

Keeping the world flowing for future generations



Welcome

Our Purpose, keeping the world flowing for future generations, has never felt more relevant

Scope of the report

This is our first annual Sustainability Report. It details our non-financial performance (Environmental, Social and Governance, 'ESG') for the year 2020, which ended on 31 December 2020.

CO₂e emissions and energy usage data included within this report has been independently verified and assured by MakeUK.

The report covers our global business. Unless otherwise indicated, reported data is groupwide.

Basis of preparation

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. We have also provided disclosures against the SASB (Sustainability Accounting Standards Board) framework to support our communication of financially material sustainability information.

Our GRI index has been checked by Corporate Citizenship. Corporate Citizenship confirms that in their view the index meets the requirement of 'In accordance – Core', as set out in the GRI Standards. Corporate Citizenship has also checked alignment to the SASB framework.



We delivered a strong set of results across our key ESG metrics in 2020:

Reduction
in LTIs

-12%

Carbon Emissions
(Scope 1 & 2, YoY)

-18%

Water
Usage

-15%

Electricity
Usage

-8%

Employees
Owning Shares

50%+

Women in
Senior Roles

23%

Employee Pulse Survey
(Prior Yr Score)

7.1^(7.3)
Engagement

6.6^(6.3)
Pace of Change

What's inside



Introducing our report

Introductions to our first Sustainability Report by our ESG Committee Chair and CEO.

 [Read more on PG 4-7](#)



Our role in new energies

Enabling smart solutions to global environmental sustainability challenges.

 [Read more on PG 33](#)

Our ESG ambition & goals

Our sustainability priorities to drive progress against our chosen Sustainable Development Goals.

 [Read more on PG 10](#)



Some people imagery in this report was taken prior to the COVID-19 pandemic.

Stakeholder engagement

Valuing stakeholders' views and working to meet their expectations and needs.



 [Read more on PG 50](#)

ESG awards

Rotork was voted the number two ranked ESG company in the European Small/Mid Cap Capital Goods Sector by Institutional Investor in 2020. Rotork was also nominated as a finalist at the IR Magazine Awards in the category Best ESG materiality reporting in 2021.



 [Read more about our ESG scores on PG 15](#)

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Our Global Reporting Initiative Index and SASB disclosures are published at www.rotork.com/esg



Overview

In this section:

- Introductions to our report
- About Rotork
- Our strategy
- Key sustainability issues
- ESG integration



ESG Committee Chair's introduction

As Chair of the ESG Committee, I am delighted to introduce Rotork's first Sustainability Report.

Businesses, cities and people around the world are driving a transformation towards a more sustainable future, with action to limit further climate change being a top priority. For companies like Rotork, it prompts the question: what part can we play?

Rotork has a clear purpose: keeping the world flowing for future generations. In fulfilling this purpose, the Company can help tackle some of the most important sustainability issues of our time. Our environmental 'handprint' – the opportunity to drive positive outcomes through our products and services – is significant. Rotork's products are an essential component of the global energy transition. They also support efficient management of natural resources, such as energy and water.

Our 'footprint' – our impact through our own facilities and operations – is smaller, but also important. Rotork has always pursued sustainable business practices and disclosed its performance publicly. In fact, Rotork was probably among the first companies to do so when it introduced a carbon emissions measure into its corporate scorecard in 2013. It was therefore a natural step to establish a Board-level Environmental, Social & Governance (ESG) Committee in 2020, recognising the increased importance of ESG matters. The Committee's role is to accelerate Rotork's ESG agenda and ensure that ESG priorities are an integral part of the Company's decision-making at all levels of the business, so that it succeeds in delivering its purpose.

I am honoured to hold the position of Chair of this important and engaged Committee. The Committee's members comprise the CEO, non-executive directors

and senior members of the executive leadership, supported by a newly appointed ESG specialist. The Committee oversaw the development and launch of a new sustainability framework in March 2021, which captured input from Rotork's leadership and senior management teams, as well as external stakeholders.

Our ambitious new sustainability framework has been developed around our chosen UN Sustainable Development Goals and priority sustainability topics. It rests on three strategic pillars: **Operating Responsibly, Enabling a Sustainable Future**, and **Making a Positive Social Impact**, reflecting the way we run our business, the impact we can have through our products and services and the way we engage with our people and communities. It will ensure a sharp focus on the material environmental, social and governance issues relevant to Rotork and enable clear, aligned reporting on how effectively they are being addressed. I am really pleased by the work undertaken by the organisation and I am impressed by the extent to which the leadership team is applying an ESG lens to both its strategic and operational decision-making.

This Sustainability Report represents another important step forward in Rotork's ESG journey. It provides greater disclosure of the material ESG topics, aligned to our new strategic framework. The Group has also reported against internationally recognised frameworks for sustainability reporting - GRI and SASB – for the first time.

Good progress has been made and with our current momentum, I am excited about the journey ahead.



Ann Christin Andersen

Ann Christin Andersen
Chair of the ESG Committee



Chief Executive's foreword

Our Purpose and sustainability vision are one and the same: *Keeping the world flowing for future generations.* We focus on living our Values and growing the business in a way that benefits all our stakeholders. While sustainability has long been a core part of our culture, I am pleased to report an exciting acceleration in our ESG agenda.

Kevin Hostetler
Chief Executive Officer





Chief Executive's foreword continued

Our sustainability ambition

Over the next few years, our ambition is to become recognised as a sustainability leader within our industry. We are positioning ourselves to better understand and predict customers' needs and play our fullest role in enabling smart solutions for global sustainability challenges.

We serve industries that play a vitally important part in the modern world. They provide us with heat, transport, electricity and water. However, they need to be decarbonised as much - and as fast - as possible, with support from their suppliers. Many customers also need help with reducing emissions of other greenhouse gases, such as methane.

As a society, we have a long journey ahead, but we cannot afford slow progress. At Rotork, we are very much focused on furthering our position in sustainability solutions to help accelerate progress. We play an important role in transition and low carbon fuels. The production and distribution processes for these are valve and actuator intensive. Our products also help improve the environmental and safety performance of customers' existing operations, with beneficial applications in all of the industries we serve.

Our products are also an essential component in climate change mitigation technologies, such as carbon capture and storage, and climate resilience infrastructure, such as reverse osmosis desalination. This purifies sea water for use in industrial processes, removing the need for fresh water to be withdrawn.

We have sought to illustrate how our products assist in these processes on pages 35 to 42 of this report, using major engineering projects as case studies, where possible, to help bring examples to life.

Making solid progress

We are delivering our ESG agenda at pace, while ensuring we balance the interests of our stakeholders. I'm pleased with our momentum. We established a formal ESG Board Committee and appointed our first Head of ESG & Sustainability during the year. We also delivered a strong set of results across our key ESG metrics, succeeding in maintaining our focus despite the additional challenges posed by the COVID-19 pandemic.

We launched our new sustainability framework in March 2021. As Ann Christin says in her introduction, it represents a natural evolution of our longstanding approach to sustainability. We were pleased that this was noted by stakeholders in their feedback too. I personally invested a significant amount of time in its development. It is entirely tailored to Rotork and defines our strategic direction, as well as enabling aligned disclosure.

We were delighted that Rotork was nominated as a finalist in the category Best ESG materiality reporting (small to mid-cap) at the IR Magazine Awards – Europe 2021. The award recognises companies producing clear communications about ESG issues that are material to their business.

Demonstrating continued progress, in April 2021 our ESG Committee agreed a succinct set of goals for each of the pillars of our new framework (see page 10). They align to our key impacts and are designed to help drive progress against the UN Sustainable Development Goals (SDGs) we have chosen to target. We will report on progress against our goals here, in our Sustainability Report, as well as in our financial communications.

CASE STUDY

Our role in tackling methane emissions

Methane is a powerful greenhouse gas, responsible for about 30% of global warming since pre-industrial times. Unlike CO₂ which stays in the atmosphere for hundreds of years, methane breaks down quickly, with most of it gone after a decade. This makes cutting methane one of the strongest levers we have for slowing climate change, complementing necessary efforts to reduce carbon dioxide emissions.

The Global Methane Assessment report by the Climate & Clean Air Coalition (CCAC) and the United Nations Environment Programme (UNEP), released in May 2021, identifies readily available measures that target methane, which if implemented would reduce global methane emissions by 30% by 2030.

Most human-caused methane emissions come from three sectors: fossil fuels, waste and agriculture. In the fossil fuel sector, oil and gas extraction, processing and distribution account for 23% of emissions. Most of these can be tackled by preventing leaks and capturing methane that would otherwise be released into the atmosphere.

The oil & gas industry is stepping up its efforts to reduce its methane emissions and there are many ways our products and services can help. In fact, the report by the Climate & Clean Air Coalition and UNEP highlights electric actuators as being one of the key readily available technologies to mitigate these emissions.

One such opportunity is the modernisation of the gas-operated valves traditionally used on onshore oil & gas wells in North America. With the IEA estimating there are close to a million wells in North America, this represents a significant opportunity for us to help tackle emissions.

For more information about the role Rotork can play in tackling methane emissions, see page 35 of this report.

See also our white paper entitled 'Improved valve control can significantly reduce methane emissions', at the following address: www.rotork.com/en/media/white-papers



Chief Executive's foreword continued

Deeper integration of ESG

The integrity of our ESG agenda is of critical importance to me. I am overseeing deeper integration of ESG into our business processes; including into capital investments and other key management and governance processes, to ensure that ESG is considered at all key decision-making points. We are also embedding social, environmental and ethical considerations into our Global Supplier Excellence programme over the next three years. The ESG Committee is tracking progress on ESG integration as one of its key programmes of work for 2021. We provide a high-level overview of our current activity on page 13.

Driving social progress

We are proud to have formalised our focus on social issues as part of our new sustainability framework. We all depend on the natural world in every aspect of our lives and must focus on solving environmental issues. However, we cannot lose sight of the importance of driving progress on social issues and inequality at the same time, many of which have sadly been exacerbated by the COVID-19 pandemic.

At Rotork, safety is our number one priority and a key area of focus for 2021. It is an agenda that I am personally championing. We introduced our new 'Rotork Life Saving Rules' earlier in the year to further reduce our injury rate, in pursuit of our aspiration for 'zero harm' in the workplace. Every employee – whether based in our manufacturing facilities, in offices or at home – is mandated to complete it, with training tailored to individuals' places of work.

We also recognise the importance of driving diversity and inclusion; both in terms of its value to our business as well as wider social and economic progress. We have achieved good progress on our gender strategy, using our gender pay review as one way of measuring our success.

This year, we published an ethnicity pay review for the first time, alongside our gender pay report, demonstrating our commitment to a wider diversity agenda. We strongly advocate the Parker Review and are working to meet its recommendations to increase ethnic diversity within our operation, particularly at a senior level.

Our social impact extends beyond the high-quality jobs we provide to our direct contributions to local communities. We partner with three international charities which support causes aligned to our chosen SDGs. Our newest partnership is with WeForest. Through this, we are providing funds to help combat the climate crisis and biodiversity loss by supporting the development of infrastructure that will lead to reforestation, transforming desert back to woodland. Read more on page 55.

A personal stake for collective success

Teamwork is a key element of our culture at Rotork, as defined by our Value 'Stronger Together'. Our leadership team has long been incentivised to work together to achieve positive results for non-financial metrics. Historically we have been particularly focused on operational safety and carbon emissions.

This year, we have broadened compensation-related measures to formally include aims for product and customer focus on sustainability issues, as well as employee engagement and advocacy of our approach to diversity and inclusion. These measures form 10% of the annual bonus opportunity for executive directors.

They have also become a formal element of the bonus opportunity for the entire leadership population, giving colleagues a greater personal stake in our success. A total of 10% of the annual bonus opportunity for senior leaders – around 100 people – is linked to performance against our ESG objectives including lost time injury rates.

Depending on their role, some individuals also have additional ESG targets included in their personal objectives for the year (15% of the opportunity).

Committed to disclosure

We recognise the increasing importance of environmental, social and governance disclosures. Our stakeholders – rightly – would like to know more about our performance and the role we are playing in helping to tackle global sustainability issues.

We included greater disclosure in our 2020 Annual Report than ever before, and here, through our Sustainability Report, commit to providing further, more granular disclosure on an annual basis.

Thank you

As you will read in this report, we have made important progress over the last 18 months. But we are passionate about seizing the opportunity to do so much more.

I hope you find this report interesting and useful. We welcome any feedback. Our stakeholders' views are important to us as we continue to develop our approach. Thank you for your interest in Rotork.

Kevin Hostetler

Chief Executive Officer

About Rotork

Rotork is a market leading global provider of mission-critical flow control and instrumentation solutions. Everything we do at Rotork is about automation, control, efficiency and safety.

We operate in four principal areas: world-leading electric valve actuators and network control systems; pneumatic, hydraulic and electro-hydraulic actuators and control systems; specialist gearboxes; and niche measurement, flow and pressure control products.

Our products and services are used extensively in oil & gas, water and wastewater, power, chemical, process and industrial markets around the world to increase operational efficiency, reduce environmental impacts, improve product quality and provide safer working environments. Our innovation and new product development activities ensure cutting-edge products are available for every application across the markets we serve. They also allow us to expand into exciting new high-potential markets.

We are a global business with nearly 3,400 employees, serving customers in more than 173 countries through our network of 65 offices, 20 manufacturing facilities and through local agents. Our 450 Site Services personnel are based throughout our network providing commissioning, installation, maintenance, repair and upgrade services.



Employees
Globally

3,400



Countries
Served

173+

We are seizing the opportunity to work in partnership with our customers to deliver our Purpose and support a sustainable future

Americas
Manufacturing facilities **4**
Offices **10**
Employees **530**
Sales
£145m

Europe, Middle East and Africa
Manufacturing facilities **11**
Offices **26**
Employees **1,834**
Sales
£240m

 Manufacturing facilities
 Locations with multiple manufacturing facilities



Asia Pacific
Manufacturing facilities **5**
Offices **29**
Employees **988**

Sales
£220m



Our strategy

Our Purpose is keeping the world flowing for future generations. To achieve our Purpose, we have a three-element corporate strategy:

1

Accelerated growth

2

Increased margins

3

Sustainability →

Delivered by the Growth Acceleration Programme

We target delivering accelerated year-on-year growth in revenues and profits through a combination of organic growth and acquisitions. We aim to deliver higher margins through simplifying our core business, manufacturing improvements and development of our global supply chain. Importantly, we aim to play our part in improving our world and making it more sustainable by helping our customers better their environmental performance, while at the same time working to improve our own environmental and social performance as well as that of our suppliers.



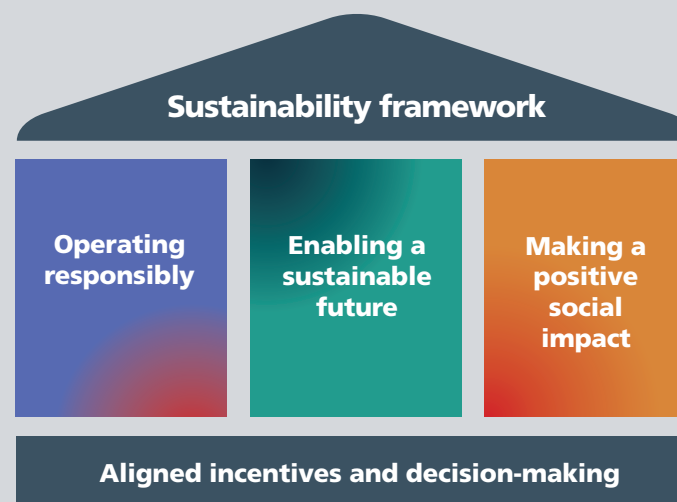
More information about our business model and corporate strategy is on pages 16-17 and 30-35 of our 2020 Annual Report.

www.rotork.com/en/investors

Sustainability strategy

We have sharpened our focus on our sustainability agenda this year, recognising its potential to support a competitive advantage and create sustainable value for stakeholders.

We published a new sustainability framework early in 2021. It is based on three pillars: Operating Responsibly; Enabling a Sustainable Future; and Making a Positive Social Impact. It reflects the way we run our business, the impact we can have through our products and services, and the way we engage with our people and communities. The following page sets out the strategic commitments we have defined for each pillar.





Sustainability strategy continued

Our sustainability framework has been developed around our priority sustainability topics and associated Sustainable Development Goals (SDGs). The below diagram sets out strategic commitments for each of the pillars of the framework. These commitments are aligned to our chosen SDGs, and in particular to the specific targets within each SDG that we can play a role in progressing. We report on our activity in support of these commitments throughout this report.

**SUSTAINABLE
DEVELOPMENT GOALS**

Operating responsibly

Our mission: to run safe, efficient and sustainable operations.

Our commitments

UN SDG



- We will aim to reduce our lost time injury rate each year and strive for a zero harm workplace.
- We will embed social, ethical and environmental considerations into our Global Supplier Excellence Programme.

SDG targets:
12.2, 12.5, 12.6



- We will aim to reduce carbon emissions generated per £1m revenue and work to develop a net-zero roadmap.

SDG targets:
13.1, 13.3



Read more on page 16

Enabling a sustainable future

Our mission: to help drive the transition to a cleaner future where environmental resources are used responsibly.

Our commitments

UN SDG



- We will enable sustainable management of water resources and greater water efficiency for our customers.

SDG target: 6.4



- We will support customers' energy and emissions reduction and enable them to incorporate renewable energy into their operations.

SDG target: 7.3



- We will play our part to enable the global energy transition and support a cleaner, more sustainable future.

SDG targets: 9.1, 9.4



Read more on page 33

Making a positive social impact

Our mission: to support thriving, fair and resilient communities.

Our commitments

UN SDG



- We will develop and deliver initiatives to drive greater gender and ethnic diversity.

SDG target: 5.5



- We will contribute to a fairer society more broadly, including by ensuring 100% of employees are covered by our Fair Pay Framework.

SDG targets: 8.5, 8.7



Read more on page 43

The ESG Committee endorsed targeting these additional SDGs as part of our strategic approach.



Stakeholder perspectives & materiality

We recognise the critical importance of stakeholder support to the success and sustainability of our business. Our approach to stakeholder engagement is defined by one of our Values: Stronger Together. We promote an open and honest culture in the workplace and in all of our dealings, including with external stakeholders.

We communicate proactively with stakeholders, such as employees, customers, existing and potential shareholders and groups representing community interests to understand their perspectives about our business. We incorporate their views into our decision-making processes, including at Board level. More detail about our identified stakeholder groups and how we engage with them is set out on pages 50 to 53.

Determining materiality

We sought stakeholders' views in determining the materiality of different sustainability issues in January 2021, having undertaken an in-depth analysis of the Sustainable Development Goals (SDGs) to identify material opportunities for shared value creation.

Our materiality assessment followed best practice, involving both our leadership team and a broad range of external stakeholders. Its purpose was to test our initial assessment of relevant SDGs and gather external stakeholders' views on material sustainability issues across Rotork's value chain.

Our process consisted of undertaking one-to-one interviews with Rotork Management Board members and other senior leaders. We discussed i) the key current and future sustainability trends that are impacting, or are likely to impact, our business and sector; and ii) how Rotork could play a role in driving transformational change towards a more sustainable future for all.

We also undertook desk-based research of sustainability issues, supported by the specialist sustainability consultancy, Corporate Citizenship. We identified more than 70 sustainability issues, which we consolidated into 20 broad topics.

