



NOTICE OF ANNUAL  
GENERAL MEETING  
**2022**

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redcentric

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Year ended 31 March 2022

Redcentric plc

Registered and incorporated in England  
and Wales with company number 08397584

## Notice of annual general meeting

Notice is hereby given that the annual general meeting (the “**AGM**”) of Redcentric plc (the “**Company**”) will be held at the offices of finnCap Ltd, 1 Bartholomew Close, London EC1A 7BL on Wednesday 7 September 2022 at 12.30 p.m.

Shareholders intending to attend the AGM are asked to register their intention as soon as practicable, and by no later than 5 p.m. on Friday 2 September 2022, by email to [investorrelations@redcentricplc.com](mailto:investorrelations@redcentricplc.com).

The board of directors of the Company (the “**Board**”) shall accept any questions relating to the business being dealt with at the AGM which are submitted by shareholders in advance to the Company, and the Company shall publish the question and the response on the Company's website in advance of the AGM. Any such questions should be sent to the email address [investorrelations@redcentricplc.com](mailto:investorrelations@redcentricplc.com) so as to be received by no later than 5 p.m. on Friday 2 September 2022.

The results of the AGM will be available on the Company's website shortly after the meeting has closed.

The purpose of the AGM will be as follows:

### Ordinary business

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

#### Annual report and financial statements

1. To receive the Company's audited accounts for the financial year ended 31 March 2022 together with the directors' report and the auditors' report on those annual accounts.

#### Re-appointment of directors

2. To elect Nick Bate as a director of the Company.
3. To elect Alan Aubrey as a director of the Company.

#### Re-appointment of auditors

4. To re-appoint KPMG LLP as auditors of the Company to hold office from the conclusion of the AGM until the conclusion of the next annual general meeting in 2023 at which accounts are laid before the Company.

#### Auditors' remuneration

5. To authorise the directors of the Company to determine the remuneration of the auditors.

#### Dividend

6. To declare a final dividend of 2.4p per ordinary share in respect of the financial year ended 31 March 2022.

### Special business

To consider and, if thought fit, pass the following resolutions, of which resolution 7 will be proposed as an ordinary resolution and resolutions 8 to 11 will be proposed as special resolutions:

#### Directors' authority to allot shares (ordinary resolution)

7. THAT, in substitution for any equivalent authorities and powers granted to the directors prior to the passing of this resolution, the directors be and are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to exercise all powers of the Company to allot shares in the Company, and to grant rights to subscribe for or to convert any security into shares of the Company ("Allotment Rights") up to an aggregate nominal amount of £51,647, provided that, unless previously revoked, varied or extended, this authority shall expire on the earlier of 6 December 2023 and the conclusion of the next annual general meeting of the Company, except 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 Allotment Rights to be granted after such expiry and the directors may allot shares or grant Allotment Rights in pursuance of such an offer or agreement as if this authority had not expired.

**Directors' power to issue shares for cash (special resolution)**

8. THAT, conditional on the passing of resolution 7, the directors be and they are empowered pursuant to section 570(1) of the Companies Act 2006 (the "**Act**") to allot equity securities (as defined in section 560 of the Act) of the Company wholly for cash pursuant to the authority conferred by resolution 7, and/or by way of a sale of treasury shares (by virtue of section 573 of the Act), in each case as if section 561(1) of the Act did not apply to any such allotment provided that the power conferred by this resolution shall be limited to:

- a. the allotment of equity securities and the sale of treasury shares for cash in connection with an offer of, or invitation to apply for, equity securities:
  - i. to the holders of ordinary shares in the capital of the Company in proportion (as nearly as may be practicable) to their existing holdings; and
  - ii. to holders of any other equity securities as required by the rights of those securities or as the directors otherwise consider necessary,

subject, in each case, to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal, regulatory or practical problems arising under the laws or requirements of any overseas territory or by virtue of shares being represented by depositary receipts or the requirements of any regulatory body or stock exchange or any other matter whatsoever; and

b. the allotment (otherwise than pursuant to sub-paragraph 8a above) of equity securities or sale of treasury shares up to an aggregate nominal amount of £7,747.

