

**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, solicitor, accountant or other professional adviser or other independent adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all of your shares in Mears Group PLC, please pass this document, together with the accompanying documents, as soon as possible 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.



**Partners for purpose**

**Mears Group PLC**

(incorporated and registered in England and Wales under number 3232863)

# **Notice of Annual General Meeting and Explanatory Circular to Shareholders 2020**

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of Mears Group PLC (the '**Company**') set out on pages 2 and 3 of this document which contains the recommendation by the Directors of the Company to shareholders to vote in favour of the resolutions to be proposed at the Annual General Meeting.

Notice of the Annual General Meeting of Mears Group PLC to be held at 1390 Montpellier Court, Gloucester Business Park, Brockworth, Gloucester GL3 4AH on 29 June at 9:30am is set out at the end of this document. Shareholders will also find enclosed with this document a form of proxy for use in connection with the Annual General Meeting.

Please complete and submit the form of proxy in accordance with the instructions printed on the enclosed form. The form of proxy must be received by Neville Registrars Limited no later than 9:30am on 25 June 2020. CREST members who wish to appoint a proxy or proxies for the Annual General Meeting (and any adjournment(s) thereof) through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual.

# Letter from the chairman of Mears Group PLC

## (incorporated and registered in England and Wales under number 3232863)

5 June 2020

### **Dear Shareholder**

I am pleased to announce to the Company's Annual General Meeting which will be held at 1390 Montpellier Court, Gloucester Business Park, Brockworth, Gloucester GL3 4AH on Monday 29 June 2020 at 9:30am.

The notice of the 2020 Annual General Meeting (the '**AGM**') is set out on pages 4 to 5 of this document (the '**Notice**'). A copy of the Annual Report and Accounts for the year ended 31 December 2019 (the '**2019 Annual Report**') is available at [www.mearsgroup.co.uk](http://www.mearsgroup.co.uk) and a form of proxy is enclosed to enable you to exercise your voting rights.

The purpose of the AGM is to seek shareholders' approval for the resolutions set out in the Notice (the '**Resolutions**');

The Board continues to monitor developments in relation to the COVID-19 pandemic and the health and wellbeing of the Company's shareholders, customers and employees continue to remain of paramount importance.

The UK Government has passed into law measures in order to reduce the transmission of COVID-19. Whilst we remain legally required to hold our AGM, the measures needed to ensure the safety of people whose attendance is essential will significantly restrict our ability to follow our usual AGM format. Accordingly, your Board has concluded that the AGM will be held with only the minimum number of shareholders present as required to form a quorum under the Company's Articles of Association, and who are essential for the business of the AGM to be conducted. These attendees will be officers or employees of the Group. The results of the votes on the proposed resolutions will be announced in the normal way as soon as practicable after the conclusion of the AGM.

In light of this and having regard to their own safety and that of others, shareholders are respectfully asked not to make plans to attend the AGM. To ensure the safety of the limited number of people whose attendance is essential, **we will not be able to allow other shareholders to gain access to the AGM on the day**. We note that this is an evolving situation and as such, we will provide further announcements if required.

In order to ensure shareholders' votes are counted, the Board strongly encourages shareholders to exercise their right to vote by appointing the chairman of the AGM as their proxy to exercise their right to vote at the AGM in accordance with their instructions. To appoint a proxy, please complete the enclosed form of proxy and send it to our registrar, Neville Registrars Limited. CREST members who wish to appoint a proxy or proxies for the AGM (and any adjournment(s) thereof) through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual.

Proxy appointments must be received by Neville Registrars Limited no later than 9:30am on Thursday 25 June 2020.

We, as your Board, are committed to open dialogue with our shareholders. Despite these necessary changes to the format of the AGM, your Board remains very mindful of ensuring that shareholders have an opportunity to engage with them. Shareholders are encouraged to submit questions in advance of the AGM or raise matters of concern as a shareholder by emailing [Company.Secretary@mearsgroup.co.uk](mailto:Company.Secretary@mearsgroup.co.uk) with the subject line 'AGM 2020'. Answers to questions will be provided directly to shareholders and those that are of common interest will be published on the Group's website.

