

# Beazley plc

(Incorporated and registered in England and Wales under number 9763575)

## Notice of 2018 Annual General Meeting and accompanying notes

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt as to the action you should take, you should consult an independent adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or another appropriately authorised independent adviser if you are in a territory outside the United Kingdom.

If you have sold or otherwise transferred all your shares in Beazley plc (the “Company”), please forward 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.

Whether or not you propose to attend the Annual General Meeting, please complete and submit the enclosed Form of Proxy in accordance with the instructions printed on it. The Form of Proxy must be completed, signed and returned so as to reach the Company’s Registrars, Equiniti Limited, by no later than 1.00pm on 20 March 2018. Alternatively you can appoint a proxy or proxies electronically by visiting [www.sharevote.co.uk](http://www.sharevote.co.uk) or if you have already registered with Equiniti Limited’s online portfolio service, Shareview, you can submit your form of proxy at [www.shareview.co.uk](http://www.shareview.co.uk).

# Beazley plc

(Incorporated and registered in England and Wales under number 9763575)

21 February 2018

Dear Shareholder

## Notice of 2018 Annual General Meeting

I am pleased to be writing to you with details of our Annual General Meeting (the "AGM") which will be held at 1.00pm on 22 March 2018 at Plantation Place South, 60 Great Tower Street, London EC3R 5AD. The formal notice of the AGM and resolutions to be proposed are set out on pages 3 to 5 of this document.

You will find enclosed a Form of Proxy for use at the AGM. Please complete, sign and return the enclosed Form of Proxy as soon as possible in accordance with the instructions printed thereon, whether or not you intend to be present at the AGM. Forms of proxy should be returned so as to be received by Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA as soon as possible and in any event no later than 48 hours before the time appointed for holding the AGM, that is to say, no later than 1.00pm on 20 March 2018. Alternatively you can appoint a proxy or proxies electronically by visiting [www.sharevote.co.uk](http://www.sharevote.co.uk) or, if you have already registered with Equiniti Limited's online portfolio service, Shareview, you can submit your Form of Proxy at [www.shareview.co.uk](http://www.shareview.co.uk), where full details of the procedure are given. The proxy appointment and instructions must be received electronically by Equiniti Limited no later than 48 hours before the time appointed for holding the AGM, that is to say, no later than 1.00pm on 20 March 2018.

For those shareholders who have elected to receive a hard copy of the Annual Report and Accounts for the financial year ended 31 December 2017, please find it enclosed. Shareholders who have not elected to receive the Annual Report and Accounts in hard copy can view it on the Company's website at [www.beazley.com](http://www.beazley.com). Alternatively you may obtain a hard copy by writing to the Company Secretary, Beazley plc, at Plantation Place South, 60 Great Tower Street, London EC3R 5AD.

There will also be an opportunity for shareholders to ask questions at the meeting itself. Your 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 and unanimously recommend shareholders to vote in favour of all the resolutions, as they intend to do in respect of their own beneficial holdings.

Yours faithfully



Dennis Holt

Chairman

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the "AGM") of Beazley plc (the "Company") will be held at Plantation Place South, 60 Great Tower Street, London EC3R 5AD on 22 March 2018 at 1.00pm for the purpose of considering and, if thought fit, passing the following resolutions listed below of which resolutions numbered 1 to 18 inclusive will be proposed as ordinary resolutions and resolutions numbered 19 to 21 inclusive will be proposed as special resolutions:

## **Annual Report and Accounts**

- 1 That the Accounts for the financial year ended 31 December 2017 together with the reports of the Directors and Auditors thereon be received.
- 2 That the Directors' Remuneration Report set out on pages 97 to 116 of the Annual Report and Accounts for the financial year ended 31 December 2017 be approved.

## **Dividends**

- 3 That the payment of a second interim dividend of 7.4 pence per ordinary share be approved and paid on 28 March 2018 to shareholders on the register of members on 2 March 2018.

## **Re-election of Directors**

- 4 That George Blunden be re-elected as a Director of the Company.
- 5 That Martin Bride be re-elected as a Director of the Company.
- 6 That Adrian Cox be re-elected as a Director of the Company.
- 7 That Angela Crawford-Ingle be re-elected as a Director of the Company.
- 8 That Andrew Horton be re-elected as a Director of the Company.
- 9 That Christine LaSala be re-elected as a Director of the Company.
- 10 That Sir Andrew Likierman be re-elected as a Director of the Company.
- 11 That Neil Maidment be re-elected as a Director of the Company.
- 12 That John Sauerland be re-elected as a Director of the Company.
- 13 That Robert Stuchbery be re-elected as a Director of the Company.
- 14 That Catherine Woods be re-elected as a Director of the Company.