Unless previously revoked, varied or extended, this power shall expire on the earlier of 6 December 2023 and the conclusion of the next annual general meeting of the Company, except that the Company may, at any time before such expiry, make an offer or agreement which would or might require equity securities to be allotted (and/or treasury shares to be sold) after such expiry and the directors may allot equity securities (and/or sell treasury shares) in pursuance of such an offer or agreement as if this power had not expired.

**Directors' power to issue shares for cash in connection with an acquisition or specified capital investment (special resolution)**

9. THAT, conditional on the passing of resolution 7, and in addition to any authority granted under resolution 8, the directors be and they are empowered pursuant to section 570(1) of the Companies Act 2006 (the "**Act**") to allot equity securities (as defined in section 560 of the Act) of the Company wholly for cash pursuant to the authority conferred by resolution 7, and/or by way of a sale of treasury shares (by virtue of section 573 of the Act), in each case as if section 561(1) of the Act did not apply to any such allotment provided that the power conferred by this resolution shall be:

- a. limited to the allotment of equity securities up to an aggregate nominal amount of £7,747; and

b. used only for the purposes of financing (or refinancing, if the power is to be used within six months after the original transaction) a transaction which the directors of the Company determine 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.

Unless previously revoked, varied or extended, this power shall expire on the earlier of 6 December 2023 and the conclusion of the next annual general meeting of the Company, except that the Company may, at any time before such expiry, make an offer or agreement which would or might require equity securities to be allotted (and/or treasury shares to be sold) after such expiry and the directors may allot equity securities (and/or sell treasury shares) in pursuance of such an offer or agreement as if this power had not expired.

#### **Authority to make market purchases of own shares (special resolution)**

10. THAT, the Company be and is generally and unconditionally authorised pursuant to section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of section 693 of the Act) of ordinary shares of £0.1p each, provided that:

- a. the maximum aggregate number of ordinary shares that may be purchased under this authority is 7,747,012;
- b. the minimum price (excluding expenses) which may be paid for each ordinary share is its nominal value;
- c. the maximum price (excluding expenses) which may be paid for each ordinary share is the higher of:
  - i. 105 per cent of the average market value of an ordinary share in the Company for the five business days prior to the day the purchase is made; and
  - ii. the value of an ordinary share calculated on the basis of the higher of the price quoted for:
    - the last independent trade of an ordinary share; and
    - the highest current independent bid for an ordinary share,
 at the time on the trading venue where the purchase is carried out.

- d. The authority conferred by this resolution shall expire on the earlier of 6 December 2023 and the conclusion of the next annual general meeting of the Company save that the Company may, before the expiry of the authority granted by this resolution, enter in to a contract to purchase ordinary shares which will or may be executed wholly or partly after the expiry of such authority and the Company may purchase shares pursuant to any such contract as if the authority had not expired.

#### **Approval and adoption of new articles of association (special resolution)**

11. THAT, with effect from the conclusion of the meeting the draft articles of association produced to the meeting and, for the purposes of identification, initialled by the Chair, be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the Company's existing articles of association.

By order of the Board  
**Harn Jagpal**  
 Company Secretary  
 8 August 2022

**Registered Office**  
 Central House  
 Beckwith Knowle  
 Harrogate HG3 1UG

## Explanatory notes

1. To be entitled to vote at the AGM (and for the purpose of the determination by the Company of the number of votes they may cast), shareholders must be registered in the register of members of the Company ("**Register of Members**") at close of trading on Monday 5 September 2022. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to vote at the AGM.
2. Shareholders intending to attend the AGM are asked to register their intention as soon as practicable, and by no later than 5 p.m. on Friday 2 September 2022, by email to [investorrelations@redcentricplc.com](mailto:investorrelations@redcentricplc.com).
3. Shareholders, or their proxies, intending to attend the AGM in person are requested, if possible, to arrive at the AGM venue at least 20 minutes prior to the commencement of the AGM at 12.30 p.m. (UK time) on Wednesday 7 September 2022 so that their shareholding may be checked against the Company's Register of Members and attendances recorded.
4. Shareholders are entitled to appoint another person as a proxy to exercise all or part of their rights to attend and to speak and vote on their behalf at the AGM. 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 ordinary share or ordinary shares held by that shareholder.
- A proxy need not be a shareholder of the Company but must attend the AGM to represent the shareholder.
5. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first named being the most senior).
6. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the AGM.
7. Any member wishing to vote at the AGM should appoint a proxy. You can appoint a proxy by:
  - logging on to [www.signalshares.com](http://www.signalshares.com) and following the instructions; or
  - requesting a hard copy form of proxy directly from the registrars, Link Group ("**Registrars**"), on Tel: +44 (0)371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales.

