

**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)**

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## **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 Chair which is set out on pages 2 to 5 of this document and the recommendation in respect of the resolutions numbered 1 to 16 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 2:00 p.m. on 26 November 2021 at ScS, 45-49 Villiers Street, Sunderland, SR1 1HA accompanies this document. Details of the action you are recommended to take in respect of the resolutions numbered 1 to 16 to be proposed at the Annual General Meeting are set out on page 5 of 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 2:00 p.m. on 24 November 2021 (or, in the case of any adjournment, not later than 48 hours (excluding any part of a day that is not a working day) 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 2:00 p.m. on 24 November 2021 (or in the case of any adjournment, not later than 48 hours (excluding any part of a day that is not a working day) 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 CHAIR



## Directors:

Alan Smith  
Steve Carson  
Chris Muir  
Ron McMillan  
George Adams  
Angela Luger

**ScS Group plc**  
Registered office:  
45-49 Villiers Street  
Sunderland  
SR1 1HA

14 October 2021

Dear Shareholder

## Annual General Meeting 2021

I am pleased to send you details of our Annual General Meeting (the **AGM**). The formal notice of the AGM, which accompanies this document (the **Notice**), sets out the business to be considered at the AGM. The purpose of this letter is to provide you with further details of resolutions 1 to 16 to be considered at the AGM.

## Recommendations

This year, shareholders will be asked to approve 16 resolutions. Resolutions 1 to 14 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.

Resolutions 15 and 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.

## Resolution 1: Annual Report and Accounts

The directors must present the Company's Annual Report and financial statements, strategic report and directors' and auditors' reports at a general meeting. Those to be presented at the AGM are in respect of the financial year ended 31 July 2021, and together comprise the Annual Report 2021.

The Annual Report 2021 is also available on the Company's website at <http://www.scsplc.co.uk/investors/reports-and-presentations/>

## 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 81 to 90 of the Annual Report 2021. This vote is advisory only. Therefore it does not affect the historical remuneration paid to any individual director.

## Resolution 3: Directors' Remuneration Policy

A new Directors' Remuneration Policy is also proposed, details of which are set out in full on pages 91 to 95 of the Annual Report 2021. If the new Remuneration Policy is approved, it will take immediate binding effect and the Company will not be able to make a remuneration payment to a current or future director or a payment for loss of office to a current or past director, unless that payment is consistent with such policy or has been approved by shareholders. Once approved a policy is valid for up to three financial years and changes require shareholder approval. If the proposed new Remuneration Policy is not approved, the Company will, in line with applicable legislation, continue to operate its current Remuneration Policy as approved by shareholders at the Annual General Meeting in 2018.

## Resolution 4: Final Dividend

The directors are recommending a final dividend for the financial year ended 31 July 2021 of 7.0 pence per ordinary share in the capital of the Company, to be paid on 10 December 2021 to shareholders whose names appear on the register at the close of business on 12 November 2021, with an ex-dividend date of 11 November 2021.

## Resolutions 5 and 6: 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 5 proposes the reappointment of PricewaterhouseCoopers LLP as auditor (to hold office until the next such meeting at which the Company's annual accounts and reports are presented to shareholders), and, in accordance with normal practice, resolution 6 authorises the Audit Committee to determine the auditors' remuneration.

### **Resolutions 7 to 12 (inclusive): Re-Election and Election of Directors**

Resolutions 7 to 12 (inclusive) propose the re-election of Alan Smith, Chris Muir, Ronald McMillan, George Adams and Angela Luger and the election of Steve Carson as directors.

Biographies of each of the directors are set out on pages 62 and 63 of the Annual Report 2021.

The selection process for new directors, the review process for existing directors and the Company's assessment of independence are described on pages 72 to 74 of the Annual Report 2021.

### **Resolution 13: 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 13 is in two parts.

In line with guidance issued by the Investment Association, the first part of resolution 13 if passed, 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 £12,585.08. This amount represents approximately one third of the issued ordinary share capital of the Company (excluding treasury shares) as at 14 October 2021, being the last practicable date before the publication of this document.

In addition, if passed, the second part of resolution 13 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 £12,585.08. This amount represents approximately one third of the issued ordinary share capital of the Company (excluding treasury shares) as at 14 October 2021, 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, 257,414 ordinary shares are held by the Company in treasury.

The directors have no current intention to exercise either of the authorities sought under resolution 13. 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.

### **Resolution 14: 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 14 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 14 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 14 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.

# LETTER FROM THE NON-EXECUTIVE CHAIR (continued)

## Resolution 15: 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 15, 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 £25,170.16 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) £25,170.16 in connection with a rights issue or (ii) £12,585.08 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 £1,900.63 (which represents approximately five per cent of the issued ordinary share capital of the Company as at 14 October 2021, 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 16: Purchase by the Company of its Own Shares

Resolution 16 will be proposed as a special resolution. If passed, it will allow the Company to purchase up to 3,801,265 ordinary shares in the market (which represents approximately 10 per cent of the issued ordinary share capital of the Company as at 14 October 2021, 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 16 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 14 October 2021 (being the last practicable date before the publication of this document), there were options outstanding over 874,341 ordinary shares in the Company (which represent approximately 2.30 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 2.30 per cent of the issued ordinary share capital of the Company.

**The directors consider that all of the resolutions 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 in respect of their own beneficial holdings amounting to approximately 0.19 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](http://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 2:00 p.m. on 24 November 2021.

For proxy appointments to be valid, they must be received by 2:00 p.m. on 24 November 2021. Further details relating to voting by proxy are set out in the notes to the Notice.

Yours sincerely



**Alan Smith**

Non-Executive Chair

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