

# HALMA

The Annual Report and Accounts 2015 are now available

## NOTICE OF ANNUAL GENERAL MEETING 2015

This year's Annual General Meeting will be held at  
The Berkeley Hotel, Wilton Place, London SW1X 7RL  
on Thursday, 23 July 2015 at 10.30 am

This Notice of Meeting sets out the resolutions that shareholders are being asked to consider and vote on at the Annual General Meeting ('AGM') of Halma plc (the 'Company'). These resolutions are a very important part of the governance of the Company and all shareholders are urged to vote, whether they are able to attend or not.

If you are unable to attend the AGM in person, you can vote on the resolutions put to shareholders either online or by post as follows:

Online: if you have accessed this notice electronically or you simply wish to vote online, go to the following website: [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy) and follow the instructions.

By post: if you have received the Annual Report and Accounts 2015 or a notification that it is available to be viewed on the Company's website, you will also have received a Proxy Form. Instructions on voting can be found on the Proxy Form.

Please note that a printed copy of the Annual Report and Accounts 2015 will only be sent to you if you have opted to receive paper copies of such documents or if you have recently acquired shares. Otherwise you may now access the Annual Report and Accounts 2015 by visiting the Halma website at [www.halma.com](http://www.halma.com).

The results of the voting on resolutions will be posted on the Company's website after the meeting.

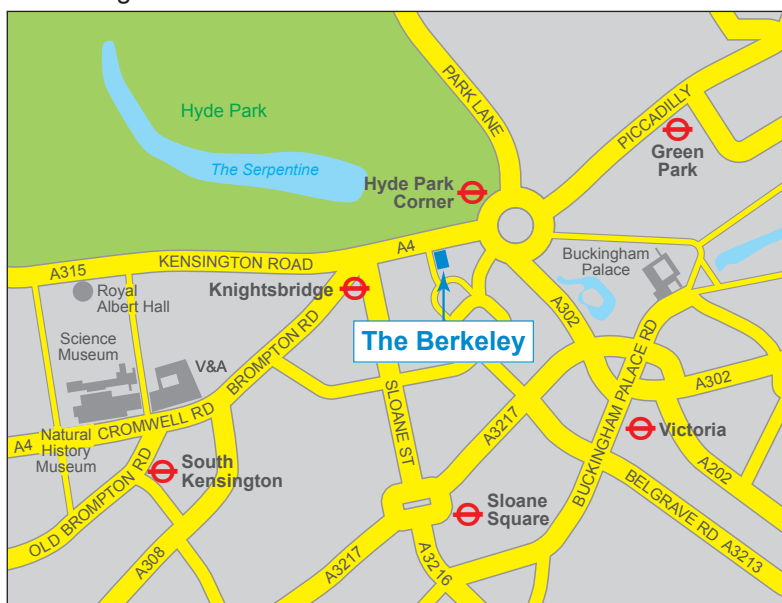
### Important

#### **This document is important and requires your immediate attention**

If you are in any doubt as to the action you should take, you should consult your professional adviser immediately.

If you have sold or otherwise transferred all your shares in the Company, you should send this document, together with the Proxy Form, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

### How to get to the AGM



# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the one hundred and twenty first Annual General Meeting of Halma plc will be held in the Ballroom at The Berkeley Hotel, Wilton Place, London SW1X 7RL on Thursday, 23 July 2015 at 10.30 am for the following purposes:

To consider and, if thought fit, pass the following resolutions 1 to 16 as ordinary resolutions:

## Annual Report and Accounts

- 1 To receive the Accounts and the Reports of the Directors (including the Strategic Report) and the Auditor for the period of 52 weeks to 28 March 2015.

## Dividend

- 2 To declare a final dividend of 7.31p per share for the 52 weeks to 28 March 2015 payable on 19 August 2015 to shareholders on the Register of Members at the close of business on 17 July 2015.

## Remuneration Policy and Report

- 3 To approve the Remuneration Policy as set out on pages 74 to 80 of the Annual Report and Accounts 2015.
- 4 To approve the Remuneration Report (other than the part containing the Remuneration Policy referred to in resolution 3) for the 52 weeks to 28 March 2015 as set out on pages 81 to 90 of the Annual Report and Accounts 2015.

## Directors

- 5 To re-elect Paul Walker<sup>1</sup> as a Director of the Company.
- 6 To re-elect Andrew Williams as a Director of the Company.
- 7 To re-elect Kevin Thompson as a Director of the Company.
- 8 To re-elect Jane Aikman<sup>2</sup> as a Director of the Company.
- 9 To re-elect Adam Meyers as a Director of the Company.
- 10 To re-elect Daniela Barone Soares<sup>3</sup> as a Director of the Company.
- 11 To elect Roy Twite<sup>3</sup> as a Director of the Company.
- 12 To elect Tony Rice<sup>4</sup> as a Director of the Company.

## Auditor

- 13 To reappoint Deloitte LLP as Auditor of the Company.
- 14 To authorise the Directors to determine the remuneration of the Auditor.

## New Employee Share Plan

- 15 That the rules of the Halma Executive Share Plan (the 'Plan') produced in draft to this meeting and, for the purposes of identification, initialled by the Chairman, be approved and the Directors be authorised to:
  - (a) make such modifications to the Plan as they may consider appropriate to take account of the requirements of best practice and for the implementation of the Plan and to adopt the Plan as so modified and to do all such other acts and things as they may consider appropriate to implement the Plan; and
  - (b) establish further plans based on the Plan but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further plans are treated as counting against the limits on individual or overall participation in the Plan.

