



Engineering our future

Spirax Group Annual Report 2023

Our Governance

Leading effective governance to ensure the successful management of the Group across its diverse Businesses

Welcome to our 2023 Governance Report. In this Report you can see the composition of our Board and our Group Executive Committee and find out how our governance framework for planning, implementation and monitoring of Spirax Group's performance ensures we are well placed to respond and adapt to the changing environment.

The Disclosure Guidance and Transparency Rules (DTR) require a company to include in its Directors' Report a governance statement containing certain information. However, as allowed by DTR 7.2.9, we have chosen to set out the information in this governance section of the Annual Report. The Group's risk management and internal control framework and the Principal Risks and uncertainties, described on pages 98 to 105, the Directors' Report on pages 179 to 182 and the various Committee Reports on pages 128 to 160 also contained required information and are incorporated into this statement by reference.

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Board leadership and Company Purpose

Chair's introduction



We continue to be directly involved with ESG as it is at the heart of our Group's core activities and given its importance to shareholders and wider stakeholders."

Jamie Pike
Chair

Our Purpose

Our Purpose, to create sustainable value for all our stakeholders as we engineer a more efficient, safer and sustainable future, helps our Group Businesses to stay relevant in a fast-changing world. It drives our direction and priorities and connects us with the communities of which we are part. Our Purpose also provides our colleagues with the clarity needed to respond quickly and with agility as part of Spirax Group.

Board Composition

In August we announced that Nicholas (Nick) Anderson would be standing down as Group Chief Executive after ten years in the position. Nick has led the Group with distinction and meaningfully improved on the Group's long record of consistent and quality growth. More than half of this growth was organic, with the balance coming from successful acquisitions that strengthened and enhanced the Steam Thermal Solutions and Watson-Marlow Fluid Technology Solutions Businesses, as well as establishing our Electric Thermal Solutions Business. Nick also leaves our Group with firmly embedded sustainability strategies, inclusion and equity programmes, as well as successful leadership and talent development programmes that contributed to the selection of a strong internal successor.

In August, we were delighted to announce Nimesh Patel's appointment as Group Chief Executive Officer and he took up the position on 16th January 2024. Nimesh joined the Group in 2020 as Chief Financial Officer and his appointment as Group Chief Executive Officer follows a rigorous succession process, more details of which can be found in the Nomination Committee Report on pages 134 and 135. As announced in December 2023, Louisa Burdett will join the Group in July 2024 as the Chief Financial Officer. Louisa is a highly experienced CFO having led finance functions in several large companies including UK-listed Croda, Meggitt and Victrex. She currently serves as a Non-Executive Director and Audit Committee Chair of RS Group plc. The recruitment of Louisa as successor in the role of CFO followed our usual rigorous succession process. Director of Group Finance, Phil Scott, will act as Interim Chief Financial Officer until that point, although will not be a statutory director of the Company.

We also indicated last year I would be stepping down in 2024 following my reappointment for a further three years in 2021. The Board 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 I have been a Non-Executive Director since 2014, I was only appointed as Chair five years ago, in 2018. The Nomination Committee is currently engaged in the search and appointment for the Chair succession and further information on this can be found in the Nomination Committee and Directors Reports on pages 132 and 179.

Following the resignation of Olivia Qiu in January 2023 the Nomination Committee began the process of finding a new Non-Executive Director. We announced the appointment of Constance Barouel on 2nd August 2023. Constance brings to the Group strong sustainability, financial, strategic and non-executive experience as well as her knowledge of large, global organisations, to support the ongoing sustainable growth and success of our Group.

As illustrated in the Board biographies on pages 112 and 113 and the Board at a glance (as at 31st December 2023) on page 115, we continue to ensure that our Board is diverse ethnically, culturally and in terms of gender. In order to create more transparency around this matter, the Financial Conduct Authority (FCA) introduced new listing rules, effective for accounting periods starting on or after 1st April 2022 (which we have disclosed voluntarily in previous years), this can be found in the Directors Report on page 179.

Board leadership and Company Purpose continued

Chair's introduction continued

Embedding Environmental, Social and Governance (ESG) oversight

The Board is directly responsible for ESG matters and is responsible for the overall stewardship of strategic risk management and internal control. The Board as a whole continues to have direct and comprehensive oversight of ESG matters, which are essential to the execution of our Group and Business Strategies. The Board received six updates from Sarah Peers, Group Director of Sustainability, during 2023. This included updates on progress against metrics and targets and enabled the Board to be directly involved in ESG matters. More information on the Group's approach to Sustainability can be found in the Sustainability Report on pages 60 to 97.

The Audit Committee is also directly involved in the detailed review of risks, which includes climate-related risks, and it reports back to the Board on its findings. The Risk Management Committee has responsibility for managing climate-related risks. Sarah Peers has specific delegated responsibility for overseeing climate-related risks and mitigation activities, as well as for ensuring that climate-related risks and opportunities are appropriately considered in management's day-to-day operational practices. This is carried out through the Group Sustainability Management Committee (GSMC). The GSMC comprises the Group Director of Sustainability, Heads of Sustainability from each respective Business, Strategic Initiative and Strategic Project leads and other key individuals as required.

Sustainability and Health and Safety updates are always the first two operational matters addressed by the GEC and Board at each meeting.

We have a quarterly Steering Committee meeting, attended by the Executive Sponsors of **One Planet Sustainability Strategy**, the strategic initiative/strategic project leads and the Group Sustainability Reporting Manager. These meetings consist of updates on current strategic initiatives and projects, and other general **One Planet Sustainability Strategy** updates and decisions.

During 2023, there were three meetings of the Colleague Engagement Committee (CEC). The CEC's principal remit is to ensure 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 CEC also has a clear programme and agenda for meeting self-selected groups across the business, without management present, in order to understand better their roles and gain their feedback and their experience working for the Company. Full information of the CEC's activities in this regard can be found in the CEC Report on pages 128 to 131.

Board Performance

The Chair confirms that, following a formal performance evaluation, each Director's performance continues to be effective and each Director demonstrates commitment to the role. 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. More information on the Board Effectiveness review for 2023 can be found in the Nomination Committee Report on pages 132 to 137.

Section 172 Statement

The long-term success of our business is dependent on the way we work with all our stakeholders and continues to require effective engagement, constructive working practices and recognition of stakeholder views in order to create and sustain value for all.

In accordance with the Companies (Miscellaneous Reporting) Regulations 2018, the Directors have prepared a statement describing how they have had regard to the matters set out in Section 172 when performing their duty to promote the success of the Company. This can be found on pages 121 to 123.

Outcome of 2023

The Board and Management were vigilant in staying informed of current events impacting the business. We continue to deal with uncertainty in the Pharmaceutical & Biotechnology and Semiconductor sectors, due to customer destocking. Against this backdrop, the Group's financial performance in 2023 was in line with the expectations we set out in our November 2023 trading update. More information on the 2023 Group performance can be found in the Strategic Report on pages 4 to 105.

Fair, balanced and understandable

In accordance with the Code, the Directors confirm 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 Group's financial position, performance, business model and strategy.

Statement by the Directors on compliance with the Code

The UK Corporate Governance Code 2018 applied to the Group for the financial year ended 31st December 2023, a copy of which can be found on the FRC website, www.frc.org.uk.

With effect from 1st January 2023 the Board considers that it has complied, in full, with the principles and provisions of the Code, following the final step change bringing the previous Group Chief Executive's pension contributions in line with the wider UK colleague maximum contributions of 10%. The current Group CEO's pension contributions were already at 10% when he joined as Chief Financial Officer. We detail our compliance, on a Code provision-by-provision basis, in the Corporate Governance section on our website, spiraxgroup.com/governance-documents.

Proxy advisory firms

The Company engages with a number of proxy advisory firms ahead of publication of its Notice of AGM and publication of their proxy reports in order to, where possible, align proposed resolutions with investor expectations.

Annual General Meeting

The Annual General Meeting (AGM) is scheduled to take place on Wednesday, 15th May 2024 and an explanation of the resolutions sought, is set out in the Circular posted on our website and sent to shareholders in the format selected by them. As required by the Code, the resolutions regarding each Director's appointment or reappointment will be accompanied by information on why their contribution is, and continues to be, important to the Company's long-term sustainable success.

In 2024, we will be proposing a number of resolutions in addition to the regular business. The first of which is the proposal to change the Company name from Spirax-Sarco Engineering plc to Spirax Group plc. This is in support of our decision to refresh the branding of the Group to help stakeholders better understand our evolution to a larger Group that now includes three strong and aligned Businesses. The brand refresh is also an exercise in simplification: we are often referred to as 'Spirax' and our stock market ticker is 'SPX', therefore, in this way we are moving more intentionally into a space we already occupy. It is also an exercise in impact with 'Spirax Group' replacing the longer Spirax-Sarco Engineering. One of the main aims of the brand refresh and Company name change is to eliminate the confusion that exists in differentiating the Group from the Spirax Sarco Division of Steam Thermal Solutions (previously Steam Specialties). The Group is often mistaken for the Spirax Sarco Division and, therefore, external stakeholders sometimes see us purely as a 'steam engineering company'. In supporting our change to Spirax Group plc, shareholders are enabling full alignment to our brand refresh, giving more visibility to all three Businesses and removing the confusion with Spirax Sarco. This is important in helping Spirax Group clearly communicate our full capabilities, including our ability to support our customers to achieve their operating, sustainability and decarbonisation goals.

Also, and in line with our commitment to our shareholders, retail and investment, we are proposing a minor administrative amendment to our Articles of Association in order to better identify and manage 'lost' shareholders in order to reunite or reclaim assets.

This year we are delighted to invite you to the AGM at our refurbished Group Headquarters at Charlton House, in Cheltenham, UK, see page 76 for details on the work done to transform the building into a modern and sustainable working space that will serve the Group for decades to come.

I look forward to meeting shareholders at the AGM on Wednesday, 15th May 2024.

Jamie Pike
Chair
6th March 2024

Board focus for 2024

- Continue to support the Group Executive Committee and the three Businesses with their growth plans through the implementation of their medium term plans
- Key management presentations and discussions are planned in 2024 across all of our Businesses
- Consolidate our position through both organic and inorganic growth
- Focus on ESG and climate change
- Board Chair succession planning

Further reading

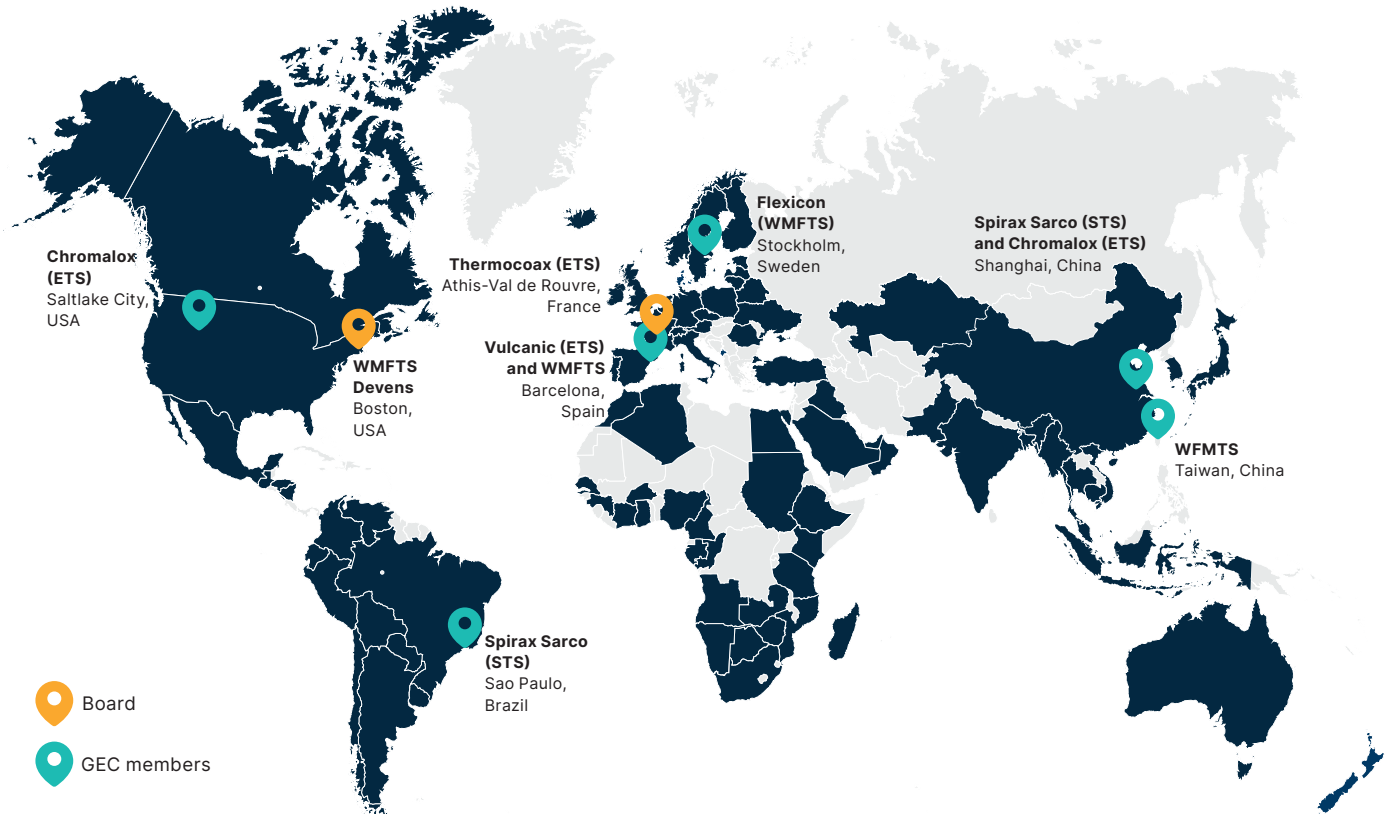
- The Notice of Annual General Meeting and all governance-related policies and procedures are available to view and download: spiraxgroup.com/agm-notices

Board leadership and Company Purpose continued

Governance at a glance
At year end 2023

Highlights from 2023

Understanding our business



The Board and GEC regularly visit our sites all over the world, connecting with colleagues and the Businesses first hand in order to better understand the operating environment and challenges they face.

Listening to colleagues

90%

Colleague engagement with 'pulse survey'

10

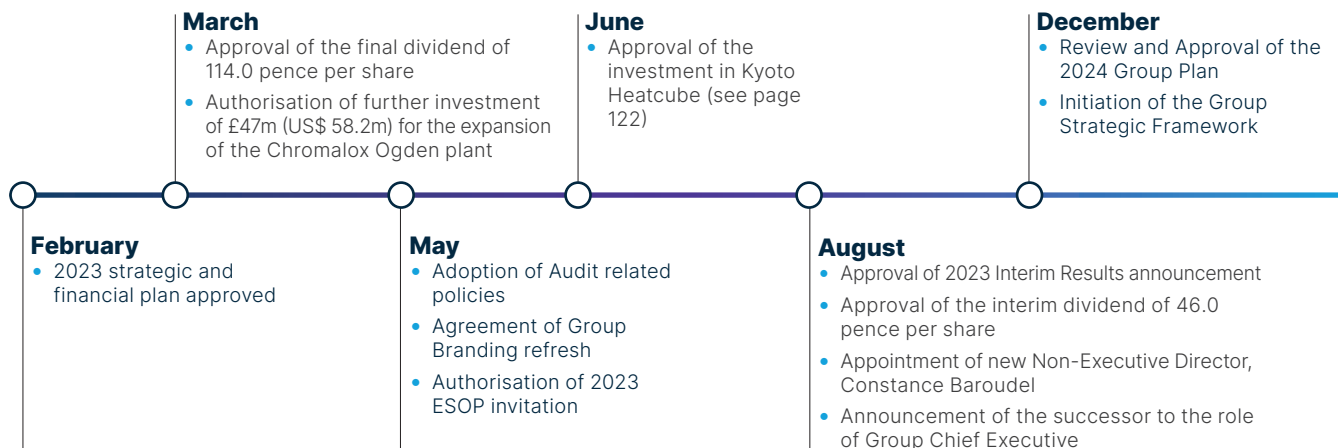
The Colleague Engagement Committee held 10 in person forums directly with colleagues

100+

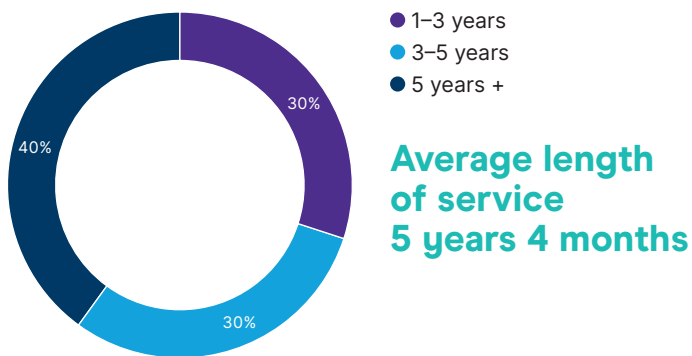
Colleague voices were heard during the sessions

➕ See further information in the Colleague Engagement Committee Report on pages 128 to 131

Major board decisions



Board tenure

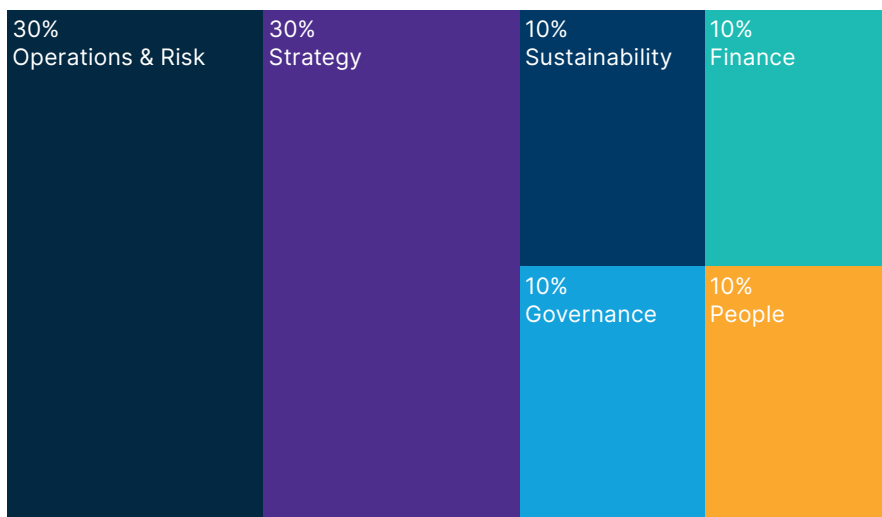


UK Corporate Governance Code compliance

100%

We have complied in full with the principles and provisions of the UK Corporate Governance Code 2018.

How the Board spent its time



Board leadership and Company Purpose continued

Board of Directors



Jamie Pike MBA, MA, MIMechE
Chair

Appointed to the Board
May 2014, Chair from 2018.

Areas of experience
Engineering, international business, senior management, M&A, strategy.

Background
Jamie Pike joined Burmah Castrol in 1991 and was Chief Executive of Burmah Castrol Chemicals before leading the Foseco buyout in 2001 and its subsequent flotation in 2005. Prior to joining Burmah, he was a partner at Bain & Company. Jamie was educated at Oxford, holds an MBA from INSEAD and is a Member of the Institute of Mechanical Engineers.

External appointments
Chair and Non-Executive Director of XP Power Limited.

Chair of IMI plc with effect from 1st January 2025.



Nimesh Patel BSc
Group Chief Executive Officer

Appointed to the Board
September 2020, Group Chief Executive Officer from January 2024 (having previously served as Chief Financial Officer).

Areas of experience
International business, senior management, M&A, finance and accounting, industrial, pensions, tax and treasury.

Background
Before joining the Group in 2020, Nimesh Patel was Chief Financial Officer of the De Beers Group. Prior to that he was Group Head of Corporate Finance at Anglo American plc, leading a team based in London and Johannesburg. Previously, Nimesh spent 14 years in investment banking at both JP Morgan and as a Managing Director at UBS.

External appointments
Co-Chair of the FTSE Women Leaders Review and Trustee of Barts Charity.



Phil Scott BA, ACMA, FCT
Interim Chief Financial Officer

Attends Board meetings
January 2024.

Not appointed as a statutory director.

Areas of experience
International business, senior management, M&A, finance and accounting, pensions, tax and treasury.

Background
Before joining the Group in 2021 as Director of Group Finance, Phil led a number of the Group Finance functions at Ferguson plc. Prior to that Phil spent 15 years at Vodafone Group plc. Phil is a member of the Chartered Institute of Management Accountants and Fellow of the Association of Corporate Treasurers.

External appointments
Director of Wolseley Pension Trustees Limited which provides trustee services to the Wolseley Group defined benefit pension scheme.



Angela Archon MSc SE, BSc CEng
Independent Non-Executive Director

Appointed to the Board
December 2020.

Areas of experience
Engineering, operational, strategy, international, M&A, manufacturing, senior management.

Background
Angela Archon held various senior executive, global positions in Business Development, Engineering, Operations, and Strategy, throughout her 30-year career at IBM Corporation. She also represented IBM for eight years as Board Liaison for the National Action Council for Minorities in Engineering. Angela is a member of the Engineering Honour Society and earned a Professional Engineer's license. Until December 2022, she was a non-executive director of Switch Inc., listed on the New York Stock Exchange.

External appointments
Non-Executive Director of DT Midstream Inc., Trustee at CommonSpirit Health.



Constance Baroudel Msc, BA
Independent Non-Executive Director

Appointed to the Board
August 2023.

Areas of experience
Strategy, sustainability, operational, international business, R&D, international relations.

Background
Constance is Sector Chief Executive, Environmental & Analysis and Chief Sustainability Officer at Halma plc, having previously held a range of executive positions within Halma plc, as well as with First Group plc, De La Rue and Strategic Decisions Group International. With more than 20 years' experience, Constance has significant knowledge of working in large, global organisations. Constance previously served as Non-Executive Director for both Kier Group and Synergy Health plc.

External appointments
Sector Chief Executive, Environmental & Analysis and Chief Sustainability Officer at Halma plc.



Peter France
Independent Non-Executive Director

Appointed to the Board
March 2018.

Areas of experience
Engineering, international, senior management, M&A, operational, strategy, sales and marketing, industrial, manufacturing.

Background
Peter France was Chief Executive Officer of Rotork plc from 2008 to 2017. He also gained wide experience in a number of key roles at Rotork plc from 1989 to 2008 including acting as Chief Operating Officer and Director of Rotork South East Asia based in Singapore.

Peter is a Chartered Director of the Institute of Directors.

External appointments
Chief Executive Officer of TT Electronics.



A
N
R

Richard Gillingwater MA
Independent Non-Executive Director
and Senior Independent Director

Appointed to the Board
March 2021.

Areas of experience
International business, investment, finance
and non-executive experience.

Background
Until December 2022, Richard Gillingwater
was Chair of Janus Henderson Group plc. He
has also held a range of executive positions
within global investment banks including
Kleinwort Benson, Credit Suisse and Barclays
de Zoete Wedd. Richard holds an MBA from
the International Institute for Management
Development, a BA Law from Oxford University
and is qualified as a solicitor.

External appointments
Senior Independent Director of Whitbread plc
and Governor of the Wellcome Trust.



A
N
C

Caroline Johnstone BA, CA
Independent Non-Executive Director

Appointed to the Board
March 2019.

Areas of experience
International, M&A, finance, people.

Background
Caroline Johnstone has 40 years' experience
working with large global organisations on
mergers and acquisitions, culture change and
cost optimisation. She was a partner in
PricewaterhouseCoopers (PwC) and sat on the
UK Assurance Board as people partner.
Caroline is a member of the Institute of
Chartered Accountants of Scotland.

External appointments
Chair of Synthomer plc, Non-Executive
Director, Senior Independent Director and
Audit Committee Chair of Shepherd Group Ltd,
a private company which owns Portakabin
Limited and sits on the Governing Board of the
University of Manchester.



N
C
R

Jane Kingston BA
Independent Non-Executive Director

Appointed to the Board
September 2016.

Areas of experience
Engineering, international business, senior
management, operational, people,
remuneration.

Background
From 2006 until her retirement in December
2015, Jane Kingston served as Group Human
Resources Director for Compass Group PLC.
Prior to this, she served as Group Human
Resources Director for BPB plc. Jane has
worked in a variety of sectors, including roles
with Blue Circle Industries plc, Enodis plc and
Coats Viyella plc and has significant
international experience.

External appointments
Non-Executive Director and Remuneration
Committee Chair of Inchcape plc (until 9th
May 2024).



A
N
R

Kevin Thompson BSc, FCA
Independent Non-Executive Director

Appointed to the Board
May 2019.

Areas of experience
Engineering, international, senior
management, M&A, strategy, finance,
pensions, tax and treasury.

Background
Kevin Thompson was Group Finance Director
of Halma plc from 1998 to 2018, having joined
Halma as Group Financial Controller in 1987.
Kevin qualified as a Chartered Accountant with
PricewaterhouseCoopers (PwC) and is a
Fellow of the Institute of Chartered
Accountants in England and Wales.

External appointments
Deputy Chair and Trustee of the Great Ormond
Street Hospital Children's Charity.



Andy Robson LLB Law Barrister
Group General Counsel and
Company Secretary

**Appointed as Group General Counsel
and Company Secretary**
June 2012.

Areas of experience
International law, corporate governance,
international business development including
M&A, business restructuring, information
technology, contract negotiation.

Background
Before joining the Group in 2012, Andy Robson
was General Counsel and Company Secretary
of RM plc, a role he held for 14 years. Prior to
this, Andy was European General Counsel with
Cendant Corporation headquartered in
Baltimore, USA and worked in the USA for
Blackstone Trust. He was also Deputy General
Counsel at BAE Systems plc.

Key

- A Audit Committee
- N Nomination Committee
- C Colleague Engagement Committee
- R Remuneration Committee
- RK Risk Management Committee
- Denotes Committee Chair
- Executive
- Non-Executive
- Group Executive Committee
- Company Secretary

Further reading

+ Read about our Board diversity,
composition, succession and evaluation.
See pages 126 to 127

Board leadership and Company Purpose continued

Our Group Executive Committee



Nimesh Patel BSc
Group Chief Executive Officer

+ See Biography on Board of Directors on pages 112 to 113



Phil Scott BA, ACMA, FCT
Interim Chief Financial Officer

+ See Biography on Board of Directors on pages 112 to 113



Andy Robson LLB Law Barrister
Group General Counsel and Company Secretary

+ See Biography on Board of Directors on pages 112 to 113



Maurizio Preziosa
Managing Director,
Steam Thermal Solutions

Appointed to the Group Executive Committee January 2021.

Background

Maurizio joined Spirax Group in 2011 as Managing Director of Spirax Sarco Italy and developed his career in the Group by assuming the role of Regional General Manager Southern Europe, Global Divisional Director Gestra, up to the appointment at Group Managing Director Steam Thermal Solutions in 2021. Prior to joining Spirax Group Maurizio worked in ABB Group with different sales management and general management roles.



Armando R. Pazos
President,
Electric Thermal Solutions

Appointed to the Group Executive Committee December 2021.

Background

Armando joined the Group in March 2020 as the Vice President of Global Sales and joined the GEC in December 2021 following his promotion to President and Managing Director of the Electric Thermal Solutions Business. Prior to this, Armando was at Ingersoll Rand, an industrial global manufacturer of tools, pumps, and air compressors, for 24 years.



Andrew Mines
Managing Director, Watson-Marlow
Fluid Technology Solutions

Appointed to the Group Executive Committee November 2019.

Background

Prior to joining the Group, Andrew held the position of Executive Vice President, Global Construction Products of Illinois Tool Works Inc. (ITW) and was a member of the Group Executive Leadership Team. Andrew had a 23-year career with ITW comprising engineering, sales, manufacturing and senior roles in global Automotive and Construction sectors.



Sarah Peers
Group Director of Sustainability

Appointed to the Group Executive Committee October 2022.

Background

Sarah joined the Group in 2013 as Group Head of Corporate Communications and was appointed Group Head of Sustainability in July 2020 and is now Group Director of Sustainability. Prior to joining the Group, Sarah worked as a qualified teacher. Sarah holds a Doctorate in Historical Geography (specialising in early industrial labour history) from the University of Oxford.



Jim Devine
Group HR Director

Appointed to the Group Executive Committee February 2016.

Background

Before joining the Group in 2016, Jim was Group HR Director at Chemring plc and prior to that held a range of senior HR roles at Centrica plc, Ford Motor Company and BAE systems.



Maria Wilson
Group Digital Director

Appointed to the Group Executive Committee September 2023.

Background

Prior to joining Spirax in early 2023, Maria was the Global Leader for Data Driven Advantage with Howden, leading the vision definition and execution of a global digital program focused on delivering business growth enabled by digital technologies. She has also completed a PhD in Fluid Mechanics from the University of Erlangen-Nuremberg, Germany.

