



IRISH CONTINENTAL GROUP

2018 Annual Report and Financial Statements

Corporate Governance Report



Corporate Governance Report

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Dear Shareholder,

Corporate Governance is concerned with how companies are directed and controlled. Your Board acknowledges the importance of, and is committed to maintaining high standards of Corporate Governance practices. We strongly believe that good corporate governance is essential to long-term sustainable growth and maintenance of shareholder value. The Board sets the tone for governance practices across the whole Group.

The Group applies the principles and provisions of The UK Corporate Governance Code (“the Code”) issued by the Financial Reporting Council and the Irish Corporate Governance Annex (“the Irish Annex”) issued by Euronext Dublin. We are reporting against the April 2016 edition of the Code. The Corporate Governance Report explains how the Group has applied the principles set out in the Code and the Irish Annex.

Your Board currently comprises two executive and four non-executive Directors. Further details on Board composition is set out on pages 58 and 59. During the year I led the annual board evaluation and concluded that the Board was as a whole operating effectively for the long term success of the Group.

The reports from the Committee chairmen are set out on pages 74 to 90.

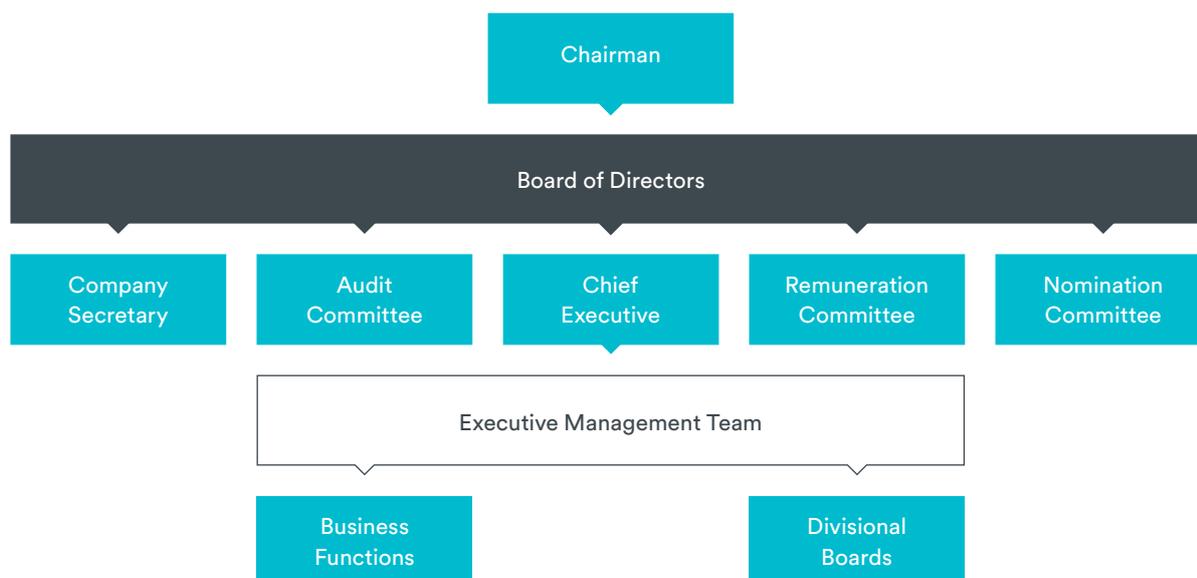
The Board has noted the revised Code issued in July 2018 which has been effective for the Company since 1 January 2019. The key changes include integrating corporate culture into governance processes, board composition and tenure, engagement with stakeholders and an expanded role of the Remuneration Committee. The Board is currently reviewing how to evolve its governance processes in order to comply with the revised Code. Also during the year the Board formalised its Board Diversity Policy, further details of which are set out in the Corporate Governance Report.

The business conditions we face create opportunities and challenges going forward and I look forward to continuing open and constructive debate and ensuring that our corporate governance practices remain appropriate to assist in the future sustainable growth of the Group.

John B. McGuckian

Corporate Governance Framework

The corporate governance structure at ICG is set out below.



The Company is committed to the principles of corporate governance contained in the UK Corporate Governance Code (“the Code”) issued in April 2016 by the Financial Reporting Council, as adopted by Euronext Dublin, for which the Board is accountable to shareholders. The Irish Corporate Governance Annex (“the Irish Annex”) issued by Euronext Dublin also applies to the Group. Under the interpretative provisions of the Irish Annex, the Group was regarded as being equivalent to a FTSE350 company under the Code throughout 2018.

