

Terms of Reference of the Remuneration Committee

1 January 2025

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

(approved by the Remuneration Committee as of 9th December 2024)

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Supporting reference definitions

Code	UK Corporate Governance Code 2024
FRC Board Guidance	FRC Corporate Governance Code Guidance
CGIUK	Chartered Governance Institute UK & Ireland

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

Constitution

1. It is resolved that a Committee of the Board of Directors (the “**Board**”) of Spirax Group plc, company number 00596337, (the “**Company**”) be established, to be known as the Remuneration Committee.

Membership

2. The Remuneration Committee shall consist of non-executive directors of the Company identified by the Board as independent in accordance with the requirements of the UK Corporate Governance Code (the “**Code**”).¹
3. Members of the Remuneration Committee shall be appointed by the Board² (in accordance with the Company's articles of association) on the recommendation of the Nomination Committee, in consultation with the Remuneration Committee Chair.³
4. The Remuneration Committee shall comprise at least three members, one of whom shall be appointed by the Board as the Remuneration Committee Chair. The Chair of the Board may be a member of the Remuneration Committee (but not the Remuneration Committee Chair) provided that the Chair was independent on appointment. The Chair of the Committee must be an independent Non-Executive Director and must have served on a remuneration committee of either the Company or any other company for a period of at least twelve (12) months.⁴
5. Each member shall hold office as a Remuneration Committee member for a period of up to three years, which may be extended for two further three-year periods, provided that the member (other than the Chair of the Board if they are a member of the Remuneration Committee) continues to be identified as independent by the Board.
6. In the absence of the Remuneration Committee Chair (and/or an appointed alternate member), the members present at any meeting of the Remuneration Committee shall elect one of their number to chair the meeting who would qualify under these terms of reference to be appointed to that position by the Board.

Secretary

7. The Company Secretary or the Remuneration Committee's nominee shall be the Secretary of the Remuneration Committee (the “**Committee Secretary**”) and will ensure that the Remuneration Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

¹ Code provision 32

² Code provision 32

³ Best practice CGIUK model terms of reference May 2022

⁴ Code provision 32

- 7.1. The Committee Secretary shall keep a record of the membership, and the dates of any changes to the membership, of the Remuneration Committee.

Conflicts of Interests

8. Each member of the Remuneration Committee shall disclose in writing to the Remuneration Committee and the Company Secretary as soon as the member becomes aware of the interest or the conflict:
 - 8.1. any personal interest including financial interest (other than as a shareholder) in any matter to be decided by the Remuneration Committee; or
 - 8.2. any potential conflict of interest.

Any such member shall abstain from voting on resolutions of the Remuneration Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions and (if requested by the Board) shall resign from the Remuneration Committee.

Attendance at Meetings

9. No one other than the Remuneration Committee Chair and members of the Remuneration Committee is entitled to be present or vote at a meeting of the Remuneration Committee. The Remuneration Committee Chair and members of the Remuneration Committee shall, however, have the discretion to decide if non-members should be invited to attend for a particular meeting or a particular agenda item.⁵ The Remuneration Committee should exercise independent judgement when receiving views from executive directors and other members of the Group Executive Committee, whose role in this regard should be clearly separated from their role within the business and care should be taken to recognise and avoid conflicts of interest.⁶
10. The Chair of the Board (if not already a member of the Remuneration Committee) and/or Group Chief Executive Officer shall be invited by the Remuneration Committee to attend meetings to discuss the performance of the other executive directors and other members of the Group Executive Committee and to make proposals as necessary. The Remuneration Committee may consult any other non-executive directors in its evaluation of the Chair of the Board and/or Group Chief Executive Officer.

Meetings

11. The Remuneration Committee Chair, in consultation with the Committee Secretary, shall decide the frequency and timing of the Remuneration Committee's meetings.⁷ A meeting of the Remuneration Committee may be called by any member of the Remuneration

⁵ FRC Board Guidance paragraph 93

⁶ Code Principles Q and R and Provision 35

⁷ FRC Board Guidance paragraph 94

Committee. In any event, meetings shall be held at least three times each year, to coincide with key dates within the financial reporting cycle. The Committee Secretary shall call a meeting as soon as reasonably practicable upon a request for such meeting by any Remuneration Committee member. Unless varied by these Terms of Reference, meetings and proceedings of the Remuneration Committee will be governed by the provisions of the Company's Articles of Association regulating the meetings and proceedings of directors.