The Board at a glance
At year end 2023

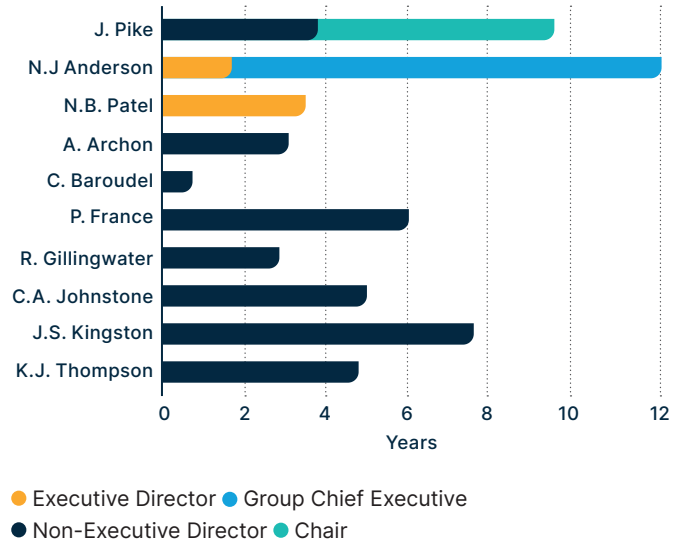
Expertise and experience

Core expertise



Length of service

Board tenure



Average length of service

5 years 4 months

Board and Committee attendance

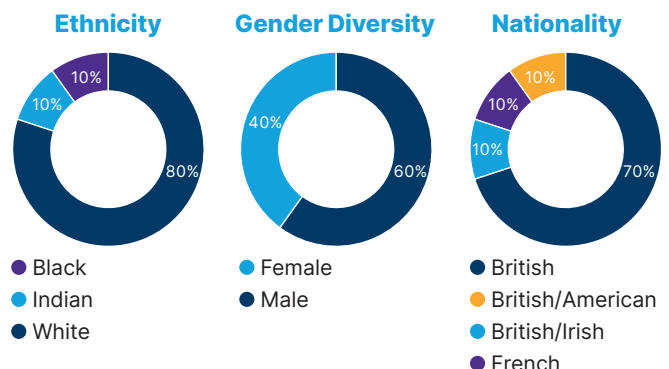
	Board	Audit	Remuneration	Nomination	Colleague Engagement	Risk Management ¹
Jamie Pike	7/7			4/4		
Nicholas Anderson	7/7					4/4
Nimesh Patel	7/7					3/4
Angela Archon	7/7		5/5	4/5	3/3	
Constance Baroudel	3/3			3/3		
Peter France	7/7	5/5		5/5	3/3	
Richard Gillingwater	7/7	5/5	5/5	5/5		
Caroline Johnstone	7/7	5/5		4/5	3/3	
Jane Kingston	7/7		5/5	5/5	3/3	
Kevin Thompson	7/7	5/5	5/5	5/5		

¹ The Risk Management Committee consists of the Executive Directors, members of the Group Executive Committee (GEC) and other key individuals, full details can be found on page 150

Board changes

- Olivia Qiu stepped down as an Independent Non-Executive Director on 31st January 2023
- Constance Baroudel joined as an Independent Non-Executive Director on 2nd August 2023
- Nicholas Anderson retired as Group Chief Executive on 16th January 2024
- Nimesh Patel was appointed as Group Chief Executive Officer on 16th January 2024

Board makeup



Our shareholders

Engineering our future, together

Consistent controls for a more resilient future

Today, companies like ours are operating in increasingly complex environments and the regulatory landscape for governance is changing, with significant legislation changes under debate by governments around the world.

Good governance is good for business and by implementing consistent and robust financial controls across the Group, we're setting ourselves up for a more resilient future.

Launching our Group Governance Guidelines (G3) programme just over 18 months ago was a significant step on this journey. The aims of G3 are to strengthen our financial resilience through working collaboratively and in partnership to build a stronger Spirax Group that is focused on achieving excellence in line with our Values.

G3 is a risk-based approach to improving financial controls. By supporting teams across our Group to adopt the right approach to processes and controls for each individual operating company, we help protect against risks such as fraud, financial misstatement and other forms of financial misconduct, as well as ensuring compliance with our own internal policy requirements.

To ensure a consistent approach, the Group Internal Controls team is developing the policies and expected controls centrally, it then partners with our Businesses to implement and embed the G3 programme locally. The G3 programme is supported by a library of training materials and a global online platform to track and monitor progress and milestones across the Group.

A strong control and governance framework is critical because it safeguards the integrity of our reporting, supports the prevention of fraud and enables our Businesses to operate more effectively through having enhanced data and a better understanding of the drivers of our success.



Our finance teams have been implementing and assessing controls in line with our G3 financial control timetable and as a result we have now assessed over 5,000 controls across our Group!"

Kristy Wright
Regional Internal Controls Champion,
Spirax Group



The Group Internal Controls team is intentionally spread geographically across the Group, to be closer to our operating companies, from Asia Pacific to the Americas, and supporting all the Businesses. The team is readily on hand to guide the implementation, and partner with the local Finance teams, supporting implementation needs, monitoring for ongoing compliance and championing wider opportunities to improve the effectiveness and efficiency of our control environment."

Chris Fitzsimmons
Group Head of Internal Controls,
Spirax Group

5,000+

controls across our Group since 2022



Implementing effective controls is important for reducing financial and fraud risks as well as ensuring compliance, but it also improves our operational efficiency through the adoption of more standardised and streamlined processes, freeing up our finance teams to work on other value-add tasks.”

Kristen Jensen
Financial Controller,
Durex Industries, part of Electric Thermal Solutions



Board leadership and Company Purpose continued

Board activities

Board and Committee meetings during the year

Ordinarily the Board meets seven times a year and then on an ad hoc basis as required. In the year ending 31st December 2023, there were seven scheduled meetings of the Board. Attendance at scheduled Board and Committee meetings is set out in the table on page 115. Other senior Executives and Non-Executive Directors (where they are not formal Committee members) attended by invitation.

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 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.

Board activities

The Board is collectively responsible for the long-term success of the Company, its strategy, governance and internal controls and is accountable for its activities. The Board ensures good governance practices are embedded throughout the Group as they are an integral part of running a successful business. This specifically includes a focus on Environmental Social and Governance (ESG) matters as there is not a separate Board Committee for this.

To support this, the Board considers reports on the key activities of the Group and reports from the Chairs of the Audit, Nomination, Remuneration and Colleague Engagement Committees as appropriate at each scheduled Board meeting. It also receives information on important forthcoming events, reports on environmental, sustainability and health and safety matters, on strategy, investor relations and legal affairs.

The Chair, with assistance from the Group General Counsel and Company Secretary, is responsible for the governance arrangements. This includes meeting agendas, timely information flows and facilitating dialogue between Executive and Non-Executive Directors, to encourage an open and supportive culture.

Board agendas are carefully planned to ensure focus on the Group's strategic priorities and key monitoring activities, as well as reviews of significant issues.

The General Counsel and Company Secretary is responsible for maintaining forward agendas for the Board and its Committees, ensuring that items are evenly distributed and scheduled at the appropriate times of the year for timely consideration. Agenda timings are proactively managed to enable sufficient time for consideration of items.

The Board regularly receives papers and presentations from senior management, giving the Board the opportunity to meet colleagues below GEC level. This helps to embed a positive attitude to good governance in the Company's culture and ensures that processes and procedures are adhered to by demonstrating the Board's desire to ensure they have robust information on which to make sound decisions and carry out their statutory duties.

As per best practice, our Non-Executive Directors meet with Deloitte (external auditor) and Korn Ferry (independent remuneration consultants) separately from our Executive Directors after every Board or Committee meeting they attend. The Board confirms that neither it, nor any of its Directors, have any connection with Korn Ferry or Deloitte.

The Colleague Engagement Committee meets with groups of colleagues separately from management. More information about these meetings can be found on pages 128 to 131.

Annually the Board combines a scheduled Board meeting with further meetings focusing on strategic development and to review the Group's longer term outlook. At this meeting members of the Group Executive Committee present strategy papers for their business areas including financial, technology, organic and inorganic growth and stakeholder engagement. On ESG matters, the Group Director of Sustainability presents updates on progress with the implementation of the **One Planet Sustainability Strategy** at every Board meeting and the Group Head of Health and Safety attends Board meetings periodically. In addition, the Board has been actively involved in the setting of goals and targets relating to ESG matters and their translation into performance-related metrics.

The Group's Whistle-blowing Policy and independently facilitated whistle-blowing platform enable colleagues to report any concerns related to unethical or illegal conduct within the business, anonymously if preferred. The Board receives reports from the Group General Counsel if any concerns have been raised via the Policy.

Culture and Values

To achieve our Purpose, we rely on our widely understood and established business model and most importantly, a strong and supportive culture. Our culture comes from colleagues living our Values (see page 8) which guide their decision making and the ways in which they make their difference for our Group and our stakeholders.

Our Values also guide Board decision-making. We prioritise **Safety** and, through our engagement with each other and our Group colleagues, we help improve **Collaboration** and **Respect**. We support **Excellence** and **Customer Focus** through an ongoing programme of investment, our decision-making is supported by site visits and management presentations. We promote and support **Integrity** through our transparent approach, as well as ensuring the Group has appropriate processes and controls which underpin strong corporate governance.

The Board was pleased to approve and oversee the implementation of the Group's Inclusion Plan in 2022, noting the impact it is already having across the Group. To further strengthen our focus on inclusion and equity leading to greater diversity in our Group, we approved a set of refreshed Diversity goals at our December 2023 meeting, which can be found on page 68.

More information on specific Colleague Engagement, including topics raised by Colleagues and how we have responded can be found in the Colleague Engagement Committee Report on pages 128 to 131.

Key Board activities

Strategy

- Group Strategy Framework.
- Reviewed and assessed medium- term plans for all three Businesses
- Reviewed Corporate Strategy
- Reviewed **One Planet Sustainability Strategy**
- Two-day Strategy presentations
- Group China Strategy

Audit and risk

- Annual Risk Review
- Reviewed external financing facilities
- Mandatory Contract Practices
- Deep-dive on Principal Risks ‘Loss of Critical Supplier’, Loss of Manufacturing Output and Breach of Legal and Regulatory Requirements

Performance

- Monthly, quarterly, biannual and annual trading, as appropriate*
- Company share performance and shareholder/ analyst feedback*
- Business reviews and senior management presentations
- Thermocoax (France) and WMFTS (Massachusetts) performance and management review by Board during visits to operations

Culture and People

- Rising Talent presentations
- Group Talent update
- Full organisational and succession review across all senior management (to GEC-3)

- Colleague focus groups facilitated by Colleague Engagement Committee, which includes a number of NEDs
- Reviewed and approved the 2023 Diversity and inclusion goals including setting a new ethnicity goal
- Board Visits to Thermocoax (France) and WMFTS (Massachusetts)

ESG and Health and Safety

- Health and safety and sustainability strategy updates*
- Setting goals and targets for forthcoming year
- Reviewed and supervised the full year results for sustainability KPIs and progress against targets
- Received a sustainability recruitment update
- Received an update and reviewed the Group’s TCFD disclosures
- Approved introduction of new Electric Company Vehicle Scheme
- Thermocoax (France), WMFTS (Massachusetts) and Spirax Sarco Supply (UK) review during Board visits

Governance

- Received updates by Committee Chairs*
- Received updates on all material legal and Governance matters*
- Compliance programmes update*
- Reviewed Bid Defence process
- Refreshed Sanctions Policy
- Reviewed Whistle-blowing cases

* Standing items at every scheduled Board meeting

The Board monitors and assesses culture using the following mechanisms:

Approach	How it links to culture
Colleague Engagement Committee	Insight (in form of business and HR leads presenting) from different business areas to understand what is happening locally as drivers to improve engagement and colleague experience. This enables discussion and visibility of how our Values are being lived through organisation and how aligned local culture is to the current and future strategic objectives.
Colleague survey	Gives global insight into colleague engagement and enablement that informs where focus/ action needs to be placed to support the organisation’s culture and the Group’s strategic goals.
Committee Focus Groups	Monthly touchpoints with groups of colleagues from different business areas globally to listen to the colleague voice, open dialogue and gain feedback on what it’s like to work at the Group and build assurance that the desired culture is being embedded within the organisation. This involves presenting key themes to the management teams to support any local/Group activity that is required. During each of the operational visits detailed in Board activities (Thermocoax (France), WMFTS (Massachusetts) and Spirax Sarco Supply (UK)) a Colleague Focus Group took place with feedback presented to management and the CEC.
Internal Audit reports	Information from the internal audit team on the impact of policies and processes.
Inclusion and Diversity	Review and supervision of Diversity goals on gender and ethnicity.
Other	Whistle-blowing cases, grievance as well as ‘speak-up’ data, health and safety data (including near misses), promptness of payments to suppliers, approach to regulators.

Board leadership and Company Purpose continued

Leading with purpose

Supporting framework

Good governance adds value. It is well-ordered, transparent and ethical, and is focused on tackling operational challenges in ways that complement the Group Strategic Priorities. Good governance enables us to build a better and more sustainable future for all.

It's the duty of Board members to remain focused on broad, strategic goals while tackling day-to-day issues and meeting their responsibilities, so it is incumbent on them to work with certain governance ideals in mind.

In order to do this the Board has developed and approved various policies to enable and empower our colleagues to achieve our goals. We have a comprehensive Code of Conduct and supporting policies, including Whistle-blowing, Anti-Bribery and Corruption, and Human Rights Policies, which set standards for ensuring that our business activities are conducted in a responsible manner for the benefit of our shareholders, customers, colleagues and suppliers. Spirax Group has zero tolerance to any form of bribery and corruption, both within our Group and in any dealings with our customers, suppliers and other third parties.

All colleagues and Board members are expected to demonstrate and promote high standards of ethical business conduct and to know and follow our Code of Conduct with pride.

Our Whistle-Blowing Policy and secure whistle-blowing facility, enable colleagues to make reports if they suspect or experience any misconduct or wrongdoing in our business. The facility, hosted by Safecall, an independent provider, enables colleagues to report concerns via a web portal or by telephone, anonymously if preferred.

We have a number of Group policies which are designed to help our colleagues balance their work and personal lives effectively, including flexible working.

Further reading

- Our Anti-Bribery and Corruption Policy and Modern Slavery Statement can be found on our website, spiraxgroup.com/governance-documents



Section 172 Statement

The long-term success of our Group is dependent on the way we work with all our stakeholders and continues to require recognition of all stakeholder views, constructive working practices and, when appropriate, effective engagement in order to create and sustain value for all.

This section, from pages 121 to 123, forms our Section 172 statement. It describes how the Directors have performed their duty, in good faith, to promote the success of the Company, for the benefit of our shareholders, including how they have considered and engaged with wider stakeholders, and how they have taken account of the matters set out in Section 172(1)(a) to (f) of the Companies Act 2006.

Considering these broad interests is an important part of the way the Board makes decisions and, at times, the Board

has to balance the competing interests of different stakeholders and other factors in delivering the Company's Strategy. The Board has delegated responsibility for the day to day running of the Businesses to the GEC and, as a result, many of the decisions and activities undertaken have approval from the Board by virtue of these delegated responsibilities. An overview of the guiding principles for these delegated responsibilities is set out on page 123. The Board receives regular updates on key initiatives undertaken by the Group that affect stakeholders so that they can understand and challenge, where necessary, decisions made by management.

Some examples of key Section 172 decisions that the Board has taken in 2023, and how it has taken into account the views and needs of wider stakeholders in making those decisions, are described in the following pages.

Board decision: Expansion to Chromalox's Ogden Manufacturing plant



In March 2023 the Board approved a US\$58.2m (£47.0m) investment in the expansion of the Chromalox Ogden (Utah, USA) facility, increasing its footprint by over 50%. This will deliver a state-of-the-art manufacturing unit by the end of 2024, dedicated to Medium Voltage (MV) electric heating systems. Since Chromalox became a part of Spirax Group in 2017, we have been investing in plant processes, aimed at improving throughout, as well as improving colleague working environments through the installation of a zero-emission air conditioning solution, which is also in line with our sustainability commitments. The investment in the new facility will accelerate our ability meet the high levels of demand for bespoke solutions that deliver decarbonisation benefits, as well as make a major contribution to employment in the local vicinity.

Chromalox's mission is to provide highly efficient, modular, and scalable electric heating solutions for the decarbonisation of process heating, hot water and steam generation systems. Chromalox's reputation in electric heating combined with its focus and commitment to sustainability, means it is well positioned, as part of

ETS, to help customers to reach carbon footprint reduction goals without sacrificing performance or reliability.

Ogden in Utah (USA) has been Chromalox's centre of excellence for industrial heaters and systems since 1976. In 2010, Ogden developed the technology and became the global centre of expertise for our patented Medium Voltage heating solutions, which are now the leading driver of sales growth for ETS supporting decarbonisation of industrial processes.

Customers: demonstrates our commitment to investment and innovation; improves supply continuity; reduces lead times and improves service levels; and supports our customers in their decarbonisation efforts.

Colleagues: leads commitment to health, safety, and wellbeing; creates career opportunities; and builds strong colleague engagement, regionally and globally.

Community and environment: creates employment opportunities for the local community; increases engagement with local authorities and community groups; helps our transition towards net zero greenhouse gas emissions with a sustainable building and site and showcases our commitment to sustainability by delivering biodiversity net gain of +10% on the project.

Shareholders: supports growth as we accelerate our capacity expansion to meet demand; improves business continuity on critical high growth products; reinforces Spirax Group's sustainability objectives through design, construction, and operation.

Link to strategy: in addition to unlocking future growth from the high demand we see for decarbonisation solutions, this project will utilise the latest technology equipment which better serves our customers.

Board leadership and Company Purpose continued

Section 172 Statement continued

Board decision: Investment in Kyoto Heatcube



In June 2023, the Board approved a partnership agreement with the Kyoto Group to acquire a 15% ownership position through an investment of £3.0m, positioning the Group in a significant growth market. Supporting the decarbonisation of critical industrial processes is central to our Group's Purpose to engineer a more efficient, safer and sustainable world. We have been actively investing in new-to-world decarbonisation solutions through product development since 2020. As we already provide some of the technology that sits behind **Heatcube** through Vulcanic in ETS, getting actively involved in supporting Kyoto through direct investment and partnering is a natural extension of our activity in this area.

Kyoto, publicly held on the Oslo stock exchange (KYOTO.OL), is a start-up company founded in 2016 on the same principles as the Spirax Group: to maximise efficient and productive use of industrial process heating. Spirax Group is focused on the application of thermal energy, steam and electric heating, directly in our customer processes. Kyoto focuses on the storage and management of energy as heat upstream of those processes.

Kyoto's solution to the market's need is the **Heatcube** technology, a modular molten salt thermal energy storage system designed for both utilities and industry. **Heatcube** enables the disassociation of energy production and energy usage to provide a profitable mechanism for energy producers and users to leverage increasing energy market fluctuations and excess power from wind and solar. The **Heatcube** offers reliable and efficient storage of energy, and a seamless delivery of heat to industrial customers, when it is needed. There are several core components that are critical to **Heatcube**. The most critical is the electric process heating system, which Vulcanic provides. Without our technology, Kyoto's **Heatcube** could not convert excess and low-cost electricity from the grid into stored, usable thermal energy.

Customers: one of the focus areas of the Sustainable Energy Sector and our own Sustainability and Energy Efficiency Customer Value Proposition (CVP) is energy storage. This investment will provide guaranteed access to this thermal energy storage market giving customers further options for heat storage whilst introducing Kyoto customers to our products such as the Steam Battery (for the storage of steam as thermal energy), which can complement the **Heatcube**.

Environment: the EU power market is rapidly evolving into solar surplus. Without a synchronous expansion in storage and flexibility capacities, solar deployment will stall, meaning that the reliance on fossil fuels will continue. The EU's ambitious renewable energy targets will require expansions in capacities capable of harvesting and refining solar and wind energy surpluses.

Shareholders: **Heatcube** systems, leveraging our technology, will produce significant revenue and profit for Vulcanic within ETS.

Link to strategy: as part of our Engineering Premium Solutions (EPS) growth strategy we are targeting an increase in our revenue in Energy Storage. This investment will assist in achieving this target.

2023 Shareholder Engagement

January

- Bank of America C-Suite SMID Cap Conference 2023
- Investor site visit to Cheltenham
- Peel Hunt Industrials Dinner

March

- Full Year Results Announcement and shareholder roadshow meetings
- Investor site visits to Cheltenham

May

- Trading Update
- Investor site visit to Cheltenham

June

- JP Morgan European Capital Goods Conference
- Steam Thermal Solutions Investor Seminar

August

- Half Year Results Announcement and shareholder roadshow meetings

September

- Investor site visit to Cheltenham
- Morgan Stanley Industrial CEOs
- Unplugged 2023 Conference
- UBS Quo Vadis Industrials Tour
- Investor Roadshow – USA

October

- Investor site visit to Cheltenham
- Numis Private Clients Fireside chat

November

- Trading Update
- Baird Global Industrials Conference
- Investor Roadshow – Canada
- Numis Industrials CEO Dinner
- WHEB Annual Investor Conference
- Investor site visit and dinner

December

- Bank of America CFO Fireside chat

Guiding principles – Section 172(1)

a
the likely consequences of any decision in the long-term

The Board always strives to act in the long-term interests of its key stakeholders to achieve our Purpose of creating sustainable value for all of our stakeholders by engineering a more efficient, safer and sustainable world.

Our strategy is designed to help us do better what we already do. The individual Business strategies drive the organic growth of the Group, whilst our corporate strategy drives inorganic revenue growth. Our **One Planet Sustainability Strategy**, drives our Environmental, social and governance performance.

d
the impact of Spirax Group's operations on the community and the environment

Through the **One Planet Sustainability Strategy** steering committee, which the CEO and CFO are both members of, the impact of the Group's operations is monitored, mitigated and initiatives approved.

+ For more information see pages 61 to 77 in our Sustainability Report

b
the interests of our colleagues

Through the Colleague Engagement Committee (CEC), the Board receives feedback from colleagues about various topics, which the Board refers to when making strategic and business decisions.

+ More information can be found in our CEC Report on pages 128 to 131

e
the desirability of maintaining a reputation for high standards of business conduct

We have a comprehensive Management Code of Conduct, which in 2023 has been refreshed and supporting policies, including Whistleblowing, Anti-Bribery and Corruption, and Human Rights Policies, which set standards for ensuring that our business activities are conducted in a responsible manner for the benefit of our shareholders, customers, colleagues and suppliers. The Spirax Group has zero tolerance to any form of bribery and corruption, both within our Group and in any dealings with our customers, suppliers and other third parties we may deal with.

All colleagues and Board members are expected to demonstrate and promote high standards of ethical business conduct and to know and follow our Management Code of Conduct with pride. We provide a whistleblowing facility, which is underpinned by our Whistleblowing Policy, enabling colleagues to make reports if they suspect anything inappropriate or experience any serious misconduct or wrongdoing in our business. For more information see page 69 in our Sustainability Report.

c
the need to foster business relationships with suppliers, customers and others

The Board understands the importance of fostering business relationships with our suppliers and customers. Both of these stakeholders are considered in all our decisions especially around investing in our Group to serve customers better and solve their problems, as well as working with suppliers as partners in those solutions, and helping them develop as part of a sustainable supply ecosystem.

+ For more information see pages 80 and 96-97 in our Sustainability Report

f
the need to act fairly as between our shareholders

The Board recognises our shareholders and investors as an important stakeholder group. Through monthly calls with shareholders and analysts, and 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.

We undertook 242 investor meetings during the year, the calendar on page 122 shows shareholder events attended throughout 2023.

The AGM is an opportunity for shareholders and investors to meet with the Directors and put questions to the Board. The Company proactively encourages its shareholders to vote, by way of a poll, at general meetings by providing electronic proxy voting for those who wish to vote online, and personalised proxy cards to those electing to receive them.

Board leadership and Company Purpose continued

Division of responsibilities

The Board has a collective responsibility for providing leadership, preserving long-term value by anticipating business risks, monitoring performance and promoting the Company's culture and Values.

The governance structure of the Group ensures the Board, together with the Board Committees and Group Executive Committee, has sufficient controls and oversight of the business, with a balanced approach to risk that is aligned with the Spirax Group's culture. The structure assists the Board in fulfilling its responsibilities and is designed to ensure that the Board focuses on strategy, monitoring the performance of the Group and governance, as well as risk and control issues.

The Board is responsible for the stewardship of the Group's strategic risk management and internal control environment. The Board is supported by the work of both the Audit Committee and the Risk Committee in this area. The Board remains satisfied with the identification and monitoring of overall risk management and internal controls around the Group and is supportive of the continuous improvement in these areas.

An overview of the division of responsibilities, as set out in the Code, is provided in the diagram opposite and we comply with all the relevant Principles and Provisions. The responsibilities of the Chair, Group Chief Executive Officer, Senior Independent Director, Board and Committees are set out in writing and agreed by the Board. A clear division is made between the leadership of the Board and Executive leadership.

The Role of the Board

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 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. 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 (GEC).

Board Committees

Board Committees provide an opportunity for Directors to focus on specific areas of the Group. This allows for greater scrutiny in key areas such as Remuneration, Audit and Risk Management, Colleague Engagement and Board succession planning and Talent development. The Board Committees consist of Non-Executive Directors and each Committee Chair reports to the Board on matters discussed at Committee meetings and highlights any significant issues that require Board attention. The terms of reference for each Board Committee are reviewed annually and are available on the Group website. The annual Reports by each Board Committee Chair are given in this Annual Report.

Group General Counsel and Company Secretary

The Group General Counsel and Company Secretary, together with the Group Legal team including 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 and Company Secretary as well as the Group Legal team, who are responsible for advising the Board on all governance matters. Both the appointment and removal of the Group General Counsel and Company Secretary is a matter for the whole Board.

Group Executive Committee

There is a clear division of responsibilities between the leadership of the Board and our Executive leadership. The Board relies on the GEC to run the business, holding them accountable against targets and standards, while always embracing the values of collaboration, integrity and respect to achieve our goals. The GEC, led by our Group Chief Executive Officer, is responsible for the management of the Group's short, medium and long-term performance; stewardship of capital, technical and human resources; corporate and business strategy; internal risk management controls and organisational structure.

Delegation of Authority

An internal Delegated Authority matrix is operated ensuring that decisions are taken at the right level within the Group by those best placed to take them, whilst simultaneously allowing the business to function efficiently. The matrix is reviewed annually to accommodate any adjustments required to ensure practical compliance.

Governance framework



Board leadership and Company Purpose continued

Board composition, succession and evaluation

We make sure that the Board is actively involved in all important Group matters and it is effective in fulfilling its role as a balanced Board.

During 2023, in compliance with the Code, the number of Non-Executive Directors was always more than the number of Executive Directors (excluding the Chair). At the time of publication, our Board comprises one Executive Director, a Non-Executive Chair and a further seven Non-Executive Directors. Ordinarily there are two Executive Directors, however Phil Scott has not been appointed as a statutory director. When Louisa Burdett joins in July 2024 she will be appointed as a statutory director bringing the total back up to two. This ensures that no one person or group of individuals dominates the Board's decision-making. All our Non-Executive Directors, including the Chair, are considered independent.

Board succession and tenure

The Nomination Committee continuously reviews succession plans in light of strategy, business requirements, tenure and diversity. For more information on succession planning please see the Nomination Committee Report on pages 132 to 137.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association (Articles), the UK Corporate Governance Code (the Code), the Companies Act 2006 (the Act) and related legislation. The Articles themselves may be amended by special resolution of the shareholders. The Articles provide that Directors may be appointed by an ordinary resolution of the Company's members or by a resolution of the Directors.

With the exception of Nick Anderson who stood down in January 2024, all other Directors including the Chair who will, in any event, be stepping down during 2024 as required by the Code, will stand for election or re-election as required by the Code. The Board's recommendations concerning appointment or reappointment are contained in the Nomination Committee Report on page 132.

The Executive Directors have service contracts that can be terminated on twelve months' notice. The appointments of the Non-Executive Directors can be terminated on one months' notice. The Chair's appointment can be terminated on three months' notice. Details of the Directors' service contracts can be found in the Directors' Remuneration Report on page 162.

External listed company appointments

The Board believes that Directors should be able to accept other appointments where no significant actual or potential conflicts of interest arise and provided that the Director is able to maintain sufficient time available to discharge their duties effectively. These other appointments enable Directors to develop further skills and experience from which the Company benefits, provided that such commitments do not impinge on their duties to the Company.

Existing commitments of Directors are carefully reviewed prior to appointment and on an ongoing basis to ensure they can continue to deal appropriately with the affairs of the Group. If a Board member wishes to accept an additional position this must be reviewed and approved by the Chair. Significant changes in a Director's outside commitments are discussed with the Chair prior to a Director accepting further appointments.

At each Board meeting and also on an annual basis, each Director confirms their external appointments and commitments to the Board as part of the conflicts of interest check. Nick Anderson was also a non-executive director of BAE Systems plc, a FTSE 100 company, which is acceptable under the Code.

The number of external appointments held by our Non-Executive Directors and full-time Executive Directors, as at 31st December 2023, are provided in the table below, details can be found in the Director's biographies on pages 112 and 113. Only positions in listed companies or equivalents in other jurisdictions are counted in accordance with the provisions of the guidelines published by Institutional Shareholder Services and other proxy advisers.

	No. of other Non-Executive/Chair roles	No. of other Executive roles	Total no. of mandates (in accordance with ISS guidelines) including the Spirax Group
Listed Plc Directorships			
Independent Non-Executive Directors			
Jamie Pike (Chair)	1	—	3
Angela Archon	1	—	2
Peter France	—	1	4
Richard Gillingwater	1	—	2
Caroline Johnstone	1	—	3
Jane Kingston	1	—	2
Full-time Executive Directors			
Nicholas Anderson	1	—	4

Register of conflicts

The Board formally considers any potential conflicts between a Director and the Company. Any situational conflicts must be notified to the Board for authorisation as and when they arise, notwithstanding a Director's general duty to avoid such conflicts. Transactional conflicts must be notified to the Board in person or in writing at the next meeting, where the Board can decide, in the absence of the Director concerned, whether or not to authorise such conflict and how to manage the conflict if authorised.

Induction, development and information flows

New Directors receive formal induction training, including, when possible, site visits and meetings with the Company's advisers, brokers, auditor and where appropriate, major shareholders. Ongoing training is encouraged and provided upon request and as appropriate. This training is customised for each Director and varies depending upon their skills, experience and background. Governance training is undertaken annually by the Board and the Audit Committee also arranges ESG, financial and related training each year.

Directors also receive regular updates on changes and developments in the business, legislative and regulatory environments. A copy of the Directors' statutory duties is available at every Board meeting. Directors are encouraged to discuss with the Chair any further training requirements which they feel are needed. This is included in the discussions held during the annual performance evaluation.

