

## DEED OF UNDERTAKING

This DEED is dated 15 July 2022

This DEED is executed in accordance with the laws of England and Wales by

**PARKER-HANNIFIN CORPORATION**, a corporation incorporated and existing under the laws of Ohio with company number 175441 whose principal executive offices are at 6035 Parkland Boulevard, Cleveland, Ohio 44124-4141 the United States of America ("**Parker**")

IN FAVOUR OF

**THE SECRETARY OF STATE FOR BUSINESS, ENERGY AND INDUSTRIAL STRATEGY OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND** (the "**SoS**").

### RECITALS

- (A) Meggitt PLC ("**Meggitt**") is an international group headquartered in the United Kingdom and is a high-value, leading provider of proprietary and differentiated aerospace and defence technologies.
- (B) On 2 August 2021, the boards of directors of Parker and Meggitt announced they had reached agreement on the terms of a recommended cash acquisition of the entire issued and to be issued ordinary share capital of Meggitt by Parker, to be implemented by means of a Court-sanctioned scheme of arrangement under Part 26 of the UK Companies Act 2006 (the "**Transaction**"). In accordance with the terms of the scheme of arrangement dated 16 August 2021 (the "**Scheme**"), and approved by Meggitt's shareholders at the Court Meeting and General Meeting held on 21 September 2021, the shareholders of Meggitt will receive a price of 800 pence in cash for each Meggitt share, valuing Meggitt's existing issued and to be issued ordinary share capital at approximately £6.3 billion on a fully diluted basis. If, and to the extent that, the Scheme (as defined in this deed) becomes effective in accordance with its terms, it is anticipated that Meggitt, which will then be a subsidiary of Parker, will be re-registered as a private limited company.
- (C) In recognition of the role played by Meggitt in the UK economy and in recognition of Parker's appreciation of the importance of this role, and following discussions with representatives of Her Majesty's Government, Parker has freely and voluntarily agreed to enter into this deed.
- (D) The commitments and undertakings in this deed are provided by Parker in favour of the SoS directly and do not constitute 'post-offer undertakings' for the purposes of Rule 19.5 of the City Code on Takeovers and Mergers (the "**City Code**") (a "**Post-Offer Undertaking**") and the commitments and undertakings in this deed will therefore not be enforceable by the Panel on Takeovers and Mergers (the "**Panel**") as a Post-Offer Undertaking.
- (E) Furthermore, the commitments and undertakings in this deed are without prejudice to any separate discussions with the SoS or other representatives of Her Majesty's Government and do not operate in any way to preclude, limit or restrict the exercise of any powers or requirements pursuant to all applicable laws, rules and regulations, including (without limitation) the Enterprise Act 2002 (as amended).

### 1. DEFINITIONS AND INTERPRETATION

1.1 In this deed capitalised words and expressions have the meaning given to them herein or in schedule 1 to this deed (*Definitions*).

1.2 In this deed:

- (a) "**includes**" and "**including**" shall mean including without limitation;

- (b) references to "**clauses**" or "**schedules**" are to clauses of and schedules to this deed. The schedules form part of the operative provisions of this deed and references to this deed shall, unless the context otherwise requires, include references to the recitals and the schedules; and
- (c) "**writing**" means typed text or legible manuscript text and other modes of representing words in a legible form (other than writing on an electronic or visual display screen) or other writing in non-transitory form.

## 2. **OBLIGATIONS AND UNDERTAKINGS**

- 2.1 Parker hereby undertakes with effect from the date on which the Scheme becomes effective in accordance with its terms (the "**Effective Date**") that it shall comply and, following the Effective Date, shall, where relevant, procure that Meggitt complies, with the obligations and undertakings contained in this deed including those in schedule 2 to this deed (*Undertakings*).
- 2.2 Parker hereby acknowledges and agrees that the obligations and undertakings in this deed are owed to the SoS and that the SoS shall be entitled to enforce such obligations and undertakings against Parker.