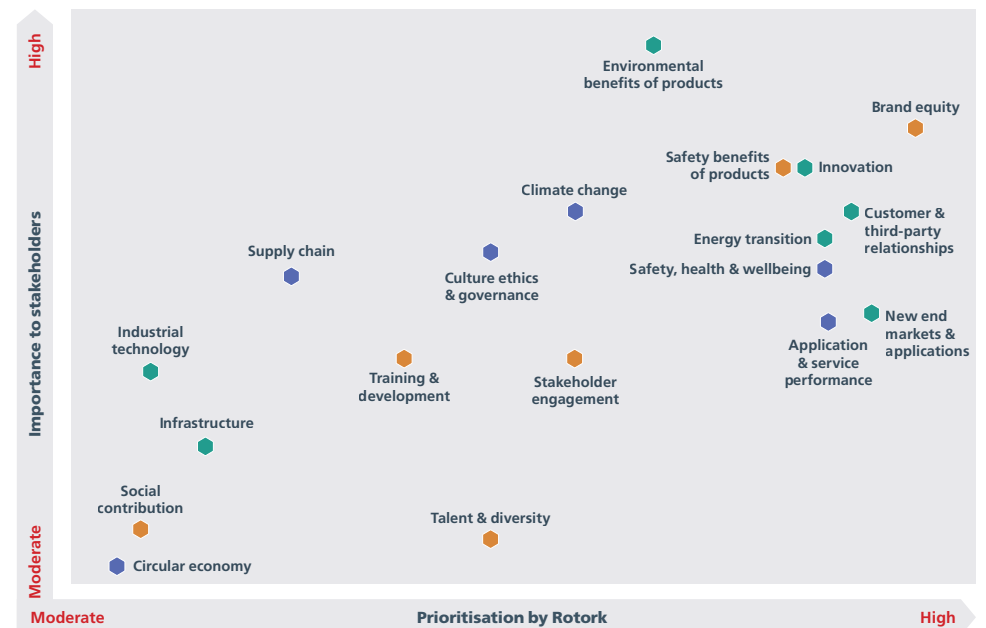
We then invited stakeholders to complete a sustainability survey and provide feedback on the SDGs we had identified as having highest relevance to Rotork, as well as ranking identified sustainability topics in terms of their relative importance.

We received 100 responses, from stakeholders representing customers, suppliers, employees, charities, shareholders and analysts, and government and other partners globally. The outputs fed into the development of our new sustainability framework, which was approved at the Company's ESG Committee in February 2021. See page 10 for more details about our strategic framework and our objectives for each pillar.

The matrix opposite plots the relative ranking of each ESG issue in terms of its prioritisation by the business against its importance to stakeholders. Those issues which have been identified as most important to both groups – and where we have greatest potential to create shared value – will be given higher priority in our sustainability strategy and reporting.

Over time, the specific prioritisation of issues can change, due to their potential impact on the business; our success in managing them; or due to growing public awareness of their importance. We regard all of the issues set out in the matrix as being important and provide disclosures on each of them in this report. The materiality process and its outcomes have been checked by Corporate Citizenship.

Materiality matrix



Key

Topics in the above matrix are colour-coded according to their alignment to each of the three pillars of our sustainability strategy:

- Operating responsibly
- Enabling a sustainable future
- Making a positive social impact



Key sustainability issues

Our materiality assessment helped refresh our understanding of key sustainability issues – both risks and opportunities. Effective management of the key issues identified through our process will play a key role in the mitigation of risks to our business as well as developing opportunities to support growth and efficiency.

Value of our brand

Overall, our assessment found brand and reputation to be the highest-ranking sustainability issue. Building on Rotork's well-recognised and well-respected brand among existing customers, new customers and potential future employees is crucial to our success. It also influences the successful management of other issues, such as talent attraction and retention.

Attracting, developing and retaining a diverse range of talented people, by being an employer of choice, providing fair and equal pay and benefits, and demonstrating our commitment to diversity and inclusion, is central to our ability to maintain our market leadership position and seize new opportunities; particularly for organic growth.

Rotork's role in a sustainable future

The role we can play in the transition to a green economy and a cleaner, more sustainable future also featured highly in our materiality assessment. Our products will enable the move to a low carbon world, with applications in transition fuels such as LNG, natural gas and biofuel. In the medium term there are also opportunities to participate in fast developing new energy sectors such as carbon capture, usage and storage and hydrogen.

In addition, there are considerable opportunities to assist our oil & gas customers in delivering against their ambitious net-zero commitments, including through providing products and services that deliver reliable, energy efficient solutions that minimise environmental impacts (for example, through lower emissions, energy consumption and water usage).

Similar opportunities present themselves in the power, water and industrial markets. For example, our products have applications in the roll-out and modernisation of critical infrastructure. Water scarcity is resulting in greater need for recycling and desalination and rising sea levels are necessitating flood defence investment.

Engineering excellence & safety

The safety benefits of our products were also confirmed as being of high importance to both Rotork and its stakeholders. We must continue to put safety, health and wellbeing at the centre of what we do for our people and our wider stakeholders. Rotork has a strong reputation for engineering excellence and safety. Our products are available with extensive certifications, including for use in hazardous areas and safety applications, and as explosion-proof. Continued high performance and innovation will underpin our reputation going forward.

Importance of grasping ESG

At the same time, failing to identify and adequately manage key sustainability issues and grasp related opportunities would negatively impact our growth agenda and market share and potentially lead to other financial and non-financial impacts, such as damage to reputation and stakeholder performance.



Climate change risks and opportunities

We are deepening our analysis and understanding of key climate risks and opportunities this year, in line with the recommendations of the Task Force on Climate-related Financial Disclosures ('TCFD'). Climate change featured highly in our materiality assessment, being of critical importance to both the business and its stakeholders. We are also subject to increasing mandatory disclosure requirements, notably in alignment with the TCFD framework.

Our early assessment of key climate change risks and opportunities is set out on pages 26 to 28. We are undertaking work to further understand our resilience to different climate change scenarios, and plan to publish an update on our work in our 2021 Annual Report.





ESG integration, governance and measurement

We use a range of tools to ensure ESG objectives are fully integrated within our approach to business. This includes tying the successful delivery of social and environmental objectives to management's remuneration. It also includes standardising our approach by formalising ESG considerations and expectations within key management and decision-making processes. We employ a range of published codes and policies which guide our approach. We also commit to measuring our performance and reporting transparently on our progress.

ESG integration

Key performance indicators

We measure the Group's performance against five financial performance indicators and two non-financial performance indicators: carbon emissions per £1m revenue and lost time incident rates. We report transparently against these in our Annual Report and Accounts and, going forward, will also do so here in our Sustainability Report. (See pages 46 to 48 of our Annual Report 2020 and pages 18 and 23 of this report).



Link to remuneration

Our performance against these non-financial KPIs – carbon emissions per £1m revenue and lost time injury rates – has been linked to executive directors' remuneration for a number of years, thereby incentivising performance improvements. In 2020, we achieved a reduction of 9.5% in CO₂e emissions per £1m revenue. Our injury rate measured 0.24 in 2020, down from 0.25 in the prior year.

For 2021, non-financial performance has become a larger share of the bonus opportunity for executive directors; 10%, up from 5% the prior year. Performance indicators have also been expanded to include four additional measures linked to our new sustainability framework. These are:

- environmental innovation, as measured through evidence of greater positive environmental impact through our products and increased customer engagement on sustainability issues; and,
- quantitative goals linked to the employee engagement score and the percentage of employees who believe Rotork offers an inclusive culture.

In order to drive increased focus, incentives for the entire senior leadership population (around 100 people) have also been formally linked to these measures. 10% of senior leaders' bonus opportunity for 2021 will be linked to our ESG measures, including lost time injury rates. Depending on their role, some individuals also have additional ESG targets included in their personal objectives for the year (15% of the opportunity).

Integration into strategy

We are driving deeper integration of ESG into our strategy and core business processes. One way we are doing this is by formalising the integration of social, environmental and ethical considerations into our key governance documents and decision-making processes.

- We are including ESG expectations in the business case checklists that project managers use when producing business cases. This will ensure a consistent approach across departments.
- We are embedding social and environmental considerations into our lease renewal and new lease approval decision-making processes. Through this, we aim to ensure that we achieve environmental efficiencies across our leased estate as well as within our owned estate.
- We are including specific questions on environmental issues into our Voice of Customer surveys, asking customers to tell us how highly they rate the reduction of emissions and energy use associated with our equipment or standard designs. We are also asking them about the role we can play in increasing digitalisation and automation within their operations, and how important this is to them.





ESG integration, governance and measurement continued

ESG governance

Rotork plc Board oversight

The Board receives regular updates on our sustainability performance, on topics such as Health and Safety and stakeholder engagement. The Chair of the ESG Committee provides an update on the activities of the Committee following every meeting. The Board also reviewed and approved this report, prior to publication.

ESG Committee

In early 2020, we strengthened our governance with the introduction of a Board Committee ESG matters. The Committee oversees the Group's ESG strategy, performance and disclosures.

ESG Committee members include non-executive directors Ann Christin Andersen (Chair) and Tim Cobbold, as well as our Chief Executive, Group HR Director and Strategy and M&A Director.

It is also attended by the Investor Relations team, which is responsible for managing the implementation of the sustainability strategy and reporting on performance, both internally and externally.

The Committee formally met once during 2020 and twice during the first half of 2021. It is required to meet at least twice a year. Its Terms of Reference are published on our website at the following address: <https://www.rotork.com/en/documents/publication/24495>

Rotork Management Board

Members of the Rotork Management Board (RMB) take responsibility for elements of our ESG agenda as follows:

- Our Chief Executive has overall responsibility for the delivery of our ESG agenda.
- Our HR Director is responsible for the people and community strands.
- Our Strategy and M&A Director is responsible for integration of ESG within our corporate strategy.
- Our Operations Director is responsible for the environmental strands of our agenda and integration of ESG within procurement.
- Our Finance Director is responsible for financial and non-financial reporting, including compliance with disclosure requirements.
- Our Chief Information Officer is responsible for information and cybersecurity.
- The managing directors of Oil & Gas, Water & Power and Chemical, Process & Industrial are responsible for ensuring our sustainability aims are embedded within their respective divisions.

CSR Committee

As set out in its Terms of Reference, the ESG Committee may sub-delegate activity to the Chief Executive's CSR Committee. The CSR Committee supports the Rotork Management Board in the oversight and delivery of initiatives related to health and safety, social issues (including our community investment strategy), ethics and environmental projects. It meets twice a year.



Groupwide policies

We have an extensive suite of ESG policies which govern our approach. The key policies are published on our website, at www.rotork.com/esg. Our policies set out our commitments to responsible and sustainable business practices. They apply groupwide.

Code of Conduct

Outlines our values – Stronger Together, Always Innovating and Trusted Partner – and the standards of behaviour we expect of our employees.

Respect at Work and Equality of Opportunity

Sets out our commitment to the principle of equal opportunities to ensure that no employee or job applicant receives less favourable treatment on the basis of any individual characteristic.

Conflict Minerals Policy

Sets out the Company's commitment to not use tantalum, tin, tungsten and gold that directly or indirectly finances or benefits armed groups in the Democratic Republic of the Congo or adjoining countries.

Anti-bribery and Corruption Policy

We take a zero-tolerance approach to bribery and corruption. Our policy and related guidance helps employees understand how bribery can impact individuals and the company and how to report a potential breach.

Worldwide Charity Support Policy

Sets out how we implement charitable giving, providing every location with authority to spend 0.1% of its prior year's profit before tax on charitable or good cause activities.

Health & Safety Policy

Sets out our commitment to the planning and management of health and safety for reducing accidents and cases of work-related ill-health. It applies groupwide, including to all persons working for or on behalf of the Company.

Environment & Energy Policy

Sets out our commitment to protecting the environment, ecosystems and biodiversity; continually improving our environmental and energy performance.

Board Diversity & Inclusion Policy

Sets out the Board's approach to diversity and inclusion and the framework for its approach to diversity and inclusion in senior management roles.

Supplier Code of Conduct

Covers our expectations on ethical behaviours and compliance with applicable laws; including promoting equal opportunities, human rights, freedom of association, labour rights, good environmental practices, and our zero-tolerance approach to bribery and corruption.

Employee training & compliance

We provide training to ensure employees understand and implement our policies. We also monitor compliance with our policies, for example through audits of higher risk suppliers. See pages 29 to 32 for more information.

ESG integration, governance and measurement continued

Our governance structure



Rotork plc Board

Receives an update on ESG and sustainability at every meeting. Reviews and approves Company reports, including the Sustainability Report.



ESG Committee

A sub-Committee of the Board. It comprises two non-executive directors, our Chief Executive, and two RMB members. Meets twice a year. Oversees the development, performance and reporting of our ESG and sustainability agenda.



Rotork Management Board (RMB)

Chaired by the Chief Executive. Receives regular updates on ESG strategy and performance. RMB members take responsibility for individual strands of the ESG agenda, aligned their remits.



CSR Committee

Supports the ESG Committee and RMB in the oversight of health and safety, social, ethical and environmental initiatives. Chaired by the Chief Executive. Meets twice a year.

ESG measurement

Measuring our progress

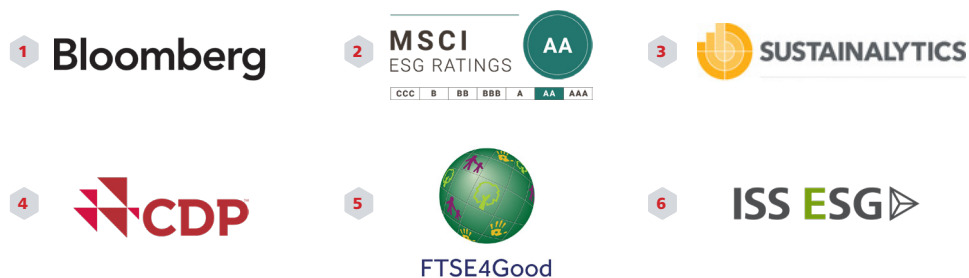
We are committed to measuring our ESG performance and reporting transparently on progress. We significantly augmented our ESG disclosures in our 2020 Annual Report. We have also published this report and aligned disclosures to the GRI and SASB standards to drive transparency and support stakeholders in their assessment of our performance.

We also engage with external agencies to measure our progress and identify areas for improvement. We stepped up our engagement with ratings agencies in 2020, to improve their understanding of our performance.

Our rankings improved as a result. We are ranked AA by MSCI (leader) and improved our CDP Water Security rating to a B score and our Climate Change score to B-.

In 2021, we also actively participated in S&P's Corporate Sustainability Assessment, another of the most important and widely used of the global ESG benchmarks. We will do so on an annual basis, in order to help us track best practice and benchmark our performance.

2020 ESG ratings



- 1 Bloomberg provides ESG data for financial market participants. Issuer's ESG data is displayed alongside financial data on the Bloomberg screens users consult to make investment decisions. Rotork's current ESG disclosure score of 45 (of a possible 100) is among the highest of our peers.
- 2 MSCI rates companies according to their exposure to industry-significant ESG risks and their ability to manage those risks relative to their peers. Its ESG research forms the basis of numerous indices. Rotork is currently rated AA (leader), amongst the top quartile of rated global industrial issuers.
- 3 Sustainalytics' ESG Risk Rating research is freely available on its website. Unlike other ratings, Sustainalytics' framework is based on companies' exposure to, and management of, key ESG risks. Rotork is currently rated Medium Risk and ranked 18th out of 483 in the machinery sector.
- 4 CDP is the world's leading environmental benchmark and is backed by global investors with \$106 trillion in assets. Each year Rotork responds to the CDP Climate and Water questionnaires, scoring B- and B respectively in 2020, up from D and C two years' prior.
- 5 FTSE4Good produces ESG ratings based on companies' ESG policies and performance. Ratings inform the constituents of the FTSE4Good Index Series of benchmarks and tradable indices for ESG investors. Rotork has been included in FTSE4Good indices for over 10 years.
- 6 ISS Oekom operates the ISS ESG ratings service, producing detailed research and ratings aligned with internationally recognised frameworks including the UN Sustainable Development Goals. Rotork is currently rated C, one grade below prime, and up from C- in October 2020.

A portrait of a young woman with long dark hair and glasses, smiling and looking upwards. She is wearing a dark blazer over a light-colored sweater and a red lanyard with white text. The background is a blurred indoor setting.

Operating responsibly

Our mission: to run safe, efficient and sustainable operations.

Strategic aims supported:

- 2 Increased margins
- 3 Sustainability

In this section:

- Safety, health and wellbeing
- Climate change & environment
- Task Force on Climate-related Financial Disclosures (TCFD) report
- Supply chain management
- Culture, ethics and governance

Introduction to this section

We aim to run safe, efficient and sustainable operations.

The starting point of our sustainability strategy is to ensure that we run our own operations as safely and efficiently as possible, within a culture of innovation, collaboration and integrity. We seek to work with responsible suppliers that mirror our approach to sustainability, both with their businesses and across their supply chains, respecting the social, environmental and ethical standards we prescribe.

The safety and health of our employees is our top priority. We have launched a new initiative this year centred around building a 'safety first' culture, with supporting training for all employees. We also work hard to continuously reduce our environmental impact and make efficient use of environmental resources across our operations. This is not only an environmental imperative, it is a commercial one too.

In this section, we describe how we manage social, environmental and ethical issues both within our direct operations and our supply chain. We also present our current view of key climate risks and opportunities, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Our strategic commitments

-  We will aim to reduce our lost time injury rate each year and strive for a zero harm workplace.
-  We will embed social, ethical and environmental considerations into our Global Supplier Excellence Programme.
-  We will aim to reduce carbon emissions generated per £1m revenue and work on developing a net-zero roadmap.

SDGs we will progress:



Did you know?

Rotork has included carbon emissions per £m revenue on its corporate scorecard since 2013, to incentivise continuous improvement across our global operations. We target annual reductions of our energy usage using the Rotork Management Operating System to identify opportunities to drive greater efficiency. In 2020, our scopes 1 and 2 carbon emissions reduced by 18% per £m revenue compared with the prior year. Total emissions – including scopes 1, 2 and 3 – reduced by over 22% compared with our baseline year, 2017.





Safety, health and wellbeing

We put safety, health and wellbeing at the centre of what we do for our people and for our wider stakeholders.

Our vision for health and safety is zero harm. This applies to our broader agenda of health and safety, environment and product safety.

Our health and safety approach

The health, safety and wellbeing of our people, visitors and contractors is our number one priority. Our vision for health and safety is zero harm; where we have no safety incidents and no cases of work-related ill-health. We want our people to finish work safe and healthy every day – whether they are working in our factories, offices or from home. Our objectives are to:

- Reduce the lost time and recordable injury rates
- Reduce our work-related ill-health rate
- Reduce product safety customer incidents
- Have zero avoidable severe road incidents
- Improve our health and safety culture employee survey scores

We are currently developing targets across each of these objectives to 2024 as part of our new health and safety strategy.

Health and safety performance

We use a combination of leading (proactive) and lagging (reactive) indicators to assess our health and safety performance.

Our leading indicators include safety Gemba walks, safety spots and an annual global audit programme. See page 19 for details. We monitor and record performance against leading indicators at site level and hold businesses accountable for performance improvements. Our focus on leading KPIs helped reduce accident rates in 2020.

Our main lagging indicator is our Lost Time Injury Rate ('LTIR'). This year, we recorded a lost time injury rate of 0.24, compared with 0.25 in 2019. The rate has reduced each year for the last three years. The number of first aid injuries also reduced from 198 in 2019 to 147 in 2020.

Moving forward, we will work to continuously improve our safety performance and further develop our leading indicator philosophy.

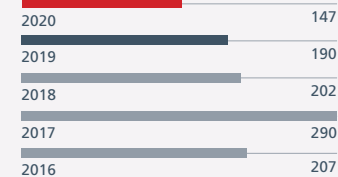
Refreshing our Global Standards

We are focused on strengthening our health and safety culture and empowering our managers to lead by example. At the same time, as part of our safety-first culture, we are continuing to drive engagement among the wider workforce.

Tragically, we suffered our first ever workplace fatality in 2020. One of our Rotork Site Services employees was fatally injured when completing a maintenance task at a customer's facility. We appointed an independent investigator to thoroughly investigate the accident to determine the root cause, including through site visits, procedural reviews and interviews.

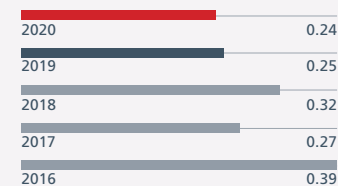
First aid injuries (number)

147



LTIR (lost time injury rate)

0.24



Although the investigation found that the accident was not as a direct result of our actions, we are doing everything we can to ensure this never happens again.

We are currently refreshing our Global Health and Safety Standards, following a review and audit of our health and safety systems in 2020. We used internationally recognised best practice to undertake a gap analysis and benchmark our systems. Our new Global Standards are aligned to best practice. They will be rolled out during 2021. We have also developed our new Rotork Life Saving Rules as part of this programme of work.