## Authority to allot shares

- 16 That the Directors be and are hereby generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 (the '2006 Act') to exercise all the powers of the Company to allot shares, or grant rights to subscribe for or to convert securities into shares, up to an aggregate nominal amount of £12,500,000 and that this authority shall expire on the earlier of the conclusion of the annual general meeting of the Company to be held in 2016 and the first anniversary of the passing of this resolution (unless previously renewed, varied or revoked by the Company), save that the Company may before such expiry make any offer or agreement which would or might require shares to be allotted or such rights to be granted after such expiry and the Directors may allot shares or grant such rights in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

To consider and, if thought fit, pass the following resolutions 17 to 20 as special resolutions:

## Alteration of Articles to fix non-executive Director fees at an aggregate maximum of £750,000

- 17 That Article 93 of the Articles of Association approved by shareholders at the 2010 AGM be amended and approved to permit fees paid to directors to not exceed £750,000 (currently £500,000).

## Disapplication of pre-emption rights

- 18 That, subject to the passing of resolution 16, the Directors be and are hereby empowered pursuant to Section 570 of the 2006 Act to allot or to make any offer or agreement to allot equity securities (as defined in Section 560 of the 2006 Act) of the Company pursuant to the authority contained in resolution 16 and/or sell equity securities held as treasury shares for cash pursuant to Section 727 of the 2006 Act, in each case as if Section 561 of the 2006 Act did not apply to any such allotment or sale, provided that such power shall be limited to:

- (a) any such allotment, offer, agreement and/or sale pursuant to the terms of any share scheme for employees approved by the Company in general meeting;
- (b) any such allotment, offer, agreement and/or sale in connection with an issue or offer (whether by way of a rights issue, open offer or otherwise) in favour of ordinary shareholders (other than the Company) on a fixed record date where the equity securities attributable to such ordinary shareholders are proportionate (as nearly as may be) to the respective number of ordinary shares held by them on such record date, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements, legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange or any other matter whatsoever; and
- (c) otherwise than pursuant to sub-paragraph (a) or (b) above, any such allotment, offer, agreement and/or sale up to an aggregate nominal amount of £3,780,000;

and shall expire (unless previously renewed, revoked or varied) when the authority contained in resolution 16 expires, save that the Company may make any offer or agreement before such expiry which would or might require equity securities to be allotted or equity securities held as treasury shares to be sold after such expiry.

## Notes on the Resolutions

### Authority to purchase own shares

19 That the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 693 of the 2006 Act) of its ordinary shares of 10p each ('ordinary shares') provided that:

- (a) the maximum number of ordinary shares hereby authorised to be acquired is 37,800,000 ordinary shares, having an aggregate nominal value of £3,780,000;
- (b) the maximum price (excluding expenses) which may be paid for each ordinary share is an amount equal to the higher of (i) 105% of the average of the closing mid-market prices for the ordinary shares (derived from the London Stock Exchange Daily Official List) for the five business days immediately preceding the date of purchase and (ii) the price stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation; and
- (c) the minimum price per ordinary share (excluding expenses) is its nominal value;

and the authority hereby conferred shall expire at the conclusion of the Company's next annual general meeting (except in relation to the purchase of ordinary shares the contract for which was concluded before such date and which would or might be executed wholly or partly after such date), unless such authority is renewed prior to such time.

### Notice of general meetings

20 That a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

### Recommendation

The Directors believe that each of the proposals to be put to the meeting will be of benefit to and is in the best interests of the Company and the shareholders as a whole and unanimously recommend that shareholders vote in favour of all the resolutions set out above, as they intend to do in respect of their own beneficial shareholdings in the Company.

By order of the Board

**Carol Chesney**  
Company Secretary  
23 June 2015

Registered office:  
Misbourne Court, Rectory Way  
Amersham, Bucks HP7 0DE  
Registered in England and Wales No. 40932

<sup>1</sup> Chairman of the Nomination Committee and member of the Remuneration Committee.

<sup>2</sup> Chairman of the Audit Committee and member of the Nomination and Remuneration Committees.

<sup>3</sup> Member of the Audit, Nomination and Remuneration Committees.

<sup>4</sup> Senior Independent Director (designate), Chairman of the Remuneration Committee (designate) and member of the Nomination and Audit Committees.

Resolutions 1 to 16 will be proposed as ordinary resolutions which require a simple majority of the votes to be cast in favour of each resolution. Resolutions 17 to 20 will be proposed as special resolutions which require a 75% majority of the votes to be cast in favour of each resolution.

### Resolution 1 – Annual Report and Accounts

The Directors are required to present the audited accounts of the Company to shareholders at a general meeting, together with reports of the Directors (including the Strategic Report) and the Auditor (in this case for the period of 52 weeks to 28 March 2015).

### Resolution 2 – Dividend

This resolution seeks authority for the Company to pay a final dividend of 7.31p per share to shareholders for the financial year ended 28 March 2015, as recommended by the Directors. If approved the dividend will be paid on 19 August 2015 to shareholders on the Register of Members at the close of business on 17 July 2015.