## 3. **ACCESS TO INFORMATION AND COMPLIANCE MONITORING**

- 3.1 Parker acknowledges and agrees that the SoS has the right to appoint a person or persons to monitor Parker's compliance with this deed on the SoS's behalf (the "**Monitor**"), and that the SoS's rights, actions and remedies under this clause 3 can be exercised by the Monitor. The costs of any Monitor so appointed shall be borne by Parker.
- 3.2 Parker undertakes to the SoS that, provided that BEIS has previously entered into a binding confidentiality agreement with Parker (acting reasonably) in relation to clause 3.3, below, it shall cooperate fully and following the Effective Date, shall, where relevant, procure that Meggitt cooperates fully with any Monitor for the duration of the Undertaking Period, including by promptly providing all such information and/or access for the SoS and/or its advisers (including any Monitor) to Parker's and its Affiliates' personnel, books, records, documents, facilities and information as the SoS may, from time to time, reasonably request to ascertain Parker's compliance (and likelihood of its continued and ongoing compliance) with its obligations and undertakings under this deed.
- 3.3 Any information that the SoS and/or its advisers (including any Monitor) receives as a result of operation of this clause 3 shall be treated as strictly confidential and shall not be disclosed to any third party without Parker's prior written permission, unless such information is Excluded Information or where such disclosure is a Permitted Disclosure, in accordance with the terms of the confidentiality agreement referred to in clause 3.2 above.
- 3.4 Parker undertakes to the SoS that it shall submit an annual written notice to the SoS following the Effective Date signed by a Parker Representative (the "**Compliance Notice**"), with the first Compliance Notice to be submitted to the SoS on the final day of the twelfth full calendar month following the Effective Date (or, where this does not fall on a working day, the first working day thereafter), notifying:
  - (a) whether any actions or courses of action which it has committed to undertake under the terms of this deed have been implemented or completed and/or the progress made in relation to such actions or courses of action;
  - (b) whether any actions or courses of action which it committed not to undertake under the terms of this deed have been taken or not;

- (c) whether there has been any breach or non-compliance with any of its obligations or undertakings pursuant to this deed and the steps taken, or intended to be taken, to remedy any such breach or non-compliance,

and Parker further undertakes to provide such other documents or information as the SoS may reasonably request following, and in connection with, the submission of each such Compliance Notice, provided that BEIS has previously entered into a binding confidentiality agreement with Parker (acting reasonably) in relation to clause 3.3 above. Without prejudice to clause 4.12 and 4.13, Compliance Notices and any other communication from Parker to the SoS relating to the obligations under this deed shall be submitted to the SoS by email to such email addresses as the SoS may direct from time to time.

3.5 Parker undertakes to the SoS that it shall procure that appropriate members of the Parker Management Team attend and, following the Effective Date, Parker shall procure that appropriate members of the Meggitt Management Team attend, a meeting with the SoS or the SoS's delegates:

- (a) if so requested by the SoS following the delivery of a Compliance Notice:
  - (i) to answer any reasonable questions in relation to the Compliance Notice;
  - (ii) to discuss its contents (including those matters set out in clause 3.3); and/or
  - (iii) to discuss any other matters as the SoS may reasonably request to ascertain whether Parker is in full compliance with, and is reasonably likely to continue to be in full compliance with, its obligations and undertakings under this deed;
- (b) without prejudice to clause 3.5(a), at any other time if so requested by the SoS:
  - (i) where the SoS, acting reasonably, considers that Parker may not be in full compliance with its obligations and undertakings under this deed (including any procurement obligations in respect of Meggitt); and/or
  - (ii) to discuss any matters the SoS may reasonably request to ascertain whether Parker is in full compliance with its obligations and undertakings under this deed (including any procurement obligations in respect of Meggitt).

