

# Notice of Annual General Meeting

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

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000. If you have sold or transferred all your shares in Genus plc, please send this document and the accompanying documents as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

## **Notice of Annual General Meeting**

Notice is hereby given that the 2016 Annual General Meeting of Genus plc (the 'Company') will be held at Buchanan Communications, 107 Cheapside, London EC2V 6DN on 17 November 2016 at 11.00 am for the following purposes:

To consider and if thought fit, to pass the following resolutions, of which numbers 1 to 13 will be proposed as ordinary resolutions and numbers 14 to 18 as special resolutions.

1. To receive the Company's audited Financial Statements and the Directors' Reports for the year ended 30 June 2016 (the 'Annual Report and Accounts').
2. To approve the Directors' Remuneration Report, other than the part containing the Directors' Remuneration Policy, for the year ended 30 June 2016, as set out on pages 62 to 64 and 73 to 85 respectively of the Company's Annual Report 2016.
3. To approve the Directors' Remuneration Policy as set out on pages 65 to 72 of the Company's Annual Report 2016, to take effect immediately after the end of the Annual General Meeting on 17 November 2016.
4. To declare a final dividend of 14.7 pence per ordinary share, payable on 2 December 2016 to shareholders on the register of members at the close of business on 18 November 2016.
5. To re-elect Bob Lawson as a Director of the Company who, being eligible, offers himself for re-election.
6. To re-elect Karim Bitar as a Director of the Company who, being eligible, offers himself for re-election.
7. To re-elect Stephen Wilson as a Director of the Company who, being eligible, offers himself for re-election.
8. To re-elect Nigel Turner as a Director of the Company who, being eligible, offers himself for re-election.
9. To re-elect Duncan Maskell as a Director of the Company who, being eligible, offers himself for re-election.
10. To re-elect Lykele van der Broek as a Director of the Company who, being eligible, offers himself for re-election.
11. To elect Lysanne Gray as a Director of the Company who, being eligible, submits herself for election.
12. To reappoint Deloitte LLP as auditor of the Company to hold office from the conclusion of the Annual General Meeting until the conclusion of the next general meeting of the Company at which Financial Statements are laid and to authorise the Audit Committee of the Board to determine the remuneration of the auditor.
13. That the Directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company up to a maximum aggregate nominal amount of either:
  - 13.1 if resolution 17 is not passed, £1,488,966.30 being 14,889,663 ordinary shares of 10 pence each ('Ordinary Shares'), representing 24.4% of the issued share capital of the Company; or
  - 13.2 in the event of, and conditional upon, the passing of resolution 17:
    - 13.2.1 £2,036,657.90 being 20,366,579 Ordinary Shares representing one third of the issued share capital of the Company; and
    - 13.2.2 £2,036,657.90 being 20,366,579 Ordinary Shares representing a further third of the issued share capital of the Company, provided that (i) they are equity securities (within the meaning of section 560(1) of the Act) and (ii) they are offered by way of a rights issue,

such authority to expire on the conclusion of the Company's Annual General Meeting next following or, if earlier, the close of business on the day which is 15 months after the date on which this resolution is passed but so that the Company may, before the expiry of such period, make an offer or agreement which would or might require shares to be allotted or such rights to be granted after such expiry and the Directors may allot shares and grant rights in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

In this resolution, 'rights issue' means an offer of equity securities open for acceptance for a period fixed by the Directors to holders on the register on a fixed record date (as the Directors may determine) in proportion as nearly as may be to the respective numbers of Ordinary Shares held by them on any such record date and to other holders of equity securities entitled to participate therein, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with any fractional entitlements or legal or practical difficulties under the laws of, or the requirement of any recognised regulatory body or any stock exchange in, any territory or by virtue of shares being represented by depositary receipts or any other matter.

14. That subject to and conditional on the passing of resolution 13, the Directors be empowered, pursuant to sections 570 and 573 of the Act, to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by resolution 13 or by way of a sale of treasury shares as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

- 14.1 in connection with an offer of securities (but in the case of the authority granted under paragraph 13.2.2 of resolution 13 above an offer of such securities by way of rights issue only); and
- 14.2 otherwise than pursuant to sub-paragraph 14.1 above, up to an aggregate nominal amount of £305,498.68 being 3,054,986 Ordinary Shares representing not more than 5% of the issued share capital of the Company as at 5 October 2016 (being the latest practicable date before publication of this Notice),

and shall expire upon the expiry of the general authority conferred by resolution 13 above, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power had not expired.

In this resolution, 'rights issue' has the same meaning as given in resolution 13.