The Company offers a Dividend Reinvestment Plan ('DRIP') to enable shareholders to elect to have their cash dividends reinvested in Halma plc shares. Shareholders who wish to elect for the DRIP for the forthcoming final dividend, but have not already done so, should return a DRIP mandate form to the Company's Registrar no later than 29 July 2015.

### Resolutions 3 and 4 – Remuneration Policy and Report

In accordance with Section 439A of the 2006 Act, the Remuneration Policy is now subject to a binding shareholder vote by ordinary resolution at least once every three years. Shareholder approval will be required if the Directors wish to change the policy within that three-year period. Full details of the Remuneration Policy are set out on pages 74 to 80 of the Annual Report and Accounts 2015. If approved, the policy will become effective immediately following the AGM.

Section 439 of the 2006 Act requires that the Remuneration Report (other than the part containing the Remuneration Policy referred to in resolution 3) is put to a vote of shareholders at each annual general meeting. The Remuneration Report is set out on pages 81 to 90 of the Annual Report and Accounts 2015.

### Resolutions 5 to 12 – Directors

The Company's Articles of Association require that once every three years Directors retire by rotation and seek re-election to the Board at an annual general meeting. However, in accordance with the UK Corporate Governance Code, which recommends that all directors of FTSE 350 companies should stand for re-election by shareholders every year, the Board has decided that all Directors be subject to re-election at each annual general meeting.

The Chairman has confirmed that following normal performance evaluations, each of the non-executive Directors who is seeking re-election or election (Jane Aikman, Daniela Barone Soares, Roy Twite and Tony Rice) continue to be effective members of the Board and demonstrate commitment to their responsibilities.

The Chairman himself is also seeking re-election and has the support of the Board. On the basis of the feedback received through the Board's performance evaluation process, Stephen Pettit, in his capacity as Senior Independent Director, confirms that Paul Walker is an effective Chairman and demonstrates commitment to his responsibilities.

Due to retirement, Stephen Pettit will not be seeking re-election to the Board at the AGM and will step down from the Board at the conclusion of the AGM.

## Notes on the Resolutions continued

The biographies of the Directors retiring at the AGM who wish to seek re-election or who wish to seek election are as follows:

### *Paul Walker, Non-executive Chairman*

Paul was appointed non-executive Chairman of Halma in July 2013, having been appointed to the Board in April 2013. Paul is non-executive Chairman of Perform Group plc and WANDisco plc and a non-executive director of Experian plc and Sophos Limited. He was CEO at the Sage Group plc from 1994 to 2010 and has previously served on the boards of Diageo plc and Mytravel Group plc. Paul qualified as a Chartered Accountant with Ernst & Young, having graduated from York University with an economics degree.

### *Andrew Williams, Chief Executive*

Andrew was appointed Chief Executive of Halma plc in February 2005. He was promoted to Director of the Halma plc Board in 2004. Andrew joined the Halma Executive Board in 2002 as Divisional Chief Executive after joining Halma in 1994 as Manufacturing Director of Reten Acoustics (now HWM-Water), where he became Managing Director in 1997. He is a Chartered Engineer and a production engineering graduate of Birmingham University. He attended the Advanced Management Program at Wharton Business School, University of Pennsylvania in 2004. Andrew is a non-executive director of Capita plc.

### *Kevin Thompson, Finance Director*

Kevin was appointed to the Halma plc Board in 1998. He became Group Finance Director in 1997 after joining the Halma Executive Board as Finance Director in 1995. Kevin joined Halma as Group Financial Controller in 1987. Kevin qualified as a Chartered Accountant with Price Waterhouse and is an economics and accounting graduate of Bristol University. He attended the Advanced Management Program at Harvard Business School in 2007.

### *Jane Aikman, Non-executive Director*

Jane was appointed a non-executive Director of Halma in August 2007. She is Chief Operating Officer and Chief Financial Officer of Phoenix IT Group plc. Previously Jane was Finance Director of Infinis Energy Limited, Wilson Bowden Plc and Pressac plc. She spent three years as an internal audit manager with GEC Alsthom and five years in East Asia with Asia Pulp and Paper Co Limited. Jane qualified as a Chartered Accountant with Ernst & Young and has a degree in civil engineering from Birmingham University.

### *Adam Meyers, Sector Chief Executive – Medical*

Adam joined the Halma plc Board in April 2008 and is Chief Executive of the Medical sector. He became a member of the Halma Executive Board in 2003 as Divisional Chief Executive, having joined Halma in 1996 as President of Bio-Chem Valve. Adam gained his MBA from Harvard Business School and is a systems engineering graduate of the University of Pennsylvania.

### *Daniela Barone Soares, Non-executive Director*

Daniela was appointed a non-executive Director of Halma in November 2011. She is Chief Executive Officer of Impetus – The Private Equity Foundation. She is also a non-executive Director of Evora S.A. in Brazil and sits on the advisory board of a number of non-listed, social sector organisations in the UK and Brazil. Daniela is a member of the UK National Advisory Board, which advises the G8 Social Impact Investment Taskforce. She has previously held senior roles at Save the Children, BancBoston Capital, Inc., Goldman, Sachs & Co. (New York) and Citibank, N.A. (Brazil). Daniela has an MBA from Harvard Business School and a BSc in economics from Universidade Estadual de Campinas (UNICAMP), Brazil.

