

**THIS DOCUMENT AND THE ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING
ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000, as amended, if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial advisor.

If you have sold or otherwise transferred all of your shares in ScS Group plc (the Company), please send this document, together with the accompanying Notice of Annual General Meeting and Form of Proxy, as soon as possible, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. If you have sold or otherwise transferred any part of your holding, you should retain these documents.



ScS GROUP PLC

(incorporated in England and Wales with registered no. 03263435)

Annual General Meeting

This document, together with the accompanying Notice of Annual General Meeting, should be read as a whole.

Your attention is drawn to the letter from the Non-Executive Chairman which is set out on pages 2 to 5 of this document and the recommendation in respect of the resolutions numbered 1 to 15 to be proposed at the Annual General Meeting referred to below. Your attention is also drawn to the circular which accompanies this document concerned with a Related Party Transaction and the recommendation in respect of the resolution numbered 16 (which relates to the Related Party Transaction) to be proposed at the Annual General Meeting referred to below.

Notice of the Annual General Meeting of ScS Group plc to be held at 12:00 p.m. on 23 November 2016 at Ramside Hall Hotel, Durham, DH1 1TD accompanies this document. Details of the action you are recommended to take in respect of the resolutions numbered 1 to 15 to be proposed at the Annual General Meeting are set out on page 5 of this document. Details of the action you are recommended to take in respect of the resolution numbered 16 (which relates to a Related Party Transaction) to be proposed at the Annual General Meeting are set out on page 8 of the circular concerned with the Related Party Transaction which accompanies this document.

Whether or not you plan to attend the Annual General Meeting, please complete the enclosed Form of Proxy and return it in accordance with the instructions printed on it as soon as possible, but in any event so as to be received by the Company's registrars, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, by no later than 12:00 p.m. on 21 November 2016 (or, in the case of any adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). Alternatively, if you hold your ordinary shares in the Company in uncertificated form, you may also appoint a proxy by completing and transmitting a CREST proxy instruction in accordance with the procedures set out in the CREST Manual ensuring that it is received by Equiniti by no later than 12:00 p.m. on 21 November 2016 (or in the case of any adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). The completion and return of a Form of Proxy or using the CREST electronic proxy appointment service will not prevent you from attending, speaking and voting at the Annual General Meeting, or at any adjournment of such meeting, in person should you wish to do so.

LETTER FROM THE NON-EXECUTIVE CHAIRMAN



Directors:

Alan Smith
David Knight
Chris Muir
Paul Daccus
Ron McMillan
George Adams

ScS Group plc

Registered office:
45-49 Villiers Street
Sunderland
SR1 1HA

25 October 2016

Dear Shareholder

Annual General Meeting 2016

I am pleased to send you details of our annual general meeting (the **AGM**), which will be held at Ramside Hall Hotel, Durham, DH1 1TD on 23 November 2016 at 12:00p.m. Shareholder registration will be available from 11:30 a.m. I hope that you will be able to attend.

The formal notice of the AGM, which accompanies this document (the **Notice**), sets out the business to be considered at the AGM. There is also accompanying this document a circular from the Company concerned with a Related Party Transaction and the resolution numbered 16 to be considered at the AGM, which relates to the Related Party Transaction. The purpose of this letter is to provide you with further details of resolutions 1 to 15 to be considered at the AGM.

This year, shareholders will be asked to approve 16 resolutions. Resolutions 1 to 13 are proposed as ordinary resolutions. This means that, for each of those resolutions to be passed, a simple majority of votes cast on a show of hands must be in favour of the resolution or, on a poll, shareholders representing a simple majority of the total voting rights of the shareholders voting (in person or by proxy) must vote in favour of the resolution.

In addition, resolutions 10 and 11 must also be passed by more than 50% of the votes cast by independent shareholders (being shareholders other than the controlling shareholder). These resolutions will be voted on by way of a poll so that the votes cast by independent shareholders and all shareholders can be calculated separately.

Resolutions 14 to 16 are proposed as special resolutions. This means that, for each of those resolutions to be passed, not less than 75% of the votes cast on a show of hands must be in favour of the resolution, or, on a poll, shareholders representing not less than 75% of the total voting rights of the shareholders voting (in person or by proxy) must vote in favour of the resolution.

