of the Award Dividend Period;

Award Holder means an individual to whom an Award has been made or, if that person has died and where the context requires, their legal personal representatives;

Award Holder's Employer means such Group Member as is an Award Holder's employer or, if they have ceased to be employed within the Group, was their employer or such other Group Member, or such other person as, under the PAYE Regulations or, as the case may be, the NI Regulations, or any other statutory or regulatory enactment (whether in the United Kingdom or otherwise) is obliged to account for any Award Tax Liability;

Award Price means the amount (if any) per Plan Share payable in pounds sterling on the exercise of an Option or the Vesting of a Conditional Share Award, determined in accordance with Rule 5;

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Award Tax Liability means, in relation to an Award Holder, any liability of the Award Holder's Employer or of any other person (apart from the Award Holder) to account to HMRC or other tax authority for any amount of, or representing, income tax or employee NICs or any equivalent charge in the nature of tax or social security contributions (whether under the laws of the United Kingdom or otherwise) which may arise on or in connection with the making, vesting, exercise or release of, or the acquisition of Plan Shares or of any interest in Plan Shares pursuant to, an Award or any cash payment made under this Plan or otherwise in relation to an Award including any liability arising under Part 7A ITEPA 2003;

Committee means the remuneration committee of the board of directors of the Company or such other committee, comprising a majority of non-executive directors of the Company, to which the board of directors delegates responsibility for overseeing the operation of this Plan or, following a change of Control of the Company, those persons who comprised the remuneration committee or such other committee of the board of directors immediately before such change of Control;

Company means Chesnara plc incorporated in England and Wales under company number 04947166;

Conditional Share Award means a conditional right under the Plan to acquire Plan Shares;

Control has the meaning given to it by section 995 of ITA 2007;

Dealing Day means any day on which the London Stock Exchange is open for business;

Dealing Restrictions means restrictions on dealings imposed by statute, order or regulation or Government directive, or any other code or guidance on share dealing adopted by the Company with which the Company seeks to comply;

Directors' Remuneration Policy has the meaning given to it by section 422A(6) of the Companies Act 2006;

Eligible Employee means an individual who at the Award Date is a director or employee of a Group Member;

Employees' Share Scheme has the meaning set out in section 1166 of the Companies Act 2006;

Employer's NIC means employer's secondary class 1 National Insurance contributions liability or any local equivalent;

Exercise Period means, in respect of an Option, the period set by the Committee on the Award Date during which an Option may be exercised, which may not extend past the tenth anniversary of the Award Date;

Failure of Risk Management means any material failure of risk management of the Company, a Group Member or a business unit of the Group;

Financial Conduct Authority means the "competent authority" as that expression is defined in Part VI of the Financial Services and Markets Act 2000;

Gain means the difference between (i) the Market Value of a Plan Share on the date of exercise of an Option and (ii) the Award Price, multiplied by the number of Plan Shares in respect of which the Option is being exercised;

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Grantor means:

1. in relation to an Award made by the Company, the Committee; and
2. in relation to an Award made by the Trustees, the Trustees;

Group means the Company and its Subsidiaries from time to time and **Group Member** shall be interpreted accordingly;

HMRC means HM Revenue and Customs;

Holding Period means the period (if any) specified under paragraph 9 of Rule 2.4 (commencing from the date of Vesting of the relevant Award) during which the restrictions contained in Rule 9 apply;

Insolvency or Corporate Failure means the Company, or any Group Member or business of the Group becomes insolvent or otherwise suffers a corporate failure so that the value of Plan Shares is materially reduced provided that the Committee determines following an appropriate review of accountability that the Award Holder should be held responsible (in whole or part) for that insolvency or corporate failure.

ITA 2007 means the Income Tax Act 2007;

ITEPA 2003 means the Income Tax (Earnings and Pensions) Act 2003;

London Stock Exchange means the London Stock Exchange plc or any successor body;

Market Value on any day means:

1. if at the relevant time Plan Shares are listed on the Official List (or any other recognised stock exchange within the meaning of section 1005 of ITA 2007 or the Alternative Investment Market of the London Stock Exchange), the middle market quotation (as derived from the Daily Official List of the London Stock Exchange or the equivalent list or record for the recognised stock exchange on which the Plan Shares are listed) on the preceding Dealing Day; or
2. where Plan Shares are not so listed, the market value of a Plan Share calculated as described in the Taxation of Chargeable Gains Act 1992;

Material Misstatement means the discovery of a material misstatement in the audited consolidated accounts of the Company or the audited accounts of any Group Member;

Misconduct means action or conduct of the Award Holder which, in the reasonable opinion of the Committee, amounts to fraud or gross misconduct;

NI Regulations means the laws, regulations and practices currently in force relating to liability for, and the collection of, NICs;

NICs means National Insurance contributions;

Official List means the Financial Conduct Authority's list of securities that have been admitted to listing and which is maintained by the Financial Conduct Authority;

Option means a right to acquire Plan Shares granted under the Plan;

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PAYE means the deduction of tax and NICs in accordance with the PAYE Regulations and the NI Regulations;

PAYE Regulations means the regulations made under section 684 of ITEPA 2003;

Performance Period means the period of time over which a Performance Target is measured;

Performance Target means an objective performance target imposed as a condition of the Vesting of an Award under Rule 6.1 and as substituted or varied in accordance with Rule 6.2;

Plan means The Chesnara 2023 Long-Term Incentive Plan as amended from time to time;

Plan Shares means ordinary shares in the capital of the Company (or any shares representing them);

Regulatory Breach means an action or omission by a Group Member in breach of any regulations applicable to the Group occurs or is discovered which results in material financial or reputational harm to the Group;

Regulatory Information Service means a service that is approved by the Financial Conduct Authority on meeting the primary information provider criteria and is on the list of Regulatory Information Services maintained by the Financial Conduct Authority (or any overseas equivalent);

Relevant Employment means employment or office holding with any Group Member;

Reorganisation means any variation in the share capital of the Company, including but without limitation a capitalisation issue, rights issue, demerger or other distribution, a special dividend or distribution, rights offer or bonus issue and a sub-division, consolidation or reduction in the capital of the Company;

