



DeLaRue

Notice of Annual General Meeting to be held on 6 August 2020

This document is important and requires your IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are advised to consult your stockbroker, bank manager, solicitor, accountant or other professional adviser authorised pursuant to the Financial Services and Markets Act 2000 immediately. If you have sold or otherwise transferred all of your ordinary shares in De La Rue plc you should pass this document together with the accompanying documents (but not the personalised proxy form) as soon as possible to the purchaser or transferee or to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.



DeLaRue

DE LA RUE plc
De La Rue House
Jays Close
Viables
Basingstoke
Hampshire
RG22 4BS
England

Letter from the Chairman

13 July 2020

Dear Shareholder

Annual General Meeting

I have pleasure enclosing this year's Notice of our Annual General Meeting (AGM) which will be held at De La Rue House, Jays Close, Viables, Basingstoke, Hampshire RG22 4BS on Thursday 6 August 2020 at 10:30am. This letter sets out the details of the items of business to be transacted at the meeting.

COVID-19

In light of the prevailing guidance from the UK Government in relation to the COVID-19 outbreak and specifically the restrictions on unnecessary travel and large gatherings, the AGM will be convened as a closed meeting with the minimum quorum of two shareholders (which will be facilitated by De La Rue's management) required to conduct the business of the meeting. In the interests of safety, shareholders will not be allowed to attend the AGM in person and anyone who attempts to do so will be refused entry. **Accordingly, the Company strongly encourages all shareholders to submit a proxy vote in advance of the meeting, appointing the chairman of the meeting as their proxy rather than a named person.** Proxies must vote in accordance with your instructions. Details on how to submit your proxy vote by post, online or through CREST are set out in the Notice of AGM.

The Company will continue to closely monitor the developing impact of COVID-19, including the latest UK Government guidance. Should it become appropriate to revise the current arrangements for the AGM, any such changes will be notified to shareholders through our website at www.delarue.com and, where appropriate, by announcement made by the Company to a Regulatory Information Service.

Resolutions

The purpose of this document is to provide details of the resolutions and to explain why the Board believes that the resolutions are in the best interests of the Company and its shareholders as a whole.

Resolutions 1 to 11 inclusive and resolutions 15 and 16 are ordinary resolutions and deal with: the strategic report, the directors' report and the audited financial statements for the period ended 28 March 2020 (resolution 1); the approval of the directors' remuneration policy (resolution 2); the approval of the directors' remuneration report for the period ended 28 March 2020 (resolution 3); the election and re-election of Directors (resolutions 4 to 7); the re-appointment of the Company's auditor and the authority to agree the auditors' remuneration (resolutions 8 and 9); authority to allot shares (resolution 10); political donations (resolution 11); and approval of the De La Rue Deferred Bonus Plan 2020 (DBP) and De La Rue Performance Share Plan 2020 (PSP) (resolutions 15 and 16). Special resolutions 12 to 14 inclusive and 17 deal with: the disapplication of shareholders' statutory pre-emption rights (resolutions 12 and 13); authority for the Company to purchase its own shares (resolution 14); and the length of notice of general meetings (resolution 17).

Full details of the business to be proposed at the AGM can be found in the explanatory notes incorporated in the Notice of AGM attached to this letter. The Explanatory Notes provide further information about resolutions 1 to 17. The Appendix relates to resolutions 15 and 16 and provides a summary of the features of the DBP and PSP.

Recommendations

The Board believes that all the resolutions to be considered at our AGM and as set out in the Notice of AGM will promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. Accordingly, the Board unanimously recommends shareholders to vote in favour of them. Individual members of the Board intend to vote their own beneficial and non-beneficial holdings currently amounting to 0.62% of the issued ordinary share capital of De La Rue plc in favour of all resolutions.

Dividend

On 26 November 2019, the Company announced as part of its 2019/20 Half-Year Results that the Board had decided to suspend future dividend payments. Accordingly, the Directors are not recommending that a final dividend be declared by shareholders at this AGM. However, the Directors recognise the importance of a regular, sustainable dividend to shareholders. The Directors therefore intend to review regularly the reinstatement of a dividend, with an expectation that a dividend will be paid within the recently announced Turnaround Plan period once the Company is: (i) permitted to do so under the terms of its financing arrangements; and (ii) generating sustainable positive free cash flow. Once the Turnaround Plan is successfully completed, De La Rue will target a dividend cover of two to three times underlying earnings, taking into account the sustainable free cash flow generated in the relevant period.

What to do next

You will find a proxy form for the AGM with this letter. This allows someone else to attend the AGM and vote on your behalf. Please fill in the proxy form and return it to the Company's registrar by 10:30am on Tuesday 4 August 2020. Shareholders may, if they wish, submit proxy votes electronically via the registrar's website, www.investorcentre.co.uk/eproxy. CREST members who wish to appoint a proxy or give an instruction through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST manual. More details are set out in the notes on the form of proxy. CREST members wishing to appoint multiple proxies for a holding should contact the Company's registrar. If you vote electronically your vote must also be registered by 10:30am on Tuesday 4 August 2020. **As described above, in light of the current circumstances in respect of the COVID-19 pandemic, the Board strongly recommends that shareholders appoint the chairman of the meeting as their proxy as any other named person will not currently be permitted to attend the AGM.**

Electronic shareholder communication

If you would like to receive email notifications each time we publish new shareholder documents, you should register online at www.investorcentre.co.uk/ecomms. You will need to have your shareholder reference number (SRN) available to register. This 11 character number (which starts with the letter C or G) may be found on either your share certificate or form of proxy. When you reach the website you should select De La Rue plc from the list and follow the on screen instructions to register your e-mail address and choose the way in which you receive your documents.