3.6 If Parker is, or reasonably considers that it is likely to become, unable to comply in full with any of the obligations or undertakings under this deed, or becomes aware of any breach or non-compliance (or potential breach or non-compliance), to the maximum extent permitted by applicable laws and regulations, Parker undertakes to the SoS that it shall notify the SoS as soon as reasonably practicable providing full reasons for the breach or non-compliance (or potential breach or non-compliance) and shall remedy any such breach or non-compliance (or the circumstances giving rise to a potential breach or non-compliance) to the reasonable satisfaction of the SoS as soon as reasonably practicable upon becoming aware of the breach or non-compliance (or the circumstances giving rise to a potential breach or non-compliance). This clause 3.6 is without prejudice to any rights, powers and remedies of the SoS under this deed or otherwise.

#### 4. **GENERAL**

4.1 Parker acknowledges that this deed (and any discussions or negotiations or actions by or on behalf of the SoS relating to this deed) does not operate in any way to preclude, limit or otherwise restrict the exercise of any powers that may otherwise be available to the SoS or Her Majesty's Government, including any powers under the Enterprise Act 2002.

4.2 Without prejudice to clauses 4.4 to 4.13 (inclusive) and any other subsisting commitments, obligations or rights accrued or arising prior to this date, the obligations in this deed shall terminate on the earlier to occur of:

- (a) the expiry of the Undertaking Period; and
- (b) Parker and/or any of its Affiliates ceasing to Control the Meggitt Group.

4.3 Parker acknowledges and agrees that:

- (a) the SoS shall be free to publish a copy of this deed at any time once it has been executed;
- (b) it shall, at the written request of the SoS, publish a copy of this deed once it has been executed; and
- (c) it will not publish this deed or any part thereof or any information directly relating to this deed without the prior written approval of the SoS (save for where the deed or any such information has been previously published by the SoS), and that any such publication will be in accordance with the terms of any such approval.

Nothing in this clause 4.3 shall prevent the publication or disclosure of this deed by Parker where required to be disclosed by applicable law, regulation, rule, requirement or request of any regulatory or governmental authority or stock exchange to which Parker is subject (including, for the avoidance of doubt, under the City Code and/or at the request of the Panel). Furthermore, nothing in this clause 4.3 shall prevent Parker making announcements on subject areas covered by this deed without the SoS's permission where any such announcement makes no reference to this deed or its provisions.

4.4 Parker shall procure that each of Parker's Affiliates and, following the Effective Date, each member of the Meggitt Group shall promptly execute and deliver such documents and perform such acts as may be required for the purpose of giving full effect to this deed.

4.5 Without prejudice to any other rights or remedies that the SoS may have, Parker acknowledges and agrees that the SoS may be irreparably harmed by any breach of this deed, and that damages alone would not be an adequate remedy for the SoS. Accordingly, Parker agrees and acknowledges that the SoS shall be entitled to seek the remedies of injunction, specific performance or any other equitable relief for any threatened or actual breach of the terms of this deed. If any such remedies are sought in relation to any threatened or actual breach of the terms of this deed, Parker irrevocably waives any rights it may have to oppose the granting of such remedies on the grounds that damages would be an adequate alternative. No proof of special damages shall be necessary for the enforcement by the SoS of this deed.

4.6 Parker acknowledges and agrees that no failure on the part of the SoS to exercise, and no delay in exercising, any right, power or remedy shall affect that right, power or remedy, or operate as a waiver of any right, power or remedy pursuant to this deed, nor shall any single or partial exercise of such right, power or remedy by the SoS preclude any other or further exercise of it or the exercise of any other right, power or remedy.

4.7 This deed is given in favour of and for the benefit of the SoS. This deed does not confer any rights on any person other than the SoS under the Contracts (Rights of Third Parties) Act 1999.

