

WEHR



The Weir Group PLC
Annual Report and Financial Statements 2021

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- Continuing operations.
- 2020 restated at 2021 average exchange rates.
- Before adjusting items (note 2 of the Group Financial Statements).
- 2020 has been restated for SaaS adjustments (note 2 of the Group Financial Statements).
- Total incident rate is an industry standard safety indicator that measures lost time and recordable incidents per 200,000 hours worked.
- Defined as revenues from new products introduced in the last three years.
- eNPS (Employee Net Promoter Score) is an index used to measure employee satisfaction levels.
- Based on Peakon's Manufacturing sector benchmarks.
- Market based greenhouse gas emissions, for definition, see page 61.

FINANCIAL & NON-FINANCIAL SUMMARY

ORDERS¹

£2.2bn

+22%²

REVENUE¹

£1.9bn

+2%²

ADJUSTED PROFIT BEFORE TAX¹

£249m

0%^{3,4}

STATUTORY PROFIT AFTER TAX

£259m

+£414m⁴

TOTAL INCIDENT RATE^{1,5}

0.45

0.41 in 2020

REVENUES FROM NEW SOLUTIONS^{1,6}

£117m

+30%²

EMPLOYEE NET PROMOTER SCORE (eNPS)^{1,7}

48

In the top 10% of our industry⁸, up from 42 in 2020

GREENHOUSE GAS EMISSIONS^{1,9}

81.0 tonnes CO₂e/£m

-15% reduction since 2019

2021 HIGHLIGHTS

- Strong orders driven by highly active end markets and strategic growth initiatives.
- Operational execution across the Group delivered 40 bps^{1,2,3,4} operating profit margin expansion.
- Accelerated delivery of smart, efficient, sustainable solutions strategy.
- On track to deliver medium-term targets.

DELIVERING FOR ALL STAKEHOLDERS

- Extended our service capabilities with seven new facilities across four continents.
- Colleagues across all regions took part in My Day of Purpose to celebrate Weir's 150th anniversary.
- Committed to Science Based Targets initiative (SBTi) to set emissions reductions targets aligned with Paris Agreement.
- >700 colleagues and their families received Covid-19 vaccine at Weir-organised clinics in India.

WEIR: MAKING MINING SMARTER, EFFICIENT AND SUSTAINABLE

Metals power the world. They are the backbone of our modern society. And metals are vital for a sustainable future too – copper for decarbonising and electrifying transport; lithium, nickel and cobalt for batteries and energy storage; iron and aluminium for the infrastructure to support widespread electrification.

Today, much of the metal used each year is extracted from our earth, and that is set to continue for decades to come.

That's why our customers in the mining industry are transforming to more sustainable practices and striving for Net Zero emissions. And that presents an incredible challenge.

How to get more of those metals from less. Less water, less waste, less energy and less CO₂.

That is where Weir comes in.

Our technologies are the beating heart of critical processes in mines across the globe. And we have made it our purpose to ensure the sustainable and efficient supply of the vital natural resources essential for a better world today, and for the future.

How? By challenging the norm with expertise in innovative engineering technology.

Using our 150 years of experience of powering progress in the world's major industries; by adapting and seeing things differently. Today our expertise and experience have never been more relevant as we help our mining customers transform, with technology to achieve the productivity and sustainability goals needed for us all to enjoy a low-carbon future.

For more information visit our website
www.global.weir

WE SEE SMARTER WAYS TO TRANSFORM MINING TECHNOLOGY

Combining our knowledge of engineering with Artificial Intelligence technology to deliver a fully digitised offering for our customers.

The acquisition of Motion Metrics for £88m in December 2021 was a hugely significant step in strengthening our industry leadership in making mining smarter, more efficient and sustainable. Headquartered in Vancouver, Canada, Motion Metrics is the market leading developer of innovative Artificial Intelligence (AI) and 3D rugged Machine Vision Technology used in mines worldwide.



Miners are increasingly focused on improving the safety, efficiency and sustainability of their operations. Motion Metrics has developed proprietary products and solutions that support these critical ambitions leveraging innovative Machine Vision, distributed AI and machine learning. Motion Metrics produces smart, rugged cameras that monitor and provide valuable and timely data on equipment performance, faults, payloads and rock fragmentation. This data is then analysed using embedded and cloud-based machine learning to provide real-time feedback to the mining operation, enabling immediate identification of potential issues that could impact safety and cause expensive unplanned downtime. Upon joining Weir, Motion Metrics became part of the ESCO Division. Combining ESCO's deep knowledge of mining operations with the data-led insights from Motion Metrics' AI capabilities will enable us to create new solutions that integrate and extend the technological differentiation of our best-in-class offerings across the mine.

LINK TO STRATEGY



We shape the next generation of smart, efficient and sustainable solutions with cutting-edge science and a tradition of innovation.

READ MORE: **PAGES 20-21**

Image: Motion Metrics joins Weir's ESCO Division

The needs of customers today have changed and we have pivoted with their needs to provide them with the best solutions.

Weir has consistently evolved its services and offerings over the past 150 years. When James and George Weir moved to Glasgow in 1874, the River Clyde was at the centre of the shipbuilding universe. Our proximity to this powerhouse of shipping fuelled our early success and customers included all of the major shipyards on the Clyde and many of the world's navy fleets.







WE SEE MORE EFFICIENT WAYS TO PROVIDE ENERGY- SAVING SOLUTIONS

When a mine in the North of Chile asked the Weir Minerals team to increase plant capacity while also increasing equipment availability, our engineering team rose to the challenge.

The mine is located 170km north of the city of Antofagasta in Chile. Annually, it produces 108,000 tonnes of copper concentrate and 9,000 tonnes of molybdenum concentrate. Weir Minerals has been one of the mine's key strategic partners since the operation began in 2015, and last year, our on-site team were challenged to participate in a long-term project at the mine to increase plant capacity while increasing equipment availability in a large brownfield project. The key challenges set were to increase plant throughput above 2,200 tonnes per hour and increase equipment availability. The Weir team set to work.

Weir Minerals Chile presented the customer with a new plant design, replacing one of the clusters of ten Cavex® 800CVX hydrocyclones with one of 15, which was to be manufactured entirely in Weir's Antofagasta facilities and installed in the same footprint. The pumping requirements also changed and a Warman® 760 MCR pump was installed. All of these changes were key factors in achieving the targets originally set out by the customer.

The new hydrocyclone battery and the incorporation of Synertrex® initially allowed for a 10% increase in the plant's classification capacity, allowing the mine to increase throughput to over 2,000 tonnes per hour. The addition of the Warman® 760 MCR pump increased plant availability and service life by 67%, reaching 2,200 tonnes per hour. One of the major success factors of the project was the ability of the Weir Minerals Chile team to integrate the customer's needs with our mining equipment, providing a solution that not only met their needs, but exceeded them.

LINK TO STRATEGY



We will be the most admired business in our sector. Working in partnership, we deliver distinctive solutions and compelling value.

READ MORE: **PAGES 20-21**



For 150 years, we have shaped a better world through highly-engineered, sustainable solutions.

James Weir's patented closed feed heating system further improved efficiency and fuel consumption in triple expansion steam engines. By allowing steam to be bled off after expansion and by helping to avoid corrosion by removing air from the feed water, it set the standard in design and functionality. It is still a fundamental element in modern power stations.

WE SEE SUSTAINABLE WORKING PARTNERSHIPS AND INTEGRATED SOLUTIONS

Working in partnership with our customers, we are using innovative engineering and our market-leading technology to increase productivity and reduce emissions.

Weir-commissioned independent research, released in full in 2021, estimates that the mining industry consumes c.3.5% of the world's total final energy, with comminution, or the grinding and crushing of rock, one of the most energy-intensive processes in a typical mine. This is an area where we can make a significant impact through our Enduron® high pressure grinding roll (HPGR) technology which is up to 40% more energy efficient than traditional ball mills. In fact, the estimated carbon saving of each HPGR in operation is equivalent to taking more than 3,600 petrol fuelled cars off the roads each year.

After record-breaking orders from Iron Bridge in both 2019 and 2020 which extensively use this technology, we won a further £36m order in April 2021 to provide industry-leading energy saving solutions to Ferrexpo, one of the world's largest exporters of iron ore pellets to the global steel industry. The initial order, which included orders for a range of Weir comminution products including HPGRs and screens, will reduce energy consumption on the site compared with traditional mining technologies, bringing substantial reductions in carbon emissions.

More generally, we saw orders for our comminution technologies increase by 60% in 2021 as miners recognised the benefits of this more efficient and sustainable solution. We have completed the investment to expand our technology centre in Venlo, The Netherlands to support expected future demand.

LINK TO STRATEGY



We will be the most admired business in our sector. Working in partnership, we deliver distinctive solutions and compelling value.

READ MORE: **PAGES 20-21**



Sustainability
spotlight



Image: Our Enduron® High Pressure Grinding Rolls technology

Helping to power the modern world

The direct acting steam-driven reciprocating pump was the cornerstone of Weir's early success. Patented in 1881, James Weir's design transformed the efficiency of the steam engine and became the industry standard. An elegant and complex design, the direct acting feed pump helped to power everything from coal boats, to cotton mills, to the most luxurious ocean going liners.





GROUP AT A GLANCE

WE ARE A MINING TECHNOLOGY BUSINESS WITH A GLOBAL FOOTPRINT

Customers rely on our technology and our service to keep their mission critical operations running efficiently and drive their sustainability footprint down. We are located close to them, never more than 200km away, wherever they are in the world. And with our integrated network of technology hubs, manufacturing operations and local service centres, it is Weir technology, Weir brands and Weir people that are at the heart of the global mining industry.

2021 REVENUE¹

£1,934m

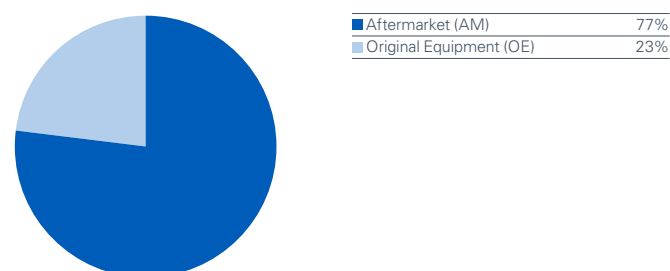
2021 ADJUSTED OPERATING PROFIT¹

£296m

A PREMIUM AND HIGHLY RESILIENT MINING TECHNOLOGY BUSINESS

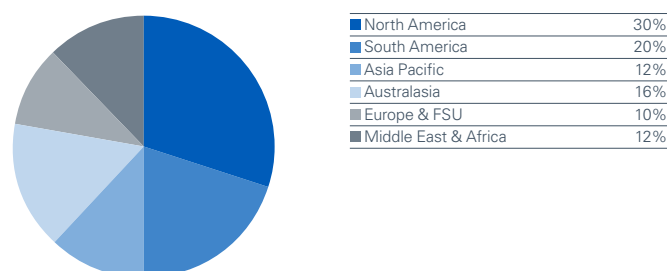
HIGHLY RESILIENT THROUGH THE CYCLE

77% OF REVENUES FROM RECURRING AFTERMARKET



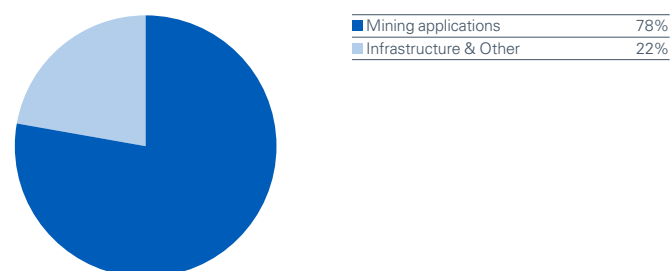
BROAD GLOBAL CUSTOMER BASE

REVENUES BY GEOGRAPHY %



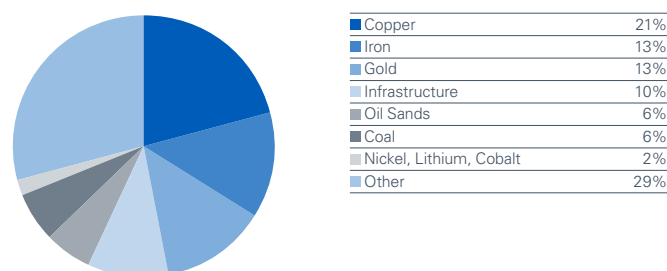
FOCUSED ON ATTRACTIVE MARKETS

78% OF REVENUES ARE FROM MINING APPLICATIONS



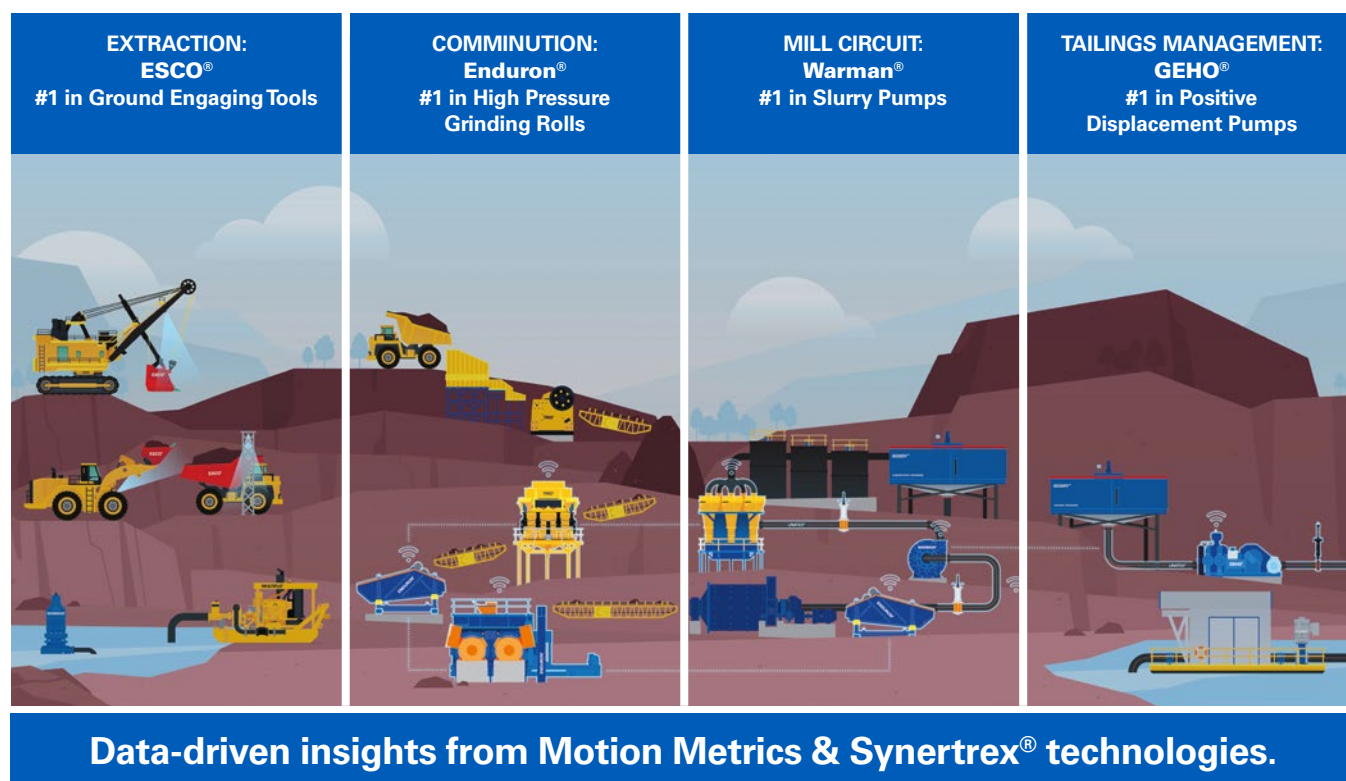
BIASED TOWARDS FUTURE-FACING COMMODITIES

REVENUES BY COMMODITY/MARKET



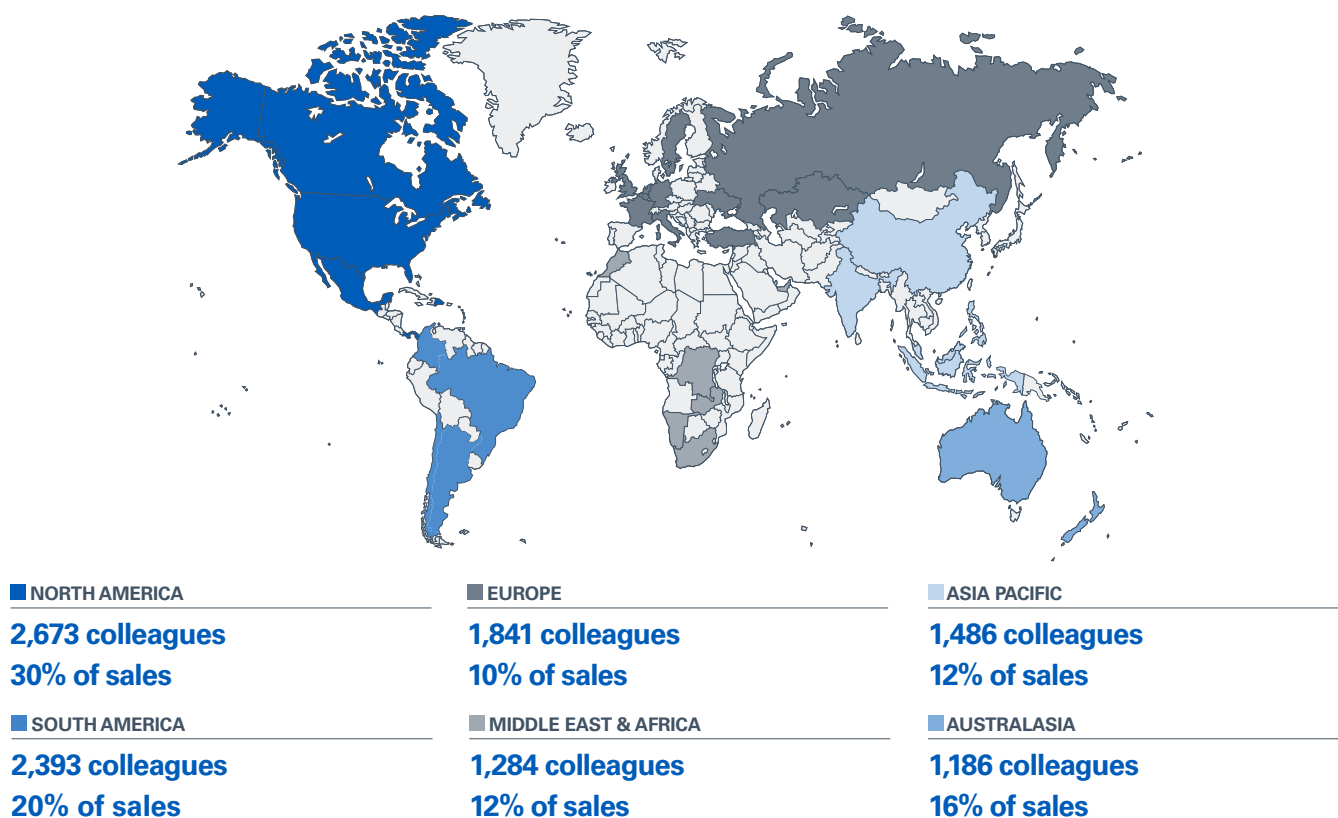
¹ Continuing Operations.

WORLD-LEADING BRANDS FOR THE MOST CRITICAL MINE OPERATIONS



GLOBAL PRESENCE, CLOSE TO OUR CUSTOMERS

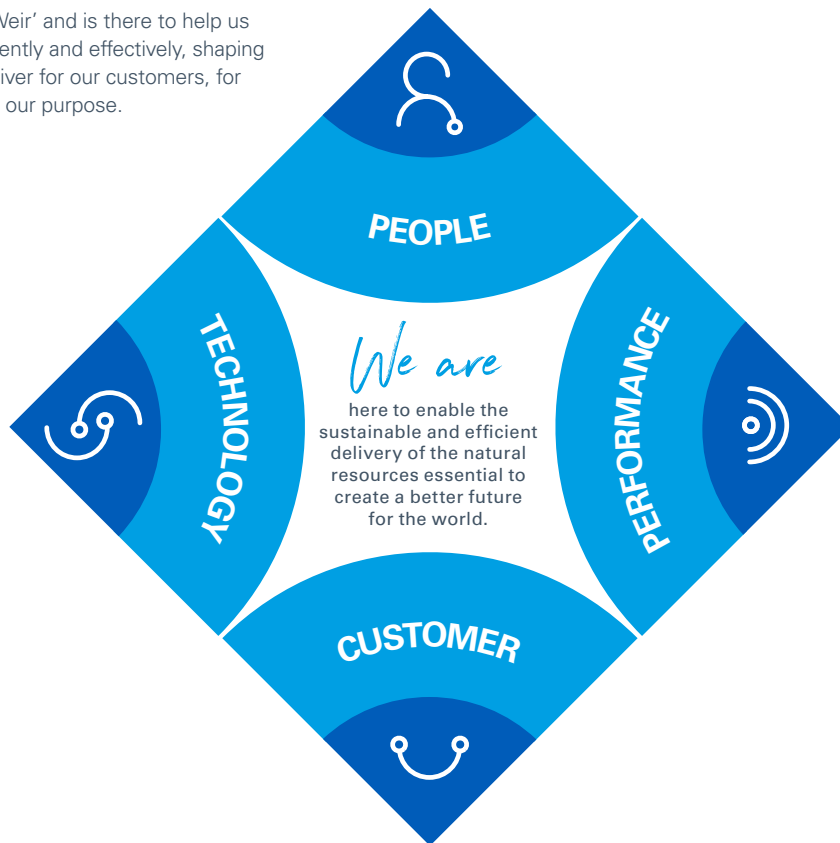
We have c.11,000 employees in over 60 countries around the world.



'WE ARE WEIR' FRAMEWORK

WE HAVE A STRATEGIC FRAMEWORK THAT CONNECTS OUR PURPOSE WITH OUR STRATEGY, OUR DISTINCTIVE COMPETENCIES AND OUR VALUES

It's what we call 'We are Weir' and is there to help us operate consistently, efficiently and effectively, shaping the culture we need to deliver for our customers, for each other and in line with our purpose.



OUR STRATEGIC PILLARS



PEOPLE

We are a global family. We are proud of our unique blend of talent, technology and culture. We are here to inspire our people to do the best work of their life.



CUSTOMER

We will be the most admired business in our sector. Working in partnership, we deliver distinctive solutions and compelling value.



TECHNOLOGY

We shape the next generation of smart, efficient and sustainable solutions with cutting-edge science and our tradition of innovation.



PERFORMANCE

We deliver excellence for all of our stakeholders, through strong leadership, performance culture and rigorous standards of governance.

READ MORE ON OUR STRATEGY AND BALANCED SCORECARD: [SEE PAGES 20-21](#)

WE BELIEVE IN



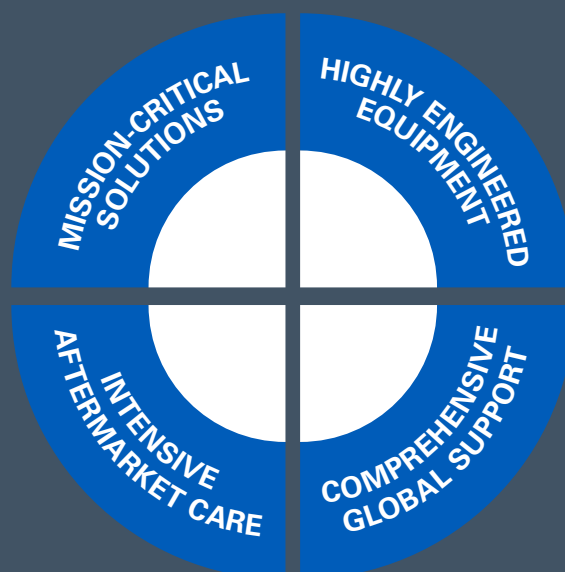
TO UNDERSTAND MORE ABOUT HOW WE LIVE OUR VALUES: [SEE PAGES 14-15](#)

WE WORK THIS WAY

- We always seek to improve and innovate.
- We care for, challenge and encourage each other.
- We're passionately, authentically ourselves.
- We work together to enhance our global communities.
- We speak up and take ownership for our shared success.
- We can't wait.

TO UNDERSTAND MORE ABOUT HOW WE OPERATE AS A BUSINESS: [SEE PAGES 22-23](#)

WE DELIVER



TO UNDERSTAND MORE ABOUT THE VALUE WE DELIVER: [SEE PAGE 23](#)

CHAIRMAN'S STATEMENT

WE ARE A STRONGER MORE FOCUSED GROUP



**WE HAVE MADE STRONG
STRATEGIC PROGRESS IN
HELPING TO MAKE MINING
SMARTER, MORE EFFICIENT
AND SUSTAINABLE.**



CHARLES BERRY
Chairman



DEAR SHAREHOLDER,

In this, my last statement as Chairman of this special company, I want to begin by saying thank you to every single Weir colleague for their tremendous effort throughout 2021 – our 150th anniversary year.

It has certainly been an eventful 12 months in which we have continued to think safety first, taken some critical decisions and shown the real strength of our culture throughout.

A STRONGER, MORE FOCUSED GROUP

We have made strong strategic progress in helping to make mining smarter, more efficient and sustainable. In February, we reached a major milestone in our transformation to a mining technology business when we completed the sale of our Oil & Gas Division. We are now firmly focused on the mining sector with our world leading technology and solutions that help customers maximise efficiency and lower their environmental footprint. We have also invested to strengthen our core capabilities in artificial intelligence and machine vision technologies with the acquisition of Motion Metrics. This is a significant step that accelerates the digitisation of our engineering technology portfolio to drive future growth. As such, we move forward into 2022 as a stronger, more focused and more digitally enabled organisation.

The world of business is rarely smooth and 2021 has not been without its challenges. The Covid-19 pandemic has not gone away, and we have continued to deal successfully with its evolving impact, prioritising the safety and wellbeing of our employees. Then, in September, we found ourselves the target of an attempted cyber attack.

A GREAT TEAM THAT GETS EVEN BETTER IN THE FACE OF A CHALLENGE

When presented with something as complex as a cyber attack, its impact on ways of working is felt across the whole organisation. As a board, we knew we needed to be utterly clear on our course of action and completely supportive of our colleagues. We decided, strongly, that we would not engage with the attacker. And for our colleagues, we ensured we were visible.

Adversities such as these are the real tests of a team, and the way the whole organisation came together to face the incident head on has made me incredibly proud. I've also been hugely impressed at the leadership shown by Jon and the Group Executive over the past few months, managing the inevitable tensions between getting systems back up as quickly as possible so we can serve customers, while making absolutely sure of a secure IT environment to protect us in the future. These are good tensions – tensions which have helped us find the best answer and made Weir an even stronger team.

The role of a Board is, of course, to act as the ultimate decision-making body in a company, and the representative of its stakeholders. But the Board also has to walk the talk, must be unswerving and supportive of the team in tough times, and take brave decisions in good times. We have done all of the above this year.

ACCOUNTABLE TO OUR COLLEAGUES, LISTENING TO, AND LEARNING FROM THEM

In October, the Board visited colleagues at our Todmorden plant in the UK where we heard first-hand about their experiences as they handled the cyber incident. We saw for ourselves how they had adapted to keep the facility running and our customers' orders moving through.

We also continued our 'Meet the Board' sessions this year with employees from our operations in India. Despite having to 'go virtual', it was no less valuable as we heard on 'a range' of topics, from health and wellbeing, to technology and sustainability.

Throughout our interactions, we consistently hear from colleagues about the importance of inclusion, diversity and equity ID&E as a route to harness the great talent and potential in Weir. Our updated ID&E strategy, which was approved by the Board in December 2021, will allow us to focus on activities that continue our journey of educating and embedding ID&E throughout Weir.

SEEING THINGS DIFFERENTLY IN OUR 150TH YEAR

Covid-19 has meant we have not been able to bring people together to celebrate our 150th anniversary in quite the way we would have anticipated, but we adapted – as Weir always has – to mark our milestone year. My highlight was our Royal Gala event in April when over 7,000 colleagues joined a live online celebration in the presence of Her Royal Highness The Princess Royal, who is also Royal Fellow of the Royal Academy of Engineering. It was an honour, and extremely fitting, that she joined us to hear Weir's people around the world speak with such pride about the work they do. I was also delighted that Lord Weir, the great grandson of one of our founders, was present at the event.

Connecting with purpose is very important to our people and to Weir as a corporation. So, to mark our anniversary, every employee was encouraged to take a 'Day of Purpose' to allow them see something from a different perspective and connect, at a very personal level, with their purpose. I chose to spend time with students at a local school in Glasgow, exploring with them the opportunities a career in engineering can bring.

Several colleagues also share how they spent their own Day of Purpose on page 15. These inspiring personal stories really do show our culture in action and reinforce how the values of individuals at Weir align with the values of the Group.

A CLEAR OPPORTUNITY TO CREATE A BETTER FUTURE

The macroeconomic environment remains highly uncertain. Yet there is one enduring long-term certainty – and that is the need to take action against climate change.

At Weir, we are very deliberately positioned to address this need, with our technology-led strategy and specific focus on the mining sector. This is a sector with a long-term structural imperative to decarbonise and operate more sustainably to provide minerals, like copper and lithium, that are critical for a low-carbon society. This sector-wide transformation, which will likely take several decades, will see our customers reduce their energy consumption, water use and production of waste, and we have the capabilities they require to achieve it. It's a highly attractive commercial opportunity for us that is totally in sync with our purpose to enable the sustainable and efficient delivery of the natural resources essential to create a better future for the world.



FINANCIALLY RESILIENT AND CONFIDENT IN OUR PROSPECTS

I am delighted to see a good set of results, despite the impact of the cyber incident, and the great momentum we have going into 2022. The opportunity in front of us is in no way diminished and with high levels of confidence in our strategy and future prospects, combined with our strengthened balance sheet, the Board resumed dividend payments at the half year. In addition to the interim dividend of 11.5 pence per share, we are proposing a final dividend of 12.3 pence per share. This makes a total dividend for the year of 23.8 pence per share, which is 33% of adjusted earnings per share (EPS) for the period.

BOARD CHANGES

At the start of the year Ben Magara and Srinivasan Venkatakrishnan, known as Venkat, joined our Board. It has been wonderful to welcome them both and we have certainly benefited from their great knowledge, experiences and perspectives of international mining.

Having served my full nine-year term on the Board, including eight as your Chairman, I will be retiring at the end of the next AGM in April 2022 and will be succeeded by Barbara Jeremiah. Barbara has played an important role in our strategic journey since joining the Board back in 2017 and is an excellent choice for Chair. For me, having served on the Hampton-Alexander Review, it is great to be handing the baton to the first woman to Chair Weir in our 150-year history and I wish Barbara every success. I am also delighted that Sir Jim McDonald will succeed Barbara as Senior Independent Director on the Board.

FINAL REFLECTIONS

As society's need for sustainable solutions accelerates, Weir's contribution is, arguably, more relevant than it has ever been. We have the right foundations in place and I am confident that the Company will continue to go from strength to strength, embracing the opportunities ahead and harnessing the full capability of its global family.

Being Chairman of Weir has been a huge privilege and the opportunity of a lifetime. I'd like to thank our major Shareholders for their constructive input and support over many years. I also express my gratitude to everyone who has done so much for this business, past and present.

Weir, and its people, will always be special for me. It was the first company I worked for, and it will be the last. And without a doubt, it is also the best.

CHARLES BERRY
Chairman

2 March 2022

150 YEARS OF WEIR

WE HAVE BEEN LIVING OUR PURPOSE FOR 150 YEARS



In 2021, we celebrated 150 years of innovation and enterprise. Born in the golden age of steam, Weir continues to thrive in the digital era. Over the last year, colleagues past and present came together virtually and in person to celebrate the many thousands of people whose hard work, brilliant ideas and determination have helped to shape the business we are today.

We've come a long way since 1871. From a start-up founded by two brothers, James and George, in Glasgow in the 19th Century to one of the world's leading engineering businesses with around 11,000 colleagues and operations in more than 60 countries. It is a journey fuelled by innovation, agility and passionate people. From our earliest days, we have written our story based on one simple but powerful idea: at Weir we 'see things differently'.

Despite the challenges presented by the Covid-19 pandemic, on 29 April 2021, the Group was honoured to host its first ever Virtual Royal Visit when we were joined by Her Royal Highness, The Princess Royal. The event was attended by over 7,000 colleagues, making it one of the biggest gatherings in Weir's history. Princess Anne was joined by the Lord-Lieutenant of Glasgow, the Right Honourable Philip Braat, to hear from colleagues from across our global operations about our commitment to safety, manufacturing excellence, customer service, and supporting our communities around the world.



FULFILLING OUR PURPOSE

In celebration of our 150th anniversary My Day of Purpose was officially launched across Weir; an exciting initiative aimed at encouraging everyone to personally connect with the concept of 'purpose' inviting us all to see things from a different perspective. Read how some colleagues across the Group spent their Days of Purpose.

MY DAY OF PURPOSE VIVIEN, WEIR ESCO CHINA



Vivien Zhou, Weir ESCO China, spent her 'Day of Purpose' in a local kindergarten school teaching children about the Solar System. Vivien prepared slides with pictures, interactive display models and a quiz to test the children's knowledge at the end of the day. Vivien loved her experience, which not only benefited the school, but also helped her learn more about effective ways of teaching children and the importance of preschool education.

**I SPENT MY DAY OF PURPOSE
IN A LOCAL KINDERGARTEN
SCHOOL TEACHING CHILDREN
ABOUT THE SOLAR SYSTEM.**

VIVIEN ZHOU,
Weir ESCO, China

MY DAY OF PURPOSE PETR, WEIR MINERALS CZECH REPUBLIC & SLOVAKIA



Petr Hroch, Weir Minerals Czech Republic & Slovakia, decided to collectively celebrate 'World Environment Day' and 'My Day of Purpose'. Petr is a Beekeeper, meaning he actively helps to protect these useful and important insects. Petr spent his day inspecting and completing maintenance work on a local beehive, before collecting some natural honey to share with friends and family.

**I SPENT MY DAY OF PURPOSE
INSPECTING AND COMPLETING
MAINTENANCE WORK ON
A LOCAL BEEHIVE.**

PETR HROCH
Weir Minerals, Czech Republic & Slovakia

CHIEF EXECUTIVE'S STRATEGIC REVIEW

WE HAVE A CLEAR PURPOSE AND STRATEGY TO DELIVER VALUE FOR ALL OUR STAKEHOLDERS



JON STANTON
Chief Executive Officer

2021 has been a year of strong execution and significant strategic progress at Weir.

Market trends have been favourable, and order momentum is strong. Economic and external factors have made for a complex operating environment – one in which our resilience has shone through.

At the time of writing, we have seen a rapid escalation of events in Ukraine and Russia. Our first priority is the safety of our impacted colleagues; our thoughts are with them and we are doing all we can to support them.

Reflecting on 2021, I am very pleased that we have delivered a good set of results in our 150th anniversary year. That is down to the phenomenal efforts of our employees who have worked safely and tirelessly to serve our customers, protect our communities and support each other through the ongoing Covid-19 pandemic, and during the last quarter when we also responded to a major cybersecurity incident. This performance demonstrates the strength of our culture and I'd like to thank all my colleagues around the world for their commitment and hard work over the last year.

That dedication is also reflected in a creditable set of safety results. Our total incident rate⁵ of 0.45 (2020: 0.41) keeps us among the safest companies in our sector. Another year of life and work through the pandemic was not without its challenges, and I am pleased that we have not wavered on our journey to becoming a zero harm workplace.

CELEBRATING OUR 150TH ANNIVERSARY

In 2021, we marked 150 years since brothers James and George Weir, both Scottish engineers, established the Company. Throughout 2021 we celebrated James and George's innovation, agility and passion for seeing things differently and while our celebrations took a different form to what we had originally planned, given restrictions due to the pandemic were still largely in place, we adapted, kept our trademark Weir passion and have many special personal memories as a result.

STRONG END MARKETS AND STRATEGIC GROWTH INITIATIVES DRIVES ORDER MOMENTUM

2021 saw the global economy continue to recover supporting strong demand for a wide range of commodities, with nearly all well above incentive prices and several at record levels. Across our main exposures of copper and iron ore, average prices were up c.50% on 2020 and average gold prices remained at multi-year highs. Demand for commodities was supported by the economic recovery in the many sectors that had been impacted by Covid-19, underpinned by global stimulus spending, whereas physical inventory shortages and production constraints meant supply struggled to keep up. Given the strength of commodity prices, customers were almost entirely focused on maximising ore production with volumes and machine utilisation continuing to normalise, reaching pre-Covid levels in Q3 and accelerating further in Q4.

Our mining market order growth was strong across all regions, with the exception of Australia, which saw good growth in the previous year but suffered ore production constraints in 2021. Growth was supported by two large OE orders for high pressure grinding rolls (HPGRs) and electric-powered mine dewatering pumps. Infrastructure markets continued their strong recovery with sand and aggregates markets benefiting from residential housing activity, particularly in North America. We also saw very strong growth in industrial markets with orders up by nearly 50%.

The Group's continuing operations delivered strong order¹ growth with a 22% improvement year-on-year. Original equipment orders¹ were up 45% as we continued to see miners prioritise both sustainability and efficiency. This was reflected in demand for our differentiated technology with Integrated Solutions orders up 32%. The £36m Ferrexpo order for our Enduron® HPGRs is an excellent example of this. It will support a significant increase in production while reducing energy consumption by around 40% compared to alternative solutions. Comminution orders increased by 60% this year and we have completed investment in expanding our technology centre in Venlo, The Netherlands to support expected future demand.

Aftermarket demand, on a constant currency basis, continued to improve and returned to growth, increasing 16% year-on-year. Momentum accelerated in Q4, with orders up 10% sequentially on Q3, as market conditions improved and we leveraged our global service network to fully capture the growth opportunities.

GOOD OPERATIONAL EXECUTION ACROSS THE GROUP

Thanks to the resilience of our people and operations we were able to deliver revenues 2% higher than last year on a constant currency basis against a relatively strong comparator, while there was a 5% increase in adjusted operating profit. Adjusted operating margins^{1,2,4} were up 40bps year-on-year benefiting from strong operational execution and full mitigation of inflationary pressures. This improvement in margins was delivered after absorbing a headwind of c.60bps from the impact of the cybersecurity incident and the net effects of ongoing Covid-19 costs.

The continuing improvement in end market conditions was seen alongside an increasingly challenging global logistical and inflationary backdrop. In regions where vaccination programmes are less advanced, we saw continued workforce constraints on miners and reduced access for third-party suppliers. Covid-related disruptions also included government-mandated restrictions and enforced shutdowns that reduced capacity in the period at Weir facilities in India, Peru, Malaysia and Australia. In addition, our operations dealt with several adverse weather events, political instability in South Africa and Peru, and significant supply chain disruption that increased materials and freight costs and lead times from the Group's suppliers.

From September we have successfully managed the consequences of a sophisticated attempted ransomware attack on our business. On detecting the threat, our cybersecurity systems and controls responded quickly and we took robust action to protect our infrastructure and data. System restoration across the Group was broadly completed by the end of January 2022 and we have taken further steps to improve our future resilience. The consequences of the attack caused us significant temporary operational disruption including engineering, manufacturing and shipment rephasing, but our teams responded magnificently to the challenge, pulling together to keep the business running and minimising the impact on our customers throughout. I am pleased to report that the financial impact of the attack was at the lower end of the range we set out in October, in large part due to the resilience inherent in our operating model.

WINNING THROUGH OUR 'WE ARE WEIR' STRATEGIC FRAMEWORK

We have made strong progress against our strategic initiatives for the year across the four pillars of our 'We are Weir' framework – People, Customers, Technology and Performance.

Safety remains our number 1 priority and throughout Weir, we continue to do everything we can to ensure we all have a safe start, safe finish, and safe journey home – always. As I have mentioned at the start of this review, our total incident rate for 2021 continues

to place us among the leaders in our sector, but our absolute goal remains zero harm, and in 2022 we are upping our focus on further embedding the right safety behaviours in order to drive a further breakthrough in performance.

As well as maintaining a safe workplace, we want Weir to be a place where people can do the best work of their lives. 2021 has thrown a lot at the organisation and so I was delighted to see participation reach 90% in our employee survey. Our employee net promoter score increased again too, and colleagues continued to provide us with rich and constructive comments about what we are doing well and where we can improve. This pleasing result on engagement is supported by good progress in streamlining and enhancing our people processes. The completed deployment of the Workday HR system has been a major step forward and gives us a great platform from which to drive further progress in 2022. Communication has been critical, particularly through the cyber incident, and we have drawn on the strong and effective two-way networks we have in place at both a Group-wide and local level, to keep people informed and engaged.

We acutely recognise the benefits of an inclusive, diverse and equitable workplace where people can be themselves and feel like they belong. So it has been great to see the expansion of our global affinity groups as more and more colleagues engaged in our ID&E activities. This enthusiasm has been matched by an improvement in gender diversity among our senior manager population. Here we have seen the percentage of women increase by 4% to 26% over the year. There is clearly more for us to do, not only on gender diversity throughout the whole company, but also across all forms of diversity, creating a workforce that increasingly reflects the diversity of the markets in which we operate. Our recently updated ID&E strategy provide us with focus for our activities.

We saw our purpose come alive in 2021, most notably in our 150th anniversary 'Day of Purpose' celebrations. We continued to support our people and their families in other ways, with company-organised vaccine clinics, such as the one at our site in India where over 700 individuals took part. Our caring and purposeful culture continues to be an enormous asset to Weir. It is the absolute bedrock of our ongoing success as an organisation, and underpins our ability to deliver outperformance.

This time last year we announced new medium-term targets which were to grow faster than our end markets, expand Group operating margins by 150bps and deliver a 30% reduction in scope 1&2 emissions by 2024. I am pleased to say that we are on track to deliver all of these. The strength of our order intake this year is demonstrating the growth potential of the business while the margin progression delivered was particularly pleasing in the face of the significant headwinds discussed above. We now expect to deliver a constant currency operating margin^{2,3} of 17% in 2023, and have added medium-term operating cash conversion targets of 90-100% reflecting the importance of cash generation to create the balance sheet flexibility to enable us to invest in the opportunities that lie ahead. However, capex is likely to be elevated above normal levels for the next two years resulting in cash conversion of between 80% and 90% over that period.

We have made significant progress with our sustainability strategy, remaining on track to deliver a 30% reduction in CO₂e in 2024, and have now pledged our commitment to the Science Based Targets initiative. This means we will set strengthened emissions reduction targets aligned with the Paris Agreement on climate change across scope 1, 2 and 3. We expect to announce those more ambitious, externally validated emissions targets later this year.

CHIEF EXECUTIVE'S STRATEGIC REVIEW

CONTINUED

ACCELERATING DELIVERY OF SMARTER, MORE EFFICIENT AND SUSTAINABLE SOLUTIONS

Over the past five years we have repositioned the Group to focus on mining technology, enabling us to take advantage of powerful market trends and strong structural drivers, leveraging our leading market positions and resilient aftermarket model. The sale of the Oil & Gas Division in February 2021 was a significant milestone in our transformation, following which we have continued to strengthen our foundations and drive growth aligned to our purpose – to enable the sustainable and efficient delivery of the natural resources essential to create a better future for the world.

We have completed this transformation because of the multi-decade growth opportunities that exist in partnership with the mining industry. Demand for metals will always increase with the demographic drivers of population growth and urbanisation but these factors have now been overtaken by expected demand from the clean energy transition. The rise of electric vehicles and transition to renewable energy generation in the form of wind and solar is now translating into significant increases in demand for metals like copper, nickel and lithium.

While the outlook for demand remains extremely strong, significant longer-term supply deficits are emerging in these commodities where it is becoming evident that current and planned production will not be adequate to meet the levels of electrification and renewable power generation required to get to Net Zero. At the same time, the mining sector is facing the ongoing challenge of ore grade declines that mean more material needs to be mined and processed, consuming more energy and water and creating more waste, just to stand still on production. These supply challenges are intensifying at the same time that miners are under increasing pressure to decarbonise and reduce their broader environmental impact so that they can maintain the social licence to operate in the communities where natural resources exist.

These trends mean the mining industry will need to invest significantly in expanding capacity while also meaningfully reducing its environmental impact through the adoption of new technologies and novel processes. I expect this to trigger a surge in new exploration, the expansion of existing resources, and accelerated investment in the development of new breakthrough technologies, all of which will provide tremendous future growth opportunities for innovative engineering partners like Weir.

Our goal is to play a leading role in developing and deploying the technologies that will support our customers on this journey. That means we will continue to invest in maintaining the competitive advantages of our existing products through advances in materials science and the mechanical/hydraulic properties of our equipment. We will invest more in developing new sustainable solutions to help customers reduce their emissions and water consumption, building on the success we have had with HPGRs in comminution, where we are now the clear market leader. We will also continue to focus on Integrated Solutions where we can combine our existing technologies to solve difficult problems as we are doing with technologies such as hydro-hoisting. At the same time we are increasing our investment in scouting and technology foresighting to identify new opportunities that have the potential to be transformational in mining processes, such as ore fragmentation and characterisation, and coarse particle floatation.

Underpinning our technology strategy we have invested in integrating our engineering expertise with digital technology. This means digitising the business as it is today, transforming business systems and processes to drive increased automation and enhance the customer experience. For example, in our Minerals Division we are close to completing the roll out of our digital Field Service Management system which is further enhancing our service offering, and all our main product lines are now enabled for Synertrex, Weir's proprietary digital analytics platform.

Beyond this we are investing in ways to further enhance our solutions offering through data insights. In November, we acquired Motion Metrics, which has added world class expertise in Artificial Intelligence (AI) and 3D Machine Vision technology and data science to the Group. Motion Metrics technology is already used in mines worldwide and its model is highly complementary to our aftermarket-based business. Motion Metrics has become part of the ESCO Division and will serve as Weir's global centre of excellence for AI and Machine Vision technology, supporting the increased digitisation of the broader Weir product portfolio. We have already secured early orders as we leverage Weir's global sales network and ESCO's large installed base to expand adoption of this value enhancing technology and drive significant revenue growth. We are making good early progress and I am excited by the opportunities this acquisition brings to drive growth and accelerate our journey to include data and insight as a core offering to our customers across the Group.

2021 STRATEGIC PROGRESS IN NUMBERS

DISTINCTIVE COMPETENCY		MEDIUM-TERM TARGET
	PEOPLE	- Improving TIR⁵ - Increasing Employee Net Promoter Score (eNPS)
	CUSTOMER	Growing ahead of our markets through the cycle
	TECHNOLOGY	- Increase R&D as a percentage of revenues - Growth in sustainable solutions
	PERFORMANCE	- Operating margin progression - Expansion in ROCE 30% reduction in tCO₂e per £m revenue by 2024 vs 2019 baseline^{2,7}

1 Continuing operations.

2 2020 restated at 2021 average exchange rates.

3 Profit figures before adjusting items.

4 2020 restated for SaaS adjustments.

5 Total incident rate is an industry standard safety indicator that measures lost time and recordable incidents per 200,000 hours worked.

BOARD CHANGES

In April 2022, Charles Berry, our Chairman, will step down from the Board after completing his nine year term and will be succeeded by Barbara Jeremiah. Sir Jim McDonald will take over from Barbara as Senior Independent Director. The Group has undergone a bold and highly value adding transformation under Charles' Chairmanship and I can't thank him enough for all the support he has given me personally during that time. His deep rooted passion for Weir will be missed by everyone in the business and beyond, so on behalf of us all, I'd like to thank Charles for all he has done and wish him the very best for his retirement. Of course, Barbara has been there throughout our transformation too and I am delighted that she will take over as our Chair. The next phase of our journey – driving the technology-led transition to Net Zero in mining – is sure to be as exciting as the last and I am looking forward to working with Barbara as we rise to the opportunity.

DIVIDEND

Reflecting the high levels of confidence in our strategy and future prospects, the Board has announced a total dividend for the year of 23.8 pence per share, which is 33% of adjusted EPS for the period, in line with our capital allocation policy of returning a third of EPS through the cycle.

OUTLOOK

2022 has started well and the impact of September's cyber incident is now behind us. We have a record order book and our markets are buoyant, supported by long-term structural growth drivers. In common with most global businesses we are managing ongoing disruption from Covid-19, as well as inflationary and logistics challenges in the supply chain, and remain vigilant of the heightened geopolitical risk.

Specifically, the rapid escalation of events in Ukraine and Russia has created significant uncertainty about our operations and trading in those countries. Our overall exposure is small, with combined Ukraine and Russia net assets of around 2% of the Group total and combined revenue and profit being less than 5%. We are actively accessing the situation closely and will update further as required.

Subject to the ongoing geopolitical uncertainty, in 2022, we expect to deliver strong growth in constant currency revenue and profit in line with our medium-term targets. Looking beyond the current year, medium-term growth prospects are exciting, underpinned by

underlying macro trends which remain extremely favourable. With our strong and resilient business, we are well positioned to grow faster than our markets and deliver sustainable margin improvement in the long term.

ENABLING A SUSTAINABLE FUTURE

I am in no doubt that there is a technology-led transition in mining underway as our customers look to achieve Net Zero and fulfil their ESG promises while producing more of the essential natural resources needed for a sustainable future.

Our mining technology focus places Weir at the heart of an exciting multi-decade growth opportunity. I see a bright future ahead, working in partnership with the global mining industry to deliver the minerals essential for the clean energy transition more efficiently and sustainably.



JON STANTON
Chief Executive Officer

2 March 2022

- 1 2020 restated at 2021 average exchange rates.
- 2 Continuing operations excludes the Oil & Gas Division which was sold to Caterpillar Inc. in February 2021 and the Saudi-Arabian joint venture which was sold to Olayan Financing Company in June 2021.
- 3 Profit figures before adjusting items. Continuing operations statutory operating profit was £257m (2020 restated: £228m). Total operations operating cash flow (cash generated from operations) excludes additional pension contributions, exceptional and other adjusting cash items, and income tax paid. Total operations net cash generated from operating activities was £156m (2020 restated: £266m).
- 4 2020 restated for SaaS adjustments.
- 5 As measured by Total Incident Rate (TIR) which represents the rate of any incident that causes an employee, visitor, contractor, or anyone working on behalf of Weir to require off-site medical treatment per 200,000 hours worked.
- 6 Weir-weighted commodity exposure – source McKinsey 2021.

2020 BENCHMARK (CONTINUING OPERATIONS)

- TIR of 0.41
- eNPS of +42
- Ore production⁶ c.-3%; Group AM revenues² -6%
- R&D⁴: 1.3% of revenues
- Integrated Solutions orders +3%
- Operating margin^{2,3,4} of 14.9%
- ROCE⁴ of 12.2%
- -12% reduction in tCO₂e/£m to 84.4

2021 PROGRESS (CONTINUING OPERATIONS)

- TIR of 0.45
- eNPS of +48
- Ore production⁶ c.+3%; Group AM revenues² +5%
- R&D: 1.7% of revenues
- Integrated Solutions orders +32%
- Operating margin^{2,3,4} of 15.3%
- ROCE of 12.0%
- -15% reduction in tCO₂e/£m to 81.0

6 Weir-weighted commodity exposure – source McKinsey 2021.

7 Revenue for 2019 and 2020 is based on 2021 average exchange rates. 2019 constant currency revenue is £1,917m. Market based greenhouse gas emissions.

OUR STRATEGY

Our strategic ambitions ensure that we focus on the areas that will deliver against the opportunities for our business, accelerating sustainable, profitable growth in the future.

They are aligned to our 'We are Weir' Framework and its four pillars of People, Customer, Technology and Performance.

The table below summarises the good progress we made in 2021 towards realising these ambitions, and outlines our priorities for 2022.

PEOPLE



We are a global family. We are proud of our unique blend of talent, technology and culture. We are here to inspire our people to do the best work of their life.

OUR GOALS

- Improve safety
- Improve employee engagement, inclusion, equity and diversity

OUR 2021 PRIORITIES

- Continue our journey to zero TIR
- Build further digital capabilities
- Increase the number of women in management
- Launch global affinity groups

OUR 2021 PERFORMANCE

- Maintained a world-class safety record with a TIR of 0.45
- Achieved ISO45001 accreditation at 21 sites
- Executed programmes to deliver key organisational capabilities
- Increased women in senior management bands by 4%
- Launched global affinity groups
- Improved mean employee engagement score to outperform Top Quartile Manufacturing benchmark

OUR 2022 PRIORITIES

- Deliver on zero harm
- Accelerate our purpose-driven culture
- Lead in inclusion, equity and diversity
- Create talent and capabilities for the future

OUR 2022 STRATEGIC MEASURES

- Retain our talent
- Build our digital capability
- Maintain top quartile engagement score

OUR 2022 ESG MEASURES

- Improve our safety Total Incident Rate (TIR)
- Improve our gender diversity

CUSTOMER



We will be the most admired business in our sector. Working in partnership, we deliver distinctive solutions and compelling value.

OUR GOALS

- Outgrow our markets through the cycle

OUR 2021 PRIORITIES

- Extend service capability to new geographies
- Leverage Integrated Solutions revenue
- Extend adoption of Nemisys® technology
- Provide solutions for our customers' key sustainability challenges

OUR 2021 PERFORMANCE

- Extended service capabilities in the UK, Australia, Ukraine, the Philippines, the USA, Canada and Kazakhstan
- Delivered integrated solutions with orders of £210m
- Grew Nemisys® upgrades/conversions by 60% and mining bucket bookings by 62%
- Implemented sustainable-focused customer solutions and published case studies

OUR 2022 PRIORITIES

- Outgrow our markets through voice-of-customer led initiatives
- Solve our customers' biggest smart, sustainable and efficient challenges
- Show leadership in our industries' pathway to Net Zero

OUR 2022 STRATEGIC MEASURES

- Execute our top 3 strategic growth initiatives in each Division
- Establish new strategic alliances that enhance our customer value proposition significantly

OUR 2022 ESG MEASURES

- Develop our scope 4 value proposition

OUR PURPOSE

We are here to enable the sustainable and efficient delivery of the natural resources essential to create a better future for the world.

TECHNOLOGY



We shape the next generation of smart, efficient and sustainable solutions with cutting-edge science and tradition of innovation.

OUR GOALS

- Increase investment in R&D as a % of revenues
- Grow sustainable solutions

OUR 2021 PRIORITIES

- Expand digitalisation of our products and services
- Grow pipeline of products and solutions that deliver sustainability benefits
- Launch next generation core flagship products

OUR 2021 PERFORMANCE

- Tier 1 Synertrex® enabled on all new HPGR, crushers, GEHO and large MC pumps
- Four additional digital control centres established
- Increased water and energy-focused innovation projects and field performance testing
- Launched next generation of mill circuit pumps, Cavex® 2 and other core flagship products and materials, and First G.E.T. ToolTek® delivered
- Acquired Motion Metrics and established global centre of excellence for AI and machine vision

OUR 2022 PRIORITIES

- Invest in innovating transformational solutions
- Digitally enable everything we do
- Create new business and business models from data and insights

OUR 2022 STRATEGIC MEASURES

- Secure market acceptance of our top 3 horizon 1 innovations in each Division
- Digitise our current business model
- Create and deploy our long-term digital vision

OUR 2022 ESG MEASURES

- Build pipeline and commercialise sustainability-focused technologies and solutions
- Progress our priority acceleration R&D projects

PERFORMANCE



We deliver excellence for all of our stakeholders, through strong leadership, performance culture and rigorous standards of governance.

OUR GOALS

- Reduce scope 1&2 CO₂e by 30% by 2024 and 50% by 2030
- Improve operating margins

OUR 2021 PRIORITIES

- Complete Information Systems & Technology (IS&T) transformation programme
- Execute Oil and Gas separation post close
- Reduce scope 1&2 CO₂e footprint
- Conduct scope 3 evaluation

OUR 2021 PERFORMANCE

- Progressed IS&T Transformation programme
- Successfully completed the sale of Oil & Gas Division
- Further realised ESCO acquisition revenue synergies
- 14.7% absolute and 15.4% intensity CO₂e reductions (per £m revenue in constant currency vs 2019)
- Scope 3 CO₂ footprint study completed and workstreams launched to address the top 2 findings

OUR 2022 PRIORITIES

- Drive clean, lean and agile operations and supply chain
- Deliver high quality, efficient back-office functions
- Expand margins and deliver strong cash conversion

OUR 2022 STRATEGIC MEASURES

- Improve our LEAN scores
- Grow the percentage of Group revenue covered by Global Business Services Finance shared services

OUR 2022 ESG MEASURES

- Reduce scope 1&2 CO₂e vs 2019 base aligned with Science Based Targets initiative
- Evaluate SBTi scope 3 targets

OUR BUSINESS MODEL

WE HAVE A BUSINESS MODEL THAT CREATES LONG-TERM VALUE

OUR PURPOSE

OUR UNIQUE STRENGTHS

EXPERTISE IN MATERIALS, ENGINEERING AND DATA

Our engineers have a deep understanding of materials science, engineering and digital technology and how to apply it to create products, services and solutions that help our customers operate smarter, more efficiently and sustainably.

BRIGHT AND PASSIONATE PEOPLE

We employ the brightest and best people around the world who have a deep pride in both our company and what we do for customers and the planet.

INTEGRATED MANUFACTURING AND SERVICE FACILITIES

Through our integrated network of foundries, manufacturing operations and service centres we can leverage our technology across our global customer base and provide a responsive, reliable and rapid service.

UNMATCHED CUSTOMER FOCUS

We have built a customer service network that is second to none so that we have people on the ground where and when our customers need them.

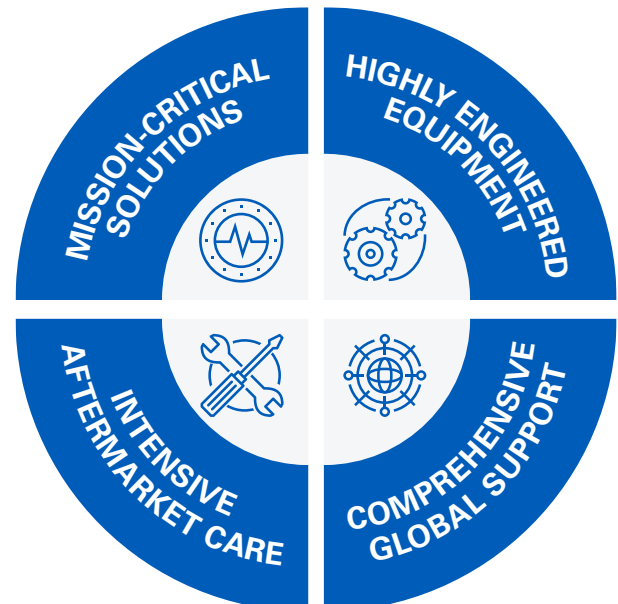
WORLD LEADING BRANDS

Through decades of investment in technology and a focus on service, we have an established suite of world leading brands. From Warman® to Enduron®, our brands are synonymous with performance, quality and reliability.

FINANCIAL STRENGTH

Through continued careful management, we are focused on maintaining a strong and resilient balance sheet with low leverage to support future growth.

HOW WE USE THEM



Our Divisions provide highly engineered original equipment, which incorporate consumable parts, to the mining and infrastructure industries. This gives us a large installed base of equipment, which is mission-critical to our customers and which is operating in some of the world's most abrasive environments. Consumable parts wear out and this, in turn, drives demand for aftermarket spares and services, which gives us resilience through the mining investment cycle.

SUPPORTED BY OUR VALUES AND RISK MANAGEMENT FRAMEWORK

Our understanding of materials science, engineering and digital technology helps us develop mission-critical products and integrated solutions to withstand the harshest conditions. We locate ourselves close to our customers and provide both new pieces of original equipment, and replacement components when parts wear out. This combination of technology and service helps our customers run their operations smarter, more efficiently and sustainably so that together, we ensure the continued supply of the essential natural resources for a better world today, and in the future.

OUR PURPOSE

To enable the sustainable and efficient delivery of the natural resources essential to create a better future for the world.

OUR CULTURE

At Weir, we always seek to improve and innovate and have a tradition where we care for, challenge and encourage each other. We are passionately, authentically ourselves and work together to enhance our global communities. We speak up and take ownership for our shared successes and can't wait for what the future brings.



HIGHLY ENGINEERED EQUIPMENT

We produce highly engineered equipment that is designed to solve some of our customers toughest operating challenges.



MISSION-CRITICAL SOLUTIONS

Our equipment is mission-critical to our customers. If it fails, their production can stop, making us a vital technology partner.



COMPREHENSIVE GLOBAL SUPPORT

Our customers rely on us to provide them with the technology they need quickly and efficiently, supported by our global service network.



INTENSIVE AFTERMARKET CARE

Our technology is used in high abrasion applications such as crushing rock that generates recurring demand for aftermarket spares and services.

HOW WE DELIVER VALUE



FOR THE PLANET AND SOCIETY

Sustainable and efficient delivery of natural resources essential to create a better future for the world.

15%

reduction in CO₂e¹ emissions

¹ Relative to revenue, since 2019.



FOR OUR CUSTOMERS

Market-leading technologies and excellent service that helps them run smarter, more efficient, sustainable operations.

£2.2bn

in orders in 2021



FOR OUR OWN PEOPLE AND COMMUNITIES

A rewarding place where people are enabled to do the best work of their lives and support local communities.

£510m

paid in employee benefits in 2021



FOR GOVERNMENTS

£82m

paid in corporation taxes in 2021



FOR OUR SHAREHOLDERS

An opportunity to invest in a low-carbon future through the essential technology driving the global mining industry transition to Net Zero.

£30m

total dividends paid in 2021

OUR MARKETS

WE SEE TRENDS THAT DRIVE OUR MARKETS

Our markets are supported by long-term structural trends that will underpin growth in the decades ahead. But they are also subject to cyclical influences that can impact demand in the shorter-term, both positively and negatively.

STRUCTURAL TRENDS



GLOBAL DEMOGRAPHICS

In their latest analysis in 2021, the UN estimated there were approximately 7.7bn people on the planet. By 2030, they project that number will rise to 8.5bn, and reach 10bn by 2050 with cities housing two-thirds of residents. At the same time economic development is supporting a significant rise in the middle class, particularly in Asia.

As living standards rise and migration into urban areas increases, demand for key commodities is also likely to increase, particularly those metals that are used in consumer goods and infrastructure development such as copper and iron ore. These trends will drive demand for resources and ultimately the technology that helps to produce them.

BY 2050 THE WORLD'S
POPULATION WILL BE:

10bn



CLIMATE CHANGE

As the recent COP26 Conference in Glasgow showed, there is an increasing move from the world's governments and businesses towards reaching the goal of Net Zero to combat the lasting effects of climate change. Along with companies, cities and financial institutions, more than 130 countries have now set or are considering a target of reducing emissions to Net Zero by 2050. While Net Zero is a critical longer-term goal, steep emissions cuts are imperative in the next five to ten years in order to keep global warming to no more than 1.5°C and safeguard a liveable climate.

PERCENTAGE OF THE WORLD'S TOTAL GDP
COMMITTED TO NET ZERO BY 2050:

c.80%



THE NEED FOR MINING TECHNOLOGY

As natural resources are produced they deplete current supplies and mean further exploration is necessary. However, accessing high quality deposits is getting harder as ore grades decline meaning more rock needs to be excavated and processed for any given quantity of mineral. The increased impact this has on equipment used in this highly abrasive environment drives demand for aftermarket spares and services.

By working in partnership with the world's major mining companies, our technology can significantly improve operational efficiencies on mining sites, allowing our customers to make these crucial savings.

AMOUNT OF ORE NEEDED TO PRODUCE
1KG COPPER IN 2018:

200kg



THESE TRENDS MEAN THE MINING INDUSTRY WILL NEED TO INVEST SIGNIFICANTLY IN EXPANDING CAPACITY WHILE ALSO MEANINGFULLY REDUCING ITS ENVIRONMENTAL IMPACT THROUGH THE ADOPTION OF NEW TECHNOLOGIES AND NOVEL PROCESSES.



JON STANTON
Chief Executive Officer

SHORTER-TERM TRENDS



COMMODITY PRICES

Commodity prices are determined by a range of complex factors including economic confidence and availability of supply. While this can impact shorter-term sentiment and decision-making, larger investments by miners tend to be based on more structural trends. c.75% of Weir's revenues are from aftermarket sales that are linked to ongoing production at current mines rather than new projects. Further resilience is provided by the Group's bias towards high-volume, low-cost producers in South America, Australia and Africa, which account for c.50% of revenues.



MINING CAPEX

Supportive and sustained commodity prices incentivise miners to expand and purchase new equipment while lower price environments lead to a focus on maximising productivity of current assets. Weir can increase its installed base under either scenario due to its lowest total cost of ownership value proposition which applies to both expansion projects and productivity upgrades. The Group's operating margins are also counter-cyclical increasing in low capex environments due to an increased proportion of higher-margin aftermarket (AM) products, whereas in high capex conditions mix is impacted by elevated original equipment sales, which in turn drive future aftermarket sales.



PRODUCTION VOLUMES

Ore production volumes at individual mines are subject to a number of variables from geology through to technology and labour availability. At a global level, however, they tend to reflect demand trends and the impact of ore grade declines. Weir's technology is primarily production-focused and even in downturns miners tend to keep their assets running to generate cash flow. Ore grade declines also support aftermarket demand for spares and services as increased material volumes lead to higher wear on equipment. As a result aftermarket demand tends to grow in mid-single digits percent annually over the long term.

ENGAGING WITH OUR STAKEHOLDERS

STAKEHOLDER ENGAGEMENT

How we listen and engage with our stakeholders to forge positive long-term relationships.

Our success depends on creating and nurturing positive relationships with the people, communities and organisations that have an interest in our business and may be impacted by the decisions we take. These stakeholders are at the heart of 'We are Weir', the strategic framework that sets out our purpose, business model, strategic priorities, values and culture. It makes clear that we want to be a business that provides excellent outcomes for our employees, customers, Shareholders, suppliers, communities, environment, government and non-governmental organisations (NGOs).

SECTION 172 OF THE COMPANIES ACT 2006

Effective engagement of stakeholder groups supports the principles of Section 172 of the Companies Act which sets out that directors should have regard to stakeholder interests when discharging their duty to promote the success of the company. A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- (a) the likely consequences of any decision in the long term;
- (b) the interests of the company's employees;
- (c) the need to foster the company's business relationships with suppliers, customers and others;
- (d) the impact of the company's operations on the community and the environment;
- (e) the desirability of the company maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly as between members of the company.

At Weir, we identify our key stakeholders through our strategic planning process which is focused on delivering long-term sustainable value. Stakeholder engagement and analysis is also key to our approach to risk management. We engage with these important groups in a variety of ways from direct discussions to surveys and participating in community, industry and government forums. This provides valuable insights that inform the Board's deliberations.

The table below sets out how we engage with our key stakeholders, the issues most material to them and how the Group has responded. You can read more about our 'We are Weir' strategic framework on page 10. Our business model sets out the value we generate for stakeholders on pages 22 to 23 and the Group's sustainability strategy is noted on pages 44 to 45. Further information on the Board's approach to stakeholder engagement is noted below and in the Corporate Governance Report. The Board decisions table on page 83, highlights the key decisions made by the Board during 2021, the stakeholders and strategic factors taken into consideration when making decisions, and the outcomes.

EMPLOYEES



How we engage

- Board members responsible for representing employee voice
- All-employee survey
- 'Meet the Board' sessions
- Monthly 'CEO Briefing' and 'Ask Jon' CEO email address
- Global webcasts and social media channels, global and local intranets
- Active local engagement, including town hall meetings, newsletters and safety toolbox talks

What matters to them most?

- Knowing their voice is heard
- Ensuring everyone is treated fairly
- No compromise on our Safety, Health or Environmental standards
- Alignment between personal and company values

Our response

- Continuous prioritisation of safety above all else to become a zero-harm workplace
- 'Employee Voice' strategy
- Commitment to building a truly inclusive culture
- Ongoing engagement with our 'We are Weir' framework
- Continuous communication framework embedded in the aftermath of the cyber security incident, including CEO and CIO

CUSTOMERS



How we engage

- Embedded sales and engineering teams
- Key account management
- Voice of Customer insights
- Technology partnerships

What matters to them most?

- Safety
- Efficiency
- Quality and on-time delivery
- Smart technologies
- Sustainability
- Trusted long-term partnerships
- Ever-present service

Our response

- Investment in research and development
- Technology roadmaps developed through Voice of Customer processes
- Sustainability Roadmap assessment
- Comprehensive global service network covering every major mining region in the world

SUPPLIERS



How we engage	What matters to them most?	Our response
- Clearly defined supplier quality policy - Supplier visits - Technology trials and collaborations	- Trusted partnerships - Collaborative relationships - Responsive communication	- Face-to-face meetings with suppliers - Key account support - Equal opportunity policies for all suppliers - Strong safety culture

SHAREHOLDERS



How we engage	What matters to them most?	Our response
- Annual Report and General Meeting - One-to-one meetings - Investor conferences - Capital Markets Days - Visits to company facilities - Good environmental & social governance	- Strategy and execution - Prospects for future growth - Returns through the cycle - Investment and capex plans - Market and other risks - Environmental, social and governance (ESG) performance	- Regular communication of performance - Providing guidance when appropriate - Robust business model - Executing our Sustainability Roadmap

COMMUNITIES & ENVIRONMENT



How we engage	What matters to them most?	Our response
- Local open days to better understand our operations - Collaborations with local schools and universities - Supporting employment and apprenticeship schemes - Encouraging our people to use their 'Day of Purpose' in their local community	- Jobs and investment - That we are good neighbours, operating safely and ethically - That we actively help and support local communities - Reducing environmental impact	- Providing direct employment to c.11,000 people - Investing in our facilities to provide a safe, nurturing and stretching environment - Investing in school, graduate and PhD programmes - Executing our Sustainability Roadmap

GOVERNMENTS & NGOS



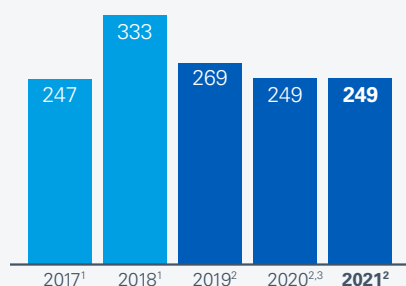
How we engage	What matters to them most?	Our response
- Direct engagement with national and local politicians and officials - Membership of industry bodies - Supporting NGO efforts to improve STEM education opportunities	- Creating and sustaining employment - Investing in R&D and productivity - Business contributing towards educational opportunities - Environmental, social and governance policies	- Providing direct employment for c.11,000 people - Investing in R&D including partnerships with universities - Investing in programmes that support STEM education amongst women and other under-represented groups

OUR 2021 KEY PERFORMANCE INDICATORS

2021 Financial and Strategic measures aligned to 'We are Weir'.

FINANCIAL

ADJUSTED PROFIT BEFORE TAX £m



- 1 Total Group.
2 From continuing operations.
3 Restated for SaaS adjustments.

2021 performance

Continuing operations adjusted profit before tax was £249m (2020: £249m), after a translational foreign exchange headwind of £15m.

READ MORE IN THE FINANCIAL REVIEW ON PAGE 40 AND THE OPERATING REVIEW SECTIONS ON PAGES 36-39

Link to Strategy



Link to Remuneration⁴



Associated risks

- Market
- Technology
- Digital
- Value Chain Excellence
- Competition
- Climate
- Political and Social

OPERATING CASH CONVERSION RATIO

63%
(2020: 91%)

Strong operating cash conversion ensures a focus on working capital efficiency and optimal levels of capital expenditure to ultimately allow free cash generation to invest in growth opportunities and meet our commitment to return 33% of net adjusted earnings by way of dividend and a full investment grade credit rating.

2021 performance

Operating cash conversion was 63% (2020: 91%) as a result of working capital outflow increase due to the inventory build in Q4 to support the growing order book. Over the medium-term we are targeting operating cash conversion of 90% to 100% driven by working capital efficiency and maintaining capex and lease costs close to 1 times depreciation. Capex is likely to be elevated above this level for the next two years as we construct our new ESCO foundry in China and complete our roll out of SAP and other digital initiatives resulting in cash conversion between 80% and 90% over that period.

READ MORE IN THE FINANCIAL REVIEW ON PAGE 40

Link to Strategy



Link to Remuneration⁴



Associated risks

- Market
- Technology
- Digital
- Value Chain Excellence
- Competition
- Climate
- Political and Social

BALANCE SHEET EFFICIENCY – NET DEBT TO EBITDA

1.9x
Net debt to EBITDA

To support future growth, we have set a disciplined capital allocation policy within which we will keep net debt to EBITDA between 0.5x to 1.5x, with up to 2.0x for acquisitions and result in 33% of net adjusted earnings being distributed by way of dividend. We believe that this provides us with the financial strength necessary to be a leader in cyclical markets while retaining sufficient capital flexibility to invest in the exciting growth opportunities we see ahead.

2021 performance

Net debt to EBITDA on a lender covenant basis was 1.9x (2020 restated: 2.8x) compared to a covenant level of 3.5x.

READ MORE IN THE FINANCIAL REVIEW ON PAGE 40

Link to Strategy



Link to Remuneration⁵



Associated risks

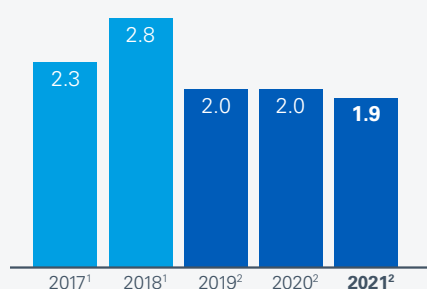
- Technology
- Competition
- Political and Social

4 In 2021, 70% of Executive Director annual bonus was directly linked to outcomes against financial KPIs. For 2022, this is proposed to become 60%. You can read more in the Directors' Remuneration Report on pages 121-145.

5 In 2021, 30% of Executive Director annual bonus was directly linked to progress against strategic measures. For 2022, this is proposed to become 20% with 20% being directly linked to ESG measures. You can read more in the Directors' Remuneration Report on pages 121-145.

STRATEGIC

REVENUE GROWTH £bn



1 Total Group.

2 From continuing operations.

The growth prospects for our markets are attractive and underpinned by structural trends but we believe the distinctive value we offer will enable us to grow ahead of the anticipated 3% annual growth in ore production. We expect to deliver mid-to-high single-digit annual growth through the cycle supported by our organic initiatives.

2021 performance

Continuing operations revenue of £1,934m was up 2% on a constant currency basis. Growth in ESCO revenue was offset by Minerals where revenue was slightly down following strong prior year comparator due to a large contract order.

READ MORE IN THE FINANCIAL REVIEW ON PAGE 40 AND THE OPERATING REVIEW SECTIONS ON PAGE 36

Link to Strategy



Link to Remuneration⁵



Associated risks

- Technology
- Digital
- Value Chain Excellence
- Competition
- Climate
- Safety, Health and Wellbeing

R&D INVESTMENT AS A PERCENTAGE OF REVENUES

1.7%

Percentage revenues invested in R&D

(2020: 1.3%³)

Increasing long-term demand for metals will drive a technology transformation in mining. Increased innovation will be required which presents a commercial opportunity for Weir. To reflect this, we are increasing our research and development investment relative to revenues and focusing our spend on technologies that make mining operations smarter, more efficient and sustainable.

2021 performance

Research & development costs for continuing operations amount to £32.6m (2020 restated: £26.1m) of which £30.6m (2020: £24.8m) was charged directly to cost of sales in the income statement and £2.0m (2020 restated: £1.3m) was capitalised (note 12 to the Group financial statements) on page 191.

READ MORE IN THE CASE STUDIES ON PAGES 37 AND 39

Link to Strategy



Link to Remuneration⁵



Associated risks

- Technology
- Digital
- Competition
- Climate
- Safety, Health and Wellbeing

OPTIMISE OPERATIONAL LEVERAGE – ADJUSTED OPERATING MARGIN PROGRESSION

15.3%

adjusted operating margin

(2020: 14.9%^{3,6})

As we grow we are focused on delivering attractive returns through the cycle. We see further opportunities to leverage our global operations and streamline functions and have set a target to expand constant currency adjusted operating margins to 17% in 2023, from a restated baseline of 14.9% in 2020.

2021 performance

Continuing operations adjusted operating margin of 15.3% is up 40bps versus last year on a constant currency basis and up 10bps as reported. We saw an underlying improvement in margins of 40bps, in keeping with our medium-term targets. This underlying benefit was offset by c.60bps as a result of inefficiencies and overhead under-recoveries related to the cyber incident as processes were disrupted. Together the net 20bps reduction was offset by a favourable 60 bps movement due to mix.

READ MORE IN THE SUSTAINABILITY REVIEW ON PAGES 44 AND 45

Link to Strategy



Link to Remuneration⁵



Associated risks

- Technology
- Digital
- Value Chain Excellence
- Safety, Health and Wellbeing
- People
- Information Security and Cyber

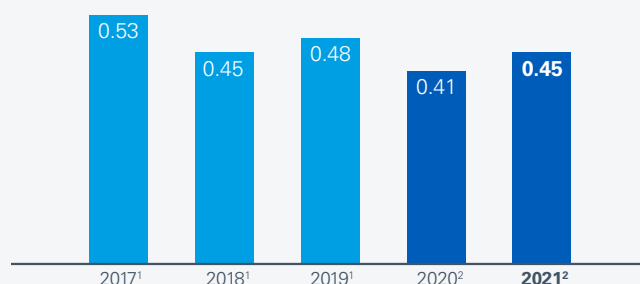
6 2020 restated at 2021 average exchange rates.

OUR 2021 KEY PERFORMANCE INDICATORS

CONTINUED

NON-FINANCIAL

SAFETY (TOTAL INCIDENT RATE)



1 Total Group.

2 Continuing operations.

We believe that beyond the obvious imperative of “safe start, safe finish, safe home” a deeply embedded safety culture is a key indicator of organisational effectiveness. Our overall aim is a zero-harm workplace and we measure our progress through continuous improvement in our TIR.

2021 performance

Our Total Incident Rate of 0.45 is broadly in line with 2020 and puts us among the safest companies in our sector, after another year of substantial disruption to our employees’ life and work through the Covid-19 pandemic.

YOU CAN READ MORE IN THE SUSTAINABILITY REVIEW ON PAGES 44 AND 45

Link to Strategy



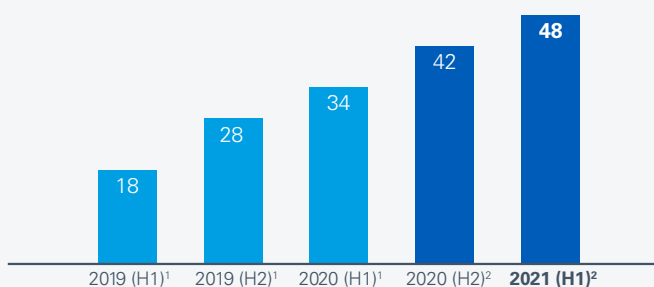
Link to Remuneration⁵



Associated risks

- Safety, Health and Wellbeing
- People
- Information Security and Cyber

EMPLOYEE ENGAGEMENT (eNPS)



1 Total Group.

2 Continuing operations.

To ensure that we have access to a broad range of talent and that colleagues choose Weir to do the best work of their lives, we continue to prioritise engagement. We seek to improve our employee Net Promoter Score (eNPS), targeting against an external benchmark.

2021 performance

We saw another improvement in our levels of engagement which have increased our eNPS score from 42 in our previous survey in 2020 to 48 in 2021.

YOU CAN READ MORE IN THE SUSTAINABILITY REVIEW ON PAGES 44 AND 45

Link to Strategy



Link to Remuneration⁵



Associated risks

- Climate
- Safety, Health and Wellbeing
- People
- Ethics and Governance

INCLUSION, DIVERSITY AND EQUITY – FEMALE REPRESENTATION

17%

Female representation

(2020: 15%)

Employees tell us that they want Weir to be more inclusive and diverse and we are committed to achieving this. We measure female representation at all levels as one aspect of achieving an inclusive, diverse and equitable organisation.

2021 performance

Just 17% of our global workforce is female, which is a small but important 2% improvement on the prior year. This change was driven by recruitment with 23% of new hires being female. Whilst we are encouraged by the progress made with female senior hires over the last couple of years, we recognise we need to also focus on volume recruitment of females across the entirety of our workforce, which tend to comprise mostly of Production and Field roles.

YOU CAN READ MORE IN THE SUSTAINABILITY REVIEW ON PAGES 44 AND 45

Link to Strategy



Link to Remuneration⁵

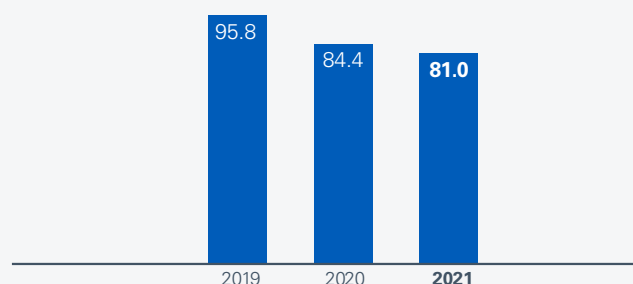


Associated risks

- People
- Ethics and Governance

GREENHOUSE GAS EMISSIONS – REDUCTION IN SCOPE 1&2 CO₂e

Tonnes CO₂e/£m revenue



A major part of our strategy is to provide technology to reduce our customers' environmental impact and, in turn help society decarbonise in order to address climate change. Our targets are a 30% reduction in scope 1&2 CO₂e intensity by 2024, relative to revenue and a 2019 baseline, and SBTi-aligned reduction in absolute scope 1&2 CO₂e by 2030.

2021 performance

In 2021, our continuing operations and market based GHG emissions (relative to revenue) have reduced by 15%² on a constant currency basis compared to our 2019 baseline. This occurred due to manufacturing efficiency improvements, behavioural changes, process and technology upgrades, along with an increase in renewable energy usage.

Link to Strategy



Link to Remuneration⁵



Associated risks

- Technology
- Climate
- Ethics and Governance

OUR YEAR IN REVIEW

WE DELIVERED A YEAR OF STRATEGIC PROGRESS

Our 150th year saw us continuing to deliver our strategy while adapting well in a complex environment.

Q1 JANUARY – MARCH

TRANSFORMATION TO A MINING TECHNOLOGY PURE PLAY IS COMPLETED

As our 150th year began, February saw the business complete the sale of the Oil & Gas Division to Caterpillar Inc for an enterprise value of \$375m. The sale of the Division marked the transformation of the Group to becoming a premium mining technology business.

Continuing in our tradition of innovative engineering, Weir Minerals launched the new Cavex® 2 hydrocyclone in early January. Marking a new era in separation technology, the new Cavex® 2 classifies up to 30% more feed slurry, while occupying the same footprint as Cavex® 1 or competitor cyclones.



Q2 APRIL – JUNE

A VIRTUAL ROYAL VISIT AND A £36M CONTRACT WIN

On the day of our 127th Annual General Meeting on 29 April 2021, The Group celebrated by hosting a Virtual Royal Visit with HRH Princess Royal. Attended by over 7,000 colleagues from all corners of the world, it was one of the largest gatherings in our history.

A £36m order to provide industry-leading energy saving solutions to Ferrexpo, one of the world's largest exporters of iron ore pellets to the global steel industry was also announced in late April. The initial order, which includes a range of Weir comminution products including Enduron® High Pressure Grinding Rolls (HPGRs) and screens, will reduce energy consumption by more than 40% compared with traditional mining technologies, bringing substantial reductions in carbon emissions.

Colleagues around the globe started taking part in their 'Day of Purpose' after the initiative was launched early in the second quarter.





Q3 JULY – SEPTEMBER

VACCINATING AGAINST COVID-19 AND THE APPOINTMENT OF A NEW CHAIR-DESIGNATE

2021 continued to be a year dominated by the Covid-19 pandemic. As vaccination efforts ramped up across the globe, in countries where governments had given companies the opportunity to purchase vaccines privately, we worked with our partners on the ground to procure vaccinations for employees and their families in India and in the Philippines. In early Q3 over 400 Weir employees and 300 of their family members were vaccinated at the Weir facility in Brigade Rubix, Bangalore.

Another historic moment in our 150th year came in early September when Barbara Jeremiah was appointed as Chair-Designate, and will become the first ever woman to chair Weir. Barbara will succeed Charles Berry who is retiring after completing his nine-year tenure as Chairman at the 2022 AGM.



Q4 OCTOBER – DECEMBER

COP26 AND ACQUISITION OF MOTION METRICS

The eyes of the world were on our home city of Glasgow in late October as the COP26 climate conference took place. Delegates from 197 countries came to the city, agreeing a new global climate pact by the end of the event. During COP, Weir welcomed the Australian Prime Minister Scott Morrison to our headquarters in the centre of Glasgow. Alongside Chairman Charles Berry and CEO Jon Stanton, PM Morrison was joined by a number of investors in clean energy technologies. PM Morrison also took time to acknowledge one of the greatest Australian inventions: the Warman® pump which was originally designed by Charlie Warman in Kalgoorlie, Western Australia in 1938. For more than 80 years this great Australian success story has been at the forefront of innovation in mining.

The Group completed the acquisition of Motion Metrics, a leading Canada based global mining technology business in November for an enterprise value of £88m. Motion Metrics is the market leading developer of innovative Artificial Intelligence (AI) and 3D rugged Machine Vision Technology used in mines worldwide. Its technology helps miners increase safety, efficiency and sustainability of their operations and as part of the agreement, Motion Metrics Vancouver headquarters will become Weir's global centre for excellence in AI and Machine Vision technology.



2021 SUMMARY RESULTS

Positive order momentum and strong operational delivery.

STRONG ORDERS DRIVEN BY HIGHLY ACTIVE END MARKETS AND STRATEGIC GROWTH INITIATIVES

- FY: Original Equipment (OE) orders¹ +45%; Aftermarket (AM) orders¹ +16%
- Q4: orders¹ +26% year-on-year and +10% sequentially on Q3

OPERATIONAL EXECUTION ACROSS THE GROUP DELIVERED +40BPS MARGIN^{1,2,3,4} EXPANSION

- Swift response to cyber incident in September; financial impact at lower end of range
- Margin expansion delivered after mitigating cyber and Covid-19 headwinds of c.60bps
- Adjusted PBTA^{2,3} of £249m in line with last year despite FX headwinds
- £266m operating cash flow³ impacted by inventory build and disruption from cyber incident

ACCELERATED DELIVERY OF SMART, EFFICIENT, SUSTAINABLE SOLUTIONS STRATEGY

- Acquisition of Motion Metrics accelerates technology and digital strategy
- New products² increased to 6% of revenues and R&D as a percentage of revenue^{2,4} +40 bps
- 15%² reduction in CO₂e emissions since 2019, science-based targets to be set in 2022

ON TRACK TO DELIVER MEDIUM-TERM TARGETS

- Clear path to 17% operating margins in 2023; adding cash conversion targets
- Subject to ongoing geopolitical uncertainty, strong growth in constant currency revenue and profit expected in 2022
- Full year dividend of 23.8p in line with capital allocation policy

In 2021, we navigated successfully through a number of significant external challenges to deliver a strong performance for the year. Order momentum was strong, with a significant acceleration in Q4, and demand for recurring aftermarket consumables has now surpassed pre-Covid levels.

Climate change and the need for Net Zero solutions is accelerating demand for critical metals such as copper, nickel and lithium, just at the time that longer-term supply constraints are emerging, and we have continued to invest in new technologies that make mining smarter, more efficient and sustainable. We boosted our digital capabilities in the year with the acquisition of Motion Metrics, enhancing our ability to offer value-adding data insights with our engineering solutions.

We start 2022 with a record order book and market conditions continue to be favourable.

Subject to ongoing geopolitical uncertainty, and with Covid-19, inflationary and supply chain pressures likely to persist, we currently expect to deliver strong growth in constant currency revenue and profit this year and further progress towards our medium-term performance goals.

Longer term, our mining technology focus places Weir at the heart of a multi-decade growth opportunity in partnership with the global mining industry as it delivers the minerals essential for the clean energy transition more efficiently and sustainably.

c.75% OF REVENUES FROM RECURRING AFTERMARKET (AM)

WEIR

Revenues of
c.£1.9bn
AM revenues of
c.£1.5bn

MINERALS DIVISION

Total revenues of
c.£1.4bn
AM revenues of
c.£1bn

ESCO DIVISION

Total revenues of
c.£0.5bn
AM revenues of
c.£0.5bn

1 2020 restated at 2021 average exchange rates.

2 Continuing operations.

3 Profit figures before adjusting items.

4 2020 restated for SaaS adjustments.

2021 MARKET REVIEW

Mining markets recovered throughout 2021 exceeding pre-Covid levels in the fourth quarter, supporting strong order momentum. Global commitments to take action on climate change have strengthened during the year, supporting longer-term demand for metals required for the clean energy transition.

Economic recovery supported commodity demand

The global economy continued to recover in 2021 which supported strong demand for a wide range of commodities. Most were well above incentive prices and several reached record levels during the year. Across our main exposures, average prices of copper were up 50%, iron ore increased by 48% and average gold prices remained at multi-year highs. Infrastructure markets, which account for c.10% of our revenue, also continued their strong recovery with sand and aggregates markets benefiting from residential housing activity, particularly in North America.

Production levels returned to, and exceeded pre-Covid levels

Strong demand for commodities drove increased production. However, physical inventory was constrained due to a range of factors, from water restrictions to extreme weather, and from continued disruption due to Covid-19. With strong demand and restricted production, customers were almost entirely focused on maximising ore production with volumes and machine utilisation continuing to normalise, reaching pre-Covid levels in Q3 and accelerating further in Q4. This supported underlying demand for aftermarket spares and service.

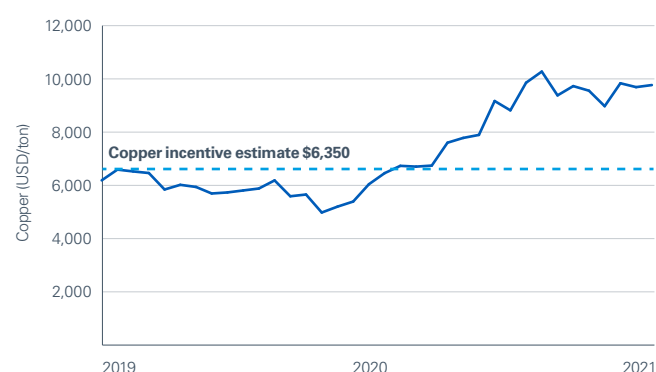
Mining capex mostly focused on quick payback opportunities

Smaller brownfield opportunities were active during the year, especially those that debottlenecked operations and provided quick paybacks without disrupting ongoing production. On the other hand, large brownfield opportunities were plentiful in the pipeline but proved slow to convert, given that typically they are disruptive to the existing operations. The pipeline of new, greenfield projects have also been slow to convert, despite emerging supply shortages and customers focusing more on supply.

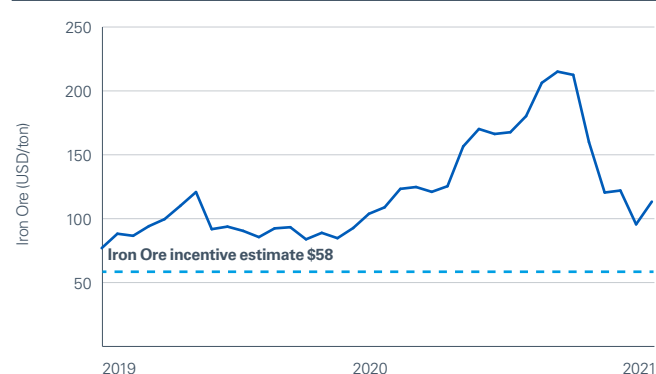
Structural trends from sustainability continued to accelerate

Global action on climate change and the broader sustainability agenda continued to gather pace, supported by the high profile COP26 conference in November and pressure from a wide group of stakeholders. Investment in development and roll out of low-carbon technologies and processing continued to grow, all of which supported longer-term projected demand for future facing commodities. At the same time, the global mining industry is increasingly prioritising sustainability and production – as evidenced by strong demand for integrated solutions and OE orders for sustainable technology.

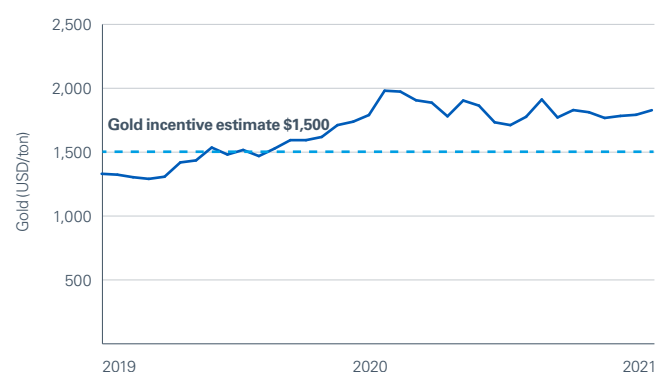
COPPER PRICES



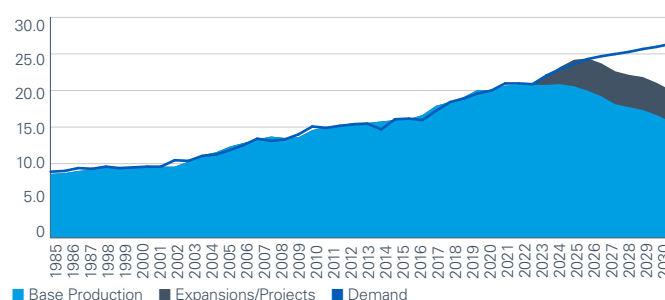
IRON ORE PRICES



GOLD PRICES



FURTHER COPPER INVESTMENT REQUIRED TO MEET FUTURE DEMAND¹



¹ UBS and WoodMac 2021.

OPERATING REVIEW

WEIR MINERALS

AT A GLANCE

Weir Minerals is a global leader in engineering, manufacturing and servicing processing technology used in abrasive, high-wear mining applications. Its differentiated technology is also used in infrastructure and general industrial markets.

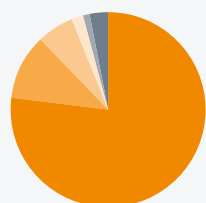
2021 REVENUE

£1,422m
-1%¹

2021 ADJUSTED OPERATING PROFIT

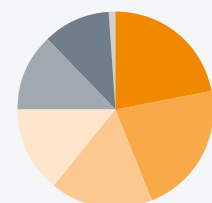
£251m
0%^{1,2,3}

DIVISIONAL ORDERS BY END MARKET %



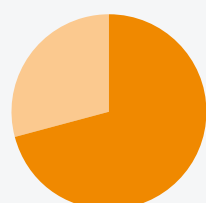
Mining	77%
Industrial	11%
Oil & Gas	6%
Naval & Marine	2%
Power Generation	1%
Infrastructure	3%

DIVISIONAL ORDERS BY GEOGRAPHY %



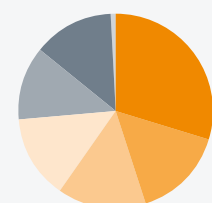
South America	22%
North America	22%
Asia Pacific	17%
Australasia	14%
Europe & FSU	13%
Africa	11%
Middle East	1%

REVENUE BY ORIGINAL EQUIPMENT/AFTERMARKET %



Aftermarket	71%
Original Equipment	29%

NUMBER OF FACILITIES



Europe & FSU	49
South America	25
Asia Pacific	24
Australasia	23
North America	20
Africa	22
Middle East	1

1 2020 restated at 2021 average exchange rates.

2 Before adjusting items (note 2 of the Group financial statements).

3 Restated for SaaS adjustments.

HIGHLIGHTS

2021 Operating Review

The Division benefited from both the strength of its market positions and its comprehensive global service network as mining markets recovered through the year, exceeding pre-Covid production levels in Q4. At the same time, efficiency programmes and roll out of new ERP systems supported margin progression, despite inflation in input costs, global supply chain disruptions and the impact of the cybersecurity incident. This performance was achieved while also making significant strategic progress.

People

In terms of safety performance, the total incident rate (TIR) across the Division was 0.36 (2020: 0.25). While this represented an increase on prior year, it remained at a low rate and we made good progress in catching hazards, particularly at remote service areas, and in reducing common, lower severity incidents such as hand and finger injuries and first aid events. Leading indicators were also positive with a marked increase in the number of safety conversations.

Customers

Customer intimacy and our global footprint is a differentiator for us and to support our customers in expanding their operations in existing and new geographies, we continued to extend our service network. During the year we opened seven new service centres including two that are co-located with ESCO. We also opened a new £2m manufacturing plant in Turkey to support our growing customer base in Central Asia.

Technology

We made strong progress with our Integrated Solutions strategy through delivering tailored solutions that enhance productivity for our customers. In 2021, Integrated Solutions orders of £210m were up 32% on prior year, driven by strong demand for our comminution and dewatering technologies. In October we opened a second technology centre in Venlo, The Netherlands to support further development of sustainable mining solutions. The new facility represents a £4m investment and extends our capacity for the development and manufacture of tailings solutions and comminution technologies. Comminution is one of the most energy-intensive processes in the mine and Weir's technologies enable customers to improve their energy efficiency by 40%, to achieve significant reductions in emissions. These technologies continue to gain traction with orders up by 60% in the year.

Performance

We continued to drive operational efficiency across the Division to support the Group margin expansion targets. Major investments in 2021 include the upgrade to our foundry in Artarmon, Australia and a new modern plant in China, where we consolidated our operations into a world class facility in Binhu for slurry pumps and comminution which is already benefiting efficiency and recoveries. We have also continued to standardise our IT platforms with 80% of the Division now operating on SAP.

We implemented a number of energy efficiency projects during 2021 and have further reduced emissions via renewable energy purchasing and installation. The annualised savings of efficiency projects implemented in 2021 by the Division would equate to a 6% saving of Minerals' 2021 CO₂e.

WE SEE COMPELLING, INNOVATIVE SOLUTIONS

Warman® MCR® 650 pumps outperform two different competitors at copper and gold mine.

At the Batu Hijau mine, an open-pit copper gold mine in Indonesia, Weir Minerals has worked together with the customer since 1997 and has completed many on-site projects including installations and maintenance of over 40 Warman® pumps.

In 2007, the Minerals team was offered an opportunity to replace four cyclone feed pumps installed by a competitor supplier at Batu Hijau. The Warman® MCR® pumps ran successfully on site for several years. Changes in ore grade and throughput requirements meant another competitor was contracted to trial their pump. By 2013, three of the Warman® pumps were replaced by this competitor's unlined pumps, leaving just one rubber-lined Warman® MCR® 650 pump installed.

At this time, Batu Hijau was dissatisfied with the campaign life of the competitor's unlined pumps. The plant wanted to move from three-month to six-month campaigns between major shutdowns. Looking for a solution, the Weir Minerals pump



specialists worked in partnership with Batu Hijau to perform a series of Warman® MCR® 650 pump upgrades and manufactured bespoke pump components for the Warman® MCR® 650 pumps installed on site.

By July 2021, Warman® MCR® 650 pumps had replaced all three of the competitor's cyclone feed pumps. Weir Minerals is targeting wear life of 12 months per pump campaign, more than double that of the replaced competitor's pumps. With this increase in the pump life, Batu Hijau was able to avoid its three month minor shutdown and now works on a consistent maintenance schedule that no longer requires additional minor work such as pump realignments.



