



GROUP PLC

## **Notice of Annual General Meeting 2017**

Mears Group PLC

(Company registered number 3232863)

to be held at the offices of Buchanan, 107 Cheapside,  
London EC2V 6DN on Wednesday 7 June 2017 at 9.30am



# Notice of Annual General Meeting 2017

## Mears Group PLC

Notice is hereby given that the Annual General Meeting (AGM) of Mears Group PLC (the 'Company') will be held at the offices of Buchanan, 107 Cheapside, London EC2V 6DN on Wednesday 7 June 2017 at 9.30am to consider and, if thought fit, pass the following:

- Resolution 1. THAT the audited accounts for the year ended 31 December 2016, together with the Directors' and Auditor's Reports thereon, be received and adopted.
- Resolution 2. THAT the remuneration policy, contained on pages 63 to 70 of the Annual Report and Accounts for the financial year ended 31 December 2016, be approved.
- Resolution 3. THAT the Annual report on remuneration, contained on pages 70 to 78 of the Annual Report and Accounts for the financial year ended 31 December 2016, be approved.
- Resolution 4. THAT the rules of the Mears Group PLC Executive Incentive Plan (the 'EIP'), the principal terms of which are summarised in Appendix A of this Notice of AGM and the rules of which are produced in draft to the Meeting and initialled by the Chairman for the purpose of identification, be approved and that the Directors be authorised to:
- (a) Make such modifications to the EIP as they may consider appropriate for the implementation of the EIP and to adopt the EIP as so modified and to do all such other acts and things as they may consider appropriate to implement the EIP; and
  - (b) Establish further plans based on the EIP but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further plans are treated as counting against the limits on individual or overall participation in the EIP.
- Resolution 5. THAT the trust deed and rules of the Mears Group PLC Share Incentive Plan (the 'SIP'), the principal terms of which are summarised in Appendix B of this Notice of AGM and the trust deed and rules of which are produced in draft to the Meeting and initialled by the Chairman for the purpose of identification, be approved and that the Directors be authorised to:
- (a) Make such modifications to the SIP as they may consider appropriate for the implementation of the SIP and to adopt the SIP as so modified and to do all such other acts and things as they may consider appropriate to implement the SIP; and
  - (b) Establish further plans based on the SIP but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further plans are treated as counting against the limits on individual or overall participation in the SIP.
- Resolution 6. THAT Grant Thornton UK LLP be re-appointed as auditor of the Company and the Directors be authorised to fix its remuneration.
- Resolution 7. THAT a final dividend of 8.40p per ordinary share for the year ended 31 December 2016 be declared.
- Resolution 8. THAT Bob Holt be re-elected as a Director.
- Resolution 9. THAT David Miles be re-elected as a Director.
- Resolution 10. THAT Andrew Smith be re-elected as a Director.
- Resolution 11. THAT Alan Long be re-elected as a Director.
- Resolution 12. THAT Peter Dicks be re-elected as a Director.
- Resolution 13. THAT Geraint Davies be re-elected as a Director.
- Resolution 14. THAT Julia Unwin be re-elected as a Director.
- Resolution 15. THAT Roy Irwin be elected as a Director.
- Resolution 16. THAT Jason Burt be elected as a Director.

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Resolution 17. THAT the Board be and is hereby generally and unconditionally authorised pursuant to 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 ('Rights'):

(a) up to an initial aggregate nominal amount of £343,071; and

(b) up to a further aggregate nominal amount of £343,071 but only in connection with a rights issue in favour of ordinary shareholders where the ordinary shares respectively attributable to the interest of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them,

provided that this authority shall expire on the date of the next AGM of the Company, or, if earlier, 1 September 2018, after the passing of this resolution, save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the Board may allot shares or grant Rights in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

(Resolutions 1 to 17 will be proposed as ordinary resolutions.)

