

# Keeping the world flowing for future generations



# Sustainability is at the core of our Purpose and our growth agenda

## 2021 performance across key ESG & Sustainability metrics:

**Lost-Time Injury Rates (LTIR)**

**-17%**

**Carbon Emissions (per £m revenue)**

**-1%**

**Electricity Usage**

**-8%**

**Water Usage**

**-1%**

**Employees Owning Shares**

**50%+**

**Women in Senior Roles**

**21.3%**

**Employee Pulse Survey (Prior Yr Score)**

**6.7(7.1)**  
Engagement

**6.3(6.6)**  
Pace of Change

Metrics and data presented throughout this report may be adjusted over time as a result of materiality assessments, reporting guidance and data management processes. All photographs of people used in this report were taken in line with local COVID-19 guidance in place at the time.

### Scope of the report

This is our second annual Sustainability Report. It details our non-financial performance (Environmental, Social and Governance, 'ESG') for the year ended on 31 December 2021. The report was approved by the Board on the 16 June, prior to publication on 20 June 2022. The report covers our global business. Reported data is Groupwide, unless otherwise indicated.

Scopes 1 & 2 CO<sub>2</sub>e emissions and energy usage data has been independently verified and assured by MakeUK, The Manufacturers' Organisation. Scope 3 CO<sub>2</sub>e emissions have been calculated with support from Corporate Citizenship.

### 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 requirements of 'In accordance – Core', as set out in the GRI Standards. Corporate Citizenship has also checked alignment to the SASB framework.



# In this report

## Introduction

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

Read more on pages 5 to 8



## Net-zero by 2045

We plan to be a net-zero business by 2045. We have set science-based emissions reduction targets for 2030 to help us get there.

Read more on page 23

## Materiality assessment

We focus our strategy and reporting on material ESG topics, as defined through regular assessment and engagement with stakeholders.

Read more on page 14



## ESG awards

Rotork won the Investor Relations Society's 'Best Communication of ESG' award in November 2021 in recognition of our best practice approach. Rotork was also nominated as a finalist at the 2021 IR Magazine Awards in the category 'Best ESG materiality reporting'.

## Enabling a sustainable future

We play an integral role in accelerating the transition to a low-carbon economy through our intelligent products and services.

Read more on page 43



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# Overview

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## ESG Committee Chair's foreword

### I am pleased to introduce Rotork's second annual Sustainability Report. 2021 was a busy year for the ESG Committee, as Rotork significantly accelerated its ESG agenda.

#### A year of great progress

Rotork's Board and Committee members participated in numerous ESG-focused sessions in addition to formal ESG Committee meetings during the year. I am delighted by the level of focus and engagement in the ESG & Sustainability agenda and the continued momentum.

As one of our most material ESG topics, our focus to date has primarily been on our climate agenda. The Committee oversaw the development of Group's net-zero roadmap and setting of science-based emissions targets. The Group also stepped-up activity in its diversity agenda, another topic close to my heart, launching new initiatives to become a more diverse and inclusive employer and attract the best talent.

#### Our climate agenda

Rotork calculated a complete inventory of its scope 3 emissions for the first time in 2021, to set science-based emissions reduction targets covering its full value chain. The Committee oversaw the development of emissions targets for scopes 1, 2 and 3, which were subsequently submitted to the Science Based Targets initiative in March 2022. We currently await their validation.

The calculation of value chain emissions was important in identifying where Rotork should focus its efforts to drive reductions. Interestingly, it also again underlined the very significant commercial opportunity Rotork has in enabling a sustainable future.

Rotork's energy efficient products have an important role to play in the electrification and decarbonisation of industry. The Group is proactively targeting these trends as part of its growth agenda.

Under the Group's science-based approach, Rotork will be targeting to further reduce emissions associated with the use of sold products. This will give the Group a strategic advantage as it capitalises on its ability to offer highly energy efficient solutions, enabling customers to become more efficient overall. Rotork will also seek to add value by influencing process designs and product selection to help reduce emissions (such as methane) and encourage environmentally beneficial choices for each application. Ultimately, Rotork will have a commercial advantage in becoming an environmental partner of choice.

#### Driving greater diversity

Rotork is proud of its diversity, particularly at Board level. The Group has already exceeded the Parker Review target of having at least one ethnic minority board member by 2024. The Board and management team share the view that organisations are strengthened through diversity.

Organisations have a responsibility to play their part in enabling better opportunities for people from all parts of society. At the same time, there is huge value for organisations in tapping into a broader range of skills and experiences. Rotork has set a new target that at least 50% of its graduate, intern, and apprenticeship intake in 2022 is female, ethnic minority or from other groups currently underrepresented in our business, to help build a diverse talent pipeline for the future.

As an active champion of women in engineering, I am proudly supporting the Group's new 'women@rotork' initiative to stimulate debate, networking and learning actions for both women and men. Fellow ESG Committee member Karin Meurk-Harvey co-hosted the first in our series of webinars on International Women's Day in March 2022 alongside Lyndsey Norris, Managing Director CPI.

I am hosting the next women@rotork webinar to celebrate International Women in Engineering Day on 23 June. This annual event recognises women engineers around the world.

#### Future areas of focus

Stakeholder engagement and our disciplined approach to materiality helps ensure the Committee focuses its efforts on the most material ESG topics. Our materiality assessment in early 2022 revealed that our ESG agenda continues to increase in importance to stakeholders. Almost all ESG topics were rated as

The Group's sustainability governance arrangements are set out on pages 16-17

being more important to stakeholders than in 2021. Climate change in particular is a high priority for both Rotork and its stakeholders.

As such, our climate agenda is a key area of focus this year, as we continue to embed our net-zero roadmap and implement the recommendations of the Task Force on Climate-related Financial Disclosures.

The Committee will also continue to oversee the development of metrics and targets to help drive and demonstrate progress in our broader ESG agenda. We will share regular updates with stakeholders in line with our ethos of being open and transparent.

I hope you enjoy reading our report and welcome any feedback.

**Ann Christin Andersen**  
Chair of the ESG Committee



## Chief Executive Officer's introduction

**Our Purpose, 'Keeping the world flowing for future generations', drives everything we do. We want to make a positive difference to people's lives not just today, but also into the future.**

**Kiet Huynh**  
Chief Executive Officer



It gives me great pleasure to write the introduction to Rotork's annual Sustainability Report for the first time. Sustainability is core to Rotork's Purpose and a key part of our growth agenda. From our first actuators sold in the 1950s to those of the present day, our focus has always been on driving positive outcomes for customers through our products and services – what we describe as our environmental 'handprint' – by improving reliability, ensuring safety, and enabling energy efficiency and reducing emissions for our customers.

As the world strives for sustainability, we are seizing the opportunity to be part of the solution. We are well positioned to provide products which will help our customers achieve their emissions and water use targets. As part of my leadership of Rotork, I am instigating greater collaboration to stimulate innovation and deliver solutions that will help tackle sustainability challenges. Our 'eco-transition portfolio', consisting of our products that have particular environmental or sustainability benefits, will drive our growth for years to come.

Our environmental 'handprint' is significant. We have a major part to play in enabling the low-carbon global economy and a sustainable future. Our products and services are used to electrify flow control processes, and in hydrogen, carbon capture and storage and battery production. We play a key role in the energy transition too, for example in reducing methane emissions, gasification and biofuel production. Our own environmental 'footprint' might be smaller, but it is nonetheless of critical importance to us. We were pleased to announce our science-based emissions reduction targets earlier this year, to play our part in the race to net-zero.

### **Global sustainability challenges**

We are proactive in our ongoing assessment and prioritisation of sustainability issues. There are a number of sustainability challenges that we are particularly focused on at Rotork and we highlight in this report – specifically climate change, energy

## Chief Executive Officer's introduction continued

security, diversity and inclusion, and global supply chain challenges. We update our materiality matrix annually, with inputs from external stakeholders. In this we plot the relative importance of different sustainability issues, enabling us to identify those issues where we should focus our efforts and associated reporting.

### – Climate & energy crises

The physical effects of the climate crisis the world faces became more apparent in 2021 with extreme weather becoming almost a regular event. One such example was the Texas winter storm in February 2021 which caused widespread energy infrastructure failure and very significant suffering and damage. It is clear that urgent action is required to keep global warming to a maximum of 1.5°C. To do this we must dramatically reduce our greenhouse gas emissions and nearer term, reduce emissions of methane.

Russia's invasion of Ukraine highlighted another very significant global sustainability challenge – that of energy security. It is increasingly apparent that parts of the world have underinvested in energy production in recent years. The current reliance upon a small number of countries for energy presents a significant risk to the lives and livelihoods of millions and a step-change in investment is required. Rotork itself ceased deliveries to Russia at the start of March and we are actively supporting humanitarian relief efforts for the Ukrainian people.

### – Social inequality

The climate and energy security crises are not the only challenges the world faces. The COVID-19 pandemic has left significant scarring in the form of higher unemployment amongst women and young people. Here again a concerted effort is required to reverse the increase in inequality between men and women and older and younger people.

People the Baihetan Dam will provide electricity for:

# 50m

Case study:

## Automation for the hydropower industry

Hydropower is one of the largest sources of low-carbon electricity today. The International Energy Agency (IEA) sees hydropower providing 12% of all renewable electricity generation by 2050 in its 'net-zero by 2050' scenario. It is expected to play a key role in providing stability and flexibility of electricity supply, alongside other renewables.

Hydropower plants use automation for turbine control and power plant regulation. Digital solutions – including the use of intelligent electric actuators – help increase operational efficiency, flexibility and lifespan, while also providing higher levels of safety performance.

Rotork's IQ actuators are ideally suited for hydropower plants; they are reliable, robust and efficient, and provide data that gives insight into the plant's performance. Continuous tracking is available at all times, even without power supply.

Once fully operational in 2022, the Baihetan Dam hydropower plant will have capacity to generate 60 GWh of electricity a year – enough to meet the electricity demand of around 50 million people – making it the second largest hydroelectric power plant in the world.

Rotork's actuators drive the water supply systems within the power station, as well as drainage, air compression and other auxiliary systems.



**Rotork has been selected to provide electric actuators for the new Baihetan Dam hydropower plant on the Yangtze River in China**

## Chief Executive Officer's introduction continued

### – Supply chain challenges

The COVID-19 pandemic has posed significant challenges for supply chains around the world. Lockdowns, requirements to isolate and people leaving the workforce have collided with increased demand for goods overall, but especially for products containing high-end semiconductors. In the short term the supply chain challenge is leading to significant inflation and for many people an erosion in living standards. A major rethink of the world's supply chains is currently underway.

### Our vision

Our ambition is to be recognised as a sustainability leader within our industry. We want to be seen as a highly responsible operator that aims to make a positive social impact wherever it can. Our greatest contribution to society will be through our work to enable a sustainable future, as this is where we believe we have the most opportunity to make a difference.

To deliver on our ambition we are integrating sustainability into all areas of the business within a strong governance framework. We established our Board level ESG Committee in early 2020 and appointed our first Head of ESG & Sustainability a few months later. The ESG Committee meets three times a year and ESG & sustainability is a regular item on the agenda for the Rotork Management Board.

### Our progress

We made solid progress on our sustainability agenda in 2021, though there remains much to do.

Two major workstreams commenced during the year. The first of these was implementing the TCFD recommendations, the second was our net-zero commitment. We are making good progress on TCFD, having completed our gap analysis as well as having identified and assessed the climate risks and opportunities we face, and have quantified potential financial impacts.

Many colleagues across Rotork are heavily involved in our net-zero work and I'd like to thank them all for their commitment. Our new science-based targets and net-zero dates were announced alongside our 2021 results in March 2022. Our targets are for net-zero by 2035 (scopes 1 & 2) and by 2045 (scope 3).

A question we are frequently asked is what proportion of our sales are of products and services which have particular environmental or sustainability benefits or which enable the energy transition and decarbonisation. This is not a straightforward question, and not one we have answered before, at least quantitatively.

We introduced our 'eco-transition portfolio' in early 2022 in an effort to answer this question. This includes three portfolios: 'Water & wastewater', 'Methane emissions reduction' and 'New energies & technologies' as well as other applications such as process water management and gasification. We estimate that the three portfolios represented around 30% of sales in 2021, with other applications also very material but typically not easy to estimate.

We provide examples of the role that Rotork's products play in each of these portfolios on pages 43-51, using case studies to help illustrate the scale of our opportunity to enable a sustainable future. We are hugely excited about the potential of our eco-transition portfolio of products and services to help address major global climate and environmental challenges, and of course to grow over time. More details about our eco-transition portfolio are set out on page 10.

Our progress was recognised by a number of external stakeholders. S&P placed Rotork in the 87th percentile in the Machinery & Electrical Equipment industry in its 2021 Corporate Sustainability Assessment. Sustainalytics ranks Rotork 10th out of 510 companies in the machinery industry.

### Looking ahead

We have made good early progress on our sustainability journey and we are committed to continuing our momentum.

Climate will no doubt remain a major topic in 2022, however, the discussion will be subtly different given the increased focus on energy security. We stand ready to play our part, whether it be through the electrification of new or existing energy infrastructure, LNG or hydrogen. We explain the role that Rotork plays in helping to deliver global climate agreements in the case study on page 11.

We recognise the benefits of a diverse workforce and will continue to work to encourage talent with different backgrounds to join us at all levels of the Group. We re-launched our graduate and apprenticeship scheme and introduced a new internship scheme in 2022. We want to reflect the diversity of the communities in which we operate. This continues to be a complex challenge, but we have already made progress. As our next step, we have set a target that at least 50% of participants in our schemes are female, ethnic minority or from other groups currently underrepresented in our business, to increase the diversity of our talent pipeline.

Supply chains were a major challenge in 2021 and continue to be so. We are continuously looking to optimise and simplify our supply chains, focusing our buying power on a smaller number of carefully selected suppliers that not only supply the products and services that we need at the right price and quality but also strive to reach our high standards. This work will continue in 2022.

Thank you for your interest in Rotork.

**Kiet Huynh**  
Chief Executive Officer

### Our leading ESG ratings

MSCI

AA

Leader

S&P Global CSA

Top 20%

Ranked in the top quintile in our industry globally

Sustainalytics

Top

Industry Top Rated

Bloomberg ESG

56.5

Leading ESG disclosure score among peers



## About Rotork

### We are a market-leading global provider of mission-critical flow control and instrumentation solutions.

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

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 flow and pressure control products.

Our products and services are used 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 around 3,200 employees, serving customers in more than 170 countries through our network of 67 offices, 17 manufacturing facilities and through local agents. Our Site Services personnel are based throughout our network providing commissioning, installation, maintenance, repair and upgrade services.

**Employees Globally**

**3,200**

**Countries Served**

**170+**

[www.rotork.com](http://www.rotork.com)

#### Americas

Manufacturing facilities	3
Offices	11
Employees	502

#### Sales

**£134m**

#### Europe, Middle East and Africa

Manufacturing facilities	10
Offices	27
Employees	1,719

#### Sales

**£213m**

#### Asia Pacific

Manufacturing facilities	4
Offices	29
Employees	977

#### Sales

**£222m**

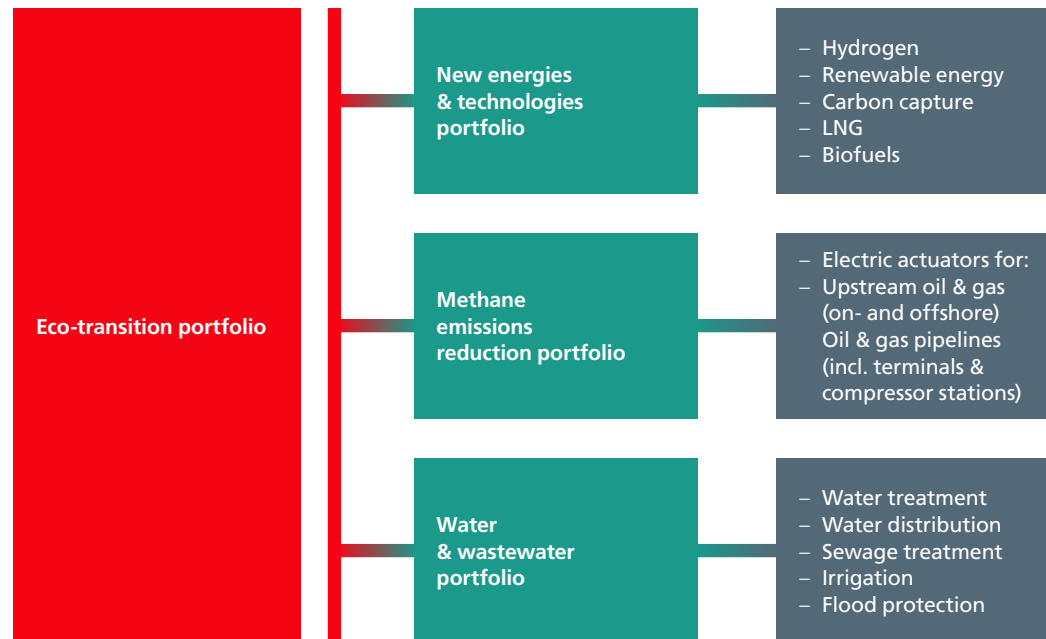
- Manufacturing facilities
- Locations with multiple manufacturing facilities

## Our eco-transition portfolio

Our 'eco-transition portfolio' comprises our 'Water & wastewater' portfolio, our 'Methane emissions reduction' portfolio and our 'New energies & technologies' portfolio, as well as other applications such as process water management and gasification.

We estimate that 'eco-transition portfolio' sales represented around 30% of sales in 2021, with other applications also material but difficult to estimate. These sales promote environmental or sustainable characteristics, including water recycling and preservation, carbon capture, and new capacity renewable energy generation.

We aim to grow our 'eco-transition portfolio' of products and services over time to play our fullest role in enabling a sustainable future.



### Enabling a sustainable future

In fulfilling our Purpose – 'Keeping the world flowing for future generations' – Rotork is helping to tackle some of the most important sustainability challenges of our time. We are seizing the opportunity to drive positive outcomes through our products and services – through what we describe as our environmental 'handprint'.

As electrification becomes a crucial economy-wide tool for reducing emissions, Rotork's smart, low power solutions play an ever-greater role in supporting the electrification of industrial processes. Our products and services are a necessary component of many processes for low- and no-carbon energies, all of which are valve and actuator intensive. They have long been used in hydrogen processes for example, where industry relies on our hydrogen-certified equipment.

Our intelligent products and services play a key role in the energy transition too, for example in reducing methane emissions, gasification and biofuel production. Rotork technology also enables the provision of a safe and efficient water supply, as well as supporting sustainable management of water, helping to narrow the gap between supply and demand of fresh water.

We provide examples of the projects that Rotork is supporting in each of the three portfolios that make up our 'Eco-transition portfolio' in the 'Enabling a Sustainable Future' section of this report, on pages 43-51. We are passionate about the potential of our eco-transition portfolio of products and services to help address major global climate and environmental challenges, and to grow over time.

### Accelerating adoption of clean technology and solutions

The 'Breakthrough Agenda' aims to deliver clean and affordable technology and solutions across the globe by 2030. It has been backed by nations representing more than 70% of the world's economy. It targets energy efficiency improvements, near zero-emission steel production and low-carbon hydrogen among its key areas of focus. Rotork's products play an integral role in each of these goals. See the case studies on pages 43-49.

Rotork division: all

### Green hydrogen for chemicals industry

One of the 'Glasgow Breakthroughs' has the goal of making affordable low-carbon hydrogen available globally by 2030. Much of this activity is targeted at other industries (notably steel), but this breakthrough will help drive the availability of green hydrogen for a wide range of chemical products – in the near term, ammonia production, and in the longer term, green electrochemistry. Rotork's products are used in the production, transportation, storage and utilisation of hydrogen. The case study on page 49 discusses our role in enabling a low-carbon chemicals industry.

Rotork division: CPI

## Rotork's role in international climate agreements

### Electrification to reduce methane emissions

More than 100 countries signed the 'Global Methane Pledge' to reduce methane emissions by 30% by 2030. Methane emissions cause 84-86 times more warming than CO<sub>2</sub> emissions over a 20-year timeframe. The oil & gas sector is a major emitter of methane emissions but by replacing pneumatic devices with electric actuators, these emissions can be significantly reduced. The case study on page 45 illustrates the transformational role of Rotork's electric products in eliminating methane emissions.

Rotork division: O&G

### Carbon capture and storage to abate emissions

The 'Global Coal to Clean Power Transition Statement' commits signatories to accelerate a transition away from unabated coal-fired power generation. One important way of abating emissions from coal power generation is through Carbon Capture Utilisation and Storage (CCUS). CCUS processes are flow control equipment intensive, representing another opportunity for Rotork to enable the energy transition. Rotork's products are required at numerous points in CCUS, including in capturing, conditioning, compression, transportation, storage and utilisation processes.

Rotork division: W&P

### The energy efficiency first principle

The 'energy efficiency first' principle is a key component of EU energy policy and an important part of the March 2022 REPowerEU initiative. In simple terms, the principle requires the taking account of cost-efficient energy efficiency measures in shaping energy policy. Rotork solutions have a part to play here – through our products themselves being as energy efficient as possible, but also through the replacement of overall less efficient systems (such as pneumatic actuation solutions).

Rotork division: all

### Aligned UN SDGs



## Our strategy

**Our Purpose and sustainability vision are one and the same: Keeping the world flowing for future generations. To achieve our Purpose, we have a three-element corporate strategy:**



Our target is to deliver mid- to high single digit revenue growth through a combination of organic growth and acquisitions. We are targeting mid-20s adjusted operating margins over time through simplifying our core business, manufacturing improvements and development of our global supply chain. We aim to play our part in improving the world and making it more sustainable by helping our customers better their own environmental performance, whilst at the same time working to improve our own environmental and social performance as well as that of our suppliers.

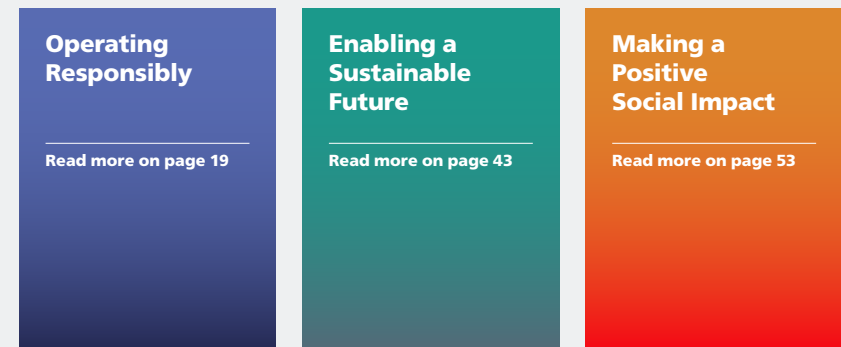
More information about our business model and corporate strategy is on pages 20-21 and 28-33 of our 2021 Annual Report: [www.rotork.com/en/investors](http://www.rotork.com/en/investors)

## Sustainability strategy

**We sharpened our focus on our sustainability agenda in 2021, recognising its potential to support a competitive advantage and create sustainable value for stakeholders.**

We published a new sustainability framework during the year. 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 defined for each pillar.

### Our Sustainability Framework



**Aligned incentives and decision-making**

## Sustainability strategy continued

Our sustainability framework is developed around our priority sustainability topics and associated UN 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 play a role in progressing. We report on our activity in support of these commitments throughout this report.



### Operating Responsibly

We aim to run safe, efficient and sustainable operations.

#### Our commitments

UN SDG



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

SDG targets:  
12.2, 12.5, 12.6



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

SDG targets:  
13.1, 13.3



Read more on page 19

### Enabling a Sustainable Future

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

#### Our commitments

UN SDG



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

SDG target: 6.4



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

SDG target: 7.3



- We 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 43

### Making a Positive Social Impact

We aim to support thriving, fair and resilient communities.

