

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): December 31, 2022

ESCO TECHNOLOGIES INC.
(Exact Name of Registrant as Specified in Charter)

Missouri
(State or Other
Jurisdiction of Incorporation)

1-10596
(Commission
File Number)

43-1554045
(I.R.S. Employer
Identification No.)

9900A Clayton Road, St. Louis, Missouri
(Address of Principal Executive Offices)

63124-1186
(Zip Code)

Registrant's telephone number, including area code: 314-213-7200

Securities registered pursuant to section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	ESE	New York Stock Exchange

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2 (b) under the Exchange Act (17 CFR 240.14d-2 (b))
- Pre-commencement communications pursuant to Rule 13e-4 (c) under the Exchange Act (17 CFR 240.113d-4 (c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 5.02 **Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers**

Chief Executive Officer Succession

The Company has implemented its CEO succession plan consistent with the disclosures made in Item 5.02 of the Company's Form 8-K filed September 12, 2022 and described in the Company's Proxy Statement dated December 14, 2022.

Effective December 31, 2022, the Company's Chairman, Chief Executive Officer and President, Victor L. Richey, retired as Chief Executive Officer and President. Effective January 1, 2023 Mr. Richey, a current director, assumed the position of Executive Chairman of the Board of Directors.

Mr. Richey and the Company entered into an Amendment of Mr. Richey's Employment Agreement effective December 31, 2022, which provides that Mr. Richey will remain as an employee and director of the Company with the title of Executive Chairman during a transition period ending not later than December 31, 2023. Effective January 1, 2023, Mr. Richey's base salary was adjusted to an annual rate of \$650,000, to be prorated over the length of the transition period. The form of Amendment to Mr. Richey's Employment Agreement is attached hereto as Exhibit 10.1.

Mr. Richey will continue to participate in the Company's Performance Compensation Plan (PCP) until the end of the transition period. For the first quarter of fiscal 2023, which ended December 31, 2022, Mr. Richey's 2023 cash incentive target remained at his fiscal 2022 target of \$959,500, to be prorated for the first quarter of fiscal 2023; and beginning January 1, 2023 Mr. Richey's 2023 cash incentive target was reduced to \$487,500, to be prorated from January 1, 2023 until the end of the transition period.

Mr. Richey also received a one-time award of 17,241 restricted stock units (RSUs), which is \$1,500,000 divided by the Company's closing stock price of \$87.00 per share on January 3, the first trading day of January. The award will vest on December 31, 2023 and be distributed in shares at the beginning of 2024. It is subject to a non-compete covenant ending two years after the distribution date and other conditions, including potential clawbacks, similar to those in the Company's standard RSU awards. The form of Mr. Richey's RSU award is attached hereto as Exhibit 10.2.

On January 1, 2023, Bryan H. Saylor succeeded to the offices of Chief Executive Officer and President of the Company. Mr. Saylor has entered into an employment and compensation agreement with the Company on terms consistent with those described in the Company's Form 8-K filed September 12, 2022. The form of Mr. Saylor's Employment Agreement is attached hereto as Exhibit 10.3.

Increase in Size of Board of Directors; New Director

Pursuant to the previous actions of the Company's Board of Directors and consistent with the disclosures made in Item 5.02 of the Company's Form 8-K filed September 12, 2022, effective January 1, 2023 the authorized size of the Company's Board of Directors was increased from eight to nine members, and Bryan H. Saylor became a Class I director of the Company filling the vacancy thereby created, to serve for a term ending at the 2024 annual meeting of shareholders. As stated above, effective January 1, 2023 Victor L. Richey, assumed the position of Executive Chairman of the Board. James M. Stolze remains in his current position as Lead Director.

Item 9.01 **Financial Statements and Exhibits**

(d) Exhibits

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
10.1	Amendment to Employment Agreement of Victor L. Richey effective December 31, 2022
10.2	Transition Award Agreement with Victor L. Richey effective January 3, 2023
10.3	Employment and Compensation Agreement with Bryan H. Saylor effective January 1, 2023
104	Cover Page Inline Interactive Data File

Any references to the Company's web site address included in this Form 8-K and the press release are intended only as inactive textual references and not as active links to its web site. Information contained on the Company's web site does not constitute part of this Form 8-K or the press release.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: January 6, 2023

ESCO TECHNOLOGIES INC.

By: /s/ David M. Schatz

David M. Schatz

Senior Vice President, Secretary and General Counsel

**AMENDMENT TO
EMPLOYMENT AGREEMENT**

This Amendment to Employment and Compensation Agreement (the "Amendment") is entered into between ESCO Technologies Inc., a Missouri corporation ("ESCO"), and Victor L. Richey ("Executive") effective as of January 1, 2023, to amend the Employment and Compensation Agreement, dated May 10, 2021, by and between ESCO and Executive (the "Employment Agreement"). Words and phrases used herein with initial capital letters that are defined in the Employment Agreement are used herein as so defined.

RECITALS

WHEREAS, the Executive is currently serving as ESCO's Chairman, President and Chief Executive Officer ("CEO");

WHEREAS, on September 9, 2022, Executive notified ESCO's Board of Directors that he intends to resign his positions as CEO and President effective December 31, 2022, and that he also intends to retire from his position as Chairman of ESCO's Board of Directors after a transitional phase which shall include the identification and selection of a new Chairperson;

WHEREAS, ESCO desires to provide for an orderly transition of the Executive's duties and responsibilities, and the Executive desires to assist ESCO in realizing an orderly transition as set forth in this Amendment.