Resolution 18. THAT, subject to the passing of Resolution 17, the Board be and is hereby authorised, pursuant to Section 570 of the Act, to allot equity securities (within the meaning of Section 560 of the Act) for cash under the authority given by Resolution 17 as if sub-section (1) of Section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

(a) in connection with a rights issue, open offer or other offer of securities in favour of the holders of ordinary shares on the Register on a fixed record date in proportion (as nearly as may be) to their respective holdings of such securities or in accordance with the rights attached thereto subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory or any other matter whatever; and

(b) (otherwise than pursuant to sub-paragraph (a) above) up to an aggregate nominal amount of £51,460,

such authority to expire on the date of the next AGM of the Company, or, if earlier, 1 September 2018, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

- Resolution 19. THAT, subject to the passing of Resolution 17, the Board be and is hereby authorised, pursuant to Section 570 of the Act and in addition to any authority granted under Resolution 18, to allot equity securities (within the meaning of Section 560 of the Act) for cash under the authority given by Resolution 17 as if sub-section (1) of Section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:
- (a) up to an aggregate nominal amount of £51,460; 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 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 on the date of the next AGM of the Company, or, if earlier, 1 September 2018, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.
- Resolution 20. THAT the Company be and is hereby generally and unconditionally authorised to hold general meetings (other than the AGM) on 14 days' notice from the date of the passing of this resolution, such authority expiring at the conclusion of the next AGM of the Company.

(Resolutions 18 to 20 inclusive will be proposed as special resolutions.)

By order of the Board

**B R Westran**  
**Secretary**  
7 April 2017

1390 Montpellier Court  
Gloucester Business Park  
Brockworth  
Gloucester GL3 4AH

# Notice of Annual General Meeting 2017 continued

Mears Group PLC

## EXPLANATORY NOTES TO THE RESOLUTIONS

### Resolution 1

The Directors are required by law to present to the meeting the audited accounts and the Directors' and the Auditor's Reports for the year ended 31 December 2016.

### Resolution 2

In accordance with Section 439A of the Act, the Company is required to seek the approval of shareholders for its remuneration policy. This report sets out the Company's future policy on Directors' remuneration, including the setting of Directors' pay and the granting of cash and share-based incentives, and is set out on pages 63 to 70 of the Annual Report and Accounts for the financial year ended 31 December 2016. Resolution 2 seeks shareholder approval of the remuneration policy. This vote on remuneration policy is binding in nature.

### Resolution 3

In accordance with Section 439 of the Act, the Company is required to seek the approval of shareholders for its Annual report on remuneration. This report gives details of the Directors' remuneration for the financial year ended 31 December 2016 and is set out in full on pages 70 to 78 of the Annual Report and Accounts for the financial year ended 31 December 2016. Resolution 3 seeks shareholder approval of the Annual report on remuneration. The vote on the Annual report on remuneration is advisory in nature.

### Resolution 4

Resolution 4 seeks approval of the Mears Group PLC Executive Incentive Plan (the 'EIP'). The EIP replaces the current Management Incentive Plan and has been designed to ensure that the interests of our Executive Directors are strongly aligned with the interests of shareholders. The principal terms are set out in Appendix A to this Notice of Meeting.

### Resolution 5

Resolution 5 seeks approval of the Mears Group PLC Share Incentive Plan (the 'SIP'). The principal terms of the SIP are set out in Appendix B to this Notice of Meeting.

### Resolution 6

The auditor is required to be re-appointed at each AGM at which accounts are presented. The Directors, on the recommendation of the Audit Committee (which has evaluated the effectiveness and independence of the external auditor), are proposing the re-appointment of Grant Thornton UK LLP.

### Resolution 7

Final dividends must be approved by shareholders but must not exceed the amount recommended by Directors. If the meeting approves Resolution 7, the final dividend in respect of 2016 of 8.40p per share will be paid on 6 July 2017 to ordinary shareholders who are on the Register of Members on 16 June 2017 in respect of each ordinary share.

### Resolutions 8 to 16

In accordance with the UK Corporate Governance Code (the 'Code'), all of the Directors will seek re-election at the AGM.