Good information flows between the Board and management are essential for effective governance. The Board, together with senior management, ensures:

- the agendas are appropriate for the business and are forward looking as well as providing historical and current results data
- papers are of an appropriate length and content for the Non-Executive Directors to be able to understand and review
- sufficient time is given for Directors to read and review the papers prior to meetings

Board diversity policy

Spirax Group is diverse in many ways. We encourage differences in ethnicity, gender, language, age, sexual orientation, religion, socio-economic status, physical and mental ability, thinking styles, experience and education. We believe that the wide array of perspectives that results from such diversity promotes innovation and business success. Managing diversity makes us more creative, flexible, productive and competitive. Information on Diversity and Inclusion in the wider Group can be found on pages 67 to 68 of the Sustainability Report and on our website spiraxgroup.com/inclusion.

The purpose of our Board Diversity Policy is to ensure an inclusive and diverse membership of the Board of Directors resulting in optimal decision-making and assisting in the development and execution of a strategy which promotes the success of Spirax Group for the benefit of its shareholders as a whole, having regard to the interests of other stakeholders. This policy applies to the Board of Directors, Board Committees and the Group Executive Committee and a copy of the Policy can be found on our website spiraxgroup.com/governance-documents.

- ✚ Further information on Board and Committee diversity and succession planning can be found on pages 132 to 137, The Board at a glance, and in the Nomination Committee Report on pages 132 to 137

Board Effectiveness and Evaluation Process

The Code requires a company to evaluate its performance annually with an independent external evaluation conducted at least every three years. In the intervening years the Board conducts a self-evaluation. In addition to this, each Non-Executive Director, the Group Chief Executive and the Chief Financial Officer met with the Chair individually to discuss their personal performance. The Directors provided input to the Senior Independent Director (SID) on the performance of the Chair. On the basis of that feedback the SID reviews the performance of the Chair, including leadership of the Board and ensuring effectiveness.

Following the external and independently facilitated Board evaluation by Egon Zehnder in 2021, the Board conducted, with administrative assistance from Egon Zehnder, an internal Board evaluation in 2022 and again in 2023.

- ✚ Full details of the evaluation process and outcomes can be found in Nomination Committee Report on page 134 to 136

Board leadership and Company Purpose continued

Colleague Engagement Committee Report



2023 was a more challenging backdrop than recent years, with a weaker macroeconomic environment and customer destocking in the Semicond and Biopharm sectors, so having a well established form of direct engagement with colleagues across the Group was invaluable.”

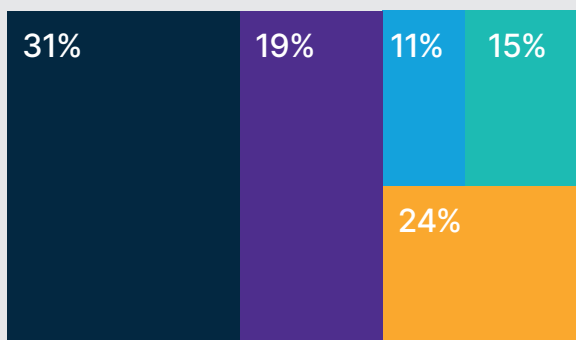
Caroline Johnstone
Chair of Colleague Engagement Committee

Members

Caroline Johnstone (Chair)
Angela Archon
Constance Baroudel*
Peter France
Jane Kingston
Jamie Pike

* Appointed to the Committee 1st January 2024

How the Committee spent its time %



- Direct colleague engagement follow-up
- Committee remit, planning and approach to engagement
- Business updates on colleague engagement
- Current engagement practices and survey results
- Formal items

Committee role and responsibilities

The Colleague Engagement Committee (the Committee) marked its fifth year as a standing Committee of the Board, meeting Provision 5 of the UK Corporate Governance Code 2018 and working to ensure our Colleagues’ voice is heard and fully considered in decisions of the Board. Each year, the Committee develops a unique agenda to reach out and listen to colleagues across the Group worldwide, in order to receive feedback and insights from all levels of the Company, provide oversight and make recommendations to the Board on all aspects of colleague engagement. Our annual programme of activities are prioritised based on feedback from Colleague Engagement Surveys, recent initiatives in the business, or other activities that the Board may want to better understand. We believe this tailored approach allows the Committee to keep our engagement mechanisms relevant and effective, in line with the requirements of the Code.

The Committee’s activities create both a formal and regular, two-way, direct dialogue between the Board and colleagues, as well as an opportunity for informal, one-on-one interactions. The Committee Chair reports back to the full Board after each Committee meeting with key findings and actions arising. The main duties of the Committee include:

- A programme of engagement activities to enable the Board (and Non-Executive Directors in particular) to have regular dialogue with colleagues
- Overseeing the approach to, the results and the action-plans of each biennial global colleague engagement survey, more details of which can be found on page 130
- Regular engagement with senior management across the Group to understand ongoing and developing engagement practices
- Supporting the Audit Committee and the Board in ensuring that procedures are in place for colleagues to raise concerns anonymously and in confidence, are accessible and well-publicised

Reviewing the effectiveness of our approach to workforce (colleague) engagement

The Board continues to review its mechanism for workforce engagement as required by the Code. In 2019, we established a separate Committee of the Board to focus on matters of workforce engagement and Caroline Johnstone was appointed as Chair of the Committee and the designated Non-Executive Director for colleague engagement, based on her previous people leadership roles in PwC and other businesses.

The Board concluded that the Committee and the colleague engagement programme adds significant value and insight both to the Board and to executive management, and the Board regularly reflects on colleague views during Board deliberations. The Board continues to believe that a Board-level Committee with responsibility for colleague engagement is appropriate given the size, scale and business model of the Group. It affords dedicated time to colleague engagement and culture generally across the Group. We have also had feedback that colleagues feel the direct engagement with a Board member promotes open and inclusive discussions and valuable feedback.

Committee meetings and operation

The Committee held three meetings in 2023 (details of attendance can be found on page 115). In addition to Committee Members, our Group Chief Executive Officer and Chief Financial Officer also attend some part of all Committee meetings – they bring further insight to colleague engagement across the Group but are also keen to understand and reflect on colleague feedback. Other Non-Executive Directors also regularly join these meetings and participate in many of the engagement activities throughout the year.

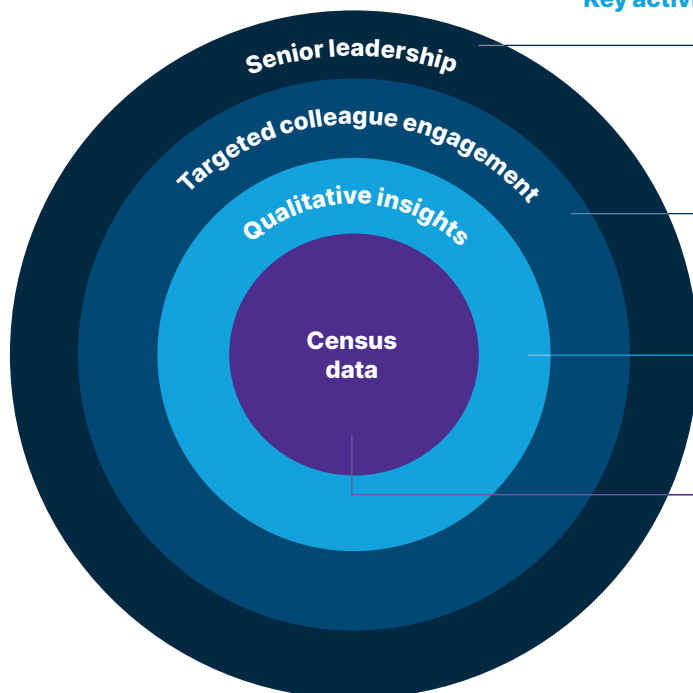
In February, the Committee amended its name, replacing “Employee” with “Colleague” to bring the Committee in line with the language used across Spirax Group. This name change was also reflected in an amendment to our Terms of Reference, which can be found on our website, spiraxgroup.com/governance-documents.

Amanda Janulis, Group Divisional Counsel, is the secretary to the Committee. During 2023, the Committee has continued to work with Amanda and Jim Devine, Group HR Director. Sarah Petherick, Group Head of Colleague Experience, joined the team in 2023, bringing fresh perspective and insights to the work of the Committee, as we continue to develop and implement a very rich programme.

Chair's review of 2023

In 2023, with a weaker macroeconomic environment and customer destocking in the Semiconductor and Biopharm sectors, it was a more challenging backdrop than recent years, so having a well-established form of direct engagement with colleagues across the Group was invaluable. We were able to hear the views of colleagues in all parts of the Group, and there are common themes (discussed below) which align with feedback from our colleague survey. The discussion and feedback meetings continue to allow us to test our understanding of the Group culture and add value to the Board discussions. For more discussion on the Group's culture and Values, see page 8, as well as the Sustainability Report on page 60. As Chair, I am always struck by the open nature of the discussions and opportunities to recognise both the strengths of the organisation and also the opportunities for continuous improvement.

Key activities undertaken and Committee approach



- Business unit presentations at Colleague engagement committee meetings
- Management reporting updates post focus groups
- Global Leadership conference – attended by approximate 80 colleagues from all parts of the Group
- Overseeing the Group response and approach to the Race Equity initiative in the US
- Engaging with Graduates during their annual conference
- Ten structured focus groups involving over 100 colleagues from different areas of the Group
- NED virtual 'coffee talks' with randomly selected colleague, run quarterly
- Biennial colleague engagement survey – quantitative data with demographic filters and approximately 13,000 verbatim comments

Board leadership and Company Purpose continued

Colleague Engagement Committee Report continued

Themes from discussions with colleagues

The majority of the time in the discussion group is spent asking colleagues for their views on a handful of topics. In 2023, our typical areas included understanding colleagues perception of and engagement in our business, sustainability and inclusion strategies and a particular focus was around the challenging economic environment and the cost-of-living challenges across our many different locations. We have also continued to explore how well we live our Values (and Safety in particular). But, we also leave plenty of space to hear what's on our colleagues' minds.

Over the course of our 2023 discussion and feedback group sessions, we have identified some common themes with respect to what makes the Group a great place to work and what we could do better. These themes align well with the results of the colleague engagement survey and we get additional rich feedback on these areas from the discussion groups.

Many of our colleagues consistently highlight four strengths, which they value highly:

- A safety mindset 'first and foremost' – this is particularly reinforced by colleagues new to the Group
- A strong Values-based culture – colleagues regularly share examples of living our Values in the real world, which deliver better customer service, grow the business and improve colleague experience
- A sense of belonging within supportive teams – most colleagues we speak to feel part of a 'local' business, where they have a sense of being involved, listened to and permission to be entrepreneurial
- The introduction of inclusive policies, such as gender-neutral policies for parental leave and carers leave, is seen as being best-in-class

The feedback on these strengths and the survey results show significant shifts in positively shaping culture. The Committee particularly noted the best-in-class response rate to the engagement survey.

We also heard consistently that colleagues appreciate both being part of a resilient and strong Company and the Group's approach to supporting them through the cost-of-living challenges of 2023.

There are also consistent themes as to where the Group might be able to improve, in essence they suggest that we could make doing business easier for our people:

- Making collaboration easier: our highly successful business model provides a focus for our operating companies and there is more to be done to make it easier to collaborate between sales, supply and business development teams
- Making our systems more efficient: the Group is making significant investment in our systems but this isn't yet felt in many areas of the Company
- Enhancing and streamlining our internal communication: colleagues (particularly those in our smallest operating companies) can feel the pressures of dealing with and responding to the reporting needs of a global, publicly listed Company as well as numerous initiatives that the Group is investing in. There is huge positivity about the initiatives (including sustainability, digitisation and inclusion), but some colleagues feel they need more streamlined and focused communications and a way to prioritise demands
- 2023 has presented different challenges for colleagues. Some colleagues have felt more pressures this year, as the economic environment deteriorated throughout 2023. Some have asked for more thought and engagement around target setting in these difficult times

The Group commenced important race equity work this year, supported and overseen by the Committee. Driven by the desire to more deeply understand 2021 Colleague Engagement Survey scores in the USA, this work started by commissioning a third-party race equity specialist to design and run roundtables for Black and African American colleagues as well as a roundtable for colleagues who expressed an interest in taking part as allies.

Four common themes emerged from the round tables, including that colleagues feel disempowered in career development, held to higher work standards and lack support. They also shared that they had low expectations that anything would change following the sessions. A member of the Committee, Angela Archon, attended some of the roundtables and follow up discussions and has provided valuable insight and challenge from her own considerable experience.

Action planning based on these discussions is now underway. A wider Group focus on race equity has complemented this, including global anti-racism webinars and launching a new Multicultural Global Network for colleagues. It was agreed that race equity would be a key focus for management and the Board going forward. The Committee noted progress achieved when other aspects of diversity had seen management focus, although members recognise that it will take time to truly embed change that is meaningful and permanent. Plans (at local, regional and Group level) are being developed to address the feedback which will be reviewed by the Committee in early 2024. It is also intended to run similar roundtables for colleagues in other geographies.

Management actions arising from our colleague engagement

We share and discuss the general themes from each meeting with local and divisional management and we ask them to share with the Committee any actions that arise from the feedback. This has proved to be very effective and we set out just a few examples of action taken:

Discussion Group Feedback:	Management Action:
A sales team requested greater autonomy to support customers with faults or replacement parts and questioned layers of approval required.	Local managers met with Divisional Sales Managers to understand their concerns. As part of the Group Finance G3 governance project, the Delegation of Authority (DoA) was updated to empower within the context of G3 and to ensure clarity for managers on the approval process.
Challenges in understanding and implementing the business strategy in day-to-day roles. We heard the message: "show me the strategy, don't tell me; I want to understand my role in these strategies."	One of our Businesses created 'stand up' meetings in supply sites; these were shorter learning sessions on topics such as the strategy goals and implementation. 'Purpose workshops' were developed for managers to focus on personal contribution to Company strategy.
Colleagues requested greater clarity on pay structure/progression and rewards.	The Company took a series of steps, including setting up a working group, making use of an app for colleagues to communicate directly with the payroll team and introducing HR surgeries/clinics for colleagues to drop in with queries and concerns.
Remote roles such as Sales and Service Engineers are working more independently than before, and there is limited downtime and no opportunity to speak whilst driving etc.	The Group refreshed and reinvigorated its focus on National Sales Manager monthly 'check ins' with all field-based Sales Teams as well as a quarterly collaboration event among Service the teams.

Other Committee activities in 2023

Business unit discussions – While this year's activities focused more heavily on the Colleague Engagement Survey and the Group-specific feedback and discussion meetings, we again invited leaders to present to the Committee, in order to share their approach to colleague engagement, as well as their engagement successes and challenges. This year, the Committee heard from leaders representing the Steam Thermal Solutions Supply site in the UK. Colleague engagement is also part of Board updates from each Business during the year.

Board site visits – The Committee takes the opportunity to connect with colleagues and local management when Board meetings are held at various manufacturing sites across the globe. In 2023, this included the Thermocoax facility in Normandy (France), as well as the new Watson-Marlow site at Devens, Massachusetts (USA). During these site visits, Board members heard directly from colleagues about the day-to-day workings of their site, the challenges they face and the upcoming initiatives for their Businesses.

Informal engagement – All Non-Executive Directors participate in 'coffee talks', an informal arrangement where colleagues are randomly paired with another for a virtual coffee. This gives the Directors an opportunity to speak to colleagues at all levels of the Group one-on-one, to both understand their role and gain their feedback on the organisation and their experience working within it. Board members also attended sessions at both the Global Leadership Team annual business meeting and the Graduate annual development programme where they were able to talk in depth to a wide cross section of colleagues from across the Group.

Benchmarking – Each year, the Committee undertakes an evaluation of its effectiveness and at least one benchmarking activity to ensure our activities reflect best practices and are in line with the regulatory requirements. Additionally, we use this as an opportunity to review what other opportunities for colleague engagement might be feasible and effective for our Group. This year, the Committee reviewed the colleague engagement approaches implemented by a selection of peer businesses within the FTSE 100 and considered whether some of those approaches might be beneficial for our own Committee agenda. In general, the Committee believes that it is working well and that it is adding value to the Board and this is supported by feedback from the Board, the executive and the wider organisation. Committee members are keen to interact with even more colleagues when undertaking site visits in 2024.

Looking forward

We set out below our three key priorities as a Committee for 2024. Committee members will participate in areas of our work, including race equity and ensuring we hold colleague discussions in local language, where practical. For instance, our new member, Constance Baroudel will hold discussions with our growing number of French speaking colleagues.

Finally, I want to say my personal thanks to Nick Anderson. He has been a true advocate of colleague engagement, was instrumental in establishing the Committee and then encouraging and supporting the development of the Committee's work.

I am happy to answer any questions or take any feedback on our Committee activities, at our Annual General Meeting in May or at any time.

Caroline Johnstone

Chair of Colleague Engagement Committee
6th March 2024

Committee focus for 2024

- Overseeing response to the 2023 Group-wide engagement survey and the feedback themes
- Colleague discussion and feedback meetings, including with colleagues in businesses recently acquired by the Group
- Overseeing actions to address the feedback from our Black and African American colleagues across our US operations to advance our race equity focus, with a view to potentially expand our race equity work to other areas of the Group

Composition, succession and evaluation

Nomination Committee Report



We have implemented our succession policy with the appointment of Nimesh Patel as our Group Chief Executive Officer. Louisa Burdett joins as Chief Financial Officer (CFO) in July with Phil Scott stepping up as Interim CFO until her arrival. Constance Baroudel is making a valuable contribution as a Non-Executive Director.”

Jamie Pike
Chair of Nomination Committee

Members

Jamie Pike (Chair)

Angela Archon

Constance Baroudel

Peter France

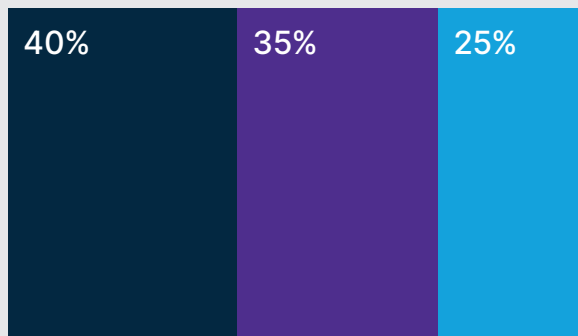
Richard Gillingwater

Caroline Johnstone

Jane Kingston

Kevin Thompson

How the Committee spent its time %



- CEO succession planning
- Chair succession planning
- CFO succession planning

Committee role and responsibilities

The main role of the Nomination Committee is to optimise Board performance, consider succession planning and recommend changes to the Board to match the skills, knowledge and expertise of individuals to those needed to support the strategy and business requirements of the Company.

The Committee’s responsibilities include:

- Making appropriate recommendations to the Board for the appointment, reappointment or replacement of Directors
- Reviewing 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
- Considering succession planning arrangements for the Executive Directors and more generally, senior executives
- Overseeing the annual evaluation of the Board and individual Directors, taking into account its composition, diversity and effectiveness

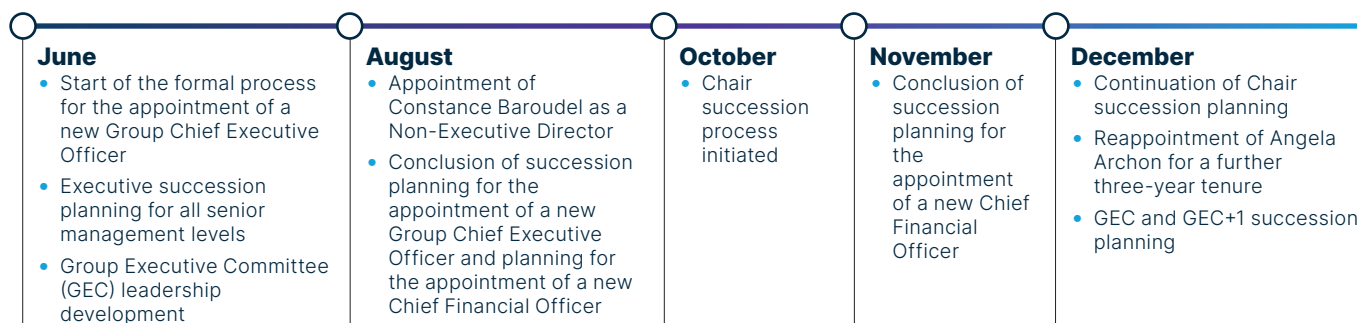
📄 The full Committee terms of reference can be found on our website, spiraxgroup.com/governance-documents.

Key activities undertaken

The Nomination Committee met five times in 2023, details of attendance can be found on page 115. The Group Chief Executive and Group Chief Financial Officer were invited to meetings where appropriate. A summary of the Committee’s activities throughout the year is set out on the following page.

Chair’s review of 2023

Our focus during the year was on the appointment of a new Group Chief Executive Officer and Chief Financial Officer. We also started the process for the appointment of a new Chair and completed the appointment of Constance Baroudel as a Non-Executive Director.



Board and Group Executive Committee composition

On 16th January 2024 Nick Anderson, the Group Chief Executive (CEO), stepped down following his 10th anniversary in the role. The Committee, in conjunction with Nick, had been developing the Group's leadership and talent development programmes with a view to ensuring the internal succession pipeline was strong. In 2023, the Committee began its formal search for a successor to Nick, considering both internal and external candidates from a diverse range of backgrounds with the assistance of Egon Zehnder, recruitment consultants, resulting in the internal appointment of Nimesh Patel to the role with effect from 16th January 2024. Details of the appointment process undertaken can be found page 135.

The appointment of Nimesh Patel, who was Chief Financial Officer from July 2020, was unanimously determined by the Committee. Nimesh's appointment as Group Chief Executive Officer marks the completion of the Board's long-term planning for Nick's succession. During his three-year tenure as CFO and a member of the Board, Nimesh has played a significant role in shaping our strategy, working with colleagues to enhance our unique culture and business model to fulfil our Purpose. The Board has observed Nimesh's natural leadership style and proven ability to engage at all levels throughout the organisation and with external stakeholders. His strategic approach and deep understanding of our Businesses, together with his global and financial experience all underpin the Board's confidence in the future leadership of our Group. The Board believes Nimesh provides both continuity as well as progression in our journey towards creating sustainable value for our all our stakeholders and is already working closely with Nimesh, supporting him on this journey.

We announced in December 2023 that Louisa Burdett will join the Group in July 2024 as Chief Financial Officer (CFO). Louisa is a highly experienced CFO having led finance functions in several large companies including UK-listed Croda, Meggitt and Victrex. She currently serves as a Non-Executive Director and Audit Committee Chair of RS Group plc. The recruitment of Louisa Burdett as successor in the role of CFO followed our usual rigorous succession process. Director of Group Finance, Phil Scott, will act as Interim CFO until after Louisa joins and a smooth handover

has been completed. The rigorous recruitment process drew on candidates identified by Spirax Group's internal leadership and talent programmes, as well as external candidates with the assistance of Egon Zehnder.

In January 2023, Olivia Qiu stepped down from the Board of Directors for personal reasons. A search for a new Non-Executive Director was initiated and the Board was delighted to announce the appointment of Constance Baroudel in August 2023. Constance has related board experience, currently serving as Sector Chief Executive, Environmental & Analysis and Chief Sustainability Officer at Halma plc. Previously she has held non-executive director positions at both Kier Group and Synergy Health and has a broad range of knowledge and qualifications, including an MSc in International Accounting & Finance from the London School of Economics, an MSc in Corporate Finance & Strategy and a BA in International Relations, both from the Institut d'Etudes Politiques de Paris (Sciences Po Paris). In this role, she will combine her strong financial, strategic and non-executive experience with her knowledge of large, global organisations, to support the ongoing sustainable growth and success of Spirax Group.

The appointments of Nimesh Patel as Group Chief Executive Officer, Constance Baroudel as a Non-Executive Director and Louisa Burdett as CFO, followed Code-compliant, rigorous and independent procedures in making these appointments, supported by our external advisers.

We also spent time looking at the composition of the Group Executive Committee (GEC). Digital is a pivotal cornerstone to enhance our business model and ensure we deliver value to our customers by building digital connections with products and services, as well as improving our internal efficiencies across our operational, innovation and people management processes. Maria Wilson, who joined the business in March 2023, has joined the GEC to lead and accelerate the delivery of the digital strategy across the Group.

Jane Kingston's tenure as a Non-Executive Director will be drawing to a close in 2025 and during 2024 the Committee will begin succession planning for the position of Remuneration Chair to ensure an orderly handover.

+ Details of the respective skills and experience of all Board and GEC members are set out on pages 112 to 114.

Composition, succession and evaluation continued

Nomination Committee Report continued

Chair of the Board tenure

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, and, therefore, Jamie will stand for re-election as a Non-Executive Director at the AGM in May 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. The Committee implemented the process for the Chair succession and further information on this can be on page 135.

Succession planning and attracting talent

Egon Zehnder acts 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, in line with our Diversity and Inclusion Policy, to ensure that we attract and retain the best talent. The Board confirms that neither it, nor any of its Directors, have any connection with Egon Zehnder.

The search for a new Chair, which commenced in Q4 of 2023, is being led by the Nomination Committee, which is made up entirely of independent Non-Executive Directors and chaired by the Senior Independent Non-Executive Director, Richard Gillingwater. The current Chair, Jamie Pike, and any candidate who is a current member of the Board have been, and will remain, excluded from the process in accordance with the Code. The Committee, working with Egon Zehnder, has developed a job specification, which candidates will be evaluated against, and a shortlist has been developed. The appointment will be approved by the full Board following interviews with all Directors.

As previously indicated, the Committee confirms that Jamie will stand down as Chair and Non-Executive Director in 2024 allowing also for a handover period with the incoming Chair, who will be announced following their appointment. In accordance with our Board succession plans, we will follow a Code-compliant, rigorous and independent procedure to determine Jamie's successor, supported by our external advisers.

+ Further information on how appointments to the Board are made can be found in the Governance statement on page 126

Board and Committee evaluation

In 2022, we followed up on the prior year recommendations of Egon Zehnder and the Board carried out an internal additional evaluation of the performance of the Board and the Board Committees, in accordance with the provisions of the Code.

The 2022 review emphasised the following strengths:

- Strong sense of team identity and collaboration with high levels of engagement. Trusted and respectful relationships
- The Board felt guided by a clearly defined vision and strategy for the Company
- The Board fulfils its role in keeping sustainability objectives top of mind for the Company
- The Committees are clearly defined and serve a distinct purpose

The 2022 review helped the Committee to consider the following areas for improvement and these continued to be addressed in 2023:

- Sufficient time for keeping abreast of industry trends, competitor activity and where future threats may emerge
- An opportunity to allow for more strategic discussion and debate

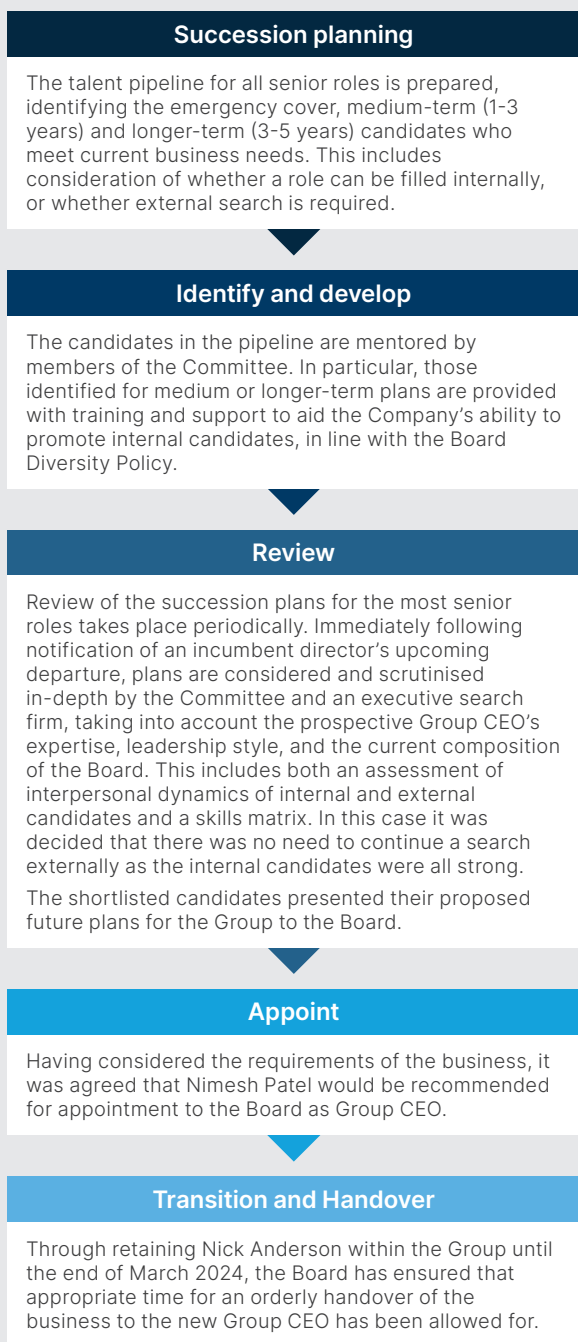
For 2023, the Chair supervised and Egon Zehnder facilitated the use of an equivalent survey from 2022 to distribute to each of the Board members. They were asked to respond to questions on both a quantitative and qualitative basis. The review considered the strengths of the Board, the Colleague Engagement 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. 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. The survey was a comprehensive questionnaire covering all issues related to the effective running of the Board and the functioning of the Committees. The responses were consolidated and anonymised, with common themes identified for the Board to determine key actions and next steps for improving Board and Committee effectiveness and performance. We were pleased to see that the conclusions of the 2023 review were positive, suggesting an overall improvement from the prior year across all the key dimensions.