Reputational Damage or Censure means where events or behaviour of an Award Holder have led to the censure of a Group Member by a regulatory authority or have had a significant detrimental impact on the reputation of any Group Member provided that the relevant Award Holder is deemed to be responsible for the censure and that the reputational damage is attributable to them;

Rules mean the rules of the Plan;

Salary means the gross rate of basic annual salary (before the application of any salary sacrifice arrangement and excluding any bonus, company pension contributions and any other benefits-in-kind) attributable to an Award Holder by Group Members and expressed as an annual rate as at the Award Date;

Share Ownership Requirement means any requirement, as may be notified to an Award Holder by the Committee from time to time, for them to maintain a holding of a number of Plan Shares;

Subsidiary has the meaning set out in section 1159 of the Companies Act 2006;

Trustees means the trustees of any trust created by a Group Member which, when taken together with the Plan, constitutes an Employees' Share Scheme;

Vest means:

1. in relation to an Option, the Option becoming capable of exercise by the Award Holder; and

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2. in relation to a Conditional Share Award, the Award Holder becoming entitled to have Plan Shares transferred to them;

Vesting Period means the period between the Award Date and the date of Vesting; and

Year means a financial year of the Company.

1.2 *Interpretation*

In the Plan, unless otherwise specified:

1. save as provided for by law a reference to writing includes any mode of reproducing words in a legible form and reduced to paper or electronic format or communication including, for the avoidance of doubt, correspondence via e-mail; and
2. the Interpretation Act 1978 applies to the Plan in the same way as it applies to an enactment.

2 *Making of Awards*

2.1 *Awards made by Grantor*

Subject to Rules 2.5, 2.6, 2.7 and 18.3 the Grantor may from time to time make Awards to Eligible Employees.

2.2 *Terms of Awards and Directors' Remuneration Policy and regulatory limitations*

Subject to the Rules, the Grantor will in its absolute discretion determine whether or not any Awards are made at any particular time and, if they are, who they are made to and the terms of such Awards. Where Awards are not made by the Committee the terms must be approved in advance by the Committee.

Where the Company has in place a Directors' Remuneration Policy approved by the Company in general meeting, the terms of an Award to be made to an Eligible Employee who is a director of the Company must fall within the scope of the Directors' Remuneration Policy most recently approved by the Company in a general meeting. Such terms may include by way of example but without limitation any relevant individual limit in Rule 4 and any Performance Target set under Rule 6.1.

The terms of any Award to be awarded to be an Eligible Employee under the Plan must be in accordance with any applicable laws or regulations with which the Company is bound to comply in respect of that Eligible Employee.

2.3 *Procedure for making Awards and Award Date*

An Award shall be made by the Grantor passing a resolution. The Award Date shall be the date on which the Grantor passes the resolution, or any later date specified in the resolution and allowed by Rule 2.5. The making of an Award shall be evidenced by a deed executed by or on behalf of the Grantor.

An Award Certificate shall be issued to each Award Holder as soon as practicable following the making of the Award.

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2.4 *Contents of Award Certificate*

An Award Certificate shall state:

1. whether the Award comprises an Option or a Conditional Share Award;
2. the Award Date;
3. the number of Plan Shares subject to the Award;
4. the Award Price (if any);
5. the date or dates on which the Award will normally Vest and if more than one date is specified, the number or proportion of the Plan Shares subject to an Award which will normally Vest on each of those dates;
6. whether or not any dividend equivalents will be payable under Rule 8.8 and the manner in which any such dividend equivalents will be settled;
7. in the case of an Option, the Exercise Period;
8. the Performance Target;
9. any Holding Period;
10. that Rule 7.1 (Malus) and, if applicable, that Rule 7.2 (Clawback) shall apply to the Award;
11. that, where applicable, the achievement and maintenance of a Share Ownership Requirement shall apply to the Award; and
12. any further conditions of the Award (if applicable).

2.5 *When Awards may be made*

Subject to Rule 2.6, the Grantor may make Awards only during the 42 days beginning on:

1. the date of shareholder approval of the Plan;
2. the day after the announcement of the Company's results, including a preliminary announcement, for any period through a Regulatory Information Service;
3. any day on which the Committee determines that circumstances are sufficiently exceptional to justify the making of the Award at that time; or
4. the day after the lifting of any Dealing Restrictions which prevented the making of Awards during any of the times described above.

2.6 *When Awards may not be made*

Awards may not be made:

1. when prevented by any Dealing Restrictions; or
2. after the 10th anniversary of adoption of the Plan.

2.7 *Who may be made Awards*

An Award may be made to any individual who is an Eligible Employee at the Award Date. Unless the Grantor determines otherwise, an Award will not be made to an Eligible Employee who on or before the Award Date has given or received notice of termination of their Relevant Employment (whether or not lawful).

2.8 *Share Ownership Requirement*

The Grantor may require, where applicable, as a condition of making an Award, that, subject to the Award Holder being permitted to sell sufficient Plan Shares to meet their obligations under Rule 15,

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the Award Holder must retain any Plan Shares in respect of which the Award made to them Vests unless and until they have met and maintained their Share Ownership Requirement.

2.9 *Right to refuse Awards and acceptance of Awards*

An Award Holder may, by notice in writing to the Company within 30 days after the Award Date refuse the Award in whole or part. In such a case the Award shall to that extent be treated as never having been made. No payment is required from the Award Holder or the Grantor.

Additionally, the Grantor may determine that an Award Holder shall be required to accept their Award by completing and returning a document in such form and within such period as the Grantor may determine. If the Award Holder does not deliver the duly completed document to the Grantor within the applicable period the Award will immediately lapse at the end of such period, unless the Grantor determines otherwise. The Grantor may also determine that such a document contain any applicable acceptance for the purposes of Rule 7.

2.10 *Awards non-transferable*

An Award shall be personal to the Award Holder and, except in the case of the death of the Award Holder, shall not be capable of being transferred, charged or otherwise alienated and shall lapse immediately if the Award Holder purports to transfer, charge or otherwise alienate the Award.

