

---

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt as to what action you should take, you are recommended to seek your own advice from an appropriate professional adviser who is authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all your shares in Harworth Group plc, please send this document and the accompanying documents 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.

---

# Harworth

## HARWORTH GROUP PLC

(Incorporated and registered in England and Wales no. 02649340)

### Notice of Annual General Meeting

**Including resolutions to approve the adoption of a Save As You Earn Scheme  
and to approve changes to an existing joint venture arrangement  
entered into with members of the Peel Group**

---

Notice is hereby given that the Annual General Meeting of Harworth Group plc will be held on 24 May 2017 at 11:00 a.m. at The Bessemer Conference Room, AMP Technology Centre, Advanced Manufacturing Park, Brunel Way, Waverley, Rotherham, S60 5WG.

This document should be read as a whole. Nevertheless, your attention is drawn to the letter from the Chairman which commences at page 4 of this document and your Board's recommendation that you vote in favour of the resolutions to be proposed at the Annual General Meeting referred to below. This document should be read in conjunction with the Notice of Annual General Meeting set out at the end of this document and the accompanying Form of Proxy for use in connection with the meeting.

Notice of Annual General Meeting of Harworth Group plc, to be held at 11:00 a.m. on 24 May 2017 is set out at the end of this document. To be valid, the enclosed Form of Proxy for use at the meeting should be completed in accordance with the instructions thereon, signed and returned so as to be received by the Company's Registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA as soon as possible but in any event not later than 11:00 a.m. on 22 May 2017. You may appoint a proxy in CREST by completing and transmitting a CREST proxy instruction to Equiniti Limited so that it is received no later than 11:00 a.m. on 22 May 2017. Completion of the Form of Proxy will not preclude a Shareholder from attending and voting at the meeting in person. Further instructions relating to the Form of Proxy are set out in the Notice of Annual General Meeting.

The contents of the Company's website or any website directly or indirectly linked to the Company's website do not form part of this document.

---

## Contents

	<i>Page</i>
Expected timetable of principal events	3
Letter from the Chairman	4
Definitions	16
Notice of Annual General Meeting	17

---

## Expected timetable of principal events

Date of this document	20 April 2017
Record date for dividend	5 May 2017
Latest time and date for receipt of forms of proxy for the Annual General Meeting	11:00 a.m. on 22 May 2017
Annual General Meeting 2017	11:00 a.m. on 24 May 2017
Expected date for payment of dividend	30 May 2017

References to time in this document are to British Summer Time.

The timetable assumes that the Annual General Meeting is not adjourned as a result of there being no quorum, or for any other reason, and that the resolution for a final dividend is approved by Shareholders. If there is an adjournment, all subsequent dates and any other dates referred to in this document are likely to be later than those shown. If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement on a Regulatory Information Service.

**Harworth Group plc**  
(Incorporated and registered in  
England and Wales no. 02649340)

**Registered office:**  
Advantage House  
Poplar Way  
Catcliffe  
Rotherham  
S60 5TR

To: Shareholders of Harworth Group plc

20 April 2017

Jonson Cox: Chairman  
Owen Michaelson: Chief Executive Officer  
Andrew Kirkman: Finance Director  
Lisa Clement: Senior Independent Director  
Anthony Donnelly: Independent Non-Executive Director  
Andrew Cunningham: Independent Non-Executive Director  
Steven Underwood: Non-Executive Director  
Martyn Bowes: Non-Executive Director

Dear Shareholder

### **Annual General Meeting 2017**

The Annual General Meeting of the Company will be held on 24 May 2017 at 11:00 a.m. at The Bessemer Conference Room, AMP Technology Centre, Advanced Manufacturing Park, Brunel Way, Waverley, Rotherham, S60 5WG. A map to help you with its location is found on the last page of the notice of meeting. As you can see from the notice of meeting there are several items of business to be considered at the Annual General Meeting. The purpose of this letter is to explain this business.

Resolutions 1 to 17 (inclusive) are proposed as ordinary resolutions. This means that, except for Resolution 11 which is an advisory vote only in accordance with the requirements of the Companies Act, for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution.

Resolutions 18 to 20 (inclusive) are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

### **Ordinary Resolutions**

#### **1 – Adoption of Annual Report and Financial Statements**

The Directors must present the report of the Directors and the financial statements of the Company for the period ended 31 December 2016 to Shareholders at the Annual General Meeting. The report of the Directors, the financial statements, and the independent auditors' report are contained within the Annual Report.

#### **2 – Approval of Dividend**

At the time of the Acquisition, the Board noted its intention to restore the payment of dividends to Shareholders at an initial level of £2 million on an annualised basis and to increase the dividend over time broadly in line with the growth of the business. On 9 September 2016, the Company paid a pro rata dividend of £1.5 million for the financial year ended 31 December 2015 at a rate of 0.051p per Ordinary Share. In December 2016, the Board paid an interim dividend for the financial year ended 31 December 2016 of 0.23p per Ordinary Share and the Board is recommending a final dividend of 0.523p per Ordinary Share, to give a total dividend for the financial year ended 31 December 2016 of £2.2 million or 0.753p per Ordinary Share. It is proposed that the final dividend be paid on 30 May 2017 to those Shareholders on the register of members at the close of business on 5 May 2017.

#### **3 – Election of Director**

Resolution 3 proposes the election of Andrew Cunningham, who joined the Company as an independent Non-Executive Director in April 2016, to replace Peter Hickson, who stepped down from the Board immediately following the 2016 annual general meeting. Andrew's biographical details are contained in Appendix 1. The Board unanimously recommends his election.

#### **4-10 – Re-election of Directors**

Resolutions 4-10 are being put before Shareholders in accordance with the principles of best practice in corporate governance. The Articles of Association provide that one third of the Directors should offer themselves for re-election each year. However, best practice recommends that all Directors should offer themselves for re-election each year and accordingly all seven of the continuing Directors, including myself, will offer themselves for re-election. Our biographical details are also shown in Appendix 1. The seven Directors seeking re-election are:

- (1) Jonson Cox – Non-Executive Chairman;
- (2) Owen Michaelson – Chief Executive Officer;
- (3) Andrew Kirkman – Finance Director;
- (4) Lisa Clement – Senior Independent Director;
- (5) Anthony Donnelly – Independent Non-Executive Director;
- (6) Steven Underwood – Non-Executive Director representing the Peel Group; and
- (7) Martyn Bowes – Non-Executive Director representing the Pension Protection Fund.

The Board unanimously recommends their re-election. Each resolution for re-election will be taken as a separate vote.

## 11 – Approval of the Directors' Remuneration Report

The Shareholders approved the Company's Remuneration Policy at the 2016 annual general meeting. As such, unless there is a proposal to amend the policy earlier, it is due to be updated and presented for Shareholder approval at the 2019 annual general meeting.

The Directors' Remuneration Report gives details of the remuneration that was paid to your Directors for the year ended 31 December 2016 and will be paid to them for the year ended 31 December 2017, in accordance with the Company's Remuneration Policy. The Company's auditors, PricewaterhouseCoopers LLP, have audited those parts of the Directors' Remuneration Report capable of being audited.

The Board considers that appropriate executive remuneration plays a vital part in helping to achieve the Company's overall objectives and, accordingly, and in compliance with legislation, Shareholders will be invited to approve the Directors' Remuneration Report. The vote is advisory in nature in that payments made or promised to Directors will not have to be repaid, reduced or withheld in the event that the resolution is not passed.

## 12 and 13 – Re-appointment of Auditors and Auditors' Remuneration

The auditors of a Company must be re-appointed at each annual general meeting at which accounts are laid. Resolution 12 proposes the re-appointment of the Company's existing auditors, PricewaterhouseCoopers LLP, until the conclusion of the annual general meeting of the Company held in 2018. Resolution 13 gives authority to the Directors to determine the auditors' remuneration.