If you choose this option you will receive notification by email each time the Company publishes shareholder documents on its website and you will be able to download and read them at your convenience. You may, however, vary your instruction or request a paper copy of any shareholder document at any time in the future by contacting the registrar at www.investorcentre.co.uk/contactus or by writing to them at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY.

The use of electronic communication is entirely voluntary.

Yours sincerely,



Kevin Loosemore
Chairman

Registered Office: De La Rue House, Jays Close, Viables, Basingstoke, Hampshire RG22 4BS. Registered Number: 3834125 England

Notice of Annual General Meeting

Notice is hereby given that the twenty-first Annual General Meeting of De La Rue plc (the Company) will be held at De La Rue House, Jays Close, Viables, Basingstoke, Hampshire RG22 4BS on Thursday 6 August 2020 at 10:30am to consider and, if thought fit, to pass resolutions 1 to 11 inclusive and resolutions 15 and 16 as ordinary resolutions (each requiring more than half of the votes cast to be in favour in order to be passed) and resolutions 12 to 14 inclusive and resolution 17 as special resolutions (each requiring at least three-quarters of the votes cast to be in favour in order to be passed):

1. To receive the strategic report, the directors' report and the financial statements of the Company for the period ended 28 March 2020 together with the report of the auditor.
2. To approve the directors' remuneration policy set out on pages 69 to 76 of the annual report for the period ended 28 March 2020, to take effect from the conclusion of the Annual General Meeting.
3. To approve the directors' remuneration report (other than the part containing the directors' remuneration policy set out on pages 69 to 76) set out on pages 65 to 86 of the annual report for the period ended 28 March 2020.

To elect the following Directors retiring pursuant to Article 81 of the Company's Articles of Association and the UK Corporate Governance Code who, being eligible, offer themselves for election:

4. Kevin Loosemore.
5. Clive Vacher.

To re-elect the following Directors retiring pursuant to the UK Corporate Governance Code who, being eligible, offer themselves for re-election:

6. Nick Bray.
7. Maria da Cunha.
8. To re-appoint Ernst & Young 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, through the Audit Committee, to determine the auditor's remuneration.
10. That the Board be generally and unconditionally authorised to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company ("Rights"):

(a) up to an aggregate nominal amount of £29,150,655 (such amount to be reduced by any allotments or grants made under paragraph (b) below in excess of such amount); and

(b) comprising equity securities (as defined in the Companies Act 2006 (the "Act")) up to a nominal amount of £58,301,310 (such amount to be reduced by any allotments or grants made under paragraph (a) above) in connection with an offer by way of a rights issue:

- (i) to ordinary shareholders in proportion (as

nearly as may be practicable) to their existing holdings; and

- (ii) to holders of other equity securities as required by the rights of those securities or as the Board otherwise considers necessary,

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

such authority to expire at the end of the next Annual General Meeting of the Company or, if earlier, at the close of business on 6 November 2021, but so that, in each case, the Company may before such expiry make offers, and enter into agreements, which would, or might, require shares to be allotted or Rights to be granted after such expiry and the Directors may allot shares and grant Rights in pursuance of any such offer or agreement as if this authority had not expired.

11. That in accordance with section 366 and section 367 of the Companies Act 2006 (the "Act"), the Company, and each company which is or becomes its subsidiary during the period to which this resolution relates, be and are hereby authorised to:

(a) make political donations to political parties and/or independent election candidates not exceeding £100,000 in total;

(b) make political donations to political organisations other than political parties not exceeding £100,000 in total; and

(c) incur political expenditure not exceeding £100,000 in total,

during the period commencing on the date of the passing of this resolution and ending at the conclusion of the Company's next Annual General Meeting or, if earlier, at the close of business on 6 November 2021, provided that, in any event, the total aggregate amount of all political donations made or political expenditure incurred by the Company and its subsidiaries in such period shall not exceed £100,000. For the purposes of this resolution, 'political donations', 'political organisations', 'political parties', 'independent election candidates' and 'political expenditure' have the meanings given in sections 363 to 365 of the Act.

12. That, if resolution 10 is passed, the Board be authorised to allot equity securities (as defined in the Companies Act 2006 (the "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 Act did not apply to any such allotment or sale, such authority to be limited:

(a) to the allotment of equity securities and sale of treasury shares in connection with an offer of, or invitation to apply for, equity securities (but in

the case of the authority granted under paragraph (b) of resolution 10, by way of a rights issue only):

(i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

(ii) to holders of other equity securities, as required by the rights of those securities, or as the Board otherwise considers necessary,

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

(b) in the case of the authority granted under paragraph (a) of resolution 10 and/or in the case of any sale of treasury shares, to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (a) above) up to a nominal amount of £4,372,598,

such authority to expire at the end of the next Annual General Meeting of the Company or, if earlier, at the close of business on 6 November 2021, but so that, in each case, the Company may before such expiry make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and/or treasury shares to be sold) after the authority expires and the Board may allot equity securities (and/or sell treasury shares) under any such offer or agreement as if the authority had not expired.

13. That if resolution 10 is passed, the Board be authorised in addition to any authority granted under resolution 12 to allot equity securities (as defined in the Companies Act 2006 (the "Act")) for cash under the authority granted under paragraph (a) of resolution 10, and/or to sell ordinary shares held by the Company as treasury shares for cash, as if section 561 of the Act did not apply to any such allotment or sale, such authority to be:

(a) limited to the allotment of equity securities and/or sale of treasury shares up to a nominal amount of £4,372,598; and

(b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice of Meeting,

such authority to expire at the end of the next Annual General Meeting of the Company or, if earlier, at the close of business on 6 November 2021, but so that, in each case, the Company may before such expiry make offers, and enter into agreements, which would, or might, require equity

securities to be allotted (and/or treasury shares to be sold) after the authority expires and the Board may allot equity securities (and/or sell treasury shares) under any such offer or agreement as if the authority had not expired.

