

**Rotork plc
Sharesave Scheme (the Scheme)
Summary**

Term	Notes	Rule ref.	Proposed changes (if any) and Comments
Issuing Company	Rotork plc (the Company).	Introduction definition of "Company"	No change.
Plan type	<p>The Plan is intended to be a "savings related save as you earn plan" (SAYE) meeting the requirements of Schedule 3 to the Income tax (Earnings & Pensions) Act 2003 (Schedule 3).</p> <p>The Plan is an option plan involving salary deductions and the grant of related options (Options).</p>	Rule 2(a), definitions of "Option" and "Eligible Employee"	No change.
Approvals	<p>Shareholder approval - originally 21 May 2004. Renewed 28 April 2013</p> <p>HMRC approval 10 August 2004 (with several amendments subsequently approved by HMRC). Last amended 5 August 2014 (no HMRC approval required).</p>	Introduction	<p>The Scheme expires in April 2023. Renewal scheduled for 2023 AGM. No further HMRC approvals are required as the Company must now certify that the Plan meets the requirements of Schedule 3.</p> <p>The renewed scheme will continue to be called the "Rotork plc Sharesave Scheme".</p>
Award Type	Option Plan involving salary deductions and the grant of related options. 3 and 5 year savings contracts will continue to be available.	Rules 2(d), 3(b) and definition of "Bonus Date"	No change.
Administration	<p>Board of directors of the Company, or a duly authorised committee thereof.</p> <p>Directors have power to administer Plan and have final decision making powers.</p>	<p>Definition of "the Directors"</p> <p>Rule 10</p>	No change.
Shares	Ordinary Shares in the capital of the Company. Shares may be sourced by market purchase or new issue. No explicit reference to Treasury Shares.	Definition of "Shares" and rule 11	Note: The renewed Scheme will explicitly permit use of treasury shares; however, it is envisaged that new issue shares will continue to be used to satisfy awards.

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Bonus	Plan provides for sum payable by way of bonus being an additional payment under a savings contract. The “Bonus Date” is the date the bonus becomes payable under the relevant savings contract and is also the key date in terms of establishing when an option becomes exercisable. The bonus can be used to acquire additional shares.	“Definitions of “Bonus Date” and “Savings Contract” and rule 2(d)	The existing rules are not clear that the Directors can choose to include the bonus in the expected repayment amount which can be realised on maturity of the savings contract, or exclude it. This has been clarified in the renewed rules.
Plan limits	<p>Company: (Dilution) 10% of issued share capital in a 10 year period across all all-employees’ share schemes operated by the Company. Directors may choose a specific limit in relation to an offer under rule 2(c).</p> <p>Individual: (Contribution) The contribution limits per month across all subsisting Options held by the Participant may not exceed the statutory limit (£500), or a lower amount specified by the Directors or in the relevant savings contract.</p> <p>The minimum monthly contribution amount shall not be less than £5</p>	<p>Rule 8</p> <p>Rule 2(c)</p> <p>Rule 3(b)(ii)</p> <p>Rule 3(b)(i)</p>	<p>The renewed Scheme will ensure plan limits match the IA guidelines on dilution. Such dilution limits will be applied consistently with the renewed SIP.</p> <p>Broader drafting has been included to cover all such plans operated by any member of the Group, rather than just the Company, and which is generally regarded as the better governance approach.</p> <p>A provision has been included which allows the value of contributions payable under a cancelled contract to be included in the individual limit for the purposes of any future Savings Contracts until that Bonus Date has passed, unless the Board decides otherwise. This is permitted by HMRC and allows companies to mitigate the accounting impact of (and discourage) employees cancelling old SAYE savings contracts and entering into new ones (often caused by a reduction in exercise prices).</p> <p>Note: HMRC state that the minimum cannot exceed £10 - the renewed scheme will include this (but allow for HMRC to change this limit)</p>
Eligibility	<ul style="list-style-type: none"> • Employees of the Company and any subsidiary or jointly owned company designated by the Directors (“Participating Companies”). • UK taxpayers. • “Full time” directors. 	Definition of “Eligible Employee”	<p>No substantive changes proposed.</p> <p>Note: The qualifying period terms will be clarified.</p>