Rotork Life Saving Rules

We launched our new 'Rotork Life Saving Rules' in early 2021. They are based on the globally recognised 'Life Saving Rules', typically used in the oil and gas industry where a strong safety culture is also of paramount importance. They are a clear, simple set of rules that aim to mitigate the most common causes of serious accidents. The rules are applicable to all Rotork employees globally.

We are delivering training sessions to make employees aware of the rules and provide the opportunity to answer any questions. We aim to deliver training to all colleagues by mid-2021. We have also produced a Rotork Life Saving Rules pocketbook which will be distributed to employees. It sets out the rules and how they apply to individuals, depending on their roles. The book is also available on our colleague intranet site, Konnect.



Safety, health and wellbeing continued

Improving our health and safety data analysis

Creating an effective workplace safety strategy begins with accountability, root cause analysis and constant review of performance. At Rotork we recognise the role that data collection and analysis can play in helping us continually improve our health and safety performance.

We developed a new health, safety environment (HSE) management system in 2020, using Microsoft Dynamics 365. The system captures all required HSE data; including lagging and leading indicators, hazard identification and incident reporting. It produces reports and dashboards to give our business leaders and HSE teams a powerful way to assess trends and causes of injuries, illnesses and other incidents. The system was rolled out in February 2021.

Hazard identification, risk assessment & incident reporting

We undertake health and safety risk identification and assessment in a collaborative manner. Our assessment process informs prevention and mitigation strategies to reduce risks in our operational environments.

We encourage employee engagement in hazard identification through our Safety Spot system. It proactively drives awareness and continuous improvement by capturing hazards, minor near miss events and behavioural requirements before they result in an incident. It is one of our three main leading indicators.

Our HSE Investigation procedure is applicable globally. It requires businesses to have trained personnel with responsibility for reporting, classifying and investigating environmental, safety and health events. It also requires employees to report any events promptly to their line manager, so that appropriate and timely action can be taken.

Employee wellbeing

Employee wellbeing is a particular area of focus for Rotork, particularly in these difficult times. We support employees' wellbeing by driving awareness, providing practical support and promoting healthy choices. Our aim is to support employees to have a successful and balanced workplace wellbeing lifestyle.

COVID-19 continues to impact colleagues in many of the countries in which we operate, necessitating continued home-working where possible. Even as we begin to emerge from the pandemic in some countries, increased working from home will likely become the new norm for office-based colleagues. While many appreciate the additional flexibility this offers them in managing their personal and professional lives, we recognise our responsibility to adapt our support for colleagues' mental and physical health to support this new way of working.

We produced a new suite of resources last year to support colleagues' mental health and wellbeing. These included a guide containing tips for working from home effectively; including encouraging colleagues to go outdoors and be active during the day, and to stay connected with other colleagues. We also produced booklets explaining the potential mental impacts of prolonged periods of isolation while working from home, to enable employees to better understand themselves and those around them, as well as some coping mechanisms they might employ.

Priorities for 2021:

- Launch a new health and safety strategy to 2024, laying out a path for continuous improvement.
- Launch our new Global Health and Safety Standards.
- Complete Rotork Life Saving Rules training across our workforce.

Our leading safety indicators

Safety Gemba Walks

Gemba is a lean term for the place where the value is created. From a safety perspective it means that we go to where the work takes place and test how our safety requirements are followed. In 2020 we completed 1,557 Safety Gemba Walks across all Rotork facilities (2019: 902).

Safety Spots

The Safety Spot system is part of our drive towards safety awareness, participation, hazard identification and engagement with our employees. We actively encourage our co-workers to identify potential safety issues as part of their day-to-day role. In 2020 we raised 6,646 Safety Spots across all Rotork facilities, an increase of 52% compared to 2019.

Global annual audit programme

This programme provides an analysis of how each of our facilities perform against our standard Health, Safety and Environmental (HSE) requirements. The programme is used as a key driver to continually improve our HSE performance. We delivered 436 improvement observations from the programme in 2020.



Our response to COVID-19

In 2020, the COVID-19 pandemic set us the toughest safety and health challenge we have ever experienced. We set out two main objectives for our defence against the virus. The first was to ensure that our employees were safe and protected against the threat of virus spread at our facilities and at our customers' facilities. The second was to protect the business by successfully managing the threat and delivering on our commitments to customers.

We established a COVID-19 Steering Committee to ensure the ongoing safety of colleagues, customers and their families. Our global Health, Safety and Environment team created a standardised approach to COVID-19 Risk Assessment and control. The 77-point control plan helped protect employees when at work, as well as our customers, and enabled us to maintain our high levels of business performance. We kept continual improvement in mind by frequently auditing the control plan at facility level. This helped us to promptly react to changing COVID-19 developments when required.



Climate change & environment

Climate change is an increasing risk for the world. We seek to play our part in the transition to a net zero carbon future; including developing our climate change strategy to manage the risks and seize opportunities presented by climate change.

Despite a challenging year, when the health and safety of our colleagues, contractors and visitors has been our number one priority, we have been able to make significant progress in reducing our environmental impact.

Our approach to environment

We are working to develop a new set of aspirations and targets to further reduce our environmental impact. As part of our approach, we are committed to reducing our emissions, energy, water usage and waste.

Our commitments

- Greenhouse gas emissions and energy: we will develop and implement energy reduction projects at our manufacturing facilities, improve data collection, and review additional ways to reduce our carbon emissions through 2021. Our target is to reduce electricity and gas consumption by 3% in 2021, compared with 2020. We will also work on developing a net-zero emissions roadmap.
- Waste: we will review our approach to waste management, recycling and waste supplier selection, and work to develop a new target for waste reduction.
- Water: we will conduct regular analysis to identify our locations in water-stressed areas. We will also develop our measurement analysis, leak detection and water recycling and water saving approaches.

Energy & emissions performance

We reduced scope 1 and 2 emissions by 18% in 2020, or 9.5% per £1m of revenue. We emitted 14.1 tonnes of CO₂e per £1m of revenue in 2020, compared with 15.5 tonnes in 2019.

Our total CO₂e emissions (scopes 1, 2 and 3) reduced by 8.4% last year, 22.2% lower than the 2017 baseline year. The Group has no other GHG emissions (such as methane, N₂O, Sulphur hexafluoride, HFCs or PFCs) to report.

We reduced electricity usage (kWh) by 7.5% in 2020 compared with 2019. Since 2017 (our baseline) usage has reduced by 18.4%. We also achieved a reduction of 16.3% (m³) in gas usage compared with 2019, a decrease of 15.2% against the 2017 baseline. We are targeting a 3% annual reduction in electricity and gas usage in 2021.

Our emissions and energy usage data has been independently verified by MakeUK.

We completed a number of footprint rationalisations in 2020 which contributed to the reduction in our annual energy consumption. We transferred assembly operations from Dallas (USA) to Rochester. Operations at Petaluma (USA) were moved to both Rochester and Houston. We also closed three sales offices in Lutterworth (UK), Chelmsford (UK) and Lutzenberg (Switzerland).



In addition, we completed several energy reduction projects during the year as part of the Rotork Management Operating System (RMOS), including delivering LED lighting improvements, better data collection processes and systematic analysis of energy usage. See page 22 for information about the environmental credentials of our Rochester site.

The closure of our offices due to COVID-19 also made a modest contribution to the reduction in our electricity and gas consumption. To note, our office network typically constitutes around 11% of our electricity usage.

As part of Rotork's journey to achieve our environmental goals, in 2020 we built a new environmental data collection process using Power App. The system produces reports and analysis, to help us identify strategic reduction opportunities at site and corporate levels. The system is due to be tested and rolled out by the second half of 2021.

During 2021, we will take steps to further align our climate reporting to the Task Force on Climate-related Financial Disclosures (TCFD) and undertake a scenario analysis to help inform our future policy. At the same time, we will take forward our work to develop a net-zero emissions roadmap to play our part in meeting the ambitions set out within the Paris Agreement. Our current analysis of key climate risks and opportunities is set out on pages 27 to 28.

2020 performance highlights

Reduction in CO₂e emissions
(absolute, scopes 1 & 2)

18%

Reduction in CO₂e
(per £1m)

9.5%

Reduction in electricity usage

7.5%

Reduction in gas usage

16.3%



Climate change & environment continued

Water management

While our own operations are not large users of water, Rotork plays a major part in managing this scarce resource. In fact, the most common application of Rotork's products and services across all our end markets is the control and management of water. Our customers are, with our help, making significant efforts to manage their environmental impact, including the recovery, recycling and treating of water.

Water consumption across the majority of our sites is relatively small and is typically limited to domestic uses, such as for drinking and sanitary facilities. Some of our sites use water for production purposes; for paint processes, cleaning of products and pressure testing of units.

Water discharges from sinks and toilets are treated at local facilities. Water used for production purposes is removed by licensed and authorised contractors for pre-treatment prior to disposal, in line with local regulations.

Despite our relatively low demand on water basins, we complete an annual water stress risk assessment to identify locations that should be prioritised for water use reduction projects. In our latest assessment, undertaken in early 2021, three of our manufacturing facilities in India were confirmed as being in higher risk areas, in terms of water scarcity. In our facilities in Chennai, India, we harvest rainwater to recharge the local groundwater table.

We typically target a two per cent annual reduction in our use of water and embed this into relevant leaders' performance scorecards. In 2020, our water withdrawal was 15.4% lower than in 2019, and 28% lower than in 2017 (our baseline year). We completed a number of environmental projects identified by the Rotork Management Operating System ('RMOS') last year, making the greatest contribution to the reduction. The closure of our offices due to COVID-19 played a small role. The majority of our water is sourced from domestic suppliers.

There is scope to further reduce water used in our facilities, including through the roll out of water saving and water recycling devices. However, at some sites water usage is likely to increase in future as a result of our new paint lines.

In Rochester, US, for example, we are opening a state-of-the-art paint line which will establish a new inhouse paint capability. It will significantly improve our operational efficiency and deliver a positive environmental benefit overall, as impacts in our supply base will be reduced. However, while we are using the most efficient paint technology, it will naturally demand a higher consumption of water. See the case study on page 22 for more details.

We are working to develop new targets for water efficiency, taking into account the additional impact of our paint facilities and increased office-based working in some countries.

CASE STUDY

Electric actuation in water treatment plants

The Matamata Piako District Council in New Zealand upgraded the actuators used at three large water treatment plants last year. The Council ordered over 100 of Rotork's IQ and IQT electric actuators, to replace pneumatic actuators. The old actuators had problems with sticking; caused by the damp, chlorinated atmosphere in which they were operating. This, in turn, caused damage to the aluminium actuator bodies. As the sites are operated remotely, engineer safety when dealing with breakdowns was also a prime concern.

Our IQ actuators provide an innovative electric flow control solution, with an intuitive user interface, position sensors, water ingress protection and detailed data logging. They control filters, chemical dosing and storage of potable water. Plant operators have reported that the new actuators enable better diagnostics as well as helping to reduce noise in the plant.





Climate change & environment continued

Waste reduction

We encourage all of our locations to minimise or eliminate the amount of waste that they produce, and we use the RMOS system to identify projects that drive performance improvement.

In 2020, we achieved a reduction in total waste of 68 metric tonnes year-on-year, a 26% reduction compared with 2017 (our baseline year). Our factory footprint optimisation initiatives have contributed to our improved performance.

We recycled 75% of our waste in 2020, up from 69.5% the prior year. Wood and steel represented just over two-thirds of our recycled waste in 2020 (by weight). We achieved a significant reduction in the amount of waste we sent to landfill in 2020; with 50% less waste going to landfill than in 2019.

We are working to develop new targets to further manage our use of resources and drive down the amount of waste we send to landfill.

Reducing and reusing waste in Leeds, UK

We have reduced the environmental impacts of our gears factory in Leeds through an ethos of reduce, re-use and recycle. Leeds is one of our larger sites, employing 176 people in a 65,000 square foot facility. We specified to our inbound suppliers to supply components in the same standard packaging format that we use to supply our finished goods to customers. As well as reducing our packaging spend and environmental impact, it also enables us to have standardised racking locations.

We also now use lighter cardboard grades and have removed unnecessary print on cardboard boxes, to help further minimise both our costs and environmental impacts. In addition, we have maximised the number of pallets which can be shipped to our factory in Bath in one load, using 'stillages' to enable four pallets to occupy the same footprint as one conventional pallet and reduce the number of trips that need to be made by up to 75%.

CASE STUDY



Our new facility in Rochester, US

The expansion of our site in Rochester, US, was undertaken with a 'Build Green' philosophy. Opened in October 2020, the facility introduces new manufacturing and office space as well as a state-of-the-art customer experience centre. We sought to minimise environmental impacts of the expansion by purchasing energy efficient electric forklifts, integrating hydropower from Niagara Falls to supply 50% of the facility's requirements, and implementing efficient lighting and equipment as well as green outdoor spaces.

In October 2021, we will add a new paint facility to the site, significantly enhancing our in-house paint capacity. Our products must be painted for use in the environments in which they are employed. Bringing this capability into our own operations will increase our energy and water consumption. However, our use of cutting-edge paint technology will minimise associated impacts as far as possible. There will also be environmental benefits from avoided transportation and packaging for delivery to and from suppliers, when compared with outsourcing this service. Overall, there should be a net positive environmental impact. We will also have greater operational control, enabling us to offer customers reduced lead times.

Environmental, efficiency and safety measures integrated into our paint facility:

- Efficient use of paint. We are installing a line feed paint system, which optimises the amount of paint that is mixed. This reduces solvent and paint waste and associated emissions. Our paint system also ensures the highest level of transference of paint onto products, again minimising waste.
- Water stewardship. Our new 'wash tunnel' will continuously recycle water for up to six months. We are also using a water-based degreasing solution, reducing the potential impacts compared with other types of degreasing chemicals.
- Clean air. We are installing HEPA air filters, ensuring reduced particulate emissions and the highest possible standard of air quality both within and outside the building.
- Improved safety. We are installing automated systems where possible to reduce workloads for machine operators, alongside health and safety risks.
- Energy efficiency. Paint booths will automatically shut down to idle while not in use. We are also installing energy efficient automatic fans, which optimise air flow, and LED lighting throughout.

We are reviewing the potential of replicating this approach in other manufacturing locations.

Climate change & environment continued

Total GHG Emissions

Our total Greenhouse Gas emissions were 8.4% lower year-on-year and 22.2% lower than the 2017 baseline year. The Group has no other GHG emissions (such as methane, N₂O, Sulphur hexafluoride, HFCs or PFCs) to report.

Energy

	Unit of Measure	2020	2019	2018	2017
Electricity used	KWh	13,409,310	14,501,917	16,194,145	16,438,473
Gas used	Cubic Metres	961,545	1,149,779	1,165,313	1,134,506

Emissions

	Unit of Measure	2020	2019	2018	2017
Scope 1	Metric tonnes CO ₂ e	3,217	4,575	5,597	5,644
Scope 2	Metric tonnes CO ₂ e	5,286	5,833	6,286	6,682
Scope 3*	Metric tonnes CO ₂ e	40,630	43,234	49,739	50,792
GHG Total (Scope 1+2+3)	Metric tonnes CO ₂ e	49,133	53,642	61,623	63,120

* Scope 3 emissions include those associated with water usage and waste water treatment, as well as well-to-tank emissions for our energy sources.

We report our carbon emissions in line with the DEFRA Environmental Reporting Guidelines. These include guidance on compliance with the Streamlined Energy and Carbon Reporting (SECR) regulations. Rotork Plc classifies GHG emissions into three 'scopes'. Scope 1 emissions are direct emissions from sources that are owned or controlled by Rotork, including combustion of fuel and operation of facilities. Scope 2 emissions are indirect emissions from the purchase of electricity, heat, steam and cooling purchased for own use. Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain. For Rotork, Scope 3 emissions include those associated with water usage and waste water treatment, as well as well-to-tank emissions for our energy sources. Annual energy consumption (kWh) is obtained from both actual (invoices and meter readings) and estimated (some office energy rates included in monthly charge) sources. Where conversion of units to kWh is required, the latest conversion factors from the UK Government are used; source www.gov.uk/government/collections/government-conversion-factors-for-company-reporting In line with the SECR requirement to disclose the proportion of carbon emissions and energy associated with the United Kingdom, we estimate that 17.6 per cent of emissions and 25.2 per cent of energy usage relates to our UK operations.

INDEPENDENT VERIFICATION: Electricity, gas and GHG emissions data for 2020 presented here has been independently verified by Make UK. Some data for 2019 has also been restated following this independent verification.

Water

We target continuous improvement in our use of water. In 2020, our water withdrawal was 15.4% lower than in 2019. We achieved the majority of the reduction by delivering a number of projects identified by the Rotork Management Operating System ('RMOS'). The closure of our offices during the pandemic also made a modest contribution.

	Unit of Measure	2020	2019	2018
Total water withdrawal	Cubic metres	32,753	38,738	44,463

Waste

We encourage all of our locations to minimise or eliminate the amount of waste that they produce, and we use the RMOS system to identify projects that drive performance improvement.

	Unit of Measure	2020	2019	2018
Total waste	Metric tonnes	2,205	2,273	3,592
Waste recycled	Metric tonnes	1,654	1,579	2,471
Sent to landfill	Metric tonnes	295	592	820
<i>Of which hazardous</i>	<i>Metric tonnes</i>	<i>67</i>	<i>264</i>	<i>360</i>
Sent to energy recovery	Metric tonnes	255	102	301

Priorities for 2021

- In line with the recommendations of the Task Force on Climate-related Financial Disclosures, we continue our work to understand key climate risks and opportunities, and undertake a scenario analysis to better understand financial impacts.
- We will continue our work to develop a net-zero emissions roadmap, and new water and waste targets for our operations.



Circular economy & product responsibility

Materials use

Generally, we operate an assembly-only philosophy across the Group, meaning that most of the manufacturing steps required to produce our products are undertaken by our suppliers. The main materials we use in our products – aluminium, copper and steel – are highly recycled with the vast majority previously produced still in use.

The IQ3 actuator, one of our flagship products, provides a good example of all of the typical materials we use across our electric actuator product range. These are: metals, glass, electrical & electronic equipment, batteries, plastics, oil/grease and rubber.

The weights of materials inputs vary by product across our portfolio, depending on the size and function. Components also vary slightly depending how they are powered. For example, a pneumatic actuator would not usually include a battery. Details of our main procurement categories for product assembly and supply are displayed on page 29.

Component suppliers are required to sign up to our Supplier Code of Conduct. This covers our expectations of social, ethical and environmental conduct. We also expect suppliers to apply the principles included within it to their own supply chains. See page 30 for details of our supply chain risk management.

In addition, suppliers are required to certify their compliance with RoHS and REACH regulations. RoHS restricts the use of specific hazardous materials found in electrical and electronic products, while REACH concerns chemicals and their safe use. We seek compliance from suppliers globally.

Product safety

Rotork products play an important role in supporting customers' safety objectives. Many of our products are certified to externally recognised safety standards. Approximately 50% of our products in our portfolio are certified for use in hazardous areas; and 10% are certified to the highest safety standards for safe plant operation and emergency shutdown etc. See page 53 for examples of safety solutions provided to customers.

Product stewardship

We consider environmental criteria in our new product development process. We are particularly focused on the environmental performance of products in their use phase, where we have the greatest opportunity to support a positive environmental impact.

We refined our product development processes as part of our Growth Acceleration Programme. New products are now developed with safety and environmental considerations at the forefront.

We target four key sustainability performance features as part of the Rotork Development & Launch Process: energy use reduction, emissions reduction, enabling the use of renewable energy and safety systems. We are working to integrate detailed ESG decision-making factors at each of the key stages of our seven-phase development process, from discovery to launch. We track sustainability outcomes achieved.

Many of our products provide resource efficiency benefits during their use phase to customers and consumers. Benefits include decreased energy consumption, decreased water consumption (by reducing leakage), GHG emissions reduction, pollution reduction, decreased raw material consumption and

increased product durability and longevity. In 2020, 7 out of 10 new products launched deliver improvements in energy efficiency, emissions reduction and enabling the use of renewable energy. In support of products' longevity, we also provide a refurbishment service and spares kits (to replace worn components) for customers, to maximise the life of products sold.