As with last year, and in line with best corporate governance, voting on the Resolutions will be conducted by way of a poll. The Company considers a poll is more representative of shareholders' voting intentions because votes are counted according to the number of shares held and all votes tendered are taken into account.

### **Directors**

Biographical details and membership of the principal Board committees of the Directors seeking election and re-election are detailed in full in the 2019 Annual Report on pages 72 and 73. Information on remuneration is set out in the Directors' Remuneration Report for the financial year ended 31 December 2019 (which is contained in pages 98 to 105 of the 2019 Annual Report).

### **Shareholder Engagement**

At the 2019 annual general meeting, Resolution 2 (concerning the approval of the remuneration report); Resolutions 6 to 15 (concerning the election or re-election of each of the Directors); Resolution 17 (concerning the general authority to allot relevant securities); Resolution 20 (concerning the holding of General Meetings on 14 days' clear notice); and Resolutions 21 and 22 (which were requisitioned by PrimeStone Capital Irish Holdco DAC concerning the appointment of two additional non-executive directors), received 20% or more votes against the Board's recommendation.

The Board recognised that a small number of significant shareholders were dissatisfied with the performance of the Company. Their concerns were acknowledged by the Board and it was made clear that the composition of the Board would be kept under review to ensure that it continued to provide the effective leadership that the Company requires. During the year, the Board appointed two new Non-Executive Directors to match the balance of skills and experience on the Board with the requirements of the business.

At the 2019 annual general meeting, Resolutions 18 and 19 also received 20% or more votes against the Board's recommendation, despite engagement with shareholders during the previous year on these matters. These resolutions are consistent with the latest investor guidelines and with the resolutions approved in previous years. Following shareholder discussions during the previous year, the Board understands that some shareholders vote against these resolutions as a matter of policy. In addition, last year, a small number of significant shareholders have also voted against these resolutions and, as a result, they did not reach the threshold required to pass as special resolutions. The Company has continued to consult with shareholders voting against these resolutions to understand their views in relation to the specific authorities sought.

More recently the Board has engaged extensively with shareholders concerning the remuneration policy which is included as Resolution 2 to this meeting. I was pleased with the high level of support and the constructive comments received from shareholders. The proposed remuneration policy is set out on pages 91 to 97 of the 2019 Annual Report. The performance measures for the LTIP will be subject to further consultation with shareholders later in 2020.

**Recommendation**

In the opinion of the Directors, each of the Resolutions is in the best interests of the Company and shareholders as a whole. Accordingly, the Directors recommend that shareholders vote in favour of the Resolutions at the AGM, as the Directors intend to do in respect of their own beneficial holdings of ordinary shares, which amount to approximately 0.3% of the issued ordinary shares of the Company.

Yours faithfully

**K Murphy**  
Chairman

# Notice of Annual General Meeting 2020

## Mears Group PLC

Notice is hereby given that the Annual General Meeting of Mears Group PLC (the '**Company**') will be held at 1390 Montpellier Court, Gloucester Business Park, Brockworth, Gloucester GL3 4AH on Monday 29 June 2020 at 9:30am to consider and, if thought fit, pass the following:

Resolution 1. THAT the audited accounts for the year ended 31 December 2019, together with the Directors' and Auditor's Reports thereon, be received and adopted.

Resolution 2. THAT the remuneration policy, contained on pages 91 to 97 of the Annual Report and Accounts for the financial year ended 31 December 2019, be approved.

Resolution 3. THAT the annual report on remuneration, contained on pages 98 to 105 of the Annual Report and Accounts for the financial year ended 31 December 2019, be approved.

