# Spectris plc Notice of General Meeting

**To be held at 3.30pm on Wednesday 4 December 2019**
**at Great Fosters, Stroude Road, Egham, Surrey TW20 9UR**

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**
If you are in any doubt as to any of the contents of this document or the action you should take you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent advisor authorised under the Financial Services and Markets Act 2000.

If you have recently sold or transferred all of your shares in Spectris plc, you should forward this document and the accompanying form of proxy to your bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

# Letter from the Chairman

**I have pleasure in enclosing with this letter the notice of a General Meeting (the "Meeting") to be held on Wednesday, 4 December 2019 at 3.30pm at Great Fosters, Stroude Road, Egham, Surrey TW20 9UR (the "Notice"). The Notice convening this Meeting is set out on page 8 of this document.**

We communicated our new strategy at the Capital Markets Day earlier this year and appreciated its endorsement by shareholders. Although we are not required to put our Remuneration Policy (the "Policy") to shareholders until the 2020 Annual General Meeting, we have developed a Policy that is aligned to the strategy and believe that it would be sensible to have it in place from the start of 2020.

We have also taken the opportunity of this review to ensure that our Remuneration Policy reflects the highest standards of corporate governance requirements, and to ensure that the incentive structures is aligned with the performance expected by our shareholders. We have also increased the proportion of any incentives awarded being delivered in shares and the duration of holding periods to reinforce the requirement to deliver performance on a sustained basis.

We have discussed the Policy with a large number of our shareholders and have made multiple adjustments to the Policy based on that valuable feedback. We much appreciate the time and input shareholders have given during that engagement process.

The Resolutions are covered in detail in the remainder of this document and I would like to take this opportunity to explain to you the effect of the Resolutions to be proposed at the Meeting.

## Resolution 1 – Approval of the 2020 Directors' Remuneration Policy

This resolution seeks shareholder approval of a revised Directors' Remuneration Policy (the "Policy"), which, if approved, will take effect from 1 January 2020. A detailed explanation of the proposed changes to the Policy is set out in a letter from Russell King, Chairman of the Remuneration Committee, on pages 3 to 7 of this document and the full Policy is set out on pages 12 to 21 of this document.

## Resolution 2 – Approval of the Spectris Deferred Bonus Plan

The Policy proposes that 50% of any annual bonus earned by Executive Directors will be awarded as shares, which are deferred for three years from the date of award. This resolution seeks approval to adopt a new Deferred Bonus Plan ("DBP") which will be used to make awards of deferred shares to Executive Directors under the deferred element of their annual bonus. A summary of the key terms of the DBP is set out in Appendix 1 to this Notice on pages 24 to 26 and a copy of the DBP rules is available for inspection as detailed on page 11.

## Resolution 3 – Approval of the Spectris Long Term Incentive Plan

This resolution seeks approval to introduce a Long Term Incentive Plan ("LTIP") to replace the current Performance Share Plan ("PSP"). This LTIP shares many of the features of the current PSP, but has been updated to reflect current legislation, best practice and corporate governance requirements. The key terms of the LTIP are summarised in Appendix 2 to this Notice on pages 27 to 29 and a copy of the LTIP rules is available for inspection as detailed on page 11.

## Resolution 4 – Approval of the Spectris Reward Plan

This resolution seeks approval to introduce a new Spectris Reward Plan ("SRP") which will be used primarily to make an award in the form of share options, conditional shares, restricted shares or cash awards to any employee of the Group, excluding Executive Directors, that vest after 3 years subject to continued employment with no further holding period requirement. Although the SRP will not be used to make awards to the Executive Directors, it is intended that awards made under the SRP will be settled by new issue or treasury shares and therefore the SRP also requires shareholder approval. The key terms of the SRP are summarised in Appendix 3 to this Notice on pages 30 and 31 and a copy of the SRP rules is available for inspection as detailed on page 11.

## Action to be taken

Shareholders will find enclosed with this document a form of proxy for the Meeting. Whether or not you intend to be present at the Meeting, you are requested to complete, sign and return the form of proxy in accordance with the instructions printed on it as soon as possible and, in any event, so as to arrive not later than 3.30pm (UK time) on 2 December 2019. The completion and return of a form of proxy will not preclude you from attending the meeting and voting in person should you wish to do so.

## Recommendation

In the opinion of the Board, each of the Resolutions to be proposed at the Meeting as set out in this Notice is in the best interests of the Company and shareholders as a whole and is likely to promote the success of the Company. The Directors unanimously recommend that you vote in favour of all Resolutions set out within this Notice, as they intend to do so in respect of their own shareholdings.

**Yours faithfully**
**Mark Williamson**
**Chairman**
4 November 2019

# Letter from Chairman of the Remuneration Committee

**I am writing to you as Chairman of the Remuneration Committee (the "Committee") of Spectris plc ("Spectris" or the "Company"). In this letter, I have set out a summary of the considerations undertaken by the Committee which supported the drafting of the 2020 Remuneration Policy (the "Policy"). This summary letter should be read in conjunction with the Policy which is set out on pages 12 to 21 of this Notice.**

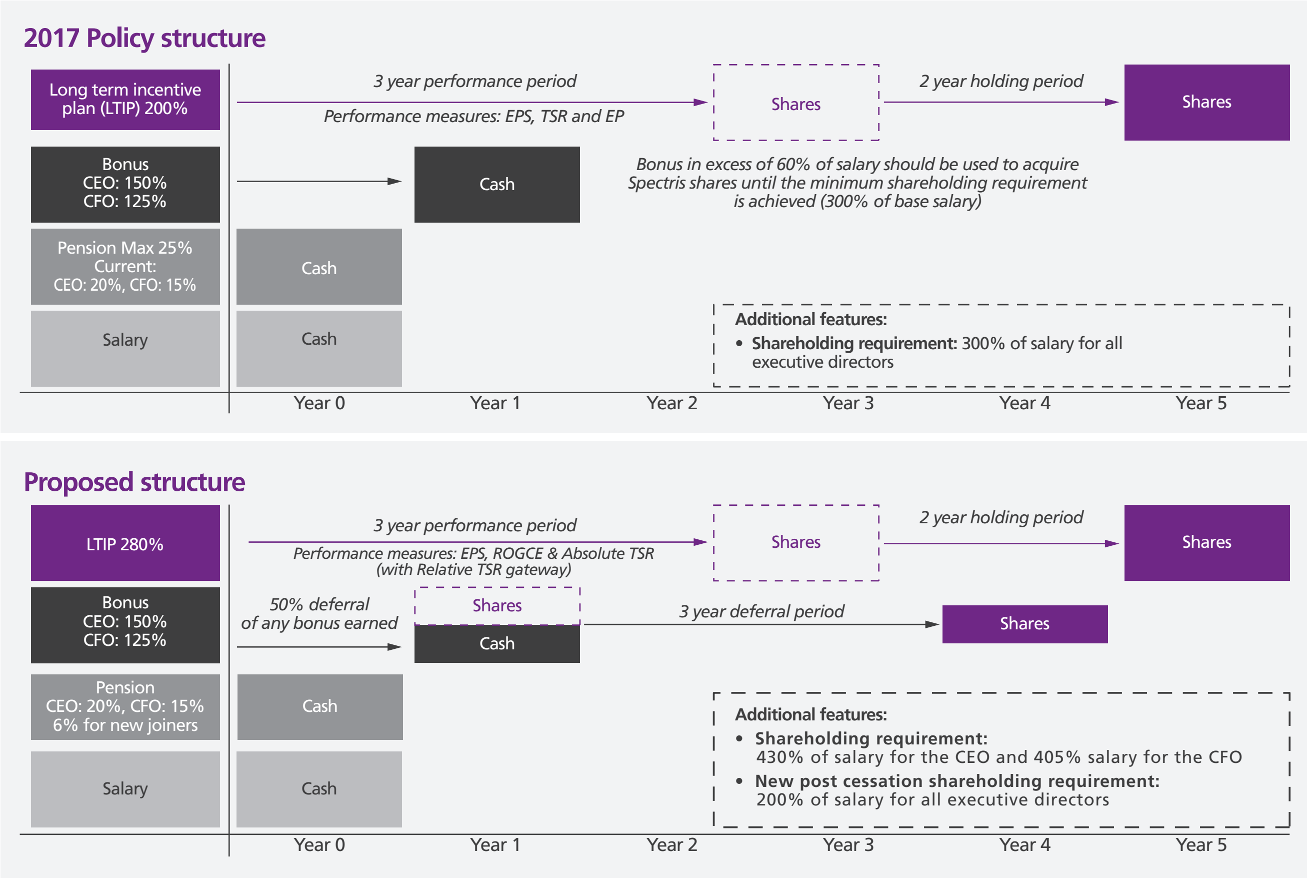
## Background

Spectris' existing Remuneration Policy was approved by shareholders in May 2017. Since that time, the Group has appointed a new leadership team and set out a strategy for profitable growth that was presented to the market at a Capital Markets Day in June 2019. Following the agreement of the rejuvenated strategy, the Committee consulted with management and our external remuneration advisors, PricewaterhouseCoopers LLP ("PwC") to consider the most appropriate way to reflect this strategy in the Group's future remuneration structure. The proposed Policy has been designed by the Committee to align the interests of the Executive Directors and the senior management team with the core aims of the new strategy, as well as to align management with the interests of shareholders in the reward for significant outperformance against the market. As noted in the Chairman's opening letter, we are bringing this Policy to shareholders for approval slightly ahead of the three-year requirement to ensure that executive pay is aligned with strategy and performance for the 2020 reward cycle. I can confirm that if the Policy is approved by shareholders, the reward cycle will be unchanged, with the first Long Term Incentive Plan ("LTIP") awards being made in February 2020 following the announcement of the 2019 Full Year Results and in line with the usual annual grant timetable.

A summary of the proposed Policy structure and a comparison to the existing 2017 Remuneration Policy is set out below:

## Proposed remuneration structure

The key changes proposed align the performance measures to Strategy for Profitable Growth, enhance bonus deferral, and introduce an LTIP set against stretching EPS, ROGCE and TSR performance conditions to align executives with outperformance goals.



# Letter from Chairman of the Remuneration Committee continued

## Changes to reflect developments in Corporate Governance

The Committee has taken the opportunity presented by this Policy review process to align with best practice as set out in the 2018 UK Corporate Governance Code (the "Code"). In particular, I am pleased to highlight the following changes:

- 50% of any bonus received under the Annual Bonus Plan ("ABP") by Executive Directors will be deferred into shares;
- shareholding guidelines for the Executive Directors have been increased from 300% of salary to now equal one-year's maximum variable pay, which equates to 430% of salary for the Chief Executive and 405% of salary for the CFO;
- a shareholding requirement of 200% of final salary must be held by each Executive Director for two years after employment ceases, for whatever reason;
- both Malus and Clawback are now included in the Policy in relation to both the ABP and the LTIP (the 2017 Policy included only Clawback), with enhanced and detailed triggers for both Malus and Clawback included in the Policy and in the supporting share plan rules;
- all new Directors and senior management will be recruited on the same pension terms as the majority of the UK workforce; and,
- a commitment to introduce a plan to align the pension contributions of incumbent Executive Directors with the majority of employees. This may be through both reductions to Executive Director pension contributions and increased contributions for all employees. The Committee has demonstrated its commitment in practice when recruiting the new CEO and CFO, providing them with 20% and 15% of salary pension contributions respectively compared to their predecessors contribution rate of 25%.

Under the Code, the Committee is also responsible for setting the remuneration of senior management and I can confirm that the principles and structure of this Policy will be cascaded through the senior leadership population.

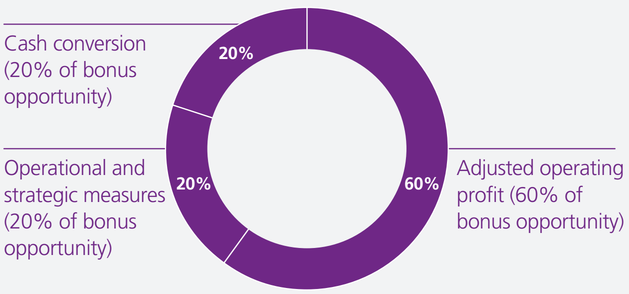
## Performance Conditions

In drafting the Policy, the Committee spent considerable time determining the appropriate performance measures for the Executive Directors to best align with the new strategy. The performance measures relevant to the ABP and the LTIP should be viewed holistically, with each performance condition intended to support and measure the implementation of the Company's strategy in a different way. A summary of the proposed structure is set out below and a detailed summary of the performance conditions is set out on pages 22 and 23:

## Annual bonus and LTIP performance measures

A balance of financial and strategic measures to support our long-term growth ambitions.

