



Notice of Special Resolutions

Pharmaceutical Defence Limited (the Company) proposes to vary the Constitution by special resolution of its members in accordance with clause 14.12 of the Constitution.

This Notice should be read carefully by each Member and where the Member has any query regarding the matters set out in this Notice, the Member should contact the Company, or their professional advisor.

This Notice is prepared to assist each Member in respect of the special resolutions to be voted upon at the 2021 Annual General Meeting to be held at the Registered Office via electronic means on 21st October 2021 to vary the Constitution.

The purpose of this Notice is to provide each Member with the relevant information to decide whether to pass or reject each proposed Resolution.

Board Recommendation

The Board believes that the proposed Resolutions are in the best interests of the Members and the Company, and unanimously recommends that the Members vote in favour of them.

The Chair intends to vote all undirected proxies in favour of each Resolution.

Summary of Special Resolutions

Resolution	Section	Current clause	Proposed change	Impact and reason
1.	Amendment of clause 19.2	Subject to the requirements of the Act, each Director who has served a minimum of 3 consecutive years is entitled upon retirement to an ex-gratia payment equivalent to 3 times the average sum received as annual directors fees by that Director during the 3 years immediately	Subject to the requirements of the Act, each Director appointed on or before 1 January 2022 , who has served a minimum of 3 consecutive years is entitled upon retirement to an ex-gratia payment equivalent to 3 times the average sum received as annual directors fees by that Director during the 3 years immediately prior to his or her retirement. <i>This clause shall not apply to any Directors appointed after 1 January 2022, and Directors appointed after this date will have no entitlement to any ex-gratia payment on retirement.</i>	To align directors' remuneration with standard market practice.

Resolution	Section	Current clause	Proposed change	Impact and reason
		prior to his or her retirement.		
2.	Insertion of new clause 21.4	N/A	<p>21.4 Eligibility for additional term</p> <p>21.4.1 <i>Notwithstanding the limit on a Chair's terms in clause 21.3, a Chair shall be deemed to be eligible for re-election as a Chair for one additional 4 year term, where, in the view of the Board, his or her expertise and knowledge may assist in maintaining stability and continuity in the Company.</i></p> <p>21.4.2 <i>Should any Director wish to extend the term of the Chair in accordance with clause 21.4.1, that Director must propose a question to the Board in accordance with clause 23.5 at the first meeting of the Board after the Annual General Meeting.</i></p> <p>21.4.3 <i>The eligibility of the Chair to extend its term by a further 4 years shall be determined by Ordinary Resolution of the Board. The Chair which has been nominated for extension shall not be entitled to cast a vote.</i></p> <p>21.4.4 <i>In the event of an equality of votes, the Deputy Chair will have a casting vote.</i></p>	To ensure continuity and stability in the Company.
3.	Insertion of new clause 1.1	N/A	Retired Member means a Member as described in clause 6.2.8.	Aligns with proposed addition of Retired Member.
3.	Insertion of new clause 6.2.8	N/A	<p>6.2.8 Retired Member</p> <p>6.2.8.1 <i>A Retired Member means an individual who has given notification to PDL that they have permanently retired from pharmacy practice or permanently ceased to practise</i></p>	To allow for contribution and participation from retiree Members.

Resolution	Section	Current clause	Proposed change	Impact and reason
			<p><i>pharmacy and at the time of the notification they were an Ordinary Member or Intern Member.</i></p> <p>6.2.8.2 <i>A Retired Member is entitled to receive notice of and attend Meetings, but may not vote at a Meeting, nominate a person as a candidate for the office of Director or hold office as a Director.</i></p>	

Explanation of each Resolution

Resolution 1 – Removal of Director Retirement Benefit

The Board has received advice that the Directors' current retirement benefit is out of step with current market practice.

The Resolution proposes to remove the retirement benefits for directors post-2021. Current retirement benefits will be preserved and maintained in the Company's accounts and paid at the time of each current Director's retirement should they meet the qualifying period.

