

Notice of Annual General Meeting 2016



THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspects of the proposals referred to in this document or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional advisor authorised under the Financial Services and Markets Act 2000.

If you have recently sold or otherwise transferred all of your Ordinary Shares in Dignity plc ('the Company'), please send this document, together with the accompanying form of proxy, as soon as possible 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.

DIGNITY PLC

(company number 04569346)

NOTICE OF ANNUAL GENERAL MEETING

Notice of the 2016 Annual General Meeting ('AGM') of Dignity plc to be held at DLA Piper UK LLP, Victoria Square House, Victoria Square, Birmingham, West Midlands, B2 4DL on Thursday 9 June 2016 at 11.00 am is set out on pages 7 to 16 of this document. Shareholders are requested to complete and return the enclosed form of proxy, whether or not they intend to be present at the meeting, so as to be received no later than 11.00 a.m. on 7 June 2016.

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Expected timetable of events

Latest time and date for receipt of forms of proxy – 11.00 a.m. on 7 June 2016
AGM – 11.00 a.m. on 9 June 2016

If any of the above times and/or dates change, the revised times and/or dates will be notified to shareholders by announcement through the Regulatory News Service of the London Stock Exchange.

Letter from the Chairman of Dignity plc

Dignity plc

Registered in England and Wales No. 04569346

4 King Edwards Court
King Edwards Square
Sutton Coldfield
West Midlands
B73 6AP**Directors**

Peter Hindley, Non-Executive Chairman
Mike McCollum, Chief Executive
Andrew Davies, Operations Director
Richard Portman, Corporate Services Director
Steve Whittern, Finance Director
David Blackwood, Non-Executive Director
Alan McWalter, Senior Independent Director
Jane Ashcroft, Non-Executive Director
Martin Pexton, Non-Executive Director

11 April 2016

Dear Shareholder**ANNUAL GENERAL MEETING 2016**

I am pleased to send you details of our 2016 annual general meeting ('AGM'), which will be held at DLA Piper UK LLP, Victoria Square House, Victoria Square, Birmingham, West Midlands B2 4DL on Thursday 9 June 2016 at 11.00 am. Shareholder registration will be available from 10.30 am. I hope that you will be able to attend.

The formal notice of the AGM, which is set out on pages 7 to 16 of this document ('Notice'), sets out the business to be considered at the AGM. The purpose of this letter is to provide you with further details about those items of business.

This year, shareholders will be asked to approve 23 resolutions. Resolutions 1 to 20 are proposed as ordinary resolutions. This means that, for each of those resolutions to be passed, more than 50 per cent of the votes cast must be in favour of the resolution. Resolutions 21 to 23 are proposed as special resolutions. This means that, for each of those resolutions to be passed, at least 75 per cent of the votes cast must be in favour of the resolution.

Resolution 1: Annual report and accounts

The Directors must present the Company's annual accounts, strategic report and directors' and auditors' reports to shareholders at a general meeting. Those to be presented at the AGM are in respect of the 52 week period ended 25 December 2015, and are called the Annual Report 2015 ('Annual Report').

The Annual Report is available on the Company's website (www.dignityfunerals.co.uk). If you have elected to receive correspondence in hard copy, a copy of the Annual Report will accompany this document.

Adoption of Financial Reporting Standard (FRS) 101 – Reduced Disclosure Framework

Following the publication of FRS 100 *Application of Financial Reporting Requirements* by the Financial Reporting Council, Dignity plc is required to change its accounting framework for its parent company financial statements, which is currently UK GAAP, for its financial period commencing 26 December 2015. The Board considers that it is in the best interests of the group for Dignity plc to adopt FRS 101 *Reduced Disclosure Framework*. As a result of taking the possible disclosure exemptions permitted under FRS 101, disclosures are expected to be the same as, or follow closely, those reported under current UK GAAP. A shareholder or shareholders holding in aggregate 5 per cent or more of the total allotted shares in Dignity plc may serve objections to the use of the disclosure exemptions on Dignity plc, in writing to its registered office (4 King Edwards Court, King Edwards Square, Sutton Coldfield, B73 6AP) not later than 7 June 2016.

Resolution 2: Directors' remuneration report

The Company is seeking shareholder approval for the part of its Directors' remuneration report which describes how the Company's Directors' remuneration policy has been implemented during the previous financial year.

The relevant part of the Directors' remuneration report is set out on pages 56 to 62 of the Annual Report.

This vote is advisory only, therefore it does not affect the historical remuneration paid to any individual Director.

Resolution 3: Directors' remuneration policy

In addition to the annual vote on the implementation of its remuneration policy, the Company is required to seek shareholder approval for the Directors' remuneration policy itself at least once every three years. The Directors' remuneration policy is set out on pages 51 to 56 of the Annual Report. The Directors' remuneration policy was last approved by shareholders at the 2014 AGM but during the year the remuneration committee has carried out a comprehensive review of Executive Directors' remuneration and so a new Remuneration Policy is being put to a vote at this AGM.

This vote is binding, therefore once the Directors' remuneration policy is approved, all remuneration payments made to Directors must be consistent with this policy.

In addition, specific resolutions are proposed in relation to amendments to the Company's Long Term Incentive Plan, Save as You Earn scheme and a new Deferred Annual Bonus Share Plan (see resolutions 18, 19 and 20 below).

