DIRECTORS' REMUNERATION REPORT • REMUNERATION POLICY

Remuneration Policy (Policy)
This year the Committee has conducted a review of the current Policy, which received a vote in favour of 94.49% at the 2020 AGM. As part of the review, the Committee considered market best practices; the alignment of our existing structures with strategy; and a comparison of both structure and quantum to comparator companies. Our objective is to ensure that the company continues to have a remuneration package for executive directors which motivates and retains, whilst aligning with both the company's strategy and the shareholder experience.

Based on the review, the Committee believes that the remuneration structures within the current Policy remain fit for purpose and aligned to business strategy. The core structure will therefore retain the market-standard elements of base salary, benefits, pension aligned to that of the wider workforce, Short-term Incentive Scheme (STI) and Long-Term Incentive Plan (LTIP). The Policy continues to meet the UK's high governance standards with features such as 35% deferral of STI outcomes into shares for 3 years; 2 year post-vesting holding periods for LTIP awards; malus and clawback; and minimum shareholding requirements. For this reason, no significant changes to the company's remuneration structure are proposed.

The company has consulted with employees in the development of the Policy, and the alignment of directors' pay with UK employees has been discussed through a meeting held by the Remuneration Committee Chair and Group CEO with representatives from across the UK workforce.

Alignment of incentives with strategy
Chesnara plc is a European life and pensions consolidator listed on the London Stock Exchange. It operates as Countrywide Assured and CASLP in the UK, as The Waard Group and Scildon in the Netherlands, and as Movestic in Sweden with oversight and governance being provided by a central governance team based in the UK.

The company has three core strategic objectives:

1. Maximise value from existing business;
2. Acquire life and pensions businesses; and
3. Enhance value through profitable new business.

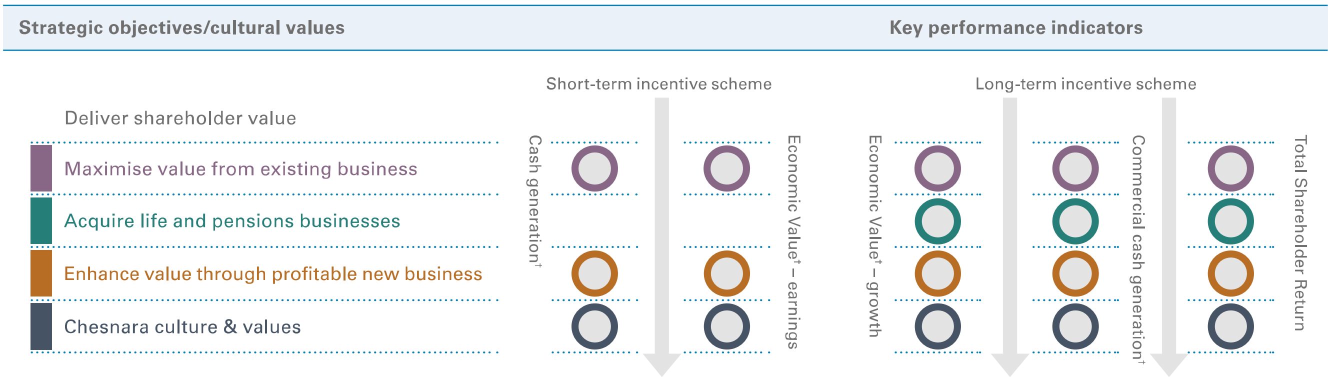
The achievement of these objectives is considered against the culture and risk environment of the company to ensure that rewards do not encourage excessive risk taking or an inappropriate culture to develop.

The schematic below illustrates how the company's KPIs align to its core strategic objectives and, in turn, how those KPIs flow into the performance measures of the executives' short-term and long-term incentives schemes. Reading across the chart shows how the KPIs align to Chesnara's core strategic objectives. For example, 'Maximise value from existing business', 'Enhance value through profitable new business' and 'Acquire life and pensions businesses' will directly impact the Economic Value growth of the group and our ability to generate cash. And likewise, progress against all three of these objectives will have an impact on Total Shareholder Return to varying degrees.

