

# PARITY GROUP PLC

## 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 professional adviser immediately. If you have sold or transferred all your shares in Parity Group plc, please forward this document, together with the accompanying report and accounts and form of proxy, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Parity Group plc (the “Company”) will be held at Pinsent Masons LLP, 30 Crown Place, London, EC2A 4ES on 30 May 2019 at 10.00 a.m. for the following purposes:

### RESOLUTIONS

To consider and, if thought fit, to pass the following resolutions, of which resolutions 1 to 7 inclusive will be proposed as ordinary resolutions and resolutions 8 to 10 inclusive will be proposed as special resolutions. Resolutions 7 to 10 inclusive are items of special business.

#### ANNUAL REPORT AND ACCOUNTS

1. To receive the accounts of the Company for the financial year ended 31 December 2018 and the reports of the directors and auditors thereon.

#### REMUNERATION REPORT

2. To approve the directors’ remuneration report contained within the annual report and accounts for the financial year ended 31 December 2018.

#### RE-ELECTION OF DIRECTORS

3. In accordance with article 93 of the Company’s articles of association, to re-elect Mr M Bayfield, who was appointed a director since the last Annual General Meeting.
4. In accordance with article 88 of the Company’s articles of association, to re-elect Mr R Antony as a director.

#### REAPPOINTMENT OF AUDITORS AND AUDITORS’ REMUNERATION

5. To re-appoint Grant Thornton UK LLP as auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company to be held in 2020.
6. To authorise the directors to determine the auditors’ remuneration.

#### DIRECTORS’ AUTHORITY TO ALLOT SHARES

7. (a) That the board be and it is hereby generally and unconditionally authorised for the purpose of section 551 of the Companies Act 2006 (the “Act”) to exercise all powers of the Company to allot shares in the Company or grant rights to subscribe for, or convert any

security into, shares in the Company up to an aggregate nominal amount of £684,160

and further,

- (b) that the board be and it is hereby generally and unconditionally authorised to exercise all powers of the Company to allot shares in the Company or grant rights to subscribe for, or convert any security into, shares in the Company comprising equity securities (within the meaning of section 560 of the Act) in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective number of ordinary shares held by them up to an aggregate nominal amount of £684,160 and that the board may make such arrangements or exclusions as it considers necessary or expedient in respect of fractional entitlements or any legal or practical problems arising in any overseas territory or the requirements of any regulatory body or stock exchange,

provided that the foregoing authorities shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2020, save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted, or rights to be granted, after such expiry and the board may allot shares or grant rights in pursuance of such an offer or agreement as if the authority conferred hereby had not expired,

and further,

- (c) that the foregoing authorities are, in substitution for the existing such authorities granted at the Annual General Meeting of the Company held in 2018, but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

#### PARTIAL DISAPPLICATION OF PRE-EMPTION RIGHTS

8. That, subject to the passing of resolution 7, the board be and it is hereby empowered pursuant to section 570 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 7 as if sub-section 561(1) of the Act did not apply to any such allotment provided that this power shall be limited to the allotment:

- (a) of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective number of ordinary shares held by them provided that the board may make such arrangements or exclusions as it considers necessary or expedient in respect of fractional entitlements or any legal or practical problems arising in any overseas

territory or the requirements of any regulatory body or stock exchange; and

- (b) (otherwise than pursuant to paragraph (a) above), of equity securities up to an aggregate nominal amount of £102,624

and shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2020, 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 board may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

#### **AUTHORITY TO MAKE MARKET PURCHASES OF ITS OWN SHARES**

9. That the Company be and it is hereby generally and unconditionally authorised for the purpose of section 701 of the Act to make market purchases (within the meaning of section 693 of the Act) of any of its ordinary shares, provided that:

- (a) the maximum number of ordinary shares hereby authorised to be purchased is 10,262,402;
- (b) the minimum price which may be paid for each ordinary share is two pence, exclusive of the expenses of purchase;
- (c) the maximum price which may be paid for each ordinary share is an amount equal to 105% of the average of the middle market quotations of the ordinary shares derived from the Daily Official List of London Stock Exchange plc for the five business days immediately preceding the day on which such share is contracted to be purchased;
- (d) unless previously revoked or varied, the authority conferred by this resolution shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2020; and
- (e) the Company may before the expiry of this authority conclude a contract to purchase ordinary shares which will or may be executed wholly or partly after such expiry and may make such purchase of ordinary shares pursuant to any such contract as if such authority had not expired.