## 14 – Authority to make political donations

Part 14 of the Act restricts companies from making political donations to: (i) political parties; (ii) other political organisations; and (iii) independent election candidates and from incurring political expenditure without Shareholders' consent. The Company does not make and does not intend to make donations to political parties, political organisations or independent election candidates, nor does it incur any political expenditure. However, as the definitions used in the Act are broad, it is possible that normal business activities such as sponsorship, subscriptions, payment of expenses, paid leave for employees fulfilling certain public duties, and support for bodies representing the business community in policy review or reform, which might not be thought to be political expenditure in the usual sense, could be caught. Shareholder approval is being sought in this Resolution on a precautionary basis only to allow the Company and any company which, at any time during the period for which this Resolution has effect, is a subsidiary of the Company, to continue to support the community and put forward its views on or in relation to wider business and Government interests, without running the risk of being in breach of the Act.

The Board is, therefore, seeking authority to make political donations to political parties and/or independent election candidates not exceeding £50,000 in total, to make political donations to political organisations other than political parties not exceeding £50,000 in total and to incur political expenditure not exceeding £50,000 in total. In line with the guidance issued originally by the Association of British Insurers and for which the Investment Association has assumed responsibility, it is proposed that this Resolution will be put to Shareholders annually. Therefore, the authority will be valid until the conclusion of the annual general meeting of the Company held in 2018 or, if earlier, 15 months from the date that this Resolution is passed.

## 15 – Allotment of Shares

The Directors may only allot shares or grant rights to subscribe for, or convert any security into, shares if authorised to do so by Shareholders. The authority conferred on the Directors at the 2016 annual general meeting under section 551 of the Act to allot shares expires on the date of the forthcoming Annual General Meeting. Accordingly, this Resolution seeks to grant a new authority under section 551 of the Act to authorise the Directors to allot shares in the Company or grant rights to subscribe for, or convert any security into, shares in the Company and will expire at the conclusion of the next annual general meeting of the Company to be held in 2018 or, if earlier, 15 months from the date that this Resolution is passed. Paragraph (A) of Resolution 15 will, if passed, authorise the Directors to allot shares or grant rights to subscribe for, or to convert any security into, such shares in the Company up to a maximum nominal amount of £10,716,558. This amount represents 33⅓ per cent. of the Company's existing issued ordinary share capital as at 19 April 2017 (being the latest practicable date prior to publication of this Notice). Paragraph (B) of Resolution 15 authorises the Directors to allot, including the shares referred to in (A), further shares up to an aggregate nominal amount of £21,433,117 in connection with a pre-emptive offer to existing Shareholders by way of a rights issue (with exclusions to deal with fractional entitlements to shares and overseas Shareholders to whom the rights issue cannot be made due to legal and practical problems). This amount represents 66⅔ per cent. of the Company's existing issued ordinary share capital as at 19 April 2017 (being the latest practicable date prior to publication of this Notice). This is in accordance with the latest institutional guidelines published by the Investment Association.

Although the Directors have no present intention of exercising this authority, there can be no certainty that this authority will not need to be utilised. The Directors consider that it is in the best interest of the Company to have the authorities available so that they have the maximum flexibility permitted by institutional guidelines to allot shares or grant rights without the need for a general meeting, should they determine that it is appropriate to do so. The Directors intend to renew this authority annually.

As at 19 April 2017 (being the latest practicable date prior to publication of this Notice), the Company held no shares in treasury.

## 16 – To adopt the Harworth Group plc Save As You Earn Scheme

Resolution 16 seeks approval for the introduction of the Harworth Group plc Save As You Earn Scheme (“**SAYE Scheme**”).

Whilst the Company operates the Harworth Group plc Long Term Incentive Plan to incentivise key executives, the Company does not currently have in place an “all-employee” share incentive plan under which it may afford all employees the opportunity to acquire a stake in the Company so as to align their interests with those of Shareholders.

The Company is therefore proposing to introduce the SAYE Scheme. Under the SAYE Scheme all employees of the Company and its subsidiaries shall be able to make regular savings (within specified statutory limits) from their net salary which can then be applied to acquire Ordinary Shares in the capital of the Company pursuant to the exercise of an option granted to each participating employee. Provided that the statutory conditions applying to the SAYE Scheme are met, the employee should be able to acquire such shares, on exercise of the option, without suffering any income tax or employee’s national insurance. The SAYE Scheme would therefore afford a highly tax efficient method of both incentivising and retaining employees. Further information relating to the SAYE Scheme is contained in Appendix 2.

Subject to Resolution 16 being passed by the Shareholders, it is intended that the Harworth Group plc Save As You Earn Scheme shall be adopted by the Company.

## 17 – Authority to make changes to an existing joint venture arrangement entered into with members of the Peel Group

On 14 June 2011, the Company entered into a joint venture agreement with (1) UKCML (2) EOS (3) PEL and (4) Peel Holdings for the purposes of the development of waste to energy schemes on 11 sites within the Group’s property estate and which the Company had identified as being appropriate for waste to energy activities (“**Existing Peel Joint Venture Agreement**”). The agreement was conditional on shareholder approval. Details of the Existing Peel Joint Venture Agreement were more fully described in a circular sent to shareholders of the Company (then named UK Coal plc) and dated 14 June 2011. Shareholder approval for the arrangement was obtained on 11 July 2011.

The Company, in consultation and agreement with the Peel Group, proposes to make changes to the Existing Peel Joint Venture Agreement which will require the termination of the Existing Peel Joint Venture Agreement and the entry into revised arrangements (the “**Revised Peel Arrangements**”). Further information in relation to the proposed Revised Peel Arrangements is contained in Appendix 3. The Board believes that the terms of the proposed transaction are fair, reasonable and in the best interests of the Group.

As at 19 April 2017 (being the latest practicable date prior to publication of this Notice), Goodweather Holdings Limited, a member of the Peel Group, holds an interest in 88,892,667 Ordinary Shares (representing 27.65 per cent. of the issued ordinary share capital of the Company). Steven Underwood, a Non-Executive Director of the Company, is the appointed representative of the Peel Group on the Board. As a result, the Company considers it appropriate to put the proposed changes to the Existing Peel Joint Venture Agreement to Shareholders for approval, both in the interests of good corporate governance and in the event that the proposed changes could be construed as falling within section 190 of the Companies Act 2006 as a result of Steven Underwood’s status as a representative of the Peel Group.

Resolution 17 is proposed as an ordinary resolution and if passed will approve the Company’s entry into the proposed Revised Peel Arrangements in place of the Existing Peel Joint Venture Agreement. Steven Underwood did not take part in the Board’s consideration of the Revised Peel Arrangements.

## Special Resolutions

### 18 – Disapplication of Pre-emption Rights

Under section 561(1) of the Act, if the Directors wish to allot Ordinary Shares, or grant rights to subscribe for, or convert securities into Ordinary Shares, or sell treasury shares for cash (other than pursuant to an employee share scheme), they must in the first instance offer them to existing Shareholders in proportion to their holdings. There may be occasions, however, when the Directors need the flexibility to finance business opportunities by the issue of Ordinary Shares without a pre-emptive offer to existing Shareholders. This cannot be done under the Act unless the Shareholders have first waived their pre-emption rights.

Resolution 18 asks the Shareholders to do this and, apart from rights issues or any other pre-emptive offer concerning equity securities, the authority contained in this Resolution will be limited to the issue of Ordinary Shares for cash up to an aggregate nominal value of £1,607,483 (which includes the sale on a non pre-emptive basis of any shares held in treasury), which represents approximately 5 per cent. of the Company’s issued ordinary share capital as at 19 April 2017 (being the latest practicable date prior to the publication of this Notice).

In accordance with the Pre-emption Group’s Statement of Principles, the Board confirms its intention that no more than 7.5 per cent. of the issued share capital will be issued for cash on a non pre-emptive basis during any future rolling three year period without prior consultation with Shareholders. Shareholders should note that this Resolution also relates to treasury shares and will be proposed as a special resolution.

