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**If you have sold or otherwise transferred all your shares in Scapa Group plc please send this document and the accompanying Form of Proxy at once to the purchaser or transferee or to the stockbroker, bank manager or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold or otherwise transferred some only of your shares in Scapa Group plc, you should retain these documents.**



**Scapa Group plc**

997 Manchester Road  
Ashton-under-Lyne  
Greater Manchester  
OL7 0ED

To the holders of ordinary shares in Scapa Group plc

Dear Shareholder

**Directors:**

J A S Wallace  
*(Chairman)*  
H R Chae  
P Edwards  
R J Perry  
M C Buzzacott

16 June 2014

## **2014 ANNUAL GENERAL MEETING**

The Annual General Meeting of the Company will be held on Tuesday, 22 July 2014 at 10.30am at the Village Hotel, Pamir Drive, Ashton-under-Lyne, Tameside, Manchester OL7 0PG. Notice of the Meeting is set out on pages 4 and 5 of this document.

I provide below further information regarding certain resolutions which shareholders are to be asked to approve at the Annual General Meeting.

### **Resolution 2 – Directors’ Remuneration Report**

Shareholders are asked to approve the Directors’ Remuneration Report (excluding the Directors’ Remuneration Policy set out on pages 54 to 59 of the report), which is set out on pages 52 to 64 of the Annual Report of the Company for the financial year ended 31 March 2014. In accordance with the Companies Act 2006, this resolution is advisory only and is a means of providing shareholder feedback to the Board.

### **Resolution 3 – Directors’ Remuneration Policy**

The Directors’ Remuneration Policy is included on pages 54 to 59 of the Directors’ Remuneration Report and sets out the Company’s policy with respect to the making of remuneration payments and payments for loss of office. If approved by shareholders, the Directors’ Remuneration Policy will take effect from the conclusion of the Annual General Meeting and will be subject to a shareholder vote at least every three years. Once 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 former Director unless that payment is consistent with the policy or has been approved by a resolution of the shareholders of the Company. If the policy is not approved for any reason, the Company will, if and to the extent permitted under the Companies Act 2006, continue to make payments to Directors in accordance with the Company’s existing policy on Directors’ remuneration and will seek shareholder approval for a revised policy as soon as practicable.

### **Resolution 4 – Dividend**

The Directors have recommended payment of a final dividend of 1.0p per ordinary share for the financial year ended 31 March 2014. Shareholders are asked to declare the dividend. If declared, the dividend will be paid on 22 August 2014 to the holders of ordinary shares on the register at 6.00pm on 25 July 2014.

### **Resolutions 5, 6 and 7 – Re-election of Directors**

The Directors retiring on this occasion by rotation in accordance with the Company’s Articles of Association are Richard Perry, Paul Edwards and Mike Buzzacott who are all standing for re-election.

A profile of each current Director is set out on pages 38 and 39 of the Annual Report of the Company for the financial year ended 31 March 2014. Following formal performance evaluation the Board has determined that all Directors are performing effectively and demonstrate commitment to their roles. Richard Perry joined the Company as a Non-Executive Director on 2 June 2005 and has served nine years on the Board. Notwithstanding the length of Mr Perry’s appointment, the Board considers that he remains independent in character and judgement and recommends that he is re-elected for a further year. Subject to his re-election, Mr Perry will continue to serve as the Company’s Senior Independent Director.

## **Resolution 10 – Allotment of shares**

Under Section 551 of the Companies Act 2006, the Directors may only allot shares or grant rights to subscribe for or convert any securities into shares if authorised by shareholders to do so.

Resolution 10, which complies with guidance issued by the Association of British Insurers, will, if passed, authorise the Directors to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares, up to an aggregate nominal value of £2,421,811 (corresponding to 33% of the issued share capital as at 16 June 2014) and up to an additional aggregate nominal value of £2,421,811 (corresponding to a further 33% of the issued share capital as at 16 June 2014) in the case of allotments only in connection with a fully pre-emptive rights issue. The Directors have no present intention to exercise the authority sought under this resolution. However, the Directors may consider doing so if they believe it would be appropriate in respect of business opportunities that may arise consistent with the Company's strategic objectives. The authority will last until the conclusion of the next Annual General Meeting (or, if sooner, 30 September 2015).