Resolutions 4 to 12: Election and re-election of Directors

All Directors are standing for election or re-election in accordance with the provisions of the UK Corporate Governance Code.

Accordingly, resolutions 4 to 11 therefore propose the re-election of the Directors (other than David Blackwood who has been appointed to the Board since the last AGM) and resolution 12 is a resolution for the election of David Blackwood to the Board.

Biographies of each of these Directors are set out on pages 40 to 41 of the Annual Report. These Directors have served the Company with skill and diligence since their appointment and, following a formal evaluation, the Board considers that they continue to perform effectively and that the Directors have appropriate qualifications and experience to be elected or re-elected as Directors of the Company.

Resolutions 13 and 14: Reappointment and remuneration of auditors

The Company is required to appoint auditors at each general meeting at which its annual accounts and reports are presented to shareholders. Therefore, resolution 13 proposes the reappointment of Ernst & Young LLP as auditors (to hold office until the next such meeting), and, in accordance with normal practice, resolution 14 authorises the Directors to determine the auditors' remuneration.

Resolution 15: Final dividend

The Directors are recommending a final dividend for the year ended 2015 of 14.31 pence per Ordinary Share. If approved, the final dividend will be paid on 24 June 2016 to shareholders whose names appear on the register at the close of business on 20 May 2016.

Resolution 16: Authority to allot shares

Generally, the Directors may only allot shares in the Company (or grant rights to subscribe for, or to convert any security into, shares in the Company) if they have been authorised to do so by shareholders.

Resolution 16 renews a similar authority given at last year's AGM and is in two parts.

In line with guidance issued by the Investment Association (previously known as the Investment Management Association), if passed, part (a) of resolution 16 will authorise the Directors to allot Ordinary Shares in the Company (and to grant rights to subscribe for, or to convert any security into, Ordinary Shares in the Company) in connection with a rights issue only up to an aggregate nominal amount of £4,081,822 (as reduced by the aggregate nominal amount of any shares allotted or rights granted under part (b) of resolution 16. This amount (before any reduction) represents approximately two thirds of the issued ordinary share capital of the Company as at 31 March 2016, being the last practicable date before the publication of this document.

If passed, part (b) of resolution 16 will authorise the Directors to allot shares in the Company (and to grant rights to subscribe for, or to convert any security into, shares in the Company) up to an aggregate nominal amount of £2,040,911 (as reduced by the aggregate nominal value of any shares allotted or rights granted under part (a) of resolution 16 in excess of £2,040,911). This amount (before any reduction) represents approximately one third of the issued ordinary share capital of the Company as at 31 March 2016, being the last practicable date before the publication of this document.

If given, these authorities will expire at the conclusion of the Company's next AGM or on 9 September 2017 (whichever is the earlier). It is the Directors' intention to renew the allotment authority each year.

As at the date of this document, no Ordinary Shares are held by the Company in treasury.

The Directors have no current intention to exercise either of the authorities sought under resolution 16. However, the Directors consider that it is in the best interests of the Company to have the authorities available so that they have the maximum flexibility permitted by institutional shareholder guidelines to allot shares or grant rights without the need for a general meeting should they determine that it is appropriate to do so to respond to market developments or to take advantage of business opportunities as they arise.

Letter from the Chairman of Dignity plc continued

Resolution 17: Political donations and political expenditure

It is not the Company's policy to make donations to political parties, or to make other political donations within the normal meaning of that expression, and the Directors have no intention of changing that policy.

However, as a result of the wide definitions of political expenditure, political donations and political organisations in the Companies Act 2006 ('Act'), normal business activities and expenditure which might not be thought to be political expenditure or a political donation to a political organisation in the usual sense may fall within the restrictions of the Act. For example, sponsorship of industry forums, funding of seminars and other functions to which politicians are invited, matching employees' donations to certain charities, expenditure on organisations concerned with matters of public policy, law reform and representation of the business community, and communicating with the Government and political parties at local, national and European level might be construed as political expenditure or as a political donation to a political organisation.

Resolution 17 does not purport to authorise any particular donation or expenditure, but is expressed in general terms, as required by the Act, and is intended to authorise normal donations and expenditure while avoiding inadvertent infringement of the Act. If passed, resolution 17 would allow the Company and its subsidiaries to make political donations to political parties, other political organisations and independent election candidates and to incur political expenditure up to an aggregate limit of £100,000 in the period beginning with the date on which resolution 17 is passed and ending at the conclusion of the next AGM of the Company. The authority will not be used to make political donations within the normal meaning of that expression.

If the Company uses the authority given under resolution 17, then separate authorisation will be sought at the next AGM of the Company. It is the Directors' intention to renew this authority each year.

Resolution 18: Amendments to the Long Term Incentive Plan

Resolution 18 is a resolution to approve changes to the Company's Long Term Incentive Plan. The key changes are described in Appendix 1 to this Notice but the main amendment introduces a post-vesting holding period for newly granted options. This requires participants not to dispose of shares (other than to meet tax liabilities on exercise) until (broadly) two years following vesting. A copy of the amended Rules of the Long Term Incentive Plan will be available for inspection at the Company's registered office and at the offices of DLA Piper, 3 Noble Street, London EC2V 7EE from 9.00 am to 5.00 pm on any weekday (Saturdays, Sundays and public holidays excluded) until the close of the AGM and will also be available at the place of the AGM for at least 15 minutes before and during the meeting.

