

**THIS DOCUMENT, WHICH CONTAINS THE NOTICE OF THE COMPANY'S ANNUAL GENERAL MEETING, IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt as to what action to take, you are recommended to seek immediately your own financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser, who is authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all your shares in Babcock International Group PLC, please forward this document and any accompanying documentation to the person through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

Whether or not you are able to attend the Annual General Meeting, please submit your form of proxy online at [www.babcock-shares.com](http://www.babcock-shares.com) or, if you are a member of CREST, you can register your vote electronically by using the service provided by Euroclear. Proxy instructions must be received no later than 11:00 am on Tuesday 17 July 2018. Further details are provided in the Important Information for Shareholders section on pages 4 and 5 of this document. Voting by proxy prior to the Annual General Meeting does not affect your right to attend the Meeting and vote in person should you so wish.

## **BABCOCK INTERNATIONAL GROUP PLC**

### **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 2018 annual general meeting (the 'Annual General Meeting') of the members of Babcock International Group PLC ('the Company') will be held at Grosvenor House Hotel, Park Lane, London W1K 7TN on Thursday 19 July 2018 at 11:00 am to consider and, if thought fit, to pass the following resolutions. It is intended to propose Resolutions 20 to 22 as Special Resolutions. All other Resolutions will be proposed as Ordinary Resolutions. Voting on all Resolutions will be by way of a poll. A location map and directions to the venue are provided at the end of this notice of meeting.

#### **Ordinary Resolutions**

##### **Report and Accounts**

1. To receive the audited financial statements of the Group and the Company for the year ended 31 March 2018, together with the Reports of the Directors and of the auditors thereon.

##### **Directors' Remuneration**

2. To approve the annual statement of the Remuneration Committee Chairman and the Annual Report on remuneration set out on pages 98 and 99 and 111 to 130 respectively of the Company's Annual Report for the year ended 31 March 2018.

##### **Final Dividend**

3. To declare a final dividend for the year ended 31 March 2018 of 22.65p per ordinary share in the capital of the Company, payable to all ordinary shareholders on the register at close of business on 29 June 2018.

##### **Directors**

4. To reappoint Mike Turner as a Director of the Company.
5. To reappoint Archie Bethel as a Director of the Company.
6. To reappoint John Davies as a Director of the Company.
7. To reappoint Franco Martinelli as a Director of the Company.
8. To reappoint Sir David Omand as a Director of the Company.
9. To reappoint Ian Duncan as a Director of the Company.
10. To reappoint Jeff Randall as a Director of the Company.
11. To reappoint Myles Lee as a Director of the Company.
12. To reappoint Prof. Victoire de Margerie as a Director of the Company.
13. To appoint Kjersti Wiklund as a Director of the Company.
14. To appoint Lucy Dimes as a Director of the Company.

##### **Auditor**

15. To reappoint PricewaterhouseCoopers LLP as independent auditor of the Company to hold office from the conclusion of the Annual General Meeting until the conclusion of the next general meeting at which accounts are laid before the Shareholders.
16. To authorise the Audit and Risk Committee (for and on behalf of the Directors of the Company) to set the remuneration of the independent auditor, as they shall in their discretion see fit.

### Political Donations

17. That, in accordance with sections 366 and 367 of the Companies Act 2006 (the '2006 Act'), the Company and all companies that are its subsidiaries at any time during the period for which this Resolution 17 is effective are authorised to:

- (a) make political donations to a political party or to an independent election candidate;
- (b) make political donations to political organisations other than political parties; and
- (c) incur any political expenditure,

up to an aggregate amount of £100,000, with the amount authorised under each of paragraphs (a) to (c) also being limited to such amount, in each case during the period beginning with the date of the passing of this Resolution 17 and ending on 30 September 2019 or, if sooner, the conclusion of the annual general meeting of the Company in 2019 unless previously renewed, varied or revoked by the Company in general meeting.

For the purpose of this Resolution 17 'political donation', 'political party', 'political organisation', 'independent election candidate' and 'political expenditure' are to be construed in accordance with sections 363, 364 and 365 of the 2006 Act.