#### **NEW ARTICLES OF ASSOCIATION**

10. That, with effect from the conclusion of the Annual General Meeting, the articles of association produced to the meeting and, for the purposes of identification, initialled by the Chair, be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association.

By order of the Board

R Antony, Company Secretary

3 May 2019

Registered office:

Dawson House

5 Jewry Street

London

EC3N 2EX

Registered number: 3539413

#### **RECOMMENDATION**

Your board considers each of the proposed resolutions to be in the best interests of the Company and its shareholders as a whole. Accordingly, the directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial shareholdings. Explanatory notes in respect of the resolutions proposed are set out in Appendix 1 to this Notice.

## NOTES:

1. Only holders of ordinary shares are entitled to attend and vote at the Annual General Meeting. A member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, to speak and to vote at the meeting. A member 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 him. A proxy need not be a member of the Company.
2. A form of proxy is enclosed with this Notice and instructions for completion are shown on the form. To appoint a proxy, (i) the form of proxy, and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), must be completed and deposited with the Company's registrars, Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA or (b) the proxy appointment must be lodged using the CREST Proxy Voting Service in accordance with note 5 below, in each case so as to arrive by no later than 10.00 a.m. on 28 May 2019, being 48 hours before the start of the Annual General Meeting, or, if the meeting is adjourned or a poll is taken, not less than 48 hours before the holding of the meeting or the taking of the poll, or if a poll is taken more than 48 hours after it is demanded, not less than 24 hours before the time appointed for the taking of the poll. Completion of a form of proxy does not preclude members attending and voting in person at the Annual General Meeting, should they so wish.
3. In order to have the right to attend and vote at the meeting (and also for the purpose of determining how many votes a person entitled to attend and vote may cast), a person must be entered on the register of members of the Company at 6.30 p.m. on 28 May 2019, or, in the event of any adjournment, at 6.30 p.m. on the date which is 2 days before the start of the adjourned meeting (ignoring any part of any day that is not a working day). Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.
5. 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 ("Euroclear UK & Ireland") 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 RA19) by the latest time for the receipt of proxy appointments specified in note 2 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST 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.
6. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK and Ireland 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 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.
7. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertified Securities Regulations 2001.
8. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of the powers as a member provided that they do not do so in relation to the same shares.
9. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
10. As at 2 May 2019 (being the last business day prior to the publication of this Notice), the Company's issued ordinary share capital consisted of 102,624,020 ordinary shares of 2 pence each, carrying one vote each. Therefore, the total voting rights in the Company as at 2 May 2019 were 102,624,020.
11. A copy of this Notice can be found at [www.parity.net](http://www.parity.net).
12. You may not use any electronic address (within the meaning of section 333(4) of the Act) provided in this Notice or in any related documents (including the Chairman's letter and form of proxy) to communicate with the Company for any purposes other than those expressly stated.
13. Your personal data includes all data provided by you, or on your behalf, which relates to you as a shareholder, including your name and contact details, the votes you cast and your Reference Number (attributed to you by the Company). The Company determines the purposes for which and the manner in which your personal data is to be processed. The Company and any third party to which it discloses the data (including the Company's registrars) may process your personal data for the purposes of compiling and updating the Company's records, fulfilling its legal obligations and processing the shareholder rights you exercise.

## DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection during normal business hours at the registered office of the Company from the date of this Notice until the time of the Annual General Meeting and at the place of the meeting for at least 15 minutes prior to, and during, the meeting:

1. copies of the executive Directors' service agreements;
2. copies of the non-executive Directors' letters of appointment; and
3. copies of the proposed New Articles of Association.