Company law requires that each Director is voted on separately and, accordingly, each Director will be proposed for re-election by a separate resolution. Biographies of the Directors seeking re-appointment and those seeking appointment are set out on pages 46 and 47 of the Annual Report and Accounts for the financial year ended 31 December 2016. All of the Directors offering themselves for re-appointment have wide business knowledge and bring valuable skills and experience to the Board. The Board is satisfied that all of the Non-Executive Directors are independent in character and there are no relationships or circumstances that are likely to affect their independence. The performance of the Board as a whole, as well as the contribution made by individual Directors, has been reviewed during the course of the year. After considering this evaluation, the Chairman has confirmed that the performance of every Executive and Non-Executive Director continues to be effective, that they continue to demonstrate commitment to their respective roles, and that their respective skills complement one another to enhance the overall operation of the Board.

### **Resolution 17**

The authority sought by this resolution is for the Directors to be authorised to allot ordinary shares comprising up to a total aggregate nominal amount of £686,142. This represents approximately two thirds of the issued share capital. This is within the guidelines issued by the Investment Association in that it is considered routine and standard practice for a listed company to seek authorisation to allot up to two thirds of its existing issued share capital. However, the additional one third may only be applied to fully pre-emptive rights issues and the authorisation must only be valid until the next AGM. The Directors will therefore be seeking annual renewal of this authority in accordance with best practice and to ensure the Company has maximum flexibility in managing its capital resources. This authority will expire at the next AGM, or, if earlier, 1 September 2018.

Other than in connection with the Company's share-based plans for senior management and employees, the Directors have no present intention of exercising this authority.

As at 31 March 2017 (being the latest practicable date prior to the posting of this Notice), no shares are held by the Company in treasury.

### **Resolutions 18 and 19**

When shares are to be allotted for cash, Section 561 of the Act provides that existing shareholders have pre-emption rights and that any new shares are offered first to such shareholders in proportion to their existing shareholdings. There may be occasions, however, when the Board needs the flexibility to finance business opportunities by the issue of ordinary shares without a pre-emptive offer. Resolutions 18 and 19 would give the Directors that authority.

The authority under Resolution 18 would be limited to: (a) allotments or sales 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 considers necessary; and (b) allotments or sales (otherwise than pursuant to (a)) up to an aggregate nominal amount of £51,460, which represents approximately 5% of the Company's issued ordinary share capital as at 31 March 2017 (being the latest practicable date prior to the publication of this Notice).

Resolution 19 would give the Board authority to allot a further 5% of the issued ordinary share capital of the Company as at 31 March 2017 (being the latest practicable date prior to the publication of this Notice) for the purposes of financing a transaction which the Board determines to be an acquisition or other capital investment contemplated by the Pre-emption Group's Statement of Principles published in March 2015 (the 'Pre-emption Principles').

The disapplication authorities under Resolutions 18 and 19 are in line with the authority sought at the AGM last year and the guidance set out in the Pre-emption Principles. The Pre-emption Principles allow a board to allot shares for cash otherwise than in connection with a pre-emptive offer (i) up to 5% of a company's issued share capital for use on an unrestricted basis and (ii) up to a further 5% of a company's issued share capital for use in connection with an acquisition or specified capital investment announced either contemporaneously with the issue, or which has taken place in the preceding six month period and is disclosed in the announcement of the issue. In 2016, the Pre-emption Group recommended that this additional 5% authority be sought in a separate resolution, which is the approach the Company has taken this year.

In accordance with the Pre-emption Principles, the Directors confirm that they do not intend to issue shares for cash representing more than 7.5% of the Company's issued ordinary share capital in any rolling three year period (save in accordance with Resolution 19) without prior consultation with shareholders.

The Directors have no present intention of exercising this authority.

The authorities contained in Resolutions 18 and 19 will expire at the next AGM, or, if earlier, on 1 September 2018.

### **Resolution 20**

Section 307A of the Act provides that listed companies must hold general meetings (other than AGMs) on 21 days' notice unless the members of that company pass a special resolution agreeing to a shorter notice period which cannot be any less than 14 clear days. It is therefore necessary for the Company to pass this resolution allowing the Company to continue to hold general meetings (other than the AGM) on not less than 14 days' notice. This authority will expire at the next AGM.