4.8 If Parker intends to offer any obligation (including measures, undertakings and/or commitments) affecting the Meggitt Group in the UK to a Governmental Entity which could reasonably be expected to become a Regulatory Requirement to which clause 4.9 applies, it shall, provided BEIS has previously entered into a binding confidentiality agreement with

Parker (acting reasonably) to treat such information as confidential in accordance with the terms of such confidentiality agreement:

- (a) at the same time as (i) offering such obligation to the relevant Governmental Entity, or (ii) submitting a draft of any such proposed obligation to the relevant Governmental Entity, whichever is earlier, notify the SoS of the same and provide the SoS with the same information in respect of any obligation so offered or submitted in draft as is provided to the relevant Governmental Entity;
- (b) (acting reasonably) consult in good faith with the SoS in relation to any obligation so offered or submitted in draft that could reasonably be expected to relate to any of the undertakings referred to in paragraph 1.2, 1.3 and/or 1.4 of Schedule 2 to this deed, it being understood that the nature and extent of such consultation by Parker with the SoS shall be proportionate to the timeframe stipulated by the relevant Governmental Entity or which is otherwise legally available for reaching agreement on, or (where applicable) submitting a final offer in relation to, the relevant obligation offered by Parker. Parker retains the right to offer and agree any obligation at Parker's sole discretion to or with any Governmental Entity for purposes of reaching agreement on, or (where applicable) submitting a final offer in relation to, a Regulatory Requirement.

4.9 In the event that a Regulatory Requirement prevents or impedes (or is reasonably likely to prevent or impede) directly or indirectly Parker's ability to comply (or procure compliance by Meggitt) with any obligation or undertaking in this deed:

- (a) Parker shall not, to the extent that compliance is prevented or impeded (or reasonably likely to be prevented or impeded) directly or indirectly by such Regulatory Requirement, be required to comply with the affected obligation or undertaking in this deed; and
- (b) Parker shall (acting reasonably) consult in good faith with, and take into account the reasonable requirements of, the SoS to amend or replace (as applicable) such obligation or undertaking with a mutually acceptable alternative which has an equivalent and proportionate commercial effect to the affected obligation or undertaking; and
- (c) Parker's acceptance of the undertakings referred to in paragraphs 1.2, 1.3 and 1.4 of Schedule 2 to this deed is predicated on Meggitt's existing business footprint in the UK as at the date of this deed, and should any Regulatory Requirement affect such footprint going forward then, without limitation, this paragraph 4.9 will become applicable if the impact of such a Regulatory Requirement would result in a disposal of all or part of an Existing Meggitt Capability or a reduction in the number of Technical Employees or the research and development spend of the Meggitt Group in the UK, and thereby would (or would be reasonably likely to) prevent or impede Parker's ability to comply (or procure Meggitt's compliance) with the above referenced paragraphs of Schedule 2 to this deed.

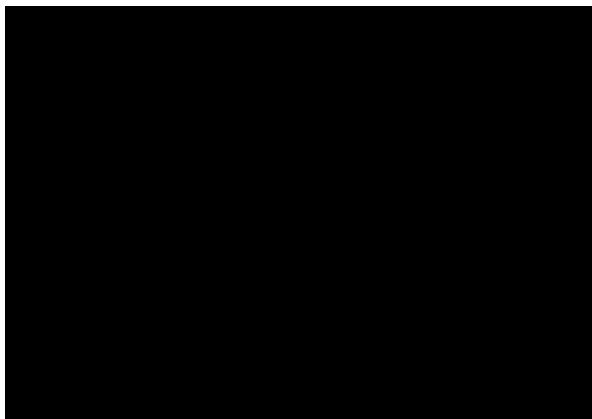
4.10 This deed, and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this deed or its formation (including any non-contractual disputes or claims), shall be governed by and construed in accordance with the laws of England and Wales.

4.11 Parker irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to hear, settle and/or determine any dispute, controversy or claim (including any non-contractual dispute, controversy or claim) arising out of or in connection with this deed, including any question regarding its existence, validity, formation or termination. For these purposes, Parker irrevocably submits to the jurisdiction of the courts of England and Wales.