Board succession planning

In light of the Committee's most recent activities, we have taken the opportunity to provide an insight into our approach to succession and induction of our new Group CEO and the timeline for the recruitment of our new Chair. All processes are designed to ensure the appointment of our directors is strategic, orderly and comprehensive and are conducted with the assistance of Egon Zehnder, our Executive Search consultants.

CEO succession process

As a result of the process Nimesh Patel, the serving CFO, was selected resulting in a second search being initiated to identify his replacement which followed a similar process. Louisa Burdett has since been appointed and will start with the Group in July 2024. Since Nimesh has been a part of the business for a number of years, his induction is primarily focused on providing a robust understanding of his new responsibilities. Nick Anderson will remain as a colleague until the end of March 2024 to assist with the transition and handover.



Our Chair appointment process

October 2023

Search criteria was developed for Jamie Pike's successor, which included:

- Recent and relevant chief executive and chair experience
- Additional knowledge in areas including data and digital
- Executive search firm engaged – Egon Zehnder

1

Search Criteria

The SID, working with the Board (excluding the incumbent Chair) the Group Human Resources Director, the Group General Counsel and Company Secretary, determines the search criteria using a skills matrix considering the long-term strategic priorities of the Group. This is provided to an executive search firm, who is asked to ensure the search includes a diverse range of candidates from various backgrounds and industries.

2

December 2023

Committee received a long list of candidates who were contacted to establish their interest in the role.

Review and Identify

The executive search firms review the specification and produce a long list of candidates for the Committee to review. The SID identifies a shortlist of candidates, following feedback from the Non-Executive Directors. These candidates are contacted to establish interest.

3

January-February 2024

Interviews and meetings.

Assess

Candidates are interviewed by the SID and assessed in line with the candidate specification. Informal meetings with other Board members and the Group CEO are also conducted with preferred candidates to determine chemistry and interpersonal dynamics and assess whether their skills and experience would be additive to the Board as a whole.

4

March-April 2024

Committee meeting will discuss the proposal to appoint preferred candidate, with subsequent recommendation to the Board and approval of their appointment.

Appoint

The Committee reconvenes to consider and discuss feedback received. Once a decision has been made, the successful candidate is recommended for appointment to the Board and the Group General Counsel and Company Secretary is tasked with the formalities.

5

March 2024 onwards

Once a new Chair has been appointed a full induction programme will be initiated. This will include visits to key sites, meetings with senior management to bring them closer to decision makers and those tasked with running the day-to-day management of the business.

Induction

The final step is to provide our new Chair with a robust induction, tailored to suit their individual needs. This is an invaluable step to not only support directors in meeting their statutory duties, but also give them a comprehensive introduction to the business and its strategic priorities.

Composition, succession and evaluation continued

Nomination Committee Report continued

Board and Committee evaluation continued

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.

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

In 2024 a full, externally managed, Board evaluation will be undertaken in compliance with the Code.

Re-election of Directors

The Board has concluded that the performance of each of the Directors standing for re-election continues to be effective and that these Directors demonstrate commitment to their role, including commitment of time for the Board and Committee meetings and any other duties. Constance Baroudel will stand for election following her appointment during the year. With the exception of Nick Anderson who stood down in January 2024, all other Directors including the Chair who will, in any event, be stepping down during 2024 after serving 10 years as required by the Code, will stand for re-election at the 2024 Annual General Meeting and the explanation of how they contribute to the success of the Company can be found in the Notice of AGM. Louisa Burdett's appointment as Chief Financial Officer and Executive Director takes effect after the 2024 AGM in July 2024. She will therefore stand for election at the first AGM after her appointment takes effect, namely, May 2025.

Inclusion, equity and wellbeing

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 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 on page 179 and further information on diversity and inclusion within the Group can be found in our Sustainability Report on pages 67 to 68.

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 once Louisa joins the Board as the CFO in July 2024 this target will have been achieved.

We would also like to highlight that two of our Board Committees, the Remuneration and Colleague Engagement Committees, are currently chaired by women, namely Jane Kingston and Caroline Johnstone respectively.

In 2023, following a rigorous recruitment process during which both male and female candidates were considered, Constance Baroudel was appointed as a Non-Executive director to replace Olivia Qiu who resigned in January 2023. Diversity and inclusion is always a key consideration in the Board recruitment process and is at the forefront of the Committee's mind when making nominations to the Board. 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 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 Global Graduate Development Programme exceeded its goal of 50% female intake for the year, achieving 56%. We also achieved some progress on increasing the number of women in commercial leadership roles, taking this up to 11% by October 2023 with the aspiration of reaching 20% by December 2025.

In support of our gender equity journey, we continued our Women's Executive Mentoring Programme and our partnerships

with Women in Science and Engineering (WISE) and the Women's Engineering Society (WES). Our global Women's Network also continued to connect and support women and allies across the Group. This included marking International Women's Day with a global webinar on 'embracing equity', menopause awareness training and activity covering wide-ranging topics such as endometriosis and menstrual health, psychological safety and career development, as well as allyship across genders.

As part of our wider commitment to gender equity, during his tenure, Nick Anderson, served as an Ambassador for the 25x25 campaign which is seeking to achieve 25 female CEOs in the FTSE 100 by 2025. Nimesh Patel, Group Chief Executive Officer, continues his role as Co-Chair of the FTSE Women Leaders Review which seeks to increase the representation of women in senior leadership roles in the FTSE 350 and top 50 private companies in the UK.

In 2023, we built on the 2022 launch of our global Inclusion Plan (Everyone is Included) and our Group Inclusion Commitments. This included:

- Formally launching our Group Diversity goals at our Global Leadership Conference in March 2023 – setting out our ambitions to continue to build our gender and ethnic diversity
- Further developing our inclusion maturity framework and piloting self-assessment against this in our Steam Thermal Solutions (formally Steam Specialties) Business
- Starting a focus on race equity in the USA through roundtables with our Black and African American colleagues and action planning with colleagues, leaders and HR practitioners
- Embedding inclusion, equity, diversity and wellbeing in global supplier selection and monitoring in collaboration with Group Sustainability, as well as embedding inclusion and wellbeing in our new Group Health and Safety Excellence Framework
- Expanding our global LGBTQ+ Pride focus with attendance at four UK Prides (Cheltenham, Gloucester, Falmouth, Truro); three global Pride webinars; Pride activity in Steam Thermal Solutions, Brazil, and in the USA, including support for South Carolina Black Pride and the Trevor Project
- Embedding inclusion, equity and wellbeing content into our new Group-wide education platform, Spark, including learning on global anti-racism, menopause, mental health, allyship, equity and more
- Continuing to grow our colleague networks with three new global networks: Disability and Difference, LGBTQ+ and Friends, and a Multicultural network

The Board was delighted to see that the progress made on inclusion was recognised by colleagues around the world in the 2023 Colleague Engagement Survey. Group-wide (excluding colleagues who joined us through the acquisitions of Durex Industries and Vulcanic), the survey's Inclusion Index increased 5 points to 73% positive (+1 vs industry benchmark). In particular, the scores for "the Company values and supports colleague diversity" jumped +9 points to 78% and "I feel comfortable to be myself at work" increased 3 points to 79%. Our collective focus on inclusion, equity and wellbeing continue to be a Group-wide priority.

Diversity and Inclusion Policy

Our Board and Committees fully comply with and support the principles of our **Everyone is Included** Inclusion Plan, our Group Inclusion Commitments and the Group Diversity and Inclusion Policy, which was updated in 2023 to better align with and reflect the Group's focus on Diversity and Inclusion. We also approved the Group's ambitious new Diversity goals. The Board believes that diverse teams bring a great variety of thought, skills, experience and perspectives to our Group. That diversity means we're more innovative and more creative and it helps ensure our continued business success. It means we continue to grow and it creates more opportunities for everyone – in short, our difference is our strength.

We firmly believe that we have furthered our strategic plans through our Succession and Inclusion Policies and our Diversity goals.

We remain committed to developing a strong and diverse Board and we have made progress in developing our internal talent at the executive senior leadership level. A copy of the Board Diversity Policy and the Group Diversity and Inclusion Policy can be found on our website spiraxgroup.com/governance-documents.

Jamie Pike

Chair of Nomination Committee
6th March 2024

Committee focus for 2024

- Chair Succession
- Preparations for Remuneration Committee Chair succession in 2025
- Executive succession at all senior levels
- Implementation of the Group Inclusion Plan within Vulcanic and Durex Industries

Further reading

- Our new Group Inclusion Plan and Commitments can be found on our website: spiraxgroup.com/inclusion

Audit, risk and internal control

Audit Committee Report



The Committee continues to support management in building on the strong foundations of controls, governance and reporting which underpin Group operations.”

Kevin Thompson
Chair of Audit Committee

Members

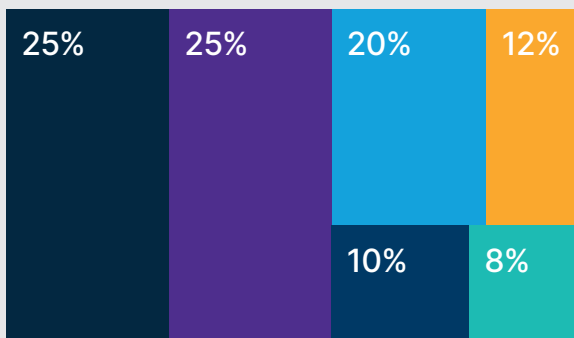
Kevin Thompson (Chair)

Peter France

Richard Gillingwater

Caroline Johnstone

How the Committee spent its time %



- Financial resilience, risk management and internal controls
- Corporate governance (including ESG updates) and whistle-blowing
- External audit and auditor effectiveness
- Internal audit and fraud risk reviews
- Presentations by Business Finance Directors
- Results review and reporting

Committee role and responsibilities

The overall purpose of the Audit Committee is to oversee and monitor the entire financial reporting and control process, to ensure the integrity of the Group’s published financial information and assurance over it.

The Committee’s published Terms of Reference are reviewed annually and were last amended in October 2023. A full copy can be found on the Group’s website, spiraxgroup.com/governance-documents.

Within the Terms of Reference the Committee’s responsibilities are separated into six main areas:

- Financial Reporting
- Internal Controls
- Whistle-blowing
- Risk Management
- Internal Audit
- External Audit

The Committee meeting agendas are tailored to ensure all the identified areas are covered, while also allowing for emerging topics to be included and permitting time for sufficient discussion and review. A summary of the Committee’s activities across each area during 2023 is detailed on the following pages.

The Committee is comprised entirely of independent Non-Executive Directors. Except for Olivia Qiu, who stepped down from the Committee in January 2023, all other members of the Committee served throughout 2023. All members of the Committee have a depth of financial and commercial experience in various industries, as well as the industrial engineering sector in which the Group operates. The Committee expertise, together with their independence, enables them to provide robust challenge to management, as well as to the internal and external auditors to ensure their duties under the Terms of Reference are fulfilled. For the purposes of the UK Corporate Governance Code 2018 (the Code) the Board is satisfied that Kevin Thompson (Chair), Richard Gillingwater and Caroline Johnstone have recent, extensive and relevant financial experience and the required competence in accounting.

+ A more detailed summary of the qualifications, skills and experience of each Committee member can be found on pages 112 and 113.

Meetings in 2023

The Committee held five scheduled meetings during 2023. Outside of formal meetings a number of the Committee members engaged in working sessions with management during the year in order to support audit and assurance activities around the Group.

As with prior years, relevant members of the Group's senior management attended Committee meetings, including the Group Chief Executive, the Chief Financial Officer, the Head of Internal Audit and the Director of Group Finance. Continuing the practice started in 2020, each of the Group's three Business Finance Directors were invited to attend and present to the Committee during the year.

During 2023, the Committee received reports from Internal and External Auditors on the major findings of their work and the progress of management follow-up by way of management reports. As a safeguard, the Committee holds separate meetings with the Internal and External Auditors without management present to discuss the respective areas and any issues arising from their audit work.

During the year, tailored update sessions are delivered by external providers to the Committee members in order to provide detailed insight into current areas of Committee focus, and these included a number of updates on proposed Corporate Governance changes in the UK. A cyber security focused session, including case studies of cyber-attacks on public organisations, is already planned for early 2024.

Committee focus for 2024

- The Group's G3 internal controls improvement project
- Our ongoing assurance journey with a particular focus on sustainability reporting
- The ongoing, multi-year projects to upgrade the ERP systems in each Business
- Progressing the integration of the Vulcanic and Durex Industries acquisitions
- Continuing to monitor and prepare for the future changes to the UK Corporate Governance Code requirements

Chair's review of 2023

I am pleased to present the Audit Committee's report for the year ended 31st December 2023. The report is intended to describe how the Committee discharged its core responsibilities in overseeing and monitoring the Group's financial reporting and control processes to ensure the integrity of the published financial information. I would also like to highlight a number of important activities which the Committee has undertaken during the last year in order to meet the evolving requirements of the Group's stakeholders.

During the year we have closely monitored the proposed changes to the UK Corporate Governance Code, particularly those which have been clarified in the FRC guidance released in January 2024. We have worked closely with management to support the Group's internal controls improvement 'G3' Project that aims to systematically improve and standardise controls across the Group using a risk-based framework. This workstream has been supported with additional investment into our Governance teams and supporting infrastructure, with team members being geographically located close to the Group's key operations in order to partner with the operating businesses to support implementation and provide best practice guidance. The Group also undertook a detailed assurance mapping exercise which was segmented into the key areas of external reporting and disclosure. Following this exercise, the Committee engaged with the Group Sustainability team to conduct a deep dive into the current, upcoming and potential regulatory reporting requirements in order to develop a risk-based roadmap identifying specific focus areas and those where increased levels of assurance will be targeted over time.

The Group acquired Vulcanic and Durex Industries during the second half of 2022 and during the year the Committee has continued to monitor and support the integration of both businesses into the Group. This has involved engagement with management responsible for the integration, as well as both the Internal and External Audit teams, and has covered a wide scope of underlying activities, including Health and Safety standards, financial reporting, internal controls and sustainability. All key sites within both Vulcanic and Durex Industries have been visited by the Internal and External Audit teams with a series of action plans agreed for implementation during 2024.

Audit, risk and internal control continued

Audit Committee Report continued

Chair's review of 2023 continued

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. The Committee is also pleased with the continuing strengthening of relationships across the Group with other audit, assurance and professional services firms, including those outside the 'Big Four'. These have facilitated a broader insight and debate into current market practice, issues and trends.

The Committee continues to work closely with the Group Internal Audit team and was pleased by the high standards the team continues to drive and the valuable insight which their work delivered. During the year, the team successfully re-introduced their guest auditor programme, which had been suspended since 2020 due to pandemic-related travel restrictions. This allows members of the global finance community to accompany the Internal Audit team on audit assignments, providing a valuable learning and development opportunity across the function as well as a varied perspective across the audits.

In addition to the workstreams detailed above, the Committee has requested additional items on its meeting agendas in response to stakeholder requirements and the constantly evolving environments in which the Group operates. Examples of such issues which we have responded to during the year include the FRC consultation of proposed UK Corporate Governance Reforms, monitoring the impact on the Group's defined benefit pension schemes in light of the continued market volatility in interest rates and inflation, and a continued review of cash flow performance, financial resilience and debt refinancing. The Committee also remains focused on supporting the journey to upgrade the ERP systems in each of the three Businesses challenging the alignment with strategy and progress of projects. These systems will provide a platform to deliver operational efficiencies and control automation opportunities. Against the backdrop of the corporate criminal liability legislation, the Committee continues to monitor and assess fraud risk with further progress made this year implementing the actions from the risk assessment workshops we held in 2022.

Key activities undertaken

March

- Reviewed relevant sections of the 2022 Annual Report
- Reviewed external quality assessment of Internal Audit
- Reviewed External Auditor independence and effectiveness
- Update on compliance with UK Corporate Governance Code and Anti-Bribery & Corruption and Sanctions regulations
- Update on whistle-blowing calls made to the Group's Safecall service
- Update on the Group's sustainability reporting
- Confirmation of External Auditor reappointment for FY2023

May

- Update on planning for the Half Year review from External Auditor and management
- Update on the Internal Audit programme
- Annual approval of Auditor Engagement, Non-Audit Services and Employment of Audit Staff policies and the Adjusting Items policy
- Assessment of External Auditor Effectiveness, including Audit Quality Indicator (AQI) and Component Feedback
- Update from the Group's Tax and Treasury Committees
- Update on Acquisition Integration planning
- Update on the Finance Vision and Roadmap
- Update on the Audit and Assurance Policy
- Presentation from the Steam Thermal Solutions Business Finance Director

August

- Reviewed the Half Year results and external announcement
- Reviewed the interim report of the External Auditor
- Internal Audit update
- Reviewed Pension risk management transactions
- Reviewed Group Treasury's proposals for Debt Refinancing
- Update on the Audit and Assurance Policy
- Assessed the requirements of the Financial Reporting Council's Minimum Standards for Audit Committees
- Completed Committee self-assessment and performance evaluation
- Reviewed Group Principal Risk – Loss of critical supplier
- Update on Sanctions and Whistleblowing

The Committee also spent time during the year assessing the Group's cyber security preparedness, including understanding the key learnings arising from a ransomware simulation exercise which was delivered by a third-party specialist to the Group Executive Committee during the year.

As I look back on the past year, I am pleased with the work undertaken by the Committee on behalf of all our stakeholders. The Committee continues to support management in building on the strong foundations of controls, governance and reporting which underpin Group operations. I hope that this report provides appropriate context and understanding around the work of the Committee through the year. We remain committed to responding to the expectations of all our stakeholders and, as always, we welcome any feedback and look forward to continued engagement during the coming year.



October

- External Audit planning for the Full Year results
- Reviewed schedule and preparations for the drafting of the 2023 Annual Report
- Carried out annual review of the Committee's Terms of Reference
- Update on sustainability reporting, including input from Deloitte on market background and peers
- Update on Group's Mandatory Contract Practices, including a case study on Watson-Marlow Fluid Technology Solutions
- Update from Chair of the Group's Risk Management Committee
- Reviewed Internal Audit function's self-assessment on effectiveness and external quality assessment update
- Approved the Internal Audit plan for 2024
- Presentation from the Watson-Marlow Fluid Technology Solutions Business Finance Director
- Update on, and review of management response to, a Safecall case

December

- Update from External Auditor
- Update on the G3 internal controls project
- Update on the proposed disclosure changes in the 2023 Annual Report
- Update from Chair of the Group's Risk Management Committee
- Update on defined benefit pension schemes
- Cyber security update from the Group IT Director
- Reviewed Group Principal Risk – Breach of Legal and Regulatory requirements
- Presentation from the Electric Thermal Solutions Business Finance Director

Audit, risk and internal control continued

Audit Committee Report continued

1. Financial Reporting

Committee role:	Actions and reviews undertaken during 2023:
Monitor the integrity of the Group's published financial information and review and challenge the significant financial reporting issues and judgements made in connection with its preparation and presentation.	<ul style="list-style-type: none"> Reviewed all externally published Financial reporting, along with the 2023 Annual Report and Accounts, prior to recommendation to the Board including fair, balanced and understandable assessment. Detailed papers prepared by management highlighting key issues, judgements and estimates contained within reported financials Detailed analysis of managements verification and internal review processes covering the content of the external reporting releases External Auditor reports and progress updates in relation to Interim results review and full year Group audit Detailed analysis of Going Concern and Viability reporting and underlying modelling assumptions, including assessment of suitability of time period covered, the addition of climate change considerations, and the scenario assumptions against the context of the Group's identified Principal Risks Pension accounting and strategy, including assessment of assumptions used to value the material schemes Ongoing assessments of the appropriateness of the Group's use of Alternative Performance Measures (APMs) including the approval of an updated Group Policy.

Financial reporting matters and accounting judgements

The Committee is responsible for assessing whether suitable accounting policies have been adopted and whether management has made appropriate judgements and estimates when applying these policies. During 2023, the Committee considered and addressed the significant matters listed below in relation to the Group's Financial Statements and disclosures. In particular, the Committee challenged the reporting of adjusting items within the APMs relating to the Group's Consolidated Income Statement and the review of any potential impairment of goodwill. The Committee received regular reports from management regarding these matters and they were the subject of detailed discussions by the Committee, management and the External Auditor. The Committee also received reports from the External Auditor covering the work undertaken and the conclusions reached in relation to each of these areas. As a result, the Committee reached the conclusion that the proposed accounting treatments and resultant financial reporting were appropriate.

Revenue recognition

Issue:	How this was addressed:
In view of the profile of revenue and profit recognition in the final quarter of the year (a period when, in some Group companies, a higher proportion of the annual external revenue is recognised compared to the rest of the year), the need to focus on any new significant contracts and revenue cut-off for certain Businesses was highlighted to ensure the appropriate recognition of revenue for the year ended 31st December 2023.	The Committee monitors the adequacy of the control environment for revenue recognition and this review is supported by the External Auditor. In particular, the Committee reviews adherence to the Group's policy to recognise revenue when performance obligations have been fulfilled which, in the majority of cases, is at time of dispatch or delivery to the customer. After considering the combined evidence, the Committee was able to conclude that revenue recognition was appropriate during 2023 and at the year end.

Pensions

Issue:	How this was addressed:
<p>The Group operates four main defined benefit pension schemes (three in the UK and one in the US). The aggregate assets of the four schemes totalled £328.9 million as at 31st December 2023 while the aggregate liabilities totalled £363.0 million resulting in a net liability of £34.1 million. All four schemes are now closed to future accrual.</p> <p>There are judgements and estimates made in selecting appropriate assumptions in valuing the Group's defined benefit pension obligations, including discount rates, mortality and inflation (see note 22 on pages 225 to 230). These variables can have a material impact in calculating the quantum of the defined benefit pension liability.</p>	<p>The Committee considered reports by management and those from independent external specialists used to prepare pension valuations. Management's selection of assumptions was challenged, and key assumptions were examined against observable external benchmarks and market practices.</p> <p>The Committee spent time during the year continuing to closely monitor the impact on the pensions schemes and the valuation assumptions resulting from the material market movements in interest rates and inflation.</p> <p>Based on this review (including reports from the External Auditor) and consideration of the valuation methods applied, the Committee is comfortable that the key assumptions and accounting treatment are reasonable and appropriate.</p>

1. Financial Reporting continued

Management override of controls

Issue:	How this was addressed:
<p>Internal controls are the safeguards put in place by the Group to protect its financial resources against external and potential internal fraud alongside ensuring the accuracy of reported financial information. Management is responsible for ensuring the internal controls are followed across the Group. As such, intervention by management in the handling of financial information, especially in relation to one-off or judgmental transactions and making decisions contrary to the internal control policy is a significant, if unlikely, risk.</p>	<p>Oversight of the Group's risk management and internal control environment is provided by the Group Executive and Risk Management Committees, supported by a number of leadership and function committee meetings that occur regularly across the year. The effectiveness of the execution of operational processes and controls by the operating companies is periodically reviewed by the Group functions, and action plans put in place for any policy non-compliances identified.</p> <p>The Committee discussed the mitigation of control risks, with a particular focus on the level of management reviews taking place within the Businesses, with both management and the Business Finance Directors in their regular Committee presentations. The Committee also noted the high quality of response by management to any deviations from Group policies.</p> <p>Regular cycles of internal and external audits by independent parties are in place to review financial information. The audits are objective reviews on compliance with the Group's accounting and internal control policies.</p> <p>Management has an ongoing, multi-year internal controls improvement programme in order to further review and enhance the internal financial control environment and the Committee receives regular updates on progress. To support the programme, the Group continued to invest in its Internal Controls function during 2023, including the addition of further team members as well as the launching a groupwide IT system to track control compliance and document remediation action plans.</p> <p>In addition to the internal controls improvement programme, the ERP upgrade programmes provide a further important opportunity to standardise and automate controls and processes across the Group which will further enhance the overall control environment.</p> <p>The Committee remains satisfied with the Group's monitoring of the effectiveness of the risk management and internal control systems and is supportive of the Group's continuous improvement journey in this area.</p>

Acquisitions – goodwill and intangible assets valuation

Issue:	How this was addressed:
<p>There is a high level of judgement surrounding the valuation of goodwill and the risk of impairment in respect of major acquisitions.</p> <p>As detailed in Note 14 to the Consolidated Financial Statements on page 218 the largest goodwill balance as at 31st December 2023 relates to the Electric Thermal Solutions Business of cash generating units (£494.7 million).</p>	<p>The Committee received detailed reports from management outlining their evaluation of goodwill and intangible assets for any potential impairments and the basis for key assumptions and judgements used within their valuation models. The Committee focused on the key assumptions and the associated disclosures around the valuation of goodwill and intangible assets for the Electric Thermal Solutions Business, namely:</p> <ul style="list-style-type: none"> • the move to using a cash flow forecast period of five years when estimating the value in use of the Electric Thermal Solutions Business, noting that this represents a shorter forecast period than that used in previous years reporting • the forecast operational performance in the business plan, in particular, sales and earnings before interest and tax (EBIT) growth and EBIT margin forecasts as well as cash generation assumptions • the discount rates applied to the cashflows resulting from the business plan, specifically the determination of the input variables used to calculate the discount rate • the modelling outcomes when sensitivities were applied to represent reasonably possible changes to key assumptions <p>The Committee concluded it was comfortable that key assumptions and associated disclosures were reasonable and that the resulting value in use exceeded the reported carrying values which led to no impairment being required, including when sensitivities were applied.</p>

Audit, risk and internal control continued

Audit Committee Report continued

1. Financial Reporting continued

Other significant financial reporting issues Going Concern, Viability Statement and financial resilience

During 2023 the Committee remained focused on monitoring the Group's financial resilience and overall liquidity position, especially given the debt-financed acquisitions of Vulcanic and Durex Industries which completed in the second half of 2022. The Committee approved all the external debt financing activities undertaken during the year, receives regular updates from the Treasury Committee and noted that the Group operated throughout 2023 comfortably within the leverage ratio covenants contained within its external financing arrangements.

The Group has continued its Viability Statement reporting in line with best practice by (i) including an assessment period of five years and (ii) providing sufficient detail around the underlying scenario modelling undertaken to ensure an explicit link between the scenarios and the Group's identified Principal Risks. Additionally, the Group has added further narrative in 2023 which references the potential impact on Group assets and operations resulting from a series of climate change scenarios. This scenario-based analysis was supported by a specialist, external consultancy. The Committee reviewed the 2023 Going Concern and Viability Statements and were satisfied that these represented accurate assessments of the Company's position at the date of the Financial Statements. For further detail on the Going Concern and Viability Statements and for additional information on the financial resilience of the Group, please refer to pages 41 to 43.

Financial disclosures including Alternative Performance Measures (APMs)

In the year, the Committee reviewed the treatment of specific adjusting items. These included the treatment and presentation of costs related to:

- The right-sizing of operations within the Watson-Marlow Business
- The impairment of software assets relating to an ERP upgrade project in Steam Thermal Solutions
- Acquisition and disposal activity including (i) the disposal of an associate investment in Econotherm, and (ii) the movement in the fair value of deferred consideration payable by Vulcanic in relation to the acquisition of EML Manufacturing LLC in 2021

During 2023, the Group undertook certain transactions which were significant in nature and which management proposed be classified as adjusting items to provide all our stakeholders with additional useful information in order to assess the period-on-period trading performance of the Group. In the Group's 2023 financial reporting, the Committee supported a change in the presentation of such adjusting items. Historically the Group included an adjustments column within the Consolidated Income Statement together with an Alternative Performance Measures (APMs) note to the accounts. For 2023 reporting, the adjustments column and note to the accounts have been removed and replaced with a glossary within the Annual Report that contains full details and reconciliations of all adjusting items and APMs. The Committee also approved an updated Group policy covering such items during the year.

All adjusting items were closely monitored by the Committee with considerable time spent to understand, review and challenge management's classification. The Committee also took account of the views of the External Auditor and arrived at the conclusion that they supported the disclosures made by management and considered the classifications to be appropriate in each case.

The Committee continues to focus on the definitions and usage of APMs noting the ongoing regulatory scrutiny on such measures.

In addition, the Committee also reviewed the accounting treatment and disclosures relating to a number of specific transactions and situations that occurred within the year, these included:

- The associate investment Spirax Group has made in the Kyoto Group (Euronext ticker: KYOTO), see page 122 for more information on this investment
- The treatment and presentation of the financial results of the Group's operating companies located in Argentina

2. Internal controls

The Board has overall responsibility for the effectiveness of the Group's internal controls and risk management frameworks. Oversight of the Group's risk management procedures and the operation of controls is undertaken by the Risk Management Committee and the Group Executive Committee and further detail on these processes can be found on pages 98 to 105. The Committee supports the Board and the Risk Management Committee by monitoring and assessing the effectiveness of the Group's internal controls processes as follows:

Committee role:	Actions and reviews undertaken during 2023:
Review the adequacy and effectiveness of the Group's internal financial control environment.	<ul style="list-style-type: none"> Review of all Internal and External Audit reports Update on Group-wide training programmes (including mandatory courses on Health and Safety, Anti-Bribery and Corruption and Cybersecurity) Annual reviews of the Group's Tax and Treasury policies with the Group Head of Tax and Group Treasurer attending the Committee meeting. Review by the Audit Committee Chair of the minutes and actions of the Tax and Treasury Committee meetings that took place during the year
Receive reports from the Risk Management Committee on operational risks.	
Review the Group's Tax and Treasury policies as well as debt financing facilities and the approach to management of foreign exchange risk.	<ul style="list-style-type: none"> Review and approval of all new Group external debt financing facilities entered into during the year Review of anticipated impacts of the incoming Pillar 2 OECD minimum tax rate legislation Review of annual management papers on how the Group monitors the effectiveness of the Group's internal control processes Reports from the functional leaders with responsibility for managing cybersecurity risk Presentations from management detailing the progress achieved on the G3 internal controls programme In-depth presentations from the Group Sustainability team covering sustainability reporting requirements, data quality, processes and frameworks Detailed reviews with the respective internal risk owner for two of the Group's identified Principal Risks The Finance Director of each of the Group's three Businesses presented to the Committee. These updates included progress reports on the programmes to upgrade their core information systems. Progress was compared to a series of identified critical success factors

During the year both management and the Committee continued to closely monitor the ongoing proposals by the UK Government and the Financial Reporting Council (FRC) to reform UK corporate governance and reporting. Following on from the work undertaken during the last two years, the Group has continued to invest significant time and resources in understanding and preparing the Group for the anticipated impact of the proposals. The Group submitted a response to the FRC consultation and is supportive of the announcements in late 2023 and January 2024 that refine the scope of the original proposals and provide further clarity around the implementation requirements and timeline.

