

## **THIS DOCUMENT IS IMPORTANT AND REQUIRES 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 should immediately seek your own advice from a stockbroker, solicitor, accountant, or other professional adviser, authorised under the Financial Services and Markets Act 2000.

If you have recently sold or otherwise transferred all of your shares in Electrocomponents plc, please pass this document together with the accompanying documents at once 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.

# **Electrocomponents plc**

**(incorporated and registered in England under number 647788)**

## **NOTICE OF ANNUAL GENERAL MEETING 2017**



Notice of the Annual General Meeting (AGM) of Electrocomponents plc (the Company) to be held at the offices of Linklaters LLP, One Silk Street, London EC2Y 8HQ at 10.30 am on Thursday, 20 July 2017, is set out on pages 3 and 4 of this circular.

Whether or not you propose to attend the AGM, please complete and submit a form of proxy in accordance with the instructions printed on the enclosed form. The form of proxy must be received not less than 48 hours before the time of the holding of the AGM.



## Electrocomponents plc

(incorporated and registered in England under number 647788)  
(the **Company**)

30 May 2017

*To the holders of Ordinary Shares*

### **Notice of the Annual General Meeting (AGM) 2017**

[www.electrocomponents.com](http://www.electrocomponents.com)

Dear Shareholder,

I am pleased to invite you to the AGM of the Company which will be held at the offices of Linklaters LLP, One Silk Street, London EC2Y 8HQ on Thursday, 20 July 2017 commencing at 10.30 am. The formal Notice of the AGM and details of the resolutions to be put to Shareholders are set out in this circular.

If you cannot attend the AGM, but wish to vote on the AGM resolutions, please fill in the proxy form sent to you with this circular and return it to our registrars as soon as possible. They must receive it by 10.30 am on Tuesday, 18 July 2017.

#### **Annual Report and Accounts, Directors' remuneration and final dividend (Resolutions 1 - 3)**

Shareholders are being asked to receive our Company's Annual Report and Accounts for the year ended 31 March 2017 (the 2017 Annual Report).

Last year, Shareholders overwhelmingly approved our Directors' remuneration policy. A summary of the policy can be found in the 2017 Annual Report on pages 58 to 61 and the full version is on the Company's website. This year, we are asking Shareholders to vote on the Directors' Remuneration Report on pages 56 to 71 of the 2017 Annual Report. This will be an advisory vote.

We are proposing a final dividend of 7.3p per ordinary share for the year. If the recommended final dividend is approved, it will be paid on 26 July 2017 to all ordinary shareholders who were on the Register of Members on 16 June 2017, the record date.

#### **Director elections and re-elections (Resolutions 4 – 11)**

I am delighted that since the last AGM, Louisa Burdett and Simon Pryce have joined the Board as Non-Executive Directors and will be standing for election as Directors of the Company at the AGM. With the exception of Paul Hollingworth, all other Directors will stand for re-election. As previously announced, Paul, having served nine years with the Company as a Non-Executive Director, eight of these as Chairman of the Audit Committee, will step down as a Director after the AGM. Louisa will take over from Paul as Chair of the Audit Committee. The biographies of those Directors standing for election or re-election are set out on pages 34 and 35 of the 2017 Annual Report, and on pages 6 and 7 of this circular. All Directors were subject to formal performance evaluation during the period which concluded that they continue to be effective and demonstrate commitment to the role. The Board recommends their election or re-election.

#### **Auditor's re-appointment and remuneration (Resolutions 12 and 13)**

We are asking Shareholders to re-appoint PricewaterhouseCoopers LLP (PwC) as our auditor and to authorise the Directors to determine the auditor's remuneration for the current financial year.

#### **Authority for the Company to allot shares and disapply pre-emption rights (Resolutions 14 - 16)**

The Company's existing authorities expire on 20 July 2017 and shareholders are being asked to approve new authorities. This year, the Board is recommending that Shareholders approve standard resolutions that will align the Company with market practice. The Board considers that it is no longer in the best interests of shareholders as a whole to seek authorities at lower limits which place the Company at a disadvantage to the majority of other listed companies. Consequently, we are requesting that Shareholders authorise the Directors to allot an amount equal to two thirds of share capital, and disapply pre-emption rights up to 10% of share capital. These authorities will be subject to renewal on an annual basis. Please see the Explanatory notes on page of this circular for further details.

#### **Authority for the Company to purchase its own shares (Resolution 17)**

We are requesting Shareholders to authorise the Directors to make market purchases of the Company's shares of up to 10% of share capital, which is an increase from the 5% authority of prior years and, if approved, will afford the Company maximum flexibility and align it with accepted market practice. Details are set out in the Explanatory notes on page 8 of this circular.