- 4.12 Parker shall at all times maintain an agent for service of process and any other documents in proceedings in England or any other proceedings in connection with this deed. That agent shall be Parker Hannifin (Holdings) Limited (the "**Agent**") currently of 55 Maylands Avenue, Hemel Hempstead, Hertfordshire HP2 4SJ (marked for the attention of Graham Ellinor). Without prejudice to any other permitted mode of service, Parker confirms that service of any claim form, notice or other document for the purpose of any proceedings begun in England shall be duly served upon Parker if delivered personally or sent by recorded or special delivery post (or any substantially similar form of mail) to the Agent at its address for the time being. Parker waives any objection to such service and nothing in this deed shall affect the SoS's right to serve process in any other manner permitted by applicable law or regulation.
- 4.13 Parker irrevocably undertakes not to revoke the authority of the Agent, unless it has given the SoS no less than ten Business Days prior notice in writing of a replacement for the Agent, in which case the provisions of this deed relating to the Agent will apply to such replacement. If, notwithstanding the previous sentence, the appointment of the Agent ceases to be effective or such person ceases for any reason to act as process agent for Parker, Parker will promptly appoint a replacement process agent for the purposes of this deed and forthwith will notify the SoS in writing of the change. If, within five Business Days of the appointment of the Agent ceasing to be effective or of such person ceasing to act as process agent for Parker, Parker has not appointed a replacement process agent for the purposes of this deed, the SoS shall be entitled to appoint a replacement process agent of its own choice (at Parker's expense) to act as agent for service of process on behalf of Parker in connection with this deed.

This document has been executed and delivered as a deed and takes effect on the date stated at the beginning of it.

**EXECUTED** as a **DEED** by **PARKER-HANNIFIN CORPORATION**, a company incorporated in Ohio, United States of America, by persons who are acting under the company's authority in accordance with the laws of that territory



## SCHEDULE 1

### Definitions

"**Aerospace Growth Partnership**" means the strategic partnership between Her Majesty's Government, industry and other key stakeholders, established to secure the future of the UK aerospace industry;

"**Affiliate**" means, in respect of any person, any person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with that person from time to time;

"**Agreed Amount**" means [REDACTED], being the number of Technical Employees as at the Effective Date, or, if such number is:

- (a) more than 5 per cent. greater than the number of Technical Employees as at the date of the Rule 2.7 Announcement, [REDACTED] (being 5 per cent. greater than the number of Technical Employees as at the date of the Rule 2.7 Announcement); or
- (b) more than 5 per cent. less than the number of Technical Employees as at the date of the Rule 2.7 Announcement, [REDACTED] (being 5 per cent. less than the number of Technical Employees as at the date of the Rule 2.7 Announcement);

"**BEIS**" means the Department for Business, Energy And Industrial Strategy Of The United Kingdom Of Great Britain And Northern Ireland (or any successor department);

"**Business Day**" means a day, other than a Saturday or Sunday or public holiday in England and Wales on which banks in London, England are open for general commercial business;

"**Companies Act**" means the UK Companies Act 2006;

"**Compliance Notice**" has the meaning given to it in clause 3.3;

"**Control**" means with respect to a person or business:

- (a) direct or indirect ownership of or control over more than 50% of the voting and/or equity securities (or the economic participation therein) of such person or business;
- (b) the direct or indirect right to appoint, or cause the appointment of, more than 50% of the members of the board of directors (or similar governing body) of such person or business; or
- (c) the direct or indirect right to manage, or direct the management of, on a discretionary basis, the business, affairs and/or assets of such person or business,

and "**Controlled**" shall be construed accordingly;

"**Effective Date**" has the meaning given to it in clause 2.1;

"**Employee**" means a person who is a permanent employee (being a person who has a contract of employment) excluding, for the avoidance of doubt employees with fixed-term contracts, fixed-term workers, consultants, contractors, agency workers, casual workers (including zero-hour workers), volunteers, and secondees from third parties;

"**Excluded Information**" means information which is:

- (a) in the possession of the SoS and/or its advisers prior to receipt from the disclosing party;



- (b) is or becomes publicly known, other than as a consequence of breach of clause 3.3 of, or paragraph 1.3 of Schedule 2 to, this Agreement by the SoS and/or its advisers;
- (c) is developed independently by the SoS and/or its advisers without the use of any information provided by Parker or Meggitt or their Affiliates; or
- (d) is disclosed pursuant to a requirement or request from a competent court, regulator, tribunal or Governmental Entity (other than the SoS).