The Group's Chief Financial Officer and his finance leadership team have continued the implementation of their Group Governance Guidelines (G3) programme which is designed to deliver a risk-based approach to improving the overall internal financial controls within the Group. To support the Group's Businesses to successfully embed the G3 programme, the Group has continued to invest in its internal controls team who partner with the Group's Businesses and provide a library of training materials and a global online platform to track and monitor progress across the Group.

The Group currently employs a localised operating model which results in a large number of individual IT systems which underpin business operations and the financial reporting processes. This strategy results in a disaggregated control environment which is supported by a series of manual control processes operated locally and additional monitoring activities at a Business and Group level. Through our control monitoring activities, opportunities to improve the control environment are identified, these include improving the formality of control operations, including better retention of evidence of a control's operation sufficient for testing purposes; and limitations in certain segregation of duty, user access and change management controls. Actions are put in place to respond to observations, which are reported to and monitored by the Audit Committee. In addition, the ongoing multi-year internal controls improvement programme together with the ERP upgrade programmes provide an important opportunity to standardise and automate controls and processes across the Group which will further enhance the overall control environment by creating a more centralised and standardised operating model, together with a more consolidated IT system landscape. The internal controls team are working alongside each of the Group's Businesses to support the ERP upgrade programmes to ensure that the Group effectively designs the systems and underlying processes to embed and automate control activities. Following the FRC release of guidance relating to the internal controls declaration effective for the December 2026 year end, we are evaluating our monitoring activities and also the timing of the control improvement and ERP roll-out programmes.

Audit, risk and internal control continued

Audit Committee Report continued

2. Internal controls continued

The Group has also continued to focus on mapping its current external reporting alongside the level of assurance it currently obtains over its external disclosures. Following on from the structured risk review of all the Group's external disclosures, together with a review of best market practice amongst the Group's FTSE 100 peer group (undertaken in 2022), the Group has identified sustainability reporting as a focus area going forward. The scope and breadth of reporting required by a range of different regulatory bodies, alongside the lack of established frameworks, creates challenges for all market participants. The Committee supports the Group's continuing investment in its Group Sustainability reporting team which will focus on further embedding data reporting processes and delivering the assurance journey to ensure continuing compliance with existing regulations whilst also preparing for future disclosure requirements.

More information on our risk management processes and the Key risks can be found in the Risk Management Committee report on pages 150 to 154 and Risk Management section on pages 98 to 105.

3. Whistle-blowing

The Group's Safecall facility, a confidential colleague whistle-blowing platform, continued to be used across the Group throughout 2023. The facility is actively advertised at all operating companies and allows any colleague to raise concerns, anonymously if needed, where they feel activity is being undertaken which conflicts with the Group Management Code or Values. Calls raised are investigated by the Group General Counsel and/or the Group Head of Internal Audit with the involvement of other senior colleagues as required.

Committee role:

Review the adequacy and security of the whistle-blowing arrangements that the Group has in place for colleagues.

Ensure appropriate processes are in place for the proportionate and independent investigation of any matters raised.

Receive reports of non-compliance with the Group's policies around fraud, bribery and unethical behaviour.

Actions and reviews undertaken during 2023:

- The Committee reviewed summaries of calls to the Group's whistle-blowing helpline which have been received and investigated, or where investigation is in progress
- Reviewed the outcome of any identified cases where Group policies have been breached, together with details of the actions taken by management alongside consideration of any lessons learned

As a result of the Committee review it was satisfied that all calls received via Safecall were dealt with appropriately by management. A limited number of breaches of the Group policies were identified during 2023. There was no material financial loss in any of these instances and the Committee was supportive of the lessons learned during the year and the follow-up actions taken by management to support and reinforce Group policies.

4. Risk management

Committee role:

Review the Group's procedures and controls relating to:

- Fraud
- Bribery and unethical behaviour
- Money laundering
- Compliance with legal and regulatory requirements
- Risk Management Committee on operational risk reporting and controls

Actions and reviews undertaken during 2023:

- Reviewed current approach to fraud risk management and participated in follow-up to an internal cross-function workshop
- Received reports from management detailing any identified cases of fraud and the resulting actions being taken
- Received input from the External Auditor and from the Internal Audit function as to their observations and findings
- Received updates from the Group Legal team on the training materials used across the Group to educate colleagues on anti-bribery, money laundering and legal compliance. Additionally, a deep dive into the identified Group Principal Risk covering a breach of legal and regulatory requirements was undertaken in December 2023
- Received updates from the Group Legal team on the Group's mandatory contract practices, including: (i) an example of a specific online training tool developed by the Watson-Marlow team to support its customer facing teams; and (ii) enhanced and refreshed Group communications around sanctions compliance

5. Internal Audit

Fraud

In line with the Economic Crime & Corporate Transparency Act fraud prevention requirements, the Committee monitors the effectiveness of measures in place to prevent, detect and manage fraud. While it is not possible to completely eliminate fraud risk from the organisation, the Committee is satisfied that measures currently in place are effective at managing and reducing fraud risk to an acceptable level.

During the year, the existing top-down fraud risk assessment of the Group was reviewed. Improvements to fraud mitigation measures such as further strengthening of third-party due diligence processes were undertaken.

A bottom-up fraud risk assessment exercise has commenced whereby the fraud risks and controls within 25 of the Group's largest operating units will be assessed, and further enhancements implemented as needed. In addition, a cross-functional team has been established to refresh the Group's Code of Conduct for rollout to all employees in 2024.

The Committee is cognisant that the ongoing monitoring and review of the effectiveness of the Group's Internal Audit function is a key responsibility which all our stakeholders look to the Committee for. During the year the Committee undertook a number of actions in this area:

Committee role:	Actions and reviews undertaken during 2023:
Monitor and review the effectiveness of the Internal Audit function.	<ul style="list-style-type: none"> Assessed the independence and effectiveness of the Internal Audit function Reviewed the results of the annual self-assessment of the function in addition to noting the completion of a number of actions which resulted from the 2022 external review
Review, assess and approve the annual Internal Audit plan.	<ul style="list-style-type: none"> Monitored key performance indicators of the function against pre-agreed targets Monitored timely completion of internal audits against the 2023 audit plan and approved any changes to the plan
Review the Internal Audit reports and monitor the key issues arising.	<ul style="list-style-type: none"> Approved the internal audit activity plan and budget for 2024 Reviewed reports submitted periodically by the Head of Internal Audit of activities undertaken, key audit findings and remediation actions and status reports on completion of agreed action plans Reviewed and approved the Internal Audit Charter Held meetings with the Group Head of Internal Audit without management present

Throughout 2023, the Committee monitored the effectiveness of Internal Audit activity and the results of audits undertaken. This provided valuable input into the Committee's view on the effectiveness of the Group's risk management, control and governance framework.

During 2023, the Internal Audit team performed a total of 35 internal audits, which were all conducted through in-person visits. By visiting the Business sites and locations to conduct the audits it provides a valuable opportunity to build strong relationships with the local operating companies and to gather additional insights. The activity included audits of all the key sites within the Vulcanic and Durex Industries businesses which were acquired in 2022. The insights and identified actions within the acquired businesses form a key pillar of the integration journey as we improve the operational and reporting standards in order to align with the required standards of the Group.

The majority of the operating companies audited were found to have an effective control environment. Where issues were found, remediation actions were agreed that are tracked to completion and validated before being closed. To the extent that any Internal Audit action items become overdue, the Business Finance Directors are engaged to assist with ensuring they are closed as soon as possible. The Committee was satisfied that throughout 2023 management devoted significant resource to the resolution of action items. The Committee receives regular reports on closure rates and will continue to monitor outstanding actions. During the year, progress was made in reducing open and overdue high priority items.

The Internal Audit function has continued to develop its analytics capabilities and is ensuring it has the skills to support the Group's ERP upgrade programmes, as well as being able to take advantage of further automation opportunities which consistent finance IT platforms will provide. The target is for analytics to be fully embedded across the Internal Audit process including risk assessment, scoping, fieldwork testing and assessing the effectiveness of remediation actions implemented. The Committee is satisfied that the internal audit function has sufficient skills and resources to discharge its responsibilities effectively.

Audit, risk and internal control continued

Audit Committee Report continued

6. External Audit

Committee role:	Actions and reviews undertaken during 2023:
<p>Oversee the relationship with the Group's External Auditor.</p> <p>Review the quality and effectiveness of the External Audit, including approval of the scope of the annual audit plan and associated fees, the underlying audit procedures and approach and the controls designed to ensure independence and govern the provision of non-audit services.</p> <p>Make recommendations to the Board on the tendering of the External Audit, the appointment process, remuneration and engagement terms of the External Auditor.</p>	<ul style="list-style-type: none"> • Deloitte's reports to the Committee covering its interim review and Full Year audit outcome and opinion • Recommendation to reappoint Deloitte at the 2023 AGM • Review, challenge and approval of Deloitte's 2023 audit plan and associated fees • Tracking Deloitte's progress against audit plan journey – specific areas of focus included data analytics usage • Tracking performance against the agreed External Audit quality indicators • Approval of Non-Audit Services Policy alongside processes to govern auditor independence • Regular dialogue with Deloitte through the year, in addition to Committee meeting time allocated with External Auditor without management present

The Company confirms that it has complied with the provisions of the CMA's Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 for the financial year under review.

External audit effectiveness and quality

A key responsibility of the Committee is overseeing the external audit process and assessing the audit quality. During the year the Committee engaged in a number of specific actions to ensure it continues to fulfil its obligations in this area. These included:

- **Review of the Audit Committee and the External Audit: Minimum Standard:** The Committee reviewed the guidance issued by the FRC in May 2023 and completed a mapping exercise whereby all requirements were mapped against existing Committee processes and responsibilities in order to confirm compliance.
 - **External evaluation of FRC's Audit Quality Review (AQR):** The Committee reviewed the FRC's latest AQR report on audit quality as related to Deloitte. This review was followed up with a findings discussion with Deloitte at a Committee meeting. The Committee was satisfied with the outcome of this review.
 - **Tracking of performance against Audit Quality Indicators (AQIs):** Following the Group's participation in the FRC's pilot review project on this area in 2022 the Committee agreed a set of AQIs against which Deloitte's External Audit would be measured. The criteria covered a variety of factors including: the experience of the audit team; the use of technology to automate the audit process; the level of input from technical specialists within Deloitte; and the overall communication process with the Committee. The Committee received a detailed breakdown of performance against the agreed criteria and was pleased to see strong performance continuing against the agreed metrics.
 - **Audit plan and approach:** The Committee discussed Deloitte's detailed audit plan and proposed approach and the planned scope of the audit during the year, together with the proposed materiality and the identified significant audit risks. The number of Group operating companies included within the scope of the audit was increased for 2023, primarily due to the inclusion of a number of the largest Vulcanic and Durex Industries operating companies that were acquired in late 2022. Due to the increased size and scope of the Group the Committee worked with Deloitte to implement a business-by-business structured approach to the 2023 audit. This involved Deloitte having specifically designated audit teams and partners for each of the Group's three Businesses, with each working closely with the central Deloitte team in order to provide additional insight into the operations, controls and reporting within each Business.
- As part of this detailed audit plan review, the Committee reviewed and approved the proposed audit fees. In reviewing the audit fees, the Committee received a detailed breakdown of the proposed fees and was able to satisfy itself that the agreed amount represented fair value in order to deliver the quality and scale of audit sought.
- **Internal evaluation process:** The Committee considers it important to gather feedback from within the Group and specifically from the finance teams within the operating companies which interact with the various Deloitte teams as part of the audit process. Each local finance team is asked to provide feedback on the External Audit process by scoring a series of review questions and providing rationale for the scores given. The results are then aggregated and presented to the Committee and Deloitte for discussion with year-on-year movements in the results tracked and detailed. The feedback from last year led to a number of positively received changes being implemented in the audit process for 2023. The overall results and audit experience improved year-on-year and incremental opportunities to further improve the process have been identified and agreed with the Committee for 2024.

- **Interaction with the Auditor:** Throughout the year, the Committee worked closely with Deloitte and was able to gather a good insight into the overall quality of the audit process and the performance of key individuals within the Deloitte team. Throughout these interactions the Committee felt that Deloitte delivered a consistently high quality output and provided an appropriate challenge to management's assumptions, key judgements and estimates whilst ensuring its audit process focused on the key risk areas.

Andrew Bond has led the Deloitte audit relationship with the Group for the past five years. As agreed during the 2022 tender process, Dean Cook will replace Andrew from 2024 onwards and in order to facilitate an effective transition Dean has spent time with management and attended a number of Committee meetings during the year.

Via the combination of the activities described above, the Committee was able to conclude that Deloitte has provided a high quality audit, appropriately questioned and challenged management and ensured that the Committee has received appropriate insight and feedback detailing the process and results. The Committee was also pleased to see: (i) a continuing expansion of the use of data analytics by Deloitte within the audit process this year in order to increase efficiency; and (ii) the continuing review and controls assessment work being undertaken by Deloitte in order to review and suggest improvements to each of the Group's Businesses as they continue on the journey to upgrade their respective ERP systems.

Safeguarding Auditor independence and objectivity

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 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/governance-documents.

To safeguard independence and objectivity, the policy sets out that the maximum period of an audit engagement without an external tender process taking place is to be 10 years (calculated from the date of the first financial year covered by the audit engagement letter), with the statutory Audit provider to be rotated at least every 20 year. Further, and in line with the Ethical Standard, the policy details the non-audit services that the Auditor can undertake and which of those services are subject to the non-audit services cap.

On non-audit service caps and approvals, the policy states that any expenditure with the Group's Auditor on non-audit fees should not exceed 70% of the average audit fees charged in the last three-year period.

Furthermore: (i) where the fees for any individual engagement in relation to the non-audit services are in excess of £100,000, pre-approval is required from the Committee; and (ii) a cumulative annual cap of £300,000 is set in respect of non-audit services provided by the Auditor, above which all individual engagements must be pre-approved by the Committee.

In addition to the Group's policy, the Auditor performs its own independence and compliance checks, prior to accepting any engagement, to ensure that all non-audit work is compliant with the FRC's Ethical Standard in force and that there is no conflict of interest.

During the year, 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 Group audit fees charged over the past three years. Further details can be found in Note 6 on page 211.

Ensuring a fair, balanced and understandable Annual Report

The Board is required to provide its opinion that it considers the Annual Report and Accounts, as a whole, to be fair, balanced and understandable and therefore provides the required information for shareholders to assess the Group's position, performance, business model and strategy.

During 2023, the Committee considered many components of business performance to ensure it has a full understanding of the operations of the Group. Key matters considered by the Committee include:

- Reviewing, understanding and supporting the key judgements taken and estimates made
- Risk areas set out in the Risk Management Committee Report
- Ensuring an appropriate balance of GAAP and non-GAAP financial measures and disclosures
- Receipt of regular strategy reports from the Group Chief Executive and operational reports from the Business Managing Directors
- Briefing from the Group Head of Communications on key reporting themes
- Reviews of the budget and operational plan alongside the financial performance
- Recognising the internal co-ordination and review of the Group-wide input into the Annual Report which runs alongside the formal audit process undertaken by the External Auditor

Through all the above, alongside its monitoring of the effectiveness of the Company's controls, Internal Audit and risk management, the Committee maintains a good understanding of business performance, key areas of judgement and decision making processes within the Group.

As a result, the Committee advised the Board that it considers the Group's Annual Report to be fair, balanced and understandable.

Kevin Thompson
Chair of Audit Committee
6th March 2024

Further reading

- Resilience, Going Concern and Viability Statements on pages 41 to 43

Audit, risk and internal control

Risk Management Committee Report



Effective risk management remains fundamental to the resilience of our Group.”

Nimesh Patel

Chair of Risk Management Committee

Members

Our Risk Management Committee is comprised of the Group Executive Committee and Dan Harvey (Head of Internal Audit). Their attendance at the meetings during 2023 was as follows:

Membership

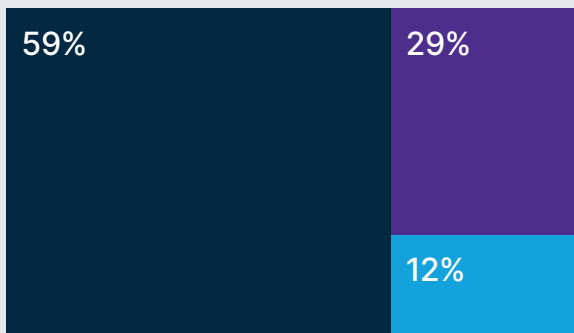
Nicholas Anderson (Chair until 16th January 2024)	4/4*
Nimesh Patel (Chair from 16th January 2024)	4/4
Jim Devine	4/4
Dan Harvey (Head of Internal Audit)	3/4**
Andrew Mines	4/4
Armando Pazos	4/4
Sarah Peers	3/4**
Maurizio Preziosa	4/4
Andy Robson	4/4
Maria Wilson	3/3***

* Nicholas Anderson stepped down in January 2024

** Absent due to business commitments with contribution provided outside of the meeting

*** Maria Wilson joined the Committee with effect from 1st September 2023

How the Committee spent its time %



- Risk register review
- Risk management and controls (including key risk deep dive)
- Results review and reporting

Committee roles and responsibilities

The purpose of the Committee is to oversee the management and control of significant risks affecting the Group. The Committee ensures that the Group has robust risk management policies and procedures in place, covering all key areas of risk, such as governance, sanctions and embargoes, crisis management, human rights, business continuity and business management.

The Committee’s responsibilities include:

- Using top-down and bottom-up reviews to understand the risks facing the Group, including all workforce-related risks
- Determining the Group’s appetite for risk
- Assessing the velocity of each risk
- Monitoring any emerging risks on the horizon
- Accepting and managing within the Businesses those risks which our colleagues have the skills and expertise to understand and leverage
- Identifying appropriate risk mitigation techniques and countermeasures

Key activities

The Committee met four times in 2023, details of attendance at meetings can be found on page 115. A summary of the Committee's activities throughout the year is set out below:

August

- Given the high inflationary environment and evolving geopolitical events, an ad hoc assessment of Principal Risks was undertaken with the result that the risks were consistent during the first half of 2023 as compared to last year

September

- The results from the bottom-up risk review were considered
- Ineffective IT Systems was added as a risk to the Risk Register
- Deep dive on 'Loss of Manufacturing output at any Group Factory' Risk
- Pursuant to the Enterprise Risk Management review, in-scope supply sites (factories) were revised and a blueprint agreed for the application of the framework to other Principal Risks in 2024 and beyond

October

- All operational risks were scored, including for Risk Velocity and Risk Appetite
- Inability to Identify and Respond to Changes in Customer Needs – (Digital/Non-Digital) identified and agreed as a separate subset of the existing risk of Inability to Identify and Respond to Changes in Customer Needs
- Certain risks resolved to be rescored according to the scoring criteria before December 2023 meeting

December

- Final approval of 2023 Risk Register and Principal Risks
- Risk Appetite and Risk Velocity ratings validated for all risks

Chair's review of 2023

Summary of key focus areas

The deteriorating macroeconomic climate in 2023 has warranted very close oversight of the risks facing our Group. A key addition has been made to our Risk Register in the form of the risk Ineffective IT Systems. The Committee determined that the risk could have a material impact on our Group given the greater reliance from our Businesses and functions on our IT Systems. Whilst the risk has historically been low, increasingly complex solutions sought by our customers mean we could be faced with limited scalability and a competitive disadvantage in the absence of significant investments. In recognition of this, the Group has embarked on a medium to long-term programme of substantial investment in its IT and data infrastructure over the next five to seven years and has also bolstered its governance in the area to support the roll out of these major transformational projects.

Another key assessment in this year's Committee deliberations has been the risk of failure to meet our customers' Digital requirements. A shift towards service business models is evolving in our relevant markets. Notably, however, these models are perceived as complementary to existing products and services as opposed to new revenue streams. We will proceed to make significant investments to ensure speed and clarity of execution in our prioritised areas of impact. Emerging technologies such as Generative AI are steeply accelerating the speed of change in this area. We therefore continue to build our capabilities including delivery of a vision-led AI Strategy and a robust Data Strategy as part of the roll out of our Group Digital Strategy that focuses on Digital for Customers and Digital for Colleagues.

The world order in 2023 spelled continued uncertainty; together with the war in Ukraine, the conflict in Palestine presents new global challenges from a political and economic perspective. As a consequence, we have undertaken scenario planning exercises to deep dive into specific areas of risk. In light of the new geopolitical and macroeconomic plans of the current political leadership in China, the Committee undertook an exercise to reassess the Group strategy in this territory. Following over 40 years of high economic growth which has positioned China as the world's second largest economy, China is seeking to re-evaluate its position on geopolitical affairs and modify foreign policy accordingly. We have therefore realigned our business strategy as an anticipatory response to any such geopolitical shifts.

In 2022, with the support of external consultants, we undertook an Enterprise Risk Management review to understand the robustness of our risk process. A number of recommendations were drawn from the report and in 2023, we put the actions on a secure footing including implementing more granular Risk Appetite definitions to clarify the level of risk which we deem acceptable. We also introduced Key Risk Indicator reporting so that the risk position can be better assessed, whilst agreeing for mitigation actions to be set so that they are tracked to completion of the action.

Anti-Bribery and Corruption (ABC)

The Group has continued to reinforce the message of zero tolerance for bribery and corruption within its Businesses. Our ABC training, which is hosted by the Steam Thermal Solutions (formerly Steam Specialties) Academy as part of the Group Essentials training module is available in 16 key languages and, as at 31st December 2023, around 7,000 colleagues (including Directors) worldwide have now taken part in the training (2022: 6,300).

The Group uses an independent, third-party whistle-blowing facility to enable colleagues to anonymously report any suspected unethical, illegal or otherwise concerning conduct.

Audit, risk and internal control continued

Risk Management Committee Report continued

Chair's review of 2023 continued Anti-Bribery and Corruption (ABC) continued

In line with our Gifts, Entertainment and Hospitality Policy, we also maintain an online Gifts Register, where colleagues are expected to record gifts, to ensure our conduct is in keeping with the highest ethical expectations and always within the law.

Further updates on whistle-blowing and ABC can be found in our Sustainability Report on page 69.

Modern Slavery Statement

The Group's Modern Slavery Statement 2023 reflects the Group's Values and the interplay between those Values and our commitment to the mission behind the UK Modern Slavery Act. It explains how we operate to the highest ethical standards across our Group.

We respect and protect human rights and will not tolerate modern slavery or human trafficking in any of our operations, including through our supply chain. The Statement can be found on the Group's website, at spiraxgroup.com/corporate-governance.

Identifying emerging and Principal Risks

We have a robust risk management process in place through which we identify, evaluate and manage the Principal Risks and emerging risks that could impact the Group's performance.

During 2023, we reviewed the Group's exposure to risk using a bottom-up approach, where the Committee sought views of the Group's operating companies on the risks that they considered may affect their activities to ensure new or emerging risks are not missed. Following this process, the Committee reviewed and confirmed the robustness of the countermeasures that Group operating companies have in place to mitigate the Principal Risks in the Group Risk Register, whilst adding Ineffective IT Systems as a new risk to the Risk Register. In addition, we continued to closely monitor certain changing emerging risks. An example of this is our inability to maintain the speed of digital advancements to maintain our competitive advantage. This was reflected through the creation of a new subset risk of Inability to Identify and Respond to Changes in Customer Needs – Digital so that we can monitor the risk independently of the associated broader non-digital risk.

Our Principal Risks and the results of the 2023 review are set out in the Strategic Report on pages 101 to 105.

Monitoring effectiveness

(i) Risk management systems

The Committee is responsible for reporting to the Board the risks facing the Group and the mitigation measures for those risks. To fulfil that responsibility, the Committee oversees the Group's risk management processes and procedures, with support from the Audit Committee, through the Internal Audit function, that monitors Group operating companies' compliance with those processes and procedures.

The Committee is also charged with the ongoing monitoring of sufficient and effective mitigation plans for relevant risks at each Business together with all the operating companies

in each of those three Businesses. Each operating company is required to undertake a formal review, at least once a year, of the risks which impact, or have the potential to impact, its business. This takes the form of a top-down or bottom-up review and includes all risks related to that operating company's workforce. The reviews are consolidated into Group-wide risk reports which are maintained and reviewed by the Committee on a regular basis. Additionally, the risk management processes are monitored on an ongoing basis via internal and external audits of Group operating companies. Senior managers have full accountability for risk management within their businesses.

The governance structure provides three lines of defence in the Group's risk management, as illustrated below.



(ii) Internal control framework

The Group's internal controls framework is structured as follows:



Oversight of the Group's risk management frameworks and operation of controls is undertaken by the Risk Management and Group Executive Committees.

The Risk Management Committee regularly reviews the Group's Principal Risks, including emerging risks and defines appropriate risk appetite. The Group Executive Committee is responsible for the operation of controls to mitigate both the Principal Risks and other operational risks. The Board is actively involved in reviewing all risks. The Audit Committee also undertakes 'deep dives' into the Principal Risk areas.

Underpinning the Group's control environment is our culture and the 'tone at the top' of the organisation, which sets the principles under which all Group business is conducted. These principles are captured in the six Values of the Group that have been communicated to all colleagues.

These principles are also documented and reinforced through the Group Management Code and through annual mandatory training via the online Group Essentials programme. Colleague engagement surveys are also undertaken to validate organisational alignment to our Values and in 2023, a Values-based awards programme, the **Spirit Awards**, held its first awards ceremony which was widely acclaimed internally as a resounding success.

The Group's documented policies and procedures, which are periodically reviewed and refreshed, set out our clear expectations of operating companies for the operation of controls. This includes the Group's Delegation of Authorities that has been approved by the Board and cascaded to our Business Executive teams and their respective operating companies.

Reviews over the effectiveness of the controls environment are performed through an annual Risk and Control Self-Assessment process and reviews of operating companies' activities are undertaken by Group functions, including Internal Audit. Where appropriate, such as when reviewing specialist functions, independent reviews are sought from third parties and various regulatory and certification audits are also undertaken across the Group each year. Findings identified from these processes and reviews give rise to documented action items, which are tracked to completion.

Oversight of the financial and operational performance of our operating companies is provided at Business and Group levels and includes detailed quarterly financial reviews, reviews of monthly management accounts and weekly flash reporting. Key business decisions are approved by the Group Executive Committee, which meets monthly to review financial performance and receives reports on activity to manage our Principal Risks. Senior leaders and the Board visit Group operations, and regional and Business leaders also present directly to the Board. Various Business and Functional conferences are held during the year to engage our global teams and help communicate Group expectations. This includes a Group Leadership Conference which brings together all the senior leadership teams of the three Businesses, together with leaders of Group functions.

Safecall, our established, independent whistle-blowing facility is managed by the Group General Counsel and is advertised at all operating company sites and was recently reinforced through a new Group-wide awareness campaign. Safecall helps us ensure that we are always acting with integrity and working in a way that is fair and honest and always doing the right thing. If colleagues are concerned about wrongful conduct at work, they can use Safecall to report concerns confidentially and anonymously if they become aware of any activity that is inconsistent with our principles. Concerns are investigated by the Group General Counsel or another senior manager as appropriate.

(iii) Internal audit

The Group's standard policy regarding internal auditing is that each operating company is audited at least once every five years (most more frequently). Operating companies located in higher risk territories are audited more frequently, and businesses acquired by the Group are subject to internal audit within six months of acquisition.

The internal audit system is a crucial part of the risk management process. Internal audits are conducted by our Internal Audit team led by our Head of Internal Audit.

Internal audit reports are made to the Audit Committee and the Board as a whole. The Audit Committee has ensured compliance with centrally documented control procedures on such matters as capital expenditure, information and technology security and legal and regulatory compliance. The Audit Committee conducts 'deep dives' into Principal Risks.

Risk Appetite Statement

Risk is an inherent part of business and in order to achieve our business aims, we must accept certain risks. We seek to implement a balanced approach to risk, ensuring that our resources are protected while still pursuing opportunities to accelerate and deliver growth.

The decision to take opportunity-based risks should, to the greatest extent possible, be deliberate and calculated.

- We aim to confirm that the level of risk is commensurate with the strategic and economic benefits the risk might bring
- We evaluate our ability to control the risk or mitigate its effects, should that risk materialise
- We always assess the potential ethical considerations arising from knowingly accepting some level of risk

An informed and well-considered process is crucial to any decision to accept risk. The Committee has undertaken a thorough evaluation process to determine an appropriate Risk Appetite and Risk Velocity rating for each Principal Risk. These are set out in detail in the Risk management section of the Strategic Report which starts on page 98. The Committee has also acted on the findings of the Enterprise Risk Management Review including a recommendation of granularising the definition of Risk Appetite to clarify the level of risk that is acceptable to the Group.

The Group has a very low appetite for risks that could lead to violations of health, safety and environmental legislation, breaches of legal and regulatory requirements and climate change that might affect its operations.

Audit, risk and internal control continued

Risk Management Committee Report continued

Risk Appetite Statement continued

In contrast, the Group has a high-risk appetite in relation to economic and political instability. With decades of experience in successfully managing operations in volatile markets, we have the control procedures in place to handle the challenges that come with those risks and we appreciate that without taking risks in new, sometimes unstable, territories we would miss out on valuable opportunities for growth.

