

# NOTICE OF THE ANNUAL GENERAL MEETING

## This document is important and requires your immediate attention

If you are in any doubt as to the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if you reside elsewhere, another appropriately authorised financial adviser.

Chesnara plc has a policy of not paying to have access to governance and sustainability analysts' databases on which voting recommendations and reports are produced. We encourage early, open and timely engagement to ensure the accuracy of the information contained in any analysis and reports issued in respect of Chesnara plc.

If you have sold or otherwise transferred all of your shares in Chesnara plc, please pass this document (together with the accompanying proxy form) as soon as possible to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

### Company No. 4947166

Notice is given that the 2017 Annual General Meeting of Chesnara plc will be held at the offices of Panmure Gordon (UK) Limited, One New Change, London EC4M 9AF on 17 May 2017 at 11am. for the business set out below. Resolutions 1 to 14 inclusive will be proposed as ordinary resolutions and resolutions 15 to 19 inclusive will be proposed as special resolutions.

1. To receive and adopt the audited accounts for the financial year ended 31 December 2016, together with the reports of the directors and auditor thereon.
2. To declare a final dividend of 12.69 pence per ordinary share for the financial year ended 31 December 2016.
3. To approve the Directors' remuneration report (other than the part of it which contains the Directors' remuneration policy) for the year ended 31 December 2016.
4. To approve the Directors' remuneration policy which forms part of the Directors' remuneration report for the year ended 31 December 2016. The policy can be found on pages 58 to 64 of the Annual Report and Accounts.
5. To re-elect John Deane as a director.
6. To elect Jane Dale as a director.
7. To re-elect Peter Mason as a director.
8. To re-elect Veronica Oak as a director.
9. To re-elect David Brand as a director.
10. To re-elect Mike Evans as a director.
11. To reappoint Deloitte LLP as auditor of the company to hold office until the conclusion of the next general meeting of the company at which accounts are laid before shareholders.
12. To authorise the directors to determine the auditor's remuneration.
13. That, from the passing of this resolution 13 until the earlier of 14 November 2018 and the conclusion of the company's next Annual General Meeting, the company and all companies which are its subsidiaries at any time during such period are authorised:

(a) to make donations to political parties or independent election candidates;

(b) to make donations to political organisations other than political parties; and

(c) to incur political expenditure up to an aggregate total amount of £100,000, with the individual amount authorised for each of (a) to (c) above being limited to £100,000. Any such amounts may comprise sums paid or incurred in one or more currencies. Any sum paid or incurred in a currency other than sterling shall be converted into sterling at such rate as the board may decide is appropriate. Terms used in this resolution have, where applicable, the meanings that they have in Part 14 of the Companies Act 2006.

14. That the directors be and they are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the 'Act'), to allot shares in the company and/or to grant rights to subscribe for or to convert any security into shares in the company ('Allotment Rights'):

(a) comprising equity securities (as defined by section 560 of the Act) up to an aggregate nominal amount of £2,495,637, such amount to be reduced by the nominal amount of any equity securities allotted pursuant to the authority in paragraph 14(b) below 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 respective holdings; and
- (ii) to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

(b) in any other case, up to an aggregate nominal amount of £4,991,274, such amount to be reduced by the nominal amount of any equity securities allotted pursuant to the authority in paragraph (a) above in excess of £2,495,637,

provided that this authority shall, unless renewed, varied or revoked by the company, expire at the conclusion of the 2018 Annual General Meeting (or, if earlier, at the close of business on the date which is 15 months after the date on which this resolution is passed) save that the company may, before such expiry, make offers of agreements which would or might require securities to be allotted and the directors may allot securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution.