**"Existing Meggitt Capability"** has the meaning given to it in paragraph 1.2(b) of schedule 2 to this deed;

**"Governmental Entity"** means any supra national, national, state, municipal or local government (including any subdivision, court, administrative agency or commission or other authority thereof) or any quasi-governmental or private body exercising any regulatory, importing or other governmental or quasi-governmental authority, including the European Union;

**"Material Adverse Change"** means any event, change, matter or circumstance which (after netting off the impact of, any positive or mitigating event, change, matter or circumstance that may arise following the Effective Date) is materially adverse to the Meggitt Group taken as a whole (which includes without limitation its properties and/or assets, liabilities, financial condition, business, operating results and operations), provided that (i) any material adverse change has resulted from conditions generally affecting the UK and/or international aerospace industry; and (ii) any material adverse change does not result from any action taken by Parker or the Meggitt Group (a) in order to comply with this deed or (b) other than in the normal and ordinary course of business;

**"Meggitt Division"** has the meaning given to it in paragraph 1.2(a) of schedule 2 to this deed;

**"Meggitt Group"** means:

- (a) Meggitt and its direct and indirect subsidiary undertakings from time to time; and
- (b) each of Meggitt and its direct and indirect subsidiary undertakings and each of their businesses as at the Effective Date that are Controlled by Parker and/or any of its Affiliates from time to time;

**"Meggitt Management Team"** means the executive or senior management team of Meggitt from time to time;

**"Monitor"** has the meaning given to it in clause 3.1;

**"Parker Management Team"** means the executive or senior management team of Parker from time to time or any Parker employee of sufficient seniority as the executive or senior management deems fit to carry out the relevant obligations on their behalf;

**"Parker Representative"** means a representative of Parker duly authorised by the board of directors of Parker in accordance with its constitutional documents with full authority to sign a Compliance Notice on behalf of Parker;

**"Permitted Disclosure"** means:

- (a) disclosure required pursuant to applicable laws, rules or regulations, including (without limitation) the Freedom of Information Act 2000 or the Environmental Information Regulations 2004; and

- (b) disclosure to representatives (including any agents, affiliates, employees, officers and professional advisers) of the receiving party who need to know the relevant information, provided that such representatives are informed of the confidential nature of the information and agree to keep the relevant information confidential or are under a professional obligation to keep the relevant information confidential.

**"Regulatory Requirement"** means any obligation (including measures, undertakings and/or commitments) affecting the Meggitt Group in the UK entered into with or imposed by a Governmental Entity in order to obtain approval or clearance for the Transaction in connection with any of the Conditions set out in Part III of the scheme document published by Meggitt dated 16 August 2021;

**"subsidiary undertaking"** and **"undertaking"** shall have the meaning given to such terms in the Companies Act;

**"Supply Chain Charter"** means the Aerospace Growth Partnership's UK Supply Chain Competitiveness Charter as at the Effective Date;

**"Technical Employee"** means any UK Meggitt Group Employee categorised as within a research and development (including product engineering) function or a direct or indirect manufacturing function (the latter limited to quality, manufacturing, engineering, procurement and operational excellence functions) in the information Meggitt provided to BEIS in relation to this deed from 2 August 2021 (being the date of announcement of the Transaction) until the date hereof, provided the total number of Employees in this category does not exceed the Agreed Amount;

**"UK Meggitt Group Employee"** means an Employee of any member of the Meggitt Group who is ordinarily based permanently in the United Kingdom;

**"Undertaking Period"** means the period from the Effective Date until the fifth anniversary of the Effective Date; and

**"Women in Aviation and Aerospace Charter"** means the UK Women in Aviation and Aerospace Charter launched in 2018, as at the Effective Date.