The diagram demonstrates that the Policy aligns to all aspects of the group's objectives. For illustration purposes, the diagram shows the KPIs that the Committee has most recently considered appropriate for the incentive schemes but, the Committee may change the KPIs and/or their weighting for future awards. In addition to the KPIs shown, the short-term incentive scheme includes objectives for the executives covering key strategic deliverables for the year ahead.

Overall Policy aims are:

- to maintain a consistent and stable remuneration strategy based on clear principles and objectives;
- to ensure remuneration structures do not encourage or reward excessive risk-taking which is outside the boundaries of our stated risk appetite;
- to link remuneration clearly to the achievement of our business strategy and ensure that both executive and shareholder reward are closely aligned;
- to enable the company to attract, motivate and retain high calibre executives; and
- for the Policy to be easy to understand and communicate.



The implementation of this Policy involves:

- paying salaries that reflect individual roles, an individual's personal development in their role and sustained individual performance and contribution, taking account of the external competitive market;
- enabling executives to enhance their earnings by meeting and then outperforming stretching short and long-term targets in line with the group's strategy;
- requiring executives to build and maintain shareholdings in the company during employment and for 2 years post-employment;
- rewarding executives fairly and responsibly for their contribution and paying what is commensurate with achievement of their objectives; and
- including malus and clawback provisions in the Short-term Incentive Scheme (STI Scheme), including the deferred share award, and the Long-term Incentive Scheme (LTIP Scheme).

For the avoidance of doubt, the Policy includes authority for the company to honour any commitments entered into with current, or former, directors that have been disclosed to shareholders in previous Remuneration Reports. Details of any payments to former directors will be set out in the implementation section of this report as they arise.

*† Alternative Performance Measure (APM) used to enhance understanding of financial performance.
Further information on APMs can be found in the additional information section of this Annual Report and Accounts.*

DIRECTORS' REMUNERATION REPORT • REMUNERATION POLICY

The Policy table

Executive remuneration

The company and the Committee intends that, subject to shareholder approval, the following Directors' Remuneration Policy will take effect from the date of the 2023 Annual General Meeting. The table below describes each component of the remuneration package applicable to the executive directors:

Purpose and link to strategy	Operation	Performance measures and maximum	Changes from previous Policy
Basic salary			
To recruit and retain individuals with the skills and experience needed for a given role in which they will contribute to the success of the group.	In setting basic salaries for new executive roles, or reviewing the salaries for existing roles, the Committee will take into account, as it considers appropriate, some or all of the following factors: – assessment of the responsibilities of the role; – the experience and skills of the jobholder on their commencement and their development in it at the review point; – the group's salary budgets and results; – the jobholder's performance; – with the use of periodic benchmarking exercises, the external market rates for roles of a similar size and accountability; – inflation and salaries across the company; and – the balance between fixed and variable pay to help ensure good risk management disciplines. Where a new appointment is made, pay may be initially below that applicable to the role and then may increase over time subject to satisfactory performance and development in the role. Salaries are usually reviewed annually. There may be reviews and changes during the year in exceptional circumstances (such as new appointments to executive positions or significant changes in a jobholder's responsibilities).	Changes to responsibilities, increased complexity of the organisation, personal and group performance are taken into consideration when deciding whether a salary increase should be awarded.	No changes
Taxable benefits			
To recruit and retain individuals with the skills and experience needed for a given role in which they will contribute to the success of the group and to reduce the potential for ill health to undermine executives' performance.	Executives receive life assurance, a company car, fuel benefit and private medical insurance. A cash equivalent may be paid in lieu of car and fuel benefits. Benefits may be changed in response to changing circumstances, whether personal to an executive or otherwise, subject to the cost of any changes being largely neutral.	No performance measures attached.	No changes
Pensions			
To recruit and retain individuals with the skills and experience needed for a given role in which they will contribute to the success of the group and to encourage responsible provision for retirement.	The executives can participate in a defined contribution pension scheme at the same level as all employees with employer contributions currently being 9.5% of basic salary. If pension limits are reached, the executive may elect to receive the balance of the contribution as cash.	No performance measures attached. Maximum pension contribution expressed as a percentage of basic salary to be the same as that awarded to other UK staff.	No changes