# NOTICE OF THE ANNUAL GENERAL MEETING

(CONTINUED)

**15.**That, subject to the passing of resolution 14 in this notice, the directors be and are hereby empowered pursuant to section 570 of the Companies Act 2006 ('the Act') to allot equity securities (as defined in section 560 of the Act) for cash, pursuant to the authority conferred on them by resolution 14 of this notice or by way of a sale of treasury shares as if section 561 of the Act did not apply to any such allotment, provided that this power is limited to:

- (a)**the allotment of equity securities in connection with any rights issue or open offer (each as referred to in the Financial Conduct Authority's listing rules) or any other pre-emptive offer that is open for acceptance for a period determined by the directors to the holders of ordinary shares on the register on any fixed record date in proportion to their holdings of ordinary shares (and, if applicable, to the holders of any other class of equity security in accordance with the rights attached to such class), subject in each case to such exclusions or other arrangements as the directors may deem necessary or appropriate in relation to fractions of such securities, the use of more than one currency for making payments in respect of such offer, any such shares or other securities being represented by depositary receipts, treasury shares, any legal or practical problems in relation to any territory or the requirements of any regulatory body or any stock exchange; and
- (b)**the allotment of equity securities (other than pursuant to paragraph (a) above) with an aggregate nominal value of £374,346 and shall expire on the revocation or expiry (unless renewed) of the authority conferred on the directors by resolution 14 of this notice, save that, before the expiry of this power, the company may make any offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities under any such offer or agreement as if the power had not expired.

**16.**That, subject to the passing of resolution 14 of this notice and, in addition to the power contained in resolution 15 of this notice, the directors be and are hereby empowered pursuant to section 570 of the Companies Act 2006 ('the Act') to allot equity securities (as defined in section 560 of the Act) for cash, pursuant to the authority conferred on them by resolution 14 of this notice or by way of sale of treasury shares as if section 561 of the Act did not apply to any such allotment, provided that this power is:

- (a)**limited to the allotment of equity securities up to an aggregate nominal value of £374,346; and
- (b)**used only for the purposes of financing (or refinancing, if the power is to be exercised within six months after the date of the original transaction) a transaction which the directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplyng Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of the notice of this meeting, and shall expire on the revocation or

expiry (unless renewed) of the authority conferred on the directors by resolution 14 of this notice save that, before the expiry of this power, the company may make any offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities under any such offer or agreement as if the power had not expired.

**17.**That the company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 ('the Act') to make one or more market purchases (as defined in section 693(4) of the Act) of ordinary shares of 5p each in the capital of the company, provided that:

- (a)**the maximum aggregate number of ordinary shares hereby authorised to be purchased is 14,973,822;
- (b)**the minimum price (exclusive of expenses) which may be paid for such ordinary shares is 5p per share;
- (c)**the maximum price (exclusive of expenses) which may be paid for such ordinary shares is the maximum price permitted under the Financial Conduct Authority's listing rules or, in the case of a tender offer (as referred to in those rules), 5% above the average of the middle market quotations for those shares (as derived from the Daily Official List of London Stock Exchange plc) for the five business days immediately preceding the date on which the terms of the tender offer are announced;
- (d)**the price is stipulated by the Regulatory Technical Standards pursuant to Article 5(6) of the EU Market Abuse Regulation;
- (e)**the authority hereby conferred shall expire 15 months after the passing of this resolution or, if earlier, on the date of the company's next Annual General Meeting to be held in 2018; and
- (f)**the company may enter into contracts 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 in pursuance of any such contract or contracts.

**18.**That, the authority conferred by Article 87, Non-Executive Director Fees, of the company's Articles of Association be and is hereby increased from £350,000 to £500,000.

**19.**That a general meeting of the company (other than an Annual General Meeting) may be called on not less than 14 clear working days' notice.

By order of the board

**Zoe Kubiak**  
Company Secretary

2nd Floor, Building 4  
West Strand Business Park  
West Strand Road  
Preston  
Lancashire  
PR1 8UY  
30 March 2017