15. That subject to and conditional on the passing of resolution 13, the Directors be authorised in addition to any authority granted under resolution 14 to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by resolution 13 or by way of a sale of treasury shares as if section 561(1) of the Act did not apply to any such allotment or sale, provided that this power shall be:

- 15.1 limited to the allotment of equity securities up to an aggregate nominal amount of £305,498.68 representing not more than 5% of the issued share capital of the Company as at 5 October 2016 (being the latest practicable date before publication of this Notice); and
- 15.2 used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the 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,

and shall expire upon the expiry of the general authority conferred by resolution 13 above, save that the Company may, before such expiry, make an offer or agreement which would, or might, require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power had not expired.

16. That the Company be generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Act) of Ordinary Shares on such terms and in such manner as the Directors think fit provided that:

- 16.1 the maximum aggregate number of Ordinary Shares hereby authorised to be purchased is 6,109,973 (representing 10% of the Company's issued ordinary share capital as at 5 October 2016, being the latest practicable date before publication of this Notice);
- 16.2 the minimum price, exclusive of any expenses, which may be paid for an Ordinary Share is 10 pence;
- 16.3 the maximum price, exclusive of any expenses, which may be paid for an Ordinary Share is an amount equal to the higher of:  
(a) 105% of the average of the middle market quotations for an Ordinary Share, as derived from the London Stock Exchange Daily Official List, for the five business days immediately before the day on which such share is contracted to be purchased; and  
(b) the higher of the price of the last independent trade and the highest current independent bid for an Ordinary Share in the Company on the trading venues where the market purchases by the Company pursuant to the authority conferred by this resolution 16 will be carried out; and
- 16.4 the authority conferred by this resolution shall expire on the conclusion of the Company's Annual General Meeting next following or the close of business on the day which is 15 months after the date of its passing (whichever occurs first) unless previously renewed, varied or revoked by the Company in general meeting, except that the Company may, before such expiry, enter into a contract for the purchase of Ordinary Shares under the authority hereby conferred prior to the expiry of such authority, which will or may be completed by or executed wholly or partly after the expiration of this authority, and may purchase its Ordinary Shares in pursuance of any such contract.

17. That:

- 17.1 the current Articles of the Company ('Current Articles') be amended by deleting all the provisions formerly in the Company's Memorandum of Association ('Memorandum') which, by virtue of section 28 of the Act, are treated as provisions of the Company's Articles; and
- 17.2 the Articles produced to the meeting and initialled by the Chairman of the meeting for the purpose of identification be adopted as the new Articles (the 'New Articles') of the Company in substitution for, and to the exclusion of, the Current Articles.

18. That a General Meeting, other than an Annual General Meeting, may be called on not less than 14 clear days' notice and that such authority shall expire on the conclusion of the Company's Annual General Meeting next following.

# Notice of Annual General Meeting continued

The Directors consider that all the resolutions to be considered at the Annual General Meeting are in the best interests of the Company and its members as a whole and are therefore likely to promote the success of the Company for the benefit of its members as a whole. The Directors unanimously recommend that you vote in favour of all the proposed resolutions as they intend to do in respect of their own beneficial holdings which amount in aggregate to 112,841 shares representing approximately 0.185% of the existing issued ordinary share capital of the Company.

By order of the Board  
Registered office:  
Matrix House  
Basing View  
Basingstoke  
RG21 4DZ  
Registered in England and Wales with number 02972325



**Dan Hartley**  
**Group General Counsel & Company Secretary**  
5 October 2016

## Explanatory Notes

This section contains an explanation of each of the resolutions to be put to the Annual General Meeting. Resolutions 1 to 13 are ordinary resolutions requiring the approval of a simple majority of shareholders present (in person or by proxy) and voting at the Annual General Meeting. Resolutions 14 to 18 are special resolutions requiring the approval of 75% of shareholders present (in person or by proxy) and voting at the Annual General Meeting.

### Resolution 1 – To Receive the Annual Report and Accounts

The Chairman will present the Annual Report and Accounts to the AGM.

### Resolution 2 and 3 – Approval of (i) the Directors' Remuneration Report; and (ii) the Directors' Remuneration Policy

The Company is required to offer an annual advisory vote on the implementation of the Company's existing remuneration policy in terms of the payments and share awards made to Directors during the year (the 'Director's Remuneration Report') and a separate binding vote on the Company's forward looking remuneration policy (the 'Directors' Remuneration Policy') at least once every three years, or earlier if a change is made to the Directors' Remuneration Policy, or if the advisory vote is not passed by shareholders.

