UK CORPORATE GOVERNANCE CODE 2018

Statement of compliance

2024

Spirax Group plc

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Statement of compliance

Spirax Group plc (the **Company**) is subject to the UK Corporate Governance Code 2018, published by the Financial Reporting Council and available on their website: UK Corporate Governance Code (frc.org.uk).

Our Governance Report (see pages 106 to 184 of the Annual Report 2023), which can be found on the Group's website: spiraxgroup.com/results-and-reports, explains how the Group has applied the principles and complied with the provisions of the UK Corporate Governance Code 2018 (Code).

The Company is fully compliant with the requirements of the Code and have been throughout 2023. We have addressed each Code principle, as summarised in the following tables.

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1. Board leadership and company purpose

Code of Best Practice: Principles and Provisions		Company Compliance Statement
Principles		
A.	A successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.	
B.	The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.	
C.	The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.	
D.	In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.	
E.	The board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern.	
Provisions		
1	"The board should assess the basis on which the company generates and preserves value over the long-term. It should describe in the annual report how opportunities and risks to the future success of the business have been considered and addressed, the sustainability of the company's business model and how its governance contributes to the delivery of its strategy."	We recognise the importance of operating in a way that delivers long-term sustainable value for our stakeholders. We engineer sustainable value creation as we manage relationships in a way that reflects our Values; effectively manage financial, human and natural resources; understand our associated risks and opportunities; and implement our strategy for growth (Annual Report, p. 26-33). Our Company Purpose is to create sustainable value for all our stakeholders as we engineer a more efficient, safer and sustainable future. Our Purpose is therefore closely aligned with Provision 1 of the Code. The Board is focused on long-term corporate and strategic plans. (Annual Report, Strategic Report).
2	"The board should assess and monitor culture. Where it is not satisfied that policy, practices or behaviour throughout the business are aligned with the company's purpose, values and strategy, it should seek assurance that management has taken corrective	We have over 10,000 Company employees across 66 countries worldwide. Our Company Purpose and Values unite our employees, guide our decisions, provide the guiding principles on which we operate and shape our culture. We conducted our biennial Engagement Survey in 2023 where over 90% of our

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	action. The annual report should explain the board's activities and any action taken. In addition, it should include an explanation of the company's approach to investing in and rewarding its workforce."	colleagues participated. We saw significant improvements across the Group in the following areas: • indicated that our inclusion metrics had improved by 5% globally from the 2021 survey • that our Colleagues felt supported to help their local communities, up 10% from 2021 • Colleague well being saw a 4% metric increase recognising the focus we have placed on mental health, wider wellbeing and supporting a balance between work and personal life. (Annual Report, p. 28 and 63) We invest extensively in the professional development of our people and remunerate them fairly for the work that that do, recognising that they are our most important asset. The reward policies and practices for our workforce as a whole follow those set for the Executive Directors, including the Group Chief Executive. The Remuneration Committee has responsibility for setting and making any changes in remuneration for the senior management. This includes the reviewing of policies and practices for our workforce and consideration of shareholders' and other stakeholders' views as part of designing the Remuneration Policy and its operation for the Executive Directors (Annual Report, p. 155-174). We achieve compliance with our anti-bribery and corruption programmes, whistle-blowing service and management codes, taking corrective action where appropriate.
3	In addition to formal general meetings, the chair should seek regular engagement with major shareholders in order to understand their views on governance and performance against the strategy. Committee chairs should seek engagement with shareholders on significant matters related to their areas of responsibility. The chair should ensure that the board as a	The Board recognises our shareholders as an important stakeholder group. By providing regular forums for meeting and communicating with shareholders, their advisers and the investment community, we ensure that we understand the views and opinions of our investors and are kept informed of any concerns that may arise. We are also able to give updates on our results and developments within our Businesses.

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	whole has a clear understanding of the views of shareholders.	We communicate using a variety of forums including regulatory news announcements, interviews, investor and analyst calls/emails, one-to-one meetings, roadshows, site tours, investor seminars and conferences (Annual Report, p. 33 and 122). In developing and reviewing the Company's Remuneration Policy for Executive Directors and other senior executives, the Remuneration Committee seeks and takes into account the range of views of shareholder advisers. The Committee Chair actively engages with major shareholders and institutional shareholder advisers when appropriate and takes into account their views when reviewing and implementing the Company's Remuneration Policy. The Committee considers shareholder feedback received in relation to the AGM each year and guidance from institutional shareholder advisers more generally. This feedback, plus any additional feedback received during the year at meetings with shareholders, is considered as part of the Company's annual Remuneration Policy review (Annual Report, p. 162). The Chair and Senior Independent Director meet and communicate with shareholders on a regular basis.
4	When 20 per cent or more of votes have been cast against the board recommendation for a resolution, the company should explain, when announcing voting results, what actions it intends to take to consult shareholders in order to understand the reasons behind the result. An update on the views received from shareholders and actions taken should be published no later than six months after the shareholder meeting. The board should then provide a final summary in the annual report and, if applicable, in the explanatory notes to resolutions at the next shareholder meeting, on what impact the feedback has had on the decisions the board has taken and any actions or resolutions now proposed.	n/a

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<tr><td>5</td><td>The board should understand the views of the company's other key stakeholders and describe in the annual report how their interests and the matters set out in section 172 of the Companies Act 2006 have been considered in board discussions and decision-making. The board should keep engagement mechanisms under review so that they remain effective.