# EXPLANATORY NOTES TO THE NOTICE OF THE ANNUAL GENERAL MEETING

1. Any member who is entitled to attend and vote at this Annual General Meeting is entitled to appoint another person, or two or more persons in respect of different shares held by him, as his proxy to exercise all or any of his rights to attend and to speak and to vote at the Annual General Meeting.
2. A member wishing to attend and vote at the Annual General Meeting in person should arrive prior to the time fixed for its commencement. A member that is a corporation can only attend and vote at the Annual General Meeting in person through one or more representatives appointed in accordance with section 323 of the Companies Act 2006. Any such representative should bring to the Annual General Meeting written evidence of his appointment, such as a certified copy of a board resolution of, or a letter from, the corporation concerned confirming the appointment. Any member wishing to vote at the Annual General Meeting without attending in person or (in the case of a corporation) through its duly appointed representative must appoint a proxy to do so. A proxy need not be a member of the company. A form of proxy for this Annual General Meeting is enclosed and, in order to be valid, must be completed in accordance with the instructions that accompany it and then be delivered by hand only (together with any power of attorney or other authority under which it is signed, or a certified copy of such item) to the company's Registrars, Capita Asset Services, at The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU or in accordance with the reply paid details, by 11am. on Monday 15 May 2017. Alternatively, members may appoint a proxy online by following the instructions for the electronic appointment of a proxy at [www.capitashareportal.com](http://www.capitashareportal.com), by entering the company name 'Chesnara plc' and following the on-screen instructions. To be a valid proxy appointment, the member's electronic message confirming the details of the appointment completed in accordance with those instructions must be transmitted so as to be received by the same time. Members who hold their shares in uncertificated form may also use the 'CREST' voting service to appoint a proxy electronically, as explained below. The appointment of a proxy will not preclude a member from attending and voting at the Annual General Meeting.
3. CREST members who wish to appoint one or more proxies through the CREST system may do so by using the procedures described in 'the CREST voting service' section of the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed one or more voting service providers, 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 or a proxy instruction made using the CREST voting service to be valid, the appropriate CREST message (a 'CREST proxy appointment instruction') must be properly authenticated in accordance with the specifications of CREST's operator, Euroclear UK & Ireland Limited ('Euroclear'), and must contain all the relevant information required by the CREST Manual. To be valid, the message (regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy) must be transmitted so as to be received by Capita Asset Services which is acting as the company's 'issuer's agent' (ID RA10) by 11am. on Monday 15 May 2017. After this time, any change of instruction to a proxy appointed through the CREST system should be communicated to the appointee through other means. The time of the message's receipt will be taken to be when (as determined by the timestamp applied by the CREST Applications Host) the issuer's agent is first able to retrieve it by enquiry through the CREST system in the prescribed manner. Euroclear does not make available special procedures in the CREST system for transmitting any particular message. Normal system timings and limitations apply in relation to the input of CREST proxy appointment instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or a CREST sponsored member or has appointed any voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as is necessary to ensure that a message is transmitted by means of the CREST system by any particular time. CREST members and, where applicable, their CREST sponsors or voting service providers should take into account the provisions of the CREST Manual concerning timings as well as its section on 'Practical limitations of the system'. In certain circumstances, the company may, in accordance with the Uncertificated Securities Regulations 2001 or the CREST Manual, treat a CREST proxy appointment instruction as invalid.
4. Copies of directors' service contracts and letters of appointment are available for inspection at the registered office of the company during normal business hours each business day. They will also be available for inspection at the Annual General Meeting for at least 15 minutes prior to and during the Annual General Meeting.
5. The time by which a person must be entered on the register of members in order to have the right to attend and vote at the Annual General Meeting (and for the purpose of the determination by the company of the votes they may cast) is 6.00pm. on Monday 15 May 2017. Changes to entries on the register of members after that time will be disregarded in determining the right of any person to attend or vote at the Annual General Meeting.

# EXPLANATORY NOTES TO THE NOTICE OF THE ANNUAL GENERAL MEETING

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**6.** The right to appoint proxies does not apply to persons nominated to receive information rights under section 146 of the Companies Act 2006; as such rights can only be exercised by the member concerned. Any person nominated to enjoy information rights under section 146 of the Companies Act 2006 who has been sent a copy of this notice of Annual General Meeting is hereby informed, in accordance with section 149(2) of the Companies Act 2006, that they may have a right under an agreement with the registered member by whom they were nominated to be appointed, or to have someone else appointed, as a proxy for this Annual General Meeting. If they have no such right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights. Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements.

