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If you have sold or otherwise transferred all your Ordinary Shares in the Company, please send this document and the accompanying documents at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

CLS Holdings plc

Notice of Annual General Meeting

Notice of the Annual General Meeting of the Company convened for 10.00 a.m. on Thursday, 23 April 2020 is set out in Part II of this document.

A Form of Proxy for use at the Annual General Meeting is enclosed. To be valid, the Form of Proxy must be completed and returned so as to reach the registrars by hand or by post at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY (the "Registrars") by no later than 10.00 a.m. on Tuesday, 21 April 2020. As an alternative to completing the hard copy form, shareholders can appoint proxies electronically via www.clsholdings.com/evoting so that it is received by the Registrar by no later than 10.00 a.m. on Tuesday, 21 April 2020. CREST members can also appoint proxies by using the CREST electronic proxy appointment service and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the CREST Manual so that it is received by the Registrar (under CREST participant 3RA50) by no later than 10.00 a.m. on Tuesday, 21 April 2020. The time of receipt will be taken to be the time from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

PART I

Letter from the Chairman of CLS Holdings plc

*CLS Holdings plc (the “Company”)
(Incorporated and registered in England with registered number 2714781)*

16 Tinworth Street
London
SE11 5AL

Directors

Lennart Sten (Non-Executive Chairman)
Anna Seeley (Non-Executive Vice Chairman)
Fredrik Widlund (Chief Executive Officer)
Andrew Kirkman (Chief Financial Officer)
Sten Mortstedt (Executive Director and Founding Shareholder)
Malcolm Cooper (Non-Executive Director)
Elizabeth Edwards (Non-Executive Director)
Bill Holland (Non-Executive Director)
Denise Jagger (Non-Executive Director)
Christopher Jarvis (Non-Executive Director)
Bengt Mortstedt (Non-Executive Director)

23 March 2020

Dear Shareholder,

Introduction

The purpose of this circular is to give you details of the Company's Annual General Meeting (“AGM”) which is to be held on Thursday, 23 April 2020 at 10.00 a.m. and the resolutions to be proposed at it. I am pleased to enclose a copy of the Company's Annual Report & Accounts for the year ended 31 December 2019 (the “Annual Report”), which can also be found on the Company's website www.cls Holdings.com.

As we reported when we announced our annual results on 5 March 2020, it is your Directors' intention to propose a distribution by way of a final dividend for the year ended 31 December 2019 of 5.05 pence per share. This is subject to the passing of Resolution 4.

Electronic communications with shareholders

The Companies Act 2006 (the “Act”) enables us, if shareholders agree to it, to supply documents by email or by use of website access instead of posting documents to them. If you would also like to receive documents by post, you may request this service by writing to our Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ or by contacting them online at www.investorcentre.co.uk/contactus.

Annual General Meeting – explanatory notes

The AGM is to be held at 16 Tinworth Street, London, SE11 5AL, on Thursday, 23 April 2020 at 10.00 a.m. You will find on pages 7 to 10 of this document, the Notice convening the AGM. A form of proxy for use in connection with the AGM is enclosed with this document.

Resolutions 1 to 18 are ordinary resolutions. For these to be passed, more than half of the votes cast must be in favour of the relevant resolution. Resolutions 19 to 21 are special resolutions. For each of these to be passed, at least three quarters of the votes cast must be in favour of the resolution. I set out below further information on certain of the resolutions proposed.

Ordinary resolutions

Resolution 3 (Approval of Directors' Remuneration Policy)

Resolution 3 seeks approval of the Company's future policy on Directors' remuneration. The remuneration report for quoted companies must comprise (i) an annual remuneration report which discloses how the remuneration policy was implemented in the last financial year and (ii) a forward-looking remuneration policy which sets out the Company's future policy on Directors' remuneration. In addition to the annual advisory vote on the annual remuneration report, quoted companies are required to put their Directors' remuneration policy to a separate binding shareholders' vote at least every three years. Once the remuneration policy comes into effect, all remuneration payments and payments for loss of office must be consistent with the Company's approved remuneration policy, unless a revised remuneration policy is first approved by shareholders.

The new Remuneration Policy is set out in full on pages 104-115 of the Directors' remuneration report and a summary, including details of the Long-Term Incentive Plan, is set out in Part III, Appendices 1 and 2 to this circular.

Resolution 4 (Declaration of final dividend)

Pursuant to the Board's recommendation, the authority sought from shareholders under this resolution is to declare a final dividend of 5.05 pence per ordinary share for the financial year ended 31 December 2019. If approved, the final dividend will be paid on 29 April 2020 to those shareholders on the Company's statutory register of members as at the close of business on 3 April 2020.

Resolutions 5 to 14 (Election/Re-election of Directors)

The Board notes that the UK Corporate Governance Code (the "Code"), which applies to the Company, requires that all Directors be subject to election and annual re-election by shareholders. Accordingly, resolutions 5 to 14 propose the election or re-election of each of the Directors, with the exception of Malcolm Cooper who will retire from office at the AGM.

I can confirm to shareholders that, following a formal performance evaluation, the performance of each of the Directors continues to be effective and demonstrates commitment to their roles.

Biographies of all the Directors proposed to be elected and re-elected, which contain details of their skills and experience that highlight why their contribution is, and continues to be, important to the Company's long-term sustainable success, are set out on pages 60-61 of the Annual Report.

The Directors note that Mr Jarvis has served on the Board for more than nine years. In response to investor feedback in relation to the tenure of Mr Jarvis, the Board will no longer consider him to be independent. Notwithstanding the tenure of Mr Jarvis, given his experience of the German real estate market, the Board recommends that shareholders vote in favour of his re-election at the AGM.