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises contained herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. The first "WHEREAS" clause in the Recitals is hereby deleted from the Employment Agreement.
2. The definition of "Bonus Target" in Section 1 of the Employment Agreement is hereby deleted and replaced with the following:

"Bonus Target" shall mean \$959,500 with respect to the first quarter of ESCO's 2023 fiscal year, and \$487,500 with respect to the period beginning on the first date of the second quarter of ESCO's 2023 fiscal year and ending on the date that Executive's employment with ESCO terminates.

For the avoidance of doubt, each of these amounts is expressed as an annual amount but applicable only for the period stated, and each shall be prorated for a partial year in accordance with Section 2(b)ii. of the Employment Agreement.

3. Section 2(a)iii. of the Employment Agreement is hereby amended by replacing the phrase "ESCO's Chairman, President & CEO" with the phrase "ESCO's Executive Chairman" where it appears therein.
 4. Section 2(b)i. of the Employment Agreement is hereby deleted and replaced with the following:
 - "i. A bi-weekly salary of \$25,000 which shall be paid in accordance with ESCO's normal method of payment."
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5. Section 3 of the Employment Agreement is hereby amended by inserting the following at the end thereof:

“Executive and ESCO agree that, unless earlier terminated in accordance with this Section 3(C), Executive’s employment hereunder, and this Agreement, will terminate effective December 31, 2023 (or such other date agreed upon by the parties not later than December 31, 2023 (the “Termination Date”), and such termination shall be deemed to be a termination as a result of Executive’s voluntary retirement and resignation from ESCO pursuant to Section 3(C) (i.e. a Permitted Employer Termination) for all purposes of this Agreement and all other employee benefit or compensation plans, agreements or arrangements. Effective as of December 31, 2022, Executive hereby resigns from his positions as President and Chief Executive Officer of ESCO and from all other positions and offices that he holds with ESCO or any affiliate of ESCO; provided, that that Executive shall continue as Executive Chairman of ESCO’s Board of Directors under the terms of this Agreement. There shall be no change in Executive’s employee benefits or perquisites from those provided prior to December 31, 2022 during the period from December 31, 2022 until the Termination Date. Executive agrees to resign from his position as a member of ESCO’s Board of Directors effective as of the Termination Date.

6. Sections 4, 5, 6, 8 and 20 of the Employment Agreement are hereby deleted and each replaced with the following “Intentionally Omitted”.

7. Section 7 of the Employment Agreement is hereby deleted and replaced with the following:

“Termination of Employment in Connection with a Change of Control. The parties acknowledge that Executive is a participant in ESCO’s Severance Plan, referred to as the ESCO Technologies Inc. Fourth Amended and Restated Severance Plan dated November 17, 2020 (the “Plan”). The parties agree that the terms of Executive’s participation in the Plan are hereby amended as follows: (a) if a Change of Control (as defined in the Plan) shall occur prior to the Termination Date, any then-remaining undistributed portion of Equity Awards (as defined in the Plan) of Executive will vest immediately prior to the Change of Control and be converted into the right to receive cash and distributed in accordance with the terms and conditions of the Executive’s Equity Award Agreements (as defined in the Plan), and (b) except as expressly provided in (a) of this Section 7, Executive shall no longer participate in the Plan and Executive shall not be entitled to any other rights or benefits of any kind under the Plan. Further, if during the Term of this Agreement, Executive’s employment is terminated in connection with a Change of Control, no further compensation or benefits of any kind shall be payable under this Agreement.

8. For the avoidance of doubt, Executive and ESCO acknowledge and agree that the changes in Executive’s title, duties, compensation and responsibilities described in this Amendment, and the other changes in Executive’s employment terms set forth in this Amendment (including any resignations required by this Amendment) have been consented to by Executive in connection with his voluntary retirement and do not and will not constitute any termination pursuant to Section 4 or 5 of the Employment Agreement or entitle Executive to the payment of any Severance Payments under the Employment Agreement, and shall not constitute a breach by ESCO or “good reason” or any similar concept under any employee benefit or incentive compensation plan or agreement.

9. This Amendment may be executed in several counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

10. Except as otherwise provided herein, the Employment Agreement shall continue in full force and effect in accordance with its terms.

IN WITNESS WHEREOF, ESCO has caused this Amendment to be executed on its behalf by its duly authorized officer and Executive has executed this Amendment, as of the date first written above.

ESCO TECHNOLOGIES INC.

By: s/James M. Stolze
James M. Stolze

By: s/Victor L. Richey
Victor L. Richey

TRANSITION AWARD AGREEMENT

To: Victor L. Richey Jr. (“you”)

From: Human Resources and Compensation Committee of the Board of Directors (the “Committee”)

Subject: ESCO Technologies Inc. (the “Company”) 2018 Omnibus Incentive Plan (“Plan”) – Transition Award (“Award”)

1. Award. Effective on the first trading day of 2023 (the “Award Date”), the Committee has approved the award to you of 17,241 Restricted Share Units (the “RSUs”) pursuant to the Plan, representing the right to receive 17,241 shares of common stock of the Company (“Company Stock”) upon satisfaction of all of the terms and conditions set forth in this Transition Award Agreement (“Agreement”) and in the Plan, a copy of which has been delivered to you and is available from the Company’s Human Resources Department upon request.