“
**THE DIVISION
BENEFITED
FROM BOTH
THE STRENGTH
OF ITS MARKET
POSITIONS AND ITS
COMPREHENSIVE
GLOBAL SERVICE
NETWORK AS
MINING MARKETS
RECOVERED
THROUGHOUT
THE YEAR.**

”
RICARDO GARIB
Division President,
Weir Minerals

WEIR MINERALS PARTNERS WITH HENKEL TO RELEASE INDUSTRY-FIRST ZERO VOC ADHESIVE RANGE

With sustainability being a key issue for the mining industry, operators are looking for safer and more sustainable products. To address this growing need, Weir Minerals, manufacturer of Linatex®, the world's leading brand of premium natural rubber, partnered with the world's number one adhesive producer, Henkel, to develop LINATEX® LOCTITE® – LINA 88™ products.

The LINATEX® LOCTITE® – LINA 88™ adhesive range sets a new industry benchmark: while being solvent-free and zero volatile organic compounds, these innovative products produce a bond strength significantly stronger than other products presently used within mining applications. The range is designed for use in a wide range of mining applications, and from 2021 onwards, Weir Minerals will be specifying the new solvent-free products for all our Linatex® applications around the world.

Image: The LINATEX® LOCTITE® – LINA 88™ adhesive range



OPERATING REVIEW

WEIR ESCO

AT A GLANCE

ESCO is a global leader in the provision of Ground Engaging Tools (G.E.T.) for large mining machines. Its highly engineered technology improves productivity through extended wear life, increased safety and reduced energy consumption.

2021 REVENUE

£512m

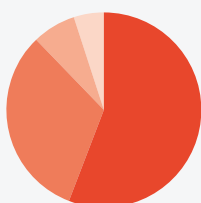
+11%¹

2021 ADJUSTED OPERATING PROFIT

£83m

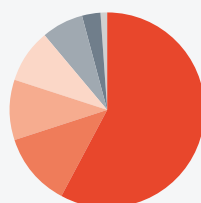
+11%^{1,2,3}

DIVISIONAL ORDERS BY END MARKET %



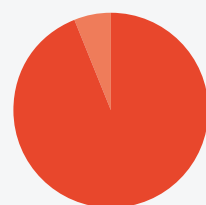
Mining	56%
Infrastructure	32%
Oil & Gas	7%
General Industrial	5%

DIVISIONAL ORDERS BY GEOGRAPHY %



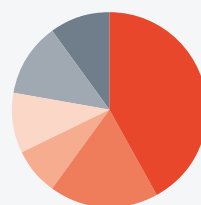
North America	58%
South America	12%
Australasia	10%
Europe & FSU	9%
Africa	7%
Asia Pacific	3%
Middle East	1%

REVENUE BY ORIGINAL EQUIPMENT/AFTERMARKET %



Aftermarket	94%
Original Equipment	6%

NUMBER OF FACILITIES



North America	21
South America	9
Asia Pacific	4
Africa	5
Europe & FSU	6
Australia	5

¹ 2020 restated at 2021 average exchange rates.

² Before adjusting items (note 2 of the Group financial statements).

³ Restated for SaaS adjustments.

HIGHLIGHTS

- Orders¹ +25%, Q4 +37% year-on-year and delivered sixth quarter of sequential order growth
- Revenues¹ +11% year-on-year as mining and infrastructure markets recovered strongly
- Operating margins^{1,2,3} up 10bps year-on-year; strong operational leverage offset by the reversal of temporary cost savings

2021 Operating Review

The Division benefited from its strong market position to capture growth in infrastructure markets in both North America and Europe, alongside entering other global construction markets in the Southern Hemisphere. The Division also continued to extend its product offering in mining markets, driving increased customer relevance and market share gains.

People

Our continued focus on safety delivered further improvements in performance in 2021 with TIR reducing by a further 19% to 0.85. This marks a reduction in TIR of over 50% since the Division was acquired in 2018. We introduced hazard identification training for our operators during the year to reinforce safe behaviours and help drive continuous improvement. More broadly, we continued to invest in training and development of employees, for example, with sales skills and sustainability training for our sales teams.

Customers

We made good progress in establishing our Nemysis® G.E.T. system as the market leader across all mining systems, delivering 215 net conversions in 2021. We also expanded our share of large mining buckets with orders up by over 50%, and made further progress towards our revenue synergies target of \$50m. We opened new joint facilities with Minerals in Nevada, USA, and in Almaty, Kazakhstan, and are in the final stages of permitting for our new foundry in China, which will move into construction in 2022.

Technology

The acquisition of Motion Metrics has strengthened our capability in digitally enabled solutions. Based in Vancouver, Canada, Motion Metrics adds patent-protected technology to our portfolio which reduces expensive downtime in G.E.T. applications, helping improve our differentiated technology offering even further. The additional capability in AI and Machine Vision will also accelerate our expansion into adjacent markets including developing smart eco-system offerings encompassing the load and haul operations of our customers.

Performance

Continuous improvement activities at our foundry in Portland, USA enabled us to quickly respond to market changes, benefiting operational leverage. Additionally, the integration of digital visualisation at our facilities improved overall energy efficiencies. The annualised savings of efficiency projects implemented in 2021 by the Division would equate to a 4% saving of ESCO's 2021 CO₂e.

WE SEE IMPROVED MACHINE PRODUCTIVITY AND SUSTAINABILITY

Conversion of competitor's bucket to the Nemisys® mining tooth system improves machine productivity.

When a Brazilian copper mine upgraded a primary production excavator to the ESCO Nemisys® tooth system using N5 intermediate bridge adapters, the outcome was a substantial increase in production while reducing adapter usage and the downtime required to service the system.

The overall reduction in adapter consumption per million metric tonnes mined, combined with the reliability of the Nemisys® tooth system, resulted in reduced downtime for G.E.T. related maintenance. Less system maintenance reduces worker exposure to the associated hazards.

The mine reported a 32% increase in metric tonnes produced per tonne of points and adapters used, and a 60% reduction in G.E.T. related downtime per million metric tonnes produced. The reduction in parts and maintenance contributed to lower use of natural resources and less residual waste.



**THE DIVISION
BENEFITED
FROM ITS
STRONG MARKET
POSITION
TO CAPTURE
GROWTH IN
INFRASTRUCTURE
MARKETS IN BOTH
NORTH AMERICA
AND EUROPE.**



ANDREW NEILSON
Division President,
Weir ESCO



Image: Weir ESCO equipment being used to help free the Ever Given ship

WEIR ESCO DREDGE CUTTERHEADS USED TO FREE THE EVER GIVEN SHIP IN THE SUEZ CANAL

In March 2021, the Suez Canal was blocked for six days after the grounding of 'Ever Given', a 400m long container ship. The vessel met strong winds on the morning of 23 March, and ended up wedged across the waterway, blocking all traffic until it could be freed. As one of the world's busiest trade routes, the obstruction had a significant negative impact on trade between Europe, Asia and the Middle East and prevented an estimated US\$9.6bn worth of trade.

On 29 March 2021, the ship was finally set free, with Weir ESCO cutterheads fitted to the dredger that was used in the operation. As a trusted supplier, Weir ESCO has provided this vital trade route with sophisticated dredge technology for the past two decades.

FINANCIAL REVIEW

WE SAW STRONG ORDER GROWTH AND OPERATING MARGIN IMPROVEMENT



**THE QUALITY OF OUR
BUSINESS SHONE THROUGH
WITH REVENUE, OPERATING
PROFITS AND MARGINS ALL
SHOWING PROGRESS WHILE
LEVERAGE REDUCED.**



JOHN HEASLEY
Chief Financial Officer



OVERVIEW

2021 saw us build a record order book while managing the complexity of raw material and freight inflation and a serious cybersecurity incident. Revenue, adjusted operating profits and margins all showed progress on a constant currency basis while leverage reduced to 1.9 times following receipt of the proceeds from the sale of our Oil & Gas Division. The margin progress was especially pleasing as we fully mitigated inflationary pressures and realised initial benefits from our efficiency programme. The strong order growth and margin performance and operational focus means we are well placed to deliver our medium-term growth, margin and cash conversion objectives.

FINANCIAL HIGHLIGHTS

Continuing operations order input increased 22% on a constant currency basis with less Covid-19 related mine site disruption and supportive commodity prices which drove aftermarket (AM) demand. We also saw higher demand for our more sustainable solutions as we started to see our strong original equipment (OE) project pipeline convert, as customers became more confident in the global macroeconomic backdrop and Covid recovery.

Continuing operations revenue increased 2% on a constant currency basis, with Minerals revenue 1% lower on a constant currency basis following the non-repeat of the large Iron Bridge contract last year being offset by positive aftermarket growth and underlying OE activity. ESCO increased 11% on a constant currency basis reflecting a strong recovery in infrastructure markets in North America and Europe and significantly reduced Covid disruptions to mining customer operations. On a reported basis revenue decreased 2%, impacted by a foreign exchange translation headwind of £70m. Overall book-to-bill at 1.14 reflects the phasing of orders and an element of revenue slippage related to the cybersecurity incident, meaning that we enter 2022 with a record order book.

Continuing operations adjusted profit before tax of £249m was in line with prior year, after a translational foreign exchange headwind of £15m and prior year restatement as explained below. Continuing operations adjusting items reduced by £31m to £40m (2020: £71m) and mainly relates to intangibles amortisation in the current year. Statutory profit for the year after tax from total operations of £259m (2020: loss of £155m) reflects the increases in profit from both continuing operations of £22m and discontinued operations of £392m. The latter reflecting the impairment of the Oil & Gas Division in 2020 and subsequent gain on sale in 2021, which includes the recycling of £103m of cumulative net foreign exchange gains from the foreign currency translation reserve to the income statement, which is only accounted for following completion.

Cash generated from operations decreased by £99m to £266m in the year, including a decrease of £27m from discontinued operations, and reflects an increase in trade and other receivables due to back-end loading of revenues at the end of the year as operations recovered from the cybersecurity incident, together with an increase in inventory as operations geared up to execute a record closing order book. Our reported net debt decreased by £279m to £772m (2020: £1,051m) following a free cash inflow of £62m, plus net proceeds of £283m from the sale of the Oil & Gas Division and the Saudi Arabia based Arabian Metals Company (AMCO) joint venture and an associated reduction in lease liabilities due to the Oil & Gas disposal of £65m. These movements are partially offset by consideration paid for the acquisition of Motion Metrics of £68m, the interim dividend of £30m and foreign exchange retranslation of £32m. Net debt to EBITDA on a lender covenant basis was 1.9 times⁵ compared to a covenant level of 3.5 times.

CONTINUING OPERATIONS ORDER INPUT

Order input at £2,196m increased 22% on a constant currency basis with growth in both operating Divisions. Original equipment orders were £568m and aftermarket orders were £1,628m.

ORDERS²

£2.2bn

+22%

Minerals orders increased by 22% on a constant currency basis to £1,651m (2020: £1,358m) with a book-to-bill of 1.16 reflecting strong growth in the order book which will underpin future revenue growth. OE orders increased by 45% reflecting higher demand for our more sustainable solutions as we started to see our strong project pipeline convert, as customers became more confident in the global macro backdrop and the continuing recovery of the global economy from the impact of Covid-19. As well as the two large contracts for our more sustainable technology (initial £36m Ferrexpo order for Enduron® HPGRs and screens and a £33m order in Indonesia to replace diesel dewatering pumps with electric alternatives) we also saw strong growth in demand for our core Warman® centrifugal pumps. AM orders increased by 13% with strong growth across all spares products including pump, mill circuit and comminution. Q4 was sequentially 19% higher than Q3, delivering an all-time AM record for the Division and reflects activity now above pre-Covid levels. AM orders represented 68% of total orders (2020: 73%). In total, mining end-market orders accounted for 77% of the total (2020: 79%), as we saw a strong recovery in industrial and oil & gas end-markets.

ESCO orders increased 25% on a constant currency basis to £545m (2020: £436m), reflecting a strong recovery in both mining and infrastructure markets globally, as we saw significantly reduced Covid-19 disruptions to customer operations. The Division had strong growth in most major regions, particularly North America and Asia. The Division also delivered a book-to-bill of 1.07 as order patterns normalised after the destocking seen in 2020 and the Division has now delivered six straight quarters of sequential order growth. AM represented 94% of orders (2020: 94%) in line with ESCO's position as a provider of highly engineered consumables used in abrasive operating environments.

CONTINUING OPERATIONS REVENUE

Revenue of £1,934m increased 2% on a constant currency basis. Aftermarket accounted for 77% of revenues, up from 75% in the prior year. Reported revenues decreased 2%, impacted by a foreign exchange translation headwind of £70m.

REVENUE

£1.9bn

-2%

Minerals revenue was 1% lower on a constant currency basis at £1,422m (2020: £1,433m), primarily driven by a £35m reduction in OE revenues as 2020 included the majority of the deliveries for the c.£100m Iron Bridge project. AM revenues were up 2% on a constant currency basis reflecting the positive mining production trends. Product mix was also impacted by the non-repeat of the Iron Bridge revenues with OE reducing to 29% of total revenues compared to 31% last year.

ESCO revenue, which was not impacted by the destocking seen in 2020, increased 11% on a constant currency basis to £512m (2020: £462m). Mining represented 57% of revenues (2020: 59%) and infrastructure was 31% (2020: 28%).

CONTINUING OPERATIONS PROFIT

Adjusted operating profit from continuing operations decreased by £3m (-1%) to £296m on a reported basis (2020: £299m). Excluding a £16m foreign currency translation headwind, the constant currency increase was £13m.

Prior year operating profit has been restated to reflect a change in accounting treatment for Software as a Service (SaaS) arrangements following the publication of an agenda decision during the year by the International Financial Reporting Standards Interpretations Committee, which led to a £7m reduction in 2020 adjusted operating profit with an equivalent £4m in 2021. Further details are provided in note 2 of the Group financial statements.

Minerals adjusted operating profit increased slightly on a constant currency basis to £251m (2020: £250m) as the Division benefited from more favourable mix, strong operational execution and initial benefits from our efficiency programme. The reversal of the prior year temporary savings related to bonus and travel were largely offset by lower under-recoveries as our plants faced less Covid-related disruption in the period. However, the Division's operations were impacted by the cybersecurity incident impacting the Group, which resulted in an estimated £10m of under-recoveries as plants were disrupted, and also led to the slippage of c.£10m of operating profit as some Q4 revenues were deferred into 2022. Adjusted operating margin on a constant currency basis was 17.7% (2020: 17.5%), with the +20bps increase driven by more favourable product mix and initial efficiency programme benefits offset by higher spend on R&D and the impact of the cyber incident outlined above.

ESCO adjusted operating profit increased by 11% on a constant currency basis to £83m (2020: £75m), as the Division benefited from further operating efficiency and strong operating leverage from higher volumes which were partially offset by the reversal of the temporary cost savings last year to bonus and travel. We saw significant increases in freight and raw material costs which were fully mitigated through sales price increases. Adjusted operating margin of 16.3% was up 10bps on a constant currency basis (2020: 16.2%), reflecting the operational leverage from the additional revenues largely offset by the impact of the reversal of the temporary cost reductions to bonus and travel.

Across both Divisions, we saw significant inflation in raw material and freight costs. These were fully mitigated with sales price increases underpinning our market leading positions and ability to price accordingly.

Unallocated costs are £4m lower than the prior year at £38m primarily due to a reduction in SaaS costs.

Statutory operating profit for the period of £257m was £29m favourable to the prior year, with the decrease in adjusted operating profit of £3m being offset by a reduction in adjusting items.

CONTINUING OPERATIONS ADJUSTING ITEMS

Continuing operations adjusting items reduced by £31m to £40m (2020: £71m). Intangibles amortisation decreased by £4m to £35m (2020: £39m). Exceptional items reduced by £19m to net nil (2020: £19m), with acquisition and integration costs relating to Motion Metrics of £3m and costs of £5m directly related to the cybersecurity incident response, being offset by a £5m gain on sale of land in Malaysia and other small unutilised provision releases totalling £3m. Other adjusting items which mainly relate to the Group's legacy US asbestos-related provision reduced by £8m to £4m (2020: £12m).

FINANCIAL REVIEW

CONTINUED

RESULTS SUMMARY

Continuing operations¹

	2021	2020	As reported	Constant currency ²
Orders ²	£2,196m	£1,794m	n/a	+22%
Revenue	£1,934m	£1,965m	-2%	+2%
Adjusted operating profit ⁴	£296m	£299m	-1%	+5%
Adjusted operating margin ⁴	15.3%	15.2%	+10bps	+40bps
Statutory operating profit ⁴	£257m	£228m	+13%	n/a
Net finance costs	£47m	£50m	-6%	n/a
Adjusted profit before tax ⁴	£249m	£249m	-%	n/a
Statutory profit before tax ⁴	£209m	£178m	+18%	n/a
Adjusted effective tax rate ⁴	25.6%	24.5%	+110bps	n/a
Adjusted earnings per share ⁴	71.3p	72.3p	-1%	n/a
Total Group				
Statutory profit (loss) after tax ⁴	£259m	(£155m)	+£414m	n/a
Statutory earnings (loss) per share ⁴	99.7p	(59.6p)	+159.3p	n/a
Operating cash flow ^{3,4}	£266m	£365m	-27%	n/a
Dividend per share	23.8p	0.0p	n/a	n/a
Net debt	£772m	£1,051m	+£279m	n/a

The Financial Review includes a mixture of GAAP measures and those which have been derived from our reported results in order to provide a useful basis for measuring our operational performance. Adjusted results are for continuing operations before adjusting items as presented in the Consolidated Income Statement. Details of alternative performance measures are provided in note 2 of the Group financial statements.

1 Continuing operations excludes the Oil & Gas Division which was sold to Caterpillar Inc. in February 2021 and the Saudi-Arabian joint venture which was sold to Olayan Financing Company in June 2021.

2 2020 restated at 2021 average exchange rates.

3 Operating cash flow (cash generated from operations) excludes additional pension contributions, exceptional and other adjusting cash items and income tax paid. Net cash generated from operating activities was £155m (2020 restated: £266m).

4 2020 has been restated to reflect a change in accounting treatment for Software as a Service (SaaS) arrangements following the publication of an Agenda Decision during the year by the International Financial Reporting Standards Interpretations Committee. Details of the restatements are provided in note 2 of the Group financial statements.

5 Calculation is on a lender covenant basis with net debt at average rates.

CONTINUING OPERATIONS NET FINANCE COSTS

Net finance costs were £47m (2020: £50m) with the reduction mainly due to reduced net debt levels following receipt of proceeds from the sale of the Oil & Gas Division in February 2021.

Net finance costs (excluding retirement benefit related costs) were covered 7.3 times by adjusted operating profit from continuing operations on a lender covenant basis (2020: 6.5 times), compared to a covenant level of 3.5 times.

CONTINUING OPERATIONS PROFIT BEFORE TAX

Adjusted profit before tax from continuing operations was £249m (2020: £249m), after a translational foreign exchange headwind of £15m. The statutory profit before tax from continuing operations of £209m compares to £178m in 2020, the increase primarily due to the reduction in adjusting items.

CONTINUING OPERATIONS TAXATION

The adjusted tax charge for the year of £64m (2020: £61m) on profit before tax from continuing operations (before adjusting items) of £249m (2020: £249m) represents an adjusted effective tax rate (ETR) of 25.6% (2020: 24.5%). Our ETR is principally driven by the geographical mix of profits arising in our business and, to a lesser extent, by the impact of Group financing and transfer pricing arrangements.

A tax credit of £9m has been recognised in relation to continuing operations adjusting items (2020: £16m).

In terms of cash tax, the total Group paid income tax of £82m in 2021 across all of its jurisdictions compared to £63m in 2020. The increase is due to a combination of extended phasing of payments permitted in 2020 during Covid-19 in certain territories, together with the non-recurrence of tax refunds obtained in 2020 as well as one-off non-recurring cash tax payments in 2021.

CONTINUING OPERATIONS PROFIT AFTER TAX

The continuing operations profit after tax before adjusting items is £185m (2020: £188m). The statutory profit after tax for the year from continuing operations is £155m (2020: £133m).

DISCONTINUED OPERATIONS

The statutory profit after tax for the year from discontinued operations was £104m (2020: loss of £288m) reflecting an adjusted loss of £2m (2020: loss of £27m) and a gain from adjusting items of £106m (2020: charge of £261m). The profit in the year of £104m is primarily due to the gain on disposal of the Oil & Gas Division (excluding AMCO) of £99m and a small net gain of £6m on the sale of the joint venture. This compares to a loss in the prior year of £288m, which included an exceptional impairment of £209m.

On 1 February 2021, the Group completed the sale of the Oil & Gas Division, excluding AMCO, to Caterpillar Inc. (CAT) for an enterprise value of \$375m. Consideration received totalled £283m. The sale of AMCO to the Group's joint venture partner, Olayan Financing Company (Olayan), completed on 30 June 2021 for an enterprise value of \$30m. Net consideration received was £24m.

Following last year's exceptional impairment, the overall gain was finalised in 2021 following the completion of customary working capital and debt-like adjustments, tax and recycling of net cumulative foreign exchange gains from the foreign currency translation reserve to the income statement. The latter, which is only accounted for following completion, amounted to £103m and was the main driver of the gain in the year.

ACQUISITION OF MOTION METRICS

The Group completed the acquisition of Motion Metrics on 30 November 2021 for an enterprise value of CAD\$150m (£88m), which represents initial equity value consideration of £68m paid in cash and adoption of £20m of vendor liabilities primarily relating to tax, settlement of an employee growth participation plan and disposal costs. Motion Metrics contributed £0.6m to revenue and an operating loss of £0.3m (before adjusting items) in the period from acquisition to 31 December 2021.

CAPITAL EXPENDITURE

Net capital expenditure reduced by £28m to £39m (2020: £67m), including £12m net proceeds from the sale of a property in China, as spending was restricted in the final quarter as a result of the cybersecurity incident.

Lease payments of £28m reduced from £43m last year mainly due to the disposal of the Oil & Gas Division.

CASH FLOW AND NET DEBT

Cash generated from total operations decreased by £99m to £266m (2020: £365m) in the year, including a decrease of £27m from discontinued operations (2021: outflow of £14m vs 2020: inflow of £13m). The cash generated from continuing operations decreased by £72m primarily driven by an outflow of working capital in the period of £103m (2020: £37m). This reflects an increase in trade and other receivables due to back-end loading of revenues at the end of the year as operations recovered from the cybersecurity incident, together with an increase in inventory as operations geared up to execute a record closing order book. As a result, working capital as a percentage of sales increased to 27.9% from 22.9% in the prior year. Continuing operations utilised non-recourse invoice discounting facilities of £19m (2020: £3m) and suppliers chose to utilise supply chain financing facilities of £33m (2020: £33m). Net cash generated from operations is £156m (2020: £266m).

Operating cash conversion (refer to note 2 of the Group financial statements) was 63% (2020: 91%) as a result of the above noted working capital outflow. Over the medium-term we are targeting operating cash conversion of 90% to 100% driven by working capital efficiency and maintaining capex and lease costs close to 1 times depreciation. Capex is likely to be elevated above this level for the next two years as we construct our new ESCO foundry in China and complete our roll out of SAP and other digital initiatives resulting in cash conversion between 80% and 90% over that period.

Free cash flow (refer to note 2 of the Group financial statements) from total operations was an inflow of £62m (2020: £132m). In addition to the movements noted above this was impacted by an increase in tax payments of £19m reflecting a higher tax charge and some payment deferrals last year, an increase in purchases of shares for employee share plans of £4m to £15m (2020: £11m), offset by a reduction in interest payments of £8m on lower net debt and refinancing costs and a £6m increase in proceeds on settlement of derivative financial instruments.

Net debt improved by £279m to £772m (2020: £1,051m) and includes £105m (2020: £179m) in respect of IFRS 16: Leases. The decrease was a result of free cash inflow of £62m, plus net proceeds from the sale of the Oil & Gas Division and the AMCO joint venture of £283m, a reduction in lease liabilities due to the disposal of the Oil & Gas Division of £65m, an exceptional cash inflow from the disposal of land in Malaysia of £16m and a net decrease in continuing IFRS 16: Leases of £10m. These movements are partially offset by the acquisition of Motion Metrics for £68m, interim dividend of £30m, exceptional cash costs from operating activities of £9m, foreign exchange retranslation of £32m and other movements of £7m. Net debt to EBITDA on a lender covenant basis was 1.9 times⁵ (2020 restated: 2.8 times) compared to a covenant level of 3.5 times.

In May 2021, the Group successfully completed the issuance of five-year US\$800m Sustainability-Linked Notes. This, together with the successful refinancing in June 2020 of the Group's US\$950m Revolving Credit Facility (RCF), secures significant levels of liquidity over an extended maturity profile. The RCF matures in June 2023 with the option to extend for up to a further two years. These refinancing actions plus the reduction in net debt in the period, resulted in the

Group having c.£800m of immediately available committed facilities and cash balances following the maturity of US\$590m of US Private placement debt in February 2022.

PENSIONS

The Group has a mixture of defined benefit pension plans and other employee compensation or medical plans in both the UK and North America.

The net pension deficit decreased to £57m from £161m at December 2020. The decrease is primarily due to changes in financial assumptions which resulted in a gain of £54m, mainly due to the rise in discount rates over the period, partially offset by an increase in inflation expectations. In addition, experience gains on the liabilities of £41m, reflected the results of the latest UK Main Scheme triennial valuation as at 31 December 2020. These movements contributed to a credit of £96m (2020: charge of £35m) being recognised in the Consolidated Statement of Comprehensive Income. Employer pension contributions in the year totalled £12m.

Insurance policy assets held for the two largest UK schemes now cover 35% (2020: 36%) of the UK's total funded obligation, reducing the Group's exposure to actuarial movements.

ASBESTOS-RELATED PROVISION

Certain of the Group's US-based subsidiaries are co-defendants in lawsuits pending in the United States in which plaintiffs are claiming damages arising from alleged exposure to products previously manufactured which contained asbestos. At the end of 2021, there were 1,765 asbestos-related claims outstanding in the US (2020: 1,586).

We have recognised a US asbestos-related provision of £59m (2020: £65m) which reflects expected future settlements based on the triennial actuarial review of estimated future indemnity and defence costs which was completed in December 2020. The Group has insurance cover in place for claims with a pre-1981 date of first exposure and, as a result, recognises a corresponding insurance asset of £42m (2020: £52m). The net result is a £16m liability (2020: £12m). A charge of £4m (2020: £12m) has been recognised as an other adjusting item in the year (note 5 of the Group financial statements). Full details of the provision, plus related insurance receivable, are provided in note 21 to the Group financial statements.

KEY ACCOUNTING AND POLICY JUDGEMENTS

The key accounting and policy judgements are contained within note 2 to the Group financial statements on page 165.

EARNINGS PER SHARE

Adjusted earnings per share from continuing operations decreased by 1% to 71.3p (2020: 72.3p) reflecting the higher effective tax rate in the year. Statutory reported earnings per share from total operations is 99.7p (2020: loss per share 59.6p). The weighted average number of shares in issue was 259.3m (2020: 259.5m).

DIVIDEND

The Board is recommending a final dividend of 12.3p resulting in a total dividend of 23.8p for the year. If approved at the Annual General Meeting, on 28 April 2022, the final cash dividend will be paid on 6 June 2022 to Shareholders on the register as at 22 April 2022.



JOHN HEASLEY
Chief Financial Officer

2 March 2021

SUSTAINABILITY REVIEW

**WE SEE
SOLUTIONS
THAT ARE
SMARTER,
MORE
EFFICIENT AND
SUSTAINABLE**



**OUR ROADMAP IS RAPIDLY
COMING TO LIFE ACROSS
WEIR AS WE PIVOT TO
DELIVER OUR PURPOSE
AND A MORE SUSTAINABLE
FUTURE FOR MINING.**



PAULA COUSINS

Chief Strategy and Sustainability Officer



Sustainability Roadmap



CONSCIOUSLY FOCUSING ON WHAT REALLY MATTERS...

We have focused our Sustainability Roadmap on what we believe are the most strategic priorities that are right for the world and for our business. We developed and launched the roadmap in 2020, after extensive engagement with our customers, our employees and our investors where we listened to what really matters to each of them. Our acute focus in 2021 has been to deliver against it. We have made great headway and, while we still have much to do, I'm delighted with this progress on all strategic priority areas (see pages 46-53). We are where we committed to be at this stage in our journey. We will continue to share our progress, next steps and longer-term ambitions and commitments with our stakeholders and engage them to make sure we consciously keep our focus on what really matters.

...FOR OUR CUSTOMERS

For our customers, the road to decarbonisation presents a huge challenge: how do we help them produce more of the vital resources required for the energy transition, while keeping their people safe, using significantly less energy and water, creating less waste and ensuring a just transition? It is arguably the biggest innovation challenge in our 150-year history but one we are already seeing our business rise to with innovative solutions, products and initiatives that are not only supporting our own Sustainability Roadmap goals but also those of our customers.



**OPERATIONAL TRANSFORMATION IS
NOT A TOMORROW EFFORT; WE ARE
READY NOW.**



WEIR CUSTOMER

We already have some great products and solutions that improve our customers' safety and environmental impact but we recognise that more needs to be done. We need to continue pushing boundaries and pace to develop smarter, more efficient and more sustainable solutions that deliver both incremental and transformational technology improvements and take people out of harm's way. Our target is to increase R&D spending to at least 2% of revenues and are continuing to forge strategic technology partnerships across the globe. By finding the next generation of young engineers and broadening our talent pool, we are ensuring that Weir stays at the forefront of tackling society's biggest challenge at the pace required. You can read more about our Creating Sustainable Solutions priority on pages 52-53.

1/3 miners

Committed to set scope 1&2 emissions goals to achieve Net Zero by 2050¹.

...FOR OUR EMPLOYEES

We've heard loud and clear from our own people how important it is for them to be part of an organisation that cares about people and the environment. I've been hugely impressed with the level of energy and engagement across the whole business. In June 2021, we received the first results from specific sustainability-focused questions in our global all employee survey and scored very highly. It was a particular pleasure to read the anecdotal feedback to see where employees are challenging us to go further.

8.6/10 score

I believe Weir is committed to being a sustainable business

8.1/10 score

I feel empowered to take actions to make Weir more sustainable

We've seen particularly strong engagement in our Inclusion, Diversity & Equity (ID&E) and Safety Leadership training programmes, our Day of Purpose (read more on page 48) and actions aligned with external events such as World Safety Day and World Environment Day. Weir businesses across the globe are showing palpable energy to identify, evaluate and collaboratively deliver sustainability projects both in our own operations and on our customers' sites. In 2021, we co-developed and launched our own sustainable product design course, in partnership with the Sustainable Minerals Institute at the University of Queensland in Australia, which encourages our engineers to see things differently and design with sustainability in mind. In 2022, we plan to build on the impact of that course and launch additional modules to help empower many more Weir employees to play a part in delivering our Sustainability Roadmap.



**I'M ALREADY SEEING RELEVANCE
IN MY DAILY WORK. EVERYONE SHOULD
HAVE THIS LEVEL OF UNDERSTANDING.**



SUSTAINABLE PRODUCT DESIGN TRAINING PARTICIPANT

...FOR OUR INVESTORS

Throughout 2021, we have also engaged directly with key investors to understand their evolving priorities. The consistent message is that our four Sustainability Roadmap priorities of Championing Zero Harm, Nurturing our Unique Culture, Reducing our Footprint and Creating Sustainable Solutions remain the most material. Our investors want us to continue to deliver against our goals on each, progressively embedding into our core strategy and ways of working, and to transparently share our progress.

From an investor perspective, we also want to align our sustainability strategy more closely to our financing strategy. Our first sustainability linked bond was a significant milestone that demonstrated our commitment to back our footprint reduction targets with hard cash. This historic move for the Weir Group firmly endorsed that sustainable business is better business by reducing our interest charges.

In 2022, we will start the transition to make our global.weir website a more comprehensive, user friendly and real-time source of all things Environment, Social and Governance (ESG) related. We will continue to use measurement to refine our most material sustainability issues and to further underpin our disclosures. To read more on our approach to sustainability reporting see page 56.

...FOR OUR WORLD

The recent COP26 Conference in our home city of Glasgow has built further consensus that the world needs to act fast to reduce its energy footprint to avert catastrophic climate change. Ambitious CO₂e emissions targets combined with robust and transparent reporting are a key component of a climate strategy. Aligned with this ambition, we are publishing the following for the first time in this report:

- Scope 3 emissions: The results of our first scope 3 CO₂e emissions study (see page 61). This first pass evaluation confirmed that by far the greatest scope 3 component for Weir is from our products in use on customer sites. This validates our focus on Creating Sustainable Solutions (see page 53).
- Task Force on Climate-related Financial Disclosures (TCFD): In 2020, we began work to align to TCFD and in line with the UK Listing Rules, we are pleased to confirm that the disclosures included in the Annual Report are consistent with the TCFD Recommendations and Recommended Disclosures (see pages 62-67).
- Science Based Targets Initiative (SBTi) commitment: We already have ambitious scope 1&2 CO₂e targets, covering Weir's own operations, but in December 2021 committed to the SBTi in which the Group will set emissions reduction targets aligned with the Paris Agreement on climate change across scopes 1, 2 and 3 (see pages 54-55).

We believe doing this is right for the world and for our business. We have a responsibility, and a shared interest, to minimise carbon emissions to help protect the future of the planet. That's why we have made it our business to see things differently and enable the sustainable and efficient delivery of the natural resources essential to create a better future for the world (read more about our emissions strategy on pages 54-55).

¹ International Council on Mining and Metals (ICMM): Climate Change Statement (2021).

SUSTAINABILITY REVIEW

CONTINUED

CHAMPIONING ZERO HARM



IN SUPPORT OF UN SDGS



OUR GOALS

Safety First	Aspire to zero TIR
Health and Wellbeing	Promote Health and Wellbeing tailored to local needs
Environmental Safeguarding	Drive continuous environmental improvement

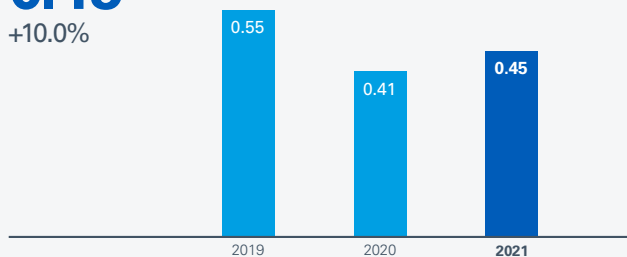
Our Total Incident Rate of 0.45 is broadly in line with 2020 and puts us among the safest companies in our sector, after another year of substantial disruption to our employees' life and work through the Covid-19 pandemic.

We continue to drive towards a zero-harm culture across all levels of the organisation, together with implementation of Weir SHE Management System Standards and Protocols and ISO certification.

TOTAL INCIDENT RATE (TIR)^{1,2,3}

0.45

+10.0%



1 (No. of recordable incidents x 200,000)/(Hours worked.)

2 Data shown on a continuing operations basis.

3 Full five-year comparative data for TIR is available on the graph on page 30.

PERFORMANCE IMPROVEMENT

Our Minerals' Artarmon site in Sydney Australia, is one of our largest and most challenging operational sites. It comprises the foundry, machine shop, equipment assembly and warehouse operations. In 2021, we carried out a significant expansion in our foundry, but also experienced increased operational challenges posed by Covid-19. Even under these conditions, safety performance at Artarmon improved from an average of seven recordable injuries over the previous three years to just one recordable injury in 2021. This was achieved as a result of a collective, targeted approach across the site to improve safety performance in which 21 critical risk safety projects were introduced, each with a project plan, team ownership and allocated resources.



Everyone really supported each other. Our process to understand what we did well, and where we could do better, while making sure we remained focused on our priorities with everybody included, worked well.



John Ruscio, Foundry Manager

In 2021, ESCO's steel foundry in Port Hope Canada achieved the best safety performance in the facility's 60-year history with no lost time injuries despite expanding capacity in the foundry and managing the ramifications of Covid-19 on our employees and suppliers. Since joining Weir in 2018, ESCO's implementation of Weir's SHE Management System Standards and Protocols, as well as regular investment at Port Hope to improve the site's equipment and building conditions, have led to fewer safety incidents. In particular, a top to bottom renewal of all site risk assessments and a focus on proactively addressing the areas of high risk has allowed improved hazard controls to be introduced to our operations. Furthermore, the continued focus on Weir zero-harm training, safety conversations and hazard spotting as proactive controls has only supported these gains and helped advance the site safety culture towards zero harm.



Engaging with our leadership and production teams on the hazards in the processes we all share has started moving our workforce from a 'can do' to a 'can do safely' mentality that is showing up with fewer incidents and more early identification of hazards.



Paul Thompson, Site Manager

Our vision is a zero-harm workplace for people and the environment where everyone goes home safe and healthy.

THE JOURNEY TO ZERO-HARM

Our Total Incident Rate (TIR)¹ for 2021 of 0.45 is broadly in line with 2020, and is a credible set of safety results after another year of substantial disruption to our employees' life and work through the Covid-19 pandemic. Although we didn't see a reduction in our score, we are still among the safest companies in our sector and 86% of sites recordable injury free during the year.

The Minerals Division TIR increased from 0.25 in 2020 to 0.36 in 2021 following an outstanding performance in 2020 which benefited from individual cautionary behaviour, particularly in the early days of Covid-19.

We made another meaningful step forward in the ESCO Division with a TIR at 0.85, 19% lower than 2020 and now less than half of the score when we acquired the business in 2018. We also see a route to continuous improvement and have a clear focus on improving the safety performance in our North America foundries which currently have higher TIR than the division as a whole.

Across the whole Group, there were pleasing improvements in other key indicators such as first aid incidents (down 6%), hand and finger injuries (down 12%) and eye injuries (down 25%). In addition we saw a 95% increase in hazard reporting and a 44% increase in safety conversations. This supports a culture of care and collaboration in which all levels of the organisation are engaged in working towards a zero-harm environment. Notwithstanding this good progress we also regret to report a third-party fatality following an accident at the entrance gate to a leased warehouse in Brazil.

The Weir SHE Management System Standards and Protocols were reviewed, updated and implemented throughout 2021, ensuring continual improvement and compliance with ISO45001 and ISO14001. The overall Group performance was supported by a number of initiatives including 'Pause and Refocus' activities which were developed through leading indicators including hazard awareness, near miss reporting and safety conversations driven by greater understanding of trends and causes. Weir Safety Week held in March was supported across the business by local site initiatives and kicked off with Town Hall meetings and emphasis on mental health and wellbeing. In 2021, 71% of our qualifying sites, which are defined according to a site's risk profile, are accredited to both ISO45001 and ISO14001 with the number of sites accredited during the year offset by an increase in number of qualifying sites. The Minerals Division maintained ISO45001 and ISO14001 certification across nearly all qualifying sites with the ESCO Division achieving certification at four sites in the year. Further ISO certification with ISO9001 management systems is planned at ESCO sites in 2022 and 2023.

To further develop our safety culture, we have engaged with behavioural safety specialists to develop standard behaviours for everyone but particularly at middle management to operationalise safety and define the behavioural expectations that will help us realise our vision of 'zero harm'.

HEALTH AND WELLBEING

Covid-19 remained a challenge in 2021 and our local leaders worked with their teams and adapted our workplaces and processes while maintaining effective controls to prevent the spread of Covid-19.

In addition to the physical changes made to protect employees, we also prioritised mental health during a time of increased uncertainty for colleagues and their families. Engaging employees, including those working from home, was instrumental in supporting the changes in work and life due to Covid-19. Initiatives enabling and encouraging people to get vaccinated were launched across the business.

We developed a Group Health and Wellbeing strategic framework to address employee wellbeing priorities and established health and wellbeing metrics along with the promotion of existing assistance and global support lines. Many health and wellbeing initiatives were also launched at local site level throughout the Group.

ENVIRONMENTAL SAFEGUARDING

The management of environmental risks and opportunities is covered by the SHE Management System Standards and Protocols which were reviewed and updated during the year and set out the minimum standards for controlling risks to air, land and water. We aim to protect and improve the environment in which we operate and continue to implement and maintain ISO14001 certification at qualifying sites across the business.

During the year, International Environmental Management and Assessment (IEMA) Sustainability Training was completed by a select pilot group of employees. This provided participants with knowledge and understanding of the main environmental and economic risks and opportunities, compliance obligations and business drivers for change. It also covered the main potential impacts on environment and sustainability, to drive improved environmental performance. We aim to deliver further training across the business.

No significant environmental incidents, penalties or fines were reported at sites under the operational control of the Group during the year ended 31 December 2021.

¹ (No. of recordable incidents x 200,000)/(Hours worked.)

KEY NEXT STEPS

Safety First

- Deliver the Group SHE Strategy and continue to drive zero harm.
- Deliver Behavioural Safety Programme.
- Develop and deliver eLearning content on SHE priority protocols.

Health and Wellbeing

- Deliver Group Health and Wellbeing strategic framework to address employee wellbeing priorities.
- Promote and operationalise the wellbeing framework; provide employees with materials to support their wellbeing.

Environmental Safeguarding

- Deliver continuous improvement in safeguarding our local environments.
- Continue to review and improve the environmental section of SHE management system.
- Continue implementing ISO14001 at qualifying sites across the ESCO business.

SUSTAINABILITY REVIEW

CONTINUED

NURTURING OUR UNIQUE CULTURE



IN SUPPORT OF UN SDGS



OUR GOALS

Engagement	Sustain leading eNPS in all our employee surveys
Inclusion, Diversity & Equity	Foster equal opportunities for all
Community Partnerships	Make a positive contribution to the communities in which we operate

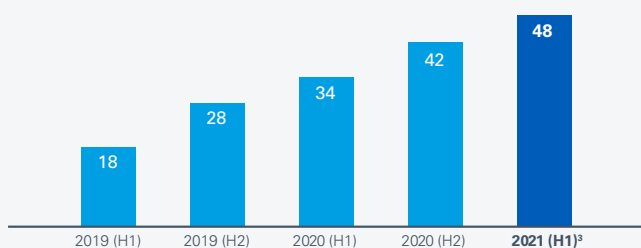
Employee Net Promoter Score (eNPS) is a widely-adopted measure of engagement in organisations.

We continue to achieve considerable progress since our first global survey, demonstrating the value in listening to employees and taking action together in our local teams across the globe, all with the aim of making Weir an even better place to work.

EMPLOYEE NET PROMOTER SCORE (ENPS)¹

48

Our score puts us in the top 10% of our industry²



¹ Continuing operations.

² Based on Peakon's Manufacturing sector benchmarks.

³ The 2021 H2 survey was delayed until January 2022 as a result of the impact of the cyber incident.

MY DAY OF PURPOSE

In celebration and recognition of our 150th anniversary, we wanted to give something back to our employees and the causes closest to their heart as well as the communities in which we live and work.

In 2021, we introduced the #MyDayofPurpose campaign which gave every Weir employee the opportunity to take one day to apply their time and/or talents to do something with a healthy or sustainable purpose. By doing this, we all had an opportunity to think more about purpose (Weir's purpose and our own personal purpose), with the unique and personal interests chosen by employees reflecting the rich diversity of our workforce.

During the year, we saw some tremendous examples from employees across the globe who have spent their own #MyDayofPurpose in a variety of different ways. From beekeeping, to raising environmental awareness, to donating blood, to volunteering for local causes, to meditating and tree planting and cycling across the globe: we have been using our time and talents to make a positive difference in our local communities.

Our Chairman, Charles Berry, alongside Paula Cousins, Chief Strategy & Sustainability Officer, also celebrated his own 'My Day of Purpose' with a visit to both Glasgow Caledonian University and Drumchapel High School, Glasgow. Charles was keen to help inspire the next generation of engineering talent at various stages of their education and career paths, supported by Primary Engineer, a charity with which we have a long-standing partnership.

During the visit, Charles and Paula met with Professor Pamela Gillies CBE – Principal and Vice-Chancellor of Glasgow Caledonian University alongside other senior representatives from the university's leadership team and teaching staff. They then went on to meet some of the engineering teams to see how they are bringing school pupils' ideas to life through the Leaders Award programme.

Charles and Paula also visited Drumchapel High School in Glasgow where they met pupils and shared experiences to help encourage them to consider engineering as a future study and career path.



It was an honour to visit both Glasgow Caledonian University and Drumchapel High School in Weir's home city of Glasgow to celebrate my 'My Day of Purpose' and our ongoing industry partnership with Primary Engineer. Having the opportunity to engage with young people as they choose their subjects and explain to them what a career in engineering has meant to me has been a wonderful experience. I hope this is a lasting legacy to the range of gifted individuals we have met during our visits.



Charles Berry, Chairman



We are a global family. We are proud of our unique blend of talent, technology and culture. We are here to inspire our people to do the best work of their life.

ENGAGEMENT

Engaging with our employees regularly is something we are committed to and we have in place a broad range of ways we do this. During 2021, we continued to work hard to develop a culture of listening, where employees feel free to share their views, and where they can see their feedback acknowledged and acted upon.

As we continued to navigate the global pandemic and in response to the cyber incident later in 2021, employees expressed ongoing appreciation for strong local and Group-wide communications. Activities such as global Town Hall sessions and interactive Senior Leader calls were particularly appreciated as were our Meet the Board and other Board engagement sessions where employees benefit from the chance to ask questions of and hear updates directly from our most senior leaders.

In 2021, we also ran our fifth global engagement survey and achieved our highest ever levels of survey participation (90%) which indicates employees continue to believe in the value of completing the survey and sharing their feedback. We also undertook a pulse survey mid-year focusing on how supported employees feel when it comes to their health and wellbeing, allowing us to gain insights across a range of wellbeing areas such as mental, physical and social wellbeing. The findings suggest we are in a strong position when it comes to how supported our people feel across the full range of health and wellbeing areas. As a company we sit above Workday Peakon's overall global benchmark. We also continued to measure feedback relating to general engagement and saw a further improvement in our levels of engagement which have increased our eNPS score from 42 in our previous survey in 2020 to 48 in 2021.

As with all our previous surveys, all leaders across the organisation reviewed their team's feedback, discussed priority areas and developed actions that teams now continue to work on together. This local activity is driving informed and positive discussions around how each of our employees can feel better supported when it comes to their health and wellbeing.

INCLUSION, DIVERSITY & EQUITY

Weir is a welcoming, inclusive place where each individual's contribution is recognised and all employees are encouraged to innovate, collaborate and be themselves. We believe in fairness, honesty, transparency and are authentic in everything we do.

During 2021, we focused on educating our employees to celebrate our differences via a number of channels such as our Inclusion, Diversity & Equity (ID&E) Ambassadors, our global online ID&E learning programme and through the growth and development of our affinity groups. Our affinity groups are voluntary, employee-led groups that come together in the workplace based on shared characteristics, life experiences, common interests or shared needs. Each has an executive sponsor and the full support of the organisation. Our Global Weir Women's Network (GWWN) is an affinity group dedicated to the attraction, retention and continued development of women in Weir. The group is open to all Weir women and their allies who are devoted to working with, supporting, and championing the work of the GWWN. Members can engage in quarterly events, networking opportunities, and local-led events. Throughout the year it continued to expand and now includes remote chapters in Australia, Brazil, China, Portland, Manila, Peru, South Africa, Venlo and Women in Tech.

In June, we launched the Weir Pride Alliance which is dedicated to raising awareness and visibility of the LGBTQ+ community and their allies. The group aims to foster a safe and welcoming environment for our LGBTQ+ colleagues enabling them to be their authentic selves in the workplace. During 2021, we also focused on extending our external relationships and in August we signed Business in the Community 'Race at Work Charter' committing to their seven key actions.

Recognising the critical role that data will play in enabling our ID&E strategies going forward, in August we launched our 'Global Diversity Data Campaign' which encourages all employees to voluntarily self-declare their diversity data via the Group's global HR system, Workday.

COMMUNITY PARTNERSHIPS

We focus our community partnership activity primarily on projects with strong educational, health and community themes. We support local communities through charitable contributions and by encouraging employees to donate their time to community and charitable initiatives.

Our 'My Day of Purpose' campaign allowed us to make our greatest ever contribution to our local communities, as employees participated in a wide range of local community and sustainability focused activities close to their hearts.

In terms of total charitable donations made, in 2021 this amounted to £482,695 (2020: £464,811) split across Community (56%), Health (32%) and Education (12%).

KEY NEXT STEPS

Engagement

- Continue to analyse our global survey insights to address our priority areas at a Group level and to enable team-led action at a local level.
- Conduct deeper listening to our people across all channels and continue to monitor feedback and insight trends to support continuous improvement.

Inclusion, Diversity & Equity

- Generate data driven insights that can help deliver our ID&E strategy and continue to foster an inclusive culture.
- Continue to build leadership commitment and accountability for ID&E with a specific focus on recruitment and retention.
- Develop a robust pipeline of high-potential diverse talent.

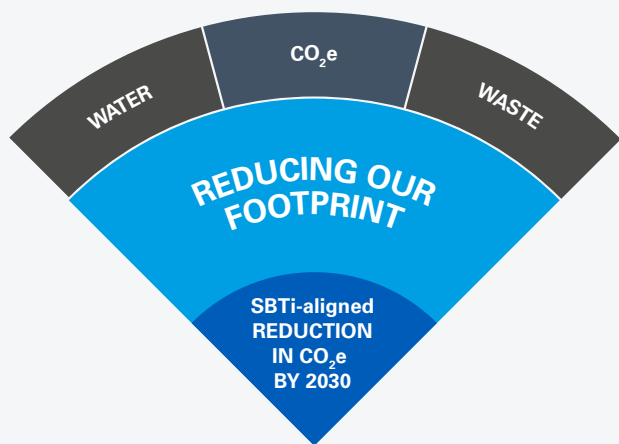
Community Partnerships

- Continue support for employee-led local community initiatives.
- Continue to develop local-led community partnership activity.

SUSTAINABILITY REVIEW

CONTINUED

REDUCING OUR FOOTPRINT



IN SUPPORT OF UN SDGS



OUR GOALS

CO₂e	30% reduction in scope 1&2 CO₂e intensity by 2024, relative to revenue and a 2019 baseline, and SBTi-aligned reduction in absolute scope 1&2 CO₂e by 2030
Waste	Deliver against Division specific zero waste targets
Water	Develop water stewardship programmes in all water stressed locations

In 2021, our continuing operations and market based GHG emissions (relative to revenue) have reduced by 15%¹ on a constant currency basis compared to our 2019 baseline.

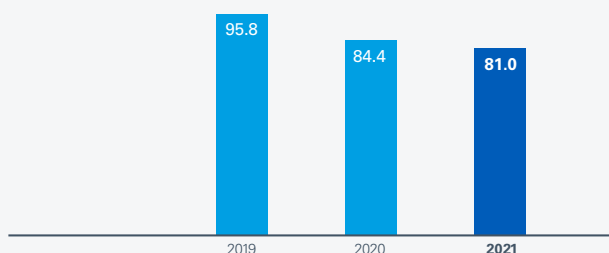
This occurred due to manufacturing efficiency improvements, behavioural changes, process and technology upgrades, along with an increase in renewable energy usage.

Our scope 1&2 GHG emissions data for all years has been externally verified to a limited level of assurance by Corporate Citizenship (see page 61).

CONTINUING OPERATIONS MARKET BASED tCO₂e/£M^{1,2}

81.0

-15.0%



- Our continuing operations consists of our two Divisions (Minerals and ESCO) and Group functions.
- Management focus for 2022 will switch to absolute CO₂e emissions in line with our commitment to SBTi-aligned scope 1&2 CO₂e targets.

CULTURAL CHANGE TO ACHIEVE EMISSIONS REDUCTION

In 2021, the Divisions have been driving forward their strategies to deliver our CO₂e reduction targets. The actions taken across 2021 are a clear demonstration of Weir's culture, where everyone in Weir understands that they can act to reduce our carbon footprint and are empowered to do so. The common goal of reducing our emissions has strengthened our sense of belonging and commitment to building a sustainable business.

ESCO

The Division has set ambitious plans to expand upon what we are doing today and to follow a path of continuous improvement for reducing our footprint. The journey ahead will involve every member of the team. ESCO has reduced consumption in 2021 by rethinking energy use within the heat-treating and melting processes, examining how to reduce use of equipment with large motors such as air compressors and upgrading systems. Annualised savings of efficiency projects implemented in 2021 by ESCO equate to a 4% saving of ESCO's 2021 CO₂e. Through a monthly "Energy Champions" forum, sites are able to share successes and learn from each other which helps to sustain enthusiasm and progress across the division.



While focusing on reducing CO₂e through process efficiency, we will also reduce our production costs. It is a win-win scenario where what is good for the planet is also good for our customers and business.



Ian Bingham, Senior Director of Sustainability
ESCO – Operations



Minerals

The incorporation of sustainability Kaizens in Minerals best practice forums has created awareness and the teams are enthusiastically embracing the opportunity to identify and take action to deliver sustainability improvements. Minerals has set up a regional champion network who promote and identify sustainability projects, collecting information to help monitor and report progress. More importantly, we have created two workstreams – one is through the SHE community and the other through our best practice forums to share experiences and ideas.

Minerals implemented a number of efficiency projects in 2021 and have further reduced emissions via renewable energy purchasing and installation. Annualised savings of efficiency projects implemented in 2021 by Minerals equate to a 6% saving of Minerals' 2021 CO₂e.



It's about creating a mindset that continually drives what we can improve. This mindset brings another perspective to the decisions that we make, the process we put in place and how to better conduct our operations.



Richard Hinsley, Vice President –
Global Operations at Weir Minerals



We want to lead by example and will take actions to reduce our own footprint including CO₂e, waste and water.

CO₂e AND ENERGY

Weir has committed to a 30% reduction in scope 1&2 CO₂e intensity by 2024, relative to revenue and a 2019 baseline, and SBTi-aligned reduction in absolute scope 1&2 CO₂e by 2030. In early 2022, we revised the 2030 target to align with the requirements of the Science Based Targets initiative (SBTi). We believe this new more ambitious target will benefit us by incentivising both the drive to energy efficiency and the switch to low-carbon energy sources. For more information on our SBTi commitment, see pages 54-55.

In 2021, we focused on targeted actions in the areas we can make the biggest difference, reducing our overall energy intensity and increasing the proportion of energy from renewables. Our global foundry operations are the most energy-intensive portion of our footprint, representing 69% of our total 2021 consumption, so our CO₂e reduction strategy focuses on harnessing energy consumption data and rethinking how we approach heat treatment and melting processes used in the production of mining equipment.

Demonstrating the success of this approach our Chinese Foundry was named a Green Foundry via a government-certified scheme in 2021, and is setting the standard for more efficient and more sustainable manufacturing operations across the province in which it operates.

To deliver our CO₂e goals, we'll need to combine this focus on efficiency with a change in the source of our energy. In 2020, we developed our Renewables Strategy to improve the indirect footprint involved in our energy supply sources. In 2021, 8% (2020: 5%) of our energy and 19% (2020: 11%) of our electricity was sourced from renewables including Power Purchase Agreements (PPAs), Self-generation, Green Contracts, and Energy Attribute Certificates (EACs). These included the Weir Minerals Chile Green Contract/PPA. This agreement decreased the carbon footprint of electricity consumed by our Chilean operations by 95% per annum.

The Group's total (continued and discontinued operations) location based annual Greenhouse (GHG) Gas emissions, for the year ending 31 December 2021 were 173,801 tCO₂e, and market based GHG emissions were 158,319 tCO₂e. This total showed an absolute reduction of 21% for location based GHG emissions, and a 26% reduction for market based GHG emissions in comparison to 2019^{1,2}.

Our total location based GHG emissions from continuing operations were 172,105 tCO₂e and market based emissions were 156,600 tCO₂e, which is a 9% and 15% absolute reduction respectively compared to 2019².

During 2021, for our ten owned foundries, our total location based GHG emissions were 122,465 tCO₂e, and our total market based GHG emissions were 107,976 tCO₂e representing an absolute reduction compared to 2019². Our full GHG emissions breakdown can be found on pages 60-61.

WATER

Weir operates within, and supports customers in, a number of water stressed regions of the world. Therefore effectively managing our water consumption in these regions is a key priority. In 2021, we have improved the quality and quantity of the water data which we hold and included the emissions related to this water supply in our first scope 3 CO₂e footprint.

Our water stewardship programme aligns with the Alliance for Water Stewardship Standard (AWS) framework. It leverages our local service presence and close understanding of the different regional issues. In our most water stressed locations, water stewardship programmes are underway, including in Chile, USA and Australia.

We have aligned our water stewardship programme to contribute to the site sustainability objectives of our customers, proactively partnering with local communities and engaging with environmental interest groups. Water projects implemented include water recirculation projects in some of our larger water usage facilities, resulting in a lower need for water to be drawn from local supply networks. An estimated 2,000,000 gallons of water were saved in 2021.

WASTE

Our Division operations are material intensive parts of our business, so each Division of Weir runs Best Practice groups, and has embedded lean methodology through the value chain to pursue zero waste targets.

In 2021, Weir has improved systems and processes to enable greater granularity of waste data collection and analysis. The Divisions are focused on tackling their key waste streams which are: sand, metal scrap, elastomer scrap and dust. In 2021, we have implemented projects which focus on reducing, reusing or recycling the waste produced. In 2021, we delivered against those targets by reusing over 48,365 tonnes of scrap metal, comprising 49% of all metal poured in our foundries.

Within our Brazil operations in 2021 we sent c.800 tonnes of foundry sand to be recycled which could then be reused within our processes. Within our UK operations we are working with academia to understand what other industries could use our waste sand, including trials in the glass and construction industries.

1 The 2019 figures have been recalculated to remove the divested Flow Control Division.

2 2020 and 2019 comparatives have been restated to reflect improvements in data capture.

KEY NEXT STEPS

CO₂e and Energy

- Implement further energy efficiency improvements through process and technology upgrades and behavioural change.
- Continue to grow % of renewable energy in global consumption footprint.
- Achieve CO₂e reductions and show progress towards SBTi target reductions.
- Investigate potential for transformational gains through Green Foundry Technology Assessment Project.

Water

- Expand water stewardship programme.

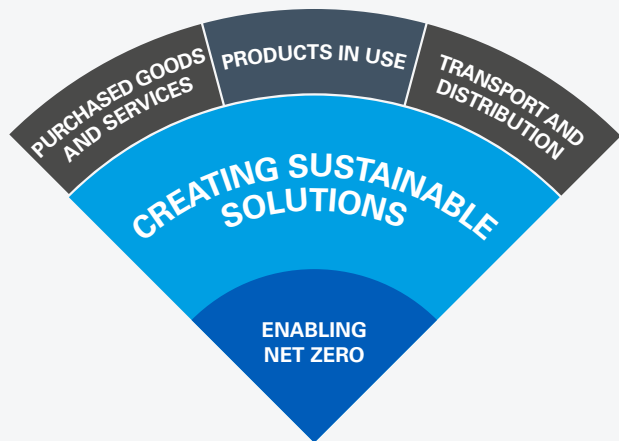
Waste

- Focus on highest impact waste reduction and redirection projects.
- Further share and embed waste reduction best practice as core component of lean operations.

SUSTAINABILITY REVIEW

CONTINUED

CREATING SUSTAINABLE SOLUTIONS



IN SUPPORT OF UN SDGS



OUR GOALS

Products in Use	Enable Net Zero for customers through innovative solutions
Purchased Goods & Services	Design and procure sustainably
Transport & Distribution	Optimise logistics networks

ENDURON® HPGR



up to 40%
energy savings

LINATEX® LOCTITE® – LINA 88™ ADHESIVE



Zero VOC
best in class
bond strength

NEMISYS® N1 LIP SYSTEM



11% more
capacity for faster truck fill

GEHO® PUMPS



up to 30%
water savings

ADDRESSING THE BIGGEST IMPACTS WITH SUSTAINABLE DESIGN

We aim to enable Net Zero for customers by helping them reduce energy and water consumption, while improving operator safety and diversity. These are engineering challenges that we can address through sustainable design. We focus on hot spots to identify the greatest opportunities, such as load and haul, comminution and tailings management, with our Divisions taking a lead role.



Customers increasingly want strategic partnerships with suppliers to help them achieve their sustainability goals on energy, water and safety. We're building our capability and tools to deliver a new generation of smart, sustainable, efficient technology to meet this need. In comminution, we're driving breakthrough innovation to reduce energy consumption, building on the step-change delivered by HPGR. And we're helping miners address water challenges through initiatives to reduce consumption and improve tailings management.



John McNulty,
Vice President, Global Engineering
and Technology, Minerals



Our design process is focused on our vision of the smart bucket to address energy consumption and operator safety and diversity. We already know ESCO G.E.T. lasts longer than competitors' products. Now we're able to quantify energy, carbon and cost benefits through new customer partnerships. And our G.E.T. replacement systems are taking operators out of harm's way and making work more accessible to diverse employees. With our acquisition of Motion Metrics, we will embed the next generation of smart technology to accelerate this work.



Chris Carpenter,
Vice President of Innovation
and Technology, ESCO



We believe we can enable Net Zero for our customers with cutting-edge science and our tradition of innovation.

PRODUCTS IN USE

We are shaping the next generation of smart, sustainable, efficient solutions to reduce energy, water and waste for our customers and improve safety. We target the use phase of our products because, as our scope 3 carbon footprint study shows, this is where the greatest environmental impact arises in the end-to-end lifecycle of our products.

In 2021, our Minerals Division launched LINATEX® LOCTITE® – LINA 88™, a mining-industry-first solvent-free adhesive range for rubber lining applications with zero volatile organic compounds (VOCs). Classified as non-flammable, the products are safer to use, cheaper to transport and do not require special handling and storage facilities, while offering extremely strong adhesion – exceeding the British Standard for bond strength by up to four times – as well as time and labour savings and UV protection.

Our GEHO® positive displacement pumps offer proven, reliable performance and continual innovation across a range of demanding applications. GEHO®'s Heart of the Mine campaign, launched in 2021, highlights these proven technical capabilities as well as resulting sustainability benefits, including up to 50% reduced energy consumption and carbon emissions, and up to 30% water savings.

We expanded the Cavex® 2 product line with the new 650 model, delivering significant benefits to mining customers including up to 30% increased operational and circuit capacity. And by reducing bypass returning to the mill, fewer fines are returned reducing energy consumption and freeing up mill capacity. The range can operate at lower pressure for further energy savings – or at higher feed density for water savings.

Our Enduron® High-Pressure Grinding Rolls (HPGR) are becoming well-established in the market, thanks to savings of up to 40% in energy consumption and less water usage, as well as high wear life and availability. A sustained HPGR marketing campaign during 2021 drove customer engagement and enabled opportunities such as a £36m order to provide industry-leading energy saving solutions to Ferrexpo, one of the world's largest exporters of iron ore pellets, and an order for the world's largest HPGR in a gold hard rock application with IAMGOLD.

Using superior alloys and sophisticated design, our ESCO Division continues to optimise performance, energy consumption and operating costs for miners, validated in customer studies. For example, upgrading a primary production excavator to the ESCO Nemisys® tooth system enabled a Brazilian copper mine to increase metric tons

produced per ton of points and adapters used by 32% and reduce G.E.T. related downtime per million metric tons produced by 60%.

And replacing a cable shovel dipper lip with the lower profile ESCO Nemisys® N1 integral nose lip increased dipper capacity by 11% at a large North American coal mine. As a result, the modified dipper is now able to fill haul trucks with only three passes versus the four required previously.

To take this to the next level, we are continuing to build our understanding of the resources our products consume during operation by digging deeper into data from the field and extending our analysis to the entire product lifecycle. This will enable us to drive continuous improvement, further refine key performance indicators, and quantify performance benefits and resulting sustainability impacts.

We aim to complete comprehensive studies across our major product lines and build tools for designers to drive the next round of improvements.

This work is enabled by the skill and commitment to sustainability of our global network of engineers, scientists and designers. We have a 150-year track record of innovation that has helped create state-of-the-art technology for today's mine and we are not standing still. During 2021, more than 400 of our people completed our Sustainable Product Design training course – this will ensure that we continue to build our capability to design the mine of the future and to communicate the benefits to customers.

PURCHASED GOODS AND SERVICES

Our product footprint analyses will help us to identify any embedded carbon hotspots within our product ranges. This will in turn enable us to design out embodied emissions by using alternative materials and components, or to work with suppliers to reduce emissions.

This emphasis on the emissions embodied in our products from purchased goods and services is supported by the results of our scope 3 study which found that emissions related to the supply of goods and services are around 2% of total emissions across our value chain.

We continue to look upstream into our supply chain to find ways to be more sustainable. Under our sustainable foundations, we set out our supplier expectations for business ethics, how they treat their workforce, legal and regulatory compliance, health and safety and environmental standards.

TRANSPORT AND DISTRIBUTION

This category is the third most significant source of scope 3 emissions from our wider value chain, after products in-use and purchased goods and services. We are working with the supply chain teams in our Divisions to analyse in-bound and out-bound logistics networks and the relative locations of key suppliers, Weir facilities and key customers as we seek to optimise our overall supply chain footprint.

KEY NEXT STEPS

Products in Use

- Continue to deepen analysis of product footprint.
- Refine performance and sustainability impact KPIs.
- Continue to build sustainable design capability.

Purchased Goods and Services

- Identify embodied carbon hotspots via product footprint studies.
- Reduce supply chain emissions.
- Continue to build sustainable sourcing foundations.

Transport and Distribution

- Analyse logistics and supply chain networks.
- Optimise overall supply chain footprint.

SUSTAINABILITY REVIEW

CONTINUED

OUR EMISSIONS STRATEGY

“**TRANSFORMING THE ENVIRONMENTAL FOOTPRINT OF THE MINING SECTOR WILL NOT BE EASY BUT IT IS ESSENTIAL.**”

JON STANTON
CEO

We are committed to taking action to tackle climate change. We believe doing this is right for the world and for our business. We have a responsibility, and a shared interest, to minimise carbon emissions to help protect the future of the planet. This directly aligns with our company purpose to enable the sustainable and efficient delivery of the natural resources essential to create a better future for the world.

Our Emissions Profile

Completing our scope 3 study in 2021 gave us a complete profile of GHG emissions across our full value chain and complements our long-standing scope 1&2 reporting (see pages 60-61). This study concluded that:

- The overwhelming majority, ~97%, of Weir Group's end-to-end carbon footprint is attributable to downstream value-chain scope 3, specifically the use-phase of our long lifespan products and solutions on our customers' sites.

- Upstream supply chain scope 3 emissions make up another 2.5%, predominantly purchased goods and services and transport and distribution.
- Scope 1&2 emissions from our own operations make up ~0.5%.

This resolutely validates our Sustainability Roadmap strategic priority of Creating Sustainable Solutions. We believe we can reduce our scope 3 emissions and enable Net Zero for our customers operations by shaping the next generation of smart, efficient and sustainable solutions with cutting-edge science and our tradition of innovation. However, as a company we are committed to measuring, reporting and reducing emissions across our full value chain.

Scope 1&2 Emissions – Weir Group's own operations

We've revised our 2030 scope 1&2 intensity target, relative to revenue, to an absolute target aligned with the requirements of the Science Based Targets initiative (SBTi). We believe this new more ambitious target will benefit us by incentivising both the drive to energy efficiency and the switch to low-carbon energy sources. It will also increase the clarity of CO₂e management in our facilities by focusing on absolute emissions, rather than CO₂e intensity. For more detail on our progress and next steps see Reducing our Footprint pages 50-51.

We will retain and report against our interim 2024 target of a 30% reduction in scope 1&2 CO₂e intensity, relative to revenue, because it links to our financing via the sustainability linked bond.

One challenge for Weir is that we manufacture a high proportion of products in our own foundries and therefore recognise a higher proportion of emissions in scope 1&2 than if we were to export emissions to scope 3 by contracting out manufacturing. This highlights the importance of comprehensive emissions disclosure, and so we are pleased to be able to report scope 3 emissions in this report for the first time, including the impact of purchased goods and services (see page 61).

OUR IMPACT ACROSS THE VALUE CHAIN



Scope 3 Emissions – Weir Group’s upstream and downstream supply chain

We’ve also committed to set scope 3 emissions targets and to seek validation from SBTi during 2022. Since Weir Group’s scope 3 emissions are dominated by the use of our products and solutions downstream on our customers’ sites, meeting these targets will require strategic action by Weir but also a broader energy transformation in mining. Our objective is to set stretching targets that are relevant to our customers’ emissions goals, enabling us to be part of a movement to decarbonise our industry and the mining sector. We take our commitments seriously, to ensure they have credibility and integrity, and we are ready to work with customers, governments and the mining industry on the strategic actions to help make it happen.

Pace of Innovation

We already have some great products and solutions to improve our customers’ emissions but we recognise that more needs to be done. Our target is to increase R&D spending to at least 2% of revenues and are continuing to forge strategic technology partnerships across the globe to develop smarter, efficient and more sustainable solutions that materially reduce energy consumption and, therefore, emissions per tonne of ore processed. For more detail on our progress and next steps see Creating Sustainable Solutions pages 52-53.

Grid Greening and the Shift to Renewables

Unlike many capital equipment suppliers, we have no quick wins from electrification as the great majority of our powered products are already electrified. Eliminating emissions in the use-phase will depend on a switch to low-carbon electricity on mine sites, via grid decarbonisation and miners investing in low-carbon supplies. These actions are controlled by others and we have no direct influence over them but the International Energy Agency’s stated policy on grid greening and the large proportion of our customers that have made public emissions reduction commitments highlight the growing collective action to address mine energy footprint.

Measurement and Disclosure

We have published the results of our first pass scope 3 study breakdown in this 2021 Annual Report – see page 61. Changes in the assumptions underpinning these calculations can have a substantial effect on the outcome. For example, in accordance with the GHG Protocol: Corporate Accounting and Reporting Standard, for each Weir machine sold in the accounting year we have calculated emissions based on power consumption over the lifetime of the equipment – typically the life of the mine on which it operates. So we are committed to collaborating with our supply chain partners and customers to further develop a consistent approach for reporting, target setting and progress tracking across our industry.

Scope 4 Emissions

From a customer point of view, we aim to measure, report and increase scope 4 avoided emissions. We provide products that help miners use less energy. Whether it’s more efficient G.E.T., better grinding technology or more efficient pumps, we can reduce the energy required to extract and process each tonne of ore mined. This in turn will reduce the CO₂ emissions associated with the use of Weir products and we can quantify this by benchmarking against alternatives that perform the same tasks less efficiently. Even though scope 4 avoided emissions fall outside our corporate scope 1, 2 and 3 emissions reporting, we have a strong shared interest with customers, investors and other stakeholders to quantify and report scope 4 (tCO₂e), along with associated energy consumption per tonne of ore (kWh/t) metrics. For more detail on our next steps see Creating Sustainable Solutions pages 52-53.

OUR KEY CLIMATE MILESTONES

2019

- Multi-stakeholder materiality assessment
- Roadmap design and key goals commitment
- Energy efficiency pilots across key operations

2020

- Roadmap launch
- Weir’s first Chief Strategy & Sustainability Officer role on the Group Executive
- Global energy use in mining study
- Group-wide energy efficiency and renewable supply studies
- Sustainable solutions technology developments
- First Task Force on Climate-related Financial Disclosures (TCFD) evaluation

2021

- Progress and disclosure against roadmap KPIs
- Sustainability Excellence Committee established, with CEO as Executive Sponsor
- Continued focus on sustainable solutions R&D and technology partnerships to address the mining industry’s biggest challenges
- Scope 3 study and first evaluation of Science Based Targets and Net Zero pathways
- Digitalisation of strategic sustainability disclosures
- Scope 1&2 intensity target revised to more ambitious SBTi-aligned absolute target

2022

- Validate scope 1, 2 and 3 emissions targets with SBTi
- Publish new SBTi-aligned targets

2024

- 30% reduction in scope 1&2 CO₂e intensity, relative to revenue and 2019 baseline

2030

- SBTi-aligned reduction in absolute scope 1&2 CO₂e¹

2050

- Net Zero for scope 1&2 CO₂e

¹ Scope 3 2030 target to be validated in 2022.

SUSTAINABILITY AND NON-FINANCIAL REPORTING

OUR APPROACH TO SUSTAINABILITY REPORTING

We designed our Sustainability Roadmap to support Weir's purpose "to enable the sustainable and efficient delivery of the natural resources essential to create a better future for the world." This means we focus first on the major impact areas that matter most to our stakeholders: Reducing our Footprint, Championing Zero Harm, Nurturing our Unique Culture and Creating Sustainable Solutions for customers (see pages 46-53).

Our reporting approach matches this philosophy: we focus on metrics and targets most relevant to our objectives because these are the ones that will drive the most positive impact and sustainability value. We do not seek to cover every base or report every metric. However, in addition to the strategic priorities within our Sustainability Roadmap, we maintain and report on our high standards of Corporate Governance across all other areas of sustainability within our Foundations workstream (see pages 58-59).

We participate in frameworks that matter most to our stakeholders and investors, with a strong emphasis on climate change. These include CDP – Climate as well as the major Environmental, Social and Governance (ESG) ratings providers. As a UK-listed company, we also comply with financial and non-financial reporting legislation and requirements.

We strongly support efforts by regulators and international standard-setting bodies to streamline and standardise sustainability reporting frameworks, with an emphasis on providing information that is most material to investors and other stakeholders. As this work progresses, we anticipate further enhancing our sustainability disclosures and will continue to monitor the developments with particular focus on the International Sustainability Standards Board (ISSB) and the UK Government's Sustainability Disclosure Requirements. We are taking steps to digitise our sustainability disclosures and make more information available via our website to increase efficiency and transparency of reporting during this period of increasingly customised stakeholder requests.

We are pleased for the first time this year to report fully against the Task Force on Climate-related Financial Disclosures (TCFD) climate change disclosure framework – see pages 62-67. We also disclose our greenhouse gas emissions in the tables on pages 60-61 and include disclosures to the Sustainability Accounting Standards Board (SASB) framework on page 68.

We have been a member of the FTSE4Good index series for over ten years. FTSE4Good is designed to measure the performance of companies demonstrating strong ESG practices. We are proud to have been able to meet the rigorous requirements to be included within this series for a full decade. This year we have put in place mechanisms to be able to obtain and publish greater levels of data related to our ESG actions and are committed to further improving our performance in 2022 and beyond.

We submit annually to CDP – Climate to share our risk management approach to climate change and our greenhouse gas emissions performance. In 2021, we were pleased to be awarded for the second year in a row an A- score by CDP, one of the world's leading research groups focused on climate change governance and disclosure. It means Weir has again been recognised for its leadership in our commitment to best practice, particularly in governance, scope 1&2 emissions disclosure, business strategy and emissions reduction initiatives. The score reflects the progress we continued to make in 2021 despite the ongoing challenges of a global pandemic, and our rating is a testament to the outstanding work and dedication of our people who continue to put sustainability at the heart of everything we do. Our CDP score is also linked to remuneration policy which demonstrates our commitment to maintain an appropriate score over the longer term (see page 129).

Our aim in 2022 is to continue to improve the governance and automation of sustainability data, with particular focus on the key priority metrics that underpin our Sustainability strategy. We also intend to support the transition to make our global.weir website a more comprehensive, user friendly and real-time source of all things sustainability. We will continue to use measurement to refine our most material sustainability issues and to further underpin our disclosures.

SUSTAINABILITY GOVERNANCE ACCOUNTABILITIES

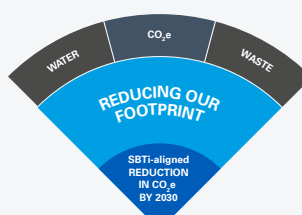
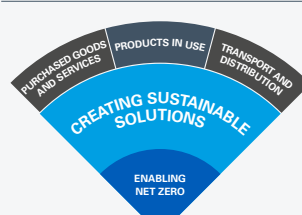
Underpinning the quality and reliability of our sustainability reporting is accountability. Sustainability is core to our strategy and purpose and accountability is therefore now held and felt across the Group with all areas of our Sustainability Roadmap embedded in our governance structures as outlined in the diagram opposite which shows the following:

- The Sustainability Excellence Committee includes our CEO, Chief Financial Officer and the Presidents and sustainability leads of each Division, as well as our Chief Strategy and Sustainability Officer (CS&SO) and Group Head of Sustainability. The CS&SO took on accountability for ESG and sustainability in July 2017 and was appointed to the Group Executive in January 2020. She has a dedicated Sustainability team with experience of sustainability dating back more than ten years in leading UK and international organisations in private and public sectors, across sectors including consumer goods and transport.
- There are several Excellence Committees in addition to the Sustainability Excellence Committee who are accountable for the Sustainability Roadmap priorities. These are supported by working groups comprising management representatives from across the organisation with responsibility to deliver and report against their respective priorities. Each working group is assigned goals aligned to the overall Sustainability Roadmap and reports directly into the Excellence Committees. The governance framework is described in more detail on page 85.
- There are several principal risks, and therefore risk owners, which cover the Sustainability Roadmap priorities. Sustainability risk is identified, assessed and managed in line with the risk process overseen by the Risk Committee as summarised on pages 70-73.
- We apply a consistent approach to governance and risk across all other areas of sustainability within Foundations which is overseen and embedded within existing governance and risk processes. In 2022, we will launch a dedicated Community of Practice with representation from each of the Foundations priority areas in order to identify policy and governance gaps to further improve our sustainability performance.
- Sustainability matters are reported to the Board in dedicated agenda items twice a year and proceedings of each Excellence Committee are routinely reported by the CEO after respective meetings.

Additional details of our sustainability related policies and standards can be found on page 69.



SUSTAINABILITY GOVERNANCE ACCOUNTABILITIES

	MANAGEMENT COMMITTEE	PRINCIPAL RISK	OTHERS
	• CEO's Safety Committee • SHE Excellence Committee – led by CPO	• Safety, Health and Wellbeing	• Divisional, Regional and Local SHE Committees
	• HR Excellence Committee – led by CPO	• People	• Inclusion, Diversity & Equity Committee – led by CFO • Employee Voice Board – with NED lead • Third-party Employee Engagement benchmarking
	• Sustainability Excellence Committee – including CEO, CFO, CS&SO and Divisional Presidents	• Climate • Value Chain Excellence • Safety, Health and Wellbeing	• Reducing our Footprint Leads and Technical Group • Divisional Sustainability Committees and Best Practice Groups e.g. Foundry Best Practice Forum • Third-Party carbon footprint verification
	• Weir Technology Excellence Committee – including CEO, CS&SO and divisional Presidents • Sustainability Excellence Committee	• Climate • Technology • Competition	• Creating Sustainable Solutions Working Group • Divisional Technology Committees
FOUNDATIONS	• Audit Committee • Risk Committee • Finance Excellence Committee • Sustainability Excellence Committee	• Ethics and Governance • Market • Climate	• Regular Group Executive and Board reviews • Compliance, Internal Audit and Risk functions • Group Executive remuneration linkage via scorecard

SUSTAINABILITY AND NON-FINANCIAL REPORTING

CONTINUED

SUSTAINABLE FOUNDATIONS

In addition to the strategic priorities within our Sustainability Roadmap, we maintain high standards of Corporate Governance across all areas of sustainability. You can read more about how the Directors have regard for stakeholder interests when discharging their duty to promote the success of the Company, in the Strategic Report on pages 26-27.

EMPLOYEES

Code of Conduct

We are dedicated to doing business in an ethical and transparent manner, and this commitment has driven our legacy for almost 150 years. The Group's Code of Conduct (Code) is based on this simple, fundamental value. The Code sets out the Group's commitment to promoting and sustaining a strong ethical culture throughout its operations, and provides direction on and a framework for how we expect our people to conduct themselves on a day-to-day basis. All employees are expected to make decisions in line with our values and behaviours as set out in the Code.

Internal Audit performs (i) annual Code audits (including employee expense reviews) at selected Group locations and (ii) an annual audit of gifts, hospitality, and donations entered in the Group's gifts and hospitality approval portal. Additionally, Internal Audit, along with Finance, tests compliance with and effectiveness of the Group's financial controls through the Internal Audit Annual Plan and the biannual Group Compliance Scorecard process.

These assurance activities ensure adherence to compliance policies and procedures and that those policies and procedures remain robust. Internal Audit provides reports to the Compliance function, Group Executive, and Board of Directors' Audit Committee, and the Compliance function manages any necessary improvements to Weir's compliance policies and procedures.

Ethics Hotline

The Group maintains processes for persons to raise concerns regarding unethical behaviour. This includes the ability to conduct whistleblowing through our Ethics Hotline. The Ethics Hotline is a 24-hour, multilingual service accessible via telephone or online which allows concerns to be raised confidentially and anonymously. The Compliance function has responsibility for acknowledging and investigating as appropriate all matters raised through the Ethics Hotline. The Group takes appropriate action in respect of any matters raised via the Hotline which are substantiated. Weir does not tolerate retaliation against anyone who raises concerns about ethical behaviour, whether via the Ethics Hotline or otherwise.

The Compliance function works closely with the business to ensure that matters raised via the Ethics Hotline are investigated in a fair and impartial manner consistent with the Group Investigation Protocol, and are resolved expeditiously. During 2021, the average time to investigate and close out a matter after initial case submission was 27 days, an improvement over 2020 (45 days).

HUMAN RIGHTS

Human Rights

We respect the human rights of all those working for or with us, and of the people in the communities where we operate. We will not exploit anyone, wherever in the world we are working. We will not do business with companies, organisations or individuals that we believe are not working to comparable human rights standards. We communicate our Human Rights Policy to our customers, suppliers, investors, employees and the communities where we operate.

In December 2021, Weir's Board of Directors approved an updated Human Rights Policy. The updated Human Rights Policy describes our commitment to avoiding adverse human rights impacts through our activities, addressing such negative impacts with which we may be involved, and providing access to an effective remedy where violations may have occurred. In conjunction with the policy's implementation, in 2022, the Compliance function will work together with Human Resources and Supply Chain functions to perform a global human rights risk assessment, with the results expected to drive additional process improvements in managing human rights risk. Furthermore, we plan to train employees who are critical to promoting and monitoring human rights in our workforce and supply chain.

In 2021, the Compliance function did not receive any reports (internal or external) alleging violations of the Human Rights Policy. We report on outcomes for safety on pages 47 and Inclusion, Diversity & Equity on page 49.

Modern Slavery

We understand our role in trying to eradicate slavery or forced labour of any kind. Each year, we publish on our website our Modern Slavery Statement which details the steps we have taken and are taking to try to ensure that slavery and human trafficking do not take place in any of our supply chains or in any part of our business.

The Supply Chain function further embedded the principles of our Human Rights Policy and Code of Conduct with human rights principles integrated into the screening and appointment of direct suppliers in 2021. Additional enhancements to supply chain processes are expected following completion of Weir's human rights risk assessment, particularly to the risk-based approach to managing human rights risk that was adopted in connection with Weir's first human rights risk assessment in 2016.

ANTI-BRIBERY AND CORRUPTION

We are aware of the risk of bribery and corruption for companies that operate globally and for our company specifically, and through our Code of Conduct and Group Anti-bribery and Corruption Policy (ABC Policy), we have a zero tolerance towards bribery and corruption by Group personnel and third parties working on our behalf.

Our Code of Conduct training includes a module on anti-bribery. For those employees in high-risk roles and/or geographies, we provide targeted training on the ABC Policy as well. Our Gifts Policy and Hospitality Policy supplements the Code of Conduct by further describing the requirements and process for providing business courtesies to customers and other third parties. In February 2021, the Compliance function launched an improved Gifts & Hospitality Register for seeking approval of gifts and hospitality.

PRIVACY & DATA PROTECTION

Our privacy programme is designed to meet all applicable data and data protection laws, including the General Data Protection Regulation (GDPR) and UK Data Protection Act 2018. New data protection laws and regulations in the countries where we operate require us to continually review and update our privacy programme.

This year, we modified aspects of our privacy programme in compliance with new privacy laws and regulations in Brazil, South Africa, and China, with additional work anticipated for 2022.

SUPPLIERS AND THIRD PARTIES

We source raw materials, components and services across the globe. Our suppliers play a critical role in our business and our relationships with them are based on achieving the best performance, product delivery, service and total cost in an ethical and sustainable manner.

We recognise that our responsibilities extend to our supply chain. We have a Supply Chain Policy which sets out the minimum standards we expect our suppliers to abide by with respect to:

- business ethics;
- how they treat their workforce;
- legal and regulatory compliance;
- health and safety; and
- environmental standards.

In some of our markets, we rely upon agents and distributors to increase our reach to customers. We choose to work only with agents and distributors that meet our company standards and expectations for compliance. During 2021, we improved the management of our third-party intermediaries, such as agents, distributors and certain service providers, through the implementation of the new Agents and Business Partner Policy, an enhanced due diligence policy and procedure designed to enhance our risk assessment and mitigation, and improve our lifecycle management of these third-party intermediaries.

During 2021, we also revamped our standard for screening third parties, such as our customers and suppliers, against economic sanctions and other denied party lists. We aim to implement the standard in 2022 and will work closely with the business on aligning their existing processes with the standard.

TAX TRANSPARENCY

Our approach to tax is governed by five key principles which are set and adopted by the Board and are stated as follows:

- We are committed to compliance with all applicable tax laws and regulations, including timely submission of tax returns and tax payments;
- We aim to develop and maintain effective, collaborative and cooperative working relationships with tax authorities in all territories where we operate based on openness, honesty and transparency, and by providing all relevant information in a timely manner with a view to resolving any disputes early;
- Our businesses make use of legitimate tax incentives, exemptions and statutory alternatives offered by governments. Tax planning is undertaken only where it is consistent with the substance of our business and with full regard to the aims of our stakeholders, our reputation and our broader commercial and economic goals;

- We adhere to the standards for the disclosure of tax information in our published financial statements, in accordance with industry and generally accepted practice; and
- We ensure compliance with our tax obligations by maintaining appropriate tax management arrangements including the roles and responsibilities taken on by our people, our systems, processes and technology and the tax control environment.

These five principles are reflected and more information about our approach to tax are set out in our Tax Strategy which can be found on our website.

SUSTAINABILITY AND NON-FINANCIAL REPORTING

CONTINUED

TOTAL ANNUAL GHG EMISSIONS

We have provided below our GHG emissions as required under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and have reported the requirements of the Streamlined Energy & Carbon Reporting (SECR) framework. In 2021, we identified and implemented energy efficiency measures across our business which included manufacturing efficiency improvements, behavioural change, process upgrades and selecting energy efficient technology such as LED lighting. Our total identified and implemented energy savings in 2021 are estimated to be 13,352,898kWh (2020: 6,225,469kWh).

SCOPE 1&2 ANNUAL GHG EMISSIONS

Location Based Emissions	UK & Offshore area Annual GHG emissions (tCO ₂ e)			Global Annual GHG emissions (tCO ₂ e)			Global GHG emissions intensity (tCO ₂ e per £m revenue)		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
Scope 1 emissions: fuel combustion and operation of facilities (continuing operations)	2,488	2,793	3,602	62,070	61,448	67,547	32.1	32.4	35.2
Scope 2 emissions: purchased electricity, heat and steam (continuing operations)	3,650	3,973	4,951	110,035	107,108	121,807	56.9	56.5	63.5
Scope 1 emissions: fuel combustion and operation of facilities (continuing and discontinued operations)	2,509	2,895	3,745	62,896	69,176	81,834	32.1	31.6	32.9
Scope 2 emissions: purchased electricity, heat and steam (continuing and discontinued operations)	3,653	4,016	5,010	110,905	118,840	138,788	56.6	54.3	55.8
Total scope 1&2 (continuing and discontinued operations)	6,162	6,911	8,755	173,801	188,016	220,622	88.7	85.9	88.7
Total scope 1&2 (continuing operations)	6,138	6,766	8,553	172,105	168,556	189,354	89.0	88.9	98.8
Total scope 1&2 (discontinued operations)	24	145	202	1,696	19,460	31,268	66.9	66.1	54.9
Market Based Emissions									
Scope 2: purchased electricity, heat and steam market based emissions (continuing operations)	208	229	275	94,530	98,621	116,079	48.9	52.0	60.5
Scope 2: purchased electricity, heat and steam market based emissions (continuing and discontinued operations)	208	229	275	95,423	110,673	133,537	48.7	50.5	53.7
Total scope 1&2 (market based); continuing and discontinued operations	2,717	3,124	4,020	158,319	179,849	215,371	80.8	82.1	86.6
Total scope 1&2 (market based); continuing operations	2,696	3,022	3,877	156,600	160,069	183,626	81.0	84.4	95.8
Total scope 1&2 (market based); discontinued operations	21	102	143	1,719	19,780	31,745	67.9	67.2	55.7

Energy	UK & Offshore area Annual Energy Use (kWh)			Global Annual Energy Use (kWh)		
	2021	2020	2019	2021	2020	2019
Energy consumption used to calculated emissions; continuing and discontinued operations	30,704,570	32,758,754	39,590,603	541,275,901	586,723,794	678,666,543
Energy consumption used to calculated emissions; continuing operations	30,579,960	32,034,297	38,601,875	535,185,731	525,118,880	578,199,219

ANNUAL GHG EMISSIONS FROM FOUNDRIES

	Annual GHG emissions (tCO ₂ e)			Proportion of Global (continuing operations) annual emissions (%)			GHG emissions intensity (tCO ₂ e per tonne of metal poured)		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
Scope 1 emissions:									
fuel combustion and operation of facilities	41,914	40,763	45,151	24.4%	24.2%	23.8%	0.4	0.4	0.4
Location based scope 2 emissions:									
purchased electricity and heat	80,551	77,141	85,019	46.8	45.8	44.9	0.8	0.8	0.8
Market based scope 2 emissions:									
purchased electricity and heat	66,062	69,939	80,452	42.2	43.7	43.8	0.7	0.8	0.8
Location Total	122,465	117,904	130,170	71.2	69.9	68.7	1.2	1.3	1.2
Market Total	107,976	110,702	125,603	69.0	69.2	68.4	1.1	1.2	1.2

SCOPE 3 TOTAL ANNUAL GHG EMISSIONS

Scope 3 Category – Continuing Operations only	Evaluation Status	2021 tCO ₂ e
1 Purchased Goods & Services	Relevant, calculated	580,050
2 Capital Goods	Relevant, calculated	11,686
3 Fuel & Energy Related Activities	Relevant, calculated	43,472
4 Upstream Transportation & Distribution	Relevant, calculated	110,679
5 Waste Generated in Operations	Relevant, calculated	17,408
6 Business Travel	Relevant, calculated	1,976
7 Employee Commuting	Relevant, calculated	6,258
8 Upstream Leased Assets	Not relevant, explanation provided	0
9 Downstream Transportation & Distribution	Relevant, calculated	21,477
10 Processing of Sold Products	Not relevant, explanation provided	0
11 Use of Sold Products	Relevant, calculated	28,562,932
12 End of Life Treatment of Sold Products	Relevant, calculated	915
13 Downstream Leased Assets	Not relevant, explanation provided	0
14 Franchises	Not relevant, explanation provided	0
15 Investments	Not relevant, explanation provided	0
Total		29,356,853

Methodology and Notes

Scope 1&2

Our 2019 and 2020 data has been restated due to improvements in data capture. In calculating our 2019, 2020 and 2021 Location GHG emissions we have followed the principles of the 'GHG Protocol: Corporate Accounting and Reporting Standard' (revised edition) and emissions are reported based on an operational control approach. We have used emission factors from the UK Government's 'GHG Conversion Factors for Company Reporting 2019 & 2020 & 2021' and other region-specific where available to calculate our Scope 1&2 Location footprint. In calculating our 2019 and 2020 Market Based Emissions we have followed the principles of the GHG Protocol: Corporate Accounting and Reporting Standard' (revised edition), the GHG Protocol Scope 2 Guidance (an amendment to the GHG Protocol Corporate Standard) and emissions are reported based on an operational control approach. We have used emission factors from the UK Government's 'GHG Conversion Factors for company Reporting 2019 & 2020 & 2021' and other contractual, market, residual or location based emissions factors where available to calculate our Scope 1&2 Market footprint. We report on all emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. These sources fall within our Consolidated Financial Statement. We do not have responsibility for emission sources that are not included in our Consolidated Financial Statements. Reported scope 1 emissions cover emissions from liquid fuel and gas – used for heat, transportation and process and refrigerants. Scope 2 emissions cover emissions generated from heat, steam and purchased electricity for own use, calculated using both the location and market based methodologies. Our continuing operations consist of our Divisions (Minerals and ESCO) and Group functions. Our discontinued operations comprise our Oil & Gas Division which was sold in February 2021.

In line with SECR energy consumption data has been provided for the UK & Offshore and globally, this data was used in the creation of our GHG emissions. Our Foundry GHG emissions are provided globally and do not contain any discontinued operations so no differentiation is required. Revenue for 2019 and 2020 is based on 2021 average exchange rates. 2020 constant currency revenue is disclosed in note 3 (continuing operations) and note 8 (discontinued operations) of the Group financial statements. 2019 constant currency revenue is £1,917m (continuing operations) and £570m (discontinued operations). For our foundries, the scope 1 proportion of Global (continuing operations) annual emissions is a proportion of total Location Based GHG emissions. Therefore the % shown in the Market based Total row does not equal the sum of the scope 1 and Market based scope 2 rows.

Our scope 1&2 GHG emissions data for 2019, 2020 and 2021 have been externally verified to a limited level of assurance by Corporate Citizenship. The assurance work covered an understanding of processes for management, reporting and performance improvements as well as a review of underlying data sources, year-on-year performance trends, calculation accuracy and consistency with best practice guidelines, consolidation of data and the calculation methodologies used for market based scope 2 emissions.

Scope 3

In calculating our scope 3 emissions we have followed the principles of the Corporate Value Chain (Scope 3) Accounting and reporting standard and Technical Guidance for calculating scope 3 emissions (version1). We will endeavour to improve the data quality and methodology for calculating our scope 3 emissions in the future.

Prior to calculating scope 3 emissions, categories were screened for relevance using the GHG Protocol criteria. Those listed as "not relevant" above were all considered to make non-material or no contribution to Weir's scope 3 emissions. It is not always possible to distinguish upstream and downstream transport so categories 4 and 9 should be considered in aggregate.

The method used for our most material category Use of Sold Products has been to calculate the energy usage of equipment from motors procured for our products across their assumed lifetime (20 years) whilst considering utilisation, load and motor efficiency. It is anticipated that this method will enable a ±20% estimation of total Weir product electrical power consumption. IEA 2021 emissions factors were then applied to this data, by country, to calculate CO₂e across the assumed lifetime of the products. For the very limited number of diesel-powered products in our portfolio, we used fuel consumption data to estimate diesel use and applied UK Government's GHG Conversion Factors for Company Reporting 2021 emissions factors to calculate CO₂e. All other categories have been calculated using spend, tonnage, distance and headcount methods with the most appropriate emissions factors applied.

Our Use of Sold Products emissions category is the most material part of our scope 3 footprint and we have had this externally verified to a limited level of assurance by SLR Consulting. The assurance work included a review of the Use of Products Sold data and supporting methodology for completeness, accuracy and appropriateness as well as a high level review of other scope 3 category calculations to confirm that Use of Products Sold represent over 90% of total scope 3 emissions.

SUSTAINABILITY AND NON-FINANCIAL REPORTING

CONTINUED

TCFD

We believe that companies should be transparent about how they plan to mitigate and be resilient in the face of climate change. Therefore, we support efforts, such as the Task Force on Climate-related Financial Disclosures (TCFD), to increase transparency and to promote investors' understanding of companies' strategies to respond to the risks and opportunities presented by climate change. In 2020, we began work to align to TCFD and in line with the UK Listing Rules, we are pleased to confirm that the disclosures included in the Annual Report are consistent with the TCFD Recommendations and Recommended Disclosures. We acknowledge, in particular, that the disclosures around the metrics to assess our climate risks and opportunities can be improved and this is an evolving process that we will work on further in 2022.

GOVERNANCE

Our Board has clear oversight over climate-related matters, supported by a clear governance structure and informed by inputs from key stakeholders, including employees, customers and investors

The governance framework on page 85 sets out the Group's governance structure and includes a case study on how climate-related risks and opportunities are embedded within the Board processes, as part of the wider sustainability theme. The Board's skills in relation to climate change are listed on page 105. The Board actively embedded climate within its strategy review process during the year taking account of input from stakeholder groups including customers, investors and employees see page 96 and were informed on numerous climate-related issues in the year such as the emissions strategy and updates on Reducing Our Footprint and Creating Sustainable Solutions priorities (see page 95).

The Sustainability Excellence Committee and other groups provide direction to our climate-related programmes and link directly to the Board

Management have an important role to play in assessing and managing climate-related risks and opportunities with the Sustainability Excellence Committee and other groups providing direction and linking directly to the Board through the governance framework (see page 85). The Excellence Committees also link into operational working groups with responsibility to deliver against their respective priorities and areas of expertise. Considerable focus was placed during 2021 on the development of our emissions strategy (see pages 54-55), based on ongoing scope 1&2 emissions monitoring and the findings of our first scope 3 study. Further information on the management governance structure to support the Sustainability priorities, which include climate, is on pages 56-57.

Climate-related matters are considered in an integrated manner

We consider climate impacts across a range of integrated business processes, including risk assessment, strategic planning, viability testing, financing and due diligence during mergers and acquisitions – such as during the acquisition of Motion Metrics during 2021 – as well as our existing Sustainability Roadmap and emissions target processes. Details are explained across the TCFD section of this report as well as various references it contains to other pages.

STRATEGY

We have considered the impacts on our business of climate change and the transition to a low-carbon economy

Climate change will affect Weir directly through its impacts on our customers and markets as well as the impact on our own performance. We therefore focus on three areas: reducing the footprint of our own operations (page 51) and protecting our operations against physical risks; providing smarter, more efficient and more sustainable technology to enable Net Zero for customers; and aligning our strategy to maximise long-term structural growth opportunities for minerals needed to support the transition to a low-carbon economy. As a result, climate change mitigation and adaptation are very much embedded in our 'We Are Weir' strategic framework (pages 10-11) and related KPIs (pages 28-31).

We have a resilient strategy which has already embedded anticipated trends in the market resulting from the transition to a low-carbon economy, and includes actions to mitigate risks and leverage opportunities

The market analysis on pages 24-25 sets out the long-term structural trends in commodity markets that underpin our growth. During the year we have performed a detailed scenario analysis which included models of anticipated markets for key metals resulting from the low-carbon transition (see case study on page 67). The outputs from this analysis have also been incorporated into our Group Budget and Strategic plan during the year as well as Viability Statement testing (page 103).

Our emissions strategy is focused on how we reduce CO₂e in our own operations as well as our customers

The emissions strategy on pages 54-55 sets out our underlying approach for meeting our climate-related objectives, with a commitment to align with the Science Based Targets initiative (SBTi) in 2022. The emissions strategy process is overseen by the Chief Strategy and Sustainability Officer who also has responsibility for strategy, innovation and research which ensures these areas are aligned. Underpinning our strategy are the two priority roadmap areas of Reducing Our Footprint by increasing energy efficiency in operations, seeking new sources of renewable supply, managing

TCFD ALIGNMENT TIMELINE

2020	2021	2022	2023+
Initial TCFD study: quantitative assessment of physical risks; qualitative review of transition risks	- Quantitative market risks and opportunities review aligned to Strategic Plan and risk process - Initial TCFD alignment steps reported in 2020 Annual Report and Accounts - Environmental Sustainability principal risk renamed Climate Risk	- Comprehensive TCFD reporting in 2021 Annual Report and Accounts - Alignment with climate change risk reporting in CDP - Further work to evolve KPI tracking, reporting and target setting linked to climate risks	- Ongoing alignment with strategic planning and risk management processes - Acceleration of climate transition activities

water and waste (see page 51); and Creating Sustainable Solutions where we are designing smart, sustainable, efficient products to reduce energy, water and waste for our customers and focusing on measuring and reducing the in-use footprint of products (see page 53). Our acquisition of Motion Metrics in 2021 will strengthen our leadership in making mining smarter, more efficient and more sustainable (see page 18). These sections set out the key next steps and in 2022 we expect to provide more information on our transition plans as we confirm SBTi-aligned targets.