New directors will not receive the retirement benefit. However, the remuneration of new directors after 1 January 2022 will be set at a slightly higher level than existing directors to compensate for the removal of this benefit.

The consultant's view, which is supported by the Board, is that this is a sound and reasonable approach to addressing legacy retirement provisions and setting the right framework for the ongoing remuneration of directors.

Proposed special resolution:

Clause 19.2 shall be reworded to state that directors who are appointed after 1 January 2022 will not receive an ex-gratia payment following their tenure.

The Meeting will need to vote on a Resolution to change Clause 19.2 to read:

*Subject to the requirements of the Act, **each Director appointed on or before 1 January 2022, who has served a minimum of 3 consecutive years is entitled upon retirement to an ex-gratia payment equivalent to 3 times the average sum received as annual directors fees by that Director during the 3 years immediately prior to his or her retirement. This clause shall not apply to any Directors appointed after 1 January 2022, and Directors appointed after this date will have no entitlement to any ex-gratia payment on retirement.***

Resolution 2 – Eligibility to extend tenure of Chair

We note the resolution passed last year, which provided that up to two directors' tenures may be eligible for extension where it would be in the best interests of the Company.



Similarly, the purpose of this Resolution is to ensure that the Company is able to retain its governance structure where beneficial by maintaining consistency for the Company.

The intention of this Resolution is to:

- ensure that the Company retains the level of expertise and knowledge from the same people despite turnover;
- maintain stability and continuity of leadership;
- allow the Chair to mentor and support new directors and members.

The Board believes that this Resolution will assist in planning and implementing long-term strategies for the Company. The Company requires the ability to maintain guidance from the same people, where the loss of knowledge will likely impact on the Company's ability to achieve its objectives.

Proposed special resolution:

A new clause 21.4 shall be inserted allowing a Chair to be deemed eligible for re-election if it would assist the Company in maintaining stability and detailing the process for eligibility.

The Meeting will need to vote on a Resolution to insert a new Clause 21.4 to read:

21.4 Eligibility for additional term

21.4.1 Notwithstanding the limit on a Chair's terms in clause 21.3, a Chair shall be deemed to be eligible for re-election as a Chair for one additional 4 year term, where, in the view of the Board, his or her expertise and knowledge may assist in maintaining stability and continuity in the Company.

21.4.2 Should any Director wish to extend the term of the Chair in accordance with clause 21.4.1, that Director must propose a question to the Board in accordance with clause 23.5 at the first meeting of the Board after the Annual General Meeting.

21.4.3 The eligibility of the Chair to extend his or her term by a further 4 years shall be determined by Ordinary Resolution of the Board. The Chair which has been nominated for extension shall not be entitled to cast a vote.

21.4.4 In the event of an equality of votes, the Deputy Chair will have a casting vote.

Resolution 3 – Retired Member

The Board wishes to include a further category of member – Retired Member.

Retired Members can contribute the benefit of their wisdom and insight through their experience in the pharmaceutical industry.

This change also reflects the fact retired members continue to receive certain member benefits.

Retired Members will not be entitled to vote but can participate in meetings and share their insight.

Proposed special resolution:

A new definition for "Retired Member" shall be inserted in the Constitution.



The Meeting will need to vote on a Resolution to add a definition of Retired Member as follows:

6.2.8 Retired Member

6.2.8.1 A Retired Member means an individual who has given notification to PDL that they have permanently retired from pharmacy practice or permanently ceased to practise pharmacy and at the time of the notification they were an Ordinary Member or Intern Member.

6.2.8.2 A Retired Member is entitled to receive notice of and attend Meetings, but may not vote at a Meeting, nominate a person as a candidate for the office of Director or hold office as a Director.

Each resolution to amend the terms of the Constitution are proposed for special resolution by the Company's members in accordance with clause 14.12 of the Company's Constitution.

Glen Oliver

Company Secretary
Pharmaceutical Defence Limited
29th of September 2021