

# STAFFLINE GROUP PLC

## NOTICE OF ANNUAL GENERAL MEETING 2019

**NOTICE** is hereby given that the Annual General Meeting (the “**Meeting**”) of **STAFFLINE GROUP PLC** (the “**Company**”) will be held at PeoplePlus Offices, Floor 6, Edmund House, 12-22 Newhall St, Birmingham, B3 3EW on Wednesday 11 September 2019 at 10.00 am.

You will be asked to consider and vote on the resolutions below.

Resolutions 1 to 9 will be proposed as ordinary resolutions and Resolutions 10 to 13 will be proposed as special resolutions.

### ORDINARY RESOLUTIONS

1. To receive and adopt the accounts of the Company for the financial year ended 31 December 2018, together with the Directors’ Report and the Auditor’s Report.
2. To receive and approve the Directors’ Remuneration Report, in the form set out in the Company’s Annual Report for the year ended 31 December 2018 (Pages 56 to 58 of the 2018 Annual Report).
3. To re-elect Edward Barker as a Director of the Company.
4. To re-elect John Crabtree as a Director of the Company.
5. To re-elect Tracy Lewis as a Director of the Company.
6. To re-elect Christopher Pullen as a Director of the Company.
7. To elect Dawn Ward, who has been appointed as a Director since the last Annual General Meeting of the Company, as a Director of the Company.
8. To re-elect Michael Watts as a Director of the Company.
9. **THAT** in substitution for all existing authorities to the extent unused, the Directors be and are hereby generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the “**Act**”) to exercise all the powers of the Company to allot shares in the Company and grant rights to subscribe for or to convert any security into shares in the Company up to a maximum aggregate nominal amount of £689,305 provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution or at the close of business on the date fifteen months from the date of the passing of this Resolution (whichever is the earlier) and that the Company may before such expiry make an offer or agreement which would or might require such securities to be allotted after such expiry and the Directors may allot such securities in pursuance of such offer or agreement, notwithstanding that the authority conferred hereby has expired.

### SPECIAL RESOLUTIONS

10. **THAT** if Resolution 9 is passed, the Directors be authorised to allot equity securities (as defined in the Act) for cash under the authority given by that Resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Act did not apply to any such allotment or sale, such authority to be limited:
  - (a) to the allotment of equity securities in connection with an offer of securities (whether by way of a rights issue, open offer or otherwise), open for acceptance for a period fixed by the Directors, to holders of ordinary shares on the register of members on any fixed record date in proportion to their holdings of ordinary shares, subject to such exclusions or other such arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems arising under the laws of, or the requirements of, any regulatory body or any stock exchange in any territory; and

- (b) to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (a) above) up to a nominal amount of £344,652,

such authority to expire at the end of the next Annual General Meeting of the Company (or, if earlier, at the close of business fifteen months after the date of the Meeting) but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

11. **THAT** if Resolution 9 is passed, the Directors be authorised in addition to any authority granted under Resolution 10 to allot equity securities (as defined in the Act) for cash under the authority given by Resolution 9 and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Act did not apply to any such allotment or sale, such authority to be:

- (a) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £344,652; and

- (b) 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 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,

such authority to expire at the end of the next Annual General Meeting of the Company (or, if earlier, at the close of business fifteen months after the date of the Meeting) but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

12. **THAT** pursuant to section 701 of the Act, the Company be and is hereby granted general and unconditional authority to make market purchases (as defined in section 693(4) of the Act) of ordinary shares of £0.10 each in the capital of the Company ("**Shares**") on such terms and in such manner as the Directors may determine, provided that:

- (a) the maximum number of Shares authorised to be purchased is 6,893,048 Shares;
- (b) the minimum price (exclusive of expenses) which may be paid for a Share is £0.10;
- (c) the maximum price (exclusive of expenses) which may be paid for a Share is the higher of:
  - (i) an amount equal to 105 per cent of the average of the middle market quotations for the Shares as derived from the AIM Appendix of the Daily Official List of London Stock Exchange plc for the five business days immediately preceding the day on which the purchase is made; and
  - (ii) an amount equal to the higher of the price of the last independent trade of a Share and the highest current independent bid for a Share on the trading venue where the purchase is carried out,

and (unless previously revoked, varied or renewed) shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution or at the close of business on the date fifteen months from the date of the passing of this Resolution (whichever is the earlier), save that the Company may enter into a contract to purchase Shares before the expiry of this authority under which such purchase will or may be completed or executed wholly or partly after this authority expires and may make a purchase of Shares pursuant to any such contract as if this authority had not expired.