DIRECTORS' REMUNERATION REPORT • REMUNERATION POLICY (CONTINUED)

Purpose and link to strategy	Operation	Performance measures and maximum	Changes from previous Policy
Short–Term Incentive (STI) Scheme			
To drive and reward achievement of the group's business plan and key performance indicators. To help retention and align the interests of executives with those of shareholders.	Awards are based on the Committee's assessment and judgement of personal and corporate performance against specific targets and objectives in support of the group's business plan. These are assessed over each financial year. Provided the minimum performance criteria is judged to have been achieved, an award will be granted in two parts; at least 35% into deferred share awards which will vest after a three-year deferral period making a total of four years after the award grant; and the balance in cash. Dividend equivalents accrue in cash with interest thereon in respect of the deferred share awards between the date the award is granted and the date exercised. It is the intention of the Committee to grant awards annually and the performance criteria will be set out in the corresponding Remuneration Report. The STI Scheme includes malus and clawback provisions.	Performance is measured based on the financial results of the group and its strategic priorities, together with the performance of the executives in relation to specific personal objectives. The main weighting is given to financial results – typically 80%. The Committee determines the measures, their weighting and the targets for each financial year. The metrics may include, but are not limited to, costs, IFRS pre-tax profit, EcV† operating profit, cash generation†, group strategic objectives, including consideration of environmental, social and governance risks and performance, and personal performance. STI Scheme targets are commercially sensitive and therefore are not disclosed prospectively. Actual targets and results will be disclosed in the Annual Report immediately following each performance period. The Committee may substitute, vary or waive the performance measures in accordance with the scheme rules and will document its use of such discretion for the purposes of transparency. The maximum award is 100% of basic salary with each participant being assigned a personal maximum to be disclosed in the corresponding Remuneration Report with each award made.	No changes
Long-Term Incentive (LTIP) Scheme			
To incentivise the delivery of the longer-term strategy of the group by the setting of stretching targets based on shareholder value, and to help to retain executives and increase their share ownership in the company.	Awards are made under a performance share plan, with nil price. The right to receive share awards will be based on achievement of performance conditions over a minimum three-year period. Dividend equivalents accrue in cash with interest thereon in respect of the share awards between the date the award is granted and the date of exercise. It is the intention of the Committee to grant awards annually and the performance criteria will be set out in the corresponding Remuneration Report. A further 2-year holding period applies beyond the 3-year vesting period, making a total of five years after the grant date. Awards are subject to malus and clawback provisions.	Awards vest based on financial and/or strategic performance conditions which are aligned to the company's strategy. At least 50% of the assessment will be based on financial metrics. The Committee may substitute, vary or waive the performance measures in accordance with the Scheme Rules and will document its use of such discretion for the purposes of transparency. The maximum award is up to 125% of basic salary, with each participant being assigned a personal maximum to be disclosed in the corresponding Remuneration Report with each award made.	Updated to allow more flexibility in the choice of performance measures going forward, including incorporation of non-financial measures. Subject to shareholder approval of the Policy, the 2023 LTIP awards will be based upon the following performance measures: • 33% Relative TSR performance versus FTSE 350 Higher Yield index • 33% EcV earnings • 33% commercial cash generation Updated to increase maximum award from 100% of salary to 125% of salary. For information on awards to be granted in 2023, see page 111.