Dual Voting System

The Company is required to comply with the provisions of the UK Listing Rules of the Financial Conduct Authority (the "Listing Rules") relating to controlling shareholders and the election or re-election of independent directors. Listing Rule 9.2.2E requires that the election or re-election of an independent director by the shareholders be approved by an ordinary resolution of the shareholders as a whole and separately approved by the non-controlling shareholders. For the purposes of the Listing Rules, certain companies directly held and beneficially owned by the Sten and Karin Mortstedt Family and Charity Trust control more than 30% of the voting rights of the Company. This means that any resolutions for the election or re-election of any independent directors must be approved by a majority vote of both:

- i) the shareholders of the Company; and
- ii) the independent shareholders of the Company (that is, the shareholders of the Company entitled to vote on the election of directors who are not controlling shareholders of the Company).

Therefore, resolutions 5, 10, 11 and 12 are being proposed as ordinary resolutions which all shareholders can vote on, but in addition the Company will separately count the number of votes cast by independent shareholders in favour of the resolutions (as a proportion of the total votes cast by independent shareholders cast on the resolutions) to determine whether the second threshold referred to in ii) above has been met. The Company will announce the results of those resolutions on this basis as well as announcing the results of the ordinary resolutions of all shareholders.

PART I continued

Letter from the Chairman of CLS Holdings plc continued

CLS Holdings plc (the “Company”)

(Incorporated and registered in England with registered number 2714781)

If a resolution to elect or re-elect an independent director is not approved by a majority vote of both the shareholders as a whole and the independent shareholders, the Company may propose a further resolution to re-elect that director at a meeting to be held between 90 and 120 days from the date of the original vote. Therefore, if any of resolutions 5, 10, 11 and 12 are not approved by a majority of the independent shareholders at the AGM, the relevant director will be treated as having been re-elected only from the period of the date of the AGM to the earlier of:

- i) the close of any general meeting of the Company, convened for a date more than 90 days after the AGM, but within 120 days of the AGM, to propose a further resolution to re-elect the relevant director;
- ii) the date which is 120 days after the AGM; and
- iii) the date of any announcement by the Board that it does not intend to hold a second vote.

In the event that the director's re-election is approved by a majority vote of all shareholders at a second meeting, the director will then be re-elected until the next AGM.

The Company is also required to provide certain information in relation to the proposed election or re-election of independent directors, being Lennart Sten, Elizabeth Edwards, Denise Jagger and Bill Holland. This includes details of any existing or previous relationship, transaction or arrangement the independent director has with the Company, its directors, any controlling shareholder or an associate of a controlling shareholder, together with a description of why the Company considers the independent directors will be effective, how it has determined their independence and the process followed for their selection. The Company:

- i) is satisfied, having received confirmation from each of the independent directors who are seeking re-election, that those independent directors do not, and have not previously had, any relationship, transaction or arrangement with the Company, its directors, any controlling shareholder or any associate of a controlling shareholder other than by virtue of their term of office;
- ii) believes that these appointments have strengthened its knowledge base, broadened its experience and they each continue to add value to Board discussions. Each independent director's biography is set out on pages 60 and 61 of the Annual Report, which outlines their relevant experience;
- iii) following a rigorous review of the relationships or circumstances which are likely to affect, or could appear to affect, the directors' judgement, determined that each of the proposed directors are independent for the purpose of the Code; and
- iv) prior to the appointment of each of the independent directors, reviewed a list of suitable candidates identified through external contacts, which was followed up by an interview process that included meetings with the senior independent director and other independent directors.

Resolution 17 (CLS Holdings Plc 2020 Long-Term Incentive Plan)

Resolution 17 seeks approval of the CLS Holdings 2020 Long-Term Incentive Plan (the “LTIP”). The Remuneration Committee's rationale for the design of the LTIP and its principal terms are set out in Part III, Appendix 2 to this circular.

Resolution 18 (Renewal of the Board's authority to allot shares)

It is proposed to authorise the Board to allot shares or grant such subscription rights as are contemplated by sections 551(1) (a) and (b) respectively of the Act up to a maximum aggregate nominal value of £3,394,964 representing approximately one-third of the issued share capital of the Company excluding treasury shares (as set out in the paragraph entitled “Further information” below). This is the maximum permitted amount under best practice corporate governance guidelines. This will replace the equivalent resolution passed at the last annual general meeting and will expire at the conclusion of the next annual general meeting or at 6:00 p.m. on 23 July 2021, whichever is the earlier. Your Directors have no present intention of exercising this authority but the Board wishes to ensure that the Company has maximum flexibility in managing the financial resources of the Company.

Special resolutions

Resolution 19 (Disapplication of pre-emption rights)

It is proposed to empower the Board to allot equity securities for cash without first offering them to existing shareholders in proportion to their holdings, subject to certain limits which comply with best practice corporate governance guidelines. This Resolution will enable the Board, in appropriate circumstances, to allot for cash (other than in connection with a rights issue or open offer) equity securities with an aggregate nominal value of up to £509,244, being up to 20,369,760 ordinary shares of 2.5 pence each in the Company ("Ordinary Shares") and representing approximately five per cent. of the issued equity share capital of the Company (excluding treasury shares) as at 23 March 2020 (being the latest practicable date prior to the publication of this document). The allotment of equity securities as referred to in this resolution includes the sale of any shares which the Company holds in treasury. The Resolution also disapplies the statutory pre-emption provisions in connection with a rights issue or open offer and allows the Directors to make appropriate arrangements in relation to fractional entitlements or other legal or practical problems. This will replace the equivalent resolution passed at the last annual general meeting and will expire at the conclusion of the next annual general meeting or at 6:00 p.m. on 23 July 2021, whichever is the earlier. It is intended that in any three year period no more than seven and a half per cent. of the issued share capital (excluding treasury shares) will be issued on a non-preemptive basis without prior consultation with Shareholders.

This Resolution is proposed so as to give your Board flexibility to take advantage of business opportunities as they arise.

Resolution 20 (Renewal of general authority to make market purchases of Ordinary Shares)

It is proposed to renew the authority to make market purchases of Ordinary Shares, such authority being limited to the purchase of 10 per cent. of the Ordinary Shares in issue as at 23 March 2020 (being the latest practicable date prior to the publication of this document). Shares purchased further to this authority will be cancelled, unless the Company decides otherwise, in which case they may be held as treasury shares, subject to any applicable limits. No dividends are paid on shares while held in treasury and no voting rights attach to treasury shares.