### Directors' Fees

18. That, in accordance with Article 103 of the Company's Articles of Association, the maximum aggregate annual amount of the Directors' fees shall be increased to £1,000,000.

### Authority to Allot

19. That, in substitution for all such existing authorities, the Directors of the Company be and are hereby generally and unconditionally authorised for the purpose of section 551 of the 2006 Act to exercise all the 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 equal to £101,018,200; and
- (b) comprising equity securities (as defined in section 560(1) of the 2006 Act) up to a further aggregate nominal amount of £101,018,200 in connection with an offer by way of a rights issue,

such authorities to apply (unless previously renewed, varied or revoked by the Company in general meeting) until the end of the Company's next annual general meeting (or, if earlier, until the close of business on 30 September 2019) but, in each case, so that the Company may make offers and enter into agreements before the authority expires which would, or might, require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after the authority expires and the Directors of the Company may allot shares or grant such rights under any such offer or agreement as if the authority conferred hereby had not expired. References in this Resolution 19 to the nominal amount of rights to subscribe for or to convert any security into shares (including where such rights are referred to as equity securities as defined in section 560(1) of the 2006 Act) are to the nominal amount of shares that may be allotted pursuant to the rights.

For the purposes of this Resolution 19 'rights issue' means an offer to:

- (i) ordinary Shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
- (ii) holders of other equity securities, as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary,

to subscribe for further securities by means of the issue of a renounceable letter (or other negotiable document) which may be traded for a period before payment for the securities is due, including an offer to which the Directors may impose any limits or restrictions or make any other 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.

### Special Resolutions

#### Disapplication of Pre-emption Rights

20. That, in substitution for all such existing authorities, and subject to the passing of Resolution 19, the Directors of the Company be and are hereby generally empowered, pursuant to sections 570 and 573 of the 2006 Act, to:

- (a) allot equity securities (as defined in section 560(1) of the 2006 Act) for cash pursuant to the authority conferred by Resolution 19; and/or
- (b) sell ordinary shares (as defined in section 560(1) of the 2006 Act) held by the Company as treasury shares for cash, in each case free of the restriction in section 561 of the 2006 Act, provided that such authority shall be limited to:
  - (i) the allotment of equity securities and/or sale of treasury shares for cash in connection with or pursuant to an offer of, equity securities (but in the case of an allotment pursuant to the authority granted under paragraph (b) of Resolution 19, by way of a rights issue only):
    - (A) to ordinary Shareholders in proportion (as nearly as may be practicable) to their holdings; and
    - (B) to holders of other equity securities, as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary,

but subject to such limits, exclusions, restrictions or other arrangements as the Directors of the Company may consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical difficulties which may arise in, or under the laws or regulatory requirements of, any territory or any other matter whatsoever; and

- (ii) the allotment of equity securities pursuant to the authority granted by paragraph (a) of Resolution 19 and/or sale of treasury shares for cash (in each case otherwise than in the circumstances set out in paragraph (i) of this Resolution 20), up to an aggregate nominal amount of £15,167,897, calculated in the case of equity securities which are rights to subscribe for, or to convert securities into, ordinary shares, by reference to the aggregate nominal amount of relevant shares which may be allotted pursuant to such rights,

such authority to apply (unless previously renewed, varied or revoked by the Company in general meeting) until the end of the Company's next annual general meeting (or, if earlier, until the close of business on 30 September 2019) but, in each case, so that the Company may make offers and enter into agreements before the authority expires which would, or might, require equity securities to be allotted (and/or treasury shares to be sold) after the authority expires and the Directors of the Company may allot equity securities (and/or sell treasury shares) under any such offer or agreement as if the authority conferred hereby had not expired.

For the purpose of this Resolution 20, 'rights issue' has the same meaning as in Resolution 19 above.