#### Our commitments

UN SDG



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

SDG target: 5.5



- We 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 53

# Materiality assessment

**We recognise the critical importance of stakeholder support to the success and sustainability of our business.**

Stakeholder support is of critical importance 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 our dealings, including with external stakeholders.

We communicate proactively with stakeholders, including employees, customers, existing and potential shareholders, and groups representing community interests to understand their perspectives about our business. We engage external stakeholders in our annual formal assessment of the materiality of different ESG issues. We incorporate their views into our decision-making processes, including at Board level. More detail about our key stakeholder groups and how we engage with them is set out on pages 60-63.

## Determining materiality

Rotork undertook its first formal materiality assessment in January 2021. We again sought external stakeholders' views in April 2022 to refresh our understanding of the relative importance of different sustainability issues. We contacted investors, suppliers, customers, and other financial and charity partners. We undertook a survey and one-to-one interviews to gather their views.

Our materiality assessment followed best practice, involving our ESG Committee, members of leadership team and a broad range of external stakeholders. Its purpose was to gather stakeholders' views on sustainability issues across Rotork's value chain and the relative importance of each issue.

## Our process

We undertook desk research to evaluate the relevance of ESG topics identified as part of last year's assessment, supported by the specialist sustainability consultancy, Corporate Citizenship. We made several changes to our list of key topics.

- We added 'geopolitical risk' and 'energy security' as two new material issues.
- We separated 'talent & diversity' into two separate topics, recognising the increasing importance of each topic.
- We consolidated 'application & service performance' into 'brand & reputation' as one topic. We also removed 'industrial technology' and 'ESG adoption', with the former now being covered by other topics and the latter no longer being material, given the extent to which we have advanced our ESG agenda over the past year or so.
- Finally, we also refreshed the definitions of several topics.

The full definitions of our refreshed list of topics are set out on page 68 of this report.

We invited stakeholders to complete a survey and rank identified sustainability topics in terms of their relative importance. We received 70 responses – from stakeholders representing customers, suppliers, employees, charities, shareholders and analysts, and government and other partners globally.

We also undertook interviews with stakeholders representing customer, shareholder, and financial partner groups. The interviews were also supported by Corporate Citizenship and covered i) the key current and future sustainability trends that are impacting, or are likely to impact, our business and sector; and ii) their expectations of Rotork's response to those sustainability trends.

The outputs of both the surveys and the interviews are reflected in our updated materiality matrix, overleaf. The matrix plots the relative ranking of each ESG issue in terms of its prioritisation by the business against its importance to stakeholders. The matrix and the relative rankings of issues – in terms of their prioritisation by Rotork – was discussed and agreed by our ESG Committee at its meeting in April 2022.

Those ESG issues which have been identified as most important to both groups – and where we have greatest potential to create shared value – are 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 the issues set out in the matrix as being important and provide disclosures on each of them in this report.

## Key sustainability issues

Our materiality assessment in early 2022 helped refresh our understanding of key sustainability issues and their relative importance – in terms of both risks and opportunities. Effective management of the key issues identified through our process plays a key role in the mitigation of risks to our business as well as developing opportunities to support growth and efficiency.

## Key findings from our assessment

Key findings from our stakeholder interviews aligned with the outcomes of our materiality assessment. Overall, ESG has become even more important to external stakeholders over the past year or so. ESG matters are now routinely integrated and considered as part of business-as-usual activities, particularly among customers, investors, and other financial partners.

Interestingly, the assessment highlighted that climate change is still growing in importance. It was rated more highly by stakeholders than last year, and among the top ESG issues in terms of its importance. Stakeholders expect businesses to align themselves with the transition to a low-carbon economy, communicate their transition plans, and set medium- and long-term emissions targets aligned with achieving net-zero by 2050 at the latest. The setting of science-based targets emissions reduction targets, using SBTi methodology, has become a basic expectation, particularly among customers and investors.

## Stakeholder feedback

Almost all ESG issues were rated as being more important to external stakeholders this year, compared to last year. Notably, we also received a high number of responses from suppliers in this year's survey, showing a high level of engagement in the ESG agenda.

The following topics have increased the most in their importance to external stakeholders, compared with last year:

- Climate change & net-zero future
- Supply chain management
- Customer & end-user relationships
- Safety, health & wellbeing
- Safety benefits of products
- Diversity & inclusion
- Circular economy
- Social contribution

Brand & reputation, innovation, and training & development also increased in importance to stakeholders.

## Materiality assessment continued

### Prioritisation by Rotork

The prioritisation of topics by Rotork also changed as a result of our materiality assessment and input from our ESG Committee. The following five topics have been given higher priority in 2022 than in 2021:

- Climate change; net-zero future
- Customer and end-user relationships
- Environmental benefits of products
- Supply chain management
- Training & development

These topics broadly align to our new CEO's early priorities, as communicated in our 2021 Results in March 2022.

### Enabling a sustainable future

The role Rotork can play in a green economy and a cleaner, more sustainable future featured highly in our materiality assessments in 2021 and 2022. 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 sectors such as hydrogen and carbon capture, usage and storage.

In addition, there are considerable opportunities to assist our oil & gas customers in delivering against their ambitious net-zero commitments, 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 a greater need for recycling and desalination and rising sea levels are necessitating flood defence investment.

Case studies illustrating the role we can play are set out on pages 43-51.

### New topics in our 2022 materiality assessment

We added two new ESG topics to our materiality assessment process as a result of our research to identify emerging issues. These are:

- **Energy security:**  
Global energy security risks and opportunities influencing Rotork's ability to create value for itself and its stakeholders.
- **Geopolitical risk:**  
The potential impact of geopolitical risks on the business, its strategy and planning, particularly in relation to global supply chains, and cross-over with activities to optimise returns and increase operational resilience.

We also separated 'talent & diversity' into two separate issues, recognising the increasing importance of each topic. The individual topics have been defined as follows:

- **Talent attraction & retention:**  
Attracting, developing and retaining talented employees to support the delivery of the Group's strategy, by being an employer of choice, targeting high levels of employee engagement, supporting colleagues' wellbeing and providing competitive pay and benefits.
- **Diversity & inclusion:**  
Demonstrating our commitment to diversity and inclusion, by providing positive role models and delivering initiatives to drive greater diversity within the organisation, including gender and ethnic diversity.

The full list of topics and their definitions is on page 68 of this report.

## 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

# Sustainability governance, integration 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.

## Governance arrangements Rotork plc Board oversight

The Board receives an update on our ESG and sustainability agenda from our CEO and Investor Relations Director at every meeting. The Chair of our ESG Committee also provides an update on the activities of the Committee following its meetings. The Board reviewed and approved this report, prior to publication.

### 2021 CO<sub>2</sub> emissions reduced by

# 7%

compared to 2020

### 2021 lost-time injury rate

# 0.20

0.24 in 2020

## ESG Committee

We have a dedicated Board-level ESG Committee. The Committee oversees the Group's ESG strategy, performance and disclosures.

ESG Committee members include non-executive directors Ann Christin Andersen (Chair), Tim Cobbold (designated non-executive director for workforce engagement) and Karin Meurk-Harvey, as well as our Chief Executive and Group HR 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 three times in 2021, though additional meetings took place throughout the year. It is required to meet at least twice a year. Its Terms of Reference are published on our website at the following address: [www.rotork.com/en/documents/publication/24495](http://www.rotork.com/en/documents/publication/24495)

The Terms of Reference for the ESG Committee (and the Audit Committee) are being updated during 2022 to specifically describe their responsibilities for the oversight of the management of climate-related issues, as part of our ongoing work to implement the recommendations of the Task Force on Climate-related Financial Disclosures.

## Rotork Management Board

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

- Our Chief Executive Officer has overall responsibility for the delivery of our ESG agenda.
- Our Group HR Director is responsible for the people and community strands.
- Our Group Operations Director is responsible for the environmental strands of our agenda and integration of ESG within procurement.
- Our Group 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 objectives are embedded within their respective divisional strategies.

Management Board members also have specific responsibilities for climate-related matters, including to support the delivery of our science-based emissions reduction targets. See our TCFD report on pages 30-38 for further details.

## 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.

## Female representation on our Board

# 37.5%



**Janice Stipp**  
Chair of the Audit Committee



## Sustainability governance, integration and measurement continued

### 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 here in our Sustainability Report (see pages 39 and 48-49 of our 2021 Annual Report and pages 21-23 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 2021, we reduced CO<sub>2</sub>e emissions per £1m revenue by 1%. Our injury rate measured 0.20 in 2021, down from 0.24 in the prior year.

In 2021, non-financial performance became a larger share of the bonus opportunity for executive directors; 10%, up from 5% in 2020. In order to drive increased focus, incentives for the entire senior leadership population (around 100 people) have also been formally linked to these measures. 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.

10% of the bonus opportunity for executive directors and senior leaders bonus will again be linked to our ESG measures. Depending on their role, some individuals also have ESG targets included in their personal objectives, in addition to this.

### Integration into strategy and business processes

We are continuing to drive deeper integration of ESG into our strategy and core business processes.

#### Corporate strategy

We are integrating ESG and sustainability-related market dynamics into our divisional strategies. This includes embedding requirements to enable us to meet our science-based emissions reduction targets.

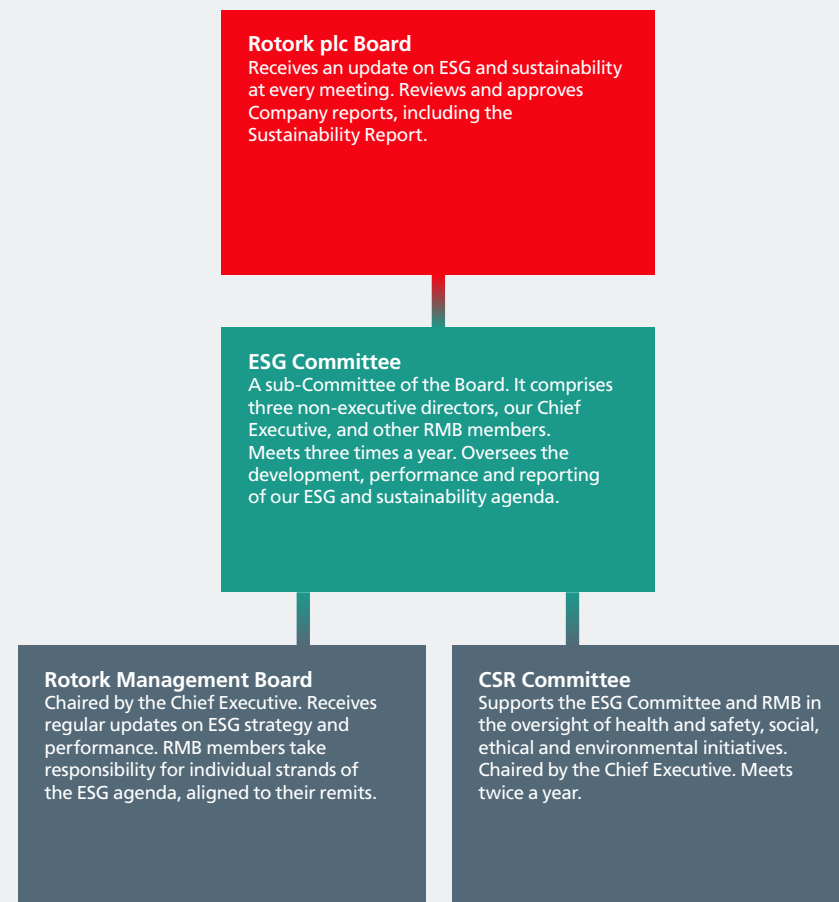
#### New product development

We are also creating product development roadmaps to reduce emissions associated with use of our sold products, to meet our emissions reduction target and customer demand for lower energy use/emissions products. We have also included ESG considerations at each of the important checkpoints in the Rotork Development and Launch Process for new products. See page 38 for details about our emissions reduction targets.

#### Governance

Another way we are integrating ESG into the way we run our business is by formalising the integration of social, environmental and ethical considerations into our key governance documents. For example, during the year we refreshed our Supplier Code of Conduct to outline our expectations and requirements on a range of additional ESG topics. See page 39 for details.

### Our governance structure



## Sustainability governance, integration and measurement continued

### ESG measurement Measuring our progress

We are committed to measuring our sustainability performance and reporting transparently on progress. We published our inaugural standalone Sustainability Report in mid-2021 to augment our ESG communications. We align disclosures to the GRI and SASB standards to drive transparency and support stakeholders in their assessment of our performance. We were delighted to receive the Investor Relations Society's 'Best Communication of ESG' award in November 2021 in recognition of our best practice approach.

We also engage proactively with ESG ratings agencies to measure our progress and identify areas for improvement. We stepped up our engagement with ratings agencies again in 2021, participating in the S&P Corporate Sustainability Assessment for the first time. We were ranked in the top quintile of companies in our industry globally in the assessment, well ahead of other UK industrial companies.

#### Sustainability recognition

##### Bloomberg

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 56.5 (of a possible 100) is among the highest of our peers.

##### MSCI

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); in the top quartile of rated global industrial issuers.

##### Sustainalytics

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 'Low Risk', ranking 5th out of 374 companies in industrial machinery.

##### S&P Corporate Sustainability Assessment

We participated in the prestigious S&P Corporate Sustainability Assessment for the first time in 2021. This is one of the most important and widely used of the global ESG benchmarks. We were ranked in the 87th percentile of companies in our industry globally (Machinery and Electrical Equipment).

##### CDP

CDP is the world's leading environmental benchmark and is backed by global investors with over \$100 trillion in assets. Each year Rotork responds to the CDP Climate and Water Security questionnaires, scoring B- and B respectively in 2021.

##### FTSE4Good

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 a member of the FTSE4Good indices for over 10 years and is currently ranked in the 83rd percentile of companies included.

##### ISS ESG

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, ranking in the 2nd decile in our industry.

## 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](http://www.rotork.com/esg). Our policies set out our commitments to responsible and sustainable business practices. They apply Groupwide. 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 page 41 for details about employee compliance and ethics training.

#### Code of Conduct

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

#### 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.

#### 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.

#### 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.

#### 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.

#### 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.

#### Modern Slavery Policy

We launched a new Modern Slavery Policy in 2021. It is designed to raise employee awareness of modern slavery and human trafficking and includes key performance indicators for our control measures.

# Operating Responsibly

## Our mission

To run safe, efficient and sustainable operations.

## Strategic aims supported

-  Accelerated growth
-  Increased margins
-  Sustainability

## In this section

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

## SDGs we will progress



## 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. We strive for a culture of innovation, collaboration, and integrity. We seek to work with responsible suppliers that mirror our approach to sustainability, both within their businesses and across their supply chains, respecting our high standards of social, environmental and ethical conduct.

The safety and health of our employees is an enduring priority. We are continuing to develop our 'safety first' culture, with supporting training for all employees. We also work hard to continuously reduce our environmental impact and make efficient use of natural resources. This is not only an environmental imperative; tackled correctly, it is a major commercial opportunity.

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 new net-zero strategy and targets, alongside an update on our work to implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

#### Our strategic commitments

We aim to reduce our lost time injury rate each year and strive for a zero-harm workplace.

We embed social, ethical and environmental considerations into our Global Supplier Excellence Programme.

We will reduce carbon emissions generated per £1m revenue and continue to develop our net-zero roadmap.

#### Did you know?

Rotork has committed to being a net-zero business by 2045. Our commitment covers our own emissions, as well as those arising in our 'value chain' – those associated with our purchase of goods and services, transportation of products, business travel, and customers' use of the products we sell. We have set interim science-based targets to support our ambition and help drive progress towards achievement of our goal.

We are targeting net-zero across scopes 1, 2 and 3 by

# 2045



# 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.

We have a 'zero-harm' vision for health and safety. This applies to our broader agenda of health and safety, environment and product safety.

## 2021 performance highlights

Lost-time injury rate (LTIR)

# 0.20

Total recordable injury rate (TRIR)

# 0.56

Increase in Safety Spots raised

# 17%

We set a new target to reduce LTIRs by

# 20%

year-on-year

## Our approach

The safety, health and wellbeing of our colleagues, contractors and visitors is our utmost priority. Our vision for health and safety is 'zero-harm'. We strive towards eliminating the incidence of work-related accidents and ill-health. We work towards ensuring our colleagues' health and safety 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.
- Have zero avoidable severe road incidents.

## Measuring performance

We use a combination of leading (proactive) and lagging (reactive) indicators to assess our health and safety performance. Our leading indicators help us anticipate safety risks before they cause an accident. During 2021 we focused on developing our leading indicator philosophy.

## Our leading safety indicators

We use a range of leading safety indicators, including our Rotork Life Saving Rules training rates (our main leading indicator in 2021), Gemba safety walks and Safety Spots. Our focus on leading KPIs helped reduce our accident rates again in 2021.

The Rotork Life Saving Rules were launched 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. Over 99% of colleagues completed our new Rotork Life Saving Rules training on time and in full last year, amounting to 22,000 FTE hours of safety training.

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 – on the factory floor – and test how our safety requirements are followed in practice. In 2021 we completed 1,344 Safety Gemba Walks across all Rotork facilities (2020: 1,557).

The Safety Spot system is part of our drive towards safety awareness, participation, hazard identification and engagement with our employees. We actively encourage colleagues to identify potential safety issues as part of their day-to-day roles. In 2021 we raised 7,805 Safety Spots across all Rotork facilities, an increase of 17% compared to 2021.

## Our lagging safety indicators

Our main lagging indicator is our Lost Time Injury Rate ('LTIR'). This year, we recorded a LTIR of 0.20, compared with 0.24 in 2020. The rate has reduced each year for the last four years. The number of first aid injuries also reduced by 39%.

In 2021 we also recorded our Total Recordable Incident Rate (TRIR) for the first time, to meet the requirements of the SASB reporting framework and increase our communication of financially material sustainability information. We recorded a TRIR of 0.56 in 2021. Further details and the basis of calculation can be found in the SASB index on page 78 of this report.

## Our Global Standards

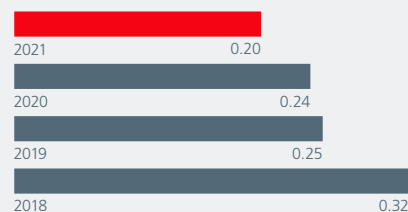
Another key area of focus during 2021, alongside work on our new Rotork Life Saving Rules, was the development and implementation of our refreshed Global Health and Safety Standards, based on internationally recognised best practice. This work will continue through 2022 and 2023. We are developing and rolling out 12 Global Standards that cover each of our key health and safety risks.

In 2021, we completed safety system Kaizen events to verify and finalise the content of four of the 12 Global Standards. We used the Kaizen approach to ensure that the Global Standards are written to develop the safest, most efficient way of working with our key risks.

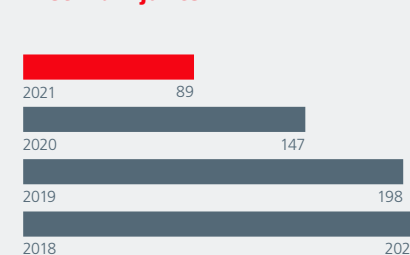
The first six Global Standards are expected to be fully implemented by the end of 2022. We are also targeting to complete safety competency training for all relevant colleagues by the end of 2022, on the 19 safety competencies associated with our 12 Global Standards.

## Lost-time injury rate

LTIR



## First Aid Injuries



## Safety, health and wellbeing continued

### Safety data analysis

An effective workplace strategy begins with accountability, root cause analysis and constant review of performance. At Rotork we recognise the importance of data collection and analysis in helping us to continually improve our health and safety performance.

We rolled out a new global health and safety management system in February 2021 to support our analysis and management of health and safety. The new system captures all required Health, Safety and Environmental (HSE) data, including leading and lagging indicators, hazard identification and incident reporting. It gives our HSE teams a powerful way to assess trends and causes of injuries, illnesses and other incidents.

### Hazard identification, risk assessment and 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. The implementation of the Global Standards will improve how we currently evaluate our risks, through improved risk assessment processes.

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.

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.

### Global annual audit programme

This programme provides an analysis of how each of our facilities perform against our standard HSE requirements. The programme is used as a key driver to continually improve our HSE performance. We delivered 382 improvement observations from the programme in 2021.

### Employee wellbeing

Rotork recognises the importance of supporting colleagues' health and wellbeing, particularly in these challenging times. We aim to support colleagues' wellbeing by increasing awareness, providing practical support and promoting healthy choices. We strive to support employees to have a successful and balanced workplace wellbeing lifestyle.

We updated our wellbeing resources for colleagues during the year and launched a new global Employee Assistance Programme. It offers a range of services including counselling and legal and financial support for Rotork employees in all relevant languages. We also delivered webinars to support colleagues on a range of mental health topics, as part of our promotion of World Mental Health Day in October 2021.

In addition, we trained 100 Mental Health First Aiders in 2021, so we now have a minimum of one per site globally. We plan to train the same number of new Mental Health First Aiders in 2022, as well as offering mental health awareness training for managers and employees more broadly.

**See page 55 for information about our support for colleagues during the COVID-19 pandemic and the changes we have implemented in our workplaces.**

### Priorities for 2022:

- Continue to develop our health, safety and environment strategy.
- Fully implement the first six of the 12 Global Health and Safety Standards in every Rotork working environment.
- Complete training for the 19 health and safety competencies that are associated with our 12 Global Standards among relevant colleagues.



Case study:

## Focus on health and safety

Our team at Rotork Actuation Shanghai (RAS), in China, completed a month-long campaign dedicated to health and safety activities and engagement in 2021. During the month, the team undertook Rotork Life Saving Rules training, as well as engaging with the local community by organising a safety cartoon drawing competition for local children. They also arranged a wellbeing week during which colleagues were encouraged to take up badminton. The RAS team won a global 'Rotork Lean Award' in recognition of their creativity and efforts to prioritise health and safety knowledge and awareness.

# Climate change and environment

**We recognise the imperative for urgent action to tackle the climate crisis. Rotork is committed to playing its part. We are targeting deep emission cuts, in line with those required to meet the Paris Agreement goals.**

## 2021 performance highlights

Reduction in CO<sub>2</sub>e emissions  
(absolute, scopes 1 & 2, location-based)

# 7%

Reduction in market-based scope CO<sub>2</sub>e emissions

# 16%

Reduction in electricity usage

# 8%

Reduction in gas usage

# 3%

## Our approach to environment

Environmental considerations are an integral part of our strategy and the way we operate. Efficient use of natural resources is a commercial imperative, as well as an environmental one. We set high standards of environmental conduct for our business and supply chain. We are committed to reducing our emissions, energy and water usage, and waste to landfill.

We made significant progress during the year, setting out our net-zero roadmap. We are targeting net-zero by 2035 for scopes 1 & 2 and net-zero by 2045 across scopes 1, 2 and 3.

We have set science-based targets to underpin our ambition, covering scopes 1 & 2 and scope 3. We have submitted them to the Science Based Targets initiative for validation.

## 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 2022. Our target for 2022 is to reduce electricity and gas consumption by 1% compared with 2021. We will also continue to develop our net-zero emissions roadmap and increase our use of renewable electricity.
- **Water usage:** 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. We are targeting a 1% reduction in our use of water in 2022.
- **Waste management:** we will review our approach to waste management, recycling and waste supplier selection, and work to develop a new target for waste reduction to landfill. We are targeting a reduction of 1% in the amount of waste we send to landfill in 2022.



## Energy and emissions performance

We reduced absolute scope 1 and 2 emissions by 7% in 2021 compared with the prior year. We emitted 14.3 tonnes CO<sub>2</sub>e per £1m of revenue, slightly lower than in 2020 on a relative basis (2020: 14.5). In line with best practice, we have introduced dual emissions reporting (market-based and location-based) for the first time in this report. Our market-based scope 2 emissions reduced by 16% in 2021, compared with 2020, reflecting our increased usage of renewable electricity. Our emissions and energy usage data is independently verified by MakeUK.