Purpose and link to strategy	Operation	Performance measures and maximum
Fees & expenses		
To recruit and retain independent individuals with the skills, experience and qualities relevant to the non-executive role and who are also able to fulfil the required time commitment.	Fees for the Chair are determined and agreed with the board by the Committee (without the Chair being party to this deliberation). Non-executive director fees are determined by the Chair and the executives. Fees are reviewed periodically. In their setting, consideration is given to market data for similar roles in companies of comparable size and complexity whilst also taking account of the required time commitment. All non-executive directors are paid a base fee. Additional fees are paid to the Senior Independent Director, the chair of board Committees and to other non-executive directors to reflect additional time commitments and responsibilities required by their individual roles.	Fees for the Chair and non-executive directors are not performance related. Reflecting the periodic nature of the fee reviews, increases at the time they are made may be above those paid to executives and/or other employees.

Explanatory Notes:

1. Why these performance measures were chosen and how performance targets are set

In setting targets for both schemes, the Committee exercises its judgement in an effort to align the stretch in the targets with the company's risk appetite. Full details of the performance measures, weightings, targets and corresponding potential awards are set out in the annual Remuneration Report. The Committee exercises discretion when determining outcomes as opposed to relying solely on formulaic outturns and utilises assurance inputs in so doing.

The Policy table notes that all of the financial targets for the STI Scheme are commercially sensitive as are the EcV† and commercial cash generation† measures for the LTIP Scheme. The Committee has considered whether it could reasonably use transparent targets but concluded that transparency should not be sought at the expense of selecting the optimal measures and targets for the alignment of executive interests with those of shareholders even if these are not capable of being disclosed in advance.

STI Scheme

(i) Award is part cash and part share award which is deferred for a further 3 years. Currently the award is structured 65% cash and 35% deferred shares. This is provided that the total award to a participant is at least £20,000, otherwise the award is 100% cash with no deferral. The Committee may increase the weighting for the share award and adjust the de-minimis amount;

(ii) Awards may be subject to malus provisions which will reduce the number of shares or cash amounts payable on vesting in circumstances including:

- 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.

In determining the reduction which should be applied, the Committee shall act fairly and reasonably but its decision shall be final and binding.

For the avoidance of doubt, any reduction may be applied on an individual basis as determined by the Committee.

Cash and deferred share awards are subject to a 2-year clawback provision in substantially the same circumstances as apply to malus (as described above) for a period of two 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; and

(iii) it is the intention of the Committee to make a new award each year.

LTIP Scheme

(i) In making a new award, the Committee will determine the measures, their weighting and targets to maintain a clear focus on longer-term strategic aims;

(ii) Includes a malus provision. Notwithstanding any other provision of the Rules, the Committee has the power to, at any time before an award has vested, reduce the number of shares subject to the relevant award or any cash amounts which may be paid pursuant to the relevant award (including to nil) in the circumstances of those set out under point (ii) above for the STI Scheme;

(iii) A 2 year clawback provision applies in substantially the same circumstances as apply to malus. 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; and

(iv) It is the intention of the Committee to make a new award each year.

Minimum shareholding requirement

In order to align the executives' interests with those of shareholders, a minimum shareholding requirement (the 'MSR') applies which is currently equal to 100%/200% of basic salary (for joiners before 1 May 2021/from 1 May 2021 respectively). Both salary and shareholding values are calculated before tax. The requirement is expected to be achieved within five years of appointment. It may be achieved by participating in the company's share plans and the Committee may, in assessing progress towards the minimum, take into account vesting levels and personal circumstances. Aside from shares that are chosen to be sold to pay for income tax and National Insurance liabilities, shares awarded under the STI and LTIP schemes must be retained if the minimum shareholding has not yet been met.

Post-employment provisions exist which require a departing executive to retain a post-employment minimum shareholding. For joiners before 1 May 2021, for a period of 12 months commencing on the date of departure this will be equal to the lower of 100% of final basic salary on departure or the level of shareholding attained on the date of departure. For a subsequent period of 12 months, the post-employment minimum shareholding to apply will be equal to the lower of 50% of final basic salary on departure or the level of shareholding attained on the date of departure.