Resolution 18 also seeks a disapplication of the pre-emption rights on a rights issue so as to allow the Directors to make exclusions or such other arrangements as may be appropriate to resolve legal or practical problems which, for example, might arise with overseas Shareholders.

If given, the authority will expire at the conclusion of the next annual general meeting of the Company in 2018 or, if earlier 15 months from the date that this Resolution is passed.

Although the Directors have no present intention of exercising this authority, there can be no certainty that this authority will not need to be utilised. The Directors intend to renew this authority annually.

## 19 – Authority to Purchase Own Shares

This Resolution, which will be proposed as a special resolution, renews the authority granted at the 2016 annual general meeting which expires on the date of the forthcoming Annual General Meeting. The Resolution authorises the Company to make market purchases of its own Ordinary Shares as permitted by the Companies Act. The authority limits the number of shares that could be purchased to a maximum of 32,149,675 Ordinary Shares (representing less than 10 per cent. of the issued share capital of the Company as at 19 April 2017 (being the last practicable date prior to the publication of this Notice) and sets minimum and maximum prices.

The Directors have no present intention of exercising the authority to purchase the Company's Ordinary Shares but will keep the matter under review, taking into account market conditions, the cash reserves of the Company, the Company's share price, appropriate gearing levels, other investment opportunities and the overall financial position of the Company. The authority will be exercised only if the Directors believe that to do so would result in an increase in earnings per share and would be likely to promote the success of the Company for the benefit of its Shareholders as a whole.

Any purchases of Ordinary Shares would be by means of market purchases through the London Stock Exchange. Any Ordinary Shares purchased under this authority may either be cancelled or held as treasury shares. Treasury shares may subsequently be cancelled, sold for cash or used to satisfy options issued to employees pursuant to employees' share schemes.

The authority will only be valid until the conclusion of the next annual general meeting in 2018 or, if earlier, 15 months from the date that this Resolution is passed.

As at 19 April 2017 (being the last practicable date prior to the publication of this Notice) the Company had the following awards outstanding under its share schemes:

- aggregate awards of 1,698,754 shares under the Harworth Group plc Long Term Incentive Plan; and
- aggregate awards of 177,044 shares under the Harworth Group plc Management Deferred Share Bonus Plan.

These awards represent in aggregate 0.6 per cent. of the Company's issued ordinary share capital as at that date. If the authority to purchase the Company's Ordinary Shares granted at the 2016 annual general meeting and the authority proposed to be granted pursuant to Resolution 19 were exercised in full, these awards would, assuming no further Ordinary Shares are issued after that date, represent 0.7 per cent. of the Company's issued ordinary share capital as at that date. This percentage would reduce to 0.65 per cent. if no further purchases are made under the authority granted at the 2016 annual general meeting, but the authority exercised pursuant to Resolution 19 was exercised in full. As at the close of business on 19 April 2017 (being the last practicable date prior to the publication of this Notice), the Company did not hold any shares in treasury and no warrants over the ordinary shares in the capital of the Company existed.

## 20 – General Meetings at Short Notice

The Articles of Association of the Company allow it to call general meetings other than an annual general meeting on 14 clear days' notice without obtaining Shareholder approval. Changes made to the Companies Act by the Shareholders' Rights Regulations increase the notice period required for general meetings of the Company to 21 days unless Shareholders approve a shorter notice period, which cannot however be less than 14 clear days. In order to preserve its ability to call general meetings on 14 clear days' notice, Resolution 20 seeks such Shareholder approval. It is intended that the shorter notice period would not be used as a matter of routine for such meetings but only where the flexibility is merited by the business of the meeting and is thought to be in the interests of Shareholders as a whole. The Company undertakes to meet the requirements for electronic voting under the Shareholders' Rights Regulations before calling a general meeting on 14 clear days' notice. If given, the approval will be effective until the Company's next annual general meeting, when it is intended that a similar resolution will be proposed.

The Company intends to continue giving 20 working days' notice for annual general meetings in accordance with the UK Corporate Governance Code.

## Notice of publication of Annual Report and Financial Statements

Notice is hereby given that the Harworth Group plc Annual Report and Financial Statements for the financial year ended 31 December 2016 has been published on the Company's website [www.harworthgroup.com](http://www.harworthgroup.com). It can be accessed by going to the Company's home page, clicking on the Investors section of the website and then going to Reports and Presentations. If you have elected to receive shareholder correspondence in hard copy, then the Annual Report will accompany this Notice.

Should you wish to change your election at any time, or if you wish to request a hard copy of the Annual Report, you can do so by contacting our Registrars, Equiniti Limited, on 0371 384 2301. Lines are open 8:30 a.m. to 5:30 p.m., Monday to Friday. Callers from outside the UK should dial +44 (0)121 415 7047.

### **Recommendation**

**Your Board is of the opinion that all the proposals to be considered at the Annual General Meeting are in the best interests of the Company and its Shareholders as a whole and recommends that you vote in favour of the Resolutions to be proposed at the Annual General Meeting, as they intend to do in respect of their own beneficial shareholdings.**

### **Action to be taken**

Hard copies of a Form of Proxy for the Annual General Meeting for use by the Company have been sent to all Shareholders. If you do not intend to be present at the Annual General Meeting, please complete, sign and return the Form of Proxy as soon as possible (and, in any event, so as to be received not later than 11:00 a.m. on 22 May 2017), in accordance with the instructions printed on it. Completion of the Form of Proxy will not preclude you from attending and voting in person if you so wish.

Yours sincerely

**Jonson Cox**  
Chairman



## Appendix 1: Directors biographies

### New Appointment

#### 1. Andrew Cunningham (Non-Executive Director)

Andrew joined the Board on 26 April 2016, was appointed as Chair of the Audit Committee with effect from 1 October 2016 and is also a member of the Nomination Committee. He has served for 1 year.

Andrew graduated from Cambridge University and then trained as a chartered accountant with Deloitte Haskins and Sells (a predecessor firm of PwC). In 1989 he was made a corporate finance and audit partner. In 1996 he was appointed as Finance Director of Grainger plc, which was to become the UK's largest listed residential investor, and then Chief Executive in 2009. He retired from Grainger at the end of 2015. Andrew is a Fellow of the Institute of Chartered Accountants and of the Royal Institution of Chartered Surveyors.

### Directors offering themselves for re-election

#### 2. Jonson Cox (Chairman)

Jonson joined the Board on 15 November 2010 as Executive Chairman to lead the former UK Coal plc through its 2012 restructuring. He has served as Non-Executive Chairman since the restructuring and led the Company through its 2015 Acquisition. He was last re-elected in April 2016. Jonson is Chair of the Nomination Committee and a member of the Remuneration Committee. He has served for 6 years 4 months.

Jonson's early career was with Royal Dutch Shell Group and Kelda Group plc. He joined Anglian Water as Chief Executive from 2004 until 2010. He was a Non-Executive Director of Wincanton plc from 2005 to 2014. In November 2012 he was appointed Chairman of the Water Services Regulation Authority (Ofwat).

#### 3. Owen Michaelson (Chief Executive)

Owen joined the Board on 24 March 2015, having previously been Chief Executive of HEPGL from 28 September 2012 and of the Harworth Estates division of UK Coal since August 2010. He was last re-elected in April 2016 and has served for 2 years (6 years 5 months including his appointment to HEPGL and the Harworth Estates division of UK Coal).

Owen has more than 25 years' experience in the remediation of brownfield land and has held executive roles at the Peel Group, Black Country Properties and Viridor. Prior to becoming the Chief Executive of Harworth Group plc, he took over the stand alone operations of Harworth Estates at the commencement of the restructuring of the UK Coal group in August 2010. He established the business as a recognised developer of brownfield land, before being appointed to the Board of Harworth Group plc following the Acquisition.

#### 4. Andrew Kirkman (Finance Director)

Andrew joined the Board on 1 January 2016, was elected in April 2016 and has served for 1 year 3 months.