#### **General meetings (Resolution 18)**

It is a requirement that all general meetings must be held on 21 days' notice unless Shareholders agree to a shorter notice period. We are again proposing a resolution at the AGM so that, if necessary, we can continue to call meetings (other than annual general meetings) on a minimum of 14 clear days' notice.

#### **Articles of Association (Resolution 19)**

We are asking Shareholders to approve a number of amendments which update our Articles of Association since the last update in 2009. An explanation of the main changes proposed to the existing Articles of Association is set out in the Explanatory Notes on pages 9 and 10 of this circular.

Explanatory notes on Resolutions 14 to 19 appear on pages 8 to 10 of this circular.

**The Directors consider that all the resolutions to be put to the AGM are in the best interests of the Company and its Shareholders as a whole. Your Board intends to vote in favour of them and unanimously recommends that you do so as well.**

Yours sincerely,

**Peter Johnson**  
Chairman

# Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting (AGM) of Electrocomponents plc (the Company) will be held at the offices of Linklaters LLP, One Silk Street, London EC2Y 8HQ on Thursday, 20 July 2017 at 10.30 am to consider the business set out below.

Resolutions 1 to 14 (inclusive) are proposed as ordinary resolutions. This means that for each of these resolutions to be passed, more than half the votes cast must be in favour of the resolution.

Resolutions 15 to 19 (inclusive) are proposed as special resolutions. This means that for each of these resolutions to be passed, at least three quarters of the votes cast must be in favour of the resolution.

## Annual Report and Accounts

1. To receive the Company's accounts and the reports of the Directors and the Auditor for the year ended 31 March 2017.

## Directors' Remuneration Report

2. To approve the Directors' Remuneration Report for the year ended 31 March 2017.

## Declaration of dividend

3. To declare a final dividend recommended by the Directors of 7.3 pence per ordinary share for the year ended 31 March 2017.

## Election of Directors

4. To elect Louisa Burdett as a Director.
5. To elect Simon Pryce as a Director.
6. To re-elect Bertrand Bodson as a Director.
7. To re-elect David Egan as a Director.
8. To re-elect Karen Guerra as a Director.
9. To re-elect Peter Johnson as a Director.
10. To re-elect John Pattullo as a Director.
11. To re-elect Lindsley Ruth as a Director.

## Auditor's re-appointment and remuneration

12. To re-appoint PricewaterhouseCoopers LLP as Auditor of the Company from the conclusion of the AGM.
13. To authorise the Directors to agree the remuneration of the Auditor.

## Directors' authority to allot shares

14. To authorise the Directors generally and unconditionally in accordance with section 551 of the Companies Act 2006 (the 2006 Act) to exercise all the powers of the Company to allot shares or grant rights to subscribe for or convert any security into shares of the Company:
  - (i) up to a nominal amount of £14,718,000 (such amount to be reduced by the nominal amount allotted or granted under paragraph (iii) below);
  - (ii) comprising equity securities (as defined in section 560(1) of the 2006 Act) up to a nominal amount of £29,436,000 (such amount to be reduced by any allotments or grants made under paragraph (i) above) in connection with an offer by way of a rights issue:
    - a) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
    - b) to holders of other equity securities as required by the rights of those securities or, as Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements which they may 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, such authorities to apply until the end of the next AGM or at close of business on 30 September 2018, whichever is earlier but, in each case, so that the Company may make offers and enter into agreements during the relevant period which would, or might, require shares to be allotted or rights to subscribe for or to convert securities into shares to be granted after the authority expires and the Directors may allot shares (and sell treasury shares) or grant rights to subscribe for or convert securities into shares under any such offer or agreement as if the authority had not expired.

- (iii) that, subject to paragraph (iv), all existing authorities given to the Directors pursuant to section 551 of the 2006 Act be revoked by this resolution; and
- (iv) that paragraph (iii) shall be without prejudice to the continuing authority of the Directors to allot shares and to grant rights to subscribe for or convert any security into shares (or relevant securities), pursuant to an offer or agreement made by the Company before the expiry of the authority pursuant to which such offer or agreement was made.

## Directors' authority to disapply pre-emption rights

15. Subject to the passing of Resolution 14 above, to authorise the Directors to allot equity securities (as defined in the 2006 Act) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such authority to be limited:

- (i) to allotments for rights issues and other pre-emptive issues; and
- (ii) to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (i) above) up to a nominal amount of £2,207,000,

such authority to expire at the end of the next AGM of the Company or at the close of business on 30 September 2018 whichever is earlier, but in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

16. Subject to the passing of Resolution 14 above and in addition to any authority granted under Resolution 15 above, to authorise the Directors to allot equity securities (as defined in the 2006 Act) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such authority to be:

- (i) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £2,207,000; and
- (ii) 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 of Directors 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 end of the next AGM or on 30 September 2018, whichever is the earlier, but in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