Lifetime Management

Lifetime Management is a suite of services provided by Rotork Site Services which helps customers manage their assets efficiently. The aim of the offering is a planned maintenance strategy ensuring the optimal lifecycle of our products, to support customers' productivity and operational risk management. Lifetime Management helps customers reduce their resource usage, and any associated environmental impacts.

In January 2021, we launched our latest Intelligent Asset Management system. This is a cloud-based system for intelligent actuators and the flow control equipment they operate. It uses data from actuators to monitor and report on the condition of valves and flow control assets and to detect anomalies, enabling predictive and preventative maintenance and plant operators to avoid the unnecessary service of difficult to inspect equipment such as valves.





Circular economy & product responsibility continued

Responsible disposal at end of life

Our product manuals provide end user advice on disposal at product end of life, in accordance with environmental standards. Manuals also include detailed health and safety advice for installation, maintenance and repair of products. We publish manuals on our website in numerous different languages.

See: www.rotork.com/en/documents

We provide detailed advice on the responsible disposal of products and their component parts to minimise any environmental impact and encourage re-use of the raw materials, with specific guidance for the disposal of batteries, electrical and electronic equipment, glass, metals, plastics oil / grease and rubber. The vast majority of these are readily recyclable with others recyclable by specialists.

Due to their nature, our products typically have a long lifespan and are generally replaced infrequently. We offer customers a take-back scheme but generally customers take responsibility for disposal at end of life.

CASE STUDY

Improving our products' environmental performance

Our innovation and new product development process is particularly focused on new products that help improve our customers' efficiency and environmental performance and that can be produced as efficiently as possible.

We have significantly reduced the weight of several products in our portfolio recently. This contributes to reducing the environmental impact of materials used, as well as impacts associated with transportation and logistics.

For example, we achieved a 20% weight reduction for our new linear pneumatic products. Our new high efficiency motorised gear boxes, such as the IW Mk2 range, achieve increased torque outputs at a 20% weight reduction compared with the previous model.

In developing the latest version of our CK range of modular electric valve actuators we achieved a 30% weight reduction. There is also increased part commonality with other product ranges, improving our overall efficiency. The CK range has diverse applications in power and water, where it facilitates reliable operation of valve types and sizes typically found in those industries.

Last year, Rotork installed over 700 CK actuators at the Shantou wastewater treatment in Guangdong, China, where they enable sewage treatment to be carried out in accordance with new environmental regulations. They were also installed at a Danish wastewater treatment works, which purifies approximately 2.8 million m³ of wastewater each year before release into the Smålandsfarvandet strait off the Danish coast.





Task Force on Climate-related Financial Disclosures report

We are working to implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

The purpose of TCFD is to stimulate better climate-related disclosures that will enable investors, lenders and insurers to gain a clear view of which companies will endure or even flourish as the environment changes, regulations evolve, new technologies emerge and customer behaviour shifts. Better information about climate risks and opportunities will then also flow into companies' risk management and strategic planning processes. As this occurs, companies' and investors' understanding of the financial implications associated with climate change will grow, empowering the markets to channel investment to sustainable and resilient solutions, opportunities, and business models. We support this aim.

We provided a summary of Rotork's management of climate-related risks and opportunities in our 2020 Annual Report and Accounts (see page 73), published on 31 March 2021. Here in this report, we have sought to build on our earlier disclosure, to set out in more detail the types of climate risks we have identified, as well as corresponding opportunities.

During 2021, we will undertake a TCFD-aligned scenario analysis as part of our journey to better understand, and quantify, climate risks and opportunities for Rotork. Outcomes of the scenario analysis will be published in our 2021 Annual Report and Accounts. We have appointed an external partner to support us with this work and provide stakeholders with additional confidence in our disclosures.

Our TCFD work will generate better and more insightful information about climate opportunities and risks. This in turn will inform our business operations and investment plans, supporting continuous improvement in our performance and communications.

Governance

The Rotork plc Board has overall accountability for oversight of effective risk management. As part of this, the Board oversees the Group's management of climate and environment-related risks and opportunities. Risk management is included as an agenda item at Board meetings several times a year. Our Board members bring deep sectoral and manufacturing expertise, including climate and environment-related competency. Given the significance of climate change risks and opportunities, the Board, and the ESG Committee, will participate in deep dive sessions on the topic, as well as other pertinent ESG issues, as part of a rolling programme going forward.

The Board is supported by the ESG Committee, the Audit Committee and the Rotork Management Board. Our Group Risk function is responsible for the day-to-day delivery of effective risk management across the Group, including maintaining our risk register. ESG performance – including management of climate change issues – is linked to senior leaders' remuneration. For 2021, ESG will become 10% of the bonus opportunity for Board members and senior leaders.

Strategy

Sustainable use of natural resources is a commercial imperative, as well as an environmental one. Environmental considerations are therefore a key part of our Growth Acceleration Programme. This focuses on simplifying our core business, delivering manufacturing improvements and developing our global supply chain. It also targets sustainable growth through innovation, by broadening the application of existing products and accelerating new product development to support the transition to a low carbon economy.

Our capital management processes include climate-related considerations. For example, we consider energy and resource efficiency, and emissions reduction, as part of investments in our property estate. Our new facility in Rochester, US, is an example of this (see page 22 for details).

Risk management

We monitor climate risk closely given its significance internally and externally. Climate-related risks and opportunities are assessed and managed using the Company's overarching risk management framework. The Group's established risk management framework incorporates both a 'top down' and 'bottom up' risk identification process. 'Top down' risk identification is performed at the Board and management level. 'Bottom up' risk identification process is carried out at function, regional and divisional levels.

We also input views and contributions from our key external stakeholders, including customers, suppliers and investors. In this year's materiality assessment, environmental matters, including climate change, ranked among the most material topics identified. See pages 11 to 12 for more details.

Risks are identified continually during the year, with formal reviews at mid-year and full year to assess current and emerging risks. The most significant risks are consolidated and reported at Group level onto our Principal Risk register. During the first half of 2021, we made a dedicated discussion of ESG risks and opportunities – including climate change – a standing agenda item for every functional and divisional risk session. The outputs of these sessions influenced our disclosures in the climate risk and opportunity table set out overleaf.

Metrics and targets

We set out our approach to managing the environmental impacts of our operations on pages 20 to 22. We are committed to reducing our emissions, our energy and water usage, and waste. We are working to develop a new set of aspirations and targets to further reduce our environmental impact. As part of this, we have committed to developing a net-zero roadmap.

Our scope 1, 2 and 3 emissions for 2020 are reported on page 23. Overall, we achieved a reduction of 8.4% in our total greenhouse gas emissions compared with the prior year (scope 1, 2 and 3). Scope 1 and 2 emissions reduced by 18% in 2020, or 9.5% per £1m of revenue. Our target for 2021 is to reduce CO2 emissions by 2% per £1m of revenue.

We are committed to reporting progress against our environment targets, and details of the environmental initiatives we are undertaking, in this dedicated Sustainability Report, as well as in our Annual Report. We report emissions in line with the Greenhouse Gas Protocol Corporate Standard.



Task Force on Climate-related Financial Disclosures report continued

Our current view of our climate-related opportunities and risks

The below table sets out our current view of climate-related opportunities and risks. As recommended by the TCFD, we have identified whether we consider opportunities or risks to be 'physical' or 'transitional'. We anticipate further developing our disclosures in future reports, as part of our journey to continue to understand climate opportunities and risks.

Opportunities

Opportunity	Type	Opportunity description	Management action
Access to markets linked to climate change	Transitional	There are significant existing and emerging market opportunities linked to climate change mitigation and adaptation where Rotork's flow control products and systems have a role to play. Examples include in water management (to adapt to increasing water scarcity and shortages), methane emissions reduction, flue-gas desulphurisation, carbon, capture, utilisation and storage in the cement industry and in waste-to-energy plants.	We seek new growth and sales opportunities in support of our sustainable development goals. Our transition to an end-market aligned structure, with three focused divisions (Oil & Gas, Water & Power, and Chemical, Industrial & Process (CPI)) and re-focused new product development processes, is enabling us to successfully grasp existing and emerging opportunities.
Supporting customers' process efficiency	Transitional	Customers are increasingly automating, electrifying and digitalising their processes for greater efficiency. As the leading global provider of electric actuators and related control systems we are well placed to support.	Rotork is well placed to benefit from electrification and automation not just in Oil & Gas but also in other end markets served by our Water & Power and CPI divisions. We seek to drive product development through our strategy and sales processes, supporting business growth and customers' environmental performance.
Lowering customers' emissions	Transitional	Rotork's products enable the reduction of (and, in many cases, elimination of) unwanted emissions, such as methane, from industrial processes, presenting opportunities for the Group to support customers' ambitious emission reduction strategies and their legal obligations. Replacement of high operating cost pneumatic and hydraulic actuators, for example in process control applications, presents significant opportunities for customers to raise efficiencies and reduce environmental impacts.	Our strategy, engineering and research teams continuously work to identify opportunities and ways in which we can support customers' emissions reduction and environmental performance improvement. Our new product development and launch process targets continuous improvement in the environmental (and safety) performance of our products. We have invested in our value selling programmes to ensure our teams maximise the benefits that our products and solutions bring to customers' applications.
Increased commodity prices	Transitional	Higher commodity prices could increase end customers' spending on infrastructure upgrades, including customers in oil & gas industries for example, while at the same time they seek to reduce the environmental impact of their operations by investing in cleaner flow control technologies such as electric actuators.	We track market developments and commodity prices along our value chain and build these into our tactical and strategic planning.
Energy efficient buildings	Transitional	While the Group has a relatively modest direct environmental impact, there are nevertheless opportunities to further reduce its use of environmental resources, in support of environmental and operational efficiency.	Sites' energy consumption is analysed using the Rotork Management Operating System (RMOS) to identify opportunities to implement energy reduction projects. New buildings are designed with energy and water efficiency in mind, with environmental factors built into the capital investment cases. Environmental performance of leased buildings is also evaluated. Energy efficiency of new plant equipment is evaluated as part of the selection and purchasing process. For example, we purchase electric forklift trucks.



Task Force on Climate-related Financial Disclosures report continued

Opportunity & risk

Opportunity & Risk	Type	Description	Management action
Energy transition	Transitional	<p>The global energy sector's shift from fossil-fuel based systems towards renewable sources, as well as the growth of technologies to mitigate future carbon emissions provides opportunities for new end markets and new applications of our products. Our products have applications in the production, transportation and utilisation of lower and zero carbon fuels (including natural gas, biofuels and hydrogen) as well as carbon capture, utilisation and storage and chemical recycling.</p> <p>At the same time, failing to identify and adequately grasp related opportunities would negatively impact our growth agenda and potentially lead to other financial and non-financial impacts, such as damage to reputation and stakeholder advocacy. The energy transition could also cause a reduction in demand from parts of certain end markets.</p>	We track and research emerging opportunities and build these into our corporate strategy. We draw insights from numerous sources, including from customers via our Voice of Customer surveys. Our new ESG Committee has a particular focus on integration of ESG within our corporate strategy and influencing opportunities to play our fullest role in the transition to a low carbon economy.

Risks

Risk	Type	Risk description	Management action
Extreme weather events impacting our operations	Physical	Increasing frequency and magnitude of extreme weather events (such as flooding, hurricanes and drought) could increase risk of damage to property and equipment as well as posing a safety risk, both at Rotork's and customers' premises where product installation and servicing takes place.	We use a variety of methods to assess and mitigate these risks. Our insurance brokers and property consultants support our analysis of risks to our operations. Each site has a major incident plan in place, tailored to the likely impacts that could occur. Rotork also uses tools such as the WWF Water Risk Filter to monitor weather patterns, particularly in our higher risk locations.
Extreme weather events impacting our supply chain	Physical	Major weather events could disrupt the supply of products and materials to our manufacturing sites, either by causing the closure of a supplier's facility or by impeding a supplier's ability to deliver to our sites.	We use a combination of global and local suppliers, which naturally builds risk mitigation into our supply chain. We monitor suppliers' exposure to extreme weather events based on their locations. We also monitor the availability and use of dual source options to limit reliance on single sources of critical components and identify alternative supply routes if required. We do not operate just-in-time assembly, and dynamically manage our component inventory levels. We retain insurance to cover financial loss.
Carbon pricing impacting operating costs	Transitional	Generally, we operate an assembly-only philosophy across the Group, meaning that our operations are not energy or water intensive. More widespread carbon pricing is unlikely to have a significant impact on our direct costs. However, our supply chain could be impacted by more widespread pricing or levies on carbon emissions and linked costs, e.g. for energy, water and waste management, impacting production costs.	We target annual reductions in our energy usage and associated CO ₂ emissions. We link achievement of an annual reduction in scope 1 and 2 carbon emissions per £1m revenue to senior leaders' remuneration. We continuously strive to use materials as efficiently as possible and reduce associated costs. Potential increases in costs linked to GHG emissions pricing would be managed with suppliers. We plan to update our Supplier Code of Conduct this year to encourage suppliers to report their emissions publicly.
Increased cost of raw materials	Transitional	The products we offer include some materials that are finite or in high demand. For example, the costs associated with raw materials, such as aluminium or copper, could increase. The availability of some raw materials may also be impacted, through disruption and damage to infrastructure and supply chains, as well as impacts on worker wellbeing and capacity.	The Group's strategic sourcing team monitors the price of raw materials and all sourced goods to identify and track trends. Our engineering team continuously innovates to provide market-leading solutions. As part of this, we have made significant strides reducing the weight of several products in our portfolio recently, helping to make our use of materials as efficient as possible.
Stakeholder expectations	Transitional	The risk of reputational damage, and potential legal action, through the failure to respond appropriately to stakeholder expectations and increased disclosure requirements on ESG issues, including climate change, thereby impacting stakeholder support.	We communicate proactively with our stakeholders to obtain their views and understand their expectations. We established an ESG Committee of the Board in 2020 to oversee ESG performance and disclosures. We also set up a new ESG materiality assessment process in early 2021, involving external stakeholders. The Group also works with external partners to identify regulatory changes.



Supply chain management

We seek to maximise the benefits created in our global supply chain for us, those working in our supply chain, our communities and the environment.

We have a reputation for integrity, fair dealing, ethical behaviour and paying on time. We spent £211m with external material suppliers in 2020. Approximately 95% of our spend is with around 2,200 suppliers. Our spend on product assembly and supply can be grouped into three main categories, as shown in the pie chart on this page.

We have comprehensive quality assurance procedures for suppliers. These include supplier approval and component qualification processes, supplemented by supplier visits and a vendor rating system, to measure their performance.

Our approach

We expect suppliers to sign up to our Supplier Code of Conduct. This code covers our expectations on ethical behaviours and compliance with applicable laws; including promoting equal opportunities, human rights, freedom of association, labour rights, good environmental practices, and our zero-tolerance approach to bribery and corruption. It applies to all suppliers globally and is published in seven different languages. Rotork also expects suppliers to apply our Code to their own supply chains.

We also review our suppliers for modern slavery risks. We engage an independent intelligence provider to help analyse our supply base and follow up with audits when necessary. Our initial focus has been on suppliers with enhanced risk profiles. (see page 30 for more information).

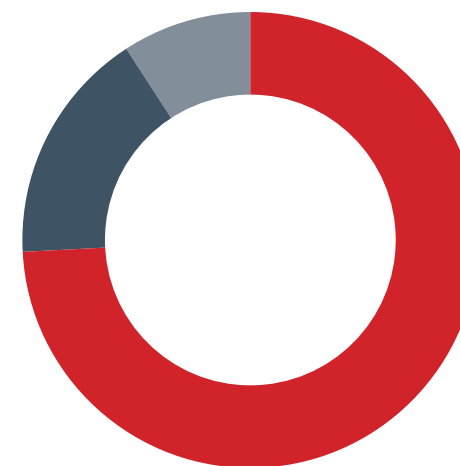
We will terminate dealings with any supplier that fails to adhere to the letter or spirit of our Supplier Code of Conduct. In 2021, we will work to strengthen our Supplier Code of Conduct, to include higher expectations around suppliers' environmental performance, including encouraging measurement and reporting of carbon emissions.

Our Supplier Code of Conduct

We defined a new groupwide process in 2020 to validate that suppliers meet the requirements of our Supplier Code of Conduct and uphold Rotork's commitments to social, environmental and ethical standards in the supply chain. It outlines our approach to assessment of social, environmental and ethical risks, which includes four main components: continual online monitoring, supplier self-assessment, enhanced surveys for suppliers scored as medium or high risk, and site audits for medium and high-risk suppliers.

Our risk scores are developed through a combination of factors, including scores relating to their country of operation, with country-based index scores for human freedom, child labour, corruption and health and safety, drawing on internationally recognised indices provided by organisations such as the International Labour Organization. The process also documents our escalation procedures for any concerns identified, with significant concerns being reported to the Legal Department.

Product assembly & supply spend (2020)



- Mechanical components
- Electronic & electrical components
- Packaging, transportation & logistics



Supply chain management continued

Conflict minerals

Our Conflict Minerals Policy sets out the Group's commitment to not use tantalum, tin, tungsten and gold that directly or indirectly finances or benefits armed groups in the Democratic Republic of the Congo or adjoining countries. The policy was most recently updated in 2020 and re-signed in 2021. It is publicly available on our website at www.rotork.com/esg.



Communication through COVID-19

Throughout 2020, our supply chain partners were impacted by availability of materials and local intervention from governments. Our supply chain teams worked with suppliers to reduce any delays, which included early and frequent communication.

We provide awareness training to employees about conflict minerals, including via an e-learning module. We also developed a dedicated conflict minerals section on our employee intranet site this year, to help drive awareness and support our sales teams in making conflict minerals declarations when requested by customers. We plan to roll out a new conflict minerals e-learning module as part of our new compliance training platform in 2021.

We exercise due diligence based on the 'Responsible Minerals Initiative' guidance, by mapping our supply chain using their reporting templates for tantalum, tin, tungsten and gold, and following up any concerns raised via a corrective action management process.

Risk management

Supply chain disruption has been identified as a principal risk to the business. As such, we monitor our supply base very closely. Disruption could arise for a number of reasons; for example as a result of a tooling failure at a key supplier, a transportation issue, or a severe weather event impacting a key supplier. During 2020, a number of our key suppliers were also impacted by COVID-19, resulting in the temporary closure of factories among both our tier 1 and tier 2 suppliers.

We identify critical suppliers and components through our formal risk assessment process and focus our risk management efforts on the suppliers that present the greatest risk to our business. Criticality is determined via a number of criteria, including business dependency, criticality of the commodity supplied and financial considerations, such as spend and contribution to revenue. We currently have 130 suppliers that meet these criteria.

We have developed sustainability self-assessments for suppliers and require them to be completed on an annual basis, to help us identify any potential risks.

We will also formally incorporate sustainability audits in our routine on-site supplier assessments post COVID-19.

Our supplier assessment and on-boarding process ensures that potential suppliers that do not meet the minimum standards criteria are eliminated early from any formal tendering or engagement process. We also provide feedback to any companies we have assessed, even if they are unsuccessful, to provide them with potentially valuable development opportunities.

Modern slavery awareness training

In line with our commitment to UN Sustainable Development Goal 8, Decent work and economic growth, which specifically targets taking effective measures to eradicate forced labour, child labour, modern slavery and human trafficking, in 2021 we are developing enhanced modern slavery awareness training for procurement colleagues who deal directly with suppliers.

We have engaged the Slave-Free Alliance, part of the charity Hope for Justice, to provide modern slavery training. Hope for Justice is an international charity, working across five continents, running prevention programmes, rescue services for victims, and advocacy and aftercare to restore victims' lives, as well as working with government and business to provide expertise and support.

The Slave-Free Alliance is providing a 'Train the Trainer' package to enable key members of the procurement team to train other colleagues in the signs to look out for when conducting site visits, equipping them with the skills and knowledge to confidently identify and report any potential concerns. In future we also plan to deliver the training to our suppliers.