### Annual bonus




### LTIP

**Total Shareholder Return ("TSR") (up to 80% of salary)**

**Adj. Earnings per share ("EPS") growth (100% of salary)**

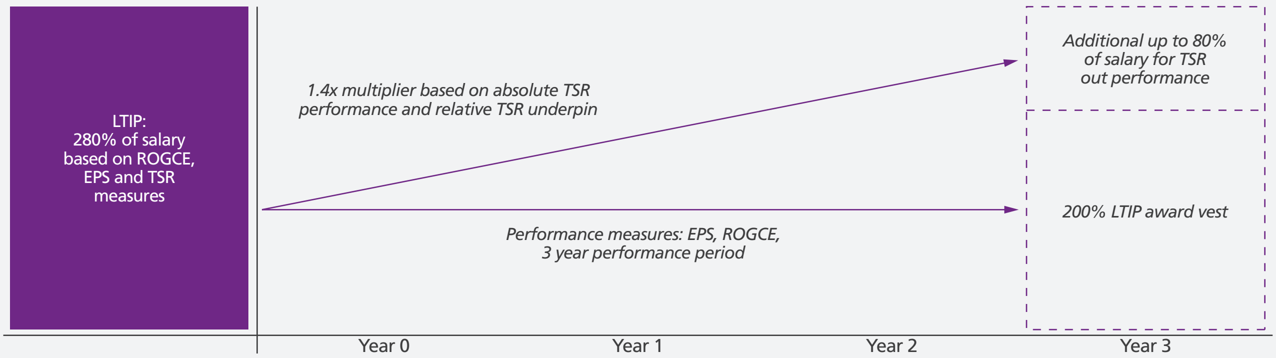
**Return on Gross Capital Employed ("ROGCE") (100% of salary)**

## LTIP Quantum

The Committee strongly believes that the key to the success of the new strategy is the retention of its high-performing executive team and the alignment of that team with the significant returns to be made to shareholders through the successful implementation of the new strategy. To support this alignment, the Committee has proposed the introduction of an additional feature to the LTIP, whereby the outturn of performance under the Earnings per Share ("EPS") and Return on Gross Capital Employed ("ROGCE") targets set within the LTIP will then be further assessed against both an absolute and relative Total Shareholder Return ("TSR") metric. Performance against the targets under this TSR metric will multiply the base LTIP up to a total potential maximum LTIP award of 280% of salary. The TSR targets have been set at a very stretching level and shareholders will see a material increase in share price upon achievement of threshold, target and maximum growth. A summary of the proposed structure and the indicative outturns is set out below:

## LTIP Indicative Performance Targets: TSR

Successful execution of the strategy should result in significant returns to shareholders. The LTIP assesses both absolute TSR targets and a relative TSR gateway to incentivise and align executives with this. Any payout under this element would only be for performance in addition to the core EPS and ROGCE measures.




| **Max. TSR Vesting** (% of salary) | **Absolute TSR targets** | **Relative TSR gateway – assessed against FTSE 250 index (excluding investment trusts)** | **Indicative share price (assuming a 2% dividend yield p.a.)** |
|---|---|---|---|
| Threshold (0%) | 8% p.a. | A minimum of median relative TSR required for absolute TSR multiplier to pay out between threshold (1x) and target (1.2x). | £30.83 |
| Target (40%) | 10% p.a. | | £32.57 |
| Maximum (80%) | 15% p.a. | A minimum of upper quartile relative TSR required for absolute TSR multiplier to pay out between target (1.2x) and maximum (1.4x). | £37.22 |

- Absolute TSR targets have been set at a stretching level. Shareholders would see a material increase in share price upon achievement of threshold, target and maximum growth.
- Based on a dividend yield of 2% (approximately median Spectris dividend yield over last 10 years), achievement of maximum absolute TSR target would result in Spectris share price of £37.22 compared to £25.97 today*, an increase of 43%.

* 3-month average share price to 1 September 2019 = £25.97.

In designing this Policy, the Committee recognises that the LTIP potential quantum has been increased and, whilst within the market range, is at the top end of the opportunity available in the FTSE 250. However, the Committee believes that this level of incentive is appropriate to reflect the implementation of the agreed strategy and to align the Executive Directors with the potential value acceleration available to shareholders through the enactment of the new strategy. The Committee has reassured itself that the performance required to trigger a vesting at these levels would be at a level significantly above the average. The following table shows for historic performance the comparable pay-outs under the current Policy and the new Policy. This table demonstrates that, based on historic performance, the new Policy requires a higher level of performance to achieve similar outcomes. The Committee, therefore, is reassured by this analysis that similar levels of performance will not result in increased levels of remuneration.

## LTIP: historic payouts under proposed targets

**Historical modelling indicates that proposed targets are appropriately stretching**

The table below illustrates how awards would have vested over the last 9 cycles based on actual performance.

| Year | Adjusted EPS 3 year growth (p.a.) | ROGCE | Actual 3 year TSR growth (p.a.) | Base award | | Multiplier | | | Vesting outcomes under Planned Policy | | Actual outcomes under existing Remuneration Policy (% max) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Adjusted EPS (% max) | ROGCE (% max) | Absolute TSR multiplier | Relative TSR gateway | Final multiplier* | Total award (% salary) | Total award (% max) | |
| 2018 | 10.97% | 13.70% | 11.20% | 100% | 0% | 1.25 | M-UQ | 1.2 (capped by rel. TSR perf.) | 120% | 43% | 63% |
| 2017 | 5.26% | 14.60% | 12.90% | 37% | 0% | 1.32 | M-UQ | 1.2 (capped by rel. TSR perf.) | 44% | 16% | 10% |
| 2016 | -1.37% | 14.10% | -0.70% | 0% | 0% | 1 | LQ-M | 1 | 0% | 0% | 0% |
| 2015 | -4.27% | 14.60% | 0.00% | 0% | 0% | 1 | <LQ | 1 | 0% | 0% | 0% |
| 2014 | 0.08% | 17.20% | 17.80% | 0% | 0% | 1.40 | LQ-M | 1 (capped by rel. TSR perf.) | 0% | 0% | 28% |
| 2013 | 15.35% | 20.10% | 28.30% | 100% | 0% | 1.40 | M-UQ | 1.2 (capped by rel. TSR perf.) | 120% | 43% | 100% |
| 2012 | 42.11% | 21.70% | 39.70% | 100% | 100% | 1.40 | >UQ | 1.4 | 280% | 100% | 100% |
| 2011 | 19.46% | 23.60% | 41.10% | 100% | 64% | 1.40 | >UQ | 1.4 | 174% | 62% | 100% |
| 2010 | 14.23% | 22.50% | 18.70% | 100% | 0% | 1.40 | >UQ | 1.4 | 140% | 50% | 89% |

- Modelling indicates that targets are stretching.
- Adjusted EPS below threshold in 3 of 9 cycles.
- ROGCE below threshold in 7 of 9 cycles.
- Relative TSR gateway limits payouts in 4 of 9 cycles.
- Total awards between 0% and 100% of maximum opportunity

*Note: The multiplier applies to the outcome of the EPS and ROGCE measures. Therefore a 1x multiplier results in no additional payout under the LTIP.

## Stakeholder Consultation

During September 2019, I met with shareholders representing 48% of our issued share capital to understand their views on the Policy. The majority of investors were strongly supportive of the key changes proposed to the Policy, the supporting rationale and confirmed that they felt that the Policy aligned well with the new strategy. I am pleased to confirm that following feedback received from our investors, the Committee agreed to amend the Policy. The following table sets out the original proposals, the amended proposals and the factors considered by the Committee in accepting the feedback received:

| Original Proposal | Amended Proposal | Consideration by the Committee |
|---|---|---|
| LTIP Quantum (300% with multiplier of 1.5) | Quantum (280% with multiplier of 1.4) | The Committee very carefully considered in making this change:<br>• the potential value to be realised by shareholders through the successful execution of the new strategy by the management team;<br>• the balance between the level of performance required and the quantum of reward;<br>• the current climate for executive remuneration; and<br>• the overall achievability of the targets to be set in the context of the risk appetite of the Board. |

| Original Proposal | Amended Proposal | Consideration by the Committee |
|---|---|---|
| LTIP – EPS threshold 3% | EPS threshold 4% | In setting its original target, the Committee carefully balanced the macro-economic environment, the five-year plan, the need for targets at threshold to be reasonably attainable and consensus forecasts. In revising the target in response to investor feedback, the Committee considered the increase in performance required and noted that the achievement of 4% growth in EPS per annum would equate to an incremental market capitalisation for the Group of circa. £350m over the initial three-year LTIP period before threshold is achieved. The Committee considered this to be a suitably stretching threshold target set against the Group's five-year plan and the macro-economic environment. For future awards, the Committee expects to set threshold performance at, or moderately below, external consensus for EPS and reserves the right to increase this target in subsequent years if it considers that increase to be appropriate. |
| ROGCE – Performance target for 2020 grant as follows:<br><br>Threshold – 20% Vesting – 2019 FY ROGCE<br><br>Target – 60% Vesting – 2019 FY<br><br>ROGCE +1%<br><br>Maximum – 100% Vesting – 2019 FY ROGCE +2% | Revised 2020 Targets:<br><br>Threshold – 20% Vesting – 2019 FY ROGCE +1%<br><br>Target – 60% Vesting – 2019 FY ROGCE +2%<br><br>Maximum – 100% Vesting – 2019 FY ROGCE +3% | ROGCE is a comprehensive measure of the effectiveness of all capital deployed by the Group and supports the Group's key strategic intention to improve its overall return on capital invested in the medium term. It is significantly more demanding than a standard ROCE measure as it includes the full consequences of any deterioration in the value of any Group businesses by adding back any impairment charges.<br><br>As a new measure for the Group, the Committee's intention is to strike the right balance between ensuring this measure is suitably stretching at threshold, target and maximum levels, and also ensuring that it remains a motivating incentive during a period of Group strategic change set against a challenging macro-economic environment. The Committee considers that these revised targets strike that appropriate balance for the 2020 award but reserve the right to increase these targets in future years to ensure that they remain sufficiently stretching. |
| Shareholder Guidelines:<br><br>300% of salary for both Executive Directors | 430% for the CEO<br><br>405% for the CFO | The Committee was persuaded by the logic of a number of shareholders to set the minimum shareholding guidelines at the same level as the new maximum annual incentive opportunity. |

## Pensions

We have committed in the Policy that all new Executive Directors and senior management will be recruited on the same pension terms as the majority of the UK workforce, which is currently set at a 6% employer contribution.

Towards the end of our shareholder consultation, the Investment Association published new guidance regarding pension arrangements and in response to this guidance, the Committee has agreed that an approach will be developed to bring Executive Director and senior management pension arrangements in line with the workforce by the end of 2022. The first step in this process will be undertaken during 2020 and this will centre on a review of the appropriateness of existing workforce arrangements. It should be noted that the Committee has already started the process of alignment by recruiting the current Executive Directors on lower pension contributions than their predecessors with Andrew Heath recruited in late 2018 on a contribution level of 20% and Derek Harding recruited in early 2019 on a contribution of 15%, which is notably lower than the 25% contribution levels in place for their predecessors and other current UK-based members of the Executive Committee.

## Conclusion

I will be attending the Meeting and I will be available to answer any shareholder questions on the contents of this document or more broadly in relation to the Group's approach to Executive remuneration. If you are unable to attend the Meeting and you would like to raise a question regarding the Policy please email cosec@spectris.com

**Yours faithfully**
**Russell King**
**Chairman of the Remuneration Committee**
4 November 2019

# Notice of General Meeting

**Notice is hereby given that a General Meeting of the Company will be held at Great Fosters, Stroude Road, Egham, Surrey TW20 9UR on Wednesday, 4 December 2019 at 3.30pm to consider and, if thought fit, pass the Resolutions detailed below.**

**All of the Resolutions are proposed as ordinary resolutions, requiring more than half of the votes cast to be in favour for each of those Resolutions to be passed. Voting on all Resolutions will be conducted by way of a poll rather than a show of hands.**

## Ordinary Resolutions

### Directors' Remuneration Policy

**1.** That the Directors' Remuneration Policy, produced in draft to the Meeting and as set out on pages 12 to 21 of this Notice, be and is hereby approved and will take effect from 1 January 2020.

### Deferred Bonus Plan

**2.** That the Spectris Deferred Bonus Plan (the "DBP"), a copy of the rules of which is produced to the Meeting and initialled by the Chairman for the purpose of identification, be and are hereby approved and adopted by the Company; and that the Directors be and are hereby authorised to:

(i) do all acts and things which they may consider necessary or desirable to implement and operate the DBP; and

(ii) establish schedules to, or further plans based on the DBP but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such schedules or further plans are treated as counting against the limits on individual and overall participation in the DBP.