In addition, resolution 16 must also be passed by more than 75% of the votes cast by independent shareholders (being shareholders other than those who are related parties and their associates). This resolution will be voted on by way of a poll so that the votes cast by independent shareholders and all shareholders can be calculated separately.

Resolution 1: Annual Report and Accounts

The directors must present the Company's annual report and accounts, strategic report and directors' and auditors' reports to shareholders at a general meeting. Those to be presented at the AGM are in respect of the financial year ended 30 July 2016, and together comprise the Annual Report 2016.

The Annual Report 2016 is also available on the Company's website at <http://www.scsplc.co.uk/investors/reports-and-presentations/year-2016.aspx>.

Resolution 2: Directors' Remuneration Report

The Company must seek shareholder approval on an annual basis for the part of its directors' remuneration report which describes how the Company's directors' remuneration policy has been implemented during the previous financial year.

The relevant part of the directors' remuneration report is set out in full on pages 40 to 49 of the Annual Report 2016. This vote is advisory only, therefore it does not affect the historical remuneration paid to any individual director.

Resolution 3: Final Dividend

The directors are recommending a final dividend for the financial year ended 30 July 2016 of 9.83 pence per ordinary share in the capital of the Company, to be paid on 28 November 2016 to shareholders whose names appear on the register at the close of business on 4 November 2016, with an ex-dividend date of 3 November 2016.

Resolutions 4 and 5: Reappointment and Remuneration of Auditors

The Company is required to appoint auditors at each general meeting at which its annual accounts and reports are presented to shareholders. Therefore, resolution 4 proposes the reappointment of PricewaterhouseCoopers LLP as auditors (to hold office until the next such meeting at which its annual accounts and reports are presented to shareholders), and, in accordance with normal practice, resolution 5 authorises the Audit Committee to determine the auditors' remuneration.

Resolutions 6 to 11 (inclusive): Election and Re-Election of Directors

Resolution 6 proposes the election of Chris Muir as a director, as he was appointed by the Board after the date of the last Annual General Meeting. In line with the provisions of the UK Corporate Governance Code and the Company's Articles of Association, Chris Muir will be proposed for election as it is the first annual general meeting after his appointment.

Resolutions 7 to 11 (inclusive) propose the re-election of Alan Smith, David Knight, Paul Daccus, Ronald McMillan and George Adams respectively as directors. The Board consider that it is appropriate for the Company to adhere to the provisions of the UK Corporate Governance Code concerned with the annual election of all directors of FTSE 350 companies, despite the Company not being classed as a FTSE 350 company. Accordingly, all of the Board (other than Chris Muir) are standing for re-election at the meeting on this basis.

Pursuant to the Financial Conduct Authority's Listing Rules (the **Listing Rules**), Parlour Products Holdings (Lux) S.à.r.l., a company ultimately owned by Sun Capital Partners Inc. and its subsidiaries and affiliates, is classed as a 'controlling shareholder' of the Company. The Listing Rules require that where there is a controlling shareholder, independent non-executive directors be elected/re-elected by both an ordinary resolution of the shareholders and a majority resolution of the independent shareholders (being those shareholders other than the controlling shareholder). The Company, having taken into account the guidance provided by the UK Corporate Governance Code, has determined that Ronald McMillan and George Adams are independent non-executive directors. Accordingly, the resolutions for the election of such independent non-executive directors (being resolutions 10 and 11) will be taken on a poll and the votes cast by independent shareholders and all shareholders will be calculated separately. Such resolutions will be passed only if a majority of votes cast by all shareholders and a majority of votes cast by independent shareholders are in favour.

Biographies of each of the directors are set out on pages 30 and 31 of the Annual Report 2016.

There are no existing or previous relationships, transactions or arrangements between each independent director and the Company, any of its directors, any controlling shareholder of the Company or any associate of a controlling shareholder of the Company within the meaning of Listing Rule 13.8.17 R.

The selection process for new directors, the review process for existing directors and the company's assessment of independence are described on pages 32 to 35 of the Annual Report 2016.