The Board considers that, having explained in this Report, throughout the period under review the Group has been in compliance with the provisions of the Code and the requirements set out in the Irish Annex. The Report of the Remuneration Committee at page 88 explains why in relation to one Director a notice period in excess of one year may apply in limited circumstances.

The Code can be viewed on the Financial Reporting Council’s (FRC) website (www.frc.org.uk) and the Irish Annex on the Euronext Dublin website (www.euronext.com).

Leadership

The Board is collectively responsible for the long-term success of the Group through provision of leadership within a framework of prudent and effective controls which enables risk to be assessed and managed. Pursuant to the Constitution, the Directors of the Company are empowered to exercise all such powers as are necessary to manage and run the Company, subject to the provisions of the Companies Act 2014.

To discharge this responsibility the Board has adopted the following operational framework;

Schedule of matters reserved for Board decision:

The Board has a formal schedule of matters specifically reserved to it for decision, which covers key areas of the Group’s business including approval of Financial Statements, budgets (including capital expenditure), acquisitions or disposals, dividends and share redemptions, board appointments and setting the risk appetite. Certain additional matters are delegated to Board Committees, of which additional information is set out later in this report.

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Board Committees: During the year ended 31 December 2018, there were three standing Board Committees with formal terms of reference; the Audit Committee, the Nomination Committee and the Remuneration Committee. In addition the Board will establish ad-hoc sub-committees to deal with other matters as necessary. All Board committees have written terms of reference setting out their authorities and duties delegated by the Board. The terms of reference are available, on request, from the Company Secretary and on the Group's website.

Details on the role of the committees and the work undertaken in the period under review are set out on pages 74, 78 and 80 respectively.

Roles of Chairman and Chief Executive: The roles of Chairman and Chief Executive are separate, set out in writing and approved by the Board.

The Chairman: John B. McGuckian has served as Chairman of the Board since 2004 and is responsible for leading the Board ensuring its effectiveness through;

- Setting the Board's agenda and ensuring that adequate time is available for discussion.
- Promoting a culture of openness and debate by facilitating the effective contribution of non-executive Directors in particular and ensuring constructive relations between executive and non-executive Directors.
- Ensuring that the Directors receive accurate, timely and clear information.
- Ensuring effective communication with shareholders.

Chief Executive: The Board has delegated the management of the Group to the executive management, through the direction of Eamonn Rothwell who has served as Chief Executive since 1992. The Chief Executive is responsible for implementing Board strategy and policies and closely liaises with the Chairman and manages the Group's relationship with its shareholders.

Senior Independent Director: The Board, having considered his experience, has appointed Brian O'Kelly as the Senior Independent Director. The Senior Independent Director acts as a sounding board for the Chairman and serves as an intermediary for the other Directors if necessary. Mr O'Kelly is also available to

shareholders if they have concerns which have not been resolved through the normal channels of Chairman, Chief Executive or for which such contact is inappropriate.

Non-executive Directors: Non-executive Directors through their knowledge and experience gained outside the Group constructively challenge and contribute to the development of Group strategy. Non-executive Directors scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance. They satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible. Through their membership of Committees they are responsible for determining appropriate levels of remuneration of executive directors and have a prime role in appointing and, where necessary, removing executive directors, and in succession planning.

Company Secretary: The Company Secretary provides a support role to the Chairman and the Board ensuring good information flows within the Board and its committees and between senior management and non-executive directors, as well as facilitating induction and assisting with professional development as required and advising the Board through the Chairman on governance matters. Thomas Corcoran has served as Company Secretary since 2001.

Meetings: The Board agrees a schedule of regular meetings each calendar year and also meets on other occasions if necessitated with contact between meetings as required in order to progress the Group's business. Where a Director is unable to attend a meeting, they may communicate their views to the Chairman. The Directors receive regular and timely information in a form and quality appropriate to enable the Board to discharge its duties. Non-executive Directors are expected to utilise their expertise and experience to constructively challenge proposals tabled at the meetings. The Board has direct access to the executive management who regularly brief the Board in relation to operational, financial and strategic matters concerning the Group.

Director attendances at scheduled meetings are set out on page 67. The Chairman also holds meetings with the non-executive Directors without the executive Directors present and the non-executive Directors also meet once a year, without the Chairman present.

