WEIR:
SEE THINGS DIFFERENTLY.

WEIR

The Weir Group PLC
Annual Report and
Financial Statements 2020

COMPANY NUMBER: SC002934

CONTENTS

1 Continuing operations.
2 Restated at 2020 average exchange rates.
3 Before adjusting items (note 2).
4 Total incident rate is an industry standard safety indicator that measures lost time and recordable incidents per 200,000 hours worked. 2018 and prior years exclude ESCO.
5 Defined as revenues from new products introduced in the last three years.
6 eNPS (Employee Net Promoter Score) is an index used to measure employee satisfaction levels.
7 True Benchmark removes the effect of external demographic influences that are out of our control but which all affect employee engagement (employee age, tenure, gender, department, job level and office location).
8 Flow Control not included.

FINANCIAL & NON-FINANCIAL SUMMARY

ORDERS[2]

£1.9bn[1]

-13%

REVENUE

£2bn[1]

-4%

ADJUSTED PROFIT BEFORE TAX[3]

£255m[1]

-5%

TOTAL STATUTORY LOSS AFTER TAX

(£149m)

+61%

TOTAL INCIDENT RATE[4]

0.37

+23% underlying improvement

REVENUES FROM NEW SOLUTIONS[5]

£94m[1]

0%

EMPLOYEE NET PROMOTER SCORE (ENPS)[6]

42[1]

24[7] points ahead of the True Benchmark for our industry in 2020

HIGHLIGHTS FROM 2020

CHIEF EXECUTIVE'S STRATEGIC REVIEW
READ MORE: PAGES 10-15

WHAT'S DRIVING OUR MARKETS?
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CELEBRATING 150 YEARS
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IRON BRIDGE CONTRACT WIN
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A HIGHLY RESILIENT PERFORMANCE
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OUR STRONG GOVERNANCE
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HOW WE ADAPTED TO THE COVID-19 PANDEMIC
READ MORE: PAGES 22-23

For more information visit our website
www.global.weir

OUR BUSINESS AT A GLANCE

A premium mining technology business with strong market positions

EXTRACTION:
ESCO®
#1 in Ground Engaging Tools

COMMINUTION:
Enduron®
#1 in High Pressure Grinding Rolls

MILL CIRCUIT:
Warman®
#1 in Slurry Pumps

TAILINGS MANAGEMENT:
GEHO®
#1 in Positive Displacement Pumps

FOCUSED ON ATTRACTIVE MARKETS

80% OF REVENUES ARE FROM MINING APPLICATIONS

Mining applications	80%
Infrastructure & Other	20%

HIGHLY RESILIENT THROUGH THE CYCLE

75% OF REVENUES FROM RECURRING AFTERMARKET

Aftermarket (AM)	75%
Original Equipment (OE)	25%

BROAD GLOBAL CUSTOMER BASE

REVENUES BY GEOGRAPHY %

North America	29%
South America	21%
Australasia	19%
Asia Pacific	11%
Middle East & Africa	11%
Europe	9%

BIASED TOWARDS FUTURE-FACING COMMODITIES

REVENUES BY COMMODITY

Copper	22%
Iron Ore	16%
Gold	12%
Oil Sands	7%
Coal	6%
Other	37%

WEIR MINERALS

WHAT WE DO

Weir Minerals' products and technology are used in mining and infrastructure markets around the world. The Division produces highly engineered original equipment and provides comprehensive aftermarket support for mining and minerals processing, slurry transportation and mine dewatering.

MARKET POSITIONS

Minerals has a number of market-leading brands including Warman® Centrifugal Slurry Pumps, GEHO® Positive Displacement Pumps, Enduron® High Pressure Grinding Rolls, Cavex® Hydrocyclones and Linatex® Resistant Rubber.

**READ MORE IN THE MINERALS OPERATIONAL REVIEW:
SEE PAGES 34-35**

ADDRESSABLE MARKET

c.£7.5bn

2020 REVENUE[1]

£1,469m
+4%

2020 ADJUSTED OPERATING PROFIT[1]

£260m
0%

WEIR ESCO

WHAT WE DO

ESCO provides highly engineered ground engaging tools (G.E.T) which are used in global mining and infrastructure markets. Its equipment is mission-critical to the efficient extraction and transport of materials.

MARKET POSITIONS

ESCO has market-leading positions in G.E.T tooth systems for surface mining and construction, lip systems for hydraulic mining excavators and cable shovel buckets and cutterheads for hard rock dredging.

**READ MORE IN THE ESCO OPERATIONAL REVIEW:
SEE PAGES 36-37**

ADDRESSABLE MARKET

c.£2.5bn

2020 REVENUE[1]

£496m
-13%

2020 ADJUSTED OPERATING PROFIT[1]

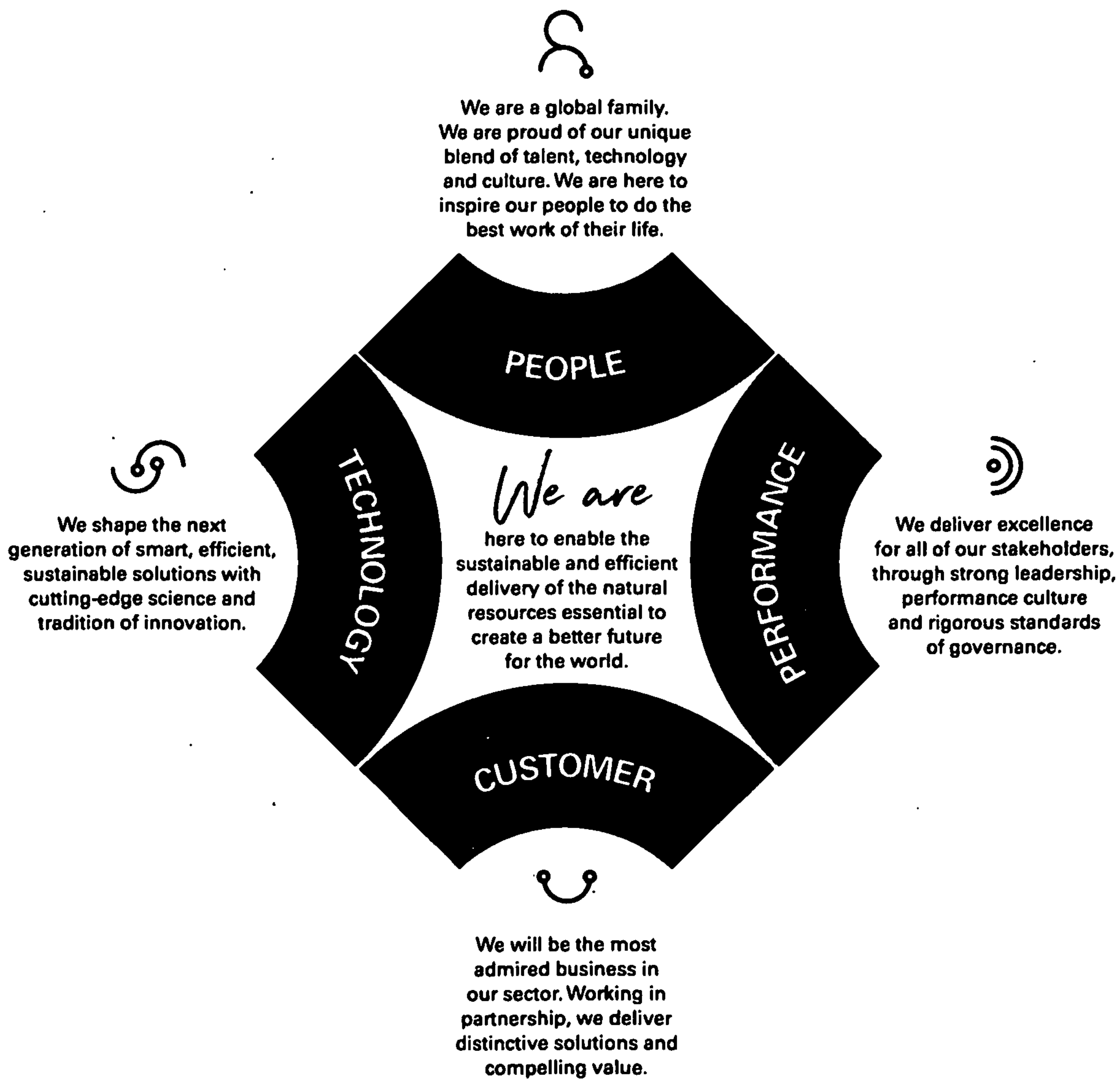
£81m
-3%

1 2019 restated at 2020 average exchange rates.

OUR 'WE ARE WEIR' STRATEGIC FRAMEWORK

We are WEIR

Our 'We are Weir' strategic framework is a simple guide to our purpose, distinctive competencies and values.



WE BELIEVE IN

THINKING SAFETY FIRST

DELIGHTING YOUR CUSTOMER

DOING THE RIGHT THING

AIMING HIGH

RESPECTING EACH OTHER

TO UNDERSTAND MORE ABOUT HOW WE LIVE OUR VALUES: SEE PAGES 20-21

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 36-38

WE DELIVER

TO UNDERSTAND MORE ABOUT THE VALUE WE DELIVER: SEE PAGES 20-21

CHAIRMAN'S STATEMENT

> "OUR PURPOSE HAS NEVER BEEN CLEARER AND OUR PROSPECTS HAVE NEVER BEEN BRIGHTER."

CHARLES BERRY
Chairman

A year of challenge and transformation.

DEAR SHAREHOLDER,
Thank you for your support in 2020. It was an extraordinary year and while it is still too early to fully assess the impact of Covid-19, there are lessons I think we can draw upon, even as we continue to navigate the pandemic.

TAKING CARE OF OUR PEOPLE AND WIDER STAKEHOLDERS

The most significant lesson is to always be guided by your values and at Weir, that means thinking safety first and taking care of our people and wider stakeholders. Every business depends on a number of internal and external partners to succeed and that is particularly important when there is a high degree of uncertainty.

During the year the Board heard directly from a diverse range of Weir colleagues through our 'Meet the Board' sessions and employee engagement surveys, and this reaffirmed our commitment to the safety of our people and communities. We increased the frequency of Board meetings to ensure decision making was swift and agile and met with fifty of the Group's senior managers who provided a broad view of the impact of the pandemic on individual teams and businesses. Our customers also made clear their need for us to support them through these challenging times, and our investors encouraged us to prioritise our people and maintain a long-term perspective.

Our response to the pandemic included accelerating investment in technology to ensure everyone who could work from home was able to do so, reconfiguring our manufacturing and service facilities to make them more Covid-19 secure and developing digital solutions to support those customers we were unable to access in person. Our commitment to communities included engineers deploying 3D printing capacity to manufacture face masks for local health authorities and employees donating food, time and money to help the most vulnerable in the countries in which we operate.

While we saw some disruptions to our facilities, the benefits of our regional operating model enabled us to fully serve the needs of our customers. This resilience also meant we could offer support to our supply chain including accelerated payments for those smaller partners who were most vulnerable to the economic disruption caused by Covid-19.

FINANCIAL PRUDENCE

Given the level of uncertainty the Board also moved quickly to protect the business, including taking some difficult decisions. For the first time in almost 40 years we did not recommend a final or interim dividend to Shareholders. We took this decision as part of a range

OUR PURPOSE

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

of measures to support the business and exercise prudent financial management. At the same time, we took a number of actions to reduce costs including cancelling scheduled fee and pay increases for the Board and Group Executive and significantly reducing travel and discretionary spending.

DELIVERING STRATEGIC TRANSFORMATION

One of the Group's strengths is its ability to execute effectively even in extraordinary circumstances. This was demonstrated in the strong strategic progress achieved while also dealing with the pandemic. Since Jon Stanton became CEO in 2016, our strategy has been to focus capital allocation on our mining technology businesses, reflecting their core strengths and the long-term growth opportunities in this market. That is the reason we acquired ESCO in 2018 and sold the Flow Control Division in 2019. The next step in our transformation into a mining technology pure play was to sell the Oil & Gas Division. This was completed in early February 2021, when the business was acquired by Caterpillar Inc., providing a secure home for employees and maximising value for all our stakeholders.

These portfolio changes mean that Weir is now a simpler, stronger and more sustainable business. Our purpose has never been clearer and our prospects have never been brighter. As a premium mining technology business our job is to enable the sustainable and efficient delivery of the natural resources essential to create a better future for the world. This means we have an important role in supporting structural trends, from rising living standards to decarbonisation, that will underpin our markets in the decades ahead. You can read more about how we will maximise these opportunities in Jon Stanton's CEO Review on page 10. It is an honour to be part of this team and on behalf of the Board I would like to thank the global Weir family for their magnificent efforts in the past year.

FINANCIAL RESULTS

In 2020, the Group's continuing operations delivered a highly resilient financial performance. Reported revenues were down 4% to £1,965m and 1% lower on a constant currency basis. Adjusted pre-tax profits from continuing operations of £255m represented a 5% decrease from the prior year. The statutory loss after tax of £149m reflected the impairment of the Oil & Gas Division to its fair value. You can read more in the Financial Review on page 28. As our markets continue to recover from Covid-19 disruption and, to support further deleveraging, the Board has decided not to recommend payment of a final dividend. Future dividend payments will be aligned to the Group's new capital allocation policy, which is detailed in the Financial Review, and includes a target to pay out 33% of adjusted EPS through the cycle. Resumption of the dividend will depend on a combination of factors including market outlook and leverage.

150 YEARS OF SEEING THINGS DIFFERENTLY

Weir's ability to adapt and grow is brought into focus as the Group celebrates its 150th anniversary in 2021. Few companies have reached such a milestone, but Weir's longevity is testament to the culture that our founders, George and James Weir, instilled in the 19th Century and which endures to this day. This is a business that has always sought to see things differently, from the way we develop innovative solutions to customers' challenges through to the way we engage with our people, ensuring every employee in every country is helped to become a co-owner of the Group. It is an excellent foundation for the future.

BOARD AND GOVERNANCE CHANGES

As previously announced, Rick Menell retired from the Board following the Annual General Meeting having served as Non-Executive Director including as Senior Independent Director from 2015. Cal Collins also stepped down from the Board as Non-Executive Director in September 2020 having joined the Board following the ESCO acquisition in 2018. I would like to thank both Rick and Cal for their contributions and wise counsel to the Group.

I was delighted to welcome Srinivasan Venkatakrishnan and Ben Magara as Non-Executive Directors in January 2021. Both Srinivasan, who is popularly known as Venkat, and Ben have extensive experience leading global mining businesses. Venkat has previously served as CEO of both Vedanta Resources plc, the diversified global natural resources company, and AngloGold Ashanti Limited, one of the world's largest gold producers. Ben served as CEO of platinum producer Lonmin plc, having previously held a number of senior roles for Anglo American plc.

Looking ahead to the rest of 2021, we will continue to prioritise the health and wellbeing of our people, customers and communities, as we navigate through the Covid-19 pandemic. While visibility remains uncertain in the short-term, our confidence in the long-term prospects of the Group has strengthened in the past year. We have an effective strategy, a resilient business model and a passionate and committed global team who will continue to build an ever-stronger Weir that benefits all our stakeholders.

CHARLES BERRY
Chairman

2 March 2021

WE BELIEVE IN

THINKING SAFETY FIRST

DELIGHTING YOUR CUSTOMER

DOING THE RIGHT THING

AIMING HIGH

RESPECTING EACH OTHER

Nurses in York, UK, wearing Weir manufactured visors.

150 YEARS OF WEIR

We've come a long way since 1871. From a start-up founded by two brothers in the 19th Century to one of the world's leading engineering businesses with 11,000 colleagues and operations in more than 60 countries. It is a journey fuelled by innovation, agility and passionate people who see things differently.

1871

Founding Weir

George and James Weir establish the firm as G & J Weir. The brothers, both engineers, produce ground-breaking inventions including the Direct Acting Feed Pump, pictured. It made steamship travel more efficient, requiring less coal and enabling larger cargos. It also established Weir's reputation for innovation and quality.

1871-1900

From Glasgow to the world

Glasgow's position as a global centre for shipbuilding excellence combined with the technology advances of Weir's equipment meant the business grew rapidly. Its products were widely adopted by navies and merchant fleets from around the world with its pumps synonymous with reliability among generations of marine engineers.

1900

Early investors in people and skills

Weir was the first business in Scotland to establish an apprenticeship school in the 1900s. The school, with its own schoolmaster, trained generations of people in engineering practices, including employees of shipping companies. Many of its graduates would become loyal customers in the future.

PASSIONATE PEOPLE WHO SEE THINGS DIFFERENTLY: WILLIAM, 1ST LORD WEIR

In 1902 at the age of just 26, William Weir became managing director of the family firm. He had a sparkling intellect and an international outlook and, on his early travels in America, met Henry Ford and toured his revolutionary car factory. As well as adopting some of Ford's methodology, William was a car enthusiast – the second person ever in Scotland to own a car. He even drove in early motor races, including the French Grand Prix.

During the First World War, William was seconded to the British Government, initially in charge of munitions production in Scotland and then taking charge of the Royal Flying Corps before becoming Secretary of State for Air and part of the War Cabinet – which facilitated his elevation to Lord Weir. While remaining Chairman of the company, William's extensive public service continued after the war. His 1926 report reorganised the electricity supply industry and created the National Grid. He proposed the electrification of the railways and helped create the sugar beet industry. He played a major role in the building of the trans-Atlantic ocean liners the Queen Mary and the Queen Elizabeth and, crucially, organised aircraft rearmament and the growth of the Royal Air Force ahead of the Second World War.

1910-1950

Diversifying into new markets

In the early part of the 20th century the Group was diversifying into new markets, leveraging more of its technology breakthroughs including the first land-based desalination plant. It also helped construct the first Anglo-Persian pipeline and pumping stations in the earliest days of Middle East oil production. Such were the conditions, heavy equipment was dropped in the sea and towed ashore by rowing boats (pictured) before being rolled 150 miles.

1950-2010

Global growth and acquisitions

The Group remained diversified but gradually began to focus on primary markets, including mining, power and upstream oil and gas. Acquisitions included Warman® giving the Group a global leadership position in mining markets while the purchase of SPM® meant Weir became the leading provider of pressure pumping equipment to US shale oil markets.

2010-2020

Transforming into a premium mining technology business

The Group took the strategic decision to focus on its core mining markets including completing its largest-ever acquisition with the $1.3bn purchase of ESCO. It subsequently sold its Flow Control and Oil & Gas Divisions to become a mining technology pure play aligned to structural trends including decarbonisation of energy and transport networks.

CHIEF EXECUTIVE'S STRATEGIC REVIEW

"

WE ARE A PREMIUM MINING TECHNOLOGY BUSINESS WITH A CLEAR PURPOSE AND STRATEGY TO DELIVER EXCELLENT OUTCOMES FOR ALL STAKEHOLDERS.

"

JON STANTON
Chief Executive Officer

2020 was a year of strong execution across the Group and we completed our transformation into a premium mining technology business.

We delivered a highly resilient performance in extraordinary circumstances while also making significant strategic progress, providing a strong platform for continued long-term growth. I would like to thank my Weir colleagues for their commitment and hard work and our many other stakeholders who have supported the business in the past year.

The Group is now in its 150th year, having been founded in 1871 by two Scottish engineers, James and George Weir. The brothers had a passion for seeing things differently and solving the big challenges of the day through innovative engineering. That culture, and the business they created, has never been more relevant. In this review I will discuss how we responded to the Covid-19 pandemic, the performance of the Group in 2020, the benefits of creating a premium mining technology business and how we'll maximise value for all stakeholders, including setting out new medium-term performance goals.

COVID-19: PROTECTING OUR PEOPLE, CUSTOMERS AND COMMUNITIES

Our response to the unprecedented challenge of Covid-19 was based on our core values, which start with safety first. In 2020, we achieved a 23% reduction in our Total Incident Rate (TIR) to 0.37. In both March and November there were no recordable incidents across our global operations, the first time this has been achieved in the Group's recorded history and proof that our ambition of becoming a zero-harm workplace is within reach. This performance benefited from our safety culture and our highly devolved operating model where decisions are made as locally as possible, within a clear strategic governance framework. These were both key components in our response to the Covid-19 pandemic, helping us to adapt quickly and effectively to protect our people and fully serve our customers. In times of uncertainty communication is critical and by having a regular dialogue throughout the business we were able to reassure and share knowledge across the organisation, generating record employee engagement and strengthening our culture even further.

Our Covid-19 mitigation actions included requiring everyone who was able to work from home to do so, adapting our manufacturing and service facilities to support infection control procedures, and prioritising mental health through local initiatives and our employee

HOW IS WEIR MAKING MINING MORE SUSTAINABLE?

HELPING MINERS PRODUCE MORE WHILE USING LESS ENERGY AND WATER

READ MORE: PAGES 16-17

assistance programmes. However, like every community, the Weir Group family has been directly impacted by the pandemic and where people have contracted the virus we have been there to support them and their families. Our teams have also played their part in helping local communities. This included joining the efforts to supply personal protective equipment to health authorities, providing financial support to those areas where social programmes are either limited or unavailable, and accelerating payments to smaller, local suppliers.

2020: A HIGHLY RESILIENT PERFORMANCE

The Group's performance during the Covid-19 pandemic has also reaffirmed the fundamental strength of the business. We maintained operating profits from continuing operations despite the negative impact of the pandemic on market activity that included ore production falling by an estimated 15% in the second quarter and a significant decline in infrastructure market demand due to construction shutdowns. In response, we took early action to reduce costs with c.£40m in continuing operations savings for the full year while also investing in those areas that will fuel future growth including expanding our service network and investing in innovation. New products included the next generation of Cavex® hydrocyclones that offer 30% more throughput alongside reduced water and energy consumption. We won the first order for the new ToolTek™ system that significantly improves operator safety in the pit. We also installed the first pilot Terraflowing® plant which is designed to cost-effectively reduce water in tailings, enabling this waste product to be safely stored or repurposed. The Group also delivered a 13% reduction in CO_2e emissions from our operations as a proportion of revenues (tCO_2e/£m), making good progress towards a 30% reduction by 2024 and a 50% cut by 2030. It was also pleasing to see the Group upgraded to an A- by the climate rating agency CDP, recognising our leadership and commitment to best practice particularly in governance, disclosure and emissions reduction initiatives.

Revenues were broadly stable supported by the delivery of the majority of the original equipment for the record c.£100m Iron Bridge Project order for our High Pressure Grinding Rolls (HPGR) technology, which eliminates water use and reduces energy consumption by up to 40%. We also won a £95m order to provide HPGR aftermarket service to the project, where production is expected to begin in 2022-23. This demonstrates the long-term value of focusing on smarter, more efficient and sustainable solutions. And despite Covid-19 related mine site access issues our Integrated Solutions strategy also delivered £159m in additional orders, up 3% on the prior year. In addition, ESCO's Nemisys® solution continued to gain share in mining attachments. As the second half progressed, we saw a gradual improvement in order trends across mining and infrastructure markets and our longer-term project pipeline has continued to strengthen, reflecting the positive structural trends underpinning future demand in our markets.