2. Payout Terms.

(a) The Award and any receipt of Company Stock is subject to your compliance with this Agreement and the Plan (including the provisions of Section 11 of the Plan). If you are continuously employed by the Company or a subsidiary, limited liability company, or other entity directly or indirectly wholly owned by the Company (“Company Owned Entity”) from the Award Date through the close of business on the Vesting Date as defined in Section 2(b), each RSU will be converted into the right to receive one share of Company Stock, and such shares of Company Stock will be issued to you or your brokerage account as of the first trading day of 2024.

(b) The “Vesting Date” is December 31, 2023; subject to Section 2(d). The “Vesting Period” begins on the Award Date and ends December 31, 2023.

(c) Notwithstanding paragraph 2(a), if there is a Change of Control, as defined in Section 3(b), before the shares of Company Stock have been issued to you under this Award then:

(i) On the effective date of the Change of Control (the “CoC Effective Date”), the Award will be converted into the right to receive cash in an amount equal to the number of unconverted RSUs multiplied by the average of the daily closing price of the Company’s common stock on the New York Stock Exchange over the last ten trading days preceding the CoC Effective Date, and such cash will be paid to you within 30 days after the CoC Effective Date.

(ii) In the event of a Change of Control this subsection 2(c) shall control all distributions of shares and compensation under this Award. However, in such event, the following additional terms will apply to the Award:

(A) Notwithstanding the foregoing provisions of this Section 2(c), in the event a certified public accounting firm designated by the Committee (the “Accounting Firm”) determines that any payment (whether paid or payable pursuant to the terms of this Award or otherwise and each such payment hereinafter defined as a “Payment” and all Payments in the aggregate hereinafter defined as the “Aggregate Payment”), would subject you to tax under Section 4999 of the Internal Revenue Code of 1986 (“Code”) then such Accounting Firm shall determine whether some amount of payments would meet the definition of a “Reduced Amount”. If the Accounting Firm determines that there is a Reduced Amount, payments shall be reduced so that the Aggregate Payments shall equal such Reduced Amount. For purposes of this clause 2(c)(I), the “Reduced Amount” shall be the largest Aggregate Payment which (A) is less than the sum of all Payments and (B) results in aggregate Net After Tax Receipts which are equal to or greater than the Net After Tax Receipts which would result if Payments were made without regard to this clause 2(c)(I). “Net After Tax Receipt” means the Present Value (defined under Section 280G(d)(4) of the Code) of a Payment net of all taxes imposed on you under Section 1 and 4999 of the Code by applying the highest marginal rate under Section 1 of the Code.

(B) As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination of the Accounting Firm hereunder, it is possible that Payments will be made by the Company which should not have been made (the “Overpayments”) or that additional Payments which the Company has not made could have been made (the “Underpayments”), in each case consistent with the calculations of the Accounting Firm. In the event that the Accounting Firm, based either upon (A) the assertion of a deficiency by the Internal Revenue Service against the Company or you which the Accounting Firm believes has a high probability of success or (B) controlling precedent or other substantial authority, determines that an Overpayment has been made, any such Overpayment shall be treated for all purposes as a loan to you which you shall repay to the Company together with interest at the applicable Federal rate provided for in Section 7872(f)(2)(A) of the Code; provided, however, that no amount shall be payable by you to the Company if and to the extent such payment would not reduce the amount which is subject to taxation under Section 1 and Section 4999 of the Code or if the period of limitations for assessment of tax has expired. In the event that the Accounting Firm, based upon controlling precedent or other substantial authority, determines that an Underpayment has occurred, any such Underpayment shall be promptly paid by the Company to you together with interest at the applicable Federal rate provided for in Section 7872(f)(2)(A) of the Code.

(d) Notwithstanding any other provision of this Section 2:

(i) If your death occurs during the Vesting Period, then the Committee, in its absolute discretion, may make such full, pro-rata, or no distribution of Company Stock in satisfaction of this Award as it may determine, to your surviving spouse, heirs or estate as it may determine, all in its sole and complete discretion.

(ii) If on or before the Vesting Date your employment terminates on account of your retirement with the approval of the Committee, then the Award shall become fully vested as of the retirement date and will be converted and paid following the Vesting Date as provided in Section 2(a).

(e) It is intended that all payments and benefits under this Agreement be exempt from Section 409A of the Internal Revenue Code of 1986, as amended (“Section 409A”) and this Agreement shall be construed to the greatest extent possible as consistent with those provisions. If not so exempt, this Agreement shall, to the extent permissible, be construed in a manner that complies with Section 409A and incorporates by reference all required definitions and payment terms. Notwithstanding the foregoing, the Company makes no representation that this Agreement is exempt from Section 409A and shall have no liability to you for any failure to comply with Section 409A. You will be fully responsible for any and all taxes or other amounts imposed by Section 409A.

3. Definitions. For purposes of this Award, the following terms have the following meanings:

(a) “Cause” means, solely for the purposes of this Award, your violation of the covenants defined in Section 5.