#### **Authority to Purchase Own Shares**

21. That the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the 2006 Act to make market purchases (within the meaning of section 693(4) of the 2006 Act) of its ordinary shares of 60p each ('ordinary shares') in the capital of the Company on such terms and in such manner as the Directors of the Company may from time to time determine provided that:

- (a) the maximum number of ordinary shares hereby authorised to be purchased shall be 50,559,659 shares, representing approximately 10% of the issued share capital of the Company at 6 June 2018 (being the latest practicable date prior to the publication of this notice);
- (b) the price which may be paid for each ordinary share shall not be less than the nominal value thereof exclusive of the expenses of purchase;
- (c) the price which may be paid for each ordinary share (exclusive of the expenses of purchase) shall not exceed the higher of (i) an amount equal to 105% of the average of the middle market quotation for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such ordinary share is contracted to be purchased; and (ii) an amount equal to the higher of the price of an ordinary share quoted for the last independent trade and the highest current independent bid for an ordinary share on the trading venue where the purchase is carried out;
- (d) the authority hereby conferred shall (unless previously renewed, varied or revoked by the Company in general meeting) expire at the end of the Company's next annual general meeting (or, if earlier, the close of business on 30 September 2019); and
- (e) the Company may, before this authority expires, make a contract to purchase ordinary shares which will or may be executed wholly or partly after the expiry of this authority, and may make purchases of ordinary shares in pursuance of any such contract as if this authority had not expired.

#### **Notice for General Meetings**

22. That a general meeting of the Company (other than an annual general meeting) may be called by the Directors of the Company on not less than 14 clear days' notice.

By order of the Board

#### **Jack Borrett**

Company Secretary

7 June 2018

Registered Office: 33 Wigmore Street, London W1U 1QX

## Important Information for Shareholders

1. Explanations of the Resolutions are given in the explanatory notes to the Resolutions on pages 5 to 7 of this document.
2. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A Shareholder may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that Shareholder. A proxy need not be a Shareholder of the Company and can be appointed by completing the proxy form on the Babcock share portal at [www.babcock-shares.com](http://www.babcock-shares.com) and following the instructions provided. You will need to log in to your Babcock share portal or register if you have not previously done so. To register you will need your Investor Code which can be found on your share certificate or dividend confirmation. Alternatively contact the Registrars. Your proxy will vote as you instruct and must attend the Annual General Meeting for your vote to be counted. You can appoint the Chairman of the meeting as your proxy. Completion and submission of a proxy instruction will not preclude a member from attending and voting in person at the Annual General Meeting.
3. To be valid, proxy instructions must be received by the Company's registrars, by 11:00 am on **Tuesday 17 July 2018**.
4. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 (the '2006 Act') to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the Shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. 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 Shareholder as to the exercise of voting rights. A Nominated Person does not have the right of a member to appoint a proxy.
5. Copies of the following documents are available for inspection at the Company's registered office during normal business hours until the date of the Annual General Meeting and will be available for inspection at the place of the Annual General Meeting for at least 15 minutes prior to and during the meeting:
  - (a) terms of appointment under which the Non-Executive Directors of the Company are engaged;
  - (b) Executive Directors' service agreements; and
  - (c) Articles of Association.
6. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001 and section 360B of the 2006 Act, only those Shareholders entered on the register of members of the Company at close of business on 17 July 2018 or, in the event that the meeting is adjourned, on the register of members of the Company at close of business on the day two days (excluding any part of a day that is not a working day) before the date of any adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their names at that time. Changes to the entries on the register of members after this time shall be disregarded in determining the rights of any person to attend and vote at the meeting or any adjourned meeting.
7. As at 6 June 2018 (being the last practicable day prior to the publication of this notice) the Company's issued share capital consisted of 505,596,597 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at that date were 505,596,597 votes.
8. A corporate Shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all of its powers as a member provided that no more than one corporate representative exercises powers over the same share.
9. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting or any adjournment(s) thereof by using the procedures described in the CREST Manual (available via [www.euroclear.com](http://www.euroclear.com)). 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.
10. 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 & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via [www.euroclear.com](http://www.euroclear.com)). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 11:00 am, on Tuesday 17 July 2018. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST 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.
11. 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, to procure that his/her 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.