CREATING A PREMIUM MINING TECHNOLOGY BUSINESS

When I became CEO in 2016, we made mining our first priority for capital allocation. Since then we have acquired ESCO, a leading provider of highly engineered mining technology, and sold the Flow Control Division. The next milestone in our strategic transformation was the sale of our Oil & Gas Division which, despite an extremely tough market backdrop, was successfully achieved when the business joined Caterpillar Inc, at the beginning of February 2021. The sale, for a total enterprise value of $405m subject to customary working capital and debt-like adjustments, maximised value for stakeholders and provided an excellent home for the Division's employees.

Our decision to primarily focus on mining reflects the positive prospects for the industry, the strength of our market-leading positions, and the resilience of our aftermarket-focused business model. Today, we are a premium mining technology business with a clear purpose – to enable the sustainable and efficient delivery of essential natural resources – and a strategy that will deliver long-term sustainable growth.

Maximising long-term structural growth opportunities

Our decision to focus on mining is based on a combination of supportive macro trends that will underpin the sustainable growth of the market in the decades ahead. These include:

- The need for more natural resources to support population growth, urbanisation and rising living standards.
- Increased demand for metals such as copper, the Group's largest commodity exposure, that enable the electrification of energy and transport networks that is critical to decarbonisation.
- The requirement for a technology transformation in mining to meet stakeholder requirements including making operations 'Net Zero' of CO_2 emissions and reducing water consumption.
- Ongoing ore grade declines that mean more material needs to be excavated and processed supporting aftermarket demand.

A robust business model: high barriers to entry and c.75% of revenues from resilient aftermarket

To maximise value from our markets the Group has a highly resilient business model that provides significant barriers to entry and delivers consistent profitable growth through the cycle. It starts with providing highly engineered technology that leverages our materials science and foundry capability. This builds a large installed base of original

FULLY SUPPORTING OUR CUSTOMERS THROUGH THE PANDEMIC

READ MORE: PAGES 22-23

KEEPING PEOPLE SAFE THROUGH INNOVATION

READ MORE: PAGES 26-27

A STRATEGY TO SUPPORT A MORE SUSTAINABLE SOCIETY

READ MORE: PAGES 32-33

CHIEF EXECUTIVE'S STRATEGIC REVIEW
CONTINUED

equipment that is mission-critical to customers' ongoing production. Our products are focused on abrasive applications, such as hard rock extraction and processing, that generate ongoing demand for higher-margin spares and services, which represent around 75% of revenues. This best-in-class aftermarket model is supported by a comprehensive global service network that covers every major mining region in the world and means the Group has an aftermarket-retention rate of more than 90%. The embedded nature of our solutions, alongside the disproportionately large cost of unplanned downtime for customers, builds long-term relationships that in many cases span decades. This combination provides Weir with a sustainable competitive advantage that is reflected in the long-term aftermarket sales performance of Minerals, our largest Division, which delivered a 7% revenue CAGR in the last decade.

Making mining operations, smarter, more efficient and sustainable

The need for mining to undergo a technology transformation to reduce its energy, water and waste provides a significant commercial opportunity for the Group. To improve productivity while meeting Net Zero commitments miners will need to work in partnership with their supply chain to develop innovations that make their operations smarter, more efficient and sustainable. This is Weir's sweet spot and is the focus for our research and development activity. To assess the scale of energy consumption in mining the Group commissioned independent research that estimates the 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 process in a typical mine. This is an area where Weir can make a significant impact through our Enduron® HPGR technology that is up to 40% more energy efficient than traditional ball mills. To illustrate the scale of the difference our technology can make, we estimate the CO_2e emissions savings for our customers from our installed base of HPGRs, and those on our order book, to be three times the total emissions generated by the Group's continuing operations in 2020. Creating sustainable solutions is a key component of our Sustainability Roadmap, which was created in consultation with stakeholders, and also includes a commitment to zero-harm Weir operations, nurturing our unique culture, and as indicated earlier, cutting our Scope 1 & 2 CO_2e emissions in half by 2030.

WINNING THROUGH 'WE ARE WEIR': NEW MEDIUM TERM GROWTH TARGETS

To maximise the Group's potential, we have refreshed our performance goals to support execution of our strategy between 2021-2023. These are based on the distinctive competencies that differentiate Weir - People, Customers, Technology and Performance - and form the basis of our 'We are Weir' strategic framework.

People: Improve TIR and eNPS

We're making good progress towards becoming a zero-harm workplace with a 77% reduction in TIR since 2012, when we first introduced the measure. That makes us one of the safest industrial businesses in the world, but we need to go further and will measure progress through continuous improvement in our TIR. At Weir, 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. Alongside a safe workplace we also want 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. Our employees tell us they want Weir to be more inclusive and diverse and we are committed to achieving this. Excellent communication throughout the organisation is one of our real strengths and we will continue to prioritise engagement and seek to improve our employee Net Promotor Score (eNPS) further, targeting top quartile performance against an external benchmark.

Customers: Growing ahead of our markets through the cycle

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. These include:

- Working in partnership with customers, building on the success of our Integrated Solutions strategy that provides productivity upgrades, greenfield sub-systems and increased service level agreements.

'WE ARE WEIR' DRIVING ORGANIC GROWTH

DISTINCTIVE COMPETENCY	STRATEGIC INITIATIVES
PEOPLE	• Zero-harm workplace • Diverse and inclusive workforce • Investing in talent and skills
CUSTOMERS	• Strategic growth initiatives • Expand service network • Integrate digital experience
TECHNOLOGY	• Lowest Total Cost of Ownership and CO_2e products • Accelerate sustainable solutions • Enterprise-wide integration of big data and analytics
PERFORMANCE	• Optimise operational leverage • Lean and efficient functions • Reduce total scope 1 & 2 CO_2e emissions

1 Weir-weighted commodity exposure: source McKinsey 2021. 2 2019 restated at 2020 average exchange rates. 3 Based on profit before adjusting items (see note 2).

- Extending our geographic reach including delivering revenue synergies between Minerals and ESCO, globalising ESCO's infrastructure offering and expanding our service network to capture aftermarket opportunities in high growth areas such as Russia, China, Central Asia and APAC.
- Expansion of our product range, leveraging our materials and hydraulic expertise into adjacent markets and increasing our digital capability to improve customer experience.
- Driving further market penetration of more sustainable solutions including new downstream Scope 3 solutions that help our customers meet their environmental objectives.

Technology: Increasing R&D as a percentage of revenues and growth in sustainable solutions

Increasing long-term demand and the need for a social licence to operate will drive a technology transformation in mining in the years ahead. This will require radical change in an industry that has traditionally been slow to adopt new technologies due to the significant upfront costs of new mines and the high price of downtime once an operation is running. To meet future environmental and productivity targets, however, will require increased innovation which provides a significant commercial opportunity for engineering partners like Weir. To reflect this, we are focusing our research and development investment in making mining operations smarter, more efficient and sustainable. This is the lens through which we will measure progress building on our current offering which includes HPGRs and the development of products such as Terraflowing® and hydro-hoisting which have the potential to significantly improve waste safety, management and reduce CO_2e.

Performance: Operating margin progression and lower CO_2e

And as we grow, we will stay focused on delivering attractive returns through the cycle. In 2020, our continuing Group operating margin was 15.5% but through a combination of increased volumes and operational and functional efficiencies we are targeting a 150bps expansion by 2023, assuming a broadly stable mix of higher margin aftermarket and lower margin original equipment. We've already made good progress with a more than 500bps improvement in ESCO margins since we acquired the business in 2018 but we see further opportunities to leverage our global platform and streamline functions to support future progress. We will also deliver on our commitment to reduce emissions from our operations by 30% by 2024, principally through energy efficiency at our main foundries and increasing the proportion of power supplied from renewable sources. This will all be supported by a disciplined capital allocation policy that is set out in the Financial Review on page 28.

OUTLOOK

We have had a good start to 2021 and we expect to deliver growth in full year constant currency profits subject to any further disruption from the ongoing Covid-19 pandemic. More broadly, underlying conditions are favourable and with the strong platform we've created we're confident of outperforming our markets over the next three years and delivering sustainable long-term profitable growth.

GROUP EXECUTIVE

I'd like to thank both Paul Coppinger and Jon Owens for their magnificent contributions to the Group as President of Oil & Gas and ESCO Divisions. Paul joined Caterpillar Inc. following completion of the sale of Oil & Gas and Jon retired after more than 30 years with ESCO. Jon was succeeded by Andrew Neilson, who successfully led the ESCO integration team, and brings a wealth of experience from across our business. The Group Executive was also strengthened with the appointments of Paula Cousins and Garry Fingland as Chief Strategy and Sustainability Officer and Chief Information Officer respectively. Paula has been key to developing our new Sustainability Roadmap that focuses on how we help our customers significantly reduce their environmental impact while also increasing productivity. Garry has extensive experience in building Group-wide digital platforms that deliver enhanced support for customers, while also improving collaboration and innovation across the business.

JON STANTON
Chief Executive Officer

2 March 2021

MEDIUM-TERM KPIS	2020 BENCHMARK (CONTINUING OPERATIONS)
• Total Incident Rate (TIR) • Employee NPS	• TIR of 0.41 • eNPS +42
• Growing ahead of our markets through the cycle: – AM > Ore production	• Ore production[1] c.-3%; Minerals aftermarket revenues[2] -2% • Machine utilisation -13%; ESCO revenues[2] -13%
• Increase R&D as a percentage of revenues • Growth in sustainable solutions	• R&D represented 1.6% of sales • Integrated solutions orders +3%
• Operating margin[3] progression • Expansion in ROCE • 30% reduction in CO_2e by 2024	• Operating margin[3] of 15.5% • ROCE of 12.5% • 13% reduction in tCO_2e to 75.7

OUR 2020 KEY PERFORMANCE INDICATORS

2020 Financial and Non-financial measures aligned to 'We are Weir'.

FINANCIAL

ADJUSTED PROFIT BEFORE TAX

2020 performance
Adjusted profit before tax from continuing operations decreased by 5% to £255m (2019: £269m) as the benefits of the Group's cost savings programme were more than offset by market conditions and translational foreign exchange headwinds and higher net finance costs.

YOU CAN READ MORE IN THE FINANCIAL REVIEW ON PAGE 28 AND THE OPERATING REVIEW SECTIONS ON PAGES 34-37

Link to Remuneration[4]

✓

Associated risks
- Market volatility
- Contract risk
- Political and social risk
- Technology and innovation
- Value Chain Excellence
- Competition

WORKING CAPITAL AS A PERCENTAGE OF SALES

2020 performance
Working capital as a percentage of sales increased from 21.7% to 22.9% on a continuing operations basis. This reflected the unwind of prior year advance payments on the Iron Bridge original equipment order and the decision to reduce the use of invoice discounting facilities.

YOU CAN READ MORE IN THE FINANCIAL REVIEW ON PAGE 28

Link to Remuneration[4]

✓

Associated risks
- Market volatility
- Contract risk
- Political and social risk
- Technology and innovation
- Value Chain Excellence
- Competition

YOU CAN READ MORE IN THE REMUNERATION REPORT ON PAGE 103

4 70% of Executive Director annual bonus is directly linked to outcomes against financial KPIs. You can read more in the Directors' Remuneration Report on pages 103-127.

NON-FINANCIAL

PEOPLE

2020 performance
- 23% improvement in the Group's Total Incident Rate (TIR) which fell to 0.37. Achieved two months with no recordable incidents
- Conducted organisational capability review and launched learning and development strategy
- Maintained mean employee engagement score in the upper quartile while achieving further improvements in 2020

Link to Remuneration[5]

✓

Associated risks
- Safety, Health and Environment
- Staff recruitment, development and retention
- Political and social risk
- Technology and innovation

Focus for 2021
- Continue our journey to zero TIR
- Build further digital capabilities
- Increase number of women across all management level bands and launch global affinity groups to support inclusion and diversity

5 30% of Executive Director annual bonus is directly linked to progress against strategic measures which include People, Customer, Technology and Performance targets. You can read more in the Directors' Remuneration Report on pages 103-127.

CUSTOMER

2020 performance
- Grew orders from Integrated Solutions by £159m through customer focused partnerships
- Grew mining bucket bookings by 38%
- Successful field trials, including a Terraflowing® pilot plant commissioned, new slurry pump trials completed and new cable shovel developed

Link to Remuneration[5]

Associated risks
- Safety, Health and Environment
- Staff recruitment, development and retention
- Political and social risk
- Technology and innovation
- Value Chain Excellence
- Competition

Focus for 2021
- Extend service capability to new geographies
- Continue to leverage Integrated Solutions revenue and extend adoption of Nemisys® technology further
- Support customers with solutions to their key sustainability challenges

TECHNOLOGY

2020 performance
- HPGR upgrades released, including tyre wear monitoring and GET ToolTek® commercialised
- Further digitalisation of products including Sensor Connect® APP, Syntertex® v2 and TrackPro® expansion
- Sustainability embedded in new product development process and sustainable design training and measurement processes developed

Link to Remuneration[5]

Associated risks
- Safety, Health and Environment
- Staff recruitment, development and retention
- Political and social risk
- Technology and innovation
- Value Chain Excellence
- Competition

Focus for 2021
- Further expand digitalisation of our products and services
- Grow pipeline of products and solutions that deliver sustainability benefits
- Launch next generation versions of core flagship products

PERFORMANCE

2020 performance
- Delivered majority of record Iron Bridge contract
- Realised ESCO acquisition cost synergies
- Launched Sustainability Roadmap, embedded targets in businesses and progressed execution see pages 52-64

Link to Remuneration[5]

Associated risks
- Safety, Health and Environment
- Staff recruitment, development and retention
- Political and social risk
- Technology and innovation
- Value Chain Excellence

Focus for 2021
- Complete Information Systems & Technology (IS&T) transformation programme
- Complete successful execution of O&G separation post close
- Reduce scope 1 & 2 CO_2e footprint and conduct scope 3 evaluation

IRON BRIDGE AFTERMARKET CONTRACT

HOW IS WEIR HELPING REDUCE MINING'S ENVIRONMENTAL IMPACT?

"

THIS IS ANOTHER LANDMARK ORDER FOR WEIR AND IS A GREAT EXAMPLE OF OF THE VALUE WE CREATE FOR ALL OUR STAKEHOLDERS.

"

RICARDO GARIB
President, Weir Minerals

Image: Weir's Enduron® High Pressure Grinding Rolls (HPGR) technology.

THE LONG-TERM VALUE OF MORE SUSTAINABLE SOLUTIONS

Mining has an essential role to play in the decarbonisation of the global economy. Commodities like copper are essential to enabling electrification of energy networks and transport. But while demand for resources is growing so is pressure for these commodities to be produced more sustainably and efficiently. Many of the world's major miners have set ambitious targets to reduce the environmental impact of their operations, aiming to deliver net zero emissions by 2050. To achieve this the industry will need a technology transformation.

This offers a significant long-term opportunity for Weir as we can provide solutions that reduce energy, water and waste while also lowering miners' total cost of ownership. The Iron Bridge Project in Western Australia is a great example of this where our grinding and crushing technology is up to 40% more energy efficient than traditional alternatives and protects water resources by being a dry process. Having won a record £100m contract in 2019 for original equipment the Group was awarded a £95m contract in 2020 for ongoing aftermarket support over a minimum of seven years.

Weir Minerals President Ricardo Garib described it as "a landmark order for Weir and is a great example of the value we create for all our stakeholders".

WEIR: SEE THINGS DIFFERENTLY.

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 TREND

GLOBAL POPULATION AND MIGRATION

BY 2030

8.5bn

In their latest analysis in 2020, 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, demand for 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.

DECARBONISATION

ELECTRIC VEHICLE SHARE OF NEW CAR SALES BY 2040

c.58%

As the world transitions to a low carbon economy it will require a significant increase in future-facing commodities such as copper, lithium and nickel that are essential to electrifying energy and transport. An electric car for instance requires four times the copper content of an internal combustion car engine. In contrast, coal demand is declining as power generation increasingly develops alternative sources of energy.

Miners are also setting targets to reduce their environmental impact as they prioritise 'Net Zero' emissions from operations driving future demand for technologies that reduce energy, water and waste.

DECLINING ORE GRADES

AMOUNT OF ORE NEEDED TO PRODUCE 1KG COPPER IN 2018

200kg

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.

"

WE BELIEVE THE SINGLE MOST SIGNIFICANT CONTRIBUTION WE CAN MAKE TO SUSTAINABILITY IS THROUGH INNOVATION.

"

JON STANTON
Chief Executive Officer

SHORTER-TERM TREND

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 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 AM 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 annually over the long-term.

OUR BUSINESS MODEL

Our business model shows how we transform resources into long-term value for all our stakeholders.

OUR RESOURCES

We want to deliver excellent outcomes for all our stakeholders and to achieve that aim we rely on a number of resources. These are transformed into tangible outcomes by our aftermarket-focused business model.

OUR PEOPLE
The commitment, expertise and diversity of our people, who are also the co-owners of our business, are the keys to our success.

RAW MATERIALS AND RESOURCES
We efficiently use sustainable methods of doing business and in the delivery of natural resources to our customers around the world.

OUR CULTURE
We have a truly unique culture that is embedded through our 'We are Weir' framework. We also actively engage with our customers, communities, Shareholders, suppliers, government and regulators.

MANUFACTURING AND SERVICE FACILITIES
We safeguard, deploy and invest in our physical assets, manufacturing resources and service facilities.

TECHNOLOGY AND IP
We use our proprietary technology, specialist insights and technical skills to create leading-edge products and solutions for our customers.

FINANCE
The strength of our balance sheet and our financial discipline provide us with the capital to invest in long-term growth initiatives.

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.

WHAT WE DO

What we do is driven by our purpose and informed by our core values. Our Divisions operate an installed base of highly engineered original equipment that is used in abrasive operating environments. This, in turn, drives demand for aftermarket spares and services, providing resilience through the cycle.

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 vital technology partners.

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.

WHAT MAKES US UNIQUE

Our key strengths rely on the ingenuity and skills of our people, our long-standing relationships with our customers, our pursuit of innovative technology and our high-performance culture of governance and delivery of services and products.

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

CUSTOMERS
We aim to be the most admired business in our sector by working in partnership with customers to deliver distinctive solutions and compelling value.

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

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

THE VALUE WE CREATE FOR OUR STAKEHOLDERS

We are a sustainable business by responding to the changing needs of our customers, communities, partners and employees.

EMPLOYEES: GOOD JOBS

c.£500m

paid in employee benefits in 2020

READ HOW WE ARE KEEPING OUR PEOPLE SAFE IN THE MOST DANGEROUS PARTS OF THE MINE PAGE 26

CUSTOMERS: TECHNOLOGY PARTNER

£1.9bn

in orders in 2020

READ A CASE STUDY ABOUT OUR SOLUTIONS MIND-SET AT IRON BRIDGE ON PAGE 17

SUPPLIERS: VALUABLE PARTNER

£1.2bn

invested by Weir to support our operations

READ A CASE STUDY ABOUT MAINTAINING RELATIONSHIPS WITH OUR SUPPLIERS PAGE 22

GOVERNMENT AND NGOs: TAX

£63m

paid in corporation taxes in 2020

READ MORE ABOUT OUR FINANCIAL RESULTS PAGE 28

COMMUNITIES AND ENVIRONMENT: SAVING ENERGY

Up to 40%

reduction in energy consumption provided by our HPGR technology

READ MORE ABOUT OUR SUSTAINABILITY ROADMAP PAGE 33

Our business model is supported by our 'We are Weir' strategic framework. See page 2.

THE GLOBAL PANDEMIC

HOW HAVE WE CONTINUED TO SUPPORT OUR STAKEHOLDERS DURING THE GLOBAL COVID-19 PANDEMIC?

> **IT IS AT UNCERTAIN TIMES LIKE THESE THAT WE TURN TO OUR VALUES TO GUIDE US AND THAT HAS BEEN OUR APPROACH.**
>
> **ROSEMARY MCGINNESS**
> Chief People Officer

THE GROUP'S APPROACH TO THE PANDEMIC HAS REFLECTED ITS CORE VALUES

Weir Minerals India came up with the innovative idea to livestream the pre-dispatch inspection and performance testing directly to key customers. The performance test for six Warman® pumps was conducted at our site's facilities and the customer was able to witness the tests and interact in real time. By leveraging capabilities in product testing, data analytics and latest technologies, Weir Minerals India improved the order execution by ten days.

During the early stages of Covid-19, colleagues at Todmorden, UK, used manufacturing capacity and expertise, including two industrial printers, to produce much needed face shield visors for frontline NHS workers. The team then joined forces with one of the foundry's key suppliers, to manufacture and deliver face shield visors to a range of local NHS hospitals and GP surgeries.

The Group also provided increased support to our suppliers, particularly the many small businesses in our supply chain. This included earlier payment terms, mentoring and providing key safety materials where necessary.

WEIR: SEE THINGS DIFFERENTLY.

STAKEHOLDER ENGAGEMENT

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

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.

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).

The Group identifies its key stakeholders through its 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 83. Our business model sets out the value we generate for stakeholders on page 20 and the Group's sustainability strategy is noted on page 52. 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 71, highlights the key decisions made by the Board during 2020, the stakeholders and strategic factors taken into consideration when making decisions, and the outcomes.

EMPLOYEES

HOW WE ENGAGE	WHAT MATTERS TO THEM THE MOST?	OUR RESPONSE
• Board members responsible for representing employee voice • All-employee survey • 'Meet the Board' sessions • Monthly 'CEO Briefing' • 'Ask Jon' CEO email address • Global webcasts and social media channels	• 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	• 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

CUSTOMERS

HOW WE ENGAGE	WHAT MATTERS TO THEM THE MOST?	OUR RESPONSE
• Embedded sales and engineering teams • Key account management • Voice of Customer insights • Technology partnerships	• Safety • Efficiency • Quality and on-time delivery • Smart technologies • Sustainability • Trusted long-term partnerships • Ever-present service	• 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

Strategic Report

SUPPLIERS

HOW WE ENGAGE

- Clearly defined supplier quality policy
- Supplier visits
- Technology trials and collaborations

WHAT MATTERS TO THEM THE MOST?

- Trusted partnerships
- Collaborative relationships
- Responsive communication

OUR RESPONSE

- Face-to-face meetings with suppliers
- Key account support
- Equal opportunity policies for all suppliers
- Strong safety culture

SHAREHOLDERS

HOW WE ENGAGE

- Annual Report and General Meeting
- One-to-one meetings
- Investor conferences
- Capital Markets Days
- Visits to company facilities
- Good environmental & social governance

WHAT MATTERS TO THEM THE MOST?

- 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

OUR RESPONSE

- Regular communication of performance
- Providing guidance when appropriate
- Robust business model
- Developed Sustainability Roadmap following consultation with investors and other stakeholders

COMMUNITIES & ENVIRONMENT

HOW WE ENGAGE

- Local open days to better understand our operations
- Collaborations with local schools and universities
- Supporting employment and apprenticeship schemes

WHAT MATTERS TO THEM THE MOST?