We are aligning our financing to climate change objectives

During the year, climate has become further embedded within our financial structure with the completion of the issuance of five-year US\$800m Sustainability-Linked Notes linked to our performance against our 2024 scope 1&2 CO₂e target.

We have disclosed our climate-related risks and opportunities

Our risk and opportunities table overleaf includes the key outputs of the scenario analysis as well as other material risks and opportunities linked to our overall strategy. These have been identified following the process outlined in the risk section and incorporated within our existing risk management processes.

HOW WE HAVE EMBEDDED TCFD RECOMMENDATIONS IN OUR REPORTING

Pillar/description	Recommendation	Statement on Implementation – where reported
Governance Disclose the organisation's governance around climate-related risks and opportunities.	Describe the Board's oversight of climate-related risks and opportunities.	Governance Framework – pg 85 Board Activities – pg 95 Our Board Strategy Review Process – pg 96 Board Skills and Attributes – pg 105
	Describe management's role in assessing and managing climate-related risks and opportunities.	Sustainability Governance Accountabilities – pgs 56-57 Governance Framework – pg 85
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Strategy section: Risks and Opportunities – pgs 64-65
	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Our Strategy – pgs 20-21 Chief Executive's Strategic Review – pgs 18-19 Our 2021 KPIs – pgs 28-31 Reducing Our Footprint – pg 51 Creating Sustainable Solutions – pg 53 Emissions Strategy – pgs 54-55
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Market Review – pgs 24-25 Strategy section: Risks and Opportunities – pgs 64-65 Viability Assessment – pg 103
Risk management Disclose how the organisation identifies, assesses, and manages climate-related risks.	Describe the organisation's processes for identifying and assessing climate-related risks.	Risk Management – pgs 70-73 Strategy section: Case Study – pg 67
	Describe the organisation's processes for managing climate-related risks.	Sustainability Governance Accountabilities – pgs 56-57 Strategy section: Risks and Opportunities – pgs 64-65
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Risk Management – pgs 70-73 Technology principal risk – pg 75 Climate principal risk – pg 76 Market principal risk – pg 77 Strategy section: Risks and Opportunities – pgs 64-65 Strategy section: Case Study – pg 67
Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Our 2021 KPIs – pgs 28-31 Reducing Our Footprint – pg 51 Creating Sustainable Solutions – pg 53 Our Approach to Sustainability Reporting – pg 56 Strategy section: Risks and Opportunities – pgs 64-65 Directors Remuneration Report – pgs 128-129 Financial Statements: Basis of Preparation – pg 165
	Disclose scope 1, scope 2, and, if appropriate, scope 3 greenhouse gas (GHG) emissions, and the related risks.	Reducing Our Footprint – pg 51 Creating Sustainable Solutions – pg 53 Scope 1&2 Annual GHG Emissions – pgs 60-61 Scope 3 Annual GHG Emissions – pg 61
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Our 2021 KPIs – pgs 28-31 Emissions strategy – pgs 54-55

SUSTAINABILITY AND NON-FINANCIAL REPORTING

CONTINUED

TCFD

RISKS

Heading/ Description	CHANGING CUSTOMER BEHAVIOUR Decreased revenues due to reduced demand for products and services from declining mining sectors 	INCREASED SEVERITY AND FREQUENCY OF EVENTS Impact of extreme weather events such as cyclones and floods 	CARBON PRICING Costs of complying with carbon prices 
Category	Transition – market	Physical	Transition – policy & legal
Financial Impact ³	c.£100 million per annum revenue	£0-30 million one-off cost	£0.2-0.5 million per annum cost
Explanation/ management response	Weir sells products and services to customers producing fossil fuels and certain minerals which are projected to decline during the transition to a low-carbon economy. While the impact of existing policies under a Business as Usual (BAU) scenario is already anticipated in forecasts, a faster transition under a Well Below 2 Degrees (WB2C) scenario may accelerate these declines and negatively impact Weir's revenue. During 2021, we modelled the difference between BAU and WB2C scenarios for coal, oil sands and iron ore in a study with WTW. The study identified a potential recurring annual revenue decrease of £100 million by 2031, without taking account of any mitigation. This potential impact would develop over a number of years, not as a one-off event. Our business model already embeds our response through our pure-play mining focus, strong customer relationships and presence in every mining region, giving us good protection against risk and ability to benefit from opportunities. In addition, we track end-market exposures and review planned responses by Divisions as part of annual strategic planning. We have not identified additional costs under a WB2C scenario. In addition, we do not consider there to be an impact on the carrying value and useful lives of tangible assets, as disclosed in accounting policies in note 2 of the Group financial statements on page 165.	As a business with operations across the world, we are exposed to risks of extreme weather events disrupting our facilities or supply chain networks. We modelled potential increases in extreme weather risk under scenarios for <2°C and +4°C of warming and then assessed the maximum foreseeable one-off loss, based on potential costs of damage and business interruption at facilities most exposed to flood risk under a +4°C scenario beyond 2040. Analysis identified an aggregate one-off loss range across the Group of between £0-30m, reflecting a combination of replacement physical assets and gross profit exposed to climate risks. The results were shared across the Group's operations, to reinforce both the appropriateness of our existing physical risk mitigation strategies and inform decisions on future risk initiatives and expansion plans. Note the loss range identified in the report reflected potential gross losses before taking into consideration the Group's controls environment. Through a combination of existing physical defence measures, cross Divisional manufacturing capacity and the applications of insurance the net loss forecast would reduce to a low figure. We therefore categorise the magnitude of impact as low. The cost of response reflects third-party loss control engineering advice to assist facilities identify risks and develop mitigation solutions.	We have foundries and other manufacturing facilities which produce the majority of the CO₂e emissions from our own operations. As well as monitoring and reporting these emissions, we track our exposure to carbon taxes in jurisdictions such as Canada which have taxes in place, and potential exposure to new carbon taxes in other countries such as China where we have facilities. The low figure above represents current costs and the high figure estimates potential impact of taxes at similar levels in three additional markets. We are aligning our scope 1&2 CO₂e targets to the Science Based Targets initiative (SBTi). The range of cost of response is the average annual capital and operating expenditure costs expected between 2020-30 to enable us to meet SBTi requirements through energy efficiency measures and purchasing low-carbon energy. These measures would serve to mitigate potential new carbon taxes in jurisdictions where we have significant emissions.
Cost of response	£0 per annum cost	£0-0.1 million per annum cost	£0.5-1 million per annum cost

OPPORTUNITIES

Heading/ Description	CHANGING CUSTOMER BEHAVIOUR Increased revenues due to greater demand for products and services from growing mining sectors   	PRODUCTS AND SERVICES – REDUCED ENERGY AND WATER USAGE Increased revenues due to greater demand for more sustainable solutions   	COST OF CAPITAL Secure lower cost of capital by meeting green finance expectations   
Category	Transition – market	Transition – technology	Transition – reputation
Financial Impact	c.£100 million per annum revenue	£50 million per annum revenue	c.£2 million one-off cost
Explanation/ management response	Weir sells products and services to customers producing metals which are projected to grow during the transition to a low-carbon economy. While the impact of existing policies under a BAU scenario is already anticipated in forecasts, a faster transition under a WB2C scenario may accelerate growth and positively impact Weir's revenue. During 2021, we modelled the difference between BAU and WB2C scenarios for copper, nickel and lithium in a study with WTW. The study identified potential recurring annual revenue increase of £100 million by 2031, without taking account of any additional action to exploit this opportunity. This potential impact would develop over a number of years, not as a one-off event. As described in Risk 1: Changing Customer Behaviour, our business model already embeds our response to this opportunity, we track end-market exposures and review planned responses by Divisions to benefit from opportunities; and we have not identified additional costs, or material impact on our existing asset base under a WB2C scenario at this stage.	We target mid-to-high single digit growth above market per year, driven by four factors: sustainable solutions, integrated solutions, expanding our product range and geographic expansion. A 5% revenue uplift on annual continuing operations revenue of c.£2bn would deliver increased annual revenues of around £100m per annum, from the four factors combined. We've assumed 50% of this uplift in our calculations. Weir continues to target at least 2% of revenues investment on research and development in line with the corporate strategy to bring new and improved products and technologies to market. We aim to unlock opportunities by focusing research and development investment on making mining operations smarter, more efficient and sustainable through developing technologies that use resources more efficiently. The cost of response range reflects up to approximately 2% of revenue	As providers of debt capital increasingly come under pressure to support only sustainable businesses and comply with the Paris Agreement and other requirements, more capital will be allocated to ESG compliant funding. By incorporating metrics linked to our climate change targets into financing terms, we are able to attract a diverse portfolio of investors and help us achieve a lower cost capital on average. We also have an incentive to meet our targets and avoid a potential 25bps interest on our \$800m sustainability-linked bond from 1 January 2025. This will ensure long-term liquidity availability to the Group at competitive cost. We are aligning our scope 1&2 CO₂e targets to the Science Based Targets initiative (SBTi). The range of cost of response is the average annual capital and operating expenditure costs expected between 2020-30 to enable us to meet SBTi requirements through energy efficiency measures and purchasing low-carbon energy. These measures enable us to meet the conditions of our sustainability linked bond and to benefit from reduced cost of capital.
Cost of response	£0m per annum cost	£0-40 million per annum cost	£0.5-1 million per annum cost

1 Our Risk Horizons as defined in our Risk Assessment Criteria are: up to 3 years – short; 3 to 5 years – medium; 5+ years – long

2 Our Risk Assessment Criteria for the magnitude impact of a risk are based on operating profit: >20% profits – high; 10-20% profits – medium to high; 5-10% of profits – moderate; 0-5% profits – low Impact Score.

3 Financial impact is shown as increase or decrease in revenue or cost. Risk 2 also includes estimated profit impact.

KEY

Time horizon¹  Short  Medium  Long

Likelihood  Unlikely  About as likely as not  Likely  Very Likely

Magnitude²  Low  Medium  High

SUSTAINABILITY AND NON-FINANCIAL REPORTING

CONTINUED

TCFD

RISK

Climate-related risks are identified in a structured process to consider the impact of physical and transition risks

The process for identifying the climate-related risks and opportunities on pages 64-65 was incorporated into our scenario analysis, described on page 67. The two key transition risks relating to market and technology, were then selected for a more detailed qualitative scenario analysis deep dive in 2021 and are included in our risk listing. Other transition risks such as current and emerging regulation were considered as part of the initial workshop reviews, though some of these only become material on a consolidated basis or are solely managed by Group functions such as financing. We have identified regulatory risk on page 79.

A detailed quantitative scenario analysis of physical risk was performed in 2020 as outlined in the case study. As a business with operations across the world, we are exposed to risks of extreme weather events disrupting our facilities or supply chain networks. We modelled potential increases in extreme weather risk under scenarios for less than 2 and 4 degrees of warming and then assessed the maximum foreseeable one-off loss for facilities most at risk under the 4 degrees scenario. This was based on potential costs of damage and business interruption at facilities most exposed to flood risk under a +4°C scenario beyond 2040.

In 2021, this included torrential rainfall and flooding in Europe and China, an extended drought in Chile, extreme heat and wildfires in western Canada, and cyclones hitting Indonesia, the Philippines and western Australia. The USA was also impacted by heatwaves, seven hurricanes and a very active tornado season. We were fortunate that very little disruption has occurred at our sites due to these incidents. In the case of such events occurring the Group maintains robust business continuity plans and specific insurance protection to mitigate against the extent of any operational impact that may occur.

Key climate risks and opportunities have management plans in place

Mitigating actions for our key climate-related risks and opportunities are summarised on pages 64-65. Transition-related climate actions have also been incorporated within our principal risks for Technology (page 75) and Market (page 77). This provides a framework to address the impact of climate-related risks across all risk areas.

Climate risks are well-integrated with our principal risk framework and consider the impact of physical and transition risks

We recognise that climate change will likely increase the frequency and severity of extreme weather impacts upon our business. Climate has been identified as a principal risk (see page 76) and is managed in accordance with our existing risk management framework as described on pages 70-73. This risk was first added as a principal risk in 2019 and was previously called 'Environmental Sustainability'. It was updated and renamed in 2021 and it incorporates the transitional and physical risks identified on page 64. Transition-related climate actions have also been incorporated within our principal risks for Technology (page 75) and Market (page 77). The risk management process, overseen by the Risk Committee, ensures the different risks are managed in parallel with each other. Updates, such as sharing outcomes of the scenario analysis, are given to the Group Executive on a regular basis through our governance framework so relevant information reaches owners of all principal risks in a timely way.

METRICS

Targets and metrics to manage climate-related risks and opportunities are integrated within our Sustainability Roadmap and associated programmes

As set out in Our Approach to Sustainability Reporting (page 56), we focus on metrics and targets most relevant to our objectives because these are the ones that will drive the most positive impact and sustainability value. Our key performance indicators (KPIs) and results for 2021 are disclosed on pages 28-31 with the following relating to climate:

- Reduce our scope 1&2 CO₂e emissions intensity by 30% by 2024, relative to revenue and a 2019 baseline, and reduce absolute CO₂e emissions in line with SBTi requirements by 2030. Note we've revised our existing targets for 2030 to align with the requirements of SBTi (see pages 54-55 respectively) with performance monitored and reported through the governance framework outlined earlier.
- Increasing our research and development investment relative to revenues, with focus on making mining smarter, more efficient and sustainable.

These metrics, as well as our associated CDP score, contribute to executive remuneration via the balanced scorecard and underpin the restricted share awards to the CEO and CFO (pages 128-129).

We have assessed the impact on our financial statements

In addition, note 2 to the Group financial statements (page 165) outlines how we have considered potential climate impacts in our financial statements, of which there is no material impact to current financial performance or position. The outputs from our scenario analysis have also been used in our viability assessment and impairment modelling. The disclosure on pages 64-65 considers the potential impact our risks and opportunities could have on financial performance in the future.

We disclose our scope 1&2 CO₂e emissions and working with a recognised third-party expert, we have conducted an initial assessment of our scope 3 emissions

Scope 1&2 results are published on pages 60-61 with further details on underlying initiatives on pages 50-51. We have also published the results for our first pass scope 3 study breakdown, see page 61.

We are continuing to evolve our metric and target framework

As outlined in our emissions strategy on pages 54-55, we are committed to set scope 3 targets and to seek validation from SBTi during 2022 having already updated our scope 1&2 targets from emissions intensity (relative to revenue) to absolute emissions. Furthermore, we have a strong shared interest with various stakeholders to quantify and report scope 4 avoided emissions along with associated energy consumption per tonne of ore (kWh/t), and to use these metrics to support tracking of revenue from products with lower carbon footprint. We will continuously review metrics and targets that may help us to manage all climate-related risks and opportunities.

Integrating climate scenarios into our strategic planning

Our first TCFD assessment in 2020 considered risks and opportunities related to quantified physical impacts of climate – such as direct damage to property or ability to supply customers. Key findings were built into risk management. The review also included a qualitative evaluation of the risks and opportunities from the transition to a low-carbon economy and identified market and technology changes as biggest risks and opportunities.

In 2021, therefore, our work focused on quantifying transition risk and opportunity by looking deeper into transition risks related to markets for key minerals from the transition to low-carbon economy under two scenarios – Business as usual (BAU) and Well Below 2 degrees Centigrade (WB2C).

The BAU scenario assumed the world continues along its existing carbon path – and included the impact of all existing policies in the first half of 2021.

WB2C considers a transition to a low-carbon economy in line with the Paris Agreement. It is based on interventions needed to enable Net Zero emissions by 2050 in developed nations, with global Net Zero by 2070, and shows a forced (pushed by policy), but economically optimised, trajectory constrained to a WB2C carbon budget.

Third-party consultants from Willis Towers Watson supported the work with analysis of potential impacts of the carbon transition on markets for six key commodities: copper, nickel, lithium, iron ore, coal and oil sands. It considered consequent impacts on Weir's business in terms of revenue trends from customers operating in each commodity.

While neither scenario can be considered a forecast, we anticipated that BAU would be closer to existing industry expectations than WB2C. This was supported by the analysis which showed unabated revenue projections for the commodities assessed to be broadly in line with the market impact assumptions in our 2022-2026 Strategic Plan.

The assessment also indicated that overall revenue in ten years' time would be broadly similar under the WB2C scenario – but with a significantly larger revenue downside of about £100m in coal, oil sands and iron ore, together with a correspondingly greater upside also of about £100m in copper, nickel and lithium. Our ESCO division is proportionately more exposed to downside risks.

These conclusions do not take account of any strategic actions to mitigate risks or leverage opportunities. Overall, therefore, the analysis suggests that Weir is well positioned against market risks and opportunities but needs to be poised to act faster if the transition to a low-carbon economy accelerates.

The findings were reviewed with business unit leadership teams, the Group Executive and the Board and were used as an input to Weir's annual Strategic Planning process in 2021.

Since the analysis was completed, the international community's focus shifted significantly at COP26 towards policies to limit warming to 1.5 degrees. Future scenario exercises will need to take this potentially faster transition into account.



Copper mining: demand for metals such as copper, nickel and lithium is projected to grow during the transition to a low-carbon economy

SUSTAINABILITY AND NON-FINANCIAL REPORTING

CONTINUED

SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB)

Topic	Accounting metric	Category	Unit of measure	Code	2021 Response	2020 Response
Energy management	Total energy consumed ^{1,2}	Quantitative	GJ	RT-IG-130a.1	1,926,669	1,890,428
	Percentage grid electricity ^{1,2}	Quantitative	%	RT-IG-130a.1	42%	42%
	Percentage renewable ^{1,2}	Quantitative	%	RT-IG-130a.1	8%	5%
Employee health and safety	Total recordable incident rate ¹	Quantitative	Rate	RT-IG-130a.1	0.45	0.41
	Fatality rate ^{1,3}	Quantitative	Rate	RT-IG-130a.1	0	0
	Near miss frequency rate ¹	Quantitative	Rate	RT-IG-130a.1	9.34	10.34
Fuel economy and emissions in use phase	Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles	Quantitative	Gallons per 1,000 ton-miles	RT-IG-410a.1	n/a	n/a
	Sales-weighted fuel efficiency for non-road equipment ⁴	Quantitative	Gallons per hour	RT-IG-410a.2	24.51	19.33
	Sales-weighted fuel efficiency for stationary generators	Quantitative	Watts per gallon	RT-IG-410a.3	n/a	n/a
	Sales-weighted emissions of ⁴ : (1) Nitrogen oxides (NOx) and (2) Particulate matter (PM) for ⁵ : (a) Marine diesel engines, (b) Locomotive diesel engines, (c) On-road medium- and heavy-duty engines, and (d) Other non-road diesel engines	Quantitative	Grams per kilowatt-hour	RT-IG-410a.4	1) 4.0 2) 0.2	1) 4.0 2) 0.2
Materials Sourcing	Description of the management of risks associated with the use of critical materials	Discussion & Analysis	n/a	RT-IG-410a.1	Weir purchases small quantities of one material listed on the US National Research Council list, together with components that use the same material as part of their composition. We do not consider either to pose a significant risk. Our normal practice is to seek diversified supply of materials and components.	
Remanufacturing Design & Services	Revenue from remanufactured products and remanufacturing services	Quantitative	Reporting Currency	RT-IG-440b.1	Not currently material	
Number of units produced by product category		Quantitative	Number	RT-IG-000.A	We produce a very broad range of products across the mining value chain, therefore the intensity metrics we use are per GBP£m and tonnes of metal poured in our foundries, as can be seen on pages 60-61 of our Annual Report	
Number of employees¹		Quantitative	Number	RT-IG-000.B	11,994	11,175

1 Data shown on a continuing operations basis.

2 2020 data has been restated due to improvements in data capture.

3 Response has been assessed on SASB definitions covering work-related incidents involving employees.

4 Data for Multiflo pumps, Weir's only diesel-powered product range.

5 Data for Multiflo pumps, Weir's only diesel-powered product range. Based on compliance limits for US EPA tier 3 standard.

NON-FINANCIAL REPORTING TABLE

The Non-Financial Reporting table below meets the requirement of the Companies, Partnerships and Groups (Accounts and Non-Financial Reporting) Regulations 2016. The required information about the business model can be found on pages 22-23. Details of our sustainability governance accountabilities can be found on pages 56-57.

Non-Financial Reporting Requirement	Policies and standards which govern our approach and due diligence	Relevant Group Principal Risks	KPIs ³	Outcomes and additional information
Environmental matters	Code of Conduct ¹ SHE Charter ¹ SHE Management System ¹ Sustainability Roadmap ¹	Safety, Health and Wellbeing ² Climate ²	Rating within the SHE performance measurement process GHG Emissions CDP score Reducing our Footprint Goals	Sustainability Review pages 46-69
Employees	Code of Conduct ¹ SHE Charter ¹ SHE Management System ¹ Sustainability Roadmap ¹ Inclusion, Diversity & Equity Policy ¹ Board Diversity Policy ¹ Global Recruitment Policy Global Learning and Development Policy Data Protection Policy Incident Response Policy Data Subject Request Response Procedure	People ² Safety, Health and Wellbeing ² Information Security & Cyber ² Ethics & Governance ²	Rating within the SHE performance measurement process Total Incident Rate Gender pay gap results Employee engagement survey participation rates Employee engagement eNPS	Sustainability Review pages 46-69
Human rights	Human Rights Policy ¹ Code of Conduct ¹ Supply Chain Policy ¹ Modern Slavery Statement ¹ Sustainability Roadmap ¹	Ethics & Governance ²	FTSE4Good score Code of Conduct Training completion Inclusion Diversity and Equity Policy ¹	Sustainability Review pages 46-69
Social matters	Code of Conduct ¹ Gifts & Hospitality Policy ¹ Anti-Bribery and Corruption Policy ¹ Sustainability Roadmap ¹	Ethics & Governance ²	Charitable giving FTSE4Good score Other ESG Ratings	Sustainability Review pages 46-69
Anti-corruption and anti-bribery	Code of Conduct ¹ Anti-Bribery and Corruption Policy ¹ Gifts & Hospitality Policy ¹ Agents and Business Partner Policy ¹ Sustainability Roadmap ¹	Ethics & Governance ²	Group Compliance Scorecard FTSE4Good score Code of Conduct Training completion Other ESG Ratings	Sustainability Review pages 46-69

¹ These policies are available on our website <https://www.global.weir/sustainability/policies/>.
² More information about our principal risks can be found on pages 74-80.
³ More information about medium-term Key Performance Indicators and priorities which are aligned to our 'We are Weir' strategic framework and the Group's remuneration policy can be found on page 128.

RISK MANAGEMENT

We operate in a complex global environment where the effective management of risk is fundamental to the delivery of our strategic objectives. Our global risk management system is designed to provide both the necessary level of oversight and a consistent framework in which our Group operations can take advantage of attractive opportunities whilst ensuring we are not exposing the organisation to excessive risk.

OUR KEY ACTIVITIES IN THE YEAR

- Invoked our robust crisis management plans in response to an attempted ransomware incident.
- Execution of the Group's first ever sustainability linked public bond placement, further strengthening our balance sheet and environmental commitments.
- Reinforced our Covid-19 employee response through the provision vaccine support and an increased emphasis on health and wellbeing.
- The Weir SHE (Safety, Health and Environment) management systems protocols were further updated, ensuring continual improvement and compliance with international standards.
- Review and refresh of our risk appetite to ensure continued alignment with our evolving principal risks and strategic objectives.
- Quantitative review of the market risks and opportunities for the Group linked to the transition to a low-carbon economy, with the findings then integrated directly into the strategic planning process and principal risk framework.

OUR PRIORITIES FOR 2022

- Continue to proactively manage the impact of new Covid-19 variants and implications on our operations.
- Continue to increase cyber resilience in line with our Cyber Security Strategy, approved by the Board.
- Continue to monitor the geopolitical risk landscape and develop appropriate mitigation strategies to ensure continued Group resilience.
- Delivery of our new behavioural safety programme to further underpin our journey to zero harm.
- Development and implementation of a new global occupational health policy to standardise provision across the business globally.

RISK AGENDA

During the year, the Board has reviewed the effectiveness of the systems of risk management and internal control and conducted a robust assessment of the principal risks affecting the Group in line with the Risk Appetite Statement.

Through an established process for identifying emerging risks, and horizon scanning for risks that may arise over the medium to long term the Board has remained alert to both the internal and external environments, allowing for the assessment of those exposures which warranted further investigation and action.

The risk appetite statement is the level of risk that the Board are willing to take or tolerate to achieve our strategic objectives.

It articulates what is an acceptable level of loss, relative to the amount of reward we are seeking, and helps us to determine how much control or mitigating actions may be required.

The Groups risk appetite statement which is detailed on page 72, considers several different dimensions, which balance commercial performance with managing our business in a sustainable and compliant manner.

Our appetite may vary from area to area. For example, it may be higher where we are prepared to tolerate more risk to achieve a specific outcome, e.g. grow the business, or lower where we need to reduce an exposure as low as possible to protect ourselves, e.g. our commitment to a zero-harm workplace and environmental safeguarding.

The key principles underpinning the Group's risk appetite statement are:

- Risk appetite needs to be measurable, involving the use of our Key Risk Indicators (KRI's)
- Risk appetite is not a single fixed concept.
- There must be a range of appetites for the different risks that the Group faces.
- Risk appetite must be integrated with the control culture of the Group.
- Appetite must consider differing views at a strategic, tactical and operational level.
- The defined risk appetite has been signed off by the Board.

Compliance with the risk appetite statement is monitored through the Group's functional and front-line controls, including oversight and reporting mechanisms.

The Board will continue to review and update the risk appetite statement annually to ensure it remains consistent with the Group's strategy and environment in which we operate.

All these activities meet the Board's responsibilities in connection with Risk Management and Internal Control set out in the UK Corporate Governance Code 2018.

Details of the review of the internal control and risk management systems undertaken during the year are contained in the Audit Committee Report on page 110.

RISK MANAGEMENT

The Group's Enterprise Risk and Internal Controls Frameworks remain a core element of its Governance model. Our risk management policy defines how we expect risks to be identified, assessed and managed throughout the organisation.

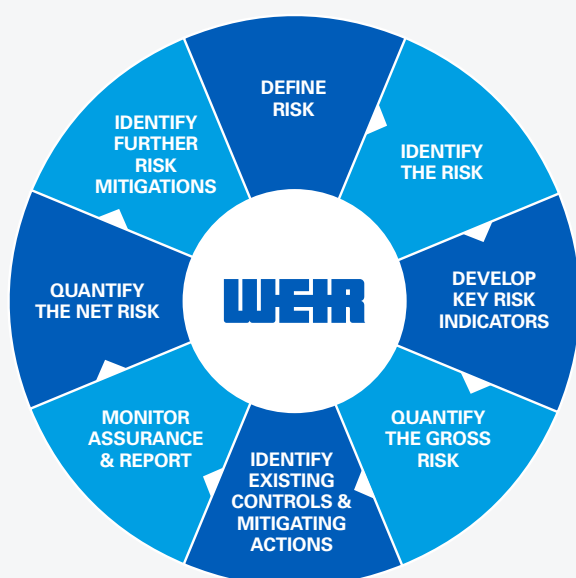
Risks are assessed and quantified in terms of impact and likelihood of occurrence, both before and after control mitigation. Assessing the gross risk before control mitigation allows the business to review the relative impact of the existing controls by comparing the gross and net risk assessment. Also, it allows the business to avoid expending resources on mitigating controls and actions, which have a negligible impact on the risk assessment.

The impact of risks is quantified across a range of factors including financial; strategy; reputation; people and property; ability to perform services; regulation; Safety, Health and Environment; investors and funding. The risk management policy includes defined criteria for each risk impact all the way up to Group level assessments, thereby providing an integrated bottom-up and top-down approach to risk management.

Ultimately, the Board is responsible for the Group's risk and internal control framework. It has set out the decisions, and hence the level of risk, which can be delegated to the Group Executive and Divisional and operational company management without requiring escalation. This is articulated in a series of Group policies and delegated authority matrices, as well as the parameters within the approved Risk Appetite Statement. The Board and Committee structure can be viewed on page 85.

The bottom-up risk reporting approach requires key risks identified and reported at project level to be escalated to the operating company management, which in turn may be escalated to Divisional management, and ultimately to the Risk Committee and the Board. This is achieved through risk dashboard reports, which are maintained at Divisional and Group levels. The dashboards provide a summary of the major gross risks at each respective level, as well as a summary of the key controls and actions and resulting net risk, and any further risk mitigation actions required.

RISK MANAGEMENT CYCLE



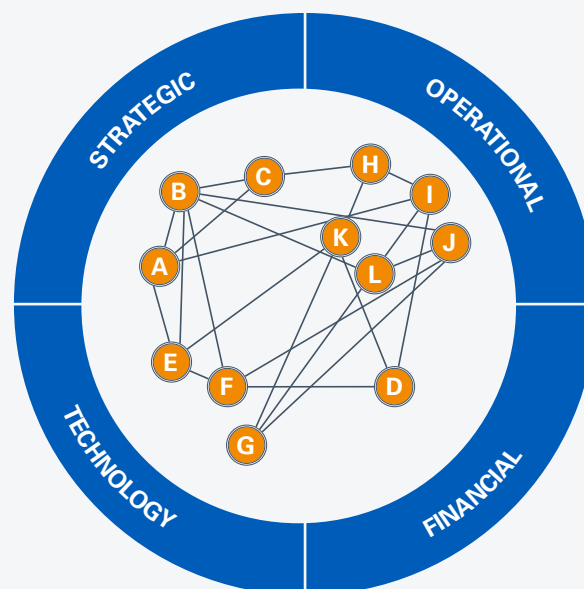
The Risk Committee has oversight of the Group Risk Dashboard, along with a routine review of key controls identified to manage each risk and the sources of controls assurance.

The Board obtains assurance over risks and risk management through the internal control framework. More information on the internal control framework can be found within the Corporate Governance Report on page 102 and within the Audit Committee Report on pages 110-120.

INTERCONNECTED RISK UNIVERSE

In scanning the risk landscape for new and emerging risks, the Group seeks to adopt a holistic view, which acknowledges the inter connectivity of the global environment in which we operate. Seeking to gain a thorough understanding of potential global events helps position the Group's risk response and its overarching risk mitigation strategies.

The Following chart maps the Group's principal risk and their interplay.



STRATEGIC

- A. Market
- B. Climate
- C. Political & Social

FINANCIAL

- D. Competition

TECHNOLOGY

- E. Technology
- F. Digital
- G. Information Security & Cyber

OPERATIONAL

- H. Covid-19
- I. Value Chain Excellence
- J. Safety, Health & Wellbeing
- K. People
- L. Ethics & Governance

RISK APPETITE STATEMENT

The Weir Group is strategically positioned in markets with good long-term growth prospects. We will pursue ambitious growth targets, and we are willing to accept a higher level of risk to increase the likelihood of achieving or exceeding our strategic priorities, subject to the parameters overleaf.

RISK MANAGEMENT

CONTINUED

Risk appetite	Risk parameters
1. Safety, Health & Wellbeing We will not undertake or pursue activities that pose unacceptable hazard or risk to the health and wellbeing of our people or the communities in which we operate or the broader environment.	- No tolerance for breaches of Weir Group Safety, Health and Environmental Charter. - Target zero harm through continuous improvement. - Adherence to our Health & Wellbeing Framework. - Active community and environmental engagement.
2. People We will support, develop and reward our people in keeping with local market conditions and will encourage behaviour in line with our values and purpose.	No tolerance for breaches of: 'We are Weir' framework. - Weir Code of Conduct. - Group and Divisional HR policies.
3. Climate We will evaluate and consider material climate transition and physical risk in all major strategic decisions and take adaptation and mitigation actions to minimise their impact.	We will maintain each of the following risk parameters within risk appetite: - Physical. - Policy and legal. - Technology. - Market. - Reputation.
4. Technology & Innovation We will invest in research and development across both mechanical and digital technologies to innovate our customer offering allowing us to maintain and expand our market share.	We will ensure strategically balanced technology portfolio through a basket of metrics: - Headlines: R&D spend focused on our Smart, Sustainable, Efficient strategy (2% of revenues target) and revenue from new products. - Pipeline Health: R&D split defence vs growth, organic vs inorganic and % on key strategic priorities. - Strategic Outcomes: Sustainability impact, Digital impact and leveraged funding ratio.
5. Information Security & Cyber We have no tolerance for material cyber security incidents which impact our ability to operate as a business, damage our reputation or lead to financial penalties.	No tolerance for breaches of: - Group cyber security policies. - Group security and education training.
6. Governance We have no tolerance for breaches of external legal governance frameworks or internal control systems.	No tolerance for breaches of: - Legislative/statutory requirements. - Weir Code of Conduct. - International sanctions. - Delegated authority levels. - Group and Divisional policies
7. Market We will primarily operate in mining and infrastructure markets and accept the associated cyclicalities but will seek to minimise this risk as far as possible.	Focus growth and investment on businesses which demonstrate a high aftermarket and offer a technology differentiator.
8. Country Presence We are prepared to enter new countries which offer opportunities for growth consistent with our overall strategy. We will not enter, or will exit, countries which present a high risk of harm to our people, damage to our reputation, or breach of international sanctions.	No tolerance for breaches of: - Legislative/statutory requirements. - Weir Code of Conduct. - International sanctions. - Delegated authority levels. - Group and Divisional policies
9. Organic Growth We will rigorously pursue Divisional organic growth strategies to meet our market growth objectives.	Investment of resources will be consistent with Divisional strategies and expected Divisional compound annual growth rates over five-year plans.
10. Mergers and Acquisitions (M&A) We will actively pursue M&A opportunities that enhance our strategic platform subject to meeting investment criteria.	Post-Tax returns should exceed our cost of capital within three years of the acquisition.
11. Returns & Profitability We will not pursue growth at all costs; however, we expect high margins, strong returns on capital and working capital discipline together with cash generation.	Short-term margin dilution is acceptable in gaining market entry but over the cycle we aim for top quartile operating margins and returns on capital.
12. Capital Allocation We will encourage capital expenditure in pursuit of our growth ambitions subject to Internal Rate of Return (IRR) hurdles and capital structure targets.	Local country cash flow projections for investment appraisal purposes discounted at country specific rates to account for risk weighted returns.
13. Capital Structure We are prepared to use leverage in pursuit of our growth agenda and will actively seek low-cost debt to fund the Group but, recognising cyclicalities in our end markets, will maintain significant headroom against our financial covenants	We will seek to maintain the ratio of net debt/EBITDA between 0.5 and 1.5 with up to 2.0 for M&A (current financial covenants 3.5 times) and will retain adequate headroom within our debt facilities at all times.

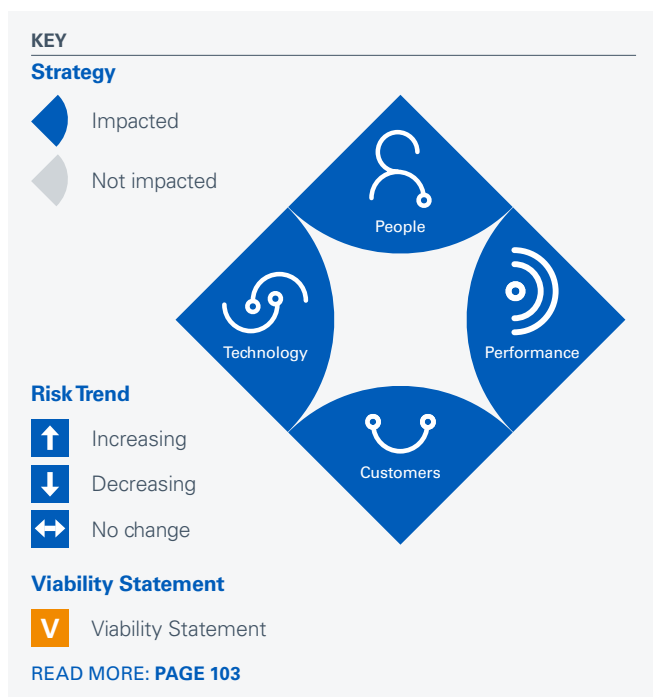
RISK MANAGEMENT ROLES & RESPONSIBILITIES

The key roles and responsibilities for risk management are set out below.

THIRD LINE OF DEFENCE	Group	Risk management responsibilities
	Board Overall responsibility for the Group's risk management and internal control frameworks, and strategic decision within the Group.	- Annual review and ongoing monitoring of the effectiveness of the risk management and internal control frameworks. - Annual review of the Group's risk appetite. - Assessment of the Group's principal and emerging risks. - Three times a year receive a report from the Risk Committee which sets out the current assessment of each principal risk, the effect of mitigating controls on each risk, the direction of travel of each risk versus the prior year, the extent to which each could potentially impact the Group's strategic goals and any relevant findings relating to significant control failings or weaknesses which have been identified. - Taking decisions in accordance with the delegated authority matrices.
	Audit Committee Delegated responsibility from the Board to review the effectiveness of the Group's risk and internal control frameworks.	- Annual assessment of the effectiveness of the risk management and internal control frameworks. - Review of reports from the internal and external auditors. - Review of the results from the six-monthly self-assessment compliance scorecards.
	Group Executive Executive Committee with overall responsibility for managing the Group to ensure it achieves its strategic objectives.	- Managing risks which have the potential to impact the delivery of the Group's strategic objectives. - Monitoring business performance, in particular key performance indicators relating to strategic objectives. - Taking strategic decisions in accordance with the delegated authority matrices. - Escalating issues to the Board as required.
	Risk Committee Management Committee responsible for governance of the Group's Risk Management Policy and Framework.	- Review of the design and operation of the Group's Risk Management Policy and Framework. - Identification and assessment of the key risks facing the Group, identification of the key controls mitigating those risks and identification of further actions where necessary. - Review of the Divisional Risk Dashboards, considering the appropriateness of management's responses to identified risks and assessing whether there are any gaps. - Reporting key Group and divisional risks to the Board.
	Chief Executive's Safety Committee Safety Committee with responsibility to set and monitor the Group's SHE principles, priorities and actions.	- Executive Committee representation to drive improvements in our safety performance throughout the Group. - Champion the Group's Safety, Health and Environmental (SHE) charter, reinforcing our commitment to maintaining a zero-harm workplace - Ensure the strategy for SHE improvements is comprehensive, risk based, deliverable and balanced and built on best practice from peers, customers and suppliers.
SECOND LINE OF DEFENCE	Excellence Committees - Weir Technology - Safety, Health and Environment - Sustainability - Finance - HR - People & Culture - Inclusion & Diversity - Compliance - IS&T Control Board Management Committees with representatives from across the Group in their respective areas of focus. The Committees govern activities and performance in the individual functional areas.	- Monitoring the management of key risks across the Group associated with the respective remits of the Excellence Committees. - Monitoring performance and compliance with Group objectives, policies and standards related to the respective remits of the Excellence Committees. - Taking decisions in accordance with the delegated authority matrices. - Escalating issues to the Group Executive as required. - Reviewing the results from relevant assurance activities. - Design and administration of the Group's compliance programme covering core areas including anti-bribery, anti-corruption, anti-trust, privacy, trade controls and human rights.
	Divisional management Responsible for managing the businesses within the Divisions to ensure Divisional strategic objectives are achieved and there is compliance with Group policies and standards throughout their Division.	- Identifying and managing risks which have the potential to impact the delivery of the Division's strategic objectives. - Monitoring performance and compliance with Group objectives, policies and standards within the Divisions and with regard to the outputs from the Excellence Committees. - Taking decisions in accordance with the delegated authority matrices. - Escalating issues to the Group Executive as required. - Reviewing the results from relevant assurance activities
FIRST LINE OF DEFENCE	Operating company management Responsible for ensuring company objectives are achieved and business activities are conducted in accordance with Group policies and standards.	- Identifying and managing risks which have the potential to impact the delivery of their company's strategic objectives. - Monitoring performance and compliance with Group objectives, policies and standards within their company. - Taking decisions in accordance with the delegated authority matrices. - Escalating issues to Divisional management and Excellence Committees as required. - Reviewing the results from relevant assurance activities.

PRINCIPAL RISK AND UNCERTAINTIES

As in any business, there are risks and uncertainties which could impact the Group's ability to achieve its objectives in the future. The Group's risk management and assurance framework is designed to make this less likely by clearly identifying and seeking to mitigate these key risks.



The Board has conducted a robust assessment of the principal risks, alongside the Risk Appetite Statements set out on page 72, meeting the Board's responsibilities in connection with Risk Management and Internal Control details in the UK Corporate Governance Code 2018. Each of the principal risks is assigned an owner from amongst the Board or Group Senior Management team and a detailed review of each principal risk has been completed in the year.

The Group's risk dashboards were reviewed, and validity of the existing prior year principal risks were reassessed, and consideration was given as to whether any new principal risks have emerged, or certain risks are no longer considered to be a principal risk. This review resulted in changes being made to the principal risks in 2021.

The identified principal risks were subjected to a detailed assessment based on the following considerations:

- Potential severity of each risk relative to the Group's stated risk appetite.
- Existence and effectiveness of actions and internal controls which serve to mitigate the risk.
- The overall effectiveness of the Group's control environment, including assurance and any identified control weakness; and
- The extent to which each of the principal risks could impact the Group's viability in financial or operational terms, due to their potential effects on the business plan, solvency, reputation or liquidity.

The principal risks set out on pages 74-80 are those which we believe to have the greatest potential to impact our ability to achieve the Group's strategic objectives or which have the greatest potential impact on the Group's solvency, liquidity or reputation.

COVID-19

Description	Why we think this is important	How we are mitigating this risk	Key changes during 2021
Risk of subsequent pandemic waves giving rise to further plant closures and heightened workforce exposures both for the Group and its key customers and suppliers which could lead to a loss of productivity and/or loss of life. Impact on strategy  Risk owner: Chief Executive Officer	Whilst the emergence of new variants such as Omicron are demonstrating significantly milder symptoms, the health and wellbeing threat posed to the Group's people and operations remains in the near-term, particularly in those countries with lower vaccination rates.	The Group has continued to adapt and innovate throughout 2021, whilst ensuring the constant protection of our people and ability to serve our customers safely and reliably. Underpinned by the Group's vision of being a zero-harm workplace, our risk mitigation focus has remained on reinforcing our previously developed health and wellbeing workplace protocols and Covid-19 specific response plans which are cognoscente of locality and emerging local authority restrictions.	Key initiatives rolled out in the last year have included the Group providing vaccination support for all employees where possible, combined with a continued emphasis on mental health, which is a core element of the Group's recently launched Health and Wellbeing framework. Risk trend  Ongoing vaccination roll outs, booster programmes and heightening immunity levels are all regarded as positive indicators that society is likely to be better protected in the future from further Covid-19 disruption. The Group, however, continues to adopt a cautious outlook, and this is reflected in the assessed risk as unchanged from the prior year.

TECHNOLOGY

Description	Why we think this is important	How we are mitigating the risk	Key changes during 2021
Failure of the Group to embrace technology, innovate and continue to develop and invest in both our core and next generation solutions and services for our customers, leaves the Group's market leading positions and ability to deliver on growth ambitions exposed. Impact on strategy  Risk owner: Chief Strategy & Sustainability Officer	We need to continue to drive innovation across the Group through investment in talent and collaboration with research partners, thus ensuring there is a sustainable and evolving product offering leveraging new and adjacent technologies. Failure to achieve this could give rise to: An inability to give sufficient priority to outer horizon technology leading to an under investment/delayed development to meet our medium to long-term performance goals. Failure to identify and mitigate potentially disruptive technology trends as they appear in mining or adjacent industries and/or failure to adapt at the required pace to gain/sustain market competitiveness. Failure to leverage our deep customer/market insights to develop products and solutions which meet the most strategic needs of our customers and other stakeholders. Failure to adapt our business model to capture economic value/prevent economic loss from technological advances. Failure to leverage new technology to reduce costs/improve our own operational performance, resulting in increased costs and/or lower responsiveness relative to our peers.	Continued investment in our technology strategy aligned on smart, sustainable, efficient (SSE) priorities. Use of new emergent technologies radar software/process with embedded Artificial Intelligence (AI) scanning capability to assess potential risks & opportunities. Strong governance around intellectual property and new material/product launches. Evolving WARC (Weir Advanced Research Centre) model with strategic international research, academic and technology scanning partnerships and funding. Maturing of the Weir Innovation Network (WIN) approach to further promote, celebrate and reward a culture of innovation.	The Group's acquisition of Motion Metrics, a market leading developer of innovative Artificial Intelligence and machine vision technology will significantly boost our highly engineered, digitally enabled mining products proposition to support our customers sustainability, productivity and safety agendas. Risk trend  The impact and likelihood of this risk is assessed to have not changed since last year.

VALUE CHAIN EXCELLENCE

Description	Why we think this is important	How we are mitigating this risk	Key changes during 2021
Failure to achieve Value Chain Excellence improvements and the associated reduction in costs and enhanced capital efficiency Impact on strategy  Risk owner: Divisional Presidents	If we fail to improve our value chain management, we risk: Losing the opportunity to meet our customer needs in terms of product volume, quality and delivery, through a failure in internal and external supply chains resulting in a low of reputation and sales. Failure to optimise our inventory thus inhibiting the Group investment strategy and creating slow moving and obsolete inventory ultimately impacting our results. Failure to manage potential above inflationary increases in procurement costs as commodity prices increasing thereby reducing our cost competitiveness and margins. Failure to develop organisational capability to sustain and improve operational performance results.	Regular KPI monitoring of the value chain throughout the organisation. Value Chain Excellence initiatives have been operating throughout the Group to drive value chain improvements including expanding production in best cost countries. The Group's forward purchase commitments are being closely monitored to manage inventories at levels appropriate to market conditions. Our credit risk management procedures are under continuous appraisal and review. We regularly monitor market activity to ensure we remain competitive. Improved demand planning and forecasting including Sales and Operations Planning within VCE. Realising value from shared service initiatives.	Key mitigation initiatives in the year have centred on increasing our volume aggregation plans to best costs countries and a reduction in selling, general & administrative (SG&A) expense as a percentage of sales through greater utilisation of our shared services network. Risk trend  Despite some short-term challenges experienced in the areas of procurement and supply chain disruption, these have not been deemed sufficiently material to change the risk weighting since last year.

PRINCIPAL RISK AND UNCERTAINTIES

CONTINUED

CLIMATE

Description	Why we think this is important	How we are mitigating this risk	Key changes during 2021
Failure to adapt to and mitigate climate change and the associated impact on our current or future business Impact on strategy  Risk owner: Chief Strategy & Sustainability Office	Failure to manage this risk has significant impacts on us, our customers and our supply chain. These impacts can be physical or relate to the transition to a low-carbon economy and they can be both acute and chronic. Physical risks include the potential impact of extreme weather events on our operations. Failure to manage transition risks may have political and legal implications following increased Governmental focus, such as the costs of complying with carbon prices. There are also wider implications of this risk including changes in revenue due to reduced demand from declining market sectors, loss of market share if we were not able to meet demand for products with reduced energy and water usage, negative impact on reputation leading to increased cost of capital and failure to attract talent into the organisation.	Sustainability Roadmap developed via extensive multi-stakeholder materiality assessment encompassing Environmental, Social & Governance (ES&G). Two of the four Sustainability Roadmap priority areas focus on Environmental Sustainability. Creating sustainable solutions: with targets for increased sustainability impact of our products in use, sustainable design and supply and end-of-life stewardship for our products. Reducing our footprint: with targets for CO₂ reduction (both efficiency and renewable supply optimisation), water stewardship, waste elimination. We are continuing strong engagement with stakeholders in this area.	This risk was reclassified from previously Environmental Sustainability to Climate in order to fully reflect the Group's climate change agenda and the role we must play in reducing our own footprint. Key activities in 2021 involved a quantitative review of the market risks and opportunities for the Group linked to the transition to a low-carbon economy, with the findings then integrated directly into the strategic planning process and principal risk framework. Execution of the Group's first ever sustainability linked public bond placement, further strengthened our balance sheet and wider climate commitments. Risk trend  The impact and likelihood of this risk is assessed to have not changed since last year.

SAFETY, HEALTH AND WELLBEING

Description	Why we think this is important	How we are mitigating this risk	Key changes during 2021
Failure to adequately protect our people and customers from harm presents a significant threat to the physical and mental wellbeing of the Group's existing and available workforce leading to a resultant impact on productivity and our ability to meet customer demands and expectations. Impact on strategy  Risk owner: Chief People Officer	Our commitments to a zero-harm workplace and environmental safeguarding are at the very core of our sustainability strategy and purpose, with policies and processes in place to ensure the continued health, safety and physical & mental wellbeing of all employees, customers and third parties.	The Group's SHE charter sets out the guiding principles, priorities and actions, each of which play a vital role in supporting our shared vision of achieving zero-harm workplace where everyone of our people has a safe start, a safe finish and a safe journey home. The Weir SHE management system then establishes a common set of standards and expectations for addressing risk throughout our operations globally.	The Group's SHE charter was refreshed in 2021 and has been instrumental in empowering individuals and teams to focus first on safe behaviours, proactively identifying risks through safety conversations and articulating clearly what is expected and required from us all to achieve our collective vision. SHE also became an integral part of our employee engagement programme with pulse surveys undertaken to promote active participation in employees own and other's health, wellbeing and safety. The survey's findings led to the Group launching its new Health and Wellbeing framework focusing on the Culture & Leadership, Safety & Environment, Mental Wellbeing, Physical Wellbeing and Financial Wellbeing. Risk trend  The impact and likelihood of this risk is assessed to have not changed since last year.

PEOPLE

Description	Why we think this is important	How we are mitigating this risk	Key changes during 2021
Failure of the Group to build an ever more inclusive and diverse culture and adopt new ways of working which give rise to an inability to attract and retain the very best workforce. Impact on strategy  Risk owner: Chief People Officer	Our people represent our biggest asset and so the ability of the Group to attract, develop and retain talent and build capability at the pace required is fundamental to the delivery of the Group's strategic objectives. Our ambition to foster an inclusive and diverse workforce that increasingly reflects the diversity of the markets in which we operate, is key to creating a purpose driven culture where we can all do the best work of our lives.	Promotion of the Weir Group Values & Behaviours, Code of Conduct and HR Policies sets the standards and expectations for all our staff, reinforcing our stated commitment to attracting and retaining the very best people. High performer assessments are undertaken to identify and develop our very best talent. Succession plans are in place and periodically reviewed for all of our key management. Personal Development Plans are set and reviewed for the effective development of all of our staff. We continue to offer competitive compensation and benefits packages. Inclusion and Diversity Training and Steering Committee.	2021 saw the introduction Workday, the Group's new global HR management system which forms an integral part of our ongoing discovery programme designed to modernise, standardise and digitise our HR processes to ultimately deliver an even better employee experience. In the key area of Inclusion and Diversity the Group launched its global I&D education programme, which also included the creation of I&D ambassadors, global online learning programmes and the promotion of affinity groups. Risk trend ↑ Given the prevailing competitive labour market conditions which are manifesting themselves in labour shortages and increased attrition rates in certain pockets, this risk was elevated during the year to reflect the potential short-term impediment to growth.

MARKET

Description	Why we think this is important	How we are mitigating this risk	Key changes during 2021
Changes in key mining markets, including commodity prices and macroeconomic conditions have an adverse impact on customers' expenditure plans. Fundamental market structure changes could alter the long-term economics of the business. Impact on strategy  Risk owner: Chief Financial Officer	Cyclical nature of the Group's end markets, including continued exposure to oil sands, giving rise to downturns and resultant pricing and operational pressures. Risk of credit markets tightening limiting access to capital. Failure of the Group to maximise upturn opportunities and meet customer demands.	Our aftermarket focused business model and enhanced focus on technology to reduce cost and improve efficiency combine to mitigate the risk of future down turns. The Group's strategy planning process utilises extensive market intelligence to assist in forecasting opportunities and dips in markets.	Completion of the Group first ever sustainability linked public bond in our 150-year history further strengthened our balance sheet whilst also reaffirming our commitment to reducing our environmental impact by 30% by the end of 2024. Risk trend ↔ With key commodities remaining at multi-year highs the impact and likelihood of this risk is assessed to have not changed since last year.

PRINCIPAL RISK AND UNCERTAINTIES

CONTINUED

COMPETITION

Description	Why we think this is important	How we are mitigating this risk	Key changes during 2021
Increasing presence of low-cost competitors with improving quality in our end markets leads to significant pricing pressure and margin deterioration. Disruptive technologies or new entrants with alternative business models could also reduce our ability to sustainably win future business, achieve operating results and realise future growth opportunities. Continuing threat from third-party replicators. Impact on strategy  Risk owner: Divisional Presidents	Increasing presence of low-cost competitors with improving quality in our end markets leads to significant pricing pressure and margin deterioration. Alternatively, increased competition forces a continual release of longer wear life products resulting in maintaining market share but cannibalising our sales volumes with difficulty in realising commercial benefits.	Horizon scanning for competitor threats including patent searches and applications. Collaboration with customers on technology partnerships and field trials. Technology solutions with differentiation on engineering expertise, aftermarket service and total cost of ownership. Continued development of operational efficiency and improvement plans. Continued investment in core product design, process and materials that provide high value.	The Group continued to focus on the development of technology solutions, its aftermarket services proposition and emphasis on total cost of ownership, delivered a series of active product alliances with several key customers. Risk trend  The impact and likelihood of this risk is assessed to have not changed since last year.

DIGITAL STRATEGY AND ROADMAP

Description	Why we think this is important	How we are mitigating this risk	Key changes during 2021
Failure to exploit 'digitalisation' opportunities impacting the Group's ability to meet evolving customer expectations. Impact on strategy  Risk owner: Chief Information Officer	To meet the needs of our customers, the ambitions of our business and the expectations of an increasingly digital world, Weir must prioritise and accelerate its digital evolution. Failure to do so will negatively impact Weir's market position along with our ability to attract the people, skills and investment needed to become a premium mining technology business. If we fail to implement a holistic, digitalised ecosystem and culture quickly and effectively competitors, who successfully embed digitalisation, will benefit and increase their market share.	Building on work which has taken place in preceding years, a task force of senior leaders from across the Group has been put in place to shape our digital vision and roadmap. This three-month programme is being complemented by additional work to increase 'digital fitness' across the business and assess our approach to digital talent recruitment. Digital and IT leadership are also now embedded in the Group and Divisional strategic planning processes to ensure digitalisation is given due consideration.	Digital risk has been fully reviewed and the associated key risk indicators have been updated. Acquisition of Motion Metrics and appointment of Chief Data Officer align to digital strategy ambitions and help to further mitigate the associated risk. Risk trend  The impact and likelihood of this risk is assessed to have not changed since last year.

INFORMATION SECURITY & CYBER

Description	Why we think this is important	How we are mitigating this risk	Key changes during 2021
Failure to adequately protect Weir Group from cyber enabled fraud and other information security risks which can lead to operational disruption, reputational damage, regulatory fines and/or financial impacts. Impact on strategy  Risk owner: Chief Information Officer	Weir's global operations are heavily reliant on its IT systems and infrastructure. As the scale, regularity and disruption of cyber-attacks continues to increase we must recognise this risk and take steps to ensure the business is protected against them. In the last eighteen months, the IT Transformation programme has delivered a number of improvements to reduce the impact of cyber incidents on our business. Our Cyber Security Strategy sets out a three-year programme of activities to further improve our cyber defences and controls. One of the key objectives of the cyber security strategy is to increase our resilience and reduce the impact of a cyber incident in addition to the implementation of preventative measures.	We have an IT governance framework which oversees our technology operations. The IS&T Control Board provides assurance and oversight of our security posture across the business and approves policy and control assessments in relation to cyber risk and IT Security. Security incidents are managed by the cyber security operations team, and any significant cyber security incidents are reported to the Group Executive. Internal and external audit activities are also regularly undertaken to provide additional governance around our control environment as well as highlighting opportunities to make further improvements. An annual cyber security education and awareness plan is in place to ensure colleagues are equipped with the knowledge and awareness they need to use technology safely and securely. The implementation of our IT Transformation and the Cyber Security Strategy roadmap are delivering improvements across multiple areas of the business which in turn will help to reduce the impact of any future cyber incidents.	We have invested in operational capabilities and skills to support the monitoring and resolution of cyber security incidents. These improvements include the appointment of a new Cyber Security Ops Director to lead the transformation of our operational cyber security capabilities. We have also partnered with a highly skilled threat hunting team who will look for issues which cybercriminals may be able to exploit. A number of additional control enhancements were also implemented following the cyber security incident in September 2021. Risk trend  Our Cyber risk underwent a thorough review following the ransomware incident. The principal conclusion was that our developed risk treatment remained the same and was further underpinned by security control enhancements. The completion of these initiatives, and the continued execution of our approved Cyber strategy, will significantly reduce the impact of any future cyber incident and as such the risk is assessed as remaining unchanged from the prior year.

ATTEMPTED RANSOMWARE INCIDENT

The attempted ransomware incident in September 2021 was a sophisticated, determined and prolonged assault on our business. Our swift and robust response to the incident protected our infrastructure and data, meaning we were able to continue meeting the needs of our customers throughout.

All Weir systems have now been restored and a number of improvements introduced in direct response to lessons learned from the incident.

POLITICAL AND SOCIAL

Description	Why we think this is important	How we are mitigating this risk	Key changes during 2021
Adverse political action, or political and social pressures, in territories in which we operate may result in strategic, financial or personnel loss to the Group. Impact on strategy  Risk owner: Chief Legal Officer and Company Secretary	Given the global nature of the Group's operations we are exposed to an ever changing political and social landscape which requires constant monitoring. Adverse events may occur in the territories in which we operate that may require us to act swiftly to continue to protect our people and property and adjust to regulatory changes which have the potential to impact our competitiveness or have a negative impact on our return on capital employed.	Positive proactive engagement with a range of Governments/elected representatives and trade and industry bodies allows the Group to contribute to policy decisions and address specific concerns. Our strategic planning process allows for a regular review of market attractiveness whilst also assisting in the forecasting of potential political and social instability in the regions in which we operate. A combination of risk horizon scanning, and third-party intelligence sourced from risk consultants allows the Group to maintain flexibility and develop appropriate contingency and exit strategy plans.	The geopolitical risk landscape remained unsettled throughout 2021 and consequently involved the Group increasing its monitoring efforts in several jurisdictions. Risk trend  From political polarisation, to failing states, to power repositioning and rising fears of both traditional and cyber terrorism, the potential risks to the Group's international operations, people and reputation were seldom higher, with the ongoing situation involving Russia and the Ukraine simply reinforcing the volatility of the global landscape. As a consequence this risk was elevated during the year.

PRINCIPAL RISK AND UNCERTAINTIES

CONTINUED

ETHICS AND GOVERNANCE V

Description	Why we think this is important	How we are mitigating this risk	Key changes during 2021
Interactions with our people, customers, suppliers and other stakeholders are not conducted with the highest standards of integrity and in accordance with Group Policies & Procedures which devalues our reputation. Impact on strategy  Risk owner: Chief Legal Officer and Company Secretary	We are unwilling to accept dishonest or corrupt behaviour from our people, or external parties acting on our behalf, whilst conducting our business. If we fail to act with integrity, we are at risk of: Reputational damage leading to a loss of business opportunity. Increased scrutiny from regulators. Legal action from regulators including fines, penalties and imprisonment. Exclusion from markets important for our future growth. Failure to meet required social standards to maintain licence to operate in our communities. We expect all areas of the business to do the right thing and conduct business in compliance with applicable laws, Weir Group policies and procedures, and the highest ethical standards.	The Code of Conduct, supplemented with Group policies on related topics, provides a clear framework for how we expect our business will be conducted. Regular training and re-enforcement of principles is provided using a range of mechanisms including Town Hall style sessions and online and induction training. The financial control framework is continually monitored for effectiveness. Internal Audit's remit includes regular review of the anti-bribery and corruption and financial controls across the Group. The Group compliance function designs and administers our global compliance programme and assists Internal Audit in monitoring adherence to enhance global focus on compliance. An Ethics Hotline is available to all members of staff and the public. Reports are investigated on a timely basis and summary reports provided to the Group Executive and Board.	There were a number of areas of focus for the Group's compliance function in 2021 and these included the refreshing and updating of our human rights policy and the launch of an improved gifts and hospitality register. Risk trend  The impact and likelihood of this risk is assessed to have not changed since last year.

The Strategic Report covering pages 1 to 80 of the Annual Report and Financial Statements 2021, has been approved by the Board of Directors in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

On behalf of the Board of Directors



GRAHAM VANHEGAN

Chief Legal Officer and Company Secretary

2 March 2022

GOVERNANCE

CHAIRMAN'S INTRODUCTION TO GOVERNANCE

READ MORE: [PAGE 82](#)



CHAIR SUCCESSION

READ MORE: [PAGE 106](#)

MEET THE BOARD SESSION

READ MORE: [PAGE 97](#)

OUR BOARD STRATEGY REVIEW PROCESS

READ MORE: [PAGE 96](#)



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INTRODUCTION FROM THE CHAIRMAN

**WE SEE
OUR ROBUST
CORPORATE
GOVERNANCE
FRAMEWORK
AS PROTECTING
SUSTAINABLE
VALUE**



**THE BOARD LEADS BY EXAMPLE
TO PROMOTE AND UPHOLD
A CULTURE OF INTEGRITY
AND ACCOUNTABILITY.**



CHARLES BERRY
Chairman

DEAR SHAREHOLDER,

I am pleased to present the Corporate Governance Report for 2021.

As Chairman, I continue to ensure that the Board leads by example to demonstrate and promote the highest standards of integrity and accountability. The Board oversees a robust Corporate Governance Framework which operates effectively to promote our Company values, support the delivery of our strategy and to protect sustainable stakeholder value.

The Board continues to ensure ongoing engagement with our stakeholders throughout the year and acknowledges the clear responsibility that it has to promote the long-term success of the Company. During 2021, we have continued to focus on assessing and monitoring our Company culture, Inclusion and Diversity initiatives and commitment to meeting our climate based targets.

Our diverse Board operates effectively, with an appropriate balance of skills, experience, independence, knowledge and personal attributes. Each member of the Board commits sufficient time to carry out their duties and responsibilities.

The Board also ensures an open and transparent remuneration policy for the effective recruitment and retention of Board members and employees. A formal procedure exists to ensure the alignment on remuneration with our strategic plan.

This report describes this Corporate Governance framework and explains how the Board works with its Committees to ensure that it remains robust, appropriate and effective. This prudent oversight is essential to ensure a culture of transparency and accountability. The following Corporate Governance Report, including the Committee Reports and the Directors' Report, set out how we apply our governance standards in practice and demonstrates our compliance with the UK Corporate Governance Code 2018.

A handwritten signature in black ink that reads "Charles Berry". The signature is fluid and includes a long horizontal stroke at the end.

CHARLES BERRY
Chairman

OUR PURPOSE

We are here to enable the sustainable and efficient delivery of the natural resources essential to create a better future for the world.

The Company Secretary is a key adviser to the Board and plays a critical role in ensuring best practice and ongoing compliance with the UK Corporate Governance Code 2018. Together with the Chairman, the Company Secretary reviews the governance framework to ensure that it remains effective. The Company Secretary also acts as Secretary to the Board and its Committees and ensures that they function efficiently and is available to all Directors, as required.

The Financial Conduct Authority's Disclosure and Transparency Rule 7.2.6 (DTR 7.2.6) requires the Corporate Governance statement to contain certain information required by Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410). This information relates to significant interests in the securities of the Company, securities carrying special rights with regard to the control of the Company, restrictions on voting rights, rules regarding the appointment and replacement of Directors, rules regarding changes to the Company's Articles of Association and the Directors' powers in relation to the issuing or buying-back by the Company of its shares. The relevant information can be found within the Directors' Report on pages 146-149.

BOARD DECISIONS TABLE

The following table sets out some of the significant decisions taken by the Board during the year and how our stakeholder's interests were taken into account. You can read more about how the Directors have regard to stakeholder interests when discharging their duty to promote the success of the Company, in the Strategic Report on pages 26-27.

UK CORPORATE GOVERNANCE CODE 2018

The UK Corporate Governance Code 2018, published by the Financial Reporting Council, sets out the standards of good practice in relation to matters such as Board composition and effectiveness, the role of Board Committees, risk management, remuneration and relations with Shareholders.

Key decisions	Stakeholders affected	Strategic factors taken into consideration	Outcome		
Chair-Designate Appointed	  	- Extensive and highly relevant international Executive and Non-Executive experience - Commitment to building an inclusive and diverse culture	Barbara contributes a wealth of highly relevant experience to the Group as it transforms into a focused, premium mining technology business. Barbara will become the first woman to Chair Weir in the Group's 150-year history.		
Capital Allocation; Bond Programme and reinstatement of dividend	   	Protecting Shareholder value, Sustainability Strategy and climate change	The structure of the Bond offering as Sustainability-Linked Notes reaffirms our commitment to reducing our environmental impact, including delivering a 30% reduction in emissions by 2024. The Board declared an interim dividend of 11.5 pence per share, in line with the capital allocation policy of returning a third of Earnings Per Share through the cycle.		
Cybersecurity Incident Response	  	Protecting our infrastructure and data to minimise the impact on our customers, employees and Shareholders	Continued focus on the safe restoration of our systems whilst strengthening our future resilience even further		
Hybrid AGM	   	- Safety of our Shareholders and employees of the utmost priority in light of the Covid-19 pandemic - Shareholder Engagement	In accordance with Government legislation and to minimise public health risk, the AGM was held as a hybrid meeting with a livestream to allow our Shareholders to follow the meeting remotely and ask questions in real time.		
Sustainability Excellence Committee and Climate Change	  	- Putting Sustainability at the heart of our strategy - Minimising carbon emissions to help protect the future of the planet and ensure alignment with our purpose	Commitment to set new Group-wide emission reductions in line with climate science and the Science Based Targets initiative (SBTi)		
Acquisition of Motion Metrics	  	- Maximising value for Shareholders - Delivering transformation of Weir into a premium mining technology pure play - Providing critical solutions for our customers that are smarter, more efficient and sustainable	Strengthening our industry leadership in making mining more sustainable and efficient. Significantly increases the Group's capability in critical AI and Machine Vision Technologies and highly complementary to our aftermarket-focused business model		
STAKEHOLDERS KEY					
 Employees	 Customers	 Suppliers	 Shareholders	 Communities & Environment	 Governments & NGOs

GOVERNANCE AT A GLANCE

COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE 2018

The Company has complied in full during 2021 and to the date of this report with the provisions of the UK Corporate Governance Code published in 2018.

The UK Corporate Governance Code 2018 is publicly available at the website of the Financial Reporting Council at www.frc.org.uk.

READ MORE: **PAGES 81-104**

ETHNIC MINORITY REPRESENTATION ON THE BOARD AT 31 DECEMBER 2021

18%

A- SCORE BY CDP

A- CDP

EMPLOYEE ENGAGEMENT SURVEY PARTICIPATION RATE

90%

ENGAGING WITH OUR WORKFORCE

The Board and Group Executive review and approve all key policies and practices which could impact on our workforce and drive their behaviours. We actively engage with our employees through activities and initiatives which allows us to identify where our employees think we do well, and where we can do better so we can work together to ensure Weir becomes an even better place to work. You can read more about these initiatives on pages 77.

OUR PURPOSE, CULTURE AND STRATEGY

OUR PURPOSE

We are here to enable the sustainable and efficient delivery of the natural resources essential to create a better future for the world.

OUR CULTURE

READ MORE: **PAGES 10-11**

OUR STRATEGY

READ MORE: **PAGES 2-80**

KEY BOARD AREAS OF FOCUS

- Safety, Health and Environment
- Sustainability and Climate Change
- Corporate Strategy Portfolio and Business Portfolio
- People Strategy
- Reassessing risk in light of Covid-19
- Performance
- Corporate Governance
- Succession Planning

KEY BOARD ACTIONS

- Chair Succession Planning
- Capital Allocation; Bond Programme and reinstatement of dividend
- Cyber Incident response
- Hybrid AGM
- Sustainability Committee and Climate Targets
- Acquisition of Motion Metrics

READ MORE: **PAGES 94-96**

GOVERNANCE FRAMEWORK

BOARD OF DIRECTORS

The Board has a number of Committees to assist in discharging its responsibilities. The principal Committees are the Nomination, Audit and Remuneration Committees. The work of the Committees is essential to the effective operation of the Board. The Committees consider matters in greater depth and detail on behalf of the Board. The Committee Terms of Reference are reviewed annually to ensure their continuing appropriateness. The Board may also set up separate Committees to consider specific issues when the need arises.

BOARD COMMITTEES

The composition of the various Committees along with their accompanying Terms of Reference, the matters reserved to the Board for approval and delegated authority matrices combine to create a clear governance framework and authority matrix across the Group for timely and effective decision-making. This structure provides the Board with confidence that important decisions are being taken at the appropriate levels, and information flows both up and down the reporting lines.

NOMINATION COMMITTEE
YOU CAN READ MORE IN THE NOMINATION COMMITTEE REPORT ON PAGES 104-109

AUDIT COMMITTEE
YOU CAN READ MORE IN THE AUDIT COMMITTEE REPORT ON PAGES 110-120

REMUNERATION COMMITTEE
YOU CAN READ MORE IN THE REMUNERATION COMMITTEE REPORT ON PAGES 121-145

DISCLOSURE COMMITTEE
THE TERMS OF REFERENCE CAN BE FOUND ON OUR WEBSITE AT WWW.GLOBAL.WEIR/INVESTORS/CORPORATE-GOVERNANCE/BOARD-COMMITTEES

GENERAL ADMINISTRATION COMMITTEE
THE TERMS OF REFERENCE CAN BE FOUND ON OUR WEBSITE AT WWW.GLOBAL.WEIR/INVESTORS/CORPORATE-GOVERNANCE/BOARD-COMMITTEES

CHIEF EXECUTIVE OFFICER

GROUP EXECUTIVE

The Group Executive is responsible for ensuring that each of the Group's businesses and functions are managed effectively and that the key performance indicators of the Group, as approved by the Board, are achieved. Biographical details of the members of the Group Executive can be found on page 90. The Group Executive is chaired by the Chief Executive Officer. The Board delegates the execution of the Company's strategy and the day-to-day management of the business to the Group Executive. During 2021, the Group Executive had 12 scheduled meetings and two further unscheduled meetings, in relation to the cyber incident and the acquisition of Motion Metrics.

MANAGEMENT COMMITTEES

In addition to the Board Committees, there are several management Committees, known as Excellence Committees. The Excellence Committees have clearly defined remits and work across the Group to promote best practice and information sharing. The Executive Directors and members of the Group Executive can delegate their responsibilities to these Committees and utilise the areas of expertise contained within them. The Excellence Committees report to the Group Executive and to the Board as required.

Weir Technology Excellence Committee

Risk Committee

Finance Excellence Committee

CEO Safety Committee

SHE Excellence Committee

Group IS&T Information Systems Excellence Committee

People & Culture Committee

Inclusion and Diversity Steering Committee

Treasury and Finance Risk Committee

Sustainability Excellence Committee

HR Excellence Committee

HOW THE BOARD ARE EMBEDDING SUSTAINABILITY

Sustainability is at the heart of Weir's strategy and our purpose is to enable the sustainable and efficient delivery of the natural resources essential to create a better future for the world. The Board contributes to and then approves the development of the Sustainability Strategy and monitors the performance of this against the agreed climate change goals and objectives. During 2021, sustainability and climate change were key topics on the Board agenda and the Board's activities, discussions and debate focused on the overview of the Sustainability Roadmap, the effective operation of the Sustainability Excellence Committee and its Terms of

Reference and the measures being taken across the Group to reduce our carbon footprint and create sustainable solutions. The Board is supplied with information from the Sustainability Excellence Committee and gains insights from the Committee's specialist expertise, which assists in effective decision-making. The Board members also have the appropriate skills to ensure that sustainability and climate change are embedded within Weir's purpose and strategy. You can read more about the Board's skills on page 105. The CEO is the Board Executive Sponsor for the Sustainability Excellence Committee and has strategic oversight to ensure the effective delivery of our sustainability and climate change strategies.

BOARD OF DIRECTORS

BARBARA JEREMIAH

Chair-Designate and Senior Independent Director

N



Nationality: American

Independent: Yes

Date of appointment: 1 August 2017
Senior Independent Director since 1 January 2020

Tenure: 4 years, 7 months

Ethnicity: White American

Age: 70

Gender: Female

Key strengths and experience

Barbara contributes considerable experience to the Board having spent over 30 years in a number of senior leadership roles within Alcoa Inc., the global aluminium producer and as the Chairwoman of Boart Longyear Limited. She was previously a Non-Executive Director and RemCo Chair of Premier Oil plc and Aggreko plc and a Non-Executive Director of Russel Metals Inc.

Barbara's leadership and governance experience allows her to effectively contribute to the Board by providing support to the Chairman in his duties where necessary.

Barbara has a BA in Political Science and is a qualified lawyer.

Key external appointments

- Non-Executive Director and Member of the Audit, Nominations and Remuneration Committees of Senior plc

JON STANTON

Chief Executive Officer



Nationality: British

Independent: No

Date of appointment: Chief Executive Officer since 1 October 2016, Finance Director from April 2010 – October 2016

Tenure: 11 years, 10 months

Ethnicity: White British

Age: 55

Gender: Male

Key strengths and experience

Jon became CEO in 2016 and contributes a wealth of experience to the Board. Since becoming CEO, he has led the Weir portfolio transformation and oversees the delivery of the 'We are Weir' strategic framework to create long-term sustainable performance improvement.

He provides leadership to deliver the strategy and ensure it aligns with our purpose and values and in particular our zero-harm commitments. Jon is committed to regular engagement with stakeholders and to ensuring stakeholder views and concerns are heard, understood and considered.

Jon joined the Board as Finance Director in 2010. Prior to this he was a partner with Ernst & Young, where he led global board-level relationships with a number of FTSE 100 multi-national companies.

He is a Chartered Accountant and a member of the Institute of Chartered Accountants in England and Wales.

Key external appointments

- Non-Executive Director and Audit Committee Chair of Imperial Brands PLC

JOHN HEASLEY

Chief Financial Officer



Nationality: British

Independent: No

Date of appointment: Chief Financial Officer since 3 October 2016

Tenure: 5 years, 5 months

Ethnicity: White British

Age: 47

Gender: Male

Key strengths and experience

John contributes financial expertise and significant management, commercial and operational experience to execute the Group strategy, while ensuring a robust and effective financial control environment which is compliant with regulations. Previously John worked in financial practice, before holding executive positions in the Renewable Energy Division and corporate office of Scottish Power plc. Since joining Weir in 2008, John has served as Group Financial Controller and Divisional President of the former Flow Control Division, before being appointed to the Board in 2016.

John is also our Group Executive Sponsor for Inclusion & Diversity, chairing the Group Inclusion and Diversity Steering Committee and our Global Weir Women's Network. John is a Chartered Accountant and a member of the Institute of Chartered Accountants of Scotland.

Key external appointments

- Non-Executive Director and Honorary Treasurer of Royal Scottish National Orchestra Society Limited

CLARE CHAPMAN

Non-Executive Director

R A



Nationality: British

Independent: Yes

Date of appointment: 1 August 2017

Tenure: 4 years, 7 months

Ethnicity: White British

Age: 61

Gender: Female

Key strengths and experience

Clare brings a wide range of people, governance and large scale business transformation skills to the Board which allow her to contribute effectively in her role as Remuneration Committee Chair. She has vast experience of HR Management gained during her time as Group People Director of BT Group plc and Tesco PLC and as Director General of Workforce for the NHS and Social Care. Clare was also previously a Non-Executive Director and Remuneration Committee Chair of Kingfisher plc, TUI Travel PLC and G4S PLC. Clare was Group HR Director of Tesco PLC from 1999-2006, HR Vice President of Pepsi Cola's European operations from 1994-1999 and has experience of working outside the UK with over ten years based in the USA and mainland Europe. Clare's considerable experience and expertise allows her to contribute and challenge as well as to engage with stakeholders to ensure that there is an appropriate and transparent Remuneration Policy which is aligned with the Weir culture and strategy.

Key external appointments

- Non-Executive Director, Chair of the Remuneration Committee and a member of the Risk and Nomination Committee of M&G plc
- Chair of the Advisory, Conciliation and Arbitration Service (Acas) Council
- Steering Group Member and Co-Chair of Purposeful Company

ROLE STATUS KEY

In the role currently
Outgoing

COMMITTEE MEMBERSHIP KEY

Committee Chair
A Audit Committee member
N Nomination Committee member
R Remuneration Committee member
S Secretary to the Board and Committees

EBBIE HAAN

Non-Executive Director

A R



Nationality: Dutch

Independent: Yes

Date of appointment:
18 February 2019

Tenure: 3 years

Ethnicity: White

Age: 65

Gender: Male

Key strengths and experience

Ebbie contributes considerable engineering expertise to the Board. He spent 26 years working on global projects for Royal Dutch Shell including holding senior leadership positions in the Middle East, Africa, Europe, Asia and the US, where he gained extensive international management experience. He was previously Managing Director of Sasol Petroleum International before being appointed as Chief Growth Officer for Maersk Oil, in 2015. Since 2018, Ebbie has run his own advisory firm and was a Non-Executive Director of Orca Exploration Group from 2019-2020.

Ebbie's valuable knowledge assists the Board to ensure that the Group operates in an efficient way to maximise long-term growth for its stakeholders. His experience of SHE best practice and commitment to safety are also extremely valuable to the Company.

Ebbie has both an undergraduate degree and a Masters in Geology from Utrecht University in the Netherlands.

Key external appointments

- External Energy Adviser for AP Møller Capital
- Chair at Lumika Renewables
- Visiting lecturer at Wits Business School in Johannesburg

MARY JO JACOBI

Employee Engagement
Non-Executive Director

N R



Nationality: American/British

Independent: Yes

Date of appointment: Non-Executive Director since 1 January 2014, Employee Engagement Non-Executive Director since 26 April 2018

Tenure: 8 years 2 months

Ethnicity: White Hispanic

Age: 70

Gender: Female

Key strengths and experience

Mary Jo is an expert adviser on international affairs and reputation management and contributes a unique skill set to the Board. She was formerly a senior executive of BP America, Royal Dutch Shell, Lehman Brothers, HSBC Holdings and Drexel Burnham Lambert and a Non-Executive Director of Tate & Lyle PLC and Mulvaney Capital Management. Mary Jo was Special Assistant to President Ronald Reagan, Assistant US Commerce Secretary for President George H W Bush, a British Civil Service Commissioner, a Member of the UK Advisory Committee on Business Appointments and on the Board of Directors of the Foundation to Restore Accountability. Her vast experience, trusted adviser credentials and excellent communication skills allow her to effectively perform her duties as Employee Engagement Non-Executive Director. Mary Jo ensures engagement with employees and that their voice is heard in the Boardroom.

Key external appointments

- Advisory Board of Rothermere American Institute at Oxford University
- International Advisory Board, IE University
- Member of Strathclyde University Court

BEN MAGARA

Non-Executive Director

R



Nationality: Zimbabwean

Independent: Yes

Date of appointment:
19 January 2021

Tenure: 1 year 1 month

Ethnicity: Black African

Age: 54

Gender: Male

Key strengths and experience

Ben is a seasoned mining industry leader. He contributes extensive experience of leading global mining businesses, which is of critical importance to the Board as the Group transforms into a focused, premium mining technology business. Since 2019, Ben has run his own mining advisory firm.

Prior to joining the Weir Board, Ben served from 2013-2019 as CEO of Lonmin Plc, the then third largest global platinum mining company. He was a senior mining executive at Anglo American plc, having served as Executive Vice President of Engineering & Projects for Anglo Platinum from 2009-2013 and CEO of Anglo Coal SA from 2006-2009. Ben started his career as a graduate with Anglo American plc after completing his mining engineering degree at the University of Zimbabwe.

Key external appointments

- Non-Executive Director of Exxaro Resources Limited
- Non-Executive Director of Grindrod Limited

SIR JIM MCDONALD

Non-Executive Director

A N



Nationality: British

Independent: Yes

Date of appointment:
1 January 2015

Tenure: 7 years 2 months

Ethnicity: White British

Age: 64

Gender: Male

Key strengths and experience

Sir Jim is a highly regarded expert in engineering and technology and therefore contributes specialist technical knowledge to the Board. He is currently the Principal and Vice Chancellor of the University of Strathclyde and has held the Rolls-Royce Chair in Electrical Power Systems since 1993. He holds a number of Non-Executive Director roles and co-chairs the Scottish Energy Advisory Board with the First Minister. Sir Jim draws on his extensive experience to assist the Board to approve the development of the Group's technology agenda and to provide oversight and guidance on the sustainable engineering solutions that promote the success of the Company and build on its legacy of engineering excellence.

He is Chairman of the Scottish Engineering and Energy Research Pools and is FREng, FRSE, FIET, FInstP, FEI.

Key external appointments

- Non-Executive Director of Scottish Power Limited
- Senior Adviser to the UK Offshore Renewable Energy Catapult Board
- Non-Executive Director of National Physical Laboratory
- President of the Royal Academy of Engineering
- Member to the Prime Minister's Council for Science and Technology

BOARD OF DIRECTORS

CONTINUED

STEPHEN YOUNG

Non-Executive Director

A¹ R

Nationality: British

Independent: Yes

Date of appointment:
1 January 2018

Tenure: 4 years 2 months

Ethnicity: White British

Age: 66

Gender: Male

Key strengths and experience

Stephen is a skilled and experienced financial professional. He was previously Chief Executive of Meggitt PLC from 2013-2017, having previously served as Group Finance Director from 2004. Prior to joining Meggitt PLC, Stephen was Group Finance Director of Thistle Hotels plc and the Automobile Association.

Stephen's financial background and his leadership experience allow him to contribute effectively both as a Board member and as Chair of the Audit Committee. His oversight of the Group's Audit function helps the Board to ensure the ongoing integrity of the financial information, internal controls and risk management frameworks.

He is a Fellow of the Royal Aeronautical Society, a Fellow of the Chartered Institute of Management Accountants and a council member of The University of Southampton.

Key external appointments

Senior Independent Director, Audit Committee Chair and member of the Nomination Committee and Sustainable Development Committee of Mondi plc.

SRINIVASAN VENKATAKRISHNAN

Non-Executive Director

A



Nationality: British/Indian

Independent: Yes

Date of appointment:
19 January 2021

Tenure: 1 year 1 month

Ethnicity: Asian Indian

Age: 56

Gender: Male

Key strengths and experience

Venkat brings a wealth of mining experience to the Board gained through his vast experience of leading global mining businesses.

He served as CEO of Vedanta Resources plc from 2018-2020 and was CEO of AngloGold Ashanti Limited between 2013-2018, having previously been Chief Financial Officer of the business from 2005, and of Ashanti Goldfields Limited from 2000. His earlier career was as a Chartered Accountant and restructuring specialist with Deloitte & Touche in the UK and India.

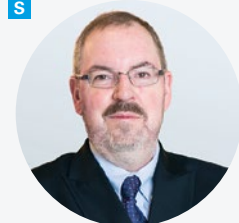
Key external appointments

- Non-Executive Director of BlackRock World Mining Trust plc
- Non-Executive Director of Roscan Gold Corporation

GRAHAM VANHEGAN

Chief Legal Officer and Company Secretary

S



Nationality: American British

Date of appointment:
1 May 2018

Tenure: 3 years, 10 months

Ethnicity: White

Age: 57

Gender: Male

Key strengths and experience

Graham joined Weir as Chief Legal Officer and Company Secretary in 2018. He brings extensive international legal experience and is a trusted adviser to the Board on all Corporate Governance matters. During his 24-year career with international exploration and production company ConocoPhillips, he held a number of senior positions for the company in Asia and North America.

A graduate of the University of Glasgow, Graham is a solicitor qualified to practice in both Scotland and England and is an attorney-at-law before the State Bar of New York, USA.

RETIRING CHAIRMAN

CHARLES BERRY

Chairman

N¹

Nationality: British

Independent: Yes

Date of appointment: Chairman
since 1 January 2014 and
Non-Executive Director since
1 March 2013

Tenure: 9 years

Ethnicity: White British

Age: 69

Gender: Male

Key strengths and experience

Charles brings broad governance and leadership experience to the Board gained in senior management positions held within a variety of sectors. Prior to joining Weir, Charles was an Executive Director of Scottish Power plc and Chief Executive of its UK operations. He is a former Non-Executive Director and Chairman of Centrica plc, Eaga plc, Drax Group plc, Senior plc and Thus Group plc, a former Non-Executive Director of Impax Environmental Markets plc and Securities Trust of Scotland plc. Charles was also a member of the steering group of the Hampton-Alexander Review.

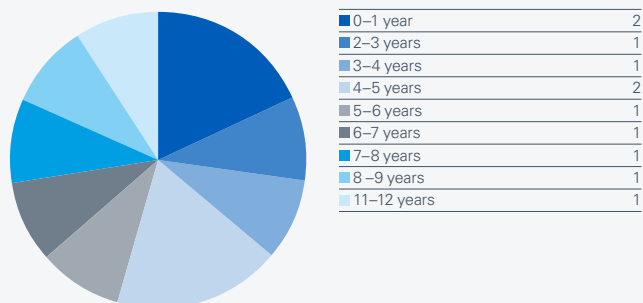
His extensive leadership and management experience is critical to lead the Board and ensure it remains effective, to monitor and uphold the values and purpose of the Company and to ensure that a robust and effective framework of Corporate Governance exists to protect stakeholder value.

Key external appointments

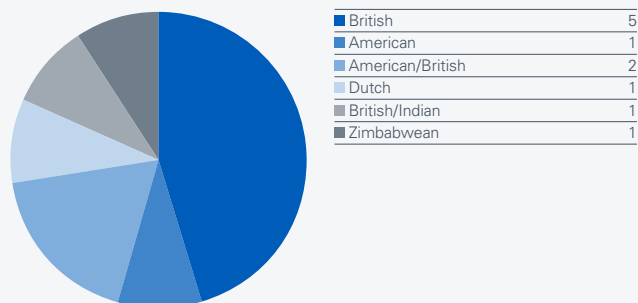
- Honorary Air Commodore No.602 (City of Glasgow) Squadron, Royal Auxiliary Air Force

BOARD AS AT 31 DECEMBER 2021

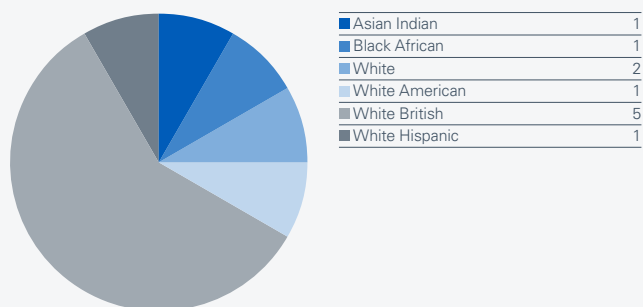
BOARD TENURE



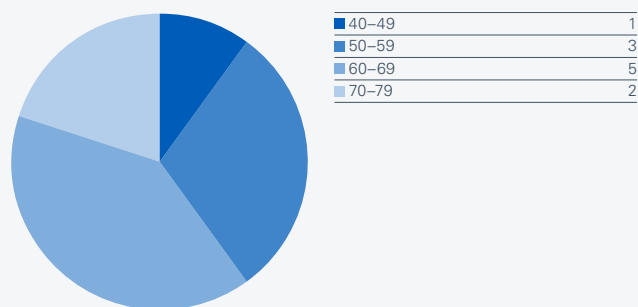
NATIONALITY



ETHNICITY

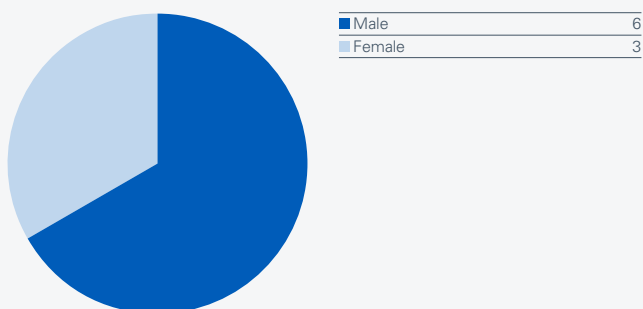


AGE

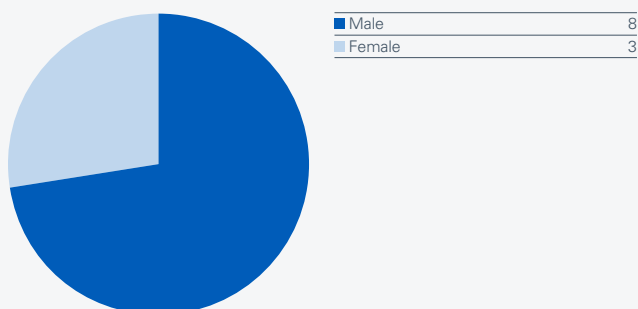


GENDER DIVERSITY

Non-Executive Directors



All Board



GROUP EXECUTIVE

Jon Stanton, John Heasley and Graham Vanhegan are also members of the Group Executive. Their biographical information can be found on the previous pages.

PAULA COUSINS

Chief Strategy and Sustainability Officer



Nationality: British

Date of appointment:

1 January 2020

Tenure: 2 years 2 months

Ethnicity: White British

Age: 48

Gender: Female

Experience:

Paula joined the Group Executive as Weir Group's first Chief Strategy & Sustainability Officer in January 2020, having joined Weir in 2015 as Head of Strategy. Prior to Weir, she held a number of strategy, commercial, and engineering leadership roles with Petroineos, BP, McKinsey & Company, ExxonMobil and Unilever.

Paula has a BEng Hons in Chemical and Process Engineering and an MPhil in Chemical Engineering Research, both from the University of Strathclyde. She is currently a Visiting Professor in the Department of Mechanical and Aerospace Engineering at the University of Strathclyde.

ROSEMARY MCGINNESS

Chief People Officer



Nationality: British

Date of appointment:

31 July 2017

Tenure: 4 years 7 months

Ethnicity: White British

Age: 58

Gender: Female

Experience:

Rosemary joined Weir as Chief People Officer in 2017. Prior to this she was Group HR Director of William Grant & Sons, the international premium spirits group, for 12 years. Having started her career in line management with Forte Hotels, Rosemary has held a range of positions covering all aspects of Human Resources across the globe, including being based in New York in her role as Senior Vice President of HR for document management company Bowne Business Solutions.

Rosemary holds an MSc. in Organisational Change and is a Fellow of the Chartered Institute of Personnel and Development. She is a Trustee of Children 1st and an Advisory Board Member of the University of Strathclyde Business School.

GARRY FINGLAND

Chief Information Officer



Nationality: British

Date of appointment:

1 January 2020

Tenure: 2 years 2 months

Ethnicity: White British

Age: 57

Gender: Male

Experience:

Garry joined Weir in April 2019 as Chief Information Officer (CIO). He has more than 25 years' experience with leadership roles in complex global technology organisations. Before Weir he was CIO for healthcare provider Bupa, serving on its executive committee. He has also held senior roles with Serco and Diageo. A graduate of the University of Glasgow, he also holds an MBA from the University of Strathclyde. Garry joined Weir's Group Executive in January 2020, retaining his title as CIO.

ANDREW NEILSON

President of Weir ESCO Division



Nationality: British

Date of appointment:

1 April 2020

Tenure: 1 year 11 months

Ethnicity: White British

Age: 46

Gender: Male

Experience:

Andrew joined Weir in 2010 as Head of Strategy, then taking over responsibility for investor relations and corporate communications. He joined the Group Executive in 2014 as Director of Strategy and Corporate Affairs and served as Company Secretary in 2016. In 2017, Andrew moved to the US to lead the Finance function of the Minerals Division, before taking on the role of Chief Integration Officer and led the integration of ESCO into Weir. Andrew then led the Europe, North Africa and Russia region for Minerals, before returning to the United States in July 2020 as President of the ESCO Division. Prior to Weir, Andrew held a variety of roles within banking, energy and professional services companies, including HSBC, Lloyds Banking Group, Scottish Power and KPMG. Andrew holds a Masters degree in Manufacturing Sciences and Engineering from the University of Strathclyde and is a Chartered Accountant.

RICARDO GARIB

President of Weir Minerals



Nationality: Chilean

Date of appointment:

1 January 2016

Tenure: 6 years 2 months

Ethnicity: Hispanic/Latino

Age: 67

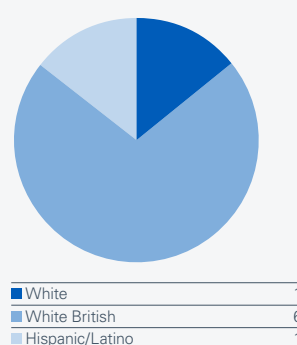
Gender: Male

Experience:

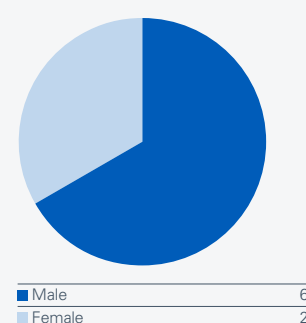
Ricardo joined the Group Executive in January 2016 and is the President of Weir Minerals Division. Ricardo joined Vulco-Baker Hughes in 1980 and became the Managing Director of Weir Chile following the purchase of the Baker Hughes Minerals Division-LATAM in 1994 by the Weir Group. In 2001, he was promoted to Regional Managing Director of Weir Minerals Latin America. Ricardo was a founder and Vice President of the Mining Suppliers Association and for two periods an elected council member of the Board of the Chilean Federation of Industry.

He holds an MBA and is a Civil Mechanical Engineer from the Catholic University in Chile.

ETHNICITY



GENDER DIVERSITY



BOARD STATEMENTS

OUR PURPOSE AND CULTURE

The Company has fully complied with all the principles of the UK Corporate Governance Code 2018, for the year ended 31 December 2021, and from that date to the date of approval of this Annual Report.

READ MORE IN OUR CORPORATE GOVERNANCE REPORT
PAGES 82-85

VIABILITY STATEMENT

In accordance with provision 31 of the UK Corporate Governance Code 2018, the Directors have assessed the viability of the Group over a three-year period, taking into account the Group's current position and the potential impact of the principal risks documented on pages 74-80 of the Annual Report. Based on this assessment, the Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to 31 December 2024.

READ MORE IN OUR RISK MANAGEMENT SECTION PAGES 70-80
AND IN OUR VIABILITY STATEMENT ON PAGE 103

GOING CONCERN BASIS

The Directors have a reasonable expectation that the Group has adequate resources to continue to operate for a period of at least 12 months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

In forming this view, the Directors have reviewed the Group's budgets, plans and cash flow forecasts, including downside risk scenarios and the impact of the Oil & Gas disposal.

In addition, the Directors have considered the potential impact of credit risk and liquidity risk detailed in note 29 to the Group financial statements on pages 216-222.

Each of these items has been considered in relation to the Group's banking facilities, including those refinanced during the year, as described in note 19 on pages 198-199.

READ MORE IN OUR DIRECTORS' REPORT PAGES 146-148

ROBUST ASSESSMENT OF THE PRINCIPAL RISKS FACING THE GROUP AND ANNUAL REVIEW OF SYSTEMS OF RISK MANAGEMENT AND INTERNAL CONTROL

During the year, the Board has reviewed the effectiveness of the systems of risk management and internal control and conducted a robust assessment of the principal risks affecting the Group in line with the Risk Appetite Statement. These activities meet the Board's responsibilities in connection with Risk Management and Internal Control set out in the UK Corporate Governance Code 2018.

RISK MANAGEMENT SECTION PAGES 70-80

FAIR, BALANCED AND UNDERSTANDABLE

The Directors consider that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Group's performance, business model and strategy.

READ MORE IN OUR STATEMENT OF DIRECTORS' RESPONSIBILITIES
PAGE 149

MODERN SLAVERY STATEMENT

As a Company, we understand our role in eradicating modern slavery. Following an extensive review of our existing policies and practices in light of the Modern Slavery Act, the Company prepares an annual Modern Slavery Statement and has developed a training programme.

A COPY OF THIS STATEMENT CAN BE FOUND ON OUR WEBSITE:
WWW.GLOBAL.WEIR/SITE-INFORMATION/MODERN-SLAVERY-STATEMENT.PDF

DIVISION OF RESPONSIBILITIES

ROLES AND RESPONSIBILITIES

The Board of Directors has a collective duty to promote the long-term success of the Company for its stakeholders. The Board sets the strategic aims of the Group and provides entrepreneurial and effective leadership. The Board provides oversight and guidance to Senior Management to ensure that the necessary resources are in place to achieve the agreed strategy. In determining the long-term strategy and objectives of the Group, the Board is mindful of its responsibilities not just to Shareholders but to all the Company's stakeholders. The Board reviews management and financial performance and monitors the delivery of strategy and the achievement of business objectives. At all times, the Board operates within a robust framework of internal controls and risk management. The Board has oversight over climate-related matters and develops and promotes the collective vision of the Group's purpose, culture, values and behaviours.

BOARD COMPOSITION

During 2021, the Board comprised of two Executive Directors, and up to nine Non-Executive Directors including the Chairman. More than half of the Board are Non-Executive Directors who are considered to be independent in character and judgement. The roles and responsibilities of the Chairman, Chief Executive Officer and Senior Independent Director are set out in writing and available on the Company's website [global.weir/investors/corporate-governance/matters-reserved-to-the-board/](https://www.global.weir/investors/corporate-governance/matters-reserved-to-the-board/). Biographical information on the Board of Directors, including their relevant experience, continuing contributions to the Company, expertise and significant appointments, can be found on pages 86 to 88. The key responsibilities of the Board and the Company Secretary are set out below.

CHAIRMAN

- Leading the Board in an ethical manner and promoting effective Board relationships
- Building a well-balanced Board, considering succession planning and the Board's composition
- Ensuring the effectiveness of the Board and individual Directors
- Overseeing the Board evaluation and acting on its results
- Ensuring appropriate induction and development programmes
- Setting the Board agenda and chairing the Board meetings
- Ensuring effective communication with Shareholders and other stakeholders

CHAIR-DESIGNATE & SENIOR INDEPENDENT DIRECTOR

- Supporting the Chairman in his duties where necessary
- Leading the annual review of the performance of the Chairman
- Being available to Directors and Shareholders with concerns that cannot be addressed through the normal channels

CHIEF EXECUTIVE OFFICER

- Planning the Group objectives and strategy for Board approval
- Ensuring the effective delivery of corporate strategy
- Board sponsor for the Sustainability Excellence Committee
- Providing leadership to the Group and communicating the Company's culture, values and behaviours
- Leading engagement with key stakeholder groups including investors
- Leading the Group Executive and ensuring strong succession and development plans are in place
- Day-to-day management of the Company

CHIEF FINANCIAL OFFICER

- Ensuring an effective financial control environment which is compliant with regulations
- Ensuring effective management of Group capital structure and financing needs
- Provision of timely and accurate financial reporting
- Assisting in formulating the Group objectives and strategy
- Day-to-day management of the Company

NON-EXECUTIVE DIRECTORS

- Contributing independent challenge and rigour
- Assisting in the development of the Company's strategy
- Ensuring the integrity of financial information, controls and risk management processes
- Monitoring the performance of the Executive Directors against agreed goals and objectives
- Advising Senior Management
- Supporting succession planning for the Board and Senior Management

COMPANY SECRETARY

- Advising the Board on governance, legislation and regulatory requirements
- Ensuring the presentation of high quality information to the Board and its Committees, in a timely manner
- Ensuring best practice in Board procedures
- Facilitating induction and development programmes
- Supporting the Chairman and other Board members as necessary, including the management of the Board and Committees and their evaluation
- Ensuring the provision of effective legal advice for the Group and compliance with laws

BOARD MEETINGS

BOARD MEETINGS

The Board meets regularly in order to effectively discharge its duties. Due to the ongoing impact of Covid-19, Board meetings were held virtually by Microsoft Teams and hybrid where possible. During 2021, there were eight scheduled meetings. The table below details the attendance at Board meetings of each Director during their term of office for the period to 31 December 2021. One unscheduled Board meeting was called at short notice in relation to the cyber incident. On occasion, meetings called at short notice can result in some Directors being unable to attend due to prior commitments. Directors who are unable to attend still have the opportunity to review the relevant Board papers, receive an individual briefing from the Company Secretary and provide their feedback accordingly.