14. That the Company be and is hereby authorised for the purposes of section 701 of the Companies Act 2006 (the "Act") to make one or more market purchases (within the meaning of section 693(4) of the Act) of any of the Company's ordinary shares of 44^{152/175} pence each ("Ordinary Shares"), on such terms and in such manner as the Directors of the Company may from time to time determine, provided that:

(a) the maximum aggregate number of Ordinary Shares hereby authorised to be purchased is 19,490,695;

(b) the minimum price (exclusive of expenses) which may be paid for each Ordinary Share is 44^{152/175} pence; and

(c) the maximum price (exclusive of expenses) which may be paid for each Ordinary Share is the highest of: (i) an amount equal to 5% above the average market value of an Ordinary Share for the five business days immediately preceding the day on which that Ordinary Share is contracted to be purchased; and (ii) the higher of the price of the last independent trade and the highest current independent purchase bid on the trading venues where the purchase is carried out at the relevant time,

such authority to apply until the end of next year's Annual General Meeting of the Company or, if earlier, until the close of business on 6 November 2021 but so that during this period the Company may enter into a contract to purchase Ordinary Shares, which would, or might, be completed or executed wholly or partly after the authority ends and the Company may purchase Ordinary Shares pursuant to any such contract as if the authority had not ended.

15. That:

(a) the rules of the De La Rue Deferred Bonus Plan 2020 ("DBP"), in the form produced to the meeting and initialled by the Chairman for the purposes of identification, and a summary of the principal terms of which are set out in the Appendix to this Notice of AGM, be hereby approved and the Directors be hereby authorised to do all things (including making minor amendments to the rules of the DBP) which they may consider necessary or expedient to establish the DBP; and

(b) the Directors of the Company be authorised to establish further plans based on the DBP for the benefit of employees who are located outside the United Kingdom, with such modifications as may be necessary or desirable in order to take account of local tax, exchange control or securities laws as they consider appropriate provided that any shares made available under

such other plans shall be treated as counting against any individual or overall limits contained in the DBP.

16. That:

- (a) the rules of the De La Rue Performance Share Plan 2020 (“PSP”), in the form produced to the meeting and initialled by the Chairman for the purposes of identification, and a summary of the principal terms of which are set out in the Appendix to this Notice of AGM, be hereby approved and the Directors be hereby authorised to do all things (including making minor amendments to the rules of the PSP) which they may consider necessary or expedient to establish the PSP; and
- (b) the Directors of the Company be authorised to establish further plans based on the PSP for the benefit of employees who are located outside the United Kingdom, with such modifications as may be necessary or desirable in order to take account of local tax, exchange control or securities laws as they consider appropriate provided that any shares made available under such other plans shall be treated as counting against any individual or overall limits contained in the PSP.

17. That a general meeting other than an Annual General Meeting may be called on not less than 14 clear days’ notice.

By order of the Board

Jane Hyde, Company Secretary

13 July 2020

Registered Office:
De La Rue House
Jays Close
Viables
Basingstoke
Hampshire
RG22 4BS

Registered in England, number 3834125

Explanatory Notes

In light of the prevailing guidance from the UK Government in relation to the COVID-19 outbreak and specifically the restrictions on unnecessary travel and large gatherings, the AGM will be convened as a closed meeting with the minimum quorum of two shareholders (which will be facilitated by De La Rue's management) required to conduct the business of the meeting. In the interests of safety, shareholders will not be allowed to attend the AGM in person and anyone who attempts to do so will be refused entry. Accordingly, the Company strongly encourages all shareholders to submit a proxy vote in advance of the meeting, appointing the chairman of the meeting as their proxy rather than a named person. These Explanatory Notes should be read in this context.

A shareholder entitled to attend and vote at the Annual General Meeting ("AGM") is entitled to appoint a proxy to exercise all or any of his rights to attend, speak and vote in his place. A member may appoint more than one proxy provided each proxy is appointed to exercise the rights attached to a different share or shares held by him. Where more than one valid appointment of proxy is received in respect of the same share, the one which is last sent will be treated as replacing and revoking the other(s). If the Company is unable to determine which is last sent, the one which is last received shall be so treated. Your proxy must vote as you instruct and must attend the AGM for your vote to be counted. As described above, in light of the current circumstances in respect of the COVID-19 pandemic, the Board strongly recommends that shareholders appoint the chairman of the meeting as their proxy as any other named person will not currently be permitted to attend the AGM.

A proxy form accompanies this Notice of AGM and should be completed and returned to the Company's registrar: Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY. Details of how to appoint a proxy are set out in the notes to the proxy form. Alternatively, you may register your vote electronically by accessing the registrar's website: www.investorcentre.co.uk/eproxy. Proxy forms should be deposited at the office of Computershare Investor Services PLC no later than 48 hours before the time for holding the AGM. Electronic votes must also be registered no later than 48 hours before the time for holding the AGM.

A shareholder may change proxy instructions by returning a new proxy appointment using the methods set out above. A shareholder who has appointed a proxy using the hard copy form of proxy but would like to change the instructions using another hard copy proxy form, should contact Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY. Any attempt to terminate or amend a proxy appointment after the relevant deadline will be disregarded. Where two or more valid, separate appointments of proxy are received in respect of the same share relating to the same meeting, the one which is sent last shall be treated as replacing and revoking the other or others.

In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the

appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding.

A copy of this Notice of AGM has been sent, for information only, to persons who have been nominated by a shareholder to hold information rights under section 146 of the Companies Act 2006 (the "Act") (a "Nominated Person"). The rights to appoint a proxy cannot be exercised by a Nominated Person; they can only be exercised by the shareholder. However, a Nominated Person may have a right under an agreement between him and the shareholder by whom he was nominated to be appointed as a proxy for the meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.