- Jobs and investment
- That we are good neighbours, operating safely and ethically
- That we actively help and support local communities
- Reducing environmental impact

OUR RESPONSE

- 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
- Developing and executing our Sustainability Roadmap

GOVERNMENTS & NGOS

HOW WE ENGAGE

- Direct engagement with national and local politicians and officials
- Membership of industry bodies
- Supporting NGO efforts to improve STEM education opportunities

WHAT MATTERS TO THEM THE MOST?

- Creating and sustaining employment
- Investing in R&D and productivity
- Business contributing towards educational opportunities
- Environmental, social and governance policies

OUR RESPONSE

- 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

SAFETY IN MINING

HOW DO WE KEEP PEOPLE SAFE IN THE MOST DANGEROUS PARTS OF THE MINE?

Image: The ESCO ToolTek™ System

> THE SAFETY OF OUR PEOPLE CONTINUES TO BE OUR NUMBER ONE PRIORITY.

ANDREW NEILSON
Division President,
Weir ESCO

400kg
weight of some components in a change-out

ESCO'S NEW TOOLTEK™ SYSTEM PROVIDES ENHANCED SAFETY FOR MAINTENANCE PERSONNEL ON MINE SITES

Every month, hundreds of ESCO machine parts may need to be replaced within a mine as part of regular aftermarket maintenance. While crews are well trained on replacement procedures and ESCO parts are engineered for worker safety, there is an element of risk during maintenance cycles where some components can weigh over 400kg. During replacement of parts on just one bucket, a crew is exposed to hundreds of touch-points, all of which are eliminated with the ToolTek™ system.

The ToolTek™ system is a boom crane mounted tool head that is remotely operated during replacement of worn components. New parts are pre-staged on racks on the flat bed truck outfitted with the boom crane. The flat bed truck also features a scrap bin for safer disposal of the worn parts. The maintenance cycle can now be completed without personnel handling any of the heavy components during the replacement process.

WEIR: SEE THINGS DIFFERENTLY.

FINANCIAL REVIEW

"THE GROUP DEMONSTRATED GREAT RESILIENCE IN THE MOST CHALLENGING OF CIRCUMSTANCES. STRONG CASH GENERATION AND THE AGREED DISPOSAL OF OIL & GAS PROVIDES GOOD LIQUIDITY AND BALANCE SHEET STRENGTH TO MAXIMISE FUTURE MINING OPPORTUNITIES."

JOHN HEASLEY
Chief Financial Officer

FINANCIAL HIGHLIGHTS

REVENUE

£1,965m

-4%

ADJUSTED OPERATING PROFIT

£305m

-3%

STATUTORY LOSS AFTER TAX

(£149m)

+61%

OVERVIEW

2020 demonstrated the high quality and resilience of our mining businesses against the market, resource and logistical challenges presented by Covid-19. We responded early in the year to protect the financial position and performance of the Group with robust cost-saving actions, cash preservation initiatives and extended liquidity. In the most challenging of years, these actions, together with excellent progress towards our ESCO margin target, ensured that constant currency operating profit was in line with the prior year while strong cash conversion supported a reduction in net debt. After the challenges of customer mine site activity disruptions through Q2 and Q3, we saw good momentum in orders in Q4 with easing mine site access restrictions driving aftermarket demand, while strong commodity prices and improved logistics supported initial positive signs on capital project conversion. The sale of the Oil & Gas Division to Caterpillar Inc. for $405m was agreed in the year, with completion happening just after the year end in February 2021. This successful transaction completes the transformation of the Group into a mining technology pure play and results in pro forma[5] net debt to EBITDA of 1.7x at the end of the year, putting us on a strong footing to realise the benefits of an exciting outlook for the Group from a market and technology perspective.

CAPITAL ALLOCATION

As we look to the future we expect to deliver above-market growth and progressive margin development through the cycle. This will be achieved within a strict financial framework which will keep net debt to EBITDA between 0.5x to 1.5x, with up to 2.0x for M&A 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.

FINANCIAL HIGHLIGHTS

Continuing operations order input decreased by 13% on a constant currency basis partly due to the record Iron Bridge order received in 2019. Excluding this, order input was 9% lower, with strong mining aftermarket resilience being offset by weaker infrastructure markets in ESCO and customer caution on original equipment (OE) project spend during the Covid-19 pandemic.

Continuing operations revenue decreased by only 1% on a constant currency basis with a robust performance in Minerals, up 4% (down 2% excluding the Iron Bridge order shipped in the year), with ESCO down 13% reflecting more significant Covid-19 disruptions, especially in its infrastructure markets. On a reported basis revenue reduced by 4%, driven by a £63m foreign exchange translation headwind.

Continuing operations adjusted profit before tax of £255m was down by £14m or 5% mainly due to adverse translational foreign exchange and higher net finance costs with adjusted continuing operating profit flat on a constant currency basis. Operating exceptional items of £19m (2019: £33m) included £10m in relation to non-recurring Covid-19 costs, mainly restructuring and rationalisation. Statutory loss after tax for the year was (£149m) compared to (£379m) in the prior year due to the impairment of the Oil & Gas Division in line with the agreed disposal value.

Operating cash flow decreased by £36m to £372m mainly driven by an increase in continuing operations working capital cash outflows, due to the unwind of prior year advance payments on the Iron Bridge OE order and a decision to reduce the use of invoice discounting facilities to £7m (2019: £22m). Our reported net debt reduced from £1,157m to £1,051m following a free cash inflow of £132m and the decision to withdraw the final 2019 dividend payments in the year. Net debt to EBITDA on a covenant basis increased to 2.7 times[4] (2019: 2.4 times) primarily due to the impact of the Oil & Gas Division on Group EBITDA. On a pro forma[5] basis, excluding Oil & Gas and reflecting the proceeds from the agreed sale which completed on 1 February 2021, net debt to EBITDA was 1.7 times. These compare to a covenant level of 3.5 times.

CONTINUING OPERATIONS ORDER INPUT

Order input at £1,860m decreased 13% on a constant currency basis. Original equipment orders were £405m and aftermarket orders were £1,455m.

Minerals orders decreased by 12% on a constant currency basis to £1,392m (2019: £1,586m) with a book-to-bill of 0.95. Original equipment orders fell 29%, with underlying orders down 11% excluding the record c.£100m Iron Bridge order in 2019. The rest of the decline was driven by Covid-19 related project delays, but we did see sequential improvement in Q4, which was also the strongest OE quarter of the year. Aftermarket orders were down 4%, broadly reflecting the disruption to mining operations from Covid-19 but were also up sequentially in Q4. Aftermarket orders represented 73% of total orders (2019: 67%). Mining applications accounted for 84% of the total (2019: 83%).

ESCO orders decreased 15% on a constant currency basis to £468m (2019: £553m), reflecting Covid-19 disruptions in certain mines, destocking by distributors as our lead times reduced, and shutdowns in North America and European infrastructure markets, most significantly impacting Q2 and Q3. Conditions started to gradually improve in Q4. Aftermarket represented 94% of orders in line with ESCO's position as a provider of highly engineered consumables used in abrasive operating environments.

CONTINUING OPERATIONS REVENUE

Revenue of £1,965m decreased 1% on a constant currency basis demonstrating the resilience of the mining operations in unprecedented conditions, with Minerals also benefiting from the record Iron Bridge order won in 2019. Aftermarket accounted for 75% of revenues, marginally lower than the prior year (79%). Reported revenues decreased 4%, impacted by a foreign exchange translation headwind of £63m.

Minerals revenue was 4% higher on a constant currency basis at £1,469m (2019: £1,418m), as the weaker order trends were more than offset by the c.£80m benefit from the first deliveries to the Iron Bridge project. As a result, original equipment sales accounted for 31% (2019: 27%) of divisional revenues and were 19% up on the prior year. Aftermarket revenues were down 2%, broadly reflecting order trends for the year, but up sequentially in Q4.

ESCO revenue decreased 13% on a constant currency basis to £496m (2019: £569m) with core G.E.T., more robust, down 11%. Mining applications represented 68% of revenues, infrastructure was 28% and other industrial markets represented 4%.

CONTINUING OPERATIONS PROFIT

Adjusted operating profit from continuing operations of £305m remained in line with the prior year on a constant currency basis with a foreign currency translation headwind leading to a reduction of £10m on a reported basis (2019: £315m).

Minerals adjusted operating profit was stable on a constant currency basis at £260m (2019: £260m). The underlying revenue increase was offset by the mix impact of the Iron Bridge order, with the delivery of £30m of savings from temporary reductions to travel, restricted discretionary spend and workforce reductions broadly offset by incremental cost and overhead under-recoveries largely due to Covid-19 disruptions to our operations. Adjusted operating margin on a constant currency basis reduced by 70bps to 17.7% (2019: 18.4%) driven by the negative mix impact of the Iron Bridge order.

ESCO adjusted operating profit decreased by 2% on a constant currency basis to £81m (2019: £83m), with the impact of lower revenues almost entirely offset by the delivery of the final acquisition cost synergies, efficiency improvements from our foundry investments and the delivery of £9m of Covid-related cost mitigation actions.

Adjusted operating margin of 16.3% was up 180bps on a constant currency basis (2019: 14.5%). The Covid-19 actions included temporary reductions to travel, restricted discretionary spend and workforce reductions. With two-thirds of these cost savings temporary in nature, and with relatively modest incremental Covid-19 costs or under-recoveries, current year margins received a one-off benefit of around 60bps.

Unallocated costs decreased £2m from the prior year to £36m following restructuring activities to right-size certain functions in response to the oil and gas market conditions and lower employee costs related to share based payments and bonus.

Statutory operating profit for the year of £234m was £2m adverse to the prior year due to a decrease in adjusted operating profit of £10m, offset by a reduction in adjusting items of £8m.

CONTINUING OPERATIONS NET FINANCE COSTS

Net finance costs were £50m (2019: £46m). The overall increase of £4m compared to 2019 was principally due to additional arrangement and commitment fees following the successful refinancing of the Group's revolving credit facility (RCF) and term loan during the year. Further details of the refinancing are included in the Cash flow and Net debt section below.

Net finance costs (excluding retirement benefit related costs) were covered 6.6 times by adjusted operating profit from continuing operations on a lender covenant basis (2019: 9.3 times), compared to a covenant level of 3.5 times.

CONTINUING OPERATIONS PROFIT BEFORE TAX

Adjusted profit before tax from continuing operations was 5% lower at £255m (2019: £269m) due to translational foreign exchange headwinds and higher net finance costs as described above. The statutory continuing operations profit before tax including adjusting items as described below reduced 3% to £184m (2019: £189m).

CONTINUING OPERATIONS TAXATION

The adjusted tax charge for the year of £62m (2019: £66m) on adjusted profit before tax from continuing operations of £255m (2019: £269m) represents an underlying effective tax rate (ETR) of 24.3% (2019: 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.

In terms of cash tax, the total Group paid income tax of £63m in 2020 across all of its jurisdictions compared to £90m in 2019. The reduction is due to a combination of extended phasing of payments permitted during Covid-19 in certain territories, and overall tax losses arising in the United States.

CONTINUING OPERATIONS ADJUSTING ITEMS

Intangibles amortisation decreased to £39m (2019: £47m), with exceptional items reducing to £19m (2019: £33m) and other adjusting items totalling £12m (2019: £nil).

Intangibles amortisation relates to assets recognised via acquisition and ongoing multi-year investment activities. Following the completion of certain multi-year activities £5m of amortisation has been included within adjusted operating profit in the year.

Due to the unprecedented Covid-19 pandemic, specific one-off and/or short-term measures have been taken to protect the Group's ability to generate future cash flows, ensure the immediate health and safety of the workforce and manage supply chain issues enabling us to continue to meet customer needs. This has resulted in exceptional costs of £10m which are deemed to be non-recurring in nature and as a direct result of the Covid-19 pandemic, including £9m of severance costs across the Minerals and ESCO Divisions.

FINANCIAL REVIEW
CONTINUED

RESULTS SUMMARY

Continuing operations[1]	2020	2019	As reported	Constant currency[2]
Orders[2]	**£1,860m**	£2,139m	n/a	-13%
Revenue	**£1,965m**	£2,050m	-4%	-1%
Adjusted operating profit	**£305m**	£315m	-3%	0%
Adjusted operating margin	**15.5%**	15.4%	+10bps	+20bps
Statutory operating profit	**£234m**	£236m	-1%	n/a
Net finance costs	**(£50m)**	(£46m)	-8%	n/a
Adjusted profit before tax	**£255m**	£269m	-5%	n/a
Statutory profit before tax	**£184m**	£189m	-3%	n/a
Adjusted effective tax rate	**24.3%**	24.5%	-20bps	n/a
Adjusted earnings per share	**74.4p**	78.1p	-5%	n/a
Total Group				
Statutory loss after tax	**(£149m)**	(£379m)	+61%	n/a
Operating cash flow[3]	**£372m**	£408m	-9%	n/a
Net debt	**£1,051m**	£1,157m	+£106m	n/a
Loss per share	**(57.6p)**	(146.4p)	+61%	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 financial statements.

1 Continuing operations excludes the Oil & Gas Division, which was classified as held for sale from 5 October 2020, and the Flow Control Division, which was disposed of on 28 June 2019. Both are reported in discontinued operations.

2 2019 restated at 2020 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 £273m (2019: £264m).

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

5 Pro forma figures for 2020 are for comparative purposes and are based on Oil & Gas being excluded from EBITDA and net debt adjusted to reflect estimated net disposal proceeds, which are subject to customary working capital and debt-like adjustments.

The continued deep downturn in oil and gas markets, exacerbated by Covid-19, resulted in further steps to right-size certain central functions to protect short-term cash generation, leading to £2m of severance costs.

Other exceptional costs included a £4m charge, primarily a non-cash IFRS 2 share-based payment, related to the completion of a Broad-based Black Economic Empowerment (B-BBEE) ownership transaction by the Group's subsidiary, Weir Minerals South Africa (Pty) Ltd, and £3m (2019: £11m) of costs to complete the integration of ESCO into the Group following its acquisition in July 2018.

The cash impact of the current year exceptional income statement charge of £19m is expected to be £16m, with £13m already incurred in the year.

Other adjusting items include a £1m past service pension charge related to Guaranteed Minimum Pension (GMP) equalisation following the further Lloyds Banking Group High Court Judgement in November 2020, with the remaining charge associated with the Group's legacy US asbestos-related provision of £12m following completion of the planned triennial actuarial review in December 2020. Further details related to both items are included in the Pensions and Asbestos Provision sections below.

A tax credit of £16m has been recognised in relation to adjusting items (2019: £21m).

After adjusting items, the statutory profit after tax for the year from continuing operations is £139m (2019: £145m).

DISCONTINUED OPERATIONS

The statutory loss for the year from discontinued operations is £288m (2019: loss £524m). The adjusted result was a loss of £27m (2019: profit £22m).

On 5 October 2020, the Group announced the proposed sale of the Oil & Gas Division to Caterpillar Inc. and, in line with IFRS 5 'Non-current assets held for sale and discontinued operations', the Group has classified the Division as held for sale and a discontinued operation.

The 2019 comparative period includes the results of the Flow Control Division which was disposed of on 28 June 2019 (2019: adjusted operating loss of £3m).

Oil & Gas orders of £306m (2019: £584m) were down 48% on a constant currency basis, reflecting challenging market conditions and a further significant reduction in refurbishment and replacement activity in North America. Revenue reduced by 48% on a constant currency basis to £314m (2019: £608m) in line with order trends and adjusted operating loss including joint ventures was £21m (2019: profit £37m). The decrease was driven by significantly lower activity levels and volumes in upstream North American markets and reduced operating leverage. Net finance costs of £3m primarily related to lease interest, and a tax charge of £3m led to an adjusted loss after tax of £27m (2019: profit £22m).

Adjusting items in the year totalled £261m after a tax charge of £27m. The balance includes intangible amortisation of £9m and exceptional items of £225m, which primarily relate to an impairment charge of £209m to reflect the write-down of carrying value of the Division to estimated fair value less costs to sell, onerous purchase contracts of £4m and disposal costs of £11m.

The sale of the Oil & Gas Division to Caterpillar Inc. was completed on 1 February 2021, for an enterprise value of $405m, subject to customary working capital and debt-like adjustments. Since the initial announcement on 5 October 2020, the Group's joint venture partner in Saudi Arabia-based Arabian Metals Company (AMCO) has exercised its pre-emption right, as set out in the Class 1 Circular published on 3 November 2020, to purchase Weir's 49% stake in AMCO. Therefore, the cash proceeds from the sale of the Division, subject to customary working capital and debt-like adjustments, will be split between $375m received from Caterpillar Inc. and $30m to be received on completion of the sale of AMCO, which is expected to occur in the first half of 2021.

CAPITAL EXPENDITURE

Net capital expenditure for the Group, including intangible assets, decreased from £104m in 2019 to £75m in the current year, reflecting only essential spend, given cash preservation actions taken in response to Covid-19 uncertainty and £7m of capex in 2019 related to Flow Control. Net capital expenditure on property, plant and equipment (owned) of £56m was 1.1 times depreciation.

CASH FLOW AND NET DEBT

Operating cash flow decreased by £36m to £372m in the year (2019: £408m), mainly driven by adverse working capital cash flows in the Continuing Group of £30m. This reflects the unwind of prior year advance payments on the Iron Bridge OE order and the decision to reduce the use of invoice discounting facilities. The Group utilised non-recourse invoice discounting facilities of £7m (2019: £22m) and suppliers chose to utilise supply chain financing facilities of £41m (2019: £46m). As a result, working capital as a percentage of sales increased from 21.7% to 22.9% on a continuing operations as reported basis.

Operating cash flows in discontinued operations remained flat year-on-year, with the impact of the continued downturn in the oil and gas market resulting in an adverse cash flow of £29m offset by the cash flows in 2019 which related to the former Flow Control Division.

After additional pension contributions of £11m, exceptional and other adjusting cash items and income tax payments, net cash generated from operating activities was £273m (2019: £264m).

Free cash flow from total operations (contained within note 2) increased by £89m to an inflow of £132m (2019: £43m), before cash exceptional and other adjusting items of £24m (2019: £41m). The increase reflects a reduction in tax paid of £27m, reduced capital expenditure of £30m as spend was limited during Covid-19 uncertainty and reduced outflow on derivative financial instruments of £67m, offsetting the £36m decrease in cash from operating activities noted above.

Total Group exceptional and other adjusting cash items of £24m includes £8m in relation to discontinued operations, with the balance primarily relating to restructuring and rationalisation actions and ESCO integration costs.

The above movements plus proceeds from the B-BBEE transaction of £5m, offset by the final payment in January 2020 in respect of the Flow Control disposal of £5m, combined with an adverse translational foreign exchange movement of £3m, resulted in a reported decrease in net debt of £106m to £1,051m (2019: £1,157m). This includes £179m (2019: £185m) in respect of IFRS 16 'Leases'. Net debt to EBITDA on a lender covenant basis was 2.7 times (December 2019: 2.4 times) compared to a covenant level of 3.5 times. On a pro forma[5] basis, excluding the Oil & Gas Division, net debt to EBITDA was 1.7 times.

The Group completed the refinancing of its US$950m RCF and a new £200m term loan in June 2020, extending maturity dates out to June 2023 and March 2022 respectively, with the option to extend the US$950m RCF for up to a further two years. Covenant terms remain unchanged under the new arrangements. At 31 December 2020, the Group had c.£575m of immediately available committed facilities and cash balances, with a further c.£80m in uncommitted facilities available.

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 deficit of £161m compares to £139m in 2019. For the UK schemes, the deficit increased by £27m from £69m to £96m. This is due to updates to the financial assumptions, primarily discount rate (£107m loss) and demographic assumptions (£3m loss), and the net impact of the income statement charge of £2m. These losses were partially offset by gains of £79m on the asset side, and the payment of £6m in deficit reduction and one-off contributions to the schemes over the year.

For the North American schemes, the deficit decreased by £4m from £69m to £65m. This is primarily due to gains of £16m on the asset side, contributions of £10m paid by the Group to the plans over the year, updates to the mortality assumptions (£1m gain) and a gain of £2m from exchange rate movements. These gains were largely offset by changes in market conditions, primarily discount rate, leading to a loss of £21m, the net impact of the income statement charge of £3m and plan experience leading to losses of £1m.

Allowances for GMP equalisation following the most recent Lloyds judgement in November 2020 has led to an adjusting past service charge of £1m. This follows the £6m charge initially recognised in 2018 and has been booked as an adjusting item in the Consolidated Income Statement.

Insurance policy assets held for the two largest UK schemes now cover 36% (2019: 41%) of the Group's total funded obligation across all schemes, excluding ESCO, 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 2020, there were 1,586 asbestos-related claims outstanding in the US (2019: 1,551).

Following completion of our planned triennial actuarial review of estimated future indemnity and defence costs in December 2020, we have recognised a US asbestos-related provision of £65m (2019: £44m) in line with the actuarial decay model and the projected claims. 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 £52m (2019: £43m). The net result is a £12m liability (2019: £1m). A charge of £12m has been recognised as an other adjusting item in the year (note 5). Full details of the provision, plus related insurance receivable, are provided in note 20.

KEY ACCOUNTING AND POLICY JUDGEMENTS

The key accounting and policy judgements are contained within note 2 to the Group financial statements on page 147.

EARNINGS PER SHARE

Adjusted earnings per share from continuing operations decreased to 74.4p (2019: 78.1p). The statutory loss per share including adjusting items and loss from discontinued operations was 57.6p (2019: loss per share 146.4p). The weighted average number of shares in issue remained at 259.5m (2019: 259.5m).

DIVIDEND

The Board is not recommending a dividend this year, which follows the decision during 2020 to withdraw the 2019 final dividend due to Covid-19 related uncertainty.

John Heasley

JOHN HEASLEY
Chief Financial Officer

2 March 2021

SUSTAINABLE SOCIETY

HOW DOES OUR STRATEGY SUPPORT A MORE SUSTAINABLE SOCIETY?

"WE WILL ACCELERATE PROGRESS IN THE INDUSTRY."

PAULA COUSINS
Chief Strategy & Sustainability Officer

HELPING LEAD MINING'S TECHNOLOGY TRANSFORMATION

Mining has a crucial role in supporting rising living standards and the transition to a low carbon economy. As an extractive industry, mining faces scrutiny.

In response, miners are increasingly setting climate change targets, including committing to 'Net Zero' emissions by 2050. But to get there will require innovation in a traditionally conservative industry. That is why Weir has put sustainability at the heart of our strategy and designed our technology roadmap around three core themes: making our customers' operations smarter, more efficient and sustainable. By working together we will accelerate progress in the industry and play our part in leading mining's technology transformation.

WEIR: SEE THINGS DIFFERENTLY.

OPERATIONAL REVIEW

> **"THE DIVISION LEVERAGED ITS STRONG MARKET POSITIONS TO TAKE FULL ADVANTAGE OF THE GROWTH OPPORTUNITIES IN 2020."**

RICARDO GARIB
Division President, Weir Minerals

CAVEX® 2 HYDROCYCLONE: A NEW AREA IN SEPARATION TECHNOLOGY

The launch of Weir Minerals' new Cavex® 2 hydrocyclone in 2020 marked a new era in separation technology. The product's innovative design allows it to classify up to 30% more feed slurry while occupying the same footprint as the Cavex® 1 and competitor cyclones. This enhanced performance is unmatched by any known hydrocyclone in operation today.