The minimum price which may be paid for any Ordinary Shares pursuant to this authority will be 2.5 pence (being an amount equal to the nominal value of an Ordinary Share). The maximum price which may be paid for any Ordinary Share is the higher of an amount equal to 5 per cent. above the average of the closing middle-market quotations for the Ordinary Shares as derived from SEDOL for the five dealing days immediately preceding the day on which the purchase is made, and an amount equal to a price no higher than the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange Trading System SETS, in each case exclusive of expenses.

The maximum per cent. aggregate number of Ordinary Shares hereby authorised to be purchased is 40,739,576 Ordinary Shares (representing 10 per cent. of the Ordinary Shares in issue as at 23 March 2020 (being the latest practicable date prior to the publication of this document)). This authority will expire at the conclusion of the Company's next annual general meeting, or, if earlier, at 6.00pm on 23 July 2021, being 15 months from the date of the passing of this resolution.

The authority to purchase the Company's own shares will only be exercised if the Directors consider that there is likely to be a beneficial impact on earnings per Ordinary Share and that it is in the best interests of the Company at the time. The Directors have no present intention of exercising this authority.

During the year to 31 December 2019 the Company did not make any market purchases of its own shares pursuant to its general authority to make market purchases.

Resolution 21 (Ability to hold general meetings on 14 clear days' notice)

It is proposed to seek authority from shareholders to hold general meetings (other than Annual General Meetings) on 14 clear days' notice. This is permissible under the existing Articles of Association of the Company and the Act. Under the Act, specific shareholder approval is required annually in order to retain this option. The Directors believe that there may be circumstances in which it will be important for the Company to be able to call meetings at such short notice. Accordingly, the Directors believe that it is important for the Company to retain this flexibility.

The Company will only use the shorter notice period where it is merited by the purpose of the meeting, the proposals are time sensitive and it would clearly be to the advantage of shareholders as a whole.

PART I continued
Letter from the Chairman of CLS Holdings plc continued
CLS Holdings plc (the “Company”)
(Incorporated and registered in England with registered number 2714781)

Voting

You will find enclosed with this document a Form of Proxy for use in respect of the AGM. Whether or not you intend to be present at the AGM, you are requested to complete and sign the Form of Proxy and return it, in accordance with the instructions printed on it to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY (the “Registrar”) as soon as possible and, in any event, to arrive by no later than 10.00 a.m. on Tuesday, 21 April 2020.

As an alternative to completing the Form of Proxy, you can appoint proxies electronically via www.clsholdings.com/evoting to be received by the Registrar by no later than 10.00 a.m. on Tuesday, 21 April 2020. CREST members can also appoint proxies by using the CREST electronic proxy appointment service and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the CREST Manual so that it is received by the issuer’s agent (under ID 3RA50) by no later than 10.00 a.m. on Tuesday, 21 April 2020. The time of receipt will be taken to be the time from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

Appointment of a proxy will not prevent you from attending the Meeting and voting in person should you wish to do so.

Further information

At 23 March 2020 (being the latest practicable date prior to the publication of this document), the issued share capital of the Company was 438,777,780 Ordinary Shares, of which 31,382,020 Ordinary Shares are held by the Company as treasury shares. As at 23 March 2020, the total number of voting rights in the Company was, therefore, 407,395,760. At 23 March 2020, the Company operates the Performance Incentive Plan (the “Plan”) which sets out share awards made to participants of Element B of the Plan. As at this date, there were awards outstanding under Element B of the Plan in respect of 1,552,014 shares. This represented 0.38 per cent. of the Company’s issued share capital on that date. If the authority to purchase shares set out in resolution 20 was exercised in full, the share awards would represent 0.41 per cent. of the Company’s issued share capital as at 23 March 2020.

Recommendation

Your Directors consider that the proposals in this document are in the best interests of shareholders as a whole and unanimously recommend that shareholders vote in favour of the Resolutions proposed in the Notice as they intend to do in respect of their interest in, and/or own shareholdings of, 235,745,370 Ordinary Shares, representing approximately 57.87 per cent. of the Company’s issued share capital (excluding treasury shares).

Yours faithfully

Lennart Sten
Non-Executive Chairman

PART II

Notice of Annual General Meeting

*CLS Holdings plc (the “Company”)
(Incorporated and registered in England with registered number 2714781)*

Notice is hereby given that the Annual General Meeting of CLS Holdings plc (“the Company”) will be held at 16 Tinworth Street, London, SE11 5AL, on 23 April 2020 at 10.00 a.m. for the following purposes:

Ordinary resolutions:

1. That the Company’s Annual Report & Accounts for the year ended 31 December 2019 together with the Directors’ Report and the Independent Auditors’ Report on those Accounts and on the auditable part of the Directors’ Remuneration Report, be and are hereby received and adopted.
2. That the Directors’ Annual Remuneration Report, other than the part containing the Director’s Remuneration Policy, as set out on pages 92 to 103 of the Annual Report & Accounts (as referred to in Resolution 1 above), be and is hereby approved.
3. That the Directors’ Remuneration Policy, as set out on pages 104 to 115 of the Directors’ Remuneration Report (as referred to in Resolution 2 above), which will take effect from 23 April 2020 being the date of the Company’s 2020 AGM, be and is hereby approved.
4. That a final dividend for the financial year ended 31 December 2019 of 5.05 pence per ordinary share of 2.5 pence each payable on 29 April 2020 to those shareholders on the register of members at the close of business on 3 April 2020 be declared.
5. That Lennart Sten be re-elected as a Director.
6. That Anna Seeley be re-elected as a Director.
7. That Fredrik Widlund be re-elected as a Director.
8. That Andrew Kirkman be elected as a Director.
9. That Sten Mortstedt be re-elected as a Director.
10. That Elizabeth Edwards be re-elected as a Director.
11. That Bill Holland be elected as a Director.
12. That Denise Jagger be elected as a Director.
13. That Christopher Jarvis be re-elected as a Director.
14. That Bengt Mortstedt be re-elected as a Director.
15. That Deloitte LLP be re-appointed as auditors to hold office until the conclusion of the next annual general meeting.
16. That the Directors be authorised to determine the remuneration of the auditors.
17. That:
 - a. the CLS Holdings plc 2020 Long-Term Incentive Plan (the “Plan”), the principal terms of which are summarised in Appendices 1 and 2 to this Notice and the rules of which are produced at the Meeting and for the purposes of identification initialled by the Chairman, be and is hereby approved and that the Directors be authorised to do all acts and things which they may consider necessary or expedient to carry the Plan into effect; and
 - b. the Directors be and are hereby authorised to establish such further plans based on the Plan or schedules to the Plan as they consider necessary or desirable but which have been modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further plans or schedules are treated as counting against any limits on individual or overall participation in the Plan.
18. That for the purposes of section 551 Companies Act 2006 (and so that expressions used in this resolution shall bear the same meanings as in the said section 551):
 - a. the Directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot shares and to grant such subscription and conversion rights as are contemplated by sections 551(1)(a) and (b) of the Companies Act 2006 respectively up to a maximum nominal amount of £3,394,964 to such persons and at such times and on such terms as they think proper during the period expiring at the conclusion of the next annual general meeting or at 6:00 p.m. on 23 July 2021, whichever is the earlier (unless previously renewed, revoked or varied by the Company in general meeting); and

PART II continued

Notice of Annual General Meeting continued

CLS Holdings plc (the “Company”)

(Incorporated and registered in England with registered number 2714781)

- b. the Company be and is hereby authorised to make prior to the expiry of such period any offer or agreement which would or might require such shares or rights to be allotted or granted after the expiry of the said period and the Directors may allot such shares or grant such rights in pursuance of any such offer or agreement notwithstanding the expiry of the authority given by this resolution,

so that all previous authorities of the Directors pursuant to the said section 551 be and are hereby revoked.

Special resolutions:

19. That subject to the passing of resolution 18 set out in the Notice convening this Meeting, the Directors be and are empowered in accordance with sections 570 and 573 Companies Act 2006 to allot equity securities (as defined in section 560 of the Companies Act 2006) for cash, pursuant to the authority conferred on them to allot such shares or grant such rights by that resolution and/or where the allotment constitutes an allotment of equity securities by virtue of section 560(3) of the Act, as if section 561(1) and sub-sections (1) – (6) of section 562 of the Act did not apply to any such allotment, provided that the power conferred by this resolution shall be limited to:

- a. the allotment of equity securities in connection with an issue or offering in favour of holders of equity securities and any other persons entitled to participate in such issue or offering where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as may be) to the respective number of equity securities held by or deemed to be held by them on the record date of such allotment, subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with treasury shares, fractional entitlements, record dates or legal or practical problems under the laws or requirements of any recognised regulatory body or stock exchange in any territory; and
- b. the allotment (otherwise than pursuant to paragraph 19a above) of equity securities up to an aggregate nominal value not exceeding £509,244;

and this power, unless renewed, shall expire at the conclusion of the next annual general meeting or at 6:00 p.m. on 23 July 2021, whichever is the earlier, but shall extend to the making, before such expiry, of an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

20. That the Company be and is hereby generally and unconditionally authorised for the purpose of section 701 of the Companies Act 2006 (the “Act”) to make one or more market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 2.5 pence each in the capital of the Company (“Ordinary Shares”) on such terms and in such manner as the Directors may determine provided that:

- a. the maximum aggregate number of Ordinary Shares hereby authorised to be purchased is 40,739,576 (representing approximately 10 per cent. of the Company’s issued share capital excluding treasury shares);
- b. the minimum price which shall be paid for any Ordinary Share pursuant to this authority shall be 2.5 pence, being the nominal value of an Ordinary Share;
- c. the maximum price which may be paid for any Ordinary Share is the higher of an amount equal to 5 per cent. above the average of the closing middle-market quotations for the Ordinary Shares as derived from SEDOL for the five dealing days immediately preceding the day on which the purchase is made, and an amount equal to a price no higher than the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange Trading System SETS, in each case exclusive of expenses;
- d. unless previously revoked or varied, the authority hereby conferred shall, subject as provided in paragraph (e) of this resolution, expire at the conclusion of the annual general meeting of the Company following the passing of this resolution (or, if earlier, at 6.00pm on 23 July 2021, being 15 months from the date of the passing of this resolution); and
- e. the Company may make a contract or contracts to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be completed wholly or partly after the expiry of such authority, and may make a purchase of Ordinary Shares pursuant to any such contract or contracts as if such authority had not expired.

21. That a general meeting of the Company other than an annual general meeting may be called on not less than 14 clear days’ notice.

BY ORDER OF THE BOARD

David Fuller

Company Secretary

23 March 2020

Notes:

1. All the resolutions put to the Annual General Meeting will be voted on by a poll and not a 'show of hands' as this delivers a fairer representation of shareholder views and has become best practice at large company annual general meetings. Shareholders will be provided with a poll voting card on registration at the meeting and will be invited to complete it at the end of the meeting when the resolutions have been proposed. The results of the poll will be announced to the market by the end of the day and published on the Company's website.
 2. A member entitled to attend and vote at the Meeting convened by the above Notice is entitled to appoint a proxy to exercise all or any of the rights of the member to attend and speak and vote on his behalf. A proxy need not be a member of the Company. A member may appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. The right to appoint a proxy does not apply to any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 (the "Act") to enjoy information rights (a "Nominated Person").
 3. To appoint a proxy you may:
 - a. use the Form of Proxy enclosed with this Notice of Meeting. To be valid, the Form of Proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, must be received by post or (during normal business hours only) by hand at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ in each case no later than 10.00 a.m. on Tuesday, 21 April 2020; or
 - b. appoint proxies electronically via www.clsholdings.com/evoting. For an electronic proxy appointment to be valid, the appointment must be received by the Company's Registrars by no later than 10.00 a.m. on Tuesday, 21 April 2020. Any electronic communication sent by a member to the Company's Registrars which is found to contain a virus will not be accepted by the Company; or
 - c. if you hold your shares in uncertificated form, use the CREST electronic proxy appointment service as described in Note 7 below.
- Completion of the Form of Proxy or the appointment of a proxy electronically via www.clsholdings.com/evoting or through CREST will not prevent a member from attending and voting in person.
4. Any member attending the Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the Meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.
 5. Pursuant to section 360B of the Act, and Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), only shareholders registered in the register of members of the Company as at 5:00 p.m. on Tuesday, 21 April 2020 shall be entitled to attend and vote at the Meeting in respect of the number of shares registered in their name at such time. If the Meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned Meeting is 5.00 p.m. on the date that is two days prior to the adjourned meeting. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
 6. In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
 7. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain the information required for such instructions, as described in the CREST Manual (www.euroclear.com). The message must be transmitted so as to be received by the issuer's agent (ID 3RA50), by 10.00 a.m. on Tuesday, 21 April 2020.