3 *Plan limits*

3.1 *General*

The aggregate number of Plan Shares over which Awards may be made shall be limited as set out in this Rule 3. In the event of any conflict between the limits in this Rule 3, the lower limit shall prevail.

3.2 *10 per cent in 10 years*

An Award may not be made if the result of making the Award would be that the aggregate number of Plan Shares issued or committed to be issued in the preceding 10 year period under:

1. Awards under the Plan; or
2. options or awards made under any other Employees' Share Scheme (whether or not discretionary) operated by the Company

would exceed 10 per cent of the Company's issued ordinary share capital at that time.

3.3 *5 per cent in 10 years*

An Award may not be made if the result of making the Award would be that the aggregate number of Plan Shares issued or committed to be issued in the preceding 10 year period under

1. Awards under the Plan; or
2. options or awards made under any other discretionary Employees' Share Scheme adopted by the Company

would exceed 5 per cent of the Company's issued ordinary share capital at that time.

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3.4 *Calculation*

For the purpose of the limits contained in this Rule 3:

1. for as long as required by The Investment Association Principles of Remuneration treasury shares shall be included in the limit as if they were new issue shares; ;
2. there shall be disregarded any Plan Shares where the right to acquire the Plan Shares has lapsed or been renounced;
3. there shall be disregarded any Plan Shares which the Trustees have purchased, or determined that they will purchase, in order to satisfy an Award or the exercise of an option or the vesting of other rights of an employee under any other Employees' Share Scheme operated by the Group; and
4. any Plan Shares issued or issuable in relation to an Award, or on the exercise of an option or the vesting of other rights of an employee under any other Employees' Share Scheme operated by the Group shall be taken into account once only (when the Award is made or the option is granted or the right awarded) and shall not fall out of account when the Award Vests, the option is exercised or other rights vest.

3.5 *Scaling down*

If the making of an Award would cause the limits in this Rule 3 to be exceeded, such Award shall take effect as an Award over the maximum number of Plan Shares which does not cause the limit to be exceeded.

If more than one Award is made on the same Award Date, the number of Plan Shares which would otherwise be subject to each Award shall be reduced pro rata.

4 *Individual limit*

4.1 *General*

The number of Plan Shares over which Awards may be made to any one Eligible Employee shall be limited as set out in this Rule 4.

4.2 *Limit*

The maximum total Market Value of Plan Shares over which an Award may be granted to any Eligible Employee during any Financial Year shall be equivalent to the maximum total Market Value of Plan Shares over which an Award may be granted to the Company's highest earning director under the Directors' Remuneration Policy which the Company has in place.

For the purpose of this Rule 4.2 the **Market Value** of Plan Shares subject to an award or option shall be measured on the date on which the award was made or the option was granted.

The limit as set out in this Rule 4.2 shall not apply to an Award granted to an individual which replaces elements of remuneration forfeited by the individual on leaving a previous employment in order to take up employment with a Group Member.

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4.3 *Scaling down*

If the making of an Award would cause the limit in Rule 4.2 to be exceeded, such Award shall take effect as an Award over the maximum number of Plan Shares which does not cause the limit to be exceeded.

5 *Award Price*

The Award Price shall be determined by the Grantor and may be any price. Where the Grantor has determined that an Award will be satisfied by the issue of new shares and the Award Price is less than the nominal value of a Plan Share, the Company will ensure that at the time of the issue of the Plan Shares arrangements are in place to pay up the nominal value of the relevant Plan Shares.

6 *Performance Target*

6.1 *Setting of Performance Target*

The Vesting of an Award and the extent to which it Vests will be subject to the satisfaction of a Performance Target and any other conditions set by the Grantor.

6.2 *Substitution, variation or waiver of Performance Target*

If an event occurs which causes the Grantor to consider that the Performance Target or any further condition imposed under Rule 6.1 subject to which an Award has been made is no longer appropriate, the Grantor (with, where the Grantor is not the Committee, the consent of the Committee) may substitute, vary or waive the Performance Target or the condition in such manner (and make such consequential amendments to the Rules) as:

1. is reasonable in the circumstances; and
2. except in the case of waiver produces a fairer measure of performance and is not materially less difficult to satisfy.

The Award shall then take effect subject to the Performance Target or other condition as substituted, varied or waived.

6.3 *Notification of Award Holders*

The Grantor shall, as soon as practicable, notify each Award Holder concerned of any determination made by it under Rule 6.2.

7 *Malus and clawback*

7.1 *Malus*

Notwithstanding any other provision of the Rules, the Committee may, at any time before a Relevant Award has vested, reduce the number of Plan Shares subject to the Relevant Award or any cash

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amounts which may be paid pursuant to the Relevant Award (including, for the avoidance of doubt, to nil) or impose additional conditions on the Relevant Award in the following circumstances:

1. Material Misstatement; and/or
2. Regulatory Breach; and/or
3. Assessment Error; and/or
4. Reputational Damage or Censure; and/or
5. Failure of Risk Management; and/or
6. Insolvency or Corporate Failure; and/or
7. Misconduct.

For the purposes of this Rule 7.1, “Relevant Award” shall include, where applicable, Awards and any Award made under the Chesnara 2023 Short-Term Incentive Scheme (as that term “Award” is defined in that Scheme).

7.2 *Clawback*

The Grantor may determine, at the time that an Award is made, that this Rule 7.2 shall be applicable to that Award and may require the Award Holder to execute a document in order to confirm their acceptance of the arrangements referred to in this Rule 7.2 and return the executed document to the Grantor by a specified date. It shall be a condition of Vesting of the Award that the executed document be returned by the specified date unless the Grantor determines otherwise.