The installation of the Cavex® 2 in trials, and purchases made since the launch, provides us with the upmost confidence that this is the highest performing hydrocyclone on the market, unmatched by our competitors.

The shape of the liners in this new generation of Cavex® has further minimised turbulence. The Cavex® 2 also comes with a range of materials technology options including industry leading Linatex® premium rubber and other robust Weir Minerals natural rubbers, which have been proven to outlast competitors' elastomers in similar applications.

Image: A Cavex® hydrocyclone cluster

REVENUE[1] £m
£1,469m
+4%

OPERATING PROFIT[1,2] £m
£260m
0%

DIVISIONAL ORDERS BY END MARKET %

Mining	79%
Industrial	9%
Oil & Gas	6%
Naval & Marine	2%
Power Generation	2%
Infrastructure	1%
Water & Sewage	1%

DIVISIONAL ORDERS BY GEOGRAPHY %

North America	21%
South America	24%
Australasia	18%
Asia Pacific	13%
Africa	11%
Europe	11%
Middle East	2%

1 Prior years restated at 2020 average exchange rates.
2 Before adjusting items (note 2).

HIGHLIGHTS

- Robust aftermarket revenues (-2%); Q4 strongest quarter of 2020
- Operating margin of 17.7% (-70bps) reflecting higher original equipment mix and Covid-19 impact
- Project pipeline continues to strengthen, particularly for more sustainable solutions

2020 MARKET REVIEW

Commodity prices for copper, iron ore and gold all reached multi-year highs supported by a mix of stimulus spending in China, supply constraints and political uncertainty. This was a strong recovery from their lows in the second quarter and supported the gradual improvement in activity in the second half. Slower decision making as a result of restrictions on face-to-face meetings and mine access constraints impacted original equipment demand while aftermarket was more robust with ore production estimated to have reduced by c.3% in 2020 compared to the prior year. Aftermarket demand was particularly strong in South America, Russia and Central Asia with activity in Peru, Africa, North America and South East Asia impacted by a number of mine shutdowns through the year. Thermal coal markets were more challenging given reduced global power consumption while oil sands' demand remained relatively resilient.

2020 OPERATING REVIEW

The Division benefited from its broad exposure to attractive commodities such as copper, gold and iron ore, the geographic diversity of its customer base, and its regional operating model with manufacturing and service facilities in every major mining region. This meant it was able to fully capture opportunities in a challenging market and continually service customer demand despite some temporary Covid-19 related shutdowns to individual Weir plants.

This performance was achieved while also making significant strategic progress that included:

- Improving safety with TIR reduced by 7% to 0.25.
- Establishing a new super centre in Turkey to capture growth opportunities in Central Asia and North Africa, and opening a new service centre in Panama to support a major copper development.
- Successfully delivering the majority of the Iron Bridge HPGR OE contract and winning a £95m award to provide ongoing aftermarket and service support.
- Commercialising the new Cavex® 2 hydrocyclone that offers up to 30% more capacity while lowering energy and water consumption.
- Delivering £30m in cost savings principally from lower expenditure on travel and variable compensation.

2021 OUTLOOK

Market fundamentals in mining remain positive. There is significant near-term focus on maximising production given the strength of commodity prices, which should support the continued improvement in aftermarket trends. Likewise, the need for supply expansion and deferral of smaller projects in 2020 has strengthened demand for original equipment as reflected in the size of our project pipeline. At this time we are cautiously optimistic of making progress in 2021 but the extent to which positive market sentiment translates into orders and revenues in the near term will depend on the shape of the economic recovery and the level of ongoing Covid-related disruption to both customers and our own operations.

REVENUE BY ORIGINAL EQUIPMENT/AFTERMARKET %

Aftermarket	69%
Original Equipment	31%

NUMBER OF FACILITIES

Europe	53
Asia Pacific	26
Australia	25
Middle East & Africa	24
South America	23
North America	19

Image: Weir Minerals Africa who helped deliver the African Industries Ltd project

WEIR MINERALS AFRICA DEMONSTRATES ITS EXTENSIVE ENGINEERED-TO-ORDER CAPABILITY

Challenging process parameters on an African Industries Limited Nigerian ore mine have showcased the design capability of Weir Minerals Africa, as it developed an engineered-to-order solution for its mining customer. Included in the order were two of the largest screens ever built by Weir Minerals Africa. The screens, two 51-tonne Enduron® double-deck banana screens, 4.3m wide and 9.7m long, were built and optimised based on the designs of Weir Minerals' existing range and can process 1,750 tonnes per hour.

The screens were also ready to be fitted with Weir's IIoT (Industrial Internet-of-Things) platform, Synertrex®, allowing the machines' performance to be monitored remotely.

The order for African Industries Ltd also included other products from Weir Minerals comminution range, including an Enduron® HPGR.

OPERATIONAL REVIEW

"THE DIVISION CONTINUED TO FOCUS ON DIFFERENTIATING THROUGH TECHNOLOGY LEADERSHIP AND CLOSE CUSTOMER PROXIMITY."

ANDREW NEILSON
Division President,
Weir ESCO

NEMISYS® TOOTH SYSTEM OUTPERFORMS THE COMPETITION

The Nemisys® tooth system is increasing safety and productivity at mine sites around the world. After upgrading their large wheel loaders to the Nemisys® system, mine operators are experiencing unmatched wear life and reliability – even in the most demanding applications.

At an iron ore mine in Minnesota, after the safety and productivity improvements experienced during the field trials, ESCO's customer chose to upgrade their entire wheel loader fleet to the Nemisys® system.

The mine reported that the Nemisys® teeth lasted up to four times longer than the competitor's teeth during the trial period, while maintaining better sharpness as they wore. Tooth replacement is now also a faster and easier process. The customer also observed that the Nemisys® system helps to protect their tyres by cleaning the floor more thoroughly than prior G.E.T. systems.

Image: ESCO's Nemisys® Tooth System for Wheel Loaders

REVENUE[1,3] £m

£496m
-13%

OPERATING PROFIT[1,2,3] £m

£81m
-2%

DIVISIONAL ORDERS BY END MARKET %

Mining	56%
Infrastructure	31%
Oil & Gas	8%
Industrial	5%

DIVISIONAL ORDERS BY GEOGRAPHY %

North America	52%
South America	13%
Australasia	13%
Europe	10%
Africa	8%
Asia Pacific	3%
Middle East	1%

1 Prior years restated at 2020 average exchange rates.
2 Before adjusting items (note 2).
3 ESCO was acquired in July 2018 and fully comparable data is not available.

HIGHLIGHTS

- Record safety performance with 34% reduction in TIR to 1.05
- 13% reduction in revenues driven by temporary Covid-19 mine shutdowns and lower mining machine utilisation; Infrastructure more challenging and impacted by destocking
- Margins up 180bps supported by £9m cost savings programme.

2020 MARKET REVIEW

The Division saw similar mining trends to Minerals with ore production volumes falling in the second quarter, impacting machine utilisation before gradually improving through the second half of the year although remaining below pre-Covid-19 levels. In North America, the Division's biggest market, iron ore demand was impacted by the closure of automotive plants, while coal remained challenging and oil sands was relatively resilient. In Central and South America there were also a number of temporary mine shutdowns due to Covid-19 restrictions. As expected, infrastructure demand reflected lower construction activity in North America and Europe and destocking by some distributors as they reduced safety inventories.

2020 OPERATING REVIEW

While Covid-19 led to a number of temporary disruptions to the Division's facilities, ESCO maintained its ability to fully meet demand supported by recent investment in safety and productivity upgrades. This was achieved while also making significant strategic progress which included:

- Achieving a record safety performance reducing TIR by 34% to 1.05 and achieving three consecutive months with no recordable incidents for the first time in the history of the business.
- Improved customer responsiveness with significantly reduced lead times, benefiting from prior investment in foundry operations.
- First orders for ToolTek™ which improves mine safety by enabling remote G.E.T. change-outs.
- Strong progress in upgrading customers to the latest generation Nemisys® system, which provides lower total cost of ownership and emissions.
- 50% increase in mining attachments sales, despite customers reducing capital budgets.
- Delivering 180bps margin improvement supported by early action to reduce costs by £9m principally from lower expenditure on travel and variable compensation.
- Good progress, despite Covid-19 restrictions, in delivering revenue synergies including expanding sales in Africa, Central America and Australia.

2021 OUTLOOK

The outlook for ESCO's mining end markets is consistent with that of the Minerals Division. Infrastructure markets have seen a greater impact from Covid-19 disruptions but started to improve in the second half of 2020. At this time, we are cautiously optimistic of making progress in 2021 but the extent to which positive market sentiment translates into orders and revenues in the near term will depend on the shape of the economic recovery and the level of ongoing Covid-19 related disruption to both customers and our own operations.

REVENUE BY ORIGINAL EQUIPMENT/AFTERMARKET %

Aftermarket	94%
Original Equipment	6%

NUMBER OF FACILITIES

North America	20
South America	9
Asia Pacific	9
Africa	7
Europe	6
Australia	4

The ESCO Production Master® Dipper pictured on site.

ESCO PRODUCTION MASTER® DIPPER: A LEADER IN GLOBAL MINING APPLICATIONS

Mines have relied on ESCO for industry leading lip and G.E.T. systems for nearly 100 years. ESCO's Production Master® dippers are the latest in this offering, featuring best-in-class lip technology with industry leading tooth systems, wear protection and our wide range of lip profiles that can match customer requirements and optimise bucket performance.

A recent customer comparison of an ESCO Production Master® dipper versus a competitor's resulted in the ESCO dipper producing a sustained 5.7% hourly production rate increase, using the same shovel in similar conditions as the competitor's equipment. The Production Master® also produced an over 70% reduction in unplanned downtime for dipper maintenance when compared to the other machine.

OPERATIONAL REVIEW
WEIR OIL & GAS

Weir Oil & Gas was previously reported as an individual reporting segment, the Division was classified as held for sale from 5 October 2020 and was sold on 1 February 2021 to Caterpillar Inc.

2020 MARKET REVIEW

Upstream oil and gas markets were significantly impacted in the first half of the year by the ending of the Saudi Arabia/Russia production agreement and the impact of the Covid-19 pandemic. This led to a steep reduction in capital spending by North American E&P producers, with the US land rig count falling c.70% from peak to trough, with frack activity seeing even more of an impact. The Division took decisive action to right-size the business and protect financial performance in these extreme market conditions including a £36m cost saving programme.

2020 OPERATING REVIEW

Orders of £306m (2019: £584m) were down 48% on a constant currency basis, reflecting market conditions and a further significant reduction in refurbishment and replacement activity in North America.

Revenue reduced by 48% on a constant currency basis to £314m (2019: £608m) in line with order trends.

Adjusted operating loss[2] including joint ventures was £21m (2019: profit £37m). The decrease was driven by significantly lower activity levels and volumes in upstream North American markets and reduced operating leverage.

The sale of the Oil & Gas Division was completed in February 2021.

REVENUE[1] £m	OPERATING LOSS[1,2]
£314m	**(£21m)**
-48%	-157%

1 Prior years restated at 2020 average exchange rates.

2 Before adjusting items (note 2).

RISK MANAGEMENT

We operate in a complex global environment, where opportunities come with corresponding risks. Because our markets are dispersed and decentralised, our objective is to allow our people to be decisive, so we can take advantage of attractive opportunities whilst ensuring we are not exposing the organisation to excessive risk.

THE 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. Following the Covid-19 pandemic, the Board reviewed and monitored the effectiveness of the Group's response to Covid-19 in accordance with the March 2020 Financial Reporting Council (FRC) guidance. The review found that whilst there was no specific pandemic risk previously identified, the resultant risks and mitigating actions were covered in existing risk categories. 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.

The aim of the Risk Appetite Statement remains to highlight the risks that we should be willing to take, as well as those that are unacceptable. The statement includes a series of risk assertions which are aligned to our strategy, together with the risk parameters within which we expect our people to work.

The risk appetite is all the risk assertions and the parameters taken together. The parameters can apply to more than one risk assertion; therefore, the individual risk assertions should not be read in isolation. As part of the aforementioned risk management process review the risk appetite of specific key principal risks were reviewed, resulting in some updates to the risk appetite.

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.

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 93.

RISK MANAGEMENT

Risk management is at the core of the internal control framework. We have a risk management policy which 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 73.

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 gross dashboards provide a summary of the major net risks at each respective level, as well as a summary of the key mitigating controls and actions and resulting net risk, and any further control actions required.

The Risk Committee monitors quarterly risk dashboard reports from the Divisions. It 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 88 and within the Audit Committee Report on pages 93-102.

The specific risks identified across the business generally fall under one of the categories within the 'Risk Universe' as shown overleaf.

RISK MANAGEMENT

CONTINUED

RISK RESPONSIBILITIES & REPORTING

REPORTING

- BOARD AND SUB-COMMITTEES
- GROUP EXECUTIVE
- RISK COMMITTEE
- DIVISIONAL MANAGEMENT
- OPERATING COMPANY MANAGEMENT

POLICIES & DECISIONS

RISK MANAGEMENT CYCLE

RISK UNIVERSE

Strategic risk

- Industry and market volatility
- Technological advances or disruption
- Pricing pressures
- Acquisitions and mergers
- Planning and resource allocation

Hazard risk

- Political and social instability
- Natural disasters, global pandemic (e.g. Covid-19) and other major incidents
- External and internal fraud and corruption

Operational risk

- People
- Delivery and supply chain
- Quality
- Commercial
- IT, including cyber security

Compliance risk

- Laws and regulations
- Code of Conduct
- Safety, Health and Environment
- Governance
- Intellectual property

Financial risk

- Financial management
- Credit
- Debt and interest rates
- Foreign exchange
- Accounting and reporting
- Taxation

Not all risks are controllable or foreseeable, a key example being natural disasters. Our response to such risks is having controls which lessen the impact to our business should they occur. For example, in the case of natural disasters, we have controls in place to reduce the risk of harm to our people, as well as response planning protocols, with clear accountability, to minimise disruption to operations and our customers.

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 below.

Risk assertions	Risk parameters
1. Safety, Health & Wellbeing We will not undertake or pursue activities that pose unacceptable hazard or risk to our people or the communities in which we operate or the broader environment.	• No tolerance for breaches of Weir Group Safety, Health and Environment Charter. • Target zero harm through continuous improvement. • Active community and environmental engagement.
2. People We are committed to build an ever more high performing and inclusive workplace which enables us to attract, develop and retain the very best talent in an environment which is underpinned by our stated values of respecting each other and doing the right thing.	No tolerance for breaches of: • 'We are Weir' framework. • Weir Code of Conduct. • Group and divisional HR policies.
3. Environmental Sustainability We will rigorously pursue our purpose – to enable the sustainable and efficient delivery of the natural resources essential to create a better future for the world and deliver our Sustainability Roadmap with integrity and ambition.	Our sustainability strategy and goals are fully embedded in our organic growth, M&A, capital allocation, and capital structure processes and decision making. We will deliver against and disclose our Reducing Footprint (RoF) and Creating Sustainable Solutions (CSS) goals: • RoF –30% reduction in Scope 1&2 CO_2e by 2024 and 50% by 2030. • CSS –Enabling Net Zero.
4. Reputation and stakeholders We will avoid and manage situations or actions that could have a negative impact on our reputation and stakeholders. We aim to be transparent with all of our stakeholders unless prejudicial to our collective interests.	No tolerance for breaches of: • Legislative/statutory requirements. • Weir Code of Conduct. • International sanctions. • Delegated authority levels. • Group and divisional policies.
5. 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.
6. Technology & Innovation We will invest in technology, research and development to innovate our customer offering allowing us to maintain and expand our market share.	• Input – Target R&D spend of 2% of revenues focused on Smart, Sustainable Efficient strategy. • Output – Robust innovation pipeline and revenue from new products. • Impact – Quantify carbon and water saving benefit of our products and solutions.
7. 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.
8. 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.
9. Returns and 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.
10. 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.
11. 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 cyclicality 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
CONTINUED

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

	Group	Risk management responsibilities
THIRD LINE OF DEFENCE	**Board** Overall responsibility for the Group's risk management and internal control frameworks, and strategic decisions 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. • Principal risks presented three times a year. • On a bi-annual basis, 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.
THIRD LINE OF DEFENCE	**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.
SECOND LINE OF DEFENCE	**Excellence Committees** • Weir Technology Excellence Committee • Safety, Health and Environment • Finance • HR • Group Compliance (sub function of Legal) • Sustainability Excellence Committee 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.
FIRST LINE OF DEFENCE	**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.	• 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.	• 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 RISKS 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 keys risks.

The Board has conducted a robust assessment of the principal risks, alongside the Risk Appetite Statement set out on page 41, 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 registers 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 2020.

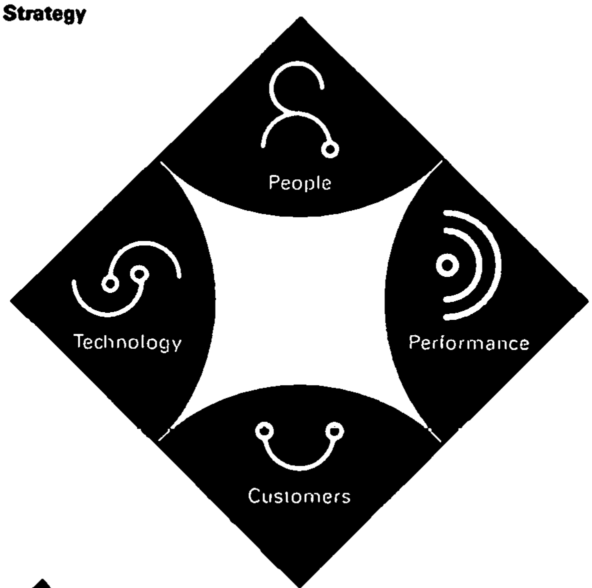
The identified principal risks were subjected to a detailed assessment based on the following considerations:

- 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 44 to 51 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.

KEY

Strategy



Strategy impacted

Strategy not impacted

Risk Trend

↑ Increasing

↔ No change

↓ Decreasing

Viability Statement

V Viability Statement

READ MORE: PAGE 89

PRINCIPAL RISKS AND UNCERTAINTIES
CONTINUED

COVID-19

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

Why we think this is important

Subsequent waves of Covid-19 gives rise to further plant closures resulting in a material impact on the Group's productivity and ability to meet customers' demands.

Subsequent waves of Covid-19 gives rise to further lockdowns and a resulting impact on the mental health and wellbeing of the Group's global workforce.

Wider supply chain interruptions as host Governments look to prioritise and safeguard their citizens and economies leading to increased restrictions around the cross-border movement of people and goods.

Risk of Covid-19 induced global recession impacting commodity prices and demand for mining equipment.

How we are mitigating the risk

Divisional and Group Covid-19 response plans developed for all employees which are cognisant of locality and ongoing local authority restrictions.

Developed protocols and Group risk mitigation plans are focused on key control measures with particular attention to employee safety.

Changes during 2020

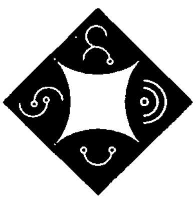
This is a new risk in 2020.

Risk trend

TECHNOLOGY

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



Why we think this is important

We need to continue to drive innovation across the Group and collaborate with research partners to ensure there is a sustainable and evolving product offering leveraging new and adjacent technologies.

This can result in failure to achieve and maximise the expected sales opportunities from new product launches and technological advances.

Failure to adapt our business model to capture economic value from technological advances or prevent economic loss from other technological advances.

Failure to develop products meeting the sustainable needs of our customers and other stakeholders.

Failure to identify and respond to threats from disruptive technologies.

Failure to harness new technology to reduce costs/improve efficiency of our operations relative to peers (digital, automation, big data etc).

How we are mitigating the risk

Continued investment in our technology strategy aligned on smart, sustainable, efficient (SSE) priorities.

Hybrid R&D operating model combining divisional R&D, Weir Advanced Research Centre (WARC), Weir Additive Manufacturing Solutions (WAMS).

Strategic international research, academic and technology scanning partnerships and funding.

Strong governance around intellectual property and new material/product launches.

Changes during 2020

Further risk mitigation has been updated to capture latest thinking on key next priorities following the strategic planning process

Engineering Excellence Committee (EEC) replaced with Weir Technology Excellence Committee (WTEC) with a focus on horizon 2/horizon 3 technology strategy and associated performance metrics.

Weir Innovation Network (WIN) approach matured to further promote, celebrate and reward culture of innovation.

Risk trend

VALUE CHAIN EXCELLENCE

Failure to achieve Value Chain Excellence improvements and the associated reduction in costs and enhanced capital efficiency.

Impact on strategy

Why we think this is important

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; and

Failure to develop organisational capability to sustain and improve operational performance results.

How we are mitigating the risk

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.

Changes during 2020

Further mitigations reflects the ongoing plans to realise full value from our mining pure play platform including functional shared service initiatives.

Risk trend

ENVIRONMENTAL SUSTAINABILITY

Failure to adapt to and mitigate climate change and the associated impact on our current or future business.

Impact on strategy

Why we think this is important

Failure to manage this risk has significant impacts on us, our customers and our supply chain. These impacts can be both acute and chronic.

Furthermore, failure to manage these risks may have political and legal implications following increased Governmental focus.

There are also wider implications of this risk including loss of market share, negative impact on reputation and failure to attract talent into the organisation.

How we are mitigating the risk

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 CO_2 reduction (both efficiency and renewable supply optimisation), water stewardship, waste elimination.

We are continuing strong engagement with stakeholders in this area.

Changes during 2020

2020 organisational changes to bring new focus on delivery of Sustainability Roadmap priorities and further strengthen governance foundations

Further risk mitigations updated to capture proposed work arising from the completion of the 1st pass Task Force on Climate-related Financial Disclosures evaluation process.

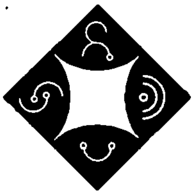
Risk trend

PRINCIPAL RISKS AND UNCERTAINTIES
CONTINUED

SAFETY, HEALTH AND WELL-BEING

Failure to adequately protect our people and customers from harm presents a significant threat to the physical and mental well-being 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



Why we think this is important

We operate in hazardous environments, and therefore have a fundamental duty to protect our people and other stakeholders from harm whilst conducting our business.

Policies and processes must be in place to ensure the continued health, safety and wellbeing of all employees, customers and third parties.

Failure to ensure continued environmental compliance and/or contravention of environmental legislations.

Failure of the Group to respond to a significant risk to employees resulting from a pandemic or significant global health issue.

Failure of the Group to adequately protect its workforce from both the heightened stress on their well-being and/or psychological fears from changing work practices.

Failure to manage the security and safety risks associated with operating in higher risk location.

How we are mitigating the risk

The Weir Behavioural Safety system is in place to reduce the risk of safety incidents.