To be entitled to attend and vote at the AGM, shareholders must be registered in the register of members of the Company at 6:00pm on Tuesday 4 August 2020 (or, if the AGM is adjourned, provided that the adjourned meeting takes place no later than 6:00pm, at 6:00pm on the date which is two days prior to the adjourned meeting). Changes to entries on the register after this time shall be disregarded in determining the rights of persons to attend or vote (and the number of votes they may cast) at the AGM or adjourned meeting.

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST manual on the Euroclear website (www.euroclear.com/CREST). 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 made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) 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 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 number – 3RA50) by the latest time(s) for receipt of proxy appointments specified 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. 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.

CREST members and, where applicable, their CREST

sponsors or voting service providers should note that EUI 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.

Please note that the Company takes all reasonable precautions to ensure no viruses are present in any electronic communication it sends out but the Company cannot accept responsibility for loss or damage arising from the opening or use of any email or attachments from the Company and recommends that shareholders subject all messages to virus checking procedures prior to use. Any electronic communication received by the Company, including the lodgement of an electronic proxy form, that is found to contain any virus will not be accepted.

Voting on all resolutions will be conducted by way of a poll rather than a show of hands. This reflects current best practice and ensures that shareholders who are not able to attend the AGM but who have appointed the chairman of the meeting as their proxy have their votes fully taken into account. When appointed as proxy, the chairman of the meeting will cast shareholder votes as directed by the relevant shareholder(s). As soon as practicable following the AGM, the results of the voting at the AGM will be announced via a regulatory information service and also placed on the Group's website: www.delarue.com.

A shareholder 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 Act, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder of the Company, provided that they do not do so in relation to the same shares. It is no longer necessary to nominate a designated corporate representative.

Shareholders who meet the threshold requirements set out in section 527 of the Act can instruct the Company to publish on its website, at the Company's own expense, 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 circumstances connected with an auditor of the Company ceasing to hold office since the last AGM, that the shareholders propose to raise at the meeting. If the Company is required to place a statement on the website under section 527 of the Act, the statement must be forwarded to the Company's auditors no later than the time when it is made available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been

required under section 527 of the Act to publish on its website.

Ordinarily, any member attending the AGM would have the right to ask questions relating to the business being dealt with at the meeting. However, as described above, in light of prevailing UK Government guidance in response to the COVID-19 pandemic, physical attendance at the AGM will be limited to the minimum number of persons to ensure that the meeting is quorate and to conduct the business of the meeting.

As at Wednesday 8 July 2020 (being the latest practicable day prior to the publication of this Notice of AGM), the Company's issued share capital consisted of 194,906,953 ordinary shares, carrying one vote each and 111,673,300 deferred shares which do not carry any voting rights. Therefore the total number of shares over which voting rights in the Company are held is 194,906,953.

A copy of this Notice of AGM and other information required by section 311A of the Act can be found on the Group's website: www.delarue.com.

A copy of the contracts of service of the Executive Directors, the Non-executive Directors' letters of appointment and the draft rules of the DBP and PSP will be available for inspection during normal business hours (Saturdays, Sundays and public holidays excepted) at the registered office of the Company and, in the case of the draft rules of the DBP and PSP, also at the offices of Slaughter and May, One Bunhill Row, London EC1Y 8YY from the date of this Notice of AGM until the date of the AGM and will also be available for inspection at the place of the AGM from 10:15am on the day of the AGM until the conclusion of the AGM. Please note that in light of the prevailing guidance from the UK Government in relation to the COVID-19 outbreak, access to each of these offices may be subject to certain restrictions and/or conditions.

You may not use any electronic address provided in this Notice of AGM (including the Chairman's letter and proxy form) to communicate with the Company for any purposes other than those expressly stated.

Receipt of the strategic report, the directors' report and the audited financial statements – resolution 1

The Directors will present the strategic report, the directors' report and the audited financial statements for the period ended 28 March 2020 to the AGM.

Approval of the directors' remuneration policy – resolution 2

All UK listed companies must seek shareholder approval of their remuneration policy every three years, or earlier if it is proposed that the policy is changed during that period. Our current remuneration policy was approved by shareholders at the Company's AGM in 2017. We are proposing a new directors' remuneration policy details of which are set out on pages 69 to 76 (inclusive) of the annual report for the period ended 28 March 2020.

The vote is binding and, once the policy is approved, the Company will only be able to make remuneration payments to Directors and former Directors in

accordance with the policy. If the directors' remuneration policy is approved, it will take effect from the date of approval and will apply until it is replaced by a new or amended policy. As reported in the directors' remuneration report the Remuneration Committee conducted a consultation with major shareholders and institutional bodies as part of its review of the policy.

Approval of the directors' remuneration report – resolution 3

Resolution 3 seeks shareholder approval for the directors' remuneration report as set out on pages 65 to 86 (inclusive) (excluding the summary of the directors' remuneration policy as set out on pages 69 to 76 (inclusive)) of the annual report for the period ended 28 March 2020. It gives details of the directors' remuneration for the period ended 28 March 2020. The Company's auditor for the financial year ended 28 March 2020, Ernst & Young LLP, has audited those parts of the report required by the Act. The auditor's report is on pages 92 to 101 (inclusive) of the annual report for the period ended 28 March 2020. No individual Director's remuneration is dependent on the resolution on the remuneration report being passed as it is an 'advisory' resolution. Where a substantial minority of shareholders vote against the director's remuneration report, the Company must respond and say how it will address shareholder concerns.