As an organisation we are risk aware, but not risk averse. We continually monitor and assess the risks facing the Group and evaluate our ability to control them and mitigate their effects. Focusing on our strategic objectives, we evaluate our Risk Appetite and decisions to accept risk in a way that will ensure the ongoing financial health of the Group.

Board and Audit Committee oversight

The Board has overall responsibility for the effectiveness of the Group's internal controls and risk management frameworks. Oversight of the Group's risk management procedures and the operation of controls is undertaken by the Risk Management Committee and the Group Executive Committee. Further details on how the Board and Audit Committee manage this oversight can be found in the Audit Committee Report on pages 138 to 149.

Changes to the Committee

Following the retirement of Nick Anderson in January 2024, Nimesh Patel took over as Chair of the Risk Management Committee. Once the new Group Chief Financial Officer (CFO) has joined they will also be a member of the Committee. In the meantime Phil Scott as Interim CFO will sit on the Committee.

Viability Statement

In accordance with provision 31 of the UK Corporate Governance Code 2018, 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.

Nimesh Patel

Chair of Risk Management Committee
6th March 2024

Focus for 2024

- Optimise and consolidate our portfolio of digital products and talent pool and execute against fewer but mission-critical priorities
- Continued implementation of the recommendation arising from the Enterprise Risk Management review, including adopting the blueprint of recommendations agreed and implemented in 2023 to all Principal Risks
- Undertake a top-down risk assessment exercise
- Annual review of the Risk Register
- Undertake a deep dive assessment of a designated Principal Risk
- Continue to assess and evaluate the impact of climate change in light of data collected and the corresponding risks and benefits to our Group
- Continue acceleration of the implementation of our net zero roadmap

Further reading

- Risk management and Principal Risks see pages 98 to 105

Remuneration

Remuneration Committee Report



The Committee is pleased the remuneration framework has worked as expected, acting in shareholders’ best interests by providing appropriate flexibility to support Board changes while ensuring pay outcomes reflect business performance.”

Jane Kingston
Chair of Remuneration Committee

Members

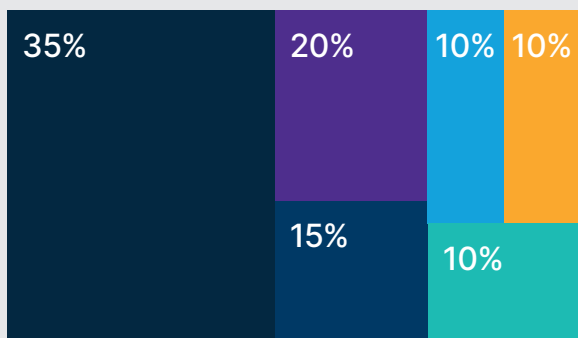
Jane Kingston (Chair)

Angela Archon

Richard Gillingwater

Kevin Thompson

How the Committee spent its time %



- Board and GEC pay
- Bonus achievements and target setting
- PSP achievement and target setting
- Remuneration Policy and market updates
- Annual Report
- Gender pay gap and wider workforce pay

Committee role and responsibilities

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 incentives and rewards with our Group culture.

Key activities undertaken

The Remuneration Committee formally met six times in 2023; details of attendance can be found on page 115. A summary of the Committee’s activities throughout the year is set out below:

February and March

- Shareholder engagement letter and consultation update
- Finalisation of 2023 Remuneration Policy
- Approval of Annual Incentive Plan (AIP) – 2022 outcomes and 2023 targets
- Approval of 2023 personal strategic objectives
- Approval of Performance Share Plan (PSP) – 2020 outcome and 2023 targets
- Approval of 2023 PSP rules and AGM circular to shareholders
- Review of 2022 gender pay gap and Group Chief Executive pay ratio
- Review of wider colleague pay and real living wage rates (UK)

June

- Review of Group Executive Committee remuneration (GEC) arrangements

August

- Approval of Group Chief Executive retirement arrangements
- Approval of Group CEO successor remuneration arrangements
- Approval of Interim Chief Financial Officer (CFO) remuneration arrangements

November and December

- Approval of CFO remuneration arrangements
- External market update
- Internal pay landscape update
- Approval of 2024 salary proposals for GEC members
- Approval of 2024 Board Chair fee level

Remuneration continued

Remuneration Committee Report continued

Remuneration principles

Our remuneration principles are to maintain a competitive remuneration package that promotes the long-term success of the Group, avoids excessive or inappropriate risk-taking and aligns management's interests with those of shareholders.

Below is how remuneration is aligned with the principles of the Code.

Clarity	Predictability	Simplicity
Our remuneration framework is structured to support the financial and strategic objectives of the Group, aligning the interests of our Executive Directors with those of our shareholders. We are committed to transparent communication with all our stakeholders, including our shareholders.	The long-term PSP has a range of reward and performance outcomes to align with our business model and strategy.	We operate a simple but effective remuneration framework which is applied on a consistent basis for all colleagues. The AIP rewards performance against key performance indicators, while the PSP provides long-term sustainable alignment with our shareholders. There is clear line of sight for management and shareholders.
Risk	Proportionality	Alignment to culture
Our incentives are structured to align with the Group's risk management framework. The AIP and PSP also incorporate malus and clawback provisions, and there is overarching Committee discretion to adjust formulaic outcomes in certain circumstances.	There is clear alignment between the performance of the Group, the business strategy, and the reward paid to Executive Directors. We endeavour to ensure that our target total compensation levels are set competitively compared to other companies of similar size and complexity to ensure we can attract and retain the executives needed to deliver the business strategy.	When considering performance, the Committee takes account of Group Values, strategies and the views of wider stakeholders including shareholders and colleagues. Having no release of PSP awards until five years from the date of award creates long-term alignment, as do our in- and post-employment shareholding requirements.

Introduction

On behalf of the Board, I am pleased to present the 2023 Directors' Remuneration Report for the year ended 31st December 2023.

The Remuneration Report provides a full overview of the structure and scale of our remuneration framework, the decisions made by the Committee as a result of business performance this year and the intended arrangements for 2024, including the appointment of Nimesh Patel as Group Chief Executive Officer (Group CEO) following Nick Anderson's retirement announcement. In addition, the report this year also provides greater detail on the alignment of the remuneration framework with the business strategy.

During the year the Committee was pleased to receive overwhelming 91% shareholder support for the 2023 Remuneration Policy, together with 96% support for the Annual Report on Remuneration 2022.

Board changes

Nicholas Anderson – retirement

On 8th August, we announced that after a successful 10 years in role, Nicholas (Nick) Anderson would be retiring as Group Chief Executive (CEO) on 16th January 2024. Nick will cease employment with the Company on 31st March 2024, providing any necessary support to Nimesh Patel in his new role until this date.

I would like to take this opportunity to extend my personal thanks to Nick for his transformative leadership of the business and his clear commitment to making a positive difference to our colleagues and customers, the communities in which we operate and the impact we have on the environment.

Under Nick's leadership the financial performance of the Group meaningfully improved. In addition, Nick leaves the Group with firmly embedded sustainability strategies and inclusion and equity programmes.

As we reported at the time of announcement, Nick's retirement arrangements are aligned with the terms provided within the Remuneration Policy. I am pleased the exit provisions within the Policy provide for appropriate recognition of Nick's outstanding service whilst also ensuring the interests of both shareholders and Executives continue to be aligned. Nick has been awarded 'good leaver' treatment under the Annual Incentive Plan (AIP) and Performance Share Plan (PSP). This means Nick is eligible to receive a payment under the AIP for the 2023 performance year and will receive pro-rated shares under his existing PSP grants. The payments under both the AIP and PSP will be made at the normal time to the extent the respective performance conditions are met. As per our Policy, the two-year post-vesting holding periods for PSP awards will continue to apply as will the post-leaving shareholding requirements.

Nimesh Patel – appointment to Group CEO

As a result of robust succession planning, we were delighted to announce in August that Nimesh Patel, our Chief Financial Officer (CFO), would succeed Nick Anderson as Group Chief Executive Officer on 16th January.

Upon appointment, Nimesh received an annual salary of £720,000 and is eligible to participate in the AIP and PSP on the same basis as the previous CEO, being 150% and 200% of salary respectively as outlined in our Remuneration Policy. Nimesh will continue to be entitled to pension arrangements on the same terms as all UK colleagues.

In setting Nimesh's initial salary level, the Committee carefully considered a number of factors, including the experience of the individual, the market level for this role and the salary of the previous incumbent. As was announced in August, the Committee determined it would be appropriate to set Nimesh's salary below that of the experienced retiring CEO with a clear intention to provide phased increases in base salary to the market level within two years of appointment (i.e. £750,000 plus annual

Executive Director salary increases) subject to personal and business performance. In the short term, this is likely to result in salary increases above those provided to the rest of the workforce. In line with the Company's approach of ensuring open and transparent dialogue with shareholders, any salary increases approved by the Remuneration Committee will be clearly reported and explained in the relevant Directors' Remuneration Report.

Louisa Burdett – appointment to CFO

In December we were delighted to announce the appointment of Louisa Burdett as Chief Financial Officer. We were pleased to secure Louisa's employment under our normal pay framework for Executive Directors; full recruitment details are detailed on page 169 of this report. All payments to be made are within our shareholder-approved Recruitment Policy detailed on page 176.

Context of business performance

As referenced earlier in this Annual Report, 2023 presented a number of macroeconomic challenges for the Group which worsened throughout the year. The continued destocking by customers in the Semicon and Biopharm sectors impacted demand in ETS and Watson-Marlow respectively, while a weaker Global IP, particularly in the second half of the year, impacted organic sales growth for STS. These factors adversely impacted Group financial performance.

The business worked hard to take steps to mitigate these external influences and the adverse impact of lower sales volumes on profitability. Investments in future growth through the development of new digitally-enabled products and services were balanced against overhead containment and appropriately right-sizing manufacturing capacity; business-readiness for a recovery in volumes in 2024 was maintained.

Strategic alignment of pay

As demonstrated on page 34, and referenced throughout this Remuneration Report, there is a strong alignment between Spirax Group's key performance indicators and the measures and targets of Executive Directors' incentive schemes; this is shown in the diagram below.

This alignment ensures a clear linkage between business performance and pay outcomes, supporting the Committee's commitment to designing pay arrangements which drive long-term sustainable growth for the benefit of our shareholders.

As described later, payments under both the AIP and PSP were impacted by the difficult trading environment summarised above.

The Committee will continue to review thoroughly the pay structures and incentive arrangements for Executive Directors to ensure continued strong alignment between the delivery of business performance and associated remuneration arrangements.

	AIP	PSP
1 Organic revenue growth		
2 Adjusted operating profit	●	
3 Adjusted operating profit margin		
4 Adjusted earnings per share		●
5 Cash generation	●	
6 Health and safety	●	
7 Group greenhouse gas emissions		●

Group KPI (see page 34)

2023 performance – key strategic highlights

Annual Incentive Plan

Group adjusted operating profit

£349.1m

(2022: £370.9m for AIP purposes)

Group adjusted operating profit growth outturn for the year of £349.1m was below the Threshold target of £394.3m required for payment under the profit element of the 2023 Annual Incentive Plan. Consequently, no bonus payment was made in respect of adjusted operating profit.

Performance Share Plan

Earnings Per Share Growth

20.5%

(2020 – 2022: +40.3%)

Earnings per share grew over the three-year performance period by 20.5% for PSP measurement purposes. As this was above the Threshold performance requirement set, 31.5% of the EPS element in the 2021 PSP will vest.

Annual Incentive Plan

Cash generation

£281.7m

(2022: £206.3m for AIP purposes)

The cash generation element of the 2023 Annual Incentive Plan was below the Threshold target required to begin payments under this element of the Annual Incentive Plan. No bonus payment was made in respect of cash generation for 2023.

Remuneration continued

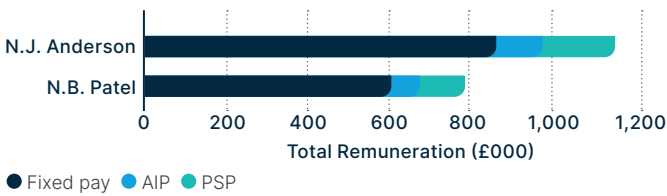
Remuneration Committee Report continued

Single figure table and incentive outcomes

Our Remuneration Policy is designed to ensure that a percentage of Executive Director pay is based on the achievement of demanding performance targets and is therefore at risk of not being paid. Performance targets are designed to be sufficiently stretching while still achievable; maximum payments are only possible for outstanding outperformance of financial and strategic plans. The Group’s pay structures are deliberately designed to motivate Directors to focus on overall Group performance while allowing for modest payments for individual performance.

During the year, the business delivered lower than anticipated financial performance. As a consequence, and as shown in the single figure table on page 162, total remuneration for Executive Directors is lower than last year. This is due to lower achievement against both one-year and three-year performance targets in the Annual Incentive Plan and Performance Share Plan respectively.

Single figure remuneration 2023



Annual Incentive Plan (AIP) payment 2023

Executive Director bonus payments are based primarily on stretching Group financial performance targets which account for 90% of maximum AIP payments (70% Group adjusted operating profit and 20% Group cash generation). The required level of achievement for payment under the operating profit element was not achieved for 2023. Cash generation targets were missed, reflecting performance lower than expected against 2023 plans, driven largely by the challenging trading conditions and consequent decline in sales and profit. That said, strong progress has been made against the personal strategic objectives set by the Committee at the start of the year resulting in payment of 10% of salary for each Executive Director. Many of these objectives relate to longer term initiatives which are unrelated to the annual profit and cash performance of the business.

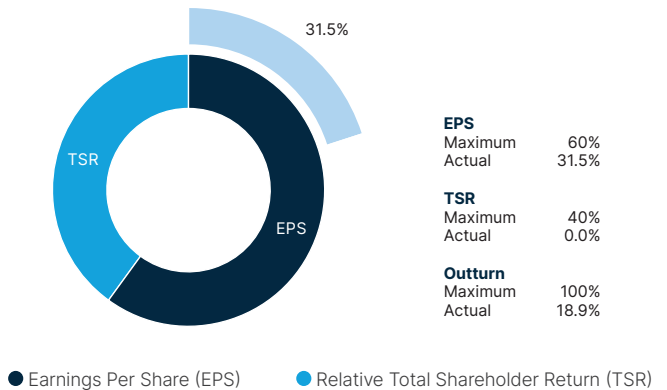
The Committee is satisfied that the personal strategic objectives set at the start of the year were sufficiently stretching and that payments reflect the overall shareholder experience over the year.

Annual Incentive Plan outcomes in 2023

	Financial		Non-financial
	Group adjusted operating profit	Group cash generation	Personal strategic objectives
% of AIP	70%	20%	10%
CEO	0%	0%	10%
	10% achieved		
CFO	0%	0%	10%
	10% achieved		

2021 Performance Share Plan (PSP)

As shown in the chart below, as a result of below median relative TSR performance over the three-year performance period to 31st December 2023, no part of the TSR element of the 2021 PSP award will vest in March 2024. Achievement against the EPS element was above the threshold required for this part of the award to vest, resulting in a total of 18.9% vesting of the shares granted in 2021.



Application of discretion

In determining the outcome of proposed payments under the AIP and PSP, the Committee carefully considered the achievement of financial and non-financial targets against each performance measure, the overall performance of the business during the year and the wider macroeconomic environment as well as the approach being taken for other colleagues. The Committee made a robust and full assessment of these factors in assessing both the incentive outcomes and the level of total remuneration received by each Executive Director for 2023, as illustrated on this page.

As in previous years, during 2023 the Committee did not apply any discretion to the variable pay outcomes of the AIP or PSP. The Committee agreed that the final vesting of the PSP was reflective of the last three years of performance and that the Policy operated as intended.

Stakeholder engagement (with colleagues and shareholders)

We have a well-established record of active and thoughtful engagement with our key shareholders on the issue of executive pay. In recent years, Jamie Pike and I have spoken extensively with a number of our key shareholders ahead of the rebasing of our CEO base salary and our 2023 Remuneration Policy renewal. In building these open and transparent dialogues with shareholders, the Committee will actively engage with shareholders and shareholder representative bodies, seeking views which are openly discussed and considered when making any decisions about changes to the Remuneration Policy for Executive Directors.

As there are no significant changes to the pay framework for 2024, there have been no issues to discuss with shareholders since the AGM in May 2023. I outlined in our 2022 Annual Report some of the advice provided by our shareholders during earlier consultation sessions and I remain committed to discussing with our shareholders in advance of making any changes to the Executive Director remuneration package and clearly explaining the Committee's decisions.

Wider colleague engagement

We welcome feedback from colleagues in one-to-one performance reviews, in Works Council meetings in countries where they operate as a collective voice, in engagement surveys, through line manager dialogue and up through the HR function to the Group Executive Committee and Remuneration Committee as part of our open culture. The Group HR Director provides updates to the Committee as appropriate on pay and people-related issues during the year to ensure we have visibility of the things which really matter to our colleagues. During 2023, the Committee received regular updates relating to the global pay arrangements of colleagues across the business to give the additional context needed to ensure Executive Director and senior leader pay arrangements are equitable across the Group. These included global salary review proposals for 2024, the alignment of UK colleague salaries against the Real Living Wage and the regional harmonisation of colleague benefits in various locations.

In addition, in my role as Committee Chair, I welcome the opportunity to speak with and receive direct feedback from colleagues from across the business via colleague focus group sessions. Colleagues taking part in these focus groups are drawn from different businesses, geographies, functions and job roles. During these sessions we typically discuss a wide variety of matters, including how our Executive Directors and senior leaders are recognised and rewarded and how the Board and Committee operates as well as the wider global frameworks on pay and benefits.

Sessions held during the year had a particular focus on the Board changes outlined earlier in this report and colleagues told us engaging with them on executive remuneration was valued. Colleagues were keen to understand how the Committee ensures Executive Director remuneration is fair and appropriate for these roles, taking into account a variety of factors including external market data and pay levels for other colleagues across the Group. Colleagues were reassured to understand that benchmarking is only one of many factors considered, with particular attention paid to internal parity. Other discussions comprised the visibility of commercially sensitive bonus targets and the balance between financial and individual performance within bonus schemes.

Wider colleague pay arrangements

The Committee monitors and reviews the effectiveness of the Executive Directors' reward framework and its alignment with policies in the wider business to ensure the appropriateness of senior pay arrangements in this broader context. We have continued to consider the global cost-of-living challenges for colleagues in our discussions. As part of our approach to setting country-specific percentage increases, we were mindful of both forecast salary inflation data and the projected Consumer Price Index in each country together with business affordability in the continuing period of trading uncertainty and projected slight decline in the global macroeconomic outlook. As a consequence, the wider colleague pay review for 2023 in the UK was 7.1%.

Remuneration continued

Remuneration Committee Report continued

Pay arrangements for 2024

The average pay increase in 2024 for UK colleagues, including GEC members and other senior leaders, was 3.1%. As a consequence of the Board changes described earlier in this report, there were no annual pay review increases for the Executive Directors effective from 1st January 2024. Salaries for the newly appointed Group CEO and CFO were set in 2023 inclusive of 2024 pay increases; these take effect upon their appointments in January and July 2024 respectively.

For the plc Chair, the fee has been increased by 13% to £350,000, reflecting a more appropriate position against benchmark data and time commitments for comparable companies. This fee became effective from 1st January 2024.

The Committee reviews each year the overall pay structures and performance metrics of the senior leader reward framework. Reflecting on the existing arrangements under the AIP and PSP and their operation during 2023, the Committee agreed the incentive schemes worked as intended. As a result, no significant changes have been proposed for the forthcoming year.

For 2024, the AIP will continue to be largely focused on the profitable performance of the Group with 70% of any payment being measured against Group operating profit targets. For 2024 the Committee has approved an amendment to the cash metric within the AIP from cash generation to cash conversion, still maintaining a 20% weighting within the plan. This change, reflecting cash generation as a percentage of profit, ensures a continued focus on strong cash management, incentivising sales to cash conversion independently of demand and profitability. Although our Remuneration Policy provides for a maximum opportunity of up to 200% of salary, the maximum payment available under the AIP in 2024 will remain at 150% of salary for the Group CEO and 125% of salary for the CFO.

The PSP will continue to be measured against three key performance metrics which together focus on driving long-term sustainable profit growth against our peers, ultimately seeking to drive shareholder value, namely earnings per share (EPS), relative total shareholder return (TSR) and a reduction in scope 1 and 2 greenhouse gas

(GHG) emissions. The Committee reviewed the targets against the long-term financial plans and determined no changes were required under the EPS and TSR elements for the 2024 award. Targets for the reduction in GHG emissions have been updated reflecting the continued progress required for the period to 2026. For 2024 PSP awards onwards, the baseline for comparison has been adjusted to include the acquisitions of Vulcanic and Durex Industries. Reduction targets will be based on this revised baseline, which by 2026 will require a total 50% reduction in GHG across the whole Group, including these acquisitions. This ensures further progress is made over and above the 2023 PSP targets, which, as a reminder, still requires a 50% reduction across Group businesses (excluding acquisitions). Further details of the performance targets associated with the 2024 grant are detailed on page 173.

Looking forward

Looking to the future, the Committee intends to continue to review Spirax Group's pay policies, ensuring that Executive Director pay arrangements support and drive the business strategy while remaining appropriate when considered within the overall workforce remuneration frameworks and the external regulatory environment.

Committee focus for 2024

- Continue to review the incentive arrangements to ensure an appropriate balance of stretching but achievable targets
- Support the appointment of a new Board Chair
- Continue to evolve colleague engagement on remuneration issues

I would like to thank our shareholders for their continued support during the year. I will be available at the Company's Annual General Meeting on 15th May 2024 to answer any questions in relation to this Remuneration Report.

Jane Kingston

Chair of Remuneration Committee
6th March 2024

At a glance summary: Executive Directors' remuneration

Executive Directors' remuneration framework

Fixed pay

To enable the Group to attract, retain and motivate high performing Executive Directors of the calibre required to meet the Group's strategic objectives.

Annual Incentive Plan (AIP)

To incentivise and reward for performance against the short-term delivery of key metrics linked to the business strategy.

Performance Share Plan (PSP)

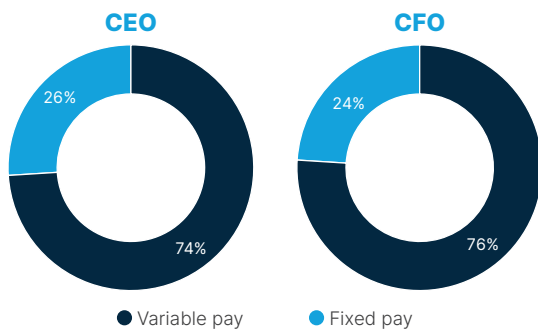
To incentivise, reward and retain Executive Directors for delivery against long-term Group performance, driving sustainable Group performance aligned with shareholders' interests.

Pay outcomes for 2023



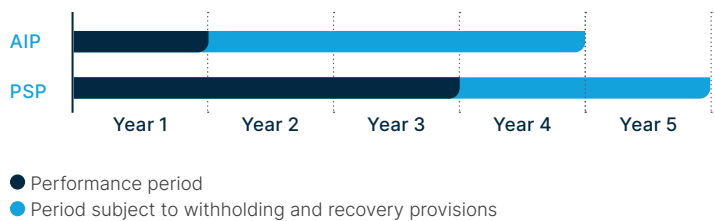
Pay subject to performance

A significant proportion (c.75%) of an Executive Director's potential remuneration is only payable to the extent the stretching performance conditions have been achieved.



Pay at risk

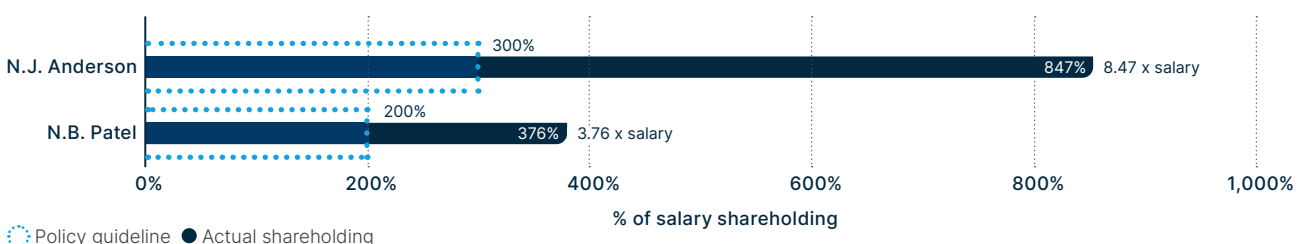
After payment, there are further mechanisms in place to ensure decisions made at the most senior levels are aligned with shareholders' and colleagues' interests over a long-term period.



Share ownership

Executive Directors are required to build a substantial shareholding in the Company to ensure alignment with shareholders' interests. This shareholding continues to apply for two years after leaving the Company.

Actual shareholding – achievement against guideline



Remuneration continued

Annual Report on Remuneration

Annual remuneration report

Governance

Details of the Committee membership can be found in the Committee Chair's report on page 115 and full biographies of the Committee members can be found on pages 112 and 113. Each Committee member is an Independent Non-Executive Director and brings independence to all aspects of Board remuneration and the application of professional advice to matters relating to remuneration. The General Counsel and Company Secretary acted as Secretary to the Committee with support from the Assistant Company Secretary. The Committee met six times during the year ended 31st December 2023. Details of meeting attendance can be found in the Corporate Governance Statement on page 115.

No conflicts of interest with respect to the work of the Committee have arisen during the period and none of the members of the Committee have any personal financial interest in the matters discussed, other than as shareholders. The fees of the Non-Executive Directors are determined by the Board on the joint recommendation of the Chair and the CEO. The fees of the plc Chair are determined by the Committee.

The Committee is formally constituted and operates on written Terms of Reference, which are modelled on the Code and are available on our website, spiraxgroup.com/governance-documents.

Advice to the Committee

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.

The Group's HR Director provides updates to the Committee, as required, to ensure that the Committee is fully informed about pay and performance issues throughout the Group. The Committee takes these factors into account when determining the remuneration of the Executive Directors and senior executives. The CEO also attends at the Committee's request but does not participate in discussions regarding their own individual remuneration. The Committee also ran two focus groups during the year, as part of the review of the Remuneration Policy; see page 159 for more details on these.

Audited information

The information that follows is subject to audit until otherwise indicated.

Single total figure of remuneration (£)

	N.J. Anderson		N.B. Patel	
	2023	2022	2023	2022
Executive Directors				
Basic salary ^(a)	750,000	630,500	529,448	502,800
Taxable benefits ^(b)	30,107	28,119	19,173	17,911
Pension ^(c)	75,000	150,500	52,945	50,280
Total fixed pay	855,107	809,119	601,566	570,991
Annual bonus ^(d)	112,500	560,531	66,181	388,413
PSP ^(e)	179,971	1,727,816	125,542	1,195,133
ESOP ^(f)	1,788	1,837	1,883	1,729
Total variable pay	294,259	2,290,184	193,606	1,585,275
Total pay	1,149,366	3,099,303	795,172	2,156,266

Non-Executive Directors – Board Chair, SID and Committee Chairs	J. Pike		R. Gillingwater		J.S. Kingston		K.J. Thompson		C.A. Johnstone	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Fees	309,000	300,000	76,800	75,000	76,800	75,000	76,800	75,000	76,800	75,000
Other	—	—	—	—	—	—	—	—	—	—
Total	309,000	300,000	76,800	75,000	76,800	75,000	76,800	75,000	76,800	75,000

Non-Executive Directors – Committee members	P. France		A. Archon ^(g)		O. Qui (to 31st January 2023)		C. Baroudel (from 3rd August 2023)	
	2023	2022	2023	2022	2023	2022	2023	2022
Fees	61,800	60,000	70,800	60,000	5,150	60,000	25,750	—
Other	—	—	50,379	31,292	0	8,599	—	—
Total	61,800	60,000	121,179	91,292	5,150	68,599	25,750	—

Notes to the remuneration table

- (a) This is the amount earned in respect of the financial period.
- (b) This is the taxable value of benefits paid or payable in respect of the financial period. These benefits typically relate to car allowance and medical insurance.
- (c) UK tax legislation imposes penalty taxes on annual pension contributions where prescribed maximum amounts are exceeded. The Committee has previously determined that impacted Executive Directors would receive pension benefits limited to the prescribed maximum amounts and an additional taxable supplementary cash payment equal to the cost to the Group of the pension benefit forgone.
- (d) This is the total bonus earned under the Annual Incentive Plan in respect of the financial year.
- (e) The amount shown relates to the market value of PSP awards whose performance period ended during the relevant financial year. Refer to pages 167 and 168 for details of PSP awards made during 2023.
- Over the 2021 PSP vesting period the share price decreased from £117.70 at grant (4th May 2021) for N J Anderson and N B Patel, to £91.17, which was the average share price over October, November and December 2023, a decrease in value of the vesting shares of around £26.53 per share. The amount attributable to share price appreciation included above is therefore nil. As the award will not vest before the publication of the 2023 annual results and therefore the value at vesting will not be known, the value will be restated next year in the single figure table when the share price at vesting is known.
- (f) The benefit of the ESOP awards is calculated as the number of shares awarded multiplied by the share price on the date of the award.
- (g) Fee includes long-haul intercontinental travel allowance effective from 1st April 2023.

Additional requirements in respect of the single total figure table of remuneration

Performance-related pay earned in the year to 31st December 2023

Annual Incentive Plan (AIP)

Executive Directors participate in the AIP, which rewards them for financial and non-financial performance of the Group. Metrics are reviewed annually to ensure continuing alignment with strategy and are agreed at the start of the year. Resulting awards are determined following the end of the financial year by the Committee, based on performance against these targets.

For the CEO, achievement of target performance results in a bonus of 90% of salary, increasing to 150% of salary for maximum performance. For the CFO, achievement of target performance results in a bonus of 75% of salary, increasing to 125% of salary for maximum performance.