For engagement with the workforce, one or a combination of the following methods should be used:

• a director appointed from the workforce;
• a formal workforce advisory panel;
• a designated non-executive director.

If the board has not chosen one or more of these methods, it should explain what alternative arrangements are in place and why it considers that they are effective.</td><td>Engaging with our stakeholders and acting in a way that promotes the long-term success of the Company, while taking into account the impacts of our business decisions on our stakeholders, is central to our strategic thinking and our statutory duty in accordance with Section 172(1) of the Companies Act 2006 (s.172).

Pages 26 to 33 and 121 to 123 of the 2023 Annual Report constitute our s.172 Statement.

The Colleague Engagement Committee was established in response to and in compliance with the Code, with one Non-Executive Director designated as the Chair of the Committee. The principal remit is to support the Board and to ensure that that the voice of the workforce is considered in all aspects of the Board's thinking and to understand and support colleague engagement activities across the Group. The Group has also formalised its approach to colleague engagement, setting clear targets and clarifying how the Board's colleague engagement activities sit alongside the wider colleague engagement programme (Annual Report, p. 128-131).</td></tr>
<tr><td>6</td><td>There should be a means for the workforce to raise concerns in confidence and – if they wish – anonymously. The board should routinely review this and the reports arising from its operation. It should ensure that arrangements are in place for the proportionate and independent investigation of such matters and for follow-up action.</td><td>Our Colleague Engagement Committee ensures that the views and interests of colleagues are considered at Board level (Annual Report, p. 128-131).

Any colleague with a concern about potentially unethical behaviour is able to raise it confidentially through a local, independent third-party whistle-blowing facility, hosted by Safecall.

In 2023, 51 cases were raised globally via this hotline, an increase from 2022, which shows that our colleagues are both aware of the facility and finding it helpful for reporting purposes. All calls were investigated by senior management and action taken if necessary, with summaries of calls and related actions reviewed by the Audit Committee and the Board (Annual Report, p. 69 and 146).</td></tr>
<tr><td>7</td><td>The board should take action to identify and manage conflicts of interest, including those resulting from significant shareholdings, and</td><td>Under the Companies Act 2006 and the provisions of the Company's Articles of Association, the Board is required to consider potential conflicts of interest. The Company</td></tr>
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	ensure that the influence of third parties does not compromise or override independent judgement.	has established formal procedures for the disclosure and review of any conflicts, or potential conflicts, of interest which the Directors may have and for the authorisation of such matters of conflict by the Board. To this end the Board considers and, if appropriate, authorises any conflicts, or potential conflicts, of interest as they arise and reviews any such authorisation annually. New Directors are required to declare any conflicts, or potential conflicts, of interest to the Board at the first Board meeting after his or her appointment. The Board believes that the procedures established to deal with conflicts of interest are operating effectively (Annual Report, p. 180). No director holds shares in another company that would cause any conflict or compromise judgement.
8	Where directors have concerns about the operation of the board or the management of the company that cannot be resolved, their concerns should be recorded in the board minutes. On resignation, a non-executive director should provide a written statement to the chair, for circulation to the board, if they have any such concerns.	n/a

2. Division of responsibilities

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Principles	
F. The chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information.	
G. The board should include an appropriate combination of executive and non-executive (and, in particular, independent non-executive) directors, such that no one individual or small group of individuals dominates the board's decision-making. There should be a clear division of responsibilities between the leadership of the board and the executive leadership of the company's business.	
H. Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.	
I. The board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.	
Provisions	
9 The chair should be independent on appointment when assessed against the circumstances set out in Provision 10. The roles of chair and chief executive should not be exercised by the same individual. A chief executive should not become chair of the same company. If, exceptionally, this is proposed by the board, major shareholders should be consulted ahead of appointment. The board should set out its reasons to all shareholders at the time of the appointment and also publish these on the company website.	Jamie Pike has been a member of our Board since May 2014. We consider him to have retained his independent status (Annual Report, p. 126). In his tenure to date we consider him to have upheld the responsibility of the Chair as described in the Principle of the Code, such as his independence, ability to work well with others and leadership skills (Annual Report, p. 126).
10 The board should identify in the annual report each non-executive director it considers to be independent. Circumstances which are likely to impair, or could appear to impair, a non-executive director's independence include, but are not limited to, whether a director: • is or has been an employee of the company or group within the last five years;	All our Non-Executive Directors are considered independent (Annual Report, p. 126). Non-Executive Directors are identified on Pages 112-113 of the Annual Report.