## **Election of new Directors**

- 15 That David Roberts be elected as a Director of the Company.

## **Auditors**

- 16 That KPMG be reappointed as Auditors of the Company to hold office until the conclusion of the next annual general meeting to be held in 2019.
- 17 That the remuneration of KPMG be determined by the Audit and Risk Committee of the Company.

## **Authority to allot shares**

- 18 That the Directors be generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company ("Rights"):
  - (a) up to a maximum aggregate nominal amount of £8,763,040 (representing approximately one third of the Company's issued ordinary share capital); and
  - (b) comprising equity securities (as defined in section 560(1) of the Companies Act 2006) up to an aggregate nominal amount of £8,763,040 (representing approximately one third of the Company's issued ordinary share capital) (that amount to be reduced by the aggregate nominal amount of shares allotted or Rights granted under paragraph (a) of this Resolution) in connection with an offer by way of a rights issue:
    - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
    - (ii) to holders of other equity securities as required by the rights attaching to those securities, or subject to those rights, as the Directors otherwise consider necessary,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,

such authorities to expire (unless previously renewed, varied or revoked) at the end of the next annual general meeting of the Company after this resolution 18 is passed or, if earlier, at the close of business on 22 June 2019 but, in each case, so that the Company may make offers and enter into agreements before that expiry which would, or might, require shares to be allotted or Rights to be granted after that expiry and the Directors may allot shares or grant Rights pursuant to any of those offers or agreements as if the authority had not expired.

#### **Disapplication of pre-emption rights**

19 That, in substitution for all existing powers and subject to the passing of Resolution 18 above, the Directors are generally empowered pursuant to section 570(1) of the Companies Act 2006 to allot equity securities for cash pursuant to the general authority conferred on them by Resolution 18 as if section 561 of the Companies Act 2006 did not apply to that allotment. This power:

(a) shall be limited to the allotment of equity securities in connection with an offer of equity securities (but in the case of an allotment pursuant to the authority in paragraph (b) of Resolution 18 by way of rights issue only):

(i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

(ii) to holders of other equity securities as required by the rights attaching to those securities, or subject to those rights, as the Directors otherwise consider necessary,

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; and

(b) shall be limited to the allotment of equity securities for cash pursuant to the authority in paragraph (a) of Resolution 18 (otherwise than in the circumstances set out in paragraph (a) of this Resolution 19) up to an aggregate nominal amount of £1,314,456, and

(c) expires (unless previously renewed, varied or revoked) at the end of the next annual general meeting of the Company after this resolution is passed or, if earlier, at the close of business on 22 June 2019 but so that the Company may make offers and enter into agreements before that expiry which would, or might, require equity securities to be allotted after that expiry and the Directors may allot equity securities pursuant to any of those offers or agreements as if this power had not expired; and

(d) applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 560(3) of the Companies Act 2006 as if in the first paragraph of this Resolution 19 the words "pursuant to the general authority conferred on them by Resolution 18" were omitted.

For the purposes of this Resolution 19, the expression "equity securities" and references to "allotment of equity securities" respectively have the meanings given to them in section 560 of the Companies Act 2006.

#### **Market purchases**

20 That the Company be generally and unconditionally authorised:

(a) for the purposes of section 701 of the Companies Act 2006 to make one or more market purchases (within the meaning of section 693(4) of the Companies Act 2006) of ordinary shares in the capital of the Company on such terms and in such manner as the Directors shall from time to time determine, provided that:

(i) the maximum aggregate number of ordinary shares hereby authorised to be purchased is 52,578,239 (representing approximately 10 per cent of the Company's issued ordinary share capital);

(ii) the minimum price (exclusive of any expenses) which may be paid for an ordinary share is not less than its nominal value;

(iii) the maximum price which may be paid for an ordinary share is in respect of an ordinary share contracted to be purchased on any day, not more than the higher of:

(A) an amount (exclusive of any expenses) equal to 105 per cent of the average of the middle market quotations of an ordinary share (as derived from the London Stock Exchange plc's Daily Official List) for the five business days immediately preceding the date on which that ordinary share is contracted to be purchased; and