PART II continued
Notice of Annual General Meeting continued
CLS Holdings plc (the “Company”)
(Incorporated and registered in England with registered number 2714781)

For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended). Please refer to the CREST Manual at www.euroclear.com.

8. A member of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the Meeting. In accordance with the provisions of the Act each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares.
9. The following documents are available for inspection at the registered office of the Company, CLS Holdings plc, 16 Tinworth Street, London, SE11 5AL during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) until the conclusion of the Annual General Meeting and will be available for inspection at the place of the Annual General Meeting for at least 15 minutes prior to and during the Meeting:
 - a. copies of the terms and conditions of appointment of the Non-Executive Directors.
 - b. the CLS Holdings plc 2020 Long-Term Incentive Plan Rules.
10. As at 23 March 2020 (being the last business day prior to the publication of this Notice) the Company’s issued share capital consists of 438,777,780 ordinary shares (of which 31,382,020 ordinary shares are held by the Company as treasury shares), carrying one vote each. Therefore, the total voting rights in the Company as at 23 March 2020 are 407,395,760.
11. The information required to be published by s.311(A) of the Act (information about the contents of this Notice and numbers of shares in the Company and voting rights exercisable at the Meeting and details of any members’ statements, members’ resolutions and members’ items of business received after the date of this Notice) may be found at www.clsholdings.com.
12. Under section 527 of the Act, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company’s accounts (including the auditor’s report and the conduct of the audit) that are to be laid before the Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act.
13. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company’s auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Meeting includes any statement that the Company has been required under section 527 of the Act to publish on a website.
14. A Nominated Person may under an agreement between him/her and the member who nominated him/her, have a right to be appointed (or to have someone else appointed) as a proxy entitled to attend and speak and vote at the Meeting. Nominated Persons are advised to contact the member who nominated them for further information on this and the procedure for appointing any such proxy.
15. If a Nominated Person does not have a right to be appointed, or to have someone else appointed, as a proxy for the Meeting, or does not wish to exercise such a right, he/she may still have the right under an agreement between himself/herself and the member who nominated him/her to give instructions to the member as to the exercise of voting rights at the Meeting. Such Nominated Persons are advised to contact the members who nominated them for further information on this.

PART III

Annual General Meeting – Explanatory notes

*CLS Holdings plc (the “Company”)
(Incorporated and registered in England with registered number 2714781)*

Appendix 1

Resolution 3 seeks approval of the Company’s future policy on Directors’ remuneration. The new Remuneration Policy is set out in full on pages 104 to 115 of the Directors’ Remuneration Report. In summary the key elements of the Directors’ Remuneration Policy include:

- No change to salary or benefits policy of Executive Directors or fees for Non-Executives;
- Alignment of pension contributions for both new and incumbent Executive Directors;
- No change to the existing Element A of the Performance Incentive Plan (“PIP”) which provides a combination of annual cash payouts and deferral into notional Company ordinary shares subject to forfeiture provisions with a maximum annual contribution of 150% of salary.
- Introduction of a market standard Long-Term Incentive Plan (“LTIP”) which will replace Element B of the PIP in the current Policy. The new LTIP will commence at the start of the 2020 financial year and measure performance over a three-year period. A two-year holding period will apply after vesting of the awards. Performance will be measured against TSR and EPRA NRV growth per share, with equal weightings and both compared to the FTSE 350 Real Estate Super Sector Index as this combination provides a comprehensive evaluation of the execution of the Company’s business strategy and the shareholder experience. The maximum opportunity awarded to participants under the LTIP will be 150% of the individual’s salary.
- All incentives have malus and clawback provisions attached and the Committee will have overriding discretion to adjust outcomes to ensure they are reflective of wider company performance.
- An increase in the shareholding requirement for the CFO from 150% to 200% of salary and maintaining the CEO’s current shareholding requirement of 250% of salary, whilst introducing a post-employment shareholding requirement for 2 years post leaving.

The Remuneration Committee believes that these changes strengthen the alignment of executive remuneration with delivery of the business strategy and shareholder value. The Policy has also been updated for developments in best practice, including revisions to the UK Corporate Governance Code published in July 2018.

If the proposed Directors’ Remuneration Policy is approved, it will remain valid for a period of three years. Shareholder approval must be renewed at least every three years, so a Remuneration Policy will be put to shareholders again no later than the AGM in 2023. If the Company wishes to amend the Policy, it will need to put the revised Policy to a shareholder vote before it can implement the revised Policy. Following commencement of the Directors’ Remuneration Policy, all payments by the company to Directors or former Directors must be made in accordance with the Policy.

If shareholders do not approve the proposed Directors’ Remuneration Policy for any reason, the Company will, to the extent permitted by the Act, continue to make payments to Directors under the Directors’ Remuneration Policy approved on 26 April 2017 and will seek shareholder approval for a revised Policy by the 2021 AGM.