12. 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.
13. Any member or proxy 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 progress of 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.
14. Under section 527 of the 2006 Act, members 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 Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which Annual Report and Accounts were laid (in each case) that the members propose to raise at the Annual General Meeting. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the 2006 Act. Where the Company is required to place a statement on a website under section 527 of the 2006 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 Annual General Meeting includes any statement that the Company has been required under section 527 of the 2006 Act to publish on a website.
15. Any electronic address (within the meaning of section 333(4) of the 2006 Act) provided in this notice of Annual General Meeting (or in any related documents including the proxy form) may not be used to communicate with the Company for any purposes other than those expressly stated.
16. A copy of this notice, and other information required by section 311A of the 2006 Act, can be found at [www.babcockinternational.com](http://www.babcockinternational.com).

### Explanatory Notes to the Resolutions

The Ordinary Resolutions (1 to 19) will be passed if the votes cast for the Resolutions are more than those cast against. The Resolutions to be proposed as Special Resolutions (20 to 22) will be passed if at least 75% of the votes cast for and against the Resolutions are in favour.

*The Board considers that all the Resolutions in the notice of the Annual General Meeting are in the best interests of the Company and its Shareholders as a whole. Your Directors unanimously recommend that you vote in favour of them as they intend to do in respect of their own beneficial holdings.*

### Report and Accounts

**Resolution 1:** The Directors are required to lay the Annual Report and Accounts before the Shareholders at each Annual General Meeting. The Annual Report and Accounts to be laid before this Annual General Meeting relate to the financial year ended 31 March 2018.

### Annual Report on Remuneration

**Resolution 2:** The Directors' Remuneration report is divided into three parts: the Annual Statement of the Remuneration Committee Chairman, the Remuneration Policy report and the Annual Report on Remuneration.

The annual statement of the Remuneration Committee Chairman, which can be found on pages 98 and 99 of the Company's Annual Report for the year ended 31 March 2018 provides a summary of Directors' remuneration for the year ended 31 March 2018.

The Remuneration Policy report, which can be found on pages 101 to 110 of the Company's Annual Report for the year ended 31 March 2018 sets out the Company's future policy on Directors' remuneration. This Remuneration Policy Report was approved by shareholders at the annual general meeting in 2017. As there are no changes to the policy and the approval obtained at the annual general meeting in 2017 is effective for three years, no shareholder approval of the Remuneration Policy Report is being sought this year.

The Annual Report on Remuneration, which can be found on pages 111 to 130 of the Company's Annual Report for the year ended 31 March 2018, gives details of the remuneration arrangements and payments made to the Directors of the Company during the year ended 31 March 2018. It also details how the Company's policy on Directors' remuneration will be operated in the year ending 31 March 2018.

Resolution 2 seeks Shareholder approval for the Annual Statement of the Remuneration Committee Chairman and the Annual Report on Remuneration for the year ended 31 March 2019. The vote is advisory only, is not specific to individual levels of remuneration and the Directors' entitlement to remuneration is not conditional on the vote being passed.

### Final Dividend

**Resolution 3:** Seeks Shareholder approval for a final dividend for the year ended 31 March 2018 of 22.65p per ordinary share. If approved at the Annual General Meeting, this would be paid on Friday 10 August 2018 to those Shareholders on the Company's register at the close of business on Friday 29 June 2018.

## Directors

**Resolutions 4 to 12:** Under the UK Corporate Governance Code (the 'Code'), section B.7.1 states that all Directors of FTSE 350 companies should be subject to annual reappointment by Shareholders. The Company follows this provision of the Code. The Directors covered by Resolutions 4 to 12 were each reappointed as Directors at last year's annual general meeting and are now standing for their annual reappointment under this provision. Following the annual performance evaluation of all Directors (which, in the case of Sir David Omand, who has been on the Board for nine years and whose current three-year term of appointment is due to expire at this year's Annual General Meeting, was particularly rigorous), the Board is satisfied that each Director continues to be effective and to demonstrate commitment to his or her role. Accordingly, the Board unanimously recommends their reappointment. Their biographical details are set out on pages 86 and 87 of the Annual Report (a copy of which is available on the Company's website at [www.babcockinternational.com](http://www.babcockinternational.com)). The Board considers each of the Non-Executive Directors standing for reappointment named in Resolutions 8 to 12 to be independent.

