



**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek your own advice from a stockbroker, solicitor, accountant, or other professional adviser.

If you have sold or otherwise transferred all of your shares, please pass this document together with the accompanying documents 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.

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Luceco plc

(incorporated and registered in England and Wales under number 05254883)

Notice of Annual General Meeting

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Notice of the Annual General Meeting of Luceco plc (the "Company") to be held at the offices of Numis Securities Limited, The London Stock Exchange Building, 10 Paternoster Square, London EC4M 7LT at 12:00 noon on Friday 24 May 2019 is set out in Part II of this circular.

Whether or not you propose to attend the Annual General Meeting, please complete your proxy vote online at [www.signalshares.com](http://www.signalshares.com) by 12:00 noon on 22 May 2019 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting) or alternatively, if you hold ordinary shares in uncertificated form, you may also appoint a proxy by completing and transmitting a CREST proxy instruction in accordance with the procedures set out in the CREST Manual ensuring that it is received by Link Asset Services no later than 12:00 noon on 22 May 2019 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). Submitting a proxy vote online or using the CREST electronic proxy appointment service will not prevent you from attending, speaking and voting at the Annual General Meeting, or at any adjournment of such meeting, in person should you wish to do so.

# Part I

Luceco plc (incorporated and registered in England and Wales under number 05254883)

Registered Office:  
Building E Stafford Park 1  
Stafford Park  
Telford  
Shropshire  
TF3 3BD

9 April 2019

To the holders of shares in Luceco plc

## **Notice of Annual General Meeting 2019**

Dear Shareholder

### **Details of Annual General Meeting**

I am pleased to be writing to you with details of our Annual General Meeting (“AGM”), which we are holding at the offices of Numis Securities Limited, The London Stock Exchange Building, 10 Paternoster Square, London EC4M 7LT on 24 May 2019 at 12:00 noon.

The formal notice of AGM is set out in Part II on pages 3 to 8 of this document (the “Notice”). A copy of the Notice and the Company’s annual report and accounts for the year ended 31 December 2018 can be viewed on our website at [www.luceco.com/investors](http://www.luceco.com/investors). An explanation of the business to be considered at the AGM appears in Part III on pages 9 to 12 of this document. There will be an opportunity for you to raise questions at the AGM about the resolutions set out in the Notice and about the business of the Company.

Please note that in order to gain access to the building for the AGM you will need to bring with you a form of photographic identification (such as your driving licence or passport). If you hold your shares through a nominee, you will also be required to present the relevant Letter of Representation.

### **Recommendation**

The Board of Directors of the Company (the “Board” or the “Directors”) consider that all the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole. The Board will be voting in favour of all the proposed resolutions and unanimously recommends that you vote in favour of them.

Yours faithfully

### **GILES BRAND**

Chairman

## Part II

### Notice of Annual General Meeting

This year's AGM will be held at the offices of Numis Securities Limited, The London Stock Exchange Building, 10 Paternoster Square, London EC4M 7LT on 24 May 2019 at 12:00 noon. You will be asked to consider and pass the following resolutions 1 to 13 (inclusive) as ordinary resolutions and resolutions 14 to 17 as special resolutions:

#### **ORDINARY RESOLUTIONS**

##### **Resolution 1**

To receive the Company's audited annual accounts for the year ended 31 December 2018 together with the reports of the Directors and Auditor thereon.

##### **Resolution 2**

To declare a final dividend of 0.6 pence per ordinary share in respect of the year ended 31 December 2018.

##### **Resolution 3**

To approve the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) set out on pages 60 to 69 in the Annual Report for the year ended 31 December 2018.

##### **Resolution 4**

To re-elect John Barton as a Director of the Company.

##### **Resolution 5**

To re-elect Giles Brand as a Director of the Company.

##### **Resolution 6**

To re-elect Caroline Brown as a Director of the Company.

##### **Resolution 7**

To re-elect John Hornby as a Director of the Company.

##### **Resolution 8**

To re-elect Tim Surridge as a Director of the Company.

##### **Resolution 9**

To re-elect Matt Webb as a Director of the Company.

##### **Resolution 10**

To re-appoint KPMG LLP as Auditor of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.

##### **Resolution 11**

To authorise the Audit Committee to determine the remuneration of the Company's Auditor.

