

24 May 2024

Dear Shareholder,

Introduction

I am writing to give you details of the Company's Annual General Meeting (AGM) to be held at 12:00 pm on 21 June 2024 at the offices of Shakespeare Martineau LLP, 6th Floor, 60 Gracechurch Street, London EC3V 0HR. The formal notice of the Annual General Meeting is enclosed with this letter.

Annual General Meeting

Following the announcement of the annual report and accounts for the period ended 31 December 2023 ("Annual Report and Accounts"), notice of the AGM (the "Notice") is enclosed herewith. The Notice sets out the resolutions that shareholders are being asked to consider.

Resolutions

As per prior years the receipt of the Annual Report and Accounts, together with resolutions relating to the auditors and the re-election of directors will be considered and, if thought fit, approved at the AGM. Resolutions 1 to 7 and 10 and 11 are proposed in respect of these matters. In addition, resolutions 12 and 13 seek authority to allot shares and to disapply preemption rights and resolution 14 provides authority for the purchase of own shares.

Resolutions 8 and 9 relate to the election of new independent Non-Executive Directors which have been determined by the Company's Nomination Committee to be suitable candidates to join the Board of Directors to enhance the balance of independence on the Board. The Board considered that two further independent Non-Executive Directors were required to comply with good corporate governance. On that basis, from a pool of three candidates, the Nomination Committee have recommended Charles Mack and Thibaut de Gaudemar, the two most suitable candidates.

Resolutions 16 to 21 relates to the election of directors proposed by one of the Company's largest shareholders, Ms Veronique Salik. In accordance with section 314 of the Companies Act 2006 a statement from Ms Veronique Salik is set out within an appendix at the end of this document. Resolutions 16 to 18 will only be put to the meeting if resolutions 5 to 7 are passed as they will otherwise have no effect as Fady Khallouf, Lilia Jolibois and Gilbert Lehmann will no longer be directors if not re-elected.

Resolutions 1 to 12 and 16 to 21 set out in the Notice are proposed as ordinary resolutions and resolutions 13 to 15 are proposed as special resolutions.

- (i) The requisitioners claim that they have concerns about "governance problems" relating to the composition of the Board.

The Board Answer:

The current board has served for a period of 4½ years. There cannot be any complacency in the face of the Covid19 pandemic and the ongoing war in Ukraine. The Board has been working hard protecting shareholders and stakeholders interests with energy and commitment. This together with the efforts of the management team has resulted in regular improvement of all key performance indicators even throughout the most trying periods of the Covid19 pandemic and in the current war in Ukraine. This Board together with the management team has focused on delivering solid results and was re-elected in 2023 for its sound strategy and execution of such strategy. Under the Company's Articles of Association, all Directors must seek re-election by members at least once every three years. However, the Board has agreed that all directors will be subject to annual elections by shareholders in line with corporate governance best practice. Accordingly, all members of the Board will be standing for re-election at the 2024 Annual General Meeting due to be held on 21 June 2024.

The current board is composed of a diverse group of highly experienced board directors, bringing deep insights from their previous executive experience in highly capital-intensive industries, such as oil and gas, energy and renewables, environmental services, engineering, building materials, chemical industry, all over the world, including in Ukraine, all of Europe, North America, and Asia.

The current directors have years of industrial leadership experience in Fortune 500 companies, in strategy, business development, CFO and key finance roles, investment, industrial and commercial performance, innovation, technology, governance and large-scale transformation experience and turnaround.

The current directors all hail different countries, speak 7 languages in total, and have conducted business on a global scale. Each of the Board Directors has had previous governance experience in publicly-listed, private company boards as well as in premier educational institution boards and global charities. The diverse professional experiences, geographic background, gender and cognitive diversity has made this Board particularly resilient in terms of defending shareholders' interests and pursuing a successful growth of the Company for the future.

Vague arguments about board composition are often a pretext to create a dramatic display of conflict in order to serve a simple interest of a takeover of the Company by one shareholder without paying the premium for its control. The direct proof of this display of conflict is in the proposed board candidate list of the requisitioners, which include a far less experienced list of Board Members with very little experience in industry, lack of global and large-scale transformation experience and lack of any governance experience. None of the proposed board directors by the requisitioners have ever worked in the countries where the Group has its operations, such as in Ukraine or Italy.

- (ii) The lack of an Investment Committee which the requisitioners refer to as a "governance problem".

The Board Answer:

The strategy of the Company and the investment decisions which are a direct translation of such strategy into action are at the heart of the responsibility of the Board. Given the size of the Company and the number of its Board Directors, strategy and investments are the responsibility of the whole Board and each individual member. There are not investment decisions in the Company which would necessitate a creation of a new committee. The strategy is presented to the whole Board by the CEO and management, is discussed, challenged and supported by the full Board, including any and all investment decisions. The suggestion of an investment committee is merely an attempt to reduce the influence of the whole Board. There is no legal or governance requirement for a company such as Cadogan to have an investment committee.

- (iii) The composition and the functioning of the current Committees.