# Notice of Annual General Meeting

## Authority to purchase own shares

17. To generally and unconditionally authorise the Company for the purposes of Section 701 of the 2006 Act to make market purchases (within the meaning of Section 693 of the 2006 Act) of ordinary shares of 10p each in the Company (ordinary shares) provided that:
- the maximum number of ordinary shares which may be purchased is 44,150,000 ordinary shares, representing less than 10% of the Company's issued ordinary share capital as at 30 May 2017;
  - the maximum price which may be paid for an ordinary share is an amount equal to the higher of (i) 105% of the average of the closing price of the Company's ordinary shares taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the date of purchase and (ii) the higher of the price of the last independent trade and the highest current bid as stipulated by Regulatory Technical Standards adopted by the European Commission pursuant to Article 5(6) of the Market Abuse Regulation; the minimum price which may be paid for each ordinary share is 10p, in both cases exclusive of expenses;
  - the authority hereby conferred shall expire at the conclusion of the next AGM of the Company or on 30 September 2018, whichever is earlier, unless such authority is renewed prior to such a time; and
  - the Company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority, which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of ordinary shares in pursuance of such contract.

## Notice period for general meetings other than AGM

18. To authorise the Directors to call a general meeting of the Company, other than an AGM, on not less than 14 clear days' notice.

## Changes to Articles of Association

19. To adopt, with effect from the conclusion of the AGM, the amended Articles of Association produced to the meeting and initialled by the chairman of the meeting for the purpose of identification as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

**The Directors consider that the passing of each of the resolutions proposed at the AGM is in the best interests of the Company and its shareholders as a whole and recommend all shareholders to vote in favour of all the resolutions, as they intend to do in respect of their own beneficial holdings.**

By Order of the Board

**Ian Haslegrave**, Company Secretary  
30 May 2017

## Notes

- (i) A member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint one or more proxies to attend, speak and vote instead of him/her provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a member of the Company. Appointment of a proxy will not preclude a member from attending or voting at the AGM if he/she subsequently wishes to do so.
- (ii) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 and Section 360B(2) of the Companies Act 2006 (the 2006 Act), the Company has specified that only those shareholders registered in the Register of Members of the Company as at 6.30pm on Tuesday, 18 July 2017 will be entitled to attend and vote at the AGM in respect of the number of shares registered in their name at that time. Changes to entries on the Register of Members after 6.30pm on Tuesday, 18 July 2017 will be disregarded in determining the rights of any person to attend and vote at the AGM.
- (iii) A form of proxy is enclosed. To be effective a form of proxy and the authority (if any) under which it is signed or a notarially certified copy of such authority must be deposited at the offices of the Company's registrars, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA by not later than 10.30 am on Tuesday, 18 July 2017.
- (iv) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM to be held on Thursday, 20 July 2017 and any adjournment(s) thereof by following 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 Euroclear's specifications 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, the revocation 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 issuer's agent (ID RA19) by the latest time(s) for receipt of proxy appointments specified in note (iii) above. 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 issuer'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 CREST Manual can be reviewed at [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.

- (v) If this Notice of the AGM is sent to you as a person nominated to receive copies of Company communications, the proxy rights described above do not apply to you. The rights described in these paragraphs only apply to shareholders. You may have a right under an agreement with the registered member holding shares on your behalf to be appointed (or have someone else appointed) as a proxy for the AGM, and you are advised to contact them.
- (vi) Shareholders should note that, under section 527 of the 2006 Act, shareholders meeting the threshold requirements in that section have the right to require the Company to publish on a website a statement 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 AGM; or (ii) any circumstance connected with an auditor of the Company appointed for the financial year ceasing to hold office since the previous AGM at which annual accounts and reports were laid. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 (requirements as to website availability) of the 2006 Act. Where the Company is required to place a statement on a website under section 527 of the 2006 Act, it must forward the statement to the Company's auditors not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM for the relevant financial year includes any statement that the Company has been required under section 527 of the 2006 Act to publish on a website.