##### **Resolution 12**

That:

- (a) in accordance with section 366 of the Companies Act 2006 (the "Act"), the Company and all companies that are subsidiaries of the Company at any time during the period for which this resolution has effect be authorised for the purposes of Part 14 of the Act during the period from the date of the passing of this Resolution 12 to the earlier of the conclusion of the Company's next AGM in 2020 and 30 June 2020:
  - (i) to make political donations (as defined in section 364 of the Act) to political parties (as defined in section 363 of the Act) and/or independent election candidates (as defined in section 363 of the Act);
  - (ii) to make political donations (as defined in section 364 of the Act) to political organisations other than political parties (as defined in section 363 of the Act); and
  - (iii) to incur political expenditure (as defined in section 365 of the Act),  
up to any aggregate amount of £100,000, and the amount authorised under each of paragraphs (i), (ii) and (iii) shall also be limited to such amount;
- (b) all existing authorisations and approvals relating to political donations or expenditure under Part 14 of the Act are hereby revoked without prejudice to any donation made or expenditure incurred prior to the date hereof pursuant to such authorisation or approval; and
- (c) words and expressions defined for the purpose of the Act shall have the same meaning as in this Resolution 12.

## Part II continued

### Notice of Annual General Meeting

#### **ORDINARY RESOLUTIONS** continued

##### **Resolution 13**

That the directors be generally and unconditionally authorised pursuant to and in accordance with section 551 of the Act to exercise all powers of the Company to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company:

- (a) up to an aggregate nominal amount of £26,800; and
- (b) comprising equity securities (as defined in Section 560(1) of the Act) up to a nominal aggregate amount of £53,600 (such amount to be reduced by any allotments or grants made under paragraph (a) above) in connection with or pursuant to an offer by way of a rights issue in favour of ordinary shareholders in proportion (as nearly as may be practicable) to the respective number of ordinary shares held by them on the record date for such allotment (and holders of any other class of equity securities entitled to participate therein or if the Directors consider it necessary, as permitted by the right of those securities), but subject to such exclusions or other arrangements as the Directors may consider necessary or appropriate to deal with fractional entitlements, treasury shares, record dates or legal, regulatory or practical difficulties which may arise under the laws of, or the requirements of any regulatory body or stock exchange in, any territory or any other matter whatsoever,

provided that the authority granted by this Resolution 13 shall (unless previously revoked, varied or extended by the Company in general meeting) expire on the conclusion of the next AGM of the Company to be held in 2020 or, if earlier, on 30 June 2020, save that the Company may at any time before such expiry make an offer or agreement which would or might require shares to be allotted, or rights to subscribe for or to convert securities into shares after such expiry and the Directors may allot shares or grant such rights in pursuance of such an offer or agreement as if this authority had not expired.

#### **SPECIAL RESOLUTIONS**

##### **Resolution 14**

That, subject to the passing of Resolution 13 above, but without prejudice to the exercise of any such power prior to the date of the passing of this Resolution 14, the Directors be generally empowered pursuant to Sections 570 and 573 of the Act to allot equity securities (within the meaning of Section 560 of the Act) of the Company for cash pursuant to the authority conferred by such Resolution 13 and to sell ordinary shares (as defined in Section 560(1) of the Act) held by the Company as treasury shares for cash, as if Section 561 of the Act did not apply to such allotment or sale, provided that such power shall be limited to the allotment of equity securities for cash and the sale of treasury shares:

- (a) in connection with or pursuant to an offer of, or invitation to acquire, equity securities (but in the case of the authority granted under paragraph (b) of Resolution 13, by way of a rights issue only) in favour of holders of ordinary shares in proportion (as nearly as practicable) to the respective number of ordinary shares held by them on the record date for such allotment or sale (and holders of any other class of equity securities entitled to participate therein or if the Directors consider it necessary, as permitted by the rights of those securities) but subject to such exclusions or other arrangements as the Directors may consider necessary or appropriate to deal with fractional entitlements, treasury shares, record dates or legal, regulatory or practical difficulties which may arise under the laws of, or the requirements of any regulatory body or stock exchange in, any territory or any other matter whatsoever; and
- (b) in the case of the authority granted under paragraph (a) of Resolution 13 and/or in the case of any sale of treasury shares, (and otherwise than under paragraph (a) of Resolution 14) up to an aggregate nominal value equal to £4,020,

provided that such power shall (unless previously renewed, varied or revoked by the Company in general meeting) expire on the conclusion of the next AGM of the Company to be held in 2020 or, if earlier, on 30 June 2020, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted, or treasury shares to be sold, after such expiry and the directors may allot equity securities or sell treasury shares in pursuance of such offer or agreement as if the power conferred hereby had not expired.