Resolution 4. THAT the Mears Group Long Term Incentive Plan (the '**LTIP**'), the rules of which are produced in draft to this meeting (the terms of which are summarised in Appendix 1 to this Notice of Meeting) and, for the purposes of identification, initialled by the Chairman, be and are hereby approved and the directors be authorised to:

- (a) do all acts and things which they may consider necessary or expedient for the purposes of implementing and giving effect to the LTIP; and
- (b) establish further plans based on the LTIP 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 LTIP.

Resolution 5. THAT Grant Thornton UK LLP be re-appointed as auditor of the Company.

Resolution 6. THAT the Directors be authorised to fix the remuneration of the auditor.

Resolution 7. THAT Kieran Murphy be re-elected as a Director.

Resolution 8. THAT David Miles be re-elected as a Director.

Resolution 9. THAT Andrew Smith be re-elected as a Director.

Resolution 10. THAT Alan Long be re-elected as a Director.

Resolution 11. THAT Geraint Davies be re-elected as a Director.

Resolution 12. THAT Julia Unwin be re-elected as a Director.

Resolution 13. THAT Roy Irwin be re-elected as a Director.

Resolution 14. THAT Jim Clarke be elected as a Director.

Resolution 15. THAT Chris Loughlin be elected as a Director.

Resolution 16. 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 such subscription and conversion rights as are contemplated by Sections 551(a) and (b) of the Act respectively ('**Rights**'): 

- (a) up to an initial aggregate nominal amount of £368,343; and
- (b) comprising equity securities (as defined in s560(1) of the Act) up to a further aggregate nominal amount of £368,343 but only in connection with a rights issue in favour of:
  - (i) ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
  - (ii) holders of other equity securities as required by the rights of those securities or, subject to such rights as the Board otherwise considers necessary,

and so that the Board may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter,

provided that this authority shall expire at the conclusion of the next annual general meeting of the Company, after the passing of this resolution or, if earlier, at 6:00pm on 28 September 2021, (unless previously renewed, varied or revoked by the Company at a general meeting) 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 16 will be proposed as ordinary resolutions. For each of these to be passed, more than half of the votes cast must be in favour of the relevant resolution)

Resolution 17. THAT, subject to the passing of Resolution 16, 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 including where the allotment constitutes an allotment of equity securities by virtue of section 560(3) of the Act,) for cash under the authority given by Resolution 16 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 an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph (b) of Resolution 16 above, by way of a rights issue only):
  - (i) ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
  - (ii) holders of other equity securities as required by the rights of those securities or, subject to such rights as the Board otherwise considers necessary,

and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

- (b) (otherwise than pursuant to sub-paragraph (a) above) up to an aggregate nominal amount of £55,251,

such authority to expire on the date of the next annual general meeting of the Company, or, if earlier, 6:00pm on 28 September 2021 (unless previously renewed, varied or revoked by the Company at a general meeting) 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 18. THAT, subject to the passing of Resolution 16, the Board be and is hereby authorised, pursuant to Section 570 of the Act and in addition to any authority granted under Resolution 17, to allot equity securities (within the meaning of Section 560 of the Act (including where the allotment constitutes an allotment of equity securities by virtue of section 560(3) of the Act,) for cash under the authority given by Resolution 16 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 £55,251; 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 at the conclusion of the next annual general meeting of the Company, or, if earlier, 6:00pm on 28 September 2021, (unless previously renewed, varied or revoked by the Company at a general meeting) 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 the Company be and is hereby generally and unconditionally authorised to hold general meetings (other than an annual general meeting) on 14 clear days' notice from the date of the passing of this resolution, such authority expiring at the conclusion of the next annual general meeting of the Company.