The resolution to approve the directors' remuneration report proposed at the AGM in July 2019 was passed with significant votes against the resolution. The Board understands that the significant vote against this resolution was due primarily to the bonus payment awarded to the departing Chief Executive Officer in the context of a decline in financial and share price performance. We are committed to ensuring that the views of our shareholders and wider stakeholders are being addressed. Following the voting results on the 2019 directors' remuneration report, the Remuneration Committee, on behalf of the Board, actively engaged with the Company's major shareholders and proxy institutions. The resulting feedback was gratefully received and helped to shape the revised directors' remuneration policy set out on pages 69 to 76 (inclusive) of the annual report for the period ended 28 March 2020, for which Resolution 2 seeks approval.

Directors – resolutions 4 to 7 (inclusive)

Kevin Loosemore was appointed a non-executive Director and Chairman designate with effect from 2 September 2019 and Kevin became Chairman on 1 October 2019. Clive Vacher was appointed a Director and Chief Executive Officer on 7 October 2019. Article 81 of the Company's Articles of Association requires that Directors retire and stand for election at the next AGM of the Company following their appointment by the Board. Resolutions 4 and 5 provide for Kevin Loosemore and Clive Vacher to retire and offer themselves for election by shareholders at this year's AGM.

In addition, the UK Corporate Governance Code provides for all directors of FTSE 350 companies to be subject to re-election by their shareholders annually. Resolutions 6 to 7 provide for all of the other Directors (other than Dr Sabri Challah who, as announced on 17 June 2020, is

standing down as a Director with effect from the conclusion of the AGM) to retire and offer themselves for re-election by shareholders at this year's AGM.

Biographical details of, and the individual skills, competencies and experience brought by, each of the Directors who are seeking election and re-election, appear on pages 44 and 45 of the annual report for the period ended 28 March 2020 and on the Group's website: www.delarue.com. The Board, having carried out a formal performance evaluation, considers the performance of each of the Directors standing for election and re-election at this year's AGM to be effective and that they demonstrate commitment to their roles and is of the opinion that all Directors continue to provide valuable contributions to the long-term sustainable success of the Company. The Board strongly supports their election and re-election and recommends that shareholders vote in favour of the resolutions at the AGM.

Appointment of auditor and auditor's remuneration – resolutions 8 and 9

Resolution 8 is related to the re-appointment of Ernst & Young LLP as auditor of the Company until the conclusion of the AGM in 2021 in respect of the financial year ending 28 March 2021.

Resolution 9 authorises the Directors, through the Audit Committee, to set the amount to be paid to Ernst & Young LLP for their role as auditor.

Allotment of share capital – resolution 10

At the last AGM of the Company, held on 25 July 2019, authority was given to the Directors to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company. This authority expires at the end of this year's AGM.

There is no statutory limit on the maximum nominal amount of the section 551 authority under the Act but, under the Investment Association's current guidelines, Investment Association members will permit, and treat as routine, resolutions seeking authority to allot shares representing up to two thirds of the Company's existing issued share capital, providing any amount in excess of one third of existing issued shares should be applied to fully pre-emptive rights issues only.

Paragraph (a) of this resolution would give the Directors the authority to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares up to an aggregate nominal amount equal to £29,150,655 (representing 64,968,984 ordinary shares of 44¹⁵²/₁₇₅ pence each). This amount represents approximately one third of the issued ordinary share capital of the Company as at 8 July 2020 (being the latest practicable date prior to publication of this Notice of AGM).

In line with the aforementioned Investment Association guidance, paragraph (b) of this resolution would give the Directors authority to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares in connection with a rights issue in favour of ordinary shareholders up to an aggregate nominal amount equal to £58,301,310 (representing

129,937,968 ordinary shares of 44^{152/175} pence each), as reduced by the nominal amount of any shares issued under paragraph (a) of this resolution. This amount (before any reduction) represents approximately two thirds of the issued ordinary share capital of the Company as at 8 July 2020 (being the latest practicable date prior to publication of this Notice of AGM).

The authority sought under this resolution will last until the end of the next AGM of the Company or, if earlier, 6 November 2021.

The Directors do not currently intend to exercise this authority except in respect of exercises of share options and the release of shares awarded under the Company's share plans. However, the Directors consider it appropriate to maintain the flexibility that this authority provides. If they do exercise the authority, the Directors intend to follow Investment Association recommendations concerning its use.

As at the date of this Notice of AGM the Company does not hold any ordinary shares in the capital of the Company in treasury.

Political donations – resolution 11

Under the Act, political donations exceeding £5,000 in aggregate in any 12-month period to any political parties, independent election candidates or political organisations or the incurring of political expenditure are prohibited unless authorised by shareholders in advance. Shareholders will be aware that it is the Group's policy not to make political donations. This policy will remain unchanged whether or not resolution 11 is passed. However, it is possible that certain routine activities undertaken by the Company and its subsidiaries may fall within the broad scope of the provisions controlling political donations and expenditure contained in the Act. Accordingly, as a precaution and in order to avoid any possibility of inadvertently contravening the Act, the Board considers that it would be prudent to follow the procedure specified in the Act to obtain shareholder approval for the Company and its subsidiaries to make political donations or incur political expenditure until the conclusion of the next AGM of the Company or, if earlier, at the close of business on 6 November 2021.

As stated earlier, the Board will continue its policy of not making political donations or incurring political expenditure but the Group will report any such expenditure in its 2021 annual report.

Disapplication of statutory pre-emption rights – special resolutions 12 and 13

Resolutions 12 and 13 would give the Board authority to allot ordinary shares for cash, without first offering them to existing shareholders, in proportion to their existing shareholdings.

The authority set out in resolution 12 will be limited to allotments or sales in connection with pre-emptive offers or otherwise up to a maximum nominal value of £4,372,598 (representing 9,745,347 ordinary shares of 44^{152/175} pence each) representing approximately 5% of the total issued ordinary share capital of the Company as at 8 July 2020 (being the latest practicable date prior to publication of this Notice of AGM).