### **Resolution 15**

That, subject to the passing of Resolutions 13 and 14 above, the Board be authorised in addition to any authority granted under Resolution 14 to allot equity securities (as defined in Section 560(1) of the Act) for cash under the authority given by that resolution and/or sell ordinary shares held by the Company as treasury shares for cash as if Section 561 did not apply to any such allotment or sale, such authority to be:

- (a) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £4,020; and
- (b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

such authority to expire at the end of the next AGM of the Company (or, if earlier, at the close of business on 30 June 2020) 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.

### **Resolution 16**

That the Company be and it is hereby generally authorised to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of £0.0005 each in the capital of the Company on such terms and in such manner as the Board of Directors may from time to time determine, provided that:

- (a) the number of such ordinary shares hereby authorised to be purchased by the Company shall not exceed 16,080,000;
- (b) the minimum price (exclusive of expenses) which may be paid for any ordinary share shall be £0.0005, being the nominal value of each ordinary share;
- (c) the maximum price (exclusive of expenses) which may be paid for each ordinary share shall be the higher of:
  - (i) an amount equal to 105% of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the ordinary share is purchased; and
  - (ii) an amount equal to the higher of the price of the last independent trade of any ordinary share and the highest current independent bid for an ordinary share on the trading venue where the purchase is carried out; and
- (d) unless previously revoked, renewed, extended or varied, the authority hereby conferred shall expire at the conclusion of the AGM of the Company to be held in 2020 or on 30 June 2020, whichever is the earlier, provided that the Company may effect purchases following the expiry of such authority if such purchases are made pursuant to contracts for purchases of ordinary shares which are entered into by the Company on or prior to the expiry of such authority.

### **Resolution 17**

That the Company be and it is hereby generally and unconditionally authorised to hold general meetings (other than AGMs) on not less than 14 clear days' notice, such authority to expire at the conclusion of the AGM of the Company to be held in 2020 or on 30 June 2020, whichever is the earlier.

By Order of the Board

### **MATT WEBB**

Chief Financial Officer

9 April 2019

Luceco plc  
Building E Stafford Park 1  
Stafford Park, Telford  
Shropshire, TF3 3BD

Registered in England  
and Wales No. 05254883

# Notes

## Voting

1. You can vote either:
  - (a) by logging on to [www.signalshares.com](http://www.signalshares.com) and following the instructions;
  - (b) by requesting a hard copy form of proxy directly from the registrars, Link Asset Services, on Tel: 0371 664 0300. Calls cost 12p per minute plus your phone company's access charge. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales; or
  - (c) in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

## Proxy appointment

2. A shareholder is entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend and to speak and vote at the AGM. A proxy need not be a shareholder of the Company. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder.
3. The appointment of a proxy will not prevent a member from subsequently attending and voting at the meeting in person.
4. To appoint a proxy and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), must be either:
  - submitted electronically via Link Asset Services portal, [www.signalshares.com](http://www.signalshares.com); or
  - lodged using the CREST Proxy Voting Service in accordance with note 11 below,in each case so as to be received no later than 12:00 noon on 22 May 2019.

## Nominated persons

5. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with Section 146 of the Act ("nominated persons"). Nominated persons may have a right under an agreement with the shareholder who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

## Information about shares and voting

6. Holders of ordinary shares are entitled to attend and vote at general meetings of the Company. The total number of issued ordinary shares in the Company on 31 March 2019, which is the latest practicable date before the publication of this Notice is 160,800,000, carrying one vote each on a poll. Therefore, the total number of votes exercisable as at 31 March 2019 is 160,800,000.