We reduced grid electricity usage by 8% last year, or by 24% compared with 2017 (our baseline year for historical targets). We also achieved a reduction of 3% in gas usage, or 13% compared with our baseline. Overall, our total energy consumption decreased by 5% from 26,007 MWh in 2020 to 24,801 MWh in 2021. Reductions were primarily achieved through our site consolidation programme.

We also completed several energy efficiency projects. Our manufacturing sites are targeted to implement an environmental impact reduction project annually. For example, in Manchester we installed LED lighting, and in Winston Salem we invested in a new air compressor to reduce energy usage. See the case studies on pages 24-25 for details.

Rotork has calculated and reported CO<sub>2</sub>e emissions relating to its own operations for many years, in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. During 2021, Rotork expanded the measurement scope to include its full scope 3 inventory, also in line with the GHG Protocol. Our full scope 3 inventory for 2020 and 2021 is set out on page 27.

**Our TCFD report is set out on pages 30-38. It describes key climate risks and opportunities and their potential financial impact under different scenarios.**

## Climate change and environment continued

### Climate-related targets

Rotork further developed its net-zero roadmap in 2021. We modelled science-based targets for scopes 1 & 2 and scope 3 and have submitted them to the Science-Based Targets initiative for validation. We have also committed to target net-zero for scopes 1 & 2 by 2035 and by 2045 for scope 3. The baseline year for all targets is 2020.

We have set a market-based target to reduce scope 1 & 2 emissions by 42% by 2030 compared with 2020. This is an absolute reduction target, aligned to a 1.5°C pathway. We aim to achieve our target through renewable energy usage/procurement, energy efficiency projects across our estate and our fleet emissions reduction strategy.

For scope 3, we have also set an absolute reduction target for emissions associated with the use of sold products. We are targeting to reduce emissions by 25% by 2030, in line with a well-below 2°C pathway.

We already target energy efficiency improvements as part of the new product development process. Four out of five new products launched in 2021 deliver environmental and efficiency benefits for customers. Our work to calculate our scope 3 inventory has enabled us to identify and prioritise further opportunities for improvement. We aim to achieve our target by driving product developments and initiatives and partnering more closely with customers to support their emissions reduction strategies. Our ambition will also be supported by the progressive 'greening of the grid' which will mean that over time our electric products will increasingly be powered by renewable energy during their use.

In addition, we have set a supplier engagement target for emissions associated with purchased goods and services. We will engage with suppliers to improve their environmental performance. We will be requesting that suppliers representing 25% of supply chain emissions set science-based targets by 2027.

As in prior years, Rotork has also set an intensity target to reduce emissions per £1m revenue year-on-year. For 2021, the target was to reduce emissions by 2% per £1m revenue compared to the prior year. This was one of the performance measures linked to the bonus opportunity for the senior leadership population. The same target will again be part of the bonus opportunity for 2022.

Rotork has also set absolute targets to reduce water use and waste to landfill by 1% in 2022 compared with 2021. Performance against these targets will be assessed on a monthly basis and reported externally annually.



Across the Group we have reduced gas usage by

# 13%

since 2017

Case study:

### Reducing energy usage at our Lucca site

We reduced our energy consumption at our Lucca factory last year by investing in a more efficient heating system. The Lucca factory is one of our largest facilities in the EMEA region, with over 200 employees, manufacturing pneumatic and hydraulic actuators. Due to its size and headcount, the site is one of our larger consumers of energy within Rotork. Lucca installed a new modern centralised heat pump during the year, as part of its transition to more energy efficient heating. The initiative will result in an approximate annual reduction of 18,000 kWh in electricity used.

Case study:

### Purchasing renewable electricity

We are reducing the environmental impact of our UK factories by purchasing 100% renewable electricity. Our UK factories account for 26% of our total global electricity usage (based on 2021 data). Procurement of renewable electricity will play a major part in reducing our CO<sub>2</sub>e emissions and achieving our science-based targets across our global operations. We introduced the new renewable electricity contract in the UK in October 2021, which is zero-rated for carbon emissions. We have subsequently seen a 34% reduction in UK market-based scope 2 emissions in 2021, compared with 2020.



In 2021 we sourced

# 12%

of our electricity from renewable sources



## Climate change and environment continued



Our Groupwide electricity usage has decreased by

# 24%

since 2017

Case study:

### Improving sites' energy efficiency

We have reduced the environmental impact of our Winston Salem facility (USA) by investing in more efficient technologies. The facility is one of our larger sites in the Americas. Using our LEAN management process, RMOS, the team began monitoring the energy consumption and efficiency of the site's air compressor. The findings highlighted that its air compressor was larger than required and inefficient. As a result, the compressor was decommissioned, and a new, smaller compressor was installed. The new compressor has variable speed functionality making it more efficient, resulting in an average monthly reduction in electricity usage of 24%. This project also won recently won an internal LEAN Excellence Award.

## Water management

**Water consumption across most of our sites is relatively small and is typically limited to domestic uses, such as for drinking and sanitary facilities. We use a small amount of water in operational activities at some of our sites.**

While our own operations are not major 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. With our help, our customers are making significant efforts to manage their environmental impact, including the recovery, recycling, and treating of water.

The majority of sites only use water for domestic purposes. Some sites use water for paint processes, cleaning of products and pressure testing of units. Water used in production processes is removed by licensed and authorised contractors for pre-treatment prior to disposal, in line with local regulations. All water used across our global operations is sourced from domestic suppliers. The vast majority of water withdrawn is discharged. Water is not added to our products during the production process.

In 2021, our water withdrawal was 1.4% lower than in 2020, and 29% lower than in 2017 (our baseline year). The reduction in our water usage in 2021 was primarily achieved through our footprint rationalisation programme; we consolidated our operations in several locations during the year.

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 2022, three of our manufacturing facilities in India were confirmed as being in higher risk areas, in terms of water scarcity.

While water usage may increase in future at some sites due to our new paint lines, there is scope to further reduce our water usage overall, including through the roll-out of water saving and water recycling devices across our facilities. We are working to develop new targets for water efficiency, considering the additional impact of our paint facilities and increased office-based working in some countries. We are targeting a 1% reduction in our use of water from 2021 to 2022.

### Our role in water preservation

Demand for water infrastructure is strong across both developing and developed markets. Leak detection, monitoring and quality are a major focus of the water industry and shortages are driving the development of smart grids. The water network infrastructure also requires modernisation in many countries. Increasing regulations relating to water quality, water re-use and sludge treatment are driving water-related capital expenditure across industry. Water scarcity is resulting in greater need for recycling and desalination, driving investment in these processes. Rising water levels are necessitating flood defence investment. There are applications for Rotork's products in all these processes. Rotork is well placed to support, for example through the new CK range of waterproof electric actuators.

## Climate change and environment continued

### Waste management

**We encourage all our locations to minimise the amount of waste that they produce.**

In 2021, total waste produced increased by 15%. We recycled 67% of our waste in 2021, compared to 75% in the prior year. New waste streams were identified during the year, and these have been included in 2021 reported data, impacting our waste and recycling performance compared with the prior year. Site refurbishment, inventory rationalisation and increased production also impacted 2021 figures.

For 2022, we are targeting a 1% reduction in the amount of waste sent to landfill. We use our RMOS system to identify waste reduction opportunities. We have also committed to reviewing our approach to waste management, recycling and waste supplier selection, and work to develop a longer-term target for reducing the amount of waste we send to landfill.

Hazardous waste decreased by

**10%**

in 2021, compared to 2020



Case study:

### Reducing and reusing waste in Leeds, UK

We have continued to reduce the environmental impacts of our gears factory in Leeds, UK, through our ethos of 'reduce, re-use and recycle'. Leeds is one of our larger sites, employing more than 100 people in a 65,000 square foot facility. The site introduced a solvent recycling machine in 2021 to reduce its production of hazardous waste. The machine enables solvent to be recycled and reused, minimising the amount being disposed of as hazardous waste. This has also reduced VOC (volatile organic compound) levels, as well as waste disposal and solvent purchasing costs. Since being implemented, it has prevented almost 800 litres of hazardous waste from being generated and reduced solvent purchasing costs by over £3,000.

## Climate change and environment continued

### GHG emissions

Scope 1 & 2 greenhouse gas (GHG) emissions were 7% lower year-on-year. The Group has no other GHG emissions (such as methane, N<sub>2</sub>O, sulphur hexafluoride, HFCs or PFCs) to report.

Energy		2021	2020	2019	2018	2017
Unit of Measure						
Electricity used	kWh	<b>12,458,000</b>	13,598,000	14,501,917	16,194,145	16,438,473
Gas used	Cubic metres	<b>982,287</b>	1,016,741	1,149,779	1,165,313	1,134,506
Total energy consumption	kWh	<b>24,800,937</b>	26,007,079			
Emissions		2021	2020	2019	2018	2017
Unit of Measure						
Scope 1	Metric tonnes CO <sub>2</sub> e	<b>3,686</b>	3,534	4,575	5,597	5,644
Scope 2 Location-based	Metric tonnes CO <sub>2</sub> e	<b>4,464</b>	5,237	5,833	6,286	6,682
Scope 3	Metric tonnes CO <sub>2</sub> e	<b>431,397</b>	395,832			
Scope 2 Market-based**	Metric tonnes CO <sub>2</sub> e	<b>4,839*</b>	5,764*			

\* We have calculated market-based scope 2 emissions as part of our work to set science-based reduction targets, with support from Corporate Citizenship. 2020 is the baseline year for our new targets. 2021 market-based scope 2 emissions have been verified by MakeUK as part of their verification of scope 1 and 2 emissions and energy usage data presented above.

† These market-based figures do not include travel and transport scope 2 emissions as these are impracticable to calculate. However, these are included in the location figures presented here.

We report our carbon emissions in line with the DEFRA Environmental Reporting Guidelines, aligned to the Greenhouse Gas (GHG) Protocol Corporate Standard. These include guidance on compliance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, which contain the Streamlined Energy and Carbon Reporting requirements. Emissions and energy data reported here covers our global business. 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 indirect emissions (not included in scope 2) that occur in the value chain. Annual energy consumption (kWh) is obtained from both actual sources (invoices and meter readings) and estimated sources (some office energy rates included in monthly charge). Where conversion of units to kWh is required, the latest conversion factors from the UK Government are used. In line with the SECR requirement to disclose the proportion of carbon emissions and energy associated with the United Kingdom, we estimate that 22% of emissions and 27% of energy usage relates to our UK operations. The Group has no other GHG emissions (such as methane, N<sub>2</sub>O, sulphur hexafluoride, HFCs or PFCs) to report.

### Breakdown of scope 3 emissions (tonnes CO<sub>2</sub>e)

Category	2021	2020
Purchased goods and services <sup>1</sup>	<b>86,065</b>	66,917
Capital goods <sup>1</sup>	<b>394</b>	801
Fuel- and energy-related activities	<b>2,441</b>	1,824
Upstream transportation and distribution <sup>1</sup>	<b>12,069</b>	22,699
Waste generation in operations	<b>287</b>	104
Business travel <sup>2</sup>	<b>18,265</b>	1,213
Employee commuting <sup>3</sup>	<b>1,245</b>	4,449
Downstream transportation and distribution <sup>1</sup>	<b>14,723</b>	7,691
Use of sold products <sup>4</sup>	<b>294,679</b>	288,900
End of life treatment of products	<b>1,229</b>	1,234

1 Emissions were estimated based on mapping spend data against the US EPA's Environmentally-Extended Economic Input Output (EIO) model.

2 Business travel data was calculated using a combination of BEIS conversion factors and the EIO model.

3 Emissions were estimated based on travel and working from home data.

4 BEIS and IEA emissions factors were applied to the average operational energy usage of products over their life.

**Independent verification:** Electricity, gas and scope 1 & 2 GHG emissions data presented here has been independently verified by MakeUK. Some data previously reported for 2020 has been restated here. Scope 1 emissions figures have been restated due to improvements in our calculations, resulting in a material impact on reported emissions (>5%). We have also included additional fleet emissions, which had not previously been captured (this had a minor impact). (We previously reported 3,217 tonnes CO<sub>2</sub>e for scope 1 in 2020). We have also improved the accuracy of scope 2 location-based emissions previously reported in our 2021 Annual Report, changing our intensity ratio for 2021. We emitted 14.3 tonnes CO<sub>2</sub>e per £m in 2021.

## Climate change and environment continued

### Water use

We target continuous improvement in our use of water. In 2021, our water withdrawal was 1.4% lower than in 2020, despite the reduction in 2020 related to COVID-19 closures. The reduction was supported by our site consolidation programme. Withdrawals in 2021 were 29% lower than in 2017 (our baseline year). For 2022, we are targeting a reduction of 1% in our water usage.

	Unit of Measure	2021	2020	2019	2018
Total water withdrawal	Cubic metres	<b>32,200</b>	32,653	38,738	44,463

Water data for 2020 has been restated here due to over-reporting by some sites during 2020. We previously reported 32,753 cubic metres of water usage for 2020.

### Waste management

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	2021	2020	2019	2018
Total waste	Metric tonnes	<b>2,545</b>	2,205	2,273	3,592
Waste recycled	Metric tonnes	<b>1,709</b>	1,654	1,579	2,471
Sent to landfill	Metric tonnes	<b>471</b>	295	592	820
<i>Of which hazardous</i>	<i>Metric tonnes</i>	<b>60</b>	67	264	360
Sent to energy recovery	Metric tonnes	<b>365</b>	255	102	301

### Priorities for 2022

- Achieve validation of our near-term science-based emissions reduction targets.
- Develop a strategy for GHG removals for residual emissions and achieving net-zero (2022 onwards).
- Continue to embed the recommendations of the Task Force on Climate-related Financial Disclosures (see pages 30-38).
- Develop our strategy for the reduction of water usage and waste to landfill across our operations.



# Circular economy and product responsibility

## Materials use

We generally operate an assembly-only philosophy across the Group, meaning that most of the manufacturing processes to produce our products are undertaken by our suppliers. The main components of our products – aluminium, steel and copper – are highly recyclable.

Components vary by product family, depending on how they are operated – pneumatically, hydraulically, or electrically. The weight of material inputs also vary by product across our portfolio. Our IQ3 actuator, one of our flagship products, provides an example of the typical materials we use in our electric actuator product range. These are: metals, glass, electrical and electronic equipment, batteries, plastics, oil/grease and rubber.

We have significantly reduced the weight of several products in our portfolio in recent years. Through this, we have reduced the environmental impacts of materials used, as well as impacts associated with transportation and logistics. For example, we achieved a 30% weight reduction in developing the latest version of our CK range of modular electric actuators. There is also increased part commonality with other product ranges, improving our overall efficiency.

All suppliers – including component suppliers – are required to adhere to our Supplier Code of Conduct. This covers our expectations of social, ethical, and environmental conduct. We also expect suppliers to apply our principles to their own supply chains. In 2022, we updated our Supplier Code of Conduct to include new requirements, including an expectation that suppliers calculate and publish emissions associated with their manufacturing activities.

Our suppliers are also 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. Around 10% are certified to the highest safety standards for applications such as safe plant operation and emergency shutdown.

## Product stewardship

Environmental and emissions criteria are considered as an integral part of our product development process. We target four key sustainability performance features: energy use reduction, emissions reduction, enabling the use of renewable energy and safety systems.

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. Benefits include decreased energy consumption, decreased water consumption (by reducing leakage), GHG emissions reduction, pollution reduction, decreased material use and increased product longevity.

We calculated emissions associated with the use of our sold products during the year, as part of the calculation of our scope 3 inventory. We have set a science-based target to reduce those emissions by 25% by 2030 and are building this into our product development roadmaps. See page 38 for details.

## Lifetime Management

Rotork's Lifetime Management offering is a suite of services provided by Rotork Site Services to help customers manage their assets efficiently. It is a full life cycle asset programme that enables customers' critical assets to operate at peak performance level, ensuring

### Case study:

## Intelligent Asset Management in action

An Asia Pacific customer was experiencing high levels of unplanned downtime at their chemical plant and wanted to understand why. Rotork implemented Intelligent Asset Management at the site and the monitoring and analysis of the resulting data showed a large change in torque profile for one of the electric actuators which was reported to the customer. Unfortunately they were unable to act immediately and the actuator was soon unable to close. Later,

recognising the benefits of iAM, the customer decided to review the data more regularly, resulting in more effective maintenance and increased uptime at the site.

A power station customer in India uses Intelligent Asset Management to monitor 36 critical IQ electric actuators. The system was able to identify early signs of failure of damaged and bent valve stems.

wider site uptime and productivity, improved safety and reduced environmental impacts.

Intelligent Asset Management is the analytics branch of Lifetime Management. The latest system was launched in January 2021. It is a cloud-based platform that collects information from the data logs held within intelligent electric actuators, offering anomaly detection and simple, accurate reporting and monitoring of the conditions of valves and flow control assets to enable predictive and preventative maintenance.

Service and maintenance programmes can be designed several ways. One way of approaching maintenance is to service assets on a regular schedule, regardless of age or usage. However, the age of a device is not the best predictor of the likelihood of actuator or valve failure; the precise condition of an asset is much more accurate. Some actuators are not frequently operated, instead providing testing or Emergency Shutdown (ESD) capabilities. Conversely, some offer constant modulating control in harsh environments.

Specific condition monitoring, using data from each actuator in the field, provides information about the actual operational characteristics of each asset. Data can be collected, analysed and then used to optimise

the delivery of maintenance. This proactive analysis of data is key. It enables earlier failure prediction, reduced failure risk and cost, and a maintenance programme that is scheduled to match risk levels. Longevity of data capture is also important; the longer an asset is monitored for, the richer the data it provides becomes. By keeping a site running at an optimum level, customers are able to make the most efficient use of environmental resources.

## 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. We provide specific guidance on the disposal of batteries, electrical and electronic equipment, glass, metals, plastics oil/grease and rubber. The majority of these are readily recyclable, with others recyclable by specialists.

Our manuals also include detailed health and safety advice for installation, maintenance, and repair of products. We publish manuals on our website in numerous languages. See: [www.rotork.com/en/documents](http://www.rotork.com/en/documents)

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.

# Task Force on Climate-related Financial Disclosures (TCFD) report

**We made significant progress during 2021 in implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in each of the four thematic areas: governance, strategy, risk management and targets and metrics.**

We support the purpose of TCFD, which is to stimulate better climate-related disclosures that will enable financial and other partners to gain a clear view of which companies will endure or even flourish as we transition towards a low-carbon future. 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.

## Our progress during 2021

We appointed an external partner in 2021, to support our work in implementing the Strategy pillar of TCFD recommendations. This has involved evaluating climate risks and opportunities under different climate scenarios. We published a detailed report on our TCFD work in our 2021 Annual Report (see pages 59-73), including our qualitative risk and opportunity assessment. In this report, we are now also including the outputs of our quantitative impact assessment, undertaken in the first half of 2022.

We have found TCFD to be a useful framework to support the integration of climate-related considerations into our business model and enable external communication about our management of climate-related risks and opportunities. We will continue our focus through 2022 to embed remaining recommendations, as set out in the 'next steps' sections throughout this report.

## Governance

Our CEO has overall responsibility for the delivery of the Environmental, Social and Governance (ESG) agenda, which includes addressing climate-related issues. The CEO reports to the Board which has responsibility for the oversight of the effective management of opportunities and risks related to climate change.

The Board is supported by the ESG Committee, and the Audit Committee, through its oversight of the Company's strategy and policy for risk management, and the Rotork Management Board in its oversight of climate-related issues. Individual members of the Rotork Management Board take responsibility for the delivery of components of the climate strategy within their areas of responsibility.

For 2021, remuneration-linked ESG performance metrics were expanded to include additional measures related to our new sustainability framework. ESG measures became 10% of the bonus opportunity for 2021, up from 5% the prior year. Three of six measures were climate- and environment-related, spanning Rotork's operations and its value chain. The same measures will apply again for 2022.

## Climate-related responsibilities of the Board

### Climate strategy

The Board supports the ongoing development of Rotork's business strategy. This year, the Board has been particularly focused on growth opportunities linked to decarbonisation, the energy transition and climate change adaptation across each of the Group's divisions and the setting of net-zero and science-based targets.

## Performance

The Board monitors the Group's performance against five key financial and two non-financial performance indicators: carbon emissions per £1m revenue and lost time injury rates. Performance against these measures is evaluated by the Board and the ESG and Remuneration Committees.

## Updates

The Board also receives monthly reports on the Group's operational energy and water consumption and progress towards reduction targets. The Board and ESG Committee will now also receive regular updates on progress towards emissions reduction targets.

## Climate risk assessment

The Board reviews and assesses current and emerging climate- and environment-related risks at Group Risk Review meetings held twice a year. The Board provides a top-down view of climate risks and assesses how risks are being responded to by management.

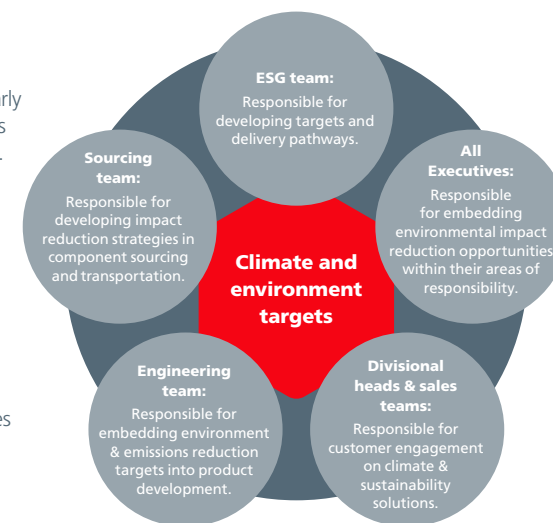
## Climate-related responsibilities of management

Climate strategy and targets are set by the Rotork Management Board, with support from the ESG & Sustainability team. Targets are approved by the ESG Committee and the Board. We have set operational energy, water, and waste reduction targets, and in early 2022, science-based greenhouse gas (GHG) emissions reduction targets, covering scopes 1 & 2 and scope 3.

Individual members of the management team have responsibilities aligned to their areas of the business. For example, our Group Engineering Director is responsible for realising product efficiency opportunities within new product development and our Group Operations Director is responsible for overseeing the implementation of environmental and energy efficiency projects at our manufacturing sites and overseeing emissions reduction opportunities in the upstream value chain.

## Next steps

- Individual Directors will be given roles to support the process of setting, monitoring and achieving climate-related targets.
- The Terms of Reference for the ESG Committee and Audit Committee will be updated to specifically describe their responsibilities for the oversight of the management of climate-related issues, and this will be agreed by the Board.



## Task Force on Climate-related Financial Disclosures (TCFD) report continued

### Strategy

Our priority during 2021 was to implement the TCFD recommendations under the 'Strategy' pillar, following a gap analysis to identify actions required for full TCFD disclosure. We focused on i) developing our net-zero roadmap, with science-based GHG emissions reduction targets and ii) better understanding material climate-related risks and opportunities to inform business strategy and management. A key component of our work is to establish an ongoing climate scenario analysis process that will be core to informing our response to TCFD disclosure recommendations going forward.

#### Climate Scenario Analysis

At the time of publication of our 2021 Annual Report, we had completed the first phase of our climate scenario analysis by completing a qualitative assessment, scoring, and ranking of key risks and opportunities. This assessment was used to identify climate-related risks and opportunities which were scored against three assessment criteria: vulnerability, magnitude, and likelihood. This process enabled Rotork to understand the range of risks and opportunities it is exposed to, as well as to prioritise those that could have the most material financial impact. To inform the qualitative analysis, we drew on many different sources of scenario information, including but not limited to the Network for Greening Financial Services (NGFS) and the World Energy Outlook (WEO).

In this Sustainability Report, we describe how we have further advanced our climate scenario analysis by estimating the potential financial impacts from a selection of material climate-related risks and opportunities.