This disapplication authority is in line with guidance issued by the Investment Association (as updated in July 2016), the Pre-emption Group's Statement of Principles (the "Principles") and the template resolutions published by the Pre-Emption Group in May 2016.

In respect of the power under resolution 12(b), the Board intends to adhere to the Principles and not to allot shares for cash on a non pre-emptive basis pursuant to the authority in resolution 12:

- (a) in excess of an amount equal to 5% of the total issued ordinary share capital of the Company (excluding any treasury shares); or
- (b) in excess of an amount equal to 7.5% of the total issued ordinary share capital of the Company (excluding any treasury shares) within a rolling three year period,

unless shareholders are consulted.

This year, in line with the Principles, we are also asking, in resolution 13, for authority to disapply pre-emption rights for a further 9,745,347 ordinary shares of 44^{152/175} pence each, which represents approximately 5% of the total issued ordinary share capital as at 8 July 2020 (being the latest practicable date prior to publication of this Notice of AGM). This authority can only be exercised for acquisitions or capital investments that the Directors agree fall within the Principles. At present, the Directors have no intention of exercising this authority and resolution 13 is intended to give the Company flexibility.

The combined authority under resolutions 12 and 13 is limited to a maximum aggregate nominal value of £8,745,197 (representing 19,490,695 ordinary shares of 44^{152/175} pence each), representing approximately 10% of the total issued ordinary share capital of the Company as at 8 July 2020 (being the latest practicable date prior to publication of this Notice of AGM). The authorities contained in resolutions 12 and 13 will expire at the end of the next AGM of the Company or, if earlier, at the close of business on 6 November 2021.

Share buyback – special resolution 14

The resolution to be proposed will seek to renew authority granted to the Directors at the AGM in July 2019 which will expire on 6 August 2020. No shares have been acquired pursuant to that authority.

If shareholders pass resolution 14, the authority, unless previously renewed, varied or revoked, will expire at the conclusion of the next AGM of the Company or, if earlier, at the close of business on 6 November 2021.

This authority will apply up to 19,490,695 ordinary shares, having an aggregate nominal value of £8,745,197, being approximately 10% of the issued ordinary share capital on 8 July 2020 (being the latest practicable date prior to publication of this Notice of AGM). The minimum price (exclusive of expenses) which may be paid is 44^{152/175} pence per share and the maximum price (exclusive of expenses) is the highest of: (i) an amount equal to 5% above the average market value of an ordinary share for the five business days immediately preceding the day on which that ordinary share is contracted to be purchased; and (ii) the higher

of the price of the last independent trade and the highest current independent purchase bid on the trading venues where the purchase is carried out at the relevant time.

The Directors consider that there may be circumstances in which it would be desirable for the Company to purchase its own shares in the market. They would like to be able to act quickly if circumstances arose in which they considered such a purchase desirable, for example when, in the Board's opinion, market prices do not reflect the Company's worth. The Directors will keep the matter under review, taking into account the financial resources of the Company, the Company's share price and future funding opportunities. Purchases would only be made if their effect would be expected to increase earnings per share and would be expected to benefit shareholders generally.

Listed companies purchasing their own shares are allowed to hold them in treasury as an alternative to cancelling them. No dividends are paid on shares while held in treasury and no voting rights attach to treasury shares. Shares purchased under this authority would be cancelled and the number of shares in issue would be reduced accordingly, or held in treasury if considered appropriate. In order to respond properly to the Company's capital requirements and prevailing market conditions, the Directors will need to assess at the time of any and each actual purchase whether to hold the shares in treasury or cancel them. As at 8 July 2020 (being the latest practicable day prior to the publication of this Notice of AGM) no ordinary shares are held in treasury.

The total number of ordinary shares over which options to subscribe were outstanding at 8 July 2020 (being the latest practicable date prior to publication of this Notice of AGM) was 2,361,996 being 1.21% of the current issued share capital. If the authority to purchase the Company's ordinary shares (existing and proposed) was exercised in full, the number of shares under these options would represent 1.43% of the Company's issued ordinary share capital.

Approval of DBP and PSP – resolutions 15 and 16

The Company's current annual bonus deferral arrangements and performance share plan were approved by shareholders in 2010. In line with best practice, no awards can be made under these arrangements more than ten years after their approval by shareholders. The Company is therefore submitting for shareholders' approval rules for two replacement arrangements: the Deferred Bonus Plan 2020 ("DBP") and the Performance Share Plan 2020 ("PSP"). Full terms of these two new share-based employee incentive plans are set out in the Appendix to this Notice of AGM

Length of notice of meeting – special resolution 17

Resolution 17 is a resolution to allow the Company to hold general meetings (other than AGMs) on 14 clear days' notice.

The minimum notice period permitted by the Act for general meetings is 21 days. However, the Act enables companies to reduce this period to 14 clear days (other than for AGMs) provided that two conditions are met. The first condition is that the Company offers a facility for

shareholders to vote by electronic means. This condition is met if the Company offers a facility, accessible to all shareholders, to appoint a proxy by means of a website. The second condition is that there is an annual special resolution of shareholders approving the reduction of the minimum notice period from 21 days to 14 days.

The Board is therefore proposing resolution 17 as a special resolution to approve 14 clear days as the minimum period of notice for all general meetings of the Company other than AGMs. The approval will be effective until the end of the Company's next AGM, when it is intended that the approval be renewed. The Board will consider on a case by case basis whether the use of the flexibility offered by the shorter notice period is merited, taking into account the circumstances, including whether the business of the meeting is time-sensitive.