## Right to attend and vote

7. Entitlement to attend and vote at the meeting, and the number of votes which may be cast at the meeting, will be determined by reference to the Company's register of members at close of business on 22 May 2019 or, if the meeting is adjourned, 48 hours before the time fixed for the adjourned meeting (as the case may be). In each case, changes to the register of members after such time will be disregarded.

## Venue arrangements

8. To facilitate entry to the meeting, shareholders are requested to bring with them photographic identification (such as a driving licence or passport) in order to gain access to the London Stock Exchange building.
9. Shareholders should note that the doors to the AGM will open at 11:30am.
10. Mobile phones may not be used in the meeting hall, and cameras and recording equipment are not allowed in the meeting hall.

## CREST members

11. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting (and any adjournment of the meeting) by following the procedures described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). CREST Personal Members or other CREST sponsored members (and those CREST members who have appointed a voting service provider) should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.

12. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a “CREST Proxy Instruction”) must be properly authenticated in accordance with Euroclear’s specifications and must contain the information required for such instructions, as described in the CREST Manual. The message (regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by Link Market Services (ID RA10) by the latest time(s) for receipt of proxy appointments specified in note 4 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to a proxy appointed through CREST should be communicated to him by other means.
13. CREST members (and, where applicable, their CREST sponsors or voting service providers) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his/ her CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members (and, where applicable, their CREST sponsors or voting service providers) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
14. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

#### **Appointment of proxy by joint holders**

15. In the case of joint holders, where more than one of the joint holders purports to appoint one or more proxies, only the purported appointment submitted by the most senior holder will be accepted. Seniority shall be determined by the order in which the names of the joint holders stand in the Company’s register of members in respect of the joint holding.

#### **Corporate representatives**

16. 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 shareholder provided that they do not do so in relation to the same shares.

#### **Beneficial holders**

17. If you hold you shares through a nominee and wish to attend the meeting in your capacity as a shareholder, you will need to contact your Nominee who may be able to appoint you as a proxy or Corporate Representative.

#### **Audit concerns**

18. Shareholders should note that, under Section 527 of the Act, shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company’s accounts (including the Auditor’s Report and the conduct of the audit) that are to be laid before the AGM; 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 Act. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 (requirements as to website availability) of the Act. Where the Company is required to place a statement on a website under Section 527 of the Act, it must forward the statement to the Company’s Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM for the relevant financial year includes any statement that the Company has been required under Section 527 of the Act to publish on a website.

#### **Questions**

19. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

#### **Website information**

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

## Notes continued

### **Voting by poll**

21. Each of the resolutions to be put to the meeting will be voted on by poll and not by show of hands. A poll reflects the number of voting rights exercisable by each member and so the Board considers it a more democratic method of voting. Members and proxies will be asked to complete a poll card to indicate how they wish to cast their votes. These cards will be collected at the end of the meeting. The results of the poll will be published on the Company's website and announced to the London Stock Exchange once the votes have been counted and verified.

### **Use of electronic address**

22. Members may not use any electronic address provided in either this notice of meeting or any related documents to communicate with the Company for any purposes other than those expressly stated.

### **Documents available for inspection**

23. The following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Company at Building E Stafford Park 1, Stafford Park, Telford, Shropshire, TF3 3BD up to and including the date of the AGM and at the location of the AGM from 15 minutes prior to the opening of the AGM until the close of the AGM:
  - (a) copies of the Executive Directors' service contracts; and
  - (b) copies of letters of appointment of the Non-Executive Directors.

# Part III

## Explanatory notes to the Notice of Annual General Meeting

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

Resolutions 1 to 13 (inclusive) are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 14 to 17 (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.

### **Resolution 1: Report and Accounts**

The Directors must present to the shareholders at the AGM the audited accounts of the Company and the reports of the Directors and Auditor for the year ended 31 December 2018.

### **Resolution 2: Declaration of Final Dividend**

The Board recommends a final dividend of 0.6 pence per ordinary share, totalling £964,800.

Subject to approval by shareholders, the final dividend will be paid on 31 May 2019 to ordinary shareholders whose names appear on the register of members at the close of business on 3 May 2019.

### **Resolution 3: Directors' Remuneration Report**

The Directors must put the Directors' Remuneration Report to a vote of the shareholders. The vote is only advisory however and the Directors' entitlement to remuneration is not conditional on the resolution being passed.