**7.** As at 22 March 2017 (being the last practicable date prior to the publication of this document), the company's issued share capital consisted of 149,885,761 ordinary shares, carrying one vote each. The total voting rights in the company as at 22 March 2017 (being the last practicable date prior to the publication of this document) were 149,738,226.

**8.** Information regarding this Annual General Meeting, including information required by section 311A of the Companies Act 2006, is available at [www.chesnara.co.uk](http://www.chesnara.co.uk). Any electronic address provided either in this notice or any related documents (including the proxy appointment form) may not be used to communicate with the company for any purposes other than those expressly stated.

**9.** In accordance with section 319A of the Companies Act 2006, any member attending the Annual General 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 Annual General Meeting, but no such answer need be given if (a) to do so would interfere unduly with the preparations for the Annual General 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 Annual General Meeting that the question be answered.

**10.** 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 on a website a statement in accordance with section 528 of the Companies Act 2006 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 circumstances 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 Companies Act 2006. The company may not require the members 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 auditor 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.

The notes on the following pages give an explanation of the proposed resolutions:

### **Resolution 1:**

#### **Report and accounts**

The Companies Act 2006 requires the directors of a public company to lay its annual report and accounts before the company in general meeting, giving shareholders the opportunity to ask questions on the contents. The annual report and accounts comprise the audited financial statements, the auditor's report, the directors' remuneration report, and the directors' strategic report. In accordance with the UK Corporate Governance Code 2014 (the 'Code'), the company proposes, as an ordinary resolution, a resolution on its annual report and accounts for the year ended 31 December 2016.

### **Resolution 2:**

#### **Final dividend**

The payment of the final dividend requires the approval of shareholders in general meeting. If the 2017 Annual General Meeting approves resolution 2, the final dividend of 12.69 pence per share will be paid on 24 May 2017 to ordinary shareholders who are on the register of members at the close of business on 18 April 2017 in respect of each ordinary share.

### **Resolution 3:**

#### **Approval of the Directors' remuneration report**

In accordance with the Companies Act 2006, the company proposes an ordinary resolution to approve the Directors' remuneration report for the financial year ended 31 December 2016. The Directors' remuneration report can be found on pages 58 to 75 of the 2016 report and accounts and, for the purposes of this resolution, does not include the parts of the Directors' remuneration report containing the Directors' remuneration policy report set out on pages 58 to 64.

The vote on this resolution is advisory only and the directors' entitlement to remuneration is not conditional on it being passed.

### **Resolutions 5 – 10 inclusive:**

#### **Election and re-election of directors**

The company's Articles of Association require one-third of directors to retire by rotation at each Annual General Meeting. Any director who has not retired by rotation must retire at the third Annual General Meeting after his or her appointment or re-appointment. In accordance with its view of best practice, the Board of Directors has decided that, in addition, all of the Non-Executive Directors will retire at every Annual General Meeting. As a result Peter Mason, Veronica Oak, David Brand, John Deane and Mike Evans will retire and, with the exception of Jane Dale who will stand for election for the first time since her appointment by the board on 19 May 2016, are all put forward by the Board of Directors for re-election and appointment (Jane Dale) at the 2017 Annual General Meeting. Biographical details of each director can be found on pages 46 and 47 of this document. The Chairman confirms that each of the directors proposed for re-election and appointment continues to make an effective and valuable contribution and demonstrates commitment to their responsibilities. This is supported by the annual performance evaluation that was undertaken recently. The board unanimously recommend that each of these directors be re-elected and, in the case of Jane Dale, appointed, as a director of the company.

In accordance with the Code, the board has reviewed the independence of its Non-Executive Directors and has determined that they remain fully independent of management. The Code states that whilst the Chairman should, on appointment, meet the Code's independence criteria, thereafter the tests of independence are not appropriate in relation to that post. Peter Mason did meet the Code's independence criteria upon his election as Chairman.

### **Resolutions 11 and 12:**

#### **Re-appointment and remuneration of auditor**

The company is required to appoint an auditor, at each general meeting before which accounts are laid, to hold office until the end of the next such meeting. Deloitte LLP has indicated that it is willing to continue to act as the company's auditor. The Audit & Risk Committee has reviewed Deloitte LLP's effectiveness and recommends their reappointment. The resolutions authorise the company to reappoint and, following formal practice, to authorise the Audit & Risk Committee to determine their remuneration.