Prior to joining Harworth, Andrew was Finance Director of Viridor, the recycling and renewable energy subsidiary of Pennon Group plc, for five years. He has also previously held a number of other senior finance roles, including Chief Financial Officer at Balfour Beatty Capital and Global Head of Corporate Finance at Bovis Lend Lease. Andrew is a Fellow of the Institute of Chartered Accountants and has an MA in politics, philosophy and economics from Oxford University.

#### 5. Lisa Clement (Senior Independent Director)

Lisa joined the Board on 15 December 2011 and was last re-elected in April 2016. Lisa was appointed Chair of the Remuneration Committee and Senior Independent Director on 1 October 2016. She is also a member of the Nomination Committee. She was formerly Chair of the Audit Committee and has served for 5 years 3 months.

Lisa was formerly Chief Financial Officer of Sea Containers Limited, Managing Director of Capita Learning and Development and has held senior divisional roles at Cendant Inc and BPP Holdings plc.

#### 6. Anthony Donnelly (Non-Executive Director)

Anthony joined the Board on 24 March 2015 having previously been a Non-Executive Director of HEPGL from 10 December 2012 and a Director of the Harworth Estates division of UK Coal from January 2011. He is a member of the Audit and Remuneration Committees. He was last re-elected in April 2016 and has served for 2 years (6 years 3 months including his appointment to HEPGL and the Harworth Estates division of UK Coal).

After early finance roles with Scottish & Newcastle Breweries from 1986, Anthony joined Morrison Homes Limited as Finance Director in 1990. In 2000 he was appointed Managing Director of Scotland based AWG Property Limited. He has consequently overseen the workout and extraction of value from an extensive commercial and residential portfolio across the UK & Ireland and its transformation into a strategic and income generating portfolio.

#### 7. Steven Underwood (Non-Executive Director)

Steven joined the Board on 2 August 2010 and was last re-elected in April 2016. He is a member of the Audit and Remuneration Committees. He has served for 6 years 8 months.

Steven is Chief Executive of the Peel Group of companies and brings to the Board the extensive experience of the Peel Group in brownfield land remediation and regeneration.

## **8. Martyn Bowes (Non-Executive Director)**

Martyn joined the Board on 24 March 2015 having previously been a Non-Executive Director of HEPGL from 19 March 2013 and was last re-elected in April 2016. Martyn has served for 2 years (4 years including his appointment to HEPGL).

Martyn originally trained as an accountant and as a banker. He has spent the majority of his career in banking, most recently from 2001 to 2007 with Barclays Capital as Managing Director, Real Estate Finance. Since leaving Barclays he has pursued a portfolio business career, which in 2012 involved a takeover with fellow Directors of the South of England based Welbeck Land real estate business. Martyn now acts as Finance Director for Welbeck Land and also maintains other interests in debt advisory and healthcare.

The external directorships and similar positions held by certain of our Non-Executive Directors are referenced in the “Board and Company Secretary” section of the corporate governance report in the Annual Report.

## Appendix 2: The Harworth Group plc Save As You Earn Scheme (“SAYE Scheme”)

### Status of the SAYE Scheme

The SAYE Scheme is designed to meet the requirements of Schedule 3 of the Income Tax (Earnings and Pensions) Act 2003 (“ITEPA”), so as to permit the grant of tax advantaged options to participants.

### Eligibility

Participation in the SAYE Scheme will be offered to all employees, (including full-time executive directors) of the Company and its participating subsidiaries who satisfy certain criteria. The criteria are that:

- the employee must have been employed for a continuous period to be determined by the Board (not exceeding five years ending on the date of grant of the relevant option); and
- the employee’s earnings from employment are general earnings (or would be if there were any) for a tax year in which the employee is resident in the United Kingdom.

### Issue of Invitations

Invitations to apply for an option may be issued to eligible employees during the period of 42 days commencing on: (a) the date the SAYE Scheme is adopted by the Board; (b) the dealing day immediately following the date of the preliminary announcement of the Company’s annual results or the announcement of its half-yearly results in any year (provided that if the Ordinary Shares are admitted to the main market of the London Stock Exchange at the time in question, no invitations shall be issued during the first three dealing days of the period referred to in this paragraph (b)); (c) any day on which a change to the legislation affecting Schedule 3 Save As You Earn Schemes is proposed or takes effect; or (d) any day on which a new savings contract prospectus is announced or takes effect.

If the issue of an invitation during any of the above periods would be prohibited by virtue of any statute, order or regulation, any share dealing code adopted by the Company, or any governmental directive then such invitation may be issued during the period of thirty-nine days commencing immediately after the third dealing day following the time that such prohibition shall cease to have effect.

Each eligible employee who receives an invitation may, within 21 days from the date of the invitation (or such shorter period not being less than 14 days as the Board may determine), apply for an option.

### “Save-As-You-Earn” Contract and Grant of Options

An eligible employee who wishes to be granted an option must enter into a save-as-you-earn contract (“**SAYE contract**”) with an approved savings body selected by the Board. Under the SAYE contract, the eligible employee will save a regular sum each month for three or five years (such period to be selected at the discretion of the Board on or prior to issuing the invitations or where the Board allows, by the eligible employee) of not less than £5 nor more than £500 per month (or such greater amount as may from time to time be permitted by ITEPA). Employees who complete an SAYE contract will be entitled to a bonus from the savings body provided that such a bonus is payable in respect of the SAYE contract concerned. The bonus is fixed at the inception of the SAYE contract.

An option to acquire Ordinary Shares will be granted to each eligible employee who enters into an SAYE contract. The number of Ordinary Shares subject to such an option will be the number of Ordinary Shares which have an aggregate option price as near to, but not exceeding, the projected proceeds of the SAYE contract concerned (including the bonus, if available, subject to any scaling back as described below).

No consideration is payable for the grant of an option.

### Scaling Back

If there are insufficient Ordinary Shares available to fully satisfy all applications received for an option from eligible employees, the Board may scale down the applications by taking one or more prescribed steps set out in the rules of the SAYE Scheme to reduce the amount of savings made under each SAYE contract or otherwise reduce the proceeds derived from each SAYE contract so as to ensure that the options are granted over such number of Ordinary Shares as does not exceed the number of Ordinary Shares available to satisfy those options.

### Exercise Price

Subject to the constraints set out below, the option price per Ordinary Share subject to an option will be selected by the Board.

The option price must not be less than eighty per cent. (or such other percentage as may from time to time be permitted by Schedule 3 of ITEPA) of the market value of an Ordinary Share on the day on which the invitations to apply for options are issued provided that, in the case of an option to subscribe for Ordinary Shares, the option price per Ordinary Share subject to an option selected by the Board shall not be less than the greater of: (i) the nominal value of an Ordinary Share; and (ii) an amount equal to eighty per cent. (or such other percentage as may from time to time be permitted by Schedule 3 of ITEPA) of the market value of an Ordinary Share on the day on which the invitations to apply for options are issued.

The option price (as well as the number of Ordinary Shares under option and their description) may be adjusted by the Board in the event of any capitalisation issue or rights issue (other than an issue of Ordinary Shares pursuant to the exercise of an option given to the shareholders of the Company to receive Ordinary Shares in lieu of a dividend) or open offer or any other variation in the share capital of the Company, including (without limitation) any consolidation, subdivision or reduction of capital. Any such adjustments may not be made if they would result in the requirements of Schedule 3 of ITEPA not being met in relation to the option and any adjustments made

must secure that the total market value of the Ordinary Shares which may be acquired by the exercise of the option and the total price at which those Ordinary Shares may be acquired are immediately after such adjustments substantially the same as what they were immediately before the adjustments.

### Scheme Limit

On any date, no option may be granted under the SAYE Scheme if as a result the aggregate nominal value of Ordinary Shares issued or issuable pursuant to options or other rights granted during the previous ten years under the SAYE Scheme or any other employees' share scheme adopted by the Company would exceed ten per cent. of the nominal value of the ordinary share capital of the Company in issue at that date.