In determining the post-employment minimum shareholding, only awards made since the date of the approval of the 2020 Policy shall be included. Both salary and shareholding values are before tax and shares bought by the executive in the open market and from their own resources are not subject to the post employment provision.

† Alternative Performance Measure (APM) used to enhance understanding of financial performance. Further information on APMs can be found in the additional information section of this Annual Report and Accounts.

DIRECTORS' REMUNERATION REPORT • REMUNERATION POLICY (CONTINUED)

The Committee's proposed changes to the Remuneration Policy include that the 200% of salary shareholding requirement (to be held for the full 2 years post-employment) would apply for all future awards granted from 2023 to executive directors who joined prior to May 2021. This is believed to strike a balance between the current status and the requirement set-out at the time of each past LTIP grant with the recognition that shareholders have a preference for larger holdings to be held in full for 2 years post-employment.

With only two executives, the Committee is taking an approach to enforcement of the Policy which it considers to be proportionate. Executives will be required to attest to comply with the Policy as part of accepting an award.

Note
Full provisions are set out in the Minimum Shareholding Policy that the Committee reviews annually.

Expenses
In line with the company's Expenses Policy, all directors may receive reimbursement of reasonable expenses incurred in connection with company business, including settling any tax incurred in relation to these.

Differences in Policy compared with other employees:
The following note outlines any differences in the company's Policy on executive director remuneration from other employees of the group.

- **Salary and fees:** There are no differences in Policy. The Committee takes into account the company's overall salary budget and percentage increases made to other employees. It also sets the remuneration for senior management, that being the first layer of management below board level.
- **All taxable benefits:** There are no differences in Policy although the benefits available vary by role and jurisdiction. For example, executive cars and health insurance benefits are broadly consistent with the equivalent benefits when offered to other UK personnel but executives receive a fuel allowance which is a benefit not offered to other staff who receive a car allowance.
- **Annual bonus:** This is an integral part of the company's philosophy with all UK employees below board level being eligible to participate in a bonus scheme which is based on personal performance and achievement of financial targets. The CEO in Sweden participates in annual bonus schemes which reflect the achievement of business targets and personal goals. In line with Swedish regulation, part of the payment of this bonus is deferred. Other employees in Sweden no longer participate in a bonus scheme although there remains some roll-off of deferred elements of past arrangements. Since 1/1/19 there has no longer been a bonus scheme for the Dutch businesses. The Scildon scheme in place at the time of purchase has been closed.
- **Long-term plans:** Only Chesnara's executives are currently entitled to participate in the long-term plans as these are the roles which have most influence on, and accountability for, the strategic direction of the group and the delivery of returns to shareholders. This may be reviewed as appropriate in the light of growth and/or other changes in the company.
- **Pension:** The level of contribution made by the company to executives is the same as that offered to other UK employees.

2. Other
The company operates a Save As You Earn (SAYE) share scheme in the UK. This is a tax efficient, HMRC-recognised, all-employee scheme in which executive directors are eligible to participate.

Approach to remuneration on recruitment

The following principles apply when recruiting executives:

- To offer a remuneration package that is sufficient to attract individuals with the skills and experience appropriate to the role being filled whilst also being consistent with all aspects of this Policy. In addition to salary and variable remuneration, this may include pension, taxable benefits and other allowances such as relocation, housing and education.
- Pay levels will be set taking account of remuneration across the company including other senior appointees and the salary offered for similar roles by other companies of similar size and complexity.
- Each element of remuneration offered will be considered separately and collectively in this context.
- The maximum awards in respect of the STI Scheme and LTIP Scheme, as set out in the Policy table, apply in recruitment situations. By exception, the company may award a one-off compensatory bonus or LTIP award where the new joiner would lose a bonus or long-term award relating to their former role. In the event that such a payment is made, full details will be disclosed in the Annual Report on remuneration for the relevant year.

Service contracts and loss of office

Executives

Our policy is for executives to have service contracts with a rolling twelve-month notice period exercisable by either party.