The Alliance is also providing a bespoke one-day modern slavery practitioner course to key staff members, featuring real life case studies about some of the people that the charity has supported. Delegates will also benefit from learning resources and modern slavery risk handbook.

Our priorities for 2021:

- Embed social, ethical and environmental considerations into our Global Supplier Excellence programme.
- Develop a strengthened Supplier Code of Conduct, including encouraging suppliers to publicly report their carbon emissions.



Culture, ethics & governance

We strive to live our Values every day and act ethically in the way that we do business across the world. Our Values, Stronger Together, Always Innovating and Trusted Partner, were chosen by our people. They are deeply rooted in our culture and apply to everyone across our global operations.

Our Values are embedded in our Code of Conduct. Our Code applies to anyone acting on Rotork's behalf, including all permanent employees, temporary workers and contractors globally. We expect everyone to follow the Code and act with integrity at all times.

The latest version of our Code of Conduct was introduced in 2019, alongside our new Values. They emphasise our focus on being a responsible business and highlight to our employees the role they can play in ensuring Rotork operates responsibly and ethically.

The policies that sit beneath the Code of Conduct, covering Confidentiality, Conflicts of Interest, Speak-Up, Fair Competition, Gifts and Hospitality, Anti Bribery and Corruption, Data Protection and Trade Sanctions, were also updated in 2019. These all apply to operations globally, including to subsidiary companies and joint ventures.

During 2020 we continued to work towards embedding our corporate Values and Code of Conduct across our organisation worldwide. We ran awareness-raising campaigns and held events across the business. We also embedded our Values and Code of Conduct within our induction training.

Compliance and ethics training

We provided employees with a hard copy of our new Code of Conduct when it was published in 2019. The Code is available to read in Rotork's six core languages and hosted on Rotork's intranet site. We also developed an e-learning module to help familiarise employees with the new Code.

We are currently reviewing the Code of Conduct e-learning module and will roll it out again during 2021. We also introduced new joiners to our Values and expected behaviours, as outlined in the Code, during their formal induction sessions with members of the Rotork leadership team and our non-executive director for workplace engagement, Tim Cobbald.

The supporting compliance and ethics policies (new Anti-bribery and Corruption, Confidentiality, Conflicts of Interest, Data Protection, Fair Competition, Gifts and Hospitality, Speak Up and Trade Sanctions policies) were also formally launched to colleagues via our intranet site in April 2020.

Respect for human rights

Rotork continually looks for ways to support the promotion of human rights within our operations and our sphere of influence. We obey the laws, rules and regulations of every country in which we operate. We respect internationally recognised human rights, as set out in the United Nations International Bill of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. These cover freedom of association, the abolition of forced labour, equality and the elimination of child labour.

Our Code of Conduct also includes guidance on the identification of potential modern slavery risks. The Code aims to raise awareness among employees and empowers them to 'Speak Up' if they identify any area of concern.

Modern slavery prevention

We recognise our responsibility to take steps to ensure that slavery and human trafficking is not occurring in any part of our business or supply chain. During the year, we continued to implement our Speak Up policy and ensure it is accessible worldwide. We work with Safecall, whose experienced complaint handlers are able to identify reports which may be related to modern slavery. We aim to make reporting as straightforward as possible, recognising that our staff may be the first to identify an issue. Further detail about the steps we took during the year to address modern slavery risk is set out in our 2020 Modern Slavery Act statement at www.rotork.com

Our standard contract terms require suppliers to adhere to our Supplier Code of Conduct, which sets out our minimum expectations regarding human and labour rights, among other requirements. We assess potential slavery and human trafficking risks arising from supplier relationships via a number of methods. This includes engaging an independent intelligence provider to assess new and existing suppliers, as well as conducting supplier site visits. In the event that an issue is identified, we will undertake appropriate remedial action. This might include placing appropriate contractual obligations on a supplier; working together with a supplier on a corrective action plan; or ceasing to work with a supplier altogether.



In 2021, we will work towards continuous improvement of the measures we have in place to identify and address modern slavery and human trafficking risks. In particular, we will review modern slavery reporting and compliance requirements outside of the UK; introduce a groupwide policy setting out our approach to managing modern slavery risk and drive awareness among employees; and adopt a set of performance indicators to monitor the implementation of our actions and their effectiveness.

Anti-bribery and corruption

Rotork has a zero-tolerance policy to bribery and corruption worldwide, irrespective of country or business culture. Both our Code of Conduct and Anti-Bribery and Corruption Policy make it clear that our employees should never offer, pay or solicit bribes in any form. Our Group Gifts and Hospitality Policy clarifies where gifts and hospitality are acceptable and the actions that our staff are required to take when they intend to give or receive them.

In 2020, we continued to implement our plan to reduce the number of agents that we engage. We have a thorough process for their appointment, the terms under which they operate and stringent ongoing monitoring requirements.



Culture, ethics & governance continued

Our policy on political donations

Rotork is a politically neutral organisation. We have a policy of not making political donations in any part of the world. No political donations were made during the year.

Encouraging colleagues to 'Speak Up'

Our Speak Up policy encourages colleagues to report suspected wrongdoing as soon as possible and without fear of detrimental treatment as a result of raising a concern. It applies to all individuals working within, for, or with Rotork, including suppliers.

We offer a range of channels for colleagues to raise any concerns. Our Speak Up policy encourages colleagues to contact their line managers, or to our Group HR Director or General Counsel and Company Secretary, to raise any issues. We also work with the external company Safecall, to allow concerns to be raised anonymously via its helpline. We monitor the number of calls made to the Speak Up line and the outcomes of any investigations.

Board-level oversight

The Board receives regular updates on compliance with our expected behaviours, as outlined in our Code of Conduct and related policies. The Board reviews concerns reported via all channels about suspected wrongdoing, and, where required, agrees actions to be taken to prevent a potential reoccurrence. The Board also reviews the results of our employee 'pulse' surveys, to help identify any areas where employees feel that there is a divergence between their experience and our stated culture.

Priorities for 2021:

- Develop and roll out new compliance and ethics training; including face-to-face training and as well as online e-learning modules.
- Introduce a groupwide policy on modern slavery risk identification.
- Develop and roll out dedicated modern slavery training for employees and 'train the trainer' training for colleagues conducting site visits.

CASE STUDY

Cybersecurity

Our cybersecurity strategy is directed by our Chief Executive Officer and managed by our Chief Information Officer. The strategy is aligned to best-practice cybersecurity frameworks and built on four major pillars and our core Values:

Visibility

Our core cybersecurity team, alongside our 'Trusted Partners', provide a comprehensive view of the threat landscape. This is monitored 24/7 by our Security Operations Centre and Managed Threat Detection and Response teams.

Protection

We implement proactive measures to ensure the confidentiality, integrity and availability of our information, including the delivery of regular user awareness training for all our people, to help them recognise and avoid cyberattacks on our business, making us 'Stronger Together'.

Resilience

We are 'Always Innovating' to develop our Cyber Incident Response Plan and Disaster Recovery capabilities, meaning that we are able to respond and recover quickly from any cyber incident, minimising any impact to the business.

Governance

We align our strategy and security posture with internationally-recognised cybersecurity frameworks, including the National Institute of Standards and Technology (NIST) and the Information Assurance for Small and Medium Enterprises (IASME). This continual alignment ensures our standards, processes and practices secure the organisation against cyberthreats and remain aligned to our business goals. We also work closely with internal and external audit partners to ensure that cybersecurity risks are regularly reviewed, managed and reported to the board on a regular basis.

Security in our connected products

Security is top priority for our customers and so our products go through a rigorous testing programme before release. Where connected technology exists within our products, we use multiple layers of security within our products and only allow limited functionality in line with the customers' requirements and the criticality of the application of the product. We are 'Always Innovating' with our internal experts and our external 'Trusted Partners' to develop market leading flow control solutions for our customers, including those that utilise the best in secure technologies.





Enabling a sustainable future

Our mission: to help drive the transition to a cleaner future where environmental resources are used responsibly.

Strategic aims supported:

- 1 Accelerated growth
- 3 Sustainability

In this section:

- Our role in the energy transition
- New end markets
- Innovation for product application
- Environmental benefits of products
- Infrastructure and industrial technology





Introduction to this section

We want to help drive the transition to a cleaner future where environmental resources are used responsibly.

We have a major role to play in new energies and technologies that will support the transition to a low-carbon economy. Rotork's products have applications in many processes for low- or no-carbon energies, which are valve and actuator intensive. Rotork's products also have applications in processes that help preserve natural resources such as fresh water, through water recovery, recycling and treatment.

In addition, Rotork can support a broad spread of industries as they make greater use of automation, electrification and digitalisation to reduce the environmental impact of their operations. Rotork is the leading global provider of electric actuators which can mitigate the release of unwanted process emissions from oil & gas operations, for example, as well as facilitating the use of renewable energy.

In this section, we provide examples of different applications of Rotork's products, using major engineering projects as case studies where we can, to help illustrate our role and the scale of our opportunity.

Our strategic commitments

- We will enable sustainable management of water resources and greater water efficiency for our customers.
- We will support customers' energy and emissions reduction and enable them to incorporate renewable energy into their operations.
- We will play our part to enable the global energy transition and support a cleaner, more sustainable future.

SDGs we will progress:



See page 35 where we discuss Rotork's role in tackling methane emissions.



Did you know?

Rotork publishes a regular series of 'white papers', explaining how our products help solve process, safety and environmental issues within the industries we serve.

In December 2020 for example, we published a white paper explaining 'How efficient flow control equipment can reduce emissions within the industrial combustion process'.

A key consideration for process plant operators who use industrial combustion is ensuring they achieve optimal efficiency. This is to manage energy consumption and process emissions, as well as the high cost of running industrial combustion.

Incomplete combustion results in increased harmful emissions that are both bad for the environment and anyone working within the plant. Excess use of fuel, driven by inefficient combustion, also represents unnecessary cost.

An actuator plays an essential role in achieving optimised combustion. Once temperatures within an industrial furnace reach a set point, the actuator responds by injecting the right supply of fuel and air into the combustion chamber.

The combustion process is continually monitored via sensors that feed back to the combustion control system, which in turn sends signals to the actuator. If the actuator is unreliable or inaccurate, inefficient and incomplete combustion occurs.

Rotork specialises in actuators that allow for accurate process control. Actuators within our CVA range are often used in these processes. They respond to a position change almost instantaneously. Their position control provides up to 0.1% accuracy. They can also be programmed to maintain a pre-set position, ensuring control and safety in the event that mains power is lost.

More white papers are published on our website at the following address:
<https://www.rotork.com/en/media/white-papers>



New energies: Hydrogen

Hydrogen's role in the energy transition

Hydrogen and fuel cell technologies have significant potential to enable the transition to a clean, low-carbon energy system. Hydrogen is a versatile, clean and safe energy carrier that can be used as fuel for power or transportation or in industry as feedstock. It produces zero emissions at point of use. It can be stored and transported at high energy density in liquid or gaseous form. It can be combusted or used in fuel cells to generate heat and electricity.

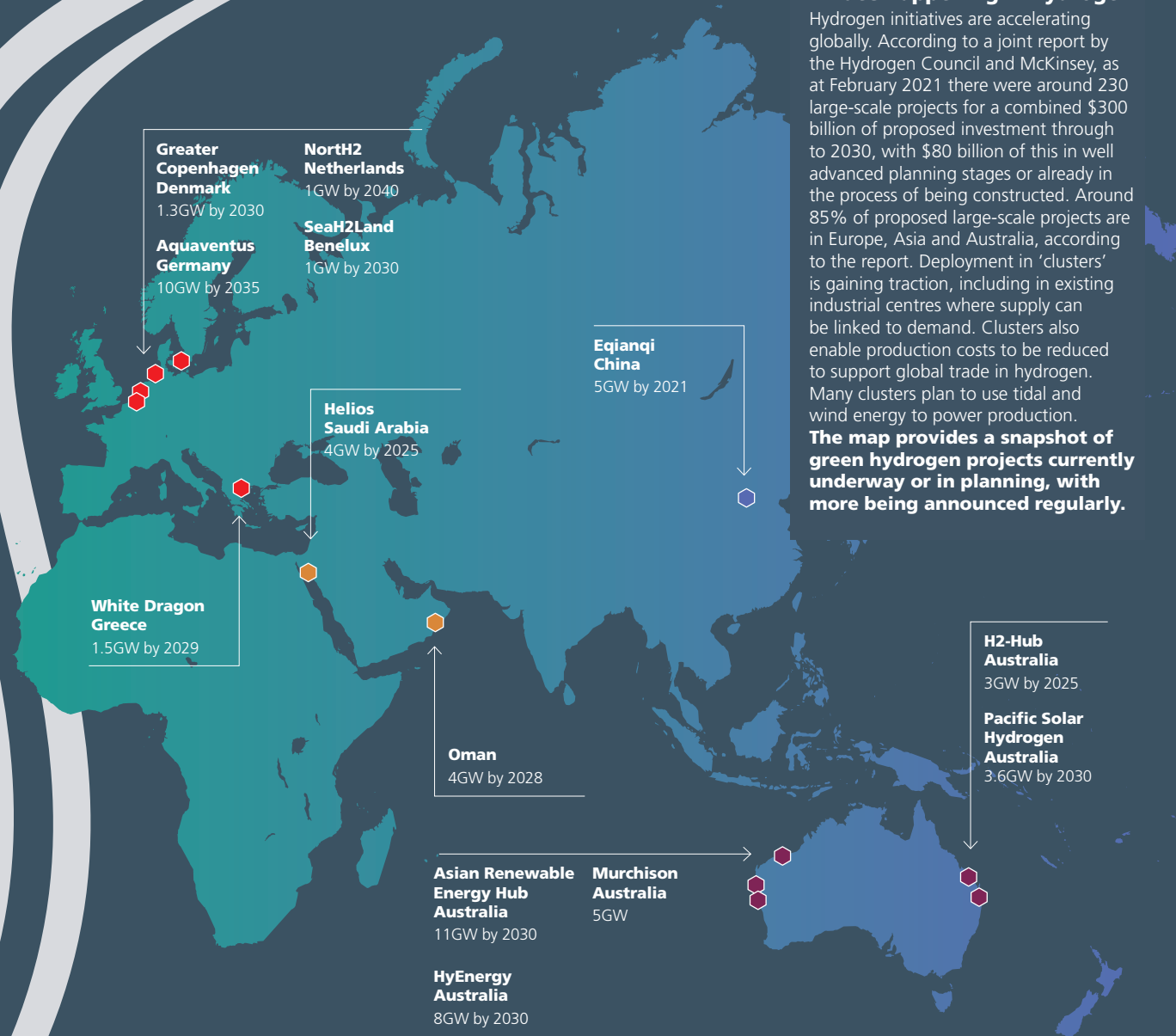


Flow control's role

Numbers of different technologies are used to produce hydrogen. Thermo-chemical processes use heat and chemical reactions to release hydrogen from organic materials such as fossil fuels and biomass. Water can be split into hydrogen and oxygen using an electrolyser. There are also biological processes. Hydrogen produced using renewable energy is known as 'green hydrogen'. All production processes require flow control equipment such as valves and actuators, as do power generation, transport, dispensing and storage processes.

Rotork's role

Hydrogen has been used in industry for many years, for example in refining and ammonia production, and the industry has long relied upon Rotork's certified equipment for production, storage, transportation and utilisation. New energy hydrogen applications, including electrolysers, fuel cells and refuelling stations are in their infancy but have very significant potential. IRENA's 'Planned Energy Scenario' forecasts global hydrogen production increasing to 545m tonnes per year in 2050, from 70m in 2020. Hydrogen represents an opportunity for all Rotork divisions.



What's happening in hydrogen?

Hydrogen initiatives are accelerating globally. According to a joint report by the Hydrogen Council and McKinsey, as at February 2021 there were around 230 large-scale projects for a combined \$300 billion of proposed investment through to 2030, with \$80 billion of this in well advanced planning stages or already in the process of being constructed. Around 85% of proposed large-scale projects are in Europe, Asia and Australia, according to the report. Deployment in 'clusters' is gaining traction, including in existing industrial centres where supply can be linked to demand. Clusters also enable production costs to be reduced to support global trade in hydrogen. Many clusters plan to use tidal and wind energy to power production.

The map provides a snapshot of green hydrogen projects currently underway or in planning, with more being announced regularly.



New technologies: Methane emission reduction

Why methane emission reduction is so important

Methane is a greenhouse gas that is emitted during the production, storage, transportation and utilisation of coal, natural gas and oil. It also results from livestock, other agriculture, and decay of organic waste. Climate scientists believe that prioritising methane emission reductions make sense for two main reasons (i) a tonne of methane causes 86 times more global warming than does a tonne of CO₂ and (ii) the majority of emissions could be avoided with technologies available today at no cost. In fact, the Climate and Clean Air Coalition estimates that halving anthropogenic methane emissions over the next 30 years could make a very significant contribution to the Paris goal of stabilising temperatures between 1.5 and 2 degrees above pre-industrial averages.



Flow control's role

The flow control sector has a major part to play in reducing methane emissions. In the energy sector, methane escapes via leaks and from venting of methane-powered pneumatic devices. Flow control can help identify leaks, which once identified, can be repaired. The management of system pressure can also reduce leakage and new leaks appearing. Venting can be significantly reduced or eliminated by replacement with modern electric devices.

Rotork's role

Rotork has many years' experience in methane emission reduction and a full suite of solutions. Our PAX range of linear actuators, for example, are widely used to control pressure in natural gas distribution networks. Our CMA (process control) and IQT (quarter-turn) electric actuators are a zero emission alternative to high-bleed spring diaphragm actuators commonly used in onshore oil & gas applications.

The United Nations Environment Programme

published its 'Global Methane Assessment' in May 2021. This high profile report concluded that reducing human-caused methane emissions is one of the most cost-effective strategies to rapidly reduce the rate of global warming, and that available targeted methane measures, together with additional measures that contribute to priority development goals, **can simultaneously reduce human-caused methane emissions by as much as 45% by 2030.**

GLOBAL METHANE ASSESSMENT
Costs of Mitigating Methane Emissions



New energies: Electrification

How oil & gas can contribute to net zero

With the global oil and gas sector's operations estimated by McKinsey to generate 9% of all human-made GHG emissions, the industry has a major part to play in the achievement of net zero. One of the key ways it can do so is by replacing systems in its up-, mid- and downstream facilities traditionally powered by process gas with those powered by electricity. Electrification is underway in many parts of the world (especially Europe) and is becoming a major theme in the industry.



Flow control's role

The oil and gas industry has historically been a major user of fluid power actuators. A modern electric powered facility will typically make significantly more use of electric actuators, though fluid power actuators will still be used for some applications.

Rotork's role

As the world leader in electric actuation, with its products focused on low power consumption and process safety assurance, Rotork is well placed to benefit from the electrification trend not just in oil & gas but also in other end markets served by our Water & Power and CPI divisions.

CO₂ emissions per barrel
versus global average

<0.05x

What's happening in electrification?

European oil & gas fields are increasingly being powered by electricity – in many cases renewable hydro or wind generated and supplied over highly efficient power lines. Electrification helps significantly reduce the CO₂ emissions per barrel of oil produced - best-in-class modern projects can produce a barrel of oil with CO₂ emissions at less than 5% of the global average. Offshore platforms typically require hundreds of actuators to control process flows across drilling, riser, process and living quarters.





New energies: Biofuel

A transport fuel of the future

Biofuels such as ethanol are not 'new' as such - they have been in use in many countries around the world for decades. Biofuels are produced from biomass, such as starch, and can be used in largely unmodified combustion engines such as those found in aircraft and automobiles. Biofuels, particularly hydrotreated vegetable oil which is growing in Europe, can be much more environmentally friendly than their 100% fossil fuel counterparts, although care is required to manage challenges such as water usage. The combination of cleanliness, sustainability and existing combustion technology makes biofuels an exciting fuel of the future.



Flow control's role

The most common types of biofuel are bioethanol and biodiesel. Bioethanol is produced by fermenting carbohydrate such as sugar or starch, biodiesel by transesterification of oils or fats. Biofuel plants have extensive flow control equipment including valves and actuators. Plant owners are particularly focused on environmental issues such as fugitive emissions, necessitating the most modern techniques and equipment.