A hard copy proxy form should be completed in accordance with the instructions that accompany it and then delivered (together with any power of attorney or other authority under which it is signed, or a copy of such item certified in accordance with the Powers of Attorney Act 1971) to Link Group, PXS 1, 10th Floor, Central Square, 29 Wellington Street, LEEDS, LS1 4DL; or

- in the case of CREST members, utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

Proxy appointments, whether submitted electronically or by post, must be received by Link Group by no later than 12.30 p.m. on Monday 5 September 2022.

8. If you return more than one proxy appointment, either by paper or electronic communication, the appointment received last by the Registrars before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.
9. The return of a completed form of proxy, electronic filing or any CREST Proxy Instruction (as described in note 11 below) will not prevent a shareholder from attending the AGM and voting in person if he/she wishes to do so.

10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM (and any adjournment of the AGM) by using the procedures described in the CREST Manual (available from [www.euroclear.com/site/public/EUI](http://www.euroclear.com/site/public/EUI)). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a 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.

11. 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 UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by no later than 12.30 p.m. on Monday 5 September 2022. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

12. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).
13. In order to terminate the authority of a proxy, you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke such appointment to the Registrars. To be effective, the notice of termination must be received by the Registrars by the method outlined in note 7 above no later than 12.30 p.m. on Monday 5 September 2022.
14. 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 no more than one corporate representative exercises powers in relation to the same shares.
15. As at 1 August 2022 (being the latest practicable business day prior to the publication of this notice), the Company's ordinary issued share capital consists of 156,991,982 ordinary shares, 2,051,729 of which are held in treasury and the remainder of which carry one vote each. Therefore, the total voting rights in the Company as at 1 August 2022 are 154,940,253.
16. Under Section 527 of the Companies Act 2006, 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 financial statements (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 financial statements and reports were laid in accordance with Section 437 of the Companies Act 2006 (in each case) that the shareholders propose to raise at the relevant meeting. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the 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 AGM for the relevant financial year includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.

17. Any shareholder attending the AGM 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 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 the Company or the good order of the AGM that the question be answered.

In addition, the Board shall accept any questions relating to the business being dealt with at the AGM which are submitted by shareholders in advance to the Company and the Company shall publish the question and the response on the Company's website in advance of the AGM. Any such questions should be sent to the email address [investorrelations@redcentricplc.com](mailto:investorrelations@redcentricplc.com) so as to be received by no later than 5 p.m. on Friday 2 September 2022.

18. The following documents are available for inspection during normal business hours at the registered office of the Company on any business day from the date of this notice until the conclusion of the AGM:

- copies of the service contracts of the executive directors of the Company;
- copies of letters of appointment of the non-executive directors of the Company; and
- a copy of the Company's existing articles of association and the proposed new articles of association marked to show all the changes.

19. You may not use any electronic address (within the meaning of Section 333(4) of the Companies Act 2006) provided in either this notice or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.

A copy of this notice, and other information required by Section 311A of the Companies Act 2006, can be found on the Company's website at [www.redcentricplc.com/about-us/investors](http://www.redcentricplc.com/about-us/investors) .