Notwithstanding any other provision of the Rules, if, at any time during the period of two years following the Vesting of an Award, the following circumstances occur:

1. Material Misstatement; and/or
2. Regulatory Breach; and/or
3. Assessment Error; and/or
4. Reputational Damage or Censure; and/or
5. Failure of Risk Management; and/or
6. Insolvency or Corporate Failure; and/or
7. Misconduct,

then the Committee may require the relevant Award Holder:

- (a) to transfer to the Company (or, if required by the Company, any other person specified by the Company) all or some of the Plan Shares acquired by the Award Holder (or their nominee) pursuant to the Vesting of the Award or, in the case of an Award which is an Option, the exercise of that Option; and/or
- (b) to pay to the Company (or, if required by the Company, any other person specified by the Company) an amount equivalent to the proceeds of sale or, in the event that the Committee reasonably determines that the disposal was not made at arm’s length for market value, an amount equivalent to the market value (as reasonably determined by the Committee) at the time of disposal, of all or some of the Plan Shares acquired pursuant to the Vesting of the Award or, in the case of an Award that is an Option, the exercise of that Option; and/or
- (c) to pay to the Company (or, if required by the Company, any other person specified by the Company) an amount equivalent to all or part of the amount of any cash in respect of an Award paid to or for the benefit of the Award Holder; and/or

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- (d) to pay to the Company (or, if required by the Company, any other person specified by the Company) all or part of any benefit or value derived from or attributable to the Plan Shares referred to in paragraph (a) above (including but not limited to any special dividend or additional or replacement shares) on such terms as the Committee may reasonably direct,

less in each case the amount of tax and social security contributions actually paid (or due to be paid) by or on behalf of the Award Holder in respect of the acquisition of the Plan Shares and/or payment of cash in respect of an Award.

The Company may require that any payment or transfer to be made to the Company pursuant to this Rule 7.2 be made to any other person specified by the Company.

In addition to the obligation of the Award Holder as described above, the Award Holder shall use their best endeavours to seek and obtain repayment or credit from HMRC or any other relevant tax authority of the tax and social security contributions paid by or on behalf of the Award Holder in relation to the Award as soon as reasonably practicable and to notify the Company of such claim and/or receipt of any credit or payment by HMRC or other tax authority in this regard. Following such notification the Company will be entitled to require the Award Holder to make a payment to it within 30 days of an amount equivalent to the amount of any payment or credit received from HMRC or other tax authority).

By accepting an Award the Award Holder authorises the Company or such other Group Member as may be the employer of the Award Holder to make deductions from any payment owing to them including but not limited to salary, bonus, holiday pay or otherwise.

Any transfers, payments or repayments to be made by the Award Holder under this Rule 7.2 shall be made within 30 days of the date the Award Holder is notified in writing of the transfer or the amount due.

In addition to or in substitution for the actions set out above which the Committee may take under this Rule 7.2, the Committee may reduce the number of Plan Shares (including, for the avoidance of doubt, to nil) subject to any other Award held by the Award Holder or subject to any Option held by the Award Holder which has Vested but not been exercised.

7.3 *Provisions applying to this Rule 7*

In carrying out any action under this Rule 7, the Committee shall act fairly and reasonably but its decision shall be final and binding.

Any action carried out under this Rule 7 may be applied on an individual basis as determined by the Committee.

Whenever a reduction of an Award or a Relevant Award is made under this Rule 7, the Relevant Award shall be treated as having lapsed to that extent.

If an investigation into the conduct or actions of any Award Holder or any Group Member has started before the second anniversary of Vesting of an Award, the Committee may, in its absolute discretion, determine that the provisions of 13.2 may be applied to an Award until such later date as the Committee may determine to allow that investigation to be completed.

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8 ***Vesting of Awards (and exercise of Options)***

8.1 ***Earliest date for Vesting of Awards***

Subject to Rules 10 and 11, an Award will Vest on the latest of:

1. the relevant date specified in the Award Certificate under Rule 2.4; and
2. the date on which the Committee determines that the Performance Target and any further condition imposed under Rule 6.1 have been satisfied.

The Grantor may determine that Vesting of the Award shall be delayed until any relevant investigation or other procedure relevant to an event falling within the scope of Rule 7.

The Grantor may in addition adjust the level of Vesting of an Award upwards (but to no more than the number of Shares subject to the Award) or downwards (including for the avoidance of doubt to nil) after the application of any Performance Target and/or any other conditions set by the Grantor if in its opinion:

- a) the level of Vesting resulting from the application of the Performance Target and/or any other conditions is not a fair and accurate reflection of the performance of the Company, the Group or any Group Member(s); and/or
- b) the level of Vesting resulting from the application of the Performance Target and/or any other conditions is not a fair and accurate reflection of the performance of the Award Holder; and/or
- c) there is any other factor or circumstances which would make the level of Vesting resulting from the application of the Performance Target and/or any other conditions inappropriate without adjustment.

8.2 ***Effect of Award Vesting***

Subject to the Rules, the effect of an Award Vesting shall be:

1. in the case of an Option, that the Award Holder is entitled to exercise the Option at any time during the Exercise Period to the extent that it has Vested; and
2. in the case of a Conditional Share Award, that the Award Holder shall become entitled to the Plan Shares to the extent that the Award has Vested.

8.3 ***No Vesting or exercise while Dealing Restrictions apply***

Plan Shares may not be issued or transferred to an Award Holder (nor, in the case of an Option, may the Option be exercised) while Dealing Restrictions apply.

8.4 ***Effect of cessation of Relevant Employment***

Subject to Rule 10, an Award shall Vest and an Option may be exercised only while the Award Holder is in Relevant Employment and if an Award Holder ceases to be in Relevant Employment, any Award made to them shall lapse on cessation. This Rule 8.4 shall apply where the Award Holder ceases to be in Relevant Employment in any circumstances (including, in particular, but not by way of limitation, where the Award Holder is dismissed unfairly, wrongfully, in breach of contract or otherwise).

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For the purposes of the Plan, unless in a particular case the Committee in its absolute discretion determines otherwise, an Award Holder shall be treated as ceasing to be in Relevant Employment when he no longer holds any office or employment with any Group Member.

8.5 *Options may be exercised in whole or in part*

Subject to Rules 8.3 and 8.4, a Vested Option may be exercised in whole or in part at any time. If exercised in part, the unexercised part of the Option shall not lapse as a result and shall remain exercisable.