In addition, there are initiatives to prevent the most common accident types. The Weir global SHE standards are continually reviewed.

The SHE Excellence Committee is responsible for monitoring performance and compliance with Group objectives, policies and standards relating to SHE.

The Chief Executive's Safety Committee meets monthly and is committed to achieving the highest of SHE standards.

There is a formal SHE assurance programme with issues escalated as required through the reporting structures.

Employee wellbeing support (including dedicated mental health first aiders, pandemic protocols and expansion of existing health training programme).

Changes during 2020

Control measures updated to track status and progress of safety training for all employees.

Risk title refined to include employee's wellbeing.

Risk trend

↔

MARKET CYCLICALITY

Changes in key mining markets, including commodity prices and macro economic 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

Why we think this is important

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.

How we are mitigating the risk

We maintain regular engagement with our customers to understand their needs and challenges, and ensure our business is appropriately aligned.

Our strategic planning utilises extensive market intelligence to assist in forecasting opportunities and dips in markets.

Changes during 2020

We continue to focus on customer relationships, technology development and Value Chain Excellence to manage this risk.

The risk trend has reduced to reflect the sale of Oil & Gas.

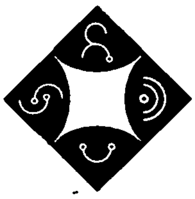
Risk trend

↓

COMPETITION

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



Why we think this is important

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.

How we are mitigating the risk

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.

Changes during 2020

Risk trend reduced following the sale of Oil & Gas.

Risk trend

↓

PRINCIPAL RISKS AND UNCERTAINTIES
CONTINUED

DIGITAL STRATEGY AND ROADMAP

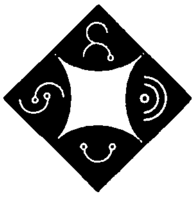
Failure to both exploit 'digitalisation' opportunities impacting the Group's ability to meet evolving customer expectations.

Impact on strategy	Why we think this is important	How we are mitigating the risk	Changes during 2020
	Failure to embed 'digitalisation' as a priority within Group and divisional strategies, leading to underinvestment/delayed development of the capabilities needed to meet our medium-term business performance goals. Failure to identify and mitigate potentially disruptive digital technology trends as they appear in mining or adjacent industries and/or failing to adapt at the required pace to gain/sustain market competitiveness. Failure to leverage digital capabilities to drive automation and efficiency across core business processes, resulting in increased costs and/or lower responsiveness. Failure to converge across Information Technology, Operational Technology (IIOT, OT) and Engineering Technology, leading to fragmented architecture, security exposure and inefficient service models. Failure to exploit current and emerging data and analytics capabilities to improved operational performance for ourselves and our customers. Failure to develop, attract and retain the talent need to underpin Weir's digitalisation journey and culture.	Digital and IT leadership embedded in the Group and divisional strategic planning processes. Oversight and Governance within Information Systems & Technology (IS&T) Business Management system. Group-lead scenario planning processes to identify and align on the major emerging technologies (including digital) as input to Group and divisional strategies. IS&T operating model, providing clear governance framework (Strategy, Policy and Governance) and foundational platforms (Core Services) for IT and Digital investments across Group and Divisions. Customer requirements evaluated through User Experience framework as input to the investment in development of processes, products and solutions Oversight and Governance within IS&T Business Management system. Assurance work to embed Secure by Design within all Digital Development activities. Alignment of products, solutions, technologies in line with IS&T operating model to deliver scalable solutions through Core, Common and Distinct framework.	Technological innovation continues to be at the forefront of the business due to more drive for financial and environmental efficiency and the pressure to provide customers solutions to improve the efficiency of their operations. Further information on progress made in this area is set out on page 15. Risk updated to reflect IS&T digital operating model changes. **Risk trend** ↔

INFORMATION SECURITY & CYBER

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



Why we think this is important

Up-to-date data allows us to make informed decisions about our business. Therefore, we require reliable and efficient IT systems and infrastructure to support our data requirements. Breaches of our IT security could have serious consequences for our business, including: interruption to business operations; and loss of intellectual property and other sensitive data.

The Group is investing in a significant IT transformation programme. If this is not managed effectively, the consequences could include interruption to business operations if data is unavailable due to unsuccessful execution of change, impacting our ability to compete and our reputation in the market.

At present, the Group's principal exposures to cybercrime relate to the misappropriation of cash and data. Our revenue streams are largely protected as our products are not currently electronic in nature and we do not, as a rule, transact over the internet.

How we are mitigating the risk

We have an IT Governance Framework with a focus on structured change management techniques, including setting project governance levels in line with risk.

IS&T Control Board provides assurance and oversight.

Policies, procedures and baseline standards in relation to cyber risk and IT security more generally are continuously updated and rolled out to operations. A programme of user training in relation to cyber risk is in place.

Security Incident Responder teams monitor our various security systems.

All security related incidents are reported to the Group Executive.

Changes during 2020

Cybersecurity controls further enhanced, including a 24/7 security operations centre to monitor cybersecurity threats and regular crisis management rehearsals linked to cyber security scenarios.

Risk trend

↔

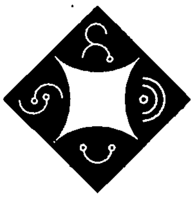
PRINCIPAL RISKS AND UNCERTAINTIES

CONTINUED

PEOPLE

Failure of the Group to build an ever more inclusive and diverse culture, which gives rise to an inability to attract and retain the very best workforce.

Impact on strategy



Why we think this is important

Our people represent our biggest asset and failure to attract, develop and retain key management and staff would have a detrimental impact on the Group's ability to deliver our key strategic objectives.

As markets improve we need to continue to recruit high quality staff building on existing capability while recruiting skilled expertise in the right areas of the business and at the right time.

How we are mitigating the risk

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.

Changes during 2020

The recruitment, talent development and performance enablement programme is being further developed.

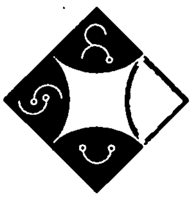
Inclusion and Diversity Training

Risk trend

POLITICAL AND SOCIAL

Adverse political action, or political and social instability, in territories in which we operate may result in strategic, financial or personnel loss to the Group.

Impact on strategy



Why we think this is important

We operate across the globe and therefore have to work within a wide range of political and social conditions. Adverse events may occur in the territories in which we operate that may require us to act swiftly to protect our people and our property and regulatory changes could impact our competitiveness. We need to be flexible and able to anticipate such issues.

Expansions into new territories are only undertaken after rigorous assessment of the risks, including the social and political situation within the territory.

How we are mitigating the risk

Regular review of market attractiveness. Monitoring travel by Weir employees to higher risk locations in accordance with the Weir Group travel policy.

External expert risk assessments and regular monitoring in higher risk locations including contingency plans and exit strategy planning.

Our strategic planning assists in forecasting potential political and social instability in regions.

Continued assessment of global tariffs.

Proactive monitoring of evolving policy and development of contingency plans as situations materialise.

Changes during 2020

Existing controls updated to reflect sale of minority B-BBEE interest.

Revised Strategic Planning Process adjusted to address Covid-19 risks.

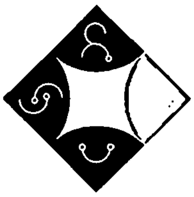
While the UK's exit from the European Single Market and Customs Union did not have a material impact on the Group, mitigating actions were taken by our local UK businesses ahead of the transition.

Risk trend

ETHICS AND GOVERNANCE

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



Why we think this is important

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.

How we are mitigating the risk

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 compliance 'sub- function' within Group Legal designs and administers our global compliance programme and assists Internal Audit in monitoring adherance 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 Group Executive and Board.

Changes during 2020

Completed in-depth review and refresh of Group anti-corruption risk assessment which underpins compliance programme risk mitigation.

Refreshed due diligence and management process for third-party intermediaries, which will be rolled out across 2021.

Risk trend

↔

OUR SUSTAINABILITY REVIEW

SUSTAINABILITY ROADMAP

SUSTAINABLE DEVELOPMENT GOALS (SDGs)

We support the UN Sustainable Development Goals and our sustainability priority areas can meaningfully support the achievement of eight of the seventeen SDGs.

"SUSTAINABILITY IS AT THE VERY CORE OF OUR PURPOSE AND THEREFORE OUR STRATEGY."

PAULA COUSINS
Chief Strategy and Sustainability Officer

SUSTAINABILITY ROADMAP – KEY CLIMATE MILESTONES

2019

- Multi-stakeholder materiality assessment
- Roadmap design and key goals commitment
- Weir's first Chief Strategy & Sustainability Officer role on the Group Executive
- Energy efficiency pilots across key operations

2020

- Roadmap launch
- Global energy use in mining study
- Group-wide energy efficiency and renewable supply studies
- Sustainable solutions technology developments
- First Task Force for Climate-related Financial Disclosures evaluation

2021

- Progress and disclosure against roadmap KPIs
- Continued focus on sustainable solutions R&D and technology partnerships to address mining industry's biggest challenges
- Scope 3 study and first evaluation of Science Based Targets and Net Zero pathways
- Digitalisation of strategic sustainability disclosures

MULTI-STAKEHOLDER AND VALUE DRIVEN APPROACH

WHY IS SUSTAINABILITY IMPORTANT TO WEIR?

As the world develops, electrifies and decarbonises, it needs more natural resources, particularly copper and battery metals. We have a clear role to deliver solutions that are smarter, more efficient and sustainable to ensure these critical resources are produced more sustainably.

We also have a role to be authentic agents of social change, to truly care for our employees and to enhance our global communities.

We have complete alignment from all our key stakeholders on these priorities which enables us to set a clear strategy – to be part of the solution to address the greatest human challenge

That's why, when we launched our refreshed 'We are Weir' framework and Sustainability Roadmap at the end of 2019, we put sustainability at the very heart of our strategy with our purpose, **"to enable the sustainable and efficient delivery of the natural resources essential to create a better future for the world".**

WHAT ARE YOU COMMITTING TO?

Sustainability is a wide, and expanding, subject so we have chosen to focus diligently on where we can create the most significant impact for all our stakeholders. In 2019 we took a considered approach speaking to customers, investors and employees to understand what really matters. This engagement gave us deep insight and enabled us to focus our roadmap on four strategic priorities, each with a big ambitious goal:

- **Championing Zero Harm**
- **Nurturing our Unique Culture**
- **Reducing our Footprint**
- **Creating Sustainable Solutions**

These strategic priorities are underpinned by robust governance, corporate responsibility and transparency foundations.

HOW ARE YOU GOING TO DELIVER THOSE COMMITMENTS?

We have clear structures, processes and accountabilities in place to ensure we can both deliver against these ambitious goals and measure and disclose our progress including:

- **Strategy** – Sustainability priorities are embedded in core business strategy and strategic planning.
- **Accountability** – Chief Strategy & Sustainability Officer role was added to the Group Executive in January 2020 and accountabilities for all areas of the roadmap are embedded in our governance structures (see page 62)
- **Metrics and Policies** – In addition to priority roadmap goals, policies and standards and KPIs are in place to underpin delivery (see page 68).
- **Remuneration** – Sustainability metrics have been embedded in Group Executive balanced scorecard and linked to remuneration for the past three years (24% of scorecard metrics in 2019, 32% in 2020 and 33% in 2021).

WHAT ARE YOUR NEXT STEPS?

The roadmap was developed in 2019 and launched in 2020, so 2021 will be a significant year for us to further deliver and disclose progress towards our key goals.

We will continue our focused 'now, next, later' approach to ensure we prioritise our resources on delivering the biggest impact opportunities for all our stakeholders. See pages 55, 57, 59 and 61 for key 2021 next steps. We will actively avoid tactical short-term activities that could distract resources from delivering long-term sustainable results. We will look for industrial and academic partnership opportunities to create transformative change for our industries and deliver our purpose.

2021+

- Deliver against **Reducing our Footprint** goals through a combination of strategic energy efficiency and renewable supply actions
- Deliver against **Creating Sustainable Solutions** goal through both sustainable design embedded in core products and new transformational solutions innovation
- **Evaluate viable 2050 Net Zero pathways**

2024

- 30% reduction in Scope 1 & 2 CO_2e

2030

- 50% reduction in Scope 1 & 2 CO_2e

2050

- Net Zero

SUSTAINABILITY REVIEW
CONTINUED

CHAMPIONING ZERO HARM

IN SUPPORT
OF UN SDGs

Our vision is a Zero Harm workplace for people and the environment where everyone goes home safe and healthy.

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

SAFETY STEP CHANGE IN ESCO DIVISION

In 2020 ESCO's sustained commitment to the Weir Safety, Health & Environment (SHE) Charter resulted in significant performance improvements, despite the new challenges presented by Covid-19. ESCO achieved a remarkable 34% reduction in total injury rate (TIR) and a 52% reduction in the number of Lost Time Injuries. Year-over-year, that equates to 19 fewer serious incidents and 451 fewer days lost to injury.

ESCO prioritised SHE investments across global operations with the aim of achieving world class safety performance (Zero Harm) aligned to our 'We Are Weir' ambition. Capital allocation at site level focused on improving worker safety through provision of specialist training materials and process changes. Behavioural change was supported through the teaching of Weir SHE Charter guiding principles and 'Think Safety First' workshops. ESCO employees personally committed to adopting new ways of working safely. Over 18,000 safety conversations occurred, together with high employee completion of online training focused on Weir's 12 Life Saving Behaviours.

Consistent and engaging leadership demonstrated by global management teams helped several sites attain recordable injury-free milestones, including operations in Xuzhou, China, and Santiago, Chile, where each site achieved Zero Harm and completed over one million hours working safely.

Priority implementation of the Weir SHE Management System will continue in 2021, ensuring global compliance with SHE protocols as ESCO builds upon 2020 improvements. Based on 2020 safety performance, the outlook for the Division is very positive as it targets Zero Harm.

ESCO made significant progress towards achieving Zero Harm.

TOTAL INCIDENT RATE (TIR)[1,2,3]

0.37
-23%

In 2020 we achieved a 23% reduction in our Total Incident Rate to 0.37. In both March and November there were no recordable incidents across our global operations, the first time this has been achieved in the Group's history and proof that our ambition of becoming a zero-harm workplace is within reach.

This performance benefited from our safety culture and our highly devolved operating model where decisions are made as locally as possible. These were both key components in our response to the Covid-19 pandemic, helping us to adapt quickly and effectively to protect our people and fully serve our customers.

1 (No of Recordable Incidents x 200,000)/(Hours Worked).
2 Data shown includes Minerals Division, ESCO Division, Oil & Gas Division and Group functions. Continuing operations TIR are shown on page 13.
3 Full five year comparative data for TIR is available on the graph on the inside front cover.

SAFETY FIRST

2020 has seen Weir make significant progress towards our ambition of being a Zero Harm workplace with a 23% reduction in our Total Incident Rate (TIR[1]) to 0.37. There was a 12% increase in Lost Time Injury severity rate[2] in 2020 compared to 2019 although the number of Lost Work Days is lower due to a 38% reduction in number of Lost Time Injuries. There was also a 35% reduction in hand and finger injuries from the previous year. In March, for the first time ever, the Group achieved an entire month without any recordable incidents, confirming that a workplace with Zero Harm is possible. Weir had a second recordable incident free month in November. This performance, in the context of a global pandemic, reflects the 'Safety First' culture throughout our business and the commitment of colleagues around the world to taking care of each other.

The overall Group performance was supported by a number of initiatives including continued investment in both physical infrastructure and behavioural change in the ESCO Division, which joined the Group in 2018. This focused combination of ongoing practical and behavioural changes resulted in a 34% reduction in ESCO's TIR and a 52% reduction in the number of Lost Time Injuries. The number of safety conversations also increased from 923 to 18,450 since last year. These peer-to-peer engagements are designed to create a culture where everyone exercises care for each other at all times.

2020 also saw the launch of mandatory SHE eLearning modules for all employees and leadership to: reinforce key behaviours including recognising how our state of mind can change our behaviours and increase the risk of errors; provide processes and information that can support them; and encourage everyone to take a lead on safety.

Covid-19 caused new challenges in 2020 and our highly empowered local management teams, along with employees involved in decision making, were able to quickly reconfigure our workplaces and processes to make them Covid-19-safe.

This excellent performance is down to commitment across the whole Group to maintain safety as our priority, keeping our mind on task even with the many extra distractions, stresses and pressures caused by Covid-19. With our emphasis on a safe return to work and considerable efforts to mark World Safety Week (with a focus on Covid-19 related safety and hygiene), it has been business as usual on the safety front and the figures are the evidence.

The progress we've made in our overall safety performance sits alongside strong, positive employee feedback on SHE matters, as captured in our global employee survey. The two direct SHE questions in our global survey are two of our most positive areas of feedback across nearly 30 quantitative questions asked in the survey. These focus on employee response towards SHE ("I feel empowered to stop my work or that of a colleague in the interests of SHE and to report incidents, near misses and hazards"). It also covers safety leadership ("My leader never compromises our Health, Safety or Environmental Standards to meet our objectives"). The scores and feedback for these two SHE engagement questions track well above the global benchmark for our industry according to Peakon, our global engagement survey provider. In 2020, 71% of our manufacturing sites are accredited to both ISO45001 and ISO14001.

HEALTH AND WELLBEING

In addition to the physical changes the Group made to protect employees, we also prioritised mental health during a time of increased uncertainty for colleagues and their families. Employee engagement was instrumental in supporting the changes in work and life due to Covid-19.

Along with the promotion of existing assistance and global support lines, many health and wellbeing initiatives were launched throughout the Group. A month of daily 'Pause and Refocus' throughout Minerals, mindfulness and wellbeing sessions in Europe, a global Learning & Development campaign with topics such as healthy living, resilience, mindfulness, and the 'Get Moving – Be Kind To Your Body' programme in Africa are examples of some of the health and wellbeing initiatives.

ENVIRONMENTAL SAFEGUARDING

Managing environmental risk is key to our operations. Weir SHE standards detail our minimum standards for controlling risks to air, land and water. No significant environmental incidents, penalties or fines were reported at sites under the operational control of the Group during the year ending 31 December 2020.

Across our sites we achieved an average score of 79% across the environmental section of our SHE management system audit up from 73% in 2019. We continue to act to protect and improve the environment in which we operate. Examples include:

- In 2020 Weir ESCO China was one of only ten companies to get an A level environmental rating based on the environmental improvements to its foundry under the Environmental Performance Classification Standard from China's Ministry of Environmental Protection.
- Our Weir Minerals Chile Foundry received 100% conformity from its 2020 Clean Production Agreement audit from the Chilean Agency of Sustainability and Climate Change.

1 (No of Recordable Incidents x 200,000)/(Hours Worked)
2 (Days Lost)/(LTIs)

KEY NEXT STEPS

Safety First

- Continue to drive Zero Harm.
- Improve leading indicators including hazards and safety conversations with greater understanding of trends and causes.
- Deliver advanced SHE learning.
- Continuously improve SHE analytics including integration with Workday, the Group's new digital HR management system and implement updated Weir SHE standards.

Health and Wellbeing

- Build Group Health and Wellbeing strategic framework to address employee wellbeing priorities.
- Establish and evaluate Health and Wellbeing metrics.
- Align local initiatives with the new strategic framework.
- Develop and implement a new global Occupational Health Policy to standardise OH provision across the business.

Environmental Safeguarding

- Continuous improvement in safeguarding our local environments.
- Ongoing review and improvement of environmental section of SHE management system.

NURTURING OUR UNIQUE CULTURE

IN SUPPORT OF UN SDGs

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

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

HARNESSING GREATER DIGITAL INCLUSION

In 2020 we reached an important milestone on our journey to become a more inclusive business by ensuring that every Weir employee around the globe was given improved access to digital tools, information and resources.

Around 4,500 employees (c.1/3 our total 2020 workforce) gained equal access to key digital resources, fostering a better employee experience and helping us continue to move towards our strategic goal of Nurturing Our Unique Culture.

Every colleague can now access a core range of digital resources using their own individual network account. These resources include Workday (our global HR system), Source (our global intranet), and the Weir Innovation Network, a powerful platform where people can share and support ideas for specific local and global challenges more easily. In doing so, we prioritised training and onboarding to support stronger online skills within our business. One of the first emails newly connected colleagues received was from CEO Jon Stanton personally welcoming them to Weir's digital world and introducing the benefits provided by digital connectivity.

Crucially, an equal digital foundation for all has now made self-directed learning resources available to all employees and will allow them to participate in events such as online Town Halls and our Global Employee Survey. These opportunities will be further developed in 2021 as we strive towards an even more inclusive workplace.

Kiosks supported greater digital inclusion in key locations.

EMPLOYEE NET PROMOTER SCORE (eNPS)[1]

42

24[2] points ahead of the True Benchmark for our industry in 2020

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

We have achieved considerable progress since our first global survey, testament to the combined and dedicated action by our teams across the globe who continue to take action that is making a difference to how our people feel about working at Weir.

1 Continuing operations.

2 True Benchmark removes the effect of external demographic influences that are out of our control but which all affect employee engagement (employee age, tenure, gender, department, job level and office location).

3 Flow Control not included.

ENGAGEMENT

At Weir, we continue 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.

Throughout the disruption and uncertainty of 2020, we stepped up our overall employee communications and engagement activities using a range of communication channels such as our global all-employee Town Hall sessions, CEO briefing videos, Covid-19 impact surveys, virtual 'Meet the Board' sessions (page 83) and regular senior leader calls, amongst others.

We recognised that the pandemic had a major impact on all of us at Weir, affecting both how we all work, and for many of us, also impacting on where we work too. We therefore took the decision to continue to run our regular employee engagement surveys. We ran two global employee surveys during 2020 to help us assess our overall employee engagement and gain critical employee insights and feedback.

For the past two years now, our global all-employee surveys have provided us with immensely valuable insight into how our people feel about working at Weir and 2020 was no different.

Our average survey completion rate in 2020 across both surveys was 85% and during the year we captured some 110,000 comments giving us rich insights for teams to work with.

Despite the challenges of 2020, we were delighted to see an ongoing improvement in our Employee NPS (eNPS) score, which has risen steadily from 18 in our first survey, to 42 in our most recent survey. This performance places Weir Group 24 points ahead of the True Benchmark[1] for our industry in 2020. We also saw strong improvements in the majority of our engagement drivers; a strong indication that despite tough challenges this year, our people have adapted well and continue to not only perform well but remain optimistic for the future.

The surveys have also been critical to initiating powerful local actions, which have had a positive impact on our employees and our teams and even in some cases on our families and in our communities around the world.

INCLUSION & DIVERSITY

At Weir our core values drive us to continue to develop a culture of equality and whilst we acknowledge that we must do more, the feedback in our most recent employee survey shows that we are making progress when it comes to Weir being a place where people from all backgrounds are treated fairly. Far more of our employees than ever before are now able to work from home, thereby ensuring greater flexibility, avoiding commuting and allowing more time with family.

Further, the introduction of Workday, our new global HR management system, has helped us lay the foundations for greater equality and consistency across our people processes.