Resolution 2 seeks shareholder approval for the Directors' Remuneration Report (other than the part containing the Directors' Remuneration Policy) as set out on pages 62 to 64 and 73 to 85 respectively of the Company's Annual Report 2016. The Directors' Remuneration Report gives details of the Directors' remuneration for the year ended 30 June 2016. The report also includes details of the Remuneration Committee's representations and activities. The Company's auditor Deloitte LLP has audited those parts of the Directors' Remuneration Report which are required to be audited and their report is issued in the Company's Annual Report 2016.

Resolution 3 seeks shareholder approval for the Directors' Remuneration Policy given the changes made to it as outlined in the letter from the Chairman of the Remuneration Committee within the Directors' Remuneration Report (the 'Revised Policy'). The Revised Policy is contained in pages 65 to 72 of the Company's Annual Report 2016. The Revised Policy is designed to ensure that reward is aligned with the business strategy. The Revised Policy provides greater flexibility to recognise very significant biotechnology and strategic Company milestones and the ability to recognise and retain key individuals in order to maximise the Company's long-term performance and shareholder value.

Subject to such approval, the proposed effective date of the Directors' Remuneration Policy is 17 November 2016, being the date of the Annual General Meeting, and all payments from that date by the Company to the Directors and any former Directors must be made in accordance with such policy if approved (unless a payment has been separately approved by a shareholder resolution).

If the Directors' Remuneration Policy is not approved for any reason, the Company will, if and to the extent permitted by the Act, continue to make payments to Directors in accordance with the existing Remuneration Policy.

### Resolution 4 – Final Dividend

Final dividends must be approved by shareholders but must not exceed the amount recommended by Directors. If the meeting approves the final dividend it will be paid out in accordance with resolution 4. An interim dividend of 6.7 pence per ordinary share was paid on 30 March 2016 to shareholders on the register at 4 March 2016.

### Resolutions 5 to 11 – Re-election/Election of Directors

In accordance with provisions of the UK Corporate Governance Code, all Directors of the Company are required to offer themselves for annual re-election. This is the first meeting at which Lysanne Gray stands for election. Biographies of all of the current Directors can be found on pages 46 and 47 of the Company's Annual Report 2016. The Board has confirmed, following a performance review, that all Directors standing for re-election continue to perform effectively and demonstrate commitment to their roles. The Board has considered whether each of the independent Non-Executive Directors is free from any relationship that could materially interfere with the exercise of his or her independent judgement and has determined that each continues to be considered to be independent.

Mike Buzzacott is retiring from the Board at the end of this year's Annual General Meeting and is not seeking re-election. The whole of the Board would like to thank Mike for his hard work and dedication to the Company over the years.

### Resolution 12 – Appointment of Auditor and Auditor's Remuneration

The Company is required to appoint an auditor at each general meeting at which accounts are presented, to hold office until the end of the next such meeting. Following the conclusion of an external audit tender carried out in compliance with the UK Corporate Governance Code in the year ended 30 June 2016, this resolution is recommended by the Audit Committee and proposes the reappointment of the Company's existing auditor, Deloitte LLP and gives authority to the Audit Committee to agree the auditor's remuneration.

### Resolution 13 – Authority to Allot Shares

Resolution 13 is proposed as an ordinary resolution and seeks the approval of shareholders, in accordance with section 551 of the Act, to authorise the Directors to allot Ordinary Shares for a period as stated in resolution 13. Resolution 13 provides for two alternatives dependant on whether resolution 17 is passed or not.

The existing Articles limit the number of Ordinary Shares which can be allotted by the Company to a maximum of 14,889,663 (as set out in resolution 13.1). If resolution 17 is passed, and the New Articles are adopted by the Company, this limitation will no longer apply.

In the event that resolution 17 is passed, the Company is, in accordance with institutional guidelines, seeking the authority to allot shares representing up to two-thirds of the Company's issued share capital, provided that any amount in excess of one-third of the Company's issued share capital is only used to allot shares pursuant to a fully pre-emptive rights issue.

# Notice of Annual General Meeting continued

In light of the Investment Association guidelines, the Board considers it appropriate that Directors be granted authority to allot shares in the capital of the Company up to a maximum nominal amount of £4,073,315.80 representing two-thirds of the Company's issued ordinary share capital as at 5 October 2016 (the latest practicable date prior to publication of this document). If the Company wishes to allot more than a nominal amount of £2,036,657.90 (representing one-third of the Company's issued ordinary share capital) then any additional amount can only be allotted pursuant to a rights issue.