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	• has, or has had within the last three years, a material business relationship with the company, either directly or as a partner, shareholder, director or senior employee of a body that has such a relationship with the company; • has received or receives additional remuneration from the company apart from a director's fee, participates in the company's share option or a performance-related pay scheme, or is a member of the company's pension scheme; • has close family ties with any of the company's advisers, directors or senior employees; • holds cross-directorships or has significant links with other directors through involvement in other companies or bodies; • represents a significant shareholder; or • has served on the board for more than nine years from the date of their first appointment. Where any of these or other relevant circumstances apply, and the board nonetheless considers that the non-executive director is independent, a clear explanation should be provided.	
11	At least half the board, excluding the chair, should be non-executive directors whom the board considers to be independent.	During 2023, in compliance with the Code, the number of Non-Executive Directors was always equal to or more than the number of Executive Directors (excluding the Chair). At the time of publication, our Board comprises of one Executive (with the Interim CFO in attendance) and seven Non-Executive Directors (excluding the Chair). This ensures that no one person or group of individuals dominates the Board's decision-making (Annual Report, p. 126).
12	The board should appoint one of the independent non-executive directors to be their senior independent director to provide a sounding board for the chair and serve as an intermediary for the other directors and shareholders. Led by the senior independent director, the non-executive directors	Richard Gillingwater was appointed as Senior Independent Director in July 2021. Richard has strong investment, financial and non-executive experience, combined with international business experience. Richard brings competencies that will greatly assist the development of the Group.

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<tr><td></td><td>should meet without the chair present at least annually to appraise the chair's performance, and on other occasions as necessary.</td><td>The Senior Independent Director conducted a review of the performance of the Chair as required by the Code and the review concluded that the Chair's performance was good (Annual Report, p. 108).</td></tr>
<tr><td>13</td><td>Non-executive directors have a prime role in appointing and removing executive directors. Non-executive directors should scrutinise and hold to account the performance of management and individual executive directors against agreed performance objectives. The chair should hold meetings with the non-executive directors without the executive directors present.</td><td>Non-Executive Directors hold a prime role in appointing and removing Executive Directors and scrutinise and hold to account the performance of management and individual Executive Directors against agreed performance objectives (Annual Report, p. 125).

The Nomination Committee, comprising the Chair (except for Chair Succession) and Non-Executive directors, makes appropriate recommendations to the Board for the appointment, re-appointment or replacement of Directors (Annual Report, p.125).

The Chair holds meetings with Non-Executive Directors without Executive Directors present (Annual Report, p.125).</td></tr>
<tr><td>14</td><td>The responsibilities of the chair, chief executive, senior independent director, board and committees should be clear, set out in writing, agreed by the board and made publicly available. The annual report should set out the number of meetings of the board and its committees, and the individual attendance by directors.</td><td>Responsibilities of the Chair:
• Responsible for the leadership and effectiveness of the Board
• Promotes a culture of openness and debate
• Facilitates constructive Board relations
• Holds meetings with Non-Executive Directors, without Executive Directors present
• Ensures that the Board listens to the views of shareholders, the workforce, customers and other key stakeholders
• Responsible for all Environmental, Sustainability and Governance matters
• Responsible for ensuring that the Board considers all Strategic Risks

Responsibilities of the Chief Executive:
• Responsible for the day-to-day running of the Group's business and performance and the implementation of strategy
• Leads the Group Executive Committee
• Represents management on the Board</td></tr>
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		Responsibilities of the Senior Independent Director: • Provides a sounding board to the Chair • Serves as an intermediary for the other Directors and shareholders • Leads an annual meeting of Non-Executive Directors to appraise the Chair's performance (Annual Report, p. 125) The Board is collectively responsible for the long-term success of the Company. The business of the Company is managed by the Board who may exercise all of the powers of the Company. The Board has a formal schedule of matters reserved for the Board's decision-making which is available on the Group's website spiraxgroup.com/governance-documents. This was recently updated to clarify that the Board is directly responsible for the oversight of Environmental, Social and Governance (ESG) matters. Although the Board retains overall responsibility, it delegates certain matters to the Board Committees and the detailed implementation of matters approved by the Board and the day-to-day operational aspects of the business to the Group Executive Committee (Annual Report, p. 124). The Board has its own Diversity Policy, which was published on our website this year: spiraxgroup.com/governance-documents
15	When making new appointments, the board should take into account other demands on directors' time. Prior to appointment, significant commitments should be disclosed with an indication of the time involved. Additional external appointments should not be undertaken without prior approval of the board, with the reasons for permitting significant appointments explained in the annual report. Full-time executive directors should not take on more than one non-executive directorship in a FTSE 100 company or other significant appointment.	Directors are permitted to hold external directorships in order to broaden their experience, to the benefit of the Company. Such appointments are subject to approval by the Board and the Director may retain any fees paid in respect of such directorships. The Board ensures compliance by Directors with Code provision 16 (Remuneration Policy). The Board meets as often as is necessary to discharge its duties. In 2023, the Board met seven times. All Directors are expected to attend all Board meetings and relevant Committee meetings unless prevented by prior commitments, illness or a conflict of interest. Directors unable to attend specific

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		Board or Committee meetings are sent the relevant papers and asked to provide comments in advance of the meeting to the Chair of the Board or Committee. In addition, all Board and Committee members receive the minutes of meetings as a matter of course. External appointments held by our Non-Executive Directors and full-time Executive Directors are set out on pages 112 to 113 of the 2023 Annual Report. The Board is confident that the Non-Executive Directors have sufficient time to meet their Board responsibilities (Annual Report, p. 126). External appointments of Executive Directors comply with the Code provision.
16	All directors should have access to the advice of the company secretary, who is responsible for advising the board on all governance matters. Both the appointment and removal of the company secretary should be a matter for the whole board.	The Group General Counsel and Company Secretary and the Group Assistant Company Secretary, support the Chair and the Committee Chairs in making sure members are equipped for informed decision-making and that they appropriately allocate their time to subjects. All Directors have access to the advice of the Group General Counsel, who is responsible for advising the Board on all governance matters. Both the appointment and removal of the Group General Counsel is a matter for the whole Board (Annual Report, p. 124).

