

Rotork plc
Schedule of matters reserved
for the Board

1. Strategy and Management

- 1.1 Responsibility for the overall leadership of the Company and setting the Company's values and standards.
- 1.2 Development and protection of the brand, the values of the business and its principles, and ensuring Group practices are consistent with these values.
- 1.3 Approval and review of the Group's commercial strategy and long term aims and objectives.
- 1.4 Any significant changes to the Group's overall strategic direction including extending the Group's activities into new business or geographic areas.
- 1.5 Oversight of the Group's operations ensuring:
 - competent and prudent management;
 - sound planning;
 - maintenance of sound management and internal control systems;
 - adequate accounting and other records; and
 - compliance with statutory and regulatory obligations.
- 1.6 Approval of the Group's annual operating and capital expenditure budgets and any material changes to them.
- 1.7 Any decision to cease to operate all or any material part of the Group's business.

2. Structure and capital

- 2.1 Changes relating to the Group's capital structure including reduction of capital, share issues (except under employee share plans), and share buy backs including the use of treasury shares.
- 2.2 Major changes to the Group's corporate structure.
- 2.3 Changes to the Group's management and control structure.
- 2.4 Any changes to the company's listing or its status as a plc.

3. Financial reporting and controls

- 3.1 Approval of the half-yearly report, trading updates and any preliminary announcement of the final results.
- 3.2 Approval of the annual report and financial statements.

- 3.3 Approval of the dividend policy, declaration of the interim dividend and recommendation of the final dividend.
- 3.4 Approval of any significant changes in accounting policies or practices.
- 3.5 Approval of treasury policies including foreign exchange exposure and the use of financial derivatives.
- 3.6 Approval of material unbudgeted capital or operating expenditures (outside pre-determined tolerances).
- 3.7 Making recommendations to the shareholders for the appointment, reappointment or removal of the external auditor having considered proposals put forward by the Audit Committee.

4. Contracts

- 4.1 Major capital projects where any such project or investment exceeds £1 million or such other limit agreed by the Board from time to time and setting authority levels for the same.
- 4.2 Material contracts of the Company or any subsidiary outside the ordinary course of business or in excess of £10 million.
- 4.3 Acquisitions and disposals of any company or business or purchase or disposal of any interest in same (including joint ventures and similar arrangements) subject to Chief Executive being delegated authority to (i) purchase the entire share capital of a company up to an enterprise value of £5m or; (ii) purchase businesses and assets up to £5m.
- 4.4 Acquisition or disposal of an interest of more than 5% in the voting shares or securities of any listed company or the making of any takeover offer.
- 4.5 Grant of guarantees and indemnities, other than those issued in the ordinary course of operational business.

5. Internal controls and risk management

- 5.1 Ensuring maintenance of a sound system of internal control and risk management including:
 - approving the Company/Group's risk appetite statements;
 - receiving reports on, and reviewing the effectiveness of, the Group's risk and control processes for existing, emerging and future risks to support its strategy and objectives;
 - approving procedures for the prevention of fraud and systems and controls for the prevention of bribery;
 - undertaking an annual assessment of these processes; and
 - approving an appropriate statement for inclusion in the annual report.

6. Bank facilities

- 6.1 Approval of cancellation or extension of existing committed banking facilities or entering into new committed facilities.

7. Communication

- 7.1 Responsibility for oversight of external relationships and engagement with shareholders and the group's stakeholders.

- 7.2 Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting.
- 7.3 Approval of all circulars, prospectuses and listing particulars.
- 7.4 Approval of press releases concerning matters decided by the Board.

8. Board

- 8.1 Following recommendation from the Nomination Committee, implementing any changes to the Board structure and executive pipeline (including appointments and removals to the Board, and, oversight of succession planning for the Management Board, in each case having regard to diversity).
- 8.2 Continuation in office of directors at the end of their term of office when they are due to be re-elected by shareholders at the AGM.
- 8.3 Appointment of the Chairman of the Board, the Chief Executive and the Senior Independent Director and membership and chairmanship of Board committees.
- 8.4 Appointment or removal of the Company Secretary.

9. Remuneration and pensions

- 9.1 Approving the remuneration policy to be put to shareholders and the remuneration structure for the Management Board.
- 9.2 Approving the remuneration of the Chairman and the Non-Executive Directors, subject to the articles of association and shareholder approval as appropriate.
- 9.3 The introduction of new share incentive plans or major changes to existing plan, to be put to shareholders for approval.
- 9.4 Major changes to the rules of the Group's pension schemes.

10. Delegation of authority

- 10.1 The division of responsibilities between the Chairman and the Chief Executive which should be clearly established, set out in writing and agreed by the Board.
- 10.2 Establishing Board committees and approving their terms of reference, and approval of any material changes.
- 10.3 Receiving reports from Board committees on their activities.

11. Corporate governance matters

- 11.1 Annual review of the Group's overall corporate governance arrangements.
- 11.2 Undertaking a formal and rigorous annual review of the Board's performance, that of its committees and individual directors. A member of the Board must not participate in the review of his or her own performance.
- 11.3 Determining the independence of Non-Executive Directors in light of their character, judgement and relationships.
- 11.4 Approving the following group policies (and any amendments): Ethics and Values Statement, Dealing Code, Whistleblowing Policy, Board Diversity Policy, Health & Safety Policy, Environmental and Energy Policy, Data Protection Policy and IT Policy.

12. Other

- 12.1 Approval of contributions to any political party.
- 12.2 Approval of the brokers and principal corporate finance adviser.
- 12.3 Prosecution, defence or settlement of any material litigation (i.e. over £1m).
- 12.4 Approval of the overall levels of insurance for the Group including directors & officers' liability insurance.
- 12.5 Conflicts of interest involving directors or significant (holders of 10% or more) shareholders, to include both authorisation and any conditions attached.
- 12.6 Any changes to this schedule of matters reserved for Board decisions.