In 2020 we rolled out our global Inclusion & Diversity (I&D) learning module aimed at helping all employees understand the role we can all play in creating a more inclusive culture. This has been completed by more than two thirds of employees.

We continue to make good progress on closing our gender pay gap in the UK and earlier this year we celebrated International Women's Day with our 'Women of Weir' campaign. In 2020, we had 2,016 female employees and 11,054 male employees. Further information about gender pay gap can be found on pages 124.

In 2020 our Affinity Group, the Weir Women's Network, expanded from a divisional-level group to a Global group and it now comprises remote chapters in even more countries we operate in. This has helped foster inclusion for our geographically dispersed and remote employees.

We continue to engage with our I&D Steering Committee which comprises a diverse range of 11 employees. During 2020 I&D Steering Committee members helped colleagues within their local businesses to better understand Weir's I&D strategy so everyone is clear on what we're trying to achieve and what role they can play to progress delivery. A particular area of focus for I&D Steering Committee members during 2020 was the support they gave in helping review and launch the global I&D online learning module. They also continued to support teams and leaders locally by drawing actionable I&D-related insights from the engagement survey feedback given in their areas.

We also once again delivered Weir ShareBuilder in 2020 as we aim to make every employee a Shareholder.

COMMUNITY PARTNERSHIPS

We remain committed to focusing 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.

By focusing on broad themes, we can allow local businesses the flexibility to engage and support relevant causes that are close to the hearts of local employees but which also support our overall community partnerships agenda.

In 2020 the total amount of charitable donations made was £464,811 split across Community (76%), Health (7%) and Education (17%).Additionally, during 2020, in many of our communities around the world we provided PPE and essential items for those in need during the Covid-19 pandemic.

1 True Benchmark® removes the effect of external demographic influences that are out of our control but which all affect employee engagement (employee age, tenure, gender, department, job level and office location).

KEY NEXT STEPS

Engagement

- Continue to analyse our global survey insights to address our priority areas at a Group level.
- Support and encourage team-led action planning at a local level.
- Develop our survey approach to ensure it supports an enhanced overall employee experience and improved business outcomes.

Inclusion and Diversity

- Encourage employees to self-declare their diversity data on Workday to give us a strong baseline for data-led diversity insights.
- Launch Affinity Groups globally.
- Ensure a continued focus on fairness and equality.

Community Partnerships

- Develop impactful local community partnership plans.
- Continue support for employee-led local community initiatives.

SUSTAINABILITY REVIEW
CONTINUED

CREATING SUSTAINABLE SOLUTIONS

We believe we can enable Net Zero for our customers by shaping the next generation of smart, efficient and sustainable solutions with cutting-edge science and our tradition of innovation.

OUR GOALS

Products in Use	• Enable Net Zero through innovative solutions
Design and Supply Chain	• Embed sustainable product design and procurement
Circularity	• Drive and capture opportunities to shift from linear to a circular model

IN SUPPORT OF UN SDGs

ASSESSING GLOBAL ENERGY USE IN MINING

While mining has a crucial role in providing vital resources to support decarbonisation it is also a large consumer of energy. A number of the world's largest mining companies have made commitments to achieve Net Zero carbon emissions from their operations. As a technology partner, Weir is well placed to help them achieve these aims, but the first step is to understand the scale of the challenge.

We commissioned a comprehensive assessment of energy consumption in key mining processes and minerals, endorsed by the Coalition for Energy Efficient Comminution (CEEC). The main findings of the Energy in Mining Report were:

The mining industry consumes approximately 12 EJ per year, or 3.5% of total final energy consumption globally, equivalent to the energy consumption of Germany.

Comminution, the process of crushing and grinding rocks, is the single most energy intensive process in mining, the equivalent of over 7.5 times every home in the UK.

Our study investigates energy consumption in the mining of five commodities; Copper, Gold, Iron Ore, Nickel and Lithium.

These results confirm that there is a substantial opportunity for process improvements to reduce energy consumption, with technological innovation in comminution, where the Group has established a market-leadership position in High Pressure Grinding Rolls (HPGRs), a crucial step.

In 2020 CEEC endorsed our Energy In Mining study on energy consumption.

ENDURON® HPGR	TERRAFLOW®	NEMISYS® N90	ULTRALIGHT™
up to **40%** Energy savings	up to **82%** Water saving	**44%** Reduced embodied CO_2	**2000** tCO_2e annual saving

PRODUCTS IN USE

We target the use phase of our products because, as our global energy use in mining study shows, this is where the greatest environmental impact arises in the end-to-end lifecycle of our products. Our smart, efficient, sustainable technology helps reduce energy and water impact as well as improving operator safety.

Through energy savings of up to 40%, our Enduron® High-Pressure Grinding Rolls (HPGR) can generate substantial reductions of operational CO_2 emissions, as well as further savings of embodied carbon because HPGRs do not require grinding media used in traditional mills, which combined saves up to tens of thousands of tonnes of CO_2 annually. HPGRs can also be used with air classification and other technologies to transform the comminution process without a single drop of water, supporting mining's drive towards dry processing.

In 2020 we launched the Cavex® 2 as the world's most sustainable hydrocyclone, with design improvements leading to measurable water and energy savings, as well as Synertrex® IIoT technology to ensure it continually operates at optimum efficiency to deliver up to 30% additional classification capacity.

In addition, our Terraflowing® solution, which reduces the water content of tailings waste by up to 82% in a cost-effective manner enabling it to be safely stored or repurposed, is now in operation at a pilot plant in Australia. In a five-month study, our ESCO Division identified a 44% CO_2 reduction in embodied CO_2 per point for its Nemisys® N90 tooth system versus a major competitor. The reduction is based on improved wear life, which is more than double the competitor product, leading to fewer replacement parts and less machine downtime. Further CO_2 savings can also be expected from improvements in machine performance.

ESCO's Ultralight™ truck body weighs up to 34% less than the OEM bodies. This leads to a 2% reduction in fuel consumption and 39 tonnes less CO_2 emissions per truck per year. In addition productivity improvements of 5% can save one truck from a 20-truck fleet, or 2,000 tonnes of annual CO_2.

We also pursue continuous innovation to improve sustainability performance in existing product lines. For example, Warman's new telescopic gland seal guards can be retrofitted easily to make pump maintenance safer.

DESIGN AND SUPPLY CHAIN

Great design plays a key role in our long-term ambition to enable customers to achieve Net Zero by reducing environmental impact and increasing safety of our products. The benefits go beyond safety and environment: more efficient technology and longer-lasting wear parts mean Weir equipment is often already best-in-class for total cost of ownership and our aim is to make it better.

In 2020, we systematically embedded sustainability throughout our New Product Design (NPD) processes and developed new Sustainable Product Design training with the Sustainable Mining Institute at the University of Queensland. The training is targeted at engineering teams to build understanding of global sustainability challenges and how they relate to mining, provide tools to address these challenges through product design, and build the business case for customers. We plan to roll out the course from early 2021.

To help us prioritise the most relevant innovation, we often talk to customers about the challenges they face in terms of energy consumption, water usage and waste and brainstorm ways in which we can help reduce their environmental impact by providing new solutions.

We also 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. We also pursue opportunities to improve the sustainability of specific materials, such as our initiative to rationalise and improve sustainability in our rubber supply, where we are consolidating our latex and raw rubber supply to drive improved traceability, assurance of supply and cost efficiency.

CIRCULARITY

Weir technology can help the mining sector find solutions to difficult circularity challenges. In the Canadian Oil Sands, unprocessed Mature Fine Tailings (MFT) are an unwanted by-product of the oil extraction process. It is estimated that over a trillion litres of unprocessed MFT is held in tailings ponds. An internal sustainability challenge identified an opportunity to convert MFT into a carbon neutral fuel and environmentally safe by-product, removing the contamination risk. In 2019 we worked in collaboration with our development partner Natural Energy Systems (NES) to successfully complete a Phase 1 study. In 2020 we studied the option of adding additional locally available energy rich waste streams, petroleum coke and rubber tyres, to enhance the performance of the conversion process. We are currently pursuing our Oils Sands customers for concept engagement and test sample acquisition. Our plan for 2021 is to perform corroborative testing in local lab and demonstration facilities, to validate the process concept with real feedstock in actual process operating conditions.

KEY NEXT STEPS

Products in Use

- Continue to improve energy and water efficiency and product safety.
- Map data to track improved product performance.
- Validate CO_2 hot-spots outside own operations to inform future priorities.

Design and Supply Chain

- Roll out Sustainable Product Design training to key employees.
- Continue to work with supply chain partners to build sustainability across the chain.
- Further integrate Voice of Customer in design process.

Circularity

- Review end-of-life product treatment opportunities.
- Optimise circularity.

SUSTAINABILITY REVIEW
CONTINUED

REDUCING OUR FOOTPRINT

IN SUPPORT
OF UN SDGs

We want to lead by example and will take actions to reduce our own footprint including CO_2e, waste and water.

OUR GOALS

CO_2e	• 30% reduction in Scope 1&2 CO_2e by 2024 and 50% reduction in Scope 1&2 CO_2e by 2030
Waste	• Deliver against Division specific zero waste targets
Water	• Develop water stewardship programmes in all water stressed locations

RENEWABLE STRATEGY DEVELOPMENT

In order to meet our Reducing Our Footprint goal of 30% reduction in Scope 1&2 CO_2e by 2024 and 50% reduction in Scope 1&2 CO_2e by 2030 we will need to both reduce our demand for energy and alter the sources of our energy supply. In 2020 we undertook group-wide studies to evaluate both of these complementary pathways.

As a result of divisional energy efficiency deep dives we have a portfolio and pipeline of energy efficiency projects in progress and in review across all our businesses. Reducing our energy consumption is our number one priority to reducing our CO_2e footprint.

In parallel, in 2020 we undertook, across all Divisions, an exercise to deepen our knowledge of the portfolio of renewable supply options available and consider the most advantageous approaches which would support achievement of our CO_2e targets.

We held a series of capacity building workshops with supply chain, operations and SHE colleagues to broaden knowledge and understanding of the instruments available. We then in collaboration with a renewables specialist assessed price, return, risk, environmental impact and cross divisional opportunities to determine possible scenarios for each Division to meet their targets.

We have intentionally committed to 2024 and 2030 targets and not linear or year-on-year targets as we want to ensure we drive long-term sustainable CO_2e reduction with strategic actions. In 2021 Divisions will begin to implement the strategies developed to achieve this.

Mineral Mexico solar panels, reducing consumption by 25%

CONTINUING OPERATIONS MARKET BASED TCO_2E/£M[1]

75.7

-13.2%

In 2020 our continuing operations and market based GHG emissions (relative to revenue) have reduced by 13.2% on a constant currency basis compared to 2019.

This occurred due to reduction in output associated with Covid-19 related market changes, 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 2019 and 2020 has been externally verified to a limited level of assurance by Corporate Citizenship.

1 Our continuing operations consists of our two remaining Divisions (Minerals and ESCO) and Group functions.

CO_2E AND ENERGY

Weir has committed to a 30% reduction in Scope 1&2 emissions (CO_2e) by 2024 and 50% by 2030 relative to revenue and a 2019 baseline. In 2020 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 63% of our total 2020 consumption, so our CO_2e 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.

To deliver our CO_2e 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 2020, 5% of our energy and 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 Australia PPA with ENGIE New Zealand and Australia. This partnership decreased the carbon footprint of energy consumed by our Australian operations by 20% per annum. The ENGIE-Weir PPA is one of the first of its kind between a renewable energy provider and a major supplier to the Australian resources sector.

The Group's total (continued and discontinued operations) location based annual GHG emissions, for the year ending 31 December 2020 were 177,442 tCO_2e, and market based GHG emissions were 169,344 tCO_2e. This total showed an absolute reduction of 15.6% for location based GHG emissions, and a 17.3% reduction for market based GHG emissions in comparison to 2019[1].

Our total location-based GHG emissions from continuing operations were 157,173 tCO_2e and market-based emissions were 148,707 tCO_2e, which is a 12.3% and 14.2% reduction respectively compared to 2019[1].

During 2020, for our ten owned foundries our total location based GHG emissions were 109,260 tCO_2e, and our total market based GHG emissions were 102,094 representing an absolute reduction compared to 2019[1]. Our full GHG emissions breakdown can be found on page 67.

Whilst we recognise that this reduction in emissions is partly due to the impact of Covid-19, we can also attribute meaningful reduction to our energy efficiency and increased renewable energy usage actions.

WATER

We recognise the critical importance of water to human life, healthy ecosystems, and its intrinsic value to local economies and communities. Weir operates within, and supports customers in, a number of water stressed regions of the world. Therefore reducing both our and our customers water consumption in these regions is a key priority.

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, within the context of surrounding catchments.

In our most water stressed locations water stewardship projects have commenced including in Chile, where Weir Minerals are adopting the AWS framework locally. 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.

WASTE

Our foundry operations are material intensive parts of our business, so each Division / region of Weir runs Best Practice groups, and has embedded lean methodology through the value chain to pursue zero waste targets. In 2020 we delivered against those targets by reusing over 44,000 tonnes of scrap metal, comprising 49% of all metal poured in our foundries.

We have also continued to harness our open innovation platform, the Weir Innovation Network, to generate ideas to reduce waste. Our second waste innovation challenge was targeted to the Asia Pacific APAC region who had a 2020 focus to reduce their waste by >10% across the region. The Challenge Team selected timber as a specific waste stream to tackle through innovation as the potential savings from time and materials combined was evaluated as c.$6m AUD. The challenge was advertised to an audience of 1,700 colleagues and the winning idea, of replacing wooden packaging with reusable, foldable, easily storable plastic boxes, is currently being trialled.

In 2021 we will continue to gather more detailed waste data and focus on the highest impact areas to progress.

1 The 2019 figures have been recalculated to remove the divested Flow Control Division and removal of sites which were previously incorrectly included in reporting.

KEY NEXT STEPS

CO_2e and Energy

- Implement further energy efficiency improvements through process and technology upgrades and behavioural change.
- Increase % of renewable energy in global consumption footprint.
- Achieve divisional annual CO_2e target reductions.

Waste

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

Water

- Expand water stewardship programme.
- Develop water footprint assurance programme.

SUSTAINABILITY REVIEW
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 to stakeholder interests when discharging their duty to promote the success of the company, in the Strategic Report on pages 24 -25.

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 matter consistent with the Group Investigation Protocol, and are resolved expeditiously. During this past year, the average time to investigate and close out a matter was 42 days, which is consistent with average industry performance based on data supplied by Navex, our hotline administrator.

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. In 2020, approximately 2,482 employees in designated high-risk roles completed training to deepen their understanding of risks and identification of red flags.

In 2019, the Compliance function undertook and completed a broad based refresh of our global antibribery assessment, for purposes of confirming our bribery risks and assessing the adequacy of our antibribery compliance program. In early 2020 we created an industry accepted risk model that identifies the key causal pathways for the risk of breaching antibribery and anticorruption laws and the consequences of doing so, along with the company's key internal controls for preventing those causal pathways from occurring. Additionally, the risk assessment findings informed updates made to the Group's Enterprise Risk Dashboard and the biannual compliance scorecard review and certification.

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. The Compliance function plans to roll out an improved system for seeking approval for gifts and hospitality, in Q1 2021.

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. Our Human Rights Policy communicates to our customers, suppliers, investors, employees and the communities where we operate the ethical and social values we respect and our commitment to uphold human rights. In 2020, 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 55 and Inclusion and Diversity on page 57.

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.

We continue our work to embed the principles of our Human Rights Policy and Code of Conduct within our supply chain. In 2020, our Compliance function began working with divisional supply chain leadership to enhance existing processes for appointing and managing direct suppliers, such as incorporating labor standards and conflict minerals inquiries into the selection process and formalising a regime for monitoring key supplier compliance.

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 continually to review and update our privacy program. This year, the Compliance function updated our Data Protection Policy and implemented a new Incident Response Policy and a Data Subject Request Response Procedure. We focused on minimising the use of personal data to only adequate, relevant and non-excessive uses and will continue to maintain this focus in 2021.

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 this past year and in 2021, we have focused and will continue to focus on improving the management of our third-party intermediaries, such as agents, distributors, and certain service providers. The Compliance function, working closely with the business, created the Agents and Business Partner Policy, an updated due diligence policy and procedure designed to enhance our risk assessment and mitigation and improve our life cycle management of these third-party intermediaries, with implementation set for Q1 2021.

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 both 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.

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.

INFORMATION SYSTEMS AND TECHNOLOGY

The Information Systems & Technology (IS&T) Transformation Programme launched at the beginning of 2020, just as the Covid-19 pandemic was beginning to take hold across the globe. In direct response to this, the global IS&T team helped more than 5,000 colleagues move to remote working in the space of three weeks and parts of the Transformation Programme were accelerated to ensure everybody had the tools, resources and support they needed to continue working.

The increased use of, and reliance on, technology during 2020 not only underpinned the key role IS&T has to play in the future of Weir but also reinforced the importance of having robust information security and cybersafety measures in place to ensure the business can operate safely and securely.

Weir's size, spread and success make it an attractive target for cybercriminals looking to make a profit or harm the business. To mitigate these threats, updated security awareness campaigns, training, scenario testing and improved cyber intelligence have been introduced, significantly strengthening our cyber resilience. These improvements have been underpinned by a new global security operations function and the publication of new Information Security, Data Classification and Third-Party Assurance policies.

NON-FINANCIAL REPORTING

Accountability for all areas of our Sustainability Roadmap are embedded in our core governance structures including principal risks, management committees and working groups as summarised below. Additional details of our sustainability related policies and standards can be found on page 68.

SUSTAINABILITY GOVERNANCE ACCOUNTABILITIES SUSTAINABILITY

	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 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	• Safety, Health and Wellbeing • Value Chain Excellence • Environmental Sustainability	• 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*	• Technology • Competition • Environmental Sustainability	• Creating Sustainable Solutions Working Group • Divisional Technology Committees
FOUNDATIONS	• Audit Committee • Risk Committee • Finance Excellence Committee • Sustainability Excellence Committee*	• Information Security and Cyber • Ethics and Governance • Markets • Environmental Sustainability	• Regular Group Executive and Board reviews • Compliance, Internal Audit and Risk functions • Group Executive remuneration linkage via scorecard

* Established January 2021

OUR APPROACH TO NON-FINANCIAL 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.

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. 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 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 non-financial 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 non-financial disclosures, for example by incorporating relevant metrics defined by the Sustainability Accounting Standards Board (SASB) in the near future. We plan to take steps to digitalise our sustainability disclosure and make more information available via our website to increase efficiency and transparency of reporting during this period of increasingly customised stakeholder requests.

We have been a member of the FTSE4Good index series for ten years. FTSE4Good is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (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 2021 and beyond.

CLIMATE CHANGE

We are committed to taking action to tackle climate change. We have created goals to support this commitment as a key component of our Roadmap, within the Creating Sustainable Solutions and Reducing Our Footprint priorities. In addition to mitigating climate change we are taking action to better understand and prepare for the climate-related risks and opportunities that will and are affecting our businesses.

We submit annually to CDP – Climate Change to share our risk management approach to climate change and our greenhouse gas (GHG) emissions performance. In 2020, we were pleased to be awarded an A- score by CDP, one of the world's leading research groups focused on climate change research. It means Weir has been recognised for its leadership in its commitment to best practice, particularly in governance, disclosure and emissions reduction initiatives. The score reflects the progress we are making (our previous CDP score was B), while we recognise we have more to do.

As a business with operations around the world we can be exposed to a wide range of extreme weather events. In 2020, this included torrential rainfall and flooding in China and Dubai, extreme heat in Iraq and the Persian Gulf, and cyclones hitting Western Australia and Brazil. The USA saw a record number of hurricanes make landfall this year and significant wildfires raged in Western States primed by a summer heatwave.

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.

We recognise that climate change will likely increase the frequency and severity of extreme weather impacts upon our business. In 2019, we established Environmental Sustainability as a principal risk across the Group. This risk focuses on the potential physical and transitional risks from climate change and environmental events which may impact our business, our customers or our supply chain.

TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

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 conducted our first TCFD assessment as we began the process to align with TCFD reporting requirements. The review considered risks and opportunities related to the physical impacts of climate – such as direct damage to property or ability to supply customers – as well as transition risks and opportunities that derive from the economic transition to reduce reliance on fossil fuels and decrease carbon emissions. The review considered two possible climate change scenarios: well below 2°C, which considers aggressive mitigation to reduce energy consumption in line with the Paris Agreement with high transition risk; and a worst-case scenario of +4°C global temperature increase, assuming emissions continue to rise at current rates, with low transition risk but higher longer-term physical risks. Findings were reviewed with business unit leadership teams and with the Group Executive.

During 2021 we will further review risks and opportunities and continue to develop our approach to business strategy and disclosure to align with the TCFD recommendations and to meet the Financial Conduct Authority requirements for premium listed companies to adopt TCFD reporting for financial years starting in 2021.

NON-FINANCIAL REPORTING
CONTINUED

TCFD ALIGNMENT TIMELINE

2018	2019	2020	2021	2022+
Climate change factors built into Sustainability Roadmap development plans	Environmental Sustainability added as a principal risk Reporting to TCFD-aligned questions in CDP	Sustainability Roadmap published Initial risks and opportunities assessment with business units	Further risks and opportunities review TCFD reporting preparations for 2021 financial year	TCFD reporting in annual report

TCFD INDEX TABLE

TCFD recommended disclosure	Where reported
Governance Governance around climate-related issues and opportunities.	Sustainability Roadmap, pages 52-53 – strategy, governance, key milestone and goals Non-financial reporting, pages 64-68 – sustainability governance, description of first pass TCFD evaluation, Scope 1 and 2 greenhouse gas emissions and energy data Risk management, page 42 – description of Board and Executive governance of risks Risk factors, page 45 – description of principle risks including first pass TCFD evaluation Stakeholder engagement, pages 24-25 – stakeholder concerns about sustainability Governance at a glance, page 72 – key board areas of focus Directors' Remuneration Report, pages 103 – description of 2021 remuneration framework, including climate goals
Strategy Actual and potential impacts of climate-related risks and opportunities on business, strategy and financial planning.	Sustainability Roadmap, pages 52-53 Reducing Our Footprint, pages 60-61 – CO_2e reduction goals and strategies Creating Sustainable Solutions, pages 58-59 – strategies and programmes to enable Net Zero for customers Risk factors, page 45
Risk management How the organisation identifies, assesses and manages climate-related risks.	Non-financial reporting, pages 64-68 – description of first pass TCFD evaluation Risk management, page 42 Risk factors, page 45
Metrics and targets Metrics and targets used to assess and manage relevant climate-related risks and opportunities.	Sustainability Roadmap, pages 52-53 Reducing Our Footprint, pages 60-61 Creating Sustainable Solutions, pages 58-59 Non-financial reporting, pages 64-68 – Scope 1 and 2 greenhouse gas emissions and energy data

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 2020 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 2020 is estimated to be 6,225,469 kWh.