- (vii) Under sections 338 and 338A of the 2006 Act, shareholders meeting the threshold requirements in those sections have the right to require the Company: (i) to give to shareholders of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting; and/or (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business. A resolution may properly be moved or a matter may properly be included in the business unless (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with the Company's constitution or otherwise) (b) it is defamatory of any person, or (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than the date six weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.
- (viii) A member of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the AGM. In accordance with the provisions of the 2006 Act (as amended by the Companies (Shareholders' Rights) Regulations 2009), each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.
- (ix) As at 30 May 2017, the latest practicable date prior to the printing of this Notice, the Company's total capital consisted of 441,551,793 Ordinary Shares with a total of 441,551,793 voting rights.
- (x) Copies of the service contracts and terms of appointment of the Directors are available for inspection during business hours at the registered office of the Company and will be available for inspection at the place of the AGM from 15 minutes prior to its commencement until its conclusion.
- (xi) Biographical details of the Directors who are proposed for re-election or election at the AGM are set out on pages 34 and 35 of the 2017 Annual Report and on pages 6 and 7 of this circular.
- (xii) A copy of the proposed new Articles of Association and a copy of the existing Articles of Association marked to show the changes being proposed Resolution 19 will be available for inspection during business hours each week at the registered office of the Company from the date of this document up to and including the date of the AGM and at the place of the AGM from 15 minutes prior to its commencement until its conclusion.
- (xiii) In accordance with section 311A of the 2006 Act, the contents of this Notice of AGM, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website [www.electrocomponents.com](http://www.electrocomponents.com).
- (xiv) Pursuant to section 319A of the 2006 Act, the Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a member attending the meeting, except in certain circumstances, including: (i) if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered; (ii) if to do so would interfere unduly with the preparation of the meeting or involve the disclosure of confidential information; or (iii) the answer has already been given on a website in the form of an answer to a question.
- (xv) You may not use any electronic address provided either in this Notice of the AGM or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.

## Directors' biographies

### Louisa Burdett

Independent Non-Executive Director  
Joined in February 2017

#### External roles

Louisa Burdett is Group Finance Director at Victrex plc.

#### Past roles

Louisa was Chief Financial Officer at Optos plc, Chief Financial Officer at the Financial Times Group, and also held roles at Chep Europe, a division of Brambles Ltd, the Australian listed pallet distribution company, GE Healthcare and GlaxoSmithKline plc. Louisa has also worked as an M&A Consultant at Charterhouse Bank and spent four years at KPMG in London.

#### Skills and experience

- International operations
- Manufacturing
- Mergers and acquisitions
- Digital
- Service industry
- Current financial experience

#### Committee membership

Member of the Audit, Nomination and Remuneration Committees. From July this year Louisa will take over the role of Chairman of the Audit Committee, when Paul Hollingworth retires from the business.

### Bertrand Bodson

Independent Non-Executive Director  
Joined in June 2015

#### External roles

Bertrand is Chief Digital and Marketing Officer at Sainsbury's Argos (part of J Sainsbury's plc), following Sainsbury's acquisition of Home Retail Group. He has previously been Chief Digital Officer at Home Retail Group.

#### Past roles

Bertrand has held a number of senior eCommerce positions, including leading global and digital marketing responsibilities at EMI Music and Amazon. He was also Chief Executive Officer at Bragster, which is now part of Guinness World Records.

#### Skills and experience

- Digital
- eCommerce
- International operations
- Product development
- Sales and marketing
- Supply chain and logistics

#### Committee membership

Member of the Audit, Nomination and Remuneration Committees.

### Simon Pryce

Independent Non-Executive Director  
Joined in September 2016

#### External roles

Simon is Group Chief Executive at BBA Aviation plc (also chairing the BBA Aviation Executive Management Committee), is also on the board of the General Aviation Manufacturers Association (the US general aviation trade body), and Chairman of its International Affairs Committee.

#### Past roles

Previously, Simon held a range of international finance and management roles at JP Morgan and Lazards in London and New York and GKN plc in a range of international finance and management roles.

#### Skills and experience

- International operations
- Emerging markets
- Manufacturing
- Mergers and acquisition
- Integration
- Strategic finance and capital markets
- Leadership
- Service industry
- Group Chief Executive

#### Committee membership

Member of the Audit, Nomination and Remuneration Committees.

### David Egan

Group Finance Director  
Joined in March 2016

#### External roles

None

#### Past roles

David was Group Finance Director at Alent plc and he also held a variety of senior finance positions at ESAB Holdings and Hanson plc. David was also a Non-Executive Director of Tribal Group plc, and Chairman of its Audit Committee.

#### Skills and experience

- Leadership
- International operations
- Emerging markets
- Current financial experience
- Distribution
- Manufacturing
- Mergers and acquisitions
- Service industry

#### Committee membership

Chairman of the Treasury Committee .

## Karen Guerra

Independent Non-Executive Director  
Joined in January 2013

### External roles

Karen is a Non-Executive Director of Paysafe Group plc, Amcor Limited and Davide Campari-Milano S.p.A.

### Past roles

Karen was a Non-Executive Director at Swedish Match AB, Inchcape plc, More Group plc and Samlerhuset Group BV. She has also held senior executive positions at Colgate-Palmolive, including Managing Director and Chairman of both their UK and French businesses.

### Skills and experience

- International operations
- Sales and marketing
- Manufacturing
- Service industry

### Committee membership

Member of the Audit, Nomination and Remuneration Committees.