3. Composition, succession and evaluation

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Principles	
J. Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained for board and senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths. K. The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed. L. Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.	
Provisions	
17 The board should establish a nomination committee to lead the process for appointments, ensure plans are in place for orderly succession to both the board and senior management positions, and oversee the development of a diverse pipeline for succession. A majority of members of the committee should be independent non-executive directors. The chair of the board should not chair the committee when it is dealing with the appointment of their successor.	The Nomination Committee: • Makes appropriate recommendations to the Board for the appointment, reappointment or replacement of Directors • Reviews the structure and composition of the Board with regard to the overall balance of skills, knowledge and experience against current and perceived future requirements of the Group • Considers succession planning arrangements for the Executive Directors and more generally, senior executives • Oversees the annual evaluation of the Board and individual Directors, taking into account its composition, diversity and effectiveness The Nomination Committee comprises of seven independent Non-Executive Directors and the Chair of the Board (Annual Report, p.132) (save for Chair Succession). The Chair of the Board will not chair the Committee when it is dealing with the appointment of his successor. Our Board fully complies with the principles of our Diversity and Inclusion Policy and the Board has its own

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		Diversity Policy (Annual Report, p.127), both of which can be found on the Group's website: spiraxgroup.com/governance-documents
18	All directors should be subject to annual re-election. The board should set out in the papers accompanying the resolutions to elect each director the specific reasons why their contribution is, and continues to be, important to the company's long-term sustainable success.	The Directors stand for election or re-election on an annual basis at each AGM in accordance with the Code. The Board considers that all Directors standing for re-election continue to perform effectively and demonstrate commitment to their roles. In addition, the Board considers that all Directors have the necessary skills and experience, as set out in their biographies on pages 112 to 113 of the Annual Report. The Resolutions are set out in the Circular to Shareholders and Notice of Meeting, which is available on our website: spiraxgroup.com/agm-notices.
19	The chair should not remain in post beyond nine years from the date of their first appointment to the board. To facilitate effective succession planning and the development of a diverse board, this period can be extended for a limited time, particularly in those cases where the chair was an existing non-executive director on appointment. A clear explanation should be provided.	As reported last year, Jamie Pike was reappointed as Chair of the Company with effect from May 2021 for a further three years despite this taking him beyond nine years since appointed to the Board. The Committee considered that the reappointment would be compliant with Provision 19 of the UK Corporate Governance Code 2018 (the Code), which allows for an extension beyond nine years' service, as although Jamie Pike has been a Non-Executive Director since 2014, he was only appointed as Chair five years ago, in 2018. In order to ensure a successful handover of Group CEO responsibilities from Nick Anderson to Nimesh Patel, the Board agreed that Jamie will serve as Chair until no later than the end of 2024. This will allow Jamie to provide valuable mentorship to Nimesh in his new role of Group CEO and an appropriate hand over period to a new incoming Chair. Jamie continues to provide strong and effective leadership of the Board. (Annual Report p 134). As recently announced, Jamie Pike will stand down as Chair on 31 December 2024, succeeded by Tim Cobbold, who will

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		Chair the Board and Nomination Committee.
20	Open advertising and/or an external search consultancy should generally be used for the appointment of the chair and non-executive directors. If an external search consultancy is engaged it should be identified in the annual report alongside a statement about any other connection it has with the company or individual directors.	The appointments in 2023 were that of the Non-Executive Director, Constance Baroudel and Nimesh Patel, Group Chief Executive. Egon Zehnder were appointed in relation to the specification, search and evaluation for these appointments. Egon Zehnder is an independent search and recruitment agency and has no other connection with the Company outside of advising the Nomination Committee.
21	There should be a formal and rigorous annual evaluation of the performance of the board, its committees, the chair and individual directors. The chair should consider having a regular externally facilitated board evaluation. In FTSE 350 companies this should happen at least every three years. The external evaluator should be identified in the annual report and a statement made about any other connection it has with the company or individual directors.	For 2023, the Chair supervised and Egon Zehnder facilitated the use of an equivalent survey from 2022 to distribute to each of the Board members. They were asked to respond to questions on both a quantitative and qualitative basis. The review considered the strengths of the Board, the Colleague Engagement Committee, the Remuneration Committee, the Audit Committee and the Nomination Committee by looking at individual capabilities and contributions, what the Board does and the way in which the Board members work together. (Annual Report, p. 134) The next externally facilitated board evaluation should be no later than 2024.
22	The chair should act on the results of the evaluation by recognising the strengths and addressing any weaknesses of the board. Each director should engage with the process and take appropriate action when development needs have been identified.	By comparing the results between 2022 and 2023, we were then able to evaluate areas where the Board has improved, as well as areas that still require development. In respect of 2022 areas of improvement, the 2023 review indicated that both areas had improved, with the management team having responded to the Board's request for deeper discussions around competitor activity, industry trends and horizon scanning. The Board acknowledge that there is always room for improvement but that there is a balance to be struck between key short-term priorities and strategic discussion and debate.