The Directors have no current intention to exercise this authority (other than in relation to the Company's employee share schemes) and intend to comply with the guidance issued by the Investment Association. However, if the Directors do exercise this authority, the Directors intend to follow emerging best practice as regards to its use. As at the date of this Notice, no shares are held by the Company in treasury.

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

Resolutions 14 and 15 are special resolutions and give the Directors authority to allot ordinary shares in the capital of the Company pursuant to the authority granted under resolution 13 above for cash without complying with the pre-emption rights in the Act in certain circumstances.

Resolution 14 will permit the Directors to allot:

- (a) equity securities up to a nominal amount of £4,073,315.80, representing two-thirds of the Company's issued share capital as at 5 October 2016 (the latest practicable date prior to publication of this document) on an offer to existing shareholders on a pre-emptive basis (that is including a rights issue or an open offer), with one-third being available only in connection with a rights issue (in each case subject to any adjustments, such as for fractional entitlements and overseas shareholders, as the Directors see fit); and
- (b) equity securities up to a maximum nominal value of £305,498.68, representing approximately 5% of the issued ordinary share capital of the Company as at 5 October 2016 (the latest practicable date prior to publication of this document) otherwise than in connection with a pre-emptive offer to existing shareholders.

Resolution 15 is being proposed as a separate resolution to authorise the Directors to allot a further 5% of the issued ordinary share capital of the Company (as at 5 October 2016, being the latest practicable date prior to publication of this notice) otherwise than in connection with a pre-emptive offer to existing shareholders for the purposes of financing a transaction (or refinancing within six months of the transaction) which the Directors determine to be an acquisition or other capital investment contemplated by the Pre-emption Group's Statement of Principles (the "Pre-Emption Group Principles").

The Pre-Emption Group Principles were revised in March 2015 to allow the authority for an issue of shares for cash otherwise than in connection with a pre-emptive offer to be increased from 5% to 10% of the Company's issued share capital, provided that the Company confirms that it intends to use the additional 5% authority only in connection with an acquisition or specified capital 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 (a 'Relevant Acquisition or Specified Capital Investment'). The Directors believe that it is appropriate to seek this additional 5% authority in resolution 15 to give the Company the flexibility that this resolution affords. In line with Pre-Emption Group 2016 guidance, the annual disapplication of pre-emption rights is being proposed as two separate resolutions.

The Board intends to adhere to the provisions in the revised Pre-Emption Group's Statement of Principles and to not allot shares for cash on a non pre-emptive basis in excess of an amount equal to 7.5% of the total issued ordinary share capital of the Company (excluding treasury shares) within a rolling three-year period, without prior consultation with shareholders.

The authority contained in resolutions 14 and 15 will expire upon the expiry of the authority to allot shares conferred in resolution 13 (that is at the end of the next Annual General Meeting of the Company or, if earlier, on the close of business on the day which is 15 months from the date of these resolutions). The Directors' existing authority expires at the forthcoming Annual General Meeting.

## **Resolution 16 – Authority to Purchase Own Shares**

Resolution 16, which will be proposed as a special resolution, seeks authority for the Company to purchase up to 10% of its Ordinary Shares at, or between, the minimum and maximum prices specified in this resolution. This power would be used only after careful consideration by the Directors, having taken into account market conditions prevailing at that time, the investment needs of the Company, its opportunities for expansion and its overall financial position. The Directors would exercise the authority to purchase Ordinary Shares only if they considered it to be in the best interests of shareholders as a whole and if the purchase could be reasonably expected to result in an increase in earnings per share.

Under the Act, the Company is allowed to hold its own shares in treasury following a purchase of its own shares, instead of cancelling them. Such shares may be resold for cash or used to satisfy share options and share awards under the Company's share incentive schemes but all rights attaching to them, including voting rights and any right to receive dividends, are suspended whilst they are held in treasury. If the Directors exercise the authority conferred by resolution 16, the Company will have the option of holding repurchased shares in treasury.

If resolution 16 is passed at the Annual General Meeting, it is the Company's current intention to hold in treasury all of the shares it may purchase pursuant to the authority granted to it. However, in order to respond properly to the Company's capital requirements and prevailing market conditions, the Directors will reassess at the time of any and each actual purchase whether to hold the shares in treasury or cancel them, provided it is permitted to do so. As at the date of this Notice, no shares are held by the Company in treasury.

At 5 October 2016 (the latest practicable date prior to the publication of this document), options were outstanding to subscribe for 1,833,739 Ordinary Shares, representing 3% of the issued share capital at that date. If the full authority to purchase such shares (existing and sought) was exercised, they would represent 3.3% of the Company's issued share capital as at that date (assuming there have been no other changes to issued share capital in the meantime). The authority sought at the Annual General Meeting will expire at the conclusion of the Annual General Meeting next following, or the close of business on the day which is 15 months from the date of this resolution (whichever is earlier).