**Resolutions 13 and 14:** Under section B.7.1 of the Code and article 123 of the Company's Articles, all Directors appointed by the Board since the date of the last annual general meeting should be subject to election by Shareholders at the first annual general meeting after their appointment. Accordingly, Kjersti Wiklund and Lucy Dimes, appointed to the Board on 1 April 2018, will be proposed for election by shareholders. The Nominations Committee led the process of identifying and recommending the appointment of Kjersti and Lucy to the Board based on pre-defined criteria of experience, knowledge, skills and, in the case of Non-Executive Directors, independence. This process is outlined in further detail on page 93 of the Annual Report. Lucy's and Kjersti's biographical details are set out on page 87 of the Annual Report (a copy of which is available on the Company's website at [www.babcockinternational.com](http://www.babcockinternational.com)).

The Nominations Committee and the Board unanimously support the election of Kjersti Wiklund and Lucy Dimes, who bring valuable experience to the Board. The Board is satisfied as to their effectiveness and commitment to the role of Director and considers them to be independent.

## Auditor

**Resolution 15:** The Company is required to appoint an auditor to serve for each financial year of the Company. The Board is recommending to Shareholders the reappointment of PricewaterhouseCoopers LLP as the Company's auditor. Therefore this Resolution would reappoint PricewaterhouseCoopers LLP to act as auditor of the Company from the conclusion of this Annual General Meeting until the conclusion of the next annual general meeting. More about the appointment of the auditor and audit tender is set out on page 97 of the Annual Report.

**Resolution 16:** This Resolution authorises the Audit and Risk Committee (for and on behalf of the Directors of the Company), in accordance with standard practice, to negotiate and agree the remuneration of the Company's auditor.

## Political Donations

**Resolution 17:** It is the Company's policy not to make political donations or incur political expenditure as those expressions are normally understood. However, certain activities undertaken in the usual course of business may fall within the legal definition of political donation or political expenditure. The authority is sought annually to ensure that all the activities of the Company fully comply with the law.

## Directors' Fees

**Resolution 18:** This Resolution proposes, in accordance with Article 103 of the Articles, an increase to £1,000,000 of the maximum total aggregate annual amount of Directors' fees payable to the Company's Non-Executive Directors, including the Chairman. The current maximum of £850,000 was set in 2010 when the total number of Non-Executives directors, including the Chairman, stood at six; a number which has increased to eight following the recent appointments of Kjersti Wiklund and Lucy Dimes. While the current maximum of £850,000 has not been exceeded, the increase is proposed for housekeeping purposes to provide future flexibility and not for increasing individual Non-Executive fees in the short-term. Non-Executive fees, including for the Non-Executive Chairman, remain frozen for 2018/19 at their 2017/18 levels and any future increases will remain in line with the Shareholder-approved Remuneration Policy.

## Authority to Allot

**Resolution 19:** Under section 551 of the 2006 Act, the Directors may only allot shares or grant rights over shares if authorised to do so by Shareholders. Resolution 19 will be proposed as an Ordinary Resolution to grant a new authority to allot (a) shares up to an aggregate nominal value of £101,018,200 and (b) equity securities up to a further aggregate nominal amount of £101,018,200, where the allotment is in connection with a fully pre-emptive rights issue. These amounts will each represent a maximum of 33.3% respectively and together a maximum of 66.6% of the total issued ordinary share capital of the Company as at 6 June 2018 (being the last practicable date prior to the publication of this notice). This is in accordance with the guidance provided by the Investment Association on the Directors' authority to allot, which permits and will treat routine resolutions seeking authority to allot shares representing two-thirds of the Company's issued share capital provided that the extra authority (that part provided by paragraph (b) of Resolution 19) shall only be used to allot shares pursuant to a fully pre-emptive rights issue. If granted, this authority will expire at the end of the Company's annual general meeting in 2019 (or, if earlier, the close of business on 30 September 2019). As at 6 June 2018 (being the latest practicable date prior to the publication of this notice), the Company held no treasury shares.

The Directors have no present intention of exercising the allotment authority sought under Resolution 19 unless required for the allotment of ordinary shares in respect of options and awards under employee share plans. However, the Directors consider it desirable to have the flexibility to use it should opportunities arise. If the Directors do exercise the authority, the Directors intend to follow market best practice as regards its use.