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	It also emphasised the following strengths: • Strong sense of clarity on the Vision, Values and Strategy for the Group which creates an aligned and collaborative culture across the Board • Continues to improve its effectiveness as it adopts and implements previous review recommendations • Good balance of support and challenge to executive management The review helped us to consider the following areas for improvement and these will continue to be addressed in the coming year: • Consistent timely distribution of information to allow for improved discussion and debate • External input on specific topics such as horizon scanning to inspire debate
23 The annual report should describe the work of the nomination committee, including: • the process used in relation to appointments, its approach to succession planning and how both support developing a diverse pipeline; • how the board evaluation has been conducted, the nature and extent of an external evaluator's contact with the board and individual directors, the outcomes and actions taken, and how it has or will influence board composition; • the policy on diversity and inclusion, its objectives and linkage to company strategy, how it has been implemented and progress on achieving the objectives; and • the gender balance of those in the senior management and their direct reports.	Egon Zehnder act as external advisers to the Nomination Committee, helping the Committee and the Board to make sure we are well positioned and have proper succession in place for all senior level appointments across the Group. This ongoing search for the best people includes both internal and external candidates (Annual Report, p. 134). We believe that the Board's perspective and approach is greatly enhanced by gender, age and cultural diversity and we consider overall Board balance and diversity when appointing new Directors. We also undertake reviews each year of the bench strength of all senior executives and make sure that diversity is considered in our succession planning across senior roles. The Company captures gender and diversity data of colleagues through voluntary disclosure via the internal HR portal where possible or direct contact where not. For the Board of Directors, we seek individual permission to share

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	this data on an annual basis. We do not prescribe set gender or ethnicity categories but ask for directors to self-describe this. The information required by LR 9.8.6R(10) can be found in the Directors' report (Annual report p 179). We have a strong focus on inclusion and are committed to improving diversity across our Group. As at 31st December 2023, the Company has met or exceeded two of the three diversity and inclusion targets set out in LR9.8.6R(9), namely that it has met the 40% female representation target on the Board and two Board members are from a minority ethnic background exceeding the target of at least one individual. The third target requires that at least one of the senior Board positions (Chair, CEO, CFO or SID) is held by a woman, a target endorsed by the FTSE Women Leaders review that would like to see a woman in at least one of these roles by 2025. As at 31st December 2023, the Company has not met this target. However, as announced, once Louisa Burdett joins the Board as the CFO in July 2024 this target will have been achieved. In line with a new Parker review target, in support of our commitment and in addition to our gender diversity targets, the Board has set a further target of 25% of senior leadership, made up of our Group Executive Committee (GEC) and direct reports, to be from under-represented ethnic groups by December 2027, currently this is 18.3%. In 2023, Maria Wilson was appointed to our GEC. Our GEC is now 22.2% women (2022: 12.5%, 2021: 0%) and we continue to aim for 40% women on the GEC by December 2025 in line with our Group Diversity Goals. Gender diversity of GEC direct reports dropped slightly from 35.3% at the end of 2022 to 33.3% at the end of October 2023 (the data point for the FTSE Women Leaders Review). This meant that gender diversity of our senior leadership also

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	dropped slightly from 34.5% women to 31.7% in October 2023. We remain committed to achieving a minimum of 40% women in our senior leadership by December 2025, a goal already achieved at Board level. Our Board fully complies with the principles of our Diversity and Inclusion Policy which can be found on the Group's website spiraxgroup.com/corporate-governance. For details of the external auditor's board evaluation, please refer to Provision 21.

4. Audit, risk and internal control

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Principles	
M. The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements.	
N. The board should present a fair, balanced and understandable assessment of the company's position and prospects.	
O. The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.	
Provisions	
24 The board should establish an audit committee of independent non-executive directors, with a minimum membership of three, or in the case of smaller companies, two. The chair of the board should not be a member. The board should satisfy itself that at least one member has recent and relevant financial experience. The committee as a whole shall have competence relevant to the sector in which the company operates.	The Audit Committee comprises of four of our independent Non-Executive Directors. The Chair of the Board is not a member of the Committee (Annual Report, p.138). The Committee Chair has recent extensive and relevant financial experience and the required competence in accounting. Committee members have a depth of financial and commercial experience in various industries, as well as the industrial engineering sector in which the Group operates. A more detailed summary of the qualifications, skills and experience of each Committee member can be found on pages 112 to 113 of the Annual Report.
25 The main roles and responsibilities of the audit committee should include: • monitoring the integrity of the financial statements of the company and any formal announcements relating to the company's financial performance, and reviewing significant financial reporting judgements contained in them; • providing advice (where requested by the board) on whether the annual report and accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the company's position and	This is set out in 'Committee role and responsibilities' and explained more fully in the Audit Committee Report on pages 138 to 141 inclusive of the Annual Report and in the Audit Committee Terms of Reference, which can be found on our website: spiraxgroup.com/corporate-governance