Attendance at scheduled Board meetings during the year ended 31 December 2018 was as follows:

Member	A	B	Tenure
J. B. McGuckian (Chair)	7	7	31 years
E. Rothwell	7	7	32 years
C. Duffy	7	7	7 years
D. Ledwidge	7	7	3 years
B. O'Kelly	7	7	6 years
J. Sheehan	7	7	5 years

Column A: the number of scheduled meetings held during the year where the Director was a member of the Board.

Column B: the number of scheduled meetings attended during the year where the Director was a member of the Board.

Effectiveness

Composition: The Board comprises of two executive and four non-executive Directors. Details of the professional and educational backgrounds of each director encompassing the experience and expertise that they bring to the Board are set out on page 58 to 59. The Board believes that it is of a size and structure and that the Directors bring an appropriate balance of skills, experience, independence and knowledge to enable the Board to discharge its respective duties and responsibilities effectively, with no individual or group of individuals dominating the Board's decision making. Each of the non-executive Directors has a broad range of business experience independent of the Group both domestically and internationally.

Independence: All of the non-executive Directors are considered by the Board to be independent of management and free of any relationships which could interfere with the exercise of their independent judgement. In considering their independence, the Board has taken into account a number of factors including their length of service on the Board, other directorships held and material business interests.

Mr. McGuckian has served on the Board for more than nine years since his first appointment. Notwithstanding this tenure the Board, as advised by the Nomination Committee, considers Mr. McGuckian to be independent. Mr. McGuckian has a wide range of interests and experience both domestically and internationally. The Board has considered the knowledge, skills and experience that he contributes and assesses

him to be both independent in character and judgement and to be of continued significant benefit to the Board. Mr. McGuckian was also assessed to be independent at the date of appointment as Chairman in 2004.

Catherine Duffy is a Chairman at law firm A&L Goodbody from whom the Company has received legal services in their capacity as legal advisors to the Company. Details of the expenses incurred, which were on an arm's length basis at standard commercial terms, are set out at note 32 to the Financial Statements. In her role at A&L Goodbody, Catherine has not been involved in providing advice to the Company. The Board, as advised by the Nomination Committee, has considered the relationship and does not consider it to affect Catherine's independence as a non-executive director of the Company.

Appointments: All Directors are appointed by the Board, following a recommendation by the Nomination Committee, for an initial term not exceeding three years, subject to annual re-election at the Annual General Meeting. Non-executive Directors are deemed to be independent on appointment and this status is reviewed annually, prior to recommending the resolution for re-election. Under the Articles each Director is subject to re-election at least every three years but in accordance with the Code the Board has agreed that each Director will be subject to annual re-election at the Annual General Meeting.

The terms and conditions of appointment of non-executive Directors appointed after 2002 are set out in their letters of appointment, which are available for inspection at the Company's registered office during normal office hours and at the Annual General Meeting of the Company.

Development and Induction: On appointment, Directors are given the opportunity to familiarise themselves with the operations of the Group, to meet with executive management, and to access any information they may require. Each Director brings independent judgement to bear on issues of strategy, risk and performance. The Directors also have access to the executive management in relation to any issues concerning the operation of the Group.

The Board recognises the need for Directors to be aware of their legal responsibilities as Directors and it ensures that Directors are kept up to date on the latest corporate governance guidance, company law developments and best practice.

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Access to Advice: There is a procedure for Directors in the furtherance of their duties to take independent professional advice, at the expense of the Group, if they consider this necessary. The Group carries Director liability insurance which indemnifies Directors in respect of legal actions that may be taken against them in the course of discharging their duties as Directors.

All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

Performance Evaluation: The Board conducts an annual self-evaluation of the Board as a whole, the Board processes, its committees and individual Directors. The purpose of the evaluation process include identification of improvements in Board procedures and to assess Directors suitability for re-election. The process which is led by the Chairman, is forward looking in nature. On a triennial cycle an independent external facilitator is engaged to further assist the process, the most recent such engagement relating to the 2017 evaluation.