13. **THAT** the amended articles of association of the Company in the form produced to the Meeting (and signed by the Chairman of the Meeting for identification purposes), a summary of the principal amendments being set out in the Explanatory Note below, be and are hereby adopted as the new articles of association of the Company in substitution for the existing articles of association of the Company.

**By Order of the Board**

**Paul Collins**

*Company Secretary*

Staffline Group plc

19-20 The Triangle, NG2 Business Park, Nottingham NG2 1AE

9 August 2019

## **EXPLANATORY NOTES ON RESOLUTIONS**

### **Resolution 9: General authority to allot shares**

Resolution 9 would renew the Directors' authority to allot shares up to a maximum nominal amount of £689,305, being approximately 10% of the issued share capital of the Company as at 31 July 2019 (being the latest practicable date prior to the publication of this document). The existing authority would be revoked and this authority would expire at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution or at close of business on the date fifteen months from the date of the passing of this Resolution (whichever is the earlier).

The Directors have no present intention of exercising the authority under this Resolution but the Directors wish to ensure that the Company has maximum flexibility in managing the financial resources of the Company.

### **Resolution 10: Disapplication of pre-emption rights (General)**

Resolution 10 would renew the Directors' authority to allot shares for cash as though the rights of pre-emption conferred by section 561(1) of the Act did not apply:

- (a) in connection with an offer to existing shareholders but not strictly in accordance with statutory pre-emption rights (to allow the Directors to take action to overcome certain practical difficulties which could arise in the case of such offer); and
- (b) up to a nominal amount of £344,652, being approximately 5% of the issued share capital of the Company as at 31 July 2019 (being the latest practicable date prior to the publication of this document) (to give the Directors some flexibility in financing business opportunities as they arise).

This power would expire at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution or at close of business on the date fifteen months from the date of the passing of this Resolution (whichever is the earlier). The dis-application of pre-emption rights also applies to the sale by the Company of treasury shares.

### **Resolution 11: Disapplication of pre-emption rights (Acquisition or Capital Investment)**

Resolution 11 would afford the Directors an additional authority to allot shares for cash as though the rights of pre-emption conferred by section 561(1) of the Act did not apply in respect of the allotment up to a nominal amount of £344,652, being approximately 5% of the issued share capital of the Company as at 31 July 2019 (being the latest practicable date prior to the publication of this document) only in connection with an acquisition or a 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.

This power would expire at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution or at close of business on the date fifteen months from the date of the passing of this Resolution (whichever is the earlier). The dis-application of pre-emption rights also applies to the sale by the Company of treasury shares.

### **Resolution 12: Purchase of own shares**

Resolution 12 will be proposed as a Special Resolution and renews the Company's authority to purchase its own shares in the market during the period until the next Annual General Meeting of the Company for up to 6,893,048 shares, representing approximately 10% of the issued ordinary share capital of the Company as at 31 July 2019 (being the latest practicable date prior to the publication of this document).

The Directors have no current intention of exercising this authority to purchase the Company's ordinary shares. The Company will only exercise this authority to make such a purchase in the market if the Directors consider it is in the best interests of the Shareholders generally to do so and could be expected to result in an increase in earnings per share of the Company.

The Company is permitted to hold shares it has purchased in treasury, as an alternative to cancelling them. Shares held in treasury may subsequently be cancelled, sold for cash or used to satisfy options exercised under any of the Company's share schemes. Whilst held in treasury, the shares are not entitled to receive any dividend or dividend equivalent (apart from any issue of bonus shares) and have no voting rights. The Directors believe it is appropriate for the Company to have the option to hold its own shares in treasury if, at a future date, the Directors exercise this authority. The Directors will have regard to investor group guidelines which may be in force at the time of any such purchase, holding or re-sale of shares held in treasury.

If given, this authority will expire at the conclusion of the Company's next Annual General Meeting or at close of business on the date fifteen months after the passing of the Resolution (whichever is earlier). It is the Directors' intention to renew this authority each year.

## **Resolution 13: Principal Changes to the Company's Articles of Association**

### *1. General*

It is proposed in Resolution 13 to adopt new articles of association (the "**New Articles**"). Generally the opportunity has been taken to bring clearer language into the New Articles and in some areas to conform the language of the New Articles with that used in the model articles of association for public companies produced by the Department for Business, Innovation and Skills and to bring the New Articles up to date with the provisions of the Act.