## SCHEDULE 2

### Undertakings

During the Undertaking Period (unless another duration is expressly specified), Parker irrevocably and unconditionally undertakes (and where relevant, shall following the Effective Date procure that the Meggitt Group undertakes) as follows.

#### 1.1 Headquarters

- (a) The Meggitt Group will maintain its headquarters at Ansty Park in Coventry in the United Kingdom.
- (b) The business that comprises the UK-based entities of the Meggitt Group as at the Effective Date will be held through a single holding company which is incorporated in England and Wales and whose registered name includes the word "Meggitt".

#### 1.2 Core operations in the UK

- (a) The Meggitt Group will maintain in place all four current divisions of Meggitt (each, a "**Meggitt Division**") for the first one (1) year only of the Undertaking Period, being:
  - (i) Airframe Systems;
  - (ii) Engine Systems;
  - (iii) Energy and Equipment; and
  - (iv) Services & Support.
- (b) The Meggitt Group shall maintain the following key areas of existing operational capability in the United Kingdom (each, an "**Existing Meggitt Capability**"):
  - (i) 'Thermal', including 'Heat Exchanger' technology;
  - (ii) 'Braking';
  - (iii) 'Composites';
  - (iv) 'Sensing';
  - (v) 'Avionics'; and
  - (vi) 'Additive Manufacturing',

in so far as these capabilities are located in the United Kingdom at the Effective Date, provided that Parker shall not be required to maintain such areas of operational capability under the same Meggitt Division as they currently sit.
- (c) The Meggitt Group shall continue to seek and maintain design, production and maintenance approval authority with the UK Civil Aviation Authority for each Existing Meggitt Capability which requires such an approval authority in order to maintain existing operational capability in the UK.

#### 1.3 Technical Employees

- (a) The number of Technical Employees shall not fall below the Agreed Amount. This paragraph 1.3(a) shall not prevent a reduction in the number of Technical Employees as a result of:

- (i) any redundancy or termination of employment of Technical Employees which was approved and initiated solely by the Meggitt Group prior to the Effective Date;
- (ii) the redundancy or termination of employment of Technical Employees which is reasonably undertaken in good faith, in accordance with Meggitt's directors' fiduciary duties and following consultation with the SoS or the Monitor (as applicable):
  - (A) as a step required in order to enable the Meggitt Group to maintain a competitive position relative to other businesses in the parts of the aerospace industry in which the Meggitt Group operates as a result of normal productivity improvements (excluding any off-shoring of Technical Employees); or
  - (B) in the event of a Material Adverse Change.

Parker shall give notice in writing to the SoS in each case no fewer than 60 days prior to the first such redundancy or termination of employment having effect (and providing such details of the redundancies or terminations as the SoS may reasonably request) and, in any case, in advance of the board of Meggitt (or the relevant member of the Meggitt Group) approving such redundancies or terminations and/or the initiation of the formal process for carrying out such redundancies or terminations, provided that BEIS has previously entered into a binding confidentiality agreement with Parker (acting reasonably) that it will treat any information that the SoS and/or its advisers receives under this paragraph 1.3(a)(ii) as strictly confidential and will not disclose the information more widely without Parker's written consent unless such information is Excluded Information or where such disclosure is a Permitted Disclosure, in accordance with the terms of such confidentiality agreement; and/or

- (iii) voluntary resignations (including retirements) by Technical Employees (excluding any voluntary redundancies and internal transfers by any Technical Employee to a non-Technical Employee role).
- (b) The number of apprenticeships offered under Meggitt's existing UK apprenticeship programme will be increased by 20 per cent. such that there will be no fewer than [x] apprentices in such programme by the end of the Undertaking Period.
- (c) Where the number of Technical Employees has been reduced to below the Agreed Amount in accordance with, and as permitted by, paragraph 1.3(a)(ii)(B) or 1.3(a)(iii) (as applicable), Parker shall use reasonable endeavours to restore (or procure that Meggitt restores) the number of Technical Employees to not less than the Agreed Amount:
  - (i) within six months of falling below the Agreed Amount in case of a reduction in Technical Employees permitted by paragraph 1.3(a)(iii); and
  - (ii) within twelve months following the effect of such Material Adverse Change having ceased to apply, such that trading conditions within the aerospace industry have regained their pre-Material Adverse Change levels, in case of a reduction in Technical Employees permitted by paragraph 1.3(a)(ii)(B).