#### Our Climate Scenario Analysis timeline



#### Phase 1: Qualitative Climate Scenario Analysis

Our focus during 2021 was to complete a non-financial assessment, scoring and ranking of identified climate-related risks and opportunities. We followed a two-stage process for our assessment:

- 1. Risk and Opportunity identification:** Initial research on sectoral and climate scenario impacts was supplemented with extensive internal engagement across numerous business functions to identify risks and opportunities and understand those that are relevant for different functions.
- 2. Qualitative Risks and Opportunities Assessment:** Identified risks and opportunities were scored and prioritised using three assessment criteria: vulnerability, magnitude and likelihood. Each physical and transition risk or opportunity was considered across time horizons and climate scenarios using indicators from IPCC and NGFS databases (specifically, IPCC WGI Interactive Atlas, NGFS IASA Scenario Explorer and CA Climate Impact Explorer).

This process enabled Rotork to understand the range of risks and opportunities it is exposed to and prioritise those that could have the most material financial impact. The outcomes of our qualitative assessment are set out in full on pages 64-68 of our 2021 Annual Report. A summary is provided overleaf. Risks and opportunities that were prioritised for financial quantification or further research are marked with an asterisk.

#### Phase 2: Quantification of financial impact from material risks and opportunities

During 2022, we continued to advance our climate scenario analysis by modelling the potential financial impacts across forward-looking business and climate scenarios from some of our most material risks and opportunities.

Estimating the possible financial implications of climate risks and opportunities across different climate scenarios is an important part of the TCFD process. It enables businesses to position climate risks against other business risks, strengthens the case for investment in low-carbon measures and facilitates the integration of climate considerations into financial planning and strategy development.

As part of our assessment, we quantified the **incremental** financial impact of climate-related risks and opportunities across three time horizons: short-term (0-10 years), medium-term (10-25 years) and long-term (25+ years). For both transition and physical risks, Rotork reports the net present value (NPV) for the period 2022–2050.

The potential financial impacts presented provide a single snapshot of Rotork's potential positive and negative exposure to selected climate risks and opportunities. Behind this snapshot lie numerous assumptions related to factors such as energy consumption, fuel prices, and others, which are all subject to variability. Our analysis of financial impacts will therefore be an ongoing process and any changes, including to data and assumptions, will be continually updated in our calculations.

## Task Force on Climate-related Financial Disclosures (TCFD) report continued

### Summary of material climate-related risks and opportunities

The below table sets out the risks and opportunities that were assessed qualitatively during phase 1 of our project. Those that were subsequently prioritised for financial quantification or further research are marked with an asterisk. Full details of these climate risks and opportunities are set out on pages 64-68 of our 2021 Annual Report.

#### Transition risks

Risk	Policy & legal	Market & technology	Reputation
	<ul style="list-style-type: none"> <li>– Carbon tax*</li> <li>– Stricter climate legislation*</li> <li>– Green credentials for manufacturing</li> </ul>	<ul style="list-style-type: none"> <li>– Change in energy costs*</li> <li>– Increased cost of raw materials</li> <li>– End-market demand changes</li> <li>– Costs to transition to lower emissions technology</li> </ul>	<ul style="list-style-type: none"> <li>– Increased stakeholder concern and expectations</li> <li>– Inability to attract workforce</li> </ul>

#### Opportunities

Opportunity	Energy source & efficiency	Products & markets	Resilience
	<ul style="list-style-type: none"> <li>– Implementation of energy efficiency measures</li> <li>– Customer engagement to consider alternative products and switch to renewable energy sources</li> <li>– Development of new technologies to facilitate mitigation</li> <li>– <b>Reduced risk exposure, and lower operating costs from energy savings and procurement of renewable electricity*</b></li> </ul>	<ul style="list-style-type: none"> <li>– <b>Increasing demand as new and existing technologies emerge that support a low-carbon world, including hydrogen, battery storage, gasification, biofuels, etc*</b></li> <li>– High-quality Rotork products are resilient under extreme climate conditions</li> <li>– Rotork products can respond to physical climate challenges, e.g., water flow control in floods</li> </ul>	<ul style="list-style-type: none"> <li>– Regionalise supply chain to avoid overspending in carbon tax, and reduce distance between manufacturing plants and customers</li> <li>– Build supply chain resilience by using environmental risk assessment criteria and demanding 'green' credentials from suppliers</li> </ul>

#### Physical risks

Risk	Chronic – gradual climate change	Acute – extreme temperatures	Acute – rainfall & floods	Acute – extreme weather events
	<ul style="list-style-type: none"> <li>– Changes in weather patterns*</li> <li>– Rainfall interannual variability*</li> <li>– Rising temperatures*</li> </ul>	<ul style="list-style-type: none"> <li>– Extreme cold and hot temperatures affect working conditions, impacting employees and equipment*</li> </ul>	<ul style="list-style-type: none"> <li>– Intense rainfall events and increase in frequency and/or severity of floods results in damage to assets</li> </ul>	<ul style="list-style-type: none"> <li>– Frequency and intensity of hurricanes and snowstorms causing disruption to assets*</li> </ul>



## Task Force on Climate-related Financial Disclosures (TCFD) report continued

### Transition risks and opportunities

Rotork referred to the UNEP FI risk factor pathway framework to inform the initial selection of transition risks and opportunities for financial quantification. This framework identifies three categories of cross-sector 'risk factor pathways' that represent financial pressures experienced by firms from the transition to a low-carbon economy. These include GHG emission costs, investment in low-carbon transition measures and revenue from low-carbon market opportunities. For the assessment of transition risk, impacts on Rotork's cash flow have been determined based on projected changes to global operational costs. Rotork used four scenarios modelled by the World Energy Outlook (WEO) which examines future energy trends based on the World Energy Model (WEM), as follows:

- **Stated Policies (STEPS):** Reflection of current and in-progress policies that exist for sectors and countries. Does not assume governments will achieve their goals and commitments.
- **Announced Pledges (APS):** Illustrates the impact of governments meeting their announced pledges. Assumes all countries meet national targets up to 2050.
- **Sustainability Development (SDS):** Assumes a surge in green energy policies and significant investment in green markets. Also assumes a substantial reduction in air pollution and universal energy access.
- **Net Zero Emissions (NZE):** A pathway for the global energy sector to achieve net-zero by 2050. Does not rely on emissions reductions from outside the energy sector.



#### UNEP FI's Risk Factor Pathway Framework

##### 1. Incremental emissions costs

1a. Direct  
(price on carbon)

1b. Indirect  
(fossil fuel price)

##### 2. Incremental expenditure for low-carbon transition and avoided risk from mitigation




##### 3. Incremental revenue from new market opportunities and increasing demand

**Climate adjusted NPV**  
To understand the way transition costs manifest and the impact on cash flows













## Task Force on Climate-related Financial Disclosures (TCFD) report continued

### Transition risks and opportunities impact assessment

#### Impact thresholds (key):

**Negative exposure:**  <£3m  £3-5m  £5-10m  £10-20m  >£20m

**Positive exposure:**  <£3m

UNEP FI transition risk factor pathway category	Value drivers assessed	Incremental financial impact (by scenario)	Potential management responses being considered
Direct GHG emission costs	<b>Carbon prices</b> <ul style="list-style-type: none"> <li>Future costs of carbon taxes applied to scope 1 and 2 emissions across our operations</li> <li>EU Carbon Border Adjustment Mechanism (CBAM) applied to iron, steel and aluminium imported into our EU operations</li> </ul>	<ul style="list-style-type: none"> <li> Stated Policies</li> <li> Announced Pledges</li> <li> Sustainable Development</li> <li> Net Zero Emissions</li> </ul>	<b>Potential response</b> <ul style="list-style-type: none"> <li>Identify and implement measures to reduce gross GHG emissions</li> <li>Analyse what data will be required to fulfil our obligations and proactively evaluate potential CBAM impact on operations, global value chain and footprint</li> </ul> <b>Metrics</b> <ul style="list-style-type: none"> <li>Global scope 1 and 2 emissions</li> </ul> <b>Targets</b> <ul style="list-style-type: none"> <li>In line with Rotork's SBTs, reduce emissions from scope 1 &amp; 2 sources by 42% by 2030</li> </ul>
Indirect GHG emission costs	<b>Change in cost of fossil fuel energy</b> <ul style="list-style-type: none"> <li>Prices of fossil fuels (gas and diesel) will change in the energy transition as society shifts to low-carbon alternatives</li> </ul>	<ul style="list-style-type: none"> <li> Stated Policies</li> <li> Announced Pledges</li> <li> Sustainable Development</li> <li> Net Zero Emissions</li> </ul>	<b>Potential response</b> <ul style="list-style-type: none"> <li>Switch consumption from fossil fuels to low-carbon alternatives, e.g., replacement of gas boilers with electric, or electrification of fleet</li> <li>Seek to procure renewable energy where possible</li> </ul> <b>Metrics</b> <ul style="list-style-type: none"> <li>Gas and diesel consumption</li> </ul> <b>Targets</b> <ul style="list-style-type: none"> <li>Reduce consumption of gas and diesel</li> </ul>
Expenditure on low-carbon transition and avoided risks	<b>Savings and expenditures associated with GHG emission reductions</b> <ul style="list-style-type: none"> <li>Costs of procuring renewable energy</li> <li>Avoided carbon tax from a reduction of gross emissions</li> </ul>	<ul style="list-style-type: none"> <li> Stated Policies</li> <li> Announced Pledges</li> <li> Sustainable Development</li> <li> Net Zero Emissions</li> </ul>	<b>Potential response</b> <ul style="list-style-type: none"> <li>Develop a long-term transition plan to align with the net-zero transition</li> <li>Consider developing a cost of carbon for the business to be used in business cases for mitigation measures</li> </ul> <b>Metrics</b> <ul style="list-style-type: none"> <li>Global scope 1 and 2 emissions</li> </ul> <b>Targets</b> <ul style="list-style-type: none"> <li>Increase roll-out of mitigation measures</li> </ul>
Incremental revenue from new market opportunities	<b>Increasing demand from hydrogen-related end markets</b>	Researched but not yet quantified	We have undertaken research to demonstrate the potential opportunity from the growth in demand form the hydrogen-related applications. See page 46

### Climate opportunity

The role Rotork can play in a green economy and a cleaner, more sustainable future featured highly in our materiality assessments in 2021 and 2022. 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 sectors such as hydrogen, carbon capture, usage and storage, and battery materials.

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 a greater need for recycling and desalination, and rising sea levels are necessitating flood defence investment. Case studies illustrating the role we can play are set out on pages 45-51.

## Task Force on Climate-related Financial Disclosures (TCFD) report continued

### Physical climate-related risks

The physical impacts of climate change are expected to increase in the future through incremental changes to the climate as well as an increase in frequency and severity of extreme weather events. Rotork identified four of its most significant manufacturing locations to analyse the potential impacts of extreme weather events such as heatwaves, hurricanes, heavy precipitation, and storms, increasing in intensity and frequency.

We assessed the value at risk due to climate change compared to 1995 exposure to determine incremental financial impacts. Many climatic models are set up with a 1995-2005 baseline; the period is taken to represent the current climatic 'normal', including in the IPCC Sixth Assessment Report, for example. We used 'Shared Socioeconomic Pathways' (SSPs) to represent a low, middle, and high warming scenario – SSP1-2.6, SSP2-4.5 and SSP5-8.5 respectively – and used associated data projections out to 2050. These SSPs are the same scenarios input in the climate models used in the IPCC Sixth Assessment Report, ensuring our analysis uses latest climate science. The SSPs are described as follows:

- **SSP1-2.6:** A high-priority scenario which broadly aligns to a 2°C increase in temperature by 2100.
- **SSP2-4.5:** A scenario which broadly aligns to a 2.7°C increase in global warming by 2100 and assumes little shift in current trends of social, economic and technological trends.
- **SSP5-8.5:** A low energy transition scenario which aligns to a 4.7°C increase in temperature by 2100 and in which there is strong fossil-fuel development up to the end of the century.

We quantified two key drivers of financial costs – 1) damage to property value and 2) productivity loss due to weather events – to analyse the financial impacts of physical hazards at our selected manufacturing locations.

### Physical risk impact assessment

#### Impact thresholds (key):

**Negative exposure:** ◆ <£3m ◆ £3-5m ◆ £5-10m ◆ £10-20m ◆ >£20m

**Positive exposure:** ◆ <£3m

Value drivers assessed	Description	Incremental financial impact (by scenario)	Potential management responses being considered
Damage to property value at our four most significant manufacturing operations.	The potential impact to property value from physical damage pertaining to potential increases in expenditure on maintenance, replacement, and repair. <ul style="list-style-type: none"> <li>– Extreme weather events degrade building materials requiring increased maintenance and replacement</li> <li>– Asset failures where facilities are not constructed fit for future climate risks</li> </ul>	<ul style="list-style-type: none"> <li>◆ 2°C increase (SSP1-2.6)</li> <li>◆ 2.7°C increase (SSP2-4.5)</li> <li>◆ 4.7°C increase (SSP5-8.5)</li> </ul>	<p><b>Potential response</b></p> <ul style="list-style-type: none"> <li>– Review disruption plans for sites to ensure they are tailored to likely weather events and protect our people and assets</li> <li>– Consider climate risk factors as part of operational footprint optimisation or site improvement decision-making processes</li> </ul> <p><b>Metrics</b></p> <ul style="list-style-type: none"> <li>– Number of sites with tailored severe weather event plans</li> </ul> <p><b>Targets</b></p> <ul style="list-style-type: none"> <li>– All sites to have tailored severe weather event plans in place</li> </ul>
Productivity loss at our four most significant manufacturing operations.	The impact of climate-related events on sites' productivity and continuity. The aggregated percentage loss of productivity from all physical hazards at each respective manufacturing site has been applied to annual manufacturing revenues. <ul style="list-style-type: none"> <li>– Reduced efficiency due to extreme weather conditions</li> <li>– Temporary shutdowns due to extreme weather events</li> </ul>	<ul style="list-style-type: none"> <li>◆ 2°C increase (SSP1-2.6)</li> <li>◆ 2.7°C increase (SSP2-4.5)</li> <li>◆ 4.7°C increase (SSP5-8.5)</li> </ul>	<p><b>Potential response</b></p> <ul style="list-style-type: none"> <li>– Continually monitor weather patterns to ensure enough time is given to implement adaptation plans</li> </ul> <p><b>Metrics</b></p> <ul style="list-style-type: none"> <li>– Number of days operations are disrupted due to extreme weather events</li> </ul> <p><b>Targets</b></p> <ul style="list-style-type: none"> <li>– Reduction of expected disruption through investment in adaptation</li> </ul>

**It should be noted that these calculations can only provide estimates of value at risk and are based on place-based assumptions concerning likelihood, magnitude and asset vulnerability which vary between future climate scenarios.**

## Task Force on Climate-related Financial Disclosures (TCFD) report continued

### Climate resilience and transition planning

In the second half of 2022 we plan to begin the process of integrating the results of our climate risk and opportunity analyses into our decision-making processes relating to business strategy, financial planning, and capital allocation. We also intend to embed the results into our Groupwide risk management processes.

We made significant headway during 2021, having developed emissions reduction targets that will reduce our exposure to climate risks and support our transition planning. We will continue to work towards our target on supplier engagement, emissions reduction and customer engagement, to contribute positively to the energy transition. Examples of the work we are already undertaking as part of our resilience planning processes include:

- Assessing supplier readiness to set science-based targets, and beginning active disengagement from suppliers who will not have set SBTs by 2027.
- Actively procuring renewables in the UK and Europe.
- Focusing on developing product energy usage efficiencies.
- Conducting research to understand in more depth the opportunity within hydrogen and other low-carbon end markets.
- Developing adaptation response to severe weather events, such as dual-sourcing.

The results of our analysis provide detailed information about the magnitude of potential impacts of climate change on our business and operations. Understanding these impacts will enable us to strengthen the business case for investment in mitigation and adaptation measures and address those risks that have the largest potential impacts first. This will strengthen our business resilience to climate change and support our ambition to reduce our gross emissions.



### Next steps

- Integrate the results of the climate scenario analysis into the business strategy, financial planning and risk management processes.
- Develop climate transition plans required to further enhance resilience and alignment with a future low-carbon economy.
- Begin to standardise climate scenario analysis process to enable continuous assessment of risks and opportunities to the business.

## Task Force on Climate-related Financial Disclosures (TCFD) report continued

### Risk Management

The Board is responsible for determining the nature and extent of the risks it is willing to take in achieving our strategic objectives. Our Group risk appetite statement sets the tone from the top and supports decision-making to mitigate, control or accept risks. Rotork's Purpose, 'Keeping the world flowing for future generations', is embedded in the way we assess risks. We are committed to generating stakeholder value through innovation and sustainable growth and will only take considered risks that fulfil our strategic objectives and do not risk our Values, financial stability or our resilience.

The Board considers climate issues in strategic and financial planning throughout the year; however, a formal review process is conducted twice yearly. It is assisted in the assessment of climate-related matters by the ESG Committee, the Audit Committee, and the Rotork Management Board. Our environment risk appetite is as follows: 'Rotork is fully committed to the prevention of pollution, compliance with all relevant legal and regulatory requirements and to the continuous improvement of our environmental performance'.

Climate risk has been treated as an emerging risk to date. It is considered in the context of each of our Principal Risks; for example, in terms of its impact to supply chain disruption. During the year we performed a series of workshops and qualitative scenario analysis to further understand and analyse the impact of climate risks and opportunities on our business. In our current assessment of climate risks and opportunities, overall we believe there are significant opportunities for Rotork. As with all risks, we will continue to assess if it is appropriate to treat climate risk as a principal risk.

Climate-related risks and response options are managed using the Group's Risk Management Framework which incorporates both a bottom-up and top-down assessment. Climate change is a standing agenda item at risk workshops held at least twice a year. Given the unique characteristics of climate-related risks, we use our Horizon risk methodology to assess risks against longer time horizons relevant to climate change. Risk owners are assigned to the most material risks and appropriate control measures are decided based on the perceived materiality and the agreed risk appetite.

#### Risk control and management

When risks are identified, a risk owner is assigned who is accountable for monitoring and managing the risk. In some cases, climate-related risks identified may already sit as risk drivers to an existing risk. For example, within our Supply Chain Disruption risk, there is an element that is related to delays and unavailability of products related to increased severity of the physical effects of climate change.

Where a new response is required to manage a risk, an action owner is assigned who is accountable for the delivery of the action, with support from the Risk & Compliance team. An appropriate action could be to perform further analysis, to put in place controls and mitigations, or to address the risk by identifying other opportunities.

#### Climate risk identification and assessment

**Risk Management Framework:** Climate-related risks and opportunities are assessed and managed using the Group's overarching risk management framework (see pages 83-84 for more information). Our established risk management framework incorporates both a 'bottom-up' and a 'top-down' risk identification and review processes. The bottom-up process is carried out at functional, divisional and regional levels and the top-down process is performed at the management and Board level.

**Horizon Risk Methodology:** For many climate-related risks, either the severity of the impact or the likelihood may be uncertain, and typically these risks may materialise over longer-term time horizons than more traditional business risks. To account for this, we use a 'Horizon risk methodology' to assess those risks that are more uncertain or intangible, such as climate change. This uses a wider timeframe than typically used, with short-term as 0-10 years, medium-term as 10-25 years and long-term as 25 years and beyond.

**Climate Risk Identification:** Climate-related risks are identified, monitored and managed through risk workshops held with all key functions at least twice a year. During 2021, in addition to the established risk management process, additional cross-function workshops were convened to identify and contextualise climate-related risks and opportunities that affect different functions. The potential impacts were discussed and ranked based on perceived business importance.

**Climate Risk Assessment:** In accordance with the TCFD recommendations, our assessment primarily focused on understanding the potential financial impact of these risks. To achieve this, each transition and physical climate risk or related opportunity has been qualitatively assessed and scored based on the potential financial impact. The level of potential financial impact is a function of three criteria including vulnerability (consisting of level of exposure, sensitivity and adaptive capacity), likelihood and magnitude. We also assessed opportunities in terms of the size of opportunity and ability to execute.

The risk and opportunity assessment results (see page 32) were used to inform the next stage of the climate risk assessment – the quantification of potential financial impact for some of the most material risks. This will be used to inform the continued development of risk management responses for incorporation into our climate transition plan.

#### Next steps

- Further explore how our products can assist our customers to reduce their emissions and supporting new customers' flow control needs as energy transition markets evolve.
- On completion of the climate scenario analysis in 2022, we will better understand the relative financial importance of different climate impacts. This will inform the further development of risk management responses to reduce exposure.

## Task Force on Climate-related Financial Disclosures (TCFD) report continued

### Metrics & targets

Rotork has reported operational GHG emissions (scopes 1 & 2), energy, waste and water data, trends over time, and related reduction targets for many years. CO<sub>2</sub>e per £m revenue is a long-standing key performance metric and is linked to Executive and senior leaders' remuneration.

Rotork further developed its net-zero roadmap in 2021. We developed science-based targets for scopes 1 & 2 and scope 3 and have submitted them to the Science Based Targets initiative for validation. We have also committed to target net-zero for scopes 1 & 2 by 2035 and by 2045 for scope 3. The baseline year for all targets is 2020.

Scope 3 emissions have been reported for some categories for several years. In 2021, Rotork calculated its full scope 3 inventory for 2020, the baseline year for our new emissions reduction targets. Emissions in all relevant categories for 2020 and 2021 are set out on page 27. Emissions are calculated according to the GHG Protocol. Scopes 1 & 2 emissions are independently verified by MakeUK. Scope 3 emissions have been calculated with support from Corporate Citizenship.

### GHG emissions and climate risks

GHG emissions	Tonnes CO <sub>2</sub> e (2021)	Associated risks
Scope 1 Direct	3,686	– Price volatility for fossil fuels
Scope 2 Indirect	4,464	– Fluctuation in electricity costs (renewable and non-renewable)
Scope 3 Other indirect	431,397	– Insufficient decarbonisation action from suppliers – Complexity of evidencing avoided emissions from use of products by customers (which are not captured in typical GHG emissions corporate accounting methodology)
Total GHG emissions	439,547	– Increase cost of carbon both through carbon tax and carbon price – Faster than expected growth resulting in an increase in GHG emissions beyond planned mitigation

### Climate-related metrics

Rotork uses several metrics to track performance. These are: CO<sub>2</sub>e per £m revenue; energy consumption (renewable and non-renewable electricity, gas and diesel usage), water consumption, and waste production. We also track opportunities to grow low-carbon market revenues through our 'eco-transition portfolio'. See pages 27-28 for emissions, energy, water and waste data and trends over time. Renewable and non-renewable energy consumption has also been reported for the first time, on page 78 of this report.

Rotork acknowledges the need to continue to expand its range of climate-related metrics to track performance and control the exposure to risks as well as take advantage of opportunities. The list below describes planned development of additional cross-industry, climate-related metrics in line with the 2021 TCFD implementation guidance update:

- **Climate-related risks and opportunities:** The quantification of financial impacts from material climate risks and opportunities will inform metrics against which to track performance in reducing exposure to risks and capitalising on opportunities.
- **Capital deployment:** Rotork is in the process of refining pathways to achieve our science-based

targets, including in R&D for product development to capitalise on opportunities in the transition and in a low-carbon economy. As part of the development of our net-zero roadmap we will also assess investment required to deal with further abatement and residual emissions.

- **Cost of carbon:** The process of quantifying financial impact from climate-related risks and opportunities in 2022 will help develop a bespoke cost of carbon for the business.

### Climate-related targets

Rotork has near-term science-based targets to reduce CO<sub>2</sub>e emissions across scopes 1 & 2 and scope 3.

1. We have set a market-based target to reduce scope 1 & 2 emissions by 42% by 2030 compared with 2020. This is an absolute reduction target, aligned to a 1.5°C pathway.
2. For scope 3, we have set an absolute reduction target for emissions associated with the use of sold products. We are targeting to reduce emissions by 25% by 2030, in line with a well-below 2°C pathway. We have also set a supplier engagement target for emissions associated with purchased goods and services. We will be requesting that suppliers representing 25% of supply chain emissions set science-based targets by 2027.