As at 16 June 2014, the Company does not hold any shares in the Company in treasury.

## **Resolution 11 – Disapplication of pre-emption rights**

This is a special resolution to renew the Directors' authority to allot shares for cash (or sell shares out of treasury) without first offering them to existing shareholders on a pro-rata basis. The Directors consider that it is in the interests of the Company, in certain circumstances, for the Directors to have limited flexibility so as to be able to allot shares and/or sell treasury shares for cash without having first to offer them to existing shareholders.

Although there is currently no intention to make use of this authority, its renewal would provide the Directors with continued flexibility to act in the best interests of shareholders when opportunities arise. The authority sought is limited, other than in relation to any rights issue, open offer or other pre-emptive issue, to shares having an aggregate nominal value of £366,941 corresponding to 5% of the issued share capital as at 16 June 2014. In relation to any exercise of this authority, the Directors would have regard to the Pre-emption Group's Statement of Principles concerning cumulative usage of authorities within a three-year period. This authority will last until the conclusion of next year's Annual General Meeting (or, if sooner, 30 September 2015).

## **Resolution 12 – Authority for purchase of own shares by the Company**

At the last Annual General Meeting held on 23 July 2013, shareholders passed a resolution authorising the Directors to make market purchases of the Company's own shares. Although no such purchases have been made, the Directors consider it appropriate for the authority (which expires at the forthcoming Annual General Meeting) to be renewed and undertake that the authority will only be exercised when they consider that such a purchase would result in an increase in expected earnings per share and would be in the best interests of shareholders. The Directors have no present intention of using such authority, but this position will be kept under review. The authority sought by special resolution will continue until the next Annual General Meeting (or, if sooner, 30 September 2015) and will limit total purchases to 14,677,645 ordinary shares, corresponding to 10% of the Company's issued share capital as at 16 June 2014.

Any shares purchased under this authority may be held in treasury as an alternative to cancelling them. The Directors will decide at the time of any such purchase whether, in the best interests of shareholders as a whole, the shares so purchased should be cancelled or held in treasury. Shares held in treasury may subsequently be sold for cash, transferred for the purposes of employee share schemes, or cancelled.

As at 16 June 2014, the date of publication of this document, the number of ordinary shares which would be issued upon full exercise of all outstanding options to subscribe for shares in the Company is 5,820,217. This would represent approximately 3.81% of the existing issued share capital (excluding treasury shares) and approximately 4.22% of the issued share capital (excluding treasury shares) as it would be if the proposed authority to purchase ordinary shares were to be granted and subsequently utilised in full.

## **Resolution 13 – Political donations**

Shareholders will recall that, as a result of the wide definitions originally introduced by the Political Parties, Elections and Referendums Act 2000, an appropriate precautionary resolution has been passed at each of the Annual General Meetings held since 2002 in order to avoid inadvertent infringement of the relevant legislative provisions, which are now contained in the Companies Act 2006 ('the Act'). While the Board does not believe that the Company has made any 'political donations' or incurred any 'political expenditure' pursuant to any of those resolutions, the authority granted by the resolution passed in 2013 expires at the forthcoming Annual General Meeting and the Board is therefore now seeking shareholders' authority by an ordinary resolution for the Company and its subsidiaries to make 'political donations' (to political parties or independent electoral candidates and, separately, to political organisations other than political parties) and incur 'political expenditure' (within the meaning of the Act) in each of these three cases up to an aggregate amount of £50,000 during the period up to the next Annual General Meeting (or, if sooner, 30 September 2015). Shareholders should be aware that it is the policy of the Company not to make political donations or incur political expenditure (in each case as commonly understood) anywhere in the world and that the Directors intend that this policy will continue whether or not resolution 13 is passed.

## **Annual Report and Accounts**

Copies of the Annual Report and Accounts of the Company for the financial year ended 31 March 2014 may be obtained from the Company Secretary, by application to the registered office of the Company or online from the Company's website at [www.scapa.com](http://www.scapa.com).

**Action required**

You will find with this document a Form of Proxy for use in respect of your shares at the Annual General Meeting. A proxy may also be appointed, if you are a member of CREST, by using the CREST electronic proxy appointment service, further details of which are set out in note 3 to the Notice of Meeting, which can be found on pages 4 and 5 of this document.