For the purposes of the limit set out above:

- any Ordinary Shares which were subject to an option or other right (whether granted under the SAYE Scheme or any other employees' share scheme adopted by the Company) which has lapsed or been surrendered will not count towards the limit set out above;
- where an option (or other right granted under any other employees' share scheme operated by the Company) takes the form of a right to acquire Ordinary Shares from an employee benefit trust established by the Company or from any other person, such Ordinary Shares will only be counted as "issued or issuable" to the extent to which they have been issued (or there is an intention for them to be issued) by the Company to the trust or such other person for the purposes of the SAYE Scheme or any other employees' share scheme operated by the Company; and
- Ordinary Shares held in treasury which are used to satisfy awards or other rights (whether under the SAYE Scheme or any other employees' share scheme adopted by the Company) shall be taken into account unless and until treasury shares are no longer required by the Investment Association to be so included for the purposes of such limit.

### Exercise and Lapse of Options

Options are not transferable and (except in the circumstances described below) an option may normally only be exercised within a period of six months following the maturity of the relevant SAYE contract by a person who remains a director or employee.

Where an option holder dies before the maturity of his SAYE contract, his personal representatives may exercise his option within a period of twelve months from the date of his death. Where an option holder dies within a period of six months following the maturity of his SAYE contract without having exercised his option, his personal representatives may exercise his option within a period of twelve months following the date of maturity of the SAYE contract.

An option holder may exercise his option early within a period of six months following the date that he is no longer an employee of the Company or any "associated company" of the Company (as defined in Schedule 3 of ITEPA) where the cessation occurs as a result of:

- injury, disability, redundancy (within the meaning of the Employment Rights Act 1996), retirement or a transfer of the option holder's employment within the meaning of the Transfer of Undertakings (Protection of Employment) Regulations 2006 ("**TUPE Transfer**");
- his employing company ceasing to be under the control of the Company; or
- his office or employment being transferred to a company which is not under the control of the Company where such transfer does not amount to a TUPE Transfer.

Options will lapse upon cessation of employment of the option holder in any other circumstances not referred to above.

An option holder may also exercise his option early within a limited period following a takeover of the Company, a scheme of arrangement under Part 26 of the Companies Act 2006 which affects, or is applicable to, the Ordinary Shares being sanctioned by the court, a non-UK company reorganisation or the passing of a resolution for the voluntary winding up of the Company.

Where there is a change of control of the Company, in certain circumstances option holders may release their rights under options in consideration of the grant to them of equivalent rights over shares in the acquiring company which gains control of the Company.

Where an option is exercised early, the number of Ordinary Shares acquired on exercise will in any event be limited by reference to the proceeds accrued under the relevant SAYE contract up to the date of exercise.

### Other Option Terms and issue of Ordinary Shares

The SAYE Scheme provides the facility for the exercise of options to be satisfied by either the issue of Ordinary Shares, the transfer of Ordinary Shares held by an existing shareholder who has agreed to satisfy the exercise of the option or by the transfer of Ordinary Shares held in treasury.

Options are not capable of transfer or assignment.

Until options are exercised, option holders have no voting or other rights in relation to the Ordinary Shares subject to those options.

Ordinary Shares allotted pursuant to the exercise of an option will rank *pari passu* in all respects with the Ordinary Shares already in issue but shall not rank for any dividends or other distribution payable by reference to a record date preceding the date of allotment. Ordinary Shares transferred on the exercise of an option shall be transferred without the benefit of any rights attaching to the Ordinary Shares by reference to a record date preceding the date of that exercise. For so long as the Ordinary Shares are listed on the Official List, the Company will use its best endeavours to procure that the Ordinary Shares issued following exercise of any options are admitted to the Official List, as soon as practicable after allotment.

Benefits obtained under the SAYE Scheme are not pensionable.

## Amendments

The SAYE Scheme is administered by the Board. The Board may amend the provisions of the SAYE Scheme. However, no amendment to a key feature of the SAYE Scheme may be made which would result in the requirements of Schedule 3 of ITEPA not being met in relation to the SAYE Scheme.

Furthermore, the rules of the SAYE Scheme which relate to:

- the persons to whom options may be granted;
- the limits on the number of Ordinary Shares which may be issued under the SAYE Scheme;
- the maximum entitlement of any option holder;
- the basis for determining an option holders entitlement to Ordinary Shares or options; and
- the basis for determining the adjustment of any option granted under the SAYE Scheme in the event of a capitalisation issue, rights issue or open offer, sub-division or consolidation of shares or reduction of capital or any other variation of capital of the Company,

cannot be amended to the advantage of any option holder or potential option holder without the prior approval of the Company in general meeting except for minor amendments to benefit the administration of the SAYE Scheme, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for any option holder, the Company or any subsidiary undertaking of the Company from time to time.

In addition no amendment may be made to subsisting options which will have an adverse effect on such options except with the written consent of the option holders who hold options over at least seventy five per cent. of the total number of Ordinary Shares subject to all such affected subsisting options under the SAYE Scheme or unless the amendment is a minor amendment to benefit the administration of the SAYE Scheme, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for any option holder, the Company or any subsidiary undertaking of the Company from time to time.

## Overseas employees

The Board may adopt supplemental rules to the SAYE Scheme to facilitate the granting of options to individuals not resident in the UK provided that such supplemental rules will, so far as the Board in its discretion considers reasonably practicable, follow the rules of the SAYE Scheme.

## Termination

The SAYE Scheme may be terminated at any time by resolution of the Board and shall in any event terminate on the tenth anniversary of its adoption by the Company so that no further options can be granted under the SAYE Scheme after such termination. Termination shall not affect the outstanding rights of existing option holders.

## Appendix 3: Changes to an existing joint venture arrangement entered into with members of the Peel Group

### Background

On 14 June 2011, the Company entered into a joint venture agreement with (1) UKCML (2) EOS (3) PEL and (4) Peel Holdings for the purposes of the development of waste to energy schemes on 11 sites within the Group's property estate and which the Company had identified as being appropriate for waste related activities ("**Existing Peel Joint Venture Agreement**"). PEL and Peel Holdings are both members of the Peel Group. Details of the Existing Peel Joint Venture Agreement were more fully described in a circular sent to shareholders of the Company (then named UK Coal plc) and dated 14 June 2011 ("**2011 Circular**"). Shareholder approval for the arrangement was obtained on 11 July 2011.

### Relationship with the Peel Group

The Peel Group is an infrastructure, transport and real estate investor with assets owned and under management of approximately £6 billion. The Peel Group's environmental division, including PEL and Peel Holdings, is involved in developing new infrastructure to develop low carbon energy solutions and satisfy the property needs of the waste and environmental technology sectors. It was appointed by the Company due to its expertise in obtaining planning permission for, and successfully marketing, sites for use as waste to energy facilities.

As at 19 April 2017 (being the latest practicable date prior to publication of this Notice), Goodweather Holdings Limited, a member of the Peel Group, holds an interest in 88,892,667 Ordinary Shares (representing 27.65 per cent. of the issued ordinary share capital of the Company). Steven Underwood, a Non-Executive Director of the Company, is the appointed representative of the Peel Group on the Board. As a result, the Company considers it appropriate to put the proposed changes to the Existing Peel Joint Venture Agreement to Shareholders for approval, both in the interests of good corporate governance and in the event that the proposed changes could be construed as falling within section 190 of the Companies Act 2006 as a result of Steven Underwood's status as a representative of the Peel Group.

### Nature of the Existing Peel Joint Venture Agreement

In the 2011 Circular, the Company explained that a new special purpose vehicle ("**SPV**") would be incorporated for each site which would be held on a 50:50 basis between one member of the Harworth Group and one member of the Peel Group. Each SPV was to be operated subject to the terms of the Existing Peel Joint Venture Agreement. The relevant sites were those located at Asfordby, Bilsthorpe, Cutacre, Gedling, Houghton Main, Kellingley, Meriden, North Selby, Tetron Point, Wardley and Waverley. Pursuant to the arrangements each SPV entered into a call option agreement (specific to each site) with UKCML or EOS (depending on which entity was the owner of the site) pursuant to which, and in consideration for paying a pre-determined option fee, the SPV had the right, subject to certain conditions, to either purchase or take a long lease interest in the relevant site. Each call option was to be exercisable by the SPV upon the receipt of planning permission to build waste related infrastructure subject to planning applications being submitted before the second anniversary of the call option.