8.6 *Procedure for exercise of Options*

An Option shall be exercised by the Award Holder delivering to the Grantor a duly completed notice of exercise in the form from time to time prescribed by the Company, specifying the number of Plan Shares in respect of which the Option is being exercised, and either accompanied by the Award Price (if any) in full or confirmation of arrangements satisfactory to the Grantor for the payment of the Award Price, together with any payment and/or documentation required under Rule 15 and, if required, the Award Certificate.

For the avoidance of doubt, the date of exercise of an Option shall be the date of the receipt of the notice of exercise and compliance with the first paragraph of this Rule 8.6.

8.7 *Issue or transfer of Plan Shares*

Subject to Rules 8.8 and 15 and to any necessary consent and to compliance by the Award Holder with the Rules, the Grantor shall, as soon as practicable and in any event not later than 30 days after:

1. in the case of an Option, the exercise date, arrange for the issue or transfer to the Award Holder (or a nominee specified or permitted by the Company) of the number of Plan Shares specified in the notice of exercise together with, in the case of the partial exercise of an Option, an Award Certificate in respect of, or the original Award Certificate updated to show, the unexercised part of the Option; and
2. in the case of a Conditional Share Award, the Vesting of the Award, arrange for the issue or transfer to the Award Holder (or a nominee specified or permitted by the Company) of the number of Plan Shares in respect of which the Award has Vested.

8.8 *Dividend equivalents*

An Award may include the right to receive an amount on Vesting or, in the case of an Option, upon exercise that is equal in value to the aggregate value of the Award Dividends which may be settled by the Grantor procuring, subject to Rule 15, that either:

1. a cash payment is made to the Award Holder equal to such amount; or
2. Plan Shares with a Market Value (measured as at the date of Vesting) equal to the amount are issued or transferred to the Award Holder.

8.9 *Net or cash settling*

Subject to Rule 15, the Grantor may on exercise of an Option:

1. make a cash payment (or procure that a cash payment is made) as soon as reasonably practicable following exercise of the Option to the Award Holder equal to the Gain on the date of exercise of the Option less, if the Grantor so determines, an amount considered by the Grantor to be

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equivalent to the sale costs that the Award Holder would incur if they sold a number of Plan Shares equal to the number of Plan Shares in respect of which they have exercised the Option; or

2. arrange for the issue or transfer to the Award Holder (or a nominee specified or permitted by the Company) of Plan Shares with a Market Value equal to the Gain on the date of exercise of the Option (rounded down to the nearest whole Plan Share). The Award Holder shall not be required to make payment for these Plan Shares.

Subject to Rule 15, the Grantor may on the Vesting of a Conditional Share Award make a cash payment (or procure that a cash payment is made) as soon as reasonably practicable following Vesting to the Award Holder equal to the Market Value of the Plan Shares in respect of which the Conditional Share Award has Vested, less the Award Price (if any).

Where the Grantor settles an Award in the manner described in this Rule 8.8, this shall be in full and final satisfaction of the Award Holder's rights under the Award.

9 *Holding Period*

9.1 *Definitions*

In this Rule 9:

Holding Period Holder means a trustee or nominee designated by the Grantor in accordance with this Rule 9; and

Holding Period Shares means Plan Shares which are or were the subject of an Award to which a Holding Period applies and in respect of which the Holding Period has not ended in accordance with this Rule 9.

9.2 *Application*

This Rule 9 applies to the extent that some or all of the Plan Shares acquired on Vesting of an Award (or exercise of an Option) are subject to a Holding Period.

9.3 *Issue or transfer to Holding Period Holder*

Instead of arranging for the issue or transfer of the Holding Period Shares to the Award Holder on Vesting of a Conditional Share Award or exercise of an Option under Rule 8.7, the Committee may arrange for the Holding Period Shares to be issued or transferred to the Holding Period Holder, as designated by the Committee, to be held for the benefit of the Award Holder. Any balance of the Plan Shares in respect of which an Award Vests or is exercised will be issued or transferred as described in Rule 8.7.

9.4 *No transfer during Holding Period*

The Award Holder or Holding Period Holder may not transfer, assign or otherwise dispose of any of the Holding Period Shares or any interest in them (and the Award Holder may not instruct the Holding Period Holder to do so) during the Holding Period except in the following circumstances:

1. the sale of sufficient entitlements nil-paid in relation to Holding Period Shares to take up the balance of the entitlements under a rights issue; and

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2. the sale of sufficient Holding Period Shares to satisfy any liability to tax or employee social security contributions (or where Rule 15.4 applies, Employer's NIC) arising in relation to Holding Period Shares.

9.5 *Shareholder rights during Holding Period*

1. Unless the Committee decides otherwise, the restrictions in this Rule 9 will apply to any cash or assets (other than ordinary dividends) received in respect of the Holding Period Shares and such cash or assets will be held by the Holding Period Holder until the end of the Holding Period.
2. During the Holding Period, the Holding Period Holder will be entitled to vote and have all other rights of a shareholder in respect of the Holding Period Shares.

9.6 *Ceasing Relevant Employment during the Holding Period*

Ceasing Relevant Employment during the Holding Period will have no impact on the provisions of this Rule 9, save where cessation is by reason of death in which case the Holding Period shall immediately be deemed to have ended.

9.7 *Clawback*

For the avoidance of doubt, Rule 7.2 shall apply to the Holding Period Shares in the same way that it applies to any Plan Shares acquired by an Award Holder following Vesting of an Award or exercise of an Option which are not Holding Period Shares.

9.8 *End of Holding Period*

Subject to the provisions of this Rule 9, the Holding Period will end on the earliest of the following:

1. the date set as the end of the Holding Period under Rule 2.4;
2. subject to Rule 12.1, the relevant date on which an Award would have Vested under Rules 11.2 to 11.5;
3. if the Committee so allows, the circumstances in which any event described in Rule 11.6 would apply; and
4. any other circumstances in the absolute discretion of the Committee. Where this paragraph 4 applies, the Committee may additionally determine that the Holding Period shall end only for such number of Holding Period Shares as it may specify.