# Notice of Annual General Meeting 2017 continued

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## **APPENDIX A – Summary of the Principal Terms of the Mears Group PLC Executive Incentive Plan (the ‘EIP’)**

### **Operation**

The EIP is a discretionary share plan under which the Remuneration Committee of the Board may, within certain limits and subject to any applicable performance conditions, grant awards over ordinary shares of the Company (‘Awards’) to eligible employees. Awards will be in the form of options over the Company’s shares designated on grant as either a Part A Award or a Part B Award. Where the participant becomes entitled to acquire the shares subject to an option, the Award is said to have vested.

Additionally it is proposed to introduce a Company Share Option Plan (‘CSOP’) as a schedule to the EIP under which the Board may grant tax advantaged share options which meet the requirements of Schedule 4 of the Income Tax (Earnings and Pensions) Act 2003.

The operation of the EIP in respect of the Executive Directors and other key executives of the Group will be overseen by the Remuneration Committee of the Board.

### **Eligibility**

All employees (including Executive Directors) of the Group are eligible for selection to participate in the EIP at the discretion of the Remuneration Committee. Non-Executive Directors are not eligible to participate in the EIP.

### **Limits**

The EIP may operate over new issue shares, treasury shares or shares purchased in the market. The Company may issue no more than 10% of its shares within a 10 year period to satisfy awards to participants in the EIP and any other employees’ share scheme operated by the Company under which shares are issued. In addition, no more than 5% of shares may be issued under the EIP and any discretionary employees’ share scheme adopted by the Company. Shares issued out of treasury will count towards this limit for so long as required under institutional shareholder guidelines. Awards or other share rights which are renounced or lapse will be disregarded for the purposes of this limit.

The Board will monitor the issue of shares during the 10 year period.

The market value of ordinary shares of the Company (measured at the time of grant) that may be awarded to a participant in any financial year under a Part A Award will not exceed in aggregate 100% of the relevant participant’s annual base salary.

The market value of ordinary shares of the Company (measured at the time of grant) that may be awarded to a participant in any financial year under a Part B Award will not exceed in aggregate 100% of the relevant participant’s annual base salary.

The total market value of shares over which CSOP options may be granted to any participant is the permitted limit under a CSOP (currently £30,000 per employee).

### **Grant of Awards**

Awards will normally be granted within a 42 day period following (i) the date of approval of the EIP by the shareholders of the Company, (ii) the day after the publication of the results of the Company for any period, (iii) any other time at which the Board determines there are exceptional circumstances which justify the grant of the Award or (iv) the day after the lifting of any dealing restrictions which prevented the grant of Awards.

No Awards may be granted more than 10 years after the date the EIP is approved by shareholders of the Company.

No consideration will be payable in respect of the grant, vesting or exercise of Awards other than CSOP options. The exercise price per share of CSOP options will be determined by the Board and will not be less than the market value of a share determined in accordance with the rules of the CSOP.

### **Vesting of Awards**

Awards will normally vest, subject to the achievement of any applicable performance targets and/or other conditions, over three to five years following the date of grant. Awards granted as options will normally remain exercisable for a period determined by the Remuneration Committee at grant which shall not exceed ten years from grant. Any performance conditions applying to the awards may be varied, substituted or waived if the Remuneration Committee considers it appropriate, provided that the Remuneration Committee considers that (except in the case of waiver) the new performance conditions are not materially less or more difficult to satisfy than the original conditions.

### **Malus and clawback for Awards**

The Board may determine that Awards shall be subject to malus and/or clawback. The circumstances in which malus and clawback can apply are as follows:

- discovery of a material misstatement resulting in an adjustment to the audited consolidated accounts of the Company or the audited accounts of any Group member (and, in the case of clawback only, for a period that was wholly or partly before the end of the period over which the performance target applicable to an Award was assessed);
- the assessment of any performance target or condition in respect of an Award was based on error, or inaccurate or misleading information;
- the discovery that any information used to determine the number of plan shares subject to an Award was based on error, or inaccurate or misleading information;
- action or conduct of an Award holder which, in the reasonable opinion of the Board, amounts to fraud or gross misconduct; and
- events or behaviour of an Award holder have led to the censure of the Company by a regulatory authority or have had a significant detrimental impact on the reputation of any Group member provided that the Board is satisfied that the relevant Award holder was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to him.