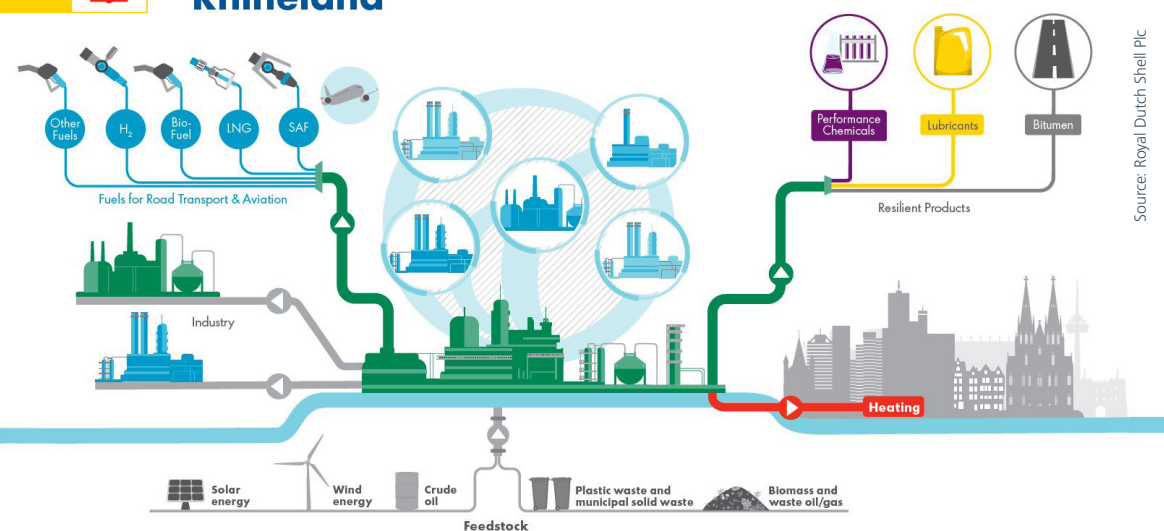
Rotork's role

Rotork has supplied actuators and network systems and provided on-site services to the biofuel industry for many years. With the International Energy Agency ('IEA') targeting biofuels meeting more than a quarter of global demand for transport fuels by 2050, the outlook is positive. Biofuel represents an opportunity for all three Rotork divisions.

The Refhyne II refinery conversion



Shell Energy and Chemicals Park Rhineland



Source: Royal Dutch Shell PLC

What is 'Refhyne II'?

'Refhyne II' is a major project to convert Shell's Rhineland refinery, the largest in Germany, to produce sustainable aviation fuels. The project entails the construction of the first commercial bio-power-to-liquid plant, as well as a 100MW hydrogen electrolyser. Shell's project partners are the UK's ITM Power and Germany's Linde AG. Construction is expected to begin in 2022 with the plant having initial capacity of 100,000 tons per year of synthetic aviation fuel. Shell estimates the project will reduce CO₂ emissions by 80%.

What is 'HVO'?

Hydrotreated vegetable oil ('HVO') is a type of biofuel produced from vegetable oils, using hydrogen as a catalyst. Using hydrogen instead of methanol as part of the production process means HVO is widely considered a more environmentally friendly, sustainable biofuel than traditional crop biofuels. Despite its name, HVO can also be produced using tallow and used cooking oil. HVO production in Europe is increasing, with numbers of new plant openings planned over the next several years.



New energies: Gasification

How gasification can help the climate?

The IEA believes that 'fuel switching' – to natural gas from coal or oil – can have significant CO₂ and air quality benefits giving natural gas an extremely important role as a transition fuel. The agency estimates that, on average, coal-to-gas switching reduces emissions (of CO₂ and methane) by 50% when producing electricity and 33% when providing heat. In the future, additional environmental benefits are expected to be achieved via biomethane and carbon capture.



Flow control's role

The gasification trend provides plenty of opportunities for the flow control industry. Natural gas production, treatment, storage and transport are all valve and actuator intensive. Infrastructure owners and operators are increasingly focused on monitoring and managing leaks of methane from process plants as well as transmission and distribution systems.

Rotork's role

Rotork has a strong LNG focused product portfolio encompassing isolation, emergency shutdown, modulating and control valve actuators and is well placed to benefit from the gasification trend.

An environmental engineer uses the latest technologies to detect methane emissions.



What's happening around the world?

Gasification opportunities exist in most regions of the world. In the US and Europe, gasification of the power sector is underway with gas-fired replacing coal-fired power stations. In China, initiatives focus more on the residential and industrial sectors, as part of clean air initiatives. In India, similar initiatives are underway targeting various sectors, but especially residential.



New technologies: Carbon capture, utilisation & storage

What is carbon capture, utilisation & storage?

Carbon capture, utilisation & storage ('CCUS') is the process of capturing waste carbon dioxide (CO₂), and transporting it to be used as a resource or deposited where it will not enter the atmosphere. Usually the CO₂ is captured from large industrial sources, such as a cement factory or power plant, and stored in an underground geological formation. The aim is to prevent the release of large quantities of CO₂ from heavy industry, and so help to limit climate change.

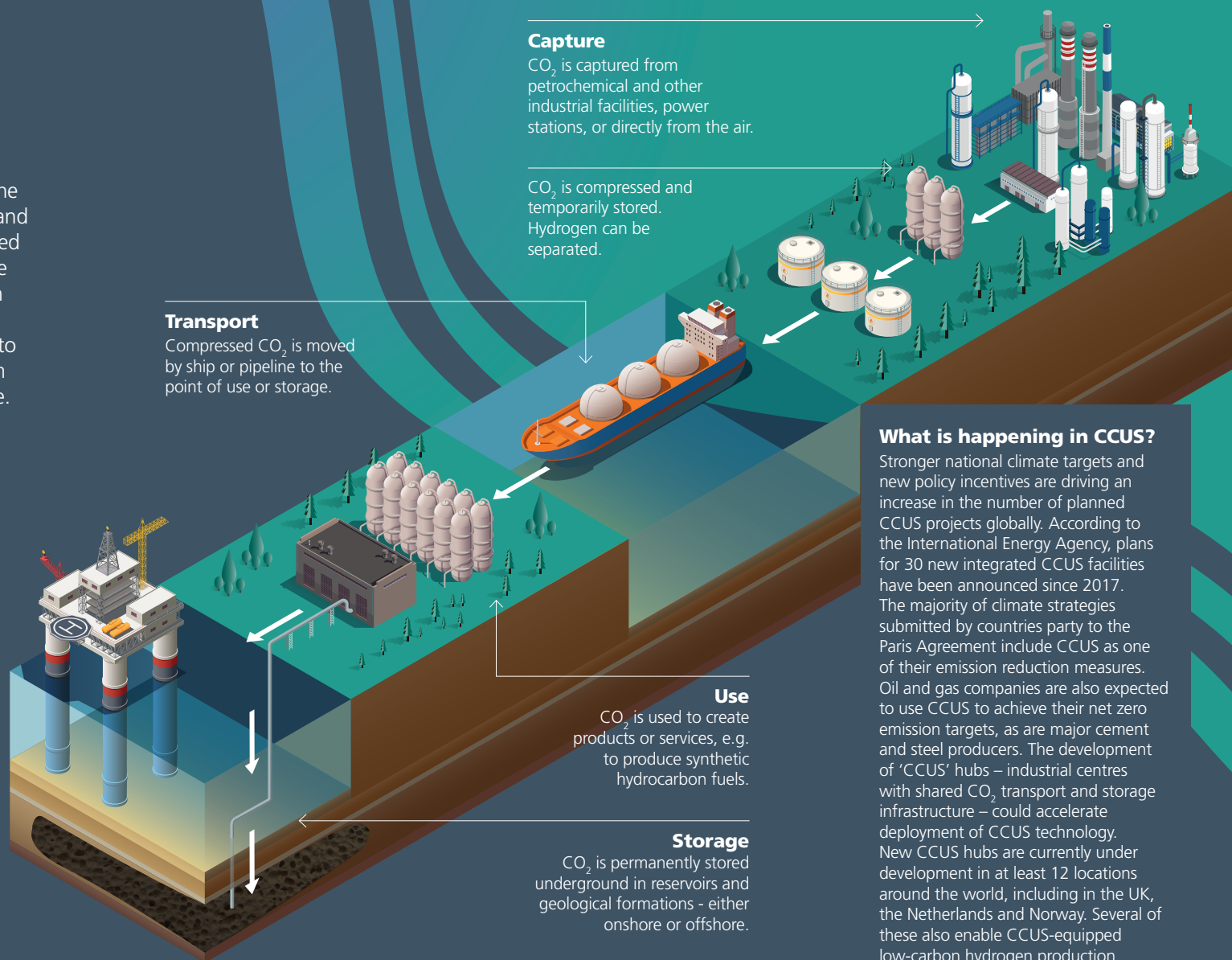


Flow control's role

Various technologies can be used to capture CO₂ including absorption, adsorption, membrane, cryogenic and biological. In all cases the processes are flow control equipment intensive, requiring large numbers of control and on-off valves as well as intelligent electric actuators and related network control systems. Additional flow control equipment is found in the related conditioning, compression, transportation, storage and utilisation processes.

Rotork's role

Our advanced products are already in use in many of the world's CCUS facilities including ones in Australia, Norway and the United Arab Emirates. According to the Global CCS Institute, CCS plant annual capacity was 40m tonnes p.a. at the end of 2020, with a further 70m tonnes p.a. in construction or in development. Many industries are expected to capture their CO₂ in the future, including refining, gas processing, thermal power generation, water treatment, cement, steel, aluminium and chemical processing. CCUS is an opportunity for all three Rotork divisions.



Capture

CO₂ is captured from petrochemical and other industrial facilities, power stations, or directly from the air.

CO₂ is compressed and temporarily stored. Hydrogen can be separated.

Transport

Compressed CO₂ is moved by ship or pipeline to the point of use or storage.

Use

CO₂ is used to create products or services, e.g. to produce synthetic hydrocarbon fuels.

Storage

CO₂ is permanently stored underground in reservoirs and geological formations - either onshore or offshore.

What is happening in CCUS?

Stronger national climate targets and new policy incentives are driving an increase in the number of planned CCUS projects globally. According to the International Energy Agency, plans for 30 new integrated CCUS facilities have been announced since 2017. The majority of climate strategies submitted by countries party to the Paris Agreement include CCUS as one of their emission reduction measures. Oil and gas companies are also expected to use CCUS to achieve their net zero emission targets, as are major cement and steel producers. The development of 'CCUS' hubs – industrial centres with shared CO₂ transport and storage infrastructure – could accelerate deployment of CCUS technology. New CCUS hubs are currently under development in at least 12 locations around the world, including in the UK, the Netherlands and Norway. Several of these also enable CCUS-equipped low-carbon hydrogen production.

Water management

6

CLEAN WATER
AND SANITATION

Sustainable Development Goal 6:

Ensure availability
and sustainable
management of water
and sanitation for all.

The World Economic Forum's Global Risk Report consistently lists water among its top five risks. Today, almost 25% of the world's population face water crises. By 2030, 700 million people could be displaced by water scarcity. Extreme weather events caused by climate change, such as droughts and floods, are increasing the frequency of water shortages. In addition to impacts on human health and ecosystems, water risks are increasingly material for businesses and economic growth.

Water efficient processes are key to narrowing the gap between supply and demand of fresh water. Reusing treated wastewater is also important for managing water pollution and creating alternative water sources. Better water infrastructure and services, and new technologies such as reverse osmosis desalination, also play a role in building resilience to water scarcity and shortages.

Business opportunities

There is strong demand for the roll-out and modernisation of water infrastructure both in developing and developed countries, for health and safety, economic and environmental reasons. Rotork technology can assist in the provision of a safe and efficient water supply, as well as supporting sustainable management of water. Our technology also assists water treatment, recycling and desalination processes, as well as playing a role in flood defence infrastructure. In all of these applications, we provide innovative, reliable flow control to help manage water sustainably and build resilience to extreme weather events.



Leak reduction

Almost 3bn litres of water are lost through leaks every day in England and Wales, according to Water UK – the equivalent of 1,180 Olympic swimming pools. In the United States, there are around 240,000 water main breaks annually. As well as representing a significant loss of a precious natural resource, leakages also incur significant, and potentially avoidable, costs and fines as well as reputational damage to water utility companies.

Smart water networks, enabled by electric actuators such as those from our PAX series, can help reduce leaks. According to Sensus research, water leakages represent around 20% of costs related to water production and distribution for a typical US water utility company. Our PAX series allows for the remote automation of pressure reducing, or pressure sustaining, valves in the field. This allows tighter pressure control, reducing the potential for pipes to burst. It also enables quicker segmentation of a pipeline, to redirect water when there is a leak and minimise the loss of water.



Water treatment & reuse

Rotork's IQ electric actuators were installed at the Milano San Rocco Wastewater Treatment Plant last year. The plant serves the city of Milan, Italy. It represents one of the biggest examples of wastewater reuse for irrigation in the world. It processes the wastewater of a population of over one million people, and practically all the treated water can be reused for farm irrigation.

Actuators have been installed on jet valves to regulate the flow of oxygen into the tanks. Oxygen allows the microorganisms that process harmful elements within the wastewater to survive. The actuators respond to signals from the control room to adjust the valves and allow precisely the right amount of oxygen to enter the tanks and maintain the set air flow rate.



Water management continued



Flood protection

Rotork intelligent electric actuators and gearboxes were installed on remotely operated sluice gates adjacent to a large river in Texas, US, last year. The sluice gates were constructed following Hurricane Harvey in 2017, which caused catastrophic flooding and sadly many deaths, as well as \$125 billion dollars' worth of damage.

The sluice gates usually remain open, allowing rainwater from surrounding areas to flow into the river. However, during periods of excessive rainfall and heavy storms, the actuators close the gates and protect the local community from the river. The run-off water is then pumped away over the top of a nearby levee, before eventually running into the river. The actuators help ensure that people and property in the local community are safeguarded from flooding.



Desalination

With 97% of the world's water in oceans, desalination, the process of removing salt from seawater, has an important role to play in managing drought and ground water scarcity. According to the American Society of Mechanical Engineers there are more than 20,000 desalination plants operating across the world. Desalination is an energy-intensive process and plant efficiency is extremely important. Many of the latest plants are clean energy driven, with energy supplied by renewable energy such as solar.

There are numerous applications for Rotork's intelligent actuators in a desalination plant. Our actuators can be used to control sea water intake, the various water filtration processes, and subsequent offtake. The desalination market is growing robustly, with investments underway or planned in Egypt, India and Saudi Arabia.



Did you know?

Rotork delivers public webinars explaining how our products can help solve sustainability issues. In February 2021, we delivered a webinar attended by more than 400 people on the topic of how automation helps meet efficiency requirements in gas and water distribution networks.



Making a positive social impact

Our mission: to support thriving, fair and resilient communities.

Strategic aims supported:

- 1 Accelerated growth
- 3 Sustainability

In this section:

- Brand equity
- Talent and diversity
- Training and development
- Stakeholder engagement
- Safety benefits of products
- Social contribution

Introduction to this section

We aim to support thriving, fair and resilient communities.

We endeavour to make a positive social impact by being a good corporate citizen across our global operations. We make a significant contribution through the high-quality employment we provide. We engage proactively and fairly with all stakeholders, to understand and meet their needs. We seek to extend the direct positive impact of our business through our support for charitable causes aligned to our sustainability goals and colleagues' interests.

Importantly, we also strive to help tackle inequality in society through the role we can play as an employer. We aim to be a fair employer and promote opportunity and equality for all. As part of this, we are particularly conscious of supporting progress for underrepresented groups. At the same time, we recognise the valuable contribution that diversity, in its broadest sense, can make to our overall business success and seek to nurture talent from a broad range of backgrounds.

In this section, we describe how we engage with and support our people and our communities to have a positive impact on individuals and society as a whole.

Our strategic commitments

- We will develop and deliver initiatives to drive greater gender and ethnic diversity.
- We will contribute to a fairer society more broadly, including by ensuring 100% of employees are covered by our Fair Pay Framework.

SDGs we will progress:



Did you know?

Rotork Engineering Company Ltd began trading in 1957 with the launch of our first actuator; the 100A. Our manufacturing plant at Brassmill Lane, Bath, UK, was constructed in 1961 and remains Rotork's headquarters today.

Rotork set up its first overseas operation in France in the 1960s and was floated on the London Stock Exchange soon after. Since then, Rotork has expanded globally, serving customers in more than 173 countries and establishing a market-leading reputation for pioneering, high quality and dependable solutions for flow control in a wide range of industries and markets.





Brand equity

rotork®

Rotork's brand is well-recognised and well-respected globally. It stands for innovative, quality, dependable products, and a first-class approach to customer relationships. Our brand is very important to us. Indeed, the materiality assessment we undertook in early 2021 found brand and reputation to be the highest-ranking sustainability issue. Our sustained success rests on building on Rotork's brand among current and future customers, employees and shareholders, and wider stakeholders. It also influences the successful management of other sustainability issues.

Attracting, developing and retaining a diverse range of talented people, by being an employer of choice, providing fair and equal pay and benefits, and demonstrating our commitment to diversity and inclusion, is central to our ability to maintain our market leadership position and seize new opportunities; particularly for organic growth.

Throughout this section we describe how we manage people to support our strategic objectives, as well as the wider positive social contribution we make through our innovative, cutting-edge solutions, positive stakeholder engagement and our direct investment in local communities around the world.



Our people and culture

Rotork strives to be a great place to work. Engaged, committed people are key to the successful delivery of our Growth Acceleration Programme and sustainable business growth. We are committed to nurturing an inclusive and respectful culture. We want our people to feel they belong and can deliver at their best.

Our company Purpose is 'keeping the world flowing for future generations', along with our three Values - Stronger Together, Trusted Partner and Always Innovating - define both what Rotork does, and how we operate.

Our Values were selected by our people and are important in creating a culture that we can be proud of. They help to make Rotork a great place to work and give us a competitive edge.

We ensure our people approaches, systems and policies are linked to our Values. They are aimed at engaging and motivating our people and protecting their rights. We strive to provide fair and equitable treatment, as well as opportunities to grow, learn and progress. As a global company, we embrace the importance of connecting with the communities in which we operate, to help make a difference.

Our approach to being a responsible employer is reflected in our Respect at Work and Equality of Opportunity policy. This aims to ensure that fair and objective treatment is promoted across recruitment and employment and regardless of any protected characteristic.

Our Values



Stronger Together
Always Innovating
Trusted Partner

Our Values are embedded in our Code of Conduct. For details see PG 31



Our people and culture continued



Talent management

We recognise the importance of attracting, recruiting and developing talented people. As part of our approach to performance management, employees have regular, structured performance and development conversations with their line managers. We look to fill roles internally where possible. Around half of our senior leaders have been promoted into their current roles from within Rotork.

Our talent review process is completed twice a year, with outputs reviewed by both the Rotork Management Board and the Plc Board. We review the top three management levels, in addition to identifying future talent from across the whole organisation, for succession planning. Linked to this, each of our top 100 leaders has a personal profile that is reviewed by our Management and Plc Board. This process allows us to understand our talent pipeline for senior roles and ensure the right development is in place for key individuals.

We review our age profile to assist workforce and succession planning. We are committed to apprenticeships and early careers programmes. We believe apprenticeships in particular provide an excellent career foundation. We intend to refocus efforts on a revised young talent and apprentices programme post COVID-19.

In 2020, as we were not able to fully utilise our UK apprenticeship levy, we donated unused funds to small and medium-sized enterprises working in childcare and education, enabling young people to develop new skills and capabilities.

We are proud to have so many long serving employees. 37% of our people have worked at Rotork for more than 10 years. On the other hand, 37% of colleagues have been with Rotork for less than five years. We

believe the mix of Rotork experience and new external experience is integral for the success of our Growth Acceleration Programme.

Employee engagement

We solicit employee feedback on a regular basis, which enables us to consider employees' views in decisions made at Board and Management level. It also means we can respond to any concerns in a timely manner and understand the underlying themes that matter most to our people.