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	<ul style="list-style-type: none"> May be a qualifying period of continuous service with a participating company designated by Directors, provided period does not exceed 1 years before the Grant Date. <p>Directors may also allow any other director of employee of a participating company chosen by the Directors to participate.</p>		
Invitation window	<p>Invitations to apply for an Option may normally only be issued within 42 days following:</p> <ul style="list-style-type: none"> the announcement of the Company's results for any period; the date on which dealing restrictions are removed; and any date that the directors resolve there are exceptional circumstances. 	2(b)	<p>Although the IA principles refer only to invitations following results, as a normal invitation window event, the limbs here are in accordance with standard practice for all-employee tax advantaged plans like SAYE. The definition of "Announcement Date" has been broadened so as (i) not to refer to just the LSE but also (ii) to cover the announcement or publication of results for <i>any</i> period.</p> <p>It is common to see an additional limb stating that invitations are permitted in the 42 days following any day on which legislation affecting Schedule 3 SAYEs is announced or an announcement is made of a new SAYE savings prospectus. This has been included.</p>
Form of invitation	<p>Invitations may only be issued during window set out in rule 2(b) (see above).</p> <p>When invitations are issued, they must be issued to all Eligible Employees</p> <p>Invitations may be (as determined by the Directors) issued in relation to 3-year and/or 5-year Options. Default is 3 years</p>	Rule 2(a)	<p>This rule will be expanded to more clearly prescribe the statutory requirements relating to invitations and applications; i.e similar terms requirements and ensuring the application will be in accordance with the SAYE Code.</p>
Application	<p>Application to apply for an option must be made over at least 14 days after invitation date.</p> <p>Will provide for applicant to elect:</p> <ul style="list-style-type: none"> whether the application is for a 3 or 5 year savings contract (or both); whether repayment is to be taken as including the 3 or 5 year bonus; and also provides for scaling down consent. 	Rule 2	No substantive changes proposed.

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	<p>Applications will be for an Option to acquire largest whole number of Shares which could be acquired for Share Price with amount as nearly equal to but not exceeding expected repayment of contributions.</p> <p>Default is one application only per Eligible Employee, unless permitted by the Directors</p>	Rule 3(d)	
Acceptance and scaling down	<p>If the total number of Shares in respect of which applications for Options would exceed limits in Rules 2(c) (fixed cap at grant) or 8 (Plan limit) then the number of Shares in respect of which each application for an Option is accepted shall be reduced by applying the following measures in such order and combination as the Directors decide to eliminate the excess:</p> <ul style="list-style-type: none"> • the bonus payable shall be excluded from the calculation determining the number of shares which can be acquired using the accumulated contributions; • the excess over the minimum monthly savings contribution chosen by each applicant shall be reduced pro rata; • the maximum monthly savings limit (as per rule 3(b)(II)(d)), shall be reduced by successive amounts of £1 (subject to the minimum in rule 3(b)(i); and • then by lot. 	Rule 2(c) and 3(c)	<p>Whilst the old provisions are likely compatible with HMRC's statement that scaling down provisions must satisfy HMRC's "similar terms" requirement, these have been amended slightly to more closely follow HMRC guidance in this area:</p> <p>The following successive steps in scaling down applications for options:</p> <ul style="list-style-type: none"> • each election for any bonus to be included shall be deemed to be an election for no bonus to be included. • each application for a five year contract shall be deemed to be an application for a three year contract. • the excess over the minimum (£5-£10) monthly savings contribution chosen by each applicant shall be reduced pro rata. • applications will be selected by lot, each based on a monthly savings contribution of the minimum (£5-£10) and the inclusion of no bonus in the repayment under the savings contract.
Grant	<p>Grants of Options shall be made by resolution of the Directors Grant within 30 days following the invitation date, or 42 days if scaling back is required.</p> <p>Grant will be over largest whole number of Shares which could be acquired for Exercise Price with amount as nearly equal to but not exceeding the expected repayment value under savings contract (which will include bonus amounts, if any).</p>	<p>Rules 3(f) and 3(a) (i) and (ii)</p> <p>Rule 3(d)</p>	<p>Note: No substantive changes although the renewed rules will be drafted to more clearly align with the governing legislation relating to grants.</p>