As in prior years, Rotork has also set an intensity target to reduce emissions by 2% per £1m revenue year-on-year. In addition, we have set absolute targets to reduce water use and waste to landfill by 1% in 2022 compared with 2021. Further details about our targets and strategy for achievement can be found on pages 23-26.

### Next steps

- Achieve validation of our near-term science-based targets for scopes 1, 2 & 3.
- Develop a strategy for achieving net-zero as well as a strategy for GHG removals for residual emissions.

# Supply chain management

**We expect high standards of social, ethical and environmental conduct in our supply chain, to maximise value created for us, those working in our supply chain, our communities and the environment.**

Rotork has a long-standing reputation for integrity, fair dealing, ethical behaviour and paying on time. As part of our Growth Acceleration Programme, we are working to rationalise our supply base and concentrate our spend with strategic supply partners. We spent £280m with suppliers in 2021. Approximately 95% of our spend in 2021 was with around 1,400 suppliers (compared with around 2,200 in 2020). Our spend on product assembly and supply can be grouped into three main categories, as shown in the adjacent pie chart.

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

All suppliers are expected to comply with our Supplier Code of Conduct. This describes expected standards, including promoting equal opportunities, human rights, freedom of association, labour rights, environmental protection and our zero-tolerance approach to bribery and corruption. It applies to all suppliers globally and their own supply chains. We will take appropriate action against any supplier that fails to adhere to our Code, which can include the termination of their contract.

Rotork also undertakes due diligence on prospective suppliers and assessments of existing suppliers to better understand modern slavery risks in our supply chain. We engage an independent intelligence

provider to help analyse our supply base and follow up with audits when necessary. Supplier auditors and other colleagues in our sourcing and supplier management functions, undertook our new modern slavery training in late 2021 and early 2022.

## Our Supplier Code of Conduct

We updated our Supplier Code of Conduct during the year to express our expectations of suppliers on additional environmental, social and governance topics. It also includes a new clause providing an express right of audit, including a requirement to make supplier premises and personnel accessible to Rotork. The new Code is applicable to all suppliers and third-parties globally.

Our updated Code now includes an explicit requirement for suppliers to pursue efforts to publicly report operational greenhouse gas emissions. In addition, it expressly sets out our requirement for suppliers to pay wages and benefits that meet or exceed national minimum requirements and to adhere to working time regulations; to comply with applicable laws and regulations relating to fair competition, money-laundering and the non-facilitation of tax evasion; and to adhere to both the spirit and the letter of our Conflict Minerals Policy. The Code also encourages suppliers to align with internationally recognised social standards, such as SA8000. The updated Code is being communicated to suppliers during 2022 and will be embedded in all new supplier contracts going forward.

We have a defined, Groupwide process to validate that suppliers are meeting the requirements of our Supplier Code of Conduct and upholding Rotork's commitments to social, environmental and ethical standards in the supply chain. The process 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.

## Supply chain emissions

As one of our first steps on our net-zero journey, we have set a supplier engagement target for emissions associated with our purchased goods and services, among other near-term targets. We have committed to engaging with suppliers to improve their environmental performance and will be requesting that suppliers representing 25% of supply chain emissions set science-based targets by 2027. See page 38 for further information.

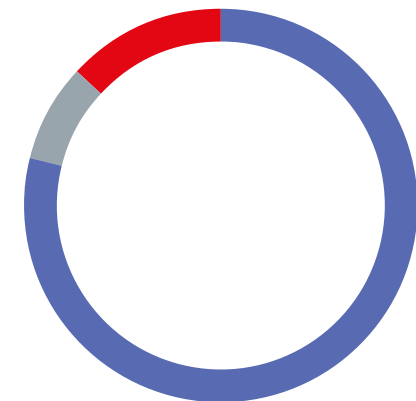
## Risk management

As an international group with a predominantly out-sourced manufacturing model, our supply chain is key to us delivering our Purpose of 'Keeping the world flowing for future generations'. Supply chain disruption is identified as a principal risk to the business. As a result, we monitor our supply chain 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.

The COVID-19 pandemic continued to pose significant challenges for supply chains around the world in 2021. Lockdowns, requirements to isolate and people leaving the workforce disrupted the flow of raw materials and finished goods. While Rotork's supply chain proved resilient, it was still impacted by the availability and the cost of logistics, components and commodities.

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 around 70 suppliers that meet these criteria.

## Product assembly & supply spend (2021)



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

We require suppliers to complete sustainability self-assessments annually, to help us identify any potential risks. In 2021, we invested in a new software platform to improve our management of supplier self-assessments and ensure their timely completion. The platform also includes additional ESG and compliance modules that we ask suppliers to complete, on specific topics such as greenhouse gas emissions reporting and cybersecurity management. The software automates the collection and collation of suppliers' responses to support our effective oversight and management of ESG issues in the supply chain.

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. Our group vendor approval questionnaire was updated in early 2022 to include new questions aligned to our updated Supplier Code of Conduct. We have also incorporated sustainability audits in our routine on-site supplier assessments; ESG elements are now a mandatory part of all local site procedures.

## Supply chain management continued

### Conflict minerals

Rotork does not purchase raw materials or work directly with smelters or refineries – we purchase components several tiers removed from smelters in the value chain. Our approach is therefore based on engaging with our suppliers to identify, manage and correct any risks. We report transparently on our engagement and risk management procedures to support stakeholders' understanding of our approach.

Our Conflict Minerals Policy sets out our 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. In 2021, the scope of the Conflict Minerals Policy was expanded to include other Conflict Affected and High Risk Areas (CAHRAs) in addition to these countries. Management responsibility for the policy lies with our Group Operations Director. The policy is published on our website at [www.rotork.com/environmental-social-governance](http://www.rotork.com/environmental-social-governance)

We exercise due diligence based on the 'Responsible Minerals Initiative' (RMI) guidance, by mapping our supply chain using their reporting templates and following up any concerns raised via a corrective action management process. We strengthened our supplier management approach in 2021 with the introduction of a new Groupwide procedure. It defines our risk management process and supports the commitments made in our Conflict Minerals Policy. It describes in-scope commodities; supplier communications approach (including the requirement for an annual supply chain conflict minerals survey, based on the

template provided by the RMI); and the management approach in the event of supplier non-conformance.

Our Groupwide conflict minerals management procedure also describes our definition of 'high risk' smelters, to guide colleagues in interpreting the results of the supplier conflict minerals survey, which collects information on the smelters used by our suppliers and minerals' country of origin.

We have a dedicated conflict minerals section on our employee intranet site, to help drive awareness about conflict minerals, the problems associated with them, how to identify risk of them in the supply chain and how to respond to requests for Rotork's conflict minerals declaration.

We also educate suppliers of commodities that could contain 3TG about conflict minerals risks when we request their responses to our annual survey. If we identify and confirm that a supplier is using a high risk smelter, our process is to engage with our supplier to request that they change their source, and ultimately may re-source to a supplier that does not use high risk smelters.

### Modern slavery awareness training

We launched a new training programme in 2021 that aims to raise employee awareness of modern slavery and human trafficking risks in our business and supply chain. It includes interactive workshops for colleagues most likely to encounter modern slavery and human trafficking risks, as well as mandatory human rights e-learning for our global online population.

We engaged the Slave-Free Alliance, part of the charity Hope for Justice, to deliver enhanced modern slavery training for colleagues who deal directly with suppliers. 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. Colleagues who undertake supplier audits completed this training during 2021.

The Slave-Free 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.

See page 40 for further information about our approach to mitigating modern slavery and human rights risks in our business and supply chain.

### Priorities for 2022

- Communicating and implementing our new Supplier Code.
- Beginning the process of gathering emissions data from suppliers, and communicating our science-based target setting requirement to our top 10 suppliers that make the biggest contribution to our emissions in purchased goods and services.



## Culture, ethics and governance

**We strive to act ethically in the way that we do business. Our Values – Stronger Together, Always Innovating and Trusted Partner – were chosen by our people. They are rooted in our culture and reflected 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.

We have a number of policies that sit beneath our Code of Conduct, covering Confidentiality, Conflicts of Interest, Speak-Up, Fair Competition, Gifts and Hospitality, Anti Bribery and Corruption, Data Protection, Trade Sanctions and Modern Slavery. These policies apply to our operations globally, including to subsidiary companies and joint ventures.

During 2021 we continued to work towards embedding our corporate Values and Code of Conduct across our organisation worldwide.

### Compliance and ethics training

Employee training and awareness is one of the core elements of our Compliance programme and was an area of significant focus in 2021.

During the year, we implemented a new eLearning platform that enables a range of legal compliance training to be provided to employees and provides full auditability. We launched Code of Conduct training in several languages to our global workforce, through online courses and classroom-based sessions. The training further embeds key concepts from the Code and re-emphasises both the importance of speaking up if wrongdoing is suspected and Rotork's no-retaliation policy.

Mandatory trade sanctions refresher webinars were also delivered to relevant colleagues across the organisation.

In 2022, our training programme will focus on specific topics within the Code, including anti-bribery and corruption, conflicts of interest, fair competition and gifts and hospitality.

As well as completing Code of Conduct training, new joiners were introduced to our Values and expected behaviours during formal induction sessions.

### Human rights and modern slavery

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 Supplier Code of Conduct 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 using a number of different methods. These include assessing new and existing suppliers and 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 took steps to further strengthen our governance in this area. We mandated use of updated modern slavery clauses in our staffing agency contracts and implemented a new Modern Slavery Policy.

The policy is supported by a new training programme that aims to raise employee awareness of modern slavery and human trafficking risks in our business and supply chain. It includes interactive workshops for colleagues most likely to encounter modern slavery and human trafficking risks, as well as mandatory e-learning for our global online population. Our new policy also introduces key performance indicators to measure the effectiveness of our controls.

Further information about the steps we took during the year to address modern slavery risk is set out in our 2021 Modern Slavery Act statement at [www.rotork.com](http://www.rotork.com)

### Anti-bribery and corruption

Rotork has a zero-tolerance policy towards bribery and corruption worldwide, irrespective of country or business culture. Both our Code of Conduct and Anti-Bribery and Corruption Policy prohibit the offering, paying or solicitation of bribes in any form. Additionally, our Gifts and Hospitality Policy (updated in 2021) provides guidance on the rules relating to the giving and receiving of gifts and hospitality.

We have procedures in place to manage third-party bribery risks across our operations, through each of the selection, appointment and monitoring stages.

In 2021, an independent assessment confirmed that our anti-bribery and corruption controls had been significantly enhanced. Aiming to continuously improve, we took steps during the year to further strengthen these controls. This included the introduction of a new training programme emphasising the importance of ethical behaviour. It was launched with a multi-lingual CEO message and video.

### 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'

Rotork has an open and transparent culture underpinned by our Speak Up policy.

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 concerns. Our policy encourages colleagues to contact their line managers, our Group HR Director or our Group General Counsel & Company Secretary. We also offer an independent, global, and multi-lingual external reporting service managed by Safecall. This service allows concerns to be raised anonymously if preferred. The service is available to employees, external stakeholders and the public and is operated 24 hours a day, 7 days a week. Reports can be made to a local freephone number or submitted via Safecall's website. All concerns raised are investigated promptly.

In 2021, we continued to promote the importance of speaking up and our different Speak Up mechanisms. In addition to delivering mandatory elearning on the topic, a message and video from our CEO was cascaded to colleagues, emphasising the importance of acting with integrity and raising concerns when unethical behaviour is witnessed.

### Priorities for 2022

- Ongoing ethics and compliance training programme to focus on modern slavery, conflicts of interest, competition law, anti-bribery, gifts and hospitality and data protection.
- Monitor our modern slavery key performance indicators to assess the effectiveness of our control measures in this area.

## Culture, ethics and governance continued

### 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 about suspected wrongdoing, and, where required, agrees actions to be taken to prevent a potential reoccurrence. The Board is updated on the compliance training undertaken and planned during the year, together with completion statistics. It 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. The findings and recommended actions arising from audits and risk assessments are shared with the Board or Audit Committee.

## 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 cybersecurity team, together with our 'Trusted Partners', provide a comprehensive view of the threat landscape which is monitored 24/7 by our Security Operations Centre and Managed Threat Detection and Response teams. We use industry-leading Artificial Intelligence (AI) technologies to continuously monitor and alert for unusual user activity and automatically compare every action within our IT environment against threat intelligence feeds to detect and respond to new and emerging attacks. We extend our visibility parameters beyond traditional IT enterprise boundaries to monitor potential threats attempting to deceive our suppliers and partners by impersonating our brand and products. The findings from all these activities are amalgamated to provide regular threat briefings to the Board.

### Protection

We implement proactive measures to ensure the confidentiality, integrity and availability of our information at all times and all of our people complete mandatory user awareness training each month to keep us 'Stronger Together'. This training, combined with regular, simulated phishing campaigns ensures we can identify and report suspicious cyber-attacks on our business in a timely manner.

### Resilience

We have not experienced an information security breach but are 'Always Innovating' to develop our Cyber Incident Response Plan and Disaster Recovery capabilities to respond and recover from any cyber incident to minimise impact to the business. These processes are supported by our third-party cyber

insurance policy, to mitigate the extent of any financial loss should an information breach occur. We conduct internal incident response exercises to test our policies, plans and procedures and evolve them to improve our effectiveness against an evolving threat landscape.

### 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 approach ensures our policies, processes and practices improve the security of our organisation against cyberthreats and remain aligned with our business goal to attain IASME accreditation in Q4 2022. We also work closely with our internal audit function and third-party auditors to ensure cybersecurity risks are regularly reviewed, managed and reported to the Board in line with IASME standards.

### Security in our connected products

Security is also the top priority for our customers, so our products go through a rigorous testing programme before being released. Where connected technology exists within our product range, we implement multiple layers of security to protect our assets and only allow the functionality required to support our customers' needs and the criticality of the product application. We are 'Always Innovating' with internal experts and external 'Trusted Partners' to develop market-leading flow control solutions 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
- 

**2** Increased margins
- 

**3** Sustainability

## In this section

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

## SDGs we will progress



## Introduction to this section

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

Our businesses are well positioned to enable the low-carbon global economy with products and services used to electrify flow control processes, and in hydrogen, carbon capture and storage and battery production. We have a major part to play in the energy transition too, for example in reducing methane emissions, LNG/gasification, and biofuel production. Rotork's products also have applications in processes that help preserve natural resources such as fresh water, through water recovery, recycling, and treatment.

#### Enabling the global energy transition

We have a major part to play in new energies and technologies that will deliver a low-carbon economy and enable the transition to it. Rotork's products have applications in many processes for low- or no-carbon energies, all of which are valve and actuator intensive. Rotork's products have long been used in hydrogen processes, for example, where industry relies on Rotork's certified equipment for the production, storage, transportation and utilisation of hydrogen.

#### Supporting customers' energy and emissions reduction

As the world leader in electric actuation, Rotork is well placed to enable electrification of processes in all its end markets. Electric actuators have low power consumption and do not emit emissions during operation. For example, one of the main ways the oil & gas industry can reduce operational emissions is by replacing actuation systems in its upstream and midstream facilities traditionally powered by process gas with those powered by electricity.

#### Enabling sustainable management of water resources

Water crises are recognised as a major global risk and are being exacerbated by climate change. New technologies, better water infrastructure and more efficient water processes are key to narrowing the gap between supply and demand of fresh water. Rotork technology plays a key role in addressing each of these challenges, enabling the provision of a safe and efficient water supply, as well as supporting sustainable management of water.

In this section, we provide examples of the role that Rotork's products play in addressing major climate and environmental challenges, using case studies to help illustrate our role and the scale of our opportunity to enable a sustainable future.

#### Our strategic commitments

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

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

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

#### Did you know?

Rotork became a member of the Global Wind Energy Council (GWEC) in 2021. GWEC is the international trade association for the wind power industry, with members from over 1,500 companies, organisations and institutions in more than 80 countries worldwide.

Through our involvement, Rotork is engaging with members to share market intelligence, innovation development and best industry practice to support and strengthen green energy development.

## Eliminating methane emissions

Fugitive emissions from energy production are estimated to contribute around 6% of global greenhouse gas emissions annually – three times as much as the aviation industry (source: Our World in Data). Methane is a short-lived climate pollutant with an atmospheric lifetime of roughly a decade. It is a potent greenhouse gas, significantly more powerful than carbon dioxide at warming the atmosphere.

Reducing human-caused methane emissions is one of the most cost-effective strategies to rapidly reduce the rate of warming and contribute significantly to global efforts to limit temperature rise to 1.5°C. The high-profile Global Methane Assessment, published in May 2021, highlights electric actuators as one of the most important readily-available technologies to mitigate methane emissions.

Rotork is well placed to benefit from the conversion of the world's large population of methane emitting pneumatic actuators, used extensively in the oil & gas industry, to zero emission alternatives.

Electric actuators – particularly those sold into upstream oil & gas operations, which represents a large proportion of emissions and where the industry has traditionally used gas-operated pneumatic devices – can be used to prevent a very significant amount of methane from being emitted into the atmosphere.

Case study:

### Electrification of gas networks

Rotork has supplied electric actuators to Enagás in Spain, to replace hydraulic actuators in its gas network. Enagás has also replaced pneumatic spring diaphragm actuators with Rotork's IQ fail-safe electric actuators as part of a programme to reduce emissions.

Similarly, Rotork supplied and installed electric actuators at several gas pressure reducing stations for Fluxys, Belgium this year. Our intelligent electric actuators were chosen as they prevent emissions from being released during the regulation of pressure within gas pipelines, as well as providing reliable flow control. Rotork Site Services, together with local agent Prodim, retrofitted the electric devices onto existing valves.

According to the Intergovernmental Panel on Climate Change (IPCC), a tonne of methane has around 84-86 times the global warming potential of CO<sub>2</sub> over a 20-year timeframe.

More than 100 countries signed the Global Methane Pledge at COP26 in Glasgow, committing to cut methane emissions by 30% by 2030.

Rotork has a full solution suite of electric powered products that can be used in place of emitting solutions.

# Hydrogen's role in net-zero

Hydrogen is an essential part of the energy mix needed to decarbonise society. It has multiple roles to play – as an energy source in itself and as a feedstock in industrial processes. The Hydrogen Council's "Hydrogen for Net-Zero" report from November 2021 estimates that hydrogen can avoid 80 gigatons of cumulative CO<sub>2</sub> emissions from now through to 2050, or 20% of the total amount needed by then.

Hydrogen production offers a growing opportunity for component manufacturers, with the market potential for electrolysers alone estimated to be worth \$50-60 billion annually by 2050 according to the BCG report, 'The green tech opportunity in hydrogen', though other estimates are significantly higher.

Rotork is focused on capturing the opportunities in hydrogen equipment and hydrogen applications across our end-markets, with our existing product range already being ideally suited to, and certified for, use in hydrogen applications.

## Hydrogen market developments

China and the US are currently the biggest hydrogen consumption markets. It is expected that China, followed by Europe and North America, will be the biggest markets by 2050.

Europe currently has the highest average annual funding potentially available for hydrogen projects. This is correlated to strong financial support from governments, industrial decarbonisation policies and increasing carbon prices. However, China has identified hydrogen as one of its six industries of the future and its project activity is rapidly growing.

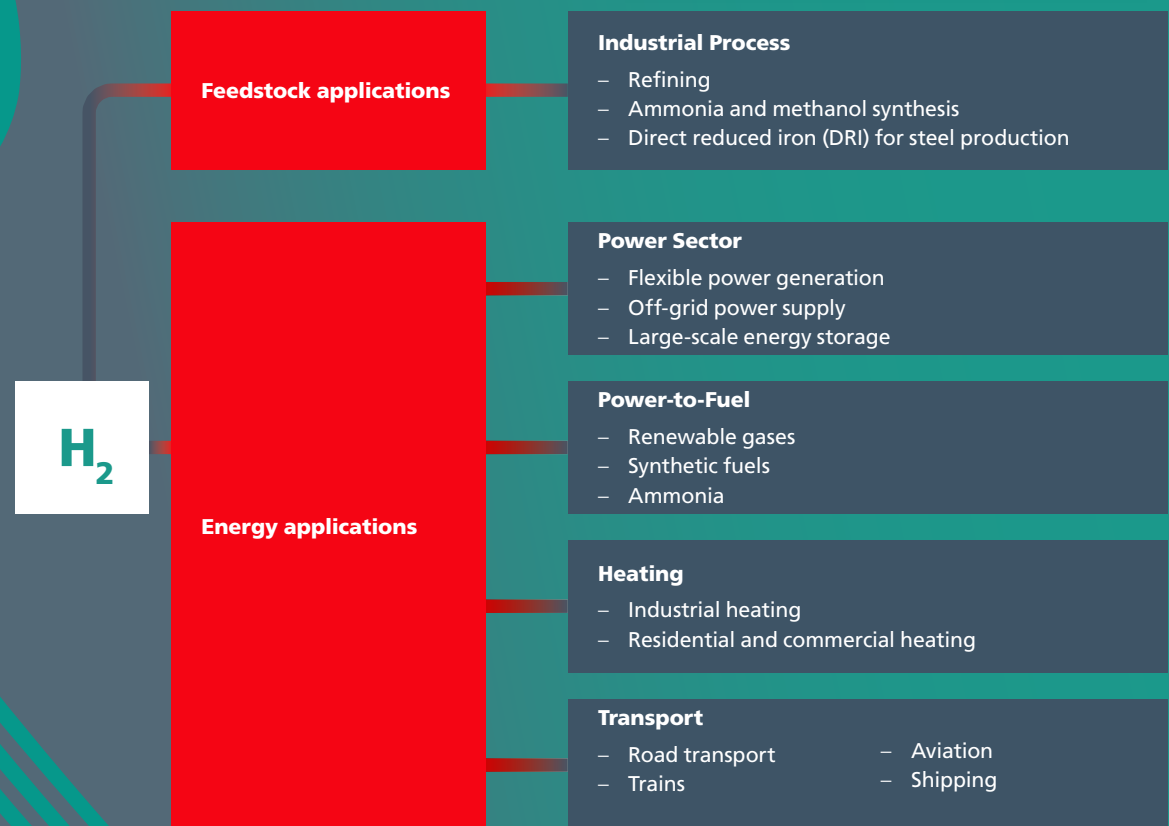
## Key end-markets

Hydrogen will play a role in decarbonising several sectors served by our CPI division. Demand for actuators in hydrogen processes is expected to mostly come from 1) industrial processes; 2) the power sector; and 3) power-to-fuel processes.

## Zero-emission hydrogen

Rotork has supplied CVL electric actuators to a French equipment manufacturer, where they play a critical role within a hydrogen generator. The generator produces zero-emission hydrogen via electrolysis – the process of applying an electrical current to water to create hydrogen and oxygen. The electricity used is from renewable sources (wind and solar). Our actuators were chosen for their high movement frequency and quick reactivity. They also have fail-safe functionality and are ATEX IIC certified, an essential safety requirement in hydrogen environments.

## Potential uses for clean hydrogen



## Enabling lithium production

Lithium, typically used in rechargeable batteries for electric cars, as well as consumer goods such as laptops and mobile phones, is critical to the energy transition. The growth in demand for battery lithium will be driven primarily by the growth in demand for electric vehicle batteries. Under the IEA's Sustainable Development Scenario, lithium demand will increase 42-fold between 2020 and 2040.

Rotork's products have applications in lithium mining and lithium ore and brine processing. Applications include dewatering, HVAC and dust control in underground mines, as well as slurry pumping, dewatering/water management and floatation in open pit mines and treatment plants. The mining industry has long relied upon Rotork's highly reliable and energy efficient equipment.

### Lithium extraction and processing

Commercial lithium arises from two major sources: underground brine deposits and mineral ore deposits. The majority of today's lithium is extracted from liquid brine reservoirs that are located beneath salt flats, most of which are located in South America and China. Mineral ore deposits are richer in lithium, though they are costlier to access.

The processing of mined lithium ore is concentrated in China, which accounts for more than half of all global processing. China is also a major player in salt lake lithium extraction, with its production expected to more than double by 2025, compared to 2020.