12. The quorum for meetings of the Remuneration Committee shall be the Remuneration Committee Chair and at least one other member or any three members present throughout the meeting in person or by telephone or by video conference. A duly convened meeting of the Remuneration Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Remuneration Committee.
13. Unless otherwise agreed, notice of each meeting confirming the venue, date and time together with an agenda of items to be discussed and supporting papers where appropriate shall be forwarded to each member of the Remuneration Committee and to each other person invited to attend, and all other Board members, no fewer than five working days prior to the date of the meeting. All reasonable efforts shall be made to give notice of meetings of the Remuneration Committee to all members of it and to arrange such meetings so that members are able to attend them. The Group Chief Executive Officer is primarily responsible for the provision of information to the Remuneration Committee. Outside the formal meeting programme, the Remuneration Committee Chair will maintain a dialogue with key individuals involved in the Company's governance, including the Chair of the Board, the Group Chief Executive Officer, the Group Chief Financial Officer and the Group HR Director.
14. The Committee Secretary shall record the proceedings and resolutions of meetings of the Remuneration Committee, including the names of those present and in attendance.⁸
15. Draft minutes of Remuneration Committee meetings shall be circulated promptly to all members of the Remuneration Committee and once approved, to all members of the Board unless it would be inappropriate to do so in the opinion of the Remuneration Committee Chair.⁹

Engagement with Shareholders

16. The Remuneration Committee Chair shall attend the Annual General Meeting of the Company and be available to answer questions from shareholders.¹⁰ All members of the Remuneration Committee shall also attend the Annual General Meeting.

⁸ Best practice CGUK model terms of reference May 2022

⁹ FRC Board Guidance paragraph 97

¹⁰ FRC Board Guidance Paragraph 102

17. The Remuneration Committee Chair should ensure that the Company maintains an appropriate dialogue as required by shareholders about the work of the Remuneration Committee and seek engagement with shareholders on significant matters related to the Remuneration Committee's areas of responsibility.¹¹

Authority

18. The Remuneration Committee shall have access sufficient resources to enable it to undertake its duties including access to the company secretariat for advice and assistance as required,¹² including (but not limited to) assisting the Chair in planning the Remuneration Committee's work, drawing up meeting agendas, maintenance of minutes, drafting of material about its activities for the annual report, collection and distribution of information and provision of practical support.
19. The Remuneration Committee is authorised by the Board to obtain inside and outside legal or other professional advice on any matters within its Terms of Reference,¹³ as well as information about remuneration practices elsewhere. The Remuneration Committee may, if it thinks necessary, supply to others information about the Company's remuneration practices and secure the attendance at meetings of outsiders with relevant experience and expertise at the Company's expense.
20. The Remuneration Committee is authorised to investigate any activity within its Terms of Reference and in accordance with the Group Delegated Authorities approved by the Board.
21. The Remuneration Committee is authorised to seek any information it requires from any employee of the Spirax Group in order to perform its duties. All employees are directed to cooperate with any request made by the Remuneration Committee.

Duties

The Committee should carry out the duties detailed below for the parent company, major subsidiary undertakings and the Spirax Group as a whole, as appropriate.

23. The Remuneration Committee shall:
 - 23.1. Have delegated responsibility for determining the policy for directors' remuneration and setting remuneration for the Company's Chair, Executive Directors and the Group Executive Committee,¹⁴ in accordance with the Principles and Provisions of the Code.¹⁵

¹¹ Code Provision 3 and FRC Board Guidance paragraph 325

¹² Code Provision 16 and FRC Board Guidance paragraphs 80-86

¹³ FRC Board Guidance paragraph 84

¹⁴ Code Provision 33. Footnote 4 to the Code defines 'senior management' for these purposes as the executive committee or the first layer of management below board level, including the company secretary. See also FRC Board Guidance paragraph 81.

¹⁵ See Code Principle P and Code Provisions 33, 39 and 40. See also FRC Board Guidance paragraphs 129, 319 to 321, 323 and 324.