We conduct regular employee 'pulse' surveys. Most of these surveys have a specific theme, but certain questions recur regularly so that we are able to track progress. For 2021, a portion of the management and leadership populations' bonus opportunity is linked to maintaining high levels of employee engagement through the year.

We introduced virtual induction sessions for our new joiners. These are led by CEO Kevin Hostetler, and each session he's joined by either a member of the Rotork Management Board or Tim Cobbold, non-executive director for Workforce Engagement. In 2020 we held 12 sessions for new joiners. We also moved most team briefings online, as it was not possible to hold face-to-face town hall events.

Our working@rotork group email address enables colleagues to ask questions on a range of topics, such as HR matters, or to contact Tim Cobbold. We also have an 'AskKevin' email address for colleagues to contact our CEO directly.

We consider it important to engage colleagues in our change programmes. We provide change workshops locally before embarking on any programme. We use two cycles of a change diagnostic tool to understand how change is embedding and how our colleagues feel about it. Around a third of

all global colleagues were invited to respond to a change diagnostic survey in 2020. Colleagues' comfort with the pace of change has remained steady throughout the Growth Acceleration Programme at between 6.1/10 and 6.5/10 points, with 0 being too slow and 10 being too fast.

During 2020, one of our pulse surveys focused on environment and sustainability. As a result of the survey, we have allocated renewed focus on environmental issues on our sites, such as saving energy, reducing plastics and increasing recycling. We also established a new partnership with the charity WeForest directly in response to colleague feedback. See page 55 for details.

Fair pay and benefits

We believe that all colleagues should be appropriately and fairly rewarded for their contribution. In 2020, we launched a Fair Pay Framework. This reflects our wider vision to reduce inequality and contribute to a fairer society more broadly. It includes five areas of focus to guide our reward policies, procedures, systems and decision-making to support fair and competitive remuneration.

Our Framework includes a commitment to pay a real living wage (rather than the minimum wage) where this exists in a country. We were accredited as a Living Wage Employer in 2020 by the Living Wage Foundation.

In 2020, we also launched our Recognition Scheme, linked to our Values. We continue to align our culture with our approach to performance and reward mechanisms so they contribute towards delivering our strategy.

Rotork is proud to have well above average employee share ownership, with the majority of employees owning shares. Colleagues in many of our locations



receive a gift of Rotork shares each year, wherever it is practicable to do so. This gives our people an additional personal and financial stake in our success.

All employees participate in the Rotork bonus scheme. We link performance to reward, ensuring we recognise those who make the greatest contribution, whilst living our Values. We benchmark our rewards and benefits arrangements externally in every country we operate, taking into account cost considerations. We also provide pension arrangements, based on local laws and practices.

Collective bargaining

We are a signatory to the UN Global Compact and are working to meet its Principles. As part of this, we uphold colleagues' freedom of association and recognise their right to collective bargaining. There are collective bargaining arrangements in place in several sites and countries in which we operate. We are committed to open and constructive engagement with our employees and their representatives.

Our people and culture continued



Training and development

We work to ensure that Rotork's people have the right skills and experience to deliver the Group's strategy.

We made good progress strengthening our internal training capability in 2020. We also adapted a number of our courses to a virtual environment. A fifth of our global colleagues attended one of our new workshops in 2020.

Almost 500 managers completed our Performance and Reward workshops in 2020. These focused on how to achieve results in line with our Values, and how to align reward with high performance.

Alongside our restructure to end market segments, our sales teams completed sales development training based on value selling techniques. To date, two thirds have completed the programme.

We continued to embed Rotork mixed-model lean in our factories and subsidiaries, with 355 Rapid Improvement Events being held across 27 locations during the year. These events delivered direct labour cost reductions as well as releasing space to enable future site consolidations. We also delivered 12 virtual lean competency training events to around 2,000 colleagues.

Diversity and inclusion

We recognise the importance of fostering an inclusive and diverse workforce and valuing different perspectives and contributions. We continue to drive our commitment to diversity and inclusion and build this into the way we work.

We actively review decisions around performance, talent and remuneration to ensure fairness. Our Board considers diversity as part of talent and succession reviews. In one of our pulse surveys this year, employees scored Rotork as 7.4/10 in believing we offer an inclusive culture.

Gender diversity

We are committed to increasing the number of women in our organisation at all levels. Globally across our workforce, females make up 21.8% of our people. In 2020, females comprised 37.5% of our Plc Board and 23.1% of people among the Executive Committee and its direct reports.

Our 2020/21 Gender Pay Report showed continued progress towards our goals. The mean gender pay gap for women versus men across Rotork in the UK changed from -4.9% to -12.9%. The change in the mean figure in favour of women is due to the number of senior women who have joined recently. The median average pay for our female employees in the UK is 2.8% lower than for male employees (2019/20: 8.7%), compared to the UK's national gender pay gap of 15.5%. Our full Gender Pay Report is published at: www.rotork.com/en/careers/diversity-and-inclusion

We are a member of the 30% Club, which aims to achieve at least 30% representation of all women on all boards and C-suites globally. In addition, we participate in the Bloomberg Gender Reporting Framework, a voluntary disclosure of gender-related metrics, demonstrating our commitment to transparency and the pursuit of gender equality.

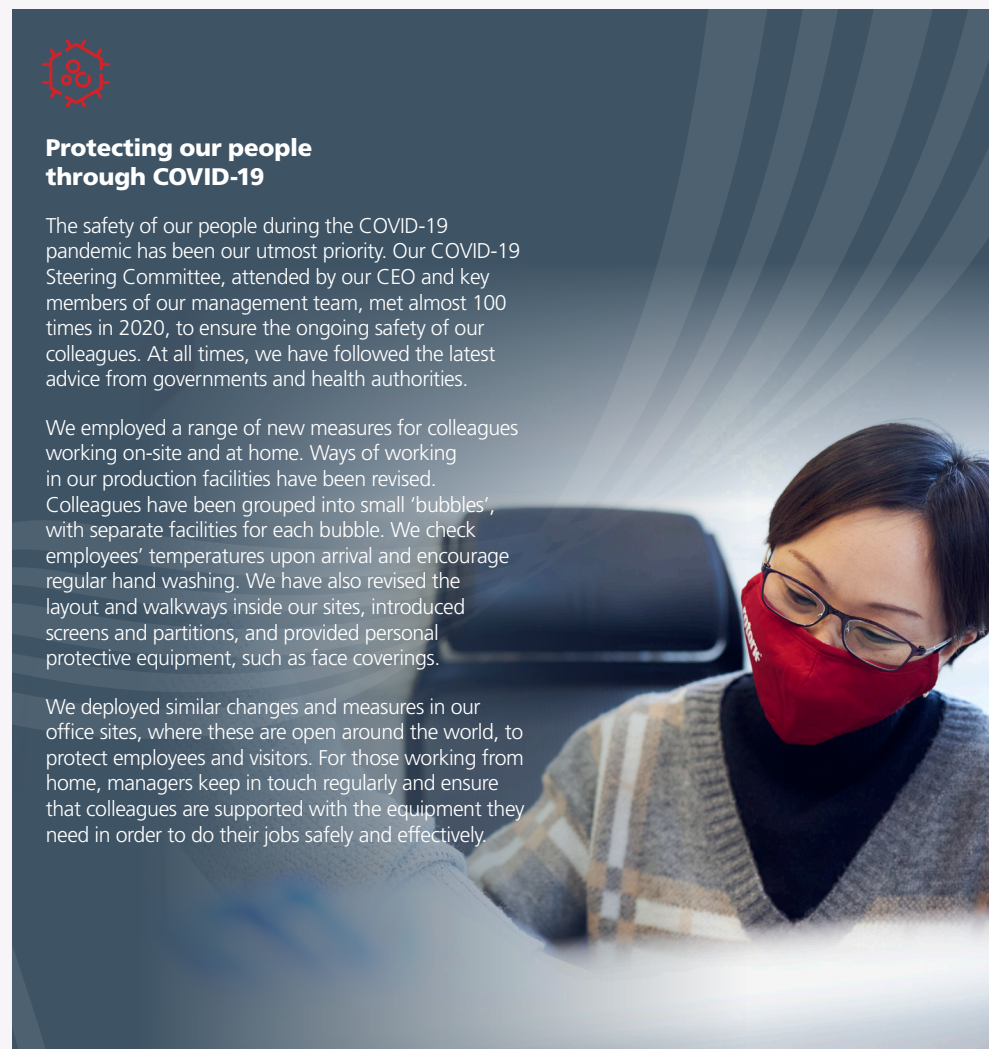


Protecting our people through COVID-19

The safety of our people during the COVID-19 pandemic has been our utmost priority. Our COVID-19 Steering Committee, attended by our CEO and key members of our management team, met almost 100 times in 2020, to ensure the ongoing safety of our colleagues. At all times, we have followed the latest advice from governments and health authorities.

We employed a range of new measures for colleagues working on-site and at home. Ways of working in our production facilities have been revised. Colleagues have been grouped into small 'bubbles', with separate facilities for each bubble. We check employees' temperatures upon arrival and encourage regular hand washing. We have also revised the layout and walkways inside our sites, introduced screens and partitions, and provided personal protective equipment, such as face coverings.

We deployed similar changes and measures in our office sites, where these are open around the world, to protect employees and visitors. For those working from home, managers keep in touch regularly and ensure that colleagues are supported with the equipment they need in order to do their jobs safely and effectively.



Our people and culture continued



We are also a partner of Women in Engineering Society (WES), which aims to inspire women to achieve as engineers, scientists and as leaders. In 2020, Ann Christin Andersen, Chair of our ESG Committee, helped judge the annual Top 50 Women in Engineering awards, the theme of which was sustainability.

We are proud to have achieved the target set out in the Hampton-Alexander review of 33% female representation on our Board. In the Industrial Engineering sector of the Review, Rotork was placed second out of seven companies in 2020. During 2020, female representation on our Board was 37.5%. Sally James retired from the Board at the conclusion of our Annual General Meeting on 30 April 2021, having completed nine years' service. The search for an additional non-executive director commenced during 2021. Any new appointment

to the Board will be made with consideration to our Board Diversity and Inclusion Policy. The Board is committed to ensuring its membership has diversity in its broadest sense and we request our search firms to take this into account.

Ethnic diversity

We welcome the Parker Review target for all FTSE 250 boards to have at least one member from an ethnic minority background by 2024. Our Board diversity policy is available at: www.rotork.com/en/careers/diversity-and-inclusion

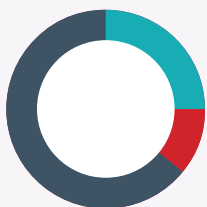
In 2020, we undertook a survey inviting colleagues to voluntarily self-report information about their ethnic origin and disability status, to help us better understand our workforce. We achieved a 32% response rate. We used the data to calculate a UK

ethnicity pay analysis for the year 2020/21, using the same approach as for UK gender pay reporting. We also retrospectively calculated ethnicity pay figures for UK colleagues for 2019/20, to generate two years of data. Our ethnicity pay report is published at www.rotork.com/en/careers/diversity-and-inclusion and on page 57 of this report.

We are seeing progress in ethnic diversity at Executive Committee level and among their direct reports, which both sit at 20% or above. We believe this is important in providing role models from diverse backgrounds at senior levels. As set out on page 46, information about colleagues' gender and ethnic origin is included in our talent management process. We actively review decisions around performance, talent and remuneration to ensure fairness.

Age profile

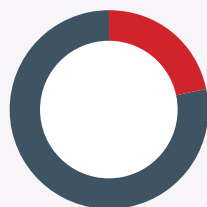
(Group, as of 31 December 2020)



Age Bracket	Employees
Under 30	11%
30 to 49	65%
50 and over	24%

Gender profile

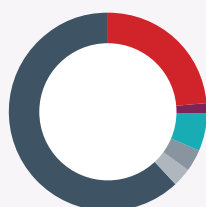
(Group, as of 31 December 2020)



Female	21.8%
Male	78.2%

Ethnic origin

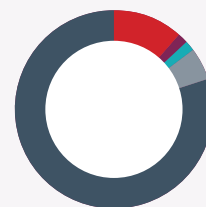
(Survey responses; 32% of the workforce) Ethnicity %



Asian	29.3%
Black	1.6%
Hispanic or Latino	5.9%
Mixed	3.6%
Other	2.7%
White	56.9%

Senior leaders' ethnicity

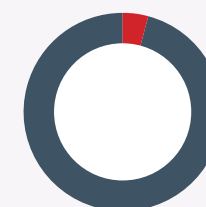
(includes RMB and their direct reports levels) Ethnicity %



Asian	11.6%
Black	1.7%
Hispanic	1.7%
Mixed	5%
White	80%

Registered disability

(Survey responses; 32% of the workforce) Recognised disability %



Yes	4.4%
No	95.6%



Supporting young people's careers

At Rotork, we are proud to enable young people to develop new skills and capabilities to learn and grow. To celebrate National Apprenticeship Week in February 2021, we shone a light on the amazing work of our apprentices by sharing their stories on LinkedIn.

- **Jessica Nikiel** (top left) was recently promoted to a permanent role in the engineering department in Germany following an apprenticeship of 3.5 years. She works on new product launches and creates technical drawings used in our manufacturing sites. "What I love the most about Rotork is to be part of a great team and support interesting and important projects."
- **Serafin Franke** (top right) recently became a Field Service Technician after finishing his apprenticeship of 3.5 years in industrial mechanics in Rotork Melle in Germany. "It was important for me to work in an international company with a broad customer base, so I could see lots of new techniques and working areas which will increase my work experience. I think Rotork is a very good workplace that allows me to get as much experience as possible for my career."
- **Karl Jefferies** (bottom right) started with Rotork in the UK in October 2017 and is now in his fourth year as an engineering apprentice. "I chose to do my apprenticeship at Rotork because of the opportunities that it offers, and the ability to work in a wide variety of different departments within the company." During his time in the Production Engineering department, Karl was assigned a task to redesign a build jig used on the production line. This required him to create different drawings that are now being used on the shop floor.
- **Gayane Pilibossian** (bottom left), Accounts Apprentice, started with Rotork in April 2020 in the Finance team. When asked how she feels about starting an apprenticeship in the middle of a lockdown, she said how welcome she had been made to feel despite working from home. "I love the people I work with. Everyone has been so helpful and patient with me from day one. I have learnt a lot already and my manager is great at getting me involved in various projects."

Keeping the world flowing for future generations



Stakeholder engagement

Stakeholder engagement was rated a material issue in our recent materiality assessment. We recognise the vital importance of the support of our stakeholders to the success of our business. Good stakeholder engagement enables companies to achieve their full potential. Conversely, not meeting a broad range of stakeholder interests can have a negative impact on brand and reputation; increasing costs and risks and impacting licence to operate. A number of events during 2020 have served to highlight the importance of understanding and considering a broad range of stakeholder views in making strategic business decisions.

Rotork's key stakeholders include customers, colleagues, shareholders, communities, suppliers and governments. We engage with them via a number of channels. This helps us to understand their views, needs and expectations of us. We also embed environmental considerations into our business decisions, with a view to increasing efficiency and minimising our impacts. Our Purpose of 'Keeping the world flowing for future generations' demonstrates the importance we place on stakeholder relationships and our contribution to wider society.

Our policy is to engage with stakeholders proactively and transparently, and to deal with issues with integrity when they arise. We aim to:

- earn and retain the trust and respect of our stakeholders;
- demonstrate how we have taken stakeholders' views into account;
- as far as possible, achieve positive and fair outcomes for all stakeholders, while recognising that they sometimes have conflicting needs; and,
- disclose full and accurate information about our performance, in a way that is accessible and understandable to our stakeholders.

We describe our engagement with stakeholders, in line with the requirements of Section 172, in our 2020 Annual Report. We have also provided a summary over the following pages.

In 2021, we engaged representatives from each of our key stakeholder groups in an assessment of environmental, social and governance issues that are material to Rotork. Stakeholders' inputs into this process helped define our new sustainability strategy. See page 11 for details.

Customers



We serve customers in the oil and gas, water and power, and chemical, process and industrial industries in 173 countries around the world. Our customers rely on Rotork for innovative, cutting-edge solutions and dedicated lifecycle service and support. We invested £13m in research and development in 2020.

How we engage

We aim to be a 'Trusted Partner' to our customers. Customer engagement and satisfaction is a key topic in Board discussions. As part of our Growth Acceleration Programme, we have focused on further aligning our business with our customers' needs. A significant change we have made is the realignment of our sales structure to focus on our key end-markets allowing our sales teams to deliver valued solutions to our customers. We also have ongoing programmes to optimise our order fulfilment process and focus on being responsive to customer enquiries to support customers' experience when dealing with Rotork.

Outcomes

- During the second half of 2020 we rolled out a learning programme that will improve how we capture the voice of our customers in our innovation processes.
- We launched 10 new products in 2020, many of which are helping customers meet their energy and emission reduction challenges and reduce operating costs.
- Rotork Site Services continued to develop its offering, launching our revised Lifetime Management Programme, Rotork Reliability Services and Intelligent Asset Management system in 2020.

Priorities for 2021

We conducted a survey among end-customers in Q1 2021 to understand how our transition to an end-market aligned structure had been received, as well as customers' satisfaction with our products and services. We received 340 responses from customers worldwide. During 2021 we will integrate outputs of the survey into our innovation and ideation processes.



Stakeholder engagement continued

Colleagues



We have nearly 3,400 employees, working in 65 offices and 20 manufacturing facilities across the world. Our employees expect safe working conditions, fair pay and terms and conditions, equality and fairness in the workplace and engagement on important issues for the Company. We paid £164m in wages, salaries and social security payments in 2020.

How we engage

We offer a broad range of channels for employee engagement. These include employee forums, pulse surveys, town halls and our 'Ask Kevin' email channel. The Chief Executive's regular Board reports include updates on employee engagement and views of the wider workforce. Our designated non-executive director for employee engagement, Tim Cobbald, also brings the employee's voice into the Boardroom. Tim Cobbald's full report for 2020 is on page 96 of our 2020 Annual Report. Both Tim Cobbald and Kevin Hostetler participate in induction sessions for new starters. During 2020, and the first half of 2021, employee engagement sessions have taken place virtually due to COVID-19.

Outcomes

- We launched our Fair Pay Framework and became an accredited Living Wage employer.
- We retained high levels of employee engagement, scoring an average of 7.1 points in our pulse surveys (2019: 7.3 points).
- We launched a new wellbeing website to support colleagues' physical and mental health during COVID-19.
- We published our first UK ethnicity pay review in early 2021.
- We achieved a reduction in lost time injury rates in 2020, to 0.24 compared to 0.25 the prior year. However, we were devastated to hear of our first workplace fatality at a client site in July 2020 and are working hard to mitigate the risk of this happening again, including through the launch of Rotork's Life Saving Rules in 2021.

Priorities for 2021

Embed Rotork's Life Saving Rules and associated training; target maintaining strong employee engagement; drive advocacy of Rotork's approach to diversity and inclusion; and deliver increased communications on ESG topics.

Shareholders



Our shareholders expect us to deliver sustainable value. We have a strong track record of creating shareholder value and have increased our dividend each year for 20 years. We paid £53m in dividends in respect of 2020. Our share register is on page 198 of our 2020 Annual Report.

How we engage

We actively engage with our investors, advisers and the investment community, as well as our employee shareholders.

Our Chief Executive, Group Finance Director and Investor Relations Director regularly communicate with our major shareholders.

Our corporate website contains a variety of resources for investors including current webcasts, presentations and press releases, as well as annual and interim reports. We offer shareholders a choice of receiving Annual Reports electronically or in hard copy. We also offer internal communication channels for our employee shareholders.

Outcomes

- Management met with a broad range of institutional shareholders in 2020, attending over 90 meetings (over video from mid-March 2020) with over 40 separate institutions. Management also participated in analyst-hosted webcasts and virtual shareholder events.
- In March 2021, management participated in 25 one-to-one meetings and five group events to discuss 2020 financial and non-financial results.
- Colleagues in many of our locations receive a gift of Rotork shares each year, wherever it is practical to do so, and have the opportunity to purchase additional shares through our schemes. This gives our people an additional stake in our success and supports employee engagement with the company.