10 *Retention of Awards on cessation of Relevant Employment*

10.1 *Cessation of Relevant Employment during the Vesting Period*

If, before the end of the Vesting Period, an Award Holder ceases to be in Relevant Employment, the Committee may in its absolute discretion determine that the Award Holder may retain the benefit of the Award made to them.

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Additionally, the Committee may in its absolute discretion determine, subject to its determination as to whether and to what extent the Performance Target shall be deemed to be satisfied as at the date of cessation, that the Award will Vest immediately.

Where this Rule 10.1 applies in respect of any Award, the number of Plan Shares in respect of which the Award is capable of Vesting following the determination of the extent to which the Performance Target is satisfied will be reduced pro rata to reflect the proportion of the Performance Period that has elapsed as at the date of cessation, provided that the Committee may, in its discretion, determine that a greater proportion of the Performance Period may be used in such calculation.

In the case of an Option, the Award Holder shall be entitled to exercise the Vested proportion of their Option at any time during the period ending six months after the normal time of Vesting or, if the Committee has determined that the Award shall Vest immediately upon the date of cessation of employment, at any time during the period ending six months after the date of cessation, or during such other longer period as the Committee may determine. If not so exercised, the Option shall lapse at the end of such period.

10.2 *Cessation of Relevant Employment after the end of the Vesting Period*

If, after the end of the Vesting Period but before an Option has been exercised or Plan Shares have been issued or transferred in satisfaction of the exercise of an Option or the Vesting of a Contingent Share Award pursuant to Rule 8.7, an Award Holder ceases to be in Relevant Employment, then:

1. in the case of an Option which has not been exercised, the Award Holder shall be entitled to exercise their Option, to the extent that it has Vested, at any time during the period ending six months after the date of cessation of their Relevant Employment or during such other longer period as the Committee may determine; or
2. in the case of an Option which has been exercised or a Contingent Share Award which has Vested but, in either case, in respect of which Plan Shares have not yet been issued or transferred, Rule 8.7 shall continue to apply.

11 *Takeover and other corporate events*

11.1 *Number of Plan Shares in respect of a which an Award shall Vest*

In the event that an Award Vests pursuant to this Rule 11, the number of Plan Shares in respect of which the Award is capable of Vesting will be reduced pro rata to reflect the proportion of the Performance Period that has elapsed as at the date that the Award Vests provided that the Committee may, in its discretion, determine that a greater proportion of the Performance Period may be used in such calculation.

11.2 *Takeover*

Subject to Rule 12, where a person obtains Control of the Company as a result of making an offer to acquire Plan Shares, Awards shall Vest on the date the person obtains Control as set out below.

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The proportion of the Awards which shall Vest will be determined at the Committee's discretion, taking into account its determination as to whether and to what extent the Performance Target shall be deemed to be satisfied as at the date that Awards Vest pursuant to this Rule 11.2.

A Vested Option may be exercised at any time during the period of six months beginning with the time when the person making the offer has obtained Control and if not exercised within that period it shall lapse.

11.3 *Compulsory acquisition of shares in the Company*

Subject to Rule 12, if a person becomes entitled or bound to acquire shares in the Company under section 979 of the Companies Act 2006, a proportion of the Awards shall Vest as set out below.

The proportion of the Awards which shall Vest will be determined at the Committee's discretion, taking into account its determination as to whether and to what extent the Performance Target shall be deemed to be satisfied as at the date that Awards Vest pursuant to this Rule 11.3.

A Vested Option may be exercised at any time during the period beginning with the date the person serves a notice under section 979 and ending seven clear days before the date on which the person ceases to be entitled to serve such a notice and if not exercised within that period it shall lapse.

11.4 *Scheme of arrangement*

Subject to Rule 12, if a person proposes to obtain Control of the Company in pursuance of a compromise or arrangement sanctioned by the court under section 899 of the Companies Act 2006 Awards will Vest on the date of the court sanction as set out below.

The proportion of the Awards which shall Vest will be determined at the Committee's discretion, taking into account its determination as to whether and to what extent the Performance Target shall be deemed to be satisfied as at the date that Awards Vest pursuant to this Rule 11.4**Error!**
Reference source not found..

A Vested Option may be exercised at any time during the period of six months from the compromise or arrangement being sanctioned by the court and if not exercised within that period it shall lapse.

11.5 *Winding-up of the Company*

If notice is given of a resolution for the voluntary winding-up of the Company Awards will Vest on the date notice is given.

The proportion of the Awards which shall Vest will be determined at the Committee's discretion, taking into account its determination as to whether and to what extent the Performance Target shall be deemed to be satisfied as at the date that Awards Vest pursuant to this Rule 11.5.

A Vested Option may be exercised at any time during the period of six months from the date of the notice and if not exercised within that period it shall lapse.

11.6 *Demergers and other events*

The Committee may determine that Awards Vest if it becomes aware that the Company will be affected by a demerger, distribution (which is not an ordinary dividend) or other transaction not otherwise covered by the Rules.

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The proportion of the Awards which shall Vest will be determined at the Committee's discretion, taking into account its determination as to whether and to what extent the Performance Target shall be deemed to be satisfied as at the date that Awards Vest pursuant to this Rule 11.6.

A Vested Option may be exercised at any time during the period determined by the Committee and if not exercised within that period it shall lapse.

11.7 *Meaning of "obtains Control of the Company"*

For the purpose of Rule 11 a person shall be deemed to have obtained Control of the Company if they and others Acting In Concert with them have together obtained Control of it.

11.8 *Notification of Award Holders*

The Committee shall, as soon as reasonably practicable, notify each Award Holder of the occurrence of any of the events referred to in this Rule 11 and explain how this affects their position under the Plan.

11.9 *Vesting of Awards and corporation tax deduction*

Where the Committee is aware that an event is likely to occur under Rule 11 in respect of which Awards will Vest in circumstances where the conditions for relief under Part 12 of the Corporation Tax Act 2009 may not be satisfied, the Committee may determine that the Awards Vest, in accordance with Rule 11, immediately prior to the event taking place.

