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# Notice of Annual General Meeting



Macfarlane Group PLC (Company No: SC4221)

NOTICE IS HEREBY GIVEN THAT the one hundred and sixteenth ANNUAL GENERAL MEETING of the members of MACFARLANE GROUP PLC (the "Company") will be held at the Thistle Hotel Glasgow, 36 Cambridge Street, Glasgow G2 3HN on Tuesday 5 May 2015 at 12 noon for the purpose of transacting the following business:

## Ordinary Business

1. To receive, consider and adopt the Directors' Report and the Company's Annual Accounts for the financial year ended 31 December 2014;
2. To approve the Directors' Remuneration Report for the financial year ended 31 December 2014 set out on pages 20 to 23 (inclusive) in the Annual Accounts;
3. To declare a dividend of 1.15p per share payable on 4 June 2015;
4. To re-elect M. Arrowsmith as a Director of the Company;
5. To re-elect S. Paterson as a Director of the Company;
6. To re-elect G. Bissett as a Director of the Company;
7. To reappoint KPMG LLP as the Company's auditors to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company;
8. To authorise the Directors to determine the remuneration of the auditors.

## Special Business

To consider and, if thought fit, pass resolutions 9 and 10 which will be proposed as an ordinary and as a special resolution respectively:

9. That the Directors be and are hereby authorised for the purposes of section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £10,384,280 (representing one third of the issued share capital at 26 March 2015) and shall expire at the Annual General Meeting in 2016, or, if earlier on the date falling 15 months after the date of the passing of this resolution but so that the Company may make offers and enter into agreements during the relevant period which would, or might, require shares to be allotted or securities to be converted into shares after such expiry and that the Directors be and are hereby authorised to allot shares and grant such rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired. This resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot shares but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

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## Special Business (continued)

10. Subject to the passing of (and the authority thereby conferred by) ordinary resolution 9 above, that the Directors be and are hereby empowered pursuant to section 570 of the Companies Act 2006 (the "Act") to allot equity securities for cash (as defined in section 560 of the Act) pursuant to the authority given in accordance with section 551 of the Act, as if section 561 of the Act did not apply to any such allotment provided that this power shall be limited: (i) to the allotment of equity securities in connection with an offer of equity securities: (a) to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and (b) to holders of other equity securities as required by the rights of those securities or 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, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and (ii) to the allotment (otherwise than pursuant to paragraph (i) above) of equity securities, up to a maximum nominal amount of £1,557,642 (representing 5% of the Company's issued ordinary share capital as at 26 March 2015), which authority shall expire at the conclusion of the Annual General Meeting of the Company in 2016, or, if earlier, on the date falling 15 months after the date of the passing of this resolution, except that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and notwithstanding such expiry the Directors may allot equity securities in pursuance of such offers or agreements and all authorities previously conferred under section 570 of the Act be and they are hereby revoked, provided that such revocation shall not have retrospective effect.

To transact such other ordinary business as may be properly transacted at the Annual General Meeting.

By Order of the Board

### **Andrew Cotton**

Secretary  
21 Newton Place  
Glasgow G3 7PY  
27 March 2015

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## Explanation of the resolutions to be proposed at the AGM

**Resolution 1** is a standard resolution. Company law requires that the statutory accounts are laid before the Company in general meeting. The Accounts are accompanied by the Directors' Report, the Directors' Remuneration Report and the report of the independent auditor.

**Resolution 2** requests approval for the Directors' Remuneration Report. This is an advisory vote and votes cast against approval of the Directors' Remuneration Report will not invalidate the Annual Report and Accounts as a whole.

**Resolution 3** will, if passed, confirm approval of the payment of a final dividend. The Directors have proposed a final dividend of 1.15p per share, to be paid on 4 June 2015 to shareholders on the register on 8 May 2015.

**Resolutions 4 to 6** seek approval for the re-appointment of Directors in accordance with the Company's Articles of Association and the UK Corporate Governance Code as it applies to companies outside the FTSE350. The biographies of the Directors seeking re-election which appear in the Annual Accounts are repeated here for ease of reference:

**Mike Arrowsmith**, Senior Independent Non-Executive Director, joined the Board on 26 September 2012. He was Group Chief Executive of Linpac Group Ltd, a market-leading international food and consumer packaging company with annual sales of £1.1 billion, from 2005 to 2010. Prior to this he worked for Tibbett & Britten Group Plc, the £1.5 billion third party logistics group, from 1999 to 2005, joining the board in a senior commercial role before leading the transformation of the group as Chief Executive from 2001 to 2004 prior to its sale to Exel Plc. Mike served as a non-executive director of Enodis Plc from 2004 to 2008. He is currently a non-executive director of Tullis Russell Group Ltd. Mike is a member of the Audit, Remuneration and Nominations Committees.