(b) “Change of Control” means:

(i) The purchase or other acquisition by any person, entity or group of persons (herein “Acquiror”), within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) (excluding, for this purpose, the Company or its Subsidiaries or any employee benefit plan of the Company or its Subsidiaries), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either the then-outstanding shares of common stock of the Company or the combined voting power of the Company’s then-outstanding voting securities entitled to vote at any general or special meeting of shareholders; or

(ii) A change in composition of the Board of Directors of the Company (the “Board” and, as of the date hereof, the “Incumbent Board”) resulting in individuals who constitute the Incumbent Board ceasing for any reason to constitute at least a majority of the Board, provided that any person who becomes a director subsequent to the date hereof whose election or nomination for election by the Company’s shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board (other than an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of the Company, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) shall be, for purposes of this section, considered as though such person were a member of the Incumbent Board; or

(iii) Approval by the stockholders of the Company of (A) a reorganization, merger or consolidation, in each case with respect to which persons who were the stockholders of the Company immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own more than 50% of, respectively, the common stock and the combined voting power entitled to vote generally in the election of directors of the reorganized, merged or consolidated corporation’s then-outstanding voting securities, or (B) a liquidation or dissolution of the Company or of the sale of all or substantially all of the assets of the Company. The surviving entity of such reorganization, merger or consolidation, or the entity which receives through liquidation or dissolution all or substantially all of the assets of the Company is referred to herein as “Successor Entity.”

Notwithstanding the foregoing, an isolated sale, spin-off, joint venture or other business combination by the Company, which involves one or more divisions of the Company or a Company Owned Entity and is approved by a majority vote of the Incumbent Board, shall not be deemed to be a Change of Control.

4. **Valuation.** Company Stock issued pursuant to this Award shall be valued for tax purposes at the closing price of the Company’s common stock on the New York Stock Exchange on the Vesting Date, or if the Company Stock is not traded on such Exchange on the Vesting Date, then on the last day prior to the Vesting Date on which the Company Stock is traded on such Exchange.

5. **Dividends.** Contingent upon shareholder approval of the Amended 2018 Omnibus Incentive Plan in February 2023, quarterly dividend equivalents will be accrued on the Award commencing with the first regularly scheduled quarterly dividend payment after the Award Date. The accrued dividends on the Award, if any, will be distributed in cash at the time the Award is distributed.

6. **Covenants.**

(a) You agree that during the period beginning on the Award Date and ending two (2) years after the date on which you receive the final distribution of Company Stock (or payment of cash, in the event of a Change of Control) to which you are or become entitled under Section 2 of this Award, you will not do any of the following:

(i) As an individual or as a partner, employee, agent, advisor, consultant or in any other capacity of or to any person, firm, corporation or other entity, directly or indirectly carry on any business or become involved in any business activity, which is (A) competitive with the business of the Company or any Company Owned Entity, as presently conducted and as said business may evolve in the ordinary course, and (B) a business or business activity in which you were engaged in the course of your employment with the Company; but notwithstanding the foregoing, nothing herein shall prevent you from being a 2% or less shareholder of a publicly traded corporation;

(ii) As an individual or as a partner, employee, agent, advisor, consultant or in any other capacity of or to any person, firm, corporation or other entity, directly or indirectly recruit, solicit or hire, or assist anyone else in recruiting, soliciting or hiring, any employee of the Company or any Company Owned Entity;

(iii) Induce or attempt to induce, or assist anyone else to induce or attempt to induce, any customer of the Company or any Company Owned Entity, to discontinue its business with the Company or Company Owned Entity;

(iv) Engage in the unauthorized use or disclosure of confidential information or trade secrets of the Company or any Company Owned Entity resulting in harm to the Company or any Company Owned Entity.

(b) In the event of a breach or threatened breach of the covenants described in paragraph 6(a), the Company shall be entitled, in addition to any other legal or equitable remedies it may have:

(i) To temporary, preliminary and permanent injunctive relief restraining such breach or threatened breach. You hereby expressly acknowledge that the harm which might result as a result of any noncompliance by you would be largely irreparable, and you agree that if there is a question as to the enforceability of any of the provisions of this Award, you will abide by the Award until after the question has been resolved by a final judgment of a court of competent jurisdiction;

(ii) To cancel this Award; and/or

(iii) To recover from you (1) any shares of stock transferred to you under this Award during any period(s) (A) that you were in breach of any of the above described covenants or (B) in the case of intentional misconduct resulting in a financial restatement during the periods that required statement, but in either case not to exceed three years, and (2) the proceeds from any sales of such shares received under this Award during the above time periods to the extent such shares transferred to you under this Award have been sold or retained by the Company to pay your taxes. The Committee shall have sole discretion in determining the amount that shall be recovered from you under this subparagraph 6(b)(iii).

7. **Choice of Law; Venue.** This Award shall be construed and administered in accordance with the laws of the State of Missouri without regard to the principles of conflicts of law which might otherwise apply. In light of the fact that the Company is headquartered in St. Louis, Missouri, the Plan was established and is administered in the State of Missouri and the majority of the Committee's meetings are held in the State of Missouri, any litigation concerning any aspect of this Award shall be conducted exclusively in the State or Federal Courts in the State of Missouri.

8. **Severability.** Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law. If any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, (a) the parties agree that such provision(s) will be enforced to the maximum extent permissible under the applicable law, and (b) any invalidity, illegality or unenforceability of a particular provision will not affect any other provision of this Agreement.

9. **Amendment.** This Award may be amended by written consent between the Company and you, or by the Company to the extent it does not lessen or restrict your rights hereunder.

10. **Understanding of Agreement.** You acknowledge that you have had a reasonable period of time to study, understand, and consider this Agreement, that you have the right to consult with counsel of your choice prior to signing the Agreement, that you have read the Agreement and understand all of its terms, that you are entering into the Agreement knowingly and voluntarily, that in so doing you are not relying upon any statements or representations of the Company or its agents other than as expressly provided in this Agreement, and that the Agreement is fair and reasonable.