(Resolutions 17 to 19 inclusive will be proposed as special resolutions. For each of these to be passed, at least three quarters of the votes cast must be in favour of the resolution)

By order of the Board

**B R Westran**  
Secretary  
5 June 2020

1390 Montpellier Court  
Gloucester Business Park  
Brockworth  
Gloucester GL3 4AH

# Notice of Annual General Meeting 2020 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 2019.

#### **Resolution 2**

In accordance with Section 439A of the Companies Act 2006 (the 'Act'), the Company is required to seek the approval of shareholders for its remuneration policy every 3 years. The current Remuneration Policy was approved by shareholders at the annual general meeting in 2017 and is due for renewal. The main changes proposed to be made to the Remuneration Policy are summarised below. If approved by shareholders, the new proposed Remuneration Policy will take effect immediately upon conclusion of the Annual General Meeting.

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 91 to 97 of the Annual Report and Accounts for the financial year ended 31 December 2019. Resolution 2 seeks shareholder approval of the remuneration policy. This vote on remuneration policy is binding in nature. Once approved, the Company will not be able to make a remuneration payment to a current or past director unless that payment is consistent with the Remuneration Policy.

The main changes to the policy are:

- ▶ Replacing the existing Executive Incentive Plan with separate short and long-term incentive schemes – an annual bonus scheme and performance shares under a new LTIP;
- ▶ Alignment of pension provision for any new Executive Director appointments with the workforce level;
- ▶ Shareholding guideline of 200% of base salary for new Directors and introduction of post-cessation shareholding policy; and
- ▶ Malus and claw back provisions strengthened.

#### **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 2019 and is set out in full on pages 98 to 105 of the 2019 Annual Report. The vote on the annual report on remuneration is advisory in nature.

#### **Resolution 4**

Resolution 4 seeks authority from shareholders to adopt and operate the LTIP for a period of 10 years from the 2020 AGM. The LTIP is being introduced as part of the replacement of the existing EIP.

A summary of the principal terms of the LTIP is set out at Appendix 1 to this notice.

#### **Resolution 5 and 6**

The auditor is required to be re-appointed at each AGM at which accounts are presented. The current appointment of Grant Thornton UK LLP as auditor will end at the conclusion of the AGM. 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. The Company's most recent competitive tender process took place in 2018.

It is normal practice for a company's directors to be authorised to agree how much the auditors should be paid, and Resolution 6 grants this authority to the Directors.

#### **Resolutions 7 to 15**

In accordance with the UK Corporate Governance Code, all of the Directors will seek election or re-election at the AGM. Jim Clarke was appointed to the Board in July 2019 and Chris Loughlin was appointed to the Board in September 2019 and seek election at the AGM. Each Director will be proposed for election or re-election by a separate resolution.

The Executive Directors bring a wide experience to contribute to the long-term sustainable success of the Company. David Miles brings experience of the industry and his tenure as CEO of Mears; Andrew Smith brings a wealth of financial experience; and Alan Long brings marketing and healthcare experience.

The Non-Executive Directors possess a wide range of financial, healthcare and health and safety expertise, and they provide active contributions to board discussions contributing to the long-term success of the Company. Kieran Murphy brings a wealth of experience from a career in finance as well as extensive experience as a non-executive director and chair. Geraint Davies brings commercial experience, including working with Registered Social Landlords and organisations in the healthcare sector. Jim Clarke brings experience from an extensive career in senior finance roles in consumer facing industries. Roy Irwin has significant experience in the social housing sector from a career in public sector housing. Julia Unwin brings significant experience in both the housing and care sectors to the Board. Chris Loughlin has a broad range of strong commercial, strategic and senior general management experience.

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, and the combined expertise and experience of the Directors, the Chairman has confirmed that the performance of every Director continues to be effective, that they continue to demonstrate commitment to their respective roles, that their respective skills complement one another to enhance the overall operation of the Board and that their contribution is, and continues to be, important to the Company's long-term sustainable success.

### **Resolution 16**

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 £736,686. 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 annual general meeting. 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 annual general meeting, or, if earlier, at 6.00pm on 28 September 2021.