For the 2018 evaluation, the Company Secretary made a presentation to the Board outlining key focus areas for consideration by the Directors against key events addressed by the Board during the year together with a review of the matters for action emanating from the previous evaluation. The focus areas included Board Composition, Board agenda, Director interaction, quality of information, time allocation and decision making processes. Post the presentation the Chairman reviewed with each Director their observations on the items raised in the presentation together with a review of Director performance. Following conclusion of the Director engagement the Chairman reported to the Board on the outcome of the evaluation process which indicated that the Board as a whole was operating effectively for the long-term success of the Group and that each Director was contributing effectively and demonstrating commitment to the role. The ongoing progress on the Board process matters noted in the prior year was acknowledged with no further matters added as a result of the latest evaluation.

Within the process, the non-executive Directors, led by the Senior Independent Director, met without the Chairman being present to evaluate the Chairman's performance. The Senior Independent Director subsequently reported to the Board that the Chairman was providing effective leadership of the Board.

The Board is committed to providing a fair, balanced and understandable assessment of the Company's position and prospects to shareholders through the Annual Report, the Interim Statement and any other public statement issued by the Company. The Directors have considered the Annual Report based on a review performed by the Audit Committee and have concluded that it represents a fair, balanced and understandable assessment of the Company's position and prospects.

The Board has described its business model on page 22 setting out how the Company generates value over the longer term and the strategy for delivering the objectives of the Company.

The Board has overall responsibility for determining the Group's risk appetite but has delegated responsibility for the review, design and implementation of the Group's internal control system to the Audit Committee. These systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

In accordance with Guidance on Risk Management, Internal Control and Related Financial and Business Reporting (September 2014) issued by the FRC, the Board confirms that there is a continuous process for identifying, evaluating and managing the significant risks faced by the Group, that it has been in place for the period under review and up to the date of approval of the Financial Statements, and that this process is regularly monitored by the Board. The report of the Audit Committee is set out on pages 74 to 77 and the risk management framework and processes are set out on pages 44 to 47.

No material weaknesses in internal controls were reported to the Board during the year.

Taking account of the Group's current position and principal risks the Directors have set out in the Viability Statement on page 60 their assessment of the prospects for the Group.

Remuneration

The Board has delegated the approval of remuneration structures and levels of the executive Directors and senior management to the Remuneration Committee whose report is set out at pages 80 to 90.

Diversity

The Board has adopted a Board Diversity Policy which formalises previous practice in compliance with the European Union (Disclosure of non-financial and diversity information by certain large undertakings and Groups) Regulation 2017. The promotion of a diverse Board makes prudent business sense and for stronger corporate governance.

The Company seeks to maintain a Board comprised of talented and dedicated directors with a diverse mix of expertise, experience, skills and backgrounds reflecting the diverse nature of the business environment in which the Company operates. For purposes of Board composition, diversity includes, but is not limited to, age, gender or educational and professional backgrounds.

When assessing Board composition or identifying suitable candidates for appointment or re-election to the Board, the Company, through the Nomination Committee, considers candidates on merit against objective criteria having due regard to the benefits of diversity and the needs of the Board. The Company does not focus on any single diversity characteristic and, accordingly, has not adopted targets in respect of any single diversity characteristic.

The Nomination Committee will give due regard to diversity when reviewing Board composition and considering Board candidates. The Committee will report annually, in the corporate governance section of the Annual Report, on the process it has used in relation to any Board appointments.

Communications with Shareholders

The Board promotes good communications with shareholders and the Group commits resources to shareholder communication commensurate with its size. Other than during close periods and subject to the requirements of the Takeover Code, when applicable, the Chief Executive and the Chief Financial Officer have a regular dialogue with its major shareholders throughout the year and report on these meetings to the Board. The Senior Independent Director is also available on request to meet with major shareholders.

The Board encourages communications with shareholders and welcomes their participation at all general meetings of the Company. The Board notes that at the 2018 AGM held on 10 May 2018 meeting no resolution received less than 80% support based on the proxy votes held by the Board.

Regular formal updates are provided to shareholders and are available on the Group's website. During 2018 these included Trading Updates, the Half-Yearly Financial Report, and the Annual Report and Financial Statements together with investor presentations. Irish Continental Group's website, www.icg.ie, also provides access to other corporate and financial information, including all regulatory announcements and a link to the current ICG Unit price.

The 2019 Annual General Meeting is scheduled for 17 May 2019. Arrangements will be made for the 2018 Annual Report and 2019 Annual General Meeting Notice to be available to shareholders 20 working days before the meeting and for the level of proxy votes cast for and against each resolution and the number of abstentions, to be announced at the meeting. Further details on the procedures applicable to general meetings are set out on page 71.