This Agreement will become effective as of the Award Date subject to your execution below.

ESCO TECHNOLOGIES INC.

AGREED TO AND ACCEPTED:

By: s/James M. Stolze
James M. Stolze

s/Victor L. Richey Jr.
Victor L. Richey Jr.

Date Signed: 21 Dec 2022

Date Signed: 20 Dec 2022

EMPLOYMENT AND COMPENSATION AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") made and entered into as of the Effective Date (defined below), by and between ESCO Technologies Inc. ("ESCO"), and Bryan Sayler ("Executive"). Hereinafter ESCO and Executive may be referred to individually as "Party" and collectively as "Parties".

RECITALS:

WHEREAS, Executive is ESCO's newly promoted President & Chief Executive Officer (CEO); and

WHEREAS, ESCO recognizes and appreciates the value and benefit of promoting and retaining the services of Executive and desires to secure the commitment of Executive to the employment terms herein set forth; and

WHEREAS, ESCO is willing to make the commitments to Executive as hereinafter set forth, in recognition of such value, as well as to secure appropriate agreements and covenants from Executive as provided herein; and

WHEREAS, Executive desires to be so employed for such period and to secure the compensation arrangements hereinafter provided, and is therefore willing to make the agreements and covenants on his part contained herein.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements hereinafter set forth, the Parties agree as follows:

1. **Definitions.** The following terms, as used herein, shall have the following meanings:

"Annual Performance Based Bonus" shall mean an annual bonus under ESCO's Performance Compensation Plan adopted August 2, 1993, amended and restated February 4, 2019 and any subsequent amendments following the date of this Agreement (the "PCP") computed utilizing the Executive's PCP Bonus Target and subject to the terms of such PCP plan.

"Bonus Target" shall mean \$715,000 or such increased amount as may be approved by the Human Resources Committee of the ESCO Board of Directors.

"Effective Date" shall mean January 1, 2023 or such later date as the Executive begins serving as the President & CEO.

"Employment Period" or "Term" shall mean, the period of time starting on the Effective Date and, unless terminated pursuant to Sections 3, 4 or 5, ending on the last day of the 24th month after the Effective Date. At the end of such initial twenty-four month period this Agreement shall automatically renew for subsequent one-year periods unless the Company provides notice at least six months in advance of such renewal period start date that the Agreement will not be renewed or unless at any time this Agreement is terminated pursuant to Sections 3, 4 or 5. Any such one year renewals shall be considered part of the Employment Period. Executive's employment shall continue, after the Employment Period, unless terminated as outlined in Sections 3, 4 or 5, as an at-will employee.

"Good Cause Event" shall mean:

- a) Executive's willful and continued failure to substantially perform his duties (other than as a result of incapacity due to physical or mental condition), after a written notice by an ESCO Representative (defined below) identifying the manner in which he or she believes Executive has not effectively performed his duties and after the Executive's subsequent failure to cure the identified problem(s) in the time set forth in the notice,
- b) Executive's commission of acts which would constitute fraud, misappropriation, embezzlement, theft, dishonesty, breach of fiduciary duty involving personal profit or willful and knowing violation of any laws, rule, regulation (other than traffic violations or similar minor offenses), "Misconduct" as defined in the PCP plan, conduct involving a third party which impairs the reputation of, or harms, ESCO, its respective subsidiaries or its respective affiliates; or violation of ESCO's policies (including the ESCO's Code of Business Conduct and Ethics, the Insider Trading Policy and the Insider Trading Policy for Senior Company Officials),
- c) Executive's failure to act professionally and with due consideration and propriety in his personal and professional dealings with customers, vendors, employees or other individuals with whom Executive comes into contact in his capacity as an employee of ESCO or Executive's engagement in willful conduct which Executive knows or has reason to know is materially detrimental to the business and operations of ESCO, including without limitation, any action or omission which (a) causes injury or damage to ESCO or (b) directly or indirectly causes ESCO to be named a party in any litigation or administrative proceeding with regard to such acts or omissions, or
- d) Executive's material breach of any provision of this Agreement including without limitation, any obligation under Section 9.

For purposes of the definition of a "Good Cause Event", an act or failure to act shall not be considered "willful" if done or omitted to be done in good faith and with a reasonable belief that the act or omission was in the best interest of ESCO.

"Permanent Disability" shall mean disability or incapacity which extends for the period of time which is the elimination period for ESCO's LTD plan(s), not to exceed three months and which renders Executive in the reasonable judgment of an ESCO Representative substantially unable to carry out the duties of Executive as currently performed.

"Severance Effective Date" shall mean the 8th day after the Severance Agreement & Release is executed and the Executive has not revoked such Severance Agreement & Release during the 7 day Revocation Period.

"ESCO Representative" shall mean any two (2) Directors of ESCO.

"Revocation Period". Upon a termination as outlined in Section 4 or Section 5, if the Executive executes the then current Severance Agreement and Release (Severance Agreement) he will be provided with a 7 day timeframe during which he can rescind his execution of the Severance Agreement (Revocation Period) by providing the ESCO Representative with a written notice of such revocation. If the execution of the Severance Agreement is not revoked during this Revocation Period, it will be effective on the 8th day, "Severance Effective Date," and payments will be made in accordance with this Agreement.

2. Terms of Employment.

(a) Location and Duties.