APPENDIX

Subject to the approval of shareholders, the Company intends to adopt two new employee share plans:

- (1) a performance share plan (the “**PSP**”) to incentivise and retain eligible employees with an award (a “**PSP Award**”) over ordinary shares in the Company (“**Shares**”); and
- (2) a deferred bonus plan (the “**DBP**”, and together with the PSP, the “**Plans**”), under which a participant’s annual bonus can be deferred into an award over Shares (a “**DBP Award**”).

The Remuneration Committee or by any sub-committee or person duly authorised by it (the “**Committee**”) may grant PSP and/or DBP Awards (“**Awards**”). The Plans will be administered by the Committee. The main features of the PSP and DBP are set out below, with the common terms of the Plans set out in section 3 of this Appendix.

2. PSP

Individual limit

PSP Awards will not normally be granted to a participant over Shares with a market value (as determined by the Committee) in excess of 100 per cent. of salary in respect of any financial year of the Company. Awards may be granted in excess of this limit to an eligible employee:

- (1) if the Committee determines exceptional circumstances exist, in which case the market value (as determined by the Committee) of the Shares subject to PSP Awards in respect of that year will not exceed 150% of salary; or
- (2) in connection with their recruitment (a “**Recruitment Award**”) provided that any Recruitment Award granted to an executive director of the Company (an “**Executive Director**”) will be the Company’s shareholder-approved directors’ remuneration policy (the “**Remuneration Policy**”).

Performance conditions

The vesting of PSP Awards may be subject to the satisfaction of performance conditions. In the case of any PSP Award other than a Recruitment Award granted to an Executive Director, PSP Awards will, to the extent required by the Remuneration Policy, be subject to performance conditions.

Any performance condition may be amended in accordance with its terms or if anything happens which causes the Committee to consider it appropriate to amend the performance conditions, provided that the Committee considers that any amended performance condition would not be materially less or more challenging to satisfy.

Vesting and release of PSP Awards

PSP Awards subject to performance conditions will normally have those conditions assessed as soon as reasonably practicable after the end of the relevant performance period. The Committee will determine the

extent to which PSP Awards will vest, taking into account the extent to which the performance conditions have been satisfied, the underlying performance of the Company and such other factors the Committee considers, in its opinion, relevant. PSP Awards will then normally vest on the vesting date set by the Committee at grant (which, for Executive Directors, will be in line with the Remuneration Policy).

The Committee may also determine at grant that the Shares subject to a PSP Award are subject to an additional holding period following vesting, during which Shares subject to the PSP Award may not be sold. The end of these holding period restrictions is referred to in this summary as the “release” of the PSP Award. The holding period will be set at the time of grant and will normally be two years from vesting for Executive Directors (in line with the Remuneration Policy).

3. DBP

DBP Awards will normally vest on the date the Committee determines at the time of grant. In the case of any DBP Award granted to an Executive Director, this date will be in line with the Remuneration Policy.

4. Terms common to the Plans

Eligibility

All employees (including Executive Directors) of the Company’s group (the “**Group**”) and, in the case of the DBP, former employees (including Executive Directors) of the Group where it is determined that the former employee should be eligible to receive a bonus for a period prior to their termination of office or employment (a “**Former Employee**”), are eligible for selection to participate in the Plans at the discretion of the Committee.

Timing of Awards

Awards can only be granted (i) during the 42 days beginning on: (a) the approval of the relevant Plan (or any amendment to it) by the Company’s shareholders; (b) the first business day after the announcement of the Company’s results for any period; (c) the day on which the Remuneration Policy (or amendment to it) is approved by the Company’s shareholders; or (d) to the extent that share dealing restrictions apply in any period referred to in (a), (b) or (c), the first dealing day on which such dealing restrictions are lifted or (ii) on any other day on which the Committee determines that exceptional circumstances exist which justify the making of an Award at that time.

Form of Awards

The Committee may grant Awards as conditional awards of Shares or nil or nominal-cost options over Shares. No payment is required for the grant of an Award. Awards structured as nil or nominal-cost options will normally be exercisable from the point of vesting (or, where a PSP Award is subject to a holding period, release) until the tenth anniversary of the grant date. Where a DBP Award structured as an option is granted to a Former Employee, it will normally be exercisable for a period of 12 months from the vesting date set at grant.

Settlement

The Committee may, in its discretion, decide to satisfy an Award with a cash payment equal to the market value of the Shares that the participant would have received had the relevant Award been satisfied with Shares.

Dividend equivalents

Unless the Committee determines otherwise, participants will receive an amount (in additional Shares, unless the Committee decides it will be paid wholly or partly in cash) equal to the value of any dividends which would have been paid on Shares subject to an Award which vest by reference to record dates during the period beginning on the grant date and ending on the date on which the Award vests or, if there is a holding period applicable to a PSP Award, is released. This amount may assume the reinvestment of dividends and exclude or include special dividends.

Malus and clawback

In certain circumstances the Committee may at any time prior to the third anniversary of the normal vesting date of a PSP Award or the third anniversary of the date of grant of a DBP Award to: (a) reduce an Award (to zero if appropriate) or (b) require that the participant either return some or all of the Shares acquired under the Award or make a cash payment to the Company in respect of the Shares delivered.

The Committee may invoke these malus and clawback provisions in the following circumstances:

- (1) a material misstatement in the published results of the Company or Group or a member of the Group;
- (2) gross misconduct on the part of the relevant participant;
- (3) where the Committee determines that the participant is responsible for or had management oversight over a member of the Group falling into disrepute or suffering a significant detrimental impact on its reputation; or
- (4) the Company or a material proportion of the Group becoming insolvent or suffering corporate failure.

Cessation of employment

Classification of "good leavers"

An unvested Award will usually lapse upon a participant ceasing to be employed by or a director of a member of the Group.