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	No payment for any grant required. No grant to unless person is an eligible employee at grant.		
Certificate – evidence of grant	On date of grant, the Company must issue option certificate in such form as the Directors may decide.	Rules 3(f)	Note: Strictly there is no obligation under Schedule 3 to issue a “certificate” merely to ensure certain terms are communicated to the option holder - the new rules will therefore be more flexible but will comply with Schedule 3.
Non-transferability of Awards	Options are not transferable other than in the case of death.	Rule 3(e) and “Participant”	No substantive changes proposed.
Exercise Price	The amount payable to exercise an Option. Exercise Price will be determined by the Directors, but will not be less than 80% of the Market Value of a Share on the invitation date, and not less than nominal value for new issue Shares.	Rule 4	Note: The statutory basis for this rule has now changed and has been updated in the new rules: it is now the mid-market closing price of the Shares on the day in question (or an average of up to 5 days). An average basis of 3 days to determine the exercise price has been provided for in the new rules as this is the current practice under the existing scheme. In any other case, market value is determined in accordance with relevant rules in Taxation of Chargeable Gains Act 1992 and must be agreed in advance with HMRC. Note: the rules will ensure that the statutory requirement that if the Shares subject to an Option are subject to a restriction, the Market Value of those Shares shall be determined as if such Shares were not subject to a restriction. This is a requirement of the governing legislation.
Exercise	Options can normally only be exercised within 6 months following the Bonus Date and will then lapse. An Optionholder who has died prior to the Bonus Date may exercise their Option during the 12 months following death (to the extent of the savings accumulated) and will then lapse. An Optionholder who has died within 6 months following the Bonus	Rule 5(a) Rule 5(b)(I) and (II)	Note: No changes, although leaver rules will be set out separately to the basic exercise rules. Also note the rule concerning missed contributions has been extended to permit 12 missed contributions and the “specified age” term will be removed as it is no longer a feature of SAYE rules.

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	<p>Date may exercise their Option during the 12 months following the Bonus Date and will then lapse.</p> <p>An Optionholder who has ceased to be an employee due to injury or disability, redundancy, retirement, TUPE transfer, by reason of their employer ceasing to be a company that the Company has control or the transfer of the business in which they work to a non associated company or one which is not controlled by the Company, can exercise within 6 months after such cessation may exercise their Option.</p> <p>Options granted before 17 July 2013 included a Specified Age requirement for retirement.</p> <p>An Optionholder who has ceased to be an employee of a Participating Company for any reason may exercise an Option which has been held for more than 3 years, during the 6 months following cessation except where they have dismissed for misconduct.</p> <p>An Option holder leaves in circumstances where TUPE does <i>not</i> apply by reason of their employer ceasing to be a company that the Company has control or the transfer of the business in which they work to a non associated company or one which is not controlled by the Company.</p> <p>An Optionholder who is an employee of an Associated Company will be a leaver unless they leave that company.</p> <p>When contributions are withdrawn, or more than 7 contributions are missed during a savings contract, the Option will lapse.</p> <p>Options may be exercised on one occasion only.</p> <p>The amount paid for Shares on exercise will not exceed contributions made under related savings contract, together with any bonus, excluding any monthly contributions the due date for payment of which falls more than one month after the date on which payment for the shares is made.</p>	<p>Rule 5(b)(III)</p> <p>Rule 5(b)(IV)</p> <p>Rule 5(b)(V)</p> <p>Rule 5(b)(VI)</p> <p>Rule 5(e)and 9(c)</p> <p>Rule 5(c)(II)</p> <p>Rule 9</p> <p>Rule 5(d)</p>	