11.10 *Interaction with Rule 7.2 (Clawback)*

Where an event occurs under Rules 11.2 to 11.6 which:

- a. results in the Vesting of Awards; or
- b. would so result if there was any subsisting Award which had not already Vested or, in relation to an event referred to in Rule 11.6, if the Committee had permitted Vesting of Awards under Rule 11.5 in relation to such event,

the Committee may, at its absolute discretion, determine that Rule 7.2 (Clawback) shall only apply to such extent (if at all) that the Committee determines to any Award which was granted on the basis that Rule 7.2 applied to that Award. Where the Committee makes such a determination, it will specify which Awards such determination applies to (which may include Awards which have already Vested and Options which have already been exercised).

12 *Exchange of Awards*

12.1 *Where exchange applies*

An Award will not Vest under Rule 11 but will be exchanged for a new award ("**New Award**") under this Rule to the extent that:

1. an offer to exchange the Award for a New Award is made and accepted by the Award Holder; or
2. the Committee, if relevant, with the consent of the persons acquiring Control, determine that Awards will be automatically exchanged for New Awards.

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12.2 *Terms of exchange*

The following applies in respect of a New Award:

1. The Award Date of the New Award shall be deemed to be the same as the Award Date of the Award.
2. The New Award will be in respect of the shares in a company determined by the Committee.
3. In the application of the Plan to the New Award, where appropriate, references to “Company” and “Plan Shares” shall be read as if they were references to the company to whose shares the New Award relates.
4. The New Award must be equivalent to the Award and subject to paragraph 5 below it will Vest at the same time and in the same manner as the Award.
5. Either the Vesting of the New Award must be subject to performance conditions and other conditions which are so far as possible equivalent to the Performance Target and conditions applying to the Award or no performance conditions will apply but the value of shares comprised in the New Award shall be the value of the number of Plan Shares which would have Vested under Rule 11 as applicable.

13 *Lapse of Awards*

Notwithstanding any other provision of the Rules, an Award shall lapse on the earliest of:

1. in the case of Options, the expiry of the Exercise Period;
2. the Committee determining that the Performance Target or any further condition imposed under Rule 6.1 has not been satisfied either in whole nor in part in respect of the Award and can no longer be satisfied in whole or in part in which case the Award shall lapse either in whole or as to such part in relation to which the Performance Target or other conditions imposed under Rule 6.1 can no longer be satisfied;
3. subject to Rule 10, the Award Holder ceasing to be in Relevant Employment;
4. any date for lapse provided for under these Rules;
5. the date on which the Award Holder becomes bankrupt or enters into a compromise with their creditors generally.

14 *Adjustment of Awards on Reorganisation*

14.1 *Power to adjust Awards*

In the event of a Reorganisation, the number of Plan Shares subject to an Award, the description of the Plan Shares, the Award Price (if any), or any one or more of these, shall be adjusted in such manner as the Grantor, together with the Committee where relevant, shall determine.

14.2 *Notification of Award Holders*

The Grantor shall, as soon as reasonably practicable, notify each Award Holder of any adjustment made under this Rule 14 and explain how this affects their position under the Plan.

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15 *Accounting for Award Tax Liability*

15.1 *Withholdings*

The Award Holder will be responsible for all taxes, social security contributions and other liabilities arising in respect of the Award Holder's Awards.

Unless the Award Holder discharges any liability that may arise, the Grantor, the Company or such other Group Member which is the Award Holder's Employer (as the case may be) may withhold such amount, or make such other arrangements as it may determine appropriate, for example to sell or withhold Plan Shares, to meet any Award Tax Liability and, if applicable, Employer's NICs transferred under Rule 15.4.

15.2 *Execution of document by Award Holder*

The Grantor may require an Award Holder to execute a document in order to bind the Award Holder contractually to any such arrangement as is referred to in Rule 15.1 and Rule 15.4 and return the executed document to the Grantor by a specified date. It shall be a condition of Vesting of the Award that the executed document be returned by the specified date unless the Grantor determines otherwise.

15.3 *Tax elections*

The Committee may, at its discretion, determine that an Option may not be exercised and/or the Plan Shares subject to a Conditional Share Award may not be issued or transferred to the Award Holder (or for their benefit) unless the Award Holder has beforehand signed an election under Chapter 2 of Part 7 of ITEPA 2003.

15.4 *Transfer of Employer's NIC*

The Grantor may, at its discretion and to the extent permitted by law, require the Award Holder to pay all or any part of the Employer's NIC in relation to an Award.

16 *Issue and listing of Plan Shares*

16.1 *Rights attaching to Plan Shares*

All Plan Shares issued and/or transferred under the Plan shall, as to voting, dividend, transfer and other rights, including those arising on a liquidation of the Company, rank equally in all respects and as one class with the shares of the same class in issue at the date of issue or transfer save as regards any rights attaching to such Plan Shares by reference to a record date prior to the date of such issue or transfer.

16.2 *Listing and admission to trading of Plan Shares*

If and so long as Plan Shares are listed on the Official List and traded on the London Stock Exchange, the Company will apply for the listing and admission to trading of any Plan Shares issued under the Plan as soon as practicable.

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17 *Relationship of Plan to contract of employment*

17.1 *Contractual provisions*

Notwithstanding any other provision of the Plan:

1. the Plan shall not form part of any contract of employment between any Group Member and an Eligible Employee;
2. unless expressly so provided in their contract of employment, an Eligible Employee has no right to be made an Award and the receipt of an Award in one year is no indication that the Award Holder will be made any subsequent Awards;
3. the Plan does not entitle any Award Holder to the exercise of any discretion in their favour;
4. the benefit to an Eligible Employee of participation in the Plan (including, in particular but not by way of limitation, any Awards held by them) shall not form any part of their remuneration or count as their remuneration for any purpose and shall not be pensionable; and
5. if an Eligible Employee ceases to be in Relevant Employment for any reason, they shall not be entitled to compensation for the loss or diminution in value of any right or benefit or prospective right or benefit under the Plan (including, in particular but not by way of limitation, any Awards held by them which lapse by reason of them ceasing to be in Relevant Employment, whether lawfully or unlawfully) whether by way of damages for unfair dismissal, wrongful dismissal, breach of contract or otherwise.