## APPENDIX 1 – EXPLANATORY NOTES ON RESOLUTIONS TO BE PROPOSED AT THE ANNUAL GENERAL MEETING

### RESOLUTION 1 – ANNUAL REPORT AND ACCOUNTS

The board of directors will present its report and the accounts of the Company for the financial year ended 31 December 2018 together with the auditors' report thereon.

### RESOLUTION 2 – REMUNERATION REPORT

The vote is advisory only but the views of the shareholders will be taken into account by the Company's remuneration committee. The directors' remuneration report is set out on pages 47 to 52 of the report and accounts of the Company for the financial year ended 31 December 2018.

### RESOLUTIONS 3 AND 4 RE-ELECTION OF DIRECTORS

Under article 93 of the Company's articles of association, any director appointed since the last Annual General Meeting is required to retire and offer himself or herself for re-election at the next Annual General Meeting. Accordingly, Mr Bayfield retires and offer himself for re-election.

Article 88 of the Company's articles of association requires that each director retire from office and seek reappointment at the third annual general meeting after the general meeting at which he was last appointed or re-appointed. Accordingly Mr Antony retires and offers himself for re-election as a director.

The board presents the following biographical information in respect of the directors offered themselves for re-election:

#### ***Matthew Bayfield, Chief Executive Officer***

Matthew Bayfield was appointed as Chief Executive Officer in February 2019 having initially joined the senior management team of Parity in May 2018 to drive the development of our market-leading consulting practice. Matthew's strategic focus is on the development of products and services which provide our clients with the people and technology to deliver insight, enabling them to take brave, confident, commercial decisions. He is an acknowledged expert in his field, recognised as one of the 50 most influential people in data by DataIQ. Matthew has been on the Group Board for Ogilvy and Mather as their Head of Data for EMEA, as well as founding and leading a number of data strategy, research and insight businesses taking three to successful commercial exit. He brings extensive market knowledge, experience and enthusiasm to help our clients drive real enterprise change.

#### ***Roger Antony, Group Finance Director***

Roger Antony was appointed to the board on 22 April 2016. Roger had been with Parity for over 18 years prior to his appointment, holding the position of Group Financial Controller since 2006, and prior to that the role of Financial Controller for the International Resources Division. Roger joined the Group after qualifying as an accountant in 1997, and previously held managerial roles within a variety of listed entity finance departments. He has a thorough understanding, and experience, of the IT Services sector.

## RESOLUTIONS 5 AND 6 – REAPPOINTMENT OF AUDITORS AND AUDITORS' REMUNERATION

The appointment of Grant Thornton UK LLP as auditors of the Company terminates at the conclusion of this Annual General Meeting. The directors recommend the reappointment of Grant Thornton UK LLP and seek authority to determine their remuneration.

### RESOLUTION 7 – DIRECTORS' AUTHORITY TO ALLOT SHARES

Under the Companies Act 2006 (the "Act"), the directors of a company may only allot unissued shares in the capital of the company or grant rights to subscribe for, or convert any security into, shares in the company if they are authorised to do so by the shareholders at a general meeting or by the company's articles of association.

The authority is in two parts. Part (a) limits the directors' authority to allot shares to an aggregate nominal amount of £684,160, representing approximately one-third of the Company's issued ordinary share capital as at 2 May 2019 (being the last business day prior to the publication of this Notice). The Company does not currently hold any shares as treasury shares. This authority will expire at the conclusion of the next Annual General Meeting to be held in 2020 and replaces the existing authority. The Company has passed resolutions on this basis for a number of years.

In line with the guidance issued by the Investment Association part (b) of the authority would confer on the directors authority to issue shares or grant rights to subscribe for or convert any securities into ordinary shares up to an additional aggregate nominal amount of £684,160, representing approximately one-third of the Company's issued ordinary share capital as at 2 May 2019 (being the last business day prior to the publication of this Notice), but only in connection with a rights issue.

The directors have no present intention to use these authorities but consider it desirable that they should have the flexibility to allot unissued shares if circumstances arise where it may be advantageous for them to do so.