Whether or not you are able to attend the meeting, you are requested to appoint a proxy either by completing and returning the enclosed Form of Proxy, or through the CREST electronic proxy appointment service, in either case prior to the relevant deadline specified in note 2 or note 3, as applicable, to the Notice of Meeting. The appointment of a proxy will not prevent you from attending, speaking and voting in person at the meeting should you subsequently decide that you wish to do so.

**Recommendations**

The Board considers the resolutions which are set out in the Notice of Meeting on pages 4 and 5 of this document, and which are to be proposed at the forthcoming Annual General Meeting, to be in the best interests of the Company and of shareholders as a whole and unanimously recommend shareholders to vote in favour of all such resolutions, as they intend to do in respect of their own beneficial holdings.

Yours faithfully

A handwritten signature in black ink that reads "James A S Wallace". The signature is written in a cursive style with a large initial 'J'.

**J A S Wallace**

Chairman

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2014 Annual General Meeting of Scapa Group plc will be held at the Village Hotel, Pamir Drive, Ashton-under-Lyne, Tameside, Manchester OL7 0PG, on Tuesday, 22 July 2014 commencing at 10.30am to consider and, if thought fit (and subject, in the case of resolution 11, to the passing of resolution 10), pass the following resolutions which will be proposed, in the case of resolutions 1 to 10 and 13, as ordinary resolutions and, in the case of resolutions 11 and 12, as special resolutions:

- 1 To receive the Annual Report and Accounts of the Company for the financial year ended 31 March 2014.
- 2 To approve the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) contained with the Annual Report of the Company for the financial year ended 31 March 2014.
- 3 To approve the Directors' Remuneration Policy set out on pages 54 to 59 of the Directors' Remuneration Report contained with the Annual Report of the Company for the financial year ended 31 March 2014.
- 4 To declare a final dividend of 1.0p per ordinary share in respect of the financial year ended 31 March 2014.
- 5 To re-elect as a Director Mr R J Perry, who retires in accordance with the Company's Articles of Association.
- 6 To re-elect as a Director Mr P Edwards, who retires in accordance with the Company's Articles of Association.
- 7 To re-elect as a Director Mr M C Buzzacott, who retires in accordance with the Company's Articles of Association.
- 8 To reappoint Deloitte LLP as auditor of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
- 9 To authorise the Directors to fix the remuneration of the auditor.
- 10 That the Directors are generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 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 such shares ('Allotment Rights'), but so that:
  - (a) the maximum amount of shares that may be allotted or made the subject of Allotment Rights under this authority are shares with an aggregate nominal value of £2,421,811, of which one-half may be allotted or made the subject of Allotment Rights in any circumstances and the other half may be allotted or made the subject of Allotment Rights only pursuant to any rights issue (as referred to in the London Stock Exchange's AIM Rules for Companies) or pursuant to any arrangements made for the placing or underwriting or other allocation of any shares or other securities included in, but not taken up under, any such rights issue;
  - (b) this authority shall expire at the conclusion of the Company's next Annual General Meeting or on 30 September 2015, whichever is the earlier;
  - (c) the Company may make any offer or agreement before such expiry which would or might require shares to be allotted or Allotment Rights to be granted after such expiry; and
  - (d) all authorities vested in the Directors on the date of the Notice of this Meeting to allot shares or to grant Allotment Rights that remain unexercised at the commencement of this Meeting are revoked.
- 11 That the Directors are empowered pursuant to Sections 570 and 573 of the Companies Act 2006 to allot equity securities, as defined in Section 560 of that Act, pursuant to the authority conferred on them by resolution 10 in the Notice of this Meeting or by way of a sale of treasury shares as if Section 561 of that Act did not apply to any such allotment, provided that this power is limited to:
  - (a) the allotment of equity securities in connection with any rights issue or open offer (each as referred to in the London Stock Exchange's AIM Rules for Companies) or any other pre-emptive offer that is open for acceptance for a period determined by the Directors to the holders of ordinary shares on the register on any fixed record date in proportion to their holdings of ordinary shares (and, if applicable, to the holders of any other class of equity security in accordance with the rights attached to such class), subject in each case to such exclusions or other arrangements as the Directors may deem necessary or appropriate in relation to fractions of such securities, treasury shares, any legal or practical problems in relation to any territory or the requirements of any regulatory body or any stock exchange; and
  - (b) the allotment of equity securities (other than pursuant to paragraph (a) above) with an aggregate nominal value of £366,941,  
  