### Long Term Incentive Plan

**3.** That the Spectris Long Term Incentive Plan (the "LTIP"), a copy of the rules of which is produced to the Meeting and initialled by the Chairman for the purpose of identification, be and is hereby approved and adopted by the Company and that the Directors be and are hereby authorised to:

(i) do all acts and things which they may consider necessary or desirable to implement and operate the LTIP; and

(ii) establish schedules to, or further plans based on the LTIP but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such schedules or further plans are treated as counting against the limits on individual and overall participation in the LTIP.

### Reward Plan

**4.** That the Spectris Reward Plan (the "SRP"), a copy of the rules of which produced in draft to the Meeting and initialled by the Chairman for the purpose of identification, be and is hereby approved and adopted by the Company and that the Directors be and are hereby authorised to:

(i) do all acts and things which they may consider necessary or desirable to implement and operate the SRP; and

(ii) establish schedules to, or further plans based on the SRP but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such schedules or further plans are treated as counting against the limits on individual and overall participation in the SRP.

By order of the Board

**Mark Serföző**
**General Counsel and Company Secretary**
4 November 2019

Registered office:
Heritage House, Church Road,
Egham, Surrey
TW20 9QD

Registered in England and Wales
Registered number: 2025003

# Notes on the Resolutions

## Resolution 1

### Approval of the 2020 Directors' Remuneration Policy

This resolution seeks shareholder approval of a revised Directors' Remuneration Policy (the "Policy"), which, if approved, will take effect on 1 January 2020.

The current Remuneration Policy (the "2017 Policy") was approved by shareholders at the 2017 Annual General Meeting and has been in operation for almost three years. Current regulations require the Company to keep the 2017 Policy under review and to obtain shareholder approval of its Remuneration Policy at least every three years. Following the announcement in June 2019 of the Group's strategy for profitable growth, the Policy has been developed to align the Group's remuneration structure with the new strategy from 1 January 2020. The proposed revised Policy will broadly retain the structure of the current policy but has been updated to reflect changes in best practice and corporate governance, and the outcome of discussions held with the Company's major shareholders.

The full Policy is set out on pages 12 to 21 of this Notice.

## Resolution 2

### Approval of the Spectris Deferred Bonus Plan

The Policy proposes that 50% of any annual bonus earned by Executive Directors will be paid in cash, with the remaining 50% to be awarded as shares which are deferred for three years from the date of award. The amount of bonus earned is subject to the achievement of annual performance measures linked to key financial, operational and strategic goals. Once awarded, such deferred shares may normally vest after three years with no further performance measures.

This Resolution seeks approval to adopt a new Deferred Bonus Plan (the "DBP") which will be used to make awards of deferred shares to Executive Directors under the deferred element of their annual bonus.

A summary of the key terms of the DBP is set out in Appendix 1 to this Notice on pages 24 to 26 and a copy of the DBP rules are available for inspection as detailed on page 11.

It is intended that the first grants of the deferred bonus awards will be made in 2021 following the determination of bonuses and performance outcomes in respect of the 2020 financial year.

## Resolution 3

### Approval of the Spectris Long Term Incentive Plan

This resolution seeks approval to introduce a Long Term Incentive Plan (the "LTIP") to replace the current Performance Share Plan (the "PSP"). This new plan shares many of the features of the current PSP but has been updated to reflect current legislation, best practice and corporate governance requirements. The key terms of the LTIP are summarised in Appendix 2 to this Notice on pages 27 to 29 and a copy of the LTIP rules are available for inspection as detailed on page 11.

It is intended that the first award under the LTIP will be made in February 2020 following the announcement of the 2019 Full Year Results and in line with the Group's established reward cycle.

## Resolution 4

### Approval of the Spectris Reward Plan

This resolution seeks approval to introduce a new Spectris Reward Plan (the "SRP") which will be used primarily to make an award in the form of share options, conditional shares, restricted shares or cash awards to any employee of the Group, excluding Executive Directors, that vests after 3 years subject to continued employment with no further holding period requirement or performance conditions. Although the SRP will not be used to make awards to the Executive Directors, it is intended that awards made under the SRP be settled by new issue or treasury shares and therefore the SRP also requires shareholder approval.

The key terms of the SRP are summarised in Appendix 3 to this Notice on pages 30 and 31 and a copy of the SRP rules are available for inspection as detailed on page 11.

# Notes for Shareholders concerning the Meeting

## 1. Voting at the General Meeting

In line with best practice, all of the Resolutions to be put to the Meeting will be voted on by way of a poll rather than a show of hands. This is a more transparent method of voting as member votes are counted according to the number of shares held. Approval of an ordinary resolution requires that a simple majority of votes cast be in favour of the Resolution. The results of the voting at the Meeting and proxy votes cast will be published on the Company's website www.spectris.com and announced via a Regulatory Information Service as soon as practicable following the conclusion of the Meeting.

## 2. Entitlement to attend and vote

In order to have the right to attend and vote at the Meeting (and also for the purpose of calculating how many votes a person entitled to attend and vote may cast), a shareholder must be entered on the Company's register of members no later than 6.30pm on Monday, 2 December 2019 or, if the Meeting is adjourned, shareholders must be entered on the Company's register of members not later than 6.30pm on the day two days prior to the adjourned meeting. Changes to entries on the register after this time shall be disregarded in determining the rights of any person to attend and vote at the Meeting or any adjourned meeting.

## 3. Appointment of proxies

A member is entitled to appoint another person (who need not be a member of the Company) as his/her proxy to exercise all or any of his rights to attend, to speak and to vote at the Meeting. A member may appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him/her. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior). A proxy form is enclosed with this Notice. All proxies must be submitted at the office of the registrars by post or by hand not later than 48 hours (excluding non-working days) before the time of the Meeting (or, in the case of a poll taken subsequently to the date of the Meeting or adjourned meeting, not less than 24 hours before the time appointed for the taking of the poll). Completion of a form of proxy will not preclude a member attending and voting in person at the Meeting. If you require additional forms of proxy, please contact the registrars of the Company, Equiniti, on 0371 384 2586. Telephony provider costs may vary. An overseas helpline number is also available on +44 121 415 7047. Lines are open 8.30am to 5.30pm, Monday to Friday (excluding public holidays in England and Wales).

## 4. Appointment of proxies using the CREST system

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with the specifications of Euroclear UK and Ireland Limited ("Euroclear") and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time(s) for receipt of proxy appointments specified in the Meeting Notice. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The CREST Manual can be reviewed at www.euroclear.com.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

## 5. Appointment of Corporate Representatives

A corporate shareholder is entitled to appoint one or more corporate representatives who may exercise on its behalf all of the same powers the relevant corporate shareholder could exercise if it were an individual provided they do not do so in relation to the same shares.

## 6. Rights of Nominated Persons

Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "**Nominated Person**") may have a right under an agreement between him/her and the member by whom he/she was nominated, to be appointed (or to have someone else appointed) as a proxy for the Meeting. If a Nominated Person has no such right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.

The statement of the rights of members in relation to the appointment of proxies in notes 3 and 4 above does not apply to Nominated Persons. The rights described in notes 3 and 4 can only be exercised by members of the Company.

## 7. Right to ask questions

In accordance with section 319A of the Act, all members of the Company and their proxies have the right to ask questions at the Meeting. It would be helpful if you could state your name before you ask a question. The Company must cause to be answered any question relating to the business being dealt with at the Meeting but no such answer need be given if (i) to do so would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information, (ii) the answer has already been given on a website in the form of an answer to a question, or (iii) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.

## 8. Documents available for inspection

Copies of the following documents will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and English public holidays excepted) up to and including the date of the Meeting and at the place of the Meeting for at least 15 minutes prior to and during the Meeting.

A. the proposed 2020 Directors' Remuneration Policy;
B. the draft rules of the Spectris Deferred Bonus Plan;
C. the draft rules of the Spectris Long Term Incentive Plan; and
D. the draft rules of the Spectris Reward Plan.

Copies of these documents will also be available for inspection at those times at the offices of Slaughter and May, One Bunhill Row, London EC1Y 8YY.

## 9. Issued shares and total voting rights

As at 1 November 2019 (being the last practicable date prior to the publication of this Notice) the Company's issued share capital comprised 115,954,307 ordinary shares (excluding treasury shares). Each ordinary share (other than a treasury share) carries the right to one vote on a poll at a general meeting of the Company and, therefore, the total voting rights in the Company as at that date are 115,954,307. As at 1 November 2019, the Company held 5,225,014 ordinary shares as treasury shares.

## 10. Information available on the Company's website

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

## 11. Use of electronic addresses

Shareholders are advised that they may not use any electronic address (within the meaning of section 333(4) of the Act) provided in this Notice (or in any related documents including the proxy form) to communicate with the Company for any purposes other than those expressly stated.

## 12. General Meeting Venue/Arrangements

**Arriving by road**
From the M25
Leave M25 at Junction 13 and follow signs for Egham on the A30.
At the end of the slip road from the motorway, there is a large roundabout.
Take the first left into The Avenue.
At the mini roundabout turn left into Vicarage Road.

Go over the railway lines and continue to the end of the road.
Turn right at the roundabout into New Wickham Lane.
Turn left at the next roundabout into Stroude Road.
Great Fosters is approximately 500m on the left.

From the A30 (heading towards Staines)
On the A30, just past Wentworth Golf Club, at a set of traffic lights there is a pub called The Wheatsheaf on the left.
Turn left at these lights into Christchurch Road.
Continue straight over the roundabout and past two parades of shops on the right-hand side.
Turn left at the traffic lights by the train station into Stroude Road.
Great Fosters is down the hill approximately ¾ of a mile on the right.

**Arriving by rail**
The nearest train station to Great Fosters is Egham (40 minutes from London Waterloo). From there, a taxi to the hotel will take less than 5 minutes.

# Directors’ Remuneration Policy

## The Directors’ Remuneration Policy

**The Company intends that, subject to shareholder approval, the following Directors’ Remuneration Policy will take effect from 1 January 2020, following the December 2019 General Meeting. The table below describes each component of the remuneration package applicable to the Executive Directors:**

## The Directors’ Remuneration Policy

| Element | Purpose and link to strategy | Operation | Maximum potential value | Performance metrics | Changes from previous policy[1] |
|---|---|---|---|---|---|
| **Base salary/fees** | • Competitive fixed remuneration that enables Spectris to attract and retain key Executives. | • Normally reviewed annually.<br>• Benchmarked triennially against FTSE 50-150 excluding investment trusts. This peer group is considered appropriate given the size and listing of the business. Other peer groups may be considered by the Committee if appropriate. | • Increases will typically not exceed the average increase for the general UK workforce. The Committee retains the discretion to award increases in excess of or below this if, and where, it deems appropriate e.g. if a role changes substantially or a new incumbent is being moved to a target salary over time. | • Reflects the role and the Director’s skills, performance and experience, referenced to a level at or moderately below the comparator group’s median. | • No material changes. |
| **Annual bonus** | • Drives short-term financial performance that flows through to long-term shareholder value.<br>• Incentivises Executives to achieve specific pre-determined stretching objectives relating to the Group’s strategy. | • Bonus based on annual performance targets.<br>• 50% of any bonus is paid in cash, with the remaining 50% deferred into Spectris shares. Any deferred element will vest after 3 years from the date of grant.<br>• Clawback and Malus provisions enable variable remuneration to be reclaimed under the following exceptional circumstances:<br>– Material misstatement of results or accounts;<br>– Gross misconduct or fraud;<br>– Award calculated in error;<br>– Material failure of risk management; and<br>– A material breach of our Code of Business Ethics. | • Maximum opportunity is based on base salary:<br>• 150% – Chief Executive<br>• 125% – Chief Financial Officer<br>• Bonus starts accruing from threshold levels of performance.<br>• Notional re-investment of dividends will apply from the date of grant to deferred shares when the shares vest. | • The performance measures to be applied will be assessed annually and may be financial or non-financial and in such proportions as the Committee considers appropriate. However, the weighting of financial measures will not be reduced below 70% of total annual bonus potential for the duration of this policy.<br>• For the 2020 annual bonus, the financial performance measures will be Adjusted Operating Profit and Cash Conversion.<br>• A minimum (threshold) level of performance will result in a bonus of 1% of total bonus opportunity. At target, the bonus level for each Executive Director is 50% of total bonus opportunity. | • Introduction of compulsory bonus deferral of 50% of any bonus for 3 years.<br>• Introduction of malus and enhancement to clawback and malus provisions.<br>• Standardisation of target payout at 50% of the maximum opportunity. |