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. However, the Directors consider it appropriate to maintain the flexibility that this authority provides. It is intended to renew this authority at successive annual general meetings.

As at 29 May 2020 (being the latest practicable date prior to the posting of this Notice), no shares are held by the Company in treasury.

### **Resolutions 17 and 18**

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 17 and 18 would give the Directors that authority.

The authority under Resolution 17 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 £55,251, which represents approximately 5% of the Company's issued ordinary share capital as at 29 May 2020 (being the latest practicable date prior to the publication of this Notice).

Resolution 18 would give the Board authority to allot a further 5% of the issued ordinary share capital of the Company as at 29 May 2020 (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 17 and 18 are in line with the authority sought at the annual general meeting 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 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. However, the Directors consider it appropriate to maintain the flexibility that this authority provides. It is intended to renew these authorities at successive annual general meetings.

The authorities contained in Resolutions 17 and 18 will expire at the next annual general meeting, or, if earlier, at 6.00pm on 28 September 2021.

### **Resolution 19**

Section 307A of the Act provides that listed companies must hold general meetings (other than annual general meetings) 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 annual general meetings) on not less than 14 clear days' notice.

The Directors confirm that the shorter notice period would not be used as a matter of routine, but only where flexibility is merited by the business of the meeting, the proposals are time-sensitive, and it is thought to be to the advantage of shareholders as a whole. The approval will be effective until the Company's next annual general meeting, when it is intended that a similar resolution will be proposed.

# Notice of Annual General Meeting 2020 continued

## Mears Group PLC

### Notes

#### Proxy Appointments

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.
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, Steelpark Road, Halesowen, West Midlands B62 8HD; and (iii) received by the Company's registrars no later than 9.30 on 25 June 2020 (or at such later time as the Chairman shall determine in his absolute discretion).
4. You may terminate a proxy instruction but to do so you will need to inform the Company in writing by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's registrars. The notice must be received by the Company's registrars no later than the cut-off time for the receipt of proxy appointments.
5. Shareholders may change proxy instructions by submitting a new proxy appointment using the methods set out above. Please note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions. Any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the form of proxy enclosed with this Notice and would like to change the instructions using another hard copy form of proxy, please contact Company Registrars. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
6. 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.
7. 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.
8. 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, must contain the information required for such instructions, as described in the CREST Manual and must be transmitted so as to be received by the Company's agent, Neville Registrars Limited (ID: 7RA11) by 9.30 am on 25 June 2020 (or at such later time as the Chairman shall determine in his absolute discretion). 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)). 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 (as amended).
9. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

#### Entitlement to attend and vote

10. 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 25 June 2020 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.

#### Documents on display

11. 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) copies of the Non-Executive Directors' letters of appointment; and
  - (b) the rules of the Mears Group Long Term Incentive Plan.

A copy of the rules of the Mears Group Long Term Incentive Plan will be available on the Company's website from the date of this Notice to the date of the AGM and for 15 minutes prior to and during the AGM at [https://www.mearsgroup.co.uk/LTIP\\_Rules\\_2020](https://www.mearsgroup.co.uk/LTIP_Rules_2020).

#### **Other information**

12. Information regarding the meeting, including a copy of this Notice and the information required by Section 311A of the Companies Act 2006 (the 'Act'), is available from [www.mearsgroup.co.uk](http://www.mearsgroup.co.uk).

#### **Information rights**

13. 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.
14. 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.
15. If you have been so nominated to receive general shareholder communications direct from Mears Group PLC, it is important to remember that your main contact in terms of your investment remains with the registered shareholder or custodian or broker, or whoever administers the investment on your behalf. You should also deal with them in relation to any rights that you may have under agreements with them to be appointed as a proxy and to attend, participate in, and vote at the meeting, as described above.
16. Any changes or queries relating to your personal details and holding (including any administration thereof) must continue to be directed to your existing contact at your investment manager or custodian. Mears Group PLC cannot guarantee dealing with matters that are directed to us in error. The only exception to this is where Mears Group PLC is exercising one of its powers under the Act and writes to you directly for a response.