Appendix 2 – CLS Holdings plc 2020 Long-Term Incentive Plan (the “LTIP or the “Plan”)

This Appendix 2 sets out the principal terms of the LTIP which is being put to shareholders at the AGM for approval by Resolution 17. References in this Appendix to the Board are to the Board of directors of CLS Holdings plc (the “Company”) or any duly authorised committee, normally the Remuneration Committee. The new Long-Term Incentive Plan introduced to replace Element B of the PIP, which will be a market standard long-term incentive plan. After our shareholder consultation ended, EPRA made changes to the EPRA NAV measurement by splitting it into sub-measurements. After consulting widely within the Company and external advisors as to the appropriate metric, the Remuneration Committee decided to adopt EPRA Net Replacement Value (EPRA NRV) as the most appropriate and similar performance measure. The LTIP will therefore operate on the following basis:

Key Terms

Maximum annual share award of up to 150% of salary.

Share award will be earned based on the following two performance conditions:

- 50% Total Shareholder Return relative to the FTSE 350 Real Estate Super Sector Index;
- 50% EPRA NRV per share growth relative to the FTSE 350 Real Estate Super Sector Index;
- 25% of the awards granted will vest if CLS performs at the median of the group, with 100% vesting for upper quartile performance or greater. There will be straight line vesting between these points.

PART III *continued*

Annual General Meeting – Explanatory notes *continued*

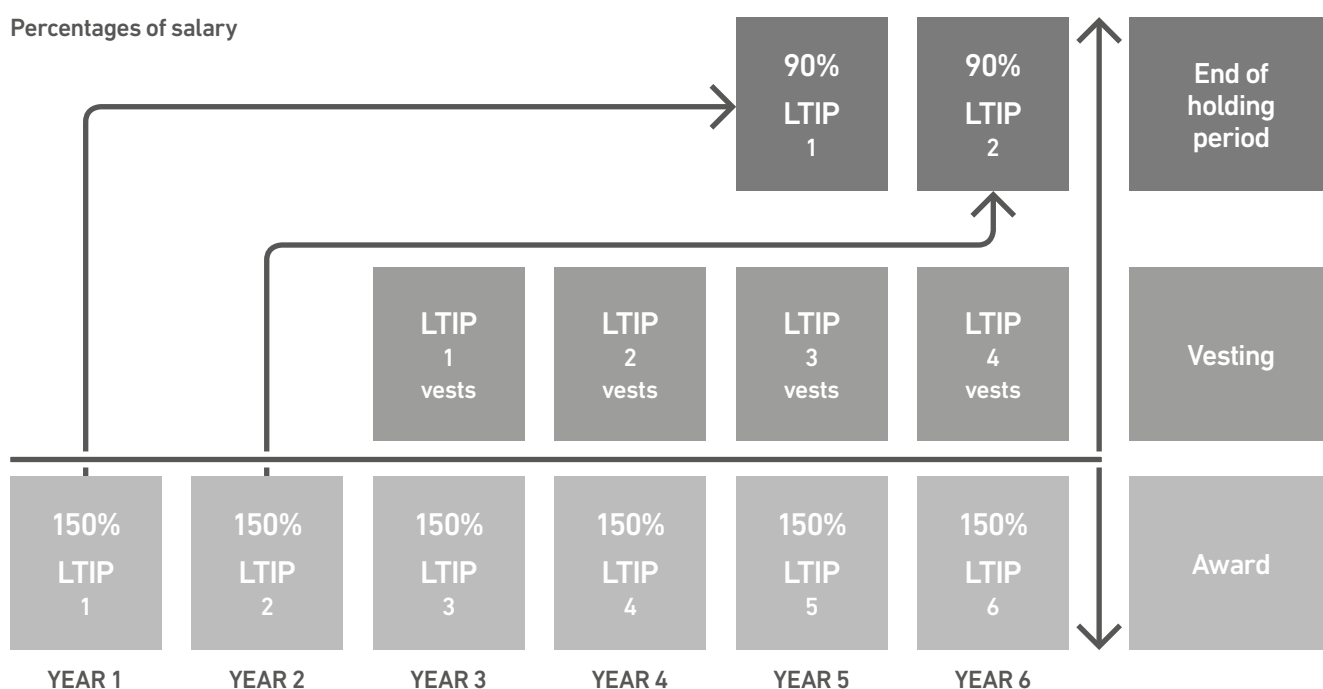
CLS Holdings plc (the “Company”)
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Awards under the LTIP are subject to a three-year vesting period during which the participant must remain employed by the Company and also cannot be sold for five years from the date of award irrespective of employment status.

Malus and Clawback provisions will operate over the full 5-year lock in period.

The Committee will have overriding discretion to change formulaic outcomes (both upwards and downwards) if the outcomes are out of line with the underlying performance of the Company.

It is proposed that the first grants under LTIP will be made in 2020.



This schematic shows the operation of the LTIP:

- Maximum annual award under the LTIP is 150% of salary.
- Awards vest 3 years plus 2 year further holding period. Therefore, if 60% of the maximum earned (90% of salary).
- The table below shows the profile of the pay-outs over the 6-year period (assumes no share price growth):

Performance Conditions for the LTIP

The Committee's overall rationale for the selection of the performance conditions was to support the business strategy over the next 5 years by incentivising continued success against key annual performance indicators as well as the delivery of shareholder value over the long-term, as measured by out-performance of peers' total shareholder returns and asset growth.

- 50% on Total Shareholder Return relative to the FTSE 350 Real Estate Super Sector Index;
 - Ensures the returns to shareholders over the longer term are competitive to the market and is a common metric used in the Sector; and
- 50% on EPRA NRV per share growth relative to the FTSE 350 Real Estate Super Sector Index
 - Growth in NRV underpins the share price and ensures the assets of CLS are performing competitively compared to its peers.
- 25% of the awards granted will vest if CLS performs at the median of the Sector, with 100% vesting for upper quartile performance or greater. There will be straight line vesting between these points.