Resolution 19: Amendments to the Save as You Earn scheme

Resolution 19 is a resolution to approve certain changes to the Company's Save as You Earn scheme that will apply to new awards. The principal change is to extend the life of the scheme (as it would otherwise come to an end). Other changes have been introduced to reflect changes in law or best practice since the scheme was last amended. Appendix 2 to this Notice provides more details on these changes. A copy of the amended Rules of the Save as You Earn scheme will be available for inspection at the Company's registered office and at the offices of DLA Piper, 3 Noble Street, London EC2V 7EE from 9.00 am to 5.00 pm on any weekday (Saturdays, Sundays and public holidays excluded) until the close of the AGM and will also be available at the place of the AGM for at least 15 minutes before and during the meeting.

Resolution 20: Deferred Annual Bonus Share Plan

Resolution 20 is a resolution to approve a new Deferred Annual Bonus Share Plan. The new plan is being introduced to provide the mechanism under which, pursuant to the Company's proposed new Remuneration Policy, any future Executive Director's bonus earned above 100 per cent of salary will be deferred in shares for two years (by way of the grant of an option). Further details of this plan are contained in Appendix 3 to this Notice. A copy of the Rules of the Deferred Annual Bonus Share Plan will be available for inspection at the Company's registered office and at the offices of DLA Piper, 3 Noble Street, London EC2V 7EE from 9.00 am to 5.00 pm on any weekday (Saturdays, Sundays and public holidays excluded) until the close of the AGM and will also be available at the place of the AGM for at least 15 minutes before and during the meeting.

Resolution 21: Disapplication of pre-emption rights

Generally, if the Directors wish to allot new shares or other equity securities (within the meaning of section 560 of the Act) for cash or sell treasury shares for cash, then under the Act they must first offer such shares or securities to ordinary shareholders in proportion to their existing holdings. These statutory pre-emption rights may be disapplied by shareholders.

Resolution 21, which will be proposed as a special resolution, renews a similar power given at last year's AGM and, if passed, will enable the Directors to allot equity securities for cash without having to comply with statutory pre-emption rights, but this power will be limited to allotments or sales:

- (a) up to an aggregate nominal amount of (i) £4,081,822 in connection with a rights issue or (ii) £2,040,911 in connection with an open offer or other pre-emptive offer, in each case to ordinary shareholders and to holders of other equity securities (if required by the rights of those securities or the Directors otherwise consider necessary), but (in accordance with normal practice) subject to such exclusions or other arrangements, such as for fractional entitlements and overseas shareholders, as the Directors consider necessary; and

- (b) in any other case, up to an aggregate nominal amount of £612,273 (which represents approximately ten per cent of the issued ordinary share capital of the Company as at 31 March 2016, being the last practicable date before the publication of this document).

This disapplication authority is in line with the Statement of Principles issued by The Pre Emption Group in 2015 (**'2015 Principles'**). The 2015 Principles increased the percentage of shares which could be issued for cash on a non pre-emptive basis from five per cent to ten per cent, provided that the additional five per cent is used only in connection with an acquisition or specified capital investment. The Directors therefore confirm that they will only use the authority to issue shares on a non pre-emptive basis granted in resolution 17 which is in respect of more than five per cent of the issued share capital of the Company in connection with an acquisition or 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.

The Directors also intend to follow the provisions in the 2015 Principles regarding cumulative usage of authorities within a rolling three year period. The 2015 Principles provide that a company should not issue shares representing more than 7.5 per cent of its issued ordinary share capital for cash in any rolling three year period without prior consultation with shareholders, other than on a pre-emptive basis or in connection with an acquisition or specified capital investment.

If given, this power will expire at the conclusion of the Company's next AGM or on 9 September 2017 (whichever is the earlier). It is the Directors' intention to renew this power each year.

Resolution 22: Purchase by the Company of its own shares

Resolution 22, which will be proposed as a special resolution, renews a similar authority given at last year's AGM. If passed, it will allow the Company to purchase up to 4,963,440 Ordinary Shares in the market (which represents approximately 10 per cent of the issued ordinary share capital of the Company as at 31 March 2016, being the last practicable date before the publication of this document). The minimum and maximum prices for such a purchase are set out in the resolution. If given, this authority will expire at the conclusion of the Company's next AGM or on 9 September 2017 (whichever is the earlier). It is the Directors' intention to renew this authority each year.

The Directors have no current intention to exercise the authority sought under resolution 22 to make market purchases, but consider the authority desirable to provide maximum flexibility in the management of the Company's capital base. If passed, the Directors will only exercise this authority if they believe that to do so would result in an increase in earnings per share and would be in the best interests of the Company and of its shareholders generally.

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 the Company's share schemes. While 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 that 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, in order to provide the Company with additional flexibility in the management of its capital base. However, the Directors currently intend to cancel any shares purchased under this authority. The Directors will have regard to institutional shareholder guidelines which may be in force at the time of any such purchase, holding or re-sale of shares held in treasury.

As at 31 March 2016 (being the last practicable date before the publication of this document), there were warrants and options outstanding over 459,249 Ordinary Shares in the Company (which represent 0.93 per cent of the issued ordinary share capital of the Company at that date). If the authority to purchase the Company's Ordinary Shares was exercised in full and those shares were subsequently cancelled, these warrants and options would represent 1.03 per cent of the issued ordinary share capital of the Company.

Resolution 23: Notice period for general meetings

Resolution 23 will be proposed as a special resolution to allow the Company to call general meetings (other than an AGM) on 14 clear days' notice.