In addition to formal Board meetings, the Board maintains an open dialogue throughout the year. Due to the restrictions imposed by Covid-19, the Non-Executive Directors met with the Chairman virtually during the year, without Executive Directors present.

The Board's annual calendar is discussed at least 12 months prior to its commencement to allow the Directors to plan their time accordingly. The 2022 annual calendar was discussed at the Board meeting in 2020 and circulated as soon as it was finalised.

The 2023 timetable was reviewed during 2021. This process ensures that the Chairman can be comfortable that each Director is able to devote the time and resources required to act as a Director during that period. The system for establishing the agenda items means that both the Chairman and the Board have the confidence that all required items are included at the most appropriate time of the year and there is sufficient time allocated for discussion by the Board, allowing the Directors to discharge their duties effectively.

During the year, the Chairman, supported by the Chief Executive Officer and Company Secretary, maintained a rolling 12-month agenda for Board and Committee meetings. At each meeting, the Board received reports from the Chief Executive Officer and other members of the Group Executive. This included updates on safety, strategy, sustainability, technology, risk, legal and financial matters.

In order to effectively discharge their duties, the Non-Executive Directors received presentations by members of the Group's Senior Management team and other external advisers, as required.

BOARD MEETING ATTENDANCE 2021

	20 Jan 2021	22 Feb 2021	29 April 2021	22/23 Jun 2021	22 Jul 2021	2 Sep 2021	1 Oct 2021	26 Oct 2021	14 Dec 2021	Total
Charles Berry (Chairman)	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%
Jon Stanton	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%
John Heasley	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%
Clare Chapman	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%
Ebbie Haan	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%
Mary Jo Jacobi	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%
Barbara Jeremiah	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%
Sir Jim McDonald	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%
Stephen Young	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%
Ben Magara	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%
Srinivasan Venkatakrishnan	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%
Location	Virtual	Virtual	Hybrid	Hybrid	Hybrid	Hybrid	Virtual	Hybrid	Hybrid	
Scheduled/Unscheduled	Scheduled	Scheduled	Scheduled	Scheduled	Scheduled	Scheduled	Unscheduled	Scheduled	Scheduled	

BOARD ACTIVITIES

The undernoted timeline summarises the Board's activities during the course of the year ended 31 December 2021. Although this is by no means exhaustive, it provides an example of Boardroom activities, discussions and debates. The Board Agenda is split between standing items, which are discussed at the start of every meeting and those activities highlighted below. The Board is supplied in a timely manner with the appropriate information to enable Directors to discharge their duties. In addition, the Board normally meets once or more a year at one of the Group's operational sites. This allows the Board the opportunity to meet employees across the global operations. This continued to be impacted during 2021 by Covid-19, however, the Board held a virtual 'Meet the Board' session during the year and different Board members visited our sites in St Louis, Alrode and Todmorden to engage with employees and gain insights.

BOARD MEETING STANDING ITEMS

- Committee Chairs updates
- CEO and CFO business reports
- Safety
- Conflicts of Interest
- S.172 duties
- Shareholder and Market analysis
- Balanced Scorecard Report
- Corporate Services Report

WHAT WE DID IN 2021

FINANCIAL



- Dividend Consideration
- Quarterly Forecasts
- 2020 Results Feedback
- Half Year and Full Year Results
- Bond Issuance Programme
- Divisional Reviews
- Balanced Scorecards

GOVERNANCE

- Chair Succession
- Sustainability Excellence Committee
- Annual Report and Accounts
- Hybrid AGM
- Conflicts of Interest
- Board Diversity Policy Update
- Board Performance Review
- Annual Matters Reserved to the Board Review
- Parker Review Update
- FTSE Women Leaders Review Update
- Virtual Meet the Board Session



PEOPLE

- Gender Pay Report
- Employee Insights
- Talent Development and Succession Planning
- Inclusion, Diversity & Equity Strategy



RISK



- Annual Risk Review and Risk Dashboard
- Cyber Incident

STRATEGY

- Divisional Strategies
- People
- Sustainability – Emissions Strategy and Climate Strategy
- Digitalisation
- Technology
- Corporate Finance
- Corporate Development
- Acquisition of Motion Metrics
- Sale of Oil & Gas Division



SUSTAINABILITY



- Sustainability Roadmap
- Sustainability Excellence Committee
- Reducing our Footprint
- Creating Sustainable Solutions

OUR BOARD STRATEGY REVIEW PROCESS

Our 150th Anniversary in 2021, gave us the opportunity to take pride in our heritage, celebrate our purpose and reflect on what we have achieved in the last 150 years. We are also looking forward to what we can achieve in the future for our customers, the planet and all of our stakeholders. Our business model has changed, as have our strategic priorities and areas of focus. Technology and digitalisation are transforming the mining industry requiring new operating models, knowledge and capabilities throughout Weir. In 2021, the Board strategy review process covered a range of topics in detail, including Divisional strategies, corporate finance, people strategies, emissions and climate transition strategies and innovation and technology strategies. The Board strategy review process allowed the Board to reflect on our progress to date and to review the strategic plans for the future. Each Division presented their strategic plans to the Board, addressing strategic initiatives and Divisional priorities. The discussions were interactive with participation by Board colleagues throughout each of the sessions. Some of the key strategic measures are highlighted below.



EMBEDDING SUSTAINABILITY

To date we have developed and executed a robust sustainability strategy that will help our customers and our own operations reduce energy, water and waste. The Board assessed the climate scenarios presented at the Board strategy sessions and the risks and opportunities to both Divisions of the transition to a low-carbon economy were reviewed. The Board agreed to continue to embed climate transition into strategic planning to meet market and regulatory expectations, thus enabling a climate ready Weir.

Key strategic highlights

- Maximise long-term growth opportunities from metals such as copper that enable low-carbon transition
- Show leadership in our industries' pathway to Net Zero

INNOVATION & TECHNOLOGY

Digital Transformation means Weir will become a future-ready organisation that delivers smart and sustainable solutions that delight our customers in a digital world.

Key strategic highlights

- Market-leading AI and IoT solutions to enable our customers achieve greater operational performance from their assets
- Fully-digitised manufacturing and supply chain systems to drive internal efficiencies and reduce customer lead-times
- A future-ready workforce, fully capable of leveraging the opportunities provided through digitalisation across our business

INCLUSION & DIVERSITY

Our people strategy is aligned with the business strategy and is focused on the outcomes that drive business performance. We strive to create a high-performance culture and to create an environment where people can do the best work of their lives.

Key strategic highlights

- Building a truly inclusive, diverse business
- Deliver on zero harm for our people and the environment
- Accelerate purpose driven culture and lead in inclusion, equity and diversity
- Create talent and capabilities for the future

PROGRESS & PERFORMANCE

We strive to deliver excellence for all of our stakeholders, through strong leadership, a purpose driven culture and rigorous standards of governance. Safety remains our number one priority and we have made good progress in becoming a zero-harm workplace and meaningfully enhanced our culture, underpinned by the 'We are Weir' framework. Our absolute goal remains zero harm.

Key strategic highlights

- Solve our customers' biggest smart, efficient, sustainable challenges
- Drive clean, lean and agile operations and supply chain
- Further transformed our portfolio to become a pureplay, premium mining technology provider.



MEET THE BOARD SESSIONS

MEET THE BOARD CASE STUDY

A core part of our wider employee voice strategy involves developing Board and employee engagement activities, led by Mary Jo Jacobi, our Non-Executive Director responsible for employee engagement. We continue to strengthen the links between Weir's employees and the Board. This involves creating opportunities for Weir Board members to hear the employee voice, to further interpret the key messages from our diverse employee population and to take them into account to inform the strategies and policies that will continue Weir's progress.

One example of this is our regular 'Meet the Board' sessions which enable discussion to take place between small groups of employees and the Board. During these sessions the Board and participants will discuss together the topics closest to participants' hearts such as what we do at Weir, how we do it and their experience of working with Weir.

For example, in July 2021, we held Weir's third virtual 'Meet the Board' session, (and our fifth 'Meet the Board' session in total) with colleagues in India. A diverse range of 12 employees attended from EnSci and Weir Minerals and joined five Board members.

Before the session, the diverse range of participants were asked to share the topic they would most like to discuss with the Board and as such on the day, discussion focused on three key areas: 'health & wellbeing', 'technology-fuelled sustainability' and 'employee growth & empowerment'.

A rich and meaningful discussion took place on each of these employee-suggested topics following which key insights were shared with the rest of the Board and relevant leaders to help inform decision-making and action where appropriate.

We look forward to continuing and developing our Board and employee engagement activities during 2022.

SHAREHOLDER ENGAGEMENT

SHAREHOLDER ENGAGEMENT

The Board recognises that the ongoing success of the Group depends on developing, establishing and maintaining strong relationships with all our Shareholders. The Company's investor relations programme includes formal presentations of full year and interim results and meetings with individual investors. As a result of the continuing impact of Covid-19, the investor relations activity including roadshows and conferences moved to a virtual format.

SHAREHOLDER EVENTS IN 2021

The Company has directly engaged with investors (182 meetings in 2021), either face-to-face or via telephone or by video-conferencing. The Company also engages with its Shareholders through its attendance (virtually and physically) at investor conferences held by the financial community and roadshows and investor relations events held by the Company, of which there were 21 during the year, held virtually, in the UK, the US, Canada, Chile, Denmark, France, Germany, Italy, Japan, Spain, Sweden and Switzerland. The primary means of communicating with the Company's Shareholders are the Annual and Interim Reports. Both are available on the Company's website. The website also contains information on the business of the Company, Corporate Governance, Group press releases, Company news, key dates in the financial calendar, investor factsheets and other important Shareholder information.

ANNUAL GENERAL MEETING

The Board is committed to the constructive use of the AGM as a forum to meet with Shareholders and to hear their views and answer their questions about the Group and its business. In 2021, we provided our Shareholders a valuable opportunity to communicate with us despite the pandemic and our ability to meet with Shareholders at the AGM. In 2020, we held a closed AGM, however in 2021 we took the decision to hold a Hybrid AGM to ensure that our Shareholders were able to vote and submit questions electronically and join the AGM online. As part of the engagement process we also had a dedicated email address that our Shareholders could submit questions prior to the AGM and all questions and answers were also published on our website.

The Board, including the Senior Independent Director and Chairs of the Board Committees, will be available at the AGM to answer questions relevant to the work of the Board and the Committees. During 2021, the Chairman, Chief Executive Officer, Chief Financial Officer and Chair of the Remuneration Committee have had contact with analysts and institutional Shareholders to keep them informed of significant developments and report to the Board accordingly on the views of these stakeholders. These meetings covered both existing Shareholders and potential holders, providing the Group with detailed feedback on how investors perceive it across a broad number of key areas including strategy, financial performance and structure, valuation, climate-related topics, Corporate Governance and ESG, management, investor relations and communications. The results of this feedback have been incorporated back into the Group's strategy, planning and investor communications.

ANNUAL GENERAL MEETING VOTING RESULTS

The Annual General Meeting of The Weir Group PLC was held on Thursday 29 April 2021 at 2.30 pm. All resolutions were passed on a poll. Resolutions 18 to 21 were passed as special resolutions. You can find the voting results on our website at www.global.weir/assets/files/investors/AGM/2021/weir-group-2021-agm-results.pdf.

SHAREHOLDER EVENT CALENDAR 2021

JANUARY/ FEBRUARY 2021

- Closed Period 1 January 2021 – 1 March 2021

MARCH/APRIL 2021

- Investor roadshow London & Edinburgh
- Equity sales force meetings x2
- Virtual North American roadshow
- Virtual conference UBS
- Virtual conference Bank of America Merrill Lynch Full Year results
- Q1 IMS
- Hybrid Annual General Meeting
- Virtual panel discussion JP Morgan

MAY/JUNE 2021

- Investor meetings post Q1 IMS
- US\$800m Sustainability-Linked Notes issued
- Virtual European roadshow

JULY/AUGUST 2021

- Closed Period 28 June – 29 July 2022
- Interim Results
- Virtual London and Edinburgh roadshows
- Investor meetings post Interim results

SEPTEMBER/ OCTOBER 2021

- Equity sales force meetings x2
- Virtual Morgan Stanley conference
- Virtual Japanese roadshow
- Virtual RBC conference
- Q3 IMS and cyber update

NOVEMBER/ DECEMBER 2021

- Motion Metrics acquisition announced
- Virtual Jefferies conference
- Virtual JP Morgan conference
- Equity sales force meeting

BOARDROOM PRACTICE

BOARD APPOINTMENTS

New appointments to the Board are subject to a formal, rigorous and transparent appointment procedure. Directors are recommended and considered on merit against objective criteria and with due regard for the benefits of diversity on the Board and their existing time commitments to ensure they can effectively discharge their duties.

APPOINTMENT OF CHAIR-DESIGNATE BARBARA JEREMIAH

Charles Berry will retire as Chairman following the 2022 Annual General Meeting, having completed his full nine-year term with the Board. Following a comprehensive search and selection process, the Board was unanimous in viewing Barbara Jeremiah as the best choice for Chair-Designate. Barbara has extensive and highly relevant international Executive and Non-Executive experience alongside a deep passion for Weir and its people. Barbara is currently appointed as Chair-Designate and will succeed Charles as Chair at the conclusion of the Company's AGM, becoming the first female Chair in the Group's 150-year history. At the close of the AGM in April 2022, the Board's female diversity percentage will increase to 30%.

You can read more about the search and selection process in detail, in the Nomination Committee Report, on page 106.

BOARD INDUCTIONS AND TRAINING

When a new Director is appointed to the Board, they receive a tailored induction programme which is designed to reflect the Non-Executive Director's background, experience, knowledge and their appointment to the relevant Board Committee. The induction covers the Company's history, culture, purpose, strategy, structure, operations, policies and other relevant documentation. The induction process also covers the Corporate Governance Framework, the Board and Committee process, Board and Committee calendars and training on the Code of Conduct and Directors' Duties. As part of their induction, new Directors also meet with Senior Management of the Company, receive a formal briefing on legal and governance matters from the Company Secretary or his Deputy, and undertake visits to the Company's operations. The Chairman regularly reviews and agrees with each Director their training and development needs. Additional induction and training is also available to new Committee members as required. Training is also built into the Board meetings, with relevant topics being covered as appropriate. Following on from the induction period, the Board receives additional training and development opportunities at regular intervals throughout the year. These include deep dives (which concentrate in-depth on specific topics), site visits, Board dinners and breakfast meetings, training and information sessions, briefing materials on the Board portal and meetings with Senior Management on key topics affecting the Company. In addition to their duties enshrined in the Companies Act 2006, Directors are informed of important changes to laws and regulations affecting the Group's businesses and their duties as Directors. The Board is supplied with information in a timely manner to enable it to discharge its duties. The Chairman ensures that Non-Executive Directors are properly briefed on any issues arising at Board meetings and that Non-Executive Directors have the ability to communicate with the Chairman at any time.

DIRECTORS AND THEIR OTHER INTERESTS

The Board recognises that it is important for Directors to have a diverse range of experience and the benefit that external appointments in other companies can provide for both the individual Director and to the Board as a whole. In light of this, Directors may be permitted to take up external appointments and directorships in other companies upon having requested and received prior written approval from the Board. Under the Companies Act 2006, a Director of a company must avoid a situation in which he or she has, or can have, a direct or indirect interest that conflicts with, or may possibly conflict with

the interests of the Company. The Company has a formal procedure in place to manage the disclosure, consideration and, if appropriate, the authorisation of any such possible conflict. Each Director is aware of the requirement to notify the Board, via the Company Secretary, as soon as they become aware of any possible future conflict or a material change to an existing authorisation. Upon receipt of any such notification, the Board, in accordance with the Company's Articles of Association, will consider the situation before deciding whether to approve the perceived conflict. Overall, the Board is satisfied that there are appropriate procedures in place to deal with conflicts of interest and that they operate effectively. None of the Non-Executive Directors have any material business or other relationship with the Company or its management. Sir Jim McDonald is the Principal and Vice Chancellor of the University of Strathclyde, however, he has no direct involvement on a day-to-day basis in relation to the Weir Advanced Research Centre (WARC) which is operated by the Company in conjunction with the University of Strathclyde. Nevertheless, he will offer to recuse himself from any discussions in relation to the relationship between the Group and the University of Strathclyde, whether in relation to WARC or otherwise.

RE-ELECTION TO THE BOARD

In accordance with the Company's Articles of Association and good practice, all Directors on the Board at 31 December 2021 (with the exception of Charles Berry), will seek re-election at the Company's AGM in April 2022, in compliance with the UK Corporate Governance Code 2018. The Executive Directors have contracts of service with one year's notice, whilst Non-Executive Directors' appointments can be terminated with six-months' notice. The letters of appointment of the Chairman and the Non-Executive Directors are available for inspection at the Company's registered office and set out the required commitment the Director must have to the Company. Further details can also be found in the Directors' Remuneration Report on pages 121-145. Details of the Directors' service contracts, emoluments, the interests of the Directors in the share capital of the Company and options to subscribe for shares in the Company are disclosed in the Directors' Remuneration Report on pages 121-145.

TIME COMMITMENT

When considering new external appointments for existing Directors, the Board takes into account a range of considerations, including the Directors' current commitments, the time requirement involved, the role and responsibilities of the external position and the potential impact on the Company. The Board also considers the benefits that the external appointment may bring, such as greater commercial experience, gaining expanded Board level experience and a broader perspective from being in a new environment. If the external appointment is considered to be beneficial to the Company's stakeholders by allowing the Director to gain experience and new skills which will ultimately promote the success of the Company, it may be approved by the Board. During 2021, the following key external appointments were considered and approved:

- Clare Chapman was appointed as Non-Executive Director, Remuneration Committee Chair and member of the Risk and Nomination Committees, of M&G plc.
- Barbara Jeremiah was appointed as Non-Executive Director and member of the Audit, Nominations and Remuneration Committees of Senior plc.
- Venkat Venkatakrishnan was appointed as a Non-Executive Director of Roscan Gold Corporation and as a Non-Executive Director and member of the Audit and Management Engagement Committee of BlackRock World Mining Trust plc.

BOARD EFFECTIVENESS

BOARD PERFORMANCE

The review of the Board's Performance helps the Board continuously improve its own performance and in turn the performance of the Company. The Board is committed to performing to a high standard, and it considers that it has the right combination of skills, experience, independence and knowledge to be effective in meeting the needs of the Group.

BOARD PERFORMANCE TENDER PROCESS

To facilitate our external Board Performance Review, the Nomination Committee undertook a tender process, as detailed below, in line with the Corporate Governance Code and the ICSA Voluntary Good Practice Principles. The Nomination Committee recommended to the Board the appointment of Independent Board Evaluation (IBE), for a three-year Board Performance Programme. The role of IBE is to identify any issues that the Board should consider and the role of the Board is to take appropriate action to address any issues. The Company does not have any other connection with IBE and does not intend to have a relationship with them for longer than six years. IBE has reviewed the content of the Board Performance section on pages 100 and 101.

STAGE 1

- Review list of all FTSE 100 Board Performance service providers
- Interviews held virtually with selected short list of service providers

STAGE 2

- Proposals shared with Chairman, CEO and Company Secretary
- Scoring matrix populated and feedback provided from SID and Chair of Audit Committee

STAGE 3

- Appointment by Nomination Committee and Board updated
- Appointment of service provider

BOARD PERFORMANCE AND REVIEW PROCESS

The Board Performance Review operates on a three-year cycle and the process is detailed below.

Year 1 – 2021

- External Board Performance Review (facilitated by IBE)
- Circulate findings and review recommendations from previous year
- Board/Committee meeting observation and interviews with all Board and Group Executive members, senior management and advisers
- Analysis and discussion at Board meeting with IBE present
- Individual meetings between the Chair Designate and each Director post evaluation

Year 2 – 2022

- Internal Board Performance Review (assistance from IBE)
- Circulate findings and review recommendations from previous year
- Board/Committee meeting observation and interviews with all Board members
- Analysis and discussion at Board meeting
- Individual meetings between the Chair and each Director post evaluation

Year 3 – 2023

- Internal Board Performance Review (assistance from IBE)
- Circulate findings and review recommendations from previous year
- Board/Committee meeting observations and the use of questionnaires/interviews with all Board members
- Analysis and discussion at Board meeting
- Individual meetings between the Chair and each Director post evaluation

THE 2021 PROCESS

STAGE 1

The Performance Review of the Weir Board was conducted according to the guidance in the UK Corporate Governance Code 2018 and was facilitated by Lisa Thomas at Independent Board Evaluation (IBE). A comprehensive brief was given to IBE by the Chairman, in August 2021.

STAGE 2

In September and October 2021, detailed interviews were conducted with every Board member. All participants were interviewed by Lisa Thomas according to a set agenda, tailored for the Weir Board.

In addition, the Group Executive also interviewed members of the senior management team, as well as the Remuneration Committee advisers and external Auditors. Lisa Thomas observed the main Board and Committee meetings in September 2021, and support materials for briefing purposes were provided by the Company.

STAGE 3

Conclusions were discussed with the Chairman and Chair-Designate and subsequently reports were produced and discussed with the whole Board at its December meeting, with Lisa Thomas in attendance.

STAGE 4

Following the Board meeting, Lisa Thomas provided feedback to Committee Chairs on the performance of each Committee and discussed the Board's reflections on the Chairman's role and thoughts for the Chair-Designate directly with the Chair-Designate, in preparation for her assuming the role in at the end of April and in her capacity of SID. Both the Chairman and Chair-Designate received a report with feedback on individual Directors' performance as an input to the regular annual performance review process.

FINDINGS FROM 2021 REVIEW

Overall, Board feedback was extremely positive. Board discussions, which are open and challenging, are with sufficient grit to avoid group think. The view is that it is a well-run Board, with experienced Non-Executive Directors and Chairman, and transparent and experienced Executive Directors. Committee Chairs are seasoned, and steering those to play their part in support of main Board responsibilities.

Positive characteristics are composition, the Board's diversity of thought, and a good fit amongst colleagues, making for a positive culture. Board members are aligned with a clear sense of purpose and values. The Board remained collegiate through Covid-19, and has a clear sense of remit to support management to seek growth and transformation following the positioning as a mining pureplay. The Board will continue to ensure best in class oversight of strategy, sustainability, innovation and technology. Board members are keen to spend more time in person, and most would agree that succession and people will be a major focus of board work for 2022, deepening the rigour of the processes, bringing the Divisions together more in person and creating opportunities for more reach between the Board and senior management to unlock value both ways.

The feedback confirmed that the Board and its Committees operate effectively and that each Director contributes to the overall effectiveness and success of the Group, and that good progress had been made with regard to stakeholder engagement and Board oversight of sustainability, as highlighted in the review carried out in 2020 by The Effective Board LLP.

RECOMMENDATIONS FROM 2021 REVIEW

Following the review, the principal findings are set out below. The Board will approve an action plan during the course of 2022 and report on progress in next year's Annual Report and Accounts.

- Consider expanding the remit of the Nomination Committee by planning for deeper dives on talent management, diversity and succession planning at senior management level.
- Support the Executive's in reaching out formally and informally to Board members in person now that Covid-19 is subsiding, to maximise full value from Board members' expertise.
- Consider if it would be beneficial to add Governance to the remit of the Nomination Committee and consider whether a fourth Board Committee on Sustainability & Safety could be useful in future or whether the Sustainability Excellence Committee is sufficient.
- Review the Board and Committee Agenda Planner with regard to the number of meetings annually and to allocate topics for discussion between virtual Board and Committee meetings versus in person meetings, and the overall allocation of time to topics.
- Make more regular use of Non-Executive Director only sessions during the normal course of the year.

ACCOUNTABILITY

THE AUDIT COMMITTEE AND AUDITORS

Details on the roles and responsibilities of the Audit Committee and its members can be found in the Audit Committee Report on pages 110 to 120. Information on the Company's external auditors is contained within the Audit Committee Report.

INTERNAL CONTROL AND RISK MANAGEMENT

In accordance with the UK Corporate Governance Code 2018 and the accompanying Guidance on Risk Management and Internal Controls, the Group has an ongoing process for identifying, evaluating and managing the significant risks through an internal control framework. This process has been in place throughout 2021. More information on how the Group seeks to manage risk can be found on pages 70-80.

The Board in seeking to achieve the Group's business objectives, cannot offer an absolute guarantee that the application of a risk management process will overcome, eliminate or mitigate all significant risks. However, by further developing and operating an annual and ongoing risk management process to identify, report and manage significant risks, the Board seeks to provide a reasonable assurance against material misstatement or loss.

The Audit Committee conducted a review of the effectiveness of the Group's systems of internal control and risk management during 2021, as detailed on page 112.

FUNCTIONAL AND FRONT LINE CONTROLS

This includes a wide spectrum of controls as seen in most organisations, including, for example: standard operating procedures and policies; a comprehensive financial planning and reporting system, including quarterly forecasting; regular performance appraisals and training for employees; restricted access to financial systems and data; delegated authority matrices for review and approval of key transactions; protective clothing and equipment to protect our people from harm; IT and data security controls; business continuity planning; and assessment procedures for potential new recruits.

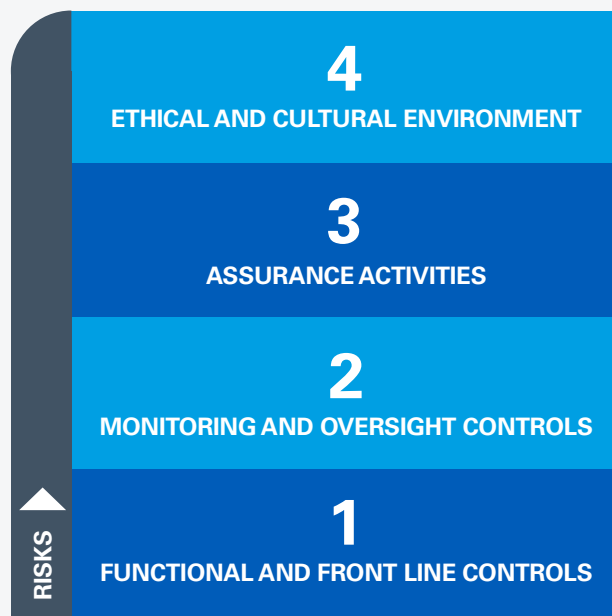
MONITORING AND OVERSIGHT CONTROLS

There is a clearly defined organisational structure within which roles and responsibilities are articulated. There are monitoring controls at operating company, regional, Divisional and Group level, including standard key performance indicators, with action plans to address underperforming areas.

A compliance scorecard self-assessment is completed and reported by all operating companies twice per annum. The scorecard assesses compliance with Group policies and procedures. In 2021, the H2 assessment did not take place due to the cyber incident. Instead, the operating companies provided attestation of key control areas.

Financial monitoring includes comparing actual results with the forecast and prior year position on a monthly and year to date basis. Significant variances are highlighted to Directors on a timely basis, allowing appropriate action to be taken.

OUR INTERNAL CONTROL FRAMEWORK HAS FOUR KEY LAYERS:



ASSURANCE ACTIVITIES

We obtain a wide range of assurance to provide comfort to management and the Board that our controls are providing adequate protection from risk and are operating as we would expect.

As shown in the Board and Committee structure set out on page 73, various internal and external sources of assurance report to the Board and to management. These sources of assurance were reviewed by the Board during the year, and principally comprise external audit, internal audit, SHE audits and IT audits.

The various audit teams plan their activities on a risk basis, ensuring resources are directed at the areas of greatest need. Issues and recommendations to enhance controls are reported to management to ensure timely action can be taken, with oversight provided from the relevant governance committees, including the Audit Committee and the Excellence Committees.

ETHICAL AND CULTURAL ENVIRONMENT

We are committed to doing business at all times in an ethical and transparent manner. This is supported by the Weir values which are the core behaviours we expect our people to live by in their working lives. The Weir Code of Conduct also contributes to our culture, providing a high benchmark by which we expect our business to be conducted.

Any examples of unethical behaviour are dealt with robustly and promptly.

The Ethics section on page 80 within the Risk Review provides more details on the Group's activities to promote ethical behaviour.

The Group's internal control procedures described on page 112 of the Audit Committee Report do not cover joint venture interests.

We have Board representation on each of our joint venture companies, where separate, albeit similar, internal control frameworks have been adopted.

VIABILITY STATEMENT

In accordance with provision 31 of the UK Corporate Governance Code 2018, the Directors have assessed the viability of the Group, taking into account the Group's current position and the potential impact of the principal risks documented on pages 74 to 80 of the Annual Report.

ASSESSMENT PERIOD

The Directors have determined that a three-year period to 31 December 2024 is an appropriate period over which to provide its viability statement. The Group's key markets are by nature cyclical and therefore, while the Group operates a five-year strategic planning process, market cyclicalities and the related lack of visibility over commodity prices in particular indicate that a period of three years is appropriate. We believe that this approach presents the Board and readers of the Annual Report with a reasonable degree of confidence over this longer-term outlook.

RISK ASSESSMENT

The Board considered the longer-term prospects of the Group as a mining technology company and carried out a robust assessment of the principal risks facing the Group, including those that could threaten its business model, future performance, solvency or liquidity.

While the review has considered all the principal risks identified by the Group, the following risks were focused on for enhanced stress testing:

- market volatility, modelled by applying downturn scenarios and major customer shocks;
- technology, digital transformation, competition and value chain excellence, modelled by significant loss of market share, pricing pressure in key markets and major site shutdown scenarios;
- value chain excellence and information security and cyber risks, modelled by major site shutdown scenarios and significant disruption to operations as a result of a cyber incident;
- a regulatory shock scenario in response to the ethics and governance or safety, health and environmental risks;
- climate change, modelled by major site shutdown scenarios and potential impact on mining revenues as a result of changes in markets driven by climate action; and
- political and social risks, modelled by a major economic shock and the impact of supply chain and commodity inflation.

The Group has shown resilience to the evolving impact of the Covid-19 pandemic as shown by continuing order growth against this challenging backdrop. However, due to the ongoing impact and resulting uncertainty around current and any future variants the Group has continued to identify Covid-19 as a principal risk. The financial impact of further disruption to operations and potential site lockdowns has been incorporated in the viability modelling. Refer to pages 74 to 80 for the Group's principal risks, specifying those risks considered during this review.

In response to the increasing focus on climate change, this has been identified as a principal risk. The impact of coal and iron transition from the Well Below 2C scenario outlined in the Task Force for Climate-related Financial Disclosures (TCFD) (pages 62-67) has been incorporated in the viability modelling. The model incorporates a temporary downturn in mining revenues which is anticipated would be offset with increased demand for other commodities critical to support the electrification necessary to deliver the Well Below 2C scenario.

PROCESS AND KEY ASSUMPTIONS

The Strategic plan, prepared bottom-up annually and approved by the Board, is used as the basis for the viability modelling and is supplemented with due consideration of current trading. The key assumptions underpinning the Strategic plan include continued strong

demand for minerals such as copper, iron and gold driven by global population growth, industrialisation, and electrification. This translates into supportive commodity prices, long-term economic growth and increasing demand for our new, more sustainable solutions technology.

The output of this plan is used to perform debt and headroom profile analysis, which includes a review of sensitivity to 'business as usual' risks, such as profit growth, working capital variances and return on capital investment. The base case has been stress tested to reflect:

- i. a severe but plausible downside scenario; and
- ii. a highly unlikely more severe scenario.

The resulting scenarios were modelled to include a series of individual one-off 'shocks' which represent the principal risks identified above, in combination with commodity price based market downturn scenarios. The assessment took into consideration the potential impact on the Group's profits and cash flows and resulting impact on banking covenants.

The analysis indicated that the Group would be able to comply with its current banking covenants, which are shown in note 30 within the financial statements, and maintain sufficient liquidity headroom within its existing lending facilities under both scenarios. The outcome of the modelling is supported by the following factors:

- The geographic spread of the Group's operations helps minimise the risk of serious business interruption or catastrophic damage to our reputation;
- While the Group remains exposed to some cyclicalities from the markets in which it operates, it continues to have a strong balance sheet that helps support significant liquidity;
- While climate change actions may give rise to changes in certain of the Group's markets, our aftermarket-focused and technology differentiated business model, together with a commodity mix biased to commodities critical to supporting decarbonisation, gives the Group good protection against downside risk and the ability to benefit from opportunities in other markets;
- The Group's ability to flex its cost base and preserve cash, as demonstrated in 2020 with the swift actions taken in response to Covid-19, and seen in earlier downturn years; and
- The Group's ability to secure funding, demonstrated via the issuance of five-year US\$800m Sustainability-Linked Notes in 2021, which provided the Group with improved levels of liquidity over an extended maturity profile.

These factors are considered critical in protecting the Group's viability in the face of adverse economic conditions and/or the additional risks highlighted.

REVIEW PROCESS

The Audit Committee, on behalf of the Board, have reviewed the underlying processes and key assumptions underpinning the Viability Statement. While this review does not consider all of the risks that the Group may face, the Board consider that this stress testing based assessment of the Group's prospects is reasonable in the circumstances of the inherent uncertainty involved.

CONFIRMATION OF VIABILITY

Based on this assessment, the Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to 31 December 2024.

NOMINATION COMMITTEE REPORT



CHARLES BERRY
Chair of
Nomination
Committee



THE BOARD CONTINUED TO EVOLVE THROUGH 2021 AS PLANNED AND IS COMMITTED TO HARNESSING THE STRENGTHS THAT FLOW FROM ALL ASPECTS OF DIVERSITY.



CHARLES BERRY
Chair of Nomination Committee

NOMINATION COMMITTEE DURING 2021

ROLE OF THE COMMITTEE

The Nomination Committee has responsibility for considering the size, structure and composition of the Board, for reviewing Director and Senior Management succession plans, overseeing the development of a diverse pipeline for succession, retirements and appointments of Directors and for making appropriate recommendations of candidates to the Board so as to maintain an appropriate balance of skills, experience and diversity on the Board. The full responsibilities of the Committee are set out in its Terms of Reference which are available on our website at www.global.weir/investors/corporate-governance/board-committees/.

MEMBERS



BARBARA JEREMIAH
Chair-Designate and
Senior Independent
Director
Member since:
25 June 2019



MARY JO JACOBI
Employee Engagement
Non-Executive Director
Member since:
1 August 2017



SIR JIM McDONALD
Non-Executive Director
Member since:
26 April 2018

MAIN ACTIVITIES OF THE NOMINATION COMMITTEE DURING 2021

- Ensured Board and Senior Management succession planning aligned with our strategy and culture.
- Reviewed and updated Board Diversity Policy.
- Reviewed Committee Terms of Reference.
- Completed a tender process and appointed Independent Board Evaluation (IBE) to facilitate external Board Performance Review.
- Continued focus on Hampton-Alexander and Parker Reviews.
- Reviewed Board Committee membership and appointment of Ben Magara as a member of the Remuneration Committee and Venkat Venkatakrishnan and Clare Chapman as members of the Audit Committee.
- Undertook Board skills assessment and gap analysis.

DEAR SHAREHOLDER,

I am pleased to introduce our Nomination Committee Report for 2021, which explains the Committee's focus and activities during the year. The Committee focuses on succession planning and Inclusion and Diversity to ensure that the size, composition and structure of the Board is appropriate for the delivery of the Group's strategy and purpose, whilst also meeting all relevant provisions of the UK Corporate Governance Code 2018.

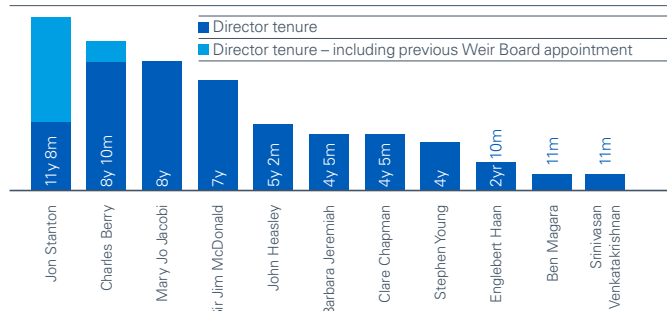
This year the Nomination Committee's activities had particular focus on succession planning, with the search for and appointment of Non-Executive Chair. I am pleased that an effective search process resulted in the appointment of Barbara Jeremiah and I am delighted that Barbara will be succeeding me. She is an excellent choice for Chair, and personally, having served on the Hampton-Alexander Review, it is also great to handing the baton on to the first woman to Chair Weir in the Group's 150-year history. We were also pleased to welcome our two Non-Executive Directors Ben Magara and Venkat Venkatakrishnan, who were appointed in early 2021.

Following a tender process, we appointed Independent Board Evaluation (IBE) to carry out our external Board Effectiveness Review, you can read more about this on pages 100 and 101.

Throughout 2022, the Nomination Committee will continue to focus on talent development, succession planning together with advancing inclusion, diversity and equality in accordance with our policies and also the work of the Hampton-Alexander and Parker Reviews.

CHARLES BERRY
Chair of Nomination Committee

BOARD TENURE as at 31 December 2021



BOARD SKILLS AND ATTRIBUTES

The Board skills and attributes matrix, as detailed below, is reviewed by the Nomination Committee annually, taking into account the future requirements of the Board.

Director	Independence	Engineering/ Technology/ Digital	Mining	Governance	Environment & Sustainability	Banking & Finance	International	Leadership
Barbara Jeremiah	✓		✓	✓	✓		✓	✓
Jon Stanton			✓	✓	✓	✓	✓	✓
John Heasley			✓		✓	✓	✓	✓
Clare Chapman	✓			✓			✓	✓
Ebbie Haan	✓	✓		✓	✓		✓	✓
Mary Jo Jacobi	✓			✓	✓		✓	✓
Ben Magara	✓	✓	✓		✓		✓	✓
Sir Jim McDonald	✓	✓		✓	✓		✓	✓
Srinivasan Venkatakrishnan	✓		✓		✓	✓	✓	✓
Stephen Young	✓			✓	✓	✓	✓	✓
Charles Berry ¹	✓	✓		✓	✓		✓	✓

¹ Charles Berry will retire after the AGM on 28 April 2022.

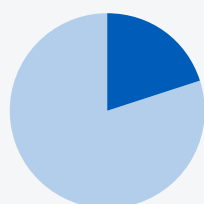
NOMINATION COMMITTEE MEETING ATTENDANCE

Members	19 Jan 2021	29 Apr 2021	7 June 2021	23 June 2021	8 Jul 2021	22 Jul 2021	16 Aug 2021	13 Dec 2021	Total
Charles Berry	✓	✓	N/A	N/A	N/A	N/A	N/A	✓	100%
Mary Jo Jacobi	✓	✓	✓	✓	✓	✓	✓	✓	100%
Barbara Jeremiah	✓	✓	N/A	N/A	N/A	N/A	N/A	✓	100%
Sir Jim McDonald	✓	✓	✓	✓	✓	✓	✓	✓	100%
Scheduled/ Unscheduled	Scheduled	Unscheduled	Unscheduled	Unscheduled	Unscheduled	Unscheduled	Unscheduled	Scheduled	

N/A These unscheduled meetings were in relation to Chair Succession. Stephen Young, Chair of Audit Committee and Clare Chapman, Chair of Remuneration Committee were also in attendance. Charles Berry and Barbara Jeremiah, did not attend any of these meetings.

BOARD INDEPENDENCE

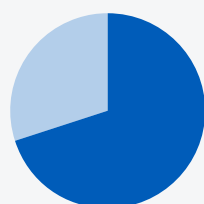
as at close of AGM 2022



Executive	2
Non-Executive	8

BOARD GENDER BALANCE

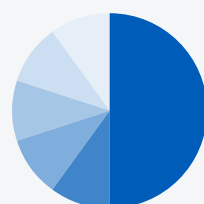
as at close of AGM 2022



Male	7
Female	3

BOARD NATIONALITY

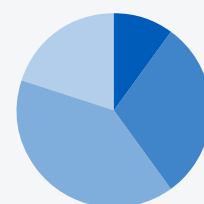
as at close of AGM 2022



British	5
Dutch	1
American	1
American/British	1
Zimbabwean	1
British/Indian	1

BOARD AGE

as at close of AGM 2022



40–49	1
50–59	3
60–69	4
70–79	2

NOMINATION COMMITTEE REPORT

CONTINUED

APPOINTMENT OF NON-EXECUTIVE CHAIR

CHAIR SUCCESSION PROCESS

The Nomination Committee led a formal and rigorous search process for the appointment of Chair-Designate in line with our Board Diversity Policy. The Board engaged Russell Reynolds Associates as external consultant to initiate the search process. Russell Reynolds assists with the recruitment process for senior management but does not have any other connection with the Company. Russell Reynolds incorporated diversity from the initial stages of the search process and as a result the 'long lists' and 'short lists' were diverse in race, gender, ethnicity, nationality, skills and experience.

In accordance with the Corporate Governance Code 2018, neither myself as current Chairman, nor Barbara Jeremiah as a candidate were present or in attendance at any of the Nomination Committee Meetings dealing with the appointment of my successor.

The details of the selection process are noted below.

- The selection process was led by Mary Jo Jacobi, Employee Engagement Non-Executive Director, and supported by Sir Jim McDonald, Clare Chapman and Stephen Young.
- Stakeholder Briefing Calls were held at the start of the selection process to allow Russell Reynolds to create a candidate profile for discussion.
- This allowed Russell Reynolds to produce a Position Specification that defined the key experience, skills and personal attributes we required to fulfil the role of Chair, which was then discussed and agreed at the Nomination Committee meeting.
- Russell Reynolds then produced a 'long list' of diverse candidates.
- During the selection process the Nomination Committee reviewed the 'long list' of potential candidates and this was duly discussed and narrowed in order to create an initial 'short list' of diverse candidates.
- The Nomination Committee benchmarked the skills, attributes and experience of the 'short list' of internal and external candidates.
- Interviews were then held with the potential internal and external candidates.
- The Nomination Committee discussed the feedback on the candidates and a preferred candidate was identified.
- The Executive Directors and the other Non-Executive Directors held courtesy interviews with the preferred candidate.
- The Nomination Committee unanimously agreed that Barbara Jeremiah was the preferred candidate and recommended the appointment to the Board for approval.
- The Board considered that Barbara's prior period of service at Weir as Non-Executive Director and Senior Independent Director, her experience, skills, attributes and time commitment made her the right candidate to fulfil the role. The Board unanimously agreed that Barbara Jeremiah was ideally placed to lead the Weir Group Board and was appointed Chair-Designate and then appointment of Chair of the Board, post Annual General Meeting on 28 April 2022.



BARBARA JEREMIAH
Chair-Designate



IT IS A PRIVILEGE TO BE APPOINTED CHAIR-DESIGNATE OF WEIR AS WE CELEBRATE OUR 150TH ANNIVERSARY. I AM HONoured TO SUCCEED CHARLES WHO IN ALL RESPECTS HAS BEEN AN EXEMPLARY LEADER OF OUR BOARD. I LOOK FORWARD WITH GREAT ENTHUSIASM TO CONTINUE WORKING WITH JON STANTON, THE WEIR TEAM AND THE BOARD TO CHART OUR PATH FORWARD AS A GLOBAL LEADER IN MINING TECHNOLOGY, CREATING VALUE FOR ALL OF OUR STAKEHOLDERS.



BARBARA JEREMIAH
Chair-Designate

BOARD COMPOSITION AND SKILLS

The Nomination Committee recommends appointments to the Board based on the existing balance of skills, knowledge and experience on the Board, on the merits and capabilities of the candidate and on the time they are able to devote to the role in order to promote the success of the Company. The Committee has reviewed the composition of the Board and Board Committees and considers that they consist of individuals with the right balance of skills, diversity, time commitments, experience and knowledge to provide strong and effective leadership of the Group. During the year, the Board consisted of up to nine Non-Executive Directors and two Executive Directors, who together bring a diverse and complementary range of backgrounds, personal attributes and experience.

SUCCESSION PLANNING AND TENURE

The Nomination Committee continues to give full consideration to succession planning for the Board and Senior Management, with a proactive approach taking into account the challenges and opportunities facing the Company, and what skills and expertise are required for the Board to operate effectively. The Committee annually reviews the length of tenure of the Board and the mix of skills, strengths and experience of the Directors.

BOARD APPOINTMENTS

The Weir Board Diversity Policy sets out the approach taken to ensure appointments to the Board and succession planning are based on merit. The Committee evaluates candidates against objective criteria to assess their suitability. This includes, but is not restricted to, their skills, education, experience, background and independence. Due regard is given to diversity and the benefits that this brings to the Board. The time commitment required for the role is also considered to ensure the candidate is able to fulfil all of their obligations. The Board acknowledges that the processes of appointment have a strong influence on the outcomes. Any recruitment consultants used in the appointment of Non-Executive and Executive Directors will be asked to create a diverse talent pool of applications. No brief provided to the consultants should restrict the parameters of their search or the list of potential candidates they are able to produce with regards to diversity.

INCLUSION & DIVERSITY

The Committee itself is gender balanced with two female and two male members and is committed to ensuring that at least a third of the Board, Group Executive and their direct reports are female. Our objective of driving the benefits of a diverse Board, Senior Management team and wider workforce is underpinned by our Board Diversity Policy, our Inclusion, Diversity & Equality Policy and the work of our Inclusion and Diversity Steering Committee (see page 49).

These policies can be viewed on our website at www.global.weir/sustainability/policies/.

The Board keeps these policies under review to ensure that they remain an effective driver of diversity in its broadest sense, fully taking account of gender, ethnicity, social background, skillset and breadth of experience.

HAMPTON-ALEXANDER AND PARKER REVIEWS

The Board continued to evolve through 2021 as planned and in line with the Hampton-Alexander and Parker Reviews. Whilst the Hampton-Alexander Review target of 33% women members was achieved at 31 December 2020, the addition of Ben Magara and Venkat Venkatakrishnan on 19 January 2021 temporarily reduced the percentage (but not number) of women. Ben and Venkat bring extensive mining experience to Weir having both been CEOs of major international mining companies. They are also the very first colleagues of African and Indian heritage to join the Board. Through 2021, the Board therefore comprised 11 members and this will reduce to 10 after the AGM on 28 April 2022 when I retire and pass the Chair to Barbara Jeremiah. Barbara will be the first woman to Chair the Board of The Weir Group since its formation in 1871.

Going forward, with Barbara as Chair, the Board will continue to meet the Hampton-Alexander recommendation that a woman holds at least one of the roles of Chair, CEO, SID and CFO.

Board composition as assessed by the Hampton-Alexander and Parker Reviews will then be as noted in the table below.

Further information regarding our approach, initiatives and training on Inclusion and Diversity can be found on page 49.

The Board is committed to harnessing the strengths that flow from all aspects of diversity and currently, with ten members and assessed against the targets of the two external Reviews, this composition will be broadly in line with target gender diversity, meet best practice on roles held by women and exceed targets on ethnic diversity.

INDEPENDENCE AND RE-ELECTION OF DIRECTORS

In December 2021, the Board conducted its annual review of individual Director conflict authorisations as recorded in the Conflicts of Interest Register. The Conflicts of Interest Register is maintained by the Company Secretary and sets out any actual or potential conflict of interest situations which a Director has disclosed to the Board in line with their statutory duties. This is in addition to consideration of Conflicts as a standing item on every Board and Committee Agenda. The Committee reviewed and considered the independence of each Non-Executive Director in line with the UK Corporate Governance Code 2018 and Guidance on Board Effectiveness. The Nomination Committee considers that all of the Non-Executive Directors are independent. The Committee considered and recommended an extension to the current tenure of Sir Jim McDonald and Stephen Young, for a further three-year period which was approved by Shareholders at the AGM in 2021. In January 2022, the Nomination Committee also considered and recommended the extension of Ebbie Haan for a further three-year period, subject to approval by Shareholders at the 2022 AGM. The Nomination Committee discussed the annual re-election of Directors and how the Directors have contributed to the long-term success of the Company and why each Director should be re-elected. The skills and attributes matrix as well as the relevant outcomes of the annual individual Director evaluations aided the discussion.

COMMITTEE EFFECTIVENESS

The Committee's performance was reviewed during the year as part of the 2021 external Board Performance Review facilitated by Independent Board Evaluation (IBE). Their report was presented to the Board in December 2021. I am pleased to confirm it concluded that the areas of responsibility of the Nomination Committee continued to be performed well. You will find more information on the Board Performance Review cycle, process and findings on pages 100 to 101.

Review	Projected at 28 April 2022	As at 31 December 2021	As at 31 December 2020
Hampton-Alexander			
Board – % female	30% (3 out of 10)	27% (3 out of 11)	33% (3 out of 9)
At least one of Chair/CEO/SID/CFO female	Yes (Chair)	Yes (SID)	Yes (SID)
Group Executive Committee and direct reports – % female	29% (17 out of 58)	29% (17 out of 58)	23% (14 out of 62)
Parker			
Directors from ethnic minority background	20% (2 out of 10)	18% (2 out of 11)	0% (0 out of 11)

NOMINATION COMMITTEE REPORT

CONTINUED

SRINIVASAN VENKATAKRISHNAN SHARES HIS THOUGHTS ON JOINING THE WEIR BOARD



**SRINIVASAN
VENKATAKRISHNAN**
Non-Executive Director

Q. HOW WOULD YOU SUM UP YOUR FIRST YEAR ON THE BOARD?

Exciting, enjoyable, intellectually stimulating and delightful. The induction process was excellent and that made the transition easier. There was never a dull moment during the year that was mapped with Weir's transformation into a pure-mining play, 150th anniversary, the unprecedented challenges posed by Covid-19, defending the cyber incident and the acquisition of Motion Metrics – to name a few. Given the travel restrictions caused by the pandemic, I had to make do with virtual interactions. However, given the quality of and familiarity gained from the interactions, when I met my Board Colleagues in person for the first time in late October, it didn't feel like we were meeting for the first time. The entire Weir Family's efforts to make everyone feel welcome were remarkable.

Q. HOW DOES THE BOARD CONTINUE TO MONITOR CULTURE IN LIGHT OF THE CHALLENGES PRESENTED BY COVID-19?

Very effectively. Management has an open and transparent engagement on this topic both within the organisation and at the Board, and this assisted greatly. The pandemic required Weir to adapt rapidly to a disruptive environment, remote working model, strict Covid-19 protocols, mitigating the effects caused by the paucity of in-person interaction and most of all the elevated needs of physical and mental wellbeing. The Company's leadership culture, intranet, IT visual communication channels and interactive media platforms, innovation and technology, were effectively harnessed to adapt to the 'new normal'. The Board monitored culture and wellbeing using management feedback, detailed employee surveys resulting in outcomes, very engaging meet the Board sessions (a mix of both virtual, for example India during the peak of the Delta wave and in person for example in October in UK, USA and South Africa) and gained very useful insight and comfort from these sessions. Notable stand-out was how the Weir family culture that has been carefully nurtured over decades, helped ensure that Weir emerged stronger from these headwinds.

Q. HOW DOES THE ACQUISITION OF MOTION METRICS SUPPORT WEIR'S TRANSFORMATION INTO A PREMIUM MINING TECHNOLOGY BUSINESS?

Globally, mining clients are increasingly focused on improving the safety, sustainability and efficiency of their operations. This can be fast-tracked with technology, innovation and digital transformation. Motion Metrics is the market leading developer of innovative Artificial Intelligence (AI) and 3D rugged Machine Vision Technology used in mines worldwide. Its technology helps miners improve safety, efficiency and sustainability of their operations. It also provides information that can be used to optimise asset efficiency, supporting better decision-making, help improve productivity while reducing energy consumption, particularly in areas such as crushing, screening and grinding, some of the most energy-intensive processes in mining. These applications are therefore highly complementary to Weir's product portfolio that will not only accelerate the growth in the ESCO Division, but it will also bring world-class expertise, technology, artificial intelligence and data science, that will be applicable across the Group's mining value chain. This is a key milestone in our journey to becoming a premium mining technology business.

BEN MAGARA'S INDUCTION TO WEIR



BEN MAGARA
Non-Executive Director

Q. WHAT INSIGHTS HAVE YOU GAINED DURING YOUR FIRST YEAR AS A NON-EXECUTIVE DIRECTOR?

My first year has been exciting, informative, enlightening, and welcoming. We are Weir is real at Weir and I have been impressed with the organisation's culture. It's a 150-year-old company with a great family feel while focused on delivering on its strategy. As part of the mining industry, I have personally used many of the equipment that Weir manufactures; from Warman pumps, to ground engaging tools, HPGRs and more. I have been fascinated by their focus to meet mining customer needs. I can attest that Weir has world leading engineering technologies that enable the sustainable and efficient supply of the natural resources essential to create a better future for the world. I look forward to contributing my mining customer experience to help drive Weir's leading mining solutions offering.

Q. HOW DOES A TAILORED BOARD INDUCTION PROGRAMME HELP TO ENSURE THAT THE BOARD OPERATES EFFECTIVELY?

The best part of my entry into Weir was paved by the opportunity to engage with each of the Board members before being offered and agreeing to join the Board. I found the conversations enlightening and welcoming. Engaging all Board members gave each of us the opportunity to assess our strategic fit as a Board and how effective we would be together. A good Board induction focuses not only on familiarising the business, the company laws, and the role of the Board. It also includes knowing its people, its stakeholders, its purpose, and role in society. I also enjoyed having one-on-one deep dives with management executives. I learnt a lot about Weir and it also gave me a strong sense of transparency across the organisation.

Q. HOW IMPORTANT IS CLIMATE CHANGE AND SUSTAINABILITY IN WEIR'S FUTURE STRATEGY?

Weir has committed to bold targets like reducing its carbon emissions in line with climate science. All these climate change and sustainability commitments are incorporated in the Company's strategy. Climate change targets including emission reduction and resource efficiencies are part of the management performance scorecard to drive and align behaviours. I was pleased with Weir's commitment and leadership at the COP26 in Glasgow. It was indeed a showcase of how important Climate Change and Sustainability are in Weir. Integrating these topics into our future strategy is a business imperative and we are already seeing benefits through higher employee retention and customer partnerships.

Q. THE BOARD HAS EVOLVED DURING 2021. WHAT WILL BE ITS MAIN FOCUS DURING 2022?

Weir has successfully repositioned the business as a pure mining solutions partner. This now provides a great platform to enhance our collaboration with the mining industry in their growth and sustainability initiatives and driving innovative solutions to their challenges in the efficient and cleaner extraction of minerals. Employee engagement, inclusion and diversity will remain areas of focus. Another area is effectively integrating Motion Metrics as we enhance our offering to the mining industry and remaining anti-fragile in the face of global disruptions and pandemics. Weir's rich history of Technology and Engineering innovation remain important levers of growth. We will continuously review how to increase and remain relevant to our customers.

AUDIT COMMITTEE REPORT



STEPHEN YOUNG
Chair of the
Audit Committee



THE AUDIT COMMITTEE IS PLEASED TO CONFIRM THAT INTERNAL CONTROLS REMAINED EFFECTIVE DESPITE THE CYBERSECURITY INCIDENT.



STEPHEN YOUNG
Chair of Audit Committee

AUDIT COMMITTEE DURING 2021

MEMBERS

The Committee is comprised entirely of independent Non-Executive Directors whose biographies are set out on pages 86 to 88.



Clare Chapman
Non-Executive
Director

Member since:
30 April 2021



Ebbie Haan
Non-Executive
Director

Member since:
25 June 2019



Sir Jim McDonald
Non-Executive
Director

Member since:
1 January 2015



Srinivasan Venkatakrishnan
Non-Executive
Director

Member since:
30 April 2021

MAIN ACTIVITIES DURING 2021

- Reviewed and challenged interim and annual financial reporting, including appropriate reporting and presentation of the disposal of the Oil & Gas Division, the financial impacts of the cybersecurity incident and the preliminary fair value accounting in respect of the acquisition of Motion Metrics.
- Reviewed the results of internal audits in the year and agreed the 2022 internal audit strategy and plan; met with the Head of Internal Audit independent of Executive management.
- Approved the PwC external audit plan; reviewed the effectiveness of the external audit; held independent discussions with PwC's Group Engagement Leader, Kenneth Wilson.
- Reviewed the effectiveness of the Group's risk management and internal control frameworks, comprising internal audit, compliance scorecard process, presentations to the Committee from Divisional Finance Directors, the Group Head of Tax, Group Treasurer and the Chief Compliance Officer.
- Reviewed the outputs of specifically scoped workstreams implemented to provide assurance that the internal control framework remained robust following the cyber incident. A special Audit Committee meeting took place in December 2021 to consider the work performed to date.
- Reviewed the approach to incorporate the Task Force on Climate-related Financial Disclosures requirements and the change in respect of Software as a Service, following the IFRS Interpretations Committee (IFRIC) agenda decision in relation to Configuration or Customisation Costs in a Cloud Computing Arrangement.
- External evaluation concluded the Committee was fulfilling its terms of reference effectively, no significant areas of concern.
- The Committee confirmed the external auditor, PwC, remains independent and that non-audit fees are appropriately approved.

AUDIT COMMITTEE MEETING ATTENDANCE

Members	19-Jan 2021	17-Feb- 2021	22-Jul 2021	26-Oct 2021	14-Dec 2021	Total
Stephen Young	✓	✓	✓	✓	✓	100%
Clare Chapman ¹	n/a	n/a	✓	–	✓	67%
Ebbie Haan ²	✓	–	✓	✓	✓	80%
Barbara Jeremiah ³	✓	✓	n/a	n/a	n/a	100%
Sir Jim McDonald	✓	✓	✓	✓	✓	100%
Srinivasan Venkatakrishnan ⁴	n/a	n/a	✓	✓	✓	100%
	Scheduled	Scheduled	Scheduled	Scheduled	Unscheduled	

¹ Clare Chapman joined the Committee on 30 April 2021; Clare was unable to attend in October due to unscheduled but unavoidable business commitments.

² Ebbie Haan was unable to attend in February due to unscheduled but unavoidable personal circumstances.

³ Barbara Jeremiah stepped down from the Committee on 30 April 2021.

⁴ Srinivasan Venkatakrishnan joined the Committee on 30 April 2021.

AREAS OF FOCUS 2022

- Ongoing review over cybersecurity control effectiveness.
- Assess readiness for any future implications from the consultation on reforming UK Corporate Governance, audit and reporting, as published by the Department for Business, Energy and Industrial Strategy in March 2021.
- Extended review of the Group risk assurance framework.
- External review of the effectiveness of the Internal Audit function.

INTRODUCTION

I am pleased to present our report to Shareholders for the year ended 31 December 2021 which outlines how the Committee has fulfilled its key objective of providing effective governance over the Group's financial reporting during the year, and also highlights the Committee's key priorities for 2022.

AREAS OF FOCUS

Our key objective is achieved by focusing on, amongst other things:

- the adequacy of accounting policies and disclosures, as well as the areas requiring significant estimates or judgements;
- the performance of both the internal audit function and the external auditor; and
- oversight of the Group's systems of internal control, and the framework for identification and management of business risks and related assurance activities.

MEMBERSHIP

The members of the Committee, other than myself, are Clare Chapman, Ebbie Haan, Sir Jim McDonald and Srinivasan Venkatakrishnan (Venkat), all of whom are independent Non-Executive Directors. Clare and Venkat both joined the Committee on 30 April 2021. Barbara Jeremiah stepped down from the Committee on 30 April 2021. The Company Secretary, Graham Vanhegan, acts as Secretary to the Committee.

Recent and relevant financial experience comes from myself, having been Group Finance Director of Meggitt PLC before becoming CEO, and this is further strengthened with the addition of Venkat to the Committee. Venkat served as Chief Financial Officer of AngloGold Ashanti Limited before becoming CEO. The remaining Committee members have, through their other business activities, significant experience in financial matters. They have been selected with the aim of providing the wide range of financial and commercial expertise necessary to fulfil our responsibilities. Summary biographies have been presented on pages 86 to 88.

MEETINGS

We met five times during the year and have met twice since the year end. Like many organisations, we have continued to follow Government guidance on restricting travel and working remotely where possible, with four of the five of our meetings having been held virtually. Each Committee meeting normally takes place prior to a Board meeting, during which I provide a report on our activities. A special meeting was convened in December 2021 in order that the Committee could be updated on the additional assurance activities that had been implemented in response to the cybersecurity incident.

We met twice in 2021 with the external auditors without any Executive management present. This provided us with the opportunity for any issues of concern to be raised by, or with, the auditors. We also met once in 2021 with the Head of Internal Audit without any Executive management present. We meet regularly with the Divisional Finance Directors to review, inter alia, key risks and controls in their businesses.

We have the ability to call on Group employees to assist in our work and to obtain any information required from Executive Directors in order to carry out our roles and duties. We are also able to obtain outside legal or independent professional advice if required.

The table below details the Board members and members of Senior Management who were invited to attend meetings as appropriate during 2021. In addition, PricewaterhouseCoopers LLP (PwC) attended the meetings by invitation as auditors to the Group.

Committee membership in 2021

Stephen Young (Committee Chair)
Clare Chapman
Ebbie Haan
Barbara Jeremiah
Sir Jim McDonald
Srinivasan Venkatakrishnan

Other regular attendees (by invitation)

Charles Berry, Chairman
Jon Stanton, Chief Executive Officer
John Heasley, Chief Financial Officer
Kirsten McCargo, Group Financial Controller
Tayo Oyinlola, Group Head of Internal Audit
Chris Palmer, Group Head of Tax
Kenneth Wilson (PwC, Group Engagement Leader)

MAIN ACTIVITIES

Over the course of the year since the last Annual Report, our work was focused in the following areas:

- financial reporting;
- internal control and risk management, including the Group's response to the cybersecurity incident;
- internal audit; and
- external audit.

The following sections provide more detail on our specific items of focus under each of these headings, explaining the work we, as a Committee, have undertaken and the results of that work.

(i) Financial reporting

Our principal responsibility in this area is the review and challenge of the actions and judgements of management in relation to the interim and annual financial statements before submission to the Board, paying particular attention to:

- critical accounting policies and practices, and any changes therein;
- decisions requiring significant judgements or estimates or where there has been discussion with the external auditor;
- the existence of any errors, adjusted or unadjusted, resulting from the audit;
- the clarity of the disclosures and compliance with accounting standards and relevant financial and governance reporting requirements, including an assessment of the adoption of the going concern basis of accounting and a review of the process and financial modelling underpinning the Group's Viability Statement; and
- the processes surrounding the compilation of the Annual Report and Financial Statements with regard to presenting a fair, balanced and understandable assessment of the Group's position and prospects.

We received formal reports from the Chief Financial Officer and the external auditor, summarising the main discussion points for both the Interim Report in our July 2021 meeting and Annual Report during our January and February 2022 meetings.

AUDIT COMMITTEE REPORT

CONTINUED

The Committee were kept informed through the year of the preparations towards compliance with the reporting requirements of the Task Force on Climate-related Financial Disclosures and reviewed the disclosures in the financial statements. We also received and reviewed details of the impact of the IFRIC agenda decision in relation to Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets). The Committee reviewed the revised accounting policy in relation to Software as a Service (SaaS) and the prior year restatement. In addition, the Committee were updated on the work undertaken in respect of IBOR reform and preparation for European Single Electronic Format (ESEF) reporting.

The Committee received and reviewed details of the exceptional and other adjusting items in the year, including an exceptional gain on sale of land in Malaysia, costs incurred in relation to the cybersecurity incident response, acquisition and initial integration costs in respect of Motion Metrics and the charge in relation to the Group's legacy US asbestos-related liabilities.

The Committee also reviewed the final accounting for the disposal of the Oil & Gas Division, which included the sale of the Group's 49% stake in its Saudi Arabia-based joint venture, Arabian Metals, which completed on 30 June 2021, and the recycling of cumulative foreign exchange gains and losses from reserves. We also reviewed the provisional fair value accounting in respect of the Motion Metrics acquisition.

The financial reporting matters discussed in the current year and recurring agenda items are summarised in the table on pages 116 to 120.

As reported last year, in December 2020 the Group received a letter from the Financial Reporting Council (FRC), as part of their regular programme of thematic reviews, highlighting their intention to include the Group's 2020 Annual Report in their review of IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. The FRC's role in such reviews is to consider compliance with recognition, measurement and disclosure requirements with the aim of improving the quality of corporate reporting and identifying good practice, not to verify the information provided. We are pleased to report that the findings from the FRC review led to the inclusion of several extracts from the Group's 2020 Annual Report and Financial Statements in their published thematic review report as examples of better practice. We can also confirm that some improvements have been made to existing disclosures in this report in response to minor recommendations from the FRC.

(ii) Internal control and risk management

While overall responsibility for the Group's risk management and internal control frameworks rests with the Board, the Audit Committee has a delegated responsibility to keep under review the effectiveness of the systems supporting risk management. Further details on accountability for Risk Management are provided in the Corporate Governance Report on page 102.

Our work in this area was supported by reporting from the Head of Internal Audit on the results of the programme of internal audits completed; the overall assessment of the internal control environment, with reference to the results of their work and the results from the self-assessed Compliance Scorecards; and in addition, reporting, either verbal or written, from Senior Management covering any investigations into known or suspected fraudulent activities. We continue to note the work undertaken for the Board on a review of the sources of assurance which are mapped against the principal risks (see (iii) Internal audit below). In addition, the Committee take comfort from the audit work performed and conclusions reached by PwC over the controls environment of the Group's critical IT systems.

COMPLIANCE SCORECARD

The Compliance Scorecard is a control mechanism whereby each operating company undertakes self-assessments, every six months, of their compliance with Group policies and procedures, including key internal controls across a range of categories including finance, anti-bribery and corruption, tax, treasury, trade and customs, HR, cybersecurity, IT and legal. As far as the elements relating to finance are concerned, these cover (but are not limited to) management accounts and financial reporting, balance sheet controls, employee costs and other financial policies. Each operating company is expected to prepare and execute action plans to address any weaknesses identified as part of the self-assessment process.

Operating companies are required to retain evidence of their testing in support of their self-assessment responses. Internal audit has responsibility for confirming the self-assessment during planned audits. Any significant variances are reported to local, Divisional and Group management. Any companies reporting low levels of compliance are required to prepare improvement plans to demonstrate how they will improve over a reasonable period of time. The overall compliance scores (as a percentage) are tracked over time and reported to the Audit Committee twice a year, with the Committee paying particular attention to the variances between self-assessed and internal audit assessed scores as well as trends and the performance of newly acquired companies.

As noted in this report, the Compliance Scorecard process was not completed for the second half of 2021 (refer to the Cybersecurity incident section for further details).

The Committee also receives regular reporting on the Group's Ethics and Compliance related activities from the Chief Compliance Officer as well as the Head of Internal Audit. This includes reviewing compliance with the Group's Ethics Hotline programme which provides a mechanism for employees with concerns about the conduct of the Group or its employees to report their concerns. The Committee ensures that appropriate arrangements are in place to receive and act proportionately upon a complaint about malpractice. The Committee takes a particular interest in any reports of possible improprieties in financial reporting.

During 2021, the Committee were updated on the work performed in the year by the Compliance team with regard to anti-bribery and corruption risk assessments, the roll out of updated policies such as Agents and Business Partners, Human Rights and Sanctions Control with accompanying global training focusing on anti-bribery and corruption, and the launch of a refreshed gifts and hospitality approval register.

The Committee also received presentations from each Divisional Finance Director. These presentations included a review of the Divisional risk dashboards, significant findings from the internal audit visits and the Compliance Scorecard process over the last 12 months, an overview of their Divisional finance leadership teams as well as strategic initiatives such as the transition of core accounting processes to global shared services.

Focus is given to the strength and depth of the finance team's capability; the quality and efficiency of responses to findings of internal audit visits, including whether learning has been shared more widely across the Group to mitigate the risk of recurrence and to share good practice; the quality of the discussion around Divisional risk dashboards; and progress against strategic initiatives.

Finally, the Committee received presentations from the Group Head of Tax and the Group Treasurer covering Tax and Treasury Strategy and Risk respectively.

Cybersecurity incident

In September 2021, the Group was the target of a sophisticated attempted ransomware attack. On detecting the threat, the Group's cybersecurity systems and controls responded quickly and robust action was taken to protect the Group's infrastructure and data. Forensic investigation, in conjunction with cybersecurity experts, produced no evidence that any data had been exfiltrated or encrypted.

As a result of the incident, the Group took the decision to temporarily remove access to Windows-based PC's and to isolate and shut down IT systems, including the Group's core financial reporting systems, while the threat was assessed. In the days following the incident, processes began to safely restore systems and bring applications back online in a progressive manner and in order of business priority. From a financial reporting perspective, this did lead to some temporary disruption to regular procedures and impacted the Group's usual internal reporting procedures for a short period.

The Committee were updated in their scheduled October meeting on the impact of the cybersecurity incident on the finance function. This included a detailed review of the processes impacted and the early mitigating actions taken to minimise impact and/or risk. In addition, this outlined short-term re-planning of specific finance processes to allow focus on system restorations, ensuring effective controls and data integrity were maintained. Such early mitigating actions included an immediate tightening of controls over the Group's bank accounts and related banking procedures.

The incident necessitated some re-prioritisation of tasks for finance teams globally. The decision was taken to cancel the second half 2021 Compliance Scorecard process and to introduce alternative targeted controls assurance workstreams, focusing on providing assurance post system restores that there were no gaps in the recording of transactions as a result of the incident. A number of planned internal audits were also deferred.

The Committee held an additional meeting in December to receive an update in respect of the response to the incident. The Committee were assured that core systems were promptly restored with no loss of data and that there was limited manual processing.

In terms of additional assurance, the Committee were also presented with an overview of planned inventory counts post the incident, providing good levels of coverage in this specific risk area. We also received a report of the findings from Internal Audit's independent review to confirm that the controls implemented by entities to ensure the completeness and accuracy of data processed during the offline period were adequate. Their review covered heightened risk areas such as payments, inventory and revenue recognition. Tests were performed to confirm that transactions on manual lists were transferred to the ERP system accurately. Additionally, sample testing was performed to confirm the existence of transactions recorded offline, and to confirm that they were approved appropriately. Specific balance sheet reconciliations were reviewed with no exceptions noted. Based on their review and findings, Internal Audit were able to conclude that there were no instances of material breakdowns in controls over the key processes reviewed.

Further updates were provided to the Committee in January 2022. Finally, the Committee received an update in February 2022 which included the results from a self-certification exercise introduced in place of the usual six-monthly Compliance Scorecard process. This involved each company Finance Director completing a standard questionnaire and certifying that appropriate balance sheet rigour had been restored.

The results of these specifically scoped assurance workstreams provided the Committee with comfort that the Group's internal control frameworks, including IT processes and controls, remained stable and effective. We have also taken assurance from the work of PwC in this area.

(iii) Internal audit

The Committee has a responsibility to monitor the effectiveness of the Group's internal audit function. During the year, the Head of Internal Audit provides me with copies of all internal audit reports, and presents the results of audit visits and progress against the internal audit plan to the Committee, with particular focus on high priority findings and the action plans, including management responses, to address these areas. Private discussions between myself and the Head of Internal Audit are held during the year and at least once a year with the full Committee.

The above activities provide broad coverage of the function and a good sense of the control environment. This also allows us to ensure the function is effective (which includes assessing the independence of the function), adequately resourced and has appropriate standing within the Company. As with last year, due to the Covid-19 pandemic, most internal audits were performed remotely.

As referred to above, a number of planned internal audits were deferred as a result of re-prioritising across the finance function in response to the cybersecurity incident. The total number of completed internal audits was 28 (2020: 26).

During 2021, Internal Audit has been strengthened further, bringing stronger IT and digital skills to the team and helping enable greater use of data analytics in audits. Once again, in 2021, the internal audit team were supported by guest auditors from across the Group, including Group Finance and Group Tax, providing subject matter expertise for the internal audit team and development opportunities for the guest auditors. Audit actions continue to be closed out efficiently and effectively and improvements have been made in automation, of both the audit and the Compliance Scorecard process. In addition, the Committee were updated on the potential impact of the UK Government's white paper issued by the Department for Business, Energy and Industrial Strategy in March 2021, with some preliminary discussion around potential preparatory actions.

One of the main duties of the Committee is to review the Annual Internal Audit Plan and to ensure that internal audit remains focused on providing effective assurance. As part of the Group's risk management procedures, key sources of assurance are mapped against the Group's core processes and this is used to ensure internal audit planning considers wider internal assurance risk indicators. The factors considered when deciding which businesses to audit and the scope of each audit, including consideration of the number of visits to each operating company in the Group on a cyclical basis are, amongst other things, the volatility of end markets, critical system or Senior Management changes in the year, financial results, the timing of the most recent internal audit visit, assessments from other assurance reviews undertaken and whether the business is a recent acquisition. In addition, the emergence of any common themes or trends in the findings of recent internal audits or Compliance Scorecard submissions (see previous section) is taken into consideration. Planning is further assisted by a risk modelling tool for dynamic risk prioritisation of audits.

AUDIT COMMITTEE REPORT

CONTINUED

The resulting 2022 plan continues to focus the largest proportion of resource on financial assurance reviews whilst incorporating wider risk assurance coverage, both financial and non-financial, as described below:

- reviews are undertaken to assess compliance with Weir's Code of Conduct procedures, including anti-bribery and corruption; this includes areas such as policy and procedures, employee training, relationships with agents, accounting for employee expenses and corporate hospitality and gifts;
- the IT assurance programme which, for 2022, will focus on areas such as crisis management, data governance and application security;
- wider risk assurance projects such as system implementation reviews; and
- an element of the Annual Plan is reserved for assurance coverage of any emerging risk areas.

The Committee considered and approved the 2022 Internal Audit Strategy and Plan including the resource model. Further progress on automation is a significant feature of the internal audit strategy with the 2022 plan including a continued push towards greater use of technology through robotic process automation and potentially process mining solutions. In addition, the plan includes assessing the readiness for any future implications from the consultation on reforming UK Corporate Governance, audit and reporting, as published by the Department for Business, Energy and Industrial Strategy in March 2021, and enhancements in Internal Audit processes to include sustainability and other strategic areas of focus.

(iv) External audit

The Committee is responsible for recommending to the Board the appointment, re-appointment, remuneration and removal of the external auditor. The external auditors are PwC who were first appointed for the financial year commencing 1 January 2016 following a competitive tender process. The Committee has complied with and will continue to follow the Competition and Markets Authority guidance, 'The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.' to conduct a tender at least every ten years.

When considering whether to recommend the re-appointment of the external auditor, the Committee considers a range of factors, including the effectiveness of the external audit, the period since the last audit tender was conducted, and the ongoing independence and objectivity of the external auditor. The next audit tender process is required to be concluded for the year ending 31 December 2026, subject to the ongoing satisfactory performance of PwC in the intervening period.

2021 Audit

As a result of the cybersecurity incident, PwC have included an additional significant audit risk in relation to the completeness, existence and accuracy of the financial statements further to the cybersecurity incident. A Key Audit Matter is included in their Audit Report on page 154.

In addition, a new audit risk has been added in respect of the valuation of deferred tax assets. This is following the disposal of the Oil & Gas Division, which resulted in significant US tax attributes being available to the Group to offset future US taxable income of the continuing operations, as reported last year. A Key Audit Matter is included in their Audit Report on page 153.

On a practical level, due to the ongoing pandemic and continuing travel restrictions, the 2021 audit work has been performed remotely, as with last year, albeit with now well established procedures in place for remote file reviews and component audit supervision, assisted by the use of video calls and other technology to support certain audit procedures normally requiring physical attendance at operating sites.

Auditor effectiveness

The effectiveness of the external audit process is highly dependent on appropriate audit risk identification at the start of the audit cycle and the quality of planning. PwC present their detailed audit plan to the Committee each year identifying their assessment of the key risks, amongst other matters.

Our assessment of the effectiveness and quality of the audit process covers a number of other matters, including a review of the reporting from the auditors to the Committee, a review of the latest FRC Audit Quality Inspection report and also by seeking feedback from management on the effectiveness of the audit process. Overall, management were satisfied that there had been appropriate focus and challenge on the primary areas of audit risk and assessed the quality of the audit process to be satisfactory. In addition, it was noted that the remote audit was effectively managed and efficient.

In addition, during 2021 the Committee were provided with a summary of the FRC's Audit Quality Inspection and Supervision Report. This showed an improvement in inspection results for PwC audits selected for review.

The Committee held two private meetings with the external auditor in 2021. This provided additional opportunity for open dialogue and feedback from the Committee and the auditor without Executive management being present. Matters discussed included the auditor's assessment of business risks and management activity thereon, the transparency and openness of interactions with management, confirmation that there has been no restriction in scope placed on them by management and how they have exercised professional scepticism. We also meet with the Group Engagement Leader outside the formal committee process as necessary throughout the year. These interactions are also important in our assessment of audit quality.

Based on the work carried out and the FRC Audit Quality Inspection and Supervision Report, we are of the view that the quality of the audit process is satisfactory.

Independence policy and non-audit services

A formal policy exists (see www.global.weir) which provides guidelines on any non-audit services which may be provided and ensures that the nature of the advice to be provided cannot impair the objectivity of the auditor's opinion on the Group's financial statements. The policy makes it clear that only certain types of service are permitted to be carried out by the auditors. All permitted non-audit services require the approval of the Chief Financial Officer and, where the expected cost of the service is in excess of £75,000, the approval of myself, the Audit Committee Chair. If non-audit fees approach £0.5m during a calendar year, the Committee will consider imposing additional restrictions on non-audit services.

The auditor confirms their independence at least annually. As the independence rules allow a maximum of five years as engagement leader of the Group, as noted in last year's report, Kenneth Wilson replaced Lindsay Gardiner as PwC Group Engagement Leader for the year ended 31 December 2021. This followed a selection process by management and myself in 2020.

Fees payable to PwC in respect of audit and audit-related assurance services for 2021 of £3.3m (2020: £3.8m) were approved by the Committee after a review of the level and nature of work to be performed and after being satisfied by PwC that the fees were appropriate for the scope of the work required. The reduction in level of fees is primarily attributable to the removal of Oil & Gas entities from scope following the disposal of the Division.

Non-audit fee work conducted by PwC in the year of £0.2m (2020: £0.2m) represented 7% (2020: 5%) of the audit fee. The non-audit fees in the year are primarily due to the appointment of PwC for assistance in the Offering Memorandum required for the five-year US\$800m Sustainability-Linked Notes and the review of the half year results. The non-audit fees in the prior year were primarily in relation to the appointment of PwC in the role of Reporting Accountant with respect to the Class 1 Circular required for the sale of the Oil & Gas Division as well as the review of the half year results. We are of the view that the level and nature of non-audit work does not compromise the independence of the external auditor.

Having considered the relationship with PwC, their qualifications, expertise, resources and effectiveness, the Committee concluded that they remained independent and effective for the purposes of the 2021 year end. As a result, the Committee recommended to the Board that PwC should be re-appointed as auditor at the next AGM.

COMMITTEE EVALUATION

The Committee was subject to an external evaluation process during the year as part of the overall Board Performance Review. This year the evaluation was performed by 'Independent Board Evaluation', who were appointed following a tender process undertaken by the Nomination Committee. Details of the overall performance review can be found on pages 100 to 101.

The evaluation concluded that the Committee was performing well and no significant areas of concern were noted. Recommendations were made and the Committee have agreed to give these full consideration in 2022 and implement any agreed changes.

OUR FOCUS FOR 2021

In last year's report we said that, in addition to our routine business, we would focus on the following areas:

- tracking progress in cybersecurity control effectiveness;
- monitoring ongoing control effectiveness as more operating businesses transition core accounting processes to global shared services;
- continuing to oversee the increasing use of digital technology in the internal audit function;
- responding to the recommendations and reporting requirements of the Task Force on Climate-related Financial Disclosures; and
- overseeing a smooth transition to the new PwC Group Engagement Leader.

As detailed above, primarily sections (ii) and (iii), the Committee have received and reviewed reporting in respect of each of the focus areas 1 to 4. The Committee and Management have also helped enable a smooth transition to the new PwC Group Engagement Leader. With specific reference to the first focus area 'tracking progress in cybersecurity control effectiveness', the Board were presented with and approved the Group's cybersecurity strategy in the first half of the year. The occurrence of the cybersecurity incident in late September necessitated the implementation of steps and controls outlined in the approved strategy. As outlined in section (ii) above, the Committee then focused on and reviewed the impact from a financial reporting and controls perspective and found the internal control framework remained robust and intact.

OUR FOCUS FOR 2022

In addition to our routine business, in 2022 our focus will be on:

- ongoing review over cybersecurity control effectiveness;
- assessing readiness for any future implications from the consultation on reforming UK Corporate Governance, audit and reporting, as published by the Department for Business, Energy and Industrial Strategy in March 2021;
- extending our review of the Group risk assurance framework including regular updates from the Group Head of Risk and Insurance and Chief Compliance Officer; and
- external review of the effectiveness of the Internal Audit function.



STEPHEN YOUNG
Chair of Audit Committee

AUDIT COMMITTEE REPORT

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CURRENT YEAR MATTERS

Area of focus	Issue	Role of the Committee	Conclusion
Exceptional and adjusting items (see notes 5 and 21 of the Group financial statements)	Management exercises judgement on the classification of certain items as exceptional or adjusting.	We have received detailed reporting from the Chief Financial Officer covering the following exceptional and other adjusting items: i. charge/credit by Division, including the nature of the items; ii. overview of the Motion Metrics acquisition and integration costs; iii. explanation of the cyber incident response related costs; iv. details in respect of the other restructuring and rationalisation gain, which primarily relates to a gain on sale of land in Malaysia, and also includes some other gains as a result of the release of unutilised provisions; v. explanation of the release of the unutilised provision in respect of ESCO integration costs; vi. details of the charge in respect of the Group's US asbestos-related liabilities; vii. details of discontinued operations exceptional items which was in relation to a final adjustment to an onerous purchase contracts provision resulting in a small credit; and viii. disclosure of the amounts and related narrative reporting. Our work has focused on ensuring that exceptional items met the criteria as such due to their size, nature and/or frequency, and, other adjusting items met the criteria being legacy items not relatable to current and ongoing trading. We considered the treatment of the cyber incident related costs as exceptional and confirm we are satisfied that these incremental costs meet the definition of exceptional on account of nature, size and infrequency of events giving rise to them. We received detailed reporting in respect of the annual assessment of the US asbestos-related provision, which takes into account claims experience in the year and compares this to the financial modelling from the latest US asbestos-related provision triennial actuarial review, conducted last year. The Committee are satisfied that the charge in the Consolidated Income Statement and its classification as an adjusting item is appropriate (see provisions section for further details). We noted the exceptional and adjusting items reflected the way in which we, as members of the Board, reviewed the performance of the Group and were disclosed appropriately and consistently. PwC confirmed the treatment and related disclosures were appropriate. Consideration was also given to the current balance sheet position of all related provisions, including both new provisions and those remaining from previous years, with management providing details of the remaining liabilities and expected utilisation.	The Committee agrees with the accounting treatment and disclosure of these items in the Annual Report.

Area of focus	Issue	Role of the Committee	Conclusion
Discontinued operations (see note 8 of the Group financial statements)	The Oil & Gas Division was classified as a discontinued operation and held for sale as at December 2020. Final accounting for the disposal is reflected in 2021 following the completion of the sale.	In last year's report, we noted the final gain or loss on sale, including any adjustments for customary working capital and debt-like items and the recycling of cumulative foreign exchange gains and losses to the Consolidated Income Statement was expected to be reported in 2021, following completion of the sale and associated completion accounts process. We have received detailed reporting from the Chief Financial Officer covering the final gain on sale calculation for the Division. This comprised: i. the final gain on the sale to Caterpillar Inc., which completed on 1 February 2021 and was subject to customary working capital and debt-like adjustments; ii. the gain on sale of the Saudi Arabia-based joint venture, which completed on 30 June 2021; iii. recycling of cumulative foreign exchange gains and losses to the Consolidated Income Statement; and iv. related presentation and disclosures in the Annual Report. We considered the accounting treatment, particularly with regard to the recycling of cumulative foreign exchange gains and losses, and concluded this was appropriate. PwC confirmed the treatment and related disclosures were appropriate.	The Committee agrees with the discontinued operations accounting treatment and the related disclosures in the Annual Report.
Acquisition accounting for Motion Metrics (see note 13 of the Group financial statements)	Management exercises judgement on the type of intangible assets acquired and estimates are made of the fair value of all assets and liabilities.	We received a summary report from management which outlined: i. the purchase price allocation exercise which identified and valued separately identifiable intangible assets, primarily Motion Metrics technology; ii. the assessment of other acquisition provisional fair values, with a particular focus on provisions, which related to the adoption of vendor liabilities as part of the transaction; iii. the assessment of contingent consideration as per the purchase agreement and the rationale for the decision reached in respect of the accounting for this in the year; and iv. the related disclosures in the financial statements displayed in note 13. We reviewed the resulting provisional fair values, noting these are subject to finalisation within 12 months of acquisition, and compared results to recent Weir acquisitions as well as industry-wide comparisons. We considered the treatment of contingent consideration and agreed with the decision to record nil at the acquisition date and to re-assess this each year in light of business performance. We took assurance from the fact that external advisers were engaged by the Company to assist with the purchase price allocation and we received confirmation from PwC that management's assumptions and calculation methodology were appropriate.	The Committee agrees with the acquisition accounting treatment and disclosure of the Motion Metrics acquisition in the Annual Report.
New accounting standards (see note 2 of the Group financial statements)	The introduction of new accounting standards has required changes in accounting policy, treatment and disclosures.	The Group has revised its accounting policy in relation to Software as a Service following the IFRIC agenda decision in relation to Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets). The Committee have reviewed the results of the assessment undertaken to determine costs which are no longer eligible to be capitalised as intangible assets. We also reviewed the revised accounting policy and resulting prior year restatement, as required by IAS 8, which reclassified costs to operating expenditure and reversed previously charged amortisation. The Committee are satisfied with the restatement and the related disclosures in the Annual Report. PwC have reviewed the restatement and concurred with the treatment. Other amendments to accounting standards set out in note 2 of the Group financial statements are not considered to have a material impact on the Consolidated Financial Statements of the Group.	The Committee is satisfied that the new accounting standards have been appropriately reflected in the Annual Report.

AUDIT COMMITTEE REPORT

CONTINUED

RECURRING AGENDA ITEMS

Area of focus	Issue	Role of the Committee	Conclusion
Impairment (see note 14 of the Group financial statements)	Management undertakes an annual detailed, formal impairment review of goodwill and other intangible assets, with judgements made on the relevant Cash Generating Units (CGUs) and estimates of available headroom	The Group has two CGUs: Minerals and ESCO. The goodwill and intangibles assets arising from the acquisition of Motion Metrics have been included within the ESCO CGU from 30 November 2021. The purchase price is considered to reflect the fair value of the assets and therefore the addition to the ESCO CGU is considered to have neutral impact on the impairment analysis. The most significant estimates are in setting the assumptions underpinning the calculation of the value in use of the CGUs. We specifically reviewed: - the achievability of the long-term business plan numbers and macroeconomic assumptions underlying the valuation process; and - long-term growth rates and discount rates used in the cash flow models for the CGUs. Business plans and budgets were Board-approved and underpin the cash flow forecasts. We noted that the results of impairment testing for both CGUs produce significant headroom above carrying value for each and, as such, no sensitivity analysis has been undertaken. We have reviewed the disclosures in the financial statements and the related narrative. We also received confirmation from PwC that they are in agreement with management's conclusions.	We are satisfied that the impairment analysis supports the carrying value of the underlying assets in the CGUs.
Provisions (see note 21 of the Group financial statements)	Significant balance sheet provisions are underpinned by management's key judgements on obligating events and timeframes over which a reliable estimate for provision values can be made.	As mentioned in the 'Exceptional and adjusting items' section above, we received detailed reporting in respect of the annual assessment of the US asbestos-related provision. The Committee's focus was centred on gaining an understanding of: - actual claims and settlement data in the year; - their relation to the assumptions that underpin the discounted cash flow model; - the period over which the liability can be reasonably estimated; - the position with regard to availability of insurance cover; and - the adequacy and transparency of the disclosures in note 21. This reporting confirmed the Group's claims experience in 2021 was greater than that modelled. However, settlement costs related to claims were less than that modelled. Such variations are expected to occur and the Committee remains satisfied with the overall level of provisioning. In addition, the reporting considered the insurance coverage and confirmed that this is expected to be sufficient to meet settlement and associated costs until c.2028. The Committee considered the ongoing appropriateness of basing the provision on ten years of projected claims (15 years for cash flows) and concluded it continues to be appropriate due to the inherent uncertainty resulting from the changing nature of the US litigation environment. The review resulted in a charge to the Consolidated Income Statement of £4.4m and a net liability on the Consolidated Balance Sheet of £16.3m. The Committee considered the results of the review and concluded that the closing provision and related insurance asset and charge to the Consolidated Income Statement were appropriate. PwC provided confirmation that management's assumptions were reasonable. With regard to other provisions (other than inventory – see below), we received details of the nature of each provision and explanations of the key movements between the opening and closing balances. The Committee are satisfied with the accounting treatment and related disclosures in respect of other provisions in the financial statements.	We are satisfied that the current provisioning levels and approach are appropriate, as is the recognition of an insurance asset in relation to the US asbestos-related provision.
Pensions (see note 23 of the Group financial statements)	The valuation of pension liabilities can be materially affected by the assumptions utilised by management on areas such as discount and inflation rates.	We received from management details of the key assumptions underpinning the valuation, taking assurance from the fact that external advice had been taken by the Company and that PwC had benchmarked these assumptions to their own internal ranges and consider them appropriate. We noted the significant reduction in pension deficit in the year, being primarily due to changes in market conditions impacting the financial assumptions as well as experience gains on the liabilities resulting from the Group's latest UK Main Scheme triennial valuation.	The Committee was satisfied with the assumptions and related pension disclosures.

Area of focus	Issue	Role of the Committee	Conclusion
Tax charge and provisioning (see notes 7 and 22 of the Group financial statements)	The tax position is complex, with a number of international jurisdictions requiring management's judgement with regard to effective tax rates, tax compliance and tax provisioning.	The Committee receives a detailed report from the Chief Financial Officer every six months, which covers the following key areas: i. status of ongoing enquiries and tax audits with local tax authorities; ii. the Group's effective tax rate for the current year; and iii. the level of provisioning for known and potential liabilities, including significant movements on the prior period. The Committee also receives an annual presentation on tax strategy and risk from the Group Head of Tax. In addition, the Committee takes comfort from the work done, and conclusions reached, by PwC in this area. As reported last year, the Committee noted the de-recognition of certain balance sheet deferred tax assets resulting from the pending disposal of the Oil & Gas Division, and further noted these US tax attributes would remain available to the Group to offset future US taxable income of the continuing operations. The re-recognition of these assets in the future would depend on the level of future US profitability and the US tax law in force at that point in time. The deferred tax asset (DTA) modelling undertaken in 2020 was updated in 2021 using the Group's latest five-year strategic plan to forecast levels of future US group taxable income over a ten-year period. This established that an overall net DTA of \$37m (£27.3m) remains supportable and appropriate, with a consequential additional DTA derecognition of 2021 Oil & Gas attributes totalling £3.8m. The Group will continue to monitor the US group's levels of taxable income and performance against the modelling undertaken, together with the impact of any reforms to the US tax code enacted in 2022 and beyond, in order to evaluate the appropriate ongoing level of balance sheet DTA in future periods. The Committee considered the accounting treatment to be appropriate and this was confirmed by PwC.	Based on the work we have undertaken, we are satisfied that the position presented in these financial statements, including the disclosures, is appropriate.
Inventory valuation (see note 16 of the Group financial statements)	Management applies estimates on inventory valuation and provisioning.	Given the significant investment in inventory, and being cognisant of the impact of commodity cycles, this remains a judgement for specific consideration. Reporting has been received from management on the business drivers behind movements in both gross inventory and the related slow-moving and obsolete provision.	Based on the information provided, the Committee concluded that management action had been effective and that the level of provisioning appeared adequate.
Fair, balanced and understandable	The Board is required to state that the Group's external reporting is fair, balanced and understandable. The Committee is requested by the Board to provide advice to support the assertion.	The Committee received a report from management summarising the detailed approach that had been taken to ensure that the Group's external reporting is fair, balanced and understandable. This covered, but was not limited to, the following: i. involvement of a cross section of management across the organisation during the preparation of the external reporting, including the Group Executive, Divisional Finance Directors, Group Communications, Sustainability, Group Finance (including Group Tax and Group Treasury) and Company Secretariat; ii. input and advice from appropriate external advisers, including the Company's brokers and public relations agency; iii. use of available disclosure checklists for both Corporate Governance and financial statement reporting, including TCFD; iv. regular research to identify emerging practice and guidance from relevant regulatory bodies; v. regular meetings involving the key contributors to the document, during which specific consideration was given to the fair, balanced and understandable assertion; and vi. use of three 'cold' readers; two employees independent of the preparation process (one a member of the Senior Management group) and an external, independent proof-reader.	The successful completion of this work has been reported to the Board.

AUDIT COMMITTEE REPORT

CONTINUED

Area of focus	Issue	Role of the Committee	Conclusion
Going Concern	The Committee's role, as delegated by the Board, is to carry out an assessment of the adoption of the going concern basis of accounting and report to the Board accordingly.	We fulfilled our responsibilities in this area through the review and discussion of reporting received from management, which covered the following areas: i. assessment of borrowing facilities available to the Group; ii. review of budget and latest forecast information, including debt covenants, and associated financial modelling; iii. liquidity and credit risk; and iv. the existence of contingent liabilities. When considering going concern, we specifically noted the proceeds received from the sale of the Oil & Gas Division and the successful issuance of the Group's five-year US\$800m Sustainability-Linked Notes, providing the Group with significant levels of liquidity over an extended maturity profile. We also considered any ongoing impact from the Covid-19 pandemic and noted that the impact of this on the business had been relatively limited. We also reviewed the outputs from financial modelling of future cash flows and the reverse stress testing performed in addition to the base modelling. This stress testing focused on the level of downside risk which would be required for the Group to breach its current lending facilities and related financial covenants. The review indicated that the Group continues to have sufficient headroom on both lending facilities and related financial covenants. The circumstances which would lead to a breach are not considered plausible. We note the net debt to EBITDA on a lender covenant basis is 1.9 times, within the 2.0 times target after acquisitions, which was announced last year as part of the Group's revised capital allocation policy. We note this is also significantly below the lender covenant of 3.5 times. Finally, we note the work performed by PwC in this area and their conclusion that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.	The successful completion of this work has been reported to the Board. The Group's statement on going concern is included on page 148.
Viability Statement	The Committee's role, as delegated by the Board, is to review the underlying processes and key assumptions underpinning the Viability Statement and report to the Board accordingly.	We fulfilled our responsibilities in this area through the review and discussion of reporting received from management, which covered the following areas: i. overview of the construct of the financial model and base case data underpinning the sensitivity and stress-test scenarios; ii. results of financial modelling which reflected the crystallisation of those principal risks identified by the Board as having the greatest potential impact on the Group's viability, both individually and when taken together in a severe but plausible stress-test scenario; iii. extent of mitigating actions included in the financial modelling, relative to the population of such actions that had been identified as within the control of management and the Board; and vi. banking covenant calculations and assessment of facility headroom in each of the downside and stress-test scenarios. We noted the specific consideration of climate change related risks in the Group's viability modelling. The Committee also received confirmation from PwC that they considered management's assessment of the Group's longer-term viability was consistent with the financial statements and their knowledge and understanding of the Group.	The successful completion of this work has been reported to the Board. The Group's Viability Statement is reported on page 103.

DIRECTORS' REMUNERATION REPORT



CLARE CHAPMAN
Chair of
Remuneration
Committee

**WE CONTINUE TO
STRENGTHEN THE EMPHASIS
ON ESG MEASURES AS
PART OF REMUNERATION.**

CLARE CHAPMAN
Chair of Remuneration Committee

Governance

REMUNERATION COMMITTEE DURING 2021

MEMBERS

The Committee is comprised entirely of independent Non-Executive Directors whose biographies are set out on pages 86-88.



Ebbie Haan
Non-Executive Director
Member since: 25 June 2019



Mary Jo Jacobi
Employee Engagement
Non-Executive Director
Member since: 21 January 2014



Ben Magara
Non-Executive Director
Member since: 30 April 2021



Stephen Young
Non-Executive Director
Member since: 26 April 2018

REMUNERATION COMMITTEE MEETING ATTENDANCE

Members	22-Feb-2021	22-Jul-2021	26-Oct-2021	14-Dec-2021	Total
Clare Chapman (Chair)	✓	✓	✓	✓	100%
Ebbie Haan	✓	✓	✓	✓	100%
Mary Jo Jacobi	✓	✓	✓	✓	100%
Ben Magara ¹		✓	✓	✓	100%
Stephen Young	✓	✓	✓	✓	100%
	Scheduled	Scheduled	Scheduled	Scheduled	

¹ With effect from 30 April 2021, Ben Magara was appointed as a member of the Committee and Barbara Jeremiah stepped down as a member from the Committee.

DEAR SHAREHOLDER,

I am pleased to introduce our Directors' Remuneration Report for the year ended 31 December 2021.

During 2021, the Group continued to respond to the unique challenges created by Covid-19, as well as the consequences of a cyber incident that occurred in September. Across the Group, we maintained a focus on prioritising the safety and wellbeing of our employees, whilst responding to these challenges consistent with our purpose and values. Our response demonstrates the strength of our culture, and the efforts of our employees, who have worked tirelessly to serve our customers, protect our communities and support each other, which is something the Board remain proud of.

The Board remains committed to ensuring all of our employees are owners in Weir and can share in the Group's long-term success. In 2021, we made another award of £300 of Free Shares to all newly-eligible employees under our global share plan, Weir ShareBuilder. We also accelerated the ShareBuilder vesting period from three years to two years to help support a faster build-up of shareholdings amongst our employees. To recognise the extraordinary circumstances created by Covid-19 and many of the challenges faced by our employees as a result, a discretionary cash payment of £100 was also paid across the globe in March 2021 to all employees not receiving a bonus.

I would like to take this opportunity to thank our employees for their ongoing commitment and response in 2021 to the challenges faced. The strong contribution delivered in 2021 showcased everything that is great about Weir, with the organisation coming together to tackle an unprecedented set of circumstances.

PERFORMANCE CONTEXT

Despite the ongoing challenges of Covid-19 and the complex operating environment, this has been another year of strong execution and significant strategic progress at Weir. We are well positioned to deliver sustainable, profitable growth in the long term.

The Group delivered a resilient financial performance for 2021, with revenues 2% higher than last year on a constant currency basis and adjusted profit before tax of £249m in line with prior year. Order input increased 22% on a constant currency basis with less Covid-19 related mine site disruption and as customers became more confident in the global macro backdrop and Covid-19 recovery. Adjusted operating margin was also up year-on-year on a constant currency basis by 40bps, largely as a result of strong operational execution. Our financial

DIRECTORS' REMUNERATION REPORT

CONTINUED

performance, despite headwinds from both the impact of the cyber incident and the effects of ongoing Covid-19 costs, highlights the resilience inherent in our operating model, and reaffirms the fundamental strength of Weir. You can read more in the Financial review on page 40.