#### **Right to ask questions**

17. Under section 319A of the Act, any member attending the AGM has the right to ask questions at the AGM relating to the business of the AGM. The Company must cause to be answered any such question relating to the business being dealt with at the AGM but no such answer need be given if (a) to do so would interfere unduly with the preparation for the AGM or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the AGM that the question be answered.

#### **Statements related to the audit**

18. 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**

19. As at 6.00pm on 29 May 2020 (being the latest practicable date prior to the printing of this Notice) the Company's issued share capital consists of 110,503,167 ordinary shares of 1p, carrying one vote each. Therefore, the total voting rights in the Company as at 29 May 2020 are 110,503,167.
20. 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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## Appendix 1

# Summary of the Principal Terms of the Mears Group Long Term Incentive Plan ('LTIP')

### **Operation**

The Board of Directors of the Company (the '**Board**') will adopt the LTIP conditional upon Shareholder' approval. The remuneration committee of the Board of Directors of the Company (the '**Committee**') will supervise the operation of the LTIP.

### **Eligibility**

Any employee (including an Executive Director) of the Company and its subsidiaries will be eligible to participate in the LTIP at the discretion of the Committee.

### **Grant of awards**

The Committee may grant an award in one of two forms:

- (i) nil or nominal cost options, where a participant can decide when to exercise his/her award over ordinary shares in the Company ('**Shares**') during a limited period of time after it has vested; or
- (ii) a conditional award, where a participant will receive free Shares on the vesting of his/her award.

The Committee may allow awards to be settled in cash where it is appropriate to do so (including, but not limited to, the settlement of tax).

The Committee may normally grant awards to acquire Shares within six weeks following: (i) the date on which the LTIP is approved by shareholders; (ii) the Company's announcement of its results for any period; or (iii) the lifting of restrictions on dealing in Shares that prevented grant of awards under (i) or (ii). The Committee may also grant awards when there are exceptional circumstances which the Committee considers justifies the granting of awards (including, but not limited to, the recruitment of an employee).

Payments made to Executive Directors in connection with the LTIP, shall be consistent with the Company's Remuneration Policy in force at the applicable time. Awards may not be granted more than ten years after shareholder approval of the LTIP.

No payment is required for the grant of an award. Awards are not transferable, except on death. Awards are not pensionable.

### **Individual limit**

Individuals may be granted one or more awards during any financial year. However, the maximum number of Shares that may be awarded to a participant in any financial year will be limited so that normally the market value of such Shares on the applicable award date will not exceed (in aggregate) 100% of the individual's base salary on the award date (the '**Normal Limit**'). In exceptional circumstances the Committee may grant awards over Shares with a market value of up to 150% of the individual's base salary on the award date.

If the Committee cannot or considers it inappropriate to make an award to an individual in any financial year (up to the Normal Limit) the unused Normal limit for that year can be carried forward and made available as additional capacity to make awards in a subsequent financial year when the grant of awards is permitted (the '**Catch-Up Award**') calculated by reference to the individual's base salary in the financial year during which the Committee could not, or considered it inappropriate to make an award.

These limits include rights to Shares which have been exercised (whether settled in Shares or cash) as well as rights to Shares which have been released or otherwise lapsed.

### **Overall LTIP limits**

The LTIP may operate over new issue Shares, treasury Shares or Shares purchased in the market.

In any rolling ten-year period the Company may not issue (or have the possibility to issue) more than:

- (a) 10% of the issued ordinary share capital of the Company in respect of awards made in that period under the LTIP and any other employee share scheme adopted by the Company; and
- (a) 5% of the issued ordinary share capital of the Company in respect of awards made in that period under the LTIP and any other discretionary share plan adopted by the Company.