The Act provides that the minimum notice period required for general meetings of the Company is 21 days unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days. AGMs will continue to be held on at least 21 clear days' notice.

If the resolution is passed, the shorter notice period would only be used where it is merited by the business of the meeting and is considered to be in the interests of shareholders as a whole. Note that in order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting.

If passed, the resolution will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed.

Letter from the Chairman of Dignity plc continued

Recommendation

The Directors consider that all the resolutions set out in the Notice are in the best interests of the Company and its shareholders as a whole. The Directors will be voting in favour of all of the resolutions, and unanimously recommend that you do so as well.

Action to be taken

If you would like to vote on the resolutions set out in the Notice but cannot come to the AGM, please appoint a proxy or proxies:

- by completing the Proxy Form sent to you with this document, and returning it to our registrars; or
- electronically by logging on to the website www.sharevote.co.uk. You will need your voting reference numbers (the voting ID, Task ID and shareholder reference number shown on your form of proxy). Alternatively, if you have registered for a Shareview portfolio, please access the Equiniti shareview website at www.shareview.co.uk by entering your portfolio identification particulars and click on the link 'vote' under your Dignity plc holding details; or
- (if you are a CREST member) using the CREST electronic proxy appointment service.

Your proxy appointment must be received by **11:00 am on 7 June 2016**. Further details relating to voting by proxy are set out in the notes to the Notice on pages 10 to 13 of this document and in the Proxy Form.

Yours sincerely

Peter Hindley
Chairman

Dignity plc – Notice of Annual General Meeting

Notice is hereby given that the 2016 Annual General Meeting of Dignity plc ('the Company') will be held at DLA Piper UK LLP, Victoria Square House, Victoria Square, Birmingham, West Midlands, B2 4DL on Thursday 9 June 2016 at 11.00 am for the following purposes:

Ordinary Resolutions

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

1. To receive and consider the Group's financial statements, the strategic report, and the reports of the Directors and auditors thereon for the 52 week period ended 25 December 2015.
2. To approve the Report on Directors' remuneration (other than the part that contains the Directors' remuneration policy) for the 52 week period ended 25 December 2015 as set out on pages 56 to 62 of the Annual Report 2015.
3. To approve the Directors' remuneration policy contained in the Report on Directors' Remuneration.
4. To re-elect Peter Hindley, as a Director of the Company.
5. To re-elect Mike McCollum, as a Director of the Company.
6. To re-elect Andrew Davies, as a Director of the Company.
7. To re-elect Richard Portman, as a Director of the Company.
8. To re-elect Steve Whittern, as a Director of the Company.
9. To re-elect Alan McWalter, as a Director of the Company.
10. To re-elect Jane Ashcroft, as a Director of the Company.
11. To re-elect Martin Pexton, as a Director of the Company.
12. To elect David Blackwood, as a Director of the Company.
13. To re-appoint Ernst & Young LLP as auditors of the Company to hold office from conclusion of the meeting to the conclusion of the next meeting at which accounts are laid before the Company.
14. To authorise the Directors to fix the remuneration of the auditors.
15. To declare the final dividend of 14.31 pence per Ordinary Share to be paid on 24 June 2016 to shareholders on the register of members at the close of business on 20 May 2016.
16. That the Directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 ('the Act'), to exercise all powers of the Company to allot Relevant Securities:
 - (a) comprising equity securities (as defined in section 560(1) of the Act) up to an aggregate nominal amount of £4,081,822 (such amount to be reduced by the aggregate nominal amount of Relevant Securities allotted pursuant to paragraph (b) of this resolution) in connection with a rights issue:
 - (i) to holders of Ordinary Shares in the capital of the Company in proportion (as nearly as practicable) to the respective numbers of Ordinary Shares held by them; and
 - (ii) to holders of other equity securities in the capital of the Company, as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary,but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or any legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange; and
 - (b) otherwise than pursuant to paragraph (a) of this resolution, up to an aggregate nominal amount of £2,040,911 (such amount to be reduced by the aggregate nominal amount of Relevant Securities allotted pursuant to paragraph (a) of this resolution in excess of £2,040,911),

provided that (unless previously revoked, varied or renewed) these authorities shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on 9 September 2016 (whichever is the earlier), save that, in each case, the Company may make an offer or agreement before the authority expires which would or might require Relevant Securities to be allotted after the authority expires and the Directors may allot Relevant Securities pursuant to any such offer or agreement as if the authority had not expired.

In this resolution, ('Relevant Securities') means shares in the Company or rights to subscribe for or to convert any security into shares in the Company; a reference to the allotment of Relevant Securities includes the grant of such a right; and a reference to the nominal amount of a Relevant Security which is a right to subscribe for or to convert any security into shares in the Company is to the nominal amount of the shares which may be allotted pursuant to that right.

These authorities are in substitution for all existing authorities under section 551 of the Act (which, to the extent unused at the date of this resolution, are revoked with immediate effect).

