
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

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.