#### **Resolution 17– Adoption of New Articles**

Resolution 17, which will be proposed as a special resolution, seeks shareholder approval for the Company to adopt New Articles at the 2016 Annual General Meeting, principally in order to reflect developments in practice and legislation, and to provide clarification and additional flexibility. The Company's Current Articles were adopted in 2008.

The first part of the resolution deals with the changes to the Company's Articles to reflect the Act provisions relating to the Company's Memorandum and share capital. Under section 28 of the Act, all provisions of the Company's Memorandum existing at 1 October 2009, including the objects clause, are deemed to now form part of the Company's Articles. It is not necessary under the Act for a company to set out its objects. The Act provides that, unless the articles state otherwise, a company's objects will be unrestricted.

The other key provision of the Memorandum which is deemed to form part of the Company's Articles is the provision relating to authorised share capital. The Act removed the requirement for a company to place limits on its authorised share capital.

By adopting the New Articles which do not contain the objects clause or the authorised share capital statement, the Company will, in accordance with market practice for listed companies, remove from its Articles these provisions, which were deemed to form part of the Company's Articles under section 28 of the Act. This means that the Company's objects will be unrestricted and the Company can, in accordance with institutional investor guidelines, seek an authority at each AGM for the directors to allot new shares without any limitation in its Articles of Association.

The other principal changes being proposed in the New Articles are summarised in Appendix 1 starting on page 162 of this document. Other changes, which are of a minor, technical or clarifying nature, have not been noted.

A copy of the Current Articles and the proposed New Articles that reflect these amendments will be available for inspection during normal business hours (Saturdays, Sundays and public holidays excepted) at the offices of the Company (with address Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ) up until the close of the meeting. Copies will also be available at the offices of Buchanan Communications, 107 Cheapside, London, EC2V 6DN on the morning of the meeting from 9.00 am until its conclusion.

A copy of the Current Articles and the proposed New Articles can also be found in the Investors section of the Company's website at [www.genusplc.com](http://www.genusplc.com)

#### **Resolution 18 – Notice Period for General Meetings**

Resolution 18, which will be proposed as a special resolution, seeks the approval of shareholders to reduce to 14 clear days the notice period required for a general meeting. The notice period required for general meetings (other than Annual General Meetings) for listed companies is 21 days but the Company may provide a shorter notice period of 14 clear days provided two conditions are met. The first condition is that the Company offers a facility for shareholders to vote by electronic means. This condition is met if the Company offers a facility, accessible to all shareholders, to appoint a proxy by means of a website. The second condition is that there is an annual resolution of shareholders approving the reduction of the minimum notice period from 21 days to 14 days. Annual General Meetings will continue to be held on at least 21 clear days' notice. It is intended that 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 in the interests of the shareholders as a whole.

# Notice of Annual General Meeting continued

## APPENDIX 1

### SUMMARY OF THE PRINCIPAL CHANGES TO THE COMPANY'S ARTICLES OF ASSOCIATION

Under resolution 17, the Company is proposing to adopt the New Articles. Set out below is a summary of the principal changes made to the Current Articles, which are in addition to those set out in the explanatory notes for resolution 17 on page 161. The New Articles also include some other minor modernising and clarificatory amendments which are not detailed below. Article references below are to the New Articles.

#### **Disclosure of Interests (Article 38)**

The New Articles include changes in relation to the powers of the Company regarding notices served under Section 793 of the Act that require the disclosure of details of interests in shares in the Company. If there is a default in complying with a notice, the new powers allow the Company to require shares held in uncertificated form to be converted into certificated shares. The definition of what constitutes a default in supplying the information requested by the Company is stated in the New Articles to include the Company knowing, or having reasonable cause to believe, that the information provided is false or materially incorrect.

#### **Untraced shareholders (Article 39)**

As under the Current Articles, the Company may sell the shares of shareholders who have been untraced for a period of 12 years or more and use the proceeds of that sale for the purposes of its business. The former shareholder must currently be listed as a creditor in its accounts, so that they may subsequently claim the proceeds at any time. The New Articles treat the proceeds of such a sale as forfeited by the former shareholder, who will only be listed as a creditor for three years, after which they have no further right to claim the proceeds. Under the Current Articles, the Company is required to provide notice to untraced shareholders of its intention to sell their shares by way of an advertisement in a national newspaper and in a local newspaper. Under the New Articles, the Company must instead send a notice to the last registered address of the shareholder and use reasonable steps to trace the shareholder including, if appropriate, using a tracing agent.