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	performance, business model and strategy; • reviewing the company's internal financial controls and internal control and risk management systems, unless expressly addressed by a separate board risk committee composed of independent non-executive directors, or by the board itself; • monitoring and reviewing the effectiveness of the company's internal audit function or, where there is not one, considering annually whether there is a need for one and making a recommendation to the board; • conducting the tender process and making recommendations to the board, about the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor; • reviewing and monitoring the external auditor's independence and objectivity; • reviewing the effectiveness of the external audit process, taking into consideration relevant UK professional and regulatory requirements; • developing and implementing policy on the engagement of the external auditor to supply non-audit services, ensuring there is prior approval of non-audit services, considering the impact this may have on independence, taking into account the relevant regulations and ethical guidance in this regard, and reporting to the board on any improvement or action required; and • reporting to the board on how it has discharged its responsibilities.	
26	The annual report should describe the work of the audit committee, including: • the significant issues that the audit committee considered relating to the financial	The significant issues considered by the Audit Committee in 2023 are set out on pages 141 to 144 of the 2023 Annual Report. During 2023, the Committee reviewed and approved the proposed audit fees

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statements, and how these issues were addressed; • an explanation of how it has assessed the independence and effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, information on the length of tenure of the current audit firm, when a tender was last conducted and advance notice of any retendering plans; • in the case of a board not accepting the audit committee's recommendation on the external auditor appointment, reappointment or removal, a statement from the audit committee explaining its recommendation and the reasons why the board has taken a different position (this should also be supplied in any papers recommending appointment or reappointment); • where there is no internal audit function, an explanation for the absence, how internal assurance is achieved, and how this affect the work of external audit; and • an explanation of how auditor independence and objectivity are safeguarded, if the external auditor provides non-audit services.	and terms of engagement for the 2023 audit and recommended to the Board that it proposes to shareholders that Deloitte LLP be re-appointed as the Group's External Auditor for 2024 at the AGM to be held on 15th May 2024. Following the 2022 external audit tender and the subsequent reappointment of Deloitte as the Group's external auditor, the Committee has been pleased with the quality and effectiveness of Deloitte's external audit. The rigour, level of challenge, clear communication and understanding of the key drivers of our business have delivered high-quality audit insight, as well as facilitating a productive relationship and valuable debate between management, the Committee and the External Auditor. This assessment of audit quality was supported by the results of both (i) the agreed audit quality indicator metrics which Deloitte report to the Committee and (ii) the feedback scores received from the Group's key businesses appraising the external audit process. As targeted during the audit tender, the use of data analytics has continued to progress during the year. Andrew Bond has led the Deloitte audit relationship with the Group for the past five years and as we transition to a new lead audit partner the Committee would like to thank Andrew for the insight, diligence and guidance he has provided during his tenure. As agreed during the tender process, Dean Cook will replace Andrew from 2024 onwards. In order to facilitate an effective transition, Dean has spent time with management and attended a number of Committee meetings during the year (Annual report p 140). The internal audit process is set out on page 147 of the Annual Report. The Committee recognises that the independence of the External Auditor is an essential part of the audit framework and has adopted a policy for determining whether it is appropriate to engage the

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		Group's Auditor for non-audit services. The Auditor Engagement Policy was reviewed and updated during the year to align with the latest FRC Ethical Standards. A copy of the Auditor Engagement Policy can be found on the Group's website, spiraxgroup.com/corporate-governance. During 2023, the Group spent £0.2 million on non-audit services provided by Deloitte LLP, which included work undertaken on the interim review. These non-audit fees equate to 9% of the average of Group audit fees charged over the past three years. Further details can be found in Note 6 on page 211 of the 2023 Annual Report (Annual Report, p.149).
27	The directors should explain in the annual report their responsibility for preparing the annual report and accounts, and state that they consider the annual report and accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the company's position, performance, business model and strategy.	The Directors acknowledge their responsibility for preparing the 2023 Annual Report. In accordance with the Code, the Directors confirm that they consider the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's financial position, performance, business model and strategy. An overview of the processes involved to achieve this are set out on page 149 of the Annual Report. Please also refer to pages 108 and 184.
28	The board should carry out a robust assessment of the company's emerging and principal risks. The board should confirm in the annual report that it has completed this assessment, including a description of its principal risks, what procedures are in place to identify emerging risks, and an explanation of how these are being managed or mitigated.	Risk is an inherent part of our business operations and we approach risk with the same deliberate, strategic consideration as other aspects of the business. The Risk Management Committee monitors our risks, in particular those identified as principal risks, on an on-going basis, while the Board is responsible for the overall stewardship of risk management and internal control. We hold annual reviews, either top-down or bottom-up reviews, that provide information and evaluations that the Risk Committee uses alongside our principal risk appetite ratings to create an effective system for monitoring, planning and developing our Group-wide