### **Resolutions 4 – 9: Re-election of Directors**

In accordance with the UK Corporate Governance Code, all Directors will retire at each AGM. This year, all Directors are standing for re-election. The Director biographies can be found on pages 50 and 51 of the Annual Report for the year ended 31 December 2018. The Board believes that each of the Directors continues to demonstrate commitment to their role, is an effective member of the Board and contributes to the required balance of skills, knowledge and experience identified by the Board.

In compliance with FCA Listing Rules relating to controlling shareholders, the re-election of the independent Non-Executive Directors must be approved by a majority of both:

1. the shareholders of the Company as a whole; and
2. the independent shareholders of the Company (that is the shareholders other than the Luceco plc Concert Party).

For the purposes of the FCA Listing Rules, the Luceco plc Concert Party (being EPIC Investments LLP, Giles Brand and John Hornby) is a controlling shareholder as a result of it holding 85,927,925 shares (44,064,372 shares, 9,466,919 shares and 32,396,634 shares respectively).

Resolutions 4, 6 and 8 relate to the re-election of John Barton, Caroline Brown and Tim SurrIDGE, who are the Directors that the Board has determined are independent Non-Executive Directors for the purposes of the UK Corporate Governance Code. These resolutions are proposed as ordinary resolutions and can be voted on by all shareholders of the Company. However, in addition to this, the votes cast by independent shareholders will be counted separately in order to assess whether the second tier of the test is satisfied.

In accordance with the FCA Listing Rules, if any of resolutions 4, 6, and 8 are not approved by a majority of both the shareholders of the Company as a whole and the independent shareholders of the Company, the failed resolution may be put to shareholders of the Company, at a general meeting, which must be held between 90 and 120 days from the date of the original vote (being 24 May 2019).

In such circumstances, any independent Non-Executive Director(s) whose appointment has not been approved by both the shareholders of the Company as a whole and the independent shareholders of the Company will be treated as having been re-elected from the date of the original vote until either the date when they are re-elected, being the date of the subsequent general meeting, or the date of any announcement by the Board that the Non-Executive Director(s) does not intend to stand for re-election.

If a subsequent general meeting does not take place, the appointment will be treated as ceasing 120 days from the date of the original vote. If a subsequent general meeting does take place and the further resolution is approved, the Non-Executive Director(s) will be treated as having been re-elected until the following Annual General Meeting of the Company. However, if at a subsequent general meeting the further resolution fails, the Non-Executive Director(s) appointment will cease on that date.

## Part III continued

### Explanatory notes to the Notice of Annual General Meeting

#### **Resolutions 4 - 9: Re-election of Directors** continued

The FCA Listing Rules require companies with a controlling shareholder to make the following additional disclosures about each independent director's relationships, independence, effectiveness and appointments:

**Relationships and transactions:** The Company has received confirmation from each of the independent Non-Executive Directors that, other than their respective letters of appointment as a director by the Company, there are no existing or previous relationships, transactions or arrangements between any of the independent Non-Executive Directors and the Company, its Directors, or the Luceco plc Concert Party.

**Effectiveness:** The Board believes that each of the independent Non-Executive Directors continues to demonstrate commitment to his role and is an effective member of the Board.

**Independence:** Each year the Board performance evaluations consider the independence of each member of the Board. The Board believes that each independent Non-Executive Director remains independent in character and judgement, and that there are no relationships or circumstances that are likely to affect, or appear to affect, his judgement.

**Selection:** As disclosed in the Nomination Committee report within the Annual Report, the Nomination Committee aims to ensure that the Board remains balanced, knowledgeable and diverse in order to meet the needs of the Company. The Nomination Committee draws candidates from its internal and external network, taking into account recommendations from external recruitment consultants where appropriate.

#### **Resolutions 10 and 11: Reappointment of Auditor and Auditor's Remuneration**

The Board, on the recommendation of the Audit Committee, recommends the reappointment of KPMG LLP and KPMG LLP has agreed to continue as the Company's Auditor until the conclusion of the next AGM at which the accounts are laid before the Company. Resolution 10 proposes the reappointment of KPMG LLP and Resolution 11 is a separate resolution which authorises the Audit Committee to determine the Auditor's remuneration.