#### **Notice of general meetings (Articles 41, 42 and 43)**

A number of technical amendments have been made to the provisions relating to calling and attending shareholder meetings to bring these in line with best practice.

Under the New Articles, if there are not sufficient Directors to form a quorum in order to call a general meeting, any shareholder may call a general meeting (there is no equivalent provision under the Current Articles).

Under the Current Articles, accidental failure to provide notice of a meeting to a shareholder or the non-receipt of a notice of a meeting by a shareholder will not invalidate the meeting. The New Articles clarify that, in addition, a failure to give notice due to circumstances outside the Company's control will not invalidate the meeting. This is designed to cover a postal strike or other similar situations.

#### **Quorum (Articles 44 and 45)**

The quorum for a general meeting under the Current Articles is three persons entitled to attend and vote, each being a shareholder present in person or by proxy or a corporate representative of a shareholder (and attending within 15 minutes of the time set for the meeting). Article 44 of the New Articles states that two persons (attending within 30 minutes) can constitute a quorum and makes it clear that two persons who are proxies for the same shareholder, or representatives of the same body corporate, can constitute a quorum for a general meeting.

#### **Amendments to resolutions (Article 54)**

If written notice is received of a proposed amendment to an ordinary resolution, the New Articles impose an additional condition to such amendment being accepted – that the proposed amendment does not, in the reasonable opinion of the Chairman of the meeting, materially alter the scope of the resolution. The New Articles state that only the Chairman of the meeting may propose an amendment to correct a clear error in a special resolution.

#### **Demand for a Poll (Article 56)**

The New Articles give a majority of the Directors present at the meeting the right to demand a poll as well as the Chairman of the meeting. The New Articles have also increased the minimum number of shareholders required to call a poll from three (as under the Current Articles) to five in order to bring this provision in line with the Act.

#### **Voting rights (Articles 62 and 67)**

The New Articles clarify that: (i) on a show of hands, corporate representatives have the same rights as the corporation would be entitled to; (ii) a proxy may have more than one vote on a show of hands if they have been instructed by more than one shareholder on how to vote; and (iii) a shareholder, proxy or corporate representative entitled to more than one vote does not need to use all of their votes, or cast the votes they use, in the same way.

The New Articles also state that the Company is not bound to enquire whether a proxy or corporate representative is voting in accordance with their appointing shareholders' instructions.

### **Proxies (Articles 69 to 72)**

Various technical amendments have been made to the provisions relating to proxies.

The deadlines for receipt of termination of proxy authority have been brought into line with the deadlines for receipt of proxies. The New Articles also, in accordance with the Act, permit the Directors to determine whether non-working days should be taken into account for the calculation of the time periods for receipt of proxies.

### **Corporate representatives (Article 75)**

The New Articles expressly confirm that corporations who are shareholders of the Company have the right to appoint multiple corporate representatives and, in line with best practice, also allow the Company to require a corporate representative to produce a certified copy of the resolution appointing them before permitting them to exercise their powers.

### **Number of Directors (Article 76)**

In line with normal practice, the New Articles lower the minimum number of Directors from three to two and do not prescribe a maximum number.

### **Annual retirement of Directors (Article 81)**

The New Articles do not contain any of the provisions in the Current Articles relating to retirement by rotation of Directors at annual general meetings. Instead, in order to reflect what happens in practice, and consistent with the UK Corporate Governance Code, the New Articles provide that all Directors will retire annually and be subject to election at annual general meetings (with the exception of a Director appointed between the notice of meeting being sent out by the Company and the meeting, who will retire at the first annual general meeting for which notice is given after their appointment).

### **Termination of a Director's appointment (Articles 84 and 85)**

The New Articles provide an additional means for shareholders to remove a Director by special resolution without the need to follow the special notice procedure set out in sections 168 and 169 of the Act. This is in addition to the statutory right in those sections for a shareholder to remove a Director by ordinary resolution and does not affect that right.

The New Articles provide that in the case of a Director who holds any executive office, he shall cease to be a Director if his executive appointment is terminated or expires and the Directors resolve that he should cease to be a Director. The New Articles do not include a provision which states that a Director's appointment may be terminated by a resolution of the Board in circumstances where the Director has been suffering mental ill health. This is in response to developments in mental health legislation and is in line with the removal of the equivalent provisions in the model articles for public companies.