### *Roy Twite, Non-executive Director*

Roy was appointed a non-executive Director of Halma in July 2014. He is an executive director at IMI plc, having been appointed to the plc board in February 2007. During his career with IMI, Roy has led all of the divisions including Severe Service (2011), Fluid Power (2009), Beverage and Merchandising (2007) and Indoor Climate (2004). Roy has a BEng in Engineering from Nottingham University and gained his Masters in Manufacturing Business Leadership from Cambridge University in 1998.

### *Tony Rice, Non-executive Director*

Tony was appointed a non-executive Director of Halma in August 2014. He is the Senior Independent Director and remuneration committee Chairman of Spirit Pub Company plc. Tony was formerly chief executive officer of Cable & Wireless Communications plc. Earlier in his career, Tony was CEO of Tunstall Plc and held a number of senior roles in BAE Systems plc (including British Aerospace). Tony has a BA in Business Studies from City of London College, an MBA from Cranfield School of Management and is a member of both the Association of Corporate Treasurers and the Chartered Institute of Management Accountants.

## Resolution 13 – Reappointment of Auditor

The Company is required to appoint an auditor at every general meeting at which accounts are presented, to hold office until the conclusion of the next such meeting and the Directors are proposing the reappointment of Deloitte LLP as the Company's Auditor.

## Resolution 14 – Auditor's remuneration

In accordance with standard practice, this resolution gives authority to the Directors to determine the Auditor's remuneration.

## Resolution 15 – Approval of the Employee Share Plan

The Company's existing Performance Share Plan (the '2005 PSP') will reach the end of its ten-year life in 2015. This resolution therefore seeks approval to introduce a new Executive Share Plan to replace the 2005 PSP. The new Plan will share many of the features of the 2005 PSP but has been updated to reflect current legislation, best practice and corporate governance requirements. In addition, the new Plan will include flexibility to grant performance-related share awards, other share awards and deferred bonus awards. The main terms of the new Plan are summarised in the Appendix to this Notice on pages 8 to 11.

The new Plan will be used primarily to grant performance-related awards and deferred bonus awards to executive Directors and selected senior employees. The Remuneration Committee believes that the ability to continue to grant long-term share-based incentives as part of a balanced remuneration package will create a strong alignment of long-term interest between senior management and shareholders.

No awards have been made under the 2005 PSP in 2015. It is intended that initial performance awards will be made to executive Directors and selected senior management shortly following shareholder approval of the Plan. The first grants of the deferred bonus awards will be made in 2016, following determination of bonuses for the 2015/16 financial year.

## Resolution 16 – Authority to allot shares

The Directors may only allot shares if authorised to do so by shareholders. The purpose of this resolution is to renew the Directors' authority.

The effect of this resolution will allow the Directors to allot and issue new shares up to a nominal aggregate value of £12,500,000, being just less than one third of the total issued share capital of the Company (excluding treasury shares) as at 8 June 2015 (the



latest practicable date prior to the publication of the Notice of Meeting).

In accordance with the Directors' stated intention to seek annual renewal, the authority will expire at the conclusion of the annual general meeting of the Company in 2016. Passing this resolution will give the Directors flexibility to act in the best interests of shareholders, when opportunities arise, by issuing new shares. The Directors have no current plans to make use of this authority except under share plans previously approved in general meeting.

As at 8 June 2015 (the latest practicable date prior to the publication of the Notice of Meeting), the Company held 1,371,785 treasury shares, which is equal to approximately 0.4% of the issued share capital of the Company (excluding treasury shares) as at that date.

#### **Resolution 17 - Alteration of Articles to fix non-executive Director fees at an aggregate maximum of £750,000**

The Company's Articles of Association reflect a maximum level of Directors' fees of £500,000 which was last updated in 2002. Increasing the aggregate maximum to £750,000 provides additional headroom for the medium term.

#### **Resolution 18 – Disapplication of pre-emption rights**

The 2006 Act requires that, if the Company issues new shares for cash or sells treasury shares, it must first offer them to existing shareholders in proportion to their current holdings.

The effect of this resolution, which will be proposed as a special resolution, is to authorise the Directors to allot new shares pursuant to the authority given in resolution 16, or sell treasury shares for cash, up to an aggregate nominal amount of £3,780,000 (up to 37,800,000 ordinary shares) representing approximately 10% of the Company's issued share capital as at 8 June 2015 (being the latest practicable date prior to the publication of the Notice of Meeting) without offering them to shareholders first, and to modify statutory pre-emption rights to deal with legal, regulatory or practical problems that may arise on a rights or other pre-emptive offer or issue.

In accordance with the Pre-Emption Group's Principles, the Directors confirm that, to the extent that the authority is used for an issue of shares representing more than 5% of the Company's issued share capital at 8 June 2015, the Board intends that such authority will be used only in connection with an acquisition or specified capital investment that is announced contemporaneously with the issue, or that has taken place in the preceding six-month period and is disclosed in the announcement of the issue.

The authority will expire at the conclusion of the annual general meeting of the Company in 2016.

Excluding any shares issued in connection with an acquisition or specified capital investment as described above, the Directors do not intend to issue more than 7.5% of the issued share capital for cash on a non-pre-emptive basis in any rolling three-year period.