Expected increase in lithium demand by 2040

**42x**

Case study:

### Project wins in China

Rotork won bids to supply products to two major companies in the lithium industry in China in 2021, each with significant market shares in their specific areas. Shenzhen Dynanonic is a large producer of lithium iron phosphate, which is currently the most popular core material for lithium-ion batteries. Rotork IQ series actuators have been successfully applied to their cooling water, steam, and wastewater treatment pipelines. We are also working with Jiangsu Sipai New Energy Material in China. More than 600 smart valve positioners have been supplied to provide flow control in its electrolyte solvent production process.

# Supporting energy efficiency

Energy efficiency plays a fundamentally important role in delivering the clean energy transition.

The IEA refers to energy efficiency as the 'first fuel' as it represents the cleanest and most affordable way to meet the world's energy needs, while reducing energy production-related emissions at the same time. Energy efficient equipment is crucial in this.

In 2022 we set a target to further improve the efficiency of our products. We are targeting to reduce the total emissions associated with the use of our products by 25% by 2030. By choosing our products, customers will be able to reduce their operational emissions.

Case study:

## Enabling low energy building heating and cooling

Rotork is supporting Princeton University in New Jersey, US, to reduce its energy usage and emissions. Princeton University aims to achieve net-zero greenhouse gas emissions by 2046, which is the University's 300th anniversary. Rotork's IQ electric actuators are being supplied for Princeton's new geo-exchange system which will provide heating and cooling services across the university's campus. The geo-exchange system is replacing existing combined heat and power (CHP) and chilled water plants. The University estimates that it will use one sixth of the energy previously consumed.

Geo-exchange technology removes heat in the summer and stores it underground (in geo-exchange wells) to be used in the winter to heat buildings. Over 700 wells have been dug across the campus to serve 180 buildings, some of which date back to the 1700s. Heat pumps are a key component of the system to maximise year-round energy efficiency. Various electric actuators from the IQ range have been installed on butterfly valves to control the flow of water across the new heating and cooling system, to provide both chilled water for cooling and hot water for heating. The new geo-exchange facilities are due to begin operating and providing heat in 2023.



## Decarbonising the chemicals industry

The chemical industry creates an immense variety of products that are essential to every aspect of modern life. The industry also plays an important role in supporting the transition to a low-carbon economy. For example, it provides coatings for solar panels and highly-efficient LED displays, lightweight plastics to reduce vehicles' energy consumption and insulating materials for buildings.

However, the production of chemicals is currently highly energy intensive and is a significant emitter of CO<sub>2</sub>. The chemical and petrochemical industry typically uses fossil fuels for energy and as a feedstock for the products it creates. It is estimated to be responsible for between 5% and 6% of global annual greenhouse gas emissions and has historically been seen as 'hard-to-abate'. Hydrocarbons are used as both an important feedstock and an energy source by the chemicals industry.

The chemicals industry will undergo a major transformation over the coming decades to lower its energy intensity and CO<sub>2</sub> emissions and ultimately achieve net-zero. Solutions such as hydrogen, carbon capture and electrification will play an important role.

- Low-carbon hydrogen will play a role as a sustainable fuel and as a sustainable feedstock for the industry, alongside other alternative feedstocks – synthetic feedstocks from captured carbon; biomass; waste-to-energy, etc.
- Carbon capture and storage will reduce emissions in the first instance; it can also be used in the production of chemicals (for example, to create methanol in combination with hydrogen).
- Chemical industry operations will be electrified and innovations in chemistry will see chemical transformations that have been traditionally powered by heat being driven by electricity instead.
- Improved energy efficiency, incorporating more energy efficient electric-powered equipment in the industry's operations will also play a role, as will chemical recycling to re-use waste products.

Chemical industry's contribution to global greenhouse gas emissions

**5-6%**

Case study:

### Plastic recycling

Rotork has supplied actuators for use in a ground-breaking plastic recycling facility in Ohio, USA. The innovative recycling process separates colour, odour and contaminants from plastic waste feedstock to transform it into ultra-pure recycled polypropylene. Plastic waste is converted into virgin-like plastic, enabling endless reuse of plastics, production of recycled plastic products, and making recycled polypropylene more accessible to companies wishing to use recycled resin. Recycling plastic reduces emissions of greenhouse gases, as well as helping to limit environmental impacts associated with plastic waste.

# Water management

**Water crises are recognised as a major global risk. Almost 25% of the world's population already face water crises and 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.

Rotork technology plays an important role in addressing each of these challenges, enabling 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 being an integral component of flood defence infrastructure.

## Business opportunities

There is strong demand for water infrastructure across developing and developed markets, for health and safety and economic development reasons. Leak detection, monitoring and quality are a major focus of the water industry and shortages are driving the development of smart grids. Increasing regulations relating to water quality, water re-use and sludge treatment are driving water-related capital expenditure across industry. Water scarcity is resulting in greater need for recycling and desalination; and rising water levels are necessitating flood defence investment.

Rotork technology assists water treatment, recycling and desalination processes, as well as playing a role in flood defence infrastructure. In all these applications, we provide innovative, reliable flow control solutions to help manage water sustainably and build resilience to extreme weather events.

## Sustainable Development



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

## Water management continued



### Desalination for industrial purposes

More than 70 IQ electric actuators have been ordered from Rotork India for a new desalination plant that is being built in Dahej, in the state of Gujarat, India. The plant will cater for the water requirements of the industrial estate located nearby. It will draw water from the Arabian Sea and desalinate and purify it using reverse osmosis to make it potable and suitable for use in industrial processes. The plant will process up to 100,000m<sup>3</sup> of sea water each day (enough to supply around 300,000 homes).

Rotork's actuators will be used to control butterfly valves responsible for sea water intake, as well as in the various water filtration processes. Rotork products were chosen for their reliability and longevity, as well as for the after-sales support that we will provide to the organisation responsible for operating the plant for the next 10 years. The plant is expected to be operational in early 2023.



### Supporting innovation in water supply

Rotork has a long-standing relationship with the San Diego, California, public utilities department. Pure Water San Diego is the City's 20-year programme to provide a safe and reliable local drinking water supply. San Diego city has struggled with water scarcity for decades and relied on imported drinking water to provide for most of its needs. As part of the programme, Pure Water San Diego is investing in plants to treat effluent wastewater and convert it into potable water for the city.

Rotork has provided hundreds of actuators and master stations to the utilities department over the past 30 years, as well as providing ongoing technical support to help manage the city's water infrastructure. Given the long-standing relationship and our reliable, high-quality products, Rotork won a contract to provide actuation for various projects linked to the new Pure Water San Diego project.

Pure Water San Diego will provide a safe, reliable and drought-proof local drinking water supply using proven water purification technology. Effluent wastewater is treated to provide drinking water, thereby reducing the city's reliance on imported water and its exposure to water scarcity risk. Hundreds of IQ electric and K-Tork pneumatic actuators have been supplied to the wastewater treatment and water purification plants, as well as for pump station improvements.



### Improving water treatment processes

Our electric actuators have been ordered by Wessex Water to support a £50 million project to reconstruct the Durleigh Water Treatment Centre, which provides drinking water to over 40,000 UK residents.

Durleigh Water Treatment Centre in Somerset is Wessex Water's second largest surface water treatment works, treating water from the Durleigh reservoir and Bridgewater and Taunton Canal. The plant renewal project will improve the treatment process and the quality of the water that is produced.

Rotork IQ actuators operate a wide range of valves for numerous applications throughout the treatment works. They are ideally suited to water applications because of their water ingress protection. The actuators are all connected via a Profibus control and communications network, enabling the use of digital technology to support a faster, safer and more efficient operation.

# Making a Positive Social Impact

## Our mission

To support thriving, fair and resilient communities.

## Strategic aims supported

- 1 Accelerated growth
- 2 Increased margins
- 3 Sustainability

## In this section

- Brand and reputation
- Talent, diversity and inclusion
- Training and development
- Stakeholder engagement
- Safety benefits of products
- Social contribution

## SDGs we will progress



## 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.

We aim to be a fair employer and promote opportunity and equality for all. Importantly, we also strive to help tackle inequality in society through the role we can play as an employer. 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.

#### Did you know?

Rotork Engineering Company Ltd began trading in 1957 and our first electric actuator was launched soon after. In 1959 the 100A Mk2 was released, which worked electrically to open valves that would otherwise have been operated by hand.

Our headquarters at Brassmill Lane, Bath, UK, were constructed in 1961. Since then, Rotork has expanded globally, serving customers in 170 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.

#### Our strategic commitments

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

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

#### Number of countries Rotork serves globally

# 170+



## Brand and reputation

**Rotork's brand is well-recognised and respected globally. It stands for innovative, quality, dependable products, and a first-class approach to customer relationships. Our brand is very important to us.**

Our 'brand and reputation' is consistently ranked as being among the most important sustainability issues for us in our materiality assessment. Our sustained success rests on building on Rotork's well-recognised and well-respected brand among existing customers, new customers, and potential future employees, including through providing exemplary application engineering and customer service.

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 to grow our business.

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

**rotork®**

## Our people and culture

**Rotork strives to be a great place to work. Engaged, committed people are key to the successful delivery of our strategy 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 'Keeping the world flowing for future generations', along with our three Values – Stronger Together, Always Innovating and Trusted Partner – 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.

### Our Values

**STRONGER TOGETHER**

**ALWAYS INNOVATING**

**TRUSTED PARTNER**

Our Values are embedded in our Code of Conduct.

### Culture

We ensure our people policies and systems are aligned to our Values. They are aimed at engaging and motivating colleagues 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 reflecting and connecting with the communities in which we operate.

In 2021, we engaged a third party to undertake an independent review of our culture and provide confidence that the culture of our business is an enabler to the delivery of our strategy. The review

was undertaken by PwC in line with their 'behavioural reinforcers' model. We have also appointed a Head of Culture and Inclusivity to focus dedicated time to these topics.

### Talent management

Attracting, recruiting, developing and retaining talented people is vitally important to the successful delivery of our strategy.

We complete a talent review process twice a year, involving both the Rotork Management Board and the Board. We review the top three management levels, as well as colleagues identified as future talent, for succession planning. In addition, our top 100 leaders complete a personal profile on a regular basis. This is reviewed by our Boards as part of our talent management process. Personal profiles enable us to better understand our talent pipeline for senior roles and ensure the right development is in place for key individuals.

Colleagues have regular, structured performance and development conversations with their line managers as part of our approach to performance management. We seek colleague feedback about performance conversations through our 'pulse' surveys, as these are an important element in helping to deliver our strategy. Over 90% of colleagues responded to say they had had a recent performance conversation in our 2021 survey.

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 relaunched our refreshed graduate and apprenticeship programmes in early 2022, as well as launching a new internship programme. We have set a target that at least 50% of participants in our schemes are female, ethnic minority or from other groups currently underrepresented in our business, to increase the diversity of our talent pipeline.

## Our people and culture continued

As we were not able to fully utilise our UK apprenticeship levy again in 2021, we donated unused funds to organisations supporting young people in other industries to develop new skills and capabilities.

We are proud to have a good mix of long-serving and newer employees. 40% of employees have been with Rotork for more than 10 years, while 42% joined in the last five years. Around half of our senior leaders have been promoted into their current roles from within Rotork. We believe the mix of Rotork experience and new external experience is integral to our success.

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. Colleagues' comfort with the pace of change has remained steady throughout the Growth Acceleration Programme at an average of 6.3/10 points in 2021, with 0 being too slow and 10 being too fast.

### Employee engagement

We seek employee feedback on a regular basis to ensure employees' views are considered in decisions made at Board and management level. Gaining regular insights also means we can respond to any concerns in a timely manner and understand what matters most to our people.

We conduct employee 'pulse' surveys several times a year. In 2021, we saw an increase of 17% in the number of employees who participated in our surveys. This was mainly due to the introduction of 'QR codes', which enabled colleagues to complete the survey on their work or personal mobiles. The new QR codes were particularly well received by our shopfloor colleagues.

Most surveys have a specific theme, but certain questions recur regularly so that we can track progress.

In 2021 our 'Rotork as a place to work' score was 6.65/10. As in 2021, for 2022 a portion of the management and leadership populations' bonus opportunity is linked to maintaining high levels of employee engagement through the year. Our average engagement score was 6.65 in 2021, slightly lower than in 2020 (7.1 points).

We continued our virtual induction sessions for our new joiners, completing 10 sessions throughout the year. These were hosted by members of the Rotork Management Board and non-executive directors. We provide a 'working@rotork' email address, which enables colleagues to ask questions on a range of topics, including HR matters. Colleagues can also contact Tim Cobbold (designated non-executive director for workforce engagement) via our 'working@rotork' email address.

We also introduced a 'gold award' into our recognition programme in 2021, recognising 20 colleagues for their exceptional contribution, aligned to one of our three Values.



### 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. It includes five areas of focus to guide our reward policies, procedures, systems and decision-making to support fair and competitive remuneration.

Our original Framework included a commitment to pay a real living wage (rather than the minimum wage) where this exists in a country. In 2021, we improved our commitment, and now ensure that we pay more than the living wage published in a country. Rotork is accredited as a Living Wage Employer by the Living Wage Foundation.

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 in line with our Values. We benchmark our reward and benefits arrangements externally in every country we operate. We also provide pension arrangements, based on local laws and practices.

We focused one of our 'pulse' engagement surveys on the topic of pay and benefits in 2021. This enabled us to understand the value of different benefits to our colleagues across our global operations. We are using insights from this survey to ensure that our benefit arrangements support our talent attraction and retention agenda.

### Future of work

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 2021 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 onsite and at home. As we have emerged from the COVID-19 pandemic, we have continued to enable a more flexible way of working. Many of our office-based colleagues now work from the office for three days a week and from home for the remainder.

### Collective bargaining

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. Around 6% of our employees globally are covered by union agreements. We are committed to open and constructive engagement with our employees and their representatives.

### Training and development

We work to ensure that Rotork's people have the right skills and experience to deliver the Group's strategy. We also recognise that a strong learning culture is an essential part of remaining an attractive employer in what is currently a buoyant labour market.

In 2021, colleagues undertook around 2 hours of training each a month. We are now looking to increase the amount of training colleagues undertake, including through our new learning@rotork site, which offers virtual training programmes on a broad range of topics. Line managers also complete Performance and Reward workshops, focused on achieving results in line with our Values and aligning reward with high performance.

## Our people and culture continued

In early 2022, we launched our new 'Winning Mindset – DNA of a Champion' workshops. To date, these have been rolled out to our top 100 population and a further 50 of our 'talent' population. The workshops provide practical tools and techniques to help individuals and teams improve their performance.

### Diversity and inclusion

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

Our last three appointments to the Board and Rotork Management Board have been diverse candidates, signalling our focus and commitment to gender and ethnic diversity. Our Board diversity policy is available to view at [www.rotork.com/en/careers/diversity-and-inclusion](http://www.rotork.com/en/careers/diversity-and-inclusion)

In terms of highlights from the year, we launched our new women@rotork initiative, with an objective of stimulating debate, discussions, networking and learning actions. We also celebrated Pride Week in 2021 and encouraged colleagues to adopt a rainbow version of the Rotork logo in their email signatures to help drive awareness. In addition, we issued guidance for colleagues during Ramadan, to broaden understanding about this holy month for our Muslim colleagues and ensure that those observing Ramadan were supported.

We re-launched our graduate and apprenticeship scheme and introduced a new internship scheme in 2022. We want to reflect the diversity of the communities in which we operate. This continues to be a complex challenge, but we have already made progress. As our next step, we have set a target that at least 50% of participants in our schemes are female, ethnic minority or from other groups currently underrepresented in our business, to increase the diversity of our talent pipeline.

### Supporting colleagues' mental wellbeing

We continued our support of International Wellbeing Week in 2021. We trained 100 Mental Health First Aiders during the year, so we now have a minimum of one per site globally. We plan to train the same number of new Mental Health First Aiders in 2022, as well as offering mental health awareness training for managers and employees more broadly. We also launched our Global Employee Assistance Programme during the year, which includes support for mental health as well as counselling 24/7 in colleagues' local languages.

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 7.5/10 in believing we offer an inclusive culture (2020: 7.4/10). Inclusivity is a measure in the bonus targets for our leadership populations. Our new Head of Culture and Inclusion will drive our diversity initiatives as a key focus of the role.

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.

### Gender diversity

We are committed to increasing the number of women in our organisation at all levels. Globally across our workforce, females make up 22.5% of our people. In 2021, females comprised 37.5% of our Board and 21.3% of the Rotork Management Board (our Executive Committee) and its direct reports. We were pleased to welcome a new female member to the Rotork Management Board, Lyndsey Norris, in the role of Managing Director, CPI.

Our 2020/21 Gender Pay Report showed that our mean pay gap in the UK is now in favour of women (-5.2%) and our median average pay is now just 1% lower than that of men, compared to the UK's national gender pay gap of 15.4%. Our UK gender pay gap is therefore now negligible. Further details are set out on page 58 and our full Gender Pay Report is published at [www.rotork.com/en/careers/diversity-and-inclusion](http://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. We are also a partner of Women in Engineering Society (WES), which aims to inspire women to achieve as engineers, scientists and as leaders.

We are proud to have achieved the target set out in the Hampton-Alexander review of 33% female representation on our Board. Any new appointments to the Board are 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 work with search firms who are signed up to the Voluntary Code of Conduct.

### Ethnic diversity

We already meet and exceed the Parker Review target for all FTSE 250 boards to have at least one member from an ethnic minority background by 2024. Rotork met this target during 2021, with the appointment of Karin Meurk-Harvey to the Board. Kiet Huynh was appointed Chief Executive Officer in January 2022 and joined the Board on the same date, increasing ethnic diversity on the Board to 25%. Both Karin and Kiet are members of the Board's ESG Committee.

In addition, we are seeing progress at the senior management level where we also are focusing efforts to increase ethnic diversity. Ethnic diversity at Executive Committee level (Rotork Management Board) and their direct reports has increased from 20% to 25%. We believe this is important in providing role models from diverse backgrounds at senior levels. As set out on page 54, 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.

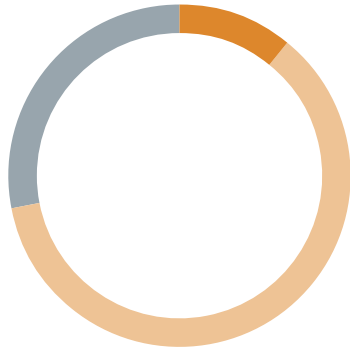
Following the introduction of ethnicity pay analysis and reporting in 2020, we undertook our analysis again in 2021. We have now reported our ethnicity pay data for the last three years. We invite colleagues to voluntarily self-report information about their ethnic origin and disability status via our employee survey, to help us better understand our workforce. We were pleased to see an increase in responses to 54% of the workforce in 2021, up from 32% the prior year. Our figures show that for 2021 both the mean and the median pay gap were in favour of ethnic minority colleagues in the UK, among those who responded to our 2021 survey. We disclose our ethnicity pay gap report alongside our gender pay review annually, in our Annual Report, Sustainability Report (see page 58) and as a standalone report on our website.



## Our people and culture continued

### Age profile

(Group, as at 31 December 2021)



Age Bracket	Employees
Under 30	11%
30 to 49	61%
50 and over	28%

### Gender profile

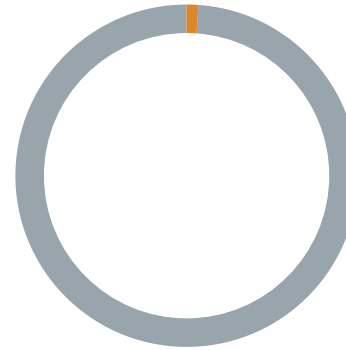
(Group, as at 31 December 2021)



Gender	Employees
Female	22.6%
Male	77.4%

### Registered disability

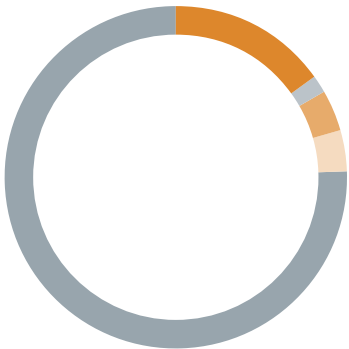
(2021 survey respondents; 54% of the workforce)



Registered disability	Employees
Yes	1.2%
No	98.8%

### Senior leaders' ethnicity

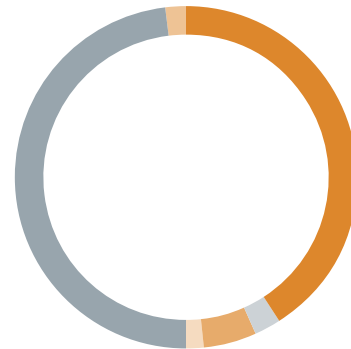
(As at 31 December 2021, includes RMB members and their direct reports)



Ethnicity	Senior leaders
Asian	15.0%
Black	1.9%
Hispanic	3.8%
Mixed	3.8%
White	75.5%

### Ethnic origin

(2021 survey respondents; 54% of the workforce)



Ethnicity	Employees
Asian	41.0%
Black	2.5%
Hispanic	5.1%
Mixed	1.6%
White	48.0%
Other	1.8%

## Our people and culture continued

### Social impact data

#### Gender pay reporting:

All Rotork employees in the UK

At 5 April 2021	2021	2020	2019
Mean Gender Pay Gap across all Rotork employees in the UK	<b>-5.2%</b>	-12.9%	-4.9%
Median Gender Pay Gap across all Rotork employees in the UK	<b>1%</b>	2.8%	8.7%
UK's National Gender Pay Gap (source: Office of National Statistics 2020)	<b>15.4%</b>	14.9%	17.4%

#### Ethnicity pay reporting:

All UK survey respondents

At 5 April 2021

At 5 April 2021	2021	2020	2019
Mean Ethnicity Gap across all UK survey respondents	<b>-6%</b>	11.2%	-0.5%
Median Ethnicity Gap across all UK survey respondents	<b>-13%</b>	-3.4%	-12.3%

#### Gender pay data

Gender pay gap reporting is a comparison of the hourly pay of men and women, irrespective of their role or level in the organisation, on a specific date. A negative percentage figure indicates an outcome in favour of women.

The mean (average) gender pay gap uses hourly pay of employees to calculate the difference between the average hourly pay of men, and average hourly pay of women. Mean averages give a useful overall indication of differences in pay; however, a small number of highly paid individuals can significantly impact the figure.

The median pay gap is calculated by comparing the pay of people who are in the middle of the lists of hourly pay for men and 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 is also improving year-on-year. It currently stands at 1% versus a national average of 15.4%.

#### Ethnicity pay data

We have continued to build on our previous ethnicity surveys to publish ethnicity pay gap data. We applied the same methodology used for calculating our gender pay gap to calculate ethnicity pay gap data. The ethnicity pay gap was calculated using responses from UK employees to our global employee survey in 2021, in which we invited colleagues to voluntarily self-report information about their ethnic origin. A negative percentage figure indicates an outcome in favour of ethnic minority employees.

Our figures show that for 2021 both the mean and the median pay gap were in favour of ethnic minority colleagues in the UK, among those who responded to our survey. Our full Ethnicity Pay Gap report is included within our Gender Pay Report, available at [www.rotork.com/en/careers/diversity-and-inclusion](http://www.rotork.com/en/careers/diversity-and-inclusion)



Case study:

## Making a difference through our products

Rotork has worked with Jersey Water to replace obsolete actuators at two water treatment sites on the Channel Island. Rotork IQ3 intelligent electric actuators have given Jersey Water increased levels of reliability and efficiency of the flow control on their sites.

Jersey Water was founded in the mid-19th century and now supplies up to 20 million litres of water per day to the residents of the island. Jersey Water's treatment works at Augrès, Handois and the La Rosière Desalination Plant have all been recently overhauled.

These treatment works use a two-stage water treatment method and the newly installed IQ3 actuators control the flow of water at the heart of this processes. The watertight protected IQ3 is double-sealed and certified to IP66/68 standards, making it ideal for water applications.