#### 1.4 **Research and Development**

- (a) It will procure that the research and development spend of the Meggitt Group in the UK will be maintained at a level of expenditure of at least £[REDACTED] per annum., such

level to be increased by at least 40 per cent. by the end of the Undertaking Period, to at least £[REDACTED] per annum.

- (b) The commitments set out in this paragraph 1.4 shall be met from the resources of the Meggitt Group (or, where applicable, Parker and/or its Affiliates) and shall not include any customer funding or grant funding.

#### 1.5 **Centre of Excellence**

- (a) It shall maintain an aerospace and advanced materials centre of excellence in Ansty, United Kingdom for the purposes of research and education, and shall commit such funding and other resources as may be necessary to satisfy the undertaking in this paragraph 1.5.
- (b) The funding commitments referred to in this paragraph 1.5 are in addition to the corporate research and development spend referred to in paragraph 1.4 above.

#### 1.6 **Management**

Save to the extent that a similar legal obligation is otherwise provided to Her Majesty's Government in connection with the Transaction under the Enterprise Act 2002 (in which case, the undertaking in this paragraph 1.6 shall cease thereafter to have any effect), a majority of the board of directors of Meggitt (or, if different, the UK holding company of the Meggitt Group) will be UK nationals and, where required in consultation with the SoS, in receipt of all relevant security clearances.

#### 1.7 **Ongoing use of Meggitt brand and legal name**

- (a) It will continue to use the Meggitt brand in circumstances where it could reasonably be expected to be beneficial for the Meggitt Group.
- (b) It will not remove the word "Meggitt" from the registered or trading names of any member of the Meggitt Group (as at the Effective Date).
- (c) If any new companies are incorporated as members of the Meggitt Group on or after the Effective Date in England and Wales, such companies shall have a registered name which includes "Meggitt" and, in the event that they adopt a trading name, a trading name which includes "Meggitt".

#### 1.8 **Sustainability**

- (a) At least to maintain sustainability targets:
  - (i) of reducing net carbon emissions by 50 per cent. by 2025; and
  - (ii) achieving net zero greenhouse gas emissions by 2050,across the Meggitt Group in the UK.
- (b) To maintain Meggitt's target of investing at least two-thirds of its research and technology budget for the UK in projects relating to sustainable aviation and low-carbon energy.

#### 1.9 **Intellectual Property**

To comply with the Meggitt Group's existing obligations and to maintain the Meggitt Group's existing commitments under all grant funding arrangements between the Meggitt Group and Her Majesty's Government (or any branch thereof) as at the Effective Date.

1.10 **Industrial Engagement and Supply Chain**

- (a) To maintain Meggitt's commitments to engagement in the UK aerospace industry, including:
  - (i) participating in the Aerospace Growth Partnership board and working groups;
  - (ii) supporting the initiatives of the Aerospace Growth Partnership; and
  - (iii) supporting Meggitt's commitments to the Women in Aviation and Aerospace Charter and the Supply Chain Charter.

1.11 **Existing Contractual Arrangements**

Save to the extent that a similar legal obligation is otherwise provided to Her Majesty's Government in connection with the Transaction under the Enterprise Act 2002 (in which case, the relevant undertaking in this paragraph 1.11 shall, to the extent applicable, cease thereafter to have any effect), it will:

- (a) ensure that Meggitt will continue to meet its contractual obligations in respect of goods and services supplied to or for the benefit of Her Majesty's Government;
- (b) ensure that Meggitt continues to comply with and enforce security protocols prescribed by Her Majesty's Government and allows for officials to inspect Meggitt's premises to verify compliance with reasonable notice,

in each case unless the SoS otherwise consents.