- 23.1.1. No Director or member of the Group Executive Committee shall be involved in any decisions as to their own remuneration outcome.¹⁶ The Board itself or, where required by the Articles of Association, the shareholders should determine the remuneration of the non-executive directors within the limits set in the Articles of Association;¹⁷
- 23.1.2. The responsibility of determining the precise package to be proposed for approval by the Remuneration Committee to meet local practice and performance lies with the Group Chief Executive Officer and the responsible Senior Executive.
- 23.2. Establish remuneration schemes that promote long-term shareholding by Executive Directors that support alignment with long-term shareholder interests, with share awards subject to a total vesting and holding period of at least five years, and a formal policy for post-employment shareholding requirements encompassing both unvested and vested shares.¹⁸
- 23.3. Design remuneration policies and practices to support strategy and promote long-term sustainable success, with executive remuneration aligned to company purpose and values, clearly linked to the successful delivery of the company's long-term strategy, and that enable the use of discretion to override formulaic outcomes and to recover and/or withhold sums or share awards under appropriate specified circumstances (ensuring that such provisions are included in directors' contracts and/or other agreements which cover their remuneration).¹⁹
- 23.4. In determining remuneration policy, consider all other factors which it deems necessary, relevant legal and regulatory requirements, the provisions and recommendations of the Code and associated guidance. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders.
- 23.5. review the ongoing appropriateness and relevance of the remuneration policy.
- 23.6. have full authority to appoint remuneration consultants²⁰ and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the company. However, the Remuneration Committee should exercise independent judgement when evaluating the advice of external third parties and should avoid designing pay structures based solely on benchmarking to the market or on the advice of remuneration consultants.

¹⁶ Code Principle Q

¹⁷ Code Provision 34

¹⁸ Code Provision 36

¹⁹ Code Principle P and Provision 37. See also FRC Board Guidance paragraphs 323 and 324.

²⁰ Code Provision 35

- 23.7. Within the terms of the agreed policy and in consultation with the Company Chair and/or Group Chief Executive Officer, as appropriate, determine the total individual remuneration package of each Executive Director and the Group Executive Committee including bonuses, incentive payments and share options or other share awards. The choice of financial, non-financial and strategic measures is important,²¹ as is the exercise of independent judgement and discretion when determining remuneration awards, taking account of company and individual performance, and wider circumstances, as well as results achieved and the overall policy intent.²²
- 23.8. To determine the specific terms and conditions of employment contracts for the Chair of the Board, Group Chief Executive Officer, Executive Directors and members of the Group Executive Committee, ensuring that contractual terms on termination, and any payments made, are fair to the individual and the company, that failure is not rewarded and that the duty to mitigate loss is realised.²³
- 23.9. To determine pension arrangements for the Group Chief Executive Officer, Executive Directors and members of the Group Executive Committee.
- 23.10. Review the design of all share incentive plans for approval by the Board and, where required, shareholders. For any such plans:
- 23.10.1. determine policy for the grant of awards to the Group Chief Executive Officer, Executive Directors and Group Executive Committee, to ensure that they are provided with appropriate incentives consistent with the Company's policy as currently in force;
 - 23.10.2. approve all and any awards to the Group Chief Executive Officer, Executive Directors and members of the Group Executive Committee, including consideration of the quantum of grants and vesting schedules;
 - 23.10.3. set appropriate performance targets in connection with the awards;
 - 23.10.4. determine, in conjunction with the Company's auditors, whether such performance targets have been satisfied;
 - 23.10.5. other than all-employee share plans, ensure that they contain the ability to withhold or recover sums or share awards to address poor performance;
 - 23.10.6. approve any amendments to the Plans prior to obtaining any necessary shareholder approval; and