1. Beginning on the Effective Date ESCO will employ Executive in its employment for the Employment Period. During the Employment Period, Executive's services shall be required to be performed at the corporate headquarters of ESCO located in Ladue, Missouri, any subsequent corporate headquarters of ESCO less than 25 miles from such Ladue Missouri location or at any location required by ESCO and agreed to by the Executive.
11. During the Employment Period, and excluding any periods of vacation and sick leave to which Executive is entitled, Executive will be expected to devote reasonable attention and time during normal business hours to the business and affairs of ESCO, to discharge the responsibilities assigned to the Executive, and to use the Executive's reasonable best efforts to perform faithfully and efficiently such responsibilities.
111. The Executive shall perform such duties normally associated with the Office(s) of ESCO's President & CEO and such other duties as assigned to him by ESCO's Board of Directors.

(b) Compensation. During the Employment Period, in full consideration for said services and subject to the due performance thereof, ESCO will pay Executive, and Executive agrees to accept:

1. A bi-weekly salary of \$27,500.00 which shall be paid in accordance with ESCO's normal method of payment. Such bi-weekly salary may be increased from time to time by the Human Resources & Compensation Committee of the ESCO Board ("HRCC").
11. An Annual Performance Based Bonus payable within ninety days following the end of each fiscal year end. (This Annual Performance Based Bonus will be prorated for any partial year based on the number of days worked as the President & CEO divided by 260 with such percentage applied to the Executive's (PCP) bonus target for payment determination).
111. All amounts paid in subparagraphs (i) and (ii) are subject to regular income tax withholding, FICA taxes and any other deductions required by law or authorized by Executive.

3. Permitted Employer Termination. All obligations of ESCO pursuant hereto, and Executive's employment, shall terminate upon the earlier of A) the death of Executive or Permanent Disability of Executive, B) the occurrence of a Good Cause Event, or C) voluntary resignation of Executive other than Termination by Executive for Breach (either A, B or C referred to as a "Permitted Employer Termination"). Notwithstanding any termination of Executive's employment, Executive shall continue to remain obligated to comply with Section 9 and 13 herein.
4. Termination by ESCO other than for a Permitted Employer Termination. If, during the Term of this Agreement, Executive's employment is terminated for other than a Permitted Employer Termination, then provided the Executive executes the Standard Severance Agreement and Release then in general use by ESCO, the Executive shall receive the Severance Payments described in Section 6, after the Revocation Period has lapsed with no revocation of the Severance Agreement by the Executive.
5. Termination by the Executive as a result of an ESCO Breach. If, during the Term of this Agreement, A) ESCO breaches a material provision of this Agreement, B) the Executive notifies ESCO in writing within 30 days of such breach ("Cure Notice"), C) ESCO does not cure such breach within 30 days of receipt of the Cure Notice, D) Executive terminates his employment based on such breach within 40 days of such Cure Notice, and E) Executive executes the Standard Severance Agreement and Release then in general use by the ESCO, (the occurrence of A-E referred to as "Termination by Executive for Breach") then Executive shall receive the Severance Payments described in Section 6, after the Revocation Period has lapsed with no revocation of the Severance Agreement by the Executive.
6. Severance Payments. In the event that Executive's employment is terminated and pursuant to Sections 4 or 5 he is entitled to Severance Payments, ESCO agrees as follows.
 - (a) After the Revocation Period ESCO shall pay the Executive a total amount equal to his then current bi-weekly salary for the number of pay periods in two calendar years and two times his Bonus Target. Such amount shall be paid in either of the following forms, as elected by the Executive:
 1. in a lump sum on the regularly scheduled payroll date of ESCO coinciding with or immediately preceding March 15 of the calendar year following the calendar year in which such termination occurs, or
 11. in biweekly installments commencing on the first practical payroll date of ESCO following the Revocation Period and continuing on each succeeding regularly scheduled biweekly payroll date; provided, however, that any remaining compensation will be paid in a lump sum on the regularly scheduled payroll date coinciding with or immediately preceding the later of March 15th or December 15th in the calendar year after such termination occurs.

- (b) After the Revocation Period, as a supplement to the payment of the Executive's Base Salary and Bonus under subparagraph (a) above, ESCO shall also pay, reimburse or provide, as applicable, to or for the Executive:
1. an amount equal to the Bonus Target divided by 26 (the number of pay periods in a year) and multiplied by the number of pay periods worked by Executive in such current fiscal year occurring prior to the termination,
 11. upon proper application by Executive and payment of the employee portion of the premium, ESCO shall furnish Executive medical continuation in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"); provided that during the period of his eligibility the Executive will pay only the rate which active employees pay for similar coverage for up to six months,
 111. reimbursement of fees incurred by Executive in accordance with ESCO's financial planning benefit during the period of time starting after termination of Executive's employment and ending on the federal tax filing deadline for the Executive for the tax year following the taxable year in which the termination occurred in the same amounts that would have been reimbursed to Executive had Executive remained employed with ESCO during such period, and
 - 1v. executive level outplacement assistance determined appropriate by ESCO.
 - v. All Equity Awards made within the twelve months prior to the termination shall be forfeited. The remaining awards shall then be addressed as follows:

Vested Restricted Stock Units (RSU' s) awards shall be distributed in full. All other awards shall vest and be distributed prorata based on the number of months elapsed during the RSU award term as of the termination date compared to the total number of months in the RSU term.