(B) an amount (exclusive of any expenses) equal to the higher of (i) the price of the last independent trade of an ordinary share; and (ii) the highest current independent bid for an ordinary share on the London Stock Exchange at the time the purchase is carried out; and

- (iv) the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company following the passing of this resolution or, if earlier, at the close of business on 22 June 2019 but the Company may make a contract of purchase of any ordinary shares which would, or might, be concluded wholly or partly after that expiry and may make a purchase of ordinary shares pursuant to such a contract as if this authority had not expired; and
- (b) pursuant to section 724 of the Companies Act 2006 to hold as treasury shares any ordinary shares purchased pursuant to the authority conferred in paragraph (a) of this Resolution 20.

**Notice for general meetings**

- 21 That for the purpose of section 307A of the Companies Act 2006, the Directors be authorised to call general meetings of the Company other than annual general meetings on not less than 14 clear days' notice, provided that this authority shall expire at the conclusion of the Company's 2019 annual general meeting.

By Order of the Board,

Christine Oldridge  
Company Secretary  
Beazley plc

Registered office:  
Plantation Place South  
60 Great Tower Street  
London EC3R 5AD  
21 February 2018

## Notes

- 1 Shareholders entitled to attend, speak and vote at this meeting may appoint one or more proxies to attend and, on a poll, vote in their place. A proxy need not be a shareholder of the Company. If a shareholder appoints more than one proxy to attend this meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the shareholder. If a shareholder wishes to appoint more than one proxy, he/she may photocopy the Form of Proxy or (an) additional Form(s) of Proxy may be obtained by contacting the Company's Registrars' Shareholders' Helpline on 0371 384 2658 (for calls from within the United Kingdom. Calls to this number are charged at the national rate plus network extras. Lines are open from 8.30am to 5.30pm, Monday to Friday, excluding public holidays in England and Wales), or +44 121 415 7593 (for calls from outside the United Kingdom. Calls to this number will be charged depending on where the call is made from, at international rates).
- 2 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, under an agreement between him/her and the shareholder by whom he/she was nominated (the "Relevant Member"), have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the Relevant Member as to the exercise of voting rights. Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you. The statement of the rights of shareholders in relation to the appointment of proxies in note 1 above does not apply to Nominated Persons. The rights described in that paragraph can only be exercised by shareholders of the Company.
- 3 Only those members entered on the register of members of the Company at 6.30pm on 20 March 2018 (or, if the AGM is adjourned, at 6.30pm on the date which is two business days prior to the adjourned meeting) shall be entitled to attend or vote at the aforesaid meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register of members after 6.30pm on 20 March 2018 (or, if the AGM is adjourned, at 6.30pm on the date which is two business days prior to the adjourned meeting) shall be disregarded in determining the rights of any person to attend or vote (and the number of votes they may cast) at the AGM or adjourned meeting.
- 4 A Form of Proxy is enclosed with this Notice. In order to be valid, a Form of Proxy must be returned duly completed (together with the original or a duly certified copy of the power of attorney or other authority, if applicable, under which it is signed) by one of the following methods no later than 48 hours before the time fixed for the AGM or any adjournment thereof:
  - in hard copy form by post, by courier or by hand to the Company's Registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA;
  - in electronic form by visiting [www.sharevote.co.uk](http://www.sharevote.co.uk) where you will be asked to enter your unique Voting ID, Task ID and Shareholder Reference Number as printed on your Form of Proxy;
  - alternatively if you have already registered with Equiniti Limited's online portfolio service, Shareview, you can submit your Form of Proxy at [www.shareview.co.uk](http://www.shareview.co.uk). Full instructions are given on both websites. The use by members of the electronic proxy appointment service will be governed by the terms and conditions of use which appear on the website; or
  - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out on page 7.

Completing and returning the Form of Proxy will not preclude shareholders from attending and voting in person at the AGM should they wish to do so.

- 5 If you return paper and electronic proxy instructions, those received last by the Registrars before the latest time for receipt of proxies will take precedence. You are advised to read the website terms and conditions of use carefully.
6. As at 7 February 2018, being the last practicable date prior to the publication of this Notice, the Company's issued share capital consisted of 525,782,387 ordinary shares of five pence each ("Ordinary Shares"), none of which were held in treasury. The total voting rights in the Company as at 7 February 2018 were 525,782,387.
- 7 Copies of the following documents will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays, Sundays and Bank Holidays excluded) until the date of the AGM and also on the date and at the place of the AGM from 12.30pm until the conclusion of the AGM:
  - (a) copies of the executive Directors' service agreements; and
  - (b) copies of the non-executive Directors' letters of appointment.