### RESOLUTION 8 – PARTIAL DISAPPLICATION OF PRE-EMPTION RIGHTS

This resolution will, if approved, renew the directors' authority to allot equity securities (as defined in the Act) for cash and otherwise than to existing shareholders pro rata to their holdings. This authority, which will expire at the conclusion of the Annual General Meeting of the Company to be held in 2020, is limited to the allotment of (a) equity securities in connection with a rights issue and (b) equity securities up to an aggregate nominal amount of £102,624, representing approximately 5% of the Company's issued ordinary share capital as at 2 May 2019 (being the last business day prior to the publication of this Notice). The authority will also include any sale by the Company of shares held as treasury shares. The directors intend to observe the institutional guidelines in respect of allotments of shares for cash. These presently require that the annual authority should not exceed 5% of the issued ordinary share capital and that no more than 7.5% of the issued ordinary share capital should be allotted for cash on a non pre-emptive basis in any rolling three year period without prior consultation with the shareholders.

### RESOLUTION 9 – AUTHORITY TO MAKE MARKET PURCHASES OF ITS OWN SHARES

This resolution will, if approved, renew the authority of the Company to purchase up to 10% of its issued ordinary share capital in the market. The maximum and minimum prices are stated in the resolution. This authority will expire at the conclusion of the Annual General Meeting of the Company to be held in 2020.

The authority granted by this resolution will only be exercised if the directors believe that to do so would result in an increase in earnings per share and would be in the interests of shareholders generally.

Under the Act, companies whose shares are traded on AIM may hold shares that they purchase in treasury as an alternative to cancelling them. Such shares may subsequently be cancelled, sold for cash or used to satisfy share options or awards under share incentive plans. The Company is not entitled to exercise any rights, including the right to attend and vote at meetings, in respect of these shares whilst held in treasury. In addition, no dividend or other distribution of the Company's assets may be made to the Company in respect of such shares.

If the directors exercise the authority conferred by resolution 9, they may consider holding those shares in treasury rather than cancelling them. The directors believe that holding shares in treasury would give the Company the ability to allot treasury shares quickly and cost effectively and may provide the Company with greater flexibility in the management of its share capital.

The total numbers of options to subscribe for ordinary shares that were outstanding as at 2 May 2019 were 13,469,440. The proportion of the issued ordinary share capital of the Company conferring the right to vote that such options represented at that time was 13.13% and the proportion of the issued ordinary share capital of the Company conferring the right to vote that they will represent if the full authority to purchase shares is used is 14.58%. The Company has no warrants in issue in relation to its shares.

#### **RESOLUTION 10 – ADOPTION OF NEW ARTICLES OF ASSOCIATION**

Resolution 10 is proposed as a special resolution. This resolution proposes to adopt a new set of articles of association of the Company (the “**New Articles**”) in order to reflect developments in both law and practice, and to grant powers to the board of directors to authorise directors’ conflicts of interest. The Company’s articles of association were last amended in December 2010. The New Articles, if adopted, will take effect from the conclusion of the Annual General Meeting. The principal differences between the New Articles and the existing articles of association of the Company are summarised in Appendix 2 to this notice. Other changes, which are of a minor, technical or clarifying nature, have not been noted. A copy of the New Articles will be available for inspection from the date of this Notice and up to the time of the Annual General Meeting at the registered office of the Company during usual business hours and at the place of the AGM from 9.45 a.m. on 30 May 2019 until the close of the AGM. An electronic copy of the New Articles will also be available for inspection on the Company’s website (<https://investors.parity.net/shareholder-information/agm-information/>).

#### **APPENDIX 2 – SUMMARY OF THE PRINCIPAL PROPOSED CHANGES TO THE COMPANY’S ARTICLES OF ASSOCIATION**

Under resolution 10, the Company is proposing to adopt New Articles to replace its current articles of association (the “**Current Articles**”). Set out below is a summary of the principal changes (Article references are to the New Articles). The New Articles also include some other minor, technical clarificatory amendments which are not detailed below.