If, however, a participant ceases to be an employee or director of the Group because of their ill-health, injury, disability, the sale of the participant's employing company or business out of the Group or in other circumstances at the discretion of the Committee (i.e. they leave as a "good leaver"), their Award will normally continue to vest (and be released) on the date when it would have vested (and been released) if they had not ceased to be an employee or director of the Group. The Committee retains discretion, however, to allow a PSP Award

granted to a "good leaver" to vest (and be released) following their cessation of office or employment.

If the participant ceases to be an employee or director of the Group as a result of their employing company or business being sold out of the Group, the Committee may require that the Award is exchanged for an equivalent award over shares in another company.

Death

If a participant dies, their Award will vest (and, in the case of a PSP Award subject to a holding period, be released) on the date of their death on the basis set out for other "good leavers". Alternatively, the Committee may decide that unvested Awards will vest on the date they would have vested if the participant had not died on the basis set out for other "good leavers".

Extent of vesting – PSP Awards

The extent to which PSP Awards vest will be determined by the Committee, taking into account the satisfaction of any performance conditions applicable to the PSP Awards, the underlying performance of the Company and such other factors the Committee considers, in its opinion, relevant.

Unless the Committee decides otherwise, the extent to which a PSP Award vests will also take into account the proportion of the performance period (or, in the case of a PSP Award not subject to performance conditions, the vesting period) which has elapsed on the cessation of the participant's office or employment with the Group.

PSP holding periods

If a participant ceases to be a director or employee of the Group during a holding period in respect of a PSP Award for any reason other than summary dismissal, their PSP Award will normally be released at the end of the holding period, unless the Committee determines that it should be released on the cessation of their office or employment. If a participant dies during the holding period, their PSP Award will be released on the date of death (unless the Committee decides they will be released at the end of the normal holding period). If a participant is summarily dismissed, any outstanding PSP Awards they hold will immediately lapse.

Extent of vesting – DBP Awards

In the "good leaver" circumstances referred to above, a DBP Award will vest in full as if the participant had not ceased to be a Group employee or director unless the Committee determines that the DBP Award will vest in its entirety following the individual's cessation of office or employment. Where a Former Employee has been granted a DBP Award, the "leaver" rules set out above will not apply.

Awards structured as nil or nominal-cost options

Awards structured as nil or nominal-cost options which do not lapse on the participant's cessation of office or employment may normally be exercised to the extent vested for a period of 12 months after vesting (or, where PSP Awards are subject to a holding period, release).

Where nil or nominal-cost options have already vested (and, where relevant, been released) on the date of

cessation of office or employment, those options may normally be exercised for a period of 12 months from the date of cessation, unless the participant is summarily dismissed, in which case their options will lapse. If a participant dies, any vested (and, where relevant, released) options may normally be exercised until the first anniversary of their death.

Corporate events

In the event of a change of control of the Company, Awards will normally vest (and be released) early.

The proportion of any unvested PSP Awards which vest will be determined by the Committee, taking into account the extent to which any performance conditions applicable to PSP Awards have been satisfied, the underlying performance of the Company and such other factors the Committee considers, in its opinion, relevant, and, unless the Committee determines otherwise, the proportion of the performance period, or in the case of PSP Awards not subject to performance conditions, the vesting period, which has elapsed. DBP Awards will vest in full. Awards structured as nil or nominal-cost options may then normally be exercised for a period of one month, after which they lapse.

Alternatively, the Committee may require that Awards are exchanged for equivalent awards over shares in another company (subject to the acquiring company's consent).

If other corporate events occur such as a winding-up of the Company, a variation of the share capital of the Company, a demerger, special dividend or other event which, in the Committee's opinion, would materially affect the value of Shares, the Committee may determine that Awards will vest (and be released) on the same basis as for a change of control.

Variation of capital

If there is a variation of the share capital of the Company or in the event of a demerger, special dividend or other event which, in the Committee's opinion, will materially affect the value of Shares, the Committee may adjust the number or class of shares subject to Awards, the exercise price applicable to an Award and/or any performance condition applicable to PSP Awards as it considers appropriate.

Rights attaching to Shares

Shares issued and/or transferred under the Plans will not confer rights on any participant until that participant has received the underlying Shares. Any Shares issued will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their issue).

Overall limits

The Plans may operate over new issue Shares, treasury Shares or Shares purchased in the market. The rules of the Plans provide that, in any ten year rolling period, the number of Shares which may be issued under the Plans and any other employee share plan adopted by the Company may not exceed 10 per cent. of the issued ordinary share capital of the Company from time to time. In addition, in any ten year period, the number of Shares which may be issued under the Plans and any other discretionary employee share plan adopted by the

Company may not exceed 5 per cent. of the issued ordinary share capital of the Company from time to time.

Shares transferred out of treasury will count towards these limits for so long as this is required under institutional shareholder guidelines. However, awards which are relinquished or lapse will be disregarded for the purposes of these limits.

Amendments

The Committee may, at any time, amend the rules of the Plans or any Award made under them. However, prior shareholder approval must be obtained in the case of any amendment which is made to the advantage of eligible employees and/or participants and relates to the provisions relating to eligibility, individual or overall limits, the basis for determining the entitlement to, and the terms of, Awards, the adjustments that may be made in the event of any variation to the share capital of the Company and/or the rule relating to such prior approval. There are, however, exceptions to this requirement to obtain shareholder approval for any minor amendments to benefit the administration of the Plans, to take account of the provisions of any legislation, or to obtain or maintain favourable tax, exchange control or regulatory treatment for any participant or member of the Group.

Non-transferability

Awards are not transferable other than to the participant's personal representative if the participant dies.

Benefits not pensionable

Benefits received under the Plans are not pensionable.

Termination

No Awards may be granted more than ten years after shareholder approval of the relevant Plan.