**Notes**
1 See page 16.

## The Directors’ Remuneration Policy continued

| Element | Purpose and link to strategy | Operation | Maximum potential value | Performance metrics | Changes from previous policy[1] |
|---|---|---|---|---|---|
| **Spectris Long Term Incentive Plan (“LTIP”)** | • Drives the delivery of sustained annual growth in earnings per share (“EPS”) and, Return On Gross Capital Employed (“ROGCE”).<br>• Drives outperformance in absolute and relative total shareholder return (“TSR”). | • Awards made annually with performance conditions based over a three-year period.<br>• Two-year holding period applies post performance period.<br>• Clawback provisions enable the Committee to recoup the value of previously vested awards from an individual within two years of the end of the relevant performance period. Malus provisions also enable the Committee to reclaim any unvested LTIP award if it considers it appropriate. The Clawback and Malus provisions are as follows:<br>– Material misstatement of results or accounts;<br>– Gross misconduct or fraud;<br>– Award calculated in error;<br>– Material failure of risk management; and<br>– A material breach of our Code of Business Ethics. | • Base award has a maximum of 200% of base salary.<br>• Executive Directors will receive up to 1.4x their base award, subject to outperformance against stretch conditions.<br>• The total maximum possible opportunity is therefore 280% of base salary (200% x 1.4).<br>• Notional re-investment of dividends will apply from the date of grant to the date when the shares are first capable of release, including for any awards subject to a holding period. | • The Committee may set such performance conditions on LTIP awards as it considers appropriate (whether financial or non-financial).<br>• A minimum (threshold) level of performance will result in vesting of 20% of the relevant element of a LTIP award.<br>• The performance measures that will apply to 2019 LTIP base award will be based on growth in EPS and ROGCE.<br>• The performance measures that will apply to 2019 LTIP multiplier will be absolute TSR with a relative TSR underpin.<br>• Should the Committee materially change the current measures applied for the LTIP awards made to Executive Directors or the weightings between these measures then they would consult with major shareholders. | • Increase in maximum award potential to 280% of base salary through multiplier of 1.4x on base award with TSR performance conditions.<br>• Removal of economic profit performance measures and introduction of ROGCE.<br>• Introduction of malus and enhancement to malus and clawback provisions. |

**Notes**
1 See page 16.

# Directors' Remuneration Policy continued

## The Directors' Remuneration Policy

| Element | Purpose and link to strategy | Operation | Maximum potential value | Performance metrics | Changes from previous policy[1] |
|---|---|---|---|---|---|
| **Pensions** | • Market-competitive defined contribution pension, enabling Spectris to attract and retain key executives. | • Pensions are benchmarked periodically. | • Pension contributions and/or taxable cash allowance in lieu for new joiners will be aligned to the terms applicable to the majority of the UK workforce (currently set at 6% of base salary.) This value may change over time if the rate provided to the majority of the wider UK workforce changes.<br>• Existing Directors have a maximum 20% of base salary Company pension contribution and/or taxable cash allowance in lieu.<br>• Current CEO receives 20% of base salary and current CFO receives 15% of base salary. | • None applicable. | • Pension levels for new joiners aligned to the majority of the wider UK workforce of 6% of salary. |
| **Benefits in kind[2]** | • Market-competitive benefits in kind, enabling Spectris to attract and retain key executives. | • Benefits in kind include company cars or allowances, medical insurance and life and disability insurance and are benchmarked periodically. The Committee may provide other benefits from time to time. | • It is not possible to prescribe the likely change in the cost of insured benefits or the cost of some of the other reported benefits and so a monetary limit of £30,000 p.a. post tax per Executive Director has been set for the duration of this policy although, clearly, the Committee will monitor the costs in practice and ensure that the overall costs do not increase by more than the Committee considers to be appropriate in all circumstances.<br>• Where the requirements of the business involve a Director relocating, the Company may make a payment towards related expenses, as it considers appropriate. | • None applicable. | • No material changes. |

**Notes**
1 & 2 See page 16.

## The Directors' Remuneration Policy continued

| Element | Purpose and link to strategy | Operation | Maximum potential value | Performance metrics | Changes from previous policy[1] |
|---|---|---|---|---|---|
| **All-employee share incentive plan** | • The Spectris Share Incentive Plan ("SIP") is operated to encourage share ownership by employees, thereby allowing them to share in the long-term success of the Group and align their interests with those of shareholders. | • Individuals may purchase Spectris shares at market price, using gross salary up to a maximum of the level allowed by HMRC. For every five shares purchased by an employee under the SIP, the Company will award one free Matching share.<br>• Matching shares are subject to forfeiture if the employee leaves the SIP within 3 years.<br>• Dividends earned may be delivered in shares. | • Executive Directors are able to participate in all-employee share plans on the same terms as other Group employees. | • Consistent with normal practice, such awards are not subject to performance conditions. | • The SIP replaced the Spectris Savings Related Share Option Scheme which has now been discontinued. |
| **Shareholding ownership guidelines** | • To encourage share ownership by the Executive Directors and ensure that their interests are aligned with those of shareholders. | • Each Executive Director is required to build a retained shareholding in Spectris of at least one times their maximum annual variable pay in value within five years of being appointed to the Board.<br>• Post-tax value of any outstanding LTIP awards post three-year performance period or/and deferred annual bonus awards will count towards the shareholding ownership guidelines. | • Each Executive Director is, subject to personal circumstances, required to build a retained shareholding in Spectris of their maximum annual variable pay (CEO: 430% of salary, CFO: 405% of salary) within a five-year period from appointment to the Board.<br>• Executive Directors will not be permitted to sell shares unless the requirement is met.<br>• In addition, a post-cessation holding period will apply for Executive Directors who leave the Company. Each Executive Director will have a requirement to retain the lower of their actual shareholding or two times their final base salary in shares for two years post-cessation. | • None applicable. | • Shareholding requirement increased from 300% of salary to equal maximum annual variable pay (CEO: 430% of salary, CFO: 405% of salary).<br>• Introduction of post-cessation shareholding requirement. |

**Notes**

1 & 2 See page 16.

# Directors' Remuneration Policy continued

## Notes

1 Where the Company's pay policy for the Executive Directors differs from its pay policies for groups of employees, this reflects the appropriate market rate positions for the relevant roles.

2 While the Committee does not consider it to form part of benefits in the normal usage of that term, it has been advised that corporate hospitality (whether paid for by Spectris or another) and business travel (including any related tax liabilities settled by the Company) for the Directors (and exceptionally their family members) may technically come within the applicable rules and so the Committee expressly reserves the right for the Committee to authorise such activities within its agreed policies.

The Committee reserves the right to make any remuneration payments notwithstanding that they are not in line with the Policy set out above, where the terms of the payment were agreed at a time when the relevant individual was not a director of the Company and, in the opinion of the Committee, the payment was not in consideration of the individual becoming a director of the Company.

In-flight awards made before the adoption of this Policy will continue in line with the approved Policy under which they were granted. Further details of these awards can be found within the Remuneration Policy approved at the 2017 AGM and included within the 2016 Annual Report and Accounts.

In the event of a change in control, deferred share awards will vest in full, and LTIP awards will vest subject to performance conditions and be reduced on a time pro-rated basis, unless the Committee determines otherwise.

## Performance measures

The table below sets out the relevant performance measures for 2019 and the link to strategy. Note that the Policy includes the flexibility for the Committee to select appropriate measures each year.

## Performance measures

### Annual bonus

The performance conditions used to determine bonus achievement are selected by the Committee with the emphasis on driving performance in annual adjusted operating profit and cash conversion and aspiring to meet or exceed stretching targets to the benefit of shareholders.

| Performance measure | Link to strategy | Definition |
|---|---|---|
| **Adjusted Operating Profit** | • Adjusted Operating Profit is a key financial metric which the Board considers when assessing the Group's financial performance. It is a key performance measure for management, investors and the analyst community. | • Adjusted Operating Profit is defined as Statutory Operating Profit excluding: restructuring costs; net acquisition-related costs and fair value adjustments; depreciation of acquisition-related fair value adjustments to property; plant and equipment; and, amortisation and impairment of acquisition-related intangible assets. |
| **Cash Conversion** | • Cash Conversion ensures a focus on generating quality earnings that can be reinvested into the business and distributed to our shareholders through dividends. The business aims to deliver high Cash Conversion of operating profit each financial year. | • Cash Conversion is defined as adjusted operating cash flow as a percentage of adjusted operating profit. |
| **Strategic and operational objectives** | • The remaining bonus components aims to reward the achievement of significant and demanding strategic and operational objectives that support sustainable growth. | • N/A |

## Performance measures

### Long term incentive plan

The measures proposed are intended to provide an appropriate balance between absolute financial performance and strong relative performance.

| Performance measure | Link to strategy | Definition |
|---|---|---|
| **Adjusted EPS growth** | • Adjusted EPS growth is a key performance measure for investors and indicates how profitable the business is for shareholders. The Group's aim is to achieve year-on-year growth in adjusted EPS as this is a key value driver for shareholders. | • Adjusted earnings per share is the ratio of adjusted earnings for the year to the number of ordinary shares outstanding during the year, excluding certain items. |
| **ROGCE** | • The Group's strategy is to grow highly cash generative operations and deploy the cash in a structured and considered way. ROGCE is a pure measure of the effectiveness of all capital deployed by the Group. | • The ratio of the Group's Adjusted Operating Profit to the average year-end shareholders equity, net debt and accumulated amortisation and impairment of goodwill and acquired intangible assets. |
| **Absolute TSR** | • Measure strongly aligns participants with growth in shareholder returns over the performance period and aligns payouts directly to the value created for our shareholders over the performance period. | • The growth in Total Shareholder Return for Spectris over the performance period. |
| **Relative TSR** | • To ensure that any payouts under the multiplier are only generated if outperformance is strong relative to peers. The FTSE 250 (excluding investment trusts) index has been chosen because it is a widely-recognised performance benchmark for large companies in the UK. | • The Total Shareholder Return of Spectris over the TSR performance period compared to the FTSE 250 (excluding Investment Trusts). |

## Target setting

Long term and short term target ranges are set with reference to the internal business plan, external consensus forecasts and market norms where appropriate and are calibrated to generate sustainable value for our shareholders. Annual bonus targets are not disclosed in advance as the Committee considers them to be commercially sensitive, but they will be disclosed retrospectively following the end of the performance period.

## Approach to adjusting performance measures in the event of acquisitions, disposals and a return of capital to shareholders

Targets for each cycle will be set excluding any acquisition or disposal activity (unless known when they are set). Any such activity during the measurement period will be considered by the Committee and, if material, adjusted for at the end of the performance period. This ensures that measurement focuses on the underlying business contribution during the performance period, whilst allowing for the execution of strategic actions as agreed by the Board. Such adjustments are intended to neither benefit nor penalise participants and concentrate the assessment of the incentive on the underlying performance of the business during the period to ensure alignment with shareholder interests. Targets set for the next cycle will build in the impact of any transactions that have been made.

The Company currently does not intend to make significant returns to shareholders during the Policy period through share buybacks or special dividends. However, there may be circumstances where a cash return to shareholders is appropriate and in the best interests of shareholders, if at that point in time there are no desirable business investments to be made. If a capital return is made to shareholders, the Committee's normal course of action would be not to adjust performance measures for this on the principle that the value delivered to shareholders should be reflected in the incentive outcomes, in particular for the long-term metrics of adjusted EPS growth and ROGCE.

## Discretion

Discretion is reserved for incentive plans that are operative. The Committee will operate the Annual Bonus Plan and LTIP according to their respective rules and the above Directors' Remuneration Policy table.

The Committee reserves certain discretions, consistent with market practice, in relation to the operation and administration of these plans including:

- The determination of performance measures and targets and resultant vesting and payout levels;
- The ability to adjust performance measures and targets to reflect material events and/or to ensure that the performance measures and targets operate as originally intended;

# Directors' Remuneration Policy continued

- To vary the terms of performance conditions under the incentives after the start of the performance period have been made to take account of technical changes, for example changes in accounting standards or the takeover of a company in a TSR comparator group, or if an event occurs that causes the Committee to consider that the performance condition can no longer achieve its original purpose. However, the amended performance condition will have to be, in the Committee's view, no less challenging in the circumstances as a result of the change;
- To vary performance measures under the incentives in events such as corporate acquisition or other major transitions;
- The ability to override formulaic outcomes should this be appropriate, determination of the treatment of individuals who leave employment (as described in the Termination arrangements section on page 19), based on the rules of the incentive plans, and the application of the incentive plans under exceptional events, such as a change of control of the Company; and
- The ability to make adjustments to existing awards made under the incentive plans in certain circumstances (e.g. right issues, corporate restructurings or special dividends).

Any adjustment made using this discretion will be explained in the following Annual Report.