The malus period will be up to the date of vesting. The clawback period will be two years from the date of vesting.

### **Cessation of employment**

For good leavers, unvested Awards will vest on the normal vesting date subject to (i) the extent any applicable performance target and/or any other conditions have been satisfied and (ii) pro-rating to reflect the period of time elapsed between grant and cessation of employment as a proportion of the normal vesting period.

The Board has the discretion to determine that the end of the performance period is the date of cessation and that Awards may vest early. The Board also has discretion to disapply pro-rating for time served. The Board's normal policy is that it will pro-rate Awards for time.

A 'good leaver' is defined as a participant ceasing to be in employment with the Group by reason of death, ill-health, injury, disability, redundancy, retirement, the company employing the participant ceasing to be a member of the Group, the participant's employing business being sold out of the Group or at the Board's discretion.

Anyone who is not a good leaver will be a bad leaver. Bad leavers will forfeit all Awards (whether vested or not).

### **Change of control**

Unvested Awards will vest early on a change of control subject to (i) the extent any applicable performance target and/or any other conditions have been satisfied and (ii) pro-rating to reflect the reduced period of time between grant and early vesting as a proportion of the vesting period that has then elapsed. The Board may consider whether to disapply pro-rating for time and performance.

In the event of an internal corporate reorganisation or a person obtaining control of the Company, the Board may decide (with the consent of the acquiring company if relevant) to replace unvested Awards with equivalent new awards over shares in the acquiring company.

In the event of a demerger, distribution (which is not an ordinary dividend) or any other corporate event, the Board may determine that Awards will vest. The proportion of the Awards which vest will be determined by the Board taking into account, among other factors, the period of time the Award has been held by the participant and the extent to which any applicable performance targets and/or any other conditions have been satisfied at that time.

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## **APPENDIX A – Summary of the Principal Terms of the Mears Group PLC Executive Incentive Plan (the ‘EIP’) continued**

### **Dividend equivalents**

The Board may decide that participants will receive a payment (in cash and/or additional shares) equal in value to any dividends that would have been paid on the shares which vest under their Awards by reference to the period between the time when the relevant Award was granted and the time when the relevant Award vested. This amount may assume the reinvestment of dividends and exclude or include special dividends or dividends in specie.

### **Non-transferability of Awards**

Awards are not transferable other than to the participant’s personal representatives.

### **Allotment and transfer of shares**

Any shares allotted or transferred under the EIP will rank equally with shares then in issue (except for rights arising in reference to a record date prior to their allotment or transfer).

Applications will be made to both the UK Listing Authority and the London Stock Exchange in order to obtain the relevant approvals for admission and to trading for new shares that are issued pursuant to the EIP.

### **Alternative settlement**

At its discretion, the Board may decide to satisfy Awards with a payment in cash or shares equal to any gain that a participant would have made had the relevant Award been satisfied with shares.

### **Adjustment of Awards**

On a variation of the capital of the Company or in the event of a demerger or other distribution, the number of shares subject to an Award and exercise price, if any, may be adjusted in such manner as the Board determines.

### **Taxation**

The vesting or exercise of Awards is conditional upon the participant paying any relevant taxes due.

### **Benefits not pensionable**

Benefits received under the EIP are not pensionable.

### **Amendments**

Amendments to the EIP rules may be made at the discretion of the Board. However, the basis for determining a participant’s entitlement to be granted an Award and/or acquire shares, the persons to whom an Award may be granted, the limitations on the total number of shares over which an Award can be granted, individual participation limits and the adjustments that may be made following a variation of capital cannot be altered to the advantage of participants without prior shareholder approval, except for minor amendments to benefit the administration of the EIP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for the Group.

### **Overseas plans**

The Board may add to, vary or amend the EIP rules by way of a separate schedule in order that the EIP may operate to take account of local legislative and regulatory treatment for participants or the relevant Group company, provided that the parameters of these arrangements will provide no greater benefits than the EIP rules as summarised above.