Performance Share Units (PSU' s) Awards whose term has been completed will be scored based upon performance and any resulting share units will vest at the Human Resources & Compensation Committee (HRCC) fiscal year end meeting following the termination. All other PSU's Awards will be prorated based on the number of months elapsed during the PSU award term as of the termination date compared to the total number of months within the PSU term. The performance measures will then be scored to determine the number of units which will vest at the HRCC fiscal year end meeting following the termination.

All Equity Award distributions will be made within 2 weeks of vesting and are subject to share withholding to satisfy any required federal, state or other tax withholdings.

The payments, reimbursements and commitments made in Sections 6 (a), and (b) shall be collectively referred to as "Severance Payments." All Severance Payments shall be subject to applicable income tax withholding including FICA and any other deductions required by law or authorized by Executive and shall be conditioned upon 1) Executive signing a standard release then in effect for such purposes and 2) expiration of any revocation period ("Revocation Period") without revocation by Executive.

7. Termination of Employment in Connection with a Change of Control. If during the Term of this Agreement, Executive's employment is terminated in connection with a Change of Control under circumstance which would cause the benefits described in the Company's Severance Plan (the "Severance Plan") to become payable to the Executive ("Severance Benefits"), no further compensation or benefits or any kind shall be payable under this Agreement but the Severance Plan Benefits shall be paid in accordance with the terms and conditions of the Severance Plan. Capitalized terms not defined herein are defined in the Severance Plan first adopted August 10, 1995 by ESCO Electronics Corporation (now known as ESCO Technologies Inc.) Board of Directors and as later amended.
8. Continued Employment Not Guaranteed. This Agreement is intended to outline certain compensation payable to Executive under the specified circumstances described herein and shall not be construed as a guarantee of the Executive's continued employment, nor shall it limit the ability of the ESCO to terminate the employment relationship at any time, with or without cause upon written notice to the Executive. Executive's continued employment after the end of the Term shall be considered employment-at-will. None of the provisions of this Agreement shall limit the ability of the Executive to resign at any time upon written notice to ESCO.
9. Confidential Information; ESCO Property; Nonsolicitation; Non Compliance; Compensation Recovery. By and in consideration of the mutual promises contained herein, the Executive agrees that:

9.1 Confidential Information:

(a) Executive shall both during and after employment with ESCO regardless of how, when or why Executive's employment ends, protect the confidential, trade secret and/or proprietary character of all Confidential Information. Executive shall not, directly or indirectly, use (for the benefit of Executive or any other person) or disclose any Confidential Information, for so long as it shall remain proprietary or protectable as confidential or trade secret information, except (i) as may be necessary for the performance of Executive's duties for ESCO, (ii) to the extent that such Confidential Information becomes generally known to the public through no wrongful act of Executive or any representative of Executive, or (iii) as required by applicable law, regulation or legal process and provided ESCO is given advance notice of such required disclosure and the opportunity to seek a protective order as appropriate. In addition, notwithstanding that this Agreement is Confidential Information, Executive shall be permitted to disclose the terms and conditions of this Agreement to Executive's spouse, legal advisors and personal tax or financial advisors provided such individuals agree to keep such information strictly confidential.

(b) At the end of the Term, or the end of any employment at-will-period, or at any other time ESCO may request, Executive shall promptly deliver to ESCO all materials in Executive's possession containing any Confidential Information, whether in written or electronic form, including, without limitation, writings, designs, documents, records, memoranda, photographs, sound recordings, tapes, discs and other storage devices. To the extent Confidential Information is contained on Executive's personal computers, cell phones or other electronic devices, such information shall be purged from such devices and Executive shall certify in writing to ESCO that all such Confidential Information has been returned and/or purged.

(c) For purposes of this Agreement, "Confidential Information" means all financial, technical and business information that is not generally in the public domain regarding:

1. the installation, operation, usage, maintenance, repair, marketing, design, construction, function, performance, composition, and specifications of ESCO' s or any subsidiaries, or affiliates' current and future products and components for such products along with computer code, software, firmware or related documentation as well as technical, financial (e.g. unit prices), or product road map information related to any of the foregoing;
11. the intellectual property of ESCO, or any subsidiary or affiliate such as patent application, inventions, or trade secrets;
111. the financial performance or prospects of ESCO, or any subsidiary, or affiliate along with any other material, non-public information as defined by relevant insider trading statutes or SEC regulations;
- 1v. customer contacts, customer requirements, or system performance; and
- v. any other information of ESCO, or any subsidiary or affiliate which:
 - A. derives economic value, actual or potential, from not being generally known to or readily ascertainable by other persons who can obtain economic value from the disclosure or use of the information; and
 - B. is the subject of efforts by the ESCO or its subsidiary or affiliate that are reasonable under the circumstances to maintain the secrecy of the information.

(d) The parties hereto stipulate that the protection of Confidential Information is important to the successful conduct of the business of ESCO, and their respective subsidiaries and affiliates, and their goodwill, and any breach of any term of this section is a material breach of Agreement.

9.2 ESCO Property. All equipment, notebooks, documents, presentations, briefings, programs, data, memoranda, reports, files, samples, books, correspondence, lists, software, other records, whether in tangible or intangible form, and the like, affecting or relating to the business of ESCO, and their respective subsidiaries and affiliates, which Executive shall have prepared, used, constructed, observed, received, possessed or controlled during employment with ESCO (collectively "Property"), shall be and remain the sole property of ESCO, and their respective subsidiaries and affiliates, as the case may be, and shall be returned to an ESCO Representative upon termination of employment or earlier request of an ESCO Representative.