## UK Corporate Governance Code 2018 – remuneration principles

To ensure compliance with the UK Corporate Governance Code 2018, we set out below the remuneration principles and how each principle was addressed when setting the Remuneration Policy. The Committee has taken feedback from shareholders on matters relating to remuneration and governance when determining, reviewing and implementing the Policy, as well as taking into consideration any conflicts of interest. Extensive shareholder consultations have been carried out in advance of putting the Policy out to shareholders for approval.

| Principle | How principle was addressed when setting the remuneration policy |
|---|---|
| **Clarity** | The Committee has ensured that the Policy is transparent and that there is strong alignment between the interest of stakeholders and reward e.g. by using performance-based reward and specific performance measures such as TSR. |
| **Simplicity** | The policy was set in a simple and transparent way to ensure it is clearly understood. |
| **Risk** | The Committee has identified and mitigated risks through the introduction of malus on the Deferred Bonus Plan and Long Term Incentive Plan. In addition, the malus and clawback provisions have been updated and refined. All elements of the policy are compatible with our risk policies. |
| **Predictability** | Maximum opportunities are clearly set out in the Policy table and shown in the scenario charts on page 21. |
| **Proportionality** | The Policy is focused on creating long term sustainable shareholder value. Remuneration is designed to be competitive but not excessive compared to peers. |
| **Alignment to culture** | The Policy drives strong performance and achievement of business goals. The total compensation package is competitive to ensure we can retain and attract key talent. |

## Non-Executive Directors

The table below describes the remuneration package applicable to the Chairman and the Non-executive Directors under the Directors' Remuneration Policy.

| Element of remuneration package | Relevance to the Company's short and long-term strategic objectives | Operation | Maximum potential value | Performance metrics | Changes from previous policy |
|---|---|---|---|---|---|
| Fees | Competitive fees that enable Spectris to attract able and experienced Directors. | Normally reviewed biennially and determined by reference to market practice (although the Board may review at other times).<br><br>Base fee is supplemented by fees for Chairmanship of the Audit and Risk and Remuneration Committees, the Workforce Engagement Director and for the Senior Independent Director. Travel allowances are paid, where applicable.<br><br>The Board reserves the right to vary the basis for setting fees (such as introducing Committee membership fees) should it consider that to be appropriate.<br><br>There is no participation in bonus, share plan or pension arrangements.<br><br>The Company reserves the ability to provide the Company Chairman with certain benefits in kind and/or a contribution towards the provision of office facilities where appropriate, although the current Chairman does not presently receive such benefits. | The aggregate fees of the Non-Executive Directors will not exceed the limit provided within the Company's Articles of Association (currently £650,000 per annum). Additional fees may be payable to any Director who does not hold executive office for any additional role that they take on the Board (including Chairman, Senior Independent Director, Committee Chairman or Workforce Engagement Director) or for serving on any Committee of the Board. | Not applicable to this element. | No material changes. |

It is not the policy of the Company to provide benefits to the Chairman or the Non-executive Directors. However, while the Committee does not consider it to form part of benefits in the normal usage of that term, it has been advised that corporate hospitality (whether paid for by Spectris or another) and business travel (including any related tax liabilities settled by the Company) for the Directors (and, exceptionally, their family members) may technically come within the applicable rules and so the Committee expressly reserves the right for the Committee to authorise such activities within its agreed policy.

## Recruitment remuneration

The Company's recruitment remuneration policy aims to give the Committee sufficient flexibility to secure the appointment and promotion of high-calibre executives to strengthen the management team and secure the skill sets to deliver the Company's strategic aims.

In terms of the principles for setting a package for a new Executive Director, the starting point for the Committee will be to look to the general policy for Executive Directors as set out above and structure a package in accordance with that policy.

| Remuneration element | Recruitment policy |
|---|---|
| **Base salary, benefits and pension** | • Salary and benefits will be set in line with the remuneration policy for existing Directors.<br>• Pension levels will be set in line with the remuneration policy and wider workforce (currently 6% of salary)<br>• Consistent with the regulations, the caps contained within the general policy for fixed pay technically do not apply to a recruit, although the Committee would not envisage exceeding such cap in practice. |
| **Annual bonus** | • The annual bonus will operate (including the maximum award levels) as detailed in the remuneration policy for existing Directors for any newly-appointed Executive Director.<br>• For an internal appointment, any variable pay element awarded in respect of the prior role may either continue on its original terms or be adjusted to reflect the new appointment as appropriate |
| **Long term incentive plan ("LTIP")** | • The LTIP will operate (including the maximum award levels) as detailed in the remuneration policy for existing Directors for any newly-appointed Executive Director.<br>• For an internal appointment, any variable pay element awarded in respect of the prior role may either continue on its original terms or be adjusted to reflect the new appointment as appropriate. |
| **Buy out of incentive forfeited on cessation of employment** | • All buy-out awards for external appointments made to compensate for awards forfeited on leaving the previous employer will be designed to replace the commercial value of the amount forfeited and will take account of the nature, time horizons and performance requirements of those awards.<br>• In particular, the Committee's starting point will be to ensure that any awards being forfeited which remain subject to outstanding performance requirements (other than where substantially complete) and/or service requirements are bought out with Spectris awards subject to similar terms, unless an alternative approach is considered appropriate.<br>• Buy-outs may be made under the annual bonus or LTIP on varied terms (in reliance on Listing Rule 9.4.2). Buy-outs will only include guaranteed amounts where the Committee considers that it is necessary to secure the recruitment and to replace forfeited pay. For the avoidance of doubt, buy-out awards to compensate for awards forfeited are not subject to a formal cap. |
| **Relocation policy** | • For external and internal appointments, the Committee may agree that the Company will meet certain relocation expenses as it considers appropriate. Relocation support will not exceed two years from appointment. |

## Recruitment remuneration for Non-executive Directors

A new Chairman or Non-executive Director would be recruited on terms consistent with the main policy for such Directors.

## Termination arrangements

It is the practice of the Committee to consider the treatment on termination having regard to the relevant facts and circumstances. The contracts permit the Committee to make payment on a monthly basis with payments reducing or ceasing if the individual finds another position during the notice period, and termination arrangements will normally follow this approach. However, the Committee reserves the power to negotiate a single lump sum payment on termination if it considers that to be in the interests of the Company and will have full regard to the duty to mitigate if it does so.

| Remuneration element | Good leaver | Bad leaver |
|---|---|---|
| **Annual bonus** | Under certain circumstances, for example good leaver provisions covering retirement and ill health, bonus entitlements may be payable, calculated to the date of termination only. Bonuses will be paid in line with normal policies. | Bonus for the year in which the individual left the business would be forfeited. |
| **Deferred annual bonus** | Under certain circumstances, for example good leaver provisions covering retirement and ill health, the deferred annual bonus awards will normally continue to vest at the vesting date. Alternatively, the Committee may determine that awards will vest on cessation of employment.<br><br>On a change of control, deferred bonus awards will vest in full in accordance with the rules of the plan. | Unvested deferred bonus awards would lapse on termination. |

# Directors' Remuneration Policy continued

| Remuneration element | Good leaver | Bad leaver |
|---|---|---|
| **Long term incentive plan ("LTIP")** | Under certain circumstances, for example good leaver provisions covering retirement and ill health, awards made under the LTIP will remain exercisable subject to time pro-rating and the application of the performance conditions at the performance vesting date. Awards will continue to vest at the vesting date.<br><br>The Committee also retains a standard ability to vary or disapply time pro-rating for LTIP awards for good leavers where it considers it fair and reasonable to do so or to allow good leavers' LTIP awards to vest at the date of termination (subject to time pro-rating and the application of performance conditions) in exceptional cases.<br><br>Likewise, on a change of control, LTIP awards may vest in accordance with the rules of the plan (performance conditions and time pro-rating apply, subject to a standard ability for the Committee to vary or disapply time pro-rating).<br><br>After the performance vesting date, any outstanding LTIP awards which are subject to a holding period will not normally be forfeited on a termination and the holding period will continue to apply to such awards (although the Committee may release awards early from the holding period in appropriate cases). | Prior to the performance vesting date, all share awards would lapse following termination.<br><br>Post the performance vesting date., LTIP awards will normally only be forfeited if the reason for termination is misconduct. |
| **Post cessation holding period** | Upon departure, Executive Directors will be required to retain the lower of actual shares held on departure or 200% of final base salary in Spectris shares for two years post-cessation. | |
| **Legal fees** | Consistent with market practice, in the event of termination of an Executive Director, the Company may pay a contribution towards the individual's legal fees and fees for outplacement services as part of a negotiated settlement. Any such fees would be disclosed as part of the detail of the termination arrangements. Should it become necessary to make additional payments in respect of such professional fees that were not ascertained at the time of reporting, the Company may do so up to a level of £10,000. For the avoidance of doubt, the policy does not include an explicit cap on the cost of termination payments.<br><br>The Committee may also, after taking appropriate legal advice, sanction the payment of additional sums in settlement of potential legal claims. | |

## Service Contracts

The Executive Directors have rolling contracts subject to 12 months' notice of termination by either party, or to summary notice in the event by the Director of a serious breach of obligations, dishonesty, serious misconduct or other conduct bringing the Company into disrepute.

The contracts of employment in respect of Andrew Heath and Derek Harding provide for payment in lieu of notice on termination equivalent to base salary, pension and benefits but exclude any compensation for loss of bonus and is in full and final settlement of all employment-related claims. Such payment may be paid in monthly instalments for the duration of the notice period or as a lump sum and is subject to mitigation if alternative employment is found during the notice period.

The Committee is aware of the best practice expectations set out in the 2008 ABI/Pensions and Lifetime Savings Association (formerly NAPF) joint statement on executive contracts and severance and has noted the subsequent updates to the Pensions and Lifetime Savings Association policy. This guidance, and any future revisions, will be taken into account before agreeing any future service contracts. The Committee is committed to continuous review of its policies in the best interests of shareholders. The following table sets out a summary of the Directors' service contracts or terms of appointment:

| | Date of contract | Expiry date | Notice period | Length of service at 4 November 2019 |
|---|---|---|---|---|
| **Executive Directors** | | | | |
| Andrew Heath | 3 Sept 2018 | rolling contract with no fixed expiry date | 12 months | 1 year 2 months |
| Derek Harding | 1 Mar 2019 | rolling contract with no fixed expiry date | 12 months | 8 months |
| **Non-executive Directors** | | | | |
| Mark Williamson | 26 May 2017 | renewable at each AGM | 6 months | 2 years 5 months |
| Russell King | 12 Oct 2010 | renewable at each AGM | 6 months | 9 years |
| Karim Bitar | 1 July 2017 | renewable at each AGM | 6 months | 2 years 4 months |
| Ulf Quellmann | 1 Jan 2015 | renewable at each AGM | 6 months | 4 years 10 months |
| Bill Seeger | 1 Jan 2015 | renewable at each AGM | 6 months | 4 years 10 months |
| Cathy Turner | 1 Sept 2019 | renewable at each AGM | 6 months | 2 months |
| Kjersti Wiklund | 19 Jan 2017 | renewable at each AGM | 6 months | 2 years 9 months |
| Martha Wyrsch | 1 Jun 2012 | renewable at each AGM | 6 months | 7 years 5 months |

## Non-executive Directors

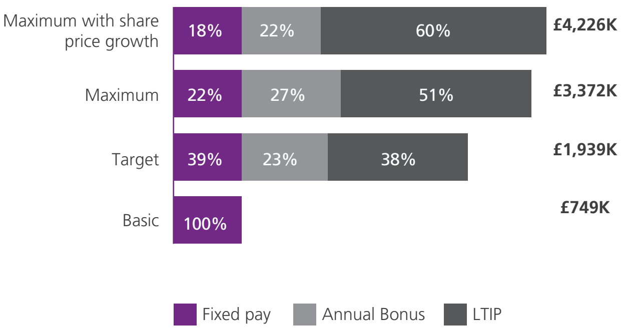
All Non-executive Directors' conditions of appointment provide for a six-month period of notice and are renewable at each AGM, subject to review prior to proposal for re-election. Ordinarily, appointments do not continue beyond nine years after the first election, at which time Non-executive Directors cease to be presumed independent under the UK Corporate Governance Code.