### **Resolution 13:**

#### **Political donations**

It has always been the company's policy that it does not make political donations. This remains the company's policy.

Part 14 of the Companies Act 2006 ('the Act') imposes restrictions on companies making political donations to any political party or other political organisation or to any independent election candidate unless they have been authorised to make donations at a general meeting of the company. Whilst the company has no intention of making such political donations, the Act includes broad and ambiguous definitions of the terms 'political donation' and 'political expenditure' which may apply to some normal business activities which would not generally be considered to be political in nature.

The directors therefore consider that, as a purely precautionary measure, it would be prudent to obtain the approval of the shareholders to make donations to political parties, political organisations and independent election candidates and to incur political expenditure up to the specified limit. The directors intend to seek renewal of this approval at future Annual General Meetings, but wish to emphasise that the proposed resolution is a precautionary measure for the above reason and that they have no intention of making any political donations or entering into party political activities.

# EXPLANATORY NOTES TO THE NOTICE OF THE ANNUAL GENERAL MEETING

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## Resolution 14:

### Power to allot shares

The Companies Act 2006 provides that the directors may only allot shares if authorised by shareholders to do so. This resolution will, if passed, authorise the directors to allot shares up to an aggregate nominal amount of £4,991,274 which represents an amount which is approximately equal to two-thirds of the issued ordinary share capital of the company as at 22 March 2017 (being the latest practicable date prior to the publication of this document).

The Investment Association ('IA') has published guidance to the effect that IA members will regard as routine a request for authorisation to allot new shares in an amount of up to one-third of the existing issued share capital and additionally that they will regard as routine requests to authorise the allotment of a further one-third, provided that such additional authority is applied to fully pre-emptive rights issues only and the authorisation is valid for one year only. The company held 147,535 treasury shares, being approximately 0.10% of the total ordinary share capital in issue (calculated exclusive of treasury shares).

As provided in paragraph (a) of the resolution, up to half of this authority (equal to one-third of the issued share capital of the company) will enable directors to allot and issue new shares in whatever manner (subject to pre-emption rights) they see fit. Paragraph (b) of the resolution provides that the remainder of the authority (equal to a further one-third) may only be used in connection with a rights issue in favour of ordinary shareholders. As paragraph (a) imposes no restrictions on the way the authority may be exercised, it could be used in conjunction with paragraph (b) so as to enable the whole two-thirds authority to be used in connection with a rights issue. This reflects the best practice guidance issued by The Investment Association.

The authority will expire at the earlier of the date this is 15 months after the date of the passing of the resolution and the conclusion of the 2018 Annual General Meeting of the company.

Passing resolution 14 will ensure that the directors have flexibility to take advantage of any appropriate opportunities that may arise. At present the directors have no intention of exercising this authority.

## Resolutions 15 and 16:

### Disapplication of statutory pre-emption rights

The directors are currently authorised, subject to certain limitations, to issue securities of the company for cash without first offering them to existing shareholders in proportion to their existing shareholdings. That authority will expire on 13 May 2018 or, if earlier, at the conclusion of the next Annual General Meeting of the company and, in accordance with best practice, resolutions 15 and 16 (which will be proposed as special resolutions) seek to renew the directors' authority to disapply pre-emption rights as referenced below.

Other than in connection with a rights or other similar issue or where, for example, difficulties arise in offering shares to certain overseas shareholders and in relation to fractional entitlements, the authority contained in resolution 15 will be limited to an aggregate nominal value of £374,346. This aggregate nominal amount equates to approximately 5% of the issued ordinary share capital of the company as at 22 March 2017 (being the latest practicable date prior to the publication of this notice of annual general meeting). Resolution 15 follows guidance from the Pre-Emption Group's revised Statement of Principles, published on 12 March 2015, and adopts the Pre-Emption Groups template wording that was published on 5 May 2016.