### **Borrowing powers (Article 93)**

The Board's borrowing power threshold remains at four times the amount of the Company's share capital and reserves. A number of technical amendments have been made to the borrowing powers in order to clarify how the constituent elements of the threshold are to be calculated. In particular: how the foreign currency calculation is carried out; allowing capital and reserves to be adjusted as the Directors may reasonably consider appropriate to reflect any change in the Group companies since the date of the last audited consolidated balance sheet of the Group and the inclusion of provisions on how any pension deficit or surplus should be treated. In line with best practice, the New Articles also remove the provision in the Current Articles which provide a thirty day grace period before there is a breach of the articles.

### **Delegation to persons and Committees (Article 95)**

The New Articles follow a broader and simplified approach to delegation of powers by Directors, in line with the Act's model articles for public companies and other listed companies, allowing the Directors to delegate as they decide is appropriate.

### **Directors' remuneration (Article 96)**

Under the Current Articles, the Company may pay fees to the Directors of up to £250,000 in aggregate each year (or such higher figure as may be approved by ordinary resolution) and may also pay additional fees for any special or extra services (for example in relation to Committee membership). These fees are exclusive of any salary or other remuneration paid to Executive Directors as employees. The basic limit was set some years ago, and the Directors' fees are in any event now approved by shareholders as part of the Directors' remuneration policy. To provide greater flexibility the New Articles increase the reference to the basic annual aggregate amount to £650,000, and continue to allow for further payments for specific services. The Board has no current plans to change its approach to the fees paid to Non-Executive Directors and such fees must in any event be in accordance with the Directors' Remuneration Policy as approved from time to time by shareholders.

### **Other interests and offices (Articles 100 and 101)**

If a Director is interested in a transaction or is an officer of or employed by or interested in a body corporate in which the Company is interested, provided that he has disclosed his interest, the New Articles confirm that such interests, offices or employment will not infringe the duty in relation to conflicts as codified in the Act. The New Articles also contain standard exemptions from disclosure in relation to directorships of other companies in the Group.

# Notice of Annual General Meeting continued

## **Dividend payment procedure and unclaimed payments (Articles 114 to 117)**

Although the Current Articles permit the payment of dividends by electronic means, the New Articles allow the Directors to determine how dividends are paid to shareholders, which method shall be the default method for paying dividends and whether shareholders may (or may not) make an election for a distribution channel other than the default. The Board has no current plans to change the payment arrangements but it is important that the Company is able to cater for new developments and changes in practice, including considering the efficiency and costs saving that would flow from a change to electronic only payment.

The New Articles provide that if the Company sells the shares of an untraced shareholder, then any dividend or other money unclaimed in respect of those shares will be forfeited after a period of three years.

## **Scrip dividends (Article 118)**

The New Articles state that a resolution to authorise a scrip dividend can only be for a maximum three-year period, instead of the current five-year period. This amendment has been made to bring the New Articles in line with new institutional investor guidance. In addition, certain changes have been made for clarification in relation to the process for electing to receive scrip dividends.

## **Notices and other communications (Articles 122, 125, 126 and 129)**

The New Articles also cover the service of notice in the event of a postal strike; it has been amended to allow the Company in such circumstances to serve notices only on those shareholders who receive notices via electronic means, provided that, as before, the Company also puts an advert in two national newspapers and sends a confirmatory hard copy notice if the postal service is available again within seven days of the meeting.

In relation to notices, documents or information sent by the Company to a shareholder, which have been returned undelivered on three consecutive occasions, the New Articles provide that the shareholder will only be entitled to be sent further communications upon provision of a new postal or electronic address to the Company.

## **Destruction of documents (Article 138)**

The New Articles permit documents to be destroyed earlier than the relevant date authorised by the articles, provided that a copy of the document (whether made electronically, by microfilm, by digital imaging or by any other means) has been made which is not destroyed before that date.

## **Change of name (Article 139)**

Under the New Articles, in line with the Act, the Company is permitted to change its name by a resolution of the Directors in addition to by special resolution of the shareholders.

## **Power to indemnify Directors (Article 141)**

The provisions in the New Articles relating to the indemnification of Directors do not, unlike the Current Articles, set out the limitations of the Act in full but are still expressed to be subject to them. It is clarified that the provision also applies to directorships of all subsidiary companies.

## General Notes

This Notice is being sent to all members and to any person nominated by a member of the Company under section 146 of the Act to enjoy information rights. Information regarding the Annual General Meeting, including the information required by section 311A of the Act, is available from [www.genusplc.com](http://www.genusplc.com).