Over the course of the year, we have continued to reposition the Group to focus on mining technology, enabling us to take advantage of powerful market trends and leverage our leading market positions. The sale of the Oil & Gas Division in February 2021 was a significant milestone in our transformation, following which we have continued to strengthen our foundations by investing in integrating our engineering expertise with digital technology. In November 2021, we acquired Motion Metrics to further enhance our solutions offering through data insights, and accelerate our journey to include data and insight as a core offering to customers.

Reflecting on the significant opportunities to grow our business and deliver value to all stakeholders, in March 2021 we refreshed our medium-term performance goals aligned to our 'We are Weir' framework that drives strategic execution throughout the Group across four focus pillars – People, Customers, Technology and Performance. We have made significant progress against our 'We are Weir' framework during 2021, including achieving a total incident rate which puts us among the safest companies in our sector, enhancing the customer experience through digitising the business, and offering differentiated technology which allows customers to prioritise both sustainability and efficiency. We are on track to deliver on all our medium-term targets.

Reflecting the confidence in our strategy and the performance achieved in 2021, the Board was pleased to announce a final dividend of 12.3p per share, resulting in a total dividend of 23.8p for the year. This is equal to 33% of adjusted EPS for the period, and is in line with our capital allocation policy of returning a third of EPS through the cycle. We believe that this policy provides us with the financial strength necessary to be a leader in our markets while retaining sufficient capital flexibility to invest in the exciting growth opportunities we see ahead.

2021 OUTCOMES

The remuneration outcomes for the Executive Directors during 2021 reflects the performance of the business, tempered by the impact on profitability arising from the cyber incident experienced in the last quarter of 2021. The Committee also took into account the wider stakeholder experience when determining remuneration outcomes for the Executive Directors.

Annual bonus outcome

The annual bonus plan for the Executive Directors was reinstated for 2021. The reinstatement follows the initial suspension of the plan in April 2020 as a prudent measure in response to the Covid-19 pandemic and the Executive Directors' subsequent decision to waive their 2020 bonus when the bonus plan was later reinstated for other employees in respect of 2020.

For 2021, 70% of the bonus continued to be based on performance against financial measures being Group PBTA and third-party working capital, with the remaining 30% based on non-financial measures aligned to Weir's strategic framework. For performance delivered in 2021, the Committee has awarded a bonus of 51.7% of maximum opportunity, being 77.5% of salary for the CEO and 64.6% of salary for the CFO, 30% of which will be deferred into Weir shares for three years. Full details of achievement against targets are provided on page 137. For the wider bonus-eligible workforce, the average bonus was typically in the range of 55%-65% of maximum opportunity.

The Remuneration Committee has spent time considering the impact of the cyber incident on the Group's financial performance and the subsequent impact on the bonus outcome. Following detailed consideration, the Committee has determined not to apply any positive discretion, on the basis that the overall outcome was considered an appropriate reflection of performance in the year, including taking into account the impact of the cyber incident which was reflected in the metrics. Performance against the strategic measures was strong across our 'We are Weir' framework of People, Customer, Technology and Performance, with detailed information of achievements against targets provided on pages 138 and 139. This includes achieving the previously referenced total incident rate (TIR) which puts us among the safest companies in our sector, progressing strong customer partnerships through investment in new service centres and supply chain solutions, and reducing our carbon footprint.

2020 restricted share award vesting in 2022 – discretionary adjustment for 'windfall gain'

The Committee recognises that some Shareholders have concerns around the potential for perceived 'windfall gains' where there is market volatility around the time of grant of long-term share awards. As such, the Committee included provisions in the terms of the 2020 restricted share award which allow for a discretionary downward adjustment at the point of vesting, should the Committee determine that a 'windfall gain' has occurred.

The Committee carefully considered this issue in advance of the vesting of the first tranche of the 2020 restricted share award due in April 2022. The Committee noted the fall in share price which occurred over the period prior to grant and the impact this had on the number of shares awarded to the Executive Directors compared to the prior year. Recognising that the pricing of the 2020 award occurred very close to the 'trough' of the market volatility induced by the pandemic, the Committee agreed that a scale back to the number of shares would be appropriate.

The Committee's view was that the scale back should reflect that some of the subsequent increase in value could be perceived to be a so-called 'windfall gain', but that the increase in award value also reflected the exceptional outperformance of Weir's shares during 2020, as a result of the actions taken by the management team.

This is a complex issue which requires judgement rather than a 'formulaic answer', and in developing our approach the Committee considered a range of reference points and perspectives.

First, in terms of business performance, the management team have delivered exceptional performance since the grant of the 2020 award, including the following:

- **Highly resilient financial performance in what was an extraordinary year.** This was driven by management's stewardship of the business through Covid-19, and reflected in the maintenance of operating profits and stable revenues, the strong order book growth and the continued successful integration and delivery of synergies from ESCO.
- **The execution of the Oil & Gas disposal** (at 31 December 2021, Weir's share price had grown by c.33% since the sale was announced). The announcement of the sale also resulted in an immediate share price increase of over 15%, clearly reflecting the market's value assessment from management's strategy and ability to execute. The sale won 'Sale of the year' and 'Deal of the year' at the 'Deal and Dealmakers' Awards, recognising the challenge of executing such a value-accreting disposal in very challenging capital market conditions.

- **The acquisition of Motion Metrics**, strengthening the Group's leadership in making mining more sustainable and significantly increasing the Group's capability in critical AI technology.
- **Maximising opportunities through our 'We are Weir' framework.** This includes our strengthened alignment with our customers' biggest challenges and corporate transformational growth initiatives, and the development of a compelling purpose and sustainability strategy that has been positively received by all stakeholders.

The Committee also noted a number of share price reference points in reflecting on the extent to which value delivered since grant might represent a 'windfall gain' for management:

- **The initial share price recovery following grant was not a 'windfall'.** Weir's share price increased by over 40% in the six months following grant, compared to 3.6% for the FTSE 100, reflecting the actions of the management team in navigating the pandemic, rather than Weir shares 'riding' an equity market recovery.
- **There was no exceptional benefit from the Covid-19 vaccine.** A number of companies received very significant share price increases following the announcement of the Covid-19 vaccine success in November 2020. Around a third of the FTSE 100 received overnight share price increases of above 10%, while the increase for Weir (4.7%) was below the average (6%), confirming no particular 'windfall' advantage from this market event.
- **Weir significantly outperformed the equity market and the sector over the period since grant.** Weir's share price has increased by over 100%, compared to the FTSE 100 market increase of less than 35%. Weir's share price has also outperformed almost all of its sector peers over this time, outperforming the average increase amongst peers by 35%.
- **Analysis of alternative pricing for the 2020 award.** Recognising that the 2020 grant coincided with the 'trough' of the equity market, we analysed the impact a longer averaging period around the time of grant would have had to the number of shares awarded. If an averaging period from mid-February to mid-May 2020 had been used instead, this would have reduced the impact of market volatility and resulted in a c.15% reduction to the current award.

In addition, the Committee also reflected on the broader context of executive remuneration at Weir, including:

- The prudent approach taken in response to the Covid-19 pandemic, including the withdrawal of base salary increases in 2020, the Executive Directors' waiver of any bonus in respect of 2020 (which otherwise would have paid out at 46% of maximum), and the reduction to the RSU awards vesting in early 2021.
- Recognition that, over the longer term, the management team have experienced what might be called 'windfall losses', as a result of historic LTIP vesting outcomes which reflected the impact of the commodity cycle, rather than management's performance (noting that the average vesting outcome in the last five years of the LTIP's operation was below 25% of maximum, and 0% in several years).

Taking all of the above into account, as well as the feedback received from our Shareholders in an extensive consultation, the Committee believes that the 15% downward adjustment appropriately balances the range of perspectives and reference points.

As a further step, the Committee intends to address concerns about potential windfall gains, if relevant, by making any adjustment at the time of grant, in line with the latest Shareholder guidance. This provision will be incorporated into the 2022 Directors' Remuneration Policy and will apply to restricted share awards from 2022 onwards. We would also retain discretion to review awards at the point of vesting, in accordance with our wider policy and principles of best practice.

Restricted share awards vesting in 2022 – dividend underpin

As communicated in last year's report, the Board took swift and decisive actions following the outbreak of the Covid-19 pandemic, including the withdrawal of the final dividend for 2019 and any dividend payments in 2020. As a result, the underpin relating to the dividend for the 2018, 2019 and 2020 restricted share awards will technically not be met for the tranches of these awards due to vest in April 2022.

The Committee has discussed this issue ahead of the tranches vesting in 2022 and based on:

- the Committee's view that the breaching of the dividend was a technical breach rather than a more substantive failure of management or business performance;
- recognising the adjustments already made for this issue to the number of shares which vested in April 2021; and
- the resumption of the dividend in 2021 in line with our capital allocation policy,

the Committee is not proposing any further adjustment to the tranches of the awards vesting in 2022.

DIRECTORS' REMUNERATION POLICY

At our AGM in 2021, we received Shareholder approval for a rollover of our existing Remuneration Policy, which also incorporated a number of updates to reflect best practice and Shareholder views. At that time, we committed to undertaking a further review of the Policy during the remainder of 2021 in order to ensure it remains optimally aligned with the Group's long-term strategy as a mining technology business. Our comprehensive review also took into account Shareholder feedback, market practice and evolving academic thinking on potential alternative reward structures.

The Committee concluded that our current incentive structure remains appropriately aligned to our strategy and our objective to appropriately reward the delivery of sustainable value over time, as reflected in our reward principles.

Employees as Shareholders	Encouraging and enabling substantial long-term share ownership for all employees.
Reward long-term value creation	Bringing focus to sustainable improvement in the underlying business via our strategic framework.
Supporting our culture	Focusing incentives on team performance to create collective accountability and becoming an employer of choice by offering a motivating and fair package.
Simplifying and increasing effectiveness	Simple and transparent reward linked to business success, delivered in a way that rewards fairly and appropriately and enables retention.

DIRECTORS' REMUNERATION REPORT

CONTINUED

While the Committee reaffirmed that our annual bonus and restricted shares structure remains the right approach at Weir, we are proposing two minor refinements to the structure as follows:

- **Incorporation of a stand-alone ESG component in the annual bonus.** Whilst ESG objectives were previously captured within the strategic scorecard element of the bonus framework, we now propose to introduce a stand-alone ESG element in order to more transparently illustrate our priorities and performance in this critical area. We will retain the strategic scorecard, but simplified to focus on core objectives outside ESG. The 2022 annual bonus will therefore be based on: 40% PBTA, 20% cash conversion, 20% strategic measures, 20% ESG. The ESG component will operate under a robust architecture. The performance measures for 2022 directly align to our 'We are Weir' strategic framework, and the priorities for 2022 will be based on the ESG objectives within that framework, including safety, gender and carbon emissions targets. Full details of the strategic measures and ESG metrics that will be used in the 2022 bonus are set out on page 128. The underlying performance targets will be stretching and assessed using objective, measurable and, where possible, quantitative targets. The targets for 2022 will be fully disclosed in next year's report. The Committee will consider whether prospective disclosure of ESG targets may be possible in future years, subject to commercial sensitivities. For example, the Committee can confirm that our total incident rate (TIR) target for 2022 is to maintain our already sector leading 0.45 TIR and stretch target is to reduce to 0.4.

- **Restricted shares – aligning to market.** As part of our review, the Committee considered the vesting and release period for awards. It was noted that our current approach (shares vesting in tranches after years 3, 4 and 5, and then being released two years later after years 5, 6 and 7) is significantly longer than what has now become the market standard (where all shares vest at year 3 and are released at year 5). Therefore, to ensure our restricted share awards remain competitive against this market landscape, we are proposing to bring the vesting and release timeline in line with the market. Subject to Shareholder approval, the change will apply to awards made with effect from 2022 onwards. The Committee believes that the alignment of the vesting period to market practice, which is also applicable to the broader Group Executive team, further cements retention and is an important element in the future attraction of senior talent. As set out earlier in this letter, the Committee intends to address concerns about potential 'windfall gains', if relevant, by making any adjustment at the time of grant, in line with the latest Shareholder guidance. We will formally incorporate this provision into the new Remuneration Policy.

We will be submitting an updated Remuneration Policy for Shareholder approval at the 2022 AGM in order to embed the changes set out above. The proposed Directors' Remuneration Policy is provided in full on pages 130-135 of this report.

Our We are Weir purpose is "To enable the sustainable and efficient delivery of the natural resources essential to create a better future for the world" and puts sustainability right at the core of our strategy.



In February 2020, we unveiled our first ever Sustainability Roadmap, a significant moment in the history of the Weir Group. A key priority for the Remuneration Committee is ensuring that our Remuneration Policy is aligned to our sustainability focus and therefore we have continued to strengthen the emphasis on ESG measures as part of Executive Director remuneration over recent years, whilst balancing the need to retain an appropriate weighting on financial outcomes. In 2021, we introduced a new ESG underpin as part of our 2021 restricted share awards. For 2022, we are introducing a distinct ESG element into our annual bonus framework for Executive Directors, which will be aligned both to our new Sustainability Roadmap and our 'We are Weir' Framework across People, Customer, Technology and Performance.

2022 DECISIONS

Salaries

Our typical approach on Executive Director salaries is to align with the average increase for our wider UK workforce, in line with Shareholder guidance. We have operated this consistently in recent years, showing restraint on salary increases, including withdrawing agreed salary increases in 2020 in response to the Covid-19 pandemic. As signalled in last year's Directors' Remuneration Report, the Committee undertook a more comprehensive review of salaries in 2021, taking into account a wide range of factors, including the growth of the business, development and execution of strategy, and the performance of the Company and the Executive Directors. Following this review, the Committee is proposing to reset the salaries for the CEO and CFO to be in line with a more market competitive level in our comparator group (FTSE 50-150).

Reflecting on best practice and the feedback we received from our Shareholders in consultation, the Committee has determined that the salary increases will be phased over a two-year period. In April 2022, the Executive Directors will receive increases of around 6% as follows: CEO £752,000 (+6% from £708,000) and CFO £462,000 (+6% from £436,000). In 2023, the Committee expects to approve a secondary increase in order to bring salaries to the market competitive level at that later point. This second increase (in April 2023) may be of a broadly similar magnitude to that in 2022, but it is yet to be confirmed and will be subject to review at that time of prevailing market data and ongoing sustained performance of the Executive Directors.

Whilst the Committee recognises that the salary increase is in excess of the average increase for our wider UK workforce for 2022 of 4% and the need to continue to show restraint and moderation on salary progression, it is the Committee's view that this proposal will bring, over time, the Executive Directors' salaries to a more reasonable market level for a business of our size and complexity in the global market, whilst also reflecting the performance of the business over recent years. The Committee also recognises that the Executive Directors have been in post for over five years and strengthening base salary to a market competitive level further cements retention.

When considering the performance of the business which has been delivered by the Executive Directors since their appointment, the Committee took into account key highlights including the successful acquisition of ESCO in 2018 and subsequent integration, the sale of Flow Control in 2019 and Oil & Gas in 2021, strong sustained growth through multiple cycles during their tenure, and defining our future strategy as a premium and highly resilient mining technology business.

We can also confirm that following this salary re-set, it is the Committee's intention that future salary increases (post-2023) would align with the employee average, in line with our typical approach which we have operated consistently over many years.

Pension contributions

Under our current Directors' Remuneration Policy, we are committed to aligning the pension contribution for our Executive Directors with the rate available for the wider UK workforce by the end of 2022, in line with best practice. During the year, we undertook a comprehensive review of the pension provision for our wider workforce, taking into account a range of market data and guidance. Following the review, I am pleased to say that we will be significantly enhancing the pension provision for our UK workforce with effect from April 2022, increasing contribution rates across the board to market competitive levels and increasing the maximum rate available to all of the UK workforce to 12% of salary. As a result, the existing pension provision for our Executive Directors (12% of salary) will become aligned with the rate available to the wider UK workforce in April 2022.

Annual bonus – greater focus on ESG objectives

The maximum bonus opportunity will remain at 150% of salary for the CEO and 125% of salary for the CFO, in line with the Policy. As set out earlier in this letter, the annual bonus plan for 2022 will be based on 40% PBTA, 20% cash conversion, 20% strategic measures and 20% ESG. 30% of any bonus earned will be deferred into shares for three years. Further detail on the performance measures is provided on page 128 of this report.

Restricted share awards

Restricted share awards will be granted in April 2022, with no change to the award sizes (CEO: 125% of salary; CFO: 100% of salary) or the performance underpins from the 2021 awards. Further detail can be found on page 129 of this report. Subject to the approval of our proposed Remuneration Policy, 2022 awards will vest after three years and be subject to a holding period until five years from grant.

Shareholder engagement

In developing the approach to our updated Policy and its implementation in 2022, we consulted extensively with our major Shareholders and investor bodies. Overall, there was a broadly supportive response, along with valuable feedback which was relayed to the Remuneration Committee and directly impacted the final proposals. I would like to thank all those Shareholders who engaged with us during this process.

The Remuneration Committee has sought to take a simple, balanced and responsible approach to executive pay. Decisions in the year have been made taking into account the experience of our employees, Shareholders and any key stakeholders in the period. The Committee appreciated the strong endorsement of last year's Directors' Remuneration Report and Policy and I look forward to receiving support again at the 2022 AGM.



CLARE CHAPMAN

Chair of Remuneration Committee

2 March 2022

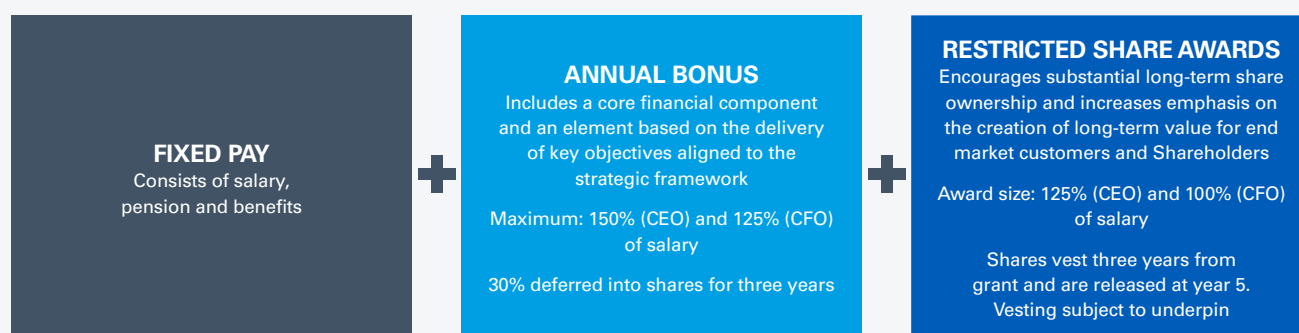
EMPLOYEES AS SHAREHOLDERS

REWARD LONG-TERM VALUE CREATION

SUPPORTING OUR CULTURE

SIMPLIFYING AND INCREASING EFFECTIVENESS

The key components of our remuneration framework are fixed pay, annual bonus and restricted share awards as set out in the Remuneration Policy on pages 130-135.



At the 2021 AGM, we received Shareholder approval for a rollover of our existing Remuneration Policy, which also incorporated a number of updates to reflect best practice and Shareholder views. At that time, we also committed to undertaking a further review of the Policy during the remainder of 2021 in order to ensure it remains optimally aligned with the Group's long-term strategy. Following comprehensive review, we concluded that our current incentive structure remains appropriately aligned to strategy and therefore no major changes are required.

We are, however, proposing two minor refinements to the structure, as previously set out on page 124, as follows:

To further strengthen the alignment between remuneration and strategy we are introducing a stand-alone ESG component into annual bonus in order to more transparently illustrate our priorities and performance in this critical area.

2021 bonus framework	2022 bonus framework
50% PBTA	40% PBTA
20% Working Capital	20% Cash Conversion
30% Strategic Measures (including ESG)	20% Strategic Measures
	20% ESG Measures

Our current approach of restricted shares vesting in tranches after years 3, 4 and 5, and then being released two years later after years 5, 6, and 7 is significantly more onerous than what has become the market standard, where awards vest at year 3 and are released at year 5. We are therefore amending the vesting and release timeline to align with market (which also aligns with Shareholder guidance, including the UK Corporate Governance Code 2018). The change would apply with effect from the 2022 awards and would not impact awards made prior to 2022.

Vesting Period Change – current structure



Amended structure applicable to awards from 2022 onwards



ANNUAL BONUS OUTCOME FOR THE YEAR ENDED 31 DECEMBER 2021

Further details, including information on the performance assessment of the strategic measures are set out on pages 137-139.

2021 Annual Bonus Outcome	Entry (20% payable)	Target	Maximum (100% payable)	FY21 Outcome	Payout % of maximum for each measure	Weighted payout %
	£232.0m	£281.9m	£331.8m	£271.9m	52.0%	26.0%
PBTA (50% weighting) (defined as profit before tax and adjusting items from continuing operations)						
	£528.8m	£491.9m	£455.0m	£563.8m	0%	0%
Third-party working capital (20% weighting)						
	6%	18%	30%	25.7%	85.6%	25.7%
Strategic measures (30% weighting)						
Total						51.7%
Jon Stanton actual						£548,967
John Heasley actual						£281,720

DISCRETIONARY REDUCTION TO 2020 RESTRICTED SHARE AWARD VESTING IN 2022 FOR 'WINDFALL GAIN'

The Remuneration Committee has carefully considered this issue and has decided to apply a discretionary downward adjustment of 15% to the number of shares which vest from the first tranche of the 2020 award in April 2022. In doing so, the Committee recognises that some Shareholders have concerns around the potential for perceived 'windfall gains' where there is market volatility around the time of grant of long-term share awards. At the same time, the Committee also reflected on a number of broader reference points in relation to the performance of the Executive Directors and the business since the award in 2020 and as set out in detail on pages 122-123, concluding that whilst there cannot be a formulaic answer, on balance a 15% reduction is appropriate.

Remuneration Committee consideration points

The 2020 restricted share award occurred close to trough of market resulting in a perceived 'windfall gain'.

The resilient financial performance of the business and management's strong stewardship through Covid-19 and the cyber incident.

The execution of the Oil & Gas Division sale and the immediate 15% share price increase as a result.

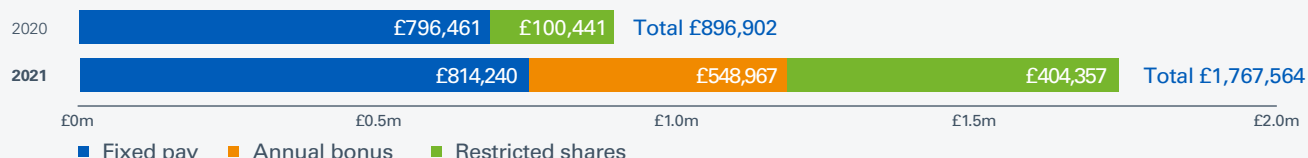
A share price increase of over 100% since the 2020 award, compared to the FTSE 100 market increase of less than 35%, outperforming the market and almost all sector peers in this time.

The prudent measures already taken, including the withdrawal of salary increases for the Executive Directors in 2020 and the Executive Directors' waiver of any bonus in respect of 2020 (which otherwise would have paid out at 46% of maximum).

Downward discretion applied to 2020 restricted share award vesting in April 2022 following consideration of above

15%

2021 CEO SINGLE TOTAL FIGURE OF REMUNERATION

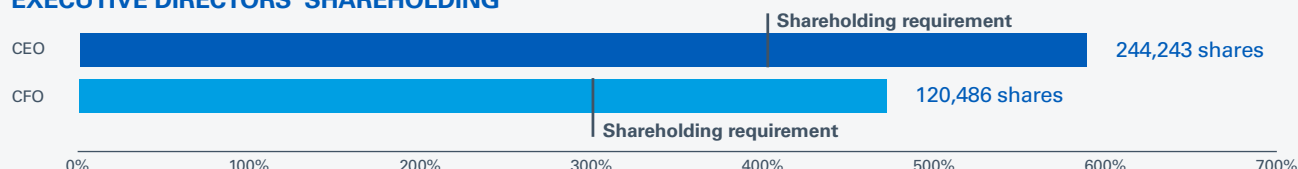


Notes

The Executive Directors waived their 2020 annual bonus.

In 2020, the restricted shares value was solely comprised of the first 25% of the 2018 award vesting. The 2021 restricted shares value comprises the second 25% of the 2018 award vesting and the first 25% of the 2019 award vesting.

EXECUTIVE DIRECTORS' SHAREHOLDING



DIRECTORS' REMUNERATION IN 2022

IMPLEMENTATION OF REMUNERATION POLICY IN 2022

The table below summarises the key components of our remuneration framework and indicates how we intend to operate the policy in 2022.

Operation		2022 implementation
Fixed		
Salary	Fixed remuneration which reflects role, skills, and responsibilities.	- CEO – £752,000 - CFO – £462,000 The 6% increases are above the increase of 4% for the wider UK workforce as part of a two-year phased approach to align with FTSE 50-150 market competitive levels.
Pension	Executive Directors receive pension contributions of 12% per annum.	No change for 2022, but with a broader investment made in pension provision for the wider UK workforce from April 2022, which includes a new availability of the 12% contribution rate for all UK employees, the Executive Directors' pension contributions will become aligned with the rate available to the wider UK workforce in April 2022.
Benefits	Car allowance, healthcare and life assurance.	No change.
Variable		
Annual bonus	Maximum opportunity: CEO 150% of base salary CFO 125% of base salary 30% deferred into shares for three years. Annual bonus awards will also be subject to malus and clawback provisions.	No change to maximum opportunities. New standalone ESG measure introduced, with measures and weightings for 2022 as follows: 40% PBTA (defined as profit before tax and adjusting items from continuing operations) 20% Cash conversion (defined as free operating cash flow as a percentage of adjusted operating profit) 20% Strategic measures 20% ESG measures Note We are retaining a cash based measure for 20% of the annual bonus opportunity, replacing third-party working capital with cash conversion as the metric from 2022. Strong operating cash conversion ensures a focus on working capital efficiency and optimal levels of capital expenditure to ultimately allow free cash generation to invest in growth opportunities and meet our commitment to return 33% of net adjusted earnings by way of dividend and a full investment grade credit rating. Given their overall commercial sensitivity, underlying targets across the financial and non-financial measures will be disclosed in next year's report. Set out below are details of the target priorities for 2022 for both the strategic measures and the ESG measures. These are aligned to our 'We are Weir' framework of People, Customer, Technology and Performance.
PEOPLE		
Strategic measures:		ESG measures:
- Retain our talent. - Build our digital capability. - Maintain top quartile engagement score.		- Improve our safety Total Incident Rate (TIR). - Improve our gender diversity.
CUSTOMER		
Strategic measures:		ESG measures:
- Execute our top 3 strategic growth initiatives in each Division. - Establish new strategic alliances that enhance our customer value proposition significantly.		Develop our scope 4 value proposition.
TECHNOLOGY		
Strategic measures:		ESG measures:
- Commercialise our top 3 horizon 1 innovations in each Division. - Progress our priority acceleration R&D projects. - Digitise our current business model. - Create and deploy Future Back Strategy.		Build pipeline and commercialise material sustainability focused technologies/solution (# new projects).
PERFORMANCE		
Strategic measures:		ESG measures:
- Improve our Lean scores. - Grow % of Group revenue covered by Global Business Services Finance shared services.		- Reduce scope 1&2 CO₂e emissions vs 2019 base. - Evaluate Science Based Targets initiative (SBTi) scope 3 target.

	Operation	2022 implementation
Restricted share awards	Maximum award size: CEO 125% of base salary CFO 100% of base salary Awards subject to a vesting and subsequent holding period. Vesting subject to the underpin. Prior to vesting, if any of the thresholds have not been met, it would trigger the Committee to consider whether a discretionary adjustment was required. Restricted share awards will also be subject to malus and clawback provisions. For restricted share awards from 2022 onwards, the Remuneration Committee has the ability to make adjustment at the time of grant to address, if relevant, concerns about windfall gains and taking into account latest Shareholder guidance. The Committee also retains discretion to review awards at the point of vesting, in accordance with our wider policy and principle of best practice.	No change to award size. Vesting schedule changed for new awards from 2022 onwards: Previously vesting was in years 3, 4 and 5 with a subsequent two-year holding period on each vest so shares fully released between years 5 and 7. To bring into line with market practice, from 2022, vesting is in full after year 3 with a subsequent two-year holding period so shares fully released after year 5. No change to the underpin: Balance sheet health Breaching covenants - No breach of debt covenant or re-negotiation of covenant terms outside of a normal refinancing cycle Investor returns Return on Capital Employed (ROCE) - Maintain average ROCE over the vesting period above the average Weighted Average Cost of Capital for that period Environmental, social and governance (ESG) Sustainability Roadmap progress - Awarded a B listing or better by CDP¹ through the vesting period in recognition of climate change contribution Corporate governance Major governance failure - No material failure in governance or an illegal act resulting in significant reputational damage and/or material financial loss to the Group Note ¹ CDP are one of the world's leading climate change research groups https://www.cdp.net. CDP's annual environmental disclosure and scoring process is respected as the gold standard of corporate environmental transparency. It ranks companies on a scale of A to D- based on the comprehensiveness of disclosure, awareness and management of environmental risks and demonstration of best practices associated with environmental leadership, such as setting ambitious and meaningful targets. Weir's score in 2020 and 2021 has been A- recognising the sustained progress made in this area. The underpin for the 2022 award will be set such that if Weir's score falls below a threshold of B for any year during the vesting period, this would trigger the Committee to consider an adjustment to vesting. The CDP methodology requires continuous improvement even to maintain a level of scoring and therefore the Committee believes this is an appropriate level at which to set the threshold for the underpin.
Other		
Shareholding guidelines	- CEO – 400% of base salary - CFO – 300% of base salary In addition, shareholding requirements will continue post-employment for a period of two years.	No change.
Chair and Non-Executive Director (NED) fees	Fees reflect responsibilities and time commitments for the role.	Chair and NED fees will increase by 4% in line with the wider UK employee average, effective 1 April 2022. - Chair's fee – £337,000 - NED base fee – £67,400 - Chair of Committee fee – £17,600 - Senior Independent Director fee – £14,100 - Employee Engagement Director fee – £17,600

DIRECTORS' REMUNERATION POLICY

REMUNERATION POLICY

The policy will be put to Shareholders for approval at the AGM to be held on 28 April 2022. Subject to approval, the policy is intended to apply for three years from that date.

In developing the proposed policy, input was received from the Chairman and management while ensuring that conflicts of interest were suitably mitigated. Input was also provided by the Committee's appointed independent advisers throughout the process.

There are two minor refinements between the proposed and the current policy approved in 2021 being: (i) the introduction of a specific ESG measure into the annual bonus; and (ii) the alignment of the vesting period on the restricted shares to market practice. We are also introducing a provision to address concerns about potential 'windfall gains', if relevant, by making any adjustment to restricted share awards at the time of grant.

POLICY TABLE

BASE SALARY

Purpose

To provide a salary which takes into account an individual's role, skills and responsibilities and enables the Group to attract and retain talented leaders.

Operation

Reviewed annually, with increases normally taking effect from 1 April. Salaries are set by reference to market practice for similar roles in companies of similar size and complexity. The Committee also takes into account personal performance, the wider employee context, and economic and labour market conditions.

Maximum value

While there is no stipulated maximum salary increase, increases will not normally be greater than the average salary increase for UK employees (or the relevant jurisdiction if an Executive Director is based outside the UK).

Different increases may be awarded at the Committee's discretion in instances such as where:

- there has been a significant increase in the size, complexity or value of the Group;
- there has been a change in role or responsibility;
- the individual is relatively new in the role and the salary level has been set to reflect this; and
- the individual is positioned below relevant market levels.

PENSION

Purpose

To encourage long-term saving and planning for retirement.

Operation

A contribution into the Company's defined contribution pension plan or an equivalent cash allowance, or any other arrangement the Committee considers has the same economic benefit.

Maximum value

12% of base salary per annum in line with the maximum contribution rate available to the wider UK workforce from April 2022.

BENEFITS

Purpose

To provide cost-effective benefits valued by individuals.

Operation

Benefits include, but are not limited to, healthcare, car allowance, liability insurance and death in service insurance.

Other benefits may be provided from time to time if considered reasonable and appropriate, such as relocation benefits or long-term disability insurance.

Maximum value

- Car allowance – no greater than £20,000 per annum
 - Life assurance – 5 x base salary
- The cost of providing insurance and healthcare benefits varies according to premium rates, so there is no formal maximum monetary value.

ANNUAL BONUS

Purpose

To incentivise the delivery of our strategic plan and to reward the achievement of stretching performance on an annual basis.

To focus incentives on team performance to create collective accountability.

Operation

Measures, targets and weightings are reviewed and determined annually at the start of each financial year to ensure they are appropriate and support the Company's strategy. 30% of any bonus will be deferred into an award of Weir Group shares which will normally be released after three years.

Malus and clawback provisions may be applied in the event of a material misstatement in the financial statements of the Group or a subsidiary/Division, the discovery that information used to determine an award was materially incorrect, mistaken or misrepresented, gross misconduct (leading to termination for cause), a material corporate failure in any Group company or a relevant business unit, or reputational damage causing significant damage to the Company and clearly attributable to the individual.

Maximum value

- CEO 150% of base salary
- CFO 125% of base salary

Performance assessment

Annual bonuses will be subject to such targets as the Committee considers appropriate each year. Financial measures will normally be used to calculate at least 50% of the bonus, with the remainder being based on strategic, ESG and/or personal objectives.

The performance targets for financial measures are set in the context of the internal budget taking into account other relevant factors such as external forecasts.

All financial measures are calibrated with payment on a straight-line basis between threshold (up to 20% of maximum bonus payable), stretch, and any points in between.

Payment of any non-financial measures component will be subject to a discretionary underpin (including individual performance).

In exceptional circumstances the Committee has discretion to alter the measures and/or targets during the performance period if it believes the original measures and/or targets are no longer appropriate.

The Committee has discretion in exceptional circumstances to amend the payout level if it believes this will better reflect the Company's underlying performance.

SHARE REWARD PLAN (SRP)

Purpose

To encourage and enable substantial long-term share ownership.

To reward the delivery of sustainable value over time.

Operation

The Committee may grant awards under the SRP on an annual basis.

Awards will vest at the end of a three-year period, subject to continued employment and assessment of the underpin.

Following vesting, an additional two-year holding period will also apply, such that vested shares are released five years from grant.

Awards will normally be in the form of conditional share awards, but may be awarded in other forms if appropriate (e.g. as nil cost options).

Malus and clawback (applicable for three years from vesting) provisions may be applied in the event of:

- a discovery of a material misstatement in the audited consolidated accounts of the Group or audited accounts of any Group company;
- action or conduct which can be considered as gross misconduct;
- events or behaviour which have a significant detrimental impact on the reputation of any Group company, and which can be attributed to the individual award holder;
- the information used to determine the number of shares over which an award is granted, or vests is found to be materially incorrect, mistaken or misrepresented to the advantage of the award holder; and
- a material corporate failure in any Group company or a relevant business unit.

Maximum value

The Committee will determine the grant level each year. The maximum value of award which may be granted in respect of a financial year is:

- CEO 125% of base salary
- CFO 100% of base salary

The Committee has the ability to adjust award levels at the time of grant to address, if relevant, concerns about the potential for perceived 'windfall gains'.

Performance assessment

No performance measures are associated with the awards.

The underpin will consist of a 'basket' of pre-determined key metrics which will best reflect overall business health over the vesting period. For each metric, a clearly defined and, where relevant, quantifiable 'threshold' will be set at the time of grant. Thresholds will be disclosed on a prospective basis.

Prior to vesting, if any of the thresholds have not been met, it would trigger the Committee to consider whether a discretionary downward adjustment was required.

In addition, the Committee will also have general discretion to reduce vesting levels if it believes this will better reflect the underlying performance of the Company over the period.

DIRECTORS' REMUNERATION POLICY

CONTINUED

SHAREHOLDING REQUIREMENTS

Purpose

To ensure Executive Directors build and hold a significant shareholding long term.
To align Executive Directors' interests with Shareholders.

Operation

Executive Directors are required to build up a shareholding in the Company over a five-year period.

All beneficially owned shares, deferred shares and unvested restricted share awards count towards an individual's shareholding (on a net of tax basis where relevant).

Until the shareholding requirement is met an Executive Director must retain 50% of net restricted share awards, performance share awards, and deferred bonus award shares.

Shareholding requirements continue post-employment:

- The requirement will fall to half the normal level on leaving.
- The requirement would then taper down to zero after two years.

Shareholding guidelines

- CEO 400% of base salary
- CFO 300% of base salary

ALL EMPLOYEE SHARE PLANS

Purpose

To enable long-term share ownership for all employees, and to increase alignment with Shareholders.

To provide one common benefit to all employees.

Operation

Executive Directors may be entitled to participate in all-employee share plans on the same basis as all other employees.

Maximum Value

The maximum value will be in line with the maximum value for all other employees.

CHAIRMAN AND NON-EXECUTIVE DIRECTORS' FEES

Purpose

To attract and retain experienced and skilled Non-Executive Directors and to reflect the responsibilities and time commitment involved.

Fees are reviewed by reference to companies of similar size and complexity, economic and labour market conditions.

Additional fees may be made available to Non-Executive Directors where appropriate to reflect any additional time commitment or duties.

The Company may reimburse Non-Executive Directors for any business-related costs (such as travel and accommodation costs incurred in connection with their duties) and any associated tax on these costs.

Maximum value

Fees as prescribed in the Articles of Association.
Planned increases in fees will take into account general increases across the Group, along with market practice.

CHOICE OF PERFORMANCE MEASURES AND TARGETS

The performance measures selected for the annual bonus awards and the performance underpins selected for the restricted share awards are set on an annual basis by the Committee, to ensure that they remain appropriate to reflect the priorities for the Company in the year ahead.

The annual bonus plan measures are chosen to align to our reward principles and the delivery of our strategy. The restricted shares performance underpins are chosen to align with our key underlying drivers of value. The targets for the performance measures are set taking into account a number of factors, including the Company's annual operating plan, strategic priorities, the economic environment and market conditions and expectations.

DIVIDENDS

Executive Directors are entitled to receive the value of dividends payable on any deferred bonus awards under the annual bonus or awards under the SRP up to the point of vesting. This value may be calculated assuming that the dividends were notionally reinvested in the Company's shares.

COMMON AWARD TERMS

Awards granted under the share plans may be adjusted in the event of any variation of the Company's share capital or any demerger, special dividend or other event that may affect the current or future value of the awards.

LEGACY ARRANGEMENTS

The Committee reserves the right to make any remuneration payments and/or payments for loss of office, this includes exercising any discretions available to it in connection with such payments (notwithstanding that they are not in line with this policy) where the terms of payment:

- came into effect before this policy was approved and implemented (including where such payments are in line with a previously approved policy); and
- were agreed at a time when the individual was not a Director of the Company and, in the opinion of the Committee, the payment is not in consideration for the individual becoming a Director.

This includes the vesting of any awards granted under the SRP.

RECRUITMENT POLICY

The Committee's approach when considering the overall remuneration arrangements in the recruitment of an Executive Director is to take account of all relevant factors such as the individual's remuneration package in their prior role and the market positioning of the package against the local market. We will not pay more than necessary to facilitate the recruitment.

Component	Policy and operation
Remuneration	The salary level, benefits, pension, annual bonus and annual SRP participation will be in line with the policy table, including the maxima shown.
Buy-out Awards	The Committee will consider whether any buy-out awards are reasonably necessary to facilitate the recruitment of an Executive Director, and if there are any other compensation arrangements that would be forfeited on leaving the previous employer. The Committee will seek to structure any buy-out award taking into account relevant factors including any performance conditions, the form in which it is to be paid and the timeframe of the award. Buy-out awards will generally be made on a like-for-like basis and will be no more generous in quantum than the awards being forfeited.
Other	The Committee may agree to meet certain mobility or relocation costs, including but not limited to, temporary living and transportation expenses. The Committee may also agree to meet the costs of relevant professional fees. Reasonable expenses and associated tax incurred as part of their recruitment will be reimbursed to the Executive Director.
Internal promotion to Executive Director	The Committee will honour existing remuneration arrangements made prior to and not in contemplation of promotion. The arrangements will continue to pay out in accordance with the respective rules and guidelines.

SERVICE CONTRACTS AND POLICY ON PAYMENT OF LOSS OF OFFICE

It is the Committee's policy that there should be no element of reward for failure. The Committee's approach when considering payments in the event of termination is to take account of the individual circumstances including the reason for termination, contractual obligations of both parties as well as incentive plan and pension scheme rules.

If an Executive Director's service contract is terminated other than in accordance with its terms, the Committee will give full consideration to the obligation and ability of the individual to mitigate any loss they may suffer as a result of the termination of their contract.

Service contracts and letters of appointment are available for inspection at the Company's registered office.

Provision	Policy
Unexpired term	The unexpired term of Executive Directors' contracts is 12 months. Executive Directors have rolling contracts.
Change of control	No provisions in service contracts relate to a change of control. Refer to the relevant sections below for annual bonus and share plans provisions.
Notice period	Current Executive Directors have 12 months' notice by either the Company or the individual. This would be the normal policy for new appointments.
Contractual payments	Termination with contractual notice or termination by way of payment in lieu of notice (PILON) at the Company's discretion. Neither notice nor PILON will be given in the event of gross misconduct. The calculation of PILON will be at 1.2 x gross salary to reflect the value of salary and contractual benefits. PILON will be made where circumstances dictate that Executive Directors' services are not required for their full notice period. Contracts also allow for phased payments on termination which provides for mitigation, including remuneration from alternative employment. The Committee may authorise: • payments for statutory entitlements in the event of termination; • reasonable settlement of potential legal claims; and • payment of reasonable reimbursement of professional fees in connection with such agreements.
Annual bonus and deferred bonus awards	At the discretion of the Committee, where an individual leaves as a Good Leaver (as defined below), a pro-rated payment (payable in such proportions of cash and shares as the Committee may determine) may be earned if employment ceases during the year. Any payment will be subject to the assessment of bonus targets. Dismissal for gross misconduct – all entitlements will be forfeited, including any unvested deferred bonus awards. All other departure events – existing rights are normally retained in respect of any deferred bonus awards. Vesting will take place at the normal vesting date unless the Committee determines otherwise. Malus and clawback provisions will continue to apply. Change in control – any bonus will normally be determined by the Committee up to the expected date of change in control taking into account both performance and the period of the financial year which has elapsed. Deferred bonus awards will vest on change in control.

DIRECTORS' REMUNERATION POLICY

CONTINUED

Provision	Policy
Outstanding share plan awards	The treatment of awards will be governed by the rules of the relevant plan. Where an individual leaves as a Good Leaver (which includes for reasons of death, retirement, ill-health, injury or disability, redundancy, the sale of employing company or business, or other circumstances that the Committee determines) unvested awards will normally continue and vest on the normal vesting date, taking into account the assessment of any applicable underpins and pro-rated to reflect the proportion of the vesting period which has elapsed. The Committee may exercise its discretion to apply a different pro-rata methodology or to dis-apply time pro-rating completely. Awards subject to a holding period will continue to be subject to that holding period as if employment had not ceased, except in the case of death, or in such other circumstances as the Committee may determine, when the holding period will end at that time. The rules provide flexibility that in the case of the participant's death (or such other exceptional circumstances as the Committee considers appropriate), awards will vest (and awards in the holding period will be released) at the time of death/leaving. If an individual leaves for any reason other than as a Good Leaver, any unvested awards will lapse on termination. Awards will remain subject to the operation of malus and clawback provisions. Change in control – the extent to which unvested awards vest will be determined by the Committee, taking into account the performance conditions and/or underpins as applicable and the proportion of the vesting period that has elapsed. Alternatively, awards may be exchanged for new equivalent awards in the acquiring company. The holding period applicable to any awards will end at the time of change in control.
All employee share plans	The rules of any all-employee share plans will apply in the event of termination of employment or change in control.
Relocation	The Committee may determine that share plan awards or deferred bonus awards should vest early if an Executive Director is relocated to a country where they would suffer a tax or regulatory disadvantage by holding the award.
Chairman and Non-Executive Directors	Non-Executive Directors have letters of appointment. The letters do not contain any contractual entitlement to a termination payment and the Non-Executive Directors can be removed in accordance with the Company's Articles of Association. Notice periods are six months from the Company and no notice from the individual. There are no change in control provisions in the letters of appointment.

SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT

The following table sets out the dates of each of the Executive Directors' service agreements, the dates of the Non-Executive Directors' letters of appointment and the date on which the Non-Executive is subject to election or re-election. Directors are required to retire at each Annual General Meeting and seek re-election by Shareholders.

Executive Director	Contract commencement date	Unexpired term (months)
Jon Stanton	28 July 2016	12
John Heasley	3 October 2016	12

Non-Executive Director	Date of appointment	Date when next subject to election/re-election
Charles Berry ¹	1 January 2014	n/a
Clare Chapman	1 August 2017	28 April 2022
Engelbert Haan	18 February 2019	28 April 2022
Barbara Jeremiah ²	1 August 2017	28 April 2022
Mary Jo Jacobi	1 January 2014	28 April 2022
Ben Magara	19 January 2021	28 April 2022
Sir Jim McDonald	1 January 2015	28 April 2022
Srinivasan Venkatakrishnan	19 January 2021	28 April 2022
Stephen Young	1 January 2018	28 April 2022

1 Charles Berry will retire as Chairman following the AGM on 28 April 2022.

2 Barbara Jeremiah is Chair-Designate and to be appointed Chair following the AGM on 28 April 2022.

CONSIDERATION OF CONDITIONS ELSEWHERE IN THE GROUP

The reward principles set out at the beginning of the Directors' Remuneration Report reflect the reward principles that apply to all employees across the Group. Although these principles apply across the Group, given the size of the Group and the geographical spread of its operations, the way in which the principles are implemented in practice varies. For example, annual bonus deferral applies at the more senior levels within the Group and participation in restricted share awards is typically limited to senior management and executives. All employees are eligible to participate in our global all employee share plan, Weir ShareBuilder, and we offer competitive and fair rates of pay across the organisation.

CONSIDERATION OF EMPLOYEE ENGAGEMENT

Meaningful engagement with customers and employees plays a crucial role in both innovation and the continuous improvement of the Weir business.

The Board recognises the importance of culture and effective employee relations to the creation of good work and good workplaces. The role of the Board therefore is to ensure that mechanisms are in place, and monitored, for effective employee engagement and that there is governance of the process for management standards and training to continue to assure ourselves of the leadership skills required to do engagement well. Given the multi-national nature of our business, the management team also recognise that their approaches to insight-gathering and dialogue need to reflect country practices so that engagement can be led well locally and be mindful of circumstances and culture.

As a Board, we recognise the importance of a Group-wide framework for employee dialogue which is why our continued focus is to ensure that we broaden our Group-wide practices for gathering workforce views and engaging in meaningful dialogue and for measuring and further strengthening employee engagement. Monitoring of progress will take place at the Board in the form of an annual employee insights report.

We have in place a variety of employee voice channels, such as our global employee engagement survey and our 'Meet the Board' sessions, which provide employees with an opportunity to provide feedback on any topics that interest or concern them. Although we have not specifically engaged with employees on executive remuneration, any remuneration concerns from our 'Meet the Board' sessions would be flagged to the Remuneration Committee for separate consideration. The Committee intends to strengthen direct engagement with employees on executive remuneration going forward.

CONSIDERATION OF SHAREHOLDER ENGAGEMENT

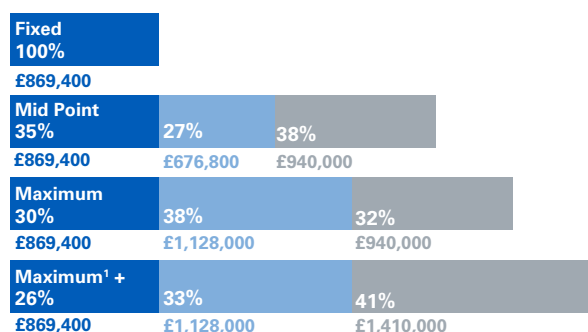
Shareholders and their representative bodies play a very active role in the continued development of our Remuneration Policy. We have undertaken significant engagement with Shareholders in relation to the minor amendments proposed to the Remuneration Policy in 2022 and also in relation to the implementation of Policy in 2022.

The Committee remains committed to ongoing dialogue and will seek input from Shareholders when considering any further changes.

PAY AT WEIR

APPLICATION OF REMUNERATION POLICY

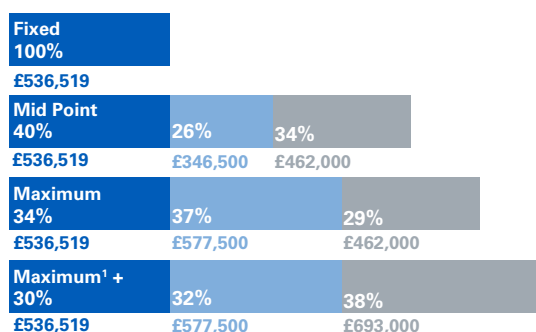
JON STANTON



¹ Maximum + 50% share price increase.

■ Fixed pay ■ Annual bonus ■ SRP

JOHN HEASLEY



¹ Maximum + 50% share price increase.

■ Fixed pay ■ Annual bonus ■ SRP

NOTES TO APPLICATION OF REMUNERATION POLICY CHARTS

The above chart illustrates the potential total remuneration for the Executive Directors in respect of the application of our Remuneration Policy.

Element of package	Assumptions used
Fixed Pay	Base salary: effective 1 April 2022 Benefits: benefits as disclosed in single total figure of remuneration for 2021 Pension: 12% cash allowance, which is also the maximum rate available to the wider UK workforce from April 2022
Annual Bonus	Minimum: no bonus is earned Mid-point: 60% of maximum is earned (being the mid-point under the annual bonus between the threshold pay-out of 20% and maximum pay-out) Maximum: 100% of maximum is earned
SRP	Minimum: no vesting Mid-point: 100% vesting Maximum: 100% vesting Maximum +50%: As above for maximum performance but includes share price appreciation in respect of the SRP of 50%

DIRECTORS' REMUNERATION REPORT

COMPLYING WITH UK CORPORATE GOVERNANCE CODE 2018

The following table summarises how the Remuneration Policy fulfils the factors set out in provision 40 of the 2018 UK Corporate Governance Code 2018.

CLARITY	Remuneration arrangements should be transparent and promote effective engagement with Shareholders and the workforce.	The Committee is committed to providing open and transparent disclosures to Shareholders and the workforce with regards to executive remuneration arrangements. The 2021 Directors' Remuneration Report sets out the remuneration arrangements for the Executive Directors in a clear and transparent way. There is also an AGM where Shareholders can ask any questions on the remuneration arrangements.
SIMPLICITY	Remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	Our remuneration arrangements for Executive Directors, as well as those throughout the organisation, are simple in nature and understood by all participants. The structure for Executive Directors consists of fixed pay (salary, benefits, pension), annual bonus scheme and a restricted share plan.
RISK	Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based plans, are identified and mitigated.	The Committee considers that the structure of incentive arrangements does not encourage inappropriate risk-taking. Under the annual bonus, discretion may be applied where formulaic outcomes are not considered reflective of underlying Company performance. There are robust underpins in place for restricted share awards. Malus and clawback provisions also apply to variable incentives.
PREDICTABILITY	The range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the policy.	The annual bonus scheme is the only scheme currently in operation for Executive Directors where there is variability in payouts depending on the performance of the Company. The restricted share awards are subject to share price movements and therefore aligned with the Shareholder experience. The potential value and composition of the Executive Directors' remuneration packages at below threshold, mid-point, maximum and maximum including a 50% share price increase scenarios are provided in the Directors' Remuneration Policy.
PROPORTIONALITY	The link between individual awards, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance.	Payments from annual bonus require robust performance against challenging conditions. Performance conditions have been designed to link with Group strategy and consist of financial and non-financial metrics. The Committee has discretion to override formulaic outturns to ensure that they are appropriate and reflective of overall performance.
ALIGNMENT TO CULTURE	Incentive schemes should drive behaviours consistent with Company purpose, values and strategy.	This year we granted Free Shares under Weir ShareBuilder to all employees newly attaining 12 months' service by the 2021 award date. ShareBuilder is our global all employee share plan, and is part of our ambition of making all Weir colleagues Shareholders. The variable incentive schemes, performance measures and underpins are designed to be consistent with the Company's purpose, values and strategy.

ANNUAL REPORT ON REMUNERATION

This section sets out how the Remuneration Policy was applied for the year ending 31 December 2021.

SINGLE TOTAL FIGURE OF REMUNERATION FOR EXECUTIVE DIRECTORS (AUDITED)

	Jon Stanton		John Heasley	
	2021 (£)	2020 (£)	2021 (£)	2020 (£)
Base Salary	702,750	687,000	432,750	423,000
Pension	84,330	82,440	51,930	50,760
Benefits	27,160	27,021	19,079	19,331
Total Fixed Pay	814,240	796,461	503,759	493,091
Annual Bonus	548,967	–	281,720	–
Restricted Shares	404,357	100,441	199,148	49,447
Total Variable Pay	953,324	100,441	480,868	49,447
Total Pay	1,767,564	896,902	984,627	542,538

NOTES TO THE TOTAL FIGURE OF REMUNERATION FOR THE EXECUTIVE DIRECTORS (AUDITED)

Base salary – corresponds to the amount received during the year ended 31 December 2021.

Pension – corresponds to the cash allowance provided to the Executive Directors during the year ended 31 December 2021. This equates to 12% of salary.

Benefits – corresponds to the value of benefits in respect of the year ended 31 December 2021, as set out in the table below.

Annual bonus – the Executive Directors waived their bonus for 2020, which otherwise would have delivered an outcome of 45.7% of maximum opportunity.

Restricted shares – the 2020 value is solely comprised of the first 25% of the 2018 award vesting at a share price of £9.73. The 2021 value comprises the second 25% of the 2018 award vesting at a share price of £19.41 and the first 25% of the 2019 award vesting at a share price of £18.59. The 2021 value incorporates the discretionary downward adjustment to the 2018 and 2019 awards vesting in April 2021 to recognise the technical breach of the dividend underpin, as disclosed in the 2020 Directors' Remuneration Report. Of the 2021 restricted share award value, £1,152 for Jon Stanton and £575 for John Heasley reflects the share price appreciation in the period since award. There was no discretion exercised in respect of the award as a result of the share price appreciation.

	Jon Stanton	John Heasley
	2021 (£)	2021 (£)
Benefits		
Car allowance	17,000	13,970
Group healthcare	1,547	1,547
Life assurance	8,613	3,562
Total	27,160	19,079

2021 ANNUAL BONUS (AUDITED)

The Remuneration Committee has spent time considering the impact of the cybersecurity incident on the Group's financial performance and the subsequent impact on the bonus outcome. Following detailed consideration, the Committee has determined not to apply any discretion, on the basis that the overall outcome was considered an appropriate reflection of performance in the year, including taking into account the impact of the cyber incident which was reflected in the metrics. The following table details the performance achieved against the stretching targets set at the beginning of the year. As a result, a bonus of 51.7% of maximum was payable to the Executive Directors. Jon Stanton's bonus award is 77.5% of salary as at 31 December 2021 and John Heasley's bonus award is 64.6% of salary as at 31 December 2021. 30% of the bonus for the Executive Directors is deferred into shares, vesting after three years in accordance with the provisions set out in our Remuneration Policy on page 131.

	Weighting	Entry	Mid-point	Maximum	Achievement	Payout % of maximum for each measure	Payout (%)
Payout as % of maximum		20%	60%	100%			
PBTA ¹	50%	£232.0m	£281.9m	£331.8m	£271.9m	52.0%	26.0%
Third-party working capital	20%	£528.8m	£491.9m	£455.0m	£563.8m	0%	0%
Strategic measures	30%				25.7%	85.6%	25.7%
Total bonus	100%						51.7%

Note

¹ PBTA is defined as profit before tax and adjusting items from continuing operations. The performance targets and achievements are calculated using the September 2020 closing exchange rates.

DIRECTORS' REMUNERATION REPORT

CONTINUED

STRATEGIC MEASURES (AUDITED)

The strategic measures were introduced in 2018 to better align with our reward principles and delivery of our strategy. The strategic measures are aligned to the strategic framework (People, Customers, Technology and Performance). The following provides a detailed view of results in 2021:

PEOPLE

Improve safety and employee engagement

Priority for 2021	Target	Result	Score out of 75%
High standards of leadership driving a best-in-class behavioural safety culture.	- Maintain Total Incident Rate (TIR) at 0.5. - Develop and launch advanced Safety, Health and Environment (SHE) training. - New ISO45001 accreditation achieved at 12 sites.	- TIR of 0.45. - Advanced SHE training designed – launch deferred to 2022. Alternate non-mandatory SHE training completed and Group wellbeing initiatives launched company wide. 21 sites ISO45001 accredited.	6.0%
Improve organisational effectiveness.	- Business unit capability plans delivered. - Deliver Discovery phase 2 on budget. - Create and implement Digital Learning campaign.	- Executed programmes to delivery key organisational capabilities. - Discovery phase 2 delivered on time and budget; went live on 30 August 2021. - Digital bootcamps and online learning rolled out.	
Continue and extend the Weir culture and develop the voice of the employee.	- Global affinity groups launched. - Improve the % of females in senior job bands by 4%. - Improve overall mean employee engagement score.	- Launched global affinity groups. - Increased women in senior management bands by 4%. - Improved mean employee engagement score to outperform top quartile manufacturing benchmark.	

CUSTOMER

Outgrow our markets through the cycle

Priority for 2021	Target	Result	Score out of 75%
Enhance global capabilities and customer intimacy.	- Establish four new service centres, one co-located between Minerals and ESCO. - Secure \$12m from dealer sales that have been transitioned to direct sales.	- Five service centres established and two centres co-located between Minerals and ESCO. \$14m direct sales secured.	75%
Increase customer focused partnerships and collaboration.	- Implement five new service agreements. - RoW infrastructure sales of \$13.5m.	- Implemented 31 new service agreements. - RoW infrastructure sales of \$16.4m.	
Respond to Voice of Customer (VoC).	- Deliver 10% improvement in customer satisfaction (Net Promoter Score – NPS). - Define and implement custom supply chains with two key customers.	20% improvement in customer satisfaction (NPS). - Two custom supply chains implemented.	

TECHNOLOGY

Increase investment in research and development as a proportion of revenues and grow sustainable solutions

Priority for 2021	Target	Result	Score out of 7.5%
Progress commercialisation of Weir Digital offering.	- Deploy Emergent Technology Assessment tool to maximise the impact of technology scouting and R&D activities and minimise the risk of technology disruption over the medium term. - All new HPGR, crushers, GEHO and large MC pumps Tier 1 Synertrex enabled. - Deliver additional ToolTek sales (two units) and successful implementation support.	- Initial technology assessment developed and deployed in line with revised roll out plan following the cyber incident. - Agreed Tier 1 Synertrex enabled. - One additional ToolTek unit delivered.	6.7%
Innovate products and solutions that address our customers' biggest challenges.	- Develop automated products-in-use benefit evaluation process and revenue from sustainable products/solutions tracking. - Build sustainable innovation hopper by initiating at least four new water saving or energy projects. 150 Nemisys® upgrades/conversions.	- Initial assessments of product use-phase emissions and embodied carbon completed. Revenue tracked for FTSE Green Revenues benchmark. - Four new water and energy savings projects in progress. 215 Nemisys® upgrades/conversions.	
Protect and extend our core through materials, manufacturing and process advancement.	- Develop and deploy Design for Additive Manufacturing with Metals (DfAM) training to 40 Design Engineers to increase our additive manufacturing capability. - Complete final version of MC3 450 size and launch. - Initiate two field trials for next generation products with collected machine data.	- Training developed, but actively deferred to 2022 for some employees due to cyber incident. - Successful MC3 450 prototype trials. - One field trial signed and two verbal agreements in place.	

PERFORMANCE

Increase our operating margins by 150bps by 2023 and cut CO₂e by 30% by 2024

Priority for 2021	Target	Result	Score out of 7.5%
Improve operational performance.	- Increase OTD by 3% overall. 5% reduction in Newton cost per ton. - Complete IS&T transformation programme in line with business case.	- OTD regression of 8%. 5% increase in Newton cost per ton due to high inflation in raw material costs. - Programme reprioritised and accelerated to address cyber priorities.	5.5%
Realise benefits of Group portfolio.	- Define Group operating model post sale of Oil & Gas Division and have a developed strategy and implementation plan. - Successful execution of Oil & Gas post-closing activities to optimise value preservation. - ESCO to achieve \$10m revenue synergies with Minerals.	- Strategy and implementation plan developed to deliver a constant currency operating margin of 17% by year-end FY23. - Successfully completed the sale of Oil & Gas Division. - Realised ESCO acquisition revenue synergies aligned with business plan.	
Deliver against Reducing our Footprint sustainability priority.	- Reduce Minerals and ESCO combined scope 1&2 carbon footprint by 5% vs 2019 benchmark. - Complete benchtop scope 3 study to identify biggest contributors to our total CO₂ footprint and launch workstreams to address top two findings.	14.7% absolute and 15.4% intensity CO₂e reductions (per £m revenue in constant currency vs 2019). - Scope 3 study completed. Workstreams launched to address the largest scope 3 emissions sources and a deep-dive assessment of product CO₂ footprints.	
Total Achievement			25.7% out of 30%

DIRECTORS' REMUNERATION REPORT

CONTINUED

SCHEME INTERESTS AWARDED DURING 2021 (AUDITED)

The following table sets out awards granted to the Executive Directors in the year ending 31 December 2021.

	Share award	Award basis	Grant date	Face value of award at maximum vesting ²	No. of shares granted
Jon Stanton	Restricted Share (Conditional) ¹	125% salary	8 Apr 2021	£885,000	48,422
John Heasley	Restricted Share (Conditional) ¹	100% salary	8 Apr 2021	£436,000	23,855

Notes

1 There are no performance periods associated with the restricted share awards. Vesting of the restricted share awards will be phased over a five-year period: 50% after three years, and 25% after each of years 4 and 5 following grant. An additional two-year holding period will also apply to each of the tranches vesting such that 50% of vested shares from an award are released five years from grant, 25% are released after six years and the final 25% is released after seven years.

2 The face value of the restricted share award is based on the average of the closing price for the three days prior to the date of grant, being £18.2767.

Vesting of the 2021 restricted share award is subject to continued employment and assessment of the underpin. Prior to vesting, if any of the thresholds set out below have not been met, it would trigger the Committee to consider whether a discretionary adjustment was required.

Balance sheet health	Breaching covenants No breach of debt covenant or renegotiation of covenant terms outside a normal refinancing cycle.
Investor returns	Return on Capital Employed (ROCE) Maintain average ROCE over the vesting period above the average Weighted Average Cost of Capital for that period.
Environmental, social and governance (ESG)	Sustainability Roadmap progress Awarded a B listing or better by CDP through the vesting period in recognition of climate change contribution.
Corporate governance	Major governance failure No material failure in governance or an illegal act resulting in significant reputational damage and/or material financial loss to the Group.

SINGLE TOTAL FIGURE OF REMUNERATION FOR CHAIRMAN AND NON-EXECUTIVE DIRECTORS (AUDITED)

	Basic Fee (£)		Senior Independent Director/Employee Engagement Non-Executive Director/Committee Chair Fee (£)		Taxable Benefits ⁴ (£)		Total Fees (£)	
	2021	2020	2021	2020	2021	2020	2021	2020
Charles Berry ¹	321,750	262,500			549		322,299	262,500
Clare Chapman	64,325	62,900	16,775	16,400		802	81,100	80,102
Engelbert Haan	64,325	62,900				821	64,325	63,721
Mary Jo Jacobi	64,325	62,900	16,775	16,400		324	81,100	79,624
Barbara Jeremiah	64,325	62,900	13,500	13,200	84	690	77,909	76,790
Ben Magara ²	61,261						61,261	
Sir Jim McDonald	64,325	62,900					64,325	62,900
Srinivasan Venkatakrishnan ³	61,261						61,261	
Stephen Young	64,325	62,900	16,775	16,400		1,863	81,100	81,163

Notes

1 Charles Berry waived his fees for two months in 2020 and requested the fees instead be donated on a charitable basis to the Solidarity Fund in South Africa and the Prince and Princess of Wales Hospice in the UK.

2 Ben Magara was appointed to the Board on 19 January 2021.

3 Srinivasan Venkatakrishnan was appointed to the Board on 19 January 2021.

4 Taxable benefits includes travel and accommodation to attend Board meetings.

No payments were made to past Directors.

STATEMENT OF DIRECTORS' SHAREHOLDINGS AND SHARE INTERESTS (AUDITED)

As at 31 December 2021

	Shares owned outright ¹	Scheme Interests			Current shareholding (% of salary) ³	Current shareholding including scheme interests without performance conditions (% of salary) ⁴	Shareholding requirement (% of salary)
		With performance conditions	Conditional without performance conditions	Vested in 2021 ²			
Jon Stanton	134,812	–	211,461	26,432	326%	590%	400%
John Heasley	67,626	–	104,157	13,121	265%	473%	300%
Charles Berry	2,145	–	–	–	–	–	–
Clare Chapman	456	–	–	–	–	–	–
Engelbert Haan	1,000	–	–	–	–	–	–
Mary Jo Jacobi ⁵	5,000	–	–	–	–	–	–
Barbara Jeremiah	3,250	–	–	–	–	–	–
Ben Magara	–	–	–	–	–	–	–
Sir Jim McDonald	500	–	–	–	–	–	–
Srinivasan Venkatakrishnan	500	–	–	–	–	–	–
Stephen Young	5,883	–	–	–	–	–	–

Notes

1 Shares owned outright includes the net-of-tax shares which vested in 2021.

2 Vested in 2021 reflects the gross shares vesting in 2021.

3 Current shareholding percentage is calculated using the share price of £17.11 as at 31 December 2021.

4 The values of scheme interests are on an estimated net-of-tax basis.

5 Mary Jo Jacobi's interest in 5,000 shares shown above is through her holding of 10,000 American Depository Receipts (ADRs). One ADR being equivalent to 0.5 ordinary shares.

There have been no changes in the interests of each Director between 31 December 2021 and the date of this Report.

EXTERNAL APPOINTMENTS

During the year Jon Stanton was a Non-Executive Director of Imperial Brands PLC. He received £112,125 in fees. John Heasley was a Non-Executive Director of Royal Scottish National Orchestra Society Limited. He received no fees.

CEO PAY RATIO

The table below shows our CEO pay ratio at 25th, median and 75th percentile of our UK employees as at 31 December 2021. The ratios for 2021, 2020 and 2019 have been determined using Option A of the regulations given Option A is the most robust approach and preferred by Shareholders. In 2018, the ratios were calculated based on the single total figure of remuneration for Jon Stanton and the total pay for the employees based on our gender pay gap data under Option B of the regulations. The increase in the pay ratio from 2020 to 2021 is primarily due to i) the payment of an annual bonus for 2021 to the CEO following the 2020 annual bonus being waived by the CEO and ii) the year-on-year build-up of vests from the new restricted share awards introduced from 2018 onwards. We are satisfied that the median pay ratio is consistent with the pay, reward and progression policies for our UK employees.

Financial year	Calculation Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2021	Option A	53:1	42:1	30:1
2020	Option A	27:1	22:1	17:1
2019	Option A	56:1	44:1	34:1
2018	Option B	75:1	66:1	53:1

	Jon Stanton	25th percentile	Median	75th percentile
Total pay	£1,767,564	£33,250	£42,070	£58,069
Base Salary	£702,750	£21,910	£34,920	£52,788

Notes

Total pay for the percentile employees includes the following pay elements: base salary, holiday pay, annual leave adjustment, shift premium and allowance, sick pay, overtime pay, first aid allowance, living allowances, employer pension contribution and the provision of private medical and life assurance.

No annual bonus or long-term incentive/restricted share award was payable to the employees at the percentiles. We have uprated pay for part-time employees and new joiners accordingly to calculate full-time equivalent total pay.

We offer competitive and fair rates of pay across the organisation, and employees are eligible to participate in our global all employee share plan, Weir ShareBuilder.

DIRECTORS' REMUNERATION REPORT

CONTINUED

GENDER PAY

For 2021, our mean gender pay gap has stayed broadly flat when compared to 2020, moving from 1% to -3%. Similarly, our median gender pay gap moved marginally from -15% to -14%. Whilst our outcomes show we are generally well positioned on gender pay, we recognise that this is largely due to the high number of males who are working in lower paid production and field roles. We have continued to take action to appoint more senior females since the 5 April 2021 gender pay gap snapshot date and therefore increase the number of females in management and leadership roles. The gender bonus gap for 2021 has moved significantly in favour of females due to the payment of a £100 discretionary award to all employees in March 2021 and the first vesting of our 2019 ShareBuilder award in May 2020. Whilst these were both gender agnostic payments, given the mainly male profile of our UK workforce it significantly impacts both the mean and median bonus for males. A copy of the full Gender Pay report can be found on our website www.genderpay.weir

THE REQUIREMENTS AND OUR OUTCOMES

The UK Government's Gender Pay Gap Regulation requires legal entities with 250 or more employees to publish details of their gender pay and bonus gap. In Weir, there is one employing entity required to publish this data, but we have taken the opportunity to publish the consolidated data for our UK employees as this is more representative of our UK organisation.

GENDER PAY AND EQUAL PAY

The gender pay gap is different from equal pay, which relates to men and women being paid the same for similar roles or work of equal value. Our pay policies are designed to ensure equal pay for equal jobs and we have processes in place to ensure pay levels are reviewed consistently.

MEAN AND MEDIAN PAY AND BONUS GAP

	Mean	Median
Gender pay gap	-3%	-14%
Gender bonus gap	-106%	-940%

PROPORTION OF MALES AND FEMALES RECEIVING A BONUS

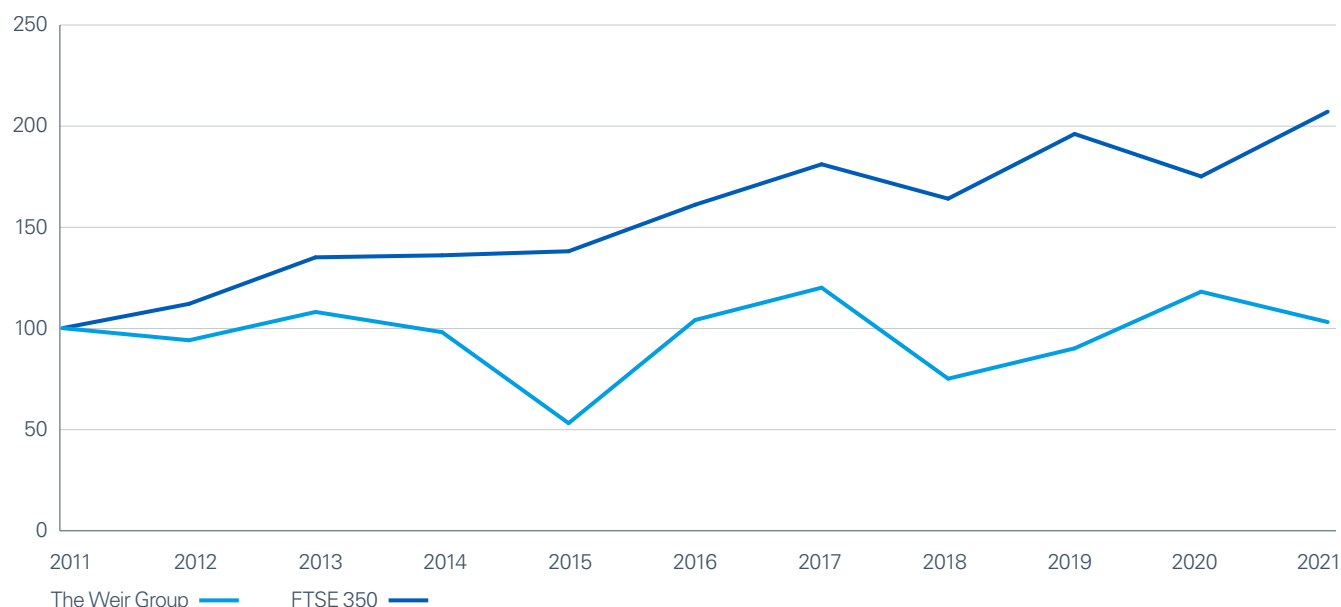
Male	96%
Female	92%

PROPORTION OF MALES AND FEMALES IN EACH PAY QUARTILE BAND

	Male	Female
Upper	71%	29%
Upper middle	77%	23%
Lower middle	83%	17%
Lower	80%	20%

HISTORICAL TSR PERFORMANCE

The graph below shows Weir's TSR performance against the performance of the FTSE 350 over the 10-year period to 31 December 2021. The FTSE 350 was chosen because it is a broad equity index of which Weir is a constituent.



CHANGE IN CHIEF EXECUTIVE'S REMUNERATION OVER TEN YEARS

The table below shows the total remuneration over the period 1 January 2012 to 31 December 2021, as well as outcomes under the annual bonus and long-term incentive plans.

Single total figure £000	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Jon Stanton	–	–	–	–	281 ¹	1,441	2,400	1,434	897	1,768
Keith Cochrane	3,363	1,787	1,456	1,065	1,012 ²	–	–	–	–	–
Annual bonus (% of maximum)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Jon Stanton	–	–	–	–	38%	70%	62%	38%	0% ³	52%
Keith Cochrane	54%	10%	61%	20%	40%	–	–	–	–	–
Long-term incentive (% of maximum) ⁴	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Jon Stanton	–	–	–	–	0%	0%	75%	45%	–	–
Keith Cochrane	100%	43%	0%	0%	0%	–	–	–	–	–

Notes

1 Relates to the period Jon Stanton was CEO from 1 October 2016.

2 Relates to the period Keith Cochrane was on the Board to 30 September 2016.

3 The formulaic annual bonus outcome for 2020 was 46%, however, this was waived by the Executive Directors.

4 The final award under the long-term incentive plan was made in 2017 and which vested at 45% of maximum in 2019 as shown above. From 2018, restricted shares were awarded to the CEO which have no performance conditions and the value of which at vest are included in the single total figure table in the relevant year.

PERCENTAGE CHANGE IN REMUNERATION OF BOARD DIRECTORS AND WIDER EMPLOYEE POPULATION

The table below shows the percentage change in elements of remuneration for the Board Directors relative to the previous year.

The employee population comprises those employed by The Weir Group PLC.

	Salary/Fees		Taxable Benefits ⁴		Bonus ⁴	
	2021	2020	2021	2020	2021	2020
All Weir Group PLC Employees	0.2%	(3.3%)	26.6%	(36.6%)	73.6%	(65.4%)
Jon Stanton (CEO)	2.3%	0.7%	0.5%	28.3%	n/a	(100.0%)
John Heasley (CFO)	2.3%	0.7%	(1.3%)	7.2%	n/a	(100.0%)
Charles Berry ¹	22.6%	(16.1%)	n/a	(100.0%)	–	–
Clare Chapman	2.3%	0.7%	(100.0%)	n/a	–	–
Ebbie Haan	2.3%	15.6%	(100.0%)	n/a	–	–
Mary Jo Jacobi	2.3%	0.7%	(100.0%)	(92.4%)	–	–
Barbara Jeremiah	2.3%	21.8%	(87.8%)	n/a	–	–
Ben Magara ²	–	–	–	–	–	–
Sir Jim McDonald	2.3%	0.7%	0.0%	n/a	–	–
Srinivasan Venkatakrisnan ³	–	–	–	–	–	–
Stephen Young	2.3%	0.7%	(100.0%)	n/a	–	–

Notes

1 Charles Berry waived his fees for two months in 2020 and requested the fees instead be donated on a charitable basis to the Solidarity Fund in South Africa and the Prince and Princess of Wales Hospice in the UK.

2 Ben Magara was appointed to the Board on 19 January 2021.

3 Srinivasan Venkatakrisnan was appointed to the Board on 19 January 2021.

4 The n/a values shown reflect that a % change cannot be calculated given the nil value in the previous year. The Single Total Figure of Remuneration for Executive Directors on page 137 and the Single Total Figure of Remuneration for Chairman and Non-Executive Directors on page 140 provide further detail.

RELATIVE IMPORTANCE OF SPEND ON PAY

The table below shows the change in total staff pay for continuing operations between 2021 and 2020, and dividends paid out in respect of 2021 and 2020.

Financial year	2021 £m	2020 £m	Percentage Change
Overall spend on pay for employees	509.7	489.1	4.2%
Profit distributed by way of dividend	29.8	–	n/a

Details of the overall spend on pay for employees can be found in note 4 to the Group financial statements on page 181. Details of the dividends declared and paid are contained in note 10 to the Group financial statements on page 188.

DIRECTORS' REMUNERATION REPORT

CONTINUED

THE REMUNERATION COMMITTEE

The Remuneration Committee in 2021

There were four Committee meetings during 2021 and all Committee members attended the meetings they were eligible to attend.

Role	Name	Title
Chair and members	Clare Chapman Ebbie Haan Mary Jo Jacobi Barbara Jeremiah ¹ Ben Magara ² Stephen Young	Independent Non-Executive Directors
Internal attendees	Charles Berry Jon Stanton Rosemary McGinness Craig Gibson Graham Vanhegan	Chairman Chief Executive Officer Chief People Officer Group Head of Reward Chief Legal Officer and Company Secretary and Secretary to the Committee
Committee's external adviser	Deloitte LLP	Adviser to Committee

Notes

1 Until 30 April 2021.

2 From 30 April 2021.

Internal advisers provided important information to the Committee and attended meetings. None of the individuals were involved in any decisions relating to their own remuneration.

Deloitte LLP was appointed by the Committee in 2016 following a competitive tender process, and provided services to the Committee for the year ended 31 December 2021. Fees paid to Deloitte LLP for work that materially assisted the Committee were £214,250, charged on a time and material basis. Deloitte LLP also provided other services to the Weir Group in the year, principally tax advisory and compliance services. Deloitte is a signatory to the Remuneration Consultants' Group Voluntary Code of Conduct and the Committee is satisfied that Deloitte's advice was objective and independent.

MAIN ACTIVITIES

Over the course of the year since the last Annual Report, the Committee's work has been focused on:

- Continued response to Covid-19 situation, including the reinstatement of bonus for 2021 and the vesting of restricted shares in 2022 taking into account Shareholder concerns on 'windfall gains' from the 2020 award.
- External benchmarking of Executive Director remuneration incorporating base salary, annual bonus and long-term incentive – both quantum and structures.
- Alignment of Executive Director pension with the wider UK workforce and the broader investment in employee pension provision as a result.
- Wider global workforce activity including the commencement of a global benefits programme of work, retirement provision benchmarking across various of our geographies, global gender and equal pay analysis.
- 2021 annual bonus outcomes.
- 2022 salary review for Executive Directors and Group Executives.
- 2022 Chair's fees.
- Group Executive shareholdings.
- Remuneration Policy implementation in 2022 and proposed minor refinements to Remuneration Policy from 2022 – and associated consultation with Shareholders.

COMMITTEE'S PERFORMANCE

The Committee's Terms of Reference are reviewed on an annual basis and were last updated in January 2022. A copy can be found on our website www.corporategovernance.weir.

The Committee was evaluated as part of the 2021 Board Effectiveness Review, and it was concluded that the Committee was fulfilling its terms of reference effectively.

SHAREHOLDING VOTING

The table below sets out the voting by Shareholders on the resolution to approve the Directors' Remuneration Report at the AGM held in April 2021.

	For	Against	Total Votes Cast	Withheld
Remuneration Report	204,051,550 (97.01%)	6,299,796 (2.99%)	210,351,346 (81.03%)	13,715

The table below sets out the voting by Shareholders on the resolution to approve the current Directors' Remuneration Policy at the AGM held in April 2021.

	For	Against	Total Votes Cast	Withheld
Remuneration Policy	202,157,431 (96.11%)	8,185,797 (3.89%)	210,343,228 (81.02%)	21,833

ANNUAL GENERAL MEETING

This report and our proposed renewal of the existing Remuneration Policy will be submitted to Shareholders for approval at the Annual General Meeting to be held on 28 April 2022.



CLARE CHAPMAN
Chair of Remuneration Committee

2 March 2022

DIRECTORS' REPORT

The Directors present their report for the year ending 31 December 2021.

The Directors' Report includes the Corporate Governance Report from pages 81 to 149, together with the sections of the Annual Report incorporated by reference.

The Company has chosen to disclose the following information in the Strategic Report on pages 2 to 80:

- Particulars of any important events, if any, affecting the Company which have occurred since the end of the financial year.
- An indication of likely future developments in the business of the Company.
- An indication of the activities of the Company in the field of research and development.
- Details of employee policy and involvement (page 26).
- Information on greenhouse gas emissions (pages 60-61).
- Principal risks and uncertainties (pages 74 to 80).
- In compliance with their duties under s.172 of the Companies Act 2006, the Directors have described how they have worked to foster the Company's business relationships with suppliers, customers and others, and the effect of that on principal decisions taken, in the Strategic Report (pages 2 to 80) and in the Corporate Governance Report (pages 81-149). The Board decisions table on pages 94-95 demonstrates the key decisions made by the Board, the stakeholders affected and the strategic factors taken into consideration.

The Strategic Report and the Directors' Report constitute the management report as required under the Disclosure and Transparency Rule 4.1.5R.

Information to be disclosed under the Listing Rule 9.8.4 is set out in the table below.

Subject matter	Page reference
Waiver of emoluments (LR 9.8.4(5))	140
Waiver of future emoluments (LR 9.8.4(6))	137
Waiver of dividends (LR 9.8.4(12))	147

Paragraphs (1), (2), (4), (7), (8), (9), (10), (11), (13) and (14) of Listing Rule 9.8.4 are not applicable.

Details of Directors' beneficial and non-beneficial interests in the shares of the Company are shown on page 141 of the Directors' Remuneration Report. There have been no changes in the interests of each Director between 31 December 2021 and the date of this Report.

This Annual Report has been prepared for, and only for, the members of the Company, as a body, and no other persons. The Company, its Directors, employees, agents and advisers, do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come, and any such responsibility or liability is expressly disclaimed. This Annual Report may contain statements which are not based on current or historical fact and/or which are forward-looking in nature. Please refer to the cautionary statement on page 253.

COMPANY NUMBER

The Weir Group PLC is registered in Scotland under company number SC002934.

2022 ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 28 April 2022 at 2.30 pm.

The Notice of Meeting, along with an explanation of the proposed resolutions, are set out in a separate document which accompanies this Annual Report and can be downloaded from the Company's website. The Company conducts the vote at the AGM by poll and the result of the votes, including proxies, is published on the Company's website after the meeting.

DIVIDEND

The Directors have recommended a final dividend of 12.30p per share for the period ended 31 December 2021. Payment of this dividend is subject to shareholder approval at the 2022 AGM.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2021 and up to the date of this Report, the following information has been received, in accordance with DTR 5, from holders of notifiable interests in the Company's issued share capital. The information provided below was correct at the date of notification; however, the date of receipt may not have been within the current financial year. It should be noted that these holdings are likely to have changed since the Company was notified. However, notification of any change is not required until the next notifiable threshold is crossed:

Shareholder	Number of voting rights	Number of voting rights %
BlackRock, Inc.	Below 5%	Below 5%
Sprucegrove Investment Management Ltd	12,898,529	4.97%
Black Creek Investment Management Inc.	10,542,710	4.06%

Between 31 December 2021 and 1 March 2022, the Company was notified of the following changes to the table above.

TR-1 received from Massachusetts Financial Services Company on 12 January 2022. Number of voting rights 13,229,067. Percentage of voting rights 5.09%.

EMPLOYMENT POLICY AND INVOLVEMENT

The average number of employees in the Group during the year is given in note 4 to the Group financial statements on page 181.

Group companies operate within a framework of HR policies, practices and regulations appropriate to their market sector and country of operation. Policies and procedures for recruitment, training and career development promote equality of opportunity regardless of gender, sexual orientation, age, marital status, disability, race, religion or other beliefs and ethnic or national origin. At Weir, we strive to build an inclusive culture in which all employees have the opportunity to succeed and to be able to do the best work of their lives. The Group remains committed to the fair treatment of people with disabilities regarding recruitment, training, promotion and career development. Meaningful dialogue with our employees is actively encouraged. Further details are included on page 26. As at 31 December 2021, there were 11,428 people employed by the Group of whom 1,907 were female, 9,514 were male and seven did not disclose their gender. As at 31 December 2021, there were 11 Directors of The Weir Group PLC Board, eight of whom were male and three were female. Excluding the Executive Directors, there were 39 males and 16 females in our senior management team, which includes statutory Directors of corporate entities,

FINANCIAL INSTRUMENTS

The information required in respect of financial instruments as required by Schedule 7 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 is given in note 29 to the Group financial statements on pages 216-222.

SHARE CAPITAL AND RIGHTS ATTACHING TO THE COMPANY'S SHARES

Details of the issued share capital of the Company, which comprises a single class of ordinary shares of 12.5p each are set out in note 24 to the Group financial statements on page 210. The rights attaching to the shares are set out in the Company's Articles of Association. There are no special control rights in relation to the Company's shares and the Company is not aware of any agreements between Shareholders that may result in restrictions on the transfer of securities and/or voting rights.

During the period, no ordinary shares were issued.

The Group has a nominee arrangement with Computershare Investor Services PLC (the 'Computershare Nominee') and employee benefit trusts with Estera Trust (Jersey) Limited (the 'Estera EBT') and Computershare Trustees (Jersey) Limited (the 'Computershare EBT').

During the period, the Estera EBT purchased 28 shares in the market at an aggregate value of £546.09 and had 6 shares returned by Computershare Nominee relating to a duplicate vesting under the All-Employee Share Ownership Plan (the 'ShareBuilder plan'). The Computershare EBT purchased 846,336 shares in the market at an aggregate value of £15,091,978.09 on behalf of the Company for satisfaction of any future vesting of the awards granted under the Share Reward Plan, the ShareBuilder plan and the ESCO Stock Incentive Plan (the 'ESCO' plan). The Computershare EBT had 1,578 shares returned from Computershare Nominee relating to incorrect vestings from the ShareBuilder plan.

During the period, the SRP vested and the trustees of the Estera EBT transferred 16,022 ordinary shares to employees to satisfy the SRP awards. The Computershare EBT transferred 783,833 ordinary shares to employees to satisfy the SRP awards and transferred 5,049 shares to Computershare Nominee to be held on behalf of participants and subject to the rules of the SRP Deferred Bonus Plan.

During the period, the ESCO plan vested and the trustees of the Computershare EBT transferred 35,984 ordinary shares to employees to satisfy the ESCO awards.

During the period, the ShareBuilder plan vested and the trustees of the Computershare EBT transferred 85,398 ordinary shares to employees to satisfy the ShareBuilder plan awards.

Both the Estera EBT and Computershare Nominee agreed to waive any right to all dividend payments on shares held by them with the exception of shares held in respect of awards which have a dividend entitlement.

Details of the shares held by the Computershare Nominee, the Computershare EBT and the Estera EBT are set out in note 24 to the Group financial statements on page 210.

The 694,230 shares held in the Computershare Nominee are the shares in respect of which dividends have not been waived. 110,648 shares held in the Computershare Nominee are subject to post vesting restrictions.

The Estera EBT held none of the issued share capital of the Company as at 31 December 2021.

The Computershare EBT held, through nominee account Computershare Nominees (Channel Islands) Limited, 0.11% of the issued share capital of the Company as at 31 December 2021. This is held in trust on behalf of the Company for satisfaction of any future vesting of the awards granted under, the SRP, and ShareBuilder Plans.

The Computershare Nominee held 0.27% of the issued share capital of the Company as at 31 December 2021. The shares are held on behalf of employees and former employees of the Group.

The voting rights in relation to these shares are exercised by the trustees. The Estera EBT may vote or abstain from voting with the shares or accept or reject any offer relating to shares, in any way they see fit, without incurring any liability and without being required to give reasons for their decision.

REPURCHASE OF SHARES

At the 2021 Annual General Meeting, Shareholders renewed the Company's authority to make market purchases of up to 25.9m ordinary shares (representing approximately 10% of the issued share capital excluding treasury shares). No shares were purchased under this authority during the year ended 31 December 2021. At the forthcoming Annual General Meeting, the Board will again seek Shareholder approval to renew the annual authority for the Company to make market purchases at the same level.

VOTING RIGHTS

The Company's Articles of Association provide that on a show of hands at a general meeting of the Company, every holder of ordinary shares present in person and by proxy and entitled to vote shall have one vote and on a poll, every member present in person or by proxy and entitled to vote shall have one vote for every ordinary share held.

The Notice of the AGM specifies deadlines for exercising voting rights and appointing a proxy or proxies to vote in relation to resolutions to be passed at the AGM. The Company conducts the vote at the AGM by poll and the result of the poll will be released to the London Stock Exchange and posted on the Company's website as soon as practicable after the meeting.

The Articles of Association may only be amended by a special resolution passed at a general meeting of Shareholders.

TRANSFER OF SHARES

There are no restrictions on the transfer of ordinary shares in the Company, other than as contained in the Articles of Association:

- The Directors may refuse to register any transfer of any certificated share which is not fully paid up, provided that this power will not be exercised so as to disturb the market in the Company's shares.
- The Directors may also refuse to register the transfer of a certificated share unless it is delivered to the Registrar's office, or such other place as the Directors have specified, accompanied by a certificate for the shares to be transferred and such other evidence as the Directors may reasonably require to prove title of the intending transferor.

Certain restrictions may from time to time be imposed by laws and regulations, for example, insider trading laws, in relation to the transfer of shares.

APPOINTMENT AND REPLACEMENT OF DIRECTORS

The provisions about the appointment and re-election of Directors of the Company are contained in the Articles of Association.

POWERS OF DIRECTORS

The business of the Company is managed by the Directors who may exercise all the powers of the Company, subject to the provisions of the Company's Articles of Association, any special resolution of the Company and any relevant legislation.

DIRECTORS' REPORT

CONTINUED

DIRECTORS' INDEMNITIES

The Company has granted indemnities to each of its Directors in respect of all losses arising out of or in connection with the execution of their powers, duties and responsibilities as Directors to the extent permitted by the Companies Act 2006 and the Company's Articles of Association. In addition, Directors and Officers of the Company and its subsidiaries and trustees of its pension schemes are covered by Directors' and Officers' liability insurance.

PENSION SCHEME INDEMNITIES

The Group operates a closed defined benefit pension scheme in the UK which provides retirement and death benefits for employees and former employees of the Group: The Weir Group Pension and Retirement Savings Scheme. The corporate trustee of the pension scheme is The Weir Group Pension Trust Limited, a subsidiary of The Weir Group PLC. Qualifying pension scheme indemnity provisions, as defined in section 235 of the Companies Act 2006, were in force for the financial year ended 31 December 2021 and remain in force for the benefit of each of the Directors of The Weir Group Pension Trust Limited. These indemnity provisions cover, to the extent permitted by law, certain losses or liabilities incurred as a Director or officer of the corporate trustees of the pension schemes.

CHANGE OF CONTROL – SIGNIFICANT AGREEMENTS

The following significant agreements contain provisions entitling the counterparties to require prior approval, exercise termination, alteration or similar rights in the event of a change of control of the Company.

The Group has in place a US\$950m multi-currency revolving credit facility (the 'Facility') with a syndicate of 12 banks due to mature in June 2023. Under the terms of this Facility, if there is a change of control of the Company, the Company has 30 days from the date of the change of control to agree terms for continuing the Facility.

If at the end of the 30 days no agreement is reached between the Company and the banks, then any lender may request, by not less than 30 days' notice to the Company, that its commitment be cancelled and all outstanding amounts be repaid to that lender at the expiry of such notice period.

The Company has in issue fixed-rate private placement notes with a range of maturities: US\$590m at an interest rate of 4.27% due on 16 February 2022 and US\$200m at an interest rate of 4.34% due on 16 February 2023. Under the terms of the applicable note purchase agreements, if there is a change of control of the Company, the notes must be offered for prepayment by the Company within seven days of the change of control.

The Company also has issued \$800m Sustainable Linked Bond Notes. If a Change of Control Repurchase Event occurs, the Company will be required to make an offer to each Holder of the Notes to repurchase all or any part of the Notes of such Holders at a repurchase price in cash equal to 101% of the aggregate principal amount of the Notes repurchased, plus any accrued and unpaid interest on the Notes repurchased to, but not including, the date of repurchase. A Change of Control Repurchase Event means the occurrence of both a Change of Control and a Rating Event.

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid.

CONFIRMATIONS

So far as each of the Directors is aware, there is no relevant audit information (as defined by section 418 of the Companies Act 2006) of which the Company's auditors are unaware.

Each of the Directors has taken all of the steps that he or she ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

GOING CONCERN

These financial statements have been prepared on the going concern basis.

As discussed in the Chief Executive Officer's review the Group has seen strong economic recovery in its mining end markets during 2021. This coupled with the range of prudent cost management and cash preservation actions taken, predominantly in 2020, in order to protect the business has resulted in the impact of Covid-19 being relatively limited for the Group.

In spite of an increasingly challenging global logistical and inflationary backdrop our mining businesses have continued to be highly resilient and profitable during 2021, while the sale of our Oil & Gas business on 1 February 2021 for an enterprise value of US\$405m further reduced our net debt. In May 2021, the Group also completed the issue of five-year US\$800m Sustainability-Linked Notes securing increased levels of liquidity and extended maturity, while effectively replacing the Group's private placement debt which is due for settlement in February 2022 and February 2023 as discussed in the Financial review. These refinancing actions plus the reduction in net debt in the period, resulted in the Group having £1.2bn of immediately available committed facilities and cash balances at 31 December 2021, reducing to c.£800m following the maturity of US\$590m of US Private placement debt in February 2022.

Given current levels of macroeconomic uncertainty stemming from Covid-19, inflation, the global supply chain crisis and geopolitical risks, the Group performed financial modelling of future cash flows, which cover a period of 12 months from the approval of the 2021 Annual Report. The financial modelling included reverse stress testing which focused on the level of downside risk which would be required for the Group to breach its current lending facilities (note 19) and related financial covenants (note 30). The review indicated that the Group continues to have sufficient headroom on both lending facilities and related financial covenants. The circumstances which would lead to a breach are not considered plausible.

The Directors, having considered all available relevant information, have a reasonable expectation that the Group has adequate resources to continue to operate as a going concern.

The Directors' Report has been approved by the Board of Directors in accordance with the Companies Act 2006.

On behalf of the Board of Directors



GRAHAM VANHEGAN
Chief Legal Officer and Company Secretary

2 March 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether applicable UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Group's performance, business model and strategy.

Each of the Directors, as at the date of this report, confirms to the best of their knowledge that:

- the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- The Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- The Strategic Report and the Directors' Report include a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' Report is approved:

- So far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- They have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

On behalf of the Board of Directors



JON STANTON
Chief Executive Officer

2 March 2022



JOHN HEASLEY
Chief Financial Officer

2 March 2022

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE WEIR GROUP PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion:

- The Weir Group PLC's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2021 and of the Group's profit and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework," and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements 2021 (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 31 December 2021; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 4 of Notes to the Group Financial Statements, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

OUR AUDIT APPROACH

Context

The Group is organised into two continuing Divisions: Minerals and ESCO. On 1 February 2021, the Group completed its disposal of the majority of the Oil & Gas Division, and the disposal of the Group's shareholding in the remaining joint venture in the Oil & Gas Division was completed on 30 June 2021. Having previously announced the sale in the prior year, the Oil & Gas Division has been treated as a discontinued operation in both the current and prior year. Each continuing division conducts its business in a number of locations around the world. Many of the business locations (or components) are of a similar size, so we scoped our audit to ensure we had appropriate coverage of the Group. We included components which accounted for the largest share of the Group's results or where we considered there to be areas of significant risk.

Overview

Audit scope

- We conducted audit work on eleven components in nine countries. We conducted full scope audits on seven of these components, specified scope on three components and specified procedures on the remaining one component.
- The eleven components where we performed audit work accounted for 69% of total Group revenue and 53% of adjusted profit before tax from continuing operations.

Key audit matters

- Valuation of pension liabilities (Group and Company)
- Valuation of pension assets (Group and Company)
- Accounting for asbestos-related claims (Group)
- Valuation of deferred tax assets in the US (Group)
- Completeness, existence and accuracy of financial information following the cyber incident (Group and Company)
- Valuation of goodwill and intangible assets following the acquisition of Motion Metrics (Group)

Materiality

- Overall Group materiality: £12,445,000 (2020: £11,550,000) based on 5% of profit before tax and adjusting items from continuing operations.
- Overall Company materiality: £11,325,000 (2020: £10,500,000) based on 1% of net assets capped at 91% of Group materiality.
- Performance materiality: £9,333,750 (2020: £8,662,500) (Group) and £8,494,000 (2020: £7,875,000) (Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Valuation of pension assets, valuation of deferred tax assets in the US, the completeness, existence and accuracy of financial information following the cyber incident and the valuation of goodwill and intangible assets following the acquisition of Motion Metrics are new key audit matters this year. Accounting for the disposal of the Oil & Gas Division including the tax impact, accounting for exceptional items and implications of COVID-19, which were key audit matters last year, are no longer included because they are either no longer applicable or are not significant audit risks. Otherwise, the key audit matters below are consistent with last year.

Key audit matter

Valuation of pension liabilities (Group and Company)

The Group operates a number of defined benefit pension plans, giving rise to a defined benefit obligation of £1,017.3m as at 31 December 2021 (2020: £1,132.1m). In respect of the Company, there is a liability of £830.2m (2020: £927.1m).

These balances are significant in the context of the overall Balance Sheet of the Group and of the Company. The valuation of pension liabilities requires judgement and technical expertise in choosing appropriate assumptions such as discount rate, inflation and mortality.

Management engaged external actuarial experts to assist them in selecting appropriate assumptions and to calculate the liabilities. Inappropriate selection of assumptions or methodologies for calculating the pension liabilities could result in a material difference in the value of the liabilities. The use of a regulated and qualified third party mitigates the risk to a degree, however it remains a judgemental area with significant values involved.

How our audit addressed the key audit matter

We reviewed the independent actuary's report on the assumptions and methodology used to calculate the pension liabilities and compliance of management's approach with the relevant accounting standard IAS 19 'Employee Benefits' (Revised). We used our actuarial experts to assess whether the assumptions used in calculating the pension liabilities are reasonable by:

- assessing whether mortality assumptions are appropriate in line with the demographics of each significant plan and, where applicable, with UK industry benchmarks;
- verifying that the methodology of the discount and inflation rate assumptions is in line with the accounting framework and the position of the assumptions are within our acceptable ranges;
- performing independent testing of the roll-forward approach to calculate the liabilities for the significant plans and compared against management's actuary's results.

Based on our procedures, we concluded management's key assumptions individually and collectively were acceptable.

We assessed the related disclosures included in the Group and Company financial statements and consider them to be appropriate and in compliance with IAS 19 'Employee Benefits' (Revised).

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE WEIR GROUP PLC

CONTINUED

Key audit matter

Valuation of pension assets (Group and Company)

The Group operates a number of defined benefit pension plans, giving rise to pension assets of £960.6m as at 31 December 2021 (2020: £971.3m). In respect of the Company, pension assets are £816.8m) (2020: £831.3m).

The significant risk relates to the complex pooled investment vehicles and insured assets. The scheme holds investments in pooled funds which have complex underlying investments or do not have a quoted price. These funds are more complex in nature, comprising a mixture of assets including private equity and derivatives. There is deemed to be a high level of estimation uncertainty and complexity in valuing the underlying funds given the lack of observable inputs in respect of a number of the assets.

The UK Main scheme has insured assets of £293.2m (2020: £330.4m). The values of these assets are set with reference to the actuarial assumptions used to set the defined benefit obligation. Therefore, in line with the calculation of the liabilities, these annuities are complex and have a high degree of estimation uncertainty.