#### **Resolution 19 – Authority to purchase own shares**

The Directors were authorised at the 2014 annual general meeting to purchase up to 37,700,000 of the Company's own 10p ordinary shares in the market. This authority expires at the end of the 2015 AGM. In accordance with the Directors' stated intention to seek annual renewal, this resolution (which will be proposed as a special resolution) will renew this authority until the end of next year's annual general meeting in respect of up to 37,800,000 ordinary shares, which is approximately 10% of the Company's issued share capital (excluding treasury shares)

as at 8 June 2015 (the latest practicable date prior to the publication of the Notice of Meeting).

The Directors consider it desirable that the possibility of making such purchases, under appropriate circumstances, is available. The authority, if granted, will only be exercised if market conditions make it advantageous to do so. The Directors will only make purchases under the authority if they believe that to do so would result in an increase in earnings per share for the remaining shareholders and was in the best interests of shareholders generally.

The Directors' present intention is that the shares purchased under the authority will be held in treasury for future cancellation, sale for cash or transfer for the purposes of, or pursuant to, an employee share plan, although in the light of circumstances at the time it may be decided to cancel them immediately on repurchase. The effect of any cancellation would be to reduce the number of shares in issue. For most purposes, while held in treasury, shares are treated as if they have been cancelled (for example, they carry no voting rights and do not rank for dividends).

As at 8 June 2015 (the latest practicable date prior to the publication of the Notice of Meeting) there were no options outstanding to subscribe for ordinary shares.

#### **Resolution 20 – Notice of general meetings**

Changes made to the 2006 Act by the Shareholders' Rights Regulations increase the minimum notice period required for general meetings of the Company to 21 days unless shareholders approve a shorter notice period, which cannot be less than 14 clear days. Annual general meetings continue to be held on at least 21 clear days' notice.

Before the Shareholders' Rights Directive came into force, the Company was able to call general meetings (other than annual general meetings) on 14 clear days' notice without obtaining such shareholder approval. In order to preserve this flexibility, resolution 20 seeks to renew the authority obtained at last year's annual general meeting. It is intended that a shorter notice period will not be used as a matter of routine for general meetings, but only if the flexibility would be helpful given the business of the meeting and where the Board thinks it is in the interest of shareholders as a whole. If the resolution is passed, the authority will be effective until the annual general meeting in 2016, when it is intended that a similar resolution will be proposed.

The Company offers the facility for shareholders to vote and appoint proxies by electronic means. This is accessible to all shareholders and would be available if the Company were to call meetings on 14 clear days' notice.

## Information for Shareholders

### Entitlement to attend and vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting and the number of votes which may be cast at the meeting, will be determined by reference to the Register of Members of the Company at 6.00 pm on the day which is two working days before the day of the meeting. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.

### Voting procedures

2. In line with best practice, **all resolutions at the 2015 AGM will be taken on a poll vote and not by a show of hands as in previous years.** This will result in a more accurate reflection of the view of shareholders by ensuring that every vote is recognised, including the votes of all shareholders who are unable to attend the meeting but who appoint a proxy for the meeting. On a poll, each shareholder has one vote for every share held. Shareholders who attend the meeting will still have the opportunity to ask questions and form a view on any points raised before voting on each resolution. The results will be published on our website at [www.halma.com](http://www.halma.com) and will be released to the London Stock Exchange as soon as possible following the meeting.

### Appointment of proxies

3. A shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to exercise all or any of his/her rights to attend and to speak and vote on his/her behalf at the meeting. A proxy need not be a shareholder of the Company. The return of a completed Proxy Form, other such instrument or any CREST Proxy Instruction (as described in note 11) will not prevent a shareholder from attending the meeting and voting in person if he/she wishes to do so.
4. A Proxy Form which may be used to make such appointment and give proxy instructions has been sent to all shareholders (except those who have elected to receive notice via e-mail, who should refer to note 6).
5. In order to be valid, an appointment of proxy or proxies must be completed and returned, together with the power of attorney or other authority (if any) under which it is signed, or a duly certified copy of such authority, by one of the following methods:
  - (a) in hard copy form by post, courier or by hand, to the Company's Registrar, Computershare Investor Services PLC;
  - (b) alternatively, shareholders who have received a Proxy Form may appoint a proxy or proxies electronically via the Registrar's website at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy) using the Control Number, Shareholder Reference Number (SRN) and PIN; or
  - (c) in the case of CREST members, by using the CREST electronic proxy appointment service (as set out in note 11);

in each case so that it is received no later than 10.30 am on 21 July 2015, being not less than 48 hours (excluding non-working days) before the time fixed for the meeting.

6. Shareholders who have elected to receive notice via e-mail may appoint a proxy or proxies electronically via the Registrar's website, [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy) using the Control Number, the Shareholder Reference Number (SRN) and PIN. Electronic proxy appointments must be received no later than 10.30 am on 21 July 2015.

7. In the case of a joint holding, a proxy need only be signed by one joint holder. If more than one such joint holder tenders a vote, whether in person or by proxy, the vote of the senior shall be accepted to the exclusion of the votes of the other joint holders. Seniority is determined by the order in which the names appear in the Register of Members.
8. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. If in such case a shareholder wishes to appoint more than one proxy, the shareholder should photocopy the Proxy Form and indicate in the box, next to the proxy's name, the number of shares in relation to which the shareholder authorises him/her to act as the shareholder's proxy.

### Nominated persons

9. Any person to whom this notice is sent who is a person nominated under Section 146 of the 2006 Act to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

The statement of rights of shareholders in relation to the appointment of proxies in paragraphs 3 to 8 does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.