Further investor relations information is available on page 180 of this report.

Matters pertaining to share capital

The information set out below is required to be contained in the Report of the Directors under Regulation 21 of the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006 (S.I. 255/2006). The information represents the position at 31 December 2018.

For the purposes of Regulations 21(2)(c), (e), (j) and (k) of the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006 (S.I. 255/2006), the information given under the following headings: (i) Substantial Shareholdings page 62; (ii) Share Option Plans page 89; (iii) Long Term Incentive Plan page 87; (iv) Service Contracts page 88; and (v) Share-based Payments page 159, (vi) Borrowings page 146 are deemed to be incorporated into this statement.

Share capital

The authorised share capital of the Company is €29,295,000 divided into 450,000,000 ordinary shares of €0.065 each (Ordinary Shares) and 4,500,000,000 Redeemable Shares of €0.00001 each (Redeemable Shares). The Ordinary Shares represent approximately 99.85% and the Redeemable Shares represent approximately 0.15% of the authorised share capital. The issued share capital of the Company as at the date of this Report is 190,264,390 Ordinary Shares. There are no Redeemable Shares currently in issue.

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Ordinary Shares and Redeemable Shares (to the extent Redeemable Shares are in issue) are inextricably linked as an ICG Unit. An ICG Unit is defined in the Constitution of the Company as “one Ordinary Share in the Company and ten Redeemable Shares (or such lesser number thereof, if any, resulting from the redemption of one or more thereof) held by the same holder(s)”.

The rights and obligations attaching to the Ordinary Shares and Redeemable Shares are contained in the Constitution of the Company.

The Directors may exercise their power to redeem Redeemable Shares from time to time pursuant to the Company’s Constitution where there are Redeemable Shares in issue.

The structure of the Group’s and Company’s capital and movement during the year are set out in notes 19 and 20 to the financial statements.

Restrictions on the transfer of shares

Save as set out below there are no limitations in Irish law on the holding of ICG Units and there is no requirement to obtain the approval of the Company, or of other holders of ICG Units, for a transfer of ICG Units. Certain restrictions may from time to time be imposed by laws or regulations such as those relating to insider dealing.

Transfers of Ordinary Shares and Redeemable Shares can only be effected where the transfer involves a simultaneous transfer of the other class of shares with which such shares are linked as an ICG Unit. An ICG Unit comprised one Ordinary Share and nil Redeemable Shares at 31 December 2018 and 31 December 2017.

ICG Units are, in general, freely transferable but the Directors may decline to register a transfer of ICG Units upon notice to the transferee, within two months after the lodgement of a transfer with the Company, in the following cases:

- (i) where the transfer of shares does not involve a simultaneous transfer of the other class of shares with which such shares are linked as an ICG Unit;
- (ii) a lien is held by the Company; or
- (iii) in the case of a purported transfer to or by a minor or a person lawfully adjudged not to possess an adequate decision making capacity;

- (iv) unless the instrument of transfer is accompanied by the certificate of the shares to which it relates and such other evidence as the Directors may reasonably require; or
- (v) unless the instrument of transfer is in respect of one class only.

ICG Units held in certificated form are transferable upon production to the Company’s Registrars of the original share certificate and the usual form of stock transfer or instrument duly executed by the holder of the shares.

ICG Units held in uncertificated form are transferable in accordance with the rules or conditions imposed by the operator of the relevant system which enables title to the ICG Units to be evidenced and transferred without a written instrument and in accordance with the Companies Act, 1990 (Uncertificated Securities) Regulations 1996 (S.I. 68/1996) and Section 1085 of the Companies Act 2014.

The rights attaching to Ordinary Shares and Redeemable Shares comprised in each ICG Unit remain with the transferor until the name of the transferee has been entered on the Register of Members of the Company.

No person holds securities in the Company carrying special rights with regard to control of the Company. The Company is not aware of any agreements between holders of securities that may result in restrictions in the transfer of securities or voting rights.

The powers of the Directors including in relation to the issuing or buying back by the Company of its shares

Under the Constitution of the Company, the business of the Company is to be managed by the Directors who may exercise all the powers of the Company subject to the provisions of the Companies Acts 2014, the Memorandum and Constitution of the Company and to any directions given by members at a General Meeting. The Constitution further provides that the Directors may make such arrangements as may be thought fit for the management of the Company’s affairs including the appointment of such attorneys or agents as they consider appropriate and delegate to such persons such powers as the Directors may deem requisite or expedient.