Dignity plc – Notice of Annual General Meeting continued

17. That, pursuant to section 366 of the Companies Act 2006 ('the Act'), the Company and all companies that are subsidiaries of the Company at any time during the period for which this resolution is effective be and are authorised, in aggregate:
- (a) to make political donations to political parties and/or to independent election candidates not exceeding £100,000;
 - (b) to make political donations to political organisations other than political parties not exceeding £100,000 in total; and
 - (c) to incur political expenditure not exceeding £100,000 in total,
- in each case, during the period beginning with the date on which this resolution is passed and ending at the conclusion of the next annual general meeting of the Company held after such date, provided that (i) the aggregate amount of political donations made and political expenditure incurred by the Company and its subsidiaries pursuant to this authority shall not exceed £100,000; and (ii) each of the amounts referred to in this resolution may comprise one or more sums in different currencies which, for the purposes of calculating any such amount, shall be converted at such rate as the Directors may, in their absolute discretion, determine to be appropriate.
- In this resolution, the terms "political donations", "political parties", "independent election candidates", "political organisations" and "political expenditure" have the meanings set out in sections 363 to 365 of the Act.
18. That the amended Rules of the Dignity Plc Directors and Senior Executive Long Term Incentive Plan ('LTIP Rules') in the form produced to the meeting and initialled by the Chairman of the meeting for the purposes of identification be and they are hereby approved and the Directors of the Company be and they are hereby authorised to adopt the LTIP Rules and to do all acts or things which they may, in their discretion, consider necessary or expedient to give effect to the LTIP Rules.
19. That the amended Rules of the Dignity plc Sharesave Plan ('SAYE Rules') in the form produced to the meeting and initialled by the Chairman of the meeting for the purposes of identification be and they are hereby approved and the Directors of the Company be and they are hereby authorised to adopt the SAYE Rules and to do all acts or things which they may, in their discretion, consider necessary or expedient to give effect to the SAYE Rules.
20. That the Rules of the Deferred Annual Bonus Share Plan ('Deferred Annual Bonus Share Plan') in the form produced to the meeting and initialled by the Chairman of the meeting for the purposes of identification be and they are hereby approved and the Directors of the Company be and they are hereby authorised to adopt the Deferred Annual Bonus Share Plan and to do all acts or things which they may, in their discretion, consider necessary or expedient to give effect to the Deferred Annual Bonus Share Plan.

Special Resolutions

To consider and, if thought fit, to pass the following resolutions as special resolutions:

21. That, subject to the passing of resolution 16 and pursuant to section 570 of the Act, the Directors be and are generally empowered to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authorities granted by resolution 16 as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:
- (a) the allotment of equity securities in connection with an offer of equity securities (whether by way of a rights issue, open offer or otherwise, but, in the case of an allotment pursuant to the authority granted by paragraph (a) of resolution 16, such power shall be limited to the allotment of equity securities in connection with a rights issue):
 - (i) to holders of Ordinary Shares in the capital of the Company in proportion (as nearly as practicable) to the respective numbers of Ordinary Shares held by them; and
 - (ii) to holders of other equity securities in the capital of the Company, as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary,but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or any legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange; and
 - (b) the allotment of equity securities pursuant to the authority granted by paragraph (b) of resolution 16 (otherwise than pursuant to paragraph (a) of this resolution) up to an aggregate nominal amount of £612,273,

and (unless previously revoked, varied or renewed) this power shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on 9 September 2017 (whichever is the earlier), save that the Company may make an offer or agreement before this power expires which would or might require equity securities to be allotted for cash after this power expires and the Directors may allot equity securities for cash pursuant to any such offer or agreement as if this power had not expired.

This power is in substitution for all existing powers under section 570 of the Act (which, to the extent unused at the date of this resolution, are revoked with immediate effect).

22. That the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Act to make market purchases (as defined in section 693(4) of the Act) of Ordinary Shares, subject as follows:
- (a) the maximum aggregate number of Ordinary Shares which may be purchased is 4,963,440;
 - (b) the minimum price (including expenses) to be paid for each Ordinary Share shall be the nominal value of the Ordinary Share;
 - (c) the maximum price to be paid for an Ordinary Share is the higher of:
 - (i) an amount equal to 105 per cent of the average of the middle market quotations for the Company's Ordinary Shares as derived from the Daily Official List of the London Stock Exchange plc for the five business days immediately prior to 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 an Ordinary Share and the highest current independent bid for an Ordinary Share on the trading venue where the purchase is carried out.

Unless previously revoked, varied or renewed the authority conferred by this resolution shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on 9 September 2017 (whichever is earlier), except in relation to the purchase of shares the contract for which was entered into before the expiry of such authority and such purchase will or may be executed or completed wholly or partly after such expiry and accordingly the Company may make a purchase of Ordinary Shares pursuant to any such contract as if this authority had not expired.

23. That a general meeting (other than an annual general meeting) may be called on not less than 14 clear days' notice.

Registered office:
4 King Edwards Court
King Edwards Square
Sutton Coldfield
West Midlands B73 6AP

By order of the Board

Richard Portman
Company Secretary
11 April 2016

Dignity plc – Notice of Annual General Meeting continued

Notes:

1. The right to vote at the meeting is determined by reference to the register of members. Only those shareholders registered in the register of members of the Company as at 6.00 pm on 7 June 2016 (or, if the meeting is adjourned 6.00 pm 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 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.
2. A member of the Company entitled to attend and to vote may appoint, one or more proxies to attend and vote instead. A proxy need not be a member of the Company. A proxy form is enclosed. Completed proxy forms must be received by the Company's Registrar, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, no later than 11.00 am on 7 June 2016 or in the event the meeting is adjourned, no later than 48 hours (excluding any part of the day that is not a working day) before the time of any adjourned meeting. 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. Failure to specify the number of shares each proxy appointment relates to or specifying a number which when taken together with the numbers of shares set out in the other proxy appointments is in excess of the number of shares held by the shareholder may result in the proxy appointment being invalid. When appointing more than one proxy, complete a separate proxy form in relation to each appointment. Additional proxy forms may be obtained by contacting the Company's Registrar on 0371 384 2674 if calling from within the UK, or +44 (0) 121 415 7047 if calling from outside the UK or you may photocopy the proxy form. You will need to state clearly on each proxy form the number of shares in relation to which the proxy is appointed. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form. The right of a member under section 324 of the Companies Act 2006 ('the Act') to appoint a proxy does not apply to a person nominated to enjoy information rights under section 146 of the Act.
3. The appointment of a proxy will not preclude a member of the Company from attending, speaking and voting in person at the meeting if he or she so wishes.
4. The following are available for inspection at the Company's registered office during normal business hours from the date of this notice until the time of the meeting. They will be available for at least 15 minutes prior to, and during, the Annual General Meeting:
 - the register of Directors' interests and those of their immediate families in the share capital of the Company;
 - copies of the Directors' service contracts and letters of appointment; and
 - a copy of the Company's memorandum and articles of association.
5. Biographical details of those Directors who are offering themselves for re-election at the meeting are set out on pages 40 and 41 of the Annual Report 2015.
6. Total Voting Rights: As at 31 March 2016 (being the last practicable date before the publication of this notice), the Company's issued share capital consists of 49,634,397 Ordinary Shares of 12 48/143 pence, (carrying one vote each). The Company does not hold any Ordinary Shares in treasury.
7. Shareholders have the right to ask questions at the meeting relating to the business being dealt with at the meeting in accordance with section 319A of the Act. The Company must answer any such question unless:
 - (a) to do so would interfere unduly with the preparation for the meeting or would 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.
8. The information required by section 311A of the Act to be published in advance of the meeting, which includes the matters set out in this notice and information relating to the voting rights of shareholders, is available at www.dignityfunerals.co.uk/corporate.

9. Members can appoint proxies electronically by logging on to the website www.sharevote.co.uk. You will need your voting reference numbers (the voting ID, Task ID and shareholder reference number shown on your form of proxy). Alternatively, if you have registered for a Shareview portfolio, please access the Equiniti shareview website at www.shareview.co.uk, by entering your portfolio identification particulars and click on the link 'vote' under your Dignity plc holding details. For an electronic proxy appointment to be valid, the appointment must be received by no later than 11.00 am on 7 June 2016 (or if the meeting is adjourned no later than 48 hours (excluding any part of the day that is not a working day) before the time of the adjourned meeting).
10. CREST members who wish to appoint a proxy or proxies for the meeting (or any adjournment of it) through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual (available at www.euroclear.com). 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.

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 specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or 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 RA 19) by no later than 11.00 am on 7 June 2016 (or if the meeting is adjourned, no later than 48 hours (excluding any part of a day that is not a working day) before the time of any adjourned meeting). No such message received through the CREST network after this time will be accepted. 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 Applications Host) from which the registrars are 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.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. 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(s), 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.

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.

11. Where a copy of this notice is being received by a person who has been nominated to enjoy information rights under section 146 of the Act ('Nominee'):
 - (a) the Nominee may have a right under an agreement between the Nominee and the member by whom he was nominated, to be appointed, or to have someone else appointed, as a proxy for the meeting; or
 - (b) if the Nominee does not have any such right or does not wish to exercise such right, the Nominee may have a right under any such agreement to give instructions to the member as to the exercise of voting rights.

The statement of the rights of the shareholders in relation to the appointment of proxies in notes 2, 3, 9 and 10 does not apply to a Nominee. The rights described in such notes can only be exercised by shareholders of the Company.

12. A shareholder which is a corporation may authorise one or more persons to act as its representative(s) at the meeting. Each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder, provided that (where there is more than one representative and the vote is otherwise than on a show of hands) they do not do so in relation to the same shares.

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13. A shareholder or shareholders meeting the qualification criteria set out in note 16 below may require the Company to give shareholders notice of a resolution which may properly be proposed and is intended to be proposed at the meeting in accordance with section 338 of the Act.

A resolution may properly be proposed unless (i) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise), (ii) it is defamatory of any person, or (iii) it is frivolous or vexatious.

The business which may be dealt with at the meeting includes a resolution circulated pursuant to this right.

Any such request must:

- (a) identify the resolution of which notice is to be given, by either setting out the resolution in full or, if supporting a resolution requested by another shareholder, clearly identifying the resolution which is being supported;
 - (b) set out the grounds for the request;
 - (c) comply with the requirements set out in note 17 below; and
 - (d) be received by the Company no later than six weeks before the meeting.
14. A shareholder or shareholders meeting the qualification criteria set out in note 16 below may require the Company to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may properly be included in the business in accordance with section 338A of the Act.

A matter may properly be included unless (i) it is defamatory of any person, or (ii) it is frivolous or vexatious.

Any such request must:

- (a) identify the matter to be included in the business, by either setting out the matter in full or, if supporting a matter requested by another shareholder, clearly identifying the matter which is being supported;
 - (b) set out the grounds for the request;
 - (c) comply with the requirements set out in note 17 below; and
 - (d) be received by the Company no later than six weeks before the meeting.
15. A shareholder or shareholders who meet the qualification criteria set out in note 16 below may require the Company to publish on its website a statement setting out any matter that such shareholders propose to raise at the meeting relating to either the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are to be laid before the meeting or any circumstances connected with an auditor of the Company ceasing to hold office since the last annual general meeting of the Company in accordance with section 527 of the Act.