Note: These principal terms summarise the main features of the rules of the EIP, but do not form part of them, and should not be taken as affecting the interpretation of the detailed terms and conditions constituting the rules. Copies of the rules of the EIP will be available for inspection at the offices of the Company at 1st Floor, 32-33 Gosfield Street, London, W1W and the registered office of the Company, 1390 Montpellier Court, Gloucester Business Park, Brockworth, Gloucester, GL3 4AH during usual business hours on any weekday (public holidays excluded) from the date of dispatch of this document up to and including the date of the AGM, and at the place of the AGM for at least 15 minutes prior to and during the AGM. The Directors reserve the right, up to the time of the AGM, to make such amendments and additions to the rules of the EIP as they consider necessary or desirable, provided that such amendments and additions do not conflict in any material respect with the summary set out here.

## **APPENDIX B - Summary of the Principal Terms of the Mears Group PLC Share Incentive Plan (the 'SIP')**

### **Status**

The SIP is an all-employee share ownership plan which has been designed to meet the requirements of Schedule 2 of the Income Tax (Earnings and Pensions) Act 2003 so that ordinary shares of the Company can be provided to UK employees under the SIP in a tax-efficient manner.

Under the SIP, eligible employees may be: (i) awarded up to £3,600 worth of free shares ('Free Shares') each year; (ii) offered the opportunity to buy shares with a value of up to the lower of £1,800 and 10% of the employee's pre-tax salary a year ('Partnership Shares'); (iii) given up to two free shares ('Matching Shares') for each Partnership Share bought; and/or (iv) allowed or required to purchase shares using any dividends received on shares held in the SIP ('Dividend Shares'). The Board may determine that different limits will apply in the future should the relevant legislation change in this respect.

### **SIP Trust**

The SIP operates through a UK-resident trust (the 'SIP Trust'). The trustee of the SIP Trust purchases or subscribes for shares that are awarded to or purchased on behalf of participants in the SIP. A participant will be the beneficial owner of any shares held on his behalf by the trustee of the SIP Trust. Any shares held in the SIP Trust will rank equally with shares then in issue.

If a participant ceases to be in relevant employment, the participant will be required to withdraw his Free Shares, Partnership Shares, Matching Shares and Dividend Shares from the SIP Trust.

### **Eligibility**

Each time that the Board decides to operate the SIP, all UK resident tax-paying employees of the Company and its subsidiaries participating in the SIP must be offered the opportunity to participate. Other employees may be permitted to participate. Participants invited to participate may be required to have completed a minimum qualifying period of employment before they can participate, as determined by the Board in relation to any award of shares under the SIP which may be different for each type of award from time to time. In the case of Free Shares (and, in certain circumstances, Partnership Shares and Matching Shares) that period must not exceed 18 months or, in certain other circumstances and only in the case of Partnership Shares or Matching Shares, 6 months.

### **Limits**

The SIP may operate over new issue ordinary Shares, treasury shares or ordinary Shares purchased in the market. The rules of the SIP provide that, in any period of 10 calendar years, not more than 10% of the Company's issued ordinary share capital may be issued under the SIP and under any other employees' share scheme operated by the Company. Shares issued out of treasury for the SIP will count towards this limit for so long as this is required under institutional shareholder guidelines. Awards which are renounced or lapse shall be disregarded for the purposes of this limit.

### **Free Shares**

Up to £3,600 worth of Free Shares may be awarded to each employee in a tax year. Free Shares must be awarded on the same terms to each employee, but the number of Free Shares awarded can be determined by reference to the employee's remuneration, length of service, number of hours worked and, if the Company so chooses, the satisfaction of performance targets based on business results or other objective criteria. There is a holding period of between 3 and 5 years (the precise duration to be determined by the Board) during which the participant cannot withdraw the Free Shares from the SIP Trust (or otherwise dispose of the Free Shares) unless the participant leaves relevant employment.

The Board, at its discretion, may provide that the Free Shares will be forfeited in certain circumstances if the participant leaves relevant employment other than due to injury, disability, redundancy or retirement, or by reason of a relevant transfer within the meaning of the Transfer of Undertakings (Protection of Employment) Regulations 2006 or if the relevant employment is employment by an associated company by reason of a change of control or other circumstances ending that company's status as an associated company (each a 'Good Leaver Reason') or on death.