##### **Board power to change Company name (Article 4)**

The New Articles have been updated to permit the directors to change the name of the Company by way of a resolution of the board of directors. Under the Current Articles, the name of the Company can only be changed by a special resolution of the members of the Company. The Company has no current intention of changing its name.

##### **Share certificates (Article 21)**

The New Articles provide, in accordance with standard practice, that share certificates are sent out at the risk of the relevant member and that the Company is not responsible for any share certificates lost during delivery.

##### **Notice of forfeiture (Article 34)**

Under the Current Articles, shares can be forfeited in certain, limited circumstances. Article 34 of the New Articles clarifies that where any such forfeiture occurs, it must be recorded on the register of members of the Company, but that any failure to record, or delay in recording, such forfeiture shall not invalidate the forfeiture.

##### **Electronic general meetings (Article 58)**

The New Articles give the Company flexibility to hold virtual general meetings.

##### **Quorum for general meetings (Article 62)**

Amendments and additions have been made to the provisions relating to shareholder meetings to bring these in line with best practice, including the procedure to be followed if a quorum is not present within 15 minutes.

##### **Removal of the chairman’s casting vote at general meetings (Article 65)**

The New Articles remove the chairman’s right to a casting vote in general meeting, in line with the provisions of section 282 of the Companies Act 2006.

##### **Proxies (Articles 86 and 88)**

The New Articles update the provisions relating to the appointment and conduct of proxies, to bring these in line with market practice. The New Articles provide that an appointment of a proxy will only be valid for a period of 12 months and makes it clear that the Company is not obliged to verify whether a proxy (or a corporate representative) has acted in accordance with any voting instructions given by the relevant member.

##### **Retirement of Directors (Article 92)**

The New Articles clarify that at every annual general meeting, any Director who was appointed since the last annual general meeting shall retire and shall be eligible for re-appointment and one third of the other Directors or, if their number is not a multiple of three, then the number nearest to but not exceeding one third, shall retire from office by rotation.

##### **Removal of Directors (Article 99)**

Where the Company removes a Director by way of an ordinary resolution, the New Articles remove the old requirement to give the Director special notice of such removal.

##### **Directors’ vacation of office (Article 100)**

The Current Articles are being updated to include a few additional categories as to when the office of a Director shall be vacated, including if he or she commits a criminal offence or a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months (aligned with the Mental Health Discrimination Act 2013).

##### **Borrowing powers of the Company (Article 112)**

The New Articles provide that the borrowing powers of the Company are unlimited. However, the Company does not plan to make a material change to its borrowings in the short term.

##### **Remuneration of Directors (Article 120)**

The New Articles do not provide a maximum limit of fees for non-executive directors. The Company has no current plans to change its approach to the fees paid to non-executive directors.

**Securities seal (Articles 165 and 166)**

The New Articles make provision for the use of a securities seal by the Company.

**Dividends and distributions (Articles 167 to 195 (inclusive))**

Amendments and additions have been made to the provisions relating to dividends and distributions, which among other things, allow the Company to pay dividends and distributions by transfer to a bank or building society and permit non-cash distributions in kind.

**Waiver of distributions (Article 196)**

The New Articles include provisions allowing shareholders to waive their entitlement to a dividend or other distribution.

**Accounts (Article 202)**

The New Articles clarify the matter of the delivery of accounts (including the delivery of summary information) to members in line with the Act.

**Notice of General Meeting in national newspapers (Article 212)**

The Current Articles contain a provision that if there is a suspension or curtailment of postal services in the United Kingdom, the Company may convene a general meeting by notice advertised in two national newspapers. The New Articles relax this requirement and provide that notice must be advertised in one national newspaper.

**Provision for employees on cessation of the business (Article 217)**

As a precautionary measure, the Company proposes to include a new article permitting the Directors to make provisions for the benefit of employees in connection with the cessation or any transfer of the business.

**Insurance (Articles 220 and 221)**

There is a new article permitting the Directors to purchase insurance for the benefit of the officers of the Company.