## Range of remuneration expectations

The following graphs show the remuneration each of the Executive Directors is expected to receive if their performance fails to meet threshold (basic), attains target or achieves maximum under the proposals for variable remuneration to be approved at the 2020 AGM. Additionally, the maximum performance graph shows the remuneration each Executive Director is expected to receive should the share price increase by 50% for the LTIP element over the life of the policy:

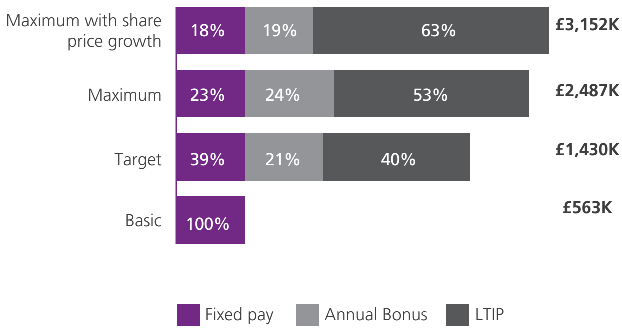
### Chief Executive's Remuneration

(£'000s)




### Chief Financial Officer's Remuneration

(£'000s)




**Notes**

[1] Fixed pay includes: base salary, car allowance, pension salary supplement, and benefits in kind.

[2] Annual bonuses are based on a percentage of base salary: at target level this is 50% of maximum potential bonus; at maximum level this is 150% of base salary for the CEO and 125% for the CFO.

[3] LTIP is based on a percentage of base salary: at target level this is 120% of base salary (60% of base award); at maximum level this is 280%.

Each bar shows the percentage of the total comprised by each of the parts.

## Consideration of conditions elsewhere in the Group

The Committee is sensitive to the need to set Directors' remuneration having regard to pay and employment conditions in the Group as a whole and is satisfied that the approach taken by the Company is fair and reasonable in light of current market practice and the best interests of shareholders. The levels of remuneration and annual increase awarded to the Presidents of each of the Group's operating businesses are taken into consideration, notwithstanding that these reflect such businesses' particular trading position and the geographical and technical employment markets in which they operate.

Remuneration for the Executive Committee is structured the same as for the Executive Directors with the exception of bonus deferral which does not apply to members of the Executive Committee. The Executive Committee pay levels are set at competitive levels to reflect the size, complexity and geographic locations of these businesses. Additionally, the Executive Committee participate in share awards under the LTIP, albeit at lower levels than the Executive Directors, and in profit-related bonus arrangements linked to base salary and payable according to their business's achievement of annual adjusted operating profit and cash conversion targets. On-target plan performance delivers 50% of the maximum potential bonus opportunity, with the upper limit being 125% of base salary.

Below this level, a range of different incentive arrangements apply as appropriate to the business, geography and level. The Company did not consult with employees in drawing up this report and no remuneration comparison measures were used.

## Consideration of shareholders' views

The proposals for the Policy were the subject of consultation with the Company's Top 15 shareholders and with ISS, the Investment Association, Glass Lewis and the Pensions and Lifetime Savings Association. The feedback received from this process was considered and incorporated in the proposals for the Directors' Remuneration Policy.

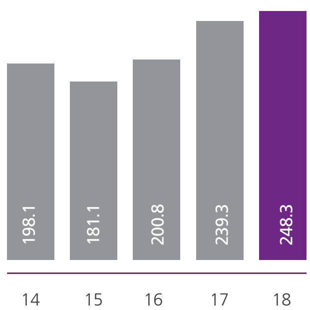
# LTIP Financial Performance Conditions

## Financial Performance Conditions Summary Terms

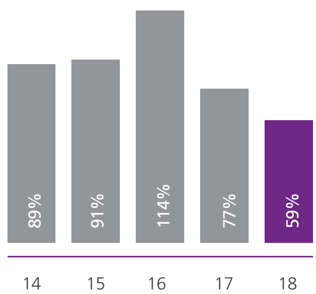
| | Adjusted Operating Profit | Cash Conversion |
|---|---|---|
| **Performance condition** | This measure is defined in full in note 2 of the 2018 Annual Report and Accounts. In summary, it is the Operating Profit adjusted to "add back" the following: restructuring costs; net acquisition-related fair value adjustments; depreciation of acquisition-related fair value adjustments to property, plant and equipment; amortisation and impairment of acquisition-related intangible assets and bargain purchase on acquisition. | Defined as adjusted operating cashflow as a percentage of adjusted operating profit. |
| **Link to strategy** | Adjusted Operating Profit is a key financial metric which the Board considers when assessing the Group's financial performance. It is a key performance measure for management, investors and the analyst community. | Cash Conversion ensures a focus on generating quality earnings that can be reinvested into the business and distributed to our shareholders through dividends. The business aims to deliver high Cash Conversion of operating profit each financial year. |
| **Proposed use** | **Annual Bonus** | **Annual Bonus** |
| **Proposed weighting** | **60%** | **20%** |
| **Proposed 2020 target range** | **Threshold (1%)** **Target (50%)** **Max (100%)**<br>Adjusted operating profit targets are not disclosed in advance as the Committee considers them to be commercially sensitive, but they will be disclosed retrospectively following the end of the performance period. | **Threshold (1%)**: **70%**<br>**Target (50%)**: **80%**<br>**Max (100%)**: **90%** |
| **Target setting conditions** | Target will be set annually at consensus with threshold and maximum set at a -/+5% range against target.<br><br>Note 1 – Targets will be set without any assumed acquisition or disposal activity incorporated (unless it is known when they are set). Therefore, the impact of such activity will be adjusted out of the targets/outcome as appropriate at the end of the performance period. This means that the performance assessment focuses on the underlying business during the performance period. | It is proposed that the range of target, threshold and maximum is a static percentage measure and does not necessarily increase year-on-year as it is a percentage measure and therefore the absolute cash will increase as profit increases.<br><br>• Targets will be set with reference to:<br>– The Annual Budget; and<br>– Adjusted operating profit targets set for the annual bonus (so that the level of stretch in the cash conversion measure equates to the stretch in the adjusted operating profit targets).<br>• Targets will be set without any assumed acquisition or disposal activity incorporated (unless it is known when they are set), as set out in Note 1. |

**Five Year Performance History**

£million

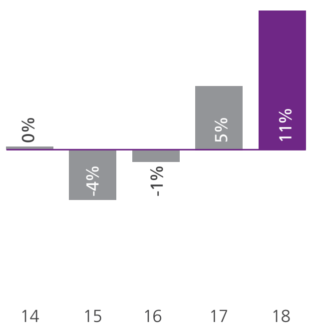



%

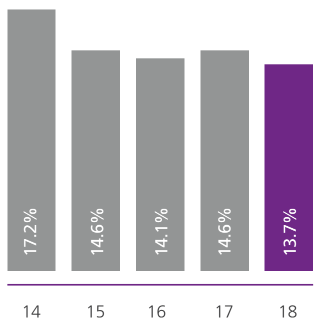


| | Adjusted EPS Growth | Return on Gross Capital Employed ("ROGCE") | Total Shareholder Return ("TSR") |
|---|---|---|---|
| | Adjusted earnings per share is the ratio of adjusted earnings for the year to the number of ordinary shares outstanding during the year, excluding certain items. | The ratio of the Group's adjusted operating profit to the average year-end shareholders equity, net debt and accumulated amortisation and impairment of goodwill and acquired intangible assets. | **Absolute TSR** – The growth in Total Shareholder Return for Spectris over the performance period.<br>**Relative TSR** – The Total Shareholder Return of Spectris over the TSR performance period compared to the FTSE 250 (excluding Investment Trusts).<br>**Total Shareholder Return definition** The change in the Net Return Index over the TSR Performance Period calculated as (TSR2-TSR1)/TSR1 where: TSR1 is its average Net Return Index over each weekday during the three-month period ending on the date before the start of the TSR Performance Period; TSR2 is its average Net Return Index over each weekday during the three-month period ending on the last day of the TSR performance period. |
| | Adjusted EPS growth is a key performance measure for investors and indicates how profitable the business is for shareholders. The Group's aim is to achieve year-on-year growth in adjusted EPS as this is a key value driver for shareholders. | The Group's strategy is to grow highly cash generative operations and deploy the cash in a structured and considered way. ROGCE is a pure measure of the effectiveness of all capital deployed by the Group. | Absolute TSR aligns payouts directly to the value created for our shareholders over the performance period. The Relative TSR underpin aims to ensure that any payouts under the TSR performance condition are only generated if outperformance is strong relative to peers. The FTSE 250 (excluding investment trusts) index has been chosen because it is widely-recognised. |
| | **Spectris LTIP** | **Spectris LTIP** | **Spectris LTIP** |
| | **50%** | **50%** | **Up to 1.4x base LTIP award** |
| | **Threshold (20%)** 4% p.a.<br>**Target (60%)** 7% p.a.<br>**Max (100%)** 10% p.a. | **To be set annually based on prior year performance and the five-year business plan**<br>**Threshold (20%)** 2019 ROGCE +1%<br>**Target (60%)** 2019 ROGCE +2%<br>**Max (100%)** ROGCE +3% | **Absolute TSR**<br>**Threshold (x1<)** 8% p.a.<br>**Target (x1.2)** 10% p.a.<br>**Max (x1.4)** 15% p.a. |
| | • Targets will be set with reference to brokers' consensus forecasts, internal business plans and market norms.<br>• Targets will be set without any assumed acquisition or disposal activity incorporated (unless it is known when they are set). as set out in Note 1 on page 22. | • Targets will be set with reference to:<br>– The Group's Strategic Plan;<br>– Investor and analyst expectations; and<br>– The Group's cost of capital<br>• Targets will be set without any assumed acquisition or disposal activity incorporated (unless it is known when they are set). as set out in Note 1 on page 22. | **Relative TSR Gateway**<br>Relative TSR gateway vs FTSE 250 (two step gateway at threshold and target) At least median relative TSR for any award under the absolute TSR performance condition to pay out between threshold and target performance. At least upper quartile relative TSR for payout at target or above under the absolute TSR performance condition. |

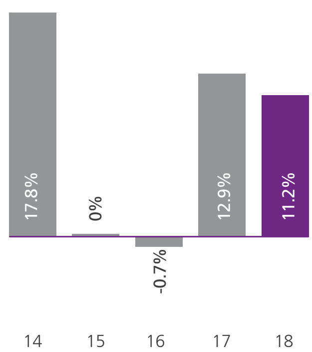
% growth over 3 years[1]




%




% growth over 3 years[1]




[1] 3 years represent the LTIP performance period

## Appendix 1 – Summary Key Terms of the Spectris Deferred Bonus Plan ("DBP")

**IMPORTANT NOTE: This summary does not form part of the rules of the DBP. In the event of any discrepancy between this summary and the rules of the DBP, the rules will prevail.**

### 1. General

The DBP provides the mechanism for the deferral of bonus earned in respect of performance in the previous financial year into awards over ordinary shares of Spectris plc (the "Shares"). Awards granted under the DBP are personal to the relevant participant; are not normally transferable (except in the event of death of the award holder); and are not pensionable. The operation of the DBP will be overseen by the Board of directors of Spectris plc (the "Company") or by a duly authorised committee, normally the Remuneration Committee, (the "Board"). The Board has absolute discretion to decide whether the DBP shall be operated for any particular financial year, the identity of any Award Holder and the terms of their participation. Decisions of the Board are final and conclusive in all respects.

### 2. Eligibility

Any employee or executive director of the Group at the date of grant are eligible for selection to participate in the DBP at the discretion of the Board. Former employees or executive directors may also be eligible if they were awarded a bonus for the relevant bonus year.

### 3. Grants of Awards

DBP awards may only be granted during the 42 days beginning on: (i) the date of shareholder approval of the DBP; (ii) the day after the announcement of the Company's results; (iii) any day on which the Board determines that circumstances are sufficiently exceptional to justify the grant of the DBP award at that time; or (iv) the day after the lifting of any dealing restrictions.

Awards may be granted for up to 10 years from the date of approval by shareholders and can be in the form of options over Shares (the "Options"), a conditional right to acquire Shares (the "Conditional Share Awards"), or Shares which are subject to restrictions and the risk of forfeiture (the "Restricted Shares"). No consideration is payable by participants to receive a DBP award and participants will make either a nominal or nil payment for the release of Shares or exercise of an Option under the award, as determined by the Board.

No awards may be granted more than 10 years from the date when the DBP was approved by shareholders.

### 4. Individual Limits

After the beginning of the performance period to which the bonus relates, but before the amount of bonus has been determined, the Board may determine the percentage of the individual's bonus which will be paid in cash and the percentage which will be delivered in the form of an award within the limits of the prevailing Remuneration Policy.

The maximum value of a DBP award is 50% of a participant's annual bonus (unless a participant requests a higher percentage and to the extent the Board permits). The number of Shares over which awards are granted is based on the average market value of the Shares over the five dealing days (or if the Board determines, three dealing days) immediately before the date of grant.

### 5. Dilution Limits

The DBP may operate over new issue Shares, treasury Shares or Shares purchased in the market.

The rules of the DBP provide that, in any rolling 10 year period (i) not more than 10% of the Company's issued ordinary share capital may be issued under the DBP and under any other employees' share scheme operated by the Company; and (ii) not more than 5% of the Company's issued ordinary share capital may be issued under the DBP and under any other executive share scheme adopted by the Company. Shares issued out of treasury under the DBP will count towards these limits for so long as this is required under institutional shareholder guidelines. In addition, awards which are renounced or lapse shall be disregarded for the purposes of these limits.