The Board recognises that at the 2018 AGM there was a significant vote against the re-appointment of KPMG LLP as the Company's Auditor. Since the 2018 AGM and in particular throughout the audit of the accounts for the year ended 31 December 2018, the Audit Committee has robustly reviewed the Auditors performance and is satisfied that the changes and improvements made by KPMG LLP have been appropriate to provide shareholders with confidence that all necessary matters have been stated to them.

#### **Resolution 12: Political Donations and Political Expenditure**

Part 14 of the Act requires companies to obtain shareholders' authority for donations to registered political parties and other political organisations totalling more than £5,000 in any twelve-month period, and for any political expenditure, subject to limited exceptions. The definition of donation in this context is very wide and extends to bodies such as those concerned with policy review, law reform and the representation of the business community. It could include special interest groups which the Company and its subsidiaries might wish to support, even though those activities are not designed to support or influence support for a particular party.

It remains the policy of the Company not to make political donations or incur political expenditure as those expressions are normally understood. The Directors consider, however, that it is in the best interests of shareholders for the Company to participate in public debate and opinion-forming on matters which affect its business. To avoid inadvertent infringement of the Act, the Directors are seeking shareholders' authority for the Company and its UK subsidiaries to make political donations and to incur political expenditure in case any of the Company's normal activities are caught by the Act for the period from the date of the AGM to the earlier of the conclusion of the AGM in 2020 and 30 June 2020 up to a maximum aggregate amount of £100,000.

### **Resolution 13: Authority to Allot Shares**

The purpose of Resolution 13 is to give the Directors authority to allot shares in place of the existing authority approved at the 2018 AGM of the Company, which expires at the end of the 2019 AGM.

The authority in paragraph (a) will allow the Directors to allot new shares and grant rights to subscribe for, or convert other securities into, shares up to an aggregate nominal value of £26,800, which is equivalent to approximately one third (33.33 per cent) of the total issued ordinary share capital of the Company, exclusive of treasury shares, as at 31 March 2019, the latest practicable date prior to publication of this Notice.

The authority in paragraph (b) will allow the Directors to allot new shares and grant rights to subscribe for, or convert other securities into, shares only in connection with a fully pre-emptive rights issue up to a nominal value of £53,600, which is equivalent to approximately two thirds (66.67 per cent) of the total issued ordinary share capital of the Company, exclusive of treasury shares, as at 31 March 2019, the latest practicable date prior to publication of this Notice (such amount to be reduced by the amount of any relevant securities issued by the authority conferred by paragraph (a) of Resolution 13). This is in line with the Investment Association's Share Capital Management Guidelines issued in July 2016 (the "Guidelines").

At 31 March 2019, the Company did not hold any shares in treasury.

There are no present plans to undertake a rights issue or to allot new shares other than in connection with employee share and incentive plans. The Directors consider it desirable to have the maximum flexibility permitted by the Guidelines/corporate governance guidelines to respond to market developments and to enable allotments to take place to finance business opportunities as they arise.

The authorities sought in paragraphs (a) and (b) of Resolution 13 are without prejudice to previous allotments made under such existing authorities.

If the resolution is passed, the authorities in paragraphs (a) and (b) will expire on the earlier of the close of business on 30 June 2020 and the end of the AGM in 2020.

### **Resolutions 14 and 15: Disapplication of Pre-emption Rights**

The purpose of Resolution 14 is to give the Directors the power to allot equity securities or sell treasury shares for cash otherwise than to existing shareholders pro rata to their holdings. The power granted at the 2018 AGM is due to expire at this year's AGM. Accordingly, Resolution 14 will be proposed as a special resolution to grant such a power. Apart from offers or invitations in proportion to the respective number of shares held, the power will be limited to the allotment of equity securities and sales of treasury shares for cash up to an aggregate nominal value of £4,020 (being approximately 5% of the Company's issued ordinary share capital as at 31 March 2019, the latest practicable date prior to publication of this Notice). If given, this power will expire at the conclusion of the Company's next AGM to be held in 2020 or, if earlier, on 30 June 2020.

The figure of 5% reflects the Guidelines. The Board will have due regard to the Guidelines and the Statement of Principles on Disapplying Pre-emption Rights published by the Pre-Emption Group (the "Principles") in relation to any exercise of this power, in particular they do not intend to allot shares for cash on a non-pre-emptive basis pursuant to this power in excess of an amount equal to 7.5% of the total issued ordinary share capital of the Company (excluding any treasury shares) in any rolling three-year period without prior consultation with shareholders.