Each call option was to have an initial term of three years (except for the Cutacre site which was to have an initial term of four years) and could be extended by up to a further four years provided that sufficient progress had been made in relation to the planning process (failure of which could lead to the relevant SPV being required to surrender its option). In the event of an exercise of the option by the SPV, the SPV would pay UKCML or EOS (depending on which entity was the owner of the site) a pre-agreed base value for each site using funds provided pursuant to a shareholder loan from Peel Finance UK Limited, without recourse to UKCML or EOS (as applicable). Such shareholder loan would accrue interest, payable only on repayment of the principal, at a rate of LIBOR plus 3 per cent. per annum. The aggregate base value attributed for all 11 sites was £14.7 million (before indexation).

It was proposed that each SPV would also enter into a development agreement with Peel Environmental Management (UK) Limited ("Peel Manco"), the terms of which would set out the basis upon which Peel Manco would be engaged to provide services in connection with obtaining planning permission and carrying out enabling works to facilitate the construction of waste to energy related infrastructure.

In the event of an exercise of the call option and a disposal of the land subject to the call option by the SPV, any profits after repayment of the SPV's costs (including any development fee due and payable to Peel Manco and repayment of Peel Finco's shareholder loan (including applicable interest)) would be shared equally between the shareholders of the SPV.

### Current status of the Existing Peel Joint Venture Agreement

Since entry into the Existing Peel Joint Venture Agreement, the waste market has changed significantly with values historically achieved for energy from waste plants being reduced. 6 of the original sites (Asfordby, Cutacre, Gedling, Meriden, Tetron Point and Waverley) have been removed from the joint venture arrangement by mutual agreement between the parties as subsequently the parties determined that proposed waste to energy schemes at these sites were unviable.

The development work by PEL to date has secured planning consent for waste to energy projects, incineration and anaerobic digestion on the 5 remaining sites. It is considered that 4 out of these 5 sites still have potential to be developed into waste to energy schemes but the Company is of the view that the Existing Peel Joint Venture Agreement structure is cumbersome and no longer appropriate for the current development plans for these remaining sites. In particular, the call options in respect of the sites are due to expire on 31 December 2017 which is, in the case of two of the sites, not considered to provide enough time for the identified end-users to complete their assessment of the full development potential of these sites, obtain construction finance and secure the requisite electricity supply contracts. The Company, in consultation and agreement with the Peel Group, proposes to terminate the Existing Peel Joint Venture Agreement structure in favour of revised arrangements.



## Revised Peel Arrangements

The Company proposes that HEIL will enter into direct land arrangements with PEL involving only the sites located at Bilsthorpe, Kellingley and Houghton Main. There will cease to be a call option in respect of the site at Wardley, but PEL will act as HEIL's agent to conclude the proposed disposal of the site to an identified end-user of the consented anaerobic digestion facility. The site at North Selby would be removed from the arrangement with PEL to enable the Company to pursue alternative development opportunities at that site.

Pursuant to the revised arrangements, the Existing Joint Venture Agreement and the existing call option, development agreement and loan arrangements for each site will be terminated. There will be no substitute joint venture agreement. Revised call option agreements will be entered into between HEIL and PEL in respect of the Bilsthorpe, Kellingley and Houghton Main sites. The call option agreement for each site is bespoke to that site. The option period for Bilsthorpe and Kellingley will expire on 31 December 2017. The option period for Houghton Main will expire on 31 December 2018. On the exercise of each call option, HEIL will dispose of the site for the consideration as set out below:

Site	Disposal	Consideration
Bilsthorpe	Grant of long lease	£1,191,300
Kellingley	Grant of long lease	£1,878,000
Houghton Main	Sale of freehold	£1,600,000

In addition, if PEL sells Bilsthorpe or Kellingley to a third party, it will pay overage to HEIL in the sum of £1,211,418 (Bilsthorpe) and £987,363 (Kellingley). This is not time limited.

The Company and PEL have agreed compensation of £900,000 for the surrender of the North Selby and Wardley arrangements. This is only payable if a disposal of the site at Wardley for the consented anaerobic digestion facility is concluded prior to 31 December 2018.

## Documents available for inspection

Copies of the following documents relating to the Revised Peel Arrangements will be available for inspection at the registered office of the Company during normal business hours on any week day (Saturdays, Sundays and public holidays excepted) from the date of this notice until the close of the Annual General Meeting:

Bilsthorpe	Kellingley	Houghton Main	North Selby	Wardley
Termination Agreement	Termination Agreement	Termination Agreement	Termination Agreement	Termination Agreement (including compensation and overage provisions)
Option (including lease)	Option (including lease)	Option (including land transfer)		
Overage deed (comprising Bilsthorpe and Kellingley provisions)	Overage deed (comprising Bilsthorpe and Kellingley provisions)			

together with a copy of the termination agreement relating to the Existing Peel Joint Venture Agreement.

## Definitions

The following definitions apply throughout this document, unless the context requires otherwise:

<b>2011 Circular</b>	the circular sent to shareholders of the Company (then UK Coal plc) and dated 14 June 2011
<b>Act or Companies Act</b>	the Companies Act 2006, as amended
<b>Board or Directors</b>	the Board of Directors of the Company, whose names appear on page 4 and for the purpose of Appendix 2 only, the board of directors of the Company or a duly appointed Committee thereof
<b>Acquisition</b>	the acquisition by the Company of the 75.1% of the shares in HEPGL which the Company did not already own, which completed on 24 March 2015
<b>Annual General Meeting or AGM</b>	the annual general meeting of Harworth Group plc convened for 11:00 a.m. on 24 May 2017 (or any adjournment of it), notice of which is set out at the end of this document
<b>Annual Report</b>	the Annual Report and Financial Statements of the Company for the year ended 31 December 2016 made available to Shareholders on 20 April 2017
<b>Articles or Articles of Association</b>	the current articles of association of the Company
<b>CREST</b>	the UK based electronic system for paperless settlement of trades in listed securities, of which Euroclear UK is the operator
<b>Document or Notice</b>	this document
<b>EOS</b>	EOS Inc. Limited, a company incorporated in England and Wales with registered number 04006353
<b>Existing Peel Joint Venture Agreement</b>	the joint venture agreement dated 14 June 2011 and entered into between (1) the Company (then known as UK Coal Plc) (2) UKCML (3) EOS (4) PEL and (5) Peel Holdings for the purposes of the development of waste to energy schemes on 11 sites within the Group's property estate
<b>Form of Proxy</b>	the form of proxy relating to the Annual General Meeting being sent to Shareholders with this document
<b>Harworth, or Company</b>	Harworth Group plc, a company incorporated in England and Wales with registered number 02649340
<b>Harworth Group or Group</b>	the Company, its subsidiaries and subsidiary undertakings at the date of this document
<b>HEIL</b>	Harworth Estates Investments Limited, a company incorporated in England and Wales with registered number 07532134
<b>HEPGL</b>	Harworth Estates Property Group Limited, a company incorporated in England and Wales with registered number 08232459
<b>Official List</b>	the official list of the Financial Conduct Authority
<b>Ordinary Shares</b>	Ordinary Shares of 10 pence each in the capital of the Company
<b>Peel Group</b>	Peel Holdings Limited (company no. 2567V) of Billown Mansion House, Ballasalia, Malew, Isle of Man, IM9 3DL and its subsidiaries from time to time
<b>Peel Holdings</b>	Peel Holdings Environmental (IOM) Limited, a company incorporated in the Isle of Man with registered number 6664V
<b>Peel Manco</b>	Peel Environment Management (MK) Limited, a company incorporated in England and Wales with registered number 7580930
<b>PEL</b>	Peel Environmental Limited, a company incorporated in England and Wales with registered number 04480419
<b>Registrars</b>	Equiniti Limited of Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA
<b>Revised Peel Arrangements</b>	the arrangements with PEL replacing the Existing Peel Joint Venture Agreement, details of which are set out in Appendix 3
<b>Resolutions</b>	the ordinary and special resolutions to be proposed at the Annual General Meeting, as set out in the Notice of Annual General Meeting which is set out at the end of this document
<b>Shareholders' Rights Regulations</b>	the Companies (Shareholders' Rights) Regulations 2009
<b>Shareholders</b>	holders of Ordinary Shares, each individually being a "Shareholder"
<b>UKCML</b>	UK Coal Mining Limited (now Juniper No.3 Limited – in liquidation)



## Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Harworth Group plc (the "Company") will be held at The Bessemer Conference Room, AMP Technology Centre, Advanced Manufacturing Park, Brunel Way, Waverley, Rotherham, S60 5WG on 24 May 2017 at 11:00 a.m. for the following purposes:

### Ordinary business

To consider and, if thought fit, pass the following resolutions which will be proposed as ordinary resolutions:

1. To receive the Company's annual accounts together with the Directors' report and the auditors' report on those accounts for the period ended 31 December 2016.
2. To declare a final dividend for the financial year ended 31 December 2016 of 0.523 pence per Ordinary Share, payable on 30 May 2017 to those shareholders on the register of members at the close of business on 5 May 2017.
3. To elect Andrew Cunningham as a Director appointed since the last annual general meeting of the Company.
4. To re-elect Jonson Cox as a Director of the Company.
5. To re-elect Owen Michaelson as a Director of the Company.
6. To re-elect Andrew Kirkman as a Director of the Company.
7. To re-elect Lisa Clement as a Director of the Company.
8. To re-elect Anthony Donnelly as a Director of the Company.
9. To re-elect Steven Underwood as a Director of the Company.
10. To re-elect Martyn Bowes as a Director of the Company.
11. To approve the Directors' Remuneration Report for the year ended 31 December 2016. This is an advisory vote in accordance with the Companies Act 2006.
12. To resolve that PricewaterhouseCoopers LLP be reappointed as the auditors of the Company to hold office until the conclusion of the next annual general meeting.
13. To authorise the Directors to agree the remuneration of the Company's auditors.

### Special business

To consider and, if thought fit, pass the following resolutions of which resolutions numbered 14 to 17 (inclusive) will be proposed as ordinary resolutions and resolutions numbered 18 to 20 (inclusive) will be proposed as special resolutions:

#### Political donations

14. That, in accordance with section 366 of the Companies Act 2006, the Company and all companies that are its subsidiaries at any time during the period for which this resolution is effective are authorised, in aggregate, to:
  - a. make political donations to political parties and/or independent election candidates not exceeding £50,000 in total;
  - b. make political donations to political organisations other than political parties not exceeding £50,000 in total; and
  - c. incur political expenditure not exceeding £50,000 in total,

(as such terms are defined in sections 363 to 365 of the Companies Act 2006) during the period commencing on the date of the passing of this resolution and finishing at the end of the next annual general meeting of the Company (or, if earlier, at the close of business on the date which is 15 months after the date of this resolution), provided that the aggregate amount of any such political donations made and political expenditure incurred by the Company and its subsidiaries pursuant to this authority shall not exceed £50,000.

#### Authority to allot shares

15. a. That the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to:
  - i. allot shares in the Company, and to grant rights to subscribe for, or to convert any security into, shares in the Company:
    - (A) up to an aggregate nominal amount of £10,716,558; and
    - (B) comprising equity securities (as defined in the Companies Act 2006) up to an aggregate nominal amount of £21,433,117 (including within such limit any shares issued or rights granted under paragraph (A) above) in connection with an offer by way of a rights issue:
      - I. to holders of Ordinary Shares in proportion (as nearly as may be practicable) to their existing holdings; and
      - II. to people who are holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities;

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter;

for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the end of the next annual general meeting of the Company (or, if earlier, at the close of business on the date which is 15 months after the date of this resolution); and

- ii. make an offer or agreement which would or might require shares to be allotted, or rights to subscribe for or convert any security into shares to be granted, after expiry of this authority and the Directors may allot shares and grant rights in pursuance of that offer or agreement as if this authority had not expired.
- b. That, subject to paragraph (c) all existing authorities given to the Directors pursuant to section 551 of the Companies Act 2006 be revoked by this resolution.
- c. That paragraph (b) shall be without prejudice to the continuing authority of the Directors to allot shares, or grant rights to subscribe for or convert any security into shares, pursuant to an offer or agreement made by the Company before the expiry of the authority pursuant to which such offer or agreement was made.

#### *Adoption of the Harworth Group plc Save As You Earn Scheme*

- 16. That the directors of the Company be, and are hereby authorised:
  - a. to adopt and establish the Harworth Group plc Save As You Earn Scheme, the principal terms of which are summarised in Appendix 2 to this notice, and the rules of which are produced to this meeting and, for the purpose of identification only, initialled by the Chairman of the meeting, and to do all such acts and things which they may consider necessary or desirable to establish and carry it into effect (including making any amendments to the rules of the Harworth Group plc Save As You Earn Scheme to meet the requirements of, and/or maintain the requirements of, Schedule 3 of the Income Tax (Earnings and Pensions) Act 2003); and
  - b. to establish further plans based on the Harworth Group plc Save As You Earn Scheme but 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 are treated as counting against any limits on individual or overall participation contained within the Harworth Group plc Save As You Earn Scheme.

#### *Authority to make changes to joint venture arrangement entered into with members of the Peel Group*

- 17. That, the amendments proposed to be made to the joint venture arrangement entered into with members of the Peel Group as described in the circular sent to shareholders of the Company dated 20 April 2017 (the “**Circular**”) and on the terms and subject to the conditions in the Revised Peel Arrangements (as defined in the Circular) and related documents be and are hereby approved, and the directors of the Company (or a duly authorised committee thereof) are authorised to do or procure to be done all such acts and things on behalf of the Company and any of its subsidiaries as they consider necessary or expedient for the purposes of giving effect to the termination of the Existing Peel Joint Venture Agreement (as defined in the Circular) and the entry into of the Revised Peel Arrangements and related documents and this resolution and to carry the same into effect with such modifications, variations, revisions, waivers or amendments as the directors of the Company (or any duly authorised committee thereof) may in their absolute discretion think fit, provided such variations, revisions, waivers or amendments are not of a material nature.

#### *Authority to disapply pre-emption rights*

- 18. That, if Resolution 15 is passed, the Board be authorised to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by that resolution and/or to sell Ordinary Shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such authority to be limited:
  - a. to allotments for rights issues and other pre-emptive issues; and
  - b. to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph a. above) up to a nominal amount of £1,607,483,

such authority to expire at the end of the next annual general meeting of the Company (or, if earlier, at the close of business on the date which is 15 months after the date of this resolution) but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

#### *Authority to purchase own shares*

- 19. That, pursuant to section 701 of the Companies Act 2006, the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of its Ordinary Shares of 10 pence each in the capital of the Company, subject to the following conditions:
  - a. the maximum number of Ordinary Shares authorised to be purchased is 32,149,675;
  - b. the minimum price (exclusive of expenses) which may be paid for an Ordinary Share is 10 pence;

- c. the maximum price (exclusive of expenses) which may be paid for each Ordinary Share is the higher of: (i) an amount equal to 105 per cent. of the average of the middle market quotations of an Ordinary Share of the Company as derived from the London Stock Exchange Daily Official List for the 5 business days immediately preceding the day on which the Ordinary Share is contracted to be purchased; and (ii) an amount equal to the higher of the price of the last independent trade of an Ordinary Share and the highest current independent bid for an Ordinary Share as derived from the London Stock Exchange Trading System;
- d. this authority shall expire at the close of the next annual general meeting of the Company (or, if earlier, at the close of business on the date which is 15 months from the date of this resolution); and
- e. a contract to purchase shares under this authority may be made before the expiry of this authority, and concluded in whole or in part after the expiry of this authority.