The table below summarises the notice periods and other termination rights of the executives and the company. The approach of the company on any termination is to consider all relevant circumstances and to act in accordance with any relevant rules or contractual provisions. Typically, a leaving employee is classified as a 'Good Leaver' if they depart under 'Special Circumstances' (defined in the table below). An employee leaving under any other circumstances is classified as a 'Bad Leaver'.

The Committee has discretion to classify an employee as a 'Good Leaver' or a 'Bad Leaver' and to determine the treatment of their outstanding awards upon departure. Regardless of whether a departing executive is deemed to be a 'Good Leaver' or 'Bad Leaver', the Committee has discretion to pay a departing executive's legal fees subject to any such payment being made in accordance with the terms of a compromise agreement which waives all claims against the company.

Typical treatment in relation to salary, benefits and outstanding incentive awards for leavers under each scenario is shown below:

Nature of termination	Notice period	Salary and benefits	Short-Term Incentive Scheme	Long-Term Incentive Scheme	Nature of termination
By executive or company giving notice (and where deemed to be a Bad Leaver).	12 months	Cease on date employment ends. Payment may be made for any unused holiday entitlement.	No grants following service of notice. Right to cash payment and unvested deferred share awards cease on date employment ends. Outstanding options must be exercised within 6 months of date employment ends.	No grants following service of notice. Unvested awards lapse on date employment ends. Outstanding options must be exercised within 6 months of date employment ends.	By executive or company giving notice (and where deemed to be a Bad Leaver).
By company summarily (Bad Leaver).	None	Cease on date employment ends.	No further grants. Right to cash payment and unvested deferred share awards cease on date employment ends. Outstanding options must be exercised within 6 months of date employment ends	No further grants. Unvested awards lapse on date employment ends. Outstanding options must be exercised within 6 months of date employment ends.	By company summarily (Bad Leaver).
Under special circumstances: Good Leaver Status whether leaving by reason of death, injury or disability, redundancy, retirement with the agreement of the Committee, the sale of employing business, or other special circumstances (such as terminal illness) at the discretion of the Committee.	None prescribed	Normally cease on date employment ends. Payment may be made for any unused holiday entitlement. Discretion for the company to pay salary and benefits in a single payment or in monthly instalments. Where payments are made monthly the executive is under an obligation to mitigate his or her loss and monthly payments will cease or reduce upon the executive accepting alternative employment. If leaving by reason of redundancy the payment may include statutory redundancy pay.	Discretion to make further grants during a notice period where this is considered to be in the company's interests. Where employment ends before deferred share awards made, at the discretion of the Committee, the award may be retained. If retained, the Committee has discretion to allow the award to vest in accordance with original terms, or determine award is to vest on ceasing to be employed and will also assess the extent to which targets have been met. In either case the award will be pro-rated to reflect the period of the Performance Period that has been worked and will be paid in cash. The Committee has discretion to pro-rate using a longer period. Where employment ends after deferred share awards made, the award will be retained and vest in accordance with original terms. The Committee has discretion to allow the award to vest on ceasing to be employed. All outstanding options must be exercised within 6 months of the date on which employment ends or on which they vest (whichever is later), unless the Committee specifies a longer period.	No further grants. Where employment ends before share awards vest, at the discretion of the Committee the award may be retained. If retained, the Committee has discretion to allow the award to vest in accordance with original terms or, by exception may determine awards to vest on ceasing to be employed and will also assess the extent to which the targets have been met. In either case the award will be pro-rated to reflect the period of the Performance Period that has been worked. The Committee has discretion to pro-rate using a longer period. All outstanding options must be exercised within 6 months of the date on which employment ends or on which they vest (whichever is later) unless the Committee specifies a longer period.	Under special circumstances: Good Leaver Status whether leaving by reason of death, injury or disability, redundancy, retirement with the agreement of the Committee, the sale of employing business, or other special circumstances (such as terminal illness) at the discretion of the Committee.