Treasury Shares will count as new issue Shares for the purposes of these limits but they will also cease to count towards these limits if institutional investor bodies decide that they need not count.

These limits include rights to Shares which have been exercised and settled in new issue Shares but These limits do not include any rights to Shares which have been released or lapsed, or rights to Shares which have been settled in cash or Shares purchased in the market.

### **Performance conditions**

The vesting of awards granted to Executive Directors will be subject to performance conditions set by the Committee. Awards may be granted to other, less senior, employees without performance conditions being imposed.

In determining the extent to which the performance conditions are met, the Committee may override any formulaic outcome, negatively, if it considers that this is necessary to take account of its broader assessment of the performance of the Company and the experience of its shareholders and other key stakeholders.

The Committee may also vary any performance condition applying to existing awards if an event has occurred which causes the Committee to consider that it would be appropriate to amend the performance condition, provided the Committee considers the varied condition is fair and reasonable and not materially more or less challenging than the original condition would have been but for the event in question.

### **Vesting of awards**

Awards granted to Executive Directors will be subject to a minimum three-year vesting period from the date of grant. Awards granted to other, less senior, employees will normally vest three years after grant (or on such other date or dates specified by the Committee)

In all cases awards will vest to the extent that the applicable performance condition (see above) has been satisfied and provided the participant is still employed in the Company's group. However early vesting may be permitted in certain good leaver circumstances or on the occurrence of certain corporate events (see below).

If a participant is suspended for a disciplinary matter or is the subject of an investigation into a disciplinary matter (including, but not limited, in the circumstances of malus and clawback described below) then the Committee may, following consultation with the participant's employer, suspend the vesting of a participant's unvested award until the lifting of the suspension or outcome of the disciplinary investigation, at which point the Committee may permit vesting and/or may reduce vesting (including to zero) as it sees fit.

Awards granted as nil (or nominal cost) options are then normally exercisable up until the tenth anniversary of grant unless they lapse earlier.

#### **Holding period**

The terms of the LTIP allow for the application of a holding period during which a participant will ordinarily be required to retain their net of tax number of vested shares (if any) delivered under the LTIP (or the full number of the vested shares whilst held under an unexercised nil-cost option award, where relevant) for a specified period from the date an award vests.

Any award to an Executive Director (and such others as the Committee requires) will be subject to a minimum two-year holding period from the date of vesting, in accordance with (and subject to) the requirements of the Company's Remuneration Policy in force at the applicable time.

#### **Leaving employment**

As a general rule, an unvested award will lapse upon a participant ceasing to hold employment or be a Director within the Company's group.

However, if a participant ceases to be an employee or a Director because of his death, ill-health, injury, disability, retirement, redundancy, his employing company or the business for which he works being sold out of the Company's group or in other circumstances at the discretion of the Committee ('**Good Leavers**'), then his award will normally vest on the date when it would have vested if he had not ceased such employment or office, subject to:

- (i) the extent to which the performance condition has been satisfied at that time; and
- (ii) the pro-rating of the award to reflect the period of time between its grant and the date of cessation of employment (unless determined otherwise by the Committee).

If a participant ceases to be an employee or Director in the Company's group for one of the Good Leaver reasons specified above, the Committee may, in exceptional circumstances, allow awards to vest at the time of cessation of employment (or a later date specified by the Committee), in which case awards would normally be subject to the performance conditions as measured over the shorter period to the date of cessation of employment and time pro-rating as outlined above.

Where an individual holding a vested award leaves the Company's employment, the individual will normally be able to exercise that vested award within 12 months of the date of cessation of employment, unless the reason for such cessation is the individual's misconduct in which case the award will lapse.

Where a participant leaves the Company's employment and his award is subject to a holding period, the holding period will continue to apply to the award and/or vested Shares (except in the case of death or where the Committee determines otherwise, in exceptional circumstances).