*Notice of general meetings*

20. That, subject to the Articles of Association of the Company as in force from time to time, a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

By order of the Board

**Chris Birch**

Secretary

20 April 2017

**Registered in England and Wales No. 02649340**

Registered Office

Advantage House

Poplar Way

Catcliffe

Rotherham

S60 5TR

**Notes****Entitlement to attend and vote**

1. The right to attend and vote at the meeting is determined by reference to the Company's register of members. Only a member entered in the register of members at 6:30 p.m. on 22 May 2017 (or, if this meeting is adjourned, in the register of members at 6:30 p.m. on the day two days prior to the adjourned meeting) is entitled to attend and vote at the meeting and a member may vote in respect of the number of Ordinary Shares registered in the member's name at that time. Changes to the entries in the register of members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.

**Proxies**

2. A shareholder of the Company may appoint one or more proxies (who need not be a member of the Company) to exercise all or any of his rights to attend and to speak and vote at a meeting of the Company provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. A shareholder may only appoint a proxy or proxies by:
  - completing and returning the proxy form enclosed in this pack (Form of Proxy); or
  - if you are a user of the CREST system (including CREST Personal Members), having an appropriate CREST message transmitted.

You may not use any electronic address provided in this document to communicate with the Company for any purposes other than those expressly stated. To appoint more than one proxy, (an) additional Form(s) of Proxy may be obtained by contacting the Registrars helpline on 0874 384 2301 or you may photocopy the Form of Proxy enclosed in this pack. Lines are open 8:30 a.m. to 5:30 p.m., Monday to Friday. Callers from outside the UK should dial +44 (0)121 415 7047.

**IMPORTANT: In any case your Form of Proxy must be received by the Company's registrars no later than 11:00 a.m. on 22 May 2017.**

To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent (ID number: RA 19) by 11:00 a.m. on 22 May 2017. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST Personal Members or other CREST sponsored members, and those CREST Members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings, please refer to the CREST Manual which can be viewed at [www.euroclear.com](http://www.euroclear.com). We may treat a proxy appointment sent by CREST as invalid in the circumstances set out in Regulation 35(5Ka) of the Uncertificated Securities Regulations 2001.

Further details of the appointment of proxies are given in the notes to the Form of Proxy enclosed with this pack.

**Corporate representative**

3. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that where more than one corporate representative has been appointed they do not exercise their powers differently in relation to the same shares.

**Nominated persons**

4. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may have a right under an agreement between him and the shareholder by whom he was nominated, to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
5. The statement of the rights of shareholders in relation to the appointment of proxies as stated above does not apply to Nominated Persons. The rights described in that paragraph can only be exercised by shareholders of the Company.

**Issued Share Capital and Total Voting Rights**

6. As at 19 April 2017 (being the last practicable date prior to the publication of this notice) the Company's issued share capital consisted of 321,496,760 Ordinary Shares, carrying one vote each. The Company does not hold any shares in treasury. Therefore, the total voting rights in the Company as at 19 April 2017 are 321,496,760.

**Members' requests under Section 527 of the Companies Act 2006**

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

**Members' rights to ask questions**

8. 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: (i) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (ii) the answer has already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

**Inspection of documents**

9. The following documents will be available for inspection at the location of the Annual General Meeting from 15 minutes before the Annual General Meeting until it ends:
  - Copies of the Executive Directors' service contracts.
  - Copies of the letters of appointment of the Non-Executive Directors.
  - A copy of the draft form of the rules of the Harworth Group plc Save As You Earn Scheme.
  - A copy of agreement terminating the Existing Peel Joint Venture Agreement and the following documentation relating to the Revised Peel Arrangements:

Bilsthorpe	Kellingley	Houghton Main	North Selby	Wardley
Termination Agreement	Termination Agreement	Termination Agreement	Termination Agreement	Termination Agreement (including compensation and overage provisions)
Option (including lease)	Option (including lease)	Option (including land transfer)		
Overage deed (comprising Bilsthorpe and Kellingley provisions)	Overage deed (comprising Bilsthorpe and Kellingley provisions)			

A copy of the draft form of the rules of the Harworth Group plc Save As You Earn Scheme and the documents for the Revised Peel Arrangements will be available for inspection at the registered office of the Company during normal business hours on any week day (Saturdays, Sundays and public holidays excepted) from the date of this notice until the close of the Annual General Meeting.

**Website**

10. A copy of this notice and other information required by section 311A of the Companies Act 2006, can be found at [www.harworthgroup.com](http://www.harworthgroup.com).

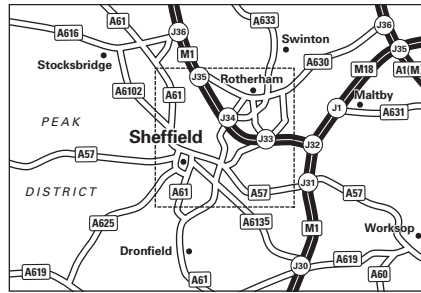
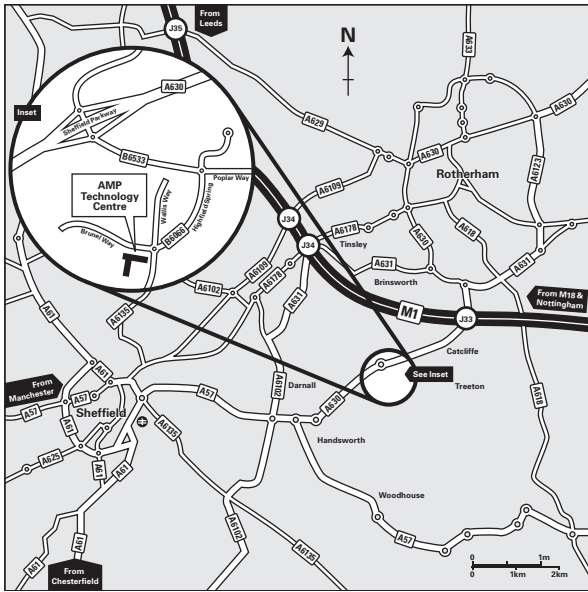
**Voting results**

11. The results of the voting at the Annual General Meeting will be announced through a regulatory information service and will appear on the Company's website, [www.harworthgroup.com](http://www.harworthgroup.com) on 24 May 2017.

**Communications with the Company**

12. You may not use any electronic address provided either in this notice or any related document (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

## Map and directions to the Advanced Manufacturing Park Technology Centre



**AMP Technology Centre**  
**Advanced Manufacturing Park**  
**Brunel Way**  
**Waverley**  
**Rotherham**  
**S60 5WG**

**Tel: 0114 254 1200**

### By car from the M1

- Leave the M1 at junction 33 (signposted to Sheffield Centre, Rotherham, A630) and join the A630 for Sheffield.
- Continue on the A630 for approx. 1 mile and take the slip road exit signposted Advanced Manufacturing Park.
- At the roundabout take the first exit onto Poplar Way.
- At the next roundabout take the third exit onto Highfield Spring.
- At the next roundabout take the second exit onto Brunel Way into the Advanced Manufacturing Park.

Note: on some sat navs S60 5WG takes you into the centre of Rotherham as it is a new address. S60 5TZ is the post code for the adjacent AMRC building.

### By train

- Sheffield Midland station receives regular services from Newcastle Central, Manchester Piccadilly and London St. Pancras.
- The Advanced Manufacturing Park is a short taxi ride from the station.
- For further train service information please telephone the National Rail Enquiry Line on 08457 48 49 50 or visit [www.nationalrail.co.uk](http://www.nationalrail.co.uk).