How our audit addressed the key audit matter

For the pooled investment vehicles ('PIVs') we:

- obtained independent third party confirmations from the Investment Managers;
- understood the PIV's strategy and nature of the underlying investments;
- assessed the basis and frequency of pricing; and
- assessed whether there are any restrictions on the purchase or sale of either the underlying assets or units held by an investor which would impact the fair value of the investment.

For the complex PIVs we performed the following, where applicable:

- requested and reviewed details of transactions close to the year end to compare against the year end valuation;
- reviewed the controls report of the entity responsible for pricing the investment;
- obtained and read the most recent audited financial statements of the PIV;
- compared valuations in the audited financial statements to the Investment Manager's unaudited confirmations at the same date;
- for PIVs that did not have a valuation at the Balance Sheet date understood how any capital changes (i.e. purchases, sales, subscriptions or redemptions) in the period between the date of the valuation (as per the confirmation) and the entity's balance sheet date have been accounted for; and
- evaluated the evidence obtained.

For the insured assets, we engaged our internal actuarial experts to review the valuation of the buy-in annuity policies at 31 December 2021. Based on our procedures, we concluded that the valuation of the assets are appropriate.

We assessed the related disclosures included in the Group and Company financial statements and consider them to be appropriate and in compliance with IAS 19 'Employee Benefits' (Revised).

Key audit matter

Accounting for asbestos-related claims (Group)

Total asbestos related provisions as at 31 December 2021 amounted to £61.6m (2020: £67.7m). This consists of a provision of £58.5m (2020: £64.5m) for the Group's liabilities arising from asbestos-related damages claims in the US and £3.1m in the UK (2020: £3.2m).

The valuation of the liability involves significant estimation. In arriving at the estimate of the liability, management is required to make assumptions which include the number and value of claims and the time period over which the liability can be reliably measured. As a result there is a high degree of uncertainty in this estimate and management uses an independent actuary to assist with this assessment.

The Group has insurance cover in place to partially offset the US provision of £42.2m (2020: £52.4m) which is recognised within other receivables. After deduction of the insurance asset there is a net provision for the estimated uninsured US liability of £16.3m (2020: £12.1m).

How our audit addressed the key audit matter

We performed procedures on both the UK and US asbestos liabilities. The US provision is the more significant and has a greater level of estimation uncertainty.

Management obtains a triennial actuarial estimate of the US asbestos liability from an independent expert and the most recent assessment was performed by external actuarial consultants in 2020. We involved our PwC actuarial experts to assess the 2020 valuation and the reasonableness of the methodology used by the independent expert.

We evaluated management's underlying assumptions used in its calculation which included testing of:

- the mathematical accuracy of the underlying calculations in management's model;
- the input data to management's model, such as the average cost per claim and the number of settled claims to source data, which we verified directly with the Group's external lawyers and to the independent actuarial assessment; and
- the reasonableness of forecast number and value of claims to be settled to the actuarial assessment for the period of provision.

We evaluated the appropriateness of management's assessment of the timescale over which a liability can be reliably measured, which remains at ten years. We also examined the insurance cover held by the Group and recalculated the expected date of insurance exhaustion to be in line with that disclosed by management. In addition, we validated that the insurance cover remains active and currently continues to settle claims as expected.

We tested the reasonableness of the provision made for the estimated uninsured liability.

Finally, we tested the disclosures in the financial statements and checked for compliance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and IAS 1 'Presentation of Financial Statements' and considered them to be appropriate.

Valuation of deferred tax assets in the US (Group)

The disposal of the Oil & Gas Division has resulted in significant deferred tax assets arising in the United States due to trading year losses and the impact of steps taken to prepare for the disposal.

At 31 December 2021, this resulted in the partial recognition of £27.3m (2020: £27.8m) of deferred tax assets to the extent they are supported by management's forecast of US taxable profits.

Since there is partial recognition of deferred tax assets, the valuation uses estimates of future profits in the US operations.

We audited management's forecasts which support the continued recognition of a portion of the Group's US deferred tax assets to confirm the quantum of deferred tax derecognised is appropriate by:

- verifying the inputs in management's US taxable income forecasts are derived from the Group's five year strategic plan with forecasts for a further five years and appropriate risk weightings applied;
- assessing the assumptions made by management in determining the amount of deferred tax which can be supported; and
- performing sensitivity analysis on the assumptions used by management to confirm the amount of deferred tax remaining on the balance sheet was within our calculated range of possible outcomes.

In addition, we assessed the adequacy and appropriateness of the disclosures for compliance with IAS 12 'Income Taxes'.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE WEIR GROUP PLC

CONTINUED

Key audit matter

Completeness, existence and accuracy of financial information following the cyber incident (Group and Company)

On 24 September 2021, the Group experienced an attempted cyber security attack. The Group took the decision to temporarily remove access to Windows-based PCs and to isolate and shut down IT systems, including the Group's core financial reporting systems, while the threat was assessed. Following a forensic investigation, access to those systems was restored in an orderly manner.

We introduced a new significant audit risk over the completeness, existence and accuracy of financial information in light of this cyber incident.

How our audit addressed the key audit matter

Our Digital Audit team assessed the cyber security response of the Group by:

- reviewing third party specialist reports to independently verify our understanding of the incident and the impact on key business systems;
- assessing the supporting evidence to confirm that no confidential or sensitive data was lost or amended through the incident;
- considering the integrity checks performed by IT in restoring key systems;
- reviewing evidence of correspondence with regulators to address the risk of any future investigation, litigation or fines; and
- assessing management's remediation plan to reduce the likelihood of similar incidents reoccurring.

Furthermore, our component audit teams performed substantive testing over the completeness, existence and accuracy of financial information both during the short period of system outage and during the period where user access was sufficiently restored to operate processes and controls in the normal manner.

We did not identify any significant accounting issues as a consequence of the cyber incident.

Acquisition of Motion Metrics (Group)

On 30 November 2021, the Group completed the acquisition of Motion Metrics for a consideration of £67.9m and have identified net assets with a provisional fair value of £15.8m. Goodwill of £52.1m has been recognised within the ESCO cash generating unit.

In performing our audit of the acquisition, we have:

- verified the consideration paid and payable under the terms of the transaction to the Share Purchase Agreement;
- assessed the appropriateness of the fair value of the contingent consideration at the acquisition date;
- engaged valuation experts to assess the methodology and key assumptions applied by management to identify and value the intangible assets acquired;
- assessed underlying forecasts supporting the valuation of intangible assets; and
- verified the recognition and measurement of provisions recognised at the acquisition date.

Finally, we reviewed the disclosures for compliance with IFRS 3 'Business Combinations'.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group is organised into two continuing operating Divisions: Minerals and ESCO. On 1 February 2021, the Group completed its disposal of the majority of the Oil & Gas Division, and the disposal of the Group's shareholding in the remaining joint venture in the Division was completed on 30 June 2021. Having previously announced the sale in the prior year, the Oil & Gas Division has been treated as a discontinued operation in both the current and prior year. Each division conducts its business in a number of locations around the world. Many of the business locations (or components) are of similar size, so we scoped our audit to ensure we had appropriate coverage of the Group's continuing operations, covering both divisions. We included components which accounted for the largest share of the Group's results or where we considered there to be areas of significant risk.

The Group's components vary significantly in size and we identified seven components that, in our view, required an audit of their complete financial information due to their relative size or risk characteristics. Of these full scope component audits, two were based in the UK and were performed by members of the Group engagement team. These covered central functions and Head Office managed balances including treasury, uncertain tax provisions, post-retirement benefits, goodwill and intangibles.

The remaining five full scope component audits were performed by other PwC network firms. Other PwC network firms also performed specific scope audits over a further three components which covered all line items on the income statement and specified line items on the balance sheet. A specified procedures audit was performed on the remaining one component.

The scope of work at each component was determined by its contribution to the Group's overall financial performance or balance sheet and its risk profile. Where component audits were performed by teams from other PwC network firms, members of the Group engagement team were involved in their work throughout the audit. We maintained regular communication and conducted formal interim and year end video calls with all full and specific scope component teams. The discussions during the audit also included divisional management. Due to COVID-19 restrictions, the audits of all components were performed remotely.

Of the eleven components in scope, we deemed four to be financially significant to the Group. The UK and global travel restrictions resulted in all aspects of oversight of the component audits by the Group engagement team occurring remotely in 2021.

Our component and Group audits also had consideration of the impact of climate change. This involved:

- making enquiries with local and Group management and the Group Sustainability team to obtain their risk assessment and understand the governance processes in place to address climate risk impacts. We also reviewed relevant board papers related to climate change;
- review of the Group's CDP submission made during 2021 and obtained an understanding of the carbon reduction commitments made by the Group and the impact of these on the financial statements;
- consideration of the impact on financial statement line items and compared this to management's assessment of the impact of climate risk on the financial statements, including the potential impact on the underlying assumptions and estimates as outlined in the basis of preparation in note 1 of the Notes to the Group Financial Statements; and
- assessment of the consistency of the information in the front half of the Annual Report regarding Task Force on Climate-Related Financial Disclosures ('TCFD') and the financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	£12,445,000 (2020: £11,550,000).	£11,325,000 (2020: £10,500,000).
How we determined it	5% of profit before tax and adjusting items from continuing operations.	1% of net assets capped at 91% of Group materiality.
Rationale for benchmark applied	It is clear from the Annual Report that this profit measure is used by shareholders in evaluating the underlying business performance. We applied a lower materiality to the audit of exceptional items and intangibles amortisation.	The nature of the Company's activities supports a net asset basis for the calculation of materiality.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £400,000 and £11,325,000. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2020: 75%) of overall materiality, amounting to £9,333,750 (2020: £8,662,500) for the Group financial statements and £8,494,000 (2020: £7,875,000) for the Company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £620,000 (Group audit) (2020: £600,000) and £566,000 (Company audit) (2020: £600,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

CONCLUSIONS RELATING TO GOING CONCERN

Our evaluation of the directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- review and evaluation of management's cash flow forecasts and the process by which they were determined and approved, agreeing the forecasts with the latest Board approved budgets and confirming the mathematical accuracy of underlying calculations;
- assessment of management's forecast assumptions for base case and severe but plausible downside scenarios on the Group's ability to continue as a going concern; and
- consideration of the Group's liquidity and availability of financing to support the going concern basis of accounting.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE WEIR GROUP PLC

CONTINUED

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

CORPORATE GOVERNANCE STATEMENT

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the Group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the wide variety of jurisdictions in which the Group operates, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or profit. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- discussions with management, internal audit and Group General Counsel, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud or matters reported on the Group's Ethics Hotline;
- evaluation of management's controls designed to prevent and detect irregularities;
- review of Board Minutes;
- challenging assumptions and judgements made by management in its significant accounting estimates, in particular in relation to the classification of costs as exceptional; and
- identifying and testing journal entries, in particular any journal entries posted by Senior Management or unexpected users, postings to exceptional items, unusual account combinations and round sum accruals or provisions.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE WEIR GROUP PLC

CONTINUED

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

APPOINTMENT

Following the recommendation of the Audit Committee, we were appointed by the members on 28 April 2016 to audit the financial statements for the year ended 31 December 2016 and subsequent financial periods. The period of total uninterrupted engagement is 6 years, covering the years ended 31 December 2016 to 31 December 2021.

OTHER MATTER

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.



KENNETH WILSON (SENIOR STATUTORY AUDITOR)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Glasgow

2 March 2022

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Year ended 31 December 2021			Restated (note 2) Year ended 31 December 2020		
		Adjusted results £m	Adjusting items (note 5) £m	Statutory results £m	Adjusted results £m	Adjusting items (note 5) £m	Statutory results £m
Continuing operations							
Revenue	3	1,933.6	–	1,933.6	1,964.7	–	1,964.7
Continuing operations							
Operating profit before share of results of joint ventures		294.5	(39.6)	254.9	297.0	(70.6)	226.4
Share of results of joint ventures	15	1.7	–	1.7	1.6	–	1.6
Operating profit		296.2	(39.6)	256.6	298.6	(70.6)	228.0
Finance costs	6	(52.7)	–	(52.7)	(53.8)	–	(53.8)
Finance income	6	5.6	–	5.6	3.8	–	3.8
Profit before tax from continuing operations		249.1	(39.6)	209.5	248.6	(70.6)	178.0
Tax (expense) credit	7	(63.8)	9.4	(54.4)	(60.8)	16.3	(44.5)
Profit for the year from continuing operations		185.3	(30.2)	155.1	187.8	(54.3)	133.5
(Loss) profit for the year from discontinued operations	8	(2.2)	106.1	103.9	(26.6)	(261.4)	(288.0)
Profit (loss) for the year		183.1	75.9	259.0	161.2	(315.7)	(154.5)
Attributable to:							
Equity holders of the Company		182.6	75.9	258.5	161.0	(315.7)	(154.7)
Non-controlling interests		0.5	–	0.5	0.2	–	0.2
		183.1	75.9	259.0	161.2	(315.7)	(154.5)
Earnings (loss) per share	9						
Basic – total operations				99.7p			(59.6p)
Basic – continuing operations		71.3p		59.6p	72.3p		51.4p
Diluted – total operations				99.0p			(59.6p)
Diluted – continuing operations		70.8p		59.2p	71.7p		50.9p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Year ended 31 December 2021 £m	Restated (note 2) Year ended 31 December 2020 £m
Profit (loss) for the year		259.0	(154.5)
Other comprehensive income (expense)			
Losses taken to equity on cash flow hedges		(0.2)	(1.1)
Exchange losses on translation of foreign operations		(29.9)	(34.2)
Reclassification of foreign currency translation reserve on discontinued operations	8	(103.4)	–
Exchange (losses) gains on net investment hedges		(18.2)	6.5
Reclassification adjustments on cash flow hedges		0.1	1.9
Tax relating to other comprehensive expense to be reclassified in subsequent periods	7	–	0.1
Items that are or may be reclassified to profit or loss in subsequent periods		(151.6)	(26.8)
Other comprehensive income (expense) not to be reclassified to profit or loss in subsequent periods:			
Remeasurements on defined benefit plans	23	96.3	(34.5)
Remeasurements on other benefit plans		–	0.2
Tax relating to other comprehensive (income) expense not to be reclassified in subsequent periods	7	(21.1)	6.5
Items that will not be reclassified to profit or loss in subsequent periods		75.2	(27.8)
Net other comprehensive expense		(76.4)	(54.6)
Total net comprehensive income (expense) for the year		182.6	(209.1)
Attributable to:			
Equity holders of the Company		182.5	(210.3)
Non-controlling interests		0.1	1.2
		182.6	(209.1)
Total net comprehensive income (expense) for the year attributable to equity holders of the Company			
Continuing operations		183.3	74.3
Discontinued operations	8	(0.8)	(284.6)
		182.5	(210.3)

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2021

	Notes	31 December 2021 £m	Restated (note 2) 31 December 2020 £m
ASSETS			
Non-current assets			
Property, plant & equipment	11	415.3	449.5
Intangible assets	12	1,308.3	1,249.4
Investments in joint ventures	15	12.3	15.0
Deferred tax assets	22	57.0	54.9
Other receivables	17	76.5	84.6
Derivative financial instruments	29	–	0.1
Total non-current assets		1,869.4	1,853.5
Current assets			
Inventories	16	517.1	443.6
Trade & other receivables	17	505.7	420.2
Derivative financial instruments	29	7.1	16.0
Income tax receivable		32.0	29.6
Cash & short-term deposits	18	564.4	351.7
Assets held for sale		–	427.6
Total current assets		1,626.3	1,688.7
Total assets		3,495.7	3,542.2
LIABILITIES			
Current liabilities			
Interest-bearing loans & borrowings	19	523.9	26.5
Trade & other payables	20	490.6	413.9
Derivative financial instruments	29	3.8	18.9
Income tax payable		7.6	12.3
Provisions	21	36.5	29.2
Liabilities held for sale		–	143.3
Total current liabilities		1,062.4	644.1
Non-current liabilities			
Interest-bearing loans & borrowings	19	812.3	1,332.6
Other payables	20	–	0.3
Derivative financial instruments	29	0.1	–
Provisions	21	69.0	76.1
Deferred tax liabilities	22	40.7	21.4
Retirement benefit plan deficits	23	56.7	160.8
Total non-current liabilities		978.8	1,591.2
Total liabilities		2,041.2	2,235.3
NET ASSETS		1,454.5	1,306.9
CAPITAL & RESERVES			
Share capital	24	32.5	32.5
Share premium		582.3	582.3
Merger reserve		332.6	332.6
Treasury shares		(5.3)	(6.8)
Capital redemption reserve		0.5	0.5
Foreign currency translation reserve		(206.5)	(55.4)
Hedge accounting reserve		1.5	1.6
Retained earnings		705.9	408.3
Shareholders' equity		1,443.5	1,295.6
Non-controlling interests		11.0	11.3
TOTAL EQUITY		1,454.5	1,306.9

The financial statements were approved by the Board of Directors and authorised for issue on 2 March 2022. The financial statements also comprise the notes on pages 165 to 224.

JON STANTON
Director

JOHN HEASLEY
Director

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Year ended 31 December 2021 £m	Restated (note 2) Year ended 31 December 2020 £m
Total operations			
Cash flows from operating activities	25		
Cash generated from operations		266.0	365.0
Additional pension contributions paid		(7.8)	(11.3)
Exceptional and other adjusting cash items		(8.6)	(24.1)
Exceptional cash items – acquired vendor liabilities		(11.1)	–
Income tax paid		(82.4)	(63.4)
Net cash generated from operating activities		156.1	266.2
Cash flows from investing activities			
Acquisitions of subsidiaries, net of cash acquired	25	(67.9)	–
Investment in joint ventures		–	0.1
Purchases of property, plant & equipment		(44.4)	(59.9)
Purchases of intangible assets		(8.4)	(11.8)
Exceptional item – proceeds from sale of property		15.8	–
Other proceeds from sale of property, plant & equipment and intangible assets		14.3	4.3
Disposals of discontinued operations, net of cash disposed and disposal costs	25	258.5	(6.8)
Disposals of joint ventures	25	24.0	–
Interest received		2.6	2.2
Dividends received from joint ventures	15	0.7	8.3
Net cash generated from (used in) investing activities		195.2	(63.6)
Cash flows from financing activities			
Proceeds from borrowings		794.1	1,467.2
Repayments of borrowings		(903.4)	(1,455.8)
Lease payments		(27.8)	(43.4)
Proceeds from settlement of derivative financial instruments		10.6	5.1
Interest paid		(45.6)	(52.7)
Net proceeds from changes in non-controlling interests		–	5.1
Dividends paid to equity holders of the Company	10	(29.8)	–
Dividends paid to non-controlling interests		(0.4)	–
Purchase of shares for employee share plans		(15.0)	(10.9)
Net cash used in financing activities		(217.3)	(85.4)
Net increase in cash & cash equivalents		134.0	117.2
Cash & cash equivalents at the beginning of the year		374.1	272.1
Foreign currency translation differences		(8.1)	(15.2)
Cash & cash equivalents at the end of the year	18	500.0	374.1

The cash flows from discontinued operations included above are disclosed separately in note 8.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital £m	Share premium £m	Merger reserve £m	Treasury shares £m	Capital redemption reserve £m	Foreign currency translation reserve £m	Hedge accounting reserve £m	Retained earnings £m	Attributable to equity holders of the Company £m	Non-controlling interests £m	Total equity £m
At 31 December 2019	32.5	582.3	332.6	(0.5)	0.5	(26.7)	0.7	590.6	1,512.0	1.4	1,513.4
Restatement (see note 2)	–	–	–	–	–	–	–	(5.7)	(5.7)	–	(5.7)
Restated at 31 December 2019	32.5	582.3	332.6	(0.5)	0.5	(26.7)	0.7	584.9	1,506.3	1.4	1,507.7
(Loss) profit for the year (restated note 2)	–	–	–	–	–	–	–	(154.7)	(154.7)	0.2	(154.5)
Losses taken to equity on cash flow hedges	–	–	–	–	–	–	(1.1)	–	(1.1)	–	(1.1)
Exchange (losses) gains on translation of foreign operations	–	–	–	–	–	(35.2)	–	–	(35.2)	1.0	(34.2)
Exchange gains on net investment hedges	–	–	–	–	–	6.5	–	–	6.5	–	6.5
Reclassification adjustments on cash flow hedges	–	–	–	–	–	–	1.9	–	1.9	–	1.9
Remeasurements on defined benefit plans	–	–	–	–	–	–	–	(34.5)	(34.5)	–	(34.5)
Remeasurements on other benefit plans	–	–	–	–	–	–	–	0.2	0.2	–	0.2
Tax relating to other comprehensive (expense) income	–	–	–	–	–	–	0.1	6.5	6.6	–	6.6
Total net comprehensive (expense) income for the year	–	–	–	–	–	(28.7)	0.9	(182.5)	(210.3)	1.2	(209.1)
Cost of share-based payments inclusive of tax credit	–	–	–	–	–	–	–	10.5	10.5	–	10.5
Purchase of shares for employee share plans	–	–	–	(10.9)	–	–	–	–	(10.9)	–	(10.9)
Notional proceeds of increase in non-controlling interests	–	–	–	–	–	–	–	–	–	3.6	3.6
Proceeds of increase in non-controlling interests	–	–	–	–	–	–	–	–	–	5.4	5.4
Proceeds from decrease in non-controlling interests	–	–	–	–	–	–	–	–	–	(0.3)	(0.3)
Exercise of share-based payments	–	–	–	4.6	–	–	–	(4.6)	–	–	–
At 31 December 2020	32.5	582.3	332.6	(6.8)	0.5	(55.4)	1.6	408.3	1,295.6	11.3	1,306.9
At 31 December 2020 as originally presented	32.5	582.3	332.6	(6.8)	0.5	(55.4)	1.6	419.1	1,306.4	11.3	1,317.7

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

CONTINUED

	Share capital £m	Share premium £m	Merger reserve £m	Treasury shares £m	Capital redemption reserve £m	Foreign currency translation reserve £m	Hedge accounting reserve £m	Retained earnings £m	Attributable to equity holders of the Company £m	Non-controlling interests £m	Total equity £m
Restatement (note 2)	–	–	–	–	–	–	–	(10.8)	(10.8)	–	(10.8)
Restated at 31 December 2020	32.5	582.3	332.6	(6.8)	0.5	(55.4)	1.6	408.3	1,295.6	11.3	1,306.9
Profit for the year	–	–	–	–	–	–	–	258.5	258.5	0.5	259.0
Losses taken to equity on cash flow hedges	–	–	–	–	–	–	(0.2)	–	(0.2)	–	(0.2)
Exchange losses on translation of foreign operations	–	–	–	–	–	(29.5)	–	–	(29.5)	(0.4)	(29.9)
Reclassification of exchange gains on discontinued operations	–	–	–	–	–	(103.4)	–	–	(103.4)	–	(103.4)
Exchange losses on net investment hedges	–	–	–	–	–	(18.2)	–	–	(18.2)	–	(18.2)
Reclassification adjustments on cash flow hedges	–	–	–	–	–	–	0.1	–	0.1	–	0.1
Remeasurements on defined benefit plans	–	–	–	–	–	–	–	96.3	96.3	–	96.3
Tax relating to other comprehensive income	–	–	–	–	–	–	–	(21.1)	(21.1)	–	(21.1)
Total net comprehensive (expense) income for the year	–	–	–	–	–	(151.1)	(0.1)	333.7	182.5	0.1	182.6
Cost of share-based payments inclusive of tax charge	–	–	–	–	–	–	–	10.2	10.2	–	10.2
Dividends	–	–	–	–	–	–	–	(29.8)	(29.8)	–	(29.8)
Purchase of shares for employee share plans	–	–	–	(15.0)	–	–	–	–	(15.0)	–	(15.0)
Dividends to non-controlling interests	–	–	–	–	–	–	–	–	–	(0.4)	(0.4)
Exercise of share-based payments	–	–	–	16.5	–	–	–	(16.5)	–	–	–
At 31 December 2021	32.5	582.3	332.6	(5.3)	0.5	(206.5)	1.5	705.9	1,443.5	11.0	1,454.5

NOTES TO THE GROUP FINANCIAL STATEMENTS

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE

The Consolidated Financial Statements of The Weir Group PLC (the 'Company') and its subsidiaries (together, the 'Group') for the year ended 31 December 2021 ('2021') were approved and authorised for issue in accordance with a resolution of the Directors on 2 March 2022.

The comparative information is presented for the year ended 31 December 2020 ('2020').

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. The Weir Group PLC transitioned to UK-adopted International Accounting Standards in its Consolidated Financial Statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework. The Consolidated Financial Statements of The Weir Group PLC have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to those companies reporting under those standards.

The Weir Group PLC is a public limited company, limited by shares, incorporated in Scotland, United Kingdom and is listed on the London Stock Exchange. The principal activities of the Group are described in note 3.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements are presented in Sterling. All values are rounded to the nearest 0.1 million pounds (£m) except where otherwise indicated.

The financial statements are also prepared on a historic cost basis except where measured at fair value as outlined in the accounting policies.

Going concern

The Directors have a reasonable expectation that the Group has adequate resources to continue to operate for a period of at least 12 months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis of preparing the financial statements. In forming this view the Directors have reviewed the Group's budgets and sensitivity analysis as discussed further in the Directors' Report on pages 146 to 148.

Climate change

As well as considering the impact of climate change across our business model, the Directors have considered the impact on the financial statements in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. There has not been a material impact on the financial reporting judgements and estimates arising from our considerations, consistent with our assessment that climate change is not expected to have a detrimental impact on the viability of the Group in the medium-term. Specifically we note the following:

- the impact of climate change has been included in the modelling to assess the viability and going concern status of the Group, both in terms of the preparation of our strategic planning, which underpins our viability statement modelling and the modelling, of our severe but plausible downside scenarios;
- our assessment of the carrying value of goodwill and intangible assets included consideration of scenario analysis of potential climate change on our end markets and this did not introduce a set of circumstances which were considered could reasonably lead to an impairment;
- the impact on the carrying value and useful lives of tangible assets has been considered and while we continue to invest in projects to reduce our carbon impact there is not considered to be a material impact on our existing asset base;
- in May 2021, the Group successfully completed the issuance of five-year US\$800m Sustainability-Linked Notes. The cost of meeting our linked targets in 2024 has been considered within the above modelling and the impact is not material; and
- further detail on our science based targets and performance against them is included in the Emissions Strategy.

New accounting standards, amendments and interpretations

The accounting policies which follow are consistent with those of the previous period with the exception of the following standards, amendments and interpretations which are effective for the year ended 31 December 2021:

- i) Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16;

The Group has applied the practical expedient to changes to interest rates resulting from IBOR reform. In all circumstances the replacement of IBOR with an economically equivalent rate has resulted in a change in the effective interest rate for the liability affected. These changes have had no impact on the Consolidated Income Statement for the period.

- ii) IFRS 16 Covid-19 Related Rent Concessions Amendment; and

On 31 March 2021 the IASB published a further amendment to the May 2020 practical expedient for lessees. The expedient provided lessees with relief from assessing whether a rent concession in relation to Covid-19 is a lease modification. The 2020 amendment stated that any reduction in lease payments affected only payments due on or before 30 June 2021. The March 2021 amendment extends the scope of the exemption to 30 June 2022. The Group has previously applied this exemption in 2020 and the effect in both 2020 and 2021 is not material.

- iii) IFRIC – Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets).

The Group has revised its accounting policy in relation to Software as a Service (SaaS) and related configuration and customisation costs in response to the IFRIC configuration or customisation costs in a cloud computing arrangement (April 2021) agenda decision which clarified the interpretation of the current accounting standard. SaaS arrangements provide the Group access to software via payment of a subscription.

NOTES TO THE GROUP FINANCIAL STATEMENTS

CONTINUED

2. ACCOUNTING POLICIES continued

Under the new guidance these contracts are service contracts and the expense is recognised in the Consolidated Income Statement when the service is received. The costs related to implementing the software are split into those which configure the software and those which generate a separate asset controlled by the Group. The configuration costs are expensed to the Consolidated Income Statement when the service is received. Any expenditure resulting in a separate intangible asset is capitalised in accordance with the current Group policy as stated below.

The Group's previous accounting policy has been to capitalise SaaS arrangements and related customisation and configuration costs as intangible assets. In response to this agenda decision the Group has completed a review of the costs which are no longer eligible to be capitalised as intangible assets and this has resulted in a reclassification to operating expenditure and the reversal of previously accumulated amortisation. This policy has been applied retrospectively in accordance with IAS 8 resulting in a restatement of prior year financial statements, with further details provided below.

The following new accounting standards and interpretations have been published but are not mandatory for 31 December 2021:

- i) Narrow scope amendments to IFRS 3, IAS 16, IAS 37 and annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;
- ii) Amendments to IAS 1, Presentation of financial statement's on classification of liabilities;
- iii) Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;
- iv) Amendments to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction; and
- v) IFRS 17 Insurance contracts

These amendments have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods or on foreseeable future transactions.

Prior year restatement

All primary statements and (loss) earnings per share have been restated to retrospectively apply the voluntary change in accounting policy for Software as a Service as discussed above. The directly impacted financial statement line items in the Consolidated Balance Sheet, Consolidated Income Statement and Consolidated Cash Flow Statement are shown below. The Consolidated Balance Sheet as at 31 December 2019 has also been restated for Software as a Service but is not presented below on the grounds of materiality, the impact being reflected in the Consolidated Statement of Changes in Equity.

Restated Consolidated Balance Sheet (extract) at 31 December 2020

	As previously reported £m	SaaS adjustment £m	Restated 31 December 2020 £m
Non-current assets			
Intangible assets	1,262.7	(13.3)	1,249.4
Current assets			
Income tax receivable	29.4	0.2	29.6
Current liabilities			
Income tax payable	14.6	(2.3)	12.3
CAPITAL & RESERVES			
31 December 2019	1,513.4	(5.7)	1,507.7
31 December 2020	1,317.7	(10.8)	1,306.9
Retained earnings	419.1	(10.8)	408.3

Restated Consolidated Income Statement (extract) for the year ended 31 December 2020

	Adjusted results: as previously reported £m	SaaS adjustment £m	Adjusted results: restated £m	Statutory results: as previously reported £m	SaaS adjustment £m	Statutory results: restated £m
Operating profit before share of results of joint ventures	303.8	(6.8)	297.0	232.7	(6.3)	226.4
Operating profit	305.4	(6.8)	298.6	234.3	(6.3)	228.0
Profit before tax from continuing operations	255.4	(6.8)	248.6	184.3	(6.3)	178.0
Tax expense	(62.1)	1.3	(60.8)	(45.7)	1.2	(44.5)
Profit for the year from continuing operations	193.3	(5.5)	187.8	138.6	(5.1)	133.5
Profit (loss) for the year	166.7	(5.5)	161.2	(149.4)	(5.1)	(154.5)

As disclosed in note 5 certain amortisation costs are included within adjusting items. £0.5m in relation to amortisation of SaaS was included in adjusting items in 2020 and has subsequently been reversed as shown in the table above.

**Restated Consolidated Cash Flow Statement (extract)
for the year ended 31 December 2020**

	As previously reported £m	SaaS adjustment £m	Restated 31 December 2020 £m
Cash flows from operating activities			
Cash generated from operations	372.2	(7.2)	365.0
Net cash generated from operating activities	273.4	(7.2)	266.2
Cash flows from investing activities			
Purchases of intangible assets	(19.0)	7.2	(11.8)
Net cash (used in) generated from investing activities	(70.8)	7.2	(63.6)

	As previously reported 2020 pence	Restated 2020 pence
Basic earnings (loss) per share:		
Total operations ¹	(57.6)	(59.6)
Continuing operations ²	53.3	51.4
Continuing operations before adjusting items ²	74.4	72.3
Diluted earnings (loss) per share:		
Total operations ¹	(57.6)	(59.6)
Continuing operations ²	52.9	50.9
Continuing operations before adjusting items ²	73.8	71.7

¹ Adjusted for a profit of £0.2m in respect of non-controlling interests for total operations.

² Adjusted for a profit of £0.2m in respect of non-controlling interests for continuing operations.

Basis of consolidation

The Consolidated Financial Statements include the results, cash flows and assets and liabilities of The Weir Group PLC and its subsidiaries, and the Group's share of results of its joint ventures. For consolidation purposes, subsidiaries and joint ventures prepare financial information for the same reporting period as the Company using consistent accounting policies.

A subsidiary is an entity controlled, either directly or indirectly, by the Company, where control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The results of a subsidiary acquired during the period are included in the Group's results from the effective date on which control is transferred to the Group. The results of a subsidiary sold during the period are included in the Group's results up to the effective date on which control is transferred out of the Group. All intragroup transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries that are not held by the Group and are presented within equity in the Consolidated Balance Sheet, separately from the Company Shareholders' equity.

A full list of the Company's related undertakings can be found on pages 241 to 247.

Adjusting items

In order to provide the users of the Consolidated Financial Statements with a more relevant presentation of the Group's performance, statutory results for each year has been analysed between:

- i) adjusted results; and
- ii) the effect of adjusting items.

The principal adjusting items are summarised below. These specific items are presented on the face of the Consolidated Income Statement, along with the related adjusting item's taxation, to provide greater clarity and a better understanding of the impact of these items on the Group's financial performance. In doing so, it also facilitates greater comparison of the Group's underlying results with prior years and assessment of trends in financial performance. This split is consistent with how underlying business performance is measured internally.

i) Intangibles amortisation

Intangibles amortisation is expensed in line with the other intangible assets policy, with separate disclosure provided to allow visibility of the impact of both:

- a) intangible assets recognised via acquisition, which primarily relate to items which would not normally be capitalised unless identified as part of an acquisition opening balance sheet. The ongoing costs associated with these assets are expensed; and
- b) ongoing multi-year investment activities, which currently include our IT transformation strategy and digitisation strategy.

During the year, amortisation of £5.3m (restated 2020: £4.6m) is included within adjusted operating profit in relation to assets, which are no longer part of ongoing multi-year investment activities.

NOTES TO THE GROUP FINANCIAL STATEMENTS

CONTINUED

2. ACCOUNTING POLICIES continued

ii) Exceptional items

Exceptional items are items of income and expense which, because of the nature, size and/or infrequency of the events giving rise to them, merit separate presentation. Exceptional items may include, but are not restricted to: profits or losses arising on disposal or closure of businesses; the cost of significant business restructuring; significant impairments of intangible or tangible assets; adjustments to the fair value of acquisition-related items such as contingent consideration and inventory; acquisitions and other items deemed exceptional due to their significance, size or nature.

iii) Other adjusting items

Other adjusting items are those which do not relate to the Group's current ongoing trading and, due to their nature, are treated as adjusting items. For example these may include, but are not restricted to, movements in the provision for asbestos-related claims or the associated insurance assets, which relate to the Flow Control Division that was sold in 2019 but the provision remains with the Group and is in run-off, or past service costs related to pension liabilities.

Further analysis of the items included in the column 'Adjusting items' in the Consolidated Income Statement is provided in notes 4, 5 and 12 to the financial statements.

Use of estimates and judgements

The Group's significant accounting policies are set out below. The preparation of the Consolidated Financial Statements, in conformity with IFRS, requires management to make judgements that affect the application of accounting policies and estimates that impact the reported amounts of assets, liabilities, income and expense.

Management bases these judgements on a combination of past experience, professional expert advice and other evidence that is relevant to each individual circumstance. Actual results may differ from these judgements and the resulting estimates which are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised.

Areas requiring significant judgement in the current year and on a recurring basis are presented to the Audit Committee, as summarised on page 110.

The areas where management considers critical judgements and estimates to be required, which are areas more likely to be materially adjusted due to inherent uncertainty regarding estimates and assumptions, are those in respect of the following:

i) Retirement benefits (estimate)

The assumptions underlying the valuation of retirement benefit assets and liabilities include discount rates, inflation rates and mortality assumptions which are based on actuarial advice. Changes in these assumptions could have a material impact on the measurement of the Group's retirement benefit obligations. Sensitivities to changes in key assumptions are provided in note 23.

ii) Provisions (judgement/estimate)

Management judgement is used to determine when a provision is recognised, taking into account the commercial drivers which gave rise to it, the Group's previous experience of similar obligations and the progress of any associated legal proceedings. The calculation of provisions typically involves management estimates of associated cash flows and discount rates. The key provision which currently requires a greater degree of management judgement and estimate is the US asbestos provision and associated insurance asset, details of which are included in note 21.

iii) Taxation (estimate)

The level of current and deferred tax recognised in the financial statements is dependent on subjective judgements as to the interpretation of complex international tax regulations and, in some cases, the outcome of decisions by tax authorities in various jurisdictions around the world, together with the ability of the Group to utilise tax attributes within the time limits imposed by the relevant tax legislation. The value of the recognised US Deferred Tax Asset in relation to US tax attributes is based on expected future US taxable profits with reference to the Group's five-year strategic plan. The application of this model may result in future changes to the deferred tax asset recognised.

The Group faces a variety of tax risks which result from operating in a complex global environment, including the ongoing reform of both international and domestic tax rules in some of the Group's larger markets and the challenge to fulfil ongoing tax compliance filing and transfer pricing obligations given the scale and diversity of the Group's global operations.

The Group makes provision for open tax issues where it is probable that an exposure will arise including, in a number of jurisdictions, ongoing tax audits and uncertain tax positions including transfer pricing which are by nature complex and can take a number of years to resolve. In all cases, provisions are based on management's interpretation of tax law in each country, as supported where appropriate by discussion and analysis undertaken by the Group's external advisers, and reflect the single best estimate of the likely outcome or the expected value for each liability. Provisions for uncertain tax positions are included in current tax liabilities and total £7.0m at 31 December 2021.

The Group believes it has made adequate provision for such matters although it is possible that amounts ultimately paid will be different from the amounts provided, but not materially within the next 12 months.

Detailed tax disclosures are provided in notes 7 and 22.

iv) Acquisition accounting (estimate and judgement)

On the acquisition of a business, management assesses: (i) the Purchase Price Allocation (PPA) in order to attribute fair values to separately identifiable intangible assets providing they meet the recognition criteria and (ii) the fair values of other assets and liabilities.

The fair values of these intangible assets are dependent on estimates of attributable future revenues, margins and cash flows, as well as appropriate discount rates. In addition, the allocation of useful lives to acquired intangible assets requires the application of judgement based on available information and management expectations at the time of recognition. The valuation of other tangible assets and liabilities involves aligning accounting policies with those of the Group, reflecting appropriate external market valuations for property, plant & equipment, assessing recoverability of receivables and inventory, and exposures to unrecorded liabilities. In deriving appropriate fair values the process will inevitably involve the use of estimates. The disclosure in relation to business combinations is provided in note 13.

Discontinued operations

In compliance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, when it is known that a component of the Group will be held for sale or disposed of the results are disclosed within one line in the Consolidated Income Statement, with the comparative periods also restated. In the Consolidated Balance Sheet, the assets and liabilities of the component, in the current period only, are reported as current assets/liabilities held for sale.

As a discontinued operation, the component is measured at the lower of its carrying amount and fair value less costs to sell. At the time of disposal the foreign currency translation reserve will be recycled to the Consolidated Income Statement and included in the gain or loss on disposal.

Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is the sum of the fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Any goodwill arising from the business combination is accounted for in line with the goodwill policy below.

Acquisition costs are expensed as incurred.

Assets acquired and liabilities assumed are generally measured at their acquisition date fair values as discussed in critical judgements and estimates.

Joint ventures

The Group has a long-term contractual arrangement with another party which represents a joint venture. The Group's interests in the results and assets and liabilities of its joint venture are accounted for using the equity method.

This investment is carried in the Consolidated Balance Sheet at cost plus post-acquisition changes in the Group's share of net assets less any impairment in value. The Consolidated Income Statement reflects the share of results of operations of the investment after tax. Where there has been a change recognised directly in the investee's equity, the Group recognises its share of any changes and discloses this when applicable in the Consolidated Statement of Comprehensive Income.

Any goodwill arising on the acquisition of a joint venture, representing the excess of the cost of the investment over the Group's share of the net fair value of the joint venture's identifiable assets, liabilities and contingent liabilities, is included in the carrying amount of the joint venture and is not amortised. To the extent that the net fair value of the joint venture's identifiable assets, liabilities and contingent liabilities is greater than the cost of the investment, a gain is recognised and added to the Group's share of the joint venture's profit or loss in the year in which the investment is acquired.

Foreign currency translation

The financial statements for each of the Group's subsidiaries and joint ventures are prepared using their functional currency. The functional currency is the currency of the primary economic environment in which an entity operates.

At entity level, transactions denominated in foreign currencies are translated into the entity's functional currency at the exchange rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate ruling on the balance sheet date. Currency translation differences are recognised in the Consolidated Income Statement except when hedge accounting is applied and for differences on monetary assets and liabilities that form part of the Group's net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are recognised in profit or loss.

On consolidation, the results of foreign operations are translated into Sterling at the average exchange rate for the year and their assets and liabilities are translated into Sterling at the exchange rate ruling on the balance sheet date. Currency translation differences, including those on monetary items that form part of a net investment in a foreign operation, are recognised in the foreign currency translation reserve and in other comprehensive income.

In the event that a foreign operation is sold, the gain or loss on disposal recognised in the Consolidated Income Statement is determined after taking into account the cumulative currency translation differences that are attributable to the operation. As permitted by IFRS 1, the Group elected to deem cumulative currency translation differences to be £nil as at 27 December 2003. Accordingly, the gain or loss on disposal of a foreign operation does not include currency translation differences arising before that date.

In the Consolidated Cash Flow Statement, the cash flows of foreign operations are translated into Sterling at the average exchange rate for the year.

NOTES TO THE GROUP FINANCIAL STATEMENTS

CONTINUED

2. ACCOUNTING POLICIES continued

Revenue recognition

Revenue is the consideration the Group expects to receive from customers in exchange for goods and services. Revenue is recognised in the Consolidated Income Statement when control of goods and services is transferred to the customer. Transfer of control is deemed to be over time where the following criteria are met:

- the customer concurrently receives and consumes the benefits from the Group's performance;
- the Group's performance creates or enhances a customer controlled asset; or
- the Group's performance does not create an asset with an alternative use and the Group has a right to payment for performance completed to-date.

Where the above criteria are not met then revenue is recognised at a point in time when control is transferred to the customer.

Revenue is shown net of sales taxes, discounts and after eliminating sales within the Group. No revenue is recognised where recovery of the consideration is not probable or there are significant uncertainties regarding associated costs, or the possible return of goods. Variable consideration is recognised only if it is highly probable that there will not be a significant revenue reversal. The consideration is an estimation based on the terms of the contract and other available information. Liquidated damages can result in variable consideration and will only be recognised as a deduction from revenue where there is a history of recurring liquidated damages, for example, for the same customer or product line with the value of the reduction being the most likely amount from a range of possible outcomes. The adjustment to revenue will be monitored throughout the contract and adjusted as liquidated damages become more or less likely. Volume discounts are deducted from revenue based on the most reliable estimates of volumes to be purchased.

The timing of payment from customers is generally aligned to revenue recognition, subject to agreed payment terms usually in line with industry standards. Certain contracts may include milestone payments which do not necessarily align to revenue recognition: a contract asset is recorded where revenue is recognised in advance of customer invoicing and where cash is received in advance of revenue recognition, a contract liability is recognised.

i) Sale of goods

This policy is applicable to the sale of both original equipment and spare parts whether sold individually, in bulk or as part of a cross-selling marketing strategy. Contracts for the provision of both original equipment and spare parts, and where required services, are combined if one or more of the following is met:

- The contract achieves a single commercial objective and is negotiated as a package.
- The price or performance of one contract influences the amount of consideration to be paid in the other contract.
- The goods or services in the separate contracts represent a single performance obligation.

Each cross-selling contract is reviewed to identify the performance obligations in relation to original equipment and spare parts with them only being combined if they are not capable of being distinct and are not distinct in the context of the contract.

Revenue from the sale of goods is recognised in line with incoterms which in the majority of transactions is at the point of despatch. This reflects when the customer obtains control of the product and can determine its future use and location. For larger orders where multiple units are delivered in instalments as part of one performance obligation, revenue will be recognised over time in line with delivery. These items are a series of distinct goods which have the same pattern of transfer of control being the fulfilment of the incoterm, provided the customer has control of the goods as they are delivered.

Where the sale of product requires customer inspection, this is deemed to be part of the main performance obligation so revenue is not recognised until the inspection has been completed and approved by the customer. In instances where commissioning is provided, the transfer of control for the sale of goods is at the point of despatch where commissioning is a separate performance obligation or once commissioning is complete where combined in the sale of goods performance obligation. A separate performance obligation for commissioning is identified where a customer could obtain the same service from a third-party supplier with revenue in respect of commissioning being recognised once the commissioning is complete.

ii) Provision of services

The revenue recognition of provision of services is dependent on the nature of the contracts. Shorter-term contracts tend to be for 'one-off' service provision which means the customer only consumes the benefit from the Group's performance when the work is complete. Revenue is therefore recognised at a point in time for such contracts. For other contracts, revenue from the rendering of services is generally recognised over time where the customer concurrently receives and consumes a benefit from the Group's performance over the period of the contract duration. Revenue from services is recognised in proportion to the stage of completion of the performance obligations at the balance sheet date. The stage of completion is assessed by reference to the transfer of control over time, which usually corresponds to the contractual agreement with each separate customer and the costs incurred on the contract to date in comparison with the total forecast costs of the contract.

iii) Construction contracts

Revenue for construction contracts is recognised over time as the contracts usually contain discrete elements separately transferring control to customers over the life of the contract and the Group's performance does not create an asset with an alternative use.

The stage of completion of a contract is determined either by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, or by reference to the completion of a physical proportion of the contract work. Both these methods are faithful depictions of the transfer of control given the Group has a right to payment for performance completed to date. The basis used is dependent upon the nature of the underlying contract. For instances where the work is subject to formal customer acceptance procedures, revenue will only be recognised once the customer review has been completed and approved by the customer as this is the point both parties are in agreement that control has been transferred in line with contract terms. Losses on contracts are recognised in the year when such losses become probable.

Property, plant & equipment

Property, plant & equipment comprises owned assets and right-of-use assets that do not meet the definition of investment property.

i) Owned assets

Owned property, plant & equipment is stated at cost less accumulated depreciation and any recognised impairment losses. Freehold land and assets under construction are not depreciated. Depreciation of property, plant & equipment is provided on a straight-line basis so as to charge the cost less residual value, to the Consolidated Income Statement over the expected useful life of the asset concerned, and is in the following ranges:

Freehold buildings, long leasehold land & buildings 10 – 40 years

Plant & equipment 3 – 20 years

ii) Right-of-use assets and lease liabilities

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether it has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset throughout the period of use.

The Group recognises a lease liability and right-of-use asset at the lease commencement date. The lease liability is initially measured as the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or where the interest rate implicit in the lease cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group's incremental borrowing rate is calculated by taking the government borrowing rate in any given currency and adding the estimated Group credit spreads for a variety of tenors. An interpolation is performed annually to obtain one rate for each of the major lease currencies based on the weighted average life of the lease book.

Lease payments consist of the following components:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option (if the lessee is reasonably certain to exercise that option); and
- payments of penalties for terminating the lease (if the lease term reflects the lessee exercising the option to terminate the lease).

The right-of-use asset is measured as equal to the lease liability and adjusted for:

- lease payments made to the lessor at or before the commencement date;
- lease incentives received;
- initial direct costs associated with the lease; and
- an initial estimate of restoration costs.

The right-of-use asset is depreciated using the straight-line method over the lease term. In addition, the right-of-use asset is periodically reduced by any impairment losses.

The Group has adopted the exemption available for short-term leases, with payments being recognised on a straight-line basis over the lease term. Short-term leases are defined as leases with a lease term of 12 months or less.

The Group has adopted the exemption available for low value assets, with payments being recognised on a straight-line basis over the lease term. Leases relating to laptops, desktop computers, mobile phones, photocopiers, printers and other office equipment, where the asset value is less than £3,500 or the local currency equivalent have been treated as 'low value'. Where the lease contract meets both 'short-term' and 'low value' exemptions, the annual cost of the lease is reported within expenses relating to short-term leases.

For each lease, the lease term has been calculated as the non-cancellable period of the lease contract, except where the Group is reasonably certain that it will exercise contractual extension options. In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Group shall consider all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. In certain circumstances the Group will refer to the five-year strategic plan period as an appropriate period to consider whether the 'reasonably certain' criteria are met.

NOTES TO THE GROUP FINANCIAL STATEMENTS

CONTINUED

2. ACCOUNTING POLICIES continued

Goodwill

Goodwill arises on the acquisition of businesses and represents any excess of the cost of the acquired entity over the Group's interest in the fair value of the entity's identifiable assets, liabilities and contingent liabilities determined at the date of acquisition. Acquisition costs are recognised in the Consolidated Income Statement in the year in which they are incurred. Goodwill in respect of an acquired business is recognised as an intangible asset. Goodwill is carried at cost less any recognised impairment losses and is tested at least annually or where there are indicators of impairment.

The carrying amount of goodwill allocated to a cash generating unit is taken into account when determining the gain or loss on disposal of the unit.

An assessment of probable contingent consideration is recognised at the date of acquisition or disposal. For acquisitions, subsequent changes to the fair value of the contingent consideration are adjusted against the cost of acquisition where they qualify as measurement period adjustments. The measurement period is the period from the date of acquisition to the date that the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year. If the change does not qualify as a measurement period adjustment, it is reflected in the Consolidated Income Statement as an adjusting item. For disposals, any subsequent change in contingent consideration is adjusted against the disposal proceeds and the gain or loss on disposal.

Other intangible assets

Intangible assets acquired separately are measured at cost on initial recognition. An intangible resource acquired in a business combination is recognised as an intangible asset if it is separable from the acquired business or arises from contractual or legal rights, is expected to generate future economic benefits and its fair value can be measured reliably.

An intangible asset with a finite life is amortised on a straight-line basis so as to charge its cost, which in respect of an acquired intangible asset represents its fair value at the acquisition date, to the Consolidated Income Statement over its expected useful life. An intangible asset with an indefinite life is not amortised but is tested at least annually for impairment and carried at cost less any recognised impairment losses.

Brand names

Brands are recognised as a result of a business combination. The brand is recognised if it is separable from the remaining business and is expected to generate future economic benefits. Internally generated brands are not capitalised in accordance with IAS 38 'Intangible Assets'.

Brands are fair valued at acquisition and subsequently measured at cost less any accumulated impairment. All subsequent expenditure is expensed to the Consolidated Income Statement as incurred.

Due to the long-term nature of the brands the Group has assessed that they have indefinite useful lives, with the exception of Motion Metrics which is amortised over 15 years. An annual impairment exercise is completed for brands with an indefinite useful life, to confirm that the value in use, based on discounted cash flows, exceeds the carrying value.

Customer and distributor relationships

Customer and distributor relationships are recognised as part of a business combination if they are separable from the acquired business or arise from contractual or legal rights. They represent the relationships that the acquiree has built up over a significant period of time and will provide repeat custom to the business which will generate future economic benefit.

The assets are initially recorded at fair value at acquisition and subsequently recognised at cost less accumulated amortisation and impairment. All subsequent expenditure is charged to the Consolidated Income Statement as incurred. Amortisation is charged to the Consolidated Income Statement over the useful life of the asset. The useful life can vary depending on the circumstances of each acquisition. The useful lives range from 5 to 30 years.

If there are any indicators of impairment an assessment of the value in use of the relationships is completed. If the carrying value exceeds the value in use the variance is accounted for as an impairment to the asset with a corresponding charge to the Consolidated Income Statement.

Software

Software assets can be purchased, acquired or internally generated. Software that is not an integral part of related hardware is recognised as an intangible asset.

Software is recognised at cost less accumulated amortisation. Amortisation is spread over the estimated useful life of the software which can range from 4 to 8 years.

Software as a Service (SaaS) arrangements provide the Group with the right to access cloud based software applications over a contractual period. The software remains the intellectual property of the developer and as a result the Group does not recognise an intangible asset in relation to subscription fees and costs incurred to customise or configure the software. The related costs are recognised in the Consolidated Income Statement when the service is received.

Costs incurred to enhance or develop an existing intangible asset or develop new software code which meet the definition and recognition criteria of an intangible asset are capitalised as intangible software assets. Amortisation is recognised over the expected useful life of the software.

Trademarks and intellectual property

Trademarks and intellectual property are legally protected rights which are expected to generate future revenues. On acquisition they are measured at fair value based on discounted expected cash flows. Assets are subsequently held at cost less accumulated amortisation and impairment.

The assets are amortised based on the period in which the legal protection is in place or the asset is expected to generate revenues. The amortisation period for the currently capitalised trademarks ranges from 6 to 15 years.

Other

Other intangible assets are stated at cost less accumulated amortisation and any recognised impairment losses. The expected useful life of other intangible assets is up to six years.

Research & development costs

All research expenditure is charged to the Consolidated Income Statement in the year in which it is incurred.

Development expenditure is charged to the Consolidated Income Statement in the year in which it is incurred unless it relates to the development of a new product or technology and meets the following requirements:

- it is incurred after the technical feasibility and commercial viability of the product has been proven;
- the development costs can be measured reliably;
- future economic benefits are probable; and
- the Group intends, and has sufficient resources, to complete the development and to use or sell the asset.

Any such capitalised development expenditure is amortised on a straight-line basis so it is charged to the Consolidated Income Statement over the expected life of the resulting product or technology.

Impairment of non-current assets

All non-current assets are tested for impairment whenever events or circumstances indicate that their carrying values might be impaired. Additionally, goodwill and intangible assets with an indefinite life are subject to an annual impairment test.

An impairment loss is recognised to the extent that an asset's carrying value exceeds its recoverable amount, which represents the higher of the asset's fair value less costs to sell and its value in use. An asset's value in use represents the present value of the future cash flows expected to be derived from the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is conducted for the cash generating unit to which it belongs. Similarly, the recoverable amount of goodwill is determined by reference to the discounted future cash flows of the cash generating units to which it is allocated.

Impairment losses are recognised in the Consolidated Income Statement. Impairment losses recognised in previous periods for an asset other than goodwill are reversed if there has been a change in the estimates used to determine the asset's recoverable amount. The carrying amount of an asset shall not be increased above the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. Impairment losses recognised in respect of goodwill are not reversed.

Inventories

Inventories are valued at the lower of cost and net realisable value, with due allowance for any obsolete or slow-moving items. Cost represents the expenditure incurred in bringing inventories to their existing location and condition and comprises the cost of raw materials, direct labour costs, other direct costs and related production overheads. Raw material cost is generally determined on a first-in, first-out basis. Net realisable value is the estimated selling price less costs to complete and sell.

Financial assets & liabilities

The Group's principal financial assets and liabilities, other than derivatives, comprise bank overdrafts, short-term borrowings, loans and fixed-rate notes, commercial paper, cash and short-term deposits. The Group also has other financial assets and liabilities such as trade receivables, trade payables and leases which arise directly from its operations.

A financial asset is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss. Under IFRS 9 'Financial Instruments' where the modification is not substantial, any difference in the modified cash flows is recognised in profit or loss.

Reimbursement asset

The Group has several insurance policies in place with regards to legal claims in relation to alleged asbestos exposure as discussed in note 21. In accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' a reimbursement asset is only recognised when it is virtually certain that the asset will be received and there is a corresponding liability recognised. The value recognised is the lower of the amount confirmed by the insurer under the policy and the provision for the related liability. If the asset is probable the asset is not recognised but disclosed.

NOTES TO THE GROUP FINANCIAL STATEMENTS

CONTINUED

2. ACCOUNTING POLICIES continued

Trade receivables

Trade receivables, which are generally of a short-term nature, are recognised at original invoice amount where the consideration is unconditional. If they contain significant financing components, trade receivables are instead recognised at fair value. The Group holds trade receivables to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details of the Group's impairment policies and the calculation of the loss allowance are provided in note 17 and the policy in respect of invoice discounting is included in note 29.

Cash & cash equivalents

Cash & cash equivalents comprise cash in hand, deposits available on demand and other short-term highly liquid investments with a maturity on acquisition of three months or less and bank overdrafts and short-term borrowings with a maturity on acquisition of three months or less. Bank overdrafts are presented as current liabilities to the extent that there is no right of offset with cash balances.

Trade payables

Trade payables are recognised and carried at original invoice amount. The Group's supply chain financing programme policy and assessment for the period is provided in note 20.

Interest-bearing loans & borrowings

Obligations for loans and borrowings are recognised when the Group becomes party to the related contracts and are measured initially at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement. Borrowings are classified as current liabilities unless the Group has an unconditional right to settle the liability at least 12 months after the balance sheet date.

Provisions, contingent liabilities & contingent assets

A provision is recognised in the Consolidated Balance Sheet when the Group has a legal or constructive obligation as a result of a past event, the obligation can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A contingent liability is disclosed if there is a possible obligation as a result of a past event that might, but will probably not, require an outflow of economic benefits; or there is a present obligation as a result of a past event that probably requires an outflow of economic benefits, but where the obligation cannot be measured reliably.

A contingent asset is disclosed if an inflow of economic benefits is probable arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Derivative financial instruments & hedge accounting

The Group uses derivative financial instruments, principally forward foreign currency contracts and cross-currency swaps, to reduce its exposure to exchange rate movements. The Group also uses foreign currency borrowings as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries. Additionally, the Group periodically uses interest rate swaps to manage its exposure to interest rate risk. The Group does not hold or issue derivatives for speculative or trading purposes.

Derivative financial instruments are recognised as assets and liabilities measured at their fair values at the balance sheet date. The fair value of forward foreign currency contracts is calculated as the present value of the estimated future cash flows based on spot and forward foreign exchange rates and counterparty and the Group's own credit risk. The fair value of interest rate swaps and cross-currency swaps is calculated as the present value of the estimated future cash flows based on interest rate curves, spot foreign exchange rates and counterparty and own credit risk. Changes in their fair values are recognised in the Consolidated Income Statement, except where hedge accounting is used, provided the conditions specified by IFRS 9 are met. Hedge accounting is applied in respect of hedge relationships where it is both permissible under IFRS 9 and practical to do so. When hedge accounting is used, the relevant hedging relationships are classified as fair value hedges, cash flow hedges or net investment hedges, as appropriate.

Where the hedging relationship is classified as a fair value hedge, the carrying amount of the hedged asset or liability will be adjusted by the increase or decrease in its fair value attributable to the hedged risk and the resulting gain or loss will be recognised in the Consolidated Income Statement where, to the extent that the hedge is effective, it will be offset by the change in the fair value of the hedging instrument.

Where the hedging relationship is classified as a cash flow or net investment hedge, to the extent that the hedge is effective, changes in the fair value of the hedging instrument will be recognised directly in other comprehensive income. For the cash flow hedge, when the hedged asset or liability is recognised in the financial statements, the accumulated gains and losses recognised in other comprehensive income will be either recycled to the income statement or, if the hedged item results in a non-financial asset, will be recognised as adjustments to its initial carrying amount. For net investment hedges, gains and losses on hedging instruments designated as hedges of the net investments in foreign operations are recognised in other comprehensive income to the extent that the hedging relationship is effective. Gains and losses accumulated in the foreign currency translation reserve are recycled to the income statement when the foreign operation is disposed of.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised through other comprehensive income is kept in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss that was reported in equity is immediately reclassified to the income statement in the period.

Derivatives embedded in non-derivative host contracts, which are not already measured at fair value through profit or loss, are recognised separately as derivative financial instruments when their risks and characteristics are not closely related to those of the host contract and the host contract is not stated at its fair value with changes in its fair value recognised in the Consolidated Income Statement.

Where items are recognised in the Consolidated Income Statement, these are presented within operating profit or finance costs dependent on their nature.

Share-based payments

Equity settled share-based incentives are provided to employees under the Group's Share Reward Plan (SRP), formerly the Long Term Incentive Plan (LTIP), the Weir ShareBuilder Plan (WSBP) and as a consequence of occasional one-off conditional awards made to employees.

The fair value of SRP awards and one-off conditional awards at the date of the grant is calculated using appropriate option pricing models and the cost is recognised on a straight-line basis over the vesting period. Adjustments are made to reflect expected and actual forfeitures during the vesting period due to failure to satisfy service or performance conditions, where applicable. The conditions of the SRP for the Executive Directors which took effect in 2018 are summarised in the Directors' Remuneration Policy, which can be found on the Company's website at www.corporategovernance.weir. The conditions of the SRP for senior management are summarised in note 27.

The fair value of WSBP awards at grant date is calculated as the share price at the date of the grant less an adjustment for loss of reinvestment return on the dividend equivalent. There are no performance conditions attached to these awards but participants who leave the Company prior to vesting lose their right to the awards. The terms of the share awards granted under the WSBP are set out on the plan's website at www.sharebuilder.weir.

Treasury shares

The Weir Group PLC shares held by the Company, or those held in Trust, are classified in Shareholders' equity as treasury shares and are recognised at cost. Consideration received for the sale of such shares is also recognised in equity, with any difference between the proceeds from sale and the original cost being taken directly to retained earnings. No gain or loss is recognised in total comprehensive income on the purchase, sale, issue or cancellation of equity shares.

Post-employment benefits

Post-employment benefits comprise pension benefits provided to certain current and former employees in the UK, US and Canada and post-retirement healthcare benefits provided to certain employees in the US.

For defined benefit pension and post-retirement healthcare plans, the annual service cost is calculated using the projected unit credit method and is recognised over the future service lives of participating employees, in accordance with the advice of qualified actuaries. Current service cost and administration expenses are recognised in operating costs and net interest on the net pension liability is recognised in finance costs.

The finance cost recognised in the Consolidated Income Statement in the year reflects the net interest on the net pension liability. This represents the change in the net pension liability resulting from the passage of time, and is determined by applying the discount rate to the opening net liability, taking into account employer contributions paid into the plan, and hence reducing the net liability, during the year.

Past service costs resulting from enhanced benefits are recognised immediately in the Consolidated Income Statement. Actuarial gains and losses, which represent differences between interest on the plan assets, experience on the benefit obligation and the effect of changes in actuarial assumptions, are recognised in full in other comprehensive income in the year in which they occur.

The defined benefit liability or asset recognised in the Consolidated Balance Sheet comprises the net total for each plan of the present value of the benefit obligation, using a discount rate based on yields at the balance sheet date on appropriate high-quality corporate bonds that have maturity dates approximating the terms of the Group's obligations and are denominated in the currency in which the benefits are expected to be paid minus the fair value of the plan assets, if any, at the balance sheet date. The balance sheet asset recognised is limited to the present value of economic benefits which the Group expects to recover by way of refunds or a reduction in future contributions. In order to calculate the present value of economic benefits, consideration is also given to any minimum funding requirements.

For defined contribution plans, the cost represents the Group's contributions to the plans and these are charged to the Consolidated Income Statement in the year in which they fall due, along with any associated administration costs.

Taxation

Current tax is the amount of tax payable or recoverable in respect of the taxable profit or loss for the year.

Deferred tax liabilities represent tax payable in future years in respect of taxable temporary differences. Deferred tax assets represent tax recoverable in future years in respect of deductible temporary differences, the carry forward of unutilised tax losses and the carry forward of unused tax credits. Deferred tax is measured on an undiscounted basis using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax is recognised on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base with the following exceptions:

- i) deferred tax arising from the initial recognition of goodwill, or of an asset or liability in a transaction that is not a business combination, that, at the time of the transaction, affects neither accounting nor taxable profit or loss, is not recognised;
- ii) deferred tax is provided on temporary differences arising on investments in subsidiaries and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future; and

NOTES TO THE GROUP FINANCIAL STATEMENTS

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2. ACCOUNTING POLICIES continued

iii) a deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Current and deferred tax is recognised in the Consolidated Income Statement except if it relates to an item recognised directly in equity, in which case it is recognised directly in equity.

The Group also recognises provisions in the Consolidated Balance Sheet for uncertain tax as disclosed above in critical accounting estimates.

Alternative performance measures

The Consolidated Financial Statements of The Weir Group PLC have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to those companies reporting under those standards. In measuring our performance, the financial measures that we use include those which have been derived from our reported results in order to eliminate factors which we believe distort period-on-period comparisons. These are considered alternative performance measures. This information, along with comparable GAAP measurements, is useful to investors in providing a basis for measuring our operational performance. Our management uses these financial measures, along with the most directly comparable GAAP financial measures, in evaluating our performance and value creation. Alternative performance measures should not be considered in isolation from, or as a substitute for, financial information in compliance with GAAP. Alternative performance measures as reported by the Group may not be comparable with similarly titled amounts reported by other companies.

Below we set out our definitions of alternative performance measures and provide reconciliations to relevant GAAP measures.

Adjusted results and adjusting items

The Consolidated Income Statement presents Statutory results, which are provided on a GAAP basis, and Adjusted results (non-GAAP), which are management's primary area of focus when reviewing the performance of the business. Adjusting items represent the difference between Statutory results and Adjusted results and are defined within the accounting policies section above. The accounting policy for Adjusting items should be read in conjunction with this note. Details of each adjusting item are provided in note 5. We consider this presentation to be helpful as it allows greater comparability of the underlying performance of the business from year to year.

Operating cash flow (cash generated from operations)

Operating cash flow excludes additional pension contributions, exceptional and other adjusting cash items and income tax paid. This reflects our view of the underlying cash generation of the business. A reconciliation to the GAAP measure 'Net cash generated from operating activities' is provided in the Consolidated Cash Flow Statement.

Free operating cash and free cash flow

Free operating cash flow is defined as operating cash flow (cash generated from operations), adjusted for net capital expenditure, lease payments, dividends received from joint ventures and purchase of shares for employee share plans. Free cash flow (FCF) is defined as free operating cash flow further adjusted for net interest, income taxes, settlement of derivative financial instruments, pension contributions and non-controlling interest dividends. FCF reflects an additional way of viewing our available funds that we believe is useful to investors as it represents cash flows that could be used for repayment of debt, dividends, exceptional and other adjusting items, or to fund our strategic initiatives, including acquisitions, if any.

The reconciliation of operating cash flows (cash generated from operations) to free operating cash flow and subsequently FCF is as follows.

	2021 £m	Restated (note 2) 2020 £m
Operating cash flow (cash generated from operations)	266.0	365.0
Net capital expenditure from purchase & disposal of property, plant & equipment and intangibles	(38.5)	(67.4)
Lease payments	(27.8)	(43.4)
Dividends received from joint ventures	0.7	8.3
Purchase of shares for employee share plans	(15.0)	(10.9)
Free operating cash flow	185.4	251.6
Net interest paid	(43.0)	(50.5)
Income tax paid	(82.4)	(63.4)
Settlement of derivative financial instruments	10.6	5.1
Additional pension contributions paid	(7.8)	(11.3)
Non-controlling interest dividends	(0.4)	–
Free cash flow	62.4	131.5

Free operating cash conversion

Free operating cash conversion is a new non-GAAP key performance measure used by management, which is defined as free operating cash flow divided by adjusted operating profit on a total Group basis.

	2021 £m	Restated (note 2) 2020 £m
Continuing operations	296.2	298.6
Discontinued operations	(0.3)	(20.6)
Adjusted operating profit – Total Group	295.9	278.0
Free operating cash flow	185.4	251.6
Free operating cash conversion %	63%	91%

Working capital as a percentage of sales

Working capital includes inventories, trade & other receivables, trade & other payables and derivative financial instruments as included in the Consolidated Balance Sheet, adjusted to exclude insurance contract assets totalling £82.2m included in note 17 and £10.9m of interest accruals included in note 20. This working capital measure reflects the figure used by management to monitor the performance of the business and is divided by revenue, as included in the Consolidated Income Statement, to arrive at working capital as a percentage of sales.

EBITDA

EBITDA is operating profit from continuing operations, before exceptional items, other adjusting items, intangibles amortisation, and excluding depreciation of owned assets and right-of-use assets. EBITDA is used in conjunction with other GAAP and non-GAAP financial measures to assess our operating performance. A reconciliation of EBITDA to the closest equivalent GAAP measure, operating profit, is provided.

	2021 £m	Restated (note 2) 2020 £m
Continuing operations		
Operating profit	256.6	228.0
Adjusted for:		
Exceptional and other adjusting items (note 5)	4.7	31.8
Adjusting amortisation (note 5)	34.9	38.8
Adjusted operating profit	296.2	298.6
Non-adjusting amortisation (note 4)	5.3	4.6
Adjusted Earnings before interest, tax and amortisation (EBITA)	301.5	303.2
Depreciation of owned property, plant & equipment (note 11)	43.0	43.2
Depreciation of right-of-use property, plant & equipment (note 11)	27.6	29.0
Adjusted Earnings before interest, tax, depreciation and amortisation (EBITDA)	372.1	375.4

Net debt

Net debt is a common measure used by management and investors when monitoring the capital management of the Group and is the basis for covenant reporting as included in note 30. A reconciliation of net debt to cash & short-term deposits, interest-bearing loans & borrowings is provided in note 25.

3. SEGMENT INFORMATION

Continuing operations includes two operating Divisions: Minerals and ESCO. These two Divisions are organised and managed separately based on the key markets served and each is treated as an operating segment and a reportable segment under IFRS 8. The operating and reportable segments were determined based on the reports reviewed by the Chief Executive Officer which are used to make operational decisions.

The Minerals segment is the global leader in the provision of slurry handling equipment and associated aftermarket support for abrasive high-wear applications used in the mining and oil sands markets. The ESCO segment is the world's leading provider of ground engaging tools for large mining machines. Following its acquisition on 30 November 2021, Motion Metrics, a mining technology business which is the market leading developer of innovative Artificial Intelligence (AI) and 3D rugged Machine Vision Technology used in mines worldwide, is included within the ESCO segment.

On 5 October 2020, the Group announced an agreement had been entered into to sell the Oil & Gas Division and, in line with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', the Group classified the Division as a discontinued operation as disclosed in note 8. The sale of the Division completed during 2021.

NOTES TO THE GROUP FINANCIAL STATEMENTS

CONTINUED

3. SEGMENT INFORMATION continued

The Chief Executive Officer assesses the performance of the operating segments based on operating profit from continuing operations before exceptional and other adjusting items (including impairments) ('segment result'). Finance income and expenditure and associated interest-bearing liabilities and financing derivative financial instruments are not allocated to segments as all treasury activity is managed centrally by the Group Treasury function. The amounts provided to the Chief Executive Officer with respect to assets and liabilities are measured in a manner consistent with that of the financial statements. The assets are allocated based on the operations of the segment and the physical location of the asset. The liabilities are allocated based on the operations of the segment.

Transfer prices between business segments are set on an arm's length basis, in a manner similar to transactions with third parties.

The segment information for the reportable segments for 2021 and 2020 is disclosed below. Information for Oil & Gas is included in note 8.

	Minerals		ESCO		Total continuing operations	
	2021 £m	Restated (note 2) 2020 £m	2021 £m	Restated (note 2) 2020 £m	2021 £m	Restated (note 2) 2020 £m
Revenue						
Sales to external customers	1,422.1	1,469.2	511.5	495.5	1,933.6	1,964.7
Inter-segment sales	–	0.1	2.1	0.9	2.1	1.0
Segment revenue	1,422.1	1,469.3	513.6	496.4	1,935.7	1,965.7
Eliminations					(2.1)	(1.0)
					1,933.6	1,964.7

Sales to external customers – 2020 at 2021 average exchange rates

Sales to external customers	1,422.1	1,433.2	511.5	462.3	1,933.6	1,895.5
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Segment result

Segment result before share of results of joint ventures	251.0	259.9	81.6	79.5	332.6	339.4
Share of results of joint ventures	–	–	1.7	1.6	1.7	1.6
Segment result	251.0	259.9	83.3	81.1	334.3	341.0
Unallocated expenses					(38.1)	(42.4)
Adjusted operating profit					296.2	298.6
Adjusting items					(39.6)	(70.6)
Net finance costs					(47.1)	(50.0)
Profit before tax from continuing operations					209.5	178.0

Segment result – 2020 at 2021 average exchange rates

Segment result before share of results of joint ventures	251.0	250.4	81.6	73.6	332.6	324.0
Share of results of joint ventures	–	–	1.7	1.5	1.7	1.5
Segment result	251.0	250.4	83.3	75.1	334.3	325.5
Unallocated expenses					(38.1)	(42.2)
Adjusted operating profit					296.2	283.3

Revenues from any single external customer do not exceed 10% of Group revenue.

	Minerals		ESCO		Discontinued operations		Total Group	
	2021 £m	Restated (note 2) 2020 £m	2021 £m	Restated (note 2) 2020 £m	2021 £m	2020 £m	2021 £m	Restated (note 2) 2020 £m
Assets & liabilities								
Intangible assets	563.8	575.0	741.7	663.8	–	–	1,305.5	1,238.8
Property, plant & equipment	280.1	311.7	123.7	124.0	–	–	403.8	435.7
Working capital assets	773.2	678.7	239.0	191.0	–	–	1,012.2	869.7
	1,617.1	1,565.4	1,104.4	978.8	–	–	2,721.5	2,544.2
Investments in joint ventures	–	–	12.3	15.0	–	–	12.3	15.0
Segment assets held for sale	–	–	–	–	–	427.6	–	427.6
Segment assets	1,617.1	1,565.4	1,116.7	993.8	–	427.6	2,733.8	2,986.8
Unallocated assets							761.9	555.4
Total assets							3,495.7	3,542.2
Working capital liabilities	406.9	365.2	119.4	83.4	–	–	526.3	448.6
Segment liabilities held for sale	–	–	–	–	–	143.3	–	143.3
Segment liabilities	406.9	365.2	119.4	83.4	–	143.3	526.3	591.9
Unallocated liabilities							1,514.9	1,643.4
Total liabilities							2,041.2	2,235.3
Other segment information – total Group								
Segment additions to non-current assets	60.2	70.7	16.8	22.1	0.4	6.6	77.4	99.4
Unallocated additions to non-current assets							0.2	–
Total additions to non-current assets							77.6	99.4
Other segment information – total Group								
Segment depreciation & amortisation	66.4	65.8	34.8	37.1	–	31.6	101.2	134.5
Segment impairment of property, plant & equipment	(1.4)	(0.4)	–	–	–	(1.4)	(1.4)	(1.8)
Segment impairment of intangible assets	0.1	–	–	–	–	176.1	0.1	176.1
Unallocated depreciation & amortisation							9.6	12.7
Total depreciation, amortisation & impairment							109.5	321.5

The asset and liability balances include right-of-use assets and lease liabilities. Refer to note 11 for depreciation on right-of-use assets.

Unallocated assets are continuing operations and primarily comprise cash and short-term deposits, asbestos-related insurance asset, Trust Owned Life Insurance policy investments, derivative financial instruments, income tax receivable, deferred tax assets and elimination of intercompany as well as those assets which are used for general head office purposes. Unallocated liabilities are continuing operations and primarily comprise interest-bearing loans & borrowings and related interest accruals, derivative financial instruments, income tax payable, provisions, deferred tax liabilities, elimination of intercompany and retirement benefit deficits as well as liabilities relating to general head office activities. Segment additions to non-current assets include right-of-use assets.

NOTES TO THE GROUP FINANCIAL STATEMENTS

CONTINUED

3. SEGMENT INFORMATION continued

Geographical information

Geographical information in respect of revenue and non-current assets for 2021 and 2020 is disclosed below. Revenues are allocated based on the location to which the product is shipped. Assets are allocated based on the location of the assets and operations. Non-current assets consist of property, plant & equipment, intangible assets and investments in joint ventures.

Year ended 31 December 2021	UK £m	US £m	Canada £m	Asia Pacific £m	Australia £m	South America £m	Middle East & Africa £m	Europe & FSU £m	Total £m
Revenue from continuing operations									
Sales to external customers	23.8	315.9	266.0	237.9	304.0	387.5	224.1	174.4	1,933.6
Non-current assets	314.1	699.7	158.5	150.0	201.5	71.1	86.9	54.1	1,735.9
Year ended 31 December 2020	UK £m	US £m	Canada £m	Asia Pacific £m	Australia £m	South America £m	Middle East & Africa £m	Europe & FSU £m	Total £m
Revenue from continuing operations									
Sales to external customers	15.8	296.0	274.6	227.3	348.0	415.6	218.0	169.4	1,964.7
Non-current assets (restated note 2)	332.5	747.7	61.8	138.8	210.1	82.6	98.1	42.3	1,713.9

The following disclosures are given in relation to continuing operations.

	2021 £m	2020 £m
An analysis of the Group's revenue is as follows:		
Original equipment	386.9	444.3
Aftermarket parts	1,366.6	1,358.1
Sales of goods	1,753.5	1,802.4
Provision of services – Aftermarket	121.0	116.0
Construction contracts – Original equipment	59.1	46.3
Revenue	1,933.6	1,964.7

	Minerals		ESCO		Total continuing operations	
	2021 £m	2020 £m	2021 £m	2020 £m	2021 £m	2020 £m
Timing of revenue recognition						
At a point in time	1,290.6	1,382.1	508.3	490.1	1,798.9	1,872.2
Over time	131.5	87.2	5.3	6.3	136.8	93.5
Segment revenue	1,422.1	1,469.3	513.6	496.4	1,935.7	1,965.7
Eliminations					(2.1)	(1.0)
					1,933.6	1,964.7

4. REVENUES & EXPENSES

The following disclosures are given in relation to continuing operations.

	Year ended 31 December 2021			Restated (note 2) Year ended 31 December 2020		
	Adjusted results £m	Adjusting items £m	Statutory results £m	Adjusted results £m	Adjusting items £m	Statutory results £m
A reconciliation of revenue to operating profit is as follows:						
Revenue	1,933.6	–	1,933.6	1,964.7	–	1,964.7
Cost of sales	(1,237.2)	(4.4)	(1,241.6)	(1,263.6)	(8.2)	(1,271.8)
Gross profit	696.4	(4.4)	692.0	701.1	(8.2)	692.9
Other operating income	14.6	4.8	19.4	7.5	–	7.5
Selling & distribution costs	(218.9)	–	(218.9)	(203.5)	(5.8)	(209.3)
Administrative expenses	(197.6)	(40.0)	(237.6)	(208.1)	(56.6)	(264.7)
Share of results of joint ventures	1.7	–	1.7	1.6	–	1.6
Operating profit	296.2	(39.6)	256.6	298.6	(70.6)	228.0

	Year ended 31 December 2021			Restated (note 2) Year ended 31 December 2020		
	Adjusted results £m	Adjusting items £m	Statutory results £m	Adjusted results £m	Adjusting items £m	Statutory results £m
Operating profit from continuing operations is stated after charging:						
Cost of inventories recognised as an expense	1,237.2	–	1,237.2	1,263.6	–	1,263.6
Depreciation of property, plant & equipment (note 11)	70.6	–	70.6	72.2	–	72.2
Lease expenses (note 11)	8.6	–	8.6	9.1	–	9.1
Amortisation of intangible assets (note 12)	5.3	34.9	40.2	4.6	38.8	43.4
Exceptional and other adjusting items (note 5)	–	4.7	4.7	–	31.8	31.8
Net foreign exchange losses	4.8	–	4.8	14.4	–	14.4
Net impairment charge of trade receivables (note 17)	1.4	–	1.4	10.5	–	10.5

Depreciation of property, plant & equipment (note 11) for discontinued operations was £nil (2020: £22.5m) and amortisation of intangible assets (note 12) was £nil (2020: £9.1m).

Research & development costs

Research & development costs for continuing operations amount to £32.6m (2020 restated: £26.1m) of which £30.6m (2020: £24.8m) was charged directly to cost of sales in the income statement and £2.0m (2020 restated: £1.3m) was capitalised (note 12). Research & development costs for discontinued operations amounted to £0.5m (2020: £5.9m) of which £0.5m (2020: £5.9m) was charged to cost of sales in the income statement.

	2021 £m	2020 £m
Employee benefits expense		
Wages & salaries	437.5	420.5
Social security costs	38.2	36.6
Other pension costs		
Defined benefit plans	0.4	0.4
Defined contribution plans	22.7	22.3
Share-based payments – equity settled transactions (note 27)	10.9	9.3
	509.7	489.1

Details of Directors' remuneration is disclosed in note 28.

	2021 Number	2020 Number
The average monthly number of people employed by the Company and its subsidiaries is as follows:		
Minerals	8,301	8,455
ESCO	2,117	2,228
Group companies	445	447
	10,863	11,130

The following disclosures are given in relation to total operations.

At 31 December 2021, the number of people employed by the Group and including those under temporary contracts was 11,994 (2020: 13,070).

	2021 £m	2020 £m
Auditors' remuneration		
The total fees payable by the Group to our auditors for work performed in respect of the audit and other services provided to the Company and its subsidiary companies during the year are disclosed below		
Fees payable to the Company's auditors for the audit of the Company and Consolidated Financial Statements	1.8	2.4
Fees payable to the Company's auditors for other services		
The audit of the Company's subsidiaries	1.4	1.3
Audit-related assurance services	0.1	0.1
Other non-audit services	0.2	0.2

NOTES TO THE GROUP FINANCIAL STATEMENTS

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5. ADJUSTING ITEMS

	2021 £m	Restated (note 2) 2020 £m
Recognised in arriving at operating profit from continuing operations		
Intangibles amortisation (note 4)	(34.9)	(38.8)
Exceptional items		
Motion Metrics acquisition and integration related costs	(2.8)	–
Cybersecurity incident response	(4.7)	–
Other restructuring and rationalisation activities	6.3	(2.0)
ESCO acquisition and integration related costs	0.9	(3.3)
Covid-19 restructuring and other costs	–	(9.7)
Black Economic Empowerment transaction	–	(4.4)
	(0.3)	(19.4)
Other adjusting items		
Asbestos-related provision	(4.4)	(11.8)
Pension equalisation	–	(0.6)
	(4.4)	(12.4)
Total adjusting items	(39.6)	(70.6)
Recognised in arriving at operating profit from discontinued operations		
Intangibles amortisation (note 4)	–	(9.1)
Exceptional items		
Impairment – Fair value adjustment	–	(209.2)
Onerous purchase contracts	0.9	(3.8)
Disposal related costs	–	(11.4)
Covid-19 restructuring and other costs	–	(0.7)
Other restructuring and rationalisation activities	–	(0.2)
	0.9	(225.3)
Total adjusting items (note 8)	0.9	(234.4)

Continuing operations

Intangibles amortisation

Intangibles amortisation of £34.9m relates to acquisition related assets and ongoing multi-year investment activities as outlined in the accounting policy in note 2.

Exceptional items

Exceptional items in the year include £2.8m of acquisition and integration related costs associated with the Motion Metrics acquisition, which completed on 30 November 2021 (note 13). The majority of these costs relate to adviser fees, due diligence and initial integration. This has resulted in a £0.9m exceptional cash flow in the year. We anticipate further integration costs of approximately £3.0m in 2022.

The Group incurred £4.7m of costs in the final quarter of 2021 as a direct result of the cybersecurity incident in September. These costs primarily related to specialist advisory fees incurred centrally to investigate and respond to the incident, incremental hardware costs expensed to facilitate business continuity during the period of recovery plus an impairment charge of £0.1m on existing hardware. This has resulted in a £2.2m exceptional cash outflow in the year with £2.4m expected to be settled in the first half of 2022.

An exceptional credit for other restructuring and rationalisation activities in the year is primarily the result of a land sale in Sendayan, Malaysia. The land sold was part of our restructuring decision to exit Minerals Malaysia foundry operations in 2018. The land was sold in August 2021 for proceeds of £16.6m, with a book value of £11.0m, resulting in a net gain of £4.8m after deducting legal and tax fees of £0.8m. Overall this transaction resulted in an exceptional cash inflow of £15.8m in the year. The remaining credit of £1.5m relates to the partial reversal of restructuring and rationalisation charges recognised in North America and China in prior years.

An accrual of £0.9m has been released in relation to ESCO integration costs which were initially expensed in 2019.

In the prior year, restructuring and rationalisation activities primarily represented actions to further right-size certain central functions as a result of the continued deep downturn in oil and gas markets. Other exceptional items related to costs of £3.3m associated with the integration of ESCO, the Black Economic Empowerment transaction for ownership in Weir Minerals South Africa (Pty) Ltd with Medu Capital (Pty) Ltd of £4.4m and specific one-off and/or short-term costs as a direct result of the Covid-19 pandemic of £9.7m of which £8.9m was severance.

Other adjusting items

A charge of £4.4m (2020: £11.8m) has been recorded in respect of movements in the US asbestos-related liability and associated insurance provision, plus settlements for post-1981 US asbestos-related claims which relate to legacy Group products. Further details of this are included in note 21.

In the prior year, a charge of £0.6m was recognised in respect to pension equalisation costs.

Discontinued operations

Intangibles amortisation

In line with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', no amortisation has been recognised in the period.

Exceptional items

In the current year a final adjustment has been made to an onerous purchase contracts provision resulting in a credit of £0.9m (2020: charge £3.8m).

Prior year exceptional items included an adjustment of £209.2m to the carrying value of the Oil & Gas Division to reflect the fair value less costs to sell off the Division. This reflected the estimated proceeds from the disposal. The fair value adjustment included £49.5m of intangible assets, £126.6m of goodwill and £33.1m of inventory. Disposal costs of £11.4m were incurred primarily relating to advisory and consultancy fees. Other exceptional items related to Covid-19 costs within the Oil & Gas Division of £0.7m and restructuring and rationalisation costs of £0.2m. The restructuring and rationalisation costs related to severance costs of £3.0m which were offset by credit balances of: £1.1m gain on sale of a property written off as an exceptional in 2019, £1.0m credit for the final adjustments in relation to the liquidation of the EPIX joint venture and £0.7m of prior year unutilised provisions.

6. FINANCE (COSTS) INCOME

The following disclosures are given in relation to continuing operations.

Finance costs

	2021 £m	2020 £m
Interest payable on financial liabilities	(37.2)	(38.6)
Interest and finance charges payable on lease liabilities	(4.3)	(4.0)
Change in fair value of forward points in cross-currency swaps and forward contracts	(0.5)	(3.1)
Finance charges related to committed loan facilities	(8.0)	(4.5)
Finance charges related to discounting of trade receivables	(0.1)	(0.3)
Other finance costs – retirement benefits	(2.6)	(3.3)
	(52.7)	(53.8)

Finance income

	2021 £m	2020 £m
Interest receivable on financial assets	5.6	3.8

NOTES TO THE GROUP FINANCIAL STATEMENTS

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7. TAX EXPENSE

Income tax (expense) credit from total operations

	2021 £m	Restated (note 2) 2020 £m
Consolidated Income Statement		
Current income tax		
UK corporation tax	(1.4)	1.7
Adjustments in respect of previous years	(4.1)	(7.7)
UK corporation tax	(5.5)	(6.0)
Foreign tax	(64.5)	(73.9)
Adjustments in respect of previous years	(0.5)	5.5
Total current income tax	(70.5)	(74.4)
Deferred income tax		
Origination & reversal of temporary differences	14.4	35.1
Adjustment to estimated recoverable deferred tax assets	(6.4)	(36.9)
Effect of changes in tax rates	1.1	(1.3)
Adjustments in respect of previous years	0.9	3.0
Total deferred tax ¹	10.0	0.1
Total income tax expense in the Consolidated Income Statement	(60.5)	(74.5)
Total income tax expense is attributable to:		
Profit from continuing operations	(54.4)	(44.5)
Profit (loss) from discontinued operations	(6.1)	(30.0)
	(60.5)	(74.5)

1 Includes £3.4m of deferred tax credit relating to foreign tax (2020: £8.2m charge).

The total income tax expense is disclosed in the Consolidated Income Statement, and note 8, as follows.

	2021 £m	Restated (note 2) 2020 £m
Tax (expense) credit – adjusted continuing operations	(63.8)	(60.8)
adjusted discontinued operations (note 8)	(1.7)	(3.0)
exceptional and other adjusting items	(2.9)	(21.3)
adjusting intangibles amortisation and impairment	7.9	10.6
Total income tax (expense) in the Consolidated Income Statement	(60.5)	(74.5)

Current tax for 2021 has been reduced by £0.1m (2020: £0.3m) due to the utilisation of deferred tax assets previously not recognised.

The total deferred tax included in the income tax expense is detailed in note 22.

Tax relating to items charged or credited to equity from continuing operations

	2021 £m	2020 £m
Consolidated Statement of Comprehensive Income		
Deferred tax – origination & reversal of temporary differences	(19.1)	6.5
Deferred tax – effect of change in tax rates	(2.0)	–
Tax (charge) credit on actuarial gains/losses on retirement benefits	(21.1)	6.5
Tax credit on hedge losses	–	0.1
Tax (charge) credit in the Consolidated Statement of Comprehensive Income	(21.1)	6.6
Consolidated Statement of Changes in Equity		
Deferred tax on share-based payments	(0.7)	1.2
Tax (charge) credit in the Consolidated Statement of Changes in Equity	(0.7)	1.2

Reconciliation of the total tax charge from total operations

The tax charge (2020: charge) in the Consolidated Income Statement for the year is lower (2020: higher) than the weighted average of standard rates of corporation tax across the Group of 24.7% (2020 restated: 0.5%). The differences are reconciled below.

	2021 £m	Restated (note 2) 2020 £m
Profit before tax from continuing operations	209.5	178.0
Profit (loss) before tax from discontinued operations	110.0	(258.0)
Profit (loss) before tax	319.5	(80.0)
At the weighted average of standard rates of corporation tax across the Group of 24.7% (2020: 0.5%)	78.9	(0.4)
Adjustments in respect of previous years – current tax	4.6	2.2
– deferred tax	(0.9)	(3.0)
Joint ventures	(0.6)	(1.3)
Unrecognised deferred tax assets	6.4	1.6
Overseas tax on unremitted earnings	3.8	3.3
Permanent differences	(12.5)	2.3
Tax effect of funding overseas operations	–	(6.3)
Effect of changes in tax rates	(1.1)	0.9
Exceptional and other adjusting items ineligible for tax	(18.1)	75.2
At effective tax rate of 18.93% (2020: -93.01%)	60.5	74.5

Exceptional and other adjusting items ineligible for tax includes the impact of profits and losses arising on the disposal of the Oil & Gas entities where these gains and losses are exempt from tax.

Unrecognised deferred tax assets increased from an addition of £1.6m in 2020 to an addition of £6.4m in 2021. This reflects the further derecognition of £3.8m of deferred tax assets arising in the US on disposal of the US Oil & Gas operations, together with £2.6m of losses arising in continuing operations entities including China and Turkey where deferred tax asset recognition is not appropriate.

The tax effect of funding overseas operations reduced from a credit of £6.3m in 2020 to £nil in 2021, reflecting the unwind of the Group's US financing arrangement in November 2020.

The Group's provision for overseas tax on unremitted earnings increased from an addition of £3.3m in 2020 to an addition of £3.8m in 2021. This is due to an increase in 2021 of the provision in respect of unremitted earnings in Chile and Peru.

Permanent differences decreased from an addition of £2.3m in 2020 to a reduction of £12.5m in 2021. This reflects the non-recurrence of £8.0m of 2020 permanent differences related to discontinued operations, together with the 2022 impact of the Group's R&D credits of £1.8m and movement in the Group's provisions for uncertain tax positions of £10.0m, following the expiration of tax statute of limitation in the various jurisdictions together with the conclusion of open tax audits in South Africa.

8. DISCONTINUED OPERATIONS

On 5 October 2020, the Group announced it had entered into an agreement to sell the Oil & Gas Division and, in line with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', the Group classified the Division as held for sale and its results have since been reported in discontinued operations. Following the initial announcement of the sale, the Group's joint venture partner, Saudi Arabia-based, Arabian Metals Company (AMCO) exercised its pre-emption right to purchase Weir's 49% stake in AMCO for an enterprise value of US\$30.0m. The Oil & Gas Division provided pressure pumping and pressure control equipment and aftermarket support across the oilfield equipment and services value chain, primarily to customers in North America.

The Group completed the disposal of the Oil & Gas Division (excluding AMCO) on 1 February 2021 to Caterpillar Inc. (CAT) for an enterprise value of US\$375.0m and a net consideration of £275.3m after certain customary working capital and debt-like adjustments. Following finalisation of working capital and tax provision adjustments, the Group received a further £7.5m to reflect a final consideration of £282.8m with adjustments made to net assets sold in relation to tax as part of the agreed completion accounts process. There remains minor offsetting balances relating to potential tax liabilities and tariff rebates which are not reflected below as at present the amounts relating to these items are not yet finalised and the timing of settlement is currently unknown. These are not expected to have a significant impact on the results disclosed below.

The sale of AMCO to Olayan Financing Company (Olayan), our joint venture partner, completed on 30 June 2021. A consideration of US\$37.8m (£27.4m) was received compared to the original fair market value of US\$30.0m agreed with CAT. The agreement with CAT in respect of the joint venture sale was that any proceeds received from Olayan above the fair market value would be split 90:10 in favour of CAT, subject to certain capital gains tax and dividend retentions. This resulted in a payment to CAT of US\$4.7m (£3.4m) in July 2021 and a payment of capital gains tax to the Saudi authorities of US\$6.3m (£4.6m) in August 2021.

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8. DISCONTINUED OPERATIONS continued

Financial information relating to discontinued operations is set out in the table below.

Financial performance and cash flow information for discontinued operations

	Year ended 31 December 2021			Year ended 31 December 2020		
	Adjusted results £m	Adjusting items (note 5) £m	Statutory results £m	Adjusted results £m	Adjusting items (note 5) £m	Statutory results £m
Revenue	25.1	–	25.1	314.3	–	314.3
Operating (loss) profit before share of results of joint ventures	(1.9)	0.9	(1.0)	(24.5)	(234.4)	(258.9)
Share of results of joint ventures	1.6	–	1.6	3.9	–	3.9
Operating (loss) profit	(0.3)	0.9	0.6	(20.6)	(234.4)	(255.0)
Finance costs	(0.2)	–	(0.2)	(3.3)	–	(3.3)
Finance income	–	–	–	0.3	–	0.3
(Loss) profit before tax from discontinued operations	(0.5)	0.9	0.4	(23.6)	(234.4)	(258.0)
Tax expense	(1.7)	–	(1.7)	(3.0)	(27.0)	(30.0)
(Loss) profit after tax from discontinued operations	(2.2)	0.9	(1.3)	(26.6)	(261.4)	(288.0)
Gain on sale of Oil & Gas Division (see below)	–	99.2	99.2	–	–	–
Gain on sale of joint venture (see below)	–	6.0	6.0	–	–	–
(Loss) profit for the period from discontinued operations	(2.2)	106.1	103.9	(26.6)	(261.4)	(288.0)
Reclassification of foreign currency translation reserve			(103.4)			–
Other comprehensive (expense) income from discontinued operations			(1.3)			3.4
Total net comprehensive expense from discontinued operations			(0.8)			(284.6)

The reconciliation from revenue to operating profit includes cost of sales of £21.8m (2020: £272.6m), other operating income of £0.3m (2020: £3.3m), selling & distribution costs of £1.4m (2020: £18.1m), administrative expenses of £4.1m (2020: £51.4m) and share of results of joint venture of £1.6m (2020: £3.9m).

The gain on sale is largely attributable to the recycling of cumulative foreign exchange gains and losses from the foreign currency translation reserve to the income statement which is recognised only at the time of sale. For the Oil & Gas Division, excluding AMCO, the cumulative net foreign exchange gains on retranslation of foreign operations recycled was £244.3m offset by the cumulative net foreign exchange losses on net investment hedges of £143.4m. In June 2021, £2.5m of cumulative net foreign exchange gains on retranslation of foreign operations was recycled in respect of the AMCO disposal.

	Year ended 31 December 2021 £m	Year ended 31 December 2020 £m
Cash flows from operating activities	(16.3)	20.3
Cash flows from investing activities	(0.2)	3.8
Cash flows from financing activities	(1.1)	(18.5)
Net (decrease) increase in cash & cash equivalents from discontinued operations	(17.6)	5.6

Details of the sale of Oil & Gas Division (excluding AMCO)

	Year ended 31 December 2021 £m
Consideration received	
Cash received – initial settlement	275.3
Cash received – completion accounts settlement	7.5
Total disposal consideration	282.8
Carrying amount of net assets sold	(282.9)
Costs of disposal	(1.8)
Gain on sale of Oil & Gas Division before reclassification of foreign currency translation reserve and tax	(1.9)
Reclassification of foreign currency translation reserve	100.9
Gain on sale of Oil & Gas Division before tax	99.0
Tax credit on disposal	0.2
Gain on sale of Oil & Gas Division after tax	99.2

The carrying amount of assets and liabilities as at the date of sale were as follows.

	Period ended 1 February 2021 £m
Property, plant & equipment	117.3
Intangible assets	82.0
Investment in joint ventures	3.1
Inventories	107.6
Trade & other receivables	78.9
Cash & short-term deposits	16.1
Trade & other payables	(48.8)
Leases	(65.2)
Provisions	(8.1)
Net assets	282.9

Details of the sale of AMCO joint venture

	Year ended 31 December 2021 £m
Consideration received	
Cash received	27.4
Consideration adjustment – paid to CAT	(3.4)
Total disposal consideration	24.0
Carrying amount of investment held	(16.1)
Costs of disposal ¹	0.2
Gain on sale of joint venture before reclassification of foreign currency translation reserve and tax	8.1
Reclassification of foreign currency translation reserve	2.5
Gain on sale of joint venture before tax	10.6
Tax charge on disposal	(4.6)
Gain on sale of joint venture after tax	6.0

¹ Costs of disposal related to an unutilised prior year provision for costs to sell.

Earnings (loss) per share

Earnings (loss) per share from discontinued operations were as follows.

	2021 pence	2020 pence
Basic	40.1	(110.9)
Diluted	39.8	(110.9)

The earnings (loss) per share figures were derived by dividing the net profit (loss) attributable to equity holders of the Company from discontinued operations by the weighted average number of ordinary shares, for both basic and diluted amounts, shown in note 9.

9. EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share amounts are calculated by dividing net profit (loss) for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings (loss) per share is calculated by dividing the net profit (loss) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for the effect of dilutive share awards.

The following reflects the earnings used in the calculation of earnings (loss) per share.

	2021	Restated (note 2) 2020
Profit (loss) attributable to equity holders of the Company		
Total operations ¹ (£m)	258.5	(154.7)
Continuing operations ² (£m)	154.6	133.3
Continuing operations before adjusting items ² (£m)	184.8	187.6

¹ Adjusted for a profit of £0.5m (2020: profit of £0.2m) in respect of non-controlling interests for total operations.

² Adjusted for a profit of £0.5m (2020: profit of £0.2m) in respect of non-controlling interests for continuing operations.

NOTES TO THE GROUP FINANCIAL STATEMENTS

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9. EARNINGS (LOSS) PER SHARE continued

The following reflects the shares numbers used in the calculation of earnings (loss) per share, and the difference between the weighted average share capital for the purposes of the basic and the diluted earnings (loss) per share calculations.

	2021 Shares million	2020 Shares million
Weighted average number of ordinary shares for basic earnings per share	259.3	259.5
Effect of dilution: employee share awards	1.7	2.2
Adjusted weighted average number of ordinary shares for diluted earnings per share	261.0	261.7

The profit (loss) attributable to equity holders of the Company used in the calculation of both basic and diluted earnings (loss) per share from continuing operations before adjusting items is calculated as follows.

	2021 £m	Restated (note 2) 2020 £m
Net profit attributable to equity holders from continuing operations ²	154.6	133.3
Adjusting items net of tax	30.2	54.3
Net profit attributable to equity holders from continuing operations before adjusting items	184.8	187.6

	2021 pence	Restated (note 2) 2020 pence
Basic earnings (loss) per share:		
Total operations ¹	99.7	(59.6)
Continuing operations ²	59.6	51.4
Continuing operations before adjusting items ²	71.3	72.3

Diluted earnings (loss) per share:		
Total operations ¹	99.0	(59.6)
Continuing operations ²	59.2	50.9
Continuing operations before adjusting items ²	70.8	71.7

1 Adjusted for a profit of £0.5m (2020: profit of £0.2m) in respect of non-controlling interests for total operations.

2 Adjusted for a profit of £0.5m (2020: profit of £0.2m) in respect of non-controlling interests for continuing operations.