Any such request must:

- (a) identify the statement to which it relates, by either setting out the statement in full or, if supporting a statement requested by another shareholder, clearly identifying the statement which is being supported;
- (b) comply with the requirements set out in note 17 below; and
- (c) be received by the Company at least one week before the meeting.

Where the Company is required to publish such a statement on its website:

- (i) it may not require the shareholders making the request to pay any expenses incurred by the Company in complying with the request;
- (ii) it must forward the statement to the Company's auditors no later than the time when it makes the statement available on the website; and
- (iii) the statement may be dealt with as part of the business of the meeting.

16. In order to require the Company (i) to circulate a resolution to be proposed at the meeting as set out in note 13, (ii) to include a matter in the business to be dealt with at the meeting as set out in note 14, or (iii) to publish audit concerns as set out in note 15, the relevant request must be made by:
- (a) a shareholder or shareholders having a right to vote at the meeting and each holding at least five per cent of the total voting rights of the Company; or
 - (b) at least 100 shareholders having a right to vote at the meeting and holding, on average, at least £100 of paid up share capital.

For information on voting rights, including the total voting rights of the Company, see note 6 above and the website referred to in note 8 above.

17. Any request by a shareholder or shareholders to require the Company (i) to circulate a resolution to be proposed at the meeting as set out in note 13, (ii) to include a matter in the business to be dealt with at the meeting as set out in note 14, or (iii) to publish audit concerns as set out in note 15:
- (a) may be made either:
 - (i) in hard copy, by sending it to Dignity plc, 4 King Edwards Court, King Edwards Square, Sutton Coldfield, B73 6AP; or
 - (ii) in electronic form, by faxing it to +44 (0) 121 321 5644, marked for the attention of the Company Secretary or by e-mail to CompanySecretary@dignityuk.co.uk (please state "Dignity plc: AGM" in the subject line of the email);
 - (b) must state the full name(s) and address(es) of the shareholder(s); and
 - (c) (where the request is made in hard copy form) must be signed by the shareholder(s).
18. Except as provided above, shareholders who wish to communicate with the Company in relation to the meeting should do so using the following means:
- (a) calling our shareholder helpline on 0371 384 2674; or
 - (b) by post, by sending it to Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA.
19. You may not use any electronic address provided in either this Notice of General Meeting or any related documents (including the proxy form) to communicate with the Company for any purpose other than those expressly stated.
20. No other methods of communication will be accepted. Any electronic communication sent by a shareholder to the Company or Equiniti which is found to contain a virus will not be accepted by the Company.

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APPENDIX 1: SUMMARY OF AMENDMENTS TO THE RULES OF THE LONG TERM INCENTIVE PLAN

The Company intends to amend the rules of its Directors and Senior Executive Long Term Incentive Plan ('LTIP'). The amendments will only apply to new awards and the key changes are summarised below.

Holding period

The most substantive change introduces a holding requirement. To the extent that an option is exercised, the shares acquired will not be able to be sold for a period of (broadly speaking) at least two years from the end of its vesting period (3 years from grant). Shares may be sold during the holding period to fund tax liabilities relating to the exercise of the option. Shares may also be able to be sold in connection with events such as takeovers, the death of the option holder or in other circumstances that the Remuneration Committee determines to be sufficiently exceptional.

Dividend equivalent

Provision is being included for exercising option holders to receive additional shares equal to the value of dividends paid on vested shares during the period from the date of grant until the earlier of the end of any holding period or the exercise of the award. The dividend equivalent may assume the cumulative reinvestment of dividends.

Future performance conditions

The vesting of options under the LTIP is by reference to performance. Many of the relevant provisions are currently contained in the LTIP Rules. This is out of line with current practice and more normally these provisions would be contained in the option grant documentation. This results in practical difficulties because, if the Remuneration Committee determines that different performance conditions should be used for future awards, they would need to amend the LTIP. Changes are therefore proposed to the LTIP Rules to enable different performance conditions to be specified in the award certificates.

Some minor changes are also proposed to aid the administration of the LTIP and to ensure it operates as intended.

APPENDIX 2: SUMMARY OF AMENDMENTS TO THE RULES OF THE SAVE AS YOU EARN SCHEME

The Company intends to amend the terms of the Dignity plc Sharesave Plan ('SAYE Scheme'). Under the terms of the SAYE Scheme, employees save from salary. Those savings are ultimately used to acquire shares in the future, under an option. Amendments to the SAYE Scheme will apply only to new awards (although many of the changes may have been deemed to apply to the SAYE Scheme already in law). The key changes are summarised below.

Extending the life of the SAYE Scheme

Currently, no new awards could be made under the SAYE Scheme due to a time restriction included in the rules. This restriction is to be amended such that the life of the SAYE Scheme is extended by a further ten years.