For the 2023 AIP Executive Directors were measured against the following financial and non-financial objectives:

Financial

Group operating profit	70%
Group cash generation	20%

Non-financial

Personal strategic objectives	10%
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Remuneration continued

Annual Report on Remuneration continued

Additional requirements in respect of the single total figure table of remuneration continued

Performance related pay earned in the year to 31st December 2023 continued

The performance measure is adjusted to reflect certain items including the amortisation of acquisition-related intangible assets and exceptional reorganisational costs and to exclude any profit contribution and other impacts such as major acquisitions or disposals during the period as these were not included within the targets when set by the Committee. The Committee assessed the metrics as follows:

Financial metrics

The table below summarises the achieved performance in 2023 in respect of each of the financial measures used in the determination of the AIP, together with an indication of actual performance relative to target.

2023 measures	Actual performance (£m)	Achieved performance (% of Target)	Threshold (£m)	Target (£m)	Maximum (£m)
Group operating profit (70% weighting)	£349.1m	84.1%	£394.3m	£415.1m	£435.9m
% of metric achieved		0.0%	15%	60%	100%
Group cash generation (20% weighting)	£281.7m	87.6%	£305.6m	£321.7m	£337.8m
% of metric achieved		0.0%	15%	60%	100%
% of total financial metrics achieved (90%)		0.0%			

Non-financial metrics – personal objectives

The Executive Directors were each obliged to complete a self-assessed appraisal of their performance against each of their personal strategic objectives. The Group Chief Executive reviewed this self-assessment with the Chief Financial Officer and made his own assessment. In the case of the Group Chief Executive, the Chair of the Board conducted the assessment. A report was submitted to the Committee at its February 2024 meeting; the Committee reviewed the recommendations and approved the achievements detailed below.

Nicholas Anderson

Personal strategic objectives 2023	Description	Commentary
Health, Safety and Sustainability (HS&S) • Achieved	Progress the Group's new Health & Safety framework while embedding the Group's H&S standards in Vulcanic and Durex Industries.	Excellent progress implementing the new H&S Excellence Framework across the Group during 2023, exceeding plans in both legacy and recently acquired companies. Nearly all (99%) of legacy Group companies achieving Foundation status (vs 95% target) and over half (58% and 64% respectively) of companies in Vulcanic and Durex Industries achieving Spirax Group Foundation status (vs 50% target).
Sustainability • Achieved	Improve the Group's Sustainability performance	Strong progress made against a scorecard of sustainability metrics during the year, including the deployment of the Cotopaxi STRATA platform to all Group manufacturing plants to improve monthly management of the Group's sustainability performance. In addition, strong progress made on sustainability investments in communities through an increase in volunteering hours, charitable donations and Spirax Group Education Fund grants for 2023. In particular, Spirax Group Education Fund grants totalled c. £1.2m for 2023, bringing the total number of approved grants to 100 and worth c. £2.6m by 66 different operating companies.
Inclusion, equity and wellbeing • Achieved	Implement the Group's Inclusion, Equity and Wellbeing plan.	Continued progress on embedding and developing the Group global inclusion plan 'Everyone Is Included' to incorporate Gender and Ethnicity criteria during succession planning processes. On track to achieve the 2025 gender representation targets of 30% women in global colleague population and 40% representation across the Senior Leadership team with c. 26% and 31.7% representation respectively in 2023. The most recent assessment of ethnic diversity in the Senior Leadership team delivered a ratio of 17.6%, well ahead of published benchmarks of other UK industrial peers.

Result: Based on the above assessments, 100% of this metric was achieved.

Nimesh Patel

Personal strategic objectives 2023	Description	Commentary
Health and Safety • Achieved	Support the implementation of the Group's Health & Safety Framework, strengthening the H&S awareness and culture.	Active support provided to drive continued focus on safety and compliance standards. Supporting the implementation of the new H&S Excellence Framework by championing Safety reflections in Finance Leadership meetings and Global Finance Forum; "Visible Felt Leadership" in operations visits and engaging colleagues in safety conversations.
Sustainability • Achieved	Support the implementation of the Group's One Planet Sustainability Strategy , with special emphasis on your personal leadership of Strategic Initiative #1 – net zero – on a Group-wide basis.	Significant progress made in 2023 towards achieving net zero target, including (i) the reduction of scope 1 and 2 GHG emissions by 50% in 2025 (currently 46%) through the identification and prioritisation of new initiatives; (ii) development of scope 3 emission reduction strategy and (iii) on track for 20% reduction in energy usage by 2025 (currently 13%).
Inclusion, equity and wellbeing • Achieved	Support the implementation of the Group's Everyone is Included Plan, with special emphasis on achieving further gender and ethnicity diversity.	Championed Inclusivity, Equity and Wellbeing both internally and externally. Actively worked to raise Spirax Group's profile as an employer of choice through partnering with bodies such as the Change the Race Ratio and co-Chairing the FTSE Women Leaders programme. Strong colleague engagement and enablement results for the global finance function.
Improvement in governance and control environment • Achieved	Lead the implementation of the G3 Project on a Group-wide basis, with special emphasis on improvement of governance and control structures, embedding changes in the policy framework and control processes, as well as development of Fraud prevention frameworks.	Continued the implementation of G3 programme, rolling-out revised policy, processes and training, supported by launch of new digital tool. In addition, established an Internal Controls team to review and improve critical control processes in existing and acquired businesses to ensure Group standards are achieved. Improvements made in open audit item closures.
Information technology and systems • Achieved	Advance the Group's global Cyber security infrastructure, processes and responsiveness. Support the development of global ERPs, CRM & BI across our three Businesses and the implementation of our Digital Strategy.	Strong progress made during the year to develop the global IT function and systems through the successful recruitment of key senior leaders across the function, consolidation of IT services group-wide and the development of a cyber security roadmap. In addition, supported the ERP design and implementation across the Group together with the launch of a single platform to drive Group-wide collaboration.

Result: Based on the above assessments, 100% of this metric was achieved.

Remuneration continued

Annual Report on Remuneration continued

Additional requirements in respect of the single total figure table of remuneration continued

Non-financial metrics – personal objectives continued

	Performance targets			% of maximum bonus (10%) achieved
	Fully achieved	Partly achieved	Not achieved	
N.J. Anderson	3	0	0	10%
N.B. Patel	5	0	0	10%

The Committee is of the view that these outcomes accurately reflect the performance of the Executive Directors and the Company, consequently no discretion was exercised by the Committee.

As a result of this performance in 2023, the following bonuses were earned:

Executive Directors	Bonus achieved (£)	Actual % of maximum	Maximum bonus opportunity (% of salary)	Bonus achieved
N.J. Anderson	£112,500	10%	150%	15.0%
N.B. Patel	£66,181	10%	125%	12.5%

Under the 2023 Remuneration Policy, if an Executive Director has not reached the level of 1.5 times their shareholding requirement, then they must use the net of tax amount of 25% of their bonus opportunity to purchase shares in the Company. These shares must be held for a further two years. As both Nicholas Anderson and Nimesh Patel have met their respective shareholding guidelines, no portion of the 2023 bonus will be deferred into shares.

Performance Share Plan (PSP) – scheme interests vested during the period

2021 PSP award vesting over 2021–2023

In May 2021 the Executive Directors received share awards under the PSP, with vesting subject to EPS growth and relative TSR performance. The following tables set out details of the performance measures and targets that applied, along with the actual performance during the period 1st January 2021 to 31st December 2023.

Relative TSR performance (40% of PSP award)

Over the three-year period to 31st December 2023, the Company delivered a TSR of -17.1%. This ranked below the required threshold performance level for any part of this element to vest. The comparator group, comprising 45 companies, for the purpose of measuring relative TSR performance, was the FTSE 350 Industrial Goods and Services Supersector constituents at the start and end of the performance period.

	Target	TSR	Vesting
Threshold requirement	Median TSR	14.7%	18.0%
Maximum requirement	Upper quartile TSR or above	32.4%	100.0%
Actual achievement	Below median	-17.1%	0.0%

EPS growth (60% of PSP award)

Over the three-year performance period to 31st December 2023, the Company delivered adjusted EPS growth of 20.5%. Over the three years, adjusted EPS (in line with scheme rules) equates to a compound annual growth of 6.4% per annum. EPS is derived from the audited Annual Report for the relevant financial year but adjusted to exclude the items shown separately on the face of the Consolidated Income Statement. EPS was adjusted for the acquisition of the Vulcanic Group and the disposal of the Russian business.

	EPS	Vesting
Threshold requirement	17.0%	18.0%
Maximum requirement	38.2%	100.0%
Actual achievement	20.5%	31.5%

As a result of the TSR and EPS performance outcomes for the three-year period to 31st December 2023, 18.9% of the shares granted under the 2021 PSP will vest in March 2024. The Committee considers this achievement and consequent payment is a fair reflection of business performance throughout the performance period and in line with shareholders' experience.

Executive Directors	No. of shares granted ¹	Price at grant	Value at grant	No. of shares vesting	Vesting price ²	Vesting value	Amount attributable to growth in share price
N.J. Anderson	10,433	£117.70	£1,227,964	1,974	£91.17	£179,971	-£52,369
N.B. Patel	7,279	£117.70	£856,738	1,377	£91.17	£125,542	-£36,531

1 The 2021 PSP awards were granted on 4th May 2021.

2 Based on share price of £91.17, which was the average share price over October, November and December 2023. As the award vests after the publication of the 2023 annual results, figures will be restated for the actual vesting value in next year's Annual Report.

Scheme interests awarded during the period 2023 PSP award vesting over 2023–2025

The Committee makes an annual conditional award of shares to each Executive Director under the PSP. Prior to award, the Committee reviews the performance targets for each measure to ensure they remain sufficiently stretching. For EPS this includes a review of analysts' forecasts.

The awards were granted under the PSP as a contingent right to receive shares, with the face value calculated as a percentage (200% for the Group CEO and 175% for the CFO of base salary), using the share price at date of award. Awards were made on 13th March 2023.

For awards made in 2023, vesting is based on three performance conditions as illustrated below measured over a three-year period. These performance measures have been chosen as they are considered to be an appropriate balance of the key performance indicators most aligned with our Strategy. In addition to the three-year performance period, a two-year holding period applies. The 2023 PSP performance metrics are detailed below and explained further on page 168.

Financial

Earnings per share growth	50%
Relative total shareholder return	30%

Non-financial

Reduction in greenhouse gas emissions	20%
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Executive Directors	PSP shares granted	Face value of award on grant ¹	Last day of the performance period	Vesting at threshold performance
N.J. Anderson	13,786	£1,499,917	31.12.2025	18%
N.B. Patel	8,515	£926,432	31.12.2025	18%

1 Based on the share price on the date of award of £108.80.

Performance measure	Weight	Threshold requirement	Maximum requirement
EPS growth	50%	Global IP +2% pa ¹	Global IP +7% pa
Relative TSR ²	30%	Median TSR	Upper quartile TSR
Greenhouse gas emissions 2025	20%	24,273 tonnes	21,962 tonnes

1 The Global Industrial Production Growth (IP) data source is the CHR Metals Global IP Index, providing data that incorporates over 90% of global industrial output.

2 Vesting is calculated based on Spirax Group's TSR relative to the median and upper quartile TSR of the peer group.

Remuneration continued

Annual Report on Remuneration continued

Additional requirements in respect of the single total figure table of remuneration continued

2023 PSP award vesting over 2023-2025 continued

For achievement of the threshold performance requirement, 18% of the award can be earned. Vesting will take place on a straight-line basis for performance between the threshold and maximum requirements. Performance below the threshold requirement for a performance measure will result in nil vesting for that part of the award. The Committee has discretion to adjust the formulaic outcome if it is not representative of the Company performance delivered.

The EPS element of the PSP is based on growth in excess of global industrial production growth rates, often referred to in our industry as 'Global IP'. Global IP is a measure the Board and management have used for some time as there is well documented evidence that it is the best predictor of the global and industrial markets within which the Group operates. For these reasons, Global IP was used in the formulation of the long-term strategic plan and targets for EPS growth approved by the Board. Adjustments are made to reflect material businesses which are acquired and sold.

The TSR element of the PSP assesses performance relative to a comparator group of companies. As was reported last year, for the grant awarded in 2023, the TSR peer group comprises the constituents of the FTSE 100, less companies in the Mining, Oil & Gas and Financial Services sectors, at the start of the performance period. This is the same sector classification as Spirax Group and was selected as it objectively provides a sufficiently robust number of companies to compare performance against, which also operate in the industrial goods and services arena. While the exact number of companies varies from year to year, the comparator group for the 2023 award was 70 companies.

The environmental element of the PSP assesses the extent to which we are meeting our sustainability goals. We have targeted management through the PSP to reduce greenhouse gas emissions to 24,273 tonnes or below by the end of 2025 for this part of the award to vest. The award will be calculated on a straight-line basis, with the maximum payout achieved for emissions at or below 21,962 tonnes.

Employee Share Ownership Plan (ESOP)

Executive Directors are eligible to participate in an HMRC-approved Share Incentive Plan known as the ESOP.

During the year ended 31st December 2023, Nicholas Anderson purchased 19 partnership shares and was awarded 19 matching shares. Nimesh Patel purchased 20 partnership shares and was awarded 20 matching shares. Further information is set out in the table on page 170.

The maximum annual investment in shares is £1,800 (the HMRC limit) for Executive Directors (and eligible UK colleagues). This can be matched by the Company on a one-for-one basis for each share that is purchased. Dividends paid can be reinvested as shares. Any surplus contributions from the previous year are carried over and added to the money contributed to purchase shares in the year.

Shares acquired under the ESOP are not subject to performance measures as the aim of the ESOP is to encourage increased shareholding in the Company by all eligible UK colleagues. In 2023, around 62% of eligible UK colleagues purchased partnership shares and were awarded matching shares under the ESOP.

Benefits (excluding pension)

Benefits	N.J. Anderson	N.B. Patel
Company car and associated running costs or cash alternative allowance	£29,694	£18,760
Private health insurance	£413	£413

Pension

With effect from 1st January 2023 all Executive Director pensions were aligned with the wider workforce. During the year, Nicholas Anderson and Nimesh Patel received 10% of their basic salary in cash which, in the year ended 31st December 2023, amounted to £75,000 and £52,945 respectively.

Directors to be appointed to the Board

Louisa Burdett will join the Board in July 2024 as Chief Financial Officer. Her basic annual salary will be £550,000. Louisa is eligible to receive a car cash allowance on appointment of £19,500 p.a. and a pension cash allowance of 10% of salary, consistent with that provided to all other eligible UK colleagues. In line with the Company's Recruitment Policy, Louisa will receive compensation for lost incentive arrangements from her previous employer. These comprise a replacement award under the 2023 Performance Share Plan with a face value of £735,000, being the equivalent value lost as a consequence of resigning to join Spirax Group. Louisa will also be considered for compensation for lost bonus payments of equivalent value to those forfeit. Replacement awards follow as closely as practicable the structure and time horizons of the original awards. All other incentive arrangements for Louisa are aligned with those outlined earlier in this report and are consistent with our Policy.

Payments to past Directors

There were no payments made to past Directors during the year ended 31st December 2023.

Payments for loss of office

There were no payments made to Directors for loss of office during the year ended 31st December 2023.

External directorships

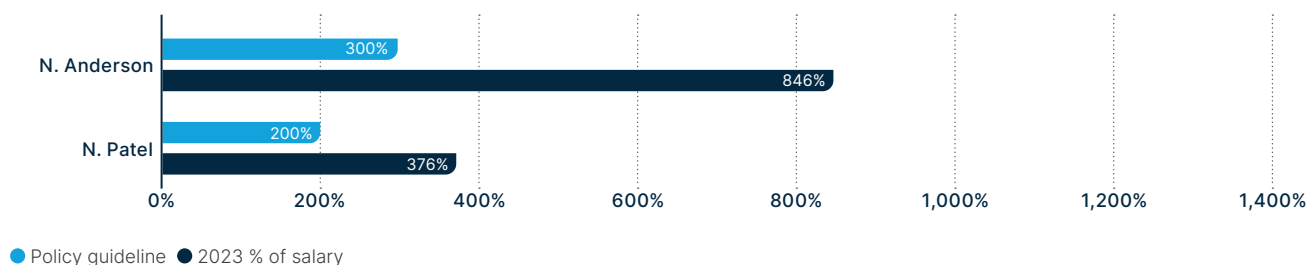
Nicholas Anderson served as a Non-Executive Director at BAE Systems plc during 2023, for which he received and retained total fees of £110,050.

Statement of Directors' shareholding and share interests

Share ownership guidelines

The Executive Directors' share ownership guidelines are 300% of base salary for the Group Chief Executive and 200% of base salary for other Executive Directors.

The share ownership guidelines have been exceeded by both the CEO and the CFO. The value of the shareholding is taken at 31st December 2023 as a percentage of 2023 base salary. The closing share price on 29th December 2023 (being the last trading date of 2023) was £105.05.



Outstanding share interests

The following table summarises the total interests of the Directors in shares of the Company as at 31st December 2023. These cover beneficial and conditional interests. No Director had any dealing in the shares of the Company between 31st December 2023 and 29th February 2024 (being the latest practicable date prior to publication).

	Beneficial ¹	PSP awards ²	ESOP shares	Total 31.12.23	Total 29.02.24 ³
J. Pike	11,061	—	—	11,061	11,061
N.J. Anderson	68,817	37,453	835	107,105	107,105
N.B. Patel	21,744	23,181	105	45,030	45,030
R. Gillingwater	600	—	—	600	600
J.S. Kingston	6,370	—	—	6,370	6,370
K.J. Thompson	4,900	—	—	4,900	4,900
C.A. Johnstone	451	—	—	451	451
P. France	980	—	—	980	980
A. Archon	255	—	—	255	255
C. Baroudel	300	—	—	300	300

1 Includes any shares owned by connected persons.

2 Unvested shares remaining subject to performance measures.

3 Last practicable date before publication.

Remuneration continued

Annual Report on Remuneration continued

Additional requirements in respect of the single total figure table of remuneration continued

Unvested share awards (included in the previous table)

	PSP shares subject to performance conditions		Shares not subject to performance conditions
	2021	2022	2023 ESOP awards
N.J. Anderson	10,433	13,234	13,786
N.B. Patel	7,279	7,387	8,515

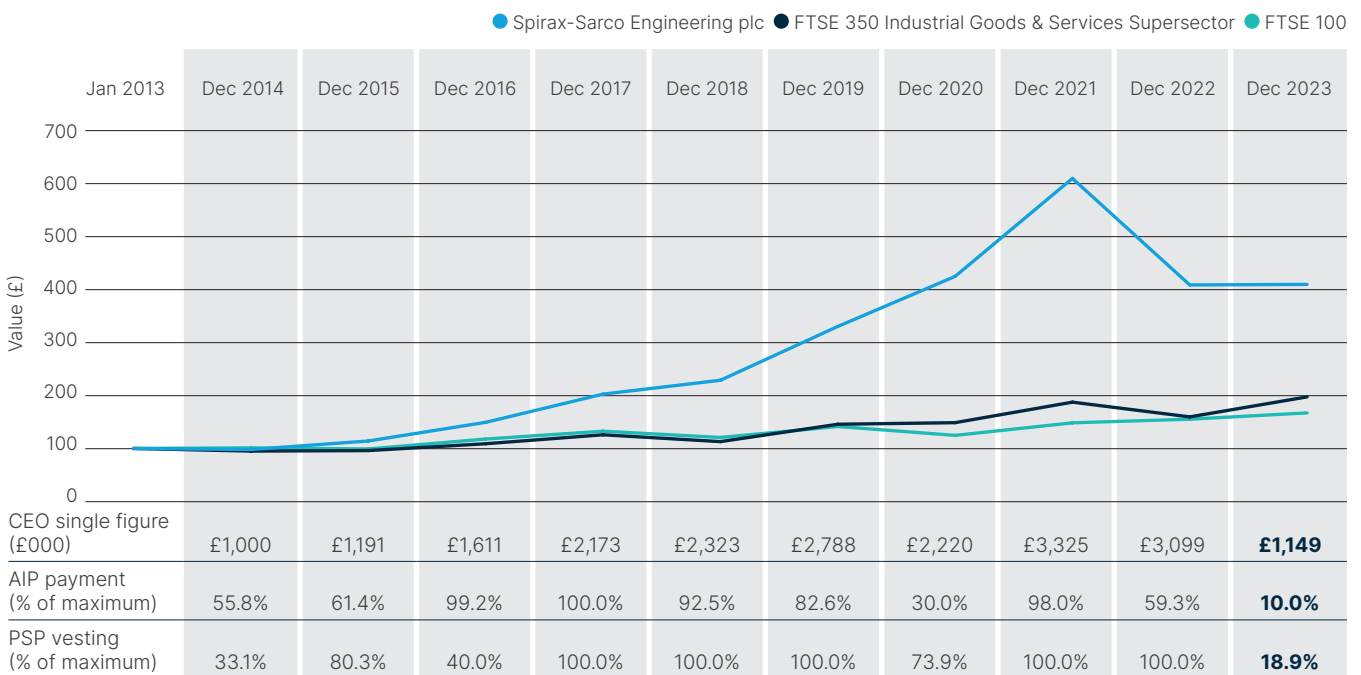
Unaudited information

TSR performance graph

In 2023, the Committee altered the constituent group for the measurement of the TSR to the FTSE 100, less companies in the Mining, Oil & Gas and Financial Services sectors, from the FTSE 350 Industrial Goods and Services Supersector as it was felt it was a more accurate reflection of the Group's performance as an established FTSE 100 Company. The graph below demonstrates the growth in value of a £100 investment in the Group compared to the FTSE 100, less companies in the Mining, Oil & Gas and Financial Services sectors, from January 2023 to December 2023. The graph also includes a comparison to the FTSE 350 Industrial Goods and Services Supersector as this still applies to PSP awards granted in 2022, and how the Group Chief Executive's total pay compares over the period.

Aligning pay with performance

The table below shows the historical levels of the CEO's pay (single figure of total remuneration) and annual variable and PSP awards as a percentage of maximum.



Percentage change in remuneration of the Directors and employees

The following table provides a summary of the increases in base salary, benefits and bonus for the Directors compared to the average increase for colleagues in the same period, for the last four years. The regulations require disclosure of the change in remuneration of the employees of the Parent Company. As Spirax-Sarco Engineering plc only employs the Executive Directors (whose individual information is already included below), the general UK colleague population comparator group has been used to give a more meaningful comparison.

	% change on prior year for 2020			% change on prior year for 2021			% change on prior year for 2022			% change on prior year for 2023		
	Salary/ fees	Benefits	Bonus	Salary/ fees	Benefits	Bonus	Salary/ fees	Benefits	Bonus	Salary/ fees	Benefits	Bonus
UK colleagues	2.9%	2.9%	-32.1%	2.0%	2.0%	120.7%	2.7%	2.7%	-26.2%	7.1%	7.1%	-70.5%
N.J. Anderson	2.9%	2.9%	-62.6%	2.0%	2.0%	233.2%	2.7%	2.6%	-37.9%	19.0%	7.1%	-79.9%
N.B. Patel	N/A	N/A	N/A	2.0%	2.0%	240.0%	2.7%	-33.4%	-36.5%	5.3%	7.1%	-83.0%
J. Pike	2.9%	N/A	N/A	2.0%	N/A	N/A	32.3%	N/A	N/A	3.0%	N/A	N/A
J.S. Kingston	2.9%	N/A	N/A	2.0%	N/A	N/A	16.6%	N/A	N/A	2.4%	N/A	N/A
K.J. Thompson	2.9%	N/A	N/A	2.0%	N/A	N/A	16.6%	N/A	N/A	2.4%	N/A	N/A
C.A. Johnstone	2.9%	N/A	N/A	2.0%	N/A	N/A	16.6%	N/A	N/A	2.4%	N/A	N/A
P. France	2.9%	N/A	N/A	2.0%	N/A	N/A	10.4%	N/A	N/A	3.0%	N/A	N/A
A. Archon ¹	N/A	N/A	N/A	2.0%	N/A	N/A	10.4%	45.7%	N/A	18.0%	61.0%	N/A
O. Qiu (to 31st January 2023)	N/A	N/A	N/A	2.0%	N/A	N/A	10.4%	-63.2%	N/A	3.0%	-100.0%	N/A
R. Gillingwater	N/A	N/A	N/A	N/A	N/A	N/A	16.6%	N/A	N/A	2.4%	N/A	N/A
C. Baroude (from 3 August 2023)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

¹ Change for 2023 fees reflects a 3.0% increase in base fee and the introduction of a long-haul intercontinental travel allowance from 1st April 2023.

Group Chief Executive pay ratio

The table below details the ratio of the CEO's single figure of total remuneration to the median, 25th and 75th percentile total remuneration of the Group's full-time equivalent UK colleagues. As in previous years, Option B has been chosen for these calculations as the data used is consistent with that collected to inform the Group's UK gender pay gap. To ensure the individuals identified at the three quartiles are representative of the UK workforce, the total pay and benefits for a small number of colleagues centred around each quartile were also considered to confirm there were no anomalies. The individuals identified were deemed appropriately representative.

Financial year	Methodology	25th percentile	50th percentile	75th percentile
2023	Option B	33:1	28:1	18:1
2022	Option B	91:1	65:1	51:1
2021	Option B	111:1	83:1	62:1
2020	Option B	76:1	66:1	45:1
2019	Option B	110:1	74:1	46:1

Single figure total remuneration

	CEO	25th percentile	50th percentile	75th percentile
Salary	£750,000	£30,535	£39,937	£52,530
Benefits	£30,107	£413	£413	£413
Bonus	£112,500	£770	£125	£5,518
PSP	£179,971	—	—	—
Pension	75,000	£2,748	£0	£4,644
ESOP	£1,788	£847	£1,035	£1,506
Total pay	£1,149,366	£35,313	£41,510	£64,611

Year-on-year commentary

As shown earlier in this report, a sizeable proportion of the CEO's total potential remuneration is linked to performance outcomes significantly impacting the annual CEO pay ratio calculation. Variable pay for the CEO was lower in 2020 than 2019 and 2021, impacted by the challenging world events of the Covid-19 pandemic. In 2022, a lower bonus was paid due to profit and cash generation achievement against targets, reducing the ratio. For 2023, the ratio reduced more significantly due to the incentive outcomes for both the AIP and PSP vesting as described earlier in this report. The CEO's total variable pay for 2023 was £294,260 (comprising 26% of total remuneration) compared with £2,290,185 (74% of total remuneration) in 2022.

Remuneration continued

Annual Report on Remuneration continued

Unaudited information continued

Relative importance of spend on pay

The table below demonstrates the relative importance of total pay spend relative to total colleague numbers, profit before tax (selected as the best measure of efficiency) and dividends payable in respect of the year.

	2023	2022	Change
Total employee pay spend	£634.2m	£572.3m	10.8%
Group average headcount	10,122	9,368	8.0%
Adjusted profit before tax	£309.2m	£370.6m	-16.6%
Dividends payable	£117.8m	£112.0m	5.2%

Statement of voting at the Annual General Meeting

At the AGM in 2023, shareholders approved the Remuneration Policy 2023 (mandatory) and the Annual Report on Remuneration 2022 (advisory). The following table shows the results which required a simple majority (i.e. 50%) of the votes cast to be in favour for the resolutions to be passed.

	Votes for	%	Votes against	%	Votes withheld ¹
Remuneration Policy 2023 (2023 AGM)	54,257,130	91.09	5,303,941	8.91	290,647
Annual Report on Remuneration 2022 (2023 AGM)	57,289,505	96.19	2,272,148	3.81	290,065

1 A vote withheld does not constitute a vote in law and therefore has not been included when calculating the percentages above.

Operation of Policy for 2024

The table below summarises how we will implement each element of remuneration under the 2023 Remuneration Policy adopted by shareholders at the AGM on 10th May 2023.

