

EXPLANATORY NOTES

ANNUAL GENERAL MEETING

Resolution 3 – Retirement & Re-Election of Directors

This is governed by HCF's Rule 62, one of the main purposes of which is to give the members of HCF a degree of say over the composition of the board year on year

Currently, there are five directors of HCF, namely: Jim Malpuss (JM); Lynn Sheil (LS); Steve Grundy (SG); Martin Benning (MB); Tudor Rees (TR) Rule 62 provides as follows:

i. First AGM after incorporation

All the then-existing directors of HCF were required, by Rule 62, to resign. But they had the right to offer themselves for re-election.

ii. All subsequent AGMs

- (i) There is a different process of retirement and re-election from the one above
- (ii) As for the total number of Directors who are required to resign, and can offer themselves for re-election if they want to, it is either one-third, or, if one-third doesn't equate to a round number, the number of Directors that's closest to one-third
- (iii) As for which particular individual Directors it should be, it shall be those who
 - i) have been in office the longest, going back, from the date of the AGM in question, to
 - a. the date on which s/he was first appointed, (if s/he has never been through this resignation/re-election process before), or
 - b. the most recent date on which s/he went through this resignation/re-election process and was re-elected,

and (of course)

- ii) are willing to be re-elected
- (iv) If there are two (or more) directors who have served for the same length of qualifying time, and are willing to continue, lots are drawn prior to the AGM in order to determine which one/s shall go through the process
- (v) In practice:
 - i) Each of the two HCF directors in question signs, shortly before the AGM, a written notice of resignation, the final paragraph of which states that s/he wishes to apply for re-election
 - ii) The notice is produced at the meeting, the Director then reiterates, to the meeting, her/his wish to be re-elected, and the meeting then votes on that, (whilst the Director in question is in another room)
- (vi) So:
 - i) At present, two, out of the five current directors named above, are required to resign, and can offer themselves for re-election if they want to.

- ii) Applying the process described above results in JM & LS being required to resign, and offer her/himself for re-election if s/he wishes, this time around
- (iii) Both JM & LS have confirmed that they wish to offer her/himself for re-election

If anyone would like a copy of the history of how this process has operated since day one, please request one, either direct from a member of the HCF Board or via your Team Leader