If you have been nominated to receive general shareholder communications directly from the Company, it is important to remember that your main contact in terms of your investment remains as it was (so the registered shareholder, or perhaps custodian or broker, who administers the investment on your behalf). Therefore any changes or queries relating to your personal details and holding (including any administration thereof) must continue to be directed to your existing contact at your investment manager or custodian. The Company cannot guarantee dealing with matters that are directed to us in error. The only exception to this is where the Company, in exercising one of its powers under the 2006 Act, writes to you directly for a response.

### CREST electronic proxy appointment

10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual (available via [www.euroclear.com](http://www.euroclear.com)). CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.
11. 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 Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is 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 Company's agent, Computershare Investor Services PLC (ID 3RA50), by the latest time(s) for receipt of proxy appointments set out in note 5. 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 Application Host) from which the Company'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 UK & Ireland Limited 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, to procure that his/her CREST sponsor or voting service provider takes) 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 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.

#### Corporate representatives

12. A corporation which is a shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all of its powers as a shareholder provided that they do not do so in relation to the same shares.

#### Audit concerns

13. Section 527 of the 2006 Act allows shareholders who meet the threshold requirements of that section to require the Company to publish a statement on its website setting out any matter relating to:
- (a) the audit of the Company's accounts to be laid at the meeting (including the Auditor's Report and the conduct of the audit); or
  - (b) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the 2006 Act.

The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the 2006 Act. Where the Company is required to place a statement on a website under Section 527 of the 2006 Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under Section 527 of the 2006 Act to publish on a website.

#### Shareholders' right to ask questions

14. Any shareholder attending the meeting has the right to ask questions. The Company must cause to be answered at the meeting any question relating to the business being dealt with at the meeting but no such answer need be given if
- (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
  - (b) the answer has already been given on a website in the form of an answer to a question; or
  - (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

#### Issued shares and total voting rights

15. As at 8 June 2015 (the latest practicable date prior to the publication of the Notice of Meeting), the Company's issued share capital consisted of 379,645,332 ordinary shares. As at that date the Company held 1,371,785 shares in treasury. Therefore, after excluding treasury shares, the total number of voting rights in the Company as at 8 June 2015 is 378,273,547.

#### Documents on display

16. Copies of the following documents will be available for inspection during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays) at the Company's registered office and at the offices of the Company's solicitors, CMS Cameron McKenna LLP, Cannon Place, 78 Cannon Street, London EC4N 6AF, from the date of the above notice until 23 July 2015 and at The Berkeley Hotel from 9.30 am on the day of the meeting until the close of the meeting:
- copies of service contracts or appointment letters (as applicable) of the Company's executive and non-executive Directors;
  - copies of Directors' Deeds of Indemnity;
  - copy of the rules of the Halma Executive Share Plan 2015; and
  - the Articles of Association of the Company.

#### Electronic publication

17. A copy of this Notice of Meeting, and any other information required by Section 311A of the 2006 Act, can be found on the Company's website at [www.halma.com](http://www.halma.com).

#### Electronic addresses

18. Shareholders are advised that they may not use any electronic address provided in this Notice of Meeting or any related documents (including the Proxy Form) to communicate with the Company for any purpose other than those expressly stated.

#### AGM arrangements

19. Registration will open at 9.30 am. **In a change to recent years, light refreshments will only be available before the AGM in order to free up attendees' time after the meeting.** If you have a disability and require assistance at the AGM, contact Helen Thorpe at Halma plc by telephone on 01494 789133 or by e-mail to [helen.thorpe@halma.com](mailto:helen.thorpe@halma.com). Anyone accompanying a shareholder who is in a wheelchair or otherwise in need of assistance will be admitted to the AGM.

## Summary of the principal terms of the Halma Executive Share Plan 2015

This Appendix describes the features of the Halma Executive Share Plan 2015 (the '**Plan**').

### Operation

The Remuneration Committee of the Board of Directors of the Company (the '**Committee**') will supervise the operation of the Plan.

### Eligibility

Any employee (including an executive Director) of the Company and its subsidiaries will be eligible to participate in the Plan at the discretion of the Committee.

### Grant of awards

The Committee may grant awards to acquire ordinary shares in the Company or depositary receipts representing ordinary shares in the Company ('**Shares**') within six weeks following the Company's announcement of its results for any period. The Committee may also grant awards within six weeks of shareholder approval of the Plan or at any other time when the Committee considers there are exceptional circumstances which justify the granting of awards.

The Committee may grant awards as conditional shares or as nil (or nominal) cost options or as forfeitable shares. The Committee may also decide to grant cash-based awards of an equivalent value to share-based awards or to satisfy share-based awards in cash, although it does not currently intend to do so.

The Committee may grant Performance Awards, Basic Deferred Share Awards, Deferred Bonus Awards and/or Merit Deferred Share Awards under the Plan, the terms of which are described in more detail below.

It is currently intended that, shortly following adoption of the Plan, the first Performance Awards will be made to executive Directors and selected senior management, and that Basic Deferred Share Awards will be made to selected employees below the Executive Board population. It is also intended that the first Deferred Bonus Awards and Merit Deferred Share Awards will be made in 2016, subject to eligible employees receiving a bonus in respect of the 2015/16 financial year.

An award may not be granted more than 10 years after shareholder approval of the Plan.