Element of remuneration	How we will implement the Policy in 2024																
Salary	Salaries will be as follows from the respective date of appointment: <ul style="list-style-type: none"> • Group CEO: £720,000 (effective 16th January 2024) • CFO: £550,000 (effective from July 2024) 																
Pension	Pension contributions for the Executive Directors will be 10% of salary.																
Annual Incentive Plan (AIP)	<p>The maximum annual bonus opportunity for the Executive Directors will be 150% of base salary (Group CEO) and 125% of base salary (CFO).</p> <p>The plan structure for 2024 will be largely unchanged from 2023. Cash conversion replaces cash generation as the cash metric (still retaining a 20% weighting):</p> <table border="1"> <thead> <tr> <th>Performance measure</th> <th>Weighting (% of bonus)</th> </tr> </thead> <tbody> <tr> <td>Group adjusted operating profit</td> <td>70%</td> </tr> <tr> <td>Cash conversion</td> <td>20%</td> </tr> <tr> <td>Personal strategic objectives</td> <td>10%</td> </tr> </tbody> </table> <p>The targets for the AIP are considered to be commercially sensitive and therefore will be disclosed in next year's Directors' Remuneration Report.</p> <p>The Committee has discretion to adjust the formulaic outcome if it is not representative of the performance delivered.</p> <p>Executive Directors will be required to use 25% of any bonus received to purchase shares in the Company which must be held for a further two years. The exception to this rule is if a Director's shareholding is already at least 150% of their shareholding requirement, no deferral into shares will be required.</p>	Performance measure	Weighting (% of bonus)	Group adjusted operating profit	70%	Cash conversion	20%	Personal strategic objectives	10%								
Performance measure	Weighting (% of bonus)																
Group adjusted operating profit	70%																
Cash conversion	20%																
Personal strategic objectives	10%																
Performance Share Plan (PSP)	<p>PSP award levels will be 200% of base salary (Group CEO) and 175% of base salary (CFO).</p> <p>There are no changes to the performance measures or weightings as summarised below:</p> <ul style="list-style-type: none"> • The EPS performance range for the 2024 PSP grant will start at IP +2% p.a. for threshold vesting rising to IP +7% p.a. for maximum vesting • The TSR comparator group remains a subset of the FTSE 100, excluding Mining, Oil & Gas and Financial Services as per the 2023 award • The GHG measure will now include Vulcanic and Durex Industries. As a result, the baseline for measurement has increased. The midpoint of the range set for 2026 is to halve GHG emissions in absolute terms from this expanded baseline <table border="1"> <thead> <tr> <th>Performance measure</th> <th>Weight</th> <th>Threshold requirement (18% vests)</th> <th>Maximum requirement (100% vests)</th> </tr> </thead> <tbody> <tr> <td>EPS growth</td> <td>50%</td> <td>Global IP +2% p.a.</td> <td>Global IP +7% p.a.</td> </tr> <tr> <td>Relative TSR</td> <td>30%</td> <td>Median TSR</td> <td>Upper quartile TSR</td> </tr> <tr> <td>Greenhouse gas emissions 2026</td> <td>20%</td> <td>27,449 tonnes</td> <td>24,834 tonnes</td> </tr> </tbody> </table> <p>The Committee has discretion to adjust the formulaic outcome if it is not representative of the Company performance delivered. A two-year post-vesting holding period will apply to the awards.</p>	Performance measure	Weight	Threshold requirement (18% vests)	Maximum requirement (100% vests)	EPS growth	50%	Global IP +2% p.a.	Global IP +7% p.a.	Relative TSR	30%	Median TSR	Upper quartile TSR	Greenhouse gas emissions 2026	20%	27,449 tonnes	24,834 tonnes
Performance measure	Weight	Threshold requirement (18% vests)	Maximum requirement (100% vests)														
EPS growth	50%	Global IP +2% p.a.	Global IP +7% p.a.														
Relative TSR	30%	Median TSR	Upper quartile TSR														
Greenhouse gas emissions 2026	20%	27,449 tonnes	24,834 tonnes														
Non-Executive Director fees	<p>As a result of benchmarking, and an assessment of time commitment, a market adjustment to the plc Chair and Non-Executive Director fees was implemented. Effective from 1st January 2024, the fee is £350,000 (was £309,000) and the base fee for the Non-Executive Directors is £70,000 (was £61,800).</p> <p>Additional fees for Committee Chair and Senior Independent Director responsibilities were also increased to £20,000 p.a. (was £15,000).</p> <p>In addition, an annual long-haul intercontinental travel allowance fee of £12,000 has been introduced for Directors based outside of the UK to reflect the significant additional time requirement in attending Board and Committee meetings in the UK.</p>																

Remuneration continued

Annual Report on Remuneration continued

Unaudited information continued

Directors' service agreements and letters of appointment

	Original appointment date	Current agreement/ appointment/ reappointment letter	Expiry date	Notice period	No. of years service as at 31st December 2023
Executive Directors					
N.J. Anderson	15/03/2012	13/12/2013	N/A	12 months	11 years, 9 months
N.B. Patel	27/07/2020	01/04/2020	N/A	12 months	3 years, 5 months
Chair and Non-Executive Directors					
J. Pike	01/05/2014	12/05/2021	11/05/2024	3 month	9 years, 7 months
A. Archon	01/12/2020	01/12/2023	30/11/2026	1 month	3 years, 0 months
C. Baroude	01/08/2023	01/08/2023	31/07/2026	1 month	0 years, 4 months
P. France	06/03/2018	06/03/2021	05/03/2024	1 month	5 years, 9 months
R. Gillingwater	10/03/2021	10/03/2021	09/03/2024	1 month	2 years, 9 months
C.A. Johnstone	05/03/2019	04/03/2022	04/03/2025	1 month	4 years, 9 months
J.S. Kingston	01/09/2016	01/09/2022	31/08/2025	1 month	7 years, 3 months
K.J. Thompson	15/05/2019	15/05/2022	14/05/2025	1 month	4 years, 7 months

Chair and Non-Executive Directors

The Chair and Non-Executive Directors have letters of appointment with the Company for a period of three years, subject to annual re-election at the AGM. Appointments may be terminated by the Company or individual with three month's notice for the Chair and one month's notice for all other Non-Executive Directors. The appointment letters for the Chair and Non-Executive Directors provide that no compensation is payable on termination, other than accrued fees and expenses.

Remuneration Policy

The 2023 Remuneration Policy, which applies to this year's Directors' Remuneration Report, was approved on 10th May 2023 and can be found in full in our 2022 Annual Report on pages 160 to 168 and on our website, spiraxgroup.com. A summary of the 2023 Remuneration Policy follows this report on pages 175 to 178.

This Annual Report on Remuneration 2023 has been approved by the Board of Directors and signed on its behalf by:

Jane Kingston

Chair of Remuneration Committee

6th March 2024

Summary Remuneration Policy

This report sets out a summary of Spirax-Sarco Engineering plc's Remuneration Policy for Executive and Non-Executive Directors. The full Policy was approved by shareholders at the AGM on 10th May 2023 and can be found on our website at spiraxgroup.com/governance-documents. The Policy took effect from this date and is designed to attract, retain and motivate our leaders within a framework designed to promote the long-term success of Spirax Group and aligned with our shareholders' interests.

Executive Directors' 2023 Summary Remuneration Policy

The table below summarises the Remuneration Policy which took effect on 10th May 2023.

Element	Operation	Maximum potential value
Base salary	Salaries are typically reviewed annually by the Committee considering a number of factors, including the scale and complexity of the role, experience of the individual, wider workforce comparison, external market data and the impact of any increase on the total remuneration package.	Ordinarily, salary increases will not exceed the average increase awarded to other Group colleagues from the same country/region.
Pension	For UK nationals, the Company provides a defined contribution pension arrangement and/or contributions to a private pension and/or a cash allowance.	The maximum pension contribution for Executive Directors will be the same as is available to the majority of colleagues in the market in which the Executive Director is based.
Common benefits	The Company provides common benefits including: <ul style="list-style-type: none"> • Company car and associated running costs or cash alternative allowance • Private health insurance and telecommunications and computer equipment • Life assurance • Long-term disability insurance 	The aggregate maximum cash cost of providing all common benefits will not exceed 20% of base salary.
Mobility-related benefits	The Company will pay all reasonable expenses and applicable tax due for the Executive Director and their family to relocate on appointment and for repatriation to the original home country at the end of their assignment and/or employment in line with our mobility policies. Executive Directors are not entitled to tax equalisation.	Based on individual circumstances and subject to written agreement. Maximum values will not exceed the normal market practice of companies of a similar size and nature at the time of relocation.
Annual Incentive Plan (AIP)	Measures, targets and their relative weightings are reviewed regularly by the Committee to ensure continuing alignment with strategic objectives and will be detailed in the relevant Annual Report on Remuneration. Bonus is delivered in cash. If an Executive Director has not reached the level of 1.5 times their shareholding requirement, then they must use the net of tax amount of 25% of their bonus opportunity to increase the level of shareholding they have and to hold these shares for two years. Any measure can be incorporated at the Committee's discretion provided it is aligned to the Group's strategic objectives; however, at least 70% of the bonus opportunity will be governed by financial performance measures. 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. The Committee can adjust some performance targets to reflect certain non-operating items and retains the ability to adjust the amount of a bonus if the formulaic outcome is not reflective of the individual or business performance or the broader shareholder experience.	Maximum potential award of 200% of salary. Currently the maximum award level is 150% of salary. Any increase beyond this level will only take place following consultation with leading shareholders.

Remuneration continued

Summary Remuneration Policy continued

Executive Directors' 2023 Summary Remuneration Policy continued

Element	Operation	Maximum potential value
Performance Share Plan (PSP)	<p>The Committee makes conditional awards of rights over shares to Executive Directors. 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 will apply.</p> <p>Annual participation is subject to Committee approval. Measures, targets and their relative weightings are reviewed regularly by the Committee to ensure continuing alignment with strategic objectives and will be detailed in the relevant Annual Report on Remuneration. At least 50% of the award will be based on financial and/or share price related metrics.</p> <p>The Committee retains the ability to adjust awards if the formulaic outcome is not reflective of the individual or business performance or broader shareholder experience.</p> <p>Share awards are subject to clawback and/or malus for up to five years following initial award. Circumstances include financial misstatement, erroneous calculations determining bonus payments, gross misconduct, corporate failure and reputational damage.</p>	<p>Maximum potential award of 250% of the annual rate of salary at the time of grant.</p> <p>Currently the maximum award level is 200% of salary. Any increase beyond this level will only take place following consultation with leading shareholders.</p>
Employee Share Ownership Plan (ESOP)	<p>Eligible UK Executive Directors are entitled to participate in an HMRC-approved Share Incentive Plan known as the ESOP.</p>	<p>Executive Directors will be subject to the same limitations as all other participants.</p>
Shareholding requirement	<p>Directors are required to build and hold shares equivalent in value to a minimum percentage of their salary.</p> <p>On ceasing to be an Executive Director, the required shareholding (or level of holding achieved by the date of ceasing) normally has to be retained for two years.</p>	<p>For the Group Chief Executive this is 300% of salary. For all other Executive Directors the requirement is 200% of their annual salary.</p>

Recruitment Policy and service contracts

The table below summarises the Company's policy on the recruitment of new Executive Directors. Similar considerations may also apply where a Director is promoted to the Board. In addition, the Committee has discretion to include any other remuneration component or award which it feels is appropriate, considering the specific circumstances of the individual, subject to the limit on variable remuneration set out below. The rationale for any such component would be appropriately disclosed.

Element	Approach
Service contract	<p>Executive Directors have service agreements that are terminable by either the Company or the Executive Director on 12 months' notice.</p> <p>Service agreements also set out any non-compete restrictions in the 12 months following the cessation of employment.</p>
Base salary	<p>Base salary will be set on appointment taking into account the factors set out in the Policy table. Depending on an individual's prior experience, the Committee may set salary below market norms, with the intention that it is realigned over time, typically two to three years, subject to performance in the role.</p>
Pension	<p>Pension benefits will not exceed the rate applicable to the relevant country's workforce, as determined by the Committee; Executive Directors who have transferred internally from overseas may continue to participate in home country pension arrangements and/or receive a cash allowance in line with the relevant country's workforce.</p>
Common benefits	<p>As per the Remuneration Policy table.</p>

Element	Approach
Mobility-related benefits	Mobility-related benefits may include the payment of some or all of an individual's tax on relocation expenses incurred within 12 months of joining.
Annual Incentive Plan (AIP)	Ongoing annual incentive pay opportunity will not exceed the maximums stated in the Policy table; different annual bonus conditions may be made by the Committee to ensure an immediate alignment of individual interests.
Performance Share Plan (PSP)	In the year of appointment an off-cycle award under the PSP may be made but will not exceed the maximums stated in the Policy table.
Employee Share Ownership Plan (ESOP)	As per the Remuneration Policy table.
Buy-out awards	The Committee reserves the right to buy out remuneration that the individual has forgone by accepting the appointment, if appropriate. The terms of such awards would be informed by the amounts being forfeited and the associated terms (for example the extent to which the outstanding awards were subject to performance, the vehicles and the associated time horizons). Awards would be made either through the existing share plans or in accordance with the relevant provisions contained within the Listing Rules.

Termination Policy

The Company may choose to terminate the contract of any Executive Director in line with the terms of their service agreement, either by means of a payment in lieu of notice or through a series of phased payments subject to mitigation. Service agreements may be terminated without notice and, in certain circumstances such as gross misconduct, without payments.

The table below summarises our Termination Policy for Executive Directors under their service agreements and the incentive plan rules.

Element	Approach
Base salary, pension and common benefits	Payment made up to the termination date in line with contractual notice periods.
Mobility-related benefits	The Company will pay all reasonable expenses and applicable tax due for the Executive Director and their family for repatriation to the original home country at the end of their assignment and/or employment.
Annual Incentive Plan (AIP)	Whilst it is not an entitlement, it is expected that where an Executive Director is a 'good leaver' (i.e. where the cessation of employment is due to death, disability, redundancy, retirement or the Company business in which they work being disposed of or where the ending of employment is instigated by the Company and is not for cause), payments will be made to the extent performance targets are met subject to the Plan rules and the Policy. If the Executive Director is not a 'good leaver' it is expected no payment would be made.
Performance Share Plan (PSP)	The treatment of outstanding shares under the PSP is determined in accordance with the shareholder approved PSP rules. In the case of a 'good leaver' the award will normally vest on the normal vesting date to the extent the performance conditions are met, with the number of shares pro-rated to reflect the period employed within the performance period. If the Director is not a 'good leaver' then all awards will normally lapse in full no later than last day of employment with the Company.
Employee Share Ownership Plan (ESOP)	In relation to the ESOP, as an HMRC-approved plan, where an Executive Director leaves the treatment will be in line with the approved plan rules and HMRC guidance.

The full Policy sets out further detail on the treatment of the Executive Directors' pay arrangements, including the treatment of share schemes in the event of a change of control or winding up of the Company.

Remuneration continued

Summary Remuneration Policy continued

Non-Executive Directors' 2023 Summary Remuneration Policy

Element	Operation and opportunity
Chair's fee	<ul style="list-style-type: none"> • Fees are reviewed annually by the Remuneration Committee • The Chair is paid a single fee for all responsibilities • The fees paid to the Chair and Non-Executive Directors will not exceed the amount set out in the Articles of Association
Non-Executive Directors' basic fee	<ul style="list-style-type: none"> • Fees are reviewed annually by the Board • The fees paid to the Chair and Non-Executive Directors will not exceed the amount set out in the Articles of Association
Additional fees	<p>Additional fees may be paid for additional responsibilities and time commitments e.g.:</p> <ul style="list-style-type: none"> • Board Chair • Senior Independent Director • Committee Chair • Long-haul intercontinental travel
Benefits	<ul style="list-style-type: none"> • The Chair and Non-Executive Directors do not participate in any annual bonus, incentive plan, pension scheme or healthcare benefit provided by the Company • The Chair and Non-Executive Directors are not prohibited from participating in other benefit arrangements available to the majority of UK colleagues as long as there is no additional cost to the Company • The Company repays the reasonable expenses incurred by the Chair and Non-Executive Directors in carrying out their duties and may settle any tax incurred in relation to these

Remuneration framework for other colleagues

The Company's approach to annual salary reviews is consistent across the Group, with consideration given to the scope of the role, level of experience, responsibility, individual performance and market pay levels. The most senior managers in the business (approximately 350 people globally) participate in bonus arrangements with similar targets, measures and relative weightings to that of the Executive Directors.

Target and maximum potential values are lower and determined by the grade of the manager's role. Performance targets are based on an appropriate combination of Group, Business and local operating company financial measures, in addition to personal strategic objectives.

Contractual terms and benefits for the wider workforce are subject to local employment legislation and best practice.

Regulatory disclosures



Good governance is at the heart of our business helping us to manage and progress our objectives.”

Andy Robson

Group General Counsel and Company Secretary

The Directors present their report and the audited Financial Statements of the Group for the year ended 31st December 2023. The following regulatory disclosures are made in compliance with the Companies Act 2006 (the Act), the Listing Rules (LR), the Disclosure Guidance and Transparency Rules (DTR) and the 2018 UK Corporate Governance Code (the Code).

The Board has taken advantage of Section 414C (11) of the Act to include disclosures in the Strategic Report on those items indicated in the table at the end of this report. These, together with this report, comprise the Directors' Report (the Report).

Scope of the reporting in this Annual Report

The Board has prepared a Strategic Report (including the Chair's Statement, the Chief Executive Officer's Review, the Financial Review and the Operating Review) which provides an overview of the development and performance of the Group's business in the year ended 31st December 2023 and its position at the end of that year, which covers likely future developments in the business of the Company and the Group. The Strategic Report can be found on pages 4 to 105.

For the purposes of compliance with DTR 4.1.5R (2) and DTR 4.1.8R, the required content of the management report can be found in the Strategic Report and these regulatory disclosures, including the sections of the Annual Report incorporated by reference. For the purposes of LR 9.8.4CR, the information required to be disclosed by LR 9.8.4R, which is not covered in this Report, is set out in the table at the end of this Report.

DTR 7.2 requires certain information to be included in a corporate governance statement in the Directors' Report. Information that fulfils these requirements can be found in the Corporate Governance Statement on pages 106 to 178 and is incorporated into this Report by reference.

Directors

The Directors who served during the year were Jamie Pike, Richard Gillingwater, Angela Archon, Constance Baroudel (appointed 2nd August 2023), Peter France, Caroline Johnstone, Jane Kingston, Olivia Qiu (stepped down 31st January 2023), Kevin Thompson, Nicholas Anderson and Nimesh Patel.

We have met or exceeded the Board composition requirements of the Parker Review on ethnic diversity and the FTSE Women Leaders Review on gender diversity on the Board.

+ Biographies of the Directors and details of the gender and ethnic diversity of the Board can be found on pages 112 to 115

Regulatory disclosures continued

Results

The Group's results for the year have been prepared in accordance with the International Financial Reporting Standards. They are set out in the Consolidated Income Statement, which appears on page 196.

Dividend

As at 31st December 2023, the Company has distributable reserves of £593.5 million (see the Company Statement of Financial Position on page 249). The Directors are proposing the payment of a final dividend of 114.0 pence (2022: 109.5 pence) which, together with the interim dividend of 46.0 pence (2022: 42.5 pence), makes a total distribution for the year of 160.0 pence (2022: 152.0 pence). If approved at the Annual General Meeting (AGM), the final dividend will be paid on 24th May 2024 to shareholders on the register at the close of business on 26th April 2024.

Directors' and Officers' Insurance

The Company provides Directors' and Officers' Insurance for Board members, Directors of the Group's operating companies and senior officers.

The Company has also provided each Director with an indemnity to the extent permitted by law in respect of the liabilities incurred as a result of their holding office as a Director of the Company.

Appointment, replacement and powers of Directors

Subject to the provisions of the Articles of Association, the Directors may exercise all the powers of the Company.

The appointment and replacement of Directors is governed by the Company's Articles of Association, the Code, the Companies Act 2006 and related legislation.

The Directors stand for election or re-election on an annual basis at each AGM, in accordance with the Code.

All current Directors will seek election or re-election at the AGM, with the exception of Nicholas Anderson who stepped down on 16th January 2024 after ten years in the role, and including the Chair who will, in any event, be stepping down during 2024 after serving 10 years, as required by the Code. The Board considers that all Directors standing for election or 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 and 113.

Conflicts of interest

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 has established formal procedures for the disclosure and review of any conflicts and 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 and/or potential conflicts of interest to the Board at the first Board meeting after their appointment. The Board believes that the procedures established to deal with conflicts of interest are operating effectively.

Capital structure

As at 31st December 2023, the Company's share capital was made up of ordinary shares which each carry one vote at general meetings of the Company. Except as set out in the Articles of Association or in applicable legislation, there are no restrictions on the transfer of shares in the Company and there are no restrictions on the voting rights in the Company's shares.

As at 29th February 2024, there were no treasury shares held by the Company. Movements in the Company's issued share capital, listed on the London Stock Exchange, during the year are set out in Note 20 on page 223.

The Directors have been authorised to issue and allot ordinary shares, pursuant to the Articles. These powers are referred to shareholders at each AGM for renewal.

The total number of ordinary shares in issue as at 31st December 2023 was 73,776,048.

Share capital – special rights and restrictions

Pursuant to the general provisions of the Articles and prevailing legislation, there are no specific restrictions on the size of a shareholding or on voting rights of holders of ordinary shares. The Directors are not aware of any restrictions on the transfer of ordinary shares in the Company other than certain restrictions which may from time to time be imposed by law and regulations, e.g. insider trading laws, and pursuant to the Listing Rules of the Financial Conduct Authority (FCA) whereby certain employees of the Company require the prior approval from the Company to deal in the Company's securities.

The Company is not aware of any agreements entered into between any shareholders which restrict the transfer of shares or the exercise of any voting rights attached to the shares. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

Articles of Association

The Company's Articles of Association are available from Companies House in the UK. They are also available on the Company's website. Amendments to the Articles of Association can only be made by means of a special resolution at a general meeting of the shareholders of the Company.

Change of control

The Group's principal borrowing facilities include change of control provisions that could result in repayment and cancellation of any amounts drawn.

There are provisions in the Executive Directors' service agreements which state that following a takeover or change of control, if the Executive Director's employment is terminated then both salary/benefits and a sum in respect of lost future bonus opportunity become payable as a lump sum.

Substantial shareholdings

The voting rights in the table below have been determined in accordance with the requirements of the UK Listing Authority's Disclosure and Transparency Rules DTR 5 and represent 3% or more of the voting rights attached to issued shares in the Company as at 29th February 2024 (being the latest practicable date prior to publication) and 31st December 2023. There are no controlling founder shareholders.

Substantial shareholdings	As at 31st December 2023		As at 29th February 2024	
	Number of ordinary shares	% of issued share capital	Number of ordinary shares	% of issued share capital
BlackRock, Inc.	10,833,491	14.7%	10,765,407	14.6%
Impax Asset Management Group plc	3,474,789	4.7%	3,361,599	4.6%
The Vanguard Group Inc	3,356,167	4.6%	3,405,055	4.6%
APG Groep N.V.	3,314,805	4.5%	3,343,730	4.5%
Fiera Groep N.V.	3,178,414	4.3%	3,012,499	4.1%

Purchase of own shares

A shareholder's authority for the purchase by the Company of a maximum of 10% of its own shares was in existence during the year. However, the Company did not purchase any of its shares during that time. This authority expires at the forthcoming AGM and it is proposed that a similar authority be approved.

Employee Benefit Trust (EBT)

The number of shares held in the EBT at 31st December 2023 was 139,907 for the purpose of satisfying the vesting of awards and options granted to employees under the various Company schemes. Dividends on shares in the EBT are waived.

Auditor

The Company's Auditor throughout the period of this Annual Report was Deloitte LLP, having been initially appointed on 20th May 2014 and, following an audit tender in 2022, reappointed at the 2023 AGM.

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming AGM.

Disclosure of information to the Auditor

As at the date of the approval of this Annual Report, as far as each Director is aware, there is no relevant audit information of which the Company's Auditor is unaware. Each Director has taken all such steps as they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Research and development (R&D)

The Group continues to devote significant resources to the research, development, updating and expansion of its range of products and solutions to remain at the forefront of its world markets.

The R&D functions in Steam Thermal Solutions (formerly Steam Specialties): Spirax Sarco, Cheltenham (UK) and Gestra, Bremen (Germany); Electric Thermal Solutions: Vulcanic, Neuilly-sur-Marne (France) and Thermocoax, Normandy (France); and Watson-Marlow: Falmouth (UK) and Aflex Hose, Huddersfield (UK); and the Product Development functions in Chromalox, Pittsburgh (USA) and Durex Industries, Cary (USA) are tasked with improving the Group's pipeline of new products, accelerating the time to launch, expanding the Group's addressable market and realising additional sales.

Further information on the expenditure on R&D is contained in Note 6 on page 211. The amount of R&D expenditure capitalised, and the amount amortised, in the year, are given in Note 14 on page 218.

Treasury and foreign exchange

The Group has in place appropriate treasury policies and procedures, which are approved by the Board. The Treasury function manages interest rates for both borrowings and cash deposits for the Group. It is also responsible for ensuring there is sufficient headroom against any banking covenants contained within its credit facilities and for ensuring there are appropriate facilities available to meet the Group's strategic plans. The Group's Treasury Policy was reviewed, updated and approved in May 2022 by the Audit Committee and the Board.

To mitigate and manage exchange rate risk, the Group routinely enters into forward contracts and continues to monitor exchange rate risk in respect of foreign currency exposures.

All these treasury policies and procedures are regularly monitored and reviewed. It is the Group's policy not to undertake speculative transactions which create additional exposures over and above those arising from normal trading activity.

Political donations

The Group has a policy of not making political donations and no political donations were made during the year (2022: nil).

Regulatory disclosures continued

Diversity and inclusion

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 this data on an annual basis. We do not prescribe set gender or ethnicity categories, but ask for directors to self-describe this. Further information on how we have complied or explained our non-compliance with Financial Conduct Authority's Listing Rules 9.8.6R(9) can be found in the Nomination Committee report on pages 132 to 137. In accordance with the Listing Rules 9.8.6R(10) the following information is also provided:

Table 1: Reporting table on gender representation

	Number of Board members	Percentage of Board	Number of senior positions on the Board	Number in executive management	Percentage of executive management
Men	6	60%	4	7	77.8%
Women	4	40%	—	2	22.2%
Not specified/prefer not to say	—	—	—	—	—

Table 2: Reporting table on ethnicity representation

	Number of Board members	Percentage of Board	Number of senior positions on the Board*	Number in executive management	Percentage of executive management
White British or other White (including minority White groups)	8	80.0%	3	8	88.9%
Mixed/multiple ethnic groups	—	—	—	—	—
Asian/Asian British	1	10.0%	1	1	11.1%
Black/African/Caribbean/Black British	1	10.0%	—	—	—
Other ethnic group, including Arab	—	—	—	—	—
Not specified/prefer not to say	—	—	—	—	—

* Group CEO, CFO, SID and Chair

Annual General Meeting

The Notice of Meeting convening the AGM, to be held on Wednesday 15th May 2024, and an explanation of the resolutions sought, is set out in the Circular posted on our website and sent to shareholders in the format selected by them.

This year we are pleased to be able to hold a physical meeting and welcome our shareholders to the AGM in person. The meeting will be held at our newly refurbished Group Headquarters at Charlton House, Cheltenham, UK.

While we are always delighted to meet with our shareholders at our AGM; all shareholders are still able to vote by submitting a Form of Proxy, in line with the instructions set out in the Circular.

In 2023, 91.9% of the proxy votes received were lodged electronically through the CREST system.

The results of the votes will be announced to the London Stock Exchange and posted on the Group's website, spiraxgroup.com, shortly after the conclusion of the meeting.

For up-to-date information, please refer to our website: spiraxgroup.com/agm-notices

The Strategic Report and this Directors' Report were approved by the Board on 6th March 2024. Pages 179 to 182 form the Directors' Report for the purposes of the Companies Act 2006.

By order of the Board

Andy Robson

Group General Counsel and Company Secretary
6th March 2024

Spirax-Sarco Engineering plc Registered no. 596337

Additional information

Disclosure	Page(s)	Location in Annual Report
Asset values	195	Consolidated Statement of Financial Position ¹
Charitable donations	81	Strategic Report: Sustainability Report ¹
Risk management and Principal Risks	98-105	Strategic Report ¹
Financial instruments and financial risk management	234	Note 27, Financial Statements ¹
Future developments of the Group's business	48, 52, 56	Strategic Report ¹
Employee culture and engagement (includes employee investment and reward)	63-66, 128-131	Strategic Report: Sustainability Report ¹ and Colleague Engagement Report
Employee share schemes (includes Long-Term Incentive Plans)	167-168, 230	Directors' Remuneration Report and Note 22, Financial Statements ²
Health and safety and employee-related policies including diversity and disability	62, 95	Strategic Report: Sustainability Report ¹
Movements in share capital	198	Consolidated Statement of Changes in Equity
Greenhouse gas emissions	70-74	Strategic Report: Sustainability Report ¹
Going concern statement	41	Strategic Report: Financial Review
Directors' responsibility statement	184	Statement of Directors' Responsibilities
Directors' interests	169	Directors' Remuneration Report
Stakeholder consideration and engagement	121-123	Corporate Governance Report: Section 172 Statement ¹

¹ The Board has taken advantage of Section 414C(11) of the Act to include disclosures in the Strategic Report on these items.

² Information required to be disclosed by LR 9.8.4R.

Statement of Directors' Responsibilities



The Group navigated a challenging trading environment in 2023 and is well positioned for a return to growth in 2024.”

Nimesh Patel
Group Chief Executive Officer

Board of Directors

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare consolidated Group Financial Statements for each financial year in accordance with IFRS as adopted by the UK. Parent Company Financial Statements are prepared under FRS 101.

In addition, by law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period. In preparing these Financial Statements, the Directors are required to:

- Properly select and apply accounting policies
- Present information, including accounting policies, in a manner which is relevant, reliable, comparable and understandable
- Provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance
- Make an assessment of the Company's ability to continue as a going concern

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its Financial Statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website, spiraxgroup.com.

Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Cautionary statement

All statements other than statements of historical fact included in this document, including those regarding the financial condition, results, operations and Businesses of Spirax-Sarco Engineering plc (its strategy, plans and objectives), are forward-looking statements.

These forward-looking statements reflect management's assumptions made based on information available at this time. They involve known and unknown risks, uncertainties and other important factors which could cause the actual results, performance or achievements of Spirax-Sarco Engineering plc to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Spirax-Sarco Engineering plc and its Directors accept no liability to third parties in respect of this Report save as would arise under English law.

Any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with schedule 10A of the Financial Services and Markets Act 2000. Schedule 10A contains limits on the liability of the Directors of Spirax-Sarco Engineering plc and their liability is solely to Spirax-Sarco Engineering plc.

Responsibility statement

We confirm that to the best of our knowledge:

- The Financial Statements, prepared in accordance with IFRS as adopted by the UK, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole
- The Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the Principal Risks and uncertainties that they face
- The Annual Report 2023 taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's financial position, performance, business model and strategy

This responsibility statement was approved by the Board of Directors on 6th March 2024 and is signed on its behalf by:

Nimesh Patel
Group Chief Executive Officer
6th March 2024



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Spirax Group's commitment to environmental stewardship is reflected in this Annual Report, which has been printed on Revive 100 Silk, which is 100% post-consumer recycled, FSC® certified and totally chlorine free (TCF) paper. Printed in the UK by Park Communications using vegetable-based inks, with 99% of dry waste being diverted from landfill. The printer is a CarbonNeutral® company. Both the mill and the printer are certified to ISO 14001 (Environmental Management System) and ISO 9001 (Quality Management System).

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