### 6. Vesting Conditions

Vesting of DBP awards is subject to continued employment. No performance conditions or post-vesting holding period apply. All DBP awards are subject to malus and clawback provisions.

The release and exercise of DBP awards is conditional upon the award holder paying any applicable employment taxes, NIC or social security due.

### 7. Vesting and Exercise

DBP awards will normally vest, and DBP Options will normally become exercisable, on the third anniversary of the date of grant subject to continued employment and to the extent permitted following any operation of malus and clawback. However, if there are any dealing restrictions in place at that time, normal vesting may be delayed until the dealing restrictions have been lifted. DBP Options will normally remain exercisable for a period determined by the Board at grant which cannot exceed 10 years from grant.

### 8. Dividend Equivalents

The Board may decide that DBP awards (with the exception of Restricted Shares) will include a payment (normally in additional Shares but may be cash) equal in value to any dividends that would have been paid on the Shares which vest under a DBP award by reference to the period between the time when the relevant award was granted and the time when the relevant award vested. This amount may assume the reinvestment of dividends and exclude or include special dividends or dividends in specie, at the discretion of the Board. The Board has discretion to use a different method to calculate the value of dividends.

## 9. Cessation of Employment

DBP awards will normally lapse in the event that a participant ceases to be an employee of or holding office with the Group before the normal vesting date except in "good leaver" circumstances. Before the normal vesting date, the "good leaver" reasons include death, injury, ill-health, disability, redundancy, retirement with the agreement of the employer, sale or transfer of the participant's employing company or business out of the Company's Group, or in other circumstances at the discretion of the Board. After the normal vesting date, the "good leaver" reasons are extended to also include any other reason except dismissal for misconduct or resignation in circumstances where the employer would have been entitled to dismiss for misconduct.

In such circumstances, unvested awards will normally vest in full at the normal vesting date unless the Board exercises its discretion to permit immediate vesting and/or to pro rata vesting levels based on time served up to the leaving date.

## 10. Change in Control/Corporate Events

In the event of a takeover, scheme of arrangement or winding-up of the Company, the DBP awards will vest early in full. To the extent that DBP Options vest in such circumstances, the award holder will have 1 month from the date of the relevant event (or in the case of a takeover such longer period as the Board determines) within which to exercise his/her DBP Options otherwise they will lapse at the end of that period.

In the event of a demerger, distribution or any other corporate event, the Board may determine whether or not DBP awards vest and the extent of vesting which may take account of such factors as it considers relevant including, but not limited to, the period of time the DBP award has been held by the participant. The exercise period in respect of any DBP Options that vest in such circumstances will be determined by the Board and unexercised DBP Options held at the end of that period will lapse.

If there is a corporate event where the new person or company acquiring control of the Company is substantially the same as the shareholders of the Company immediately before the event, the Board may (with the consent of the acquiring company) decide that the DBP awards will not vest or lapse but will be exchanged for equivalent new awards over shares in the acquiring company.

Where DBP awards vest on a change of control, the rules also permit rollover of any part of an award which has not vested because of pro-rating.

## 11. Variation of Capital

If there is a variation of share capital of the Company or in the event of a demerger or other distribution, special dividend or distribution, the Board may make such adjustments to DBP awards, including the number of Shares subject to awards and the option exercise price (if any), as it considers to be fair and reasonable.

## 12. Malus and Clawback

The malus provisions contained in the DBP rules provide that the Board may in certain defined circumstances (summarised below) reduce the number of Shares under a DBP award before it vests.

Under the Clawback provisions contained in the DBP rules, the Board may recover all or part of the amount vested or paid under a DBP award if a clawback event occurs under the defined circumstances (summarised below) in the two-year period following the determination of the annual bonus payment.

Full details of the defined circumstances are set out in the DBP rules. In summary, they are:

- material misstatements of accounts;
- material misstatements of financial results;
- assessment of any performance target or condition based on error, or inaccurate or misleading information;
- number of Shares subject to an award determined based on error, or inaccurate or misleading information;
- gross misconduct or fraud by the award holder;
- material failure of risk management; and/or
- material breach of the Company's Code of Business Ethics.

## 13. Alternative Settlement

At its discretion, the Board may decide to satisfy DBP awards with a payment in cash or Shares equal to any gain that a participant would have made had the relevant award been satisfied with Shares.

## 14. Rights attaching to Shares

Shares issued and/or transferred under vested DBP awards (with the exception of Restricted Shares) will, as to voting, dividend, transfer and other rights, including those arising on a liquidation of the Company, rank equally in all respects and as one class with the same class of shares in issue at the date of issue or transfer (except for rights arising by reference to a record date prior to the date of issue or transfer of Shares).

## 15. Amendments

Amendment to the DBP rules may be made at the discretion of the Board at any time. Prior shareholder approval is generally required for amendments to the advantage of participants which are made to the provisions relating to eligibility, individual or overall limits, the basis for determining the entitlement to, and the terms of, awards under the DBP, the adjustments that may be made in the event of any variation to the share capital of the Company and/or the rule relating to such prior approval except for amendments which are of a minor nature and benefits the administration of the DBP or is necessary or desirable in order to take account of a change in legislation or maintain favourable tax, exchange control or regulatory treatment for participants, the Company or any Group company.

No change to the material disadvantage of a participant can normally be made except as a result of a legal or regulatory requirement or where participants are notified of such amendment and the majority of participants approve such amendment.

## 16. Overseas Plans

The Board may, at any time, establish further plans based on the DBP for overseas territories. Any such plans shall be similar to the DBP but modified to take account of local tax, exchange control or securities laws. Any Shares made available under such further overseas plans must be treated as counting against the limits on individual and overall participation in the DBP.

## Appendix 2 – Summary of Key Terms of the Spectris Long Term Incentive Plan ("LTIP")

**IMPORTANT NOTE: This summary does not form part of the rules of the LTIP. In the event of any discrepancy between this summary and the rules of the LTIP, the rules will prevail.**

### 1. General

The LTIP is a discretionary executive share plan and is intended to be operated for selected directors and senior employees of Spectris plc (the Company) and its subsidiaries (the Group).

Under the LTIP, awards are granted over ordinary shares of the Company (the "Shares") and vesting is normally subject to the achievement of targeted performance conditions over three years and continued employment. An additional two-year holding period may apply to some or all of the awards post performance period. Awards granted under the LTIP are personal to the relevant participant; are not normally transferable (except in the event of death of the award holder); and are not pensionable. The operation of the LTIP will be overseen by the Board of directors of the Company or by a duly authorised committee, normally the Remuneration Committee, (the "Board"). The Board has absolute discretion to decide whether the LTIP shall be operated for any particular financial year, the identity of any Award Holder and the terms of their participation. Decisions of the Board are final and conclusive in all respects.

### 2. Eligibility

Any employee or Executive Director of the Group at the date of grant is eligible for selection to participate in the LTIP at the discretion of the Board.

### 3. Grants of Awards

LTIP awards may only be granted during the 42 days beginning on: (i) the date of shareholder approval of the LTIP; (ii) the day after the announcement of the Company's results; (iii) any day on which the Board determines that circumstances are sufficiently exceptional to justify the grant of the LTIP award at that time; or (iv) the day after the lifting of any dealing restrictions.

Awards may be granted for up to 10 years from the date of approval by shareholders and can be in the form of options over Shares (the "Options"), a conditional right to acquire Shares (the "Conditional Share Awards"), or Shares which are subject to restrictions and the risk of forfeiture (the "Restricted Shares"). Cash awards may also be granted in certain circumstances such as to participants in jurisdictions where there are legal restrictions on the granting of share awards. No consideration is payable by participants to receive an LTIP award and participants will make either a nominal or nil payment for the release of Shares or exercise of an Option under the award, as determined by the Board.

The LTIP allows HMRC tax advantaged Company Share Option Plan ("CSOP") Options to be granted in conjunction with the LTIP award to which they are linked. No additional gross value can be delivered from the exercise of any CSOP Options.

No awards may be granted more than 10 years from the date when the LTIP was approved by shareholders.

### 4. Individual Limits

The Board may grant LTIP awards over Shares to eligible employees with a maximum total market value in any financial year of up to 280% of the relevant individual's annual salary which may be the higher or (i) annual rate of basic salary in force at grant; or (ii) basic salary paid in the year up to grant. The number of Shares over which awards are granted is based on the average market value of the Shares over the five dealing days (or if the Board determines, three dealing days) immediately prior to the date of grant.

This limit does not apply to buy-out awards in respect of a new employee.

### 5. Dilution Limits

The LTIP may operate over new issue Shares, treasury Shares or Shares purchased in the market.

The rules of the LTIP provide that, in any rolling 10 year period (i) not more than 10% of the Company's issued ordinary share capital may be issued under the LTIP and under any other employees' share scheme operated by the Company; and (ii) not more than 5% of the Company's issued ordinary share capital may be issued under the LTIP and under any other executive share scheme adopted by the Company. Shares issued out of treasury under the LTIP will count towards these limits for so long as this is required under institutional shareholder guidelines. In addition, awards which are renounced or lapse shall be disregarded for the purposes of these limits.

### 6. Performance Conditions

The Board will normally only permit LTIP awards to vest if any applicable performance conditions set when the LTIP is granted have been satisfied on the relevant vesting date. Where performance conditions are specified for LTIP awards, the underlying measurement period for such conditions will ordinarily be three years. The Board may vary, waive or substitute any applicable performance conditions as it considers appropriate provided that the Board considers that the new performance conditions are reasonable and are not materially less difficult to satisfy than the original conditions (except in the case of waiver). The Board may also impose other conditions on the vesting of LTIP awards. Awards will (except in limited circumstances) lapse to the extent that an applicable performance condition is not satisfied at the end of the performance period.

### 7. Vesting Conditions

The vesting of LTIP awards and the extent to which they vest is subject to the satisfaction of any applicable performance conditions, continued employment and any other condition imposed by the Board. The Board has discretion to adjust the level of vesting upwards or downwards from the level achieved under the performance conditions. All LTIP awards are subject malus and clawback provisions.

The release and exercise of LTIP awards is conditional upon the award holder paying any applicable employment taxes, NIC or social security due.

## 8. Vesting and Exercise

LTIP awards will normally vest, and LTIP Options will normally become exercisable, on the third anniversary of the date of grant subject to continued employment, the satisfaction of applicable performance conditions and to the extent permitted following any operation of malus and clawback. However, if there are any dealing restrictions in place at that time, normal vesting may be delayed until the dealing restrictions have been lifted. LTIP Options will normally remain exercisable for a period determined by the Board at grant which cannot exceed 10 years from grant.

LTIP awards will vest on dates set by the Board. Any applicable performance condition will be measured over the three-year performance period and the rules allow flexibility to set either (i) a five-year vesting period (effectively including a two-year holding period) or (ii) a three-year vesting period with a two-year holding period following vesting.

## 9. Dividend Equivalents

The Board may decide that LTIP awards (with the exception of Restricted Shares) will include a payment (normally in additional Shares but may be cash) equal in value to any dividends that would have been paid on the Shares which vest under an LTIP award by reference to the period between the time when the relevant award was granted and the time when the relevant award vested. This amount may assume the reinvestment of dividends and exclude or include special dividends or dividends in specie, at the discretion of the Board. The Board has discretion to use a different method to calculate the value of dividends.

## 10. Holding Period

The Board can determine at grant to apply a two-year holding period to some or all of the vested LTIP awards post the three-year performance period. The holding period will run for two years from the performance vesting date which is normally three years from the date of grant. If the vesting period is extended to five years, the two-year holding period is effectively included in the extended vesting period.

The holding period continues after employment ceases and malus/clawback can still affect awards but can end early in the case of certain corporate events; death of a participant; or at the discretion of the Board.

## 11. Cessation of Employment

LTIP awards will normally lapse in the event that a participant ceases to be an employee of or holding office with the Group before the performance vesting date except in "good leaver" circumstances. Before the performance vesting date the "good leaver" reasons include death, injury, ill-health, disability, redundancy, retirement with the agreement of the employer, sale or transfer of the participant's employing company or business out of the Company's Group, or in other circumstances at the discretion of the Board. After the performance vesting date, the "good leaver" reasons are extended to also include any other reason except dismissal for misconduct or resignation in circumstances where the employer would have been entitled to dismiss for misconduct.

For "good leavers", unvested awards will normally vest on the normal vesting date (unless the Board exercises its discretion to determine otherwise) subject to time pro-rating up to the performance vesting date (unless the Board determines otherwise) and any performance targets and/or other conditions imposed.

