

**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.

3 April 2019

Dear Shareholder

**Macfarlane Group PLC 2019 Notice of Annual General Meeting**

This year's Annual General Meeting ("**AGM**") is to be held at the DoubleTree by Hilton Hotel Glasgow Central, 36 Cambridge Street, Glasgow G2 3HN on 14 May 2019 at 12 noon. The notice of the AGM, which follows this letter, sets out the business to be considered at the meeting.

The notice also contains items of business which are of a technical nature and these items are explained in more detail on pages 4 to 5.

Your Directors believe that all the proposed resolutions (the "Resolutions") to be considered at the AGM are in the best interests of the Company and its members as a whole and are most likely to promote the success of the Company for the benefit of its members as a whole. The Directors unanimously recommend that you vote in favour of all the Resolutions as they intend to do in respect of their own beneficial holdings.

I hope that you can attend the AGM on 14 May 2019 and look forward to seeing you there.

Yours faithfully

**Stuart R. Paterson**  
**Chairman**

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# Notice of Annual General Meeting

Macfarlane Group PLC (Company No: SC4221)

NOTICE IS HEREBY GIVEN THAT the one hundred and twentieth ANNUAL GENERAL MEETING (“AGM”) of the members of MACFARLANE GROUP PLC (the “Company”) will be held at the DoubleTree by Hilton Hotel Glasgow Central, 36 Cambridge Street, Glasgow G2 3HN on Tuesday 14 May 2019 at 12 noon for the purpose of transacting the following business:

## Ordinary Business

To consider and, if thought fit, pass the following Resolutions which will be proposed as ordinary resolutions:

1. To receive, consider and adopt the Directors’ Report and the Company’s Annual Accounts for the financial year ended 31 December 2018 (the “Annual Accounts”);
2. To approve the Directors’ Remuneration Report for the financial year ended 31 December 2018 set out on pages 30 to 39 (inclusive) in the Annual Accounts;
3. To receive and approve the Directors’ Remuneration Policy set out on pages 35 to 39 of the Directors’ Remuneration Report referred to in Resolution 2;
4. To declare a dividend of 1.65p per share payable on 6 June 2019 to shareholders on the register at 6pm on 17 May 2019;
5. To re-elect John Love as a Director of the Company;
6. To re-elect Robert McLellan as a Director of the Company;
7. To elect Andrea Dunstan as a Director of the Company;
8. 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;
9. To authorise the Directors to determine the remuneration of the auditors.

## Special Business

To consider and, if thought fit, pass Resolution 10 which will be proposed as an ordinary Resolution, and Resolutions 11 and 12, which will be proposed as special resolutions:

10. THAT, in accordance with section 551 of the Companies Act 2006 (the “Act”), the Directors be generally and unconditionally authorised to allot Relevant Securities (as defined below):
  - (A) comprising equity securities (as defined by section 560 of the Act) up to an aggregate nominal amount of £13,128,968 (representing one third of the Company’s issued share capital as at 2 April 2019) (such amount to be reduced by the nominal amount of any Relevant Securities allotted pursuant to the authority in paragraph (B) below) in connection with an offer by way of a rights issue: (i) to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and (ii) 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

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- (B) in any other case, up to an aggregate nominal amount of £3,938,690 (representing 10% of the Company's issued share capital as at 2 April 2019) (such amount to be reduced by the nominal amount of any equity securities allotted pursuant to the authority in paragraph (A) above in excess of the nominal amount of £9,190,278),

provided that this authority shall, unless renewed, varied or revoked by the Company, expire at the end of the next annual general meeting of the Company (or, if earlier, at 5pm on 14 August 2020) save that the Company may, before such expiry, make offers or agreements which would or might require Relevant Securities to be allotted and the Directors may allot Relevant Securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

In this resolution, "**Relevant Securities**" means shares in the Company, other than shares allotted pursuant to:

- an employee share scheme (as defined in section 1166 of the Act);
- a right to subscribe for shares in the Company where the grant of the right itself constitutes a Relevant Security; or
- a right to convert securities into shares in the Company where the grant of the right itself constitutes a Relevant Security; and
- any right to subscribe for or to convert any security into shares in the Company other than rights to subscribe for or convert any security into shares allotted pursuant to an employee share scheme (as defined in section 1166 of the Act). References to the allotment of Relevant Securities in this resolution include the grant of such rights; and "Relevant Security" shall be any of the Relevant Securities.

This resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot Relevant Securities but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

11. THAT if Resolution 10 is passed, the Directors be and are hereby authorised, to allot equity securities (as defined in Resolution 10) for cash under the authority given by that Resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Act (as defined in resolution 10) did not apply to any such allotment or sale, such authority to be limited:

- (A) to allotments for rights issues and other pre-emptive issues; and
- (B) to the allotment of equity securities or sale of treasury shares (other than under paragraph (A) above) up to an aggregate nominal amount of £1,969,345 (representing 5% of the Company's issued share capital as at 2 April 2019),

such authority to expire at the end of the next annual general meeting of the Company (or, if earlier, at 5pm on 14 August 2020) but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

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## Notice of Annual General Meeting (continued)

Macfarlane Group PLC (Company No: SC4221)

12. THAT if Resolution 10 is passed, the Directors be and are hereby authorised, in addition to any authority granted under Resolution 11, to allot equity securities (as defined in Resolution 10) for cash under the authority given by Resolution 10 and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Act (as defined in Resolution 10) did not apply to any such allotment or sale, such authority to be:

- (A) limited to the allotment of equity securities or the sale of treasury shares up to an aggregate nominal amount of £1,969,345 (representing 5% of the Company's issued share capital as at 2 April 2019); and
- (B) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

such authority to expire at the end of the next annual general meeting of the Company (or, if earlier, at 5pm on 14 August 2020) but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

To transact such other ordinary business as may be properly transacted at the AGM.

By Order of the Board

**Derek L.H. Quirk**  
**Company Secretary**

3 Park Gardens  
Glasgow G3 7YE  
3 April 2019

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

**Resolution 1** is a standard resolution. The Annual Accounts are required to be laid before the Company in general meeting. The Annual 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, on pages 30 to 39 of the Annual Accounts (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 and the Directors' entitlement to remuneration is not conditional on it.

**Resolution 3** requests approval of the Directors' Remuneration Policy which is set out in full on pages 35 to 39 of the Directors' Remuneration Report in accordance with section 439A of the Companies Act 2016 (the "Act"). The vote on the Directors' remuneration policy is binding in that, once the policy is approved, the Company will not be able to make a remuneration payment to a current or prospective Director or a payment for loss of office to a current or past Director, unless that payment is consistent with the policy or has been specifically approved by a resolution of the Company's shareholders. A vote to approve the Directors' Remuneration Policy will be put to shareholders again no later than the Company's AGM in 2022.

**Resolution 4** will, if passed, approve the payment of a final dividend. The Directors have proposed a final dividend of 1.65p per share, to be paid on 6 June 2019 to shareholders on the register at 6pm on 17 May 2019.

**Resolutions 5, 6 and 7** 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. John Love and Bob McLellan are retiring and submitting themselves for re-election in accordance with the provisions on retirement by rotation of the Company's articles of association. Andrea Dunstan was appointed by the Board on 1 September 2018 in accordance with article 99 of the Company's articles of association. Her term of office concludes at the AGM where she is eligible for election.

The biographies of the Directors seeking re-election or election which appear in the Annual Accounts are repeated here for ease of reference:

**John Love:** A member of The Institute of Chartered Accountants of Scotland, John has been with the Group for twenty-three years and was appointed Finance Director on 12 July 1999. He was with Deloitte and its predecessor firms for sixteen years before joining Macfarlane Group in 1996.

**Bob McLellan:** Bob McLellan joined the Board on 5 March 2013. Bob was Chief Executive of DS Smith Packaging UK until 2011, latterly as Deputy CEO Packaging (UK and Continental Europe). He has spent many years working in the packaging sector and has held leading roles in both the UK and Continental Europe for industry employer associations. He is currently Chairman of the Logson Group and a non-executive director of Swanline Print Limited. Bob chaired the Remuneration Committee until 31 August 2018 when he was appointed as the Group's Senior Independent Director. He is a member of the Nominations, Remuneration and Audit Committees.

**Andrea Dunstan:** Andrea joined the Board on 1 September 2018. She has significant experience in the areas of performance management, organisational development, strategy and change management across several sectors notably distribution and third party logistics. She was most recently Chief People Officer at Premier Farnell PLC. Andrea is a non-executive Director of Sumo Group PLC, where she is chair of the Remuneration Committee and a member of the Audit and Nominations Committees. She is also a member of the Executive Council of The University of Salford. Andrea was appointed as chair of the Remuneration Committee on her appointment on 1 September 2018 and is a member of the Audit and Nominations Committees.

The Board recommends these re-elections and election as they bring significant and relevant expertise to the Board.

**Resolution 8** proposes the reappointment of KPMG LLP as auditors of the Company. The Act requires that auditors be appointed at each general meeting at which accounts are laid to hold office until the next such meeting.

**Resolution 9** seeks separate authority for the Directors to determine the remuneration of the auditors of the Company.

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## Explanation of the resolutions to be proposed at the AGM (continued)

**Resolution 10** – under 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 2018, Shareholders granted the Directors authority to allot relevant securities under Section 551 of the Act for a period of up to 15 months and this authority expires at the 2019 AGM. Resolution 10 seeks to renew this authority to allow the Directors: (i) to allot shares or grant rights to subscribe for or convert any security into shares up to an aggregate nominal amount of £13,128,968 representing an amount equal to one-third of the Company's issued share capital as at 2 April 2019 (being the latest practicable date before the date of this notice (the "**Latest Practicable Date**")) in connection with an offer by way of a rights issue; and (ii) in any case other than a rights issue to allot Relevant Securities up to an aggregate nominal amount of £3,938,690 (with the nominal amount authorised in B of Resolution 10 to be reduced in the event that Relevant Securities with a nominal value of more than £9,190,278 have been issued in connection with a rights issue pursuant to A of resolution 10 so that the Directors have the authority to allot Relevant Securities with an aggregate nominal value of no more than £13,128,968).