In line with the revised Statement of Principles, the company is seeking authority, pursuant to resolution 16, to issue up to an additional 5% of its issued ordinary share capital for cash without pre-emption rights applying. In accordance with the revised Statement of Principles, and the Pre-Emption Groups template wording issued on 5 May 2016, the company will only allot shares with a nominal value of up to £374,346 (representing 5% of issued ordinary share capital) pursuant to resolution 16 where that allotment is in connection with an acquisition or specified capital investment (within the meaning given in the Statement of Principles) which is announced contemporaneously with the allotment, or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment. This renewed authority will remain in-force until 15 months after the passing of resolution 16 or, if earlier, at the conclusion of the next Annual General Meeting in 2018.

In accordance with the Statement of Principles (which is supported by the Association of British Insurers, the Pensions and Lifetime Savings Association (formerly National Association of Pension Funds Limited) and The Investment Association), the board confirms its intention that no more than 7.5% of the issued share capital will be issued for cash on a non pre-emptive basis pursuant to resolutions 15 and 16 during any rolling three-year period.

**Resolution 17:****Authority to purchase own shares**

This resolution, which will be proposed as a special resolution, seeks to renew the company's authority to purchase its own shares. It specifies the maximum number of shares which may be acquired as 10% of the company's issued ordinary share capital as at 22 March 2017, being the latest practicable date prior to the publication of this document, and specifies the minimum and maximum prices at which shares may be bought.

The directors will only use this authority if, in the light of market conditions prevailing at the time, they believe that the effect of such purchases will be (where such shares are to be purchased for cancellation) to increase earnings per share, and that taking into account other investment opportunities, purchases will be in the best interests of the shareholders generally. Any shares purchased in accordance with this authority will be cancelled or held in treasury for subsequent transfer to an employee share scheme. The directors have no present intention of exercising this authority, which will expire at the earlier of date that this is 15 months after the date of the passing of the resolution and the conclusion of the 2018 Annual General Meeting of the company.

The company has options and awards outstanding under existing share schemes over an aggregate of 629,901 ordinary 5p shares, representing 0.42% of the company's issued ordinary share capital as at 22 March 2017 (the latest practicable date prior to the publication of this document). This would represent approximately 0.47% of the company's issued share capital if the proposed authority being sought at the Annual General Meeting to buy back 14,973,822 ordinary shares was exercised in full (and all of the repurchased ordinary shares were cancelled).

**Resolution 18:**

The company's current Articles of Association (the 'Current Articles') provide for the total aggregate fees payable to all non-executive directors (excluding any payments made under any other provision in the Articles of Association) to not exceed £350,000 per annum. Resolution 18 proposes an amendment to the Current Articles that will increase the limit on the total aggregate fees payable to all non-executive directors to £500,000 per annum. The total fees payable in 2017 are estimated to be very close to this limit at £347,500. The board is proposing to increase the limit by special resolution to £500,000. This will allow the board, as and when required, to appoint non-executive directors to replace existing directors, with appropriate handover arrangements, and to add additional non-executive directors or to increase the time commitment of existing directors as required to perform the expanding regulatory duties of the board. There are no other changes proposed to the Current Articles. The new Articles of Association (the 'New Articles') showing the changes to the Current Articles are available for inspection during normal business hours, Monday to Friday (public holidays excepted).

**Resolution 19:****Notice of general meetings**

The Companies Act 2006 requires the notice period for general meetings of the company to be at least 21 days, but, as a result of a resolution which was passed by the company's shareholders at last year's Annual General Meeting, the company is currently able to call general meetings (other than an Annual General Meeting) on not less than 14 clear days' notice. In order to preserve this ability, shareholders must approve the calling of meetings on not less than 14 clear days' notice. Resolution 19 seeks such approval. 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 will also need to meet the requirements for electronic voting under the Companies (Shareholders' Rights) Regulations 2009 before it can call a general meeting on less than 21 days' notice.

The shorter notice period would not be used as a matter of routine for general meetings, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole.

The directors recommend all shareholders to vote in favour of all of the above resolutions, as the directors intend to do in respect of their own shares, and consider that they are in the best interests of the company and its shareholders as a whole.