Resolution 12: Authority to Allot Shares

Generally, the directors may only allot shares in the Company (or grant rights to subscribe for, or to convert any security into, shares in the Company) if they have been authorised to do so by shareholders.

Resolution 12 is in two parts.

In line with guidance issued by the Investment Association (previously known as the Investment Management Association) if passed, the first part of resolution 12 will authorise the directors to allot ordinary shares in the Company (and to grant rights to subscribe for, or to convert any security into, shares in the Company) up to an aggregate nominal amount of £13,336.37. This amount represents approximately one third of the issued ordinary share capital of the Company (excluding treasury shares) as at 24 October 2016, being the last practicable date before the publication of this document.

In addition, if passed, the second part of resolution 12 will authorise the directors to allot ordinary shares in the Company (and to grant rights to subscribe for, or to convert any security into, ordinary shares in the Company) in connection with a rights issue only up to a further aggregate nominal amount of £13,336.37. This amount represents approximately one third of the issued ordinary share capital of the Company (excluding treasury shares) as at 24 October 2016, being the last practicable date before the publication of this document.

If given, these authorities will expire at the conclusion of the Company's next AGM or at the close of business on the date which is fifteen months after the date of this general meeting (whichever is the earlier). It is the directors' intention to renew the allotment authority each year.

As at the date of this document, no ordinary shares are held by the Company in treasury.

The directors have no current intention to exercise either of the authorities sought under resolution 12. However, the directors consider that it is in the best interests of the Company to have the authorities available so that they have the maximum flexibility permitted by institutional shareholder guidelines to allot shares or grant rights without the need for a general meeting should they determine that it is appropriate to do so to respond to market developments or to take advantage of business opportunities as they arise.

LETTER FROM THE NON-EXECUTIVE CHAIRMAN (continued)

Resolution 13: Political Donations and Political Expenditure

It is not the Company's policy to make donations to political parties, or to make other political donations within the normal meaning of that expression, and the directors have no intention of changing that policy.

However, as a result of the wide definitions of political expenditure, political donations and political organisations in the Companies Act 2006 ('Act'), normal business activities and expenditure which might not be thought to be political expenditure or a political donation to a political organisation in the usual sense may fall within the restrictions of the Act. For example, sponsorship of industry forums, funding of seminars and other functions to which politicians are invited, matching employees' donations to certain charities, expenditure on organisations concerned with matters of public policy, law reform and representation of the business community, and communicating with the Government and political parties at local, national and European level might be construed as political expenditure or as a political donation to a political organisation.

Resolution 13 does not purport to authorise any particular donation or expenditure, but is expressed in general terms, as required by the Act, and is intended to authorise normal donations and expenditure while avoiding inadvertent infringement of the Act. If passed, resolution 13 would allow the Company and its subsidiaries to make political donations to political parties, other political organisations and independent election candidates and to incur political expenditure up to an aggregate limit of £50,000 in the period beginning with the date on which resolution 13 is passed and ending at the conclusion of the next AGM of the Company. The authority will not be used to make political donations within the normal meaning of that expression.

It is the directors' intention to renew this authority each year.

Resolution 14: Disapplication of Pre-emption Rights

Generally, if the directors wish to allot new shares or other equity securities (within the meaning of section 560 of the Act) for cash, then under the Act they must first offer such shares or securities to shareholders in proportion to their existing holdings. These statutory pre-emption rights may be disapplied by shareholders.

Resolution 14, which will be proposed as a special resolution, will enable the directors to allot equity securities for cash up to a maximum aggregate nominal amount of £26,672.74 without having to comply with statutory pre-emption rights, but this power will be limited to allotments:

- up to an aggregate nominal amount of (i) £26,672.74 in connection with a rights issue or (ii) £13,336.37 in connection with an open offer or other pre-emptive offer, in each case to ordinary shareholders and to holders of other equity securities (if required by the rights of those securities or the directors otherwise consider necessary), but (in accordance with normal practice) subject to such exclusions or other arrangements, such as for fractional entitlements and overseas shareholders, as the directors consider necessary; and
- in any other case, up to an aggregate nominal amount of £2,000.45 (which represents approximately five per cent of the issued ordinary share capital of the Company as at 24 October 2016, being the last practicable date before the publication of this document).