### **Partnership Shares**

The Board may allow an employee to use pre-tax salary to buy Partnership Shares. The maximum limit is the lower of £1,800 or 10% of pre-tax salary in any tax year. The minimum salary deduction permitted, as determined by the Board, must be no greater than £10 on any occasion. The salary allocated to Partnership Shares can be accumulated for a period of up to 12 months (the 'Accumulation Period') or Partnership Shares can be bought out of deductions from the participant's pre-tax salary when those deductions are made. A participant and the Company may agree to vary the amount of salary deductions and the intervals of those deductions. If there is an Accumulation Period, the number of shares bought will be determined by dividing the participant's aggregate pay deducted during the Accumulation Period by the market value of the Partnership Shares at the time of the acquisition or the start of the Accumulation Period.

Once acquired, Partnership Shares may be withdrawn from the SIP by the participant at any time.

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## **APPENDIX B – Summary of the Principal Terms of the Mears Group PLC Share Incentive Plan (the ‘SIP’)** continued

### **Matching Shares**

The Board may, at its discretion, offer Matching Shares free to an employee who has bought Partnership Shares. If awarded, Matching Shares must be awarded on the same basis to all participants up to a maximum of two Matching Shares for every Partnership Share bought (or such other maximum as may be provided by statute). There is a holding period of between 3 and 5 years (the precise duration to be determined by the Board) during which the participant cannot withdraw the Matching Shares from the SIP Trust unless the participant leaves relevant employment.

The Board, at its discretion, may provide that the Matching Shares will be forfeited in certain circumstances if the participant leaves relevant employment other than for a SIP Good Leaver Reason or on death.

### **Re-investment of dividends**

The Board may allow or require a participant to re-invest the whole or part of any dividends paid on shares held in the SIP. Dividend Shares must be held in the SIP Trust for no less than three years.

### **Corporate events**

In the event of a general offer for the Company (or a similar takeover event taking place) during a holding period, participants will be able to direct the trustee of the SIP Trust how to act in relation to their shares held in the SIP. In the event of a corporate re-organisation, any shares held by participants may be replaced by equivalent shares in a new holding company.

### **Variation of capital**

Ordinary shares acquired on a variation of share capital of the Company will usually be treated in the same way as the shares acquired or awarded under the SIP in respect of which the rights were conferred and as if they were acquired or awarded at the same time.

### **Rights attaching to shares**

Any shares allotted under the SIP will rank equally with shares then in issue (except for rights arising by reference to a record date prior to their allotment).

### **Benefits not pensionable**

The benefits received under the SIP are not pensionable.

### **Amendments**

The Company may at any time amend the rules of the SIP by resolution of the Board and may amend the SIP trust deed by way of a supplemental deed. However, the basis for determining a participant's entitlement to and the terms on which shares are provided under the SIP, the persons to whom an Award may be granted, individual and overall limits and the adjustments that may be made following a variation of capital cannot be altered to the advantage of participants without prior shareholder approval, except for minor amendments to benefit the administration of the SIP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for the Group.

### **Overseas plans**

The Board may, at any time, establish further plans for overseas territories, any such plan to be similar to the SIP but modified to take account of local tax, exchange control or securities laws. Any shares made available under such further overseas plans must be treated as counting against the limits on individual and overall participation in the SIP.

Note: These principal terms summarise the main features of the trust deed and rules of the SIP, but do not form part of them, and should not be taken as affecting the interpretation of the detailed terms and conditions constituting the trust deed and rules of the SIP. Copies of the trust deed and rules of the SIP will be available for inspection at the offices of the Company at 1st Floor, 32-33 Gosfield Street, London, W1W and the registered office of the Company, 1390 Montpellier Court, Gloucester Business Park, Brockworth, Gloucester, GL3 4AH during usual business hours on any weekday (public holidays excluded) from the date of dispatch of this document up to and including the date of the AGM, and at the place of the AGM for at least 15 minutes prior to and during the AGM. The Directors reserve the right, up to the time of the AGM, to make such amendments and additions to the rules of the SIP as they consider necessary or desirable, provided that such amendments and additions do not conflict in any material respect with the summary set out here.

## Notes

The following notes explain your rights as a shareholder to attend and vote at this year's AGM or to appoint someone else to vote on your behalf.