DIRECTORS' REMUNERATION REPORT • REMUNERATION POLICY (CONTINUED)

Non-executive directors

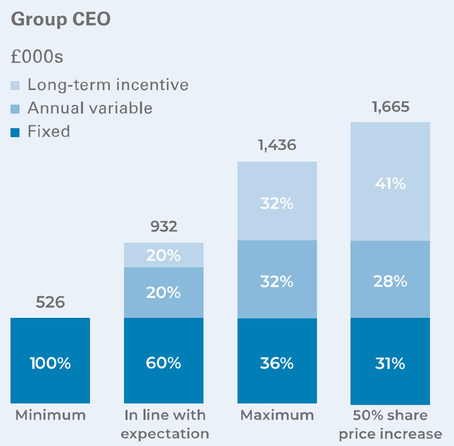
- Appointments are made under a contract for services for an initial term of three years subject to election by shareholders at the first Annual General Meeting following their appointment and annual re-election thereafter.
- Non-executive directors are typically expected to serve two three-year terms but may be invited by the board to serve for an additional period. Any renewal is subject to board review and AGM re-election.
- The terms of an appointment are set out in a letter of appointment which can be terminated by either party with three months' notice or immediately if termination is as a result of not being elected at the AGM.
- There are no compensation terms regardless of the circumstances that may lead to a contract being terminated.

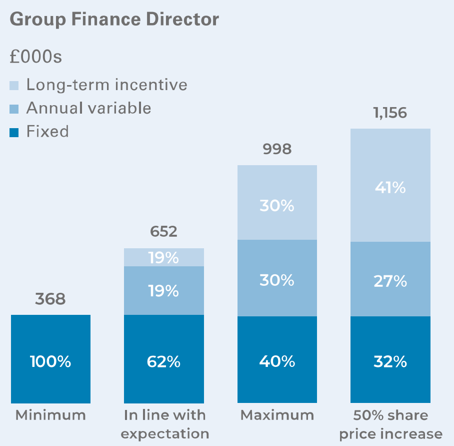
Executives' other directorships

Executives may, if approved by the board, accept appointments as non-executive directors of suitable organisations. Normally fees for such positions are paid to the company, unless the board determines otherwise.

Illustration of the application of the Policy

The following charts provide estimates of the potential future reward opportunities for each executive, and the potential split between the different elements of remuneration under four different performance scenarios: 'Minimum', 'In line with expectation', 'Maximum' and '50% share price increase'. The illustration assumes that the Policy applies throughout the period.





Performance in line with expectation assumes that the STI and LTIP payments are at 65.0% and 25.0% of their maximum respectively for the Group CEO and the Group Finance Director. The targets relate to the measures outlined above but are not declared prior to the publication of the accounts for the relevant year as they may be commercially sensitive.

The estimate of the maximum remuneration receivable assuming the company's share price increases by 50% over the performance period for any long-term incentive is reflected in the 4th column of the charts above.

Minimum

The table below analyses the constitution of the minimum remuneration projection for 2023.

Director	Salary and fees £000	Benefits £000	Pension £000	Total fixed pay £000
Group Chief Executive Officer	457.8	29.0	38.9	525.7
Group Finance Director	315.3	23.0	30.0	368.3

The pension figures above are based on 8.5% and 9.5% of gross basic salary, for the Group CEO and Group FD respectively, both of whom take the cash alternative.

Statement of shareholder views

We consulted with our largest shareholders and proxy voting agencies on the proposed changes to our Directors' Remuneration Policy. In light of the positive feedback received, we made little change to the proposals outlined in our consultation letter but did move to align 200% post-employment shareholding requirements for LTIP awards made from 2023 onward to executive directors employed prior to May 2021 with the requirements of executive directors appointed since that date.

Approval

This report was approved by the board of directors on 29 March 2023 and signed on its behalf by:

Eamonn Flanagan

Chair of the Remuneration Committee