## John Pattullo

Senior Independent Director  
Joined in January 2013

### External roles

John is Chairman of NHS Blood and Transplant, Chair of In Kind Direct (a Prince's Charity) and also Chairman of V Group.

### Past roles

Until recently John was on the Board of GWI UK Acquisition Company Limited and Non-Executive Chairman of Marken Group (recently taken over by UPS). Previously, John was on the Board of CEVA Group plc and also served as Chief Executive Officer of CEVA Logistics, as well as Chief Executive Officer of the EMEA division of Exel and when Exel was acquired by Deutsche Post/DHL he went on to run the combined Exel and DHL contract logistics business in EMEA. He spent most of his early career working in supply chain management roles with Procter & Gamble.

### Skills and experience

- International operations
- Emerging markets
- Supply chain and logistics
- Manufacturing
- Service industry
- Chief Executive Officer

### Committee membership

Chairman of the Remuneration Committee. Member of the Audit and Nomination Committees.

## Peter Johnson

Chairman  
Joined in October 2010

### External roles

Peter is Vice-Chairman of the Supervisory Board of Wienerberger AG, having been a Member since 1995.

### Past roles

Peter was Chairman of DS Smith plc, a Non-Executive Director of SSL International plc, Chief Executive of George Wimpey plc and Chief Executive of The Rugby Group plc.

### Skills and experience

- International operations
- Emerging markets
- Mergers and acquisitions
- Distribution
- Sales and marketing
- Manufacturing
- Service industry
- Chairman
- Chief Executive Officer

### Committee membership

Chairman of the Nomination Committee.

## Lindsay Ruth

Chief Executive Officer  
Joined in April 2015

### External roles

None

### Past roles

Lindsay was Executive Vice President of the Future Electronics Group of companies, the fourth largest electronics distributor in the world. He joined them in 2002 and was a key member of their core leadership team. Lindsay has also held senior positions with TTI Inc and Solectron Corporation.

### Skills and experience

- Management
- Leadership
- Mergers and acquisitions
- International operations
- Emerging markets
- Distribution
- Sales and marketing
- Manufacturing
- Supply chain and procurement

### Committee membership

Member of the Treasury Committee.

# Explanatory notes to the special business to be considered at the AGM

## Resolution 14: Directors' authority to allot shares

The purpose of Resolution 14 is to renew the Directors' power to allot shares.

The authority in paragraph (i) of Resolution 14 will allow the Directors to allot new shares and grant rights to subscribe for, or convert other securities into, shares up to a nominal value of £14,718,000 which is equivalent to approximately one third of the total issued ordinary share capital of the Company as at 30 May 2017.

The authority in paragraph (ii) of Resolution 14 will allow the Directors to allot new shares and grant rights to subscribe for, or convert other securities into, shares only in connection with a rights issue up to a further nominal value of £14,718,000, which is equivalent to approximately one third of the total issued ordinary share capital of the Company, exclusive of treasury shares, as at 30 May 2017. This is in line with the Investment Association's Share Capital Management Guidelines issued in July 2016.

At 30 May 2017, the Company did not hold any shares in treasury. There are no present plans to allot new shares other than in connection with employee share and incentive plans. The Directors consider it desirable to have flexibility to respond to market developments and to enable allotments to take place to finance business opportunities as they arise.

If the Resolution is passed, the authority will expire on the earlier of 30 September 2018 and the end of the next AGM.

## Resolutions 15 and 16: Directors' authority to disapply pre-emption rights

If the Directors wish to allot new shares and other equity securities, or sell treasury shares, for cash (other than in connection with an employee share scheme) company law requires that these shares are offered first to shareholders in proportion to their existing holdings.

Parts (i) and (ii) of Resolution 15 seek shareholder approval to allot a limited number of ordinary shares or other equity securities, or sell treasury shares, for cash on a pre-emptive basis but subject to such exclusions or arrangements as the Directors may deem appropriate to deal with certain legal, regulatory or practical difficulties. For example, in a pre-emptive rights issue, there may be difficulties in relation to fractional entitlements or the issue of new shares to certain shareholders, particularly those resident in certain overseas jurisdictions.

In addition, there may be circumstances when the Directors consider it in the best interests of the Company to allot a limited number of ordinary shares or other equity securities, or sell treasury shares, for cash on a non pre-emptive basis. The Pre-Emption Group's Statement of Principles, as updated in March 2015, supports the annual disapplication of pre-emption rights in respect of allotments of shares and other equity securities and sales of treasury shares for cash representing no more than 5% of issued ordinary share capital (exclusive of treasury shares), without restriction as to the use of proceeds of those allotments.