#### **Corporate events**

In the event of a takeover or voluntary winding up of the Company (not being an internal corporate reorganisation) the Committee may, at its discretion, allow awards to vest early to the extent that the performance conditions have, in the opinion of the Committee, been satisfied at that time. The awards will normally be pro-rated to reflect the reduced period of time between their grant and vesting. The Committee can decide not to pro-rate awards if it regards it as inappropriate to do so in the particular circumstances.

Awards may also vest on the same basis (with performance conditions and time pro-rating applied) if a demerger, special dividend or other similar event is proposed which, in the opinion of the Committee, would affect the market price of the Shares to a material extent.

In the event of an internal corporate reorganisation awards may be replaced by equivalent new awards over shares in a new holding company unless the Committee decides that awards should vest on the basis which would apply in the case of a takeover.

Where a participant's award is subject to a holding period (see above), the holding period will cease to apply to the award and/or vested Shares on the occurrence of a takeover or demerger but will continue in respect of any equivalent awards and/or vested Shares granted to the participant in the event of an internal corporate reorganisation.

#### **Malus and clawback**

The Committee retains a power to reduce the potential vesting of unvested awards (including to zero) (often referred to as 'malus') or to recoup the value of previously vested awards from an individual up to 3 years of the date of vesting if it considers it appropriate to do so (often referred to as 'clawback').

The Committee may choose to exercise this power in the following circumstances:

- a material misstatement of the Company's results;
- a miscalculation or an assessment of any performance conditions that was based on incorrect information;
- misconduct on behalf of an individual;
- the occurrence of an insolvency or administration event;
- reputational damage; or
- serious health and safety events.

The Committee may require the satisfaction of the clawback in a number of ways, including by way of a reduction in the vesting, or size of, any other award or bonus (including future awards or bonus) and/or a requirement to make a cash payment.

## Appendix 1 continued

# Summary of the Principal Terms of the Mears Group Long Term Incentive Plan ('LTIP')

### **Payment on account of dividends**

The Committee may decide prior to the grant date of an award that a participant will be entitled to receive a payment in Shares (or, in exceptional cases, cash), on or shortly following vesting of his conditional share award or exercise of his option, of an amount equivalent to the dividends that would have been paid on the Shares vested under the award between the grant date and the date of vesting (or where the award is granted as an option, including any part of the holding period before exercise of the option). Any such amount shall assume reinvestment in Shares on the relevant ex-dividend dates.

### **Rights attaching to Shares**

Any Shares allotted when an award vests or is exercised will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

### **Variation of capital**

In the event of any variation of the Company's share capital or in the event of a demerger, payment of a special dividend or similar event which materially affects the market price of the Shares, the Committee may make such adjustment as it considers appropriate to the number of Shares subject to an award and/or the exercise price payable (if any).

### **Alterations to the LTIP**

The Committee may, at any time, alter the LTIP in any respect, provided that the prior approval of shareholders is obtained for any alterations that are to the advantage of participants in respect of the rules governing eligibility, limits on participation, the overall limits on the issue of Shares or the transfer of treasury Shares, the basis for determining a participant's entitlement to, and the terms of, the Shares or cash to be acquired and the adjustment of awards.

If the proposed alterations are to the material disadvantage of participants, the Board must invite participants to indicate if they approve the alterations and if so the alterations must be approved by a majority of the participants that respond.

The requirement to obtain the prior approval of shareholders will not, however, apply to any minor alteration made to benefit the administration of the LTIP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Company's group. Shareholder approval will also not be required for any amendments to any performance condition applying to an award in accordance with the Committee's discretion.

### **Granting Awards to Overseas Participants**

The Board may establish further plans based on the LTIP but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that the terms of awards granted under such plans or sub-plans are not overall more favourable than the terms of Awards granted under the LTIP and provided that awards granted, and shares issued, pursuant to such plans or sub-plans shall count towards the limits on individual or overall participation in the LTIP.

**MEARS**

Partners for purpose

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