and shall expire when the authority conferred on the Directors by resolution 10 in the Notice of this Meeting expires save that, before the expiry of this power, the Company may make any offer or agreement which would or might require equity securities to be allotted after such expiry.
- 12 That the Company is generally and unconditionally authorised in accordance with Section 701 of the Companies Act 2006 to make one or more market purchases (within the meaning of Section 693(4) of that Act) of ordinary shares in the capital of the Company, provided that:
  - (a) the maximum number of ordinary shares hereby authorised to be purchased is 14,677,645;
  - (b) the minimum price which may be paid for any share (excluding expenses) is 5p;
  - (c) the maximum price per share at which any share may be purchased (excluding expenses) shall not be more than 105% of the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange's Daily Official List for the five business days immediately preceding the date on which the share is contracted to be purchased or, in the case of a tender offer, the terms of the tender offer are announced;

- (d) the authority to purchase hereby conferred shall, unless previously renewed, varied or revoked, expire at the conclusion of the Company's next Annual General Meeting or on 30 September 2015, whichever is the earlier; and
- (e) the Company may prior to the expiry of such authority make a contract or contracts to purchase ordinary shares under the authority hereby conferred which will or may be executed wholly or partly after the expiry of such authority.
- 13 That in accordance with Sections 366 and 367 of the Companies Act 2006 the Company and any company which is or becomes a subsidiary of the Company during the period to which this resolution relates be authorised:
- (a) to make political donations to political parties or independent electoral candidates, as defined in Sections 363 and 364 of that Act, not exceeding £50,000 in total; and
- (b) to make political donations to political organisations other than political parties, as defined in Sections 363 and 364 of that Act, not exceeding £50,000 in total; and
- (c) to incur political expenditure, as defined in Section 365 of that Act, not exceeding £50,000 in total,
- during the period beginning with the date of the passing of this resolution and ending at the conclusion of the Company's next Annual General Meeting or 30 September 2015, whichever is the earlier.

By order of the Board



**Rebecca Smith**  
Company Secretary

16 June 2014

Registered Office:  
997 Manchester Road  
Ashton-under-Lyne  
Greater Manchester  
OL7 0ED  
Registered in England  
No: 826179

#### Notes

- 1 To have the right to attend, speak and vote at the meeting or any adjournment thereof (and also for the purposes of calculating how many votes a person may cast), a person must have his/her name entered on the Company's register of members by no later than 6.00pm on Friday, 18 July 2014 or, in the case of an adjournment, by no later than 6.00pm on the day being two working days before the date of the adjourned meeting.
- 2 A member who is entitled to attend, speak and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his/her stead. A proxy need not also be a member. A Form of Proxy is enclosed. To be valid, Forms of Proxy must be lodged with Capita Asset Services at PXS, 34 Beckenham Road, Beckenham BR3 4TU by no later than 10.30am on Friday, 18 July 2014. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such member. To appoint more than one proxy, you may photocopy the Form of Proxy. Please indicate the proxy holder's name and the number of shares in respect of which each proxy is appointed (which, in aggregate, should not exceed the number of shares held by you) and indicating how you wish each proxy to vote or abstain from voting. To abstain from voting on a resolution, choose the 'Vote withheld' box. A vote withheld is not a vote in law, which means the vote will not be counted in the calculation of votes for or against the resolution. You may not appoint more than one proxy to exercise the rights attached to any one share. The appointment of one or more proxies does not preclude a member from attending, speaking and voting in person at the meeting.
- 3 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting 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.

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 the specifications of Euroclear UK & Ireland Limited ('Euroclear') and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Company's agent (ID RA10) by no later than 10.30am on Friday, 18 July 2014. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

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.

- 4 In the absence of any indication as to how he is to vote on any resolution, the proxy will (whether he is appointed by the lodging of a Form of Proxy or through the CREST electronic proxy appointment service) vote for or against such resolution, or will abstain, at his discretion, as in each case he is entitled to do in respect of any procedural matters arising at the meeting.



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