Accordingly, the purpose of part (ii) of Resolution 15 is to authorise the Directors to allot new shares and other equity securities pursuant to the allotment authority given by Resolution 14, or sell treasury shares, for cash up to a nominal value of £2,207,000, equivalent to 5% of the total issued ordinary share capital of the Company as at 30 May 2017, without the shares first being offered to existing shareholders in proportion to their existing holdings. As at 30 May 2017, the Company did not hold any shares in treasury.

The Pre-Emption Group's Statement of Principles also supports the annual disapplication of pre-emption rights in respect of allotments of shares and other equity securities and sales of treasury shares for cash representing no more than an additional 5% of issued ordinary share capital (exclusive of treasury shares), to be used only in connection with an acquisition or specified capital investment. The Pre-Emption Group's Statement of Principles defines "specified capital investment" as meaning one or more specific capital investment related uses for the proceeds of an issue of equity securities, in respect of which sufficient information regarding the effect of the transaction on the Company, the assets subject of the transaction and (where appropriate) the profits attributable to them is made available to shareholders to enable them to reach an assessment of the potential return.

Accordingly, the purpose of Resolution 16 is to authorise the Directors to allot new shares and other equity securities pursuant to the allotment authority given by Resolution 14, or sell treasury shares, for cash up to a further nominal amount of £2,207,000, equivalent to 5% of the total issued ordinary share capital of the Company as at 30 May 2017, only in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment, or which has taken place in the preceding six-month period and is disclosed in the announcement of the issue. If the authority given in Resolution 16 is used, the Company will publish details of the placing in its next annual report.

The Board intends to adhere to the provisions in the Pre-emption Group's Statement of Principles and not to allot shares or other equity securities or sell treasury shares for cash on a non pre-emptive basis pursuant to the authority in Resolutions 15 and 16 in excess of an amount equal to 7.5% of the total issued ordinary share capital of the Company, excluding treasury shares, within a rolling three-year period, other than:

- (i) with prior consultation with shareholders; or
- (ii) in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

The Board has no current intention of exercising the authorities granted in Resolutions 15 and 16 but considers that they are appropriate in order to allow the Company maximum flexibility to take advantage of business opportunities as they arise.

If the Resolutions are passed the authorities will expire on the earlier of 30 September 2018 and the end of the next AGM.

## Resolution 17: Authority to purchase own shares

At the 2016 AGM, shareholders gave the Company renewed authority to make market purchases of up to approximately 10% at that time of the Company's issued ordinary share capital. As at the date of this circular, the Company has made no such purchases under this authority. Nevertheless, the Directors believe it advisable to seek renewal of an authority to make market purchases of shares at each AGM.

This resolution is proposed as a special resolution and will authorise market purchases of up to 44,150,000 ordinary shares (being approximately 10% of the issued share capital as at 30 May 2017) and the Company's exercise of this authority is subject to the stated upper and lower limits on the price payable. The Directors will only exercise this authority for the purposes of employee share schemes, or when satisfied it is in the best interests of shareholders and that any purchase will have a beneficial impact on earnings per share, having first considered other investment opportunities open to the Company. As at 30 May 2017, a maximum of 7,955,703 shares would be required to satisfy all outstanding options to subscribe for equity shares and conditional awards of shares. This represents 1.8% of the issued share capital. If this resolution is passed and the full authority to buy back shares were used, then shares required for such purposes would represent 2% of the issued share capital.

Listed companies are permitted, subject to certain restrictions, to hold their own shares which they purchase in treasury for resale or transfer at a later date, rather than being obliged to cancel them. If the Company were to purchase any of its own shares pursuant to the authority referred to above, it would consider holding them as treasury stock, provided that the number does not at any time exceed 10% of the Company's issued share capital. This would provide the Company with additional flexibility in the management of its capital base. As at 30 May 2017, the Company held no ordinary shares in treasury.



## Resolution 18: Notice period for general meetings other than an AGM

Under the 2006 Act, as amended, the notice period required for all general meetings of the Company is 21 days. Shareholders can, however, approve a shorter notice period for general meetings other than annual general meetings, which cannot be less than 14 clear days. Having passed a similar resolution last year, the Company is currently able to call general meetings (other than its AGM) on 14 clear days' notice and would like to preserve this ability. In order to be able to do so, shareholders must approve the renewal of this authority. Resolution 18 seeks such approval. The approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed.

The shorter notice period would not be used as a matter of routine for such meetings, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole. The Company will also need to meet the requirements for electronic voting under the Shareholders' Rights Directive in order to be able to call a general meeting on 14 clear days' notice.

## Resolution 19: Changes to Articles of Association

It is proposed in Resolution 19 to amend the articles of association (the Amended Articles) in order to update the Company's existing articles of association (the Existing Articles). The Resolution adopting the amended articles will become effective from the conclusion of the AGM.