As at 2 April 2019 the Company holds no treasury shares. If given, these authorities will expire at the end of the annual general meeting held in 2020 or at 5pm on 14 August 2020, whichever is the earlier. This authority complies with the latest institutional guidelines issued by the Investment Association.

**Resolutions 11 and 12** are proposed as special resolutions, each 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 by the Act to offer those equity securities first to current shareholders in proportion to their existing holdings.

In certain circumstances, it may be in the best interests of the Company to allot equity securities for cash without first offering them proportionately to existing shareholders. In accordance with the Act and investor guidelines, therefore, approval is sought by the Directors to issue a limited number of ordinary shares for cash without first offering them to existing shareholders.

Resolution 11 contains a two-part disapplication of pre-emption rights which seeks to renew the Directors' authority to issue equity securities of the Company for cash without application of pre-emption rights pursuant to section 561 of the CA 2006. 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 £3,938,690, representing 10% of the issued share capital of the Company as at the Latest Practicable Date. The authority, if granted, would replace a similar resolution passed at last year's AGM.

Resolution 12 is a disapplication of pre-emption rights limited to an additional 5% of issued ordinary share capital to be used for transactions which the Directors determine to be an acquisition or specified capital investment. The authority contained in the resolution would be limited to a maximum nominal amount of £1,969,345 (representing 5% of the Company's issued share capital as at the Latest Practicable Date).

If given, this power will expire at 5pm on 14 August 2020 or at the conclusion of the annual general meeting held in 2020, whichever is the earlier. The aggregate figure of 10% in resolutions 11 and 12 reflects the Pre-Emption Group 2015 Statement of Principles for the disapplication of pre-emption rights (the "**Statement of Principles**"). The Directors will have due regard to the Statement of Principles in relation to any exercise of this power, in particular they do not intend to allot shares for cash on a non pre-emptive basis pursuant to this power:

- (i) in excess of an amount equal to 5% of the total issued ordinary share capital of the Company excluding treasury shares; or
- (ii) in excess of an amount equal to 7.5% of the total issued ordinary share capital of the Company excluding treasury shares in any rolling three-year period, without prior consultation with shareholders,

in each case other than in connection with an acquisition or specified capital investment (within the meaning of the Statement of Principles) which is announced contemporaneously with the allotment or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

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## Attendance at AGM and proxy voting

1. A member entitled to attend and vote at the AGM 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 AGM.

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. If you wish to appoint more than one proxy please contact the Company's Registrars at the address given below.

2. A member attending the AGM has the right to ask questions relating to the business being dealt with at the AGM 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 AGM, 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 AGM, being 12 noon on Friday 10 May 2019.

Completion and return of the form of proxy does not preclude a member from attending and voting in person at the AGM. 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 Friday 10 May 2019. However, if you have appointed a proxy and attend and vote at the AGM 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 AGM 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 AGM, being no later than 12 noon on Friday 10 May 2019. 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.

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## Attendance at AGM and proxy voting (continued)

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 AGM. 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. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights under section 146 of the Act, you do not have any right to appoint any proxies under the procedures set out in this notice.
7. Only those members entered on the Company's register of members no later than 6.30pm on Friday 10 May 2019, 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 AGM shall be entitled to attend and vote at the AGM in respect of the number of shares registered in their names at that time. Changes to entries on the share register after the relevant deadline will be disregarded in determining the rights of any person to attend or 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 2 April 2019 the Company's issued share capital comprised 157,547,618 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 2 April 2019 is 157,547,618.
10. Any member who has a general query about the AGM 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 AGM 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 a member or members meeting the threshold requirements set out in that section have the right to require the Company to publish on its website a statement setting out any matter that the members propose to raise at the AGM 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. The request:

- may be in hard copy form which must be signed by you, state your full name and address and sent by post to the Company Secretary at the Company's Registered Office;
- may be in electronic form which must state your full name and address, must be authenticated by the person making it and be sent to [investorinfo@macfarlanegroup.net](mailto:investorinfo@macfarlanegroup.net);



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- must either set out the statement in full or, if supporting a statement sent by another shareholder, clearly identify the statement which is being supported;
  - must be received by the Company by 4pm on 6 May 2019 which is at least one week before the AGM.
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 AGM and will be available for inspection at the DoubleTree by Hilton Hotel Glasgow Central, 36 Cambridge Street, Glasgow G2 3HN for at least 15 minutes prior to and during the AGM.
  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 Friday 10 May 2019.

## Attendance at AGM and proxy voting (continued)

### How to get to the DoubleTree by Hilton Hotel Glasgow Central

**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 Stations. Both stations are only 0.5 miles from the hotel.

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

### Glasgow



#### **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.

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