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		approach and culture regarding risk (Annual Report, p.98). The process for managing risks is set out in the diagram on page 100 of the 2023 Annual Report, whilst the table on pages 102 to 105 sets out the Group's principal risks and describes the links to strategy, the mitigation measures and the appetite for each risk. During 2023, we reviewed the Group's exposure to risk using a bottom-up approach, where the Group companies inform the Committee of the risks they consider affect their businesses to ensure new or emerging risks are not missed. Following this process, the Committee reviewed and confirmed the robustness of the countermeasures that Group companies have in place to mitigate the principal risks in the Group risk register. In addition, we continued to closely monitor certain changing emerging risks such as the rising cost of inflation and took appropriate mitigating actions through our price management tools including Effective Price Increases and Weighted Average Cost Inflation (Annual Report, p.98). Our principal risks and the results of the 2023 review are set out in the Strategic Report on pages 98 to 105 of the Annual Report.
29	The board should monitor the company's risk management and internal control systems and, at least annually, carry out a review of their effectiveness and report on that review in the annual report. The monitoring and review should cover all material controls, including financial, operational and compliance controls.	In conjunction, the Risk Management and Audit Committees monitor the Company's risk management and internal control systems and review their effectiveness. For further detail, see the Reports of the Audit and Risk Management Committees on pages 138 to 154 of the Annual Report.
30	In annual and half-yearly financial statements, the board should state whether it considers it appropriate to adopt the going concern basis of accounting in preparing them, and identify any material uncertainties to the company's ability to continue to do so	A going concern statement is made in both the half year regulatory announcement and annual report. The 2023 Annual Report going concern statement is set out below and on page 41 of the Annual Report.

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	over a period of at least twelve months from the date of approval of the financial statements.	
31	Taking account of the company's current position and principal risks, the board should explain in the annual report how it has assessed the prospects of the company, over what period it has done so and why it considers that period to be appropriate. The board should state whether it has a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, drawing attention to any qualifications or assumptions as necessary.	The Board has assessed the viability of the Group, taking into account the Group's current financial position, business strategy, the Board's risk appetite and the potential impacts of the Group's Principal Risks. We set out the eight Principal Risks we have identified, along with our mitigation measures, in our Risk Management section of the Strategic Report which begins on page 98. Based on this assessment, the Board has confirmed that it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five-year period to 31st December 2028. The Viability Statement is set out in full in our Financial review on pages 41 to 43.

5. Remuneration

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Principles	
P. Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to company purpose and values, and be clearly linked to the successful delivery of the company's long-term strategy.	
Q. A formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration should be established. No director should be involved in deciding their own remuneration outcome.	
R. Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.	
Provisions	
32 The board should establish a remuneration committee of independent non-executive directors, with a minimum membership of three, or in the case of smaller companies, two. In addition, the chair of the board can only be a member if they were independent on appointment and cannot chair the committee. Before appointment as chair of the remuneration committee, the appointee should have served on a remuneration committee for at least 12 months.	The Remuneration Committee comprises of four independent Non-Executive Directors. The Chair of the Board is not a member of the Committee, however he does attend meetings at the invitation of the Committee Chair. Prior to being appointed Chair of our Remuneration Committee in November 2016, Jane Kingston had served on the Remuneration Committee at National Express Group plc since February 2014 and as Chair of that Committee since May 2015.
33 The remuneration committee should have delegated responsibility for determining the policy for executive director remuneration and setting remuneration for the chair, executive directors and senior management. It should review workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking these into account when setting the policy for executive director remuneration.	The main role of the Committee is to determine Executive remuneration policies, how they are applied and set targets for the short and long-term incentive schemes. It also monitors compliance with the presiding Remuneration Policy. The Committee determines the philosophy, principles and policy of Executive and senior manager remuneration having regard to the latest legislation, corporate governance, best practice and the Financial Conduct Authority (FCA) Listing Rules. The Committee takes account of wider colleague remuneration frameworks, related policies and the alignment of

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		incentives and rewards with our Group culture. (Annual Report, p.155).
34	The remuneration of non-executive directors should be determined in accordance with the Articles of Association or, alternatively, by the board. Levels of remuneration for the chair and all non-executive directors should reflect the time commitment and responsibilities of the role. Remuneration for all non-executive directors should not include share options or other performance-related elements.	The remuneration of the Chair and the Non-Executive Directors is determined by the Board and is reviewed annually (Annual Report, p.162). Fees for the Chair and the Non-Executive Directors reflect the time commitment and responsibilities of the role, UK market levels and the average base salary increase across the wider workforce. Fees do not include share options or other performance-related elements (Annual Report, p. 163).
35	Where a remuneration consultant is appointed, this should be the responsibility of the remuneration committee. The consultant should be identified in the annual report alongside a statement about any other connection it has with the company or individual directors. Independent judgement should be exercised when evaluating the advice of external third parties and when receiving views from executive directors and senior management.	The Committee takes account of information from both internal and independent sources. During the year it received external advice from Korn Ferry, which was appointed by the Committee in 2019. Korn Ferry advises on all aspects of the Company's Remuneration Policy and reviews our remuneration structures against corporate governance best practice. Korn Ferry also provides support to the Company and management more generally with the monitoring of TSR performance for the PSP, Executive remuneration levels and structure, non-Board benchmarking and salary surveys. The Committee confirms that neither it nor any of its Directors has any connection with Korn Ferry, who is a member of the Remuneration Consultants Group and complies with its Code of Conduct, which sets out guidelines to ensure that its advice is independent and objective. The Committee reviews the performance and independence of its adviser on an annual basis. During the period, Spirax Group incurred fees of £90,535 (plus VAT) from Korn Ferry on a time and materials basis (Annual Report p 162).
36	Remuneration schemes should promote long-term shareholdings by executive directors that support alignment with long-term shareholder interests. Share	The Committee makes conditional awards of shares, under the Performance Share Plan, to each Executive Director. Annual participation