Amendments to reflect updated legislation

The legislation governing the grant of Save As You Earn options has been amended by the government from time to time. Amendments are therefore proposed to be made to the SAYE Scheme to reflect this. The most notable of these are as follows:

1. The maximum monthly contribution an employee may make pursuant to his/her savings contract is increased to £500 (the current HM Revenue & Customs' approved figure).
2. Restrictions on participation in SAYE schemes for those holding "material interests" in the Company have been repealed and so the corresponding wording has been removed.
3. Provisions relating to the effect of retirement or a transfer of employment on options granted under the SAYE Scheme have been amended in line with corresponding legislative changes.
4. Increased flexibility to exercise options before or after change of control events has been introduced.
5. The requirement to obtain HM Revenue & Customs' approval to changes to the SAYE Scheme is removed as this is no longer required by the relevant laws.

Other minor changes have been made to benefit the administration of the SAYE Scheme or to ensure compliance with (or changes to) legislation.

APPENDIX 3: SUMMARY OF THE DEFERRED ANNUAL BONUS SHARE PLAN

The Company operates an annual cash bonus scheme. As more fully described in the Report on Directors' Remuneration at pages 51 to 56 of the Annual Report, it is intended that any part of a bonus payable to Executive Directors in excess of 100 per cent of their salary will be deferred into shares. The proposed Deferred Annual Bonus Share Plan ('DABS Plan') will enable this deferral. Broadly speaking, where a Director would otherwise be entitled to a cash bonus in excess of 100 per cent of salary, in relation to the excess a share option will be granted under the DABS Plan over an equivalent value of shares in the Company. The option generally will not be capable of exercise for two years. No performance conditions apply. Further details of the DABS Plan are set out below.

Eligibility

Any Executive Director of the Company (or other employee of the Company's group) may be selected by the Remuneration Committee to participate in the DABS Plan.

Grant of awards

Awards may only be granted within the six weeks after the date of the announcement of the Company's results for any period or at any other time in circumstances which the Remuneration Committee deem to be sufficiently exceptional to justify the grant. If the Company is restricted from making awards during that period, awards may be granted within six weeks from the lifting of the prohibition.

No award may be granted more than 10 years after the DABS Plan is approved by shareholders.

Overall limit

In line with the Company's LTIP Rules, the number of new issue and treasury shares utilised under the DABS Plan and the Company's Long Term Incentive Plan cannot exceed 5 per cent of the issued share capital of the Company in any ten year period (or 10 per cent when aggregated with the number of shares that may be issued in respect of SAYE Scheme awards for the same period).

Form of awards

Awards under the DABS Plan take the form of an option to acquire shares at no (or only a nominal) cost.

Vesting period

Awards under the DABS Plan normally vest two years from the grant date and normally remain exercisable until the day before the tenth anniversary of the grant date.

On the exercise of the award shares will be delivered within 30 business days.

Malus and clawback

At any time before the later of the second anniversary of the date on which an award is granted and the date of publication of the Company's second audited Annual Report following the date on which it is granted, the Remuneration Committee may in certain circumstances determine that some of the value of the award should be recovered (either by reducing the number of shares to which that or certain other awards held by the individual relates or by recovering value that has already been delivered to the award holder).

These circumstances are:

- (a) a material mis-statement of the Company's relevant audited financial results; or
- (b) a miscalculation of the number of shares over which an award should have been granted (or of the amount of the deferred element of the relevant bonus).

Cessation of employment

If a participant leaves employment after an award has vested, he/she will be entitled to retain it for a period.

If, prior to an award vesting, a participant leaves employment with the Company's group by virtue of death, illness, injury or disability, redundancy, retirement, a transfer of his employment (or employing company) out of the Company's group or for any other reason at the Remuneration Committee's discretion, he/she will also be entitled to retain it for a period. The Remuneration Committee may determine that vesting should be accelerated to the cessation date and/or may determine that the extent of vesting will be time pro-rated according to the elapsed proportion of the vesting period when employment ceases.

A participant leaving employment in other circumstances prior to vesting will lose their award.

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Corporate events

In the event of a change of control or winding up of the Company, the vesting of awards will be accelerated such that the individuals may participate in that event. In certain circumstances, the awards may alternatively (by exchange or alteration) be replaced by awards over shares in the acquiring company.

The terms of an award may be altered by the Remuneration Committee in the context of a demerger, reorganisation, reconstruction or amalgamation of the Company or any other transaction which they consider might affect its value. The intent would be to preserve the value of the award.

Dividend equivalents

Exercising option holders may be entitled to receive additional shares equal to the value of dividends that would have been paid on award shares from their grant to vesting. This may assume the cumulative reinvestment of dividends.

Terms of awards

Awards may be granted over newly issued shares, treasury shares or shares held by the Company's employee benefit trust. Awards are not transferrable (other than on death). No payment will be required for the grant of an award. Awards will not form part of pensionable earnings.

Adjustments

In the event of any increase or variation of the share capital of the Company by way of capitalisation, rights issue, sub-division, consolidation, reduction of shares or otherwise, the Remuneration Committee may adjust the number or description of shares subject to the awards (or any exercise price).

Alterations and termination

The Remuneration Committee has the power to alter the DABS Plan. Shareholder approval will be required to changes to the advantage of participants relating to eligibility, limits on the aggregate number of shares that awards may be granted over or the impact of variations of capital. However, minor amendments to benefit administration and amendments to take account of changes in legislation or statutory regulations or to obtain or maintain favourable tax, exchange control or regulatory treatment may be made without shareholder approval.

No alteration may be made which would materially increase the liability of a participant or materially decrease the value of their awards without their consent.

The DABS Plan will terminate on the tenth anniversary of its adoption, but previously granted awards will be unaffected.