Status

The LTIP is a discretionary executive share plan and is intended to be operated for selected directors and senior employees of the Company and its subsidiaries (together with the Company, the "Group"). Under the LTIP, the Board, the trustee of an employee benefit trust established by a Group company or a duly authorised person (the "Grantor") may, within certain limits and subject to any applicable performance conditions, grant to eligible employees awards under the LTIP ("LTIP Awards"). LTIP Awards may take the form of (i) nil-cost options over Shares ("LTIP Options"), (ii) conditional awards (i.e. conditional rights to acquire Shares) ("LTIP Conditional Awards") and/or (iii) Shares which are subject to restrictions and the risk of forfeiture ("LTIP Restricted Shares"). No payment is required for the grant of an LTIP Award (unless the Board determines otherwise).

Eligibility

All employees (including executive directors) of the Group are eligible for selection to participate in the LTIP at the discretion of the Grantor. An LTIP Award may only be granted to an individual who is an employee at the relevant LTIP Award grant date. Unless the Board decides otherwise, an LTIP Award will not be granted to an employee who on or before the grant date has given or received notice of termination of employment.

Grant of LTIP Awards

The Grantor may grant LTIP Awards over Shares to any eligible employee with a maximum total market value in any financial year of up to 150% of the relevant individual's base salary. This limit does not apply to buy-out awards in respect of a new employee.

LTIP Awards may be granted during the 42 days beginning on: (i) the date of shareholder approval of the LTIP; (ii) the day after the announcement of the Company's results for any period; (iii) any day on which the Board determines that circumstances are sufficiently exceptional to justify the grant of LTIP Awards at that time; or (iv) the day after the lifting of any dealing restrictions which prevented the grant of LTIP Awards during any of the times described above.

Awards may not be granted when prevented by any dealing restrictions or after the 10th anniversary of shareholder approval of the LTIP.

Limits

The LTIP may operate over newly issued Shares, treasury Shares or Shares purchased in the market. The rules of each the LTIP provide that, in any period of 10 calendar years, not more than 10% of the Company's issued ordinary share capital may be issued under the LTIP and under any other employees' share scheme operated by the Company. In addition, the rules of LTIP provide that, in any period of 10 calendar years, not more than 5% of the Company's issued ordinary share capital may be issued under the LTIP and under any other discretionary executive share scheme adopted by the Company. Shares issued out of treasury under the LTIP will count towards these limits for so long as this is required under institutional shareholder guidelines. In addition, awards which are renounced, or lapse shall be disregarded for the purposes of these limits.

Performance conditions

The Grantor may impose performance conditions on the vesting of LTIP Awards. Where performance conditions are specified for LTIP Awards, the performance measurement period for such conditions will ordinarily be three years.

Any performance conditions applying to LTIP Awards may be varied, substituted or waived if the Grantor considers it appropriate, provided that the Grantor considers that the new performance conditions are reasonable, produces a fairer measure of performance and not materially less difficult to satisfy than the original conditions (except in the case of waiver).

Vesting

LTIP Awards will normally vest on the third anniversary of the date of grant to the extent that any applicable performance conditions have been satisfied. LTIP Options which have vested will normally remain exercisable following vesting for the period set by the Grantor not exceeding 10 years from grant.

The Grantor retains discretion to adjust the level of vesting of LTIP Awards upwards or downwards if in its opinion the level of vesting resulting from the application of applicable performance conditions is not a fair and accurate reflection of business performance, the participant's personal performance and/or any other factors as the Grantor may consider appropriate.

Holding period post vesting

At its discretion, the Grantor may grant LTIP Awards subject to a holding period of a maximum of two years following vesting.

In the event of cessation of employment with the Group (except where cessation is by reason of death), the participant will normally remain subject to any post-vesting holding requirements.

PART III continued
Annual General Meeting – Explanatory notes continued
CLS Holdings plc (the “Company”)
(Incorporated and registered in England with registered number 2714781)

In the event of a takeover, compulsory acquisition of Shares, scheme of arrangement or winding-up of the Company, the LTIP Awards will be released from the holding period.

Malus

The Board may decide, at the vesting of LTIP Awards or at any time before, that the number of Shares subject to a participant's LTIP Award shall be cancelled, reduced (including to nil) and/or that additional conditions shall be imposed on such basis that the Board in its discretion considers to be fair and reasonable in the following circumstances:

1. discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts of the Group or the audited accounts of any Group company;
2. the assessment of any performance target or condition in respect of an LTIP Award was based on error, or inaccurate or misleading information;
3. the discovery that any information used to determine the number of Shares subject to an LTIP Award was based on error, or inaccurate or misleading information;
4. action or conduct of a participant which, in the reasonable opinion of the Board, amounts to fraud or gross misconduct;
5. events or behaviour of a participant 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 company provided that the Board is satisfied that the relevant participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to him;
6. a material failure of risk management of the Company, a Group company or a business unit of the Group; and/or
7. the Company or any Group company or business of the Group becomes insolvent or otherwise suffers a corporate failure so that the value of Shares is materially reduced provided that the Board determines following an appropriate review of accountability that the participant should be held responsible (in whole or in part) for that insolvency or corporate failure.

Clawback

The Board may apply clawback to all or part of a participant's LTIP Award in substantially the same circumstances as apply to malus (as described above) during the period of two years following the vesting of an LTIP Award. Clawback may be effected, among other means, by requiring the transfer of Shares, payment of cash or reduction of awards.

Cessation of employment

Except in certain circumstances set out below, an LTIP Award will lapse immediately upon a participant ceasing to be employed by or holding office with the Group.

However, if a participant so ceases because of their death, ill-health, injury, disability, redundancy, retirement with the agreement of his or her employer, the participant being employed by a company which ceases to be a Group company or being employed in an undertaking which is transferred to a person who is not a Group company, or in other circumstances determined at the discretion of the Board (“Good Leaver Reason”) their LTIP Award will ordinarily vest on the date when it would have vested if they had not so ceased to be a Group employee or director, subject to the satisfaction of any applicable performance conditions measured over the original performance period and the operation of malus or clawback. In addition, unless the Board decides otherwise, vesting will be pro-rated to reflect the reduced period of time between the grant of the LTIP Award and the participant's cessation of employment as a proportion of the normal vesting period.