TOTAL ANNUAL GHG EMISSIONS

	UK & Offshore area Annual GHG Emissions (tCO_2e)		Global Annual GHG emissions (tCO_2e)		Global GHG emissions intensity (tCO_2e per £m revenue)	
Location Based Emissions	**2020**	2019	**2020**	2019	**2020**	2019
Scope 1 emissions: fuel combustion and operation of facilities	**2,871**	4,683	**57,183**	70,573	**25.1**	27.2
Scope 2 emissions: purchased electricity, heat and steam	**3,965**	5,000	**120,259**	139,635	**52.8**	53.8
Total Scope 1&2 (continuing and discontinued operations)	**6,836**	9,683	**177,442**	210,208	**77.9**	81.0
Total Scope 1&2 (continuing operations)	**6,697**	9,481	**157,173**	179,280	**80.0**	90.2
Total Scope 1&2 (discontinued operations)	**139**	202	**20,269**	30,928	**64.5**	50.9
Market Based Emissions						
Scope 2: purchased electricity, heat and steam market-based emissions (continuing and discontinued operations)	**214**	262	**112,161**	134,170	**49.2**	51.7
Scope 2: purchased electricity, heat and steam market based emissions (continuing operations)	**214**	262	**99,202**	116,680	**50.5**	58.7
Total Scope 1&2 (market-based); continuing and discontinued operations	**3,085**	4,944	**169,344**	204,743	**74.3**	78.9
Total Scope 1&2 (market-based); continuing operations	**2,982**	4,802	**148,707**	173,347	**75.7**	87.2
Total Scope 1&2 (market-based); discontinued operations	**103**	142	**20,637**	31,396	**65.7**	51.6

Energy	UK & Offshore area Annual Energy Use (kWh)		Global Annual Energy Use (kWh)	
	2020	2019	**2020**	2019
Energy consumption used to calculated emissions; continuing and discontinued operations	**32,134,643**	44,181,799	**560,243,293**	662,833,177

ANNUAL GHG EMISSIONS FROM FOUNDRIES

	Annual GHG emissions (tCO_2e)		Proportion of Global (continuing operations) annual emissions (%)		GHG emissions intensity (tCO_2e per tonne of metal poured)	
	2020	2019	**2020**	2019	**2020**	2019
Scope 1 emissions: fuel combustion and operation of facilities	**32,428**	37,341	**20.6%**	20.8%	**0.4**	0.4
Location Based Scope 2 emissions: purchased electricity and heat	**76,832**	84,777	**48.9%**	47.3%	**0.8**	0.8
Market Based Scope 2 emissions: purchased electricity and heat	**69,666**	80,209	**46.8%**	46.3%	**0.7**	0.7
Location Total	**109,260**	122,118	**69.5%**	68.1%	**1.2**	1.2
Market Total	**102,094**	117,550	**68.7%**	67.8%	**1.1**	1.1

Methodology and Notes

In calculating our 2019 and 2020 Location based 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' 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' 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 2008 (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. Annual emissions figures for 2019 have been restated as they were materially different due to the reclassification of two sites as out with our operational control, sale of the Flow Control Division (June 2019), to reflect the collation of more accurate consumption data and the correction of emissions factors which had resulted in an overstatement. The need to restate was identified during our standard review process. We have provided data which separates our continuing and discontinued operations. Our continuing operations consists of our two remaining Divisions (Minerals and ESCO) and Group functions. Our discontinued operations comprise our Oil & Gas Division which was sold in Feb 2021.

In line with SECR energy consumption data has been provided for both the UK & Offshore and globally, this data was used in the creation of our GHG emissions. Our Foundry GHG emissions do not contain any discontinued operations so no differentiation is required. Revenue for 2019 is based on 2020 average exchange rates. 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 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 has been externally verified to a limited level of assurance by Corporate Citizenship.

NON-FINANCIAL REPORTING

CONTINUED

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 page 20. Details of our sustainability governance accountabilities can be found on page 66.

Non-Financial Reporting Requirement	Policies and standards which govern our approach and due diligence	Relevant Group Principal Risks	KPIs	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] Environmental Sustainability[2]	Rating within the SHE performance measurement process GHG Emissions CDP score Reducing our Footprint Goals	Sustainability Review pages 52-68
Employees	Code of Conduct[1] SHE Charter[1] SHE Management System[1] Sustainability Roadmap[1] Inclusion, Diversity & Equality Policy[1] Board Diversity Policy[1] Data Protection Policy Incident Response Policy Data Subject Request Response Procedure Information Security Policy Data Classification Policy	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 52-68
Human rights	Code of Conduct[1] Supply Chain Policy[1] Human Rights Policy[1] Modern Slavery Statement[1] Sustainability Roadmap[1]	Ethics & Governance[2]	FTSE4Good score Code of Conduct Training completion Inclusion Diversity and Equality Policy[1]	Sustainability Review page 62
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 52-68
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 page 62

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 43-51

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 103

The Strategic Report covering pages 1-68 of the Annual Report and Financial Statements 2020, 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 2021

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STRONG GOVERNANCE TO PROTECT STAKEHOLDER VALUE

CHAIRMAN'S INTRODUCTION TO GOVERNANCE

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GOVERNANCE IN ACTION

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INTRODUCTION FROM THE CHAIRMAN

"

WEIR IS A VALUES-LED BUSINESS THAT BENEFITS FROM A STRONG CULTURE OF CONTINUOUS IMPROVEMENT AND INNOVATION.

"

CHARLES BERRY
Chairman

We are making a positive difference to our stakeholders by ensuring a culture of integrity and accountability. Our strong Corporate Governance framework operates effectively to protect stakeholder value.

DEAR SHAREHOLDER,
I am pleased to present the Corporate Governance Report for 2020.

Under my Chairmanship, I continue to ensure that the Board leads by example, demonstrating the values of the Company and promoting a culture of transparency, sustainability and accountability. The Board is committed to the highest standards of integrity and oversees a robust and effective system of Corporate Governance controls to protect stakeholder value.

This report describes our Corporate Governance framework and explains how the Board works with its Committees to ensure that this framework remains appropriate and effective. This prudent oversight is essential to deliver the strategy and create long-term value for our stakeholders.

The Board continues to ensure ongoing engagement with its stakeholders throughout the year and acknowledges the clear responsibility it has to promote the long-term success of the Company. We have continued to focus on assessing and monitoring our Company culture in order to ensure that the voice of our employees is heard in the Boardroom.

The Board operates effectively with an appropriate balance of skills, experience, independence and knowledge, with each member able to commit sufficient time to carry out their 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 the strategic plan.

Charles Berry

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.

UK CORPORATE GOVERNANCE CODE 2018

The UK Corporate Governance Code 2018 is published by the Financial Reporting Council and 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.

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 128 -130.

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.

COMPANY SECRETARY

The Company Secretary plays a critical role in ensuring strong Corporate Governance and ongoing compliance with the UK Corporate Governance Code 2018. The Company Secretary together with the Chairman, reviews the governance framework to ensure that it remains fit for purpose and operates effectively in order to uphold the highest standards of accountability and integrity. The Company Secretary is the Secretary to the Board and its Committees and ensures that they function efficiently. The Company Secretary is also a key adviser to the Board and is available to all Directors as required.

The Company has complied in full during 2020 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.

BOARD DECISIONS TABLE

The following table sets out some of the more significant decisions taken by the Board during the year and how stakeholder 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 24 -25

Key decision	Stakeholders affected	Strategic factors taken into consideration	Outcome
Sale of Oil & Gas Division	Shareholders Customers Employees Suppliers	• Maximising value for Shareholders • Delivering transformation of Weir into a premium mining technology pure play • Strengthened balance sheet to provide enhanced flexibility to invest in future growth opportunities • Putting sustainability at the heart of our strategy	The Board believes the simplified and stronger retained Group is ideally placed to benefit from long-term structural trends, including the growing demand from Weir's customers for critical solutions that are smarter, more efficient and sustainable.
Appointment of two Non-Executive Directors	Shareholders Employees Customers	• Mining experience to deliver strategy • Commitment to building an inclusive and diverse culture	The new Directors contribute a wealth of highly relevant experience to the Group as it transforms into a focused, premium mining technology business.
Withdrawal of Dividend Payment	Shareholders Employees	• Protecting Shareholder value • Protecting the business with prudent cost and cash mitigation actions • Prudence to provide maximum flexibility	The Board took the decision to withdraw its recommendation to pay a 2019 final dividend and did not recommend payment of a 2020 interim or final dividend.
Closed AGM	Shareholders Employees Communities & Environment Governments & NGOS	• Safety of Shareholders and employees of utmost priority in light of Covid-19 pandemic • Shareholder Engagement	In accordance with Government legislation and to minimise public health risk, the AGM was held as a closed meeting.

GOVERNANCE AT A GLANCE

The Company has complied in full during 2020 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 69-89

33%
Female representation on the Board at 31 December 2020

A- CDP
A- Score by CDP

89%
Employee Engagement Survey participation rate

KEY BOARD AREAS OF FOCUS

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

KEY BOARD ACTIONS

- Sale of Oil & Gas Division
- Appointment of two Non-Executive Directors
- Withdrawal of Dividend Payment
- Closed AGM
- Established a Sustainability Excellence Committee

READ MORE: PAGES 69-89

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 4-5

OUR STRATEGY

READ MORE: PAGES 10-15

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 24 and 56-57.

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 90-92

AUDIT COMMITTEE

YOU CAN READ MORE IN THE AUDIT COMMITTEE REPORT ON PAGES 93-102

REMUNERATION COMMITTEE

YOU CAN READ MORE IN THE REMUNERATION COMMITTEE REPORT ON PAGES 103-127

DISCLOSURE COMMITTEE

The Disclosure Committee is a sub-committee of the Board which comprises the Chief Executive Officer, the Chief Financial Officer and the Chief Legal Officer and Company Secretary. Terms of Reference can be found on our website at www.global.weir/investors/corporate-governance/board-committees

GENERAL ADMINISTRATION COMMITTEE

The General Administration Committee is a sub-committee of the Board which comprises any two Directors of the Company, at least one of whom must be an Executive Director. 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 78. 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 2020 the Group Executive had 12 scheduled meetings and a further 20 unscheduled meetings, in light of Covid-19.

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's Safety Committee** | **SHE Excellence Committee**

Group Information Services Excellence Committee | **HR Excellence Committee** | **Inclusion and Diversity Steering Committee** | **Sustainability Excellence Committee**

BOARD OF DIRECTORS

CHARLES BERRY N
Chairman

Nationality:

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

Independent: Yes

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, and a former Non-Executive Director of Impax Environmental Markets plc and Securities Trust of Scotland plc.

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

- A Member of the steering group of the Hampton-Alexander Review, during 2020
- Honorary Air Commodore No.602 (City of Glasgow) Squadron, Royal Auxiliary Air Force

JON STANTON
Chief Executive Officer

Nationality:

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

Independent: No

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. 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:

Date of appointment: Chief Financial Officer since 3 October 2016

Independent: No

Key strengths and experience

John is a seasoned professional with significant financial and operational experience gained in financial practice, energy and mining sectors.

He contributes financial expertise and significant management, commercial and operational experience to execute the strategy across each of the Divisions, while ensuring a robust and effective financial control environment which is compliant with regulations.

John is also our Group Executive Sponsor for Inclusion & Diversity, chairing the Group Inclusion and Diversity Committee. 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

BARBARA JEREMIAH A N R
Senior Independent Director

Nationality:

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

Independent: Yes

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 a Non-Executive Director of Russel Metals Inc.

Barbara's leadership and governance experience allows her to effectively contribute to the Board as Senior Independent Director by providing support to the Chairman in his duties where necessary and engaging with a range of major Shareholders in order to help develop a balanced understanding of their views.

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

Key external appointments

- Non-Executive Director and Remuneration Committee Chair of Aggreko plc

COMMITTEE MEMBERSHIP KEY

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

ROLE STATUS KEY

- In the role currently
- Outgoing
- Newly appointed

CLARE CHAPMAN R

Non-Executive Director

Nationality:

Date of appointment: 1 August 2017

Independent: Yes

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 Human Resource 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 of Kingfisher plc and TUI Travel PLC and Chairman of their Remuneration Committees. Clare was Group HR Director of Tesco PLC from 1999 to 2006 and HR Vice President of Pepsi Cola's European operations from 1994 to 1999. Clare also has experience of working outside the UK with over ten years as an executive 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 of Heidrick & Struggles International, Inc.
- Non-Executive Director and Chair of the Remuneration Committee of G4S plc
- Chair of the Advisory, Conciliation and Arbitration Service (Acas) Council
- Steering Group Member and Co-Chair of Purposeful Company

EBBIE HAAN A R

Non-Executive Director

Nationality:

Date of appointment: 18 February 2019

Independent: Yes

Key strengths and experience

Ebbie contributes considerable Oil & Gas and 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 of the Group's core markets 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
- Visiting lecturer at Witts Business School in Johannesburg

MARY JO JACOBI N R

Employee Engagement Non-Executive Director

Nationality:

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

Independent: Yes

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 Advisory Committee on Business Appointments and on the Board of Directors of 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

SIR JIM MCDONALD A N

Non-Executive Director

Nationality:

Date of appointment: 1 January 2015

Independent: Yes

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 A R
Non-Executive Director

Nationality:

Date of appointment: 1 January 2018

Independent: Yes

Key strengths and experience

Stephen is a skilled and experienced financial professional. He was previously Chief Executive of Meggitt PLC between 2013 and 2017, having previously served as Group Finance Director from 2004. Prior to joining Meggitt, 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

- Non-Executive Director, and Audit Committee Chair of Mondi plc

GRAHAM VANHEGAN S
Chief Legal Officer and Company Secretary

Nationality:

Date of appointment: 1 May 2018

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.

OUTGOING DIRECTORS

CAL COLLINS
Non-Executive Director

Nationality:

Date of appointment: 12 July 2018

Cal stepped down from the Board on 3 September 2020

RICK MENELL
Non-Executive Director

Nationality:

Date of appointment: 1 April 2009

Rick stepped down from the Board on 28 April 2020

Governance

COMMITTEE MEMBERSHIP KEY

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

ROLE STATUS KEY

■	In the role currently
■	Outgoing
■	Newly appointed

NEWLY-APPOINTED NON-EXECUTIVE DIRECTORS

BEN MAGARA
Non-Executive Director

Nationality:

Date of appointment: 19 January 2021

Independent: Yes

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 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 Grindrod Limited

SRINIVASAN VENKATAKRISHNAN
Non-Executive Director

Nationality:

Date of appointment: 19 January 2021

Independent: Yes

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 an accountant and restructuring specialist with Deloitte & Touche in India and the UK.

Key external appointments

- Non-Executive Director of Roscan Gold Corporation

BOARD AS AT 31 DECEMBER 2020

BOARD TENURE

1–2 years	1
2–3 years	1
3–4 years	2
4–5 years	1
5–6 years	1
6–7 years	1
7–8 years	1
10–11 years	1

NATIONALITY

British	6
American	1
American/British	1
Dutch	1

GENDER DIVERSITY

NON-EXECUTIVE DIRECTORS

Male	4
Female	3

ALL BOARD

Male	6
Female	3

GROUP EXECUTIVE

ROLE STATUS KEY

- In the role currently
- Outgoing
- Newly appointed

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

JON STANTON
Chief Executive Officer

JOHN HEASLEY
Chief Financial Officer

GRAHAM VANHEGAN
Chief Legal Officer and Company Secretary

PAULA COUSINS
Chief Strategy and Sustainability Officer

Nationality:

Date of appointment: 1 January 2020

Experience:
Paula joined the Group Executive in January 2020. She joined Weir in 2015 and prior to this 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.

GARRY FINGLAND
Chief Information Officer

Nationality:

Date of appointment: 1 January 2020

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 plc 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 on 1 January 2020, retaining his title as CIO.

RICARDO GARIB
President of Weir Minerals

Nationality:

Date of appointment: 1 January 2016

Experience:
Ricardo joined the Group Executive in January 2016 and is the President of Weir Minerals. Ricardo joined Baker Hughes in 1980 and became the Managing Director of Weir Chile following the purchase of Baker Hughes Minerals Division 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 now 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.

ROSEMARY MCGINNESS
Chief People Officer

Nationality:

Date of appointment: 31 July 2017

Experience:
Rosemary joined Weir as Chief People Officer in 2017. 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 is an Advisory Board Member to the School for CEOs and an Advisory Board Member of the University of Strathclyde Business School. She is also a Fellow of the Chartered Institute of Personnel and Development.

ANDREW NEILSON
President of Weir ESCO Division

Nationality:

Date of appointment: 1 April 2020

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, HBOS, Scottish Power and KPMG. Andrew holds a Masters degree in Manufacturing Sciences and Engineering from the University of Strathclyde and is a Chartered Accountant.

OUTGOING GROUP EXECUTIVE MEMBERS

JON OWENS
President of Weir ESCO Division

Nationality:

Jon Owens stepped down from the Group Executive on 15 July 2020

PAUL COPPINGER
President of Weir Oil & Gas Division

Nationality:

Paul Coppinger stepped down from the Group Executive on 1 February 2021

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 2020, and from that date to the date of approval of this Annual Report.

READ MORE IN OUR CORPORATE GOVERNANCE REPORT PAGES 69-89

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 28 to the Group financial statements on pages 194-200.

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 18 on pages 176-177

READ MORE IN OUR DIRECTORS' REPORT PAGES 128-130

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 131

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 43-51 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 2023.

READ MORE IN OUR RISK REVIEW:
HOW WE MANAGE RISK PAGES 39-42 AND IN OUR VIABILITY STATEMENT ON PAGE 89

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.

READ MORE IN OUR RISK REVIEW:
HOW WE MANAGE RISK PAGES 39-42

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 also develops and promotes the collective vision of the Group's purpose, culture, values and behaviours.

BOARD COMPOSITION

During 2020, 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/. 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 74 to 77. The key responsibilities of the Board and the Company Secretary are set out below.

CHAIRMAN

Charles Berry

- 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

CEO

Jon Stanton

- Planning the Group objectives and strategy for Board approval
- Ensuring the effective delivery of corporate strategy
- 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

CFO

John Heasley

- 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

SENIOR INDEPENDENT DIRECTOR

Barbara Jeremiah

- 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

NON-EXECUTIVE DIRECTORS

Clare Chapman, Ebbie Haan, Mary Jo Jacobi, Ben Magara Professor Sir Jim McDonald, Srinivasan Venkatakrishnan, Stephen Young

- 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

Graham Vanhegan

- 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. The Board's activities and meetings rapidly increased in frequency this year to address the escalating and constantly changing Covid-19 pandemic, as well as the disposal of the Oil & Gas business.

Due to the impact of Covid-19, the vast majority of Board meetings were held virtually by Microsoft Teams. During 2020 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 2020. Due to the sale of the Oil & Gas business and the impact of Covid-19, eight unscheduled Board meetings were called at short notice. This 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 twelve months prior to its commencement to allow the Directors to plan their time accordingly. The 2021 annual calendar was discussed at the Board meeting in 2019 and circulated as soon as it was finalised.

The 2022 timetable was reviewed during 2020. 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 twelve 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 received presentations by members of the Group's Senior Management team and other external advisers, as required.

BOARD MEETING ATTENDANCE 2020

Scheduled Board meetings	22 Jan 2020	24 Feb 2020	28 April 2020	22/23 Jun 2020	23/24 Jul 2020	3 Sep 2020	22 Oct 2020	14 Dec 2020	Total
Charles Berry (Chairman)[1]	✓	–	✓	✓	✓	✓	✓	✓	88%
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%
Rick Menell[2]	✓	✓	✓	–	–	–	–	–	100%
Cal Collins[3]	✓	✓	✓	✓	✓	✓	–	–	100%
Location	Glasgow	London	Virtual	Virtual	Virtual	Virtual	Virtual	Virtual	

Unscheduled Board meetings	9 Feb 2020	16 Mar 2020	31 Mar 2020	15 Apr 2020	27 May 2020	19 Aug 2020	16 Sep 2020	2 Oct 2020	Total
Charles Berry (Chairman)[1]	–	–	✓	✓	✓	✓	✓	✓	75%
Jon Stanton	✓	✓	✓	✓	✓	✓	✓	✓	100%
John Heasley	✓	✓	✓	✓	✓	✓	✓	✓	100%
Clare Chapman	–	✓	✓	✓	–	✓	✓	✓	75%
Ebbie Haan	✓	✓	✓	✓	✓	✓	✓	✓	100%
Mary Jo Jacobi	✓	✓	✓	✓	✓	✓	✓	✓	100%
Barbara Jeremiah	✓	✓	✓	✓	✓	✓	✓	✓	100%
Sir Jim McDonald	✓	–	✓	✓	✓	–	✓	✓	75%
Stephen Young	✓	✓	✓	✓	✓	✓	✓	✓	100%
Rick Menell[2]	✓	✓	✓	✓	–	–	–	–	100%
Cal Collins[3]	✓	✓	✓	✓	✓	–	–	–	83%
Location	Telephone	Telephone	Telephone	Virtual	Virtual	Virtual	Virtual	Virtual	

1 Charles Berry took a short leave of medical absence during 2020.
2 Rick Menell stepped down from the Board on 28 April 2020.
3 Cal Collins stepped down from the Board on 3 September 2020.

BOARD ACTIVITIES AND GOVERNANCE IN ACTION

The undernoted timeline summarises the Board's activities during the course of the year ended 31 December 2020. Although this is by no means exhaustive, the timeline provides a flavour of our Boardroom activities, discussions and debates. The Board Agenda is split between standing items, which are discussed at the start of every meeting and those listed in the timeline below.

Board Meeting Standing items:

- Updates from the relevant Committee Chairs
- Business Reports from the CEO and CFO
- Conflicts
- Reminder of s.172 duties
- Shareholder & Market Analysis
- Balanced Scorecard Report
- Corporate Services Report (the Board routinely reviews the reports arising from the whistleblowing mechanism – the Ethics Hotline)

The Board is supplied in a timely manner with the appropriate information to enable it to discharge its duties. Directors are informed of important changes to laws and regulations affecting the Group's businesses and their duties as Directors. In addition, the Board normally meets once or more a year at one of the Group's operation sites which allows the opportunity to meet employees across the global operations. This was impacted in 2020 due to Covid-19, however, the Board held two virtual 'Meet the Board' sessions during the year to engage with employees.