The principal changes introduced in the Amended Articles are summarised below. Other changes, which are of a minor, technical or clarifying nature, have not been noted. The Amended Articles showing all the changes to the Existing Articles are available for inspection, as noted on page 5 of this document.

## Summary of principal changes to the articles of association

### 1 Lien on partly-paid shares

The Existing Articles provide that the Company shall have first and paramount lien on every share that is partly paid for all moneys called or payable in respect of such share in accordance with the 2016 Act. The Amended Articles clarify that the right of the Company to have a lien over partly-paid shares will take priority over the rights of any third parties. This change will bring the Amended Articles in line with the model articles.

### 2 Right to refuse registration of share transfer

The Amended Articles include changes to deal with uncertificated (i.e. dematerialised) shares. In particular, they remove the obligation for the Company to give a reason for refusing to register a transfer of uncertificated shares. This is in line with the Uncertificated Securities Regulations 2001 as amended by The Companies Act 2006 (Consequential Amendments) (Uncertificated Securities) Order 2009, which removed the statutory requirement to provide a reason should a company refuse to register a transfer of dematerialised shares post-1 October 2009.

The Amended Articles have also been amended to bring them in line with Listing Rule 2.2.5, which provides that listed partly-paid shares must be transferable free of restrictions and that investors must be provided with sufficient information to allow dealing on an open and proper basis.

### 3 General provisions on dematerialised shares

The EU Central Securities Depositories Regulation (the "CSDR") requires all shares traded on regulated markets to be dematerialised. This requirement will apply to all shares in the Company issued after 1 January 2023. The Amended Articles provide, in express terms, that any share or class of shares may be issued or held (and title transferred to them) in uncertificated form in compliance with the relevant rules applicable to the Company. This provides a starting point for compliance with the CSDR.

The Amended Articles also clarify the Directors' powers to deal with, issue or take any other necessary or expedient action in relation to the dematerialised (or uncertificated) shares. In addition, the Amended Articles also provide that a class of shares must not be treated as two separate classes of shares simply because some shares of that class are held in certificated form and others in uncertificated form.

### 4 Prior notices binding

In relation to a member's shares transmitted to persons entitled to those shares upon the death of such member, the Amended Articles provide that notices given to the deceased member in respect of the member's share will bind persons entitled to those shares even if the notices were given before the names of such persons entitled are entered into the Company's Register. This is in line with the model articles.

### 5 Provisions on electronic general meetings

The Amended Articles empower Directors to call for electronic general meetings in accordance with amendments made to the Companies Act 2006 by the Companies (Shareholders' Rights) Regulations 2009, which specifically allow for general meetings to be held and conducted electronically as well as physically.

The changes will allow for general meetings to be held and conducted in such a way that people who are not physically present together at the same place may attend, speak at and vote at the general meeting by electronic means. Nothing in the Amended Articles will preclude physical general meetings being held.

### 6 Notices of general meetings

The Existing Articles repeat certain provisions in the Companies Act 2006 in relation to notices of general meetings, in particular provisions relating to the timings around the giving of notices of the AGM and all other general meetings. These provisions, which replicate the minimum period for notice under statute, have been removed in line with the approach advocated by the Government that statutory provisions should not be duplicated in a company's constitution.

The Amended Articles provide that the Company may determine that only those members on the Register on a particular day will be entitled to receive notices of a general meeting. This is in line with the Uncertificated Securities Regulations 2001.

### 7 Adjournments for lack of quorum

Under the 2006 Act as amended by the Shareholders' Rights Regulations, general meetings adjourned for lack of quorum must be held at least 10 clear days after the original meeting. The Amended Articles have been updated to reflect this requirement.

### 8 Voting attaching to shares

The Companies (Shareholders' Rights) Regulations 2009, which implement the EU Shareholder Rights Directive (the "Shareholder Rights Directive") in the UK, introduced amendments to the 2006 Act provisions on proxies voting at general meetings. These amendments came into force on 3 August 2009. The new position under the 2006 Act is that each proxy appointed by more than one member in relation to the same meeting has one vote 'for' and one vote 'against' on a show of hands if that proxy has been instructed by one or more members to vote 'for' the resolution and by one or more members to vote 'against' the resolution. The Amended Articles reflect these changes.

To clarify the position where proxies are given discretion as to how to vote, and in light of the Institute Of Chartered Secretaries & Administrators ("ICSA") guidance on the implementation of the Shareholder Rights Directive published in 2009, the Amended Articles also provide that each proxy appointed by more than one member in relation to the same meeting has one vote 'for' and one vote 'against' on a show of hands if that proxy is instructed by one or more of those members to vote either 'for' or 'against' the resolution and by one or more of those members to exercise his or her discretion as to how to vote.

Furthermore, the Amended Articles clarify that a proxy will not be entitled to vote (either on a show of hands or on a poll) where the appointing member would not have been entitled to vote had they been present in person.