After these upgrades, Jersey Water now operates nearly 200 Rotork actuators and also benefits from regular 'Health Checks' to ensure their actuators are operating to high standards of functionality, efficiency and reliability.

## Our people and culture continued

# International Women's Day 2022

## women@rotork® webinar series



### Case study:

## women@rotork

We launched our new 'women@rotork' initiative in early 2022, as part of our focus on supporting gender diversity. We have begun with a webinar series, the first of which took place on International Women's Day in March 2022. Around 700 colleagues from around the world joined an hour-long session hosted by our Managing Director of CPI, Lyndsey Norris and non-executive director Karin Meurk-Harvey, who is a member of the ESG Committee. Lyndsey and Karin shared experiences from their working lives and engaged in an extensive question and answer session with the audience. We have further sessions planned during the year.



## Lyndsey Norris

Managing Director, CPI

Lyndsey joined Rotork in August 2018 as a Divisional Finance Director, initially for the Instruments Division before moving into the Divisional Finance Director, Chemical, Process and Industrial (CPI) role in January 2020. In June 2021 Lyndsey became Managing Director, CPI.

Prior to joining Rotork, Lyndsey spent 21 years at IMI Precision Engineering (a division of IMI plc) holding numerous senior finance roles including Global Operations Finance Director and Regional Finance Director where she focused on the industrial automation, energy, commercial vehicle and life science sectors, Lyndsey is a CIMA qualified accountant.



## Karin Meurk-Harvey

Non Executive Director

Karin has an international background in engineering, technology and telecoms spanning over 30 years. She joined Smart DCC from Vodafone, where she spent five years as their Global Vice President of Commercial for IoT, Cloud and Security. Karin was appointed to the Rotork plc Board in 2021, adding commercial expertise particularly in high-growth markets.

Between 1996 and 2013, Karin held a number of senior roles with Ericsson and has also served as a Non-Executive Director of Korala Associates Ltd, a privately-owned ATM software business.

# Stakeholder engagement

**We recognise the important role that stakeholder support plays in the successful achievement of our strategy. 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. Understanding and considering a broad range of stakeholder views is key in decision-making.**

Rotork's key stakeholders include customers, colleagues, shareholders, communities, suppliers and governments. We engage proactively with stakeholders 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 2021 Annual Report. We have also provided a summary over the following pages.

In 2022, we again engaged representatives from each of our key stakeholder groups in an assessment of environmental, social and governance issues to ensure our strategy and associated reporting is focused on the most important topics.

**See page 14 for details.**

## Customers

**We serve customers in the oil & gas, water and power, and chemical, process and industrial sectors in more than 170 countries around the world. Our customers rely on Rotork for innovative, cutting-edge solutions and dedicated lifecycle service and support. We invested £12.6m in research and development in 2021.**

### How we engage

We aim to be a 'Trusted Partner' to our customers. Rotork has a long-established tradition of innovation and of tackling challenging engineering problems. 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 have also stream-lined our new product commercialisation process and have a strong pipeline.

### Outcomes

- Our Voice of Customer survey confirmed that our sales force realignment initiative has significantly improved our customer intimacy. It also highlighted other areas where we can deliver additional customer value and we are working hard to do this.
- We launched five new products in 2021, many of which are helping customers meet their energy and emissions reduction challenges and reduce operating costs through leveraging the latest control systems.
- Sales of our 'Eco-transition portfolio' products and services grew year-on-year on an OCC basis.
- Rotork Site Services continued to develop its offering, launching our new Intelligent Asset Management system in January 2021.

### Priorities for 2022

We are focused on delivering our pipeline of innovative new products, leading with those offering high efficiency and which are aligned to the electrification trend. We are also working to apply greater focus to customer value, including through delivering on our Voice of Customer survey findings.

**We engage proactively with all our key stakeholder groups**

## Stakeholder engagement continued

### Colleagues

**We have around 3,200 employees, working in 67 offices and 17 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 £143.1m in wages, salaries, and social security payments in 2021.**

#### How we engage

We offer a broad range of channels for employee engagement. These include employee forums, pulse surveys, town halls and our working@rotork email channel. The Chief Executive Officer's regular Board reports include updates on employee engagement and views of the wider workforce. Our designated non-executive director for employee engagement, Tim Cobbold, also brings the employee's voice into the boardroom, including through direct suggestions received via email. Tim Cobbold's report on employee engagement in 2021 is on pages 111-112 of our 2021 Annual Report. Both Tim Cobbold and Kiet Huynh participate in induction sessions for new starters.

#### Outcomes

- We increased our 'Fair Pay' commitment in 2021 such that we will now pay more than the living wage published in a country. Rotork continues to be accredited as a Living Wage Employer by the Living Wage Foundation.
- We published our second UK ethnicity pay review in early 2022, now providing three years' data for comparison.
- We achieved a reduction in lost time injury rates again in 2021, recording a rate of 0.20 compared to 0.24 the prior year.

- We retained relatively high levels of employee engagement, scoring an average of 6.65 points in our pulse surveys (2020: 7.1 points). We increased the number of employees taking part in our surveys by 17% compared to the prior year.
- We continued our support of International Wellbeing Week and trained 100 Mental Health First Aiders during the year, so we now have a minimum of one per site globally.

#### Priorities for 2022

Continue the development and roll-out of our Global Health and Safety Standards to continue to improve our health and safety performance; target improving employee engagement levels; drive advocacy of Rotork's approach to diversity and inclusion; and continue to increase our internal communication 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 over 20 years. We paid £75.5m in dividends in 2021. Our share register is on page 212 of our 2021 Annual Report.**

#### How we engage

We actively engage with our investors, advisers and the investment community, as well as our employee shareholders. All shareholders, whether they are individual or institutional, are treated fairly and have equal access to information. Our Chairman, Chief Executive Officer, Group Finance Director and our Investor Relations Director regularly communicate with existing and potential shareholders. During the year, they engaged with investors representing over half of our issued share capital.

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

- In 2021, despite the continuing restrictions imposed by COVID-19, the Chief Executive Officer, Group Finance Director and Investor Relations Director attended (either in person or virtually) over 100 meetings with over 160 separate institutions, as well as participating in several shareholder events. The CEO succession

process was an important subject of discussion in meetings during the year, as were our ESG & Sustainability initiatives. In addition, at the beginning of 2021, Tim Cobbold as Remuneration Committee Chair, wrote to our top 20 institutional shareholders holding 56% of our issued share capital, to update them on executive remuneration matters ahead of our 2021 AGM.

- The views expressed by investors are shared with the full Board at each Board meeting and with the relevant committees, enabling the Board to take these views into account in its wider decision making.
- Colleagues in many of our locations receive a gift of Rotork shares each year, wherever it is practical to do so, and can purchase additional shares through our schemes. This gives our people an additional stake in our success.

#### Priorities for 2022

Deliver an extensive investor engagement programme throughout the year to introduce our new CEO to existing and potential investors; and plan to hold an event later in the year to provide an update on our priorities and our plans to deliver our growth ambition.

## 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, directs communication to suppliers and monitors adherence to standards. Our supplier engagement was particularly active during 2021, as the COVID-19 pandemic continued to pose significant challenges for supply chains around the world in 2021. We also 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 £280m with suppliers in 2021.
- Our supply chain teams worked closely with suppliers to mitigate risks around the availability and costs of logistics, components and commodities resulting from COVID-19-related impacts such as lockdowns, requirements to isolate and people leaving the workforce.
- We updated our Supplier Code of Conduct early in 2022, including new requirements of suppliers on social, ethical and environmental topics.

- 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](http://www.rotork.com/en/investors/modern-slavery-statement)

#### Priorities for 2022

During 2022, we will focus on embedding our new Supplier Code of Conduct across our global supply chain. We will also engage with suppliers to begin gathering accurate emissions data and support those with higher carbon footprints to start the process of setting science-based emissions reduction targets, in line with our new net-zero commitments.

### 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. Rotork currently has three global charity partnerships, with Renewable World, Pump Aid and WeForest. In addition, charity committees at Rotork sites also support causes that are important to employees locally through charitable giving and volunteering.

#### Outcomes

- We donated £135,000 in total to charities around the world in 2021.
- We increased our donations to our global charity partners by 25% compared to the prior year.
- In addition, we have channelled almost £80,000 of funds from individuals, Rotork charity committees and the Company to our own charitable foundation, Rotork Benevolent Support, since establishing it in July 2020. The foundation supports past and present Rotork colleagues facing financial hardship.

#### Priorities for 2022

We will continue to ensure our charitable partnerships have a positive social impact, aligned to our Purpose and the UN SDGs we have identified to support. We will also continue to support our employees in contributing to local causes close to their hearts. As per our Company policy and ethos, we will also engage proactively with communities about any changes to our operations.

## Stakeholder engagement continued

### Governments

**Governments expect us to engage positively with them, comply with applicable laws and pay taxes that we owe on time.**

#### How we engage

We conduct our business in an open and transparent manner and engage regularly with government officials. We are committed to paying the right and fair amount of tax in each territory in which we operate, abiding by both the spirit and the letter of the law.

#### Outcomes

- We paid £32m in taxes in 2022.
- We published a detailed tax strategy setting out our responsible tax conduct last year (see [www.rotork.com/en/investors/corporate-governance/group-tax-strategy](http://www.rotork.com/en/investors/corporate-governance/group-tax-strategy))
- 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 again in 2022, to understand their views about key sustainability issues relevant to Rotork (see page 14 for details).

#### Priorities for 2022

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.**

Rotork products therefore 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.

#### Case study:

### Enhancing safety through our products

Rotork supplied electro-hydraulic actuators to provide a critical safety function for a Malaysian mass-transit railway in 2021. They control vents of up to five metres wide, which open in the event of a fire. They also control the flow of fresh air into the railway, to support temperature control and maintain safe levels of oxygen and air pollutants. The high-quality, corrosion resistant attributes of Rotork's actuators enable them to reliably perform these critical safety functions.



## Our social contribution

**Rotork strives to make a positive contribution to the communities in which we operate around the world. We consider this an integral part of our commitment to be a good corporate citizen. Our ethos is grounded in our Values and behaviours and is part of what makes Rotork a great place to work.**

We are committed to making a positive contribution to the communities in which we operate around the world. We target an annual contribution of 0.1% of profits for our nominated charity partners, and a similar percentage to local charitable causes around the world. In keeping with our Values, local teams are empowered to decide how to distribute funds and support their local communities.

### Our global charity partners

Our charity partnerships are aligned to our Purpose and the UN Sustainable Development Goals we are targeting to support. We donated £125,000 in total to Renewable World, Pump Aid and WeForest in 2021, increasing our donations to our global charity partners by 25% compared to the prior year. In addition, we have channelled almost £80,000 of funds from individuals, Rotork charity committees and the Company to our own charitable foundation, Rotork Benevolent Support, since establishing it in July 2020. The foundation supports past and present Rotork colleagues facing financial hardship, particularly as a result of the COVID-19 pandemic.

### 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:

#### Accountability requirements

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

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

Do they align with our business and support our Purpose of 'Keeping the world flowing for future generations'?

#### Do they empower for the long term?

Are they involved in supporting communities longer-term? For example, by empowering them to support themselves?

#### How are they funded?

Are they an established and registered charity, non-political and non-religious in nature?



## WeForest

Rotork donated £30,000 to WeForest in 2021 (up from £20,000 in 2020). In the highlands of Tigray in Ethiopia, WeForest restores and protects land and brings water back to the region, which is threatened by desertification, and lifts rural communities out of extreme poverty. Since war broke out in Tigray in late 2020, the communities and the WeForest team have faced considerable challenges. We are pleased to report that not only are they safe, but that despite the restrictions to travel, communication and transport of goods and materials, there has been amazing restoration progress made.

Since January 2021, a further 3,632 hectares of forest – significantly more than WeForest's original goal of 2,800 hectares – has been identified and mapped for restoration. Preparation and planting activity is currently underway. Rotork has funded the restoration of around 46 hectares, equivalent to growing and protecting 44,222 trees. This is estimated to sequester over 7,000 tonnes of CO<sub>2</sub> over the coming 50 years. The restoration includes creating infrastructure to hold water and soil to that helps the trees grow and stops hillsides from eroding.

### Donation to WeForest in 2021

# £30k



## Our social contribution continued

### Pump Aid

Rotork donated £45,000 in 2021 (up from £40,000 in 2020), which is being used to support a combination of water, sanitation, hygiene and nutrition at three Community Based Childcare Centres (CBCCs) in rural Malawi.

Rotork is also enabling Pump Aid to support the development of water entrepreneurs who help to build the resilience of rural households through access to water. The CBCC WASH (Water, Sanitation and Hygiene) projects will help over 250 young children



Donation to Pump Aid in 2021

**£45k**

survive and thrive with improved water, sanitation, hygiene and nutrition. Training and business support to five water entrepreneurs will provide vital pump repair, maintenance and installations to keep water flowing at 75 community pumps, meaning that at least 15,000 people will have a reliable community water supply, improving health, food security and resilience.



### Renewable World

We donated £50,000 to Renewable World in 2021 (up from £40,000 in 2020). Rotork's support in 2021 was a boost to the 'Keep Kids in School Programme' that is working to bring clean water, sanitation and hygiene facilities to every secondary school in the remote region of Gulmi Durbar, in Nepal. Despite challenges with schools closing due to COVID-19, Renewable World have completed baseline surveys in all 11 schools, adapting our designs to students' feedback, especially the views of girls and children with disabilities. This is the first time they have felt their voices heard with regards to water and sanitation provision.

Our partnership has also allowed Renewable World to set up WASH Clubs (Water, Sanitation and Hygiene) within each of the schools ready to launch in 2022. Renewable World began the construction and installation of the two solar water pumping systems in January 2022, made possible with Rotork's support.

Donation to Renewable World in 2021

**£50k**

### Rotork Benevolent Support

Rotork also funds and manages its own charitable foundation, Rotork Benevolent Support. Established 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 £80,000 in donations from individuals, Rotork charity committees and office collections.



## Our social contribution continued



In Germany, Schischek colleagues supported victims of the devastating flood in 2021 through donations and practical help and equipment to deal with flood damage. Colleagues also chose to support a local hospice and an animal protection association with donations of €7,500.

In the US, colleagues raised awareness and funds for local cancer services, with employees wearing pink during October for breast cancer awareness. Colleagues also donated to the Salvation Army and the local food bank to provide food to those in need at Christmas.



## Local charity highlights from 2021

Rotork colleagues around the world supported hundreds of charities and good causes throughout 2021.



In the UK, Rotork donated £5,000 to the Royal United Hospital (RUH) in Bath towards their robotic surgery programme, and £2,000 to the Children's Literature Festival, among others. At Christmas we raised funds for the Bath Foodbank and KidsOut, a charity supporting children who have escaped domestic abuse.

Colleagues at Rotork Actuation Shanghai (RAS) donated hundreds of boxes of milk and fruits to the elderly in a neighbouring village. RAS volunteers celebrated the Double Ninth Festival as part of an initiative to show their appreciation for the elderly in the community.

### Case study:

## Rotork India in the community

Rotork India donated over £100,000 in 2021 to support various local charitable initiatives. Rotork India focused its charitable investments on projects supporting education, marginalised individuals, health, wellbeing and the environment. The funds were used for communities in and around its plant locations in India. One such example was the donation of a reverse osmosis plant to Hinnakki village near Rotork's Jिंगani facility. Reverse osmosis is a simple process to treat and purify water for safe consumption. The plant provides drinking water for around 2,000 people in the village. Wastewater from the plant is used to water plants in a nearby park, thereby supporting the ecosystem and protecting the green space.

Rotork India also provided support for COVID-19 prevention and relief by donating two emergency ambulances and thousands of PPE kits and other types of equipment. In addition, we provided laptops for students with speech and hearing impairments, equipment for eight empowerment centres and playground equipment for children in underprivileged areas.



In India, Rotork donated to a range of projects, including to Sevalaya, a home for the elderly and abandoned children, funding solar panels and solar streetlights for the facility and outside play areas. Rotork India also donated to various organisations for medical equipment to help the fight against COVID-19.



Rotork made a donation to a Malaysian charity that supports disabled children with food, accommodation and daily living. Rotork chose to support the charity as its revenues had been impacted by the COVID-19 pandemic.

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.

# Appendices



# Definitions of our material sustainability issues

## Operating responsibly

### Safety, health & wellbeing

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

### Climate change; net-zero future

Playing our part in the transition to a net-zero carbon future; including delivering our climate change strategy and science-based emissions reduction targets, implementing TCFD recommendations and seizing opportunities and managing the risks presented by climate change.

### Circular economy

Adopting 'circular economy' approaches to support the decoupling of economic growth from the use of natural resources by using resources more effectively, designing out waste and pollution, reusing materials and regenerating natural systems to protect biodiversity and natural capital.

### Supply chain management

Managing the supply chain to encourage high standards of social, ethical and environmental conduct to maximise shared value created and to reduce exposure to related risks and disruption (including in relation to potential climate impacts such as exposure to carbon taxes and an increase in extreme weather events).

### Culture, ethics & governance

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

## Cyber and information security

The importance of robust cybersecurity arrangements to help manage the increasing risk and sophistication of cyber- and information-security threats, both within the business and within connected products provided to customers.

## Geopolitical risk

The potential impact of geopolitical risks on the business, its strategy and planning, particularly in relation to global supply chains, and cross-over with activities to optimise returns and increase operational resilience.

## Enabling a sustainable future

### New end markets & applications

The importance of penetrating new end markets, and identifying 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. hydrogen, CCUS).

## 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, solar and hydropower.

## Environmental benefits of products

Designing and supplying products and services that deliver reliable, energy efficient solutions to customers, and that minimise environmental impacts and emissions, such as avoiding methane emissions and enabling use of renewable energy.

## Customer & end user value

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

## Infrastructure investment & modernisation

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

## Energy security

Global energy security risks and opportunities influencing Rotork's ability to create value for itself and its stakeholders.

## Making a positive social impact

Building on Rotork's well-recognised and well-respected brand among existing customers, new customers and potential future employees, including through providing exemplary application engineering and customer service.

## Talent attraction & retention

Attracting, developing and retaining talented employees to support the delivery of the Group's strategy, by being an employer of choice, targeting high levels of employee engagement, supporting colleagues' wellbeing and providing competitive pay and benefits.

## Diversity & inclusion

Demonstrating our commitment to diversity and inclusion, by providing positive role models and delivering initiatives to drive greater diversity within the organisation, including gender and ethnic diversity.

## Training & development

Ensuring that Rotork's people have the right skills and experience to deliver the Company's strategy and investing in their ongoing development.

## Stakeholder engagement

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

## Social contribution

Supporting and engaging with local communities where we operate to ensure we have a positive impact and maintain our 'licence to operate' as well as our ability to attract the best local talent.

## Safety benefits of products

Supporting customers' health and safety initiatives including through (i) reducing the need for their employees to physically access equipment on site and (ii) containing process/equipment failure issues (for example, tank overflows).

## 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 set out on pages 70-77. The 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 index is set out on page 78 of this report.

### 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 2021, 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/environmental-social-governance](http://www.rotork.com/environmental-social-governance). 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/environmental-social-governance](http://www.rotork.com/environmental-social-governance)

### Get in touch

We welcome any feedback on this report and our sustainability agenda. Get in touch via: [esg@rotork.com](mailto:esg@rotork.com)

# Global Reporting Initiative (GRI) Index

We report in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Framework. This report has been prepared in accordance with the GRI Standards: Core option. This table includes references to our 2021 Sustainability Report. These are marked 'SR'. It also includes some references to our 2021 Annual Report. These are marked 'ARA'. The ARA is available at the following address: [www.rotork.com/en/investors/financial-information](http://www.rotork.com/en/investors/financial-information)

## General disclosures

Topic	GRI standard	Disclosure reference/comment	Page no. and/or url
<b>Organisational profile</b>	GRI 102-1 Name of the organisation	Rotork plc. We sell our products under our main Rotork brand but we also have a number of sub-brands. See our website for a list.	<a href="http://www.rotork.com/en/about-us/our-brands">www.rotork.com/en/about-us/our-brands</a>
	GRI 102-2 Activities, brands, products & services	The Company manufactures industrial flow control equipment and instrumentation for oil & gas, water and wastewater, power, chemical process and industrial applications. Group revenue split by division: Oil & Gas 46%, Water & Power 26%, Chemical, Process and Industrial 28%.	SR page 9 ARA page 15
	GRI 102-3 Location of headquarters	Rotork House, Bath, United Kingdom.	ARA page 211
	GRI 102-4 Location of operations	Rotork has operations in Europe, Middle East and Africa, Asia Pacific and the Americas.	ARA page 14
	GRI 102-5 Ownership and legal form	Public Limited Company.	ARA page 151
	GRI 102-6 Markets served	Rotork serves more than 170 countries. Europe, Middle East and Africa 2021 sales = £213m Asia Pacific sales = £222m Americas sales = £134m	SR page 9 ARA page 14
	GRI 102-7 Scale of organisation	i. Total number of employees: 3,200 ii. Total number of operations: 17 manufacturing facilities, 67 offices iii. Revenues: £569m iv. N/A v. Quantity of products or services provided: see GRI 102-6.	SR pages 9 ARA pages 9, 14
	GRI 102-8 Information on employees and other workers	a. Total number of employees by employment contract (permanent and temporary): permanent: 3,114; temporary: 86. b. Total number of employees by employment contract (permanent and temporary), by region: EMEA: 1,717 permanent; 53 temporary. APAC: 911 permanent; 22 temporary. Americas: 486 permanent; 11 temporary. c. Total number of employees by gender: full-time male 2,458; female 666; part-time male 21; female 55. d. Whether a significant portion of the organization's activities are performed by workers who are not employees. If applicable, a description of the nature and scale of work performed by workers who are not employees: N/A. e. Any significant variations in the numbers reported in Disclosures 102-8-a, 102-8-b, and 102-8-c (such as seasonal variations in the tourism or agricultural industries): N/A f. An explanation of how the data have been compiled, including any assumptions made: data is drawn from our centralised, global data system.	
	GRI 102-9 Supply chain	A description of the organisation's supply chain, including its main elements as they relate to the organization's activities, primary brands, products, and services.	SR pages 39-40 ARA page 51

## Global Reporting Initiative (GRI) Index continued

### General disclosures continued

Topic	GRI standard	Disclosure reference/comment	Page no. and/or url
<b>Organisational profile</b> continued	GRI 102-10 Significant changes to the organisation and its supply chain	We have continued to work to optimise our footprint. We consolidated several mid-sized manufacturing facilities during 2021, closing three manufacturing sites during the year (Houston, San Sebastian and Cusago), so that we now have 17 manufacturing facilities.	ARA page 79
	GRI 102-11 Precautionary principle or approach	Rotork incorporates the precautionary principle into its Environment & Energy Policy and practice.	Environment & Energy Policy: <a href="http://www.rotork.com/en/documents/publication/8995">www.rotork.com/en/documents/publication/8995</a>
	GRI 102-12 External initiatives	A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses.	SR page 69
	GRI 102-13 Membership of associations	A list of the main memberships of industry or other associations, and national or international advocacy organizations.	SR page 69
<b>Strategy and analysis</b>	GRI 102-14 Statement from senior decision maker	A statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy for addressing sustainability.	SR pages 6-8 ARA pages 12, 13, 25
	GRI 102-15 Key impacts, risks and opportunities	Market dynamics and risk management are described in the ARA – on pages 18-19 and 82-93 Material sustainability issues, risks and opportunities are discussed on pages 14-15 of the SR.	SR page 14-15 ARA pages 18-19/82-93
<b>Ethics and integrity</b>	GRI 102-16 Values, principles, standards and norms of behaviour	A description of the organization's values, principles, standards, and norms of behaviour.	SR page 54 ARA pages 51, 56, 151-152
<b>Governance</b>	GRI 102-18 Governance structure	a. Governance structure of the organization, including committees of the highest governance body. b. Committees responsible for decision-making on economic, environmental, and social topics.	SR pages 16-17 ARA pages 104, 116-118
<b>Stakeholder engagement</b>	GRI 102-40 List of stakeholder groups	Provide a list of stakeholder groups engaged by the organization.	SR pages 60-63 ARA pages 109-111
	GRI 102-41 Collective bargaining agreements	Rotork upholds colleagues' freedom of association and right to collective bargaining. There are collective bargaining agreements in several sites and countries in which we operate. Globally, 6.2% of our employees are covered by collective bargaining agreements.	SR page 55 ARA page 57
	GRI 102-42 Identifying and selecting stakeholders	Report the basis for identification and selection of stakeholders with whom to engage.	SR pages 14-15, 60-63 ARA pages 109-111
	GRI 102-43 Approach to stakeholder engagement	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	SR pages 60-63 ARA pages 101, 110-111
	GRI 102-44 Key topics and concerns raised	Report key topics and concerns that have been raised through stakeholder engagement, including: i. how the organization has responded to those key topics and concerns, including through its reporting; ii. the stakeholder groups that raised each of the key topics and concerns.	SR pages 60-63 ARA pages 110-112