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	<p>The aggregate exercise price payable by an Optionholder on the exercise must be manifestly the same.</p> <p>Exercise price cannot go below nominal value unless reserves are capitalised.</p> <p>The total Market Value of the Shares subject to the Option after the adjustment is the same as before the adjustment.</p>		
Tax	No tax provisions.	n/a	<p>The renewed plan will include tax protection terms.</p> <p>If US taxpayers will or may participate in the plan, there can be section 409A issues which arise under SAYE plans. A rule has therefore been added which is based on suggested terms provided by HMRC.</p>
Rights and settlement	<p>Shares must be issued within 30 days of exercise. No exercise at a time where participant has a material interest.</p> <p>Shares issued pursuant to the Plan will be subject to the articles and subject to all required consents and shall rank pari passu in all respects with existing shares except that they will not rank for any rights attaching to shares by reference to a record date preceding the date of exercise.</p> <p>The Company shall use its best endeavours to procure that as soon as practicable after the allotment of any Shares application shall be made to UKLA for the Shares to be admitted to the Official List.</p> <p>The Plan does not form part of the employment contract of participants and participation in the Plan does not confer any rights against the Company.</p>	Rule 9(e) - (g) and rule 10(f)	<p>The plan terms on reemployment rights have been expanded, so that participation gives no entitlement for compensation for any consequential loss of any right or benefit or claim in relation to loss of employment (including wrongful and unfair dismissal) in relation to the Plan. No additional rights under employment contract on loss of office due to grant of option, either. This is similar to new GESP and SIP terms.</p> <p>Note: material interest rules are now no longer part of SAYE Code and will not be replicated in the renewed plan.</p>
Dealing restrictions	No invitation if restrictions prohibit it	Rule 2(i)	Note: To be replaced by more generic “Dealing Restrictions” to account for MAR and any internal share dealing code.

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Amendments	<p>The Plan may be amended by Directors in any way, provided that amendments to the advantage of participants (or future participants) to the provisions relating to eligibility to participate, the Plan and individual limits, the basis for determining an Optionholder's rights to acquire Shares, the adjustments on a variation of the share capital require approval of Shareholders.</p> <p>Unless they are minor amendments which the Directors consider necessary to benefit the administration of the Plan, or to obtain or maintain favourable tax, exchange control or regulatory treatment of any optionholder or of any subsidiary.</p> <p>HMRC to be notified on changes to "Key Features".</p>	Rule 10(d) and (e)	The existing Sharesave Scheme rules states that, where a change to the Sharesave Scheme is proposed which would adversely affect the rights of existing participants, that change would be permitted only if a majority of participants consented to it. Whilst the majority consent requirement will remain, this rule is being amended to permit the Directors to make changes that ensure compliance with the legislation governing tax advantaged savings related share options schemes and to permit minor changes to ensure compliance with relevant laws and regulations generally and to assist with the administration of the Sharesave Scheme.
Termination	No invitation to apply for an Option may be issued after 26 April 2013	"Renewal Date" and rule 12	Equivalent 10 year window under the renewed Plan terms.
Service and Miscellaneous	Administration of the Plan	Rules 9€ - (g) and 10	<p>These will therefore be aligned with the SIP and GESP - i.e. covering service of notices, share rights, consents, third party rights, administration etc.</p> <p>Note: HMRC permit use of solely electronic communications as long as all Eligible Employees have access to a work email address / access to emails.</p>
Data	Data No term included.	n/a	Data protection will be covered by general statement of compliance with GDPR and therefore will be aligned with the SIP and GESP
Governing Law	English.	1 - Interpretation	No change,

Tapestry Compliance Ltd
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