- 8 It is possible that, pursuant to requests made by members of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on its website a statement setting out any matter relating to the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are to be laid before the AGM or relating to any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual reports and accounts were laid. The Company may not require the members requesting such website publication to pay its expenses in complying with section 527 or 528 of the Companies Act 2006 and 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 AGM includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on its website.
- 9 A member attending the AGM has the right to ask questions relating to the business being dealt with at the AGM in accordance with section 319A of the Companies Act 2006. The Company must cause to be answered any such question relating to the business being dealt with at the AGM but no such answer need be given if (a) to do so would interfere unduly with the preparation for the AGM 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 AGM that the question be answered.
- 10 In accordance with section 311A of the Companies Act 2006, the contents of this Notice, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM, the total voting rights members are entitled to exercise at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this Notice, together with a copy of the Annual Report and Accounts 2017, can be found on the Company's website at [www.beazley.com](http://www.beazley.com).
- 11 Except as set out in the notes to this Notice, any communication with the Company in relation to the AGM, including in relation to proxies, should be sent to the Company's Registrars Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA. No other means of communication will be accepted. In particular, you may not use any electronic address provided either in this Notice or in any related documents (including the Annual Report and Accounts for the year ended 31 December 2017 or the Form of Proxy) to communicate with the Company for any purpose other than those expressly stated.

**NOTE FOR CREST shareholders: Electronic proxy appointment through CREST**

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(s) thereof by using the procedures described in the CREST manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST proxy instruction) must be properly authenticated in accordance with Euroclear UK and Ireland's (EUI) specifications and must contain the information required for such instructions, as described in the CREST manual which can be viewed at [www.euroclear.com](http://www.euroclear.com). The message, regardless of whether it constitutes the appointment of a proxy or to 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 the Company's agent, Equiniti Limited, (CREST Participant ID RA19) by 1.00pm on 20 March 2018 (or 48 hours preceding the date and time for any adjourned meeting). 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 Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

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

The Company may treat as invalid a CREST proxy instruction in the circumstances set out in 35(5)(a) of the Uncertificated Securities Regulations 2001.

## Explanatory Notes on the Business of the AGM

### **Resolution to Receive the Annual Report and Accounts for the financial year ended 31 December 2017 and the Directors' Report and Auditors' Report on these (Resolution 1)**

The Directors are required to present to the AGM the accounts, and the reports of the Directors and auditors, for the financial year ended 31 December 2017. These are contained in the Company's Annual Report and Accounts 2017.

### **Resolution that the Directors' Remuneration Report for the financial year ended 31 December 2017 be approved (Resolution 2)**

The Company is required under section 439 of the Companies Act 2006 to ask shareholders to approve the Directors' Remuneration Report which is included in the Annual Report and Accounts 2017. These can be viewed on the Company's website and are available to shareholders on request. The resolution is advisory and does not affect the remuneration paid to any Director.

The Company's auditors, KPMG, have audited those parts of the Directors' Remuneration Report which are required to be audited and their report may be found in the Annual Report and Accounts.

### **Re-election of Directors (Resolutions 4 to 14 inclusive)**

In compliance with the provision on annual re-election of all Directors introduced by the UK Corporate Governance Code, all Directors wishing to seek re-election are submitted for re-election and are recommended by the board. The Board currently has 13 Directors (comprising a non-executive Chairman, four Executive Directors and eight other non-executive Directors), whose experience and expertise are derived from a range of industries, sectors and personal characteristics that provide an invaluable perspective on the Company's business. Biographical details for each Director, including their career history and experience can be found on pages 78-79 of the 2017 Annual Report and at [www.beazley.com](http://www.beazley.com).

The Nomination Committee, which is the committee of the Board which considers the balance of the Board and the mix of skills, knowledge and experience of its members, has considered and approved the proposed re-election of George Blunden, Angela Crawford-Ingle, Christine LaSala, Sir Andrew Likierman, John Sauerland, Robert Stuchbery and Catherine Woods. All the proposed appointees have been subject to a formal evaluation procedure in the last 12 months.

Following that evaluation procedure, the Chairman confirms the continuing commitment and effective contribution of George Blunden, Angela Crawford-Ingle, Christine LaSala, Sir Andrew Likierman, John Sauerland, Robert Stuchbery and Catherine Woods to their roles and recommends their re-election.