No payment is required for the grant of an award. Awards are not transferable, except on death. Awards are not pensionable.

### Performance Awards and Basic Deferred Share Awards

Performance Awards are awards linked to performance conditions ('**Performance Awards**'). Basic Deferred Share Awards are awards which are not subject to any performance conditions ('**Basic Deferred Share Awards**'). Executive Directors are not eligible to receive Basic Deferred Share Awards.

Specific terms applying to Performance Awards and Basic Deferred Share Awards are described below.

#### Individual limit

An employee may not receive Performance Awards and Basic Deferred Share Awards in any financial year over Shares having a market value in excess of 250% of his annual base salary in that financial year. In exceptional circumstances, such as recruitment or retention, this limit is increased to 300% of an employee's base salary.

It is the Committee's current intention that, in line with current policy, executive Directors will receive Performance Awards equivalent to 150% to 200% of salary.

#### Performance conditions

The Committee will impose performance conditions on the vesting of all Performance Awards.

It is the Committee's current intention that initial Performance Awards made in 2015 will be subject to two performance conditions measured over a period of three financial years: one-half of a Performance Award will be based on the Company's earnings per share growth (**EPS**) and one-half of the Performance Award will be subject to average Return on Total Invested Capital (**ROTIC**).

The extent to which initial Performance Awards will vest is as follows:

#### *Earnings per share growth*

| Compound annual EPS growth over the performance period | Vesting percentage of one-half of shares subject to the Performance Award |
|--|---|
| Less than 5%   | 0%  |
| 5% to 12%  | 25% to 100% (straight-line vesting in between these points)               |
| 12% or more  | 100%  |



#### *Return on Total Invested Capital*

| <b>Average ROTIC over the performance period</b> | <b>Vesting percentage of one-half of shares subject to the Performance Award</b> |
|--|--|
| Less than 11%                                    | 0%   |
| 11% to 17%                                       | 25% to 100% (straight-line vesting in between these points)                      |
| 17% or more                                      | 100%   |

The Committee can set different performance conditions for executive Directors from those described above for future Performance Awards and the Committee may set different or no performance conditions for participants who are not executive Directors (taking account of their individual roles and responsibilities) provided that, in the reasonable opinion of the Committee, the new targets are not materially less challenging in the circumstances than those described above.

The Committee may vary any performance conditions applying to existing Performance Awards if an event has occurred which causes the Committee to consider that it would be appropriate to amend the performance conditions, provided the Committee considers the varied conditions are fair and reasonable and not materially less challenging than the original conditions would have been but for the event in question.

#### Vesting of Performance Awards and Basic Deferred Share Awards

Performance Awards granted to executive Directors normally vest three years after grant. Performance Awards granted to employees outside this population may vest at such time set by the Committee.

Performance Awards will vest to the extent that any applicable performance conditions have been satisfied and provided the participant is still employed in the Group. Performance Awards in the form of nil (or nominal) options will normally be exercisable up to the tenth anniversary of grant unless they lapse earlier.

Basic Deferred Share Awards normally vest three years after grant, provided the participant is still employed in the Group.

#### Leaver rules applying to Performance Awards and Basic Deferred Share Awards

As a general rule, a Performance Award or Basic Deferred Share Award will lapse upon a participant ceasing to hold employment or being a director within the Group. However, if a participant ceases to be an employee or a director because of his death, injury, disability, redundancy, or his employing company or the business for which he works being sold from the Group, then his Performance Award or Basic Deferred Share Award will vest on the date when it would have vested if he had not ceased such employment or office.

The extent to which a Performance Award or Basic Deferred Share Award will vest in these situations will depend upon two factors:

- (i) the extent to which any performance conditions have been satisfied on the normal vesting date (i.e. at the time they would have been assessed had the participant not ceased employment or office); and
- (ii) the pro-rating of the Performance Award or Basic Deferred Share Award to reflect the reduced period of time between its grant and vesting, although the Committee can decide not to pro-rate the relevant award if it regards it as inappropriate to do so in the particular circumstances.

If a participant ceases to be an employee or a director in circumstances other than those described above at the discretion of the Committee, then his Performance Award or Basic Deferred Share Award will vest on the date when it would have vested if he had not ceased such employment or office, subject to the extent to which any performance conditions have been satisfied on the normal vesting date. The relevant award will be subject to pro-rating either: (a) to reflect the period of time between its grant and the date of cessation, relative to the vesting period; or (b) to reflect the period of time between its grant and such other date as the Committee may determine (which may be earlier or later than the date of cessation), relative to the vesting period.

If a participant ceases to be an employee or director in the Group for one of the 'good leaver' reasons specified above, the Committee can decide, in exceptional circumstances, that his Performance Award or Basic Deferred Share Award will vest on the date of cessation, subject to: (i) any applicable performance conditions measured at that time; and (ii) pro-rating as described above.

#### Takeover or winding up of the Company

In the event of a takeover or winding up of the Company (not being an internal corporate reorganisation) all Performance Awards and Basic Deferred Share Awards will vest early subject to: (i) the extent that any performance conditions have been satisfied at that time; and (ii) the pro-rating of the relevant awards to reflect the reduced period of time between their grant and vesting, although the Committee can decide not to pro-rate the award if it regards it as inappropriate to do so in the particular circumstances.