9.3 Nonsolicitation. During the period commencing on the Effective Date and ending two (2) years following the termination of Executive's employment for any reason, the Executive will not directly or indirectly, on his behalf or on behalf of any other organization, solicit, hire, or otherwise induce any employee of ESCO, or any subsidiary or affiliate of ESCO to leave the employ of ESCO, or affiliate, or to become associated, whether as an employee, officer, partner, director, consultant or otherwise, with any other business organization.

9.4 Noncompliance. If the Executive's employment ends or is terminated as a result of a Permitted Employer Termination, except as otherwise required by law, no further payments or contractual benefits shall be provided to, or in respect of the Executive by ESCO pursuant to this Agreement or otherwise. Additionally, all terms and conditions of the PCP plan shall apply, including if applicable recoupment of past PCP payments.

9.5 Independent Agreements. Each of the covenants and agreements of Executive contained in this Section 9 shall be construed as independent of any other provision of this Agreement and independent of each other and given for valuable independent consideration, and the existence of any defense, claim or cause of action against ESCO, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by ESCO of each such independent covenant and agreement.

10. Compensation in Event of Death or Permanent Disability. In the event that a Permitted Employer Termination occurs because of death or the Permanent Disability of Executive, Executive or Executive's estate and beneficiaries shall be entitled to all payments and benefits in accordance with the regular policies of ESCO in force at such time for such events with respect to a senior manager or officer but not less than in accordance with the regular policies of ESCO applicable to salaried personnel generally in force on the date thereof.
11. Non-Waiver of Rights. The failure to enforce at any time any of the provisions of this Agreement or to require at any time performance by the other party of any of the provisions hereof shall in no way be construed to be a waiver of such provisions or to affect either the validity of this Agreement, or any part hereof, or the right of either Party thereafter to enforce each and every provision in accordance with the terms of this Agreement.
12. Invalidity of Provisions. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provisions were omitted provided the effectiveness of the remaining portions of this Agreement will not defeat the overall business intent of the Parties or give one Party any substantial benefit to the detriment of the other Party.
13. Governing Law. This Agreement shall be interpreted in accordance with and governed by the laws of the State of Missouri without regard to its conflict of law's provisions.
14. Amendments. Except as provided in Section 15, no modification, amendment or waiver of any of the provisions of this Agreement shall be effective unless in writing specifically referring hereto and signed by the Executive and by an ESCO Representative.

15. Amendments Required by the Laws, Regulations or Stock Exchange Listing Requirement. This Agreement may be amended by ESCO without consent of the Executive as a result of changes in laws, regulations or stock exchange listing requirements applicable to ESCO and impacting agreements with its senior officers and those of its subsidiaries.
16. Notices. Any notice to be given by either Party hereunder shall be in writing and shall be deemed to have been duly given if sent by facsimile or email followed by first class mail, sent certified or registered mail, postage paid, or hand delivered as follows:

ESCO:

Lead Director
ESCO Technologies Inc. 9900A Clayton Road
St. Louis, MO 63124

With copy to
ESCO Technologies Inc.
Vice President, Human Resources 9900A Clayton Road
St. Louis, MO 63124

And to Executive at his address as it appears on the payroll records of ESCO, or to such other address as may have been furnished by either Party to the other Party by written notice.

17. Survival of Certain Provisions. The parties agree that Sections 9, and 13 shall survive any expiration or termination, including without limitation a Permitted Employer Termination, of this Agreement and shall survive the termination of Executive's employment for any reason and shall remain in full force and effect in accordance with the provisions contained in such Sections.
18. Spendthrift Provision. Except as otherwise expressly provided herein, Executive agrees on behalf of himself and his executors and administrators, heirs, legatees, distributees, and any other person or persons claiming any benefits under him by virtue of this Agreement, that this Agreement and the rights, interests and benefits hereunder shall not be assigned, transferred, pledged, or hypothecated in any way by Executive or any executor, administrator, heir, legatee, distributee, or person claiming under Executive by virtue of this Agreement, and shall not be subject to execution, attachment or similar process. Any attempt at assignment, transfer, pledge or hypothecation or other disposition of this Agreement or of such rights, interest, and benefits contrary to the foregoing provision, or the levy of any attachment or similar process thereupon, shall be null and void and without effect.
19. Section 409A Savings Cause. This Agreement is intended to comply with the provisions of 409A of the Code. If any compensation or benefits provided by this Agreement may result in the application of Section 409A of the Code, ESCO shall, in consultation with Executive, modify the Agreement in the least restrictive manner necessary in order to exclude such compensation from the definition of "deferred compensation" within the meaning of such Section 409A of the Code or in order to comply with the provisions of Section 409A of the Code, other applicable provision(s) of the Code and/or any rules, regulations or other regulatory guidance issued under such statutory provisions and without any diminution in the value of the payments to Executive. Notwithstanding the preceding, ESCO makes no representations regarding the tax consequences of compensation or benefits payable under this Agreement and Executive is responsible for all such tax consequences other than ESCO's share of employment taxes.

20. Consulting Services. ESCO may ask Executive to provide consulting services to ESCO from time to time after Executive's employment terminates. In the event that Executive is receiving Severance Payments, Executive shall agree perform up to 80 hours of such consulting services without additional compensation.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date set forth below.

Bryan Sayler

Jim Stolze
Lead Director
ESCO Technologies Inc.

s/Bryan Sayler
Date 12/15/2022

s/J.M. Stolze
Date 12/21/22