If a participant ceases to be a Group employee or director for a Good Leaver Reason, the Board can alternatively decide that their LTIP Award will vest early when they leave. If a participant dies, a proportion of their LTIP Award will normally vest on the date of their death, unless the Board determines otherwise. The extent to which an LTIP Award will vest in these situations will be determined by the Board at its absolute discretion taking into account, among other factors, the period of time the LTIP Award has been held and the extent to which any applicable performance conditions have been satisfied at the date of cessation of employment and the operation of malus or clawback. In addition, unless the Board decides otherwise, vesting will be pro-rated to reflect the reduced period of time between the grant of the LTIP Award and the participant's cessation of employment as a proportion of the normal vesting period. To the extent that LTIP Options vest for a Good Leaver Reason, they may be exercised for a period of six months following vesting (or such longer period as the Board determines). To the extent that LTIP Options vest following the death of a participant, they may normally be exercised for a period of 12 months following death (or such longer period as the Board determines).

Corporate events

In the event of a takeover, compulsory acquisition of Shares, scheme of arrangement, or winding-up of the Company, LTIP Awards will vest early. The proportion of an LTIP Award which vests shall be determined by the Board taking into account, among other factors, the period of time the LTIP Award has been held by the participant and the extent to which any applicable performance conditions have been satisfied at that time.

To the extent that LTIP Options vest in the event of a takeover, scheme of arrangement, or winding-up of the Company, they may be exercised for a period of 6 months measured from the relevant event (or in the case of a takeover, such longer period as the Board determines) and will otherwise lapse at the end of that period. To the extent that LTIP Options vest in the event of a compulsory acquisition of Shares, they may be exercised during the period beginning with the date on which a notice is served under section 979 of the Companies Act 2006 and ending seven clear days before entitlement to serve such notice ceases.

In the event of a demerger, distribution or any other corporate event, the Board may determine that LTIP Awards shall vest, to the extent determined by the Board taking into account the same factors as set out above. LTIP Options that vest in these circumstances may be exercised during such period as the Board determines.

The Board may, in its discretion, allow LTIP Awards to vest prior to and conditional upon the occurrence of any of the events set out above and an LTIP Option will then lapse on the occurrence of the event if not exercised prior to the event.

If there is a corporate event resulting in a new person or company acquiring control of the Company, the Board may (with the consent of the acquiring company and the participant) alternatively decide that LTIP Awards will not vest but that the unvested portion of the LTIP Awards will be replaced by equivalent new awards over shares in the new acquiring company.

Dividend equivalents

The Board may decide in relation to any LTIP Award (other than an award of Restricted Shares) that the relevant participant will receive a payment (in additional Shares and/or cash) equal in value to any dividends that would have been paid on the Shares which vest under that LTIP Award by reference to the period between the time when the relevant LTIP Award was granted and the time when it vested. The method used to calculate the value of dividends may assume the reinvestment of dividends and exclude or include special dividends or dividends in specie.

Variation of capital

If there is a variation of share capital of the Company or in the event of a demerger or other distribution, special dividend or distribution, the Board may make such adjustments to LTIP Awards, including the number of Shares subject to awards and the option exercise price (if any), as it considers to be fair and reasonable.

Rights attaching to Shares

Except in relation to the award of Shares subject to restrictions, Shares issued and/or transferred under the LTIP will not confer any rights on any participant until the relevant award has vested or the relevant option has been exercised and the participant in question has received the underlying Shares. Any Shares allotted when an option is exercised or an award vests will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their issue). A participant awarded Shares subject to restrictions shall have the same rights as a holder of Shares in issue at the time that the participant acquires the Shares, save to the extent set out in the agreement with the participant relating to those Shares.

Alternative settlement

At its discretion, the Board may decide to satisfy awards granted under the LTIP with a payment in cash or Shares equal to any gain that a participant would have made had the relevant award been satisfied with Shares.

Awards not transferable

Awards granted under the LTIP are not transferable other than to a participant's personal representatives in the event of death.

PART III continued
Annual General Meeting – Explanatory notes continued
CLS Holdings plc (the “Company”)
(Incorporated and registered in England with registered number 2714781)

Amendments

The Board may, at any time, amend the provisions of the LTIP in any respect except that the prior approval of the Company in general meeting must be obtained in the case of any amendment to the advantage of participants in the LTIP which is made to the provisions relating to eligibility, individual or overall limits, the persons to whom an award can be made under the LTIP, the basis for determining the entitlement to and terms of Shares provided under the LTIP, the adjustments that may be made in the event of any variation to the share capital of the Company and save that there are exceptions for any minor amendment to benefit the administration of the LTIP, to take account of the provisions of any proposed or existing legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants, the Company and/or its other Group companies. Amendments may not normally adversely affect the rights of participants except where participants are notified of such amendment and the majority of participants approve such amendment.

Overseas plans

The Board may, at any time, establish further plans based on the LTIP for overseas territories. Any such plan shall be similar to the LTIP, but modified to take account of local tax, exchange control or securities laws. Any Shares made available under such further overseas plans must be treated as counting against the limits on individual and overall participation under the relevant plan.

Benefits not pensionable

The benefits received under the LTIP are not pensionable.

Note: This Appendix 2 summarises the main features of the LTIP, but does not form part of them, and should not be taken as affecting the interpretation of the detailed terms and conditions constituting the Plan Rules. Copies of the Plan Rules will be available for inspection at the Company's registered office at 16 Tinworth Street, London SE11 5AL during usual office hours (Saturdays, Sundays and statutory holidays excepted) from the date of dispatch of the AGM Notice up to and including the date of AGM. Copies of the Plan Rules will also be made available at 16 Tinworth Street, London, SE11 5AL (where the 2020 AGM will be held) for 30 minutes before and after the AGM and during the AGM. The Directors reserve the right, up to the time of the AGM, to make such amendments and additions to the Plan Rules as they consider necessary or desirable, provided that such amendments and additions do not conflict in any material respect with the summary set out in this Appendix 2.