At the Company’s Annual General Meeting held on 10 May 2018, member resolutions were passed whereby:

- (i) the Company, or any of its subsidiaries, were

authorised to make market purchases of up to 15% of the issued share capital of the Company.

- (ii) The Directors were authorised until the conclusion of the next Annual General Meeting, to allot shares up to an aggregate nominal value of 66.66% of the then present issued Ordinary Share capital and the present authorised but unissued Redeemable Share capital of the Company subject to the provision that any shares allotted in excess of 33.33% of the then present issued Ordinary Share capital must be allotted pursuant to a rights issue.

In line with market practice, members will be asked to renew these authorities at the 2019 Annual General Meeting.

General Meetings and Shareholders Voting and other Rights

Under the Constitution, the power to manage the business of the Company is generally delegated to the Directors. However, the members retain the power to pass resolutions at a General Meeting of the Company which may give directions to the Directors as to the management of the Company.

The Company must hold a General Meeting in each year as its Annual General Meeting in addition to any other meetings in that year and no more than fifteen months may elapse between the date of one Annual General Meeting and that of the next. The Annual General Meeting will be held at such time and place as the Directors determine. All General Meetings, other than Annual General Meetings, are called Extraordinary General Meetings.

Extraordinary General Meetings shall be convened by the Directors or on the requisition of members holding, at the date of the requisition, not less than five percent of the paid up capital carrying the right to vote at General Meetings and in default of the Directors acting within 21 days to convene such a meeting to be held within two months, the requisitionists (or more than half of them) may, but only within three months, themselves convene a meeting.

No business may be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Three members present in person or by proxy and entitled to vote at such meeting constitutes a quorum.

The holders of ICG Units have the right to receive notice of, attend, speak and vote at all General Meetings of the Company.

In the case of an Annual General Meeting or of a meeting for the passing of a Special Resolution or the appointment of a Director, 21 clear days' notice at the least, and in any other case 14 clear days' notice at the least (assuming that the members have passed a resolution to this effect at the previous year's Annual General Meeting), needs to be given in writing in the manner provided for in the Constitution to all the members, Directors, Secretary, the Auditor for the time being of the Company and to any other person entitled to receive notice under the Companies Act.

Voting at any General Meeting is by a show of hands unless a poll is properly demanded. On a show of hands, every member who is present in person or by proxy has one vote regardless of the number of shares held by a shareholder. On a poll, every member who is present in person or by proxy has one vote for each share of which he/she is the holder. A poll may be demanded by the Chairman of the meeting or by at least three members having the right to vote at the meeting or by a member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting or by a member or members holding shares in the Company conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Deadlines for exercising voting rights

Voting rights at General Meetings of the Company are exercised when the Chairman puts the resolution at issue to the vote of the meeting. A vote decided on a show of hands is taken forthwith. A vote taken on a poll for the election of the Chairman or on a question of adjournment is also taken forthwith and a poll on any other question is taken either immediately, or at such time (not being more than 30 days from the date of the meeting at which the poll was demanded or directed) as the Chairman of the meeting directs. Where a person is appointed to vote for a member as proxy, the instrument of appointment must be received by the Company not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the appointed proxy proposes to vote, or, in the case of a poll, not less than 48 hours before the time appointed for taking the poll.

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Shareholders Rights (Directive 2007/36/EC)

The holders of ICG Units have the right to attend, speak, ask questions and vote at General Meetings of the Company. The Company, pursuant to Section 1105 of the Companies Act 2014 and Regulation 14 of the Companies Act 1990 (Uncertificated Securities) Regulations 1996 (S.I. 68/1996), specifies record dates for General Meetings, by which date members must be registered in the Register of Members of the Company to be entitled to attend and vote at the meeting.

Pursuant to Section 1104 of the Companies Act 2014, a member, or a group of members who together hold at least 3% of the issued share capital of the Company, representing at least 3% of the total voting rights of all the members who have a right to vote at the meeting to which the request for inclusion of the item relates, have the right to put an item on the agenda, or to modify an agenda which has been already communicated, of a General Meeting. In order to exercise this right, written details of the item to be included in the General Meeting agenda must be accompanied by stated grounds justifying its inclusion or a draft resolution to be adopted at the General Meeting together with evidence of the member or group of members shareholding must be received, by the Company, 42 days in advance of the meeting to which it relates.