There have been 6,258 share awards (2020: 350,896) exercised between the reporting date and the date of signing of these financial statements. These were settled out of existing shares held in trust.

Earnings (loss) per share from discontinued operations is disclosed in note 8.

10. DIVIDENDS PAID & PROPOSED

	2021 £m	2020 £m
Declared & paid during the year		
Equity dividends on ordinary shares		
Final dividend for 2020: 0.00p (2019: 0.00p)	–	–
Interim dividend for 2021: 11.50p (2020: 0.00p)	29.8	–
	29.8	–
Proposed for approval by Shareholders at the Annual General Meeting		
Final dividend for 2021: 12.30p (2020: 0.00p)	31.9	–

The current year dividend is in line with the capital allocation policy announced in our 2020 Annual Report and Financial Statements, under which the Group intends to distribute 33% of net adjusted earnings by way of dividend. As a result dividend cover in 2021 is 3.0 times. In response to the Covid-19 pandemic, the Board did not propose an interim or final dividend for 2020.

The proposed dividend is based on the number of shares in issue, excluding treasury shares held, at the date that the financial statements were approved and authorised for issue. The final dividend may differ due to increases or decreases in the number of shares in issue between the date of approval of this Annual Report and Financial Statements and the record date for the final dividend.

11. PROPERTY, PLANT & EQUIPMENT

Property, plant & equipment comprises owned and right-of-use assets that do not meet the definition of investment property.

	Owned land & buildings £m	Owned plant & equipment £m	Total owned property, plant & equipment £m	Right-of- use land & buildings £m	Right-of- use plant & equipment £m	Total right-of-use property, plant & equipment £m	Total property, plant & equipment £m
Cost							
At 31 December 2019	182.1	660.6	842.7	181.7	39.6	221.3	1,064.0
Additions	7.3	54.1	61.4	19.8	7.8	27.6	89.0
Disposals	(1.8)	(44.1)	(45.9)	(3.3)	(3.5)	(6.8)	(52.7)
Reclassifications to intangible assets (note 12)	–	(2.2)	(2.2)	–	–	–	(2.2)
Reclassifications to inventory	–	0.3	0.3	–	–	–	0.3
Reclassifications	2.4	(2.4)	–	(0.1)	0.1	–	–
Reassessments and modifications	–	–	–	10.6	(2.5)	8.1	8.1
Transferred to assets held for sale (note 8)	(32.4)	(166.8)	(199.2)	(78.9)	(12.5)	(91.4)	(290.6)
Exchange adjustment	(3.8)	(9.7)	(13.5)	(1.6)	(0.8)	(2.4)	(15.9)
At 31 December 2020	153.8	489.8	643.6	128.2	28.2	156.4	800.0
Additions	4.0	44.3	48.3	12.4	8.9	21.3	69.6
Acquisitions	0.2	0.4	0.6	0.2	–	0.2	0.8
Disposals	(23.8)	(15.7)	(39.5)	(6.2)	(4.8)	(11.0)	(50.5)
Reclassifications to intangible assets (note 12)	–	(0.5)	(0.5)	–	–	–	(0.5)
Reclassifications to inventory	–	(0.2)	(0.2)	–	–	–	(0.2)
Reclassifications	4.2	(4.2)	–	(0.2)	0.2	–	–
Reassessments and modifications	–	–	–	3.3	(2.9)	0.4	0.4
Inflation adjustment	–	0.3	0.3	–	–	–	0.3
Exchange adjustment	(4.4)	(19.5)	(23.9)	(2.4)	(0.6)	(3.0)	(26.9)
At 31 December 2021	134.0	494.7	628.7	135.3	29.0	164.3	793.0
Accumulated depreciation & impairment							
At 31 December 2019	52.2	397.0	449.2	31.7	11.9	43.6	492.8
Depreciation charge for the year ¹	5.8	47.0	52.8	32.6	9.3	41.9	94.7
Impairment during the year	0.1	(1.9)	(1.8)	–	–	–	(1.8)
Disposals	(1.3)	(40.9)	(42.2)	(3.3)	(3.5)	(6.8)	(49.0)
Reclassifications to intangible assets (note 12)	–	(0.6)	(0.6)	–	–	–	(0.6)
Reclassifications	(0.2)	0.2	–	–	–	–	–
Reassessments and modifications	–	–	–	(2.4)	(1.4)	(3.8)	(3.8)
Transferred to assets held for sale (note 8)	(15.6)	(133.9)	(149.5)	(21.2)	(2.6)	(23.8)	(173.3)
Exchange adjustment	(1.0)	(5.9)	(6.9)	(1.2)	(0.4)	(1.6)	(8.5)
At 31 December 2020	40.0	261.0	301.0	36.2	13.3	49.5	350.5
Depreciation charge for the year	4.6	38.4	43.0	20.0	7.6	27.6	70.6
Impairment during the year	–	0.2	0.2	(1.6)	–	(1.6)	(1.4)
Disposals	(6.0)	(12.2)	(18.2)	(2.8)	(4.6)	(7.4)	(25.6)
Reclassifications	–	–	–	0.1	(0.1)	–	–
Reassessments and modifications	–	–	–	0.8	(0.8)	–	–
Inflation adjustment	–	0.2	0.2	–	–	–	0.2
Exchange adjustment	(1.8)	(13.2)	(15.0)	(0.8)	(0.8)	(1.6)	(16.6)
At 31 December 2021	36.8	274.4	311.2	51.9	14.6	66.5	377.7
Net book value at 31 December 2019	129.9	263.6	393.5	150.0	27.7	177.7	571.2
Net book value at 31 December 2020	113.8	228.8	342.6	92.0	14.9	106.9	449.5
Net book value at 31 December 2021	97.2	220.3	317.5	83.4	14.4	97.8	415.3

¹ Includes depreciation on owned assets in relation to discontinued operations of £nil (2020: £9.6m) and depreciation on right-of-use assets in relation to discontinued operations of £nil (2020: £12.9m).

NOTES TO THE GROUP FINANCIAL STATEMENTS

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11. PROPERTY, PLANT & EQUIPMENT continued

Owned property, plant & equipment

The carrying amount of assets under construction included in plant & equipment for continuing operations is £31.8m (2020: £52.4m). Discontinued operations include assets under construction in plant & equipment of £nil (2020: £1.7m).

In 2021, the impairment recorded was £0.2m (2020: reversal of £1.8m) and related wholly to computer hardware equipment within the Minerals Division which was written-off as a result of the cyber incident.

In 2021, the inflation adjustment recorded was to increase cost by £0.3m (2020: £nil) and increase accumulated depreciation by £0.2m (2020: £nil). The inflation adjustments in 2021 related wholly to owned property, plant & equipment assets located in Argentina, within the Minerals Division. Inflation adjustments are recorded in accordance with IAS 29 'Financial Reporting in Hyperinflationary Economies'.

Right-of-use assets

The Group leases many assets including buildings, vehicles, forklifts, photocopiers and printers, machinery and IT equipment. Building lease terms are negotiated on an individual basis and contain a wide range of terms from 1-25 years. The average lease term is approximately five years. Plant & equipment lease terms range from 1-16 years, with an average lease term of approximately four years. The current and non-current lease liabilities are disclosed in notes 19 and 29 respectively. The maturity analysis of contractual undiscounted cash flows is included in note 29. The following table shows the breakdown of the lease expense between amounts charged to operating profit and amounts charged to finance costs in the year for continuing operations.

In 2021, the impairment recorded was a reversal of £1.6m (2020: £nil) and related solely to a property which was previously held, but idle, and impaired. In the year the property ceased to be a right-of-use asset of the Group and the impairment was reversed on the disposal of the asset.

	2021 £m	2020 £m
Depreciation of right-of-use assets	(27.6)	(29.0)
Expenses relating to short-term leases	(7.1)	(7.7)
Expenses relating to leases of low value assets, excluding short-term leases of low value	(1.8)	(1.5)
Income from sub-leasing right-of-use assets	0.8	0.5
Expenses relating to variable lease payments not included in the measurement of lease liabilities	(0.5)	(0.4)
Charge to operating profit	(36.2)	(38.1)
Finance cost – interest expense related to lease liabilities	(4.3)	(4.0)
Charge to profit before tax from continuing operations	(40.5)	(42.1)

The total cash outflow in the year for continuing operations, which includes right-of-use cash flows and associated finance costs as well as cash flows for the above expenses, is £40.7m (2020: £41.6m). Future cash outflows from leases not yet commenced to which the Group is committed total £8.6m (2020: £12.8m).

12. INTANGIBLE ASSETS

	Goodwill £m	Brand names £m	Customer & distributor relationships £m	Purchased software £m	Intellectual property & trademarks £m	Development costs £m	Other £m	Total £m
Cost								
At 31 December 2019	1,556.9	352.2	703.6	94.3	130.9	51.3	80.9	2,970.1
Prior period restatement (note 2)	–	–	–	(7.5)	–	–	–	(7.5)
Restated at 1 January 2020	1,556.9	352.2	703.6	86.8	130.9	51.3	80.9	2,962.6
Additions (restated)	–	–	–	9.1	–	1.3	–	10.4
Disposals	–	–	(1.9)	(4.6)	(6.1)	(5.7)	(2.5)	(20.8)
Reclassifications from property, plant & equipment (note 11)	–	–	–	1.8	–	–	0.4	2.2
Reclassifications	–	–	–	(0.4)	–	1.4	(1.0)	–
Transferred to assets held for sale (note 8)	(777.9)	(88.9)	(502.7)	(8.3)	(32.7)	(0.1)	(8.6)	(1,419.2)
Exchange adjustment	(30.9)	(9.7)	(19.0)	0.9	(1.6)	0.4	(1.9)	(61.8)
Restated at 31 December 2020	748.1	253.6	180.0	85.3	90.5	48.6	67.3	1,473.4
Additions	–	–	–	6.0	–	2.0	–	8.0
Acquisitions	52.1	3.3	–	0.1	34.0	–	–	89.5
Disposals	–	–	–	(1.8)	–	–	–	(1.8)
Reclassifications from property, plant & equipment (note 11)	–	–	–	0.5	–	–	–	0.5
Reclassifications	–	–	–	2.4	–	(2.2)	(0.2)	–
Exchange adjustment	0.6	2.0	1.5	(3.3)	(1.0)	(0.7)	1.3	0.4
At 31 December 2021	800.8	258.9	181.5	89.2	123.5	47.7	68.4	1,570.0
Accumulated amortisation & impairment								
At 31 December 2019	681.0	50.5	497.9	43.4	66.6	27.8	29.9	1,397.1
Prior period restatement (note 2)	–	–	–	(0.5)	–	–	–	(0.5)
Restated at 1 January 2020	681.0	50.5	497.9	42.9	66.6	27.8	29.9	1,396.6
Amortisation charge for the year (restated) ¹	–	–	18.8	9.0	12.4	9.0	3.3	52.5
Impairment during the year	126.6	14.2	28.1	–	6.2	–	1.0	176.1
Disposals	–	–	(1.9)	(4.2)	(6.1)	(5.8)	(2.5)	(20.5)
Reclassifications from property, plant & equipment (note 11)	–	–	–	0.3	0.3	–	–	0.6
Reclassifications	–	–	–	(0.1)	–	–	0.1	–
Transferred to assets held for sale (note 8)	(777.9)	(63.2)	(451.9)	(7.3)	(30.2)	–	(6.7)	(1,337.2)
Exchange adjustment	(26.4)	(1.5)	(14.6)	0.1	(1.0)	0.1	(0.8)	(44.1)
Restated at 31 December 2020	3.3	–	76.4	40.7	48.2	31.1	24.3	224.0
Amortisation charge for the year ¹	–	–	7.0	9.5	9.7	8.1	5.9	40.2
Impairment during the year	–	–	–	0.1	–	–	–	0.1
Disposals	–	–	–	(1.7)	–	–	–	(1.7)
Reclassifications	–	–	–	1.3	–	(1.3)	–	–
Exchange adjustment	(0.1)	–	0.6	(1.6)	0.2	(0.2)	0.2	(0.9)
At 31 December 2021	3.2	–	84.0	48.3	58.1	37.7	30.4	261.7
Restated net book value at 31 December 2019	875.9	301.7	205.7	43.9	64.3	23.5	51.0	1,566.0
Restated net book value at 31 December 2020	744.8	253.6	103.6	44.6	42.3	17.5	43.0	1,249.4
Net book value at 31 December 2021	797.6	258.9	97.5	40.9	65.4	10.0	38.0	1,308.3

¹ Includes amortisation in relation to discontinued operations of £nil (2020: £9.1m).

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12. INTANGIBLE ASSETS continued

Intangible assets have been restated, to retrospectively apply the voluntary change in accounting policy for Software as a Service. This restatement has impacted intangible assets as at 31 December 2019 and as at 31 December 2020. The restatement and its impact on the Consolidated Financial Statements has been outlined in note 2.

In 2021, the impairment recorded was £0.1m (2020: £176.1m). In the prior year, the impairment charge of £176.1m related wholly to discontinued operations.

In 2021, total acquisitions recorded were £89.5m (2020: £nil), including goodwill £52.1m, brand names £3.3m, purchased software £0.1m, and intellectual property and trademarks £34.0m. The intangible assets arose on the acquisition of Motion Metrics on 30 November 2021. The acquisition of Motion Metrics has been outlined in note 13.

The carrying amount of assets under construction included in intangible assets for continuing operations is £3.7m (2020: £9.6m). Discontinued operations include assets under construction in intangible assets of £nil (2020: £0.3m).

Brand names, with the exception of the Motion Metrics® brand name, have been assigned an indefinite useful life and as such are not amortised, but are tested annually for impairment. The Motion Metrics® brand name has an expected useful life of 15 years and is being amortised over this period.

The carrying value of brand names with an indefinite life is tested annually for impairment (note 14). The carrying value at the year end of brand names with an indefinite life was £255.9m (2020: £253.6m).

The brand name value includes the brands of ESCO™, Linatex® and Warman® all of which are considered to be leaders in their respective markets. The allocation of significant brand names is as follows.

	Brand names	
	2021 £m	2020 £m
ESCO	126.3	124.9
Warman	61.3	60.8
Linatex	42.1	41.8
SPM	–	18.0
Trio	17.6	17.4
Other ¹	11.6	16.4
	258.9	279.3
SPM included in assets held for sale	–	(18.0)
Other brands included in assets held for sale	–	(7.7)
	258.9	253.6

¹ Included within 'Other' is the Motion Metrics® brand name, which has a carrying value of £3.0m at 31 December 2021 (2020: £nil), and is being amortised over an expected remaining useful life of 15 years.

The allocation of customer and distributor relationships, and the amortisation period of these assets is as follows.

	Remaining amortisation period		Customer and distributor relationships	
	2021 Years	2020 Years	2021 £m	2020 £m
ESCO	24-27	25-28	89.4	92.3
SPM	n/a	n/a	–	35.5
Novatech	n/a	n/a	–	15.3
Trio	3	4	3.0	3.9
Other	Up to 9	Up to 10	5.1	7.4
			97.5	154.4
SPM and Novatech customer and distributor relationships included in assets held for sale	n/a	n/a	–	(50.8)
			97.5	103.6

13. BUSINESS COMBINATIONS

The Group completed the acquisition of 100% of the voting rights of Motion Metrics on 30 November 2021 for an enterprise value of CAD\$150m (£88m), which represents initial equity value consideration of £68m paid in cash and adoption of £20m of vendor liabilities primarily relating to tax, settlement of an employee growth participation plan and disposal costs.

Motion Metrics is a leading Canada-based global mining technology business and is the market leading developer of innovative Artificial Intelligence (AI) and 3D rugged Machine Vision Technology used in mines worldwide. Its technology helps miners increase safety, efficiency and sustainability of their operations. As part of the agreement, Motion Metrics' Vancouver headquarters will become Weir's global centre for excellence in AI and Machine Vision Technology.

Motion Metrics applications are highly complementary to Weir's product portfolio. It will join the ESCO Division and reporting segment reflecting the early adoption of its technology in ground engaging tools (G.E.T.) where ESCO is an established global leader. Motion Metrics AI and Machine Vision capabilities are expected to be leveraged across the whole mining value chain served by the Weir Group.

The provisional fair values, which are subject to finalisation within 12 months of acquisition, are disclosed in the table below. There are certain intangible assets included in the £52.1m of goodwill recognised that cannot be individually separated and reliably measured due to their nature. These items include the future growth of the business, synergies and an assembled workforce.

Motion Metrics provisional fair values	2021 £m
Property, plant & equipment – owned assets	0.6
Property, plant & equipment – right-of-use assets	0.2
Intangible assets	
Brand names	3.3
Intellectual property & trademarks	34.0
Purchased software	0.1
Inventories	2.2
Trade & other receivables	2.3
Income tax receivable	0.7
Interest-bearing loans & borrowings	(0.2)
Trade & other payables	(1.6)
Income tax payable	(0.5)
Provisions	(20.0)
Deferred tax liabilities	(5.3)
Provisional fair value of net assets	15.8
Goodwill arising on acquisition	52.1
Total consideration	67.9
Cash consideration	67.9
Contingent consideration	–
Total consideration	67.9
The total net cash outflow on current year acquisitions was as follows:	
cash paid	(67.9)
cash & cash equivalents acquired	–
Total cash outflow (note 25)	(67.9)

The gross amount and fair value of Motion Metrics trade receivables amounts to £2.3m. It is expected that virtually all the contractual amounts will be collected.

Motion Metrics contributed £0.6m to revenue and an operating loss of £0.3m (before adjusting items) in the period from acquisition to 31 December 2021. If the acquisition had occurred at the start of 2021, the revenue and statutory profit for the year from acquired operations would not have had a material impact on the results disclosed in the Consolidated Income Statement and therefore are not separately disclosed. Group exceptional acquisition and integration costs totalled £2.8m in the year (note 5).

Contingent consideration

As part of the purchase agreement a maximum of an additional CAD\$100m is payable by the Group contingent on Motion Metrics exceeding specific revenue and EBITDA targets over the next three years. Any balance which becomes payable would be split, with 80% reflecting further consideration and 20% for a new employee bonus plan. The entry point for any contingent payment would require significant growth both in terms of revenue and EBITDA margin by 2024. While the Group expects Motion Metrics to grow as it leverages the benefits of being partnered with ESCO, and the opportunities within Minerals, the entry targets are considered challenging. At present the probability of Motion Metrics exceeding these targets in order to trigger a contingent payment is considered uncertain, in part due to the relative infancy of the business. As a result no contingent consideration has been recorded at the acquisition date. This will be reassessed in future periods as the business develops.

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14. IMPAIRMENT TESTING OF GOODWILL & INTANGIBLE ASSETS WITH INDEFINITE LIVES

Goodwill acquired through business combinations and intangible assets with indefinite lives have been allocated at acquisition to cash generating units (CGUs) that are expected to benefit from the business combination. The Group tests goodwill and intangible assets (brand names) with indefinite lives annually for impairment, or more frequently if there are indications that these might be impaired.

The carrying amounts of goodwill and intangible assets with indefinite lives have been allocated as per the table below.

	Goodwill 2021 £m	Intangibles 2021 £m	Goodwill 2020 £m	Intangibles 2020 £m
Minerals	363.8	129.6	365.7	128.7
ESCO	433.8	126.3	379.1	124.9
Continuing operations	797.6	255.9	744.8	253.6
Discontinued operations	–	–	–	25.7

Description of CGUs

A description of each of the CGUs is provided below along with a summary of the key drivers of revenue growth and operating profit margin.

Minerals

Minerals includes the Weir Warman, Weir Linatex and Weir Trio brands. Weir Minerals companies supply pumps and associated equipment and services to all global mining markets. The key drivers for revenues are: (i) levels of mining capital expenditure which drives demand for original equipment; and (ii) levels of actual mining activity which drives demand for spare parts and service. Independent forecasts of mining capital expenditure and activity have been used to derive revenue growth assumptions. These independent forecasts were prepared during the final quarter of 2021.

ESCO

ESCO includes the ESCO and Bucyrus Blades brands. This CGU is a supplier of ground engaging tools (G.E.T.) and associated equipment and services to the mining and infrastructure industries. The key drivers for revenues are: (i) levels of mining and infrastructure capital expenditure which drives demand for original equipment; and (ii) levels of actual mining and infrastructure activity which drives demand for spare parts and service. Independent forecasts of expenditure in these sectors have been used to derive revenue growth assumptions. These independent forecasts were prepared during the final quarter of 2021.

The goodwill and intangibles assets arising from the acquisition of Motion Metrics have been included within the ESCO CGU from 30 November 2021. At 31 December 2021, the purchase price is considered to reflect the fair value of the assets and therefore the addition to the ESCO CGU is considered to have neutral impact on the impairment analysis.

Discontinued operations

Discontinued operations incorporate the former Oil & Gas North America and Oil & Gas International CGUs. The Oil & Gas Division was disposed to Caterpillar Inc. on 1 February 2021, with Weir's stake in Saudi Arabia-based Arabian Metals Company (AMCO) being sold to our joint venture partner Olayan Financing Company, on 30 June 2021.

Impairment testing assumptions

Impairment testing requires an estimate of the value in use of the CGUs to which the goodwill and intangible assets are allocated. To estimate the value in use, the Group estimates the expected future cash flows from the CGU and discounts them to their present value at a determined discount rate, which is appropriate for the geographic location of the CGU. Forecasting expected cash flows and selecting an appropriate discount rate inherently requires estimation. The forecasts reflect latest strategic plans, for each of the CGUs, covering a period of five years and incorporate initial plans for achieving the Group's long-term sustainability goals, which are described more fully in the Strategic Report.

The Directors have considered a range of scenarios, including those consistent with meeting the Paris goals of limiting the global temperature increase to well below 2°C, which the Directors consider to be a reasonably possible outcome. In these scenarios, assumptions have been made over the price and production volumes of certain commodities, that are key to end customers, with several of these commodities being vital globally in achieving the Paris goals. Under the scenarios considered by the Directors there are no indicators of impairment in relation to either CGU.

The basis of the impairment tests for the two continuing CGUs, including key assumptions, are set out in the table below.

CGU	Basis of valuation	Period of forecast	Discount rate ¹	Real growth ²	Key assumptions ³	Source
Minerals	Value in use	5 years	10.8% (2020: 10.9%)	2.4% (2020: 2.1%)	Revenue growth, Adjusted operating profit margins	External forecast Historic experience
ESCO	Value in use	5 years	10.6% (2020: 9.5%)	2.3% (2020: 1.8%)	Revenue growth, Adjusted operating profit margins	External forecast Historic experience

¹ Discount rate

The pre-tax nominal weighted average cost of capital (WACC) is the basis for the discount rate, with adjustments made, as appropriate, for geographic risk. The WACC is the weighted average of the pre-tax cost of debt financing and the pre-tax cost of equity finance. The discount rate has remained broadly the same for Minerals, and increased in ESCO, due to changes in country mix with mining asset betas remaining stable.

² Real growth

For the two CGUs the real growth beyond the five-year forecast period has been updated to reflect external International Monetary Fund (IMF) growth rates for the countries in which the CGU operates. These reflect the global nature of these businesses, the long-term growth prospects in their end markets and the fact that they sell a significant proportion of their products to emerging markets which also have strong long-term growth prospects.

³ Adjusted operating profit margins

Adjusted operating profit margins have been forecast based on historic levels taking cognisance of the likely impact of changing economic environments and competitive landscapes on volumes and revenues, and the impact of associated management actions.

Impairment testing and sensitivity analysis

Forecasts for the Minerals and ESCO CGUs show significant headroom above carrying value. No sensitivity analysis has been presented for these CGUs as there is no reasonable possible change in key assumptions that would cause the carrying values to exceed recoverable amounts.

The Directors consider that the assumptions made represent their best estimate of the future cash flows generated by the CGU, and that the discount rate used is appropriate given the risks associated with the specific cash flows.

15. INVESTMENTS IN JOINT VENTURES

At the year end, the Group held an investment in one joint venture, ESCO Elecmetal Fundición Limitada.

	£m
At 31 December 2019	36.6
Disposals	(0.1)
Transfer to assets held for sale	(17.9)
Share of results – continuing operations	1.6
– discontinued operations	3.9
Share of dividends – continuing operations	(2.1)
– discontinued operations	(6.2)
Exchange adjustment	(0.8)
At 31 December 2020	15.0
Share of results	1.7
Share of dividends	(2.0)
Exchange adjustment	(2.4)
At 31 December 2021	12.3

Wesco LLC and Weir Arabian Metals Company were transferred to assets held for sale in the prior year and subsequently disposed on 1 February 2021 and 30 June 2021 respectively. EPIX Power Systems LLC was dissolved in November 2020, resulting in a loss of £0.1m.

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15. INVESTMENTS IN JOINT VENTURES continued

The Group's share of the remaining joint venture balance sheet is detailed below.

	2021 £m	2020 £m
Share of joint venture's balance sheet		
Current assets	7.7	7.5
Non-current assets	12.5	14.3
Current liabilities	(2.6)	(5.3)
Non-current liabilities	(5.3)	(1.5)
Net assets	12.3	15.0

The Group's share of the revenue and profit of its remaining joint venture are included below.

	2021 £m	2020 £m
Share of joint venture's revenue & profits		
Revenue	12.3	13.5
Cost of sales	(10.4)	(11.2)
Administrative expenses	0.1	(0.2)
Income tax expense	(0.2)	(0.5)
Interest	(0.1)	–
Profit after tax	1.7	1.6

The Group's investment in the joint venture is included in the list on pages 241 to 247.

16. INVENTORIES

	2021 £m	2020 £m
Raw materials	33.5	27.0
Work in progress	39.1	33.9
Finished goods	444.5	382.7
	517.1	443.6

In 2021, the cost of inventories recognised as an expense within cost of sales for continuing operations amounted to £1,237.2m (2020: continuing operations £1,263.6m). In 2021, the write-down of inventories to net realisable value for continuing operations amounted to £7.9m (2020: continuing operations £12.2m), and the reversal of previous write-downs amounted to £6.4m (2020: continuing operations £7.6m).

17. TRADE & OTHER RECEIVABLES

Other receivables presented as non-current on the face of the Consolidated Balance Sheet of £76.5m (2020: £84.6m) are primarily in respect of insurance contracts, including Trust Owned Life Insurance policy investments of £40.2m (2020: £38.8m) which provide a form of security for certain unfunded employee benefit plans operated by ESCO, and insurance contracts relating to asbestos-related claims in the USA of £35.3m (2020: £45.2m). Further detail on these claims is presented in note 21.

Current trade & other receivables are analysed in the following table.

	2021 £m	2020 £m
Trade receivables	397.8	338.7
Loss allowance	(17.4)	(18.8)
	380.4	319.9
Other debtors	30.7	21.7
Sales tax receivable	22.0	19.3
Prepayments	45.5	24.8
Contract assets	27.1	34.5
	505.7	420.2

The average credit period on sales of goods is 72 days (2020: 59 days) on a continuing basis. Other debtors includes £1.3m (2020: £0.2m) in respect of amounts due from joint ventures, and £6.9m (2020: £7.2m) in respect of insurance contracts relating to asbestos-related claims (note 21).

Impairment of trade & other receivables

The Group has two types of financial assets that are subject to IFRS 9's expected credit loss model:

- i) trade receivables for sales of products and services; and
- ii) contract assets relating to construction contracts.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics.

The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Due to the way in which these contracts are managed, expected credit loss is included within the loss allowance for trade receivables.

Due to the diverse end markets and customer geographies within the Group, the methodology applied to arrive at the expected loss rate is dictated by local circumstances. For short-term trade receivables, historical loss rates might be an appropriate basis for the estimate of expected future losses. These are then adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. As such, one methodology applied is the use of a provision matrix, where different loss rates are applied depending on the number of days that a trade receivable is past due. Alternatively the expected credit loss is calculated on an individual customer basis based on historical loss data for that customer, their receivables ageing, and any other knowledge of the customer's current and forecast financial position.

Trade receivables and contract assets are written-off when there is no reasonable expectation of recovery.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit (note 4). Subsequent recoveries of amounts previously written-off are credited against the same line item.

The gross carrying amount of trade receivables, for which the loss allowance is measured at an amount equal to the lifetime expected credit losses under the simplified method, is analysed below.

Analysis of gross carrying amount of trade receivables by days past due

	2021 £m	2020 £m
Not past due	280.4	258.5
Up to 3 months past due	78.0	40.2
Between 3 & 6 months past due	10.0	8.6
More than 6 months past due	29.4	31.4
	397.8	338.7

Reconciliation of opening to closing loss allowance for trade receivables

	2021 £m	2020 £m
Balance at the beginning of the year	(18.8)	(14.4)
Impairment losses recognised on receivables	(4.1)	(11.8)
Arising on acquisition	(0.1)	–
Amounts written-off as uncollectable	1.9	2.0
Amounts recovered during the year	0.5	0.9
Impairment losses reversed	2.7	1.3
Transferred to assets held for sale	–	2.9
Exchange adjustment	0.5	0.3
Balance at the end of the year	(17.4)	(18.8)

The Group has recognised the following assets in relation to contracts with customers.

	2021 £m	2020 £m
Construction contract assets	7.2	15.1
Accrued income	19.9	19.4
Total contract assets	27.1	34.5

The decrease in construction contract assets relates to the mix of contracts, with a number of contracts having been completed during the year and new contracts recognised.

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18. CASH & SHORT-TERM DEPOSITS

	2021 £m	2020 £m
Cash at bank & in hand	340.5	287.4
Short-term deposits	223.9	64.3
	564.4	351.7
For the purposes of the Consolidated Cash Flow Statement, cash & cash equivalents comprise the following:		
Cash & short-term deposits	564.4	351.7
Bank overdrafts & short-term borrowings (note 19)	(64.4)	(0.6)
Cash & short-term deposits held for sale	–	23.0
	500.0	374.1

Cash at bank & in hand earns interest at floating-rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earns interest at the respective short-term deposit rates.

The Group operates a notional cash pooling arrangement in which individual balances are not offset for reporting purposes. Cash & short-term deposits at 31 December 2021 includes £60.5m (2020: £0.4m) that is part of this arrangement and both cash and interest-bearing loans & borrowings are grossed up by this amount.

19. INTEREST-BEARING LOANS & BORROWINGS

	2021 £m	2020 £m
Current		
Bank overdrafts	64.4	0.6
Fixed-rate notes	435.9	–
Lease liabilities	23.6	25.9
	523.9	26.5
Non-current		
Bank loans ¹	(3.0)	667.7
Fixed-rate notes	734.2	578.4
Lease liabilities	81.1	86.5
	812.3	1,332.6

¹ Balance relates to unamortised issue costs.

The Group operates a notional cash pooling arrangement in which individual balances are not offset for reporting purposes. Cash & short-term deposits at 31 December 2021 includes £60.5m (2020: £0.4m) that is part of this arrangement and both cash and interest-bearing loans & borrowings are grossed up by this amount.

Weighted average interest rate						
Bank loans	Maturity	Interest basis	2021 %	2020 %	2021 £m	2020 £m
Revolving credit facility						
United States Dollar variable rate loans	2023	US\$ LIBOR	1.75	1.90	–	153.9
Sterling variable rate loans	2023	£ LIBOR	1.75	1.78	(3.0)	314.9
Other						
Sterling variable rate term loan	2022	£ LIBOR	–	2.02	–	198.9
Non-current bank loans					(3.0)	667.7

The weighted average interest rates include an applicable margin over and above the interest basis.

	Fixed interest rate					
			2021	2020	2021	2020
Fixed-rate notes	Maturity	Interest basis	%	%	£m	£m
Private placement						
United States Dollar fixed-rate notes	2022	FIXED	4.27	4.27	435.9	432.2
United States Dollar fixed-rate notes	2023	FIXED	4.34	4.34	147.7	146.2
Other						
United States Dollar Sustainability-Linked notes	2026	FIXED	2.20	–	586.5	–
					1,170.1	578.4
Less: current instalments due on fixed-rate notes						
United States Dollar fixed-rate notes	2022	FIXED			(435.9)	–
Non-current fixed-rate notes					734.2	578.4

The disclosures above represent the interest profile and currency profile of financial liabilities before the impact of derivative financial instruments.

In June 2020, the Group completed the refinancing of its US\$950m Revolving Credit Facility (RCF) which was due to expire in September 2021. This was replaced with a US\$950m RCF with a syndicate of 12 global banks and will mature in June 2023 with the option to extend for up to a further two years. In 2020, the Group also replaced its £300m term loan facility which was previously maturing in December 2020, with a £200m facility due to mature in March 2022, which was subsequently settled in 2021. The RCF includes a link to the Group's sustainability goals and the covenant terms remained unchanged.

In May 2021, the Group completed the issue of five-year US\$800m Sustainability-Linked Notes due to mature in May 2026 which includes a target to reduce scope 1&2 CO₂ emissions by 30% by December 2024, consistent with the Group's medium-term KPIs announced in the 2020 Annual Report. The Notes will initially bear interest at a rate of 2.20% per annum to be paid semi-annually in May and November. The interest on the Notes will be linked to achievement of Weir's 2024 Sustainability Performance Target (SPT). The interest rate applicable to the Notes will increase by 0.25% to 2.45% per annum from and including the last interest payment date preceding 31 December 2024 if the Group does not attain its SPT. As a result of the additional funding, the Group took the decision to settle its £200m term loan facility, which was due to mature in March 2022, with a charge to the Consolidated Income Statement of the remaining unamortised costs of £0.8m.

At 31 December 2021, £nil (2020: £468.8m) was drawn under the US\$950m multi-currency revolving credit facility which is disclosed net of unamortised issue costs of £3.0m (2020: £5.1m).

At 31 December 2021, £nil (2020: £198.9m) was drawn under the matured £200m term loan facility which is disclosed net of unamortised issue costs of £nil (2020: £1.1m).

At 31 December 2021, a total of £583.6m (2020: £578.4m) was outstanding under private placement which is disclosed net of unamortised issue costs of £0.1m (2020: £0.3m).

At 31 December 2021, a total of £586.5m (2020: £nil) was outstanding under Sustainability-Linked Notes which is disclosed net of unamortised issue costs of £4.5m (2020: £nil).

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20. TRADE & OTHER PAYABLES

	2021 £m	2020 £m
Current		
Trade payables	243.1	210.7
Other creditors	8.7	9.6
Other taxes & social security costs	12.5	13.7
Accruals	158.3	140.0
Contract liabilities	68.0	39.9
	490.6	413.9
Non-current		
Other payables	–	0.3
	–	0.3

Trade payables includes balances due to suppliers that have signed up to a supply chain financing programme, under which all invoices are settled via a partner bank. This allows the suppliers to elect on an invoice-by-invoice basis to receive a discounted early payment from the partner bank rather than being paid in line with the agreed payment terms. The value of the liability payable by the Group remains unchanged. The aggregate limit of facilities available at 31 December 2021 for continuing operations was £110.4m (2020: continuing operations £71.2m) and may be voluntarily cancelled under bilateral terms of 30 days' notice. At 31 December 2021, suppliers chose to utilise supply chain financing facilities of £33.4m on a continuing operations basis (2020: continuing operations £32.8m or total Group £40.7m).

The Group assesses the arrangement against indicators to assess if debts which vendors have sold to the partner bank under the supplier financing scheme continue to meet the definition of trade payables or should be classified as borrowings. At 31 December 2021 and 31 December 2020, the payables met the criteria of trade payables and the arrangement had no impact on the results or the financial position of the Group.

The Group has recognised the following liabilities in relation to contracts with customers.

	2021 £m	2020 £m
Construction contract liabilities	4.9	2.0
Deferred income	63.1	37.9
Total contract liabilities	68.0	39.9

The increase in construction contract liabilities in the year primarily relates to projects previously included within deferred income now recognised as construction contract liabilities once revenue begins to be recognised. The increase in deferred income in the year largely relates to advances received in relation to a large contract to supply dewatering pumps in Australia.

Revenue recognised in relation to contract liabilities

The following table shows the revenue recognised in the current reporting period related to carried forward contract liabilities.

	2021 £m	2020 £m
Revenue recognised that was included in the contract liability balance at the beginning of the year	29.5	43.7

Transaction price allocated to unsatisfied performance obligations

The transaction price allocated to performance obligations unsatisfied at the year end is £67.5m (2020: continuing operations £55.6m). This relates only to performance obligations from contracts with a duration of over a year as permitted by the practical expedient in paragraph 121 of IFRS 15.

The following table shows when revenue is expected to be recognised for unsatisfied performance obligations from contracts with a duration of over one year.

	2021 £m	2020 £m
Less than 1 year	30.9	48.5
After 1 year but not more than 5 years	24.9	7.1
After 5 years	11.7	–
Total value of performance obligations unsatisfied from contracts with a duration over 1 year	67.5	55.6

21. PROVISIONS

	Warranties & contract claims £m	Asbestos- related £m	Employee- related £m	Exceptional items £m	Other £m	Total £m
At 31 December 2020	6.5	67.7	12.5	8.5	10.1	105.3
Additions	8.2	1.4	12.4	7.7	3.3	33.0
Acquisitions	–	–	–	20.0	–	20.0
Utilised	(3.8)	(8.0)	(11.3)	(23.4)	(1.9)	(48.4)
Unutilised	(1.3)	–	(0.4)	(1.2)	(0.6)	(3.5)
Exchange adjustment	(0.2)	0.5	(0.8)	(0.5)	0.1	(0.9)
At 31 December 2021	9.4	61.6	12.4	11.1	11.0	105.5
Current 2021	9.2	7.6	6.9	10.8	2.0	36.5
Non-current 2021	0.2	54.0	5.5	0.3	9.0	69.0
At 31 December 2021	9.4	61.6	12.4	11.1	11.0	105.5
Current 2020	6.1	7.7	6.8	7.7	0.9	29.2
Non-current 2020	0.4	60.0	5.7	0.8	9.2	76.1
At 31 December 2020	6.5	67.7	12.5	8.5	10.1	105.3

The impact of discounting is not material for any category of provision.

Warranties & contract claims

Provision has been made in respect of actual warranty claims on goods sold and services provided, and allowance has been made for potential warranty claims based on past experience for goods and services sold with a warranty guarantee. At 31 December 2021, the warranties portion of the provision totalled £7.2m (2020: £5.7m) for continuing operations. The majority of these costs relate to claims which fall due within one year of the balance sheet date and it is expected that all costs related to such claims will have been incurred within five years of the balance sheet date.

Provision has been made in respect of sales contracts entered into for the sale of goods in the normal course of business where the unavoidable costs of meeting the obligations under the contracts exceed the economic benefits expected to be received from the contracts and before allowing for future expected aftermarket revenue streams. Provision is made immediately when it becomes apparent that expected costs will exceed the expected benefits of the contract. At 31 December 2021, the contract claims element, which includes onerous provision, was £2.2m (2020: £0.8m), all of which is expected to be incurred within one year of the balance sheet date.

Asbestos-related claims

	2021 £m	2020 £m
US asbestos-related provision – pre-1981 date of first exposure	55.5	61.4
US asbestos-related provision – post-1981 date of first exposure	3.0	3.1
US asbestos-related provision – total	58.5	64.5
UK asbestos-related provision	3.1	3.2
Total asbestos-related provision	61.6	67.7

US asbestos-related provision

Certain of the Group's US-based subsidiaries are co-defendants in lawsuits pending in the US in which plaintiffs are claiming damages arising from alleged exposure to products previously manufactured which contained asbestos. The dates of alleged exposure currently range from the 1950s to the 1980s.

The Group has historically held comprehensive insurance cover for cases of this nature and continues to do so for claims with a date of first exposure (dofe) pre-1981. The expiration of one of the Group's insurance policies in 2019 resulted in no further insurance cover for claims with a post-1981 dofe. All claims are directly administered by National Coordinating Counsel on behalf of the Group's insurers who also meet associated defence costs. The insurers, their legal advisers and in-house counsel agree and execute the defence strategy between them.

A summary of the Group's US asbestos-related claim activity is shown in the table below.

Number of open claims	2021 Number	2020 Number
Opening	1,586	1,551
New	656	528
Dismissed	(315)	(309)
Settled	(162)	(184)
Closing	1,765	1,586

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21. PROVISIONS continued

A review of both the Group's expected liability for US asbestos-related diseases and the adequacy of the Group's insurance policies to meet future settlement and defence costs was completed in conjunction with external advisers in 2020 as part of our planned triennial actuarial update. This review was based on an industry standard epidemiological decay model, and Weir's claims settlement history. The 2020 review reflected higher levels of claims, particularly relating to the 1970s and 1980s, and a longer dofe period, but lower settlement values than the previous review conducted in 2017. The actuarial model incorporates claims, with a dofe pre- and post-1981, primarily relating to lung cancer and mesothelioma and includes estimates relating to:

- the number of future claims received;
- settlement rates by disease type;
- mean settlement values by disease type;
- ratio of defence costs to indemnity value; and
- the profile of associated cash flows through to 2049.

The actuarial model in 2020 provided a range of potential liability based on levels of probability from 10% to 90%, which, on an undiscounted basis, equates to £53m-£133m. The mean actuarial estimate of £91m represents the expected undiscounted value over the range of reasonably possible outcomes. The provision in the financial statements is based on the mean actuarial estimate which is then adjusted each year to reflect expected settlements in the model, discounting and restricting our estimate to ten years of future claims.

	2021	2020
Period of future claims provided	10 years	10 years
Discount rate	2.6%	2.1%

The period over which the provision can be reliably estimated is judged to be ten years due to the inherent uncertainty resulting from the changing nature of the US litigation environment detailed below, and cognisant of the broad range of probability levels included within the actuarial model. While claims may extend past ten years and may result in a further outflow of economic benefits, the Directors do not believe any obligation which may arise beyond ten years can be reliably measured at this time. The effect of extending the claims period by a further ten years is included in the sensitivities below. The discount rate is set based on the yield available at the balance sheet date denominated in the same currency, and with a term broadly consistent to that of the liabilities being provided for, with sensitivities to the discount rate also included below.

In 2020, confirmation was also received from external advisers of the insurance asset available and the estimated defence costs which would be met by the insurer. An update to the insurance asset is obtained annually and based on the profile of the claims in the actuarial model, external advisers expect the insurance cover and associated limits currently in place to be sufficient to meet the settlement and associated costs until c.2028. Therefore, no cash flows to or from the Group, related to claims with an exposure date pre-1981, are expected until that time. Claims with an exposure date post-1981 are estimated to incur cash outflows of less than £0.4m per annum and are not insured currently or in the future.

The table below represents the Directors' best estimate of the future liability and corresponding insurance asset.

	2021 £m	2020 £m
US asbestos-related provision		
Gross provision	67.4	72.7
Effect of discounting	(8.9)	(8.2)
Discounted US asbestos-related provision	58.5	64.5
Insurance asset	42.2	52.4
Net US asbestos-related liability	16.3	12.1

The net provision and insurance asset are presented in the financial statements as follows.

	2021 £m	2020 £m
Provisions – current	7.1	7.2
Provisions – non-current	51.4	57.3
Trade & other receivables	6.9	7.2
Non-current other receivables	35.3	45.2

There remains inherent uncertainty associated with estimating future costs in respect of asbestos-related diseases. Actuarial estimates of future indemnity and defence costs associated with asbestos-related diseases are subject to significantly greater uncertainty than actuarial estimates for other types of exposures. This uncertainty results from factors that are unique to the asbestos claims litigation and settlement process including but not limited to:

- the possibility of future state or federal legislation applying to claims for asbestos-related diseases;
- the ability of the plaintiff's bar to develop and sustain new legal theory and/or develop new populations of claimants;
- changes in focus of the plaintiff's bar;
- changes in the Group's defence strategy; and
- changes in the financial condition of other co-defendants in suits naming the Group and affiliated businesses.

As a result, there can be no guarantee that the assumptions used to estimate the provision will result in an accurate prediction of the actual costs that may be incurred.

In 2021, the number of claims received has exceeded those included in the actuarial model, while settlement costs related to claims received, predominantly in prior years, are below those provided. These variations are to be expected from period to period. Sensitivity analysis reflecting reasonably probable scenarios has been conducted. The results of this analysis are shown below.

Estimated impact on the discounted US asbestos-related provision of	2021 £m
Increasing the number of projected future settled claims by 10%	5.5
Increasing the estimated settlement value by 10%	5.5
Increasing the basis of provision by ten years	5.2
Decreasing the discount rate by 50bps	1.6

Application of these sensitivities, on an individual basis, would not lead to a material change in the provision.

The Group's US subsidiaries have been effective in managing the asbestos litigation, in part, because the Group has access to historical project documents and other business records going back more than 50 years, allowing it to defend itself by determining if legacy products were present at the location of the alleged asbestos exposure and, if so, the timing and extent of their presence. In addition, the Group has consistently and vigorously defended claims that are without merit.

UK asbestos-related provision

In the UK, there are outstanding asbestos-related claims which are not the subject of insurance cover. The extent of the UK asbestos exposure involves a series of legacy employer's liability claims which all relate to former UK operations and employment periods in the 1950s to 1970s. In 1989, the Group's employer's liability insurer (Chester Street Employers Association Ltd) was placed into run-off which effectively generated an uninsured liability exposure for all future long-tail disease claims with an exposure period pre-dating 1 January 1972. All claims with a disease exposure post 1 January 1972 are fully compensated via the Government-established Financial Services Compensation Scheme. Any settlement to a former employee whose service period straddles 1972 is calculated on a pro rata basis. The Group provides for these claims based on management's best estimate of the likely costs given past experience of the volume and cost of similar claims brought against the Group.

The UK provision was reviewed and adjusted accordingly for claims experience in the year, resulting in a provision of £3.1m (2020: £3.2m).

Employee-related

Employee-related provisions arise from legal obligations in a number of territories in which the Group operates, the majority of which relate to compensation associated with periods of service. A large proportion of the provision is for long service leave. The outflow is generally dependent upon the timing of employees' period of leave with the calculation of the majority of the provision being based on criteria determined by the various jurisdictions.

Exceptional items

The exceptional items provision relates to exceptional charges included within note 5 where the cost is based on a reliable estimate of the obligation.

The opening balance of £8.5m included £6.6m which related to severance costs in Minerals and disposal costs related to Oil & Gas. The remaining £1.9m related to onerous contract provisions in Minerals.

Additions in the year total £7.7m, including cybersecurity costs of £4.7m and acquisition and integration costs in relation to Motion Metrics of £2.8m. The acquisition related balance of £20.0m reflects vendor liabilities for Motion Metrics primarily relating to tax, settlement of an employee growth participation plan and disposal costs of which £11.1m was cash settled in the year.

The closing balance of £11.1m includes £8.9m for opening balance sheet liabilities in Motion Metrics (£8.8m restructuring taxes and £0.1m acquisition costs) which will be cash settled in 2022, cybersecurity costs of £0.4m and final Oil & Gas disposal costs of £0.4m. The remaining balance of £1.4m relates to prior year balances in Minerals for severance costs and onerous contract provisions.

Other

Other provisions include environmental obligations, penalties, duties due, legal claims and other exposures across the Group. These balances typically include estimates based on multiple sources of information and reports from third-party advisers. The timing of outflows is difficult to predict as many of these will ultimately rely on legal resolutions and the expected conclusion is based on information currently available. Where certain outcomes are unknown, a range of possible scenarios is calculated, with the most likely being reflected in the provision.

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22. DEFERRED TAX

	2021 £m	2020 £m
Deferred income tax assets		
Post-employment benefits	13.4	33.5
Decelerated depreciation for tax purposes	7.4	7.3
Intangible assets	–	0.1
Untaxed reserves	182.0	163.6
Offset against liabilities	(145.8)	(142.1)
Deferred income tax assets	57.0	62.4
Deferred income tax assets attributable to:		
Continuing operations	57.0	54.9
Discontinued operations	–	7.5
	57.0	62.4
Deferred income tax liabilities		
Accelerated depreciation for tax purposes	(23.8)	(21.0)
Overseas tax on unremitted earnings	(7.3)	(9.4)
Intangible assets	(116.1)	(132.9)
Other temporary differences	(39.3)	(0.3)
Offset against assets	145.8	142.1
Deferred income tax liabilities	(40.7)	(21.5)
Deferred income tax liabilities attributable to:		
Continuing operations	(40.7)	(21.4)
Discontinued operations	–	(0.1)
	(40.7)	(21.5)
Net deferred income tax asset	16.3	40.9

The movement in deferred income tax assets and liabilities during the year was as follows.

	Post-employment benefits £m	Accelerated depreciation for tax purposes £m	Overseas tax on unremitted earnings £m	Intangible assets £m	Untaxed reserves, tax losses & other temporary differences £m	Total £m
At 31 December 2019	28.1	(10.0)	(9.0)	(130.1)	153.2	32.2
(Charged) credited to the Consolidated Income Statement (note 7)	(0.9)	(4.8)	(0.4)	(6.2)	12.2	(0.1)
Credited to equity (note 7)	6.5	–	–	–	1.3	7.8
Exchange adjustment	(0.2)	1.1	–	3.5	(3.4)	1.0
At 31 December 2020	33.5	(13.7)	(9.4)	(132.8)	163.3	40.9
Credited (charged) to the Consolidated Income Statement (note 7)	0.9	(0.9)	1.5	22.6	(14.1)	10.0
(Charged) to equity (note 7)	(21.1)	–	–	–	(0.7)	(21.8)
Acquisition of business	–	–	–	(5.3)	–	(5.3)
Disposal of business	–	(1.7)	–	–	(5.3)	(7.0)
Exchange adjustment	0.1	(0.1)	0.6	(0.6)	(0.5)	(0.5)
At 31 December 2021	13.4	(16.4)	(7.3)	(116.1)	142.7	16.3

Untaxed reserves primarily relate to temporarily disallowed inventory/receivable provisions and accruals/provisions for liabilities where the tax allowance is deferred until the cash expense occurs. Included in this balance is a deferred tax asset in relation to tax losses of £56.6m (2020: £54.7m). This includes £46.3m (2020: £44.5m) relating to US Federal and State tax losses and £7.9m (2020: £5.6m) relating to UK tax losses.

Deferred tax assets of £54.0m (2020: £59.9m) have been recognised in respect of entities which have suffered a loss in either the current or preceding period. Deferred tax assets have been recognised in these territories on the basis of forecast future profitability. Of the recognised deferred tax assets, £23.7m (2020: £8.6m) of US foreign tax credits have a 10 year time expiry with the earliest expiration date being 2026, £4.5m (2020: £4.2m) of US research and development tax credits have a 20 year time expiry with the earliest expiration date being 2028, and £5.4m (2020: £3.8m) of US State attributes have a 20 year time expiry.

Deferred tax asset balances for unused tax losses of £73.5m (2020: £69.7m) have not been recognised on the grounds that there is insufficient evidence that these assets will be recoverable.

This includes £50.0m (2020: £46.6m) of US deferred tax assets not recognised, but retained by the continuing US group, in connection with the disposal of the US entities within the Oil & Gas Division. US deferred tax asset recognition was determined by the application of a model which estimates the future forecast levels of US taxable income with reference to the Group's five-year strategic plan. The ongoing application of this model may result in future changes to the amount of US deferred tax assets that remain unrecognised.

Deferred tax asset balances for capital losses amounting to £7.8m (2020: £6.3m) have not been recognised but would be available in the event of future taxable capital gains being incurred by the Group.

Unrecognised assets will be recovered when future tax charges are sufficient to absorb these tax benefits.

The net deferred tax asset due after more than one year is £16.3m (2020: £40.9m).

Temporary differences associated with Group investments

A deferred tax liability of £7.3m (2020: £9.4m) has been recognised in respect of taxes on the unremitted earnings of the South American and Canadian subsidiaries. As at 31 December 2021, this is the only recognised deferred tax liability in respect of taxes on unremitted earnings, as the Group does not foresee a distribution of unremitted earnings from other subsidiaries or joint ventures which would result in a reversal of deferred tax. The temporary differences associated with investments in subsidiaries and joint ventures, for which a deferred tax liability has not been recognised, aggregate to £2,331.9m (2020: £2,355.1m).

There are no income tax consequences attaching to the payment of dividends by the Company to its Shareholders.

UK corporation tax rate changes

Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. The Budget on 11 March 2020 announced that the standard rate of corporation tax would remain at 19% from 1 April 2020 and furthermore, an increase in the UK rate from 19% to 25% from April 2023 was substantively enacted as part of Finance Bill 2021 (on 25 May 2021). As a result, at 31 December 2021, deferred tax balances have been calculated at 19% or 25% depending upon when the balance is expected to unwind.

23. PENSIONS & OTHER POST-EMPLOYMENT BENEFIT PLANS

The Group operates various defined benefit pension plans in the UK and North America. All defined benefit plans are closed to new members. The most significant defined benefit plan is the Main funded UK plan.

UK plans

At the balance sheet date, the Group has a funded defined benefit plan (the Main Plan) and an unfunded retirement benefit plan for retired Executive Directors. The Group also operates a defined contribution plan, the contributions to which are in addition to those set out below, and are charged directly to the Consolidated Income Statement. The liabilities of the Group's former Executive Plan, which was previously accounted for on the balance sheet, were transferred in full to an insurer in 2020. The Executive Plan's assets, primarily insurance policies, and liabilities were removed from the Group's balance sheet as at 31 December 2020.

For the defined benefit plans, benefits are related to service and final salary. The Main Plan closed to future accrual of benefits effective from 30 June 2015.

The weighted average duration of the expected benefit payments from the Main Plan is around 16 years.

The current funding target for the UK plans is to maintain assets equal to the value of the accrued benefits. The Main Plan holds two insurance policies which match the liabilities in respect of a significant proportion of deferred and retired pensioners.

The regulatory framework in the UK requires the pension scheme Trustees and Group to agree upon the assumptions underlying the funding target, and then to agree upon the necessary contributions required to recover any deficit at the valuation date. There is a risk to the Group that adverse experience against these assumptions could lead to a requirement for the Group to make considerable contributions to recover any deficit. This risk is significantly reduced through the insurance policies held.

North American plans

The Group also sponsors funded defined benefit pension plans in the US and Canada and certain unfunded arrangements (including post-employment healthcare benefits for senior employees) in the US.

Following the acquisition of ESCO in 2018, these plans combined make up 18% of the Group's pension and other post-employment benefit plan commitments and 15% of the Group's total associated assets.

The weighted average duration of these plans is around 11 years.

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23. PENSIONS & OTHER POST-EMPLOYMENT BENEFIT PLANS continued

The defined benefit plans in the UK and North America expose the Group to a number of risks.

i) Uncertainty in benefit payments

The value of the Group's liabilities for the defined benefit plans will ultimately depend on the amount of benefits paid out. This in turn will depend on the level of inflation (for those benefits that are subject to some form of inflation protection) and how long individuals live. This risk is significantly reduced through the insurance policies held in the UK.

ii) Volatility in asset values

The Group is exposed to future movements in the values of assets held in the funded defined benefit plans to meet future uninsured benefit payments.

iii) Uncertainty in cash funding

Movements in the values of the obligations or assets may result in the Group being required to provide higher levels of cash funding, although changes in the level of cash required can often be spread over a number of years. This risk is significantly reduced through the insurance policies held. In addition, the Group is also exposed to adverse changes in pension regulation.

iv) Exchange rate movements

Movements in exchange rates will affect the value in GBP of the assets and obligations of the Group's North American defined benefit plans.

Assumptions

The significant actuarial assumptions used for accounting purposes reflect prevailing market conditions in the UK and North America and are as follows.

	UK pensions		North American pensions & post-retirement healthcare	
	2021	2020	2021	2020
Significant actuarial assumptions:				
Discount rate (% pa)	1.9	1.4	2.6	2.1
Retail Prices Inflation (RPI) assumption (% pa)	3.4	3.0	n/a	n/a
Post-retirement mortality (life expectancies in years):				
Current pensioners at 65 – male	21.6	21.3	20.5	20.4
Current pensioners at 65 – female	23.4	23.2	22.5	22.3
Future pensioners at 65 – male	22.9	22.6	22.0	21.9
Future pensioners at 65 – female	24.9	24.8	23.9	23.7
Other related actuarial assumptions:				
Rate of increases for pensions in payment (% pa)				
Pre 6 April 2006 service	3.2	2.9	n/a	n/a
Post 5 April 2006 service	2.1	2.1	n/a	n/a
Consumer Prices Inflation (CPI) assumption (% pa)	2.6	2.1	n/a	n/a
Rate of increase in healthcare costs	n/a	n/a	¹	²

¹ Between 5.0% and 7.4% per annum decreasing to 4.5% per annum and remaining static at that level from 2031 onwards.

² Between 5.5% and 7.2% per annum decreasing to 4.5% per annum and remaining static at that level from 2031 onwards.

The assumptions used to determine end-of-year benefit obligations are also used to calculate the following year's cost. For North America, weighted average assumptions are shown above where applicable.

The post-retirement mortality assumptions allow for expected increases in longevity. The 'current' disclosures above relate to assumptions based on longevity (in years) following retirement at the balance sheet date, with 'future' being that relating to a member retiring in 2042 (in 20 years' time). No specific allowance has been made in the mortality assumptions for the potential impact of Covid-19.

The assets and liabilities of the plans are as follows.

	UK pensions		North American pensions & post-retirement healthcare		Total	
	2021 £m	2020 £m	2021 £m	2020 £m	2021 £m	2020 £m
Plan assets at fair value						
Equities (quoted)	207.7	211.2	46.0	48.4	253.7	259.6
Diversified Growth Funds (c. 40% quoted)	70.1	65.1	2.6	3.1	72.7	68.2
Corporate bonds (quoted)	44.4	45.1	52.1	47.1	96.5	92.2
Government bonds (quoted)	106.8	102.6	36.4	36.2	143.2	138.8
Insurance policies (unquoted)	293.2	330.4	–	–	293.2	330.4
Property	–	–	5.5	4.9	5.5	4.9
Private debt (unquoted)	44.5	26.3	–	–	44.5	26.3
Multi Asset Credit Funds (quoted)	39.7	39.3	–	–	39.7	39.3
Cash (quoted)	10.4	11.3	1.2	0.3	11.6	11.6
Fair value of plan assets	816.8	831.3	143.8	140.0	960.6	971.3
Present value of funded obligations	(828.9)	(925.7)	(156.5)	(169.7)	(985.4)	(1,095.4)
Net funded obligations	(12.1)	(94.4)	(12.7)	(29.7)	(24.8)	(124.1)
Present value of unfunded obligations	(1.3)	(1.4)	(30.6)	(35.3)	(31.9)	(36.7)
Net liability	(13.4)	(95.8)	(43.3)	(65.0)	(56.7)	(160.8)
Plans in deficit	(13.4)	(95.8)	(43.3)	(65.0)	(56.7)	(160.8)

Of the Government bonds held at 31 December 2021, 41% are fixed interest bonds. The pension plans have not directly invested in any of the Group's own financial instruments, or in properties or other assets used by the Group.

In the UK, where the majority of the Group's pension assets are held, the investment strategy is to hold equities and other return-seeking assets, such as diversified growth funds and a mixture of bonds, to meet the assessed value of the benefits promised for the non-insured deferred pensioners. For the remaining deferred pensioners and the bulk of pensioners currently receiving their benefits, the liabilities are backed by insurance policies and suitable bonds.

The ESCO unfunded arrangements are backed by a grantor trust which contains Trust Owned Life Insurance (TOLI) policy investments.

These investments do not match the obligations of the corresponding employee benefit plans, they are not used in practice to pay the benefits as they fall due and they are available to the Group's creditors in the event of insolvency. This means the grantor trust does not qualify as a 'plan asset' for the purposes of IAS 19 and is instead treated as a separate Group asset outside of this note. The value of these assets was estimated at £40.2m as at 31 December 2021.

The change in net liabilities recognised in the Consolidated Balance Sheet is comprised as follows.

	UK pension		North American pensions & post-retirement healthcare		Total	
	2021 £m	2020 £m	2021 £m	2020 £m	2021 £m	2020 £m
Opening net liabilities	(95.8)	(69.3)	(65.0)	(69.4)	(160.8)	(138.7)
Expense charged to the income statement	(1.4)	(2.0)	(2.7)	(3.4)	(4.1)	(5.4)
Amount recognised in the Consolidated Statement of Comprehensive Income	79.5	(30.1)	16.8	(4.4)	96.3	(34.5)
Employer contributions	4.3	5.6	7.8	10.4	12.1	16.0
Exchange adjustment	–	–	(0.2)	1.8	(0.2)	1.8
Closing net liabilities	(13.4)	(95.8)	(43.3)	(65.0)	(56.7)	(160.8)

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23. PENSIONS & OTHER POST-EMPLOYMENT BENEFIT PLANS continued

The amounts recognised for the Group in the Consolidated Income Statement and in the Consolidated Statement of Comprehensive Income for the year are analysed as follows.

	UK pension		North American pensions & post-retirement healthcare		Total	
	2021 £m	2020 £m	2021 £m	2020 £m	2021 £m	2020 £m
Recognised in the Consolidated Income Statement						
Current service cost	–	–	(0.4)	(0.4)	(0.4)	(0.4)
Past service cost	–	(0.6)	–	–	–	(0.6)
Administrative expenses	(0.1)	–	(1.0)	(1.1)	(1.1)	(1.1)
Included in operating profit	(0.1)	(0.6)	(1.4)	(1.5)	(1.5)	(2.1)
Interest on net pension liability	(1.3)	(1.4)	(1.3)	(1.9)	(2.6)	(3.3)
Total expense charged to the Consolidated Income Statement	(1.4)	(2.0)	(2.7)	(3.4)	(4.1)	(5.4)
Recognised in the Consolidated Statement of Comprehensive Income						
Actual return on plan assets	14.7	96.2	7.3	20.3	22.0	116.5
Less: interest on plan assets	(11.5)	(16.8)	(3.0)	(3.9)	(14.5)	(20.7)
	3.2	79.4	4.3	16.4	7.5	95.8
Other actuarial gains (losses) due to:						
Changes in financial assumptions	43.7	(106.6)	10.1	(20.8)	53.8	(127.4)
Changes in demographic assumptions	(5.0)	(2.9)	(0.5)	1.3	(5.5)	(1.6)
Experience on benefit obligations	37.6	–	2.9	(1.3)	40.5	(1.3)
Actuarial gains (losses) recognised in the Consolidated Statement of Comprehensive Income	79.5	(30.1)	16.8	(4.4)	96.3	(34.5)

Current service cost, past service cost, curtailment/settlement gains and administration expenses are recognised in operating costs and interest on net pension liability is recognised in other finance costs.

The Group's largest North American plan is the US ESCO Corporation pension plan. The Group's current funding policy for this plan is to pay the minimum required contributions under US regulation. However, in the event the plan's funding level is projected to fall below particular thresholds, the Group will consider funding more than the minimum required contribution.

Pension contributions are determined with the advice of independent qualified actuaries on the basis of regular valuations using the projected unit method. The Group made special contributions of £7.8m in 2021 (2020: £11.3m) in addition to the Group's regular contributions.

In 2015, the Group entered into a pension funding partnership structure under which it has contributed interests in a Scottish Limited Partnership (SLP) for the Main Plan.

The Main Plan's interests in the SLP reduce the deficit on a funding basis, although the agreement will not affect the position directly on an IAS 19 accounting basis as the investments held do not qualify as assets for IAS 19 purposes. As a partner in the SLP, the Main Plan is entitled to receive a share of the profits of the SLP once a year for 15 years, subject to conditions being met. The profits to be shared with the Plan will be reflected in the Group's financial statements as a pension contribution.

The latest actuarial funding valuation of the Main Plan as at 31 December 2020 is due to be finalised in 2022. Under the proposed recovery plan, the Group has agreed to contribute £6.2m in each year from 2021 to 2029 inclusive. These contributions are primarily funded by the income payments from the SLP described above. The contributions are subject to an annual review mechanism, and will temporarily cease if the Main Plan's funding level on a funding basis exceeds 105%.

The Trustees of the UK Executive Plan, which was previously consolidated within the Group's accounting figures, entered into a full buy-in transaction with Scottish Widows in 2017. A final balancing premium was paid during 2020, and the responsibility of this Plan is now with the insurer. The Executive Plan was therefore removed from the Group's balance sheet as at 31 December 2020, with £47.1m of liabilities and plan assets being removed as disclosed below.

The Group has taken legal advice regarding its UK arrangements to confirm the accounting treatment under IFRIC 14 with regard to recognition of a surplus and also recognition of a minimum funding requirement. This confirmed that there is no requirement to adjust the balance sheet and that recognition of a current surplus is appropriate on the basis that the Group has an unconditional right to a refund of a current (or projected future) surplus at some point in the future. For the same reason, there is no requirement for the Group to adjust the balance sheet to recognise the future agreed deficit recovery contributions. Having considered the position, taking account of the legal input received and noting that the Trustees of the UK arrangements do not have discretionary powers to unilaterally wind up the schemes without cause, the Directors of the Group have concluded that the Group has an unconditional right to a refund of any surplus.

Based on the proposed funding valuations, the total Group contributions for 2022 (including those expected from the SLP in the UK) are expected to be £14.7m.

Changes in the present value of the defined benefit obligations are analysed as follows.

	UK pensions		North American pensions & post-retirement benefits		Total	
	2021 £m	2020 £m	2021 £m	2020 £m	2021 £m	2020 £m
Opening defined benefit obligations	(927.1)	(883.7)	(205.0)	(196.8)	(1,132.1)	(1,080.5)
Current service cost	–	–	(0.4)	(0.4)	(0.4)	(0.4)
Past service cost	–	(0.6)	–	–	–	(0.6)
Interest on benefit obligations	(12.8)	(18.2)	(4.3)	(5.8)	(17.1)	(24.0)
Benefits paid	33.4	37.8	11.9	13.1	45.3	50.9
Actuarial gains (losses) due to:						
Changes in financial assumptions	43.7	(106.6)	10.1	(20.8)	53.8	(127.4)
Changes in demographic assumptions	(5.0)	(2.9)	(0.5)	1.3	(5.5)	(1.6)
Experience on benefit obligations	37.6	–	2.9	(1.3)	40.5	(1.3)
Liabilities removed due to curtailments/ settlements	–	47.1	–	–	–	47.1
Exchange rate adjustment	–	–	(1.8)	5.7	(1.8)	5.7
Closing defined benefit obligations	(830.2)	(927.1)	(187.1)	(205.0)	(1,017.3)	(1,132.1)

Changes in the fair value of plan assets are analysed as follows.

	UK pensions		North American pensions & post-retirement benefits		Total	
	2021 £m	2020 £m	2021 £m	2020 £m	2021 £m	2020 £m
Opening plan assets	831.3	814.4	140.0	127.4	971.3	941.8
Interest on plan assets	11.5	16.8	3.0	3.9	14.5	20.7
Employer contributions	4.3	5.6	7.8	10.4	12.1	16.0
Administrative expenses	(0.1)	–	(1.0)	(1.1)	(1.1)	(1.1)
Benefits paid	(33.4)	(37.8)	(11.9)	(13.1)	(45.3)	(50.9)
Actual return on plan assets less interest on plan assets	3.2	79.4	4.3	16.4	7.5	95.8
Assets distributed on settlements	–	(47.1)	–	–	–	(47.1)
Exchange rate adjustment	–	–	1.6	(3.9)	1.6	(3.9)
Closing plan assets	816.8	831.3	143.8	140.0	960.6	971.3

Sensitivity analysis

Changes in key assumptions can have a significant effect on the reported retirement benefit obligation and the Consolidated Income Statement expense for 2022. The effects of changes in those assumptions on the reported retirement benefit obligation are set out in the table below.

	Increase 2021 £m	Decrease 2021 £m	Increase 2020 £m	Decrease 2020 £m
Discount rate				
Effect on defined benefit obligation of a 1.0% change	139.3	(165.4)	165.3	(198.7)
Effect on net liability of a 1.0% change	112.8	(136.0)	132.5	(161.9)
RPI inflation (and associated assumptions)				
Effect on defined benefit obligation of a 1.0% change	(93.7)	84.6	(103.9)	94.0
Effect on net liability of a 1.0% change	(69.6)	62.1	(75.5)	67.6
Life expectancy				
Effect on defined benefit obligation of a 1 year change	(44.7)	44.7	(39.1)	39.1
Effect on net liability of a 1 year change	(27.5)	27.5	(24.3)	24.3

The impact on the net liability is significantly reduced as a result of the insurance policies held. In the absence of such policies, the impact on the net liability would be much closer to the significantly higher impact on the defined benefit obligation shown in the table.

These sensitivities have been calculated to show the movement in the defined benefit obligation and net liability in isolation and assume no other changes in market conditions at the accounting date. In practice, for example, a change in discount rate is unlikely to occur without any movement in the value of the invested (non-insurance policy) assets held by the plans.

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24. SHARE CAPITAL & RESERVES

	2021 Number million	2020 Number million
Issued & fully paid share capital		
At the beginning of the year	259.6	259.6
At the end of the year	259.6	259.6
Treasury shares		
At the beginning of the year	0.4	–
Purchase of shares in respect of equity settled share-based payments	0.8	1.0
Utilised during the year in respect of equity settled share-based payments	(0.9)	(0.6)
At the end of the year	0.3	0.4

The Company has one class of ordinary share with a par value of 12.5p which carries no rights to fixed income.

As at 31 December 2021, Computershare Investor Services PLC held the following shares, which are subject to restriction, on behalf of individuals:

- 0 shares (2020: 24,478) for the ESCO restricted awards made under the ESCO 2010 stock incentive plan.
- 36,347 shares (2020: 97,765) for performance shares that have vested under the LTIP. These shares have a market value of £0.6m.
- 36,127 shares (2020: 8,093) for restricted shares that have vested under the Share Reward Plan. These shares have a market value of £0.6m.
- 38,174 shares (2020: 58,816) for bonus shares awarded under the Share Reward Plan. These shares have a market value of £0.7m.

As at 31 December 2021, 0 shares (2020: 15,988) were unallocated and held by the Estera Trust (Jersey) Limited.

As at 31 December 2021, 289,600 shares (2020: 351,950) were unallocated and held by the Computershare Trustees (Jersey) Limited with a market value of £5.0m.

Reserves

The period movements on the below reserves are summarised in the Consolidated Statement of Changes in Equity.

Merger reserve

The merger reserve relates to the issue of new equity as part of the consideration paid for an acquisition. Shares issued directly to ESCO Shareholders on 12 July 2018, as part of the total acquisition consideration, qualified for merger relief under Section 612 of the Companies Act 2006 and resulted in an increase to the reserve of £323.2m. The remaining reserve balance of £9.4m relates to shares issued in part consideration for the acquisition of Delta Industrial Valves Inc. during 2015.

Capital redemption reserve

The capital redemption reserve was created by a repurchase and cancellation of own shares during the 53 weeks ended 1 January 1999.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations and the Group's hedge of its net investment in foreign operations. In 2021, £103.4m gain relating to Oil & Gas entities was recycled to the Consolidated Income Statement on disposal.

Hedge accounting reserve

This reserve records the portion of the gains or losses on hedging instruments used as cash flow hedges that are determined to be effective. Net gains (losses) transferred from equity during the year are included in the following line items in the Consolidated Income Statement and Consolidated Balance Sheet.

	2021 £m	2020 £m
Revenue	(0.1)	(0.1)
Finance costs	–	(1.8)
	(0.1)	(1.9)

25. ADDITIONAL CASH FLOW INFORMATION

	Notes	2021 £m	Restated (note 2) 2020 £m
Total operations			
Net cash generated from operations			
Operating profit – continuing operations		256.6	228.0
Operating profit (loss) – discontinued operations		0.6	(255.0)
Operating profit (loss) – total operations		257.2	(27.0)
Exceptional and other adjusting items	5	3.8	257.1
Amortisation of intangible assets	12	40.2	52.5
Share of results of joint ventures	8, 15	(3.3)	(5.5)
Depreciation of property, plant & equipment	11	43.0	52.8
Depreciation of right-of-use assets	11	27.6	41.9
Impairment of property, plant & equipment	11	–	0.2
Grants received		(0.3)	(0.4)
Gains on disposal of property, plant & equipment		(4.3)	(0.3)
Funding of pension & post-retirement costs		(2.7)	(2.6)
Employee share schemes	27	10.9	9.3
Transactional foreign exchange		4.8	14.5
Increase (decrease) in provisions		3.9	(7.6)
Cash generated from operations before working capital cash flows		380.8	384.9
(Increase) decrease in inventories		(84.9)	44.2
(Increase) decrease in trade & other receivables & construction contracts		(61.7)	130.0
Increase (decrease) in trade & other payables & construction contracts		31.8	(194.1)
Cash generated from operations before exceptional cash items		266.0	365.0
Additional pension contributions paid	23	(7.8)	(11.3)
Exceptional and other adjusting cash items		(8.6)	(24.1)
Exceptional cash items – acquired vendor liabilities		(11.1)	–
Income tax paid		(82.4)	(63.4)
Net cash generated from operating activities		156.1	266.2

Cash flows from discontinued operations included above are disclosed separately in note 8.

Exceptional and other adjusting items are detailed in note 5.

The following tables summarise the cash flows arising on acquisitions (note 13) and disposals (note 8).

	2021 £m	2020 £m
Acquisitions of subsidiaries		
Acquisition of subsidiaries – cash paid	67.9	–
Acquisition of subsidiaries – current period acquisitions	67.9	–
Total cash outflow relating to acquisitions	67.9	–

Net cash inflow (outflow) arising on disposals

Consideration received net of costs paid & cash disposed of – Oil & Gas Division (excluding AMCO)	258.5	(2.1)
Consideration received net of costs paid & cash disposed of – AMCO Joint Venture	24.0	–
Prior period disposals – settlement of final costs and final completion adjustment	–	(4.7)
Total cash inflow (outflow) relating to disposals	282.5	(6.8)

	2021 £m	2020 £m
Net debt comprises the following		
Cash & short-term deposits (note 18)	564.4	351.7
Current interest-bearing loans & borrowings (note 19)	(523.9)	(26.5)
Non-current interest-bearing loans & borrowings (note 19)	(812.3)	(1,332.6)
Assets and liabilities held for sale	–	(44.0)
	(771.8)	(1,051.4)

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25. ADDITIONAL CASH FLOW INFORMATION continued

Reconciliation of financing cash flows to movement in net debt

	Opening balance at 31 December 2020 £m	Cash movements £m	Additions/ acquisitions £m	Disposals £m	FX £m	Non-cash movements £m	Closing balance at 31 December 2021 £m	Transferred to assets/ liabilities held for sale £m	Total continuing operations £m
Cash & cash equivalents	374.1	150.1	–	(16.1)	(8.1)	–	500.0	–	500.0
Third-party loans	(1,252.6)	104.4	(0.2)	–	(26.3)	–	(1,174.7)	–	(1,174.7)
Leases	(179.4)	27.8	(20.6)	65.2	2.1	0.2	(104.7)	–	(104.7)
Unamortised issue costs	6.5	5.1	–	–	–	(4.0)	7.6	–	7.6
Amounts included in gross debt	(1,425.5)	137.3	(20.8)	65.2	(24.2)	(3.8)	(1,271.8)	–	(1,271.8)
Amounts included in net debt	(1,051.4)	287.4	(20.8)	49.1	(32.3)	(3.8)	(771.8)	–	(771.8)
Financing derivatives	(2.5)	(10.6)	–	–	–	14.5	1.4	–	1.4
Total financing liabilities ¹	(1,428.0)	126.7	(20.8)	65.2	(24.2)	10.7	(1,270.4)	–	(1,270.4)

¹ Total financing liabilities comprise gross debt plus other liabilities relating to financing activities.

	Opening balance at 31 December 2019 £m	Cash movements £m	Additions £m	Disposals £m	FX £m	Non-cash movements £m	Closing balance at 31 December 2020 £m	Transferred to assets/ liabilities held for sale £m	Total continuing operations £m
Cash & cash equivalents	272.1	117.2	–	–	(15.2)	–	374.1	23.0	351.1
Third-party loans	(1,244.5)	(19.2)	–	–	11.1	–	(1,252.6)	–	(1,252.6)
Leases	(185.0)	43.4	(39.6)	–	1.2	0.6	(179.4)	(67.0)	(112.4)
Unamortised issue costs	0.9	7.8	–	–	–	(2.2)	6.5	–	6.5
Amounts included in gross debt	(1,428.6)	32.0	(39.6)	–	12.3	(1.6)	(1,425.5)	(67.0)	(1,358.5)
Amounts included in net debt	(1,156.5)	149.2	(39.6)	–	(2.9)	(1.6)	(1,051.4)	(44.0)	(1,007.4)
Financing derivatives	(3.8)	(5.1)	–	–	–	6.4	(2.5)	–	(2.5)
Total financing liabilities ¹	(1,432.4)	26.9	(39.6)	–	12.3	4.8	(1,428.0)	(67.0)	(1,361.0)

¹ Total financing liabilities comprise gross debt plus other liabilities relating to financing activities.

26. COMMITMENTS & LEGAL CLAIMS

Capital commitments

	2021 £m	2020 £m
Outstanding capital commitments contracted but not provided for – property, plant & equipment	8.7	7.5
Outstanding capital commitments contracted but not provided for – intangible assets	–	0.3

The Group's share of the capital commitments of its joint ventures for continuing operations amounted to £nil (2020: £0.7m).

Legal claims

The Company and certain subsidiaries are, from time to time, parties to legal proceedings and claims which arise in the normal course of business. Provisions have been made where the Directors have assessed that a cash outflow is probable. All other claims are believed to be remote or are not yet ripe.

27. EQUITY SETTLED SHARE-BASED PAYMENTS

Employee share plans

The Group's 2018 Share Reward Plan (SRP) allows for Restricted shares and Bonus shares to be awarded to employees under the Plan. The SRP replaced the Long Term Incentive Plan 2014 (LTIP) under which the types of awards which were granted included: Performance shares, Restricted shares and Bonus shares. Details of the SRP for Executive Directors are outlined in the Remuneration Report on pages 121 to 145. The vesting period varies for senior management with awards vesting in three tranches on a pro rata basis. The first tranche vests in April 2022, the second in April 2023 and the final in April 2024. The underpin and two year holding period attached to the Executive Directors SRP are not applicable to senior management.

As part of the ESCO acquisition, certain Restricted Stock Units (RSUs) and Restricted Stock Awards (RSAs) issued by ESCO pre-acquisition were rolled into Weir Group share awards. The pre-acquisition cost of these awards totalled £1.4m and was recorded in reserves, with a corresponding increase in goodwill. These awards were treated in line with other restricted awards noted above. The final tranche of these awards vested during 2021.

In 2019, the Weir Group All-Employee Share Ownership Plan (Weir ShareBuilder) launched. Awards granted under ShareBuilder are free shares given to all employees who meet the eligibility criteria. Awards granted in 2019 vested in two tranches. One third of the shares awarded vested on 9 May 2020 and the remaining shares vested on 9 May 2021. Dividend equivalents will be added in the form of shares at each vesting date. Awards granted in 2020 vest in one tranche on the second anniversary of the grant date.

One-off conditional share awards are also occasionally granted to employees. These transactions fall under the scope of IFRS 2 and are treated in line with awards issued under the Group's SRP in the year or LTIP in prior years.

The following tables illustrate the number and weighted average share prices (WASP) of shares awarded.

Performance shares

	2021 Number million	2021 WASP	2020 Number million	2020 WASP
Outstanding at the beginning of the year	–	–	0.4	£17.46
Vested during the period	–	–	(0.2)	£18.58
Forfeited during the year	–	–	(0.2)	£16.75
Outstanding at the end of the year	–	–	–	–

Restricted shares

	2021 Number million	2021 WASP	2020 Number million	2020 WASP
Outstanding at the beginning of the year	1.9	£11.74	1.1	£17.91
Awarded during the year	0.5	£18.28	1.4	£8.69
Vested during the year	(0.8)	£13.01	(0.4)	£18.54
Forfeited during the year	(0.1)	£12.23	(0.2)	£12.91
Outstanding at the end of the year	1.5	£13.14	1.9	£11.74

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27. EQUITY SETTLED SHARE-BASED PAYMENTS continued

Weir ShareBuilder Plan (WSBP)

	2021 Number million	2021 WASP	2020 Number million	2020 WASP
Outstanding at the beginning of the year	0.3	£16.47	0.2	£16.32
Awarded during the year	–	–	0.2	£16.57
Vested during the year	(0.1)	£16.32	–	–
Forfeited during the year	–	–	(0.1)	£16.32
Outstanding at the end of the year	0.2	£16.57	0.3	£16.47

In respect of awards issued in the year and revised estimates of previously issued awards, an amount of £10.9m has been charged (2020: £9.3m) to the Consolidated Income Statement in respect of the number of awards which are expected to be made at the end of the vesting period.

The remaining contractual lives of the outstanding LTIP, SRP, Weir ShareBuilder and one-off conditional share awards at the end of the period are as follows.

Year of award	2021 Number million	2021 Remaining contractual life ¹	2020 Number million	2020 Remaining contractual life ¹
2018	0.1	2 months	0.2	11 months
2019	0.2	7 months	0.4	10 months
2020	0.9	15 months	1.6	16 months
2021	0.5	16 months	–	–

¹ Remaining contractual life reflects an average across awards with 1-5 year vesting periods.

The fair value at date of grant of the conditional awards under the SRP has been independently estimated based on the type of award:

i) Restricted shares and Weir ShareBuilder

The grant date fair value of these awards is calculated as the share price at the date of grant less an adjustment for loss of reinvestment return on the dividend equivalent. There are no performance conditions attached to these awards.

The fair value of Weir ShareBuilder awards at grant date and occasional one-off conditional awards at grant date is also estimated on this basis.

ii) Performance shares

Performance shares were last granted in 2017. No further performance shares have been granted.

Bonus shares

Under the Group's annual bonus plan, Executive Directors and members of the Group Executive defer 30% of any bonus received into an award of Weir Group shares which will normally be released after three years. These awards are entitled to accrue the value of the dividends payable on any deferred bonus awards during the three year holding period.

The SRP bonus shares are administered by Computershare Trust Company, N.A., CPU Share Plans Pty Ltd and Computershare Investor Services PLC. The shares are acquired on market at the grant date and are held in Computershare Trust Company, N.A., CPU Share Plans Pty Ltd and Computershare Investor Services PLC until such time as they are vested. Forfeited shares are reallocated in subsequent grants. Under the terms of the Trust Deed, Weir Group is required to provide the necessary funding for the acquisition of the shares at the time of the grant.

The number of shares to be granted is determined based on the applicable annual bonus divided by the price at which the Company's shares are traded at the date of the grant. In 2021, 5,049 shares were awarded (2020: 25,464).

The fair value of the rights at grant date was estimated by taking the market price of the Company's shares on that date.

28. RELATED PARTY DISCLOSURE

The following table provides the total amount of significant transactions which have been entered into by the Group with related parties for the relevant financial year and outstanding balances at the year end.

Related party		Sales to related parties – goods £m	Sales to related parties – services £m	Purchases from related parties – goods £m	Purchases from related parties – services £m	Amounts owed to related parties £m	Amounts owed by related parties £m
Joint ventures	2021	0.7	0.1	16.7	–	–	1.3
	2020	5.9	0.1	19.3	0.3	–	0.2
Group pension plans	2021	–	–	–	–	5.9	–
	2020	–	–	–	–	5.9	–

Contributions to the Group pension plans are disclosed in note 23.

Terms & conditions of transactions with related parties

Sales to and from related parties are made at normal market prices. Outstanding balances at the period end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party balances. For 2021, the Group has not raised any provision for doubtful debts relating to amounts owed by related parties (2020: £nil) as the payment history has been excellent. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

	2021 £m	2020 £m
Compensation of key management personnel		
Short-term employee benefits ¹	5.9	6.6
Share-based payments	1.3	0.7
Post-employment benefits	0.3	0.3
	7.5	7.6

¹ Included in short-term employee benefits for 2020 is £1.2m related to specific retention and incentive awards.

	2021 £m	2020 £m
Emoluments paid to the Directors of The Weir Group PLC		
Remuneration	3.0	2.1
Gains made on the exercise of Long Term Incentive Plan awards	0.6	0.1
	3.6	2.2

Key management comprises the Board and the Group Executive. Further details of the Directors' remuneration are disclosed in the Directors' Remuneration Report on pages 121 to 145.

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29. FINANCIAL INSTRUMENTS

A. Derivative financial instruments

The Group enters into derivative financial instruments in the normal course of business in order to hedge its exposure to foreign exchange risk. Derivatives are only used for economic hedging purposes and no speculative positions are taken. Derivatives are recognised as held for trading and at fair value through profit and loss unless they are designated in IFRS 9 compliant hedge relationships.

The table below summarises the types of derivative financial instrument included within each balance sheet category.

	2021 £m	2020 £m
Included in non-current assets		
Other forward foreign currency contracts	–	0.1
	–	0.1
Included in current assets		
Forward foreign currency contracts designated as cash flow hedges	–	0.2
Forward foreign currency contracts designated as net investment hedges	–	4.3
Other forward foreign currency contracts	7.1	11.5
	7.1	16.0
Included in current liabilities		
Forward foreign currency contracts designated as cash flow hedges	(0.4)	–
Forward foreign currency contracts designated as net investment hedges	–	(0.1)
Cross-currency swaps designated as net investment hedges	–	(0.9)
Other forward foreign currency contracts	(3.4)	(17.9)
	(3.8)	(18.9)
Included in non-current liabilities		
Other forward foreign currency contracts	(0.1)	–
	(0.1)	–
Net derivative financial assets (liabilities) – continuing operations	3.2	(2.8)
Net derivative financial liabilities held for sale	–	(0.1)
Net derivative financial assets (liabilities) – total Group	3.2	(2.9)

B. Financial assets and liabilities

Financial assets and liabilities (with the exception of derivative financial instruments) are initially recognised at fair value net of transaction costs. Subsequently they are recognised at either fair value or amortised cost. Derivative financial instruments are initially recognised at fair value and subsequently remeasured at fair value.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

During the years ended 31 December 2021 and 31 December 2020, there were no transfers between level 1 and level 2 fair value measurements and no transfers into or out of level 3 fair value measurements.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Group currently has a legal right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

As at 31 December 2021, cash & short-term deposits of £564.4m (2020: £351.7m) and current interest-bearing loans & borrowings of £523.9m (2020: £26.5m) were presented after elimination of debit and credit balances within individual pools of £0.2m (2020: £0.3m).

The Group operates a notional cash pooling arrangement in which individual balances are not offset for reporting purposes. Cash & short-term deposits at 31 December 2021 includes £60.5m (2020: £0.4m) that is part of this arrangement and both cash and interest-bearing loans & borrowings are grossed up by this amount.

The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be offset in specific circumstances. As at 31 December 2021, the Group had derivative financial instruments of £2.6m (2020: £1.9m) which were subject to master netting arrangements but not offset.

Carrying amounts and fair values

The table below shows the carrying amounts and fair values of the Group's financial instruments that are reported in the financial statements.

			Fair value measurement using		
	Carrying amount 2021 £m	Fair value 2021 £m	Level 1 Quoted prices in active markets £m	Level 2 Significant observable inputs £m	Level 3 Significant unobservable inputs £m
Financial assets – total Group					
Derivative financial instruments recognised at fair value through profit or loss	7.1	7.1	–	7.1	–
Trade & other receivables excluding statutory assets, prepayments & construction contract assets	507.5	507.5	–	507.5	–
Cash & short-term deposits	564.4	564.4	–	564.4	–
	1,079.0	1,079.0			
Financial liabilities – total Group					
Derivative financial instruments recognised at fair value through profit or loss	3.5	3.5	–	3.5	–
Derivative financial instruments in designated hedge accounting relationships	0.4	0.4	–	0.4	–
Amortised cost					
Fixed-rate borrowings	1,170.1	1,211.1	–	1,211.1	–
Floating-rate borrowings	(3.0)	(3.0)	–	(3.0)	–
Leases	104.7	104.7	–	104.7	–
Bank overdrafts & short-term borrowings	64.4	64.4	–	64.4	–
Trade & other payables excluding statutory liabilities & contract liabilities	410.1	410.1	–	410.1	–
	1,750.2	1,791.2			

			Fair value measurement using		
	Carrying amount 2020 £m	Fair value 2020 £m	Level 1 Quoted prices in active markets £m	Level 2 Significant observable inputs £m	Level 3 Significant unobservable inputs £m
Financial assets – total Group					
Derivative financial instruments recognised at fair value through profit or loss	11.6	11.6	–	11.6	–
Derivative financial instruments in designated hedge accounting relationships	4.5	4.5	–	4.5	–
Trade & other receivables excluding statutory assets, prepayments & construction contract assets	445.6	445.6	–	445.6	–
Cash & short-term deposits	351.7	351.7	–	351.7	–
Financial assets held for sale	81.4	81.4	–	81.4	–
	894.8	894.8			
Financial liabilities – total Group					
Derivative financial instruments recognised at fair value through profit or loss	17.9	17.9	–	17.9	–
Derivative financial instruments in designated hedge accounting relationships	1.0	1.0	–	1.0	–
Amortised cost					
Fixed-rate borrowings	578.4	620.2	–	620.2	–
Floating-rate borrowings	667.7	667.7	–	667.7	–
Leases	112.4	112.4	–	112.4	–
Bank overdrafts & short-term borrowings	0.6	0.6	–	0.6	–
Trade & other payables excluding statutory liabilities & contract liabilities	360.6	360.6	–	360.6	–
Financial liabilities held for sale	117.3	117.3	–	117.3	–
	1,855.9	1,897.7			

The fair value of cash & short-term deposits, trade & other receivables and trade & other payables approximates their carrying amount due to the short-term maturities of these instruments. As such disclosure of the fair value hierarchy for these items is not required.

NOTES TO THE GROUP FINANCIAL STATEMENTS

CONTINUED

29. FINANCIAL INSTRUMENTS continued

C. Hedging activities

The Group designates certain derivative financial instruments in either cash flow hedging or net investment hedging relationships in accordance with IFRS 9.

	Cash Flow Hedge	Net Investment Hedge
Hedge relationship	Cash flow hedge of highly probable forecast foreign currency purchases and sales	Net investment hedge of foreign operations
Hedged risk	Transactional foreign exchange risk	Translational foreign exchange risk
Hedging instruments	Forward foreign currency contracts	Foreign currency debt Cross-currency swaps Forward foreign currency contracts

For each type of derivative financial instrument, the net carrying amount and maturity date ranges for continuing operations are set out in the table below.

	Net carrying amount £m	Maturity dates
Year ended 31 December 2021		
Forward foreign currency contracts designated as cash flow hedges	(0.4)	2022
Other forward foreign currency contracts at fair value through profit or loss	3.6	2022 to 2023
	3.2	
Year ended 31 December 2020		
Forward foreign currency contracts designated as cash flow hedges	0.2	2021
Forward foreign currency contracts designated as net investment hedges	4.2	2021
Cross-currency swaps designated as net investment hedges	(0.9)	2021
Other forward foreign currency contracts at fair value through profit or loss	(6.3)	2021 to 2023
	(2.8)	

For each type of derivative financial instrument, the amounts recognised for the year in profit or loss and equity are set out in the table below. In the financial statements these amounts are offset by the retranslation of foreign currency denominated receivables and payables, the impact of which is also set out in the table below.

	Amounts recognised in profit or loss		Amounts recognised in equity	
	Other gains (losses) in operating profit £m	Total amounts recognised in profit or loss £m	Hedge accounting reserve £m	Foreign currency translation reserve £m
Year ended 31 December 2021				
Instruments measured at fair value through profit or loss (FVTPL)				
Designated in hedge accounting relationships				
Forward foreign currency contracts designated as cash flow hedges	0.1	0.1	(0.2)	–
Forward foreign currency contracts designated as net investment hedges	–	–	–	4.1
Cross-currency swaps designated as net investment hedges	–	–	–	3.2
Not designated in hedge accounting relationships				
Other forward foreign currency contracts at FVTPL	(4.2)	(4.2)	–	–
Total gains/(losses) on instruments measured at FVTPL	(4.1)	(4.1)	(0.2)	7.3

	Amounts recognised in profit or loss		Amounts recognised in equity	
	Other gains (losses) in operating profit £m	Total amounts recognised in profit or loss £m	Hedge accounting reserve £m	Foreign currency translation reserve £m
Year ended 31 December 2020				
Instruments measured at FVTPL				
Designated in hedge accounting relationships				
Forward foreign currency contracts designated as cash flow hedges	1.9	1.9	(1.1)	–
Forward foreign currency contracts designated as net investment hedges	–	–	–	3.6
Cross-currency swaps designated as net investment hedges	–	–	–	(6.1)
Not designated in hedge accounting relationships				
Other forward foreign currency contracts at FVTPL	(8.6)	(8.6)	–	–
Total gains/(losses) on instruments measured at FVTPL	(6.7)	(6.7)	(1.1)	(2.5)

Hedge ineffectiveness

Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

For hedges of foreign currency revenue and cost of sales, the Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to determine whether an economic relationship remains, and so assess effectiveness. As all critical terms matched during the year, the economic relationships were 100% effective.

Ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of the Group or the derivative counterparty.

During the year, the Group held fixed-for-fixed cross-currency swaps which matured in October 2021 and were designated as hedging instruments in net investment hedges of the net assets of foreign operations. The swaps had similar critical terms as the hedged items, as the coupon and principal settlements exchange currencies matching both denomination and amounts of the hedged net assets, for amounts denominated in the presentation currency of the Group. The Group utilises borrowings which are measured at amortised cost and denominated in the currency of the hedged net assets, as hedging instruments in net investment hedges. The Group does not hedge 100% of its net assets of foreign operations, therefore the hedged item is identified as a proportion of the net assets of the foreign operations up to the notional amount of the swaps and principal amount of the borrowings. As all critical terms matched during the year, the economic relationships were 100% effective.

Hedge ineffectiveness for the cross-currency interest rate swaps was assessed using the same principles as for hedges of foreign currency revenue and cost of sales. It may occur due to the credit value/debit value adjustment on the cross-currency interest rate swaps which is not matched by the net assets retranslation.

There was no ineffectiveness during 2021 or 2020 in relation to the cross-currency interest rate swaps or foreign exchange forwards.

NOTES TO THE GROUP FINANCIAL STATEMENTS

CONTINUED

29. FINANCIAL INSTRUMENTS continued

Effects of hedge accounting on financial position and performance

The effects of the foreign currency related hedging instruments on the Group's financial position and performance are as follows:

Cash flow hedging: foreign currency forwards	2021	2020
Carrying amount (£m)	(0.4)	0.2
Assets	–	0.2
Liabilities	(0.4)	–
Notional amounts (m)		
USD	12.3	4.4
Average exchange rates		
USD:AUD	1.31	1.37
	02/2022 –	03/2021 –
	09/2022	05/2021
Maturity dates		
Hedge ratios ¹	1:1	1:1
Change in fair value of outstanding hedging instruments since 1 January (£m)	(0.2)	(1.1)
Change in value of hedged item used to determine hedge effectiveness (£m)	0.2	1.1

¹ The foreign currency forwards are denominated in the same currency as the highly probable future transactions, therefore the hedge ratio is 1:1.

Net investment hedging: foreign currency forwards, cross currency swaps and borrowings	2021	2020
Carrying amount (£m)	(1,051.2)	(345.3)
Assets – derivatives	–	4.3
Liabilities – derivatives	–	(1.0)
Liabilities – borrowings	(1,051.2)	(348.6)
Notional amounts (m)		
USD	1,422.8	655.6
ZAR	–	345.0
AUD	–	158.7
Average exchange rates		
GBP:USD	1.35	1.32
GBP:ZAR	–	20.23
GBP:AUD	–	1.79
	02/2022 –	01/2021 –
	05/2026	02/2022
Maturity dates		
Hedge ratios ¹	1:1	1:1
Change in fair value of outstanding hedging instruments since 1 January (£m)	(18.2)	6.5
Change in value of hedged item used to determine hedge effectiveness (£m)	18.2	(6.5)

¹ The derivatives and borrowings are denominated in the same currency as the highly probable future transactions, therefore the hedge ratio is 1:1.

D. Financial risk management

Financial risk management of the Group is carried out by Group Treasury in conjunction with individual subsidiaries. The principal financial risks to which the Group is exposed are market risk, liquidity risk and credit risk.

Market risk

The Group is exposed to foreign exchange risk and interest rate risk in the ordinary course of business.

i) Foreign exchange risk

The Group is exposed to both transactional and translational foreign exchange risk. Transactional risk arises when subsidiaries enter into transactions denominated in currencies other than their functional currency for operational or financing purposes or when the Group's Treasury function enters into transactions for financing or risk management purposes. Translational risk arises on the translation of overseas earnings and investments into Sterling for consolidated reporting purposes. Foreign currency transactional and translational risk could result in volatility in reported consolidated earnings and net assets.

In respect of transactional foreign currency risk, the Group maintains a policy that all operating units eliminate exposures on committed foreign currency transactions, usually by entering into forward foreign currency contracts through the Group's Treasury function. Certain operating units apply cash flow hedge accounting in accordance with IFRS 9. The Group does not engage in any speculative foreign exchange transactions.

The Group has material foreign investments in the US, Australia, Canada, Europe, South America and South Africa. In respect of translational risk, the Group has historically had a policy of partially hedging its net investment exposure to US Dollar (US\$), Australian Dollar (AUD), Euro (EUR) and South African Rand (ZAR) denominated subsidiaries. During the year, the Group simplified its legal entity structure to remove the requirement to risk manage net investment exposure to Australia Dollar (AUD) and South African Rand (ZAR). The Group's exposure to US Dollar (US\$) remains partially hedged. This is achieved through designating an element of US\$ denominated borrowings and forward currency contracts as net investment hedges against the Group's investments. The Group does not hedge the translational exposure arising from profit and loss items.

Sensitivity to foreign exchange rates

The Group considers the most significant transactional foreign exchange risk relates to the Canadian Dollar, US Dollar, Chinese Yuan and South African Rand. The following table shows the impact of movements in derivative valuation as a result of a weakening of these currencies. In the Consolidated Income Statement, these amounts are partially offset by the retranslation of foreign currency denominated receivables and payables.

Transactional foreign exchange	Increase in currency rate	Effect on profit gain (loss) £m	Effect on equity gain (loss) £m
2021			
Canadian Dollar	+25%	(26.1)	–
US Dollar	+25%	14.7	210.2
Chinese Yuan	+25%	(6.1)	–
South African Rand	+25%	5.2	–
2020			
Australian Dollar	+25%	(2.9)	17.9
Canadian Dollar	+25%	(32.3)	–
Euro	+25%	(1.5)	3.8
US Dollar	+25%	7.5	96.0

The Group is also exposed to translational foreign exchange risk as a result of its global operations and therefore the earnings of the Group will fluctuate due to changes in foreign exchange rates in relation to Sterling. The Group's operating profit before adjusting items from continuing operations was denominated in the following currencies.

	2021 £m	Restated (note 2) 2020 £m
US Dollar	131.1	161.5
Australian Dollar	51.2	20.3
Canadian Dollar	44.8	52.8
Chilean Peso	40.3	42.3
Euro	27.4	40.4
South African Rand	9.1	3.2
Brazilian Real	6.7	6.3
Chinese Yuan	6.0	7.5
Indian Rupee	4.5	7.3
Russian Rouble	–	4.8
UK Sterling	(27.4)	(55.4)
Other	2.5	7.6
Adjusted operating profit	296.2	298.6

ii) Interest rate risk

The Group is exposed to interest rate risk on its outstanding borrowings. Changes in interest rates will affect future interest cash flows on floating-rate debt and the fair value of fixed-rate borrowings.