## Proxies

Members will find an attendance card and a form of proxy enclosed with this Notice. If you are attending the Annual General Meeting, you should bring the attendance card with you. Only holders of Ordinary Shares, or their duly appointed representatives, are entitled to attend, vote and speak at the Annual General Meeting. Any member so entitled may appoint one or more proxies to attend, speak and to vote instead of him or her. A proxy need not be a member of the Company but must attend the Annual General Meeting to represent you. Your proxy could be the Chairman, another Director of the Company or another person who has agreed to attend to represent you. Your proxy must vote as you instruct and must attend the meeting for your vote to be counted. Details of how to appoint one or more proxies are set out in the notes to the proxy form. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. 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 Annual General Meeting.

To be valid, a duly executed form of proxy for use at the Annual General Meeting together, if appropriate, with the power of attorney or other authority (if any) under which it is signed or a duly certified copy of such power or authority must be deposited at the offices of Equiniti Registrars, Freepost RTHJ-CLLL-KBKU, Equiniti, Aspect House, Spencer Road, LANCING, BN99 8LU at least 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Alternatively, proxies may be appointed by having an appropriate CREST message transmitted, if you are a user of the CREST system (further details are below). In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

To change your proxy instructions you may return a new proxy appointment using the methods set out above. Where you have appointed a proxy using the hard copy proxy form and would like to change the instructions using another hard copy proxy form, please contact Equiniti Limited, Aspect House, Spencer Road, Lancing BN99 6DA. The deadline for receipt of proxy appointments (see above) also applies in relation to amended instructions. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same meeting, the one which is last sent shall be treated as replacing and revoking the other or others.

Completion and return of a form of proxy will not preclude shareholders from attending the Annual General Meeting and voting in person if they wish to do so.

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

## Voting record date

Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the Annual General Meeting is 6.30pm on 15 November 2016 (or if the Annual General Meeting is adjourned, members on the register of members not later than 6.30pm on the day that is two working days prior to the reconvened Annual General Meeting). Changes to entries on the register of members after the relevant time will be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.

## Documents on display

Copies of contracts of service and letters of appointment between the Directors and the Company and the New Articles will be available for inspection at the Registered Office of the Company during normal business hours until the conclusion of the Annual General Meeting, and at the place of the Annual General Meeting for at least 15 minutes prior to the Annual General Meeting until its conclusion.

## CREST

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for this Annual General Meeting to be held on 17 November 2016 at 11.00am and any adjournment(s) thereof by using the procedures described in the CREST Manual found on the Euroclear website [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. 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 Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or 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 issuer's agent (ID RA19) by the latest time(s) for receipt of proxy appointments specified in this Notice of Annual General 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 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.

# Notice of Annual General Meeting continued

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK and Ireland Limited do 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), 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 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 Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001, as amended.

## Corporate Representatives

Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

## Total Voting Rights

As at 5 October 2016 (being the latest practicable date before publication of this Notice), the Company's issued share capital comprised 61,099,737 Ordinary Shares of 10 pence each. As at the date of this Notice, no shares are held by the Company in treasury. Each Ordinary Share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 5 October 2016 is 61,099,737. The Company's website, referred to above, will include the contents of this Notice, information on the number of shares and voting rights and, if applicable, any shareholders' statements, shareholders' resolutions or shareholders' matters of business received by the Company after the date of this Notice.

## Questions

Under section 319A of the Act, the Company must cause to be answered at the Annual General Meeting any question a member asks relating to the business being dealt with at the Annual General Meeting unless answering the question would interfere unduly with the preparation for the Annual General Meeting or involve the disclosure of confidential information; the answer has already been given on a website in the form of an answer to a question; or it is undesirable in the interests of the Company or the good order of the Annual General Meeting that the question be answered.

## Requisition Rights

Under section 527 of the Act, members meeting the threshold requirements set out in that section have the right to require the Company to publish on its 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 circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on its website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Act to publish on its website.

## Voting at the meeting

In order for the voting preferences of all shareholders including those who cannot attend the meeting but who validly appoint a proxy, to be taken into account, a poll will be conducted on all resolutions at the Annual General Meeting this year. Each shareholder and proxy present at the meeting will be invited to complete a poll card indicating how they wish to cast their votes in respect of each resolution. The results of the voting will be posted on the Company's website after the meeting. Except as provided above, members who have general queries about the Annual General Meeting should call Equiniti registrars on 0371 384 2290. Lines open 8.30am to 5.30pm, Monday to Friday (excluding UK public holidays). If calling from overseas, please call the Equiniti overseas helpline number of +44 121 415 7047. No other methods of communication will be accepted. You may not use any electronic address provided either in this Notice of Annual General Meeting, or any related documents (including the proxy form) to communicate with the Company for any purposes other than those expressly stated.