²¹ FRC Board Guidance paragraph 326

²² Code Principle R and FRC Board Guidance paragraph 327 and 328

²³ Code Provision 40

- 23.10.7. exercise any discretion specified in the rules of the Plans and generally oversee the administration of Plans offered to the Group Chief Executive Officer, Executive Directors and members of the Group Executive Committee.²⁴
- 23.11. To consider the basis for the cash bonus payable to the Group Chief Executive Officer, Executive Directors and members of the Group Executive Committee and the criteria on which it should be established. The Remuneration Committee shall arrange for the determination, in conjunction with the Company Auditors, as to whether and the extent to which performance targets have been satisfied.
- 23.12. Review workforce remuneration and related policies and the alignment of incentives and rewards with culture,²⁵ taking these into account when setting the policy for Executive Director remuneration and receive and review reports on, and input into any major changes in employee benefit structures throughout the Company or Group.
- 23.13. Work and liaise as necessary with other Board committees, ensuring the interaction between committees and with the Board is reviewed regularly.²⁶

Reporting Responsibilities

24. The Remuneration Committee Chair shall report to the Board after each meeting on the nature and content of its discussion, recommendations and action to be taken.²⁷
25. The Remuneration Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed, and adequate time should be available for Board discussion when necessary.²⁸
26. The Remuneration Committee shall approve the directors' remuneration report to be included in the Company's annual report each year, including:
- 26.1. the annual statement from the Chair of the Remuneration Committee;
- 26.2. the annual report on remuneration setting out payments during the financial year²⁹; and
- 26.3. when required, the directors' remuneration policy in relation to future payments to the Directors and former director.

²⁴ FRC Board Guidance paragraphs 324 and 327

²⁵ Code Provision 33 and FRC Guidance on Board Effectiveness 2018, paragraph 319

²⁶ FRC Board Guidance paragraph 97

²⁷ FRC Board Guidance paragraph 96

²⁸ FRC Board Guidance paragraph 96

²⁹ Provision 38 of the Code states that the annual report on remuneration should include a description of its malus and clawback provisions, including: (i) the circumstances in which malus and clawback provisions could be used; (ii) a description of the period for malus and clawback and why the selected period is best suited to the organisation; and (iii) whether the provisions were used in the last reporting period. If so, a clear explanation of the reason should be provided in the annual report

27. The annual report shall include a description of the work of the Remuneration Committee in line with the requirements of the UK Corporate Governance Code, the Companies Act 2006, the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended from time to time), the Listing Rules, the FCA's Disclosure, Guidance and Transparency Rules, applicable guidelines and other associated legislative or regulatory requirements. The Remuneration Committee shall ensure that procedures are in place to comply with the following requirements:
- 27.1. that the directors' remuneration report is included in the company's annual report and put to shareholders by ordinary resolution for approval by an advisory vote at each AGM in accordance with the requirements of the Companies Act 2006;
 - 27.2. that the directors' remuneration policy is put to shareholders by ordinary resolution for approval by a binding vote at an AGM or other company meeting when required, or when considered necessary or appropriate (for example in order to make a change to the policy) in accordance with the requirements of the Companies Act 2006;
 - 27.3. that, where there is a significant vote against the directors' remuneration policy or the directors' remuneration report (i.e. more than 20%), the Remuneration Committee takes any necessary actions to understand the reasons for the vote against and, where appropriate, publishes an explanation of the reasons and outlines what the Committee has done to address the dissent;³⁰ and
 - 27.4. whenever a director leaves office, a statement is published on the Company's website as soon as reasonably practicable, in accordance with the requirements of section 430(2B) of the Companies Act 2006.
28. If the Remuneration Committee has used remuneration consultants, the consultant should be identified in the annual report alongside a statement about any other connection it has with the company or individual directors.³¹

Other Matters

29. Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.³²
30. Give due consideration to all relevant laws and regulations, the provisions of the Code and published guidelines or recommendations regarding the remuneration of company directors and the formation and operation of share incentive plans, the requirements of the FCA's Listing Rules, Prospectus Rules, Disclosure Guidance and Transparency Rules sourcebook, and any other applicable rules, as appropriate.

³⁰ Code provision 4

³¹ Code Provision 35

³² FRC Board Guidance paragraph 82

31. Ensure that a periodic evaluation of the Committee's own performance is carried out.³³
32. At least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.³⁴
33. The Remuneration Committee should make available on the Company's website these Terms of Reference, explaining the role and the authority delegated to it by the Board.³⁵

³³ FRC Board Guidance paragraph 172

³⁴ FRC Board Guidance paragraph 89

³⁵ FRC Board Guidance paragraph 89