#### Disapplication of Pre-emption Rights

**Resolution 20:** The Directors also require additional authority from Shareholders to allot shares or equity securities or sell treasury shares where they propose to do so for cash and otherwise than to existing Shareholders pro rata to their holdings. Resolution 20 will be proposed as a Special Resolution to grant such authority. Apart from offers or invitations in proportion to the respective number of shares held, the authority in Resolution 19 will be limited to the issue of shares and sales of treasury shares for cash up to a maximum aggregate nominal value of £15,167,897 (representing 5% of the Company's issued ordinary share capital as at 6 June 2018, being the latest practicable date prior to the publication of this notice). If granted this authority will expire at the conclusion of the annual general meeting of Company to be held in 2019, (or, if earlier, the close of business on 30 September 2019). The Directors will have regard to institutional Shareholder guidelines in relation to any exercise of this authority, in particular the requirement for advance consultation and explanation before making any such issue which exceeds 7.5% of the total issued ordinary share capital of the Company (excluding treasury shares) within a rolling three-year period. With the exception of issues of further shares under the Company's executive or employee share schemes, the Directors do not have any present intention of exercising this authority but consider it desirable to have the flexibility to use it should opportunities arise.

Resolution 20 complies with the Investment Association's share capital management guidelines and follows the resolution templates issued by the Pre-Emption Group in May 2016.

#### Authority to Purchase Own Shares

**Resolution 21:** If passed, Resolution 21 will renew the general authority for the Company to make market purchases of its own ordinary shares. The renewed authority, in respect of a maximum of 10% of the Company's issued share capital as at 6 June 2018 (being the latest practicable date prior to the publication of this notice), would be exercisable with a minimum purchase price of 60p per share and a maximum price of the higher of (i) an amount equal to 105% of the average of the middle market quotation for an ordinary share as derived from The London Stock Exchange Daily Official List for the five business days preceding the day of purchase; and (ii) an amount equal to the higher of the price of an ordinary share quoted for the last independent trade and the highest current independent bid for an ordinary share on the trading venue where the purchase is carried out. If granted, the authority would expire at the conclusion of the annual general meeting of the Company to be held in 2019 (or, if earlier, the close of business on 30 September 2019). Shares purchased under the authority would either be cancelled or held by the Company as treasury shares. The Directors have no present intention of using this authority, and would only exercise the authority if they were satisfied at any time that it was in the best interests of Shareholders generally to do so, and that (except in the case of a purchase of own shares to be held as treasury shares to fulfil obligations under the Company's executive or employee share schemes) any purchase would be likely to result in an increase in earnings per share. As at 6 June 2018 (being the latest practicable date prior to the publication of this notice), the total number of ordinary shares that may be issued on the exercise or vesting of outstanding options or awards under the Company's executive or employee share schemes was 6,126,574, which represented approximately 1.21% of the Company's issued share capital as at that date. If the authority given by Resolution 21 was exercised in full, the total number of ordinary shares that may be issued on the exercise or vesting of outstanding options or awards under the Company's executive or employee share schemes would represent approximately 1.35% of the Company's issued ordinary share capital. As at 6 June 2018 (being the latest practicable date prior to the publication of this notice), the Company had no warrants outstanding and held no treasury shares.

#### Notice for General Meetings

**Resolution 22:** This is required to reflect section 307A of the 2006 Act, which requires a minimum notice period for general meetings of the Company of 21 days, unless the Shareholders have approved the calling of general meetings (other than annual general meetings) on 14 clear days' notice at the immediately preceding annual general meeting or at a general meeting held since that annual general meeting. As a result of the Resolution which was passed at the 2017 annual general meeting, the Company is currently authorised to call general meetings (other than an annual general meeting) on 14 clear days' notice and would like to preserve this authority. Resolution 22 seeks such approval as a Special Resolution. If approved, this authority will be effective until the Company's next annual general meeting, when it is intended that a similar resolution will be proposed. The Company also needs to meet the requirements for electronic voting under the Shareholders' Rights Directive (which it currently does and intends to continue to do so) before it can call a general meeting on 14 clear days' notice.

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

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