A full copy of the New Articles is available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excluded) at the registered office of the Company from the date of this document until the conclusion of the Meeting and will be available for inspection at the place of the Meeting for at least 15 minutes prior to and during the Meeting.

### *2. Articles which duplicate statutory provisions*

Provisions in the existing articles of association of the Company (the "**Current Articles**") which replicate provisions contained in the Act are in the main amended to bring them into line with the Act.

### *3. Directors*

The Current Articles specify the circumstances in which a director must vacate office. The New Articles update these provisions to reflect the approach taken on mental and physical incapacity in the model articles of association for public companies produced by the Department for Business, Innovation and Skills as well as requiring every director to seek re-appointment at each annual general meeting of the Company.

The New Articles remove the cap on the maximum number of directors to allow greater flexibility.

### *4. Directors' fees*

The New Articles have increased the aggregate maximum amount payable for directors' fees, being fees to the non-executive directors, to £250,000.

### *5. Electronic conduct of meetings*

Amendments made to the Act by the Shareholders' Rights Regulations specifically provide for the holding and conducting of electronic meetings. The Current Articles have been amended to reflect more closely the relevant provisions.

## **Recommendation**

The Directors consider that the Resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and the shareholders of the Company as a whole. Consequently, the Directors unanimously recommend that you vote in favour of each of the Resolutions to be proposed at the Annual General Meeting.

## **Auditor Appointment**

The Company has received a letter of resignation from PricewaterhouseCoopers LLP ("PwC") resigning as the Group's auditor with effect from 1 August 2019. In the letter of resignation, PwC confirmed that the reason that they are ceasing to hold office is that the Company will soon be

undertaking a competitive tender process for the position of statutory auditor and there was mutual agreement with the audit committee not to participate in this process following the completion of the Company's audit for the year ended 31 December 2018. The Company will commence a competitive tender process for the role of the Group's auditor shortly, however, given the timing of the resignation, it has not been possible to propose a resolution to appoint a new auditor at the Meeting.

#### **NOTES:**

##### **Entitlement to attend and vote**

1. The right to vote at the Annual General Meeting ("**Meeting**") is determined by reference to the register of members of the Company. Only those Shareholders registered in the register of members of the Company as at 5.00pm on Monday 9 September 2019 (or, if the Meeting is adjourned, 5.00pm on the date which is two days before the date of the adjourned meeting) shall be entitled to attend and vote at the Meeting in respect of the number of shares registered in their name at that time. Changes to entries in the Company's register of members after that time shall be disregarded in determining the rights of any person to attend or vote (and the number of votes they may cast) at the Meeting.

##### **Attending in person**

2. Please arrive at the building at least 15 minutes prior to the start of the Meeting.

##### **Proxies**

3. A Shareholder is entitled to appoint another person as his or her proxy to exercise all or any of his or her rights to attend, speak and vote at the Meeting. A proxy need not be a Shareholder of the Company. 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.
4. A Form of Proxy is enclosed. To appoint more than one proxy, you may photocopy the Form of Proxy. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate in the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
5. To be valid any Form of Proxy together with any power of attorney or any other authority under which the Form of Proxy is signed (or a duly certified copy of such power or authority) or any other instrument appointing a proxy must be included with the Form of Proxy and received by post or, during normal business hours only, by hand at the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE, no later than 10.00 am on Monday 9 September 2019 (or, if the Meeting is adjourned, no later than 48 hours before the time of any adjourned Meeting). If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
6. Completion and return of a Form of Proxy, any other such instrument or any CREST Proxy Instruction (as described in the paragraph below) will not preclude a Shareholder from attending and voting in person at the Meeting, should he or she subsequently decide to do so.

##### **CREST Proxy Instructions**

7. 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.
8. 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 ("**Euroclear**") specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). 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 Company's agent Computershare Investor Services PLC (ID 3RA50) by 10.00 am on Monday 9 September 2019. 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 Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
9. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear 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 or 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 service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

10. 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**

11. 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**

12. As at 31 July 2019 (being the latest practicable date prior to the publication of this document) the Company's issued share capital consisted of 68,930,486 ordinary shares of 10 pence each, carrying one vote each, of which the Company effectively holds 1,140,400 shares in treasury (being held by the Employee Benefit Trust). Therefore, the total voting rights in the Company as at 31 July 2019 are 67,790,086.

#### **Information available on the Website**

13. A copy of this Notice can be found at:  
<https://www.stafflinegroupplc.co.uk/investor-relations/shareholder-information/agm/>

Shareholders may not use any electronic address provided in either this Notice of Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.