**Stuart Paterson**, Non-Executive Director, joined the Board on 1 January 2013 as a non-executive director. He is a Chartered Accountant and is currently Chief Financial Officer at Forth Ports Limited, joining in March 2011 when it was listed on the London Stock Exchange. In June 2011, the company was acquired by Arcus Infrastructure Partners. Prior to his current role, Stuart was Chief Financial Officer of Johnston Press PLC from 2001 to 2010 and previously worked in senior financial management roles at the electronics group Motorola Corporation, and then as Group Finance Director and then Managing Director Europe for Aggreko PLC, the global power hire group. He served as a non-executive director with Devro plc from 2006 to 2012, where he chaired the Audit Committee. Stuart succeeded Graeme Bissett as Chairman of the Audit Committee on 1 January 2013 and is also a member of the Remuneration and Nominations Committees.

**Graeme Bissett** joined the Board on 11 May 2004 as a non-executive director, becoming Chairman on 8 May 2012 and offers himself for re-election as recommended by Provision B.7.1 of the UK Corporate Governance Code having held office as a non-executive director for over 9 years. He is Chairman of the Nominations Committee and a member of the Remuneration Committee. Graeme has previously served as finance director of international groups and as a partner with Arthur Andersen and his other board appointments comprise InterBulk Group plc, Black Circles Holdings Ltd, Curo Compensation Ltd and The Scottish Futures Trust Ltd. He also has pro-bono appointments including Chairman of Children 1st, the children's welfare charity.

The Board recommends these appointments as they bring significant and relevant expertise to the Board.

**Resolution 7** proposes the reappointment of KPMG LLP as auditors of the Company.

**Resolution 8** follows current best practice in corporate governance by seeking separate authorities to re-appoint the Auditors (resolution 7) and, in this resolution, to determine their remuneration.

**Resolution 9** – under the Companies Act 2006 (the 'Act') the Directors may only allot unissued shares if authorised to do so by the Shareholders in general meeting. At the Annual General Meeting held in 2010, Shareholders granted the Directors authority to allot relevant securities under Section 551 of the Act for a period of 5 year. Resolution 9 seeks to renew this authority to allow the Directors to allot shares or grant rights to subscribe for or convert any security into shares up to an aggregate nominal amount of £10,384,280 representing an amount equal to one-third of the Company's issued share capital as at 26 March 2015 (being the latest practicable date before the date of this notice (the "Latest Practicable Date")). This authority complies with the latest institutional guidelines issued by the Investment Association. This authority will now be sought on an annual basis.

**Resolution 10** is proposed as a special resolution, requiring a majority of 75% of those voting to be in favour. If the directors wish to allot equity securities for cash they are required to offer those equity securities first to current shareholders in proportion to their existing holdings. This resolution requests authority for disapplication of statutory pre-emption rights and such authority would be limited to allotments in connection with pre-emptive offers and offers to holders of other equity securities if required by the rights of those shares or as the Board otherwise considers necessary, or otherwise up to an aggregate nominal amount of £1,557,642, representing 5% of the issued share capital of the Company as at the Latest Practicable Date. This amount is in line with institutional shareholders' recommendations. The authority, if granted, would replace a similar resolution passed at last year's AGM.

## Attendance at AGM and proxy voting

1. A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, speak and to vote at the meeting. A proxy need not be a member of the Company. A member may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him.
2. A shareholder attending the meeting has the right to ask questions relating to the business being dealt with at the meeting in accordance with section 319A of the Companies Act 2006 (the "Act"). In certain circumstances prescribed by the same section of the Act, the Company need not answer a question.
3. Information regarding the meeting, including the information required by section 311A of the Act, is available from [www.macfarlanegroup.com](http://www.macfarlanegroup.com).
4. A form of proxy is enclosed with this notice. (Please note that this is different to the alternative method of submitting proxies using CREST which is described in Note 5 below). To be effective the instrument appointing a proxy must be completed and deposited, together with the authority (if any) under which it is executed or a notarially certified copy of such authority, at the office of the Company's registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, BN99 8LU (the "Company's Registrars") not later than forty eight hours (disregarding any day that is not a working day) before the time appointed for holding the meeting, being 12 noon on **Thursday 30 April 2015**. Completion and return of the form of proxy does not preclude a member from attending and voting in person at the meeting. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. A replacement proxy form may be obtained by contacting the Company. To revoke your proxy instructions, please contact the Company's Registrars by no later than 12 noon on Thursday 30 April 2015. However, if you have appointed a proxy and attend and vote at the meeting in person, your proxy appointment will automatically be terminated when you exercise your vote. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in this notice. Please read note 6 relating to Nominated persons below.
5. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) of it by using the procedures described in the CREST Manual (available from <https://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 made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID: RA19) not later than forty eight hours (disregarding any day that is not a working day) before the time appointed for holding the meeting, being no later than 12 noon on Thursday 30 April 2015. 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 issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.  
  
CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI 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 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.

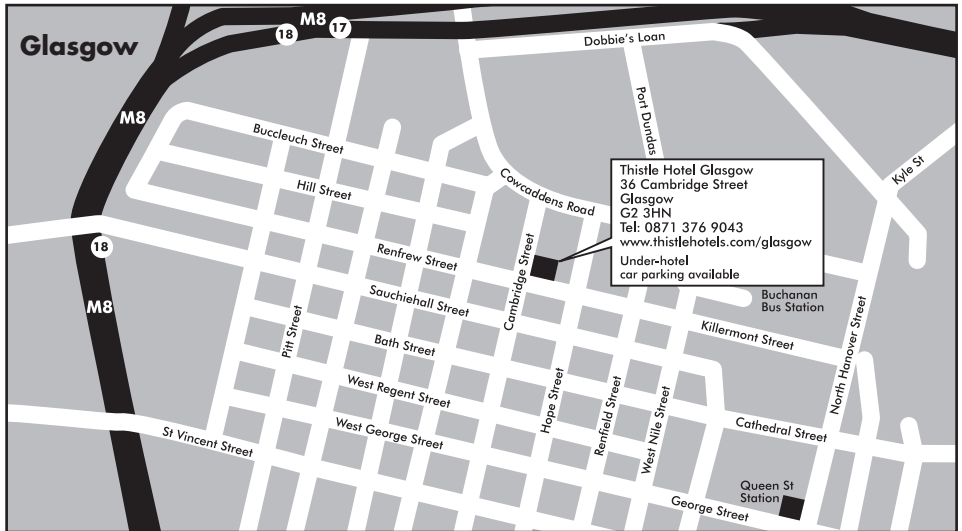
6. If you are a person who has been nominated under section 146 of the Act to enjoy information rights, you may have a right under an agreement between you and the member of the Company who has nominated you to have information rights ("Relevant Member") to be appointed or to have someone else appointed as a proxy for the meeting. If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights. Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.
7. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the Company's register of members no later than 6.00pm on Thursday 30 April 2015, or in the case of an adjournment, as at 48 hours (disregarding any day that is not a working day) prior to the time of the adjourned meeting shall be entitled to attend and vote at the meeting.
8. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.
9. As at 6pm on 26 March 2015 the Company's issued share capital comprised 124,611,360 Ordinary Shares of 25p each. Each Ordinary Share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 6pm on 26 March 2015 is 124,611,360.
10. Any member who has a general query about the meeting should contact the Company Secretary by post at the Company's Registered Office. No other method of communication will be accepted. You may not use any electronic address provided in this notice of the Meeting or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.
11. Under Section 527 of the Act members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) 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 (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Act. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under Section 527 of the Act, it must forward the statement to the Company's auditors not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under Section 527 of the Act to publish on a website. Any request pursuant to section 527 must be received by the Company at least one week before the meeting to which it relates.
12. Copies of each director's service contract and non-executive director's terms of appointment with the Company, or with any of its subsidiary undertakings are available for inspection at the registered office of the Company during usual business hours until the time of the meeting and will be available for inspection at the Thistle Hotel Glasgow, 36 Cambridge Street, Glasgow G2 3HN for at least 15 minutes prior to and during the meeting.
13. Shareholders who prefer to register the appointment of their proxy electronically via the internet can do so through Equiniti's website at [www.sharevote.co.uk](http://www.sharevote.co.uk) where full instructions on the procedure are given. The Voting ID, Task ID and Shareholder Reference Number printed on the proxy form will be required in order to use this electronic proxy appointment system. Alternatively shareholders who have already registered with Equiniti's online portfolio service, Shareview, can appoint their proxy electronically by logging on to their portfolio at [www.shareview.co.uk](http://www.shareview.co.uk) and then click on the link to vote. A proxy appointment made electronically will not be valid if received after 12 noon on Thursday 30 April 2015.

## How to get to the Thistle Hotel Glasgow

**Road:** From South M8, junction 17, 3 sets of lights, 1st left, 2nd straight over, 3rd right. From West M8, junction 17, right fork, 5 sets of lights, 1st right, 2nd right, 3rd right, 4th left, 5th right. 250 car parking spaces are available for a charge.

**Rail:** Take trains to either Glasgow Central or Queen Street Station. Both stations are only 0.5 miles from the hotel.

**Air:** Glasgow Airport is 9 miles away.



### **THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your shares in Macfarlane Group PLC, please forward this document, together with the accompanying documents, as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.