READ MORE ABOUT OUR GOVERNANCE IN ACTION ON PAGE 82

22 JANUARY

Safety
- SHE update

Governance
- Board Diversity Policy
- Gender Pay Report

Risk
- Annual Risk Review

Employee Engagement
- Employee Insights Report

24 FEBRUARY

Strategy
- Technology update
- Portfolio update

Governance
- Annual Report & Financial Statements; Notice of AGM

Finance
- Q1 forecast; 2020 Budget; Dividend consideration

28 APRIL

Safety
- Impact of Covid-19 review

Governance
- AGM

Finance
- Q2 Forecast update; Dividend consideration

Employee Engagement
- Employee Voice

22/23 JUNE

Safety
- Covid-19 update

Strategy
- Strategic Planning Process; Divisional Reviews

Governance
- Balanced Scorecard Report

Risk
- Risk Dashboard review

23/24 JULY

Safety
- SHE update

Strategy
- Strategy & Sustainability review

Finance
- Dividend; Q3 update; Interim results

Risk
- Global Insurance programme update

3 SEPTEMBER

Employee Engagement
- ShareBuilder update

Finance
- Treasury, Tax and Pensions update

Strategy
- M&A update; IS&IT update

Stakeholder Engagement
- IR feedback on interims

22 OCTOBER

Strategy
- Strategy & Sustainability sessions

Governance
- Operating Model review

Finance
- Q3 IMS; Q4 Forecast update

Risk
- Risk Dashboard update

14 DECEMBER

Strategy
- People; Inclusion & Diversity; Talent Development; Succession Planning

Governance
- Board Evaluation; Conflicts of Interest
- 2021 and 2022 Board Calendars

Finance
- 2021 Budget; Q3 IMS Feedback

Stakeholder Engagement
- Shareholder Meeting Feedback

UNSCHEDULED ADDITIONAL MEETINGS

Safety
- Responding to Covid-19

Strategy
- Disposal of Oil & Gas Division

1 Scheduled Board meetings

GOVERNANCE IN ACTION – MEET THE BOARD SESSION

At the core of our 'We are Weir' framework remains our commitment to truly listen to our employees, customers, suppliers and wider communities in which we operate, ensuring our relationships are based on open and honest discussions, trust and mutual respect.

Year on year, we seek to continuously build employee engagement and promote an open and transparent culture, fostering genuine and meaningful dialogue with our employees. We have in place a range of employee voice channels which give all our employees equal access to various platforms where they can make their voice count and continue to positively impact on Weir's future. This includes our global engagement survey, Ethics Hotline, our Town Hall sessions, Yammer and 'Ask Jon', our dedicated email which allows employees to directly contact our CEO with ideas, comments or questions. These continue to be developed and enhanced to ensure maximum participation and engagement.

Another element of our employee voice strategy is our strong commitment to strengthening the links between Weir's employees and the Board. In 2019 we introduced 'Meet the Board' sessions to enable our Non-Executive Directors to stay in touch with the broad range of views of employees, allowing them to take these into account as part of their role and decision-making processes.

These listening sessions present an opportunity for a discussion between a group of employees and members of the Board, where employees participating can discuss topics close to their hearts such as what we do at Weir, how we do it and their overall experience of life at Weir.

The first sessions took place face-to-face in Fort Worth (June 2019) and the second in Santiago (October 2019). During 2020, the Covid-19 pandemic meant that our 'Meet the Board' sessions were developed to run virtually. The first of the virtual sessions in 2020 took place with 13 UK-based employees and the second session took place with 12 employees from our Venlo business, with employees based in the Netherlands, Spain and Australia.

The 'Meet the Board' sessions are chaired by Mary Jo Jacobi, our Non-Executive Director with Board responsibility for Employee Engagement. Both sessions were also attended by Charles Berry, Chairman, Jon Stanton, Chief Executive, and one other Board Member. In the UK session we welcomed Barbara Jeremiah, Senior Independent Director, and for the Venlo session, we welcomed Ebbie Haan, Non-Executive Director.

Both sessions were hosted on Microsoft Teams and allowed Board Members and employee participants to discuss a range of topics as suggested by the employees themselves. The format was designed to give employees maximum opportunity to share their views with the Board but there was also some time set aside for the participants to engage in short Q&A sessions.

Despite the sessions having to be conducted remotely, participants and Board Members still felt they achieved excellent levels of discussion. Topics discussed across both sessions included the impact and opportunities arising due to the Covid-19 global pandemic including safety for those on site, working remotely and how we are adapting interactions with customers across the globe through innovative technology. We also discussed Weir's future, the direction and progress against our Sustainability Roadmap and ways in which teams across different Weir Divisions and geographies can become more collaborative, in line with our 'We are Weir' framework.

Participants across both sessions fed back that they found Board Members to be very welcoming and accessible and that they had a genuine interest in personal opinions from all employees at varying levels within the Company; an opportunity that would be highly recommended to other colleagues.

The key insights gathered from this year's sessions are currently being considered both with local Leadership Teams and at Board level. They also form a key part of the annual Employee Insights Report.

Further 'Meet the Board' sessions will be rolled out in 2021, taking into consideration ongoing global and relevant local guidance surrounding the Covid-19 pandemic.

MEET THE BOARD – UK SESSION MAY 2020 AND VENLO SESSION NOVEMBER 2020

CHARLES BERRY **JON STANTON** **BARBARA JEREMIAH** **MARY JO JACOBI** **EBBIE HAAN**

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 impact of Covid-19, from mid-March onwards, all the investor relations activity including roadshows and conferences moved to a virtual format. The Company has directly engaged with investors (221 meetings in 2020), 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 20 during the year, held virtually in Canada, Finland, France, Germany, Switzerland, the UK and the USA. 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. 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. 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 2020 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, corporate governance and ESG, management, investor relations and communications. The results of this feedback have now been incorporated back into the Group's strategy, planning and investor communications.

JANUARY

- Closed Period 20 December 2019 - 26 February 2020

FEBRUARY

- Full Year results
- Investor roadshow London
- Equity sales force meetings x2

MARCH

- Investor roadshow Edinburgh
- Virtual North American roadshow
- Virtual conference Bank of America Merrill Lynch
- Trading and impact of Covid-19 update

APRIL

- Q1 IMS
- Closed Annual General Meeting

MAY

- Investor meetings post Q1 IMS

JUNE

- Virtual JP Morgan conference
- Virtual European roadshow

JULY

- Closed Period 29 June 2020 - 29 July 2020
- Interim results
- Virtual London and Edinburgh roadshows
- Equity sales force briefings x2

AUGUST

- Investor meetings post Interim results

SEPTEMBER

- Virtual Morgan Stanley conference
- Virtual Rothschild/Redburn ESG conference

OCTOBER

- Oil & Gas disposal announced
- Investor meetings post O&G deal announcement

NOVEMBER

- Q3 IMS
- Virtual equity sales force meetings x4
- Virtual European roadshow
- General Meeting - disposal of Oil & Gas Division
- Remuneration Committee Chair Shareholder Meetings

DECEMBER

- Virtual Goldman Sachs conference
- Virtual North American roadshow
- Virtual Bank of America Merrill Lynch UK conference
- Remuneration Policy
- Chairman's Investor Meetings

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 NON-EXECUTIVE DIRECTORS BEN MAGARA AND SRINIVASAN VENKATAKRISHNAN

Following the departure of Rick Menell and Cal Collins in 2020, Russell Reynolds Associates were engaged to support a Non-Executive Director recruitment search process. Following the satisfactory conclusion of the process, the Nomination Committee recommended, and the Board approved the appointment of both Ben Magara and Srinivasan Venkatakrishnan to the Board, with effect from 19 January 2021. You can read more about the recruitment process in detail, in the Nomination Committee Report, on page 90.

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, 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 2020 will seek election or re-election at the Company's AGM in April 2021, 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 103-127. 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 103-127.

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.

BOARD EFFECTIVENESS

To facilitate our external Board Effectiveness Review, the Nomination Committee recommended to the Board to engage with The Effective Board LLP for a third year. The role of The Effective Board 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 The Effective Board. The Chairman and Company Secretary met remotely with The Effective Board in order to agree the objectives, scope and timeline of the review to allow a proposal to be put forward for consideration. In November 2020, the Non-Executive Directors, led by the Senior Independent Director, met without the Chairman present to discuss his performance. The outcome was extremely positive and it was reported to the Board at the December 2020 Board meeting.

The Board Effectiveness process and findings can be found on the following page. The Effective Board LLP has reviewed the content of the Board Effectiveness section on pages 86 and 87. The Board also obtains feedback from employees and other stakeholders through various ways such as 'Meet the Board' sessions, 'Ask Jon', and Shareholder meetings. You can read more about this on page 83.

BOARD EFFECTIVENESS

BOARD EFFECTIVENESS

The review of the Board's effectiveness 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 EFFECTIVENESS AND REVIEW PROCESS

The Board Effectiveness Review operates on a three-year cycle. In light of Covid-19, it was decided in 2020 to opt for a hybrid approach to the external evaluation, using bespoke questionnaires and virtual interviews. The process is detailed below. The findings of this year's Review have been positive and confirmed that the Board and its Committees operate effectively and that each Director contributes to the overall effectiveness and success of the Group.

Internal Evaluation (assistance from The Effective Board)

Circulate findings and review recommendations from previous year

Online confidential bespoke questionnaire

Analysis and discussion at Board meeting

Individual meetings with Chairman and Directors post evaluation

Year 2 – 2019
Internal Evaluation (assistance from The Effective Board)

Circulate findings and review recommendations from previous year

Online confidential bespoke questionnaire

Analysis and discussion at Board meeting

Individual meetings with Chairman and Directors post evaluation

External Evaluation

Circulate findings and review recommendations from previous year

Online confidential bespoke questionnaire and individual virtual interviews

Analysis and discussion at Board meeting

Individual virtual meetings with Chairman and each Director post evaluation

THE PROCESS WAS DIVIDED INTO FOUR STAGES:

Stage 1
The questionnaires were drafted to focus on the recommendations from the last review and whether they had been implemented successfully and other bespoke questions to assess how the Board works together, the quality of information received, the performance, succession and development plans, diversity, and processes for identifying risks. The on-line questionnaires were then sent to the Board and Company Secretary for completion.

Stage 2
Following completion of the questionnaires, virtual interviews were held via Microsoft Teams with each of the following Board members; the Chairman, CEO, CFO, SID, Committee Chairs, and Company Secretary. These interviews focused on any comments that had been made on how to improve the effectiveness of the Board and whether the recommendations from last year's review had been completed.

Stage 3
The Board Effectiveness Report was sent to the Chairman and the Committee Effectiveness reports were provided to each of the Committee Chairs.

The Effectiveness Reports of the Chairman and Company Secretary were sent to the SID and Chairman respectively.

Stage 4
The Effectiveness Reports were presented at the Board and Committee Meetings in December 2020 and January 2021, to allow discussion and action planning.

Follow up meetings were held by the Chairman with each individual Director.

FINDINGS FROM 2019

- There was an increase in positive views of the Board's effectiveness overall. In particular, the positive relationship between Board members and Board discussions are viewed as open, rigorous and constructive.
- The Board has made significant efforts on Inclusion and Diversity, but further scope to improve ethnicity remains work in progress.
- The Board currently supports and monitors the development and implementation of the Sustainability Strategy however it should consider a new Committee of the Board for the oversight of the Sustainability Strategy.

PROGRESS FROM 2019 OUTCOMES

- The Board has made significant efforts on Inclusion and Diversity, in line with the Parker Review. The Board also amended their Board Diversity Policy. You can read about our progress on Diversity on page 57.
- The Board implemented a Management Committee, namely the Sustainability Excellence Committee, to provide oversight of the Sustainability Strategy. You can read more about this on page 64.

FINDINGS FROM 2020

- There was an even greater increase in positive views of the Board's overall effectiveness from last year.
- That the Board concludes its discussions around the potential creation of a new Committee of the Board to oversee the Sustainability Strategy.
- That the Board reviews how the Group engages with its suppliers and local communities as stakeholders to understand their views on the Company in line with the Companies Act Section 172 requirements.

KEY AREAS OF FOCUS FOR 2021/2022

- Continuing to increase focus on wider aspects of Diversity.
- Whilst there was increased scoring in succession planning at Board and Executive level this as always remains work in progress.
- Keep engagement mechanisms under review so that they remain effective.

"THE BOARD TAKES THE RESPONSIBILITY FOR CONTINUOUS IMPROVEMENT SERIOUSLY AND IS COMMITTED TO FOCUS ON CONTINUALLY MONITORING AND IMPROVING EFFECTIVENESS."

CHARLES BERRY
Chairman

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 93 to 102. 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 2020. More information on how the Group seeks to manage risk can be found on pages 39-51.

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 2020, as detailed on page 95.

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.

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:

RISKS

4
ETHICAL AND CULTURAL ENVIRONMENT

3
ASSURANCE ACTIVITIES

2
MONITORING AND OVERSIGHT CONTROLS

1
FUNCTIONAL AND FRONT LINE CONTROLS

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, engineering 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 51 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 95 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 43 to 51 of the Annual Report.

Assessment period

The directors have determined that a three year period to 31 December 2023 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 cyclicality 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 pure play following the disposal of the Oil & Gas Division, as detailed in the Strategic Report, 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 and pricing pressure in key markets;
- value chain excellence and information security, modelled by major site shutdown scenarios; and
- a regulatory shock scenario in response to the ethics and governance or safety, health and environmental risks.

In response to the Covid-19 pandemic, the Group has now identified Covid-19 as a principal risk. The financial impact of potential site lockdowns arising from further waves has been incorporated in the viability modelling. Refer to pages 43-51 for the Group's principal risks, specifying those risks considered during this review.

Process and key assumptions

The Group Budget and Strategic plan, both prepared bottom up annually and approved by the Board, are used as the basis for the viability modelling and 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, slow long term economic growth and increasing demand for our new, more sustainable solutions technology.

The output of this plan is used to perform central 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 as well as the likelihood of bank and other debt facilities continuing to be available to the Group as existing committed facilities mature over the next three years.

The analysis indicated that the Group would be able to comply with its current banking covenants and maintain sufficient 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 cyclicality from the markets in which it operates, it continues to have a strong balance sheet, further strengthened following completion of the sale of the Oil & Gas Division, that provides capacity in which to operate; and
- 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, and seen in earlier downturn years.

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 2023.

NOMINATION COMMITTEE REPORT

OVERVIEW

MEMBERS

The Nomination Committee is entirely made up of Independent Non-Executive Directors and the Chairman of the Board is Chair of the Committee. The Company Secretary, Graham Vanhegan, acts as Secretary to the Committee. Members of Senior Management and Advisers are invited to attend meetings as appropriate.

> **EFFECTIVE SUCCESSION PLANNING IS VERY IMPORTANT FOR THE LONG-TERM SUCCESS OF A COMPANY AND THE NOMINATION COMMITTEE PLAYS A VITAL ROLE IN THIS.**

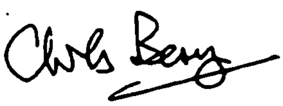
CHARLES BERRY
Chair of Nomination Committee

Dear Shareholder,

I am pleased to introduce our Nomination Committee Report for 2020, 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, whilst also meeting all relevant provisions of the UK Corporate Governance Code 2018.

2020 was another busy year for the Committee, which saw the search for and appointment of two Non-Executive Directors, following the departure of Rick Menell and Cal Collins from the Board last year. I am pleased that an effective search process resulted in the appointment of both Ben Magara and Srinivasan Venkatakrishnan.

Throughout 2021, the Nomination Committee will continue to focus on 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

BARBARA JEREMIAH
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 2020

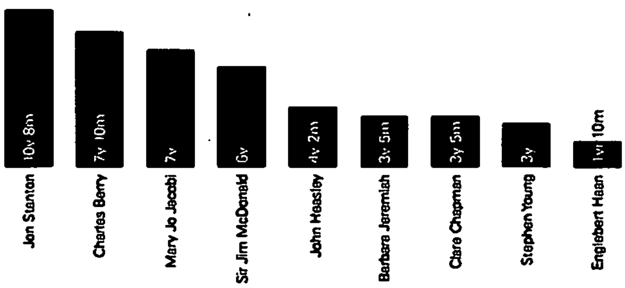
- Ensured Board and Senior Management succession planning aligned with our strategy and culture.
- Recommended appointment of Non-Executive Directors, Ben Magara and Srinivasan Venkatakrishnan.
- Reviewed and updated Board Diversity Policy.
- Continued focus on Hampton-Alexander and Parker Reviews.
- Undertook Board skills assessment and gap analysis.
- Reviewed Board Committee membership and extension of appointment for Sir Jim McDonald and Stephen Young.

NOMINATION COMMITTEE MEETING ATTENDANCE

Members	21-Jan 2020	22-Jun 2020	3-Sept 2020	20-Oct 2020	14-Dec 2020	Total
Charles Berry	☑	☑	☑	☑	☑	100%
Mary Jo Jacobi	☑	☑	☑	☑	☑	100%
Barbara Jeremiah	☑	☑	☑	☑	☑	100%
Sir Jim McDonald	☑	☑	☑	☑	☑	100%
	Scheduled	Scheduled	Unscheduled	Unscheduled	Scheduled	

BOARD TENURE

as at 31 December 2020



■ Director tenure
■ Director tenure – including previous Weir Board appointment

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.

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	Mining	Oil & Gas	Governance	Environment & Sustainability	Banking & Finance	International	Leadership
Charles Berry	✓	✓			✓	✓		✓	✓
Jon Stanton			✓	✓	✓	✓	✓	✓	✓
John Heasley			✓	✓		✓	✓	✓	✓
Clare Chapman	✓				✓			✓	✓
Engelbert Haan	✓	✓		✓		✓		✓	✓
Mary Jo Jacobi	✓			✓	✓	✓		✓	✓
Barbara Jeremiah	✓		✓		✓	✓		✓	✓
Sir Jim McDonald	✓	✓			✓	✓		✓	✓
Stephen Young	✓				✓		✓	✓	✓
Rick Menell[1]	✓		✓		✓	✓	✓	✓	✓
Cal Collins[2]			✓			✓		✓	✓
Ben Magara[3]	✓	✓	✓			✓		✓	✓
Srinivasan Venkatakrishnan[4]	✓		✓			✓	✓	✓	✓

1 Rick Menell stepped down from the Board on 28 April 2020.
2 Cal Collins stepped down from the Board on 3 September 2020.
3 Ben Magara appointed to the Board on 19 January 2021.
4 Srinivasan Venkatakrishnan appointed to the Board on 19 January 2021.

BOARD INDEPENDENCE
as at 31 December 2020

Executive	2
Non-Executive	7

BOARD GENDER BALANCE
as at 31 December 2020

Male	6
Female	3

BOARD NATIONALITY
as at 31 December 2020

British	6
American	1
American/British	1
Dutch	1

BOARD AGE
as at 31 December 2020

Lower than 55	2
56-60	1
61-65	3
66-70	3

NOMINATION COMMITTEE REPORT
CONTINUED

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.

APPOINTMENT OF NON-EXECUTIVE DIRECTORS BEN MAGARA AND SRINIVASAN VENKATAKRISHNAN
As part of our succession planning process and, following the departure of Rick Menell and Cal Collins, it was agreed that the appointment of an additional director should be made in order to maintain an appropriate level of mining experience on the Board.

The Board engaged Russell Reynolds Associates as external search consultant to initiate a rigorous search process. Russell Reynolds assists with the recruitment process for Senior Management, but does not have any other connections with the Company or individual Directors. At the request of the Committee, Russell Reynolds incorporated diversity from the initial stages of the search process and as a result, the longlists and shortlists were diverse in race, gender, nationality, experience and skills. The Committee was updated on the search process at every meeting and two unscheduled meetings were held to discuss the process. Russell Reynolds reviewed the longlist of candidates with the Committee, from which a shortlist of four people was identified. The shortlisted candidates were interviewed by the Nomination Committee Chair, CEO and Committee members initially. Meetings for the two top candidates were then held with all other Board members and the Company Secretary. Following those meetings, the Nomination Committee decided to recommend to the Board the appointment of both candidates given their skills, experience and fit for the Company. The Board duly approved this recommendation and appropriate background and reference checks were conducted and written confirmation was sought from the candidates to ensure they complied with the appropriate Listing Rules.

INCLUSION AND 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 members 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 57).

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. Whilst we achieved the Hampton-Alexander Review target of 33% as at 31 December 2020, we need to continue to make progress, because the current percentage has since reduced as we have made appointments which have enhanced other areas of diversity. This also applies to the Group Executive and their direct reports, where female representation reduced in 2020 from 28% to 21% due to the realignment of certain head office functions. The representation of women at senior levels is still above the average across the organisation as a whole and the Board remains fully committed to the Hampton-Alexander Review targets and to improving the gender diversity in the Board and Senior Leadership population. Goals have been incorporated into the balanced scorecard of the Company. I continued to be a member of the steering group of the Hampton-Alexander Review throughout 2020.

Our Hampton-Alexander statistics are noted below.

	As at 31 December 2020	As at 31 December 2019
Board	**33% (3 females, 6 males)**	27% (3 females, 8 males)
Group Executive Committee and direct reports	**21% (13 females, 48 males)**	28% (16 females, 42 males)

Further information regarding our approach, initiatives and training on Inclusion and Diversity can be found on page 57.

INDEPENDENCE AND RE-ELECTION OF DIRECTORS
In December 2020, 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. During the year, the Committee considered and recommended an extension to the current tenure of Sir Jim McDonald and Stephen Young, for a further three year period subject to annual re-election by Shareholders. 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 matrix as well as the relevant outcomes of the annual individual Director evaluations aided discussion.

COMMITTEE EFFECTIVENESS
The Committee's effectiveness was reviewed during the year as part of the external Board Effectiveness Review facilitated by The Effective Board LLP. Their report was presented to the Board in December 2020. 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 Effectiveness Review cycle, process and findings on pages 85 to 87.

CHARLES BERRY
Chair of Nomination Committee

AUDIT COMMITTEE REPORT

> **THE AUDIT COMMITTEE IS PLEASED TO REPORT ONGOING EFFECTIVE INTERNAL CONTROLS AND CONTINUED HIGH STANDARDS OF FINANCIAL REPORTING GOVERNANCE IN A CHALLENGING YEAR.**

STEPHEN YOUNG
Chair of Audit Committee

Governance

OVERVIEW

MEMBERS

There have been no changes in the membership of the Committee during 2020.

Committee members are considered to provide a wide range of financial and commercial expertise.

BARBARA JEREMIAH
Senior Independent Director

EBBIE HAAN
Non-Executive Director

SIR JIM MCDONALD
Non-Executive Director

AUDIT COMMITTEE MEETING ATTENDANCE

Members	21-Jan 2020	19-Feb-2020	23-Jul 2020	29-Sep 2020	22-Oct 2020	Total
Stephen Young	☑	☑	☑	☑	☑	100%
Ebbie Haan	☑	☑	☑	☑	☑	100%
Barbara Jeremiah	☑	☑	☑	☑	☑	100%
Sir Jim McDonald	☑	☑	☑	☑	☑	100%
	Scheduled	Scheduled	Scheduled	Unscheduled	Scheduled	

COMMITTEE EFFECTIVENESS

- External evaluation concluded that the Committee was fulfilling its terms of reference effectively and no significant areas of concern were noted.

EXTERNAL AUDITOR INDEPENDENCE

- Confirmed the external auditor, PwC, remains independent and that non-audit fees are appropriately approved and below Group policy limits.
- With Lindsay Gardiner having served his full five-year term as Group Engagement Leader he will be replaced by Kenny Wilson for the year ending 31 December 2021.

MAIN ACTIVITIES DURING 2020

Monitored the impact of Covid-19 on the overall control environment, ensuring that appropriate risk assessments were undertaken and teams across the wider finance community had the appropriate systems, processes and resources to support ongoing effective controls, despite challenges of remote working and possible absences.

Reviewed and challenged interim and