Priorities for 2021

In October 2020, the Board engaged an external consultant to conduct research with Rotork's top shareholders to better understand perceptions of the Group and any potential room for improvement. The results of this review were presented to the Board in December and key recommendations are being followed up throughout 2021.



Stakeholder engagement continued

Suppliers



Our suppliers expect fair ordering and contracting, on-time payments and information about our policies and procedures, including in relation to ESG standards. We continue to invest in our supplier relationships as these are vital to our success. We have a reputation for integrity, fair dealing, ethical behaviour and paying on time.

How we engage

Our Group Strategic Sourcing team oversees global engagement with suppliers. The team sets standards relating to social, environmental and ethical conduct, and directs communication to suppliers and monitoring of adherence to standards. Our supplier engagement was particularly active during 2020 due to COVID-19, to ensure we worked together to meet customer needs despite the logistical, and other, challenges presented by the pandemic. We also engage with suppliers and continually review our global supply chain to ensure we are working towards preventing the risk of modern slavery and human trafficking occurring.

Outcomes

- We spent £211m with external material suppliers in 2020.
- Our supply chain teams worked closely with suppliers to reduce any delays resulting from COVID-19 impacts during 2020, including through early and frequent communication.
- We completed the tiering and categorisation of our supply base in 2020 to identify suppliers who are the most critical to the performance of Rotork.
- Details of the steps we took to mitigate the risk of modern slavery in our supply chain are detailed in our Modern Slavery Statement, see: www.rotork.com/en/investors/modern-slavery-statement

Priorities for 2021

During 2021, we will continue with our programme of work to secure long-term agreements with critical suppliers. We will embed ESG considerations into our agreements and work to augment environmental aspirations in our Supplier Code of Conduct.

For further information about supplier engagement see PG 29

Communities



Our communities expect us to engage with them and operate in a responsible manner. We aim to make a positive contribution to communities through the employment we provide, suppliers we work with and taxes we pay. Our social impact is extended through the contributions we make to selected local and global charitable causes.

How we engage

We engage positively with our local communities, investing in job creation, using local talent and supply chains, helping to support and grow the communities in which we operate. We consider social and environmental impacts of our business decisions carefully, including potential impacts on local communities. We also offer support through charitable giving and volunteering. Rotork currently has three global charity partnerships, with Renewable World, Pump Aid and WeForest. We also make local charitable contributions; charity committees at local Rotork sites support causes that are important to employees.

Outcomes

- We donated £0.24m in total to charities in 2020.
- We established Rotork Benevolent Support, a charity to provide short-term financial support to employees, ex-employees, and their families facing financial hardship.
- Our people from across the world took pro-active steps to help their local communities during the pandemic. Examples include production of personal protective equipment for hospitals, as well as for use in care homes and the provision of food collections for the less fortunate.

Priorities for 2021

We will continue to ensure our global charitable partnerships align with our chosen Sustainable Development Goals and other criteria, as well as supporting our employees in contributing to local causes close to their hearts. We will also engage proactively with communities about any changes to our operations, as per our company policy and ethos.

For further information about our contribution to the communities in which we operate see PG 54

Stakeholder engagement continued

Governments



How we engage

Governments expect us to engage positively with them, comply with applicable laws and pay taxes we owe on time. We conduct our business in an open and transparent manner and engage regularly with government officials. We are pleased to pay taxes and contribute to society in the countries where we operate.

Outcomes

- We paid £33m in taxes last year.
- We maintain regular and open communication with the UK Government's Department for Business, Energy and Industrial Strategy (BEIS). We engaged BEIS officials in our materiality assessment early in 2021, to understand their views about key sustainability issues relevant to Rotork and incorporate them in the development of our sustainability strategy (see page 11 for details).

Priorities for 2021

We will continue to engage with government stakeholders, including on our sustainability strategy and performance.



Delivering safety solutions

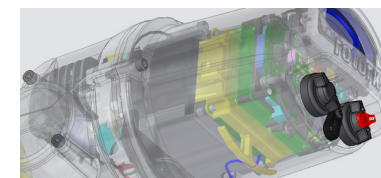
Rotork has been widely acknowledged as the market leader in actuation for over 60 years. We make an important social contribution through our high-quality products, which are available with extensive certifications, including for safety applications.

Our products play a key role in supporting customers' health and safety performance. There are some great examples of Rotork products that deliver safety benefits, including our Electronic Line Break System and our Shutdown Battery option.



Electronic Line Break

The Rotork Electronic Line Break (ELB) is a robust, self-contained system that combines pipeline pressure monitoring with intelligent valve control. It continuously monitors upstream and downstream pipeline pressure dynamics to provide early detection of pipeline breaks and initiate automatic valve actuator movement to a pre-selected emergency position. In a gas pipeline, the immediate reporting of a line break by an ELB will enable the operator to swiftly close the appropriate valves and isolate the problem. This functionality mitigates the risk of a catastrophic event taking place.



Emergency Shutdown

The Rotork Shutdown Battery Option provides fail-to-position functionality for our IQT range of part turn actuators. The integral battery pack provides a compact explosion proof shutdown solution upon loss of mains power. It can prevent safety issues and avoid monetary consequence of loss of control. The IQT with shutdown battery option is a compact lightweight alternative to a spring-return fail-safe actuator and is ideally suited to process shutdown and emergency shutdown applications in unmanned locations.



Our social contribution

Rotork considers it important to contribute to and engage with the communities in which we operate around the world. We regard this as part of our ongoing responsibilities as a good corporate citizen. This directly links to our Values and underlying behaviours and enables us to make a beneficial impact on our communities.

Our target is to contribute 0.1% of profits to nominated international charities, and a similar percentage to local charitable causes around the world. Local charity committees support charitable causes that are important to their local communities, including through donations, fundraising and volunteering. In keeping with our Values, local teams are empowered and encouraged to decide how to distribute funds and support their local communities.

We are extremely proud of the resilience and compassion our people have shown during the pandemic. Rotork engineers have used their technical expertise to produce face shields and reusable visors to help protect people from the virus. Many thousands of items of protective equipment have been delivered to places such as hospitals, air ambulances and care homes around the world.

Our international charity partners

Our international charity partnerships are aligned to our Purpose and chosen Sustainable Development Goals. We currently partner with three international charities: Pump Aid, Renewable World and WeForest. We also set up a charitable fund in 2020, Rotork Benevolent Support, to help colleagues, and former colleagues, and their families facing financial hardship. We donated £126,000 in total to these charities in 2020.

Charity partner selection process

We partner with international charities that align closely with Rotork's Purpose, Values and chosen SDGs. We select charity partners using four key parameters:

1

Accountability requirements

How will donations be used, how readily are accounts available, what proportion reaches recipients?

2

Fit. Do key causes align and what's the global reach?

How can we engage effectively with the charity, what value does our funding bring?

3

Demonstrating & learning from achievements

Have there been concerns with how the charity is run, has the charity faced notable issues and how were they dealt with?

4

Learning about funding practice

How will the funding help us meet our own strategic aims?

CHARITY PARTNERS

Pump Aid

Pump Aid and Rotork have partnered for several years to transform the lives of children and community members in rural Malawi. Rotork donated £40,000 to the charity in 2020.

At two pre-schools, Pump Aid provided water points, child-friendly toilets, handwashing stations, and hygiene behaviour education, as well as nutritious meals using crops grown in kitchen gardens. As a result, 260 children and 1,600 members of the community now have access to clean water and improved sanitation. With a reduction in illness, children are able to attend school and thrive, with higher cognitive performance and dramatically improved life chances. Community members are seeing improved health and have better access to clean water. In addition, Pump Aid's self-supply programme develops the skills of local pump mechanics in order to restore water functionality for communities and households, and to provide irrigation to small-scale farmers. In 2020, this brought clean, safe water to over 200,000 people in rural Malawi.



Our social contribution continued



Renewable World

We donated £40,000 to Renewable World in 2020. Funds donated by Rotork have contributed to the development and delivery of a solar water pumping programme in Nepal.

Three solar water pumping projects in Nepal will benefit 26,500 people. Through the SolarMUS III project, Renewable World installed 10 solar water pumps, benefitting those in Nepal's remote hills where communities face increasing pressure generating an income from agriculture due to unreliable water access. Thanks to this programme, 5,000 people gained access to a household tap for the first time.



Rotork Benevolent Support

Rotork set up its own charitable fund, Rotork Benevolent Support, in July 2020. Its purpose is to help past and present Rotork employees facing financial hardship, including as a result of the COVID-19 pandemic. To date, the charity has received almost £57,000 in donations from individuals, Rotork charity committees and office collections. In addition, Rotork has provided £22,440 in matched giving as part of its commitment to social responsibility. The charity has made grants totalling around £7,000 so far, to current and former employees in each of our regions.

WeForest

In our environment and sustainability employee survey in autumn 2020, Rotork colleagues told us they wanted to focus on planting trees to make a difference to the environment. As a direct result, WeForest became our newest international charity partner.

Through our partnership with WeForest, Rotork supports the construction of natural infrastructure solutions to halt desertification in Ethiopia and to secure water resources for 18,000 families. This involves the planting and conservation of 49 million trees, digging water-harvesting infrastructures and the deployment of ambitious schemes in 14 rural villages, transforming the lives of these communities. As the seedlings grow, the roots bind the soil to reduce erosion, thereby improving soil health. WeForest also works with farmers to build dams, micro-basins and water harvesting ponds to retain rainwater, improve infiltration and increase water access. Rotork donated £24,000 to WeForest in 2020.





Our social contribution continued



For over 50 years Fairchild in the US has designed and manufactured precision pressure control devices, used in a wide variety of applications. Fairchild worked with six manufacturers to fill the need for precision pressure control regulators. They supplied regulators to assist in the dual-use of ventilators which allows for one ventilator to serve two patients simultaneously.

In the US, our design engineers partnered with local manufacturers to deliver over 5,000 assembled frames for face shields with contributors from all over the US. Both transparencies and elastic material holding the frames in place were provided by Rotork and this helped local hospitals in the fight against COVID-19.

Just some of our

Local community highlights



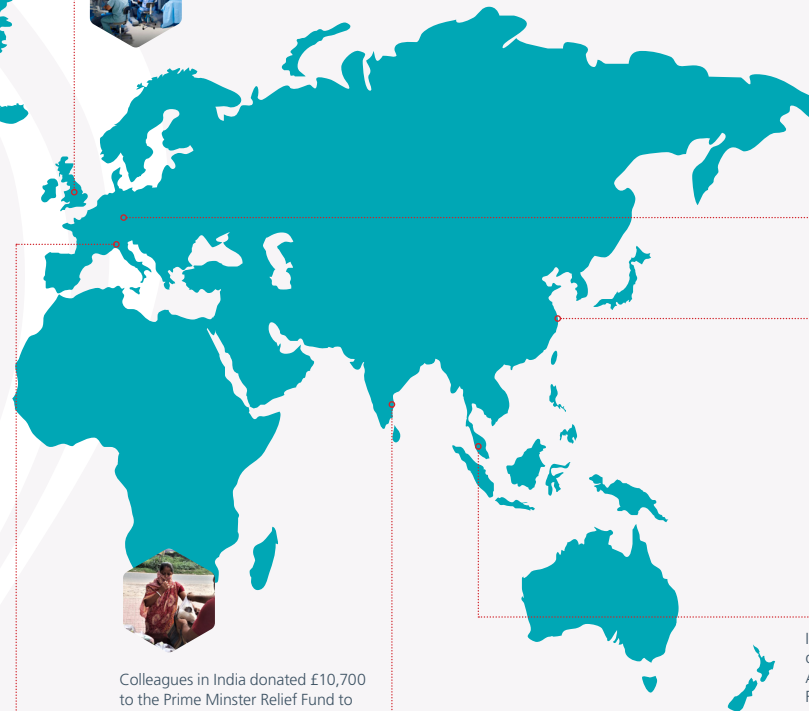
Rotork donated £5,000 to The Forever Friends Appeal towards a Surgical Robot for the Royal United Hospital in Bath, UK. Over the years, huge advances in surgical techniques have led to a shift from open surgery to more minimally invasive methods, which have fewer complications and a shorter recovery time.

At Christmas our UK colleagues donated to the KidsOut Giving Tree, raising money for children who have escaped domestic abuse and are living in refuges. We supported this in Bath in 2019, and our Employee Forum were keen to extend support nationally.



In Germany, Rotork donated €7,500 to the Children's Hospital in Fürth. With this donation, we provided start-up assistance for the financing of a video laryngoscope that will be used in the paediatric intensive care unit.

Colleagues in Langenzenn, Germany supported FabLab, a volunteer organisation, and used 3D printing techniques to produce a holding bracket for face shields to assist medical personnel.



Colleagues in India donated £10,700 to the Prime Minister Relief Fund to fight COVID-19. Half of this was raised by employees agreeing to donate one day's pay, while the other half was donated from the Rotork India CSR fund. With help from local vendors, the team produced 5,000 face shields for health workers, which were delivered to the office of the Chief of State's Medical Centre. Our colleagues also took part in food collections to poor communities and donations to food banks.

The team in Lucca, Italy, donated protective equipment used by our paint staff to the local hospital to assist front-line medical staff in the fight against COVID-19.

Rotork Actuation Shanghai (RAS) donated RMB 36,000 (around £4,000) to the Shanghai Charity Foundation last year. The Foundation used the donation to support families and individuals facing financial hardship. RAS plans to make a similar donation again in 2021, as well as organising an education-related local community event as part of its social responsibility agenda.

In Malaysia, Rotork donated money to the Association of Mouth and Foot Painting Artists, an organisation entirely owned by members. Its members have all learned to draw and paint using their mouths or toes and support themselves through sales of their original paintings and reproductions as cards, calendars and other items.





Our social contribution continued

Making a difference through our products

In April 2020, we delivered our Schischek ExReg controller together with ExMax.CY actuator to be used in an explosion proof environment in the new facility of BioNTech.

The installation of our actuators in the new BioNTech facility has been part of a project enabling BioNTech to receive approval for the commercial production of COVID-19 vaccine from the European Medicines Agency (EMA). This happened just five months after the construction of new facilities. Following approval by the EMA, the first vaccine batches can now be delivered for distribution to the European Union and worldwide.

Rotork supported the planning, installation and completion of the project and will provide ongoing site service.

Social impact data

Gender pay reporting:

All Rotork employees in the UK

At 5 April 2020	2020	2019	2018
Mean Gender Pay Gap actions all Rotork employees in the UK	-12.9%	-4.9%	-8.8%
Median Gender Pay Gap across all Rotork employees in the UK	2.8%	8.7%	6.3%

Ethnicity pay reporting:

All UK survey respondents

	2020	2019
Mean Ethnicity Gap across all UK survey respondents	11.2%	-0.5%
Median Ethnicity Gap across all UK survey respondents	-3.4%	-12.3%

Gender pay data

Our gender pay data is a snapshot of the difference between the average hourly pay levels of all women compared to all men, irrespective of their role or level in the organisation, expressed as a percentage of men's average pay. The median is calculated by using the person who is in the middle of the lists of hourly pay for men and women, ordered from highest to lowest paid and compares them.

The mean is an average of the hourly pay of men and women and compared. Mean averages give a useful overall indication of differences in pay. A small number of highly paid individuals can significantly impact the figure.

A negative percentage figure indicates an outcome in favour of women. Our figures show that the mean average pay gap in the UK has been in favour of women since 2019, and the median pay gap has also improved since last year and currently stands at 2.8% versus a national average of 15.5%.

Ethnicity pay data

The approach to calculating the gender pay gap data has been used to calculate the ethnicity pay gap data. The ethnicity pay gap was calculated using responses from UK employees to our global survey in 2020, in which we invited colleagues to voluntarily self-report information about their ethnic origin. We are also seeing good progress in ethnic diversity at Executive Committee level and among their direct reports, which both sit at 20% or above.





Appendices



Definitions of our material sustainability issues

Operating responsibly

Safety, health and wellbeing

Putting safety, health and wellbeing at the centre of what we do for our people and for our wider stakeholders.

Climate change

Playing our part in the transition to a net zero carbon future; including developing our climate change strategy and targets to seize opportunities and manage the risks presented by climate change.

Supply chain

Maximising the benefits created in our global supply chain for us, those working in our supply chain, our communities and the environment.

Culture, ethics & governance

Living our Purpose (keeping the world flowing for future generations) and Values (Stronger Together, Always Innovating and Trusted Partner) and acting ethically in the way that we do business across the world.

Application and service performance

Supporting customers with exemplary application engineering and product performance and service, including lifetime after sales care (through Rotork Site Services).

Enabling a sustainable future

New end markets and applications

The importance of penetrating new end markets, and identify new applications for our products, to support growth and at the same time help address global sustainability challenges.

Innovation

Innovating to broaden the application of existing products and accelerate new product development, with a focus on reducing material inputs and costs and supporting customers' sustainability objectives (e.g. safety, harnessing solar power).

Energy transition

Assisting the global energy sector's shift from fossil-fuel based systems (oil, diesel and coal) through transition solutions (such as LNG, biofuel and hydrogen and carbon capture usage and storage), to renewable sources like wind and solar energy.

Environmental benefits of products

Providing products and services that deliver reliable, energy efficient solutions to customers, that minimise environmental impacts (e.g. through lower emissions and water consumption and use of renewable energy).

Customer & third-party relationships

Listening and responding to customers in the development of our products and services, strengthening our customer and distributor partnerships, and extending our position as a solutions provider for customer needs.

Infrastructure

Contributing to the roll-out and modernisation of the critical infrastructure upon which we all rely (such as water infrastructure and LNG, natural gas and hydrogen pipelines).

Industrial technology

The quality, productivity, environmental and safety benefits of increased automation, electrification and digitalisation in our customers' processes that is facilitated by our products and service offerings.

Making a positive social impact

Brand equity

Building on Rotork's well-recognised and well-respected brand among existing customers, new customers and potential future employees.

Talent and diversity

Attracting, developing and retaining a diverse range of talented people, by being an employer of choice, providing fair and equal pay and benefits, and demonstrating our commitment to diversity and inclusion.

Training and development

Ensuring that Rotork's people have the right skills and experience to deliver the Group's strategy.

Stakeholder engagement

Proactive and transparent engagement with all stakeholders, including customers, employees, suppliers, shareholders and local communities.

Safety benefits of products

Supporting customers' health and safety initiatives through our products and services which provide accurate, automatic, remote control in critical and hazardous locations and contain process issues and failures when they do arise, to limit safety and environmental impacts.

Social contribution

Investing in local communities and supporting their resilience to withstand and recover from adverse situations.



Further information

Global Reporting Initiative Index

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option.

Our GRI Index is published as a standalone document on our website at the following address:

www.rotork.com/en/environmental-social-governance/esg-reports-and-policies.

Our GRI Index has been checked by Corporate Citizenship. Corporate Citizenship confirms that in their view the index meets the requirement of 'in accordance – Core', as set out in the GRI Standards.

Sustainability Accounting Standards Board (SASB)

We have also provided disclosures against the SASB framework to support our communication of financially material sustainability information.

Corporate Citizenship has also checked alignment to the SASB framework. Our SASB table is published at the same address, above.

Memberships

We have been a signatory to the United Nations Global Compact since 2003. We work to meet its Principles. This report meets our United Nations Global Impact Communication on Progress requirements.

We are a member of the 30% Club, which aims to achieve at least 30% representation of all women on all boards and C-suites globally. As at 31 December 2020, there were three females on Rotork's Board, equating to 37.5% female Board representation.

We are a member of the European Clean Hydrogen Alliance which aims an ambitious deployment of hydrogen technologies by 2030, bringing together renewable and low-carbon hydrogen production, demand in industry, mobility and other sectors, and hydrogen transmission and distribution.

We are also a member of the Manufacturers Standardization Society (MSS), which offers undergraduate and graduate scholarships in relevant disciplines.

Accessing the report

This report is available to download on our website at www.rotork.com/esg. We have not printed hard copies of the report in order to minimise our use of resources.

ESG policies

We are committed to being open and transparent about our business. We have a comprehensive suite of sustainability policies. These are published at the following address: www.rotork.com/ESG

Get in touch

We welcome any feedback on this report and our sustainability agenda. Get in touch via:

esg@rotork.com

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