1. As a member of the Company, you are entitled to appoint one or more proxies to exercise all or any of your rights to attend, speak and vote at the AGM and you should have received a Form of Proxy with this Notice of AGM. You can only appoint a proxy using the procedures set out in these notes and the notes to the Form of Proxy. Appointment of a proxy does not preclude you from attending the AGM and voting in person. If you have appointed a proxy and attend the AGM in person, your proxy appointment will automatically be terminated.
2. A proxy does not need to be a member of the Company but must attend the AGM to represent you. If you wish your proxy to speak on your behalf at the AGM you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
3. To appoint a proxy using the Form of Proxy, the form must be: (i) completed and signed; (ii) sent or delivered to the Company's registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA; and (iii) received by the Company's registrars no later than 48 hours before the appointed time of the AGM.
4. Any power of attorney or any other authority under which the Form of Proxy is signed (or a duly certified copy of such power or authority) must be included with the Form of Proxy.
5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM and any adjournment(s) thereof by using the procedures described in the CREST Manual. 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.
6. 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. CREST members and, where applicable, their CREST sponsors or voting service providers 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. 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 adjournments of it by using the procedures described in the CREST Manual (available from [www.euroclear.com](http://www.euroclear.com)).
7. Pursuant to Regulation 41(1) of the Uncertificated Securities Regulations 2001 (2001 No. 3755), the Company has specified that only those members registered on the Register of Members of the Company at 9.30am on 5 June 2017 shall be entitled to attend and vote at the AGM in respect of the number of ordinary shares registered in their name at that time. Changes to the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the AGM.
8. There will be available for inspection at the Company's registered office during normal business hours from the date of this Notice to the date of the AGM and for 15 minutes prior to and during the AGM, the following:
  - (a) the Register of Directors' Interests;
  - (b) the Memorandum and Articles of Association; and
  - (c) copies of the Directors' service contracts with the Company or its subsidiaries and the terms and conditions of appointment of Non-Executive Directors.

# Notice of Annual General Meeting 2017 continued

Mears Group PLC

## Other information

Information regarding the meeting, including a copy of this Notice and the information required by Section 311A of the Act, is available from [www.mearsgroup.co.uk](http://www.mearsgroup.co.uk).

## Information rights

Under the Act, there are a number of rights that may be available to indirect investors of Mears Group PLC, including the right to be nominated by the registered holder to receive general shareholder communications direct from the Company.

The rights of indirect investors who have been nominated to receive communications from the Company in accordance with Section 146 of the Act (nominated persons) do not include the right to appoint a proxy. However, nominated persons may have a right under an agreement with the registered shareholder who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

## Shareholder requisition rights

Members satisfying the thresholds in Sections 338 and 338A of the Act can require the Company: (i) to give, to members of the Company entitled to receive notice of the AGM, notice of a resolution which may properly be moved, and which those members intend to move, at the meeting; and (ii) 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 at the meeting, provided in each case that the requirements of those Sections are met, and provided that the request is received by the Company not later than six clear weeks before the meeting or, if later, the time at which notice is given of the meeting.

## Statements related to the audit

Members satisfying the thresholds in Section 527 of the Act can require the Company to publish a statement on its website setting out any matter relating to: (i) the audit of the Company's accounts (including the Auditor's Report and the conduct of the audit) that are to be laid before the meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the last AGM that the members propose to raise at the meeting. The Company cannot require the members requesting the publication to pay its expenses in connection with the publication. The Company must forward a copy of the statement to the auditor when it publishes the statement on the website. The business which may be dealt with at the meeting includes any such statement that the Company has been required to publish on its website.

## Total voting rights and share capital

As at 5.00pm on 31 March 2017 (being the latest practicable date prior to the printing of this Notice) the Company's issued share capital consists of 102,921,445 ordinary shares of 1p, carrying one vote each. Therefore, the total voting rights in the Company as at 31 March 2017 are 102,921,445.

Updates to this number are released via the Regulatory News Service on the last trading day of each month and can be viewed online at [www.mearsgroup.co.uk](http://www.mearsgroup.co.uk).





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