#### ***Deferred Bonus Awards and Merit Deferred Share Awards***

A Deferred Bonus Award which is granted to an eligible individual who is not an executive Director may be called a '**Merit Deferred Share Award**'. In either case, the award is linked to the level of annual bonus payable, and so the performance linkage arises through the achievement of the annual bonus performance conditions.

Specific terms applying to Deferred Bonus Awards and Merit Deferred Share Awards are described below. The terms of a Deferred Bonus Award granted to an executive Director will be limited by the remuneration policy approved by shareholders from time to time.

#### Individual limit

The Committee will decide the number of Shares subject to a Deferred Bonus Award or a Merit Deferred Share Award by reference to the value of the bonus which, in the case of a Deferred Bonus Award granted to an executive Director, will be limited by the remuneration policy approved by shareholders from time to time.

#### Vesting of Deferred Bonus Awards and Merit Deferred Share Awards

Deferred Bonus Awards and Merit Deferred Share Awards will vest at such time set by the Committee. The Committee's current intention is for Deferred Bonus Awards and Merit Deferred Share Awards to vest two years after grant, provided the participant is still employed in the Group on that date. Deferred Bonus Awards and Merit Deferred Share Awards will not be subject to performance conditions, although the grant level will be determined by annual bonus level. Deferred Bonus Awards and Merit Deferred Share Awards in the form of nil (or nominal) cost options will normally be exercisable up to the tenth anniversary of grant unless they lapse earlier.

#### Leaver rules applying to Deferred Bonus Awards and Merit Deferred Share Awards

As a general rule, a Deferred Bonus Award and a Merit Deferred Share Award will lapse upon a participant ceasing to hold employment or being a director within the Group. However, if a participant ceases to be an employee or a director because of his death, injury, disability, redundancy, his employing company or the business for which he works being sold out of the Group or in any other circumstances at the discretion of the Committee, then his Deferred Bonus Award or Merit Deferred Share Award will vest in full on the participant's cessation of employment.

#### Takeover or winding up of the Company

In the event of a takeover or winding up of the Company (not being an internal corporate reorganisation), Deferred Bonus Awards and Merit Deferred Share Awards will vest early and in full.

#### ***General provisions applying to awards***

#### Dividend equivalents

The Committee may decide that participants will receive a payment (in cash and/or Shares) on or shortly following the settlement of their awards of an amount equivalent to the dividends that would have been paid on those Shares between the time when the awards were granted and the time when they vest. This amount may assume the reinvestment of dividends. Alternatively, participants may have their awards increased as if dividends were paid on the Shares subject to their award and then reinvested in further Shares.

#### Internal reorganisation or demerger

In the event of an internal corporate reorganisation, awards will be replaced by equivalent new awards over shares in a new holding company unless the Committee decides that awards should vest on the basis which would apply in the case of a takeover as described above. If a demerger, special dividend or other similar event is proposed which, in the opinion of the Committee, would affect the market price of Shares to a material extent, then the Committee may decide that awards will vest on the basis which would apply in the case of a takeover as described above.

#### Recovery and withholding

Awards may be subject to recovery and withholding if, in the three-year period following the vesting of the awards, the Committee determines that there has been a material misstatement in the Company's financial statements and/or an error in assessing any applicable performance conditions and/or in circumstances where the participant has (or could have) been dismissed for misconduct. The Committee may recover and withhold future incentive compensation, including but not limited to the amount of any unpaid bonus, the number of shares under a vested but unexercised award and/or a requirement to make a cash payment.

#### Participants' rights

Awards of conditional shares and options will not confer any shareholder rights until the awards have vested or the options have been exercised and the participants have received their Shares. Holders of awards of forfeitable Shares will have shareholder rights from when the awards are made except they may be required to waive their rights to receive dividends.

#### Rights attaching to Shares

Any Shares allotted when an award vests or is exercised will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

#### Variation of capital

In the event of any variation of the Company's share capital or in the event of a demerger, payment of a special dividend or similar event which materially affects the market price of the Shares, the Committee may make such adjustment as it considers appropriate to the number of Shares subject to an award and/or the exercise price payable (if any).

#### Overall Plan limit

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

In any 10 calendar year period, the Company may not issue (or grant rights to issue) more than:

- (a) 10% of the issued ordinary share capital of the Company under the Plan and any other employee share plan adopted by the Company; and
- (b) 5% of the issued ordinary share capital of the Company under the Plan and any other executive share plan adopted by the Company.

Treasury Shares will count as new issue Shares for the purposes of this limit unless institutional investors decide that they need not count.

#### Alterations to the Plan

The Committee may, at any time, amend the Plan in any respect, provided that the prior approval of shareholders is obtained for any amendments that are to the advantage of participants in respect of the rules governing eligibility, limits on participation, the overall limits on the issue of Shares or the transfer of treasury Shares, the basis for determining a participant's entitlement to, and the terms of, the Shares or cash to be acquired and the adjustment of awards. The requirement to obtain the prior approval of shareholders will not, however, apply to any minor alteration made to benefit the administration of the Plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Group. Shareholder approval will also not be required for any amendments to any performance condition applying to an award.

#### Overseas plans

The shareholder resolution to approve the Plan will allow the Board to establish further plans for overseas territories, any such plan to be similar to the Plan, but modified to take account of local tax, exchange control or securities laws, provided that any Shares made available under such further plans are treated as counting against the limits on individual and overall participation in the Plan.