## Explanatory notes on certain business of the AGM

### 1. Resolutions 2 to 3 – Re-appointment of directors

The Company's articles of association ("Articles") require any director who has been appointed by the Board after the last annual general meeting to retire at the next annual general meeting following his or her appointment. Nick Bate was appointed by the Board since the last annual general meeting of the Company and accordingly he will retire from office at the AGM and stand for re-appointment by the shareholders. Resolution 2 proposes his re-appointment. Alan Aubrey was appointed to the Board on 21 July 2022 and accordingly he will retire from office at the AGM and stand for re-appointment by the shareholders. Resolution 3 proposes his re-appointment. The Articles also require that, at any annual general meeting of the Company, any director who has not been appointed or re-appointed at either of the two previous annual general meetings, shall retire. All the other directors were appointed or re-appointed at either of the two previous annual general meetings. Accordingly, none of the other directors are required to retire and offer themselves for re-election. Brief biographical details of Nick Bate and Alan Aubrey are set out at [www.redcentricplc.com/investors/board-of-directors](http://www.redcentricplc.com/investors/board-of-directors).

### 2. Resolution 6 – Dividend

The directors of the Company are recommending a final dividend of 2.4p per

ordinary share in respect of the financial year ended 31 March 2022. If the final dividend is approved by shareholders, it will be paid on 16 September 2022 to the holders of ordinary shares on the register of members at the close of business on 29 July 2022.

### 3. Resolution 7 – Directors' authority to allot shares

This resolution grants the directors authority to allot shares in the capital of the Company and to grant rights to subscribe for or to convert any security into shares in the capital of the Company, up to an aggregate nominal value of £51,647 (which represents approximately one third of the issued ordinary share capital of the Company (excluding treasury shares) as at 1 August 2022, being the latest practicable date prior to the publication of this notice).

Unless revoked, varied or extended, this authority will expire at the conclusion of the next annual general meeting of the Company or 6 December 2023 (being the date falling 15 months after the date of the passing of this resolution), whichever is the earlier.

### 4. Resolution 8 – Directors' power to issue shares for cash

This resolution authorises the directors in certain circumstances to allot equity securities for cash other than in accordance with the statutory pre-emption rights (which require a company to offer all allotments for cash first to existing shareholders in proportion to their holdings). The relevant circumstances are either where the allotment takes place in connection with a rights issue or the allotment

is limited to a maximum nominal amount of £7,747, representing approximately five per cent of the nominal value of the issued ordinary share capital of the Company (excluding treasury shares) as at 1 August 2022, being the latest practicable date prior to the publication of this notice.

In 2015, the Pre-Emption Group (which represents the Investment Association and the Pension and Lifetime Savings Association) published a revised statement of principles for the disapplication of pre-emption rights (the “**Principles**”). The Principles relate to issues of equity securities for cash other than on a pre-emptive basis by all companies (wherever incorporated) with shares admitted to the Premium Listing segment of the Financial Conduct Authority and to trading on the Main Market for listed securities of the London Stock Exchange. Certain other companies, including those with shares admitted to trading on AIM, are encouraged to adopt the Principles. The Principles provide that a general authority for the disapplication of pre-emption rights over approximately five per cent of the Company’s issued ordinary share capital should be treated as routine.

Unless revoked, varied or extended, this authority will expire at the conclusion of the next annual general meeting of the Company or 6 December 2023 (being the date falling 15 months after the date of the passing of this resolution), whichever is the earlier.

### **Treasury shares regulations**

The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 (as

amended) (“**Treasury Shares Regulations**”) give flexibility concerning what the Company can do with any of its ordinary shares that it may buy back. The Company may now hold such shares ‘in treasury’ and then sell them at a later date for cash rather than simply cancelling them. The Treasury Shares Regulations require such sales to be on a pre-emptive, pro-rata basis to existing shareholders unless shareholders agree by special resolution to disapply such pre-emption rights. Accordingly, in addition to giving the directors power to allot unissued ordinary shares on a non-pre-emptive basis, resolution 8 will also give directors power to sell ordinary shares held in treasury on a non-pre-emptive basis, subject always to the limitations noted above.

The directors consider that the power proposed to be granted by resolution 8 is necessary to retain flexibility, although they do not have any intention at the present time of exercising such power.