The earnings of the Group are sensitive to changes in interest rates in respect of floating-rate borrowings. As at 31 December 2021, 0% (2020: 54%) of the Group's borrowings were at floating interest rates. There is no significant risk from Interest Rate Benchmark Reform. Economically equivalent rates are in use where relevant. The interest rate profile of the Group's interest-bearing borrowings was as follows.

	2021			2020		
	Floating-rate £m	Fixed-rate £m	Total £m	Floating-rate £m	Fixed-rate £m	Total £m
US Dollar	–	(1,174.7)	(1,174.7)	(153.9)	(578.7)	(732.6)
UK Sterling	–	–	–	(520.0)	–	(520.0)

NOTES TO THE GROUP FINANCIAL STATEMENTS

CONTINUED

29. FINANCIAL INSTRUMENTS continued

Sensitivity to interest rates

Based on borrowings at 31 December 2021, a 1% increase in interest rates would have a £nil (2020: £6.7m) impact on the profit before tax and amortisation of the Group. This assumes that the change in interest rates is effective from the beginning of the period and that all other variables are constant throughout the period.

Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its financial liabilities as they fall due.

Liquidity risk is managed by monitoring forecast and actual cash flows and ensuring that sufficient committed facilities are in place to meet possible downside scenarios. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of fixed-rate loan notes, bank loans, commercial paper and bank overdrafts. Further details of the Group's borrowing facilities are disclosed in note 19.

The tables below show only the financial liabilities of the Total Group by maturity. The amounts disclosed in the table are undiscounted cash flows and may therefore not agree to the amounts disclosed in the Consolidated Balance Sheet.

The Group manages its liquidity to ensure that it always has sufficient funding to grow the business and is able to meet its obligations as they fall due.

Year ended 31 December 2021 Total Group	Less than 1 year £m	1 to 2 years £m	2 to 5 years £m	More than 5 years £m	Total £m
Forward foreign currency contracts – net outflow	(3.9)	0.1	–	–	(3.8)
Cash flows relating to derivative financial liabilities	(3.9)	0.1	–	–	(3.8)
Trade & other payables excluding statutory liabilities & deferred income	(415.0)	–	–	–	(415.0)
Leases	(28.4)	(24.8)	(44.2)	(28.9)	(126.3)
Bank overdrafts & short-term borrowings	(64.4)	–	–	–	(64.4)
Fixed-rate notes	(464.6)	(164.0)	(623.6)	–	(1,252.2)
Cash flows relating to non-derivative financial liabilities	(972.4)	(188.8)	(667.8)	(28.9)	(1,857.9)
	(976.3)	(188.7)	(667.8)	(28.9)	(1,861.7)

Year ended 31 December 2020 Total Group	Less than 1 year £m	1 to 2 years £m	2 to 5 years £m	More than 5 years £m	Total £m
Forward foreign currency contracts – net outflow	(1.4)	0.4	0.1	–	(0.9)
Cash flows relating to derivative financial liabilities	(1.4)	0.4	0.1	–	(0.9)
Trade & other payables excluding statutory liabilities & deferred income	(409.6)	(0.3)	–	–	(409.9)
Leases	(29.5)	(23.5)	(41.4)	(30.5)	(124.9)
Bank overdrafts & short-term borrowings	(0.6)	–	–	–	(0.6)
Bank loans	(12.8)	(208.6)	(478.2)	–	(699.6)
Fixed-rate notes	(24.8)	(447.8)	(149.7)	–	(622.3)
Cash flows relating to non-derivative financial liabilities	(477.3)	(680.2)	(669.3)	(30.5)	(1,857.3)
	(478.7)	(679.8)	(669.2)	(30.5)	(1,858.2)

Credit risk

The Group is exposed to credit risk to the extent of non-payment by either its customers or the counterparties to its derivative financial instruments.

The Group's credit risk is primarily attributable to its trade receivables with risk spread over a large number of countries and customers, with no significant concentration of risk. Where appropriate, the Group endeavours to minimise risk by the use of trade finance instruments such as letters of credit and insurance. In addition, applicable credit worthiness checks are undertaken with external credit rating agencies before entering into contracts with customers and credit limits are set as appropriate and enforced. As shown in note 17, the trade receivables presented in the balance sheet are net of the expected credit loss allowance. Refer to those notes for detail of the loss allowance calculation.

In certain circumstances, operating entities are permitted to make use of invoice discounting facilities, including customer supply chain financing arrangements, to reduce counterparty credit risk. The arrangements are assessed to ensure the entity has transferred substantially all the risks and rewards of ownership of the receivables, allowing the derecognition of the receivables in their entirety. The cash when received is recognised as a working capital movement and presented in cash generated from operations. The total amount of receivable invoices discounted at the year end and therefore derecognised was £18.5m (2020: £6.5m) and this is reflected in the working capital cash flows section of note 25. The fees incurred as part of the invoice discounting programme are as shown in note 6.

The Group's exposure to the credit risk of financial instruments is limited by the adherence to counterparty credit limits, and by only trading with counterparties that have an investment grade credit rating or better at contract inception, based upon ratings provided by the major credit rating agencies. Exposures to those counterparties are regularly reviewed and, when the market view of a counterparty's credit quality changes, adjusted as considered appropriate.

The maximum exposure to credit risk is equal to the carrying value of the financial assets of the Group.

30. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains robust capital ratios in order to support its business and maximise Shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to Shareholders, return capital to Shareholders or issue new shares. The Group's banking arrangements include bi-annual financial covenants based on adjusted net debt to EBITDA (not greater than 3.5) and adjusted interest cover (not less than 3.5). The Group has complied with these covenants throughout the reporting period and monitors capital using the following indicators.

Net debt to EBITDA cover – covenant basis

Net debt to EBITDA comprises net debt divided by operating profits from total operations before exceptional and other adjusting items, intangibles amortisation, depreciation and excluding the impact of IFRS 16 'Leases'.

For the purposes of the covenants required by the Group's lenders, the net debt is to be converted at the exchange rate used in the preparation of the Group's Consolidated Income Statement and Consolidated Cash Flow Statement, i.e. average rate. In addition, results of businesses acquired in the financial year have to be included as if the acquisitions occurred at the start of the financial year, while the results of businesses disposed of in the year are to be excluded. During the year, the Group acquired Motion Metrics and the impact is reflected below. Given the disposal of the Oil & Gas Division completed during the year, its results are excluded.

The Group considers that the ratio of covenant basis net debt to EBITDA is the key metric from a capital management perspective. As announced in the 2020 Annual Report, following the announcement of the Oil & Gas disposal, the Group will seek to maintain the ratio between 0.5 to 1.5 times, with up to 2.0 times for acquisitions.

	2021	Restated (note 2) 2020
Net debt at average exchange rates (£m)	646.4	913.1
Adjusted EBITDA from continued operations (note 2) (£m)	372.1	375.4
Adjusted EBITDA from discontinued operations (£m)	–	1.8
Adjustment for IFRS 16 (£m)	(31.3)	(50.4)
Adjustment for Motion Metrics acquisition (£m)	(3.2)	–
Adjusted EBITDA – covenant basis (£m)	337.6	326.8
Net debt to adjusted EBITDA cover (ratio)	1.9	2.8

Interest cover – covenant basis

Interest cover comprises adjusted operating profit from total operations divided by adjusted net finance costs (excluding other finance costs) and excluding the impact of IFRS 16 'Leases'.

	2021	Restated (note 2) 2020
Adjusted EBITA from continuing operations (note 2) (£m)	301.5	303.2
Adjusted EBITA from discontinued operations (£m)	–	(20.6)
Adjustment to exclude the impact of IFRS 16 (£m)	(3.7)	(8.5)
Adjustment for Motion Metrics acquisition (£m)	(3.0)	–
Operating profit – covenant basis (£m)	294.8	274.1
Adjusted net finance costs (excluding other finance costs) - covenant basis (£m)	40.2	42.4
Interest cover (ratio) – covenant basis	7.3	6.5

Gearing ratio

Gearing comprises net debt divided by total equity. Net debt comprises cash & short-term deposits and interest-bearing loans & borrowings (note 25).

	2021	Restated (note 2) 2020
Net debt (£m)	771.8	1,051.4
Total equity (£m)	1,454.5	1,306.9
Gearing ratio (%)	53.1	80.4

NOTES TO THE GROUP FINANCIAL STATEMENTS

CONTINUED

31. EXCHANGE RATES

The principal exchange rates applied in the preparation of these financial statements were as follows.

Average rate (per £)	2021	2020
US Dollar	1.38	1.28
Australian Dollar	1.83	1.86
Euro	1.16	1.13
Canadian Dollar	1.73	1.72
Chilean Peso	1,043.54	1,015.14
South African Rand	20.34	21.06
Brazilian Real	7.42	6.61
Russian Rouble	101.45	92.76
Chinese Yuan	8.88	8.86
Indian Rupee	101.70	95.12
Closing rate (per £)	2021	2020
US Dollar	1.35	1.37
Australian Dollar	1.86	1.77
Euro	1.19	1.12
Canadian Dollar	1.71	1.74
Chilean Peso	1,153.18	970.26
South African Rand	21.57	20.04
Brazilian Real	7.54	7.10
Russian Rouble	101.62	101.33
Chinese Yuan	8.60	8.92
Indian Rupee	100.66	99.76

32. EVENTS AFTER THE BALANCE SHEET DATE

Following the Russian invasion of Ukraine on 24 February 2022, there exists uncertainty about the Group's ability to recover assets in Russia and Ukraine, and to continue to trade with customers in those countries. Net assets across the two countries are c.2% of the total Group and revenues and operating profits are less than 5% of the total Group. Given the small scale of these operations relative to the overall Group we do not consider this event to have any bearing on the Group's ability to continue as a going concern or the Group's longer-term viability.

COMPANY BALANCE SHEET

AT 31 DECEMBER 2021

	Notes	31 December 2021 £m	Restated (note 1) 31 December 2020 £m
ASSETS			
Non-current assets			
Intangible assets	3	0.4	0.5
Property, plant & equipment	4	10.7	11.4
Investments in subsidiaries & loans	5	3,848.5	3,890.6
Deferred tax assets	6	14.1	26.5
Trade & other receivables	7	34.4	37.0
Derivative financial instruments	9	0.2	0.1
Total non-current assets		3,908.3	3,966.1
Current assets			
Trade & other receivables	7	101.3	96.0
Derivative financial instruments	9	11.1	22.9
Cash & short-term deposits		192.4	39.6
Total current assets		304.8	158.5
Total assets		4,213.1	4,124.6
LIABILITIES			
Current liabilities			
Trade & other payables	10	1,486.7	1,238.7
Derivative financial instruments	9	9.6	27.4
Provisions	12	0.6	4.2
Total current liabilities		1,496.9	1,270.3
Non-current liabilities			
Interest-bearing loans & borrowings	11	1,309.8	1,365.1
Derivative financial instruments	9	0.2	0.1
Retirement benefit plan deficits	8	13.4	95.8
Total non-current liabilities		1,323.4	1,461.0
Total liabilities		2,820.3	2,731.3
NET ASSETS		1,392.8	1,393.3
CAPITAL & RESERVES			
Share capital	13	32.5	32.5
Share premium		582.3	582.3
Merger reserve	13	332.6	332.6
Treasury shares	13	(5.3)	(6.8)
Capital redemption reserve	13	0.5	0.5
Special reserve	13	1.8	1.8
Retained earnings		448.4	450.4
TOTAL EQUITY		1,392.8	1,393.3

In accordance with the concession granted under section 408 of the Companies Act 2006, the Income Statement and Statement of Comprehensive Income of the Company have not been separately presented in these financial statements. The loss of the company was £28.2m (2020: restated profit of £163.6m).

The financial statements on pages 225 to 240 were approved by the Board of Directors on 2 March 2022.



JON STANTON
Director



JOHN HEASLEY
Director

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital £m	Share premium £m	Merger reserve £m	Treasury shares £m	Capital redemption reserve £m	Special reserve £m	Retained earnings £m	Total equity £m
At 31 December 2019	32.5	582.3	332.6	(0.5)	0.5	1.8	305.3	1,254.5
Restated profit for the year	–	–	–	–	–	–	163.6	163.6
Remeasurements on defined benefit plans	–	–	–	–	–	–	(30.1)	(30.1)
Tax relating to other comprehensive expense	–	–	–	–	–	–	5.7	5.7
Total net comprehensive income for the year	–	–	–	–	–	–	139.2	139.2
Cost of share-based payments inclusive of tax credit	–	–	–	–	–	–	10.5	10.5
Purchase of shares for employee share plans	–	–	–	(10.9)	–	–	–	(10.9)
Exercise of share-based payments	–	–	–	4.6	–	–	(4.6)	–
At 31 December 2020	32.5	582.3	332.6	(6.8)	0.5	1.8	450.4	1,393.3
At 31 December 2020 as originally presented	32.5	582.3	332.6	(6.8)	0.5	1.8	451.5	1,394.4
Restatement (note 1)	–	–	–	–	–	–	(1.1)	(1.1)
Restated at 31 December 2020	32.5	582.3	332.6	(6.8)	0.5	1.8	450.4	1,393.3
Loss for the year	–	–	–	–	–	–	(28.2)	(28.2)
Remeasurements on defined benefit plans	–	–	–	–	–	–	79.5	79.5
Other movements	–	–	–	–	–	–	(0.1)	(0.1)
Tax relating to other comprehensive expense	–	–	–	–	–	–	(17.1)	(17.1)
Total net comprehensive income for the year	–	–	–	–	–	–	34.1	34.1
Cost of share-based payments inclusive of tax charge	–	–	–	–	–	–	10.2	10.2
Dividends (note 2)	–	–	–	–	–	–	(29.8)	(29.8)
Purchase of shares for employee share plans	–	–	–	(15.0)	–	–	–	(15.0)
Exercise of share-based payments	–	–	–	16.5	–	–	(16.5)	–
At 31 December 2021	32.5	582.3	332.6	(5.3)	0.5	1.8	448.4	1,392.8

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Authorisation of financial statements and statement of compliance

The company financial statements of The Weir Group PLC (the 'Company') for the year ended 31 December 2021 ('2021') were approved and authorised for issue in accordance with a resolution of the Directors on 2 March 2022. The comparative information is presented for the year ended 31 December 2020 ('2020').

The Weir Group PLC is a public limited company limited by shares and incorporated in Scotland, United Kingdom and is listed on the London Stock Exchange.

The company financial statements of The Weir Group PLC have been prepared on a going concern basis under the historic cost convention and in accordance with FRS 101 and applied in accordance with the provisions of the Companies Act 2006. The following disclosure exemptions from the requirements of IFRS have been consistently applied in the preparation of these financial statements, in accordance with FRS 101:

- i) Disclosures required by paragraphs 45(b) and 46-52 of IFRS 2 'Share-based payment' can be found in note 27 to the Group financial statements;
- ii) IFRS 7 'Financial Instruments: Disclosures' exemption has been taken as a result of the disclosures in note 29 to the Group financial statements;
- iii) IAS 7 'Statement of cash flows';
- iv) Disclosure of key management compensation as required by paragraph 17 of IAS 24 'Related party disclosures';
- v) Disclosure of related party transactions with wholly owned subsidiaries as required by IAS 24 'Related party disclosures';
- vi) Paragraph 38 of IAS 1 'Presentation of financial statements' comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1; paragraph 73(e) of IAS 16 'Property, plant & equipment'; and paragraph 118(e) of IAS 38 'Intangible assets';
- vii) Paragraph 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and paragraphs 134-136, of IAS 1 'Presentation of financial statements'; and
- viii) Paragraphs 52 and 58 of IFRS 16 'Leases'.

The Company is the parent of The Weir Group PLC. Its principal activity is to act as a holding company for the Group and perform the head office function.

The accounting policies which follow are consistent with those of the previous period with the exception of the following standards, amendments and interpretations which are effective for the year ended 31 December 2021:

- i) Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16;

The Company has applied the practical expedient to changes to interest rates resulting from IBOR reform. In all circumstances the replacement of IBOR with an economically equivalent rate has resulted in a change in the effective interest rate for the liability affected. These changes have had no impact on the Company Income Statement for the period.

- ii) IFRS 16 Covid-19 Related Rent Concessions Amendment; and

On 31 March 2021 the IASB published a further amendment to the May 2020 practical expedient for lessees. The expedient provided lessees with relief from assessing whether a rent concession in relation to Covid-19 is a lease modification. The 2020 amendment stated that any reduction in lease payments affected only payments due on or before 30 June 2021. The March 2021 amendment extends the scope of the exemption to 30 June 2022. There was no impact on the Company in the current or prior year.

- iii) IFRIC IC – Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 'Intangible Assets').

The Company has revised its accounting policy in relation to Software as a Service (SaaS) and related configuration and customisation costs in response to the IFRIC configuration or customisation costs in a cloud computing arrangement (April 2021) agenda decision which clarified the interpretation of the current accounting standard. SaaS arrangements provide the Company access to software via payment of a subscription.

Under the new guidance these contracts are service contracts and the expense is recognised in the Income Statement when the service is received. The costs related to implementing the software are split into those which configure the software and those which generate a separate asset controlled by the Company. The configuration costs are expensed to the Income Statement when the service is received. Any expenditure resulting in a separate intangible asset is capitalised in accordance with the current Company policy as stated below.

The Company's previous accounting policy has been to capitalise SaaS arrangements and related customisation and configuration costs as intangible assets. In response to this agenda decision the Company has completed a review of the costs which are no longer eligible to be capitalised as intangible assets and this has resulted in a reclassification to operating expenditure and the reversal of previously accumulated amortisation. This policy has been applied retrospectively in accordance with IAS 8 resulting in reclassifications in the prior year financial statements, with further details provided below.

The following new accounting standards and interpretations have been published but are not mandatory for 31 December 2021:

- i) Narrow scope amendments to IFRS 3, IAS 16, IAS 37 and annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;
- ii) Amendments to IAS 1, 'Presentation of financial statements' on classification of liabilities;
- iii) Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;
- iv) Amendments to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction; and
- v) IFRS 17 'Insurance contracts'.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

CONTINUED

1. ACCOUNTING POLICIES continued

These amendments have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods or on foreseeable future transactions.

Prior Period Restatement

All primary statements have been restated to retrospectively apply the voluntary change in accounting policy for Software as a Service as discussed above. The directly impacted financial statement line items in the Balance Sheet are shown below, with the impact in 2020 reflected in the Statement of Changes in Equity. There was no impact on the 2019 Balance Sheet or Statement of Changes in Equity.

Restated Company Balance Sheet (extract) at 31 December 2020	Notes	As previously reported £m	SaaS adjustment £m	31 December 2020 restated £m
Non-current assets				
Intangible assets	3	1.8	(1.3)	0.5
Current assets				
Trade & other receivables	7	95.8	0.2	96.0
CAPITAL & RESERVES				
31 December 2020 restatement		1,394.4	(1.1)	1,393.3
Retained earnings		451.5	(1.1)	450.4

Use of estimates and judgements

The Company's significant accounting policies are set out below. The preparation of the Company Financial Statements, in conformity with FRS 101, requires management to make judgements that affect the application of accounting policies and estimates that impact the reported amounts of assets, liabilities, income and expense.

Management bases these judgements and estimates on a combination of past experience, professional expert advice and other evidence that is relevant to each individual circumstance. Actual results may differ from these judgements and estimates, which are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The area where management considers the more complex estimates are required is in respect of retirement benefits. The assumptions underlying the valuation of retirement benefit assets and liabilities include discount rates, inflation rates and mortality assumptions which are based on actuarial advice. Changes in these assumptions could have a material impact on the measurement of the Company's retirement benefit obligations. Sensitivities to changes in key assumptions are provided in note 8.

Foreign currency translation

The presentational and functional currency of the Company is Sterling. Transactions denominated in foreign currencies are translated into the Company's functional currency at the exchange rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate ruling on the balance sheet date. Currency translation differences are recognised in the Income Statement.

Revenue recognition

Revenue is the consideration received or receivable which reflects the amount expected to be received, mainly the transaction price. Revenue will only be recognised when the fulfilment of performance obligations is achieved. Revenue mainly relates to transactions with other entities within the Group, primarily in relation to management recharges.

Property, plant & equipment

Property, plant & equipment comprises owned assets and right-of-use assets that do not meet the definition of investment property.

i. Owned assets

Owned property, plant & equipment is stated at cost less accumulated depreciation and any recognised impairment losses. Depreciation of property, plant & equipment is provided on a straight-line basis so as to charge the cost less residual value, to the Income Statement over the expected useful life of the asset concerned, and is in the following ranges:

Long leasehold land & buildings	20 years
Office & computer equipment	3 – 10 years

ii. Right-of-use asset and lease liability

At inception of a contract, the Company assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether it has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset throughout the period of use.

The Company recognises a lease liability and right-of-use asset at the lease commencement date.

The lease liability is initially measured as the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or where the interest rate implicit in the lease cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments consist of the following components:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option (if the lessee is reasonably certain to exercise that option); and
- payments of penalties for terminating the lease (if the lease term reflects the lessee exercising the option to terminate the lease).

The Company's incremental borrowing rate is calculated by taking the Government borrowing rate in any given currency and adding the estimated Company credit spreads for a variety of tenors. An interpolation is performed to obtain one rate for each of the major lease currencies based on the weighted average life of the lease book.

The right-of-use asset is measured as equal to the lease liability and adjusted for:

- lease payments made to the lessor at or before the commencement date;
- lease incentives received;
- initial direct costs associated with the lease; and
- an initial estimate of restoration costs.

The right-of-use asset is depreciated using the straight-line method over the lease term. In addition, the right-of-use asset is periodically reduced by any impairment losses.

The Company has adopted the exemption available for low value assets, with payments being recognised on a straight-line basis over the lease term. Leases relating to laptops, desktop computers, mobile phones, photocopiers, printers and other office equipment, where the asset value is less than £3,500 or the local currency equivalent have been treated as 'low value'. Where the lease contract meets both 'short-term' and 'low value' exemptions, the lease is reported within expenses relating to short-term leases.

For each lease, the lease term has been calculated as the non-cancellable period of the lease contract, except where the Company is reasonably certain that it will exercise contractual extension options. In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Company shall consider all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. In certain circumstances the Company will refer to the five-year strategic plan period as an appropriate period to consider whether the 'reasonably certain' criteria are met.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and any recognised impairment losses.

The expected useful lives of acquired intangible assets are as follows:

Purchased software 4 – 8 years

Software as a Service (SaaS) arrangements provide the Company with the right to access cloud based software applications over a contractual period. The software remains the intellectual property of the developer and as a result the Company does not recognise an intangible asset in relation to subscription fees and costs incurred to customise or configure the software. The related costs are recognised in the Income Statement when the service is received.

Costs incurred to enhance or develop an existing intangible asset or develop new software code which meet the definition and recognition criteria of an intangible asset are capitalised as intangible software assets. Amortisation is recognised over the expected useful life of the software.

Investments

Investments in subsidiaries are held at cost less accumulated impairment losses.

Loans are carried at amortised cost using the effective interest method.

Impairment of non-current assets

All non-current assets are tested for impairment whenever events or circumstances indicate that their carrying values might be impaired such as a significant change in the market or a deviation from budget in the year.

An impairment loss is recognised to the extent that an asset's carrying value exceeds its recoverable amount, which represents the higher of the asset's fair value less costs to sell and its value in use. An asset's value in use represents the present value of the future cash flows expected to be derived from the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is conducted for the cash generating unit to which it belongs. The value in use calculation is based on discounted cash flows from the board approved Budget and Strategic plan prepared in the final quarter of 2021 and first quarter of 2022. Cash flows beyond the five-year period are extrapolated using an estimated growth rate which is appropriate for the geographic location of the asset.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

CONTINUED

1. ACCOUNTING POLICIES continued

Impairment losses are recognised in the Income Statement. Impairment losses recognised in previous periods for an asset other than goodwill are reversed if there has been a change in the estimates used to determine the asset's recoverable amount. The carrying amount of an asset shall not be increased above the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

Post-employment benefits

Post-employment benefits comprise pension benefits provided to certain current and former employees in the UK.

For defined benefit pension plans, the annual service cost is calculated using the projected unit credit method and is recognised over the future service lives of participating employees, in accordance with the advice of qualified actuaries. Current service cost and administration expenses are recognised in operating costs and net interest on net pension liability is recognised in finance costs.

The finance cost recognised in the Income Statement in the period reflects the net interest on the net pension liability. This represents the change in the net pension liability resulting from the passage of time, and is determined by applying the discount rate to the opening net liability, taking into account employer contributions paid into the plan, and hence reducing the net liability, during the period.

Past service costs resulting from enhanced benefits are recognised immediately in the Income Statement. Actuarial gains and losses, which represent differences between interest on the plan assets, experience on the benefit obligation and the effect of changes in actuarial assumptions, are recognised in full in other comprehensive income in the period in which they occur.

The defined benefit liability or asset recognised in the balance sheet comprises the net total for each plan of the present value of the benefit obligation, using a discount rate based on yields at the balance sheet date on appropriate high-quality corporate bonds that have maturity dates approximating the terms of the Company's obligations and are denominated in the currency in which the benefits are expected to be paid, minus the fair value of the plan assets, if any, at the balance sheet date. The balance sheet amount recognised is limited to the present value of economic benefits which the Company expects to recover by way of refunds or a reduction in future contributions. In order to calculate the present value of economic benefits, consideration is also given to any minimum funding requirements.

For defined contribution plans, the cost represents the Company's contributions to the plans and these are charged to the Income Statement in the period in which they fall due.

Share-based payments

Equity settled share-based incentives are provided to employees under the Group's Share Reward Plan (SRP), formerly the Long Term Incentive Plan (LTIP), the Weir ShareBuilder Plan (WSBP) and as a consequence of occasional one-off conditional awards made to employees.

The fair value of SRP awards and one-off conditional awards at the date of the grant is calculated using appropriate option pricing models and the cost is recognised on a straight-line basis over the vesting period. Adjustments are made to reflect expected and actual forfeitures during the vesting period due to failure to satisfy service or performance conditions where applicable. The conditions of the SRP for the Executive Directors which took effect in 2018 are summarised in the Directors' Remuneration Policy, which can be found on the Company's website at www.corporategovernance.weir. The conditions of the SRP for senior management are summarised in note 27 of the Group financial statements.

The fair value of WSBP awards at grant date is calculated as the share price at the date of the grant less an adjustment for loss of reinvestment return on the dividend equivalent. There are no performance conditions attached to these awards but participants who leave the Company prior to vesting lose their right to the awards. The terms of the share awards granted under the WSBP are set out on the plan's website at www.sharebuilder.weir.

Financial assets & liabilities

The Company's principal financial assets and liabilities, other than derivatives, comprise bank overdrafts, short-term borrowings, loans and fixed-rate notes, commercial paper, cash and short-term deposits. The Company also has other financial assets and liabilities such as trade receivables and trade payables which arise directly from its operations.

A financial asset is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss. Under IFRS 9, where the modification is not substantial, the modified cash flows are discounted at the original effective interest rate to determine a revised carrying amount of the liability, with any difference in carrying amount recognised in the Income Statement.

Derivative financial instruments

The Company uses derivative financial instruments, principally forward foreign currency contracts, to reduce its exposure to exchange rate movements. The Company does not hold or issue derivatives for speculative or trading purposes.

Derivative financial instruments are recognised as assets or liabilities measured at their fair values at the balance sheet date. The fair value of forward foreign currency contracts is calculated as the present value of the estimated future cash flows based on spot and forward foreign exchange rates. The fair value of interest rate swaps and cross-currency swaps is calculated as the present value of the estimated future cash flows based on interest rate curves, spot foreign exchange rates and counterparty and own credit risk. Changes in their fair values have been recognised in the Income Statement and presented within operating profit or finance costs dependent on their nature.

Treasury shares

The Weir Group PLC shares held by the Company, or those held in Trust, are classified in Shareholders' equity as treasury shares and are recognised at cost. Consideration received for the sale of such shares is also recognised in equity, with any difference between the proceeds from sale and the original cost being taken directly to revenue reserves. No gain or loss is recognised in the total comprehensive income on the purchase, sale, issue or cancellation of equity shares.

Taxation

Current tax is the amount of tax payable or recoverable in respect of the taxable profit or loss for the period.

Deferred tax liabilities represent tax payable in future periods in respect of taxable temporary differences. Deferred tax assets represent tax recoverable in future periods in respect of deductible temporary differences, the carry forward of unutilised tax losses and the carry forward of unused tax credits. Deferred tax is measured on an undiscounted basis using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax is recognised on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base with the following exceptions:

- i) deferred tax is provided on temporary differences arising on investments in subsidiaries and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future; and
- ii) a deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Current and deferred tax is recognised in the Income Statement except if it relates to an item recognised directly in equity, in which case it is recognised directly in equity.

2. PROFIT ATTRIBUTABLE TO THE COMPANY

The loss dealt with in the accounts of the Company was £28.2m (2020: restated profit of £163.6m). The corporate tax credit dealt with in the accounts of the Company was £6.2m (2020: £2.6m).

	2021 £m	2020 £m
Dividends paid & proposed		
Declared & paid during the period		
Equity dividends on ordinary shares		
Final dividend for 2020: 0.00p (2019: 0.00p)	–	–
Interim dividend for 2021: 11.50p (2020: 0.00p)	29.8	–
	29.8	–
Proposed for approval by Shareholders at the Annual General Meeting		
Final dividend for 2021: 12.30p (2020: 0.00p)	31.9	–

The current year dividend is in line with the Group's capital allocation policy announced in the 2020 Annual Report and Financial Statements, under which the Group intends to distribute 33% of net adjusted earnings by way of dividend. As a result the Group's dividend cover in 2021 is 3.0 times. In response to the Covid-19 pandemic, the Board did not propose an interim or final dividend for 2020.

The proposed dividend is based on the number of shares in issue, excluding treasury shares held, at the date that the financial statements were approved and authorised for issue. The final dividend may differ due to increases or decreases in the number of shares in issue between the date of approval of this Annual Report and Financial Statements and the record date for the final dividend.

	2021 £m	2020 £m
Employee benefits expense		
Wages & salaries	25.8	17.6
Social security costs	3.6	2.7
Defined contribution plans	0.7	0.7
Share-based payments – equity settled transactions	10.9	9.3
	41.0	30.3

During 2021, the average number of people employed by the Company was 280 (2020: 239).

Directors

Details of Directors' remuneration, benefits and LTIP awards are included in the Remuneration Report on pages 121 to 145, and in note 28 to the Group Consolidated Financial Statements.

Auditors' remuneration

The total fees payable by the Company to PricewaterhouseCoopers LLP (PwC) for work performed in respect of the audit of the Company were £24,675 (2020: £23,500). Fees paid to PwC for non-audit services to the Company itself are not disclosed in these accounts as the Group's Consolidated Financial Statements, in which the Company is included, are required to disclose such fees on a consolidated basis.

Fees payable by the Company to Ernst & Young LLP for work performed in respect of the audit of the pension scheme were £39,200 (2020: £39,800).

NOTES TO THE COMPANY FINANCIAL STATEMENTS

CONTINUED

3. INTANGIBLE ASSETS

	Purchased software total £m
Cost	
At 31 December 2020 (restated note 1)	0.6
Disposals	(0.4)
Reclassifications to property, plant & equipment (note 4)	0.5
At 31 December 2021	0.7
Accumulated amortisation	
At 31 December 2020 (restated note 1)	0.1
Charge for the year	0.2
At 31 December 2021	0.3
Net book value at 31 December 2020 (restated note 1)	0.5
Net book value at 31 December 2021	0.4

4. PROPERTY, PLANT & EQUIPMENT

	Owned long leasehold land & buildings £m	Owned office & computer equipment £m	Right-of-use land & buildings £m	Right-of-use plant & equipment £m	Total £m
Cost					
At 31 December 2020	3.7	2.0	8.8	0.2	14.7
Additions	–	0.8	–	–	0.8
Reclassifications from intangible assets (note 3)	–	(0.5)	–	–	(0.5)
At 31 December 2021	3.7	2.3	8.8	0.2	15.0
Accumulated depreciation					
At 31 December 2020	0.9	0.6	1.7	0.1	3.3
Charge for the year	0.2	0.3	0.5	–	1.0
At 31 December 2021	1.1	0.9	2.2	0.1	4.3
Net book value at 31 December 2020	2.8	1.4	7.1	0.1	11.4
Net book value at 31 December 2021	2.6	1.4	6.6	0.1	10.7

Right-of-use assets

The Company leases buildings, a vehicle and IT equipment. The current and non-current lease liabilities are disclosed in note 11. The following table shows the breakdown of the lease expense between amounts charged to operating profit and amounts charged to finance costs in the year.

	2021 £m	2020 £m
Depreciation of right-of-use assets	0.5	0.9
Income from sub-leasing right-of-use assets	–	(0.3)
Charge to operating profit	0.5	0.6
Finance cost – interest expense related to lease liabilities	0.2	0.2
Charge to profit before tax	0.7	0.8

The total cash outflow in the year is £0.8m (2020: £0.9m).

5. INVESTMENTS IN SUBSIDIARIES & LOANS

	Subsidiaries shares £m	Loans £m	Total £m
Cost			
At 31 December 2020	3,828.6	1,378.8	5,207.4
Additions	557.8	639.1	1,196.9
Settlement	–	(816.8)	(816.8)
Exchange	–	17.4	17.4
At 31 December 2021	4,386.4	1,218.5	5,604.9
Impairment			
At 31 December 2020	1,312.3	4.5	1,316.8
Impairment	439.6	–	439.6
At 31 December 2021	1,751.9	4.5	1,756.4
Net book value at 31 December 2020	2,516.3	1,374.3	3,890.6
Net book value at 31 December 2021	2,634.5	1,214.0	3,848.5

The subsidiaries and joint ventures of the Company are listed on pages 241 to 247.

During 2021, the Company carried out a corporate restructure for internal financing purposes. This resulted in a series of equity investments into existing subsidiaries of £557.8m, changes to certain intercompany loans and preference share arrangements, and led to dividends being received. Following completion of this restructuring, the Company carried out an impairment review of its investments and subsequently recorded impairments totalling £439.6m which broadly reflect the dividends received as part of the restructuring exercise which totalled £434.9m.

The loan balances above are amounts owed by subsidiaries and represent short to long-term funding arrangements under term or cash management loans. Additions and settlements are movements on these loan facilities due to changes in individual subsidiary funding requirements.

Over the term of the loans, the Company accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. The majority of the Company's loans are repayable on demand by the Company. In calculating the expected credit loss allowance of repayable on demand loans, the Company considers the financial position and internal forecasts of each subsidiary and their ability to repay on request, or over time. For those loans repayable on maturity, expected credit losses are calculated using market-implied probabilities of default and loss-given-default estimations.

The Company considers the probability of default upon initial recognition of an asset and subsequently whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The primary indicators considered are actual or expected significant adverse changes in business and financial conditions that are expected to cause a significant change to the borrower's ability to meet its obligations.

Independent of the primary indicators above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is considered to occur when the counterparty fails to make contractual payments within 90 days of when they fall due. A write-off is considered to be required when there is no reasonable expectation of recovery, or when a debtor fails to make contractual payments greater than 120 days past due. Where loans or receivables have been written-off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in the Income Statement.

As at 31 December 2021 and 31 December 2020, the loss allowances for all loans to subsidiaries were measured at an amount equal to 12 month expected credit losses.

The carrying value of loans and investments is considered to be supported by the value in use and market capitalisation of the Group.

6. DEFERRED TAX ASSETS

	2021 £m	2020 £m
Deferred income tax assets		
Other timing differences	10.8	8.3
Retirement benefits	3.3	18.2
Deferred income tax assets	14.1	26.5
Deferred income tax assets		
Recoverable after one year	14.1	26.5

Deferred tax assets of £14.1m include £7.9m (2020: £5.6m) recognised in respect of losses suffered in preceding periods. The movement in the year is a direct result of the increase in the deferred tax rate from 19% to 25%. The deferred tax asset has been recognised on the basis that the losses can be carried forward indefinitely and are available to surrender against UK taxable profits of the UK group in the future.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

CONTINUED

7. TRADE & OTHER RECEIVABLES

Trade & other receivables presented as non-current on the face of the Company balance sheet of £34.4m (2020: £37.0m) are in respect of a prepayment recognised as a result of the pension funding partnership structure. Further information pertaining to this arrangement can be found in note 8.

	2021 £m	Restated (note 1) 2020 £m
Amounts recoverable within one year:		
Amounts owed by subsidiaries	62.5	68.4
Tax receivable	23.9	23.5
Other debtors	6.0	1.8
Prepayments & accrued income	8.9	2.3
	101.3	96.0

Amounts owed by subsidiaries relate to management recharges in respect of support services provided. Intercompany balances are typically managed on a Group basis, and the Company's credit risk management practices reflect this. The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all such trade receivables.

The amounts owed by subsidiaries do not carry an interest charge, and it is the Company's expectation that materially all the amounts owed by subsidiaries are fully recoverable over time. Expected credit losses at both 31 December 2021 and 31 December 2020 are therefore immaterial, and there has been no material change to the expected loss allowance during the year.

8. RETIREMENT BENEFITS

At the balance sheet date, the Company has a funded defined benefit plan (the Main Plan) and an unfunded retirement benefit plan for retired Executive Directors. The Company also operates a defined contribution plan, the contributions to which are in addition to those set out below, and are charged directly to the Income Statement. The liabilities of the Company's former Executive Plan, which was previously accounted for on the balance sheet, were transferred in full to an insurer in 2020. The Executive Plan's assets, primarily insurance policies, and liabilities were removed from the Company's balance sheet as at 31 December 2020.

For the defined benefit plans, benefits are related to service and final salary. The Main Plan closed to future accrual of benefits effective from 30 June 2015.

The weighted average duration of the expected benefit payments from the Main Plan is around 16 years.

The current funding target for the Main UK Plan is to maintain assets equal to the value of the accrued benefits. The Main Plan holds two insurance policies which match the liabilities in respect of a significant proportion of deferred and retired pensioners.

The defined benefit plans expose the Company to a number of risks:

i) Uncertainty in benefit payments

The value of the Company's liabilities for the defined benefit plans will ultimately depend on the amount of benefits paid out. This in turn will depend on the level of inflation (for those benefits that are subject to some form of inflation protection) and how long individuals live. This risk is significantly reduced through the insurance policies held.

ii) Volatility in asset values

The Company is exposed to future movements in the values of assets held in the funded defined benefit plans to meet future uninsured benefit payments.

iii) Uncertainty in cash funding

The regulatory framework in the UK requires the Trustees and Company to agree upon the assumptions underlying the funding target, and then to agree upon the necessary contributions required to recover any deficit at the valuation date. There is a risk to the Company that adverse experience could lead to a requirement for the Company to make considerable contributions to recover any deficit. This risk is significantly reduced through the insurance policies held. In addition, the Company is also exposed to adverse changes in pension regulation.

Assumptions

The significant actuarial assumptions used for accounting purposes reflect prevailing market conditions and are as follows.

	2021	2020
Significant actuarial assumptions:		
Discount rate (% pa)	1.9	1.4
Retail Prices Inflation (RPI) assumption (% pa)	3.4	3.0
Post-retirement mortality (life expectancies in years):		
Current pensioners at 65 – male	21.6	21.3
Current pensioners at 65 – female	23.4	23.2
Future pensioners at 65 – male	22.9	22.6
Future pensioners at 65 – female	24.9	24.8
Other related actuarial assumptions:		
Rate of increases for pensions in payment (% pa)		
Pre 6 April 2006 service	3.2	2.9
Post 5 April 2006 service	2.1	2.1
Consumer Prices Inflation (CPI) assumption (% pa)	2.6	2.1

The assumptions used to determine end-of-year benefit obligations are also used to calculate the following year's cost.

The post-retirement mortality assumptions allow for expected increases in longevity. The 'current' disclosures above relate to assumptions based on longevity (in years) following retirement at the balance sheet date, with 'future' being that relating to a member retiring in 2042 (in 20 years time). No specific allowance has been made in the mortality assumptions for the potential impact of Covid-19.

The assets and liabilities of the plans are as follows.

	2021 £m	2020 £m
Plan assets at fair value:		
Equities (quoted)	207.7	211.2
Diversified Growth Funds (c. 40% quoted)	70.1	65.1
Corporate bonds (quoted)	44.4	45.1
Government bonds (quoted)	106.8	102.6
Insurance policies (unquoted)	293.2	330.4
Private debt (unquoted)	44.5	26.3
Multi Asset Credit Funds (quoted)	39.7	39.3
Cash (quoted)	10.4	11.3
Fair value of plan assets	816.8	831.3
Present value of funded obligations	(828.9)	(925.7)
Net funded obligations	(12.1)	(94.4)
Present value of unfunded obligations	(1.3)	(1.4)
Net liability	(13.4)	(95.8)
Plans in deficit	(13.4)	(95.8)

Of the Government bonds held at 31 December 2021, 34% are fixed interest bonds. The pension plans have not directly invested in any of the Company's own financial instruments, or in properties or other assets used by the Company.

The investment strategy for the UK is to hold equities and other return-seeking assets such as Diversified Growth Funds and a mixture of bonds to meet the assessed value of the benefits promised for the non-insured deferred pensioners. For the remaining deferred pensioners and the bulk of pensioners currently receiving their benefit, the liabilities are backed by insurance policies and suitable bonds.

The change in net liabilities recognised in the Company Balance Sheet is comprised as follows.

	2021 £m	2020 £m
Opening net liabilities	(95.8)	(69.3)
Expense charged to the Income Statement	(1.4)	(2.0)
Amount recognised in Statement of Comprehensive Income	79.5	(30.1)
Employer contributions	4.3	5.6
Closing net liabilities	(13.4)	(95.8)

NOTES TO THE COMPANY FINANCIAL STATEMENTS

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8. RETIREMENT BENEFITS continued

The amounts recognised in the Income Statement and in the Statement of Comprehensive Income for the period are analysed as follows.

	2021 £m	2020 £m
Recognised in the Income Statement		
Past service cost	–	(0.6)
Administrative expenses	(0.1)	–
Included in operating profit	(0.1)	(0.6)
Interest on net pension liability	(1.3)	(1.4)
Total expense charged to the Income Statement	(1.4)	(2.0)
Recognised in the Statement of Comprehensive Income		
Actual return on plan assets	14.7	96.2
Less: interest on plan assets	(11.5)	(16.8)
	3.2	79.4
Other actuarial gains (losses) due to:		
Changes in financial assumptions	43.7	(106.6)
Changes in demographic assumptions	(5.0)	(2.9)
Experience on benefit obligations	37.6	–
Actuarial gains (losses) recognised in the Statement of Comprehensive Income	79.5	(30.1)

Past service cost and administration expenses are recognised in operating costs and interest on net pension liability is recognised in other finance costs.

Pension contributions are determined with the advice of independent qualified actuaries on the basis of regular valuations using the projected unit method. The Company made special contributions of £4.3m in 2021 (2020: £5.5m) in addition to the Company's regular contributions.

In 2015, the Company entered into a pension funding partnership structure under which it has contributed interests in a Scottish Limited Partnership ('SLP') for the Main Plan. The Main Plan's interests in the SLP reduce the deficit on a funding basis, although the agreement will not affect the position directly on an FRS 101 accounting basis as the investments held do not qualify as assets for FRS 101 purposes. As a partner in the SLP, the Main Plan is entitled to receive a share of the profits of the SLP once a year for 15 years, subject to conditions being met. The profits to be shared with the Plan will be reflected in the Company's financial statements as a pension contribution.

The latest actuarial funding valuation of the Main Plan as at 31 December 2020 is due to be finalised in 2022. Under the agreed recovery plan, the Company has agreed to contribute £6.2m in each year from 2021 to 2029 inclusive. These contributions are primarily funded by the income payments from the SLP described above. The contributions are subject to an annual review mechanism, and will temporarily cease if the Main Plan's funding level on a funding basis exceeds 105%.

The Trustees of the UK Executive Plan, which was previously consolidated within the Company's accounting figures, entered into a full buy-in transaction with Scottish Widows in 2017. A final balancing premium was paid during 2020, and the responsibility of this Plan is now with the insurer. The Executive Plan was therefore removed from the Company's balance sheet as at 31 December 2020, with £47.1m of liabilities and plan assets being removed as disclosed below.

The Company has taken legal advice regarding its UK arrangements to confirm the accounting treatment under IFRIC 14 with regard to recognition of a surplus and also recognition of a minimum funding requirement. This confirmed that there is no requirement to adjust the balance sheet and that recognition of a current surplus is appropriate on the basis that the Company has an unconditional right to a refund of a current (or projected future) surplus at some point in the future. For the same reason, there is no requirement for the Company to adjust the balance sheet to recognise the future agreed deficit recovery contributions. Having considered the position, taking account of the legal input received and noting that the Trustees of the UK arrangements do not have discretionary powers to unilaterally wind up the schemes without cause, the Directors of the Company have concluded that the Company has an unconditional right to a refund of any surplus.

The total Company contributions for 2022 (including those expected from the SLP) are expected to be £8.2m.

Changes in the present value of the defined benefit obligations are analysed as follows.

	2021 £m	2020 £m
Opening defined benefit obligations	(927.1)	(883.7)
Past service cost	–	(0.6)
Interest on benefit obligations	(12.8)	(18.2)
Benefits paid	33.4	37.8
Actuarial gains (losses) due to:		
Changes in financial assumptions	43.7	(106.6)
Changes in demographic assumptions	(5.0)	(2.9)
Experience on benefit obligations	37.6	–
Liabilities removed due to curtailments/settlements	–	47.1
Closing defined benefit obligations	(830.2)	(927.1)

Changes in the fair value of plan assets are analysed as follows.

	2021 £m	2020 £m
Opening plan assets	831.3	814.4
Interest on plan assets	11.5	16.8
Employer contributions	4.3	5.6
Administrative expenses	(0.1)	–
Benefits paid	(33.4)	(37.8)
Actual return on plan assets less interest on plan assets	3.2	79.4
Assets distributed on settlements	–	(47.1)
Closing plan assets	816.8	831.3

Sensitivity analysis

Changes in key assumptions can have a significant effect on the reported net retirement benefit obligation and the Income Statement expense for 2022. The effects of changes in those assumptions are set out in the table below.

	Increase 2021 £m	Decrease 2021 £m	Increase 2020 £m	Decrease 2020 £m
Discount rate				
Effect on defined benefit obligation of a 1.0% change	119.9	(143.6)	143.2	(173.7)
Effect on net liability of a 1.0% change	93.4	(114.2)	110.4	(136.9)
RPI inflation (and associated assumptions)				
Effect on defined benefit obligation of a 1.0% change	(93.7)	84.6	(103.9)	94.0
Effect on net liability of a 1.0% change	(69.6)	62.1	(75.5)	67.6
Life expectancy				
Effect on defined benefit obligation of a one year change	(38.9)	38.9	(32.5)	32.5
Effect on net liability of a one year change	(21.7)	21.7	(17.7)	17.7

The impact on the net liability is significantly reduced as a result of the insurance policies held. In the absence of such policies, the impact on the net liability would be much closer to the significantly higher impact on the defined benefit obligation shown in the table.

These sensitivities have been calculated to show the movement in the defined benefit obligation and net liability in isolation and assume no other changes in market conditions at the accounting date. In practice, for example, a change in discount rate is unlikely to occur without any movement in the value of the invested (non-insurance policy) assets held by the plans.

9. DERIVATIVE FINANCIAL INSTRUMENTS

	2021 £m	2020 £m
Non-current assets		
Forward foreign currency contracts	0.2	0.1
	0.2	0.1
Current assets		
Forward foreign currency contracts	11.1	22.9
	11.1	22.9
Current liabilities		
Cross-currency swaps	–	(0.9)
Forward foreign currency contracts	(9.6)	(26.5)
	(9.6)	(27.4)
Non-current liabilities		
Forward foreign currency contracts	(0.2)	(0.1)
	(0.2)	(0.1)

The figures in the above table include derivative financial instruments where the counterparty is a subsidiary of The Weir Group PLC.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

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10. TRADE & OTHER PAYABLES

	2021 £m	2020 £m
Bank overdrafts & short-term borrowings	479.0	–
Loans from subsidiaries (note 11)	961.8	1,203.5
Lease liability (note 11)	0.6	0.6
Amounts owed to subsidiaries	5.2	8.3
Other taxes & social security costs	2.1	1.3
Other creditors	13.1	7.3
Accruals & deferred income	24.9	17.7
	1,486.7	1,238.7

11. INTEREST-BEARING LOANS & BORROWINGS

	2021 £m	2020 £m
Amounts due are repayable as follows:		
Less than one year:		
fixed-rate notes	435.9	–
loans from subsidiaries	961.8	1,203.5
lease liability	0.6	0.6
More than one year but not more than two years:		
bank loans	(3.0)	198.9
fixed-rate notes	147.7	432.2
loans from subsidiaries	102.6	110.2
lease liability	0.6	0.6
More than two years but not more than five years:		
bank loans	–	468.8
fixed-rate notes	586.5	146.2
loans from subsidiaries	467.8	–
lease liability	1.9	1.9
More than five years:		
lease liability	5.7	6.3
	2,708.1	2,569.2
Less current instalments due on:		
fixed-rate notes	(435.9)	–
loans from subsidiaries	(961.8)	(1,203.5)
lease liability	(0.6)	(0.6)
	1,309.8	1,365.1

The loans from subsidiaries with a maturity date of less than one year are repayable in 2022 and have an interest rate of 0.1%. The loans for subsidiaries with a maturity date greater than one year and less than two years are repayable in 2023 and have an interest rate of 4.17%. The loans for subsidiaries with a maturity date greater than two years and less than three years are repayable in 2024 and have an interest rate of 2.43%. The loans for subsidiaries with a maturity date greater than four years and less than five years are repayable in 2026 and have an interest rate of 2.85%.

Details of the interest and repayment terms of the bank loans and fixed-rate notes can be found in note 19 to the Group financial statements.

12. PROVISIONS

	Exceptional items £m
At 31 December 2020	4.2
Additions	5.6
Utilised	(8.9)
Released – unutilised	(0.3)
At 31 December 2021	0.6
Current 2021	0.6
Non-current 2021	–
At 31 December 2021	0.6
Current 2020	4.2
Non-current 2020	–
At 31 December 2020	4.2

The provision mainly relates to costs associated with the cyber incident, but also some residual costs relating to the sale of the Oil & Gas Division and the acquisition of Motion Metrics.

13. SHARE CAPITAL & RESERVES

	2021 £m	2020 £m
Allotted, called up & fully paid		
Ordinary shares of 12.5p each	32.5	32.5
	2021 Number million	2020 Number million
Treasury shares		
At the beginning of the year	0.4	–
Purchase of shares in respect of equity settled share-based payments	0.8	1.0
Utilised during the period in respect of equity settled share-based payments	(0.9)	(0.6)
At the end of the year	0.3	0.4
Equity settled share-based payments		
Share awards outstanding at the end of the year	1.7	2.2

Merger reserve

The merger reserve relates to the issue of new equity as part of the consideration paid for an acquisition. Shares issued directly to ESCO Shareholders on 12 July 2018, as part of the total acquisition consideration, qualified for merger relief under Section 612 of the Companies Act 2006 and resulted in an increase to the reserve of £323.2m. The remaining reserve balance of £9.4m relates to shares issued in part consideration for the acquisition of Delta Industrial Valves Inc. during 2015.

Capital redemption reserve

The capital redemption reserve was created by a repurchase and cancellation of own shares during the 53 weeks ended 1 January 1999.

Special reserve

The premium of £1.8m arising on the issue of shares for the acquisition of the entire share capital of Liquid Gas Equipment Limited in 1988 has been credited to a special reserve in accordance with the merger relief provisions of the Companies Act 1985.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

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14. CONTINGENT LIABILITIES & LEGAL CLAIMS

Guarantees

The Company has given guarantees in relation to the bank and other borrowings of certain subsidiary companies amounting to £660.4m (2020: £686.0m) of which £213.5m (2020: £219.0m) was utilised at 31 December 2021. These guarantees are treated as contingent liabilities until it becomes probable they will be called upon. The likelihood of the guarantees being called upon is considered remote.

Legal claims

The Company and certain subsidiaries are, from time to time, parties to legal proceedings and claims which arise in the normal course of business. Provisions have been made where the Directors have assessed that a cash outflow is probable. All other claims are believed to be remote or are not yet ripe.

15. RELATED PARTY DISCLOSURES

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with related parties that are wholly owned by a subsidiary of The Weir Group PLC. The following table provides the total amount of transactions which have been entered into with non-wholly owned related parties for the relevant financial year and outstanding balances at the year end.

Related party		Group charges £m	Amounts due by £m
Weir ABF LP	2021	–	63.3
	2020	–	60.8
Weir Minerals (India) Private Ltd	2021	0.8	0.4
	2020	0.7	0.2
Vulco SA	2021	2.7	0.5
	2020	4.1	0.9

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The description of the Group's financial risk management objectives and policies is provided in note 29 to the Group financial statements.

These financial risk management objectives and policies also apply to the Company.

SUBSIDIARY UNDERTAKINGS

The subsidiary undertakings of the Company as at 31 December 2021 are noted below. Unless otherwise indicated, the Company's shareholdings are held indirectly.

Company Name	Country	Registered Office address	Class name	% of class	Directly Held By PLC*
Aislación Sísmica Perú SA	Peru	Av. Separadora Industrial, N° 2201 Urb Vulcano Ate, Lima, Peru	Ordinary	99.98	
Aspir Pty Ltd	Australia	1-5 Marden Street, Artarmon, NSW, 2064, Australia	Ordinary	100	
Bucyrus Blades de Mexico S.A. DE C.V.	Mexico	Calle 14, Manzana 4, Lote 4, Parque Industrial, Apartado Postal 129, Atlacomulco, Mexico	Fixed Capital; Variable Capital	100	
Bucyrus Blades Inc.	United States	CT Corporation System, 4400 Easton Commons Way, Suite 125, Columbus, OH, 43219, United States	Common; Preferred Stock	100	
Bucyrus Blades of Canada ULC	Canada	1800 – 510 West Georgia Street, Vancouver BC, V6B 0M3, Canada	CAD Common	100	
CH Warman Asia Limited	Malta	Level 2 West, Mercury Tower, The Exchange Financial & Business Centre, Elia Zammit Street, St. Julian's, STJ 3155, Malta, STJ 3155, Malta	Ordinary	100	
Comercializadora TEP Limitada	Chile	San José N° 0815, San Bernardo, Santiago de Chile, Chile	Corporate Relationship %	99.59	
Electric Steel Foundry Co	United States	780 Commercial Street SE, Suite 100, Salem, OR, 97301, United States	Fixed Capital	100	
EnviroTech (Pty) Limited	South Africa	31 Isando Road, Isando, Gauteng, 1600, South Africa	A Ordinary; Ordinary	100	
ESCO – Bucyrus Blades Canada	Canada	1800 – 510 West Georgia Street, Vancouver BC, V6B 0M3, Canada	Interests	100	
ESCO – Bucyrus Blades Financing Ltd. Partnership (RH)	Canada	1800 – 510 West Georgia Street, Vancouver BC, V6B 0M3, Canada	Interests	100	
ESCO (UK) Holdings Limited	England & Wales	Ings Road, Doncaster, DN5 9SN, United Kingdom	Ordinary	100	
ESCO (UK) Limited	England & Wales	Ings Road, Doncaster, DN5 9SN, United Kingdom	Ordinary	100	
ESCO (Xuzhou) Wearparts Co., Ltd.	China	DaZhai Road and CuiZhuan Nan Road, Tongshan Economic Development Zone, Xuzhou City, Jiangsu Province, 221116, China	Corporate Relationship %	100	
ESCO Australia Holdings Pty Limited	Australia	25 Trade Street, Lytton, Queensland, QLD 4178, Australia	Ordinary	100	
ESCO Belgium SA	Belgium	Rue des Fours a Chaux 122, Zoning Industriel, Frameries, 7080, Belgium	Ordinary	100	
ESCO Canada Finance Company Inc.	Canada	1800 – 510 West Georgia Street, Vancouver BC, V6B 0M3, Canada	Common	100	
ESCO Canada Ltd.	Canada	1800 – 510 West Georgia Street, Vancouver BC, V6B 0M3, Canada	Ordinary	100	
ESCO Dunedin Pty Ltd	Australia	25 Trade Street, Lytton, Queensland, QLD 4178, Australia	Ordinary	100	
ESCO Elecmetal Fundición Limitada	Chile	Calle Miraflores, Numero 222, Piso veinticuatro, Santiago, Chile	Corporate Relationship %	50	
ESCO Electric Steel Foundry Company of Africa (Pty) Ltd	South Africa	Meadowview Business Estate, CNR Clulee and Meadowview lane, Linbro Park, Johannesburg, 2090, South Africa	Ordinary	100	
ESCO EMEA Holdings (UK) Limited	England & Wales	Ings Road, Doncaster, DN5 9SN, United Kingdom	Ordinary	100	
ESCO Engineering Kingaroy Pty Ltd	Australia	25 Trade Street, Lytton, Queensland, QLD 4178, Australia	Ordinary D-Ordinary F-Ordinary	100	
ESCO Engineering Pty Ltd	Australia	25 Trade Street, Lytton, Queensland, QLD 4178, Australia	Ordinary	100	
ESCO GmbH	Germany	Marie-Bernays Ring 1, Moenchengladbach, 41199, Germany	Ordinary	100	
ESCO GP Ltd.	Canada	1800 – 510 West Georgia Street, Vancouver BC, V6B 0M3, Canada	Common	100	
ESCO Group Holdings Pty Ltd	Australia	25 Trade Street, Lytton, Queensland, QLD 4178, Australia	Ordinary	100	
ESCO Group LLC	United States	1209 Orange Street, Wilmington, DE 19801, United States	Membership Units	100	

SUBSIDIARY UNDERTAKINGS

CONTINUED

Company Name	Country	Registered Office address	Class name	% of class	Directly Held By PLC*
ESCO Hydra (UK) Limited	England & Wales	Ings Road, Doncaster, DN5 9SN, United Kingdom	Ordinary Ordinary-A	100	
ESCO Indonesia Investco No 1 Pty Ltd	Australia	25 Trade Street, Lytton, Queensland, QLD 4178, Australia	Ordinary	100	
ESCO Indonesia Investco No 2 Pty Ltd	Australia	25 Trade Street, Lytton, Queensland, QLD 4178, Australia	Ordinary	100	
ESCO International (H.K.) Holdings Limited	Hong Kong	Suites 5801, 5804-06, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong	Ordinary	100	
ESCO International Holdings SPRL	Belgium	122, Rue des Fours à Chaux, Zoning Industriel, Frameries, 7080, Belgium	Ordinary	100	
ESCO Japan, Inc.	Japan	Marunouchi Mitsui Building, 2-2-2 Marunouchi, Chiyoda-ku, Tokyo, 100-0005, Japan	Common	100	
Esco Latin América Comércio e Indústria Ltda.	Brazil	Rua Engenheiro Gerhard Ett, nº 1.215, Galpão 02, Distrito Industrial Paulo Camilo Sul, Betim, 32668-110, Brazil	Ordinary	100	
ESCO Limited	Canada	1800 – 510 West Georgia Street, Vancouver BC, V6B 0M3, Canada	Class A Common	100	
ESCO Moçambique S.A.	Mozambique	Avenida Kim Il Sung, no. 961, Maputo, Mozambique	Ordinary	100	
ESCO Northgate Pty Limited	Australia	25 Trade Street, Lytton, Queensland, QLD 4178, Australia	Ordinary	100	
ESCO Peru S.R.L.	Peru	Av. Manuel Olguin 211, Suite 304, Surco, Lima, Peru	Common	100	
ESCO RUS Limited Liability Company	Russian Federation	69 Leningradskoe shosse, Building 1, Moscow, 125445, Russian Federation	Ordinary	100	
ESCO S.A.S.	France	57 rue d'Amsterdam, Paris, 75008, France	Ordinary	100	
ESCO Servicios Mineros S.A.	Argentina	Tucuman 1, Piso 4, C1049AAA, Buenos Aires, Argentina	Ordinary	100	
ESCO South Africa Wearparts (Pty) Limited	South Africa	Meadowview Business Estate, CNR Clulee and Meadowview lane, Linbro Park, Johannesburg, 2090, South Africa	Cumulative Reedemable Preference; Empowerment Shares; Ordinary-A	99.35	
ESCO Supply and Service Kazakhstan	Kazakhstan	4th floor, 192/2 Dostyk avenue, Almaty city, 050051, Kazakhstan	Ordinary	100	
Esco Supply Carajás Indústria de Peças e Equipamentos Ltda	Brazil	Rodovia PA-160, S/N, Sala B, Quadra 73, Lotes 1, 2, 3, 4, 5, 6, 7, 22, 23 e 24, Parque dos Carajas II, Parauapebas/PA, 68515000, Brazil	Ordinary	100	
ESCO Turbine Components Europe, sprl	Belgium	122, Rue des Fours à Chaux, Zoning Industriel, Frameries, 7080, Belgium	Ordinary	100	
ESCO Wearparts Supply and Services (Namibia) (Proprietary) Limited	Namibia	Private Bag 12012, Ausspannplatz, Windhoek, Namibia	Ordinary	100	
ESCO Windber Inc.	United States	CT Corporation System, 600 North 2nd Street, Suite 401, Harrisburg, PA, 17101	Common Stock	100	
ESCOSupply Ltd.	Canada	2500, 10175 – 101 Street, Edmonton, Alberta, T5J 0H3, Canada	Class A Common	100	
Fabrica de Aisladores Sismicos de Chile Limitada	Chile	San José N° 0815, San Bernardo, Santiago de Chile, Chile	Corporate Relationship % – CLP	100	
Fundición Vulco Ltda	Chile	San José N° 0815, San Bernardo, Santiago de Chile, Chile	Corporate Relationship % – CLP	100	
G. & J. Weir, Limited	England & Wales	c/o Weir Minerals Europe, Halifax Road, Todmorden, Lancashire, OL14 5RT	Ordinary	100	*
Inversiones ESCO Chile Limitada	Chile	Calle Miraflores, Numero 222, Piso veinticuatro, Santiago, Chile	Corporate Relationship %	100	
Inversiones Linatex Chile (Holdings) Limitada	Chile	San José N° 0815, San Bernardo, Santiago de Chile, Chile	Corporate Relationship %	100	
Linatex (H.K.) Limited	Hong Kong	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong	Ordinary	100	
Linatex Africa (Pty) Limited	South Africa	5 Clarke Street, Alrode, Alberton, Gauteng, 1449, South Africa	Ordinary	100	

Company Name	Country	Registered Office address	Class name	% of class	Directly Held By PLC*
Linatex Asset Holdings Malaysia Sdn. Bhd.	Malaysia	2nd Floor, No 2-4 Jalan Manau, Wilayah Persekutuan, Wilayah Persekutuan, Kuala Lumpur, 50460, Malaysia	Ordinary	100	
Linatex Australia Pty Limited	Australia	1-5 Marden Street, Artarmon, NSW, 2064, Australia	Class A Shares Class B Shares	100	
Linatex Chile Limitada	Chile	San José N° 0815, San Bernardo, Santiago de Chile, Chile	Corporate Relationship %	100	
Linatex Chile SpA	Chile	Santa Catalina de Chena 850, San Bernardo, Santiago de Chile, Chile	Ordinary Nominative Share	100	
Linatex Consolidated Holdings Ltd	British Virgin Islands	Kingston Chambers, PO Box 173, Tortola, Road Town, British Virgin Islands	Ordinary	100	
Linatex Limited	England & Wales	c/o Weir Minerals Europe, Halifax Road, Todmorden, Lancashire, OL14 5RT	Ordinary	100	
Linatex Rubber Limited	England & Wales	c/o Weir Minerals Europe, Halifax Road, Todmorden, Lancashire, OL14 5RT	Ordinary	100	
Linatex Rubber Products Sdn. Bhd.	Malaysia	2nd Floor, No 2-4 Jalan Manau, Wilayah Persekutuan, Kuala Lumpur, 50460, Malaysia	Ordinary	100	
Metalúrgica Vulco Ltda	Chile	San José N° 0815, San Bernardo, Santiago de Chile, Chile	Common Stock	100	
Motion Metrics Africa (Pty) Ltd	South Africa	Progressus Building Office No.3, Rietbok Street, Kathu, Northern Cape, 8446, South Africa	Ordinary	100	
Motion Metrics Australia Pty. Ltd	Australia	25, Trade Street, Lytton, QLD 4178	Ordinary	100	
Motion Metrics Brasil Solucoes em Mineracao Ltda.	Brazil	Rue Paraiba 550 Sala 902- Funcionarios, Belo Horizonte, Minas Gerais, CEP: 30.130-141, Brazil	Quotas in Brazilian Real Centavos	100	
Motion Metrics International Corp.	Canada	1055 West Hastings Street, Suite 1700, Vancouver, BC, V6E 2E9, Canada	Class A Common Stock; Class B Common Stock	100	
Motion Metrics Latin America SpA	Chile	Edificio Nueva Santa Maria, Los Conquistadores 1730, Of. 2805 Providencia, Santiago, Chile	Quotas MM CLP	100	
Multiflo Pumps Pty Limited	Australia	1-5 Marden Street, Artarmon, NSW, 2064, Australia	Ordinary	100	
Overseas ESCO Corporation Ltd.	British Virgin Islands	The Lake Building, 1st Floor, Wickams Cay 1, Tortola, PO. Box 3152, Road Town, British Virgin Islands	Ordinary	100	
PT ESCO Mining Products	Indonesia	The Garden Centre #3-04, Cilandak Commercial Estate, JL Raya Cilandak KKO, Jakarta, 12075, Indonesia	Ordinary	100	
PT Weir Minerals Contract Services Indonesia	Indonesia	Jl. Mulawarman Rt. 20 No. 20 Kelurahan Manggar, Kec, Balikpapan Timur, Kota Balikpapan, 76116, Indonesia	Ordinary	100	
PT Weir Minerals Indonesia	Indonesia	Jl. Mulawarman Rt. 20 No. 20 Kelurahan Manggar, Kec, Balikpapan Timur, Kota Balikpapan, 76116, Indonesia	Ordinary	100	
PT Weir Oil & Gas Indonesia	Indonesia	Jl. Mulawarman Rt. 20 No. 20 Kelurahan Manggar, Kec, Balikpapan Timur, Kota Balikpapan, 76116, Indonesia	Ordinary – Class A Ordinary – Class B	95	
Seaboard Holdings, LLC	United States	The Corporation Trust Company, 1209 Orange Street, Wilmington, DE, 19801, United States	Membership Units	100	
Shanghai JF Engineering Equipment Co. Ltd	China	No.572, Yonghe Road, Jing'an District, Shanghai, China	n/a	100	
Slurry Holdings Limited	Malta	Level 2 West, Mercury Tower, The Exchange Financial & Business Centre, Elia Zammit Street, St. Julian's, STJ 3155, Malta, STJ 3155, Malta	Ordinary	100	
Soldering Comercio e Industria Ltda	Brazil	Rua Engenheiro Gerhard Ett, nº 1.215, Distrito Industrial Paulo Camilo Sul, CEP 32669-110, Brazil	Ordinary	100	
Thandilwa Training Centre (Pty) Ltd	South Africa	Meadowview Business Estate, CNR Clulee and Meadowview lane, Linbro Park, Johannesburg, 2090, South Africa	Ordinary	100	
The Weir Group Insurance Company Limited	Isle of Man	1st Floor, Goldie House, 1-4 Goldie Terrace, Upper Church Street, Douglas, IM1 1EB, Isle of Man	Ordinary	100	
The Weir Group International S.A.	Switzerland	Rue de Romont 35, c/o Daniel Schneuwly, Fribourg, 1700 FRIBOURG, Switzerland	Ordinary	100	

SUBSIDIARY UNDERTAKINGS

CONTINUED

Company Name	Country	Registered Office address	Class name	% of class	Directly Held By PLC*
The Weir Group Pension Trust Limited	Scotland	10th Floor, 1 West Regent Street, Glasgow, G2 1RW, United Kingdom	n/a	100	*
Trio Engineered Products (Hong Kong) Limited	Hong Kong	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong	Ordinary	100	
Trio Engineered Products, Inc.	United States	CT Corporation System, 330 N. Brand Blvd., Glendale, CA, 91203 United States	Common Stock	100	
TWG Canada Holdings Limited	Scotland	10th Floor, 1 West Regent Street, Glasgow, G2 1RW, United Kingdom	Ordinary	100	
TWG Cayman Limited	Cayman Islands	M & C Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands	Ordinary Preference	100	
TWG Finance, Inc.	United States	The Corporation Trust Company, 1209 Orange Street, Wilmington, DE, 19801, United States	Common	100	
TWG Investments (No. 6) Limited	Scotland	10th Floor, 1 West Regent Street, Glasgow, G2 1RW, United Kingdom	Ordinary	100	
TWG Investments (No. 7) Limited	Scotland	10th Floor, 1 West Regent Street, Glasgow, G2 1RW, United Kingdom	Ordinary	100	*
TWG Investments (No. 8) Limited	Scotland	10th Floor, 1 West Regent Street, Glasgow, G2 1RW, United Kingdom	Ordinary	100	
TWG Investments (No.10) Limited	Scotland	10th Floor, 1 West Regent Street, Glasgow, G2 1RW, United Kingdom	Ordinary	100	*
TWG Investments (No.3) Limited	Scotland	10th Floor, 1 West Regent Street, Glasgow, G2 1RW, United Kingdom	Ordinary Preference	100	*
TWG Investments (No.4) Limited	Scotland	10th Floor, 1 West Regent Street, Glasgow, G2 1RW, United Kingdom	Ordinary Preference	100	
TWG South America Holdings Limited	Scotland	10th Floor, 1 West Regent Street, Glasgow, G2 1RW, United Kingdom	Ordinary Preference	100	
TWG UK Holdings Limited	Scotland	10th Floor, 1 West Regent Street, Glasgow, G2 1RW, United Kingdom	Ordinary	100	
TWG US Finance LLC	United States	The Corporation Trust Company, 1209 Orange Street, Wilmington, DE, 19801, United States	Membership Units Preferred Units	100	*
TWG US Holdings LLC	United States	The Corporation Trust Company, 1209 Orange Street, Wilmington, DE, 19801, United States	Units	100	
TWG Young Limited	Scotland	10th Floor, 1 West Regent Street, Glasgow, G2 1RW, United Kingdom	Ordinary	100	*
Vulco Peru SA	Peru	Av. Separadora Industrial, N° 2201 Urb Vulcano Ate, Lima, Peru	Ordinary	100	
Vulco S.A.	Chile	San José N° 0815, San Bernardo, Santiago de Chile, Chile	Ordinary Nominative Share	99.16	
Warman Pumps Ltd	Australia	1-3 Marden Street, Artarmon, NSW, 2064, Australia	Ordinary	100	
Weir ABF LP	Scotland	1 West Regent Street, Glasgow, G2 1RW, Scotland	n/a	100	
Weir Australia Finance Limited	Scotland	10th Floor, 1 West Regent Street, Glasgow, G2 1RW, United Kingdom	Ordinary	100	
Weir B.V.	Netherlands	PO Box 249, 5900 AE, Venlo, Netherlands	Ordinary	100	
Weir Brasil Comercio Ltda	Brazil	Rodovia BR-101, KM 43, N° 43.000, Galpão 10-C, Bairro Nova Brasília, Joinville/SC, CEP 89213-125, Brazil	Ordinary	100	
Weir Canada, Inc.	Canada	1800-510 West Georgia Street, Vancouver BC, V6B 0M3, Canada	Class A Preferred; Common	100	
Weir Canadian Investments, Inc.	Canada	1800-510 West Georgia Street, Vancouver BC, V6B 0M3 Canada	Common	100	
Weir do Brasil Ltda	Brazil	Av Jose Benassi, 2151, Sala A, Condominio Fazgran, Jundiaí/ SP, 13.213-085, Brazil	Nominal	100	
Weir Engineering Products (Shanghai) Co., Ltd	China	Room 318, Floor 3, No. 458, Fute North Road, Shanghai, China	n/a	100	
Weir Engineering Services Limited	Scotland	10th Floor, 1 West Regent Street, Glasgow, G2 1RW, United Kingdom	Ordinary	100	

Company Name	Country	Registered Office address	Class name	% of class	Directly Held By PLC*
Weir Group (Australian Holdings) Pty Limited	Australia	1-5 Marden Street, Artarmon, NSW, 2064, Australia	Ordinary	100	*
Weir Group (Overseas Holdings) Limited	Scotland	10th Floor, 1 West Regent Street, Glasgow, G2 1RW, United Kingdom	Ordinary	100	
Weir Group African IP Limited	Scotland	10th Floor, 1 West Regent Street, Glasgow, G2 1RW, United Kingdom	Ordinary	100	
Weir Group Engineering Hong Kong Limited	Hong Kong	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong	Ordinary	100	
Weir Group Executive SUURB Trustee Limited	Scotland	10th Floor, 1 West Regent Street, Glasgow, G2 1RW, United Kingdom	Ordinary	100	*
Weir Group General Partner Limited	Scotland	10th Floor, 1 West Regent Street, Glasgow, G2 1RW, United Kingdom	Ordinary	100	*
Weir Group Holdings Limited	Scotland	10th Floor, 1 West Regent Street, Glasgow, G2 1RW, United Kingdom	Ordinary	100	*
Weir Group Inc.	United States	The Corporation Trust Company, 1209 Orange Street, Wilmington, DE, 19801, United States	Common; Preferred	100	
Weir Group IP Limited	Scotland	10th Floor, 1 West Regent Street, Glasgow, G2 1RW, United Kingdom	Ordinary	100	*
Weir Group Machinery Equipment (Shanghai) Co. Ltd.	China	No.4918, Liuxiang Road, Xuxing Town, Jiading District, Shanghai, China	n/a	100	
Weir Group Management Services Limited	Scotland	10th Floor, 1 West Regent Street, Glasgow, G2 1RW, United Kingdom	Ordinary	100	*
Weir Group Trading Mexico, S.A. de C.V.	Mexico	Av. Nafta No. 775, Col. Parque Industrial, Stiva Aeropuerto, Mexico	Ordinary Nominative Share	100	
Weir HBF (Pty) Ltd	South Africa	50 Strdebaker Street, Markman Industria, Port Elizabeth, South Africa	Ordinary	100	
Weir Holdings B.V.	Netherlands	PO Box 249, 5900 AE, Venlo, Netherlands	Ordinary	100	
Weir Investments Two Limited	Scotland	10th Floor, 1 West Regent Street, Glasgow, G2 1RW, United Kingdom	Ordinary A Preference	100	*
Weir Malaysia Sdn. Bhd.	Malaysia	2nd Floor, No 2-4 Jalan Manau, Wilayah Persekutuan, Wilayah Persekutuan, Kuala Lumpur, 50460, Malaysia	Ordinary – Class A Ordinary – Class B	100	
Weir Minerals (India) Private Limited	India	NCC Urban Windsor, 1st Floor, New Airport Road, Opp.Jakkur Aerodrome, Yelahanka, Bangalore, Karnataka, 560 064, India	Ordinary	97.252	
Weir Minerals Africa (Proprietary) Limited	South Africa	5 Clarke Street South, Alrode, Alberton, 1149, South Africa	Ordinary	100	
Weir Minerals Armenia LLC	Armenia	22, Hanrapetutyan Str, 5th Floor, Yerevan Centre, 0010, Armenia	Ordinary	100	
Weir Minerals Australia Limited	Australia	1-3 Marden Street, Artarmon, NSW, 2064, Australia	Ordinary	100	
Weir Minerals Balkan d.o.o. Beograd	Serbia	Dimitrija Tucovica 28b, Zvezdara, Belgrade, Serbia	Ordinary	100	
Weir Minerals Botswana (Proprietary) Limited	Botswana	Plot 64518, Deloitte House, Fairgrounds, Gaborone, Botswana	Ordinary	100	
Weir Minerals Caribe SRL	Dominican Republic	KK 22,5 Autopista Duarte, Parque Industrial Duarte, Parque de Naves Pid 4, Santo Domingo, Dominican Republic	Ordinary	100	
Weir Minerals Central Africa Limited	Zambia	Plot 3655, Chimbuluma Road, Kitwe, Zambia	Ordinary	100	
Weir Minerals China Co., Limited	China	Factory #27, 158 Hua Shan Road, Suzhou New District, Suzhou, 215011, China	n/a	100	
Weir Minerals Colombia SAS	Colombia	Carrera 43 B # 16 41 Office 904, Building Staff, Medellin Antioquia, Colombia	Ordinary	100	
Weir Minerals Czech & Slovak, s.r.o.	Czech Republic	Hlinky 118, 603 00 Brno, Czech Rep., Brno, Czech Republic	Ordinary	100	

SUBSIDIARY UNDERTAKINGS

CONTINUED

Company Name	Country	Registered Office address	Class name	% of class	Directly Held By PLC*
Weir Minerals DRC	South Africa	222, Route Likasi, Quartier Musompo – Mutshatsha, Kolwezi, Province de Lualaba, Congo (the Democratic Republic of the)	A-Shares Voting Rights; B-Shares 65.77% Voting Rights	65	
Weir Minerals East Africa Limited	The United Republic of Tanzania	Plot No. 137, Capri Point, Mwanza, The United Republic of Tanzania	Ordinary	100	
Weir Minerals Egypt (L.L.C)	Egypt	11, Hanin Ibn Isaac St, 7th District, Nasr City, Cario, 11727, Egypt	Ordinary	100	
Weir Minerals Europe Limited	England & Wales	Halifax Road, Todmorden, Lancashire, OL14 5RT	Ordinary	100	
Weir Minerals Finland Oy	Finland	Askonkatu 13 D, Lahti, FIN-15100, Finland	Ordinary	100	
Weir Minerals France	France	10 rue Jacquard, Chassieu, 69680, France	Ordinary	100	
Weir Minerals FZCO	United Arab Emirates	Unit 2W, M058, Dubai Airport Free Zone Area, Dubai, UAE	Ordinary	100	
Weir Minerals Germany GmbH	Germany	Lise-Meitner-Straße 12, Heilbronn, 74074, Germany	Capital	100	
Weir Minerals Hungary Kft	Hungary	Teleki László utca 11 1./3, Tatabánya, 2800-HU, Hungary	Issued Capital	100	
Weir Minerals Isando (Pty) Ltd	South Africa	5 Clarke Street, Alrode, Alberton, Gauteng, 1449, South Africa	Ordinary	100	
Weir Minerals Italy S.r.l.	Italy	Via F.lli Cervi 1/D, Cernusco sul Naviglio, Milan, 20063, Italy	Ordinary	100	
Weir Minerals Kazakhstan LLP	Kazakhstan	4th Floor, 192/2 Dostyk Avenue, Almaty, 050051, Kazakhstan	Charter capital	100	
Weir Minerals Kenya Limited	Kenya	LR No. 1870/1/569, Ring Road Parklands, P.O. Box 764 – 00606 - Sarit Centre, Nairobi, Kenya	Ordinary	100	
Weir Minerals Madagascar Sarlu	Madagascar	Immcuble Mining Business Center sis a Mamory Ivato, 10518 Ivato Aeroport ,Analamanga, Madagascar	Ordinary	100	
Weir Minerals Mexico Servicios, S.A. de C.V.	Mexico	Av. Nafta No. 775, Col. Parque Industrial, Stiva Aeropuerto, Mexico	Ordinary Nominative Share	100	
Weir Minerals México, SA de CV	Mexico	Av. Nafta No. 775, Col. Parque Industrial, Stiva Aeropuerto, Mexico	Ordinary Nominative Share	100	
Weir Minerals Mongolia LLC	Mongolia	205, 2nd Khoroo, Bayangol District, Ulaanbaatar, Mongolia	Ordinary	100	
Weir Minerals Mozambique Ltd	Mozambique	Mozambique, Maputo Cidade, Distrito urbano1, Bairro, Centrall, AV. Zedequias ,Manganhela, Mozambique	Ordinary	100	
Weir Minerals Netherlands B.V.	Netherlands	PO Box 249, 5900 AE, Venlo, Netherlands	Ordinary	100	
Weir Minerals North Africa SARL	Morocco	Boulevard Sidi Mohamed, Ben Abdellah, Im B, 1Er Etage N 29., Casablanca, 20160, Morocco	Ordinary	100	
Weir Minerals Panama S.A.	Panama	Urbanización Vista Alegre, Edificio Parque Logístico Panawest Bodega 7 Autopista, Panama-Arraijan, Panamá	Ordinary	100	
Weir Minerals Poland Sp. z.o.o.	Poland	ul. Ignacego Domeyki 2, Krakow, 30-066, Poland	Company Capital	100	
Weir Minerals Processing Equipment & Services LLC	United Arab Emirates	EFCO Cement Products Factory, Plot No 597901, Dubai Investment Park II, Dubai, United Arab Emirates	Ordinary	49	
Weir Minerals Pump & Mining Solutions Namibia (Proprietary) Limited	Namibia	54 Hidipo Hamutenya Avenue, Swakopmund, Namibia	Ordinary	100	
Weir Minerals RFW LLC (OOO)	Russian Federation	Bolshaya Polyanka, Building 2, house 2, Moscow, 119180, Russian Federation	Corporate Relationship %	100	
Weir Minerals Shared Services Proprietary Limited	South Africa	5 Clarke Street South, Alrode, Alberton, 1149, South Africa	Ordinary	100	
Weir Minerals South Africa Proprietary Limited	South Africa	5 Clarke Street, Alrode, Alberton, Gauteng, 1449, South Africa	Ordinary Ordinary – A	74.90	
Weir Minerals Sweden AB	Sweden	Polervägen 4, 774 41 Avesta, Sweden.	A-Class Shares B-Class Shares	100	
Weir Minerals Ukraine LLC	Ukraine	2 Glinka str., letter 6-18, 6-1, Dnipropetrovsk Reg, Dnipropetrovsk, 49000, Ukraine	Share Capital	100	

Company Name	Country	Registered Office address	Class name	% of class	Directly Held By PLC*
Weir Minerals West Africa Limited	Ghana	No.4, 3rd Close, Airport Residential Area, Accra Post Box CT3170, Accra, Ghana	Ordinary	100	
Weir Oil & Gas Australia Pty Limited	Australia	1-5 Marden Street, Artarmon, NSW, 2064, Australia	Ordinary	100	
Weir Pump and Valve Solutions, Inc	United States	The Corporation Company, 40600 Ann Arbour Road, Este, 201, Plymouth Mi 48170 4675, United States	Common Stock	100	
Weir Pumps Limited	Scotland	10th Floor, 1 West Regent Street, Glasgow, G2 1RW, United Kingdom	Ordinary	100	
Weir Services Australia Pty Ltd	Australia	1-5 Marden Street, Artarmon, NSW, 2064, Australia	Ordinary	100	
Weir Services Tanzania (Pty) Limited.	The United Republic of Tanzania	Plot No. 137, Capri Point, Mwanza, The United Republic of Tanzania	Ordinary	100	
Weir Slurry Group, Inc.	United States	CT Corporation System, 301 South Bedford Street, Suite 1, Madison, WI, 53703	Common Preferred Stock	100	
Weir Sudamerica S.A.	Chile	San José N° 0815, San Bernardo, Santiago de Chile, Chile	Ordinary Nominative Share	99.99	
Weir Turkey Mineralleri Limited Sirketi	Turkey	1, 13, Tepeören Mah. Dervispasa Cad.Weir, Merkez-Merkez, Tuzla, Istanbul, 3080535234, Turkey	Bearer	100	
Weir US Holdings Inc.	United States	The Corporation Trust Company, 1209 Orange Street, Wilmington, DE, 19801, United States	Common	100	
Weir Valves & Controls USA Inc.	United States	CT Corporation System, 155 Federal Street, Suite 700, Boston, MA, 02110, United States	Common Preferred	100	
Weir Vulco Argentina S.A.	Argentina	Sarmiento 511 Sur 1°Piso A, San Juan, CP 5400, Argentina	Ordinary	100	
Weir Warman (U.K.) Limited	England & Wales	Halifax Road, Todmorden, Lancashire, OL14 5RT	Ordinary	100	*
WHW Group Inc.	United States	The Corporation Trust Company, 1209 Orange Street, Wilmington, DE, 19801, United States	Common	100	
Wuxi Weir Minerals Equipments Co., Ltd.	China	Lot 265, Wuxi-Singapore Industrial Park, Wuxi City, Jiangsu Province, China	n/a	100	

The Group has an interest in a partnership, the Weir ABF LP, which is fully consolidated into these statements. The Group has taken advantage of the exemption conferred by Regulation 7 of the Partnerships (Accounts) Regulations 2008 and has, therefore, not appended the accounts of this qualifying partnership to these financial statements. Separate accounts for the partnership are not required to be, and have not been, filed at Companies house in the UK.

SUBSIDIARY UNDERTAKINGS

CONTINUED

STATUTORY AUDIT EXEMPTIONS

The Weir Group PLC has issued guarantees over the liabilities of the following companies at 31 December 2021 under Section 479C of Companies Act 2006 and these entities are exempt from the requirements of the Act relating to the audit of individual accounts by virtue of Section 479A of the Act:

Company Name	Company number
ESCO (UK) Holdings Limited	04743623
ESCO EMEA Holdings (UK) Limited	08690169
Linatex Limited	00246713
TWG Canada Holdings Limited	SC288837
TWG Investments (No.3) Limited	SC197235
TWG Investments (No.4) Limited	SC197236
TWG Investments (No.6) Limited	SC292269
TWG Investments (No.7) Limited	SC292270
TWG Investments (No.8) Limited	SC292721
TWG South America Holdings Limited	SC380944
TWG UK Holdings Limited	SC311635
TWG US Finance LLC	FC038907/BR024002
Weir Engineering Services Limited	SC033381
Weir Group (Overseas Holdings) Limited	SC054821
Weir Group African IP Limited	SC333781
Weir Group General Partner Limited	SC522808
Weir Group Holdings Limited	SC187227
Weir Group IP Limited	SC267963
Weir Warman (U.K.) Limited	01636530

SHAREHOLDER INFORMATION

COMPANY SECRETARY & REGISTERED OFFICE

Graham Vanhegan
The Weir Group PLC
1 West Regent Street
Glasgow
G2 1RW

Registered in Scotland.

Company No. SC002934.

REGISTRAR

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ

Website: www.investorcentre.co.uk

Telephone: 0370 707 1402

Shareholder enquiries relating to shareholding, dividend payments, change of name or address, lost share certificates or transfer of shares etc. should be addressed to Computershare.

SHAREHOLDER COMMUNICATIONS

Online Communications

Shareholders are encouraged to visit the Company's corporate website (www.global.weir), which contains a wealth of information about the Weir Group. The website includes information about the markets in which we operate, our strategy and business performance, recent news from the Group and product information. The investor section is a key source of information for Shareholders, containing details on the share price, our financial results, Shareholder meetings and dividends, as well as a 'Shareholders FAQ' section.

E-Communications

We are encouraging our Shareholders to receive their information by email and via our website. Not only is this quick, it helps to reduce paper, printing and costs.

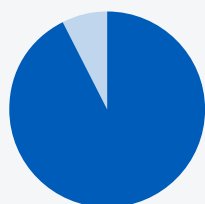
To register for e-communications, log on to www.investorcentre.co.uk/ecomms

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ORDINARY SHAREHOLDER ANALYSIS AT DECEMBER 2021

By country



UK Shareholders ■ 92.63%
Overseas Shareholders ■ 7.37%

By holding size

Range	No. of Shareholders	%	Shares	%
1-1,000	2,415	58.73	932,868	0.36
1,001-5,000	1,032	25.10	2,200,307	0.85
5,001-10,000	165	4.02	1,178,580	0.46
10,001-100,000	258	6.27	8,704,591	3.35
100,001-500,000	148	3.60	33,853,115	13.04
500,001-1,000,000	45	1.09	30,852,111	11.88
1,000,001-999,999,999	49	1.19	181,891,945	70.06
Total	4,112	100.00	259,613,517	100.00

By Shareholder category

	Holdings	%	Shares	%
Individuals	2,928	71.21	4,266,673	1.64
Bank or Nominees	1,110	26.99	254,562,445	98.05
Investment Trust	10	0.25	34,196	0.01
Insurance Company	1	0.03	17,976	0.01
Other Company	47	1.14	251,392	0.10
Pension Trust	1	0.02	1	0.00
Other Corporate Body	15	0.36	480,834	0.19
Total	4,112	100.00	259,613,517	100.00

SHAREHOLDER INFORMATION

CONTINUED

ANNUAL AND INTERIM REPORTS

Our Annual Report is available online. You can view or download the full Annual Report and Interim Report from our website at www.global.weir/investors/reporting-centre.

Managing your shareholding online with Investor Centre is a free, secure online service run by Computershare, giving you convenient access to information on your shareholdings. Manage your shareholding online and take advantage of all these features and more:

- View share balances and market values for all of your Computershare managed holdings
- Update dividend mandate bank instructions including global payments and view dividend payment history
- Register to receive company communications online
- Cast your Proxy Vote online for forthcoming General Meetings
- Update personal details, such as your address

Registration is quick and easy. Just visit www.investorcentre.co.uk with your Shareholder Reference Number (SRN) to hand.

After registering, you may be sent an activation code in the post, used to validate your account.

ANNUAL GENERAL MEETING 2022

Our Annual General Meeting will be held at 2.30pm on Thursday 28 April 2022. Further details are contained in the Notice of Annual General Meeting 2022, which is available to download from our website at www.global.weir/shareholder-information/agm. Please check this dedicated AGM page on our website for updates on the arrangements for the forthcoming AGM.

VOTING

Information on how you can vote electronically on the resolutions which will be put forward at our 2022 AGM can be obtained through our Registrar by visiting www.investorcentre.co.uk/eproxy. You will need details of the Control Number, your SRN and PIN which can be found on the Form of Proxy or email, if you have asked to be sent email communications.

Annual General Meeting	28 April 2022
Ex-dividend date	21 April 2022
Record date	22 April 2022
Mandatory Direct Credit deadline	16 May 2022
Payment date	6 June 2022

DIVIDEND HISTORY – (PENCE PER SHARE)

	2015	2016	2017	2018	2019	2020	2021
Interim	15.0	15.0	15.0	15.75	16.50	0.0	11.50
Final	29.0	29.0	29.0	30.45	0.0	0.0	12.30
Total	44.0	44.0	44.0	46.20	16.50	0.0	23.80

IMPORTANT – PAYMENT OF DIVIDENDS BY MANDATORY DIRECT CREDIT

In 2019, the Company simplified the way in which it pays dividends to Shareholders and now pays cash dividends by direct credit only. If our Registrar Computershare does not have any bank/building society details on record for you, future payments will remain unissued and you may then be charged to have your payments issued at a later date.

Paying dividends into a bank or building society account is a quicker and more secure way for your dividends to be paid directly to you. In order to receive your dividends directly into your bank account, you will need to register your bank/building society details on our Registrars' website at investorcentre.co.uk. You will need your ten digit Shareholder Reference Number (SRN) which starts with the letter C or G to log in.

This can be found on your share certificate(s) and dividend confirmation. Alternatively, you can call Computershare on the dedicated Shareholder helpline 0370 707 1402, should you have any questions about registering your payment instruction.

An Annual Dividend Confirmation detailing all payments made throughout the tax year is sent once a year either electronically or to your registered address.

Global Payment Service

If you live overseas, Computershare offers a Global Payment Service which is available in certain countries. This may make it possible to receive dividends direct into your bank account in your local currency. Please note that the fees applied for this service will be automatically deducted from the proceeds before it is paid to you. For further details go to www.investorcentre.co.uk then select the information tab followed by FAQs, then select the Dividends and Payments tab and the Global Payment Service tab.

AMERICAN DEPOSITARY RECEIPT (ADR) PROGRAMME

The Company has a sponsored level 1 ADR programme in the United States. Each ADR represents 0.5 ordinary shares of 12.5 pence each, in the Company. The Company's ADR programme is administered by Citibank, who were appointed in February 2016.

ADR INVESTOR CONTACT

Telephone: +1 781 575 4555 Citibank representatives are available from 8.30am to 6.00pm US Eastern Standard Time (EST) Monday to Friday. Email: citibank@shareholders-online.com

In writing

Citibank Shareholder Services
P.O. Box 43077
Providence,
Rhode Island 029403077

ADR broker contact

Telephone: +1 212 723 5435 /
+44 207 500 2030

Email: citiadr@citi.com

DIVIDEND TAX ALLOWANCE

With effect from April 2018, the annual tax free allowance on dividend income was reduced from £5,000 to £2,000.

Above this amount, individuals will pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. We will continue to provide registered Shareholders with confirmation of the dividends paid and this should be included with any other dividend income received when calculating and reporting total dividend income received. It is a Shareholder's responsibility to include all dividend income when calculating any tax liability.

This provision is enshrined in the Finance Act 2016. If you have any tax queries, please contact a financial adviser.

UNITED KINGDOM CAPITAL GAINS TAX

For the purpose of capital gains tax, the market value of an ordinary share of The Weir Group PLC as at 31 March 1982 was 29.75p. This market value has been adjusted to take account of the sub-Division of the share capital whereby each ordinary share of 25p was sub-divided into two ordinary shares of 12.5p each on 28 June 1993. Rights issues of ordinary shares took place in April 1987 at 157p per share on the basis of one new ordinary share for every seven ordinary shares held, in July 1990 at 250p per share on the basis of one new ordinary share for every five ordinary shares held and in September 1994 at 252p per share on the basis of one new ordinary share for every four ordinary shares held.

SHARE DEALING SERVICES

Shareholders have the opportunity to buy or sell The Weir Group PLC shares using a share dealing facility operated by our Registrar, Computershare. You will need to register for this service prior to using it. To access this service, go to www.computershare.com/dealing/uk.

Internet share dealing – commission is 1% of the value of each sale or purchase of shares, subject to a minimum charge of £30. In addition, stamp duty, currently 0.5%, is payable on purchases. Real time dealing is available during market hours (0800 to 1630 Monday to Friday excluding bank holidays). In addition, there is a convenient facility to place your order outside of market hours. Up to 90-day limit orders are available for sales. To access the service, go to www.computershare.com/dealing/uk. Shareholders should have their SRN available. The SRN appears on share certificates and dividend documentation.

Please note that, at present, this service is only available to Shareholders in certain jurisdictions. Please refer to the Computershare website for an up-to-date list of these countries.

Telephone share dealing – commission is 1% of the value of each sale or purchase of shares, plus £50. In addition, stamp duty, currently 0.5%, is payable on purchases. You can contact Computershare on 0370 703 0084. Shareholders should have their SRN ready when making the call. The SRN appears on share certificates and dividend documentation. Detailed terms and conditions are available at www.investorcentre.co.uk or by contacting Computershare. Please note this service is, at present, only available to Shareholders resident in certain jurisdictions. Please refer to the Computershare website for an up-to-date list of these countries.

These services are offered on an execution only basis and subject to the applicable terms and conditions. Computershare Investor Services PLC is authorised and regulated by the Financial Conduct Authority.

This is not a recommendation to buy, sell or hold shares in The Weir Group PLC. Shareholders who are unsure of what action to take should obtain independent financial advice. Share values may go down as well as up which may result in a Shareholder receiving less than he/she originally invested.

SHAREHOLDER WARNING ALERT

Unsolicited investment advice and fraud

Many companies have become aware that their Shareholders have received unsolicited phone calls or correspondence concerning investment matters. Share scams are often run from 'boiler rooms' where fraudsters cold-call investors offering them worthless, overpriced or even non-existent shares.

These callers can be very persistent and extremely persuasive and their activities have resulted in considerable losses for some investors. Whilst usually by telephone, the high-pressure sales tactics can also come by email, post, word of mouth or at a seminar. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount, sell your shares at a premium or offers of free company reports.

If you receive any unsolicited investment advice:

- Make sure you get the correct name of the person and organisation and take a note of any other details they provide, such as a telephone number or address.
- Check that the caller is properly authorised by the Financial Conduct Authority (FCA) by visiting www.fca.org.uk.
- Report any approach from such organisations to the FCA using the share fraud reporting form at www.fca.org.uk/consumers/report-scam-unauthorised-firm, where you can also find out about the latest investment scams. You can also call the Consumer Helpline on 0800 111 6768.
- If calls persist, hang up.

GLOSSARY

Additive manufacturing

The process of joining materials to make objects from 3D model data (3D printing)

AGM

Annual General Meeting

Board

The Board of Directors of The Weir Group PLC

BPS

Basis points

Capex

Capital expenditure

CGU

Cash generating unit

Comminution

Crushing, screening and grinding of materials in mining and sand and aggregates markets

Company

The Weir Group PLC

Computershare EBT

Employee benefit trust (Computershare Trustees (Jersey) Limited)

Director

A Director of The Weir Group PLC

EBIT

Earnings before interest and tax

EBITDA

Earnings before interest, tax, depreciation and amortisation

Emerging markets

Asia-Pacific, South America, Africa and the Middle East

EPS

Earnings per share

Estera EBT

Employee benefit trust (Estera Trust (Jersey) Limited)

Excellence Committees

Weir Group Management Committees ensuring best practice

External Auditors

PricewaterhouseCoopers LLP

Free cash flow

Operating cash flow (cash generated from operations) adjusted for income taxes, net capital expenditures, lease payments, net interest payments, dividends received from joint ventures, settlement of derivatives, purchase of shares for employee share awards and other awards and pension contributions.

GAAP

Generally Accepted Accounting Practice

Greenfield

A term used to describe new mine developments

Group

The Company together with its subsidiaries

HR

Human resources

IAS

International Accounting Standards

IFRS

International Financial Reporting Standards

IIoT

Industrial Internet of Things

Input

Orders received from customers

Internet of Things (IIoT)

The network of physical objects (devices, vehicles, buildings and other items) that are embedded with electronics, software, sensors and network connectivity, which enables these objects to collect and exchange data

ISO

International Organisation for Standardisation

KPI

Key performance indicator

Like-for-like

On a consistent basis, excluding the impact of acquisitions

LTIP

Long Term Incentive Plan

NGO

Non-governmental organisation

Operating margin

Operating profit including our share of results of joint ventures divided by revenue

Ordinary shares

The ordinary shares in the capital of the Company of 12.5p each

OT

Operational Technology

PILON

Payment in lieu of notice

Registrar

Computershare Investor Services PLC

R&D

Research and development

RPI

UK Retail Prices Index

Scope 1 Emissions

Direct GHG emissions occur from sources that are owned or controlled by the company, for example, emissions from combustion in owned or controlled boilers, furnaces, vehicles, process emissions etc.

Scope 2 Emissions

Indirect GHG emissions. Scope 2 accounts for GHG emissions from the generation of purchased electricity, heat or steam consumed by the company and is purchased or otherwise brought into the organisational boundary of the company.

Scope 3 Emissions

Other indirect GHG emissions across the value chain scope 3 emissions are a consequence of the activities of the company, but occur from sources not owned or controlled by the company. Some examples of scope 3 activities are extraction and production of purchased materials; transportation of purchased fuels; and use of sold products and services.

SHE

Safety, Health and Environment

SME

Small and medium-sized enterprises

SRP

Share Reward Plan

Subsidiary

An entity that is controlled, either directly or indirectly, by the Company

tCO₂e

Tonnes of carbon dioxide equivalent

TIR

Total Incident Rate (rate of any Incident that causes an employee, visitor, contractor or anyone working on behalf of Weir to require off-site medical treatment per 200,000 hours worked)

TSR

Total Shareholder Return comprising dividends paid on ordinary shares and the increase or decrease in the market price of ordinary shares

WACC

Weighted average cost of capital

Cautionary statement

This Annual Report contains forward-looking statements with respect to the financial condition, operations and performance of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this Annual Report and the Company undertakes no obligation to update these forward-looking statements. Nothing in this Annual Report should be construed as a profit forecast.

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