## Global Reporting Initiative (GRI) Index continued

### General disclosures continued

Topic	GRI standard	Disclosure reference/comment	Page no. and/or url
Reporting practice	GRI 102-45 Entities included in the consolidated financial statements	a. Entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report: N/A.	ARA pages 205-207
	GRI 102-46 Defining report content and topic boundaries	a. Explain the process for defining the report content and the topic Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	SR pages 2, 14-15
	GRI 102-47 List of material topics	List all the material aspects identified in the process for defining report content.	SR pages 14-15
	GRI 102-48 Restatements of information	<b>Emissions:</b> Scope 1 emissions figures for 2020 have been restated due to improvements in our calculations. We have also included additional fleet emissions, which had not previously been captured. In addition, we have improved the accuracy of scope 2 location-based emissions previously reported in our 2021 Annual Report, changing our reported intensity ratio. We emitted 14.3 tonnes CO <sub>2</sub> e per £m in 2021. See pages 23 and 27 for details. <b>Water:</b> usage data for 2020 has been restated due to over-reporting by some sites during 2020. Water withdrawal in 2020 was 32,653m <sup>3</sup> , as opposed to 36,876m <sup>3</sup> as previously reported. We have corrected this in our 2021 ARA and our SR.	ARA pages 49-50 SR pages 23, 27
	GRI 102-49 Changes in reporting	None.	N/A
	GRI 102-50 Reporting period	1 January 2021 – 31 December 2021.	N/A
	GRI 102-51 Date of most relevant report	2021 Annual Report, signed by the Board on 28 February 2022 and published on 30 March 2022. 2021 Sustainability Report, signed by the Board on the 16 June and published on the 20 June 2022.	<a href="http://www.rotork.com/en/investors/financial-information">www.rotork.com/en/investors/financial-information</a> <a href="http://www.rotork.com/en/environmental-social-governance/esg-reports-and-policies">www.rotork.com/en/environmental-social-governance/esg-reports-and-policies</a>
	GRI 102-52 Reporting cycle	Annual.	N/A
	GRI 102-53 Contact point for questions regarding the report	For enquiries, please contact <a href="mailto:esg@rotork.com">esg@rotork.com</a>	<a href="mailto:esg@rotork.com">esg@rotork.com</a>
	GRI 102-54 Claims of reporting in accordance with the GRI Standards	The Sustainability Report has been prepared in accordance with the GRI Standards: Core option.	SR page 2
GRI 102-55 GRI content index	GRI contents index.	N/A	
GRI 102-56 External assurance	CO <sub>2</sub> e and energy usage data for 2021 has been independently verified and assured by MakeUK. MakeUK assured both location-based and market-based scope 2 emissions for 2021.	ARA page 49 SR page 27	



## Global Reporting Initiative (GRI) Index continued

### Specific disclosures

Topic	GRI standard	Disclosure reference/comment	Page no. and/or url
<b>Safety, health &amp; wellbeing</b>	GRI 403 Occupational health & safety	<ul style="list-style-type: none"> <li>– Management approach: We use a combination of lagging and leading indicators to measure our health and safety performance. We engage employees in health and safety risk assessment to identify ways to reduce risks in our operational environments.</li> <li>– 403-1 Occupational health and safety management system</li> <li>– 403-2 Hazard identification, risk assessment, and incident investigation</li> <li>– 403-3 Occupational health services</li> <li>– 403-4 Worker participation, consultation, and communication on occupational health and safety</li> <li>– 403-5 Worker training on occupational health and safety</li> <li>– 403-6 Promotion of worker health</li> <li>– 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships</li> <li>– 403-8 Workers covered by an occupational health and safety management system</li> <li>– 403-9 Work-related injuries</li> <li>– 403-10 Work-related ill health</li> </ul>	ARA page 48 SR pages 21-22 SASB Index page 78
<b>Climate change; net-zero future</b>	GRI 201-2 Financial implications climate change	<ul style="list-style-type: none"> <li>– Management approach: The Board has overall responsibility for the management of risk, including climate risk, supported by the ESG Committee. Risks are identified continually throughout the year, with formal reviews at mid- and full-year.</li> <li>– Task Force on Climate-related Financial Disclosures (TCFD) report for 2021 is on pages 59-73 of our 2021 ARA. A further TCFD report is on pages 30-38 of our 2021 Sustainability Report.</li> </ul>	SR page 37 ARA pages 59-73
	GRI 305 Emissions	<ul style="list-style-type: none"> <li>– Management approach: We use the Rotork Management Operating System (RMOS) to identify opportunities for projects to reduce our energy usage and associated carbon emissions. Our footprint rationalisation is also driving reductions in our carbon footprint.</li> <li>– 305-1 Direct (Scope 1) GHG emissions = 3,686 metric tonnes CO<sub>2</sub>e</li> <li>– 305-2 Energy indirect (Scope 2) GHG emissions = 4,464 metric tonnes CO<sub>2</sub>e (location-based)</li> <li>– 305-3 Other indirect (Scope 3) GHG emissions = 431,397 metric tonnes CO<sub>2</sub>e</li> <li>– 305-4 GHG emissions intensity = 14.3 tonnes CO<sub>2</sub>e/£1m</li> <li>– 305-5 Reduction of GHG emissions = 7% lower year-on-year (scope 1 &amp; 2 emissions)</li> <li>– 305-6 Emissions of ozone-depleting substances (ODS) = NONE to report.</li> </ul>	SR pages 23, 27 ARA page 49
<b>Energy transition</b>	As GRI 305 above.	<ul style="list-style-type: none"> <li>– As 305-1 – 305-6 above.</li> </ul>	As above
	N/A	<ul style="list-style-type: none"> <li>– Material issue: 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.</li> <li>– Management approach: The energy transition presents opportunities for new end markets and new applications for our products. We research and track emerging opportunities and build these into our strategy, to play our fullest role in the transition.</li> </ul>	ARA page 52 SR pages 45-49
<b>Environmental benefits of products</b>	GRI 302-5 Environmental benefits of products	<ul style="list-style-type: none"> <li>– Management approach: The Rotork Development and Launch Process is particularly focused on new products that help improve our customers' efficiency and environmental performance.</li> <li>– Disclosure 302-5 Reduction in energy requirements of products and services: In 2021, 4 out of 5 new products launched deliver improvements in energy efficiency, emissions reduction and enable the use of renewable energy. We also provide a refurbishment service and spares kits (to replace worn components) for customers, to maximise the life of products sold.</li> </ul>	ARA page 50 SR pages 29, 45-49

## Global Reporting Initiative (GRI) Index continued

### Specific disclosures continued

Topic	GRI standard	Disclosure reference/comment	Page no. and/or url
<b>New end markets &amp; applications</b>	N/A	<ul style="list-style-type: none"> <li>– Material issue: 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.</li> <li>– Management approach: We seek new growth and sales opportunities in support of our sustainable development goals. Our transition to an end-market aligned structure, and re-focused new product development processes, is enabling us to successfully grasp opportunities.</li> </ul>	ARA pages 2-7 SR pages 45-49
<b>Innovation</b>	N/A	<ul style="list-style-type: none"> <li>– Material issue: 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).</li> <li>– Management approach: We have a dedicated product innovation process which focuses on developing cutting edge products for every application in the markets we serve and enables us to expand into new high-potential markets.</li> </ul>	SR pages 45-51
<b>Customer &amp; end-user value</b>	GRI 418 Customer privacy	<ul style="list-style-type: none"> <li>– Management approach: Rotork ensures that any customer data that it collects, stores and/or transmits is treated in accordance with its robust policies on data classification and handling, data privacy and acceptable use of data. All Rotork employees are required to comply with these policies, and Rotork is confident that it maintains high standards of data security.</li> <li>– 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data: NONE.</li> </ul>	N/A (none)
<b>Safety benefits of products</b>	GRI 416	<ul style="list-style-type: none"> <li>– Management approach: Rotork has been market leader in flow control for over 60 years, with a particular reputation for safety solutions. Products are available with extensive certifications, including for use in hazardous areas and safety applications, and as explosion proof.</li> <li>– 416-1 Assessment of the health and safety impacts of product and service categories.</li> <li>– 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services: NONE. We have not identified any non-compliance with regulations and/or voluntary codes.</li> </ul>	SR page 63
<b>Brand &amp; reputation</b>	N/A	<ul style="list-style-type: none"> <li>– Material issue: building on Rotork's well-recognised and well-respected brand among existing customers, new customers and potential future employees.</li> <li>– Management approach: our brand is very important to us; building on Rotork's well-recognised and well-respected brand is crucial to our achieving sustained success.</li> </ul>	SR page 54
<b>Infrastructure investment &amp; modernisation</b>	N/A	<ul style="list-style-type: none"> <li>– Material issue: 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).</li> <li>– Management approach: We seek opportunities for sales to infrastructure projects to support business growth and at the same time help solve sustainability issues.</li> </ul>	SR pages 45-51
<b>Energy security</b>	N/A	<ul style="list-style-type: none"> <li>– Material issue: Global energy security risks and opportunities influencing Rotork's ability to create value for itself and its stakeholders.</li> <li>– Management approach: We seek opportunities to support initiatives that will reduce energy security risk globally.</li> </ul>	SR pages 7, 8, 14, 15
<b>Geopolitical risk</b>	N/A	<ul style="list-style-type: none"> <li>– Material issue: The potential impact of geopolitical risks on the business, its strategy and planning, particularly in relation to global supply chains, and cross-over with activities to optimise returns and increase operational resilience.</li> <li>– Management approach: The Board has overall responsibility for the management of risk, including geopolitical risk, supported by the ESG and Audit Committees. Risks are monitored continually throughout the year, with formal reviews at mid- and full-year.</li> </ul>	SR pages 7, 8, 14, 15

## Global Reporting Initiative (GRI) Index continued

### Specific disclosures continued

Topic	GRI standard	Disclosure reference/comment	Page no. and/or url
<b>Culture, ethics &amp; governance</b>	GRI 205 Anti-corruption	<ul style="list-style-type: none"> <li>– Management approach: Rotork has a zero-tolerance policy towards bribery and corruption worldwide, irrespective of country or business culture. This is documented in our Code of Conduct and Anti-bribery and Corruption Policy. We conduct ongoing due diligence on our sales channel partners and ask suppliers to sign up to our Supplier Code of Conduct. This code covers our expectations on ethical behaviours and compliance with applicable laws; including our zero-tolerance approach to bribery and corruption.</li> <li>– 205-1 Operations assessed for risks related to corruption: An independent assessment conducted during 2021 confirmed that our anti-bribery and corruption controls had been significantly enhanced.</li> <li>– 205-2 Communication and training about anti-corruption policies and procedures: Employees are required to complete anti-bribery and corruption training on a regular basis and completion rates are tracked. In 2021, a new training programme was launched with a multi-lingual CEO message and video.</li> <li>– 205-3 Confirmed incidents of corruption and actions taken: NONE. Rotork offers a range of channels for colleagues to raise concerns, including through an independent third-party 'Speak-Up' line, where reports can be made anonymously. There were no confirmed incidents of corruption during 2021.</li> </ul>	SR pages 41-42 ARA page 51
	GRI 206 Anti-competitive behaviour	<ul style="list-style-type: none"> <li>– Management approach: Our Code of Conduct and Fair Competition Policy set out the standards of behaviour we expect from our people.</li> <li>– 206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices: NONE.</li> </ul>	N/A (none)
	GRI 207 Tax	<ul style="list-style-type: none"> <li>– 207-1, 2, 3, 4: Management approach: As set out in our tax strategy, we are committed to paying the right and fair amount of tax in each territory in which we operate and are committed to creating an open and transparent working relationship with tax authorities in the jurisdictions in which we operate. We aim to achieve this by engaging tax authorities in an open and courteous manner, and responding to enquiries in a timely fashion.</li> </ul>	ARA pages 17, 76, 168 <a href="http://www.rotork.com/en/investors/corporate-governance/group-tax-strategy">www.rotork.com/en/investors/corporate-governance/group-tax-strategy</a>
	GRI 412 Human rights assessment	<ul style="list-style-type: none"> <li>– Management approach: Rotork continuously 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 are also a signatory to the UN Global Compact. Our standard contract terms require compliance with our Supplier Code of Conduct, which sets out our minimum expectations regarding human and labour rights, among other requirements. In 2021, we took steps to further strengthen our governance in this area.</li> <li>– 412-1 Operations that have been subject to human rights reviews or impact assessments: Rotork is committed to playing its part in upholding and protecting human rights in our business and across our supply chain globally. We obey the laws, rules and regulations of every country in which we operate.</li> <li>– 412-2 Employee training on human rights policies or procedures: In 2021 we developed a new training programme, to raise employee awareness of modern slavery and human trafficking risks in our business and supply chain. It includes interactive workshops for colleagues most likely to encounter modern slavery and human trafficking risks, as well as mandatory human rights e-learning for our global online population.</li> <li>– 412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening: Our supplier and sales channel template agreements contain clauses relating to upholding ethical legislation. We also conduct due diligence on our suppliers and sales channel partners, including in relation to human rights issues.</li> </ul>	SR pages 40-41 ARA page 51
	GRI 415 Public policy	<ul style="list-style-type: none"> <li>– Management approach: The Group has a policy of not making political donations in any part of the world.</li> <li>– 415-1 Political contributions: No political donations were made, or political expenditure incurred, during the year.</li> </ul>	ARA page 152
GRI 419 Socio economic compliance	<ul style="list-style-type: none"> <li>– Management approach: We seek to obey the laws, rules and regulations of every country in which we operate.</li> <li>– Disclosure 419-1 Non-compliance with laws and regulations in the social and economic area: NONE. We have not identified any non-compliance with laws and regulations.</li> </ul>	N/A (none).	

## Global Reporting Initiative (GRI) Index continued

### Specific disclosures continued

Topic	GRI standard	Disclosure reference/comment	Page no. and/or url
<b>Supply chain management</b>	GRI 204-1 Proportion of spending with local suppliers	<ul style="list-style-type: none"> <li>– Management approach: We have a reputation for integrity, fair dealing and ethical behaviour and paying on time.</li> <li>– We are a global company with local roots. The vast majority of our procurement spend by significant locations of operation (e.g. our factories) is with suppliers based in the same country as our locations of operation.</li> </ul>	N/A
	GRI 308 Supplier environmental assessment	– Management approach: 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.	SR page 39 ARA page 51
	GRI 408 Child labour	– Management approach: Rotork is committed to playing its part in upholding and protecting human rights in our business and across our supply chain globally. 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.	SR pages 39, 41 ARA page 51
	GRI 409 Forced labour	As per GRI 408.	SR pages 39, 41 ARA page 51
	GRI 414 Supplier social assessment	As per GRI 308.	SR page 39 ARA page 51
<b>Stakeholder engagement</b>	GRI 102-21 Consulting stakeholders	– Management approach: We engage extensively with external stakeholders to understand their perspectives about our business. We report on our engagement both in the ARA and SR. We also involved stakeholders in our assessment of material sustainability issues in April 2022. The resulting materiality matrix is published on page 15 of the SR.	SR pages 14-15, 60-63
	GRI 102-40 to 102-44 Stakeholder engagement	<ul style="list-style-type: none"> <li>– Management approach: Our policy is to engage with stakeholders proactively and transparently, and to deal with issues with integrity when they do arise. We engage with stakeholders via a number of channels to understand their views, needs and expectations of us.</li> <li>– 102-40 List of stakeholder groups</li> <li>– 102-41 Collective bargaining agreements</li> <li>– 102-42 Identifying and selecting stakeholders</li> <li>– 102-43 Approach to stakeholder engagement</li> <li>– 102-44 Key topics and concerns raised</li> </ul>	SR pages 60-63 ARA pages 101, 110-111
<b>Talent attraction &amp; retention</b>	GRI 407 Freedom of association	<ul style="list-style-type: none"> <li>– Management approach: We are a signatory to the UN Global Compact. As part of this, we uphold colleagues' freedom of association and recognise their right to collective bargaining. Our Supplier Code of Conduct also includes an obligation on suppliers to uphold freedom of association and the effective recognition of the right to collective bargaining.</li> <li>– 407-1 Percentage of total employees covered by collective bargaining agreements: There are collective bargaining agreements in several sites/countries in which we operate. 6.2% of employees globally are covered by these agreements.</li> </ul>	SR page 55 <a href="http://www.rotork.com/en/environmental-social-governance/esg-reports-and-policies">www.rotork.com/en/environmental-social-governance/esg-reports-and-policies</a>

## Global Reporting Initiative (GRI) Index continued

### Specific disclosures continued

Topic	GRI standard	Disclosure reference/comment	Page no. and/or url
<b>Diversity &amp; inclusion</b>	GRI 405 Diversity and equal opportunity	<ul style="list-style-type: none"> <li>– Management approach: we recognise the importance of fostering an inclusive and diverse workforce and build our commitment to diversity into the way we work, including reviewing decisions around performance, talent and remuneration to ensure fairness.</li> <li>– 405-1 Diversity of governance bodies and employees: In 2021, the Board was 37.5% female and the workforce 22.6% female.</li> <li>– 405-2 Ratio of basic salary and remuneration of women to men: Gender pay report is included in the SR, ARA and published on our website.</li> <li>– Management approach: Our Respect at Work and Equal Opportunity policy sets out our commitment to the principle of equal opportunities to ensure that no employee or job applicant receives less favourable treatment based on their age, race, nationality, ethnic origin, disability, sex, sexual orientation, religion or belief or marital status.</li> </ul>	SR pages 56, 58
	GRI 406 Non-discrimination	<ul style="list-style-type: none"> <li>– 406-1 Incidents of discrimination and corrective actions taken: not reported.</li> </ul>	
<b>Training &amp; development</b>	GRI 404 Training and education	<ul style="list-style-type: none"> <li>– Management approach: We work to ensure our colleagues have the right skills and experience to deliver the Group's strategy. All of our employees receive a core set of training on topics such as cyber security training, health and safety life saving rules and compliance topics.</li> <li>– 404-1 Average hours of training per year per employee: On average, globally, employees each completed around 24 hours' training last year.</li> <li>– 404-2 Programs for upgrading employee skills and transition assistance programs: see pages 55-56 of the SR.</li> <li>– 404-3 Percentage of employees receiving regular performance and career development reviews: Our revised approach to performance management was introduced three years ago for all colleagues globally and is based on performance conversations which take place three to four times a year. Performance is annotated on a graph with axes of results and values/behaviours. Performance is also an input to bonus conversations and outputs.</li> </ul>	SR pages 55-56 ARA pages 37, 48, 51, 56
<b>Circular economy</b>	GRI 301 Materials	<ul style="list-style-type: none"> <li>– Management approach: Our innovation and new product development process is particularly focused on new products that support 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, achieving reductions of 20-30%.</li> <li>– Materials used by weight or volume; Recycled input materials used; Reclaimed products and their packaging materials: see page 29 of the SR.</li> </ul>	SR page 29
	GRI 303 Water and effluents	<ul style="list-style-type: none"> <li>– 303-1, 2, 3, 4, 5. Management approach: While Rotork is not a large user of water, we seek to maximise our efficiency in our use of water. For 2021 we are targeting a 1% reduction in our use of water versus 2020. We complete an annual water stress risk assessment for our operations to identify locations that fall in high water stress areas and identify if there is opportunity to implement practical water use reduction projects in those locations in particular. In 2021, our water withdrawal was 1.4% lower than in 2020. The majority of our water is sourced from domestic suppliers; in Chennai (India) we harvest rainwater.</li> </ul>	SR pages 25, 28 ARA page 50
	GRI 306 Waste	<ul style="list-style-type: none"> <li>– 306-1, 2, 3, 4, 5. Management approach: We encourage all of our locations to minimise or eliminate the amount of waste that they produce, and use the Rotork Management Operating System (RMOS) to identify projects that drive performance improvement. In 2021, total waste produced increased by 15%. We recycled 67% of our waste in 2021, compared to 75% in the prior year. New waste streams were identified during the year and these have been included in 2021 reported data, impacting our waste and recycling performance compared with the prior year. Site refurbishment, inventory rationalisation and increased production also impacted 2021 figures. For 2022, we are targeting a 1% reduction in the amount of waste sent to landfill.</li> </ul>	SR pages 26, 28 ARA pages 71, 72
<b>Social contribution</b>	GRI 413 Local communities	<ul style="list-style-type: none"> <li>– 413-1. Management approach: We engage positively with our local communities. We invest 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.</li> </ul>	SR pages 64-66 ARA pages 58, 110

# Sustainability Accounting Standards Board (SASB) Index

**Table 1. Sustainability Disclosure Topics & Accounting Metrics**

Topic	Accounting metric	Category	Unit	Data/response
<b>Energy Management</b>	(1) Total energy consumed.	Quantitative	Gigajoules (GJ)	Electricity = 12,457,683kWh = 44,848GJ Gas: 982,287m <sup>3</sup> = 37,582GJ LPG = 225,266l = 5,765GJ Steam = 357MWh = 1,285GJ Total figure – 89,481GJ
	(2) Percentage grid electricity.	Quantitative	%	87.68%
	(3) Percentage renewable.	Quantitative	%	12.31%
<b>Employee Health &amp; Safety</b>	Total recordable incident rate (TRIR).	Quantitative	Rate	Rotork measures Lost Time Injury Rates. Rotork's LTIR for 2021 was 0.20. The total recordable incident rate (TRIR) was also recorded for the first time in 2021. We recorded a TRIR of 0.56 for the year.
	Fatality rate.	Quantitative	Rate	0
	Near miss frequency rate (NMFR).	Quantitative	Rate	1.90
<b>Fuel Economy &amp; Emissions in Use-phase</b>	Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles.	Quantitative	Gallons per 1000 ton-miles	Not applicable/material.
	Sales-weighted fleet fuel efficiency for non-road equipment.	Quantitative	Gallons per hour	Not applicable/material.
	Sales-weighted fuel efficiency for stationary generators.	Quantitative	Watts per gallon	Not applicable/material.
	Sales-weighted emissions of: (1) nitrogen oxides (NO) and (2) particulate matter (PM) for: (a) marine diesel engines, (b) locomotive diesel engines, (c) on-road medium- and heavy-duty engines, and (d) other non-road diesel engines.	Quantitative	Grams per kilowatt-hour	Not applicable/material.
<b>Materials Sourcing</b>	Description of the management of risks associated with the use of critical materials.	Discussion and Analysis	n/a	See pages 29 and 40 of the 2021 Sustainability Report.
<b>Remanufacturing Design &amp; Services</b>	Revenue from remanufactured products and remanufacturing services.	Quantitative	Reporting Currency	Not applicable/material.

**Table 2. Activity Metrics**

Activity metric	Category	Unit	Data/response
<b>Number of units produced by product category.</b>	Quantitative	Number	Commercially sensitive; not disclosed.
<b>Number of employees.</b>	Quantitative	Number	3,200 as at year end; rolling average: 3,296

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