## 12. Change in Control/Corporate Events

All unvested LTIP awards will vest in the event of a takeover, scheme of arrangement or winding-up of the Company, the level of vesting will be determined by the Board which may take account of such factors as it considers relevant including, but not limited to, how long the award has been held by the participant and the performance target outcomes. To the extent that LTIP Options vest in such circumstances, the award holder will have 1 month from the date of the relevant event (or in the case of a takeover such longer period as the Board determines) within which to exercise his/her LTIP Options otherwise they will lapse at the end of that period.

In the event of a demerger, distribution or any other corporate event, the Board may determine whether or not LTIP awards vest and the extent of vesting which may take account of such factors as it considers relevant including, but not limited to, the period of time the LTIP award has been held by the participant and the performance target outcomes. The exercise period in respect of any LTIP Options that vest in such circumstances will be determined by the Board and unexercised LTIP Options held at the end of that period will lapse.

If there is a corporate event where the new person or company acquiring control of the Company is substantially the same as the shareholders of the Company immediately before the event, the Board may (with the consent of the acquiring company) decide that the LTIP awards will not vest or lapse but will be exchanged for equivalent new awards over shares in the acquiring company.

Where LTIP awards vest on a change of control, the rules also permit rollover of any part of an award which has not vested because of pro-rating.

## 13. Variation of Capital

If there is a variation of share capital of the Company or in the event of a demerger or other distribution, special dividend or distribution, the Board may make such adjustments to LTIP awards, including the number of Shares subject to awards and the option exercise price (if any), as it considers to be fair and reasonable.

## 14. Malus and Clawback

The malus provisions contained in the LTIP rules provide that the Board may in certain defined circumstances (summarised below) reduce the number of Shares under a LTIP award before it vests.

Under the Clawback provisions contained in the LTIP rules, the Board may recover all or part of the amount vested or paid under a LTIP award if a clawback event occurs under the defined circumstances (summarised below) in the period commencing on the earlier of the vesting of a LTIP award and the performance vesting date of the LTIP award and ending two years following the performance vesting date of the LTIP award.

Full details of the defined circumstances are set out in the rules of the LTIP. In summary, they are:

- material misstatements of accounts;
- material misstatements of financial results;
- assessment of any performance target or condition based on error, or inaccurate or misleading information;
- number of Shares subject to an award determined based on error, or inaccurate or misleading information;
- gross misconduct or fraud by the award holder;
- material failure of risk management; and/or
- material breach of the Company's Code of Business Ethics.

## 15. Alternative Settlement

At its discretion, the Board may decide to satisfy LTIP awards with a payment in cash or Shares equal to any gain that a participant would have made had the relevant award been satisfied with Shares.

## 16. Rights attaching to Shares

Shares issued and/or transferred under vested LTIP awards (with the exception of Restricted Shares) will, as to voting, dividend, transfer and other rights, including those arising on a liquidation of the Company, rank equally in all respects and as one class with the same class of shares in issue at the date of issue or transfer (except for rights arising by reference to a record date prior to the date of issue or transfer of Shares).

## 17. Amendments

Amendment to the rules of the LTIP may be made at the discretion of the Board at any time. Prior shareholder approval is generally required for amendments to the advantage of participants which is made to the provisions relating to eligibility, individual or overall limits, the basis for determining the entitlement to, and the terms of, awards under the LTIP, the adjustments that may be made in the event of any variation to the share capital of the Company and/or the rule relating to such prior approval, except for amendments which are of a minor nature and benefits the administration of the LTIP or is necessary or desirable in order to take account of a change in legislation or maintain favourable tax, exchange control or regulatory treatment for participants, the Company or any Group company.

No change to the material disadvantage of a participant can normally be made except as a result of a legal or regulatory requirement or where participants are notified of such amendment and the majority of participants approve such amendment.

## 18. Overseas Plans

The Board may, at any time, establish further plans based on the LTIP for overseas territories. Any such plans shall be similar to the LTIP but modified to take account of local tax, exchange control or securities laws. Any Shares made available under such further overseas plans must be treated as counting against the limits on individual and overall participation in the LTIP.

## Appendix 3 – Summary of Key Terms of the Spectris Reward Plan ("SRP")

**IMPORTANT NOTE: This summary does not form part of the rules of the SRP. In the event of any discrepancy between this summary and the rules of the SRP, the rules will prevail.**

### 1. General

The SRP is a discretionary incentive award which is intended to be operated for selected senior employees of Spectris plc (the "Company") and its subsidiaries (the "Group") but excluding the directors of the Company. Under the SRP, awards are granted over ordinary shares of the Company (the "Shares") and vesting is normally subject to continued employment. Awards granted under the SRP are personal to the relevant participant; are not normally transferable (except in the event of death of the award holder); and are not pensionable. The operation of the SRP will be overseen by the Board of directors of the Company or by a duly authorised committee, normally the Remuneration Committee, (the "Board"). The Board has absolute discretion to decide whether the SRP shall be operated for any particular financial year, the identity of any award holder and the terms of their participation. Decisions of the Board are final and conclusive in all respects.

### 2. Eligibility

With the exception of executive directors of the Company, any employee of the Group at the date of grant is eligible for selection to participate in the SRP at the discretion of the Board.

### 3. Grants of Awards

SRP awards may only be granted during the 42 days beginning on: (i) the date of shareholder approval of the SRP; (ii) the day after the announcement of the Company's results; (iii) any day on which the Board determines that circumstances are sufficiently exceptional to justify the grant of the SRP award at that time; or (iv) the day after the lifting of any dealing restrictions.

Awards may be granted for up to 10 years from the date of approval by shareholders and can be in the form of options over Shares (the "Options"), a conditional right to acquire Shares (the "Conditional Share Awards"), or Shares which are subject to restrictions and the risk of forfeiture (the "Restricted Shares"). Cash awards may also be granted in certain circumstances such as to participants in jurisdictions where there are legal restrictions on the granting of share awards. No consideration is payable by participants to receive a SRP award and participants will make either a nominal or nil payment for the release of Shares or exercise of an Option under the award, as determined by the Board.

No awards may be granted more than 10 years from the date when the SRP was approved by shareholders.

### 4. Individual Limits

The Board may grant SRP awards over Shares to eligible employees with a maximum total market value in any financial year of up to 200% of the relevant individual's annual salary which may be the higher or (i) annual rate of basic salary in force at grant; or (ii) basic salary paid in the year up to grant. The number of Shares over which awards are granted is based on the average market value of the Shares over the five dealing days (or if the Board determines, three dealing days) immediately prior to the date of grant.

### 5. Dilution Limits

The SRP may operate over new issue Shares, treasury Shares or Shares purchased in the market.

The rules of the SRP provide that, in any rolling 10 year period (i) not more than 10% of the Company's issued ordinary share capital may be issued under the SRP and under any other employees' share scheme operated by the Company; and (ii) not more than 5% of the Company's issued ordinary share capital may be issued under the SRP and under any other executive share scheme adopted by the Company. Shares issued out of treasury under the SRP will count towards these limits for so long as this is required under institutional shareholder guidelines. In addition, awards which are renounced or lapse shall be disregarded for the purposes of these limits.

### 6. Vesting Conditions

Vesting of SRP awards is subject to continued employment. No performance conditions or post-vesting holding period apply. All SRP awards are subject to malus and clawback provisions.

The release and exercise of SRP awards is conditional upon the award holder paying any applicable employment taxes, NIC or social security due.

### 7. Vesting and Exercise

SRP awards will normally vest, and SRP Options will normally become exercisable, on the third anniversary of the date of grant subject to continued employment and to the extent permitted following any operation of malus and clawback. However, if there are any dealing restrictions in place at that time, normal vesting may be delayed until the dealing restrictions have been lifted. SRP Options will normally remain exercisable for a period determined by the Board at grant which cannot exceed 10 years from grant.

### 8. Dividend Equivalents

The Board may decide that SRP awards (with the exception of Restricted Shares) will include a payment (normally in additional Shares but may be cash) equal in value to any dividends that would have been paid on the Shares which vest under a SRP award by reference to the period between the time when the relevant award was granted and the time when the relevant award vested. This amount may assume the reinvestment of dividends and exclude or include special dividends or dividends in specie, at the discretion of the Board. The Board has discretion to use a different method to calculate the value of dividends.

### 9. Cessation of Employment

SRP awards will normally lapse in the event that a participant ceases to be an employee of or holding office with the Group before the normal vesting date except in "good leaver" circumstances. Before the normal vesting date the "good leaver" reasons include death, injury, ill-health, disability, redundancy, retirement with the agreement of the employer, sale or transfer of the participant's employing company or business out of the Company's Group, or in other circumstances at the discretion of the Board. After the normal vesting date, the "good leaver" reasons are extended to also include any other reason except dismissal for misconduct or resignation in circumstances where the employer would have been entitled to dismiss for misconduct. For "good leavers", unvested awards will normally vest on the normal vesting date (unless the Board exercises its discretion to determine otherwise) subject to time pro-rating up to the normal vesting date (unless the Board determines otherwise) and any other conditions imposed.

## 10. Change in Control/Corporate Events

All unvested SRP awards will vest in the event of a takeover, scheme of arrangement or winding-up of the Company, the level of vesting will be determined by the Board which may take account of such factors as it considers relevant including, but not limited to, how long the award has been held by the participant. To the extent that SRP Options vest in such circumstances, the award holder will have 1 month from the date of the relevant event (or in the case of a takeover such longer period as the Board determines) within which to exercise his/her SRP Options otherwise they will lapse at the end of that period.

In the event of a demerger, distribution or any other corporate event, the Board may determine whether or not SRP awards vest and the extent of vesting which may take account of such factors as it considers relevant including, but not limited to, the period of time the SRP award has been held by the participant. The exercise period in respect of any SRP Options that vest in such circumstances will be determined by the Board and unexercised SRP Options held at the end of that period will lapse. If there is a corporate event where the new person or company acquiring control of the Company is substantially the same as the shareholders of the Company immediately before the event, the Board may (with the consent of the acquiring company) decide that the SRP awards will not vest or lapse but will be exchanged for equivalent new awards over shares in the acquiring company.

Where SRP awards vest on a change of control, the rules also permit rollover of any part of an award which has not vested because of pro-rating.

## 11. Variation of Capital

If there is a variation of share capital of the Company or in the event of a demerger or other distribution, special dividend or distribution, the Board may make such adjustments to SRP awards, including the number of Shares subject to awards and the option exercise price (if any), as it considers to be fair and reasonable.

## 12. Malus and Clawback

The malus provisions contained in the SRP rules provide that the Board may in certain defined circumstances (summarised below) reduce the number of Shares under a SRP award before it vests.

Under the Clawback provisions contained in the SRP rules, the Board may recover all or part of the amount vested or paid under a SRP award if a clawback event occurs under the defined circumstances (summarised below) in the period commencing on the vesting of a SRP award and ending two years following the normal vesting date.

Full details of the defined circumstances are set out in the SRP rules. In summary, they are:

- material misstatements of accounts;
- material misstatements of financial results;
- assessment of any performance target or condition based on error, or inaccurate or misleading information;
- number of Shares subject to an award determined based on error, or inaccurate or misleading information;
- gross misconduct or fraud by the award holder;
- material failure of risk management; and/or
- material breach of the Company's Code of Business Ethics.

## 13. Alternative Settlement

At its discretion, the Board may decide to satisfy SRP awards with a payment in cash or Shares equal to any gain that a participant would have made had the relevant award been satisfied with Shares.

## 14. Rights attaching to Shares

Shares issued and/or transferred under vested SRP awards (with the exception of Restricted Shares) will, as to voting, dividend, transfer and other rights, including those arising on a liquidation of the Company, rank equally in all respects and as one class with the same class of shares in issue at the date of issue or transfer (except for rights arising by reference to a record date prior to the date of issue or transfer of Shares).

## 15. Amendments

Amendment to the SRP rules may be made at the discretion of the Board at any time. Prior shareholder approval is generally required for amendments to the advantage of participants which is made to the provisions relating to eligibility, individual or overall limits, the basis for determining the entitlement to, and the terms of, awards under the SRP, the adjustments that may be made in the event of any variation to the share capital of the Company and/or the rule relating to such prior approval except for amendments which are of a minor nature and benefits the administration of the SRP or is necessary or desirable in order to take account of a change in legislation or maintain favourable tax, exchange control or regulatory treatment for participants, the Company or any Group company.

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## 16. Overseas Plans

The Board may, at any time, establish further plans based on the SRP for overseas territories. Any such plans shall be similar to the SRP but modified to take account of local tax, exchange control or securities laws. Any Shares made available under such further overseas plans must be treated as counting against the limits on individual and overall participation in the SRP.

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