Dennis Holt will be stepping down from the board following the AGM, having served two full three-year terms as non-executive Chairman, and will, conditional upon the passing of Resolution 15, be replaced by David Roberts, who was appointed to the board as a non-executive director on 1 November 2017.

### **Election of Directors (Resolution 15)**

David Roberts is standing for election by the shareholders for the first time and is therefore seeking election through a separate resolution numbered 15.

Mr Roberts is Chairman of Nationwide Building Society and Vice Chairman of NHS England. He has over 30 years' experience in financial services and was previously Chairman and CEO of Bawag PSK AG, Austria's second largest retail bank and an Executive Director and member of the Group Executive Committee at Barclays plc, where he was responsible for the international retail and commercial banking business. Prior to joining Nationwide, he was Group Deputy Chairman at Lloyds Banking Group. His previous non-executive directorships include Absa Group SA and BAA plc. Details of the selection process that resulted in Mr Roberts' appointment can be found on page 95 of the Annual Report and Accounts.

### **Auditors (Resolutions 16 and 17)**

The Company is required, at each annual general meeting at which accounts are presented, to appoint auditors to hold office until the next such meeting. KPMG has indicated its willingness to continue in office. Accordingly, Resolution 16 proposes the reappointment of KPMG as auditors to the Company, following the recommendation of the Audit and Risk Committee. As disclosed in the 2017 Annual Report and Accounts, the Company intends to hold a competitive tender during 2018 and a new auditor will be appointed prior to the audit of the 2019 financial results.

Resolution 17 authorises the Audit and Risk Committee to fix KPMG's remuneration.

### **Authority of Directors to allot shares (Resolution 18)**

Under the Companies Act 2006, the Directors may only allot shares or grant rights to subscribe for, or convert any security into, shares if authorised to do so by the shareholders in general meeting. Accordingly, resolution 18 seeks to grant an authority under section 551 of the Companies Act 2006 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.

This resolution will expire at the conclusion of the next AGM of the Company or, if earlier, 22 June 2019. Upon the passing of this resolution, the Board will have authority (pursuant to paragraph (a) of the resolution) to allot relevant securities up to a maximum aggregate nominal amount of £8,763,040 representing approximately one third of the current issued ordinary share capital of the Company as at 7 February 2018, being the latest practicable date before the publication of this Notice. In addition, in accordance with the latest institutional guidelines from the Investment Association (“IA”) on the expectations of institutional investors in relation to the authority of Directors to allot shares, upon the passing of this resolution the Board will have authority (pursuant to paragraph (b) of the resolution) to allot an additional number of ordinary shares up to a maximum aggregate nominal amount of £17,526,080, which is approximately a further third of the current issued ordinary share capital as at 7 February 2018, being the latest practicable date before the publication of this Notice. However, the Directors will only be able to allot those shares for the purposes of a rights issue in which the new shares are offered to existing shareholders in proportion to their existing shareholdings.

As a result, if this resolution is passed, the Board could allot shares representing up to two-thirds of the current issued ordinary share capital pursuant to a rights issue.

There is no present intention of exercising this authority except in connection with the Company’s employee share schemes. However, it is considered prudent to maintain the flexibility that this authority provides. If they do exercise the authority, the Directors intend to follow emerging best practice as regards its use (including, where appropriate, the Directors standing for re-election) as recommended by the IA.

As of 7 February 2018, being the last practicable date prior to the publication of this Notice, the Company did not hold any treasury shares.

#### **Disapplication of pre-emption rights (Resolution 19)**

Under section 561(1) of the Companies Act 2006, if the Directors wish to exercise the authority under Resolution 18 and allot any shares for cash, or grant rights to subscribe for, or convert securities into, shares, they must offer them in the first instance to existing shareholders in proportion to their existing shareholdings. In certain circumstances, it may be in the best interests of the Company to allot new shares (or to grant rights over shares) for cash without first offering them to existing shareholders in proportion to their shareholdings. This cannot be done under the Companies Act 2006 unless the shareholders have first waived their pre-emption rights.