## Explanatory notes to the special business to be considered at the AGM

### 9 Chairman's casting vote

The Amended Articles remove the provision giving the Chairman a casting vote in the event of an equality of votes as this is no longer recommended practice.

### 10 Directors' fees

It is proposed that the annual aggregate cap on Directors' ordinary remuneration in the Existing Articles be raised from £600,000 to £800,000. This cap will not include any remuneration paid to a Director by virtue of holding an executive office, serving on a committee of Directors or performing any services outside the scope of their ordinary course Directors' duties.

The level of Directors' fees was last reviewed in 2009 and this amendment will bring the Company's aggregate cap up to current market levels, therefore providing flexibility should the Company wish to propose, and shareholders approve, the appointment of additional directors or any increase in non-executive directors' basic fees. However, approval of this resolution will not vary the limit on non-executive director fees set out in the Company's Directors' remuneration policy, which was last approved by the shareholders in 2016.

### 11 Bank mandates

This new provision empowers Directors to authorise signatories to manage any bank account held by the Company. The inclusion of this provision is administratively helpful as it serves as evidence of the Directors' authority to appoint signatories to deal with the Company's bank accounts, as banks often require sight of such provisions in a company's articles of association when setting up bank mandates.

### 12 Manner of payment of dividends

The Amended Articles set out the entitlements and treatment of the different classes of individuals in relation to the receipt of dividend payments, particularly in relation to joint holders of shares and members who are no longer entitled to a share.

The relevant amendments have been made to address the mechanics surrounding dividend payments in relation to uncertificated shares.

Following the guidance published by the ICSA Registrars' Group in 2014, the dividend payment provisions are amended to allow the use of different distribution channels. Technological developments mean that the market practice surrounding dividend payment methods may change in the future, namely that electronic dividend payments will become more prevalent amongst other public listed companies. The Amended Articles provide that, if considered appropriate, the Directors are empowered to use electronic means to pay dividends. This will provide the requisite flexibility for the Company to adopt electronic dividend payments.

### 13 Unclaimed dividends

The Existing Articles do not allow the Company to forfeit any unclaimed dividend until 12 years have lapsed since the date on which the dividend was declared or became due for payment. Under the Amended Articles, the Directors are empowered to invest or apply such outstanding dividend entitlements until they are claimed by members. This amendment brings the Amended Articles in line with the position taken in the model articles.

### 14 Scrip Dividends

According to the Investment Association's Share Capital Management Guidelines published in 2014, where shares are offered in lieu of dividends (i.e. scrip dividends), there is a preference for those shares to be sourced from shares purchased in the market as opposed to an issue of new shares. This is to avoid a dilutive effect on shares already in issue. As such, the Amended Articles require shareholder approval by way of an Ordinary Resolution if the Directors wish to allot new shares for the purposes of scrip dividends.

Additionally, the guidelines recommend that any authority conferred by the Ordinary Resolution to offer a scrip dividend should be renewed at least every three years. The Amended Articles incorporate this recommendation.

The Amended Articles provide that Directors may offer rights of election in respect of scrip dividends at or prior to the next AGM without further authorisation by way of an Ordinary Resolution. However, the Directors are prevented from offering rights of election in relation to dividends declared at the same meeting where the articles of association incorporating the changes to the scrip dividend provisions are adopted (i.e. at this particular Annual General Meeting).

The Amended Articles also contain provisions dealing with shares held in uncertificated form on the record date for the relevant dividend, where the holder elects to receive an allotment of new shares in lieu of dividends. In this instance, the shares allotted will be issued in uncertificated form.

### 15 Copies of accounts for Members

The Existing Articles contain provisions requiring the Company to circulate annual accounts and reports to members. These provisions duplicate the requirements under the 2006 Act and, accordingly, have been removed.

### 16 Validity of Auditor's acts

The articles of association are a contract between members of the Company. As such, it is not the appropriate document to set out the rights of third parties, including auditors, who have no right to enforce a company's articles of association. Therefore, this provision has been removed.

### 17 Auditor's right to attend General Meetings

Auditors' rights to receive notices of, and to attend and speak at general meetings are enshrined in the 2006 Act. Accordingly, this provision has been removed in the Amended Articles to avoid duplicating the statutory provision.

### 18 Failure to supply address

The Amended Articles allow the Company to serve notices to members via electronic mail. Furthermore, the Amended Articles provide that the Company has a right to stop sending notices to members where documents sent to addresses provided from such members have been returned undelivered more than once within a 12-month period. The objective of this amendment is to encourage the use of electronic addresses or the provision of updated postal addresses in order to receive timely notices.

### 19 General

Various changes have been made to accommodate gender neutral language in the Amended Articles.