This disapplication authority is in line with the Statement of Principles issued by The Pre-emption Group in 2015 ('2015 Principles').

The directors also intend to follow the provisions in the 2015 Principles regarding cumulative usage of authorities within a rolling three year period. The 2015 Principles provide that a company should not issue shares representing more than 7.5 per cent of its issued ordinary share capital for cash in any rolling three year period without prior consultation with shareholders, other than on a pre-emptive basis or in connection with an acquisition or specified capital investment.

If given, this power will expire at the conclusion of the Company's next AGM or at the close of business on the date which is fifteen months after the date of this general meeting (whichever is the earlier). It is the directors' intention to renew this power each year.

Resolution 15: Purchase by the Company of its Own Shares

Resolution 15 will be proposed as a special resolution. If passed, it will allow the Company to purchase up to 4,000,911 ordinary shares in the market (which represents approximately 10 per cent of the issued ordinary share capital of the Company as at 24 October 2016, being the last practicable date before the publication of this document). The minimum and maximum prices for such a purchase are set out in the resolution. If given, this authority will expire at the conclusion of the Company's next AGM or at the close of business on the date which is fifteen months after the date of this general meeting (whichever is the earlier). It is the directors' intention to renew this authority each year.

The directors have no current intention to exercise the authority sought under resolution 15 to make market purchases, but consider the authority desirable to provide maximum flexibility in the management of the Company's capital base. If passed, the directors will only exercise this authority if they believe that to do so would result in an increase in earnings per share and would be in the best interests of the Company and of its shareholders generally.

The Act allows the Company to hold shares which have been repurchased as treasury shares and either re-sell them for cash, cancel them (either immediately or in the future) or use them for the purposes of its employee share schemes. The directors will have regard to institutional shareholder guidelines which may be in force at the time of any such purchase, holding or re-sale of shares held in treasury. This provides the Company with additional flexibility in the management of its share capital. No dividends will be paid on, and no voting rights will be exercised in respect of, treasury shares.

As at 24 October 2016 (being the last practicable date before the publication of this document), there were options outstanding over 1,440,014 ordinary shares in the Company (which represent approximately 3.60 per cent of the issued ordinary share capital of the Company at that date). If the authority to purchase the Company's ordinary shares was exercised in full and those shares were subsequently cancelled, these options would represent approximately 3.64 per cent of the issued ordinary share capital of the Company.

Resolution 16: Related Party Transaction

Details of the Related Party Transaction and an explanation of the resolution numbered 16, which is concerned with the Related Party Transaction, are contained in the circular relating to the Related Party Transaction, which accompanies this document.

Recommendation

A recommendation in respect of the resolution numbered 16 is included within the circular relating to the Related Party Transaction which accompanies this document.

The directors consider that all of the resolutions (other than the resolution numbered 16, which is addressed in the circular relating to the Related Party Transaction) set out in the Notice would be most likely to promote the success of the Company for the benefit of its members as a whole. The directors will be voting in favour of all of the resolutions (other than the resolution numbered 16) in respect of their own beneficial holdings currently amounting to approximately 3.65 per cent of the issued share capital of the Company, and unanimously recommend that you do so as well.

Action to be Taken

If you would like to vote on the resolutions set out in the Notice but cannot come to the AGM, please appoint a proxy or proxies:

- by completing the Proxy Form enclosed with this document and returning it to our registrars, Equiniti Limited, together with the power of attorney or other authority (if any) under which it is signed, by hand (during normal business hours) to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, or in the pre-paid envelope provided;
- electronically at www.sharevote.co.uk; or
- (if you are a CREST member) through the CREST electronic proxy appointment service using the procedures described in the CREST Manual. CREST messages must be received by the issuer's agent (CREST ID RA19) by no later than 12:00 p.m. on 21 November 2016.

For proxy appointments to be valid, they must be received by 12:00 p.m. on 21 November 2016. Further details relating to voting by proxy are set out in the notes to the Notice.

Yours sincerely



Alan Smith

Non-Executive Chairman

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