17.2 *Deemed agreement*

By accepting the making of an Award, an Award Holder is deemed to have agreed to the provisions of these Rules, including this Rule 17.

18 *Administration of Plan*

18.1 *Responsibility for administration*

The Committee and the Grantor, where appropriate, shall be responsible for, and shall have the conduct of, the administration of the Plan. The Committee may from time to time make, amend or rescind regulations for the administration of the Plan provided that such regulations shall not be inconsistent with the Rules.

18.2 *Committee's decision final and binding*

The decision of the Committee shall be final and binding in all matters relating to the Plan, including but not limited to the interpretation of the Rules and the resolution of any dispute concerning, or any inconsistency or ambiguity in the Rules or any document used in connection with the Plan.

18.3 *Grantor to consult with Committee*

Where the Grantor is not the Company and has made, or proposes to make, an Award, the Grantor shall consult with, and take account of the wishes of, the Committee before making any determination or exercising any power or discretion under the Plan.

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18.4 *Discretionary nature of Awards*

All Awards shall be made entirely at the discretion of the Grantor.

18.5 *Provision of information*

Where the Grantor is not the Company, the Grantor and an Award Holder shall provide to the Company as soon as reasonably practicable such information as the Company reasonably requests for the purpose of complying with its obligations under section 421J of ITEPA 2003.

18.6 *Cost of Plan*

The cost of introducing and administering the Plan shall be met by the Company. The Company shall be entitled, if it wishes, to charge an appropriate part of such cost to a Subsidiary or the Grantor.

18.7 *Data protection*

1. For the purposes of operating the Plan, the Company's Employee Privacy Policy as updated from time to time (**Privacy Policy**) will inform the Award Holder whether their personal data is processed under the EU's General Data Protection Regulation (2016/679) (or any successor or implementing laws) (the **GDPR**). Where processing of the Award Holder's personal data is subject to the GDPR, the basis for processing such data is set out in the Privacy Policy.
2. Where processing of the Award Holder's personal data is not subject to the GDPR, personal data will be processed under the Award Holder's consent. In such circumstances, the Award Holder gives their consent to the holding, processing and transfer of personal data in relation to the Award Holder by or to the Company, the Grantor, any Group Member, the Trustees, any third party broker, registrar or administrator or any future purchaser of the Company or relevant Group Member employing the Award Holder for all purposes relating to the operation of the Plan and this consent shall include transferring or processing personal data to a country or territory that may not provide the same statutory protection for the information as the Award Holder's home country.

18.8 *Third party rights*

Nothing in these Rules confers any benefit, right or expectation on a person who is not an Award Holder. No such third party has any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any terms of these Rules.

19 *Amendment of Plan*

19.1 *Power to amend Plan*

Subject to Rules 19.2 and 19.3, the Committee may from time to time amend the Rules (including for the purposes of establishing a sub-plan for the benefit of employees located overseas).

19.2 *Amendments to Plan*

Without the prior approval of the Company in general meeting, an amendment may not be made for the benefit of existing or future Award Holders to the Rules relating to:

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1. the basis for determining an Eligible Employee's entitlement (or otherwise) to be made an Award and/or to acquire Plan Shares on the exercise of an Option and/or to become absolutely entitled to Plan Shares subject to a Conditional Share Award (as the case may be) under the Plan;
2. the persons to whom an Award may be made;
3. the limit on the aggregate number of Plan Shares over which Awards may be made;
4. the limit on the number of Plan Shares over which Awards may be made to any one Eligible Employee;
5. the price at which Plan Shares may be acquired under an Award;
6. the adjustment of Awards on a Reorganisation;
7. this Rule 19.2

except for:

- a) an amendment which is of a minor nature and benefits the administration of the Plan; or
- b) an amendment which is of a minor nature and is necessary or desirable in order to take account of a change of legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the Plan, the Company or some other Group Member.

19.3 *Rights of existing Award Holders*

An amendment may not materially adversely affect the rights of an existing Award Holder except:

1. where the amendment is made to take account of any matter or circumstance which the Board reasonably considers is a legal or regulatory requirement which the Committee reasonably considers is relevant and requires an amendment to be made in order for any Group Member to comply with such requirement; or
2. where the Award Holder has approved the amendment.

20 *Notices*

20.1 *Notice by Grantor*

Save as provided for by law, any notice, document or other communication given by, or on behalf of, the Grantor or to any person in connection with the Plan shall be deemed to have been duly given if delivered to them at their place of work, if they are in Relevant Employment if sent by e-mail to such e-mail address as may be specified by them from time to time, or sent through the post in a pre-paid envelope to the postal address last known to the Company to be their address and, if so sent, shall be deemed to have been duly given on the date of posting.

20.2 *Notice to Grantor*

Save as provided for by law any notice, document or other communication given to the Grantor (or any relevant person appointed by the Grantor) in connection with the Plan shall be delivered by hand or sent by email, fax or post to the Company Secretary (or any relevant person appointed by the Grantor) at the Company's registered office or such other e-mail or postal address as may from time to time be notified to Award Holders but shall not in any event be duly given unless it is actually received at the registered office or such e-mail or postal address.

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21 ***Governing law and jurisdiction***

21.1 ***Plan governed by English law***

The formation, existence, construction, performance, validity and all aspects whatsoever of the Plan, any term of the Plan and any Award made under it shall be governed by English law.

21.2 ***English courts to have jurisdiction***

The English courts shall have jurisdiction to settle any dispute which may arise out of, or in connection with, the Plan.

21.3 ***Jurisdiction agreement for benefit of Company***

The jurisdiction agreement contained in this Rule 21 is made for the benefit of the Company only, which accordingly retains the right to bring proceedings in any other court of competent jurisdiction.

21.4 ***Award Holder deemed to submit to such jurisdiction***

By accepting the making of an Award, an Award Holder is deemed to have agreed to submit to such jurisdiction.