The Board Answer:

Similarly to the vague references to the "governance problems with the board composition", this vague reference to Committee composition and functioning is also a Trojan Horse employed by the requisitioners to hide their intent to take over the Company without declaring a real take over.

The requisitioners propose to elect the former Board Director for 4½ years, and Chair of the Board for 4 months, Jacques Mahaux. Mr Mahaux has never stated that he had found a problem of governance to the full Board. Neither has he proposed to the full Board, in his capacity as Chair of the Board, any proposal to change the composition of the Committees nor their functioning.

- (iv) the management of the litigation between the Company and Proger (recovery of a claim amounting to more than USD 18 million to date).

The Board Answer:

The management of the litigation has been at the top of the agenda of the Board and the management of the Company. The transaction with Proger was executed by the previous Board and management of the Company and has been handled with focus, care and energy by the CEO and a group of highly specialised and well-known legal firms in both Italy and the UK.

The Board apprises itself regularly of developments in the litigation and has been unanimous in its support of the management's proposal to recover the full amount of the loan. There has been no disagreement at the level of the Board on this matter from the beginning.

Mr Mahaux in his new capacity of the Chair of the Board has timidly brought the subject in one of the Board meetings where the majority of the Board has reiterated its desire to maintain the approved strategy. Mr. Mahaux had never expressed disagreement with the Board's strategy. The Board must not substitute itself for management while leading, advising, challenging and supporting, depending on the occasion. The current Board is focused on recovering the full amount of the loan from Proger. It should be noted however that the litigation is slow moving but the Board believe that the Company's case is strong and therefore see no reason for a compromise of the Company's claim merely in the interests of speed.

- (v) the lack of strategy and investments regarding the cash assets of the Company.

The Board Answer:

Given the COVID-19 pandemic and the ongoing war in Ukraine, the cash management strategy has been one of maintenance of the Company as a going concern, focusing on carefully managing cash for the short-term needs while keeping sufficient cash needed for the most profitable projects to keep developing and diversifying the Group. The cash in Ukraine serves to keep the Group operations running at all times, and develop new activities, in line with the Group's strategy, such as electricity generation, and offering synergies with the existing operations. The cash held safely in Europe is kept to pay for investment projects, and as a buffer during the war times to make sure that the Group continues to be going concern. Only the safest financial institutions and instruments are used to manage this cash while the geostrategic uncertainty continues.

- (vi) the lack of transparency of the Board of Directors the requisitioners have sought to meet with the current Directors of the Company to discuss their concerns but the Directors have failed to engage with the requisitioners in any meaningful way and the requisitioners believe that a change in leadership of the Company is necessary to ensure its short-term viability and long-term success.

The Board Answer:

Mr. Mahaux in his capacity as Chairman of the Board had the mandate and indeed the good governance responsibility to meet with the full Board and bring up all of his questions, concerns or proposals.

Shockingly, none of the experienced Board Directors have ever served on a Board where the Chairman did not bring up his proposals or questions but worked solely behind the scenes, trying with the requisitioners' lawyer to isolate and intimidate the CEO who finally had to share this with the Board.

The very next time Mr. Mahaux tried to meet with the Board was through a letter from his personal lawyer, Mr. Miskhaël Modrikamen (proposed by the requisitioners to be an elected director) who had proposed his presence at a Board Meeting to push through a nomination of a new Board Director. This weaponizing of the role of the Chair, proposing to bring in a personal lawyer into confidential deliberations of the Board upset every Member of the Board and the Board refused such a weaponised meeting.

As far as the nominations of Board Members, it is the job of the full Board and the Nomination Committee which makes sure that all board appointments are subject to a formal, rigorous, and transparent procedure. All board appointments are based on merit and objective criteria taking into account such factors as diversity of educational, professional background, gender, social, ethnic and geographical background, cognitive and personal strengths and global experience.

Action to be taken

Shareholders will find a Form of Proxy enclosed for use at the Annual General Meeting. Whether or not you intend to be present at the Annual General Meeting, you are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon as soon as possible. To be valid, completed Forms of Proxy must be received by Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds LS1 4DL not later than 12.00 pm on 19 June 2024. You are entitled to appoint a proxy to attend and to exercise all or any of your rights to vote and to speak at the Annual General Meeting instead of you. Completion of the Form of Proxy will not preclude you from attending and voting at the Annual General Meeting in person if you so wish. Your attention is drawn to the notes to the Form of Proxy. Alternatively, you can vote via CREST or Proximity (refer to the notes to the Notice of AGM).

Recommendation

Resolutions 1 to 15 - The Board considers that the resolutions to be put to the Shareholders at the Annual General Meeting are in the best interests of the Company and its shareholders as a whole. **Your Board will be voting in favour of the resolutions and unanimously recommends that you do so as well.**

Resolutions 16 to 21 - For the reasons set out above the Board considers that the resolutions are not in the best interests of the Company and its shareholders as a whole and therefore the Board will not be voting in favour of such resolutions. **The Board strongly recommends that shareholders vote against resolutions 16 to 21.**

Yours faithfully,

M Meeüs,
Chairman

For and on behalf of the Board of Cadogan Energy Solutions plc