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	awards granted for this purpose should be released for sale on a phased basis and be subject to a total vesting and holding period of five years or more. The remuneration committee should develop a formal policy for post-employment shareholding requirements encompassing both unvested and vested shares.	is subject to Committee approval. Measures, targets and their relative weightings are reviewed regularly by the Committee to ensure continuing alignment with strategic objectives. Performance is measured over a three-year period, normally starting at the beginning of the financial year in which awards are granted. An additional two-year post-vesting holding period applies. Vesting is currently based on three performance measures, which have been chosen as they are clearly aligned with our strategic objectives: Total Shareholder Return, Earnings Per Share growth and reduction in Greenhouse gas emissions (Annual Report, p.167). As explained on page 161 of the Annual Report, Executive Directors' shareholding guidelines apply for two years post-employment.
37	Remuneration schemes and policies should enable the use of discretion to override formulaic outcomes. They should also include provisions that would enable the company to recover and/or withhold sums or share awards and specify the circumstances in which it would be appropriate to do so.	Under the Performance Share Plan, share awards made from 2015 are subject to clawback and/or malus for up to five years following initial award and can be applied during a holding period. Circumstances include financial misstatement, erroneous calculations determining bonus payments, gross misconduct, corporate failure and reputational damage (Annual Report. p.176). The Committee retains the ability to adjust awards if the formulaic outcome is not reflective of the business performance (Annual Report, p. 176).
38	Only basic salary should be pensionable. The pension contribution rates for executive directors, or payments in lieu, should be aligned with those available to the workforce. The pension consequences and associated costs of basic salary increases and any other changes in pensionable remuneration, or contribution rates, particularly for directors close to retirement, should be carefully considered when compared with workforce arrangements.	Under the 2023 Remuneration Policy, the maximum pension contribution for new Executive Directors will be the same basis as what the majority of newly appointed employees receive in the market in which the Executive Director is based (Annual Report, p.175). No element other than base salary is pensionable (2023 Remuneration policy spiraxgroup.com/corporate-governance).

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39	Notice or contract periods should be one year or less. If it is necessary to offer longer periods to new directors recruited from outside the company, such periods should reduce to one year or less after the initial period. The remuneration committee should ensure compensation commitments in directors' terms of appointment do not reward poor performance. They should be robust in reducing compensation to reflect departing directors' obligations to mitigate loss.	The notice period for Executive Directors is 12 months, the Chair is three months and for Non-Executive Directors is one month. The appointment letters for the Chair and Non-Executive Directors provide that no compensation is payable on termination, other than accrued fees and expenses (Annual Report, p.174). Executive Directors' service agreements may be terminated without notice and without payment of compensation on the occurrence of certain events, such as gross misconduct or financial misstatement. Bonus payments are subject to clawback and/or malus for up to three years following payment. Circumstances include financial misstatement, erroneous calculations determining bonus payments, gross misconduct, corporate failure and reputational damage (Annual Report, p. 177).
40	When determining executive director remuneration policy and practices, the remuneration committee should address the following: • clarity – remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce; • simplicity – remuneration structures should avoid complexity and their rationale and operation should be easy to understand; • risk – remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated; • predictability – the range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy; • proportionality – the link between individual awards, the delivery of strategy and the long-term	The Annual Report on Remuneration 2023 is set out on pages 162 to 174 of the Annual Report. Our Focus on remuneration addressing clarity, simplicity, risk, predictability, proportionality, and alignment to culture is set out in the table on page 156 of the Annual Report.

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	performance of the company should be clear. Outcomes should not reward poor performance; and • alignment to culture – incentive schemes should drive behaviours consistent with company purpose, values and strategy.	
41	There should be a description of the work of the remuneration committee in the annual report, including: • an explanation of the strategic rationale for executive directors' remuneration policies, structures and any performance metrics; • reasons why the remuneration is appropriate using internal and external measures, including pay ratios and pay gaps; • a description, with examples, of how the remuneration committee has addressed the factors in Provision 40; • whether the remuneration policy operated as intended in terms of company performance and quantum, and, if not, what changes are necessary; • what engagement has taken place with shareholders and the impact this has had on remuneration policy and outcomes; • what engagement with the workforce has taken place to explain how executive remuneration aligns with wider company pay policy; and • to what extent discretion has been applied to remuneration outcomes and the reasons why.	The work of the Remuneration Committee during 2023 is set out on pages 155 to 161 of the Annual Report.