The Company publishes the date of its Annual General Meeting on its website www.icg.ie on or before 31 December of the previous financial year.

Rights to dividends and return of capital

Subject to the provisions of the Company's Constitution, the holders of the Ordinary Shares in the capital of the Company shall be entitled to such dividends as may be declared from time to time on such shares. The holders of the Redeemable Shares (if any) shall not be entitled to any dividends.

On a return of capital on a winding up of the Company or otherwise (other than on a conversion, redemption or purchase of shares), the holders of the Ordinary Shares shall be entitled, *pari passu* with the holders of the Redeemable Shares (if any) to the repayment of a sum equal to the nominal capital paid up or credited as paid up on the shares held by them respectively. Thereafter, the holders of the Ordinary Shares shall be entitled to the balance of the surplus of assets of the Company to be distributed rateably according to the number of Ordinary Shares held by a member. The Redeemable

Shares shall not confer upon the holders thereof any rights to participate further in the profits or assets of the Company.

Rules concerning amendment of the Company's Constitution

As provided in the Companies Act 2014, the Company may, by special resolution, alter or add to its Constitution. A resolution is a special resolution when it has been passed by not less than 75% of the votes cast by members entitled to vote and voting in person or by proxy, at a General Meeting at which not less than 21 days' notice specifying the intention to propose the resolution as a special resolution, has been duly given.

Rules concerning the appointment and replacement of Directors of the Company

Other than in the case of a casual vacancy, Directors of the Company are appointed on a resolution of the members at a General Meeting, usually the Annual General Meeting.

No person, other than a Director retiring at a General Meeting is eligible for appointment as a Director without a recommendation by the Directors for that person's appointment unless, not less than six or more than 40 clear days before the date of the General Meeting, written notice by a member, duly qualified to be present and vote at the meeting, of the intention to propose the person for appointment and notice in writing signed by the person to be proposed of willingness to act, if so appointed, shall have been given to the Company.

The Directors have power to fill a casual vacancy or to appoint an additional Director (within the maximum number of Directors fixed by the Constitution of the Company (as may be amended by the Company in a General Meeting)) and any Director so appointed holds office only until the conclusion of the next Annual General Meeting following their appointment, when the Director concerned shall retire, but shall be eligible for reappointment at that meeting.

Each Director must retire from office not later than the third Annual General Meeting following their last appointment or reappointment. In addition, one third of the Directors for the time being (or if their number is not three or a multiple of three, then the number nearest to one third), are obliged to retire from office at each Annual General Meeting on the basis of the Directors who have been longest in office since their last appointment.

The Company has adopted the provisions of the UK Corporate Governance Code in respect of the annual election of all Directors. All Directors will retire at the forthcoming Annual General Meeting and following review are being recommended for re-election.

Notwithstanding anything in the Constitution or in any agreement between the Company and a Director, the Company may, by Ordinary Resolution of which the required notice has been given in accordance with Section 146 of the Companies Act 2014, remove any Director before the expiry of their period of office.

A person is disqualified from being a Director, and their office as a Director ipso facto vacated, in any of the following circumstances:

- (i) if he is adjudicated bankrupt or being a bankrupt has not obtained a certificate of discharge in the relevant jurisdiction; or
- (ii) if in the opinion of a majority of his co-Directors, the health of the Director is such that he or she can no longer be reasonably regarded as possessing an adequate decision-making capacity so that he may discharge his duties; or
- (iii) if he ceases to be, or is removed as a Director by virtue of any provision of the Acts or the Articles, or he becomes prohibited by law from being a Director or is restricted by law in acting as a Director; or
- (iv) if he (not being a Director holding for a fixed term an executive office in his capacity as a Director) resigns his office by notice in writing to the Company; or
- (v) if he is absent for six successive months without permission of the Directors from meetings of the Directors held during that periods and the Directors pass a resolution that by reason of such absence he has vacated office; or
- (vi) if he is removed from office by notice in writing served upon him signed by all his co-Directors; if he holds an appointment to an executive office which thereby automatically determines, such removal shall be deemed an act of the Company and shall have effect without prejudice to any claim for damages for breach of any contract of service between him and the Company; or
- (vii) if he is convicted of an indictable offence not being an offence under the Road Traffic Act, 1961 or any statutory provision in lieu or modification thereof.



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