### **5. Resolution 9 – Directors’ power to issue shares for cash in connection with an acquisition or specified capital investment**

The Principles further provide that the Company may seek to disapply pre-emption rights over the equivalent of approximately an additional five per cent of the issued ordinary share capital of the Company (excluding treasury shares), so long as certain criteria are met. Subject to the passing of resolution 7, resolution 9 seeks to grant a new authority (in addition to the authority referred to above in relation to resolution 8) to authorise the directors to allot ordinary shares, or grant rights

to subscribe for, or convert securities into, ordinary shares or sell treasury shares for cash (other than pursuant to an employee equity incentive share scheme) up to an aggregate nominal value of approximately five per cent of the Company's issued ordinary share capital (excluding treasury shares) without application of pre-emption rights pursuant to section 561 of the Companies Act 2006, provided that the authority will only be used for the purpose of:

- a. an acquisition; or
- b. a specified capital investment in respect of which sufficient information regarding the effect of the investment on the Company, the assets that are the subject of the investment and (where appropriate) the profits attributable to those assets is made available to shareholders to enable them to reach an assessment of the potential return on the investment which is announced contemporaneously with the issue or which has taken place in the preceding six month period and is disclosed in the announcement of the issue.

Unless revoked, varied or extended, this authority will expire at the conclusion of the next annual general meeting of the Company or 6 December 2023 (being the date falling 15 months after the date of the passing of this resolution), whichever is the earlier.

## **6. Resolution 10 – Authority to make market purchases of own shares**

This resolution seeks authority for the Company to make market purchases of its own ordinary shares and is proposed as a special resolution. If passed, the resolution gives authority for the

Company to purchase up to 7,747,012 of its ordinary shares, representing approximately five per cent of the Company's issued ordinary share capital (excluding treasury shares) as at 1 August 2022, being the latest practicable date prior to the publication of this notice.

The resolution specifies the minimum and maximum prices which may be paid for any ordinary shares purchased under this authority. The authority will expire on the earlier of 6 December 2023 (being the date falling 15 months after the date of the passing of this resolution) and the Company's next annual general meeting.

The directors will only exercise the authority to purchase ordinary shares where they consider that such purchases will be in the best interests of shareholders generally and will result in an increase in earnings per ordinary share.

The Company may either cancel any shares it purchases under this authority or transfer them into treasury (and subsequently sell or transfer them out of treasury or cancel them).

On 17 September 2019, the Company announced that it had approved a share buyback programme of the Company's ordinary shares for an aggregate purchase price of up to £2,000,000 (the "**Buyback Programme**"). The Buyback Programme formed part of the Group's broader strategy to deliver shareholder value. On 3 April 2020, as a result of the COVID-19 pandemic, the Company announced its decision to temporarily halt the Buyback Programme until the outlook around COVID-19 became more certain.

On 12 November 2020, in the announcement of its unaudited results for the six months to 30 September 2020, the Company announced that it would reinstate the Buyback Programme, with a view to selectively purchasing shares on market when it believed the shares were trading at a discount to the Company's fair valuation. The Company announced its first purchase thereafter on 24 December 2021 and on 2 February 2022, the Company announced it had approved an extension of the Buyback Programme for an aggregate purchase price of a further £3,000,000.

On 1 August 2022, the total number of options to subscribe for ordinary shares in the Company outstanding amounted to 4,875,023. This represented 3.15 per cent of the Company's issued ordinary share capital (excluding treasury shares) on that date. The Company does not have any outstanding share warrants.

If this authority to purchase shares was exercised in full the options outstanding would represent 3.31 per cent of the issued ordinary share capital (excluding treasury shares) as at 1 August 2022.

## **7. Resolution 11 – Approval and adoption of new articles of association**

This resolution seeks approval to adopt new articles of association of the Company ("**New Articles**"). The changes are primarily to reflect developments in market practice and legal and regulatory requirements made since the existing articles of association were last amended in 2013. The principal changes introduced by the New Articles are summarised in the Appendix to this notice

of meeting. Certain changes, which are of a minor, technical or clarifying nature, have not been noted.

A copy of the Company's existing articles of association and the proposed New Articles marked to show all the changes will be available for inspection during normal business hours (excluding Saturdays, Sundays and bank holidays) at the Company's registered office from the date of this notice of meeting until the close of the meeting. The New Articles will also be available for inspection at the AGM at least 15 minutes prior to the start of the meeting and up until the close of the meeting.