Resolution 15 gives the Directors additional power, in certain limited circumstances, to allot equity securities for cash without first being required to offer such shares to the existing shareholders in proportion to their existing shareholdings. The disapplication of pre-emption rights in respect of a further 5% of the Company's issued share capital, in addition to the authority proposed to be granted pursuant to Resolution 14, reflects the Guidelines and the Principles. The power will be limited to the allotment of equity securities for cash up to an aggregate nominal value of £4,020 (being 5% of the Company's issued ordinary share capital as at 31 March 2019, the latest practicable date prior to publication of this Notice) provided that the authority can only be used in connection with the financing or refinancing of an acquisition or specified capital investment (within the meaning of the Principles), and which is announced contemporaneously with the allotment or has taken place in the preceding six month period and is disclosed in the announcement of the allotment. The Directors will have due regard to the Guidelines and the Principles in relation to any exercise of this power. The authority will expire at the conclusion of the next AGM of the Company or, 30 June 2020, whichever is earlier.

## Part III continued

### Explanatory notes to the Notice of Annual General Meeting

#### **Resolution 16: To approve the market purchase of the Company's own shares**

The Directors intend to exercise this right only when, in light of market conditions prevailing at the time, they are satisfied that any purchase will increase the earnings per share of the ordinary share capital in issue after the purchase and, accordingly, that the purchase is in the interests of shareholders. The Directors will also give careful consideration to gearing levels of the Company and its general financial position. The purchase price would be paid out of distributable profits.

The Act permits certain listed companies to hold shares in treasury, as an alternative to cancelling them, following a purchase of own shares by the Company. Shares held in treasury may subsequently be cancelled, sold for cash or used to satisfy share options and share awards under the Company's employees' share schemes.

Once held in treasury, the Company is not entitled to exercise any rights, including the right to attend and vote at meetings in respect of the shares. Further, no dividend or other distribution of the Company's assets may be made to the Company in respect of the treasury shares.

If the Directors exercise the authority conferred by Resolution 16, they may consider holding those shares in treasury, rather than cancelling them. The Directors believe that holding shares in treasury would provide the Company with greater flexibility in the management of its share capital. The Directors will also consider using the treasury shares to satisfy share options/awards under the Company's employees' share schemes.

The maximum number of shares which may be purchased under the proposed authority will be 16,080,000 ordinary shares representing approximately 10% of the issued ordinary share capital of the Company at 31 March 2019 (being the latest practicable date prior to the publication of this Notice). The price paid for ordinary shares will not be less than the nominal value. The price paid will not be more than the higher of 5% above the average of the middle-market quotation of the Company's ordinary shares as derived from the London Stock Exchange Daily Official List for the five business days preceding the day on which the shares are purchased and 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 on the trading venue where the purchase is carried out.

As at 31 March 2019 (being the latest practicable date prior to the publication of this Notice), the Company did not hold any ordinary shares in treasury and there were no warrants over the Company's ordinary shares outstanding. There were 3,543,928 options to subscribe over the Company's ordinary shares outstanding. The proportion of issued share capital that they represented at that time was 2.20% and the proportion of issued share capital that they will represent if the full authority to purchase shares (existing and being sought) is used is 2.75%.

Resolution 16 will be proposed as a special resolution to provide the Company with the necessary authority. If the resolution is passed, the authority will expire at the conclusion of the 2020 AGM, or, if earlier, on 30 June 2020, unless renewed before that time.

#### **Resolution 17: Notice of general meetings other than Annual General Meetings**

Under the Act, the notice period required for all general meetings of the Company is 21 clear days. AGMs will always be held on at least 21 clear days' notice but shareholders can approve a shorter notice period for other general meetings. Resolution 17, if passed, authorises the calling of general meetings other than an AGM on not less than 14 clear days' notice, and will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed. In order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting. The flexibility offered by this resolution will be used where, taking into account the circumstances and noting the recommendations of the UK Corporate Governance Code, the Directors consider this appropriate in relation to the business to be considered at the meeting and in the interests of the Company and shareholders as a whole.