This resolution, which is to be proposed as a special resolution and which is conditional on Resolution 18 having been passed, asks the shareholders to do this by allowing the Directors to allot shares (including treasury shares) for cash (i) by way of a rights issue in which the new shares are offered to existing shareholders in proportion to their existing shareholdings; and (ii) to persons other than existing shareholders up to a maximum aggregate nominal amount of £1,314,456; which is equivalent to 5 per cent of the nominal amount of the issued share capital of the Company on 7 February 2018, being the latest practicable date prior to the publication of this Notice.

If given, the authority will expire at the conclusion of the next AGM in 2019 or, if earlier, 22 June 2019. The Directors intend to renew such power at subsequent AGMs in accordance with current best practice.

The Directors have no current plans to allot shares, except in connection with employee share schemes. In accordance with The Pre-Emption Group’s Statement of Principles, the Directors confirm that they do not intend to issue more than 7.5 per cent of the issued ordinary share capital of the Company on a non pre-emptive basis in any rolling three year period without prior consultation with the relevant investor groups.

#### **Authority for the Company to purchase its own shares (Resolution 20)**

This Resolution gives the Company the authority to buy back Ordinary Shares in accordance with the Companies Act 2006. The maximum aggregate number of Ordinary Shares that may be purchased pursuant to this authority will be limited to 52,578,239 Ordinary Shares, which represents approximately 10 per cent of the Company’s issued ordinary share capital as at 7 February 2018, being the latest practicable date before the publication of this Notice. The authority would expire at the conclusion of the 2018 AGM or, if earlier, 22 June 2019. The Board intends to seek renewal of this power at subsequent AGMs in accordance with current best practice.

The minimum price (excluding expenses) that may be paid by the Company for an Ordinary Share is its nominal value and the maximum price which may be paid by the Company for an Ordinary Share is the higher of:

- (a) an amount (excluding expenses) equal to 105 per cent of the average of the middle market quotations of an Ordinary Share (as derived from the London Stock Exchange Daily Official List) for the five business days immediately preceding the date on which that Ordinary Share is contracted to be purchased; and
- (b) an amount (excluding expenses) equal to the higher of (i) the price of the last independent trade of an Ordinary Share; and (ii) the highest current independent bid for an Ordinary Share on the London Stock Exchange at the time the purchase is carried out.

Any buy back of Ordinary Shares would be made on the London Stock Exchange.

The Directors will exercise this power only when, in the light of market conditions prevailing at the time, they believe that the effect of such purchases will be in the best interests of shareholders. The Directors consider it to be

desirable for this general authority to be available to provide flexibility in the management of the Company's capital resources over the next 12 months. In addition, other investment opportunities, appropriate gearing levels and the overall position of the group will also be taken into account when determining whether to exercise this authority.

The Company may hold in treasury any of its own shares that it purchases pursuant to the authority conferred by this resolution. This gives the Company the ability to reissue treasury shares quickly and cost-effectively and provides the Company with greater flexibility in the management of its capital base. It also gives the Company the opportunity to satisfy employee share scheme awards with treasury shares. Accordingly, if the directors exercise the authority conferred by resolution 20, the Company will have the option of holding those shares in treasury, rather than cancelling them. The Directors will have regard to any guidelines published by investor groups in force at the time of any market purchase, holding or resale of treasury shares.

In the financial year ended 31 December 2017, the Company did not purchase any of its own shares. In the period from 1 January 2018 to 7 February (being the latest practicable date prior to the publication of this Notice), the Company did not purchase any of its own shares.

The total number of options to subscribe for shares outstanding as at 7 February 2018 being the latest practicable date before the publication of this Notice, was 17,511,326. This represents 3.3 per cent of the issued share capital at that date. If the Company was to buy back the maximum number of Ordinary Shares permitted pursuant to this resolution, then the total number of options to subscribe for Ordinary Shares outstanding at 7 February 2018 would represent 3.7 per cent of the reduced share capital.

#### **Notice period for general meetings (Resolution 21)**

The Companies (Shareholders' Rights) Regulations 2009 (the "Shareholders' Rights Regulations") increased the notice period for general meetings to 21 clear days unless shareholders approve a shorter period, which cannot be less than 14 clear days. Resolution 21 seeks the approval of shareholders to grant the authority to be able to call general meetings (other than an annual general meeting) on not less than 14 clear days' notice. The flexibility offered by Resolution 21 will be used where, taking into account the circumstances, 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. In doing so, the Directors will note the recommendations of the UK Corporate Governance Code.

The Company will meet the requirements for electronic voting under the Shareholders' Rights Regulations before calling a general meeting on less than 21 clear days' notice. If given, the approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed.