## Appendix

### Summary of the principal changes to the Company's articles of association.

The New Articles contain, among others, the following principal changes:

#### 1. Directors' fees (Article 93)

The New Articles will raise the directors' fees cap from £150,000 per annum to £300,000 per annum in aggregate. Such fees are distinct from remuneration paid to the executive directors. This is intended to reflect the limit that was approved by shareholders at the Company's 2019 annual general meeting and is in line with market practice.

#### 2. Postponement of general meetings (Article 48)

The New Articles contain new provisions in relation to the directors' power to postpone a properly convened general meeting after notice of that meeting has been sent out but before the time at which the meeting is to be held. The New Articles allow the directors to inform members of the new arrangements by giving notice in such manner as the directors may, in their absolute discretion, determine. This power would only be used where it was considered impracticable or unreasonable to hold the meeting on the date or at the time or place specified and use of the power must be reasonable and fair. No business may be transacted at any postponed meeting other than business which might properly have been transacted at the meeting had it not been postponed.

#### 3. Retirement of Directors (Article 82)

The Company's existing articles of association provide that any director who has not been appointed or re appointed at either of the two previous AGMs shall retire at the AGM (Article 82). There is also a complex formula in Article 82 applying the one third rule (so that the number of retiring directors is not less than one third).

The UK Corporate Governance Code states that all directors shall be re submitted for election annually. The New Articles will include such a provision requiring all directors to resign and be re elected annually, at the AGM, (in place of the existing Article 82).

#### 4. Borrowing powers (Article 108)

Until 31 December 2018, leases of plant and equipment and land and buildings were classified as either finance or operating leases under IAS17. Only finance leases were included as a liability on the balance sheet. On adoption of IFRS16 at 1 January 2019, the distinction between finance and operating lease was removed and replaced with a single categorisation of Lease Liabilities. The Company, therefore, recognised additional lease liabilities on its balance sheet in relation to leases which had previously been classified as operating leases.

This resulted in total Lease Liabilities increasing by £19,100,000 on adoption by the Company of IFRS16.

Given this change in accounting standard, the Company wishes to update the borrowing powers to specifically exclude IFRS16 Lease Liabilities from the definition of “moneys borrowed” in Article 108. Lease Liabilities largely relate to leases previously categorised as operating leases which prior to the adoption of IFRS16 were not included in the definition of “moneys borrowed”.

## 5. Other Changes

- 5.1 As part of the Company's continued support of gender neutrality, all references to gender have been made neutral throughout the New Articles.
- 5.2 Article 48 relating to “Special business” will be deleted, as the distinction between “ordinary” and “special” business is no longer relevant.
- 5.3 Untraced members (Article 74): the requirement to advertise in newspapers and notify the London Stock Exchange will be removed in line with market practice after the 12 year period. Also, changes will be made to the sale process to permit the forfeiture of the sale proceeds by the member if no valid claim is received by the Company within 2 years from the date of sale of the shares.
- 5.4 Interest on calls (Article 23), Payment in advance of calls (Article 27), Effect of forfeiture (Article 34): these provisions refer to an interest rate capped at 15% per annum. This will be changed so as to refer to “not exceeding the Bank of England base rate by more than 5 percentage points”.
- 5.5 Scrip dividends (Article 141(a)): the authority conferred by the ordinary resolution will be amended to refer to the “third” AGM following the meeting instead of the “fifth” annual general meeting following the meeting (in line with Investment Association guidance).
- 5.6 Capitalisation of reserves (Article 143): this article will be updated so as to permit the Company to participate in a capitalisation in respect of any shares held in treasury.
- 5.7 Indemnity, Funds and Insurance (Articles 163 and 164): certain drafting changes have been made to these provisions so that the references to any director of any associated company are made on a consistent basis throughout these Articles.
- 5.8 General: the opportunity has been taken generally to incorporate amendments of a minor, technical or clarifying nature, or to clarify minor inconsistencies in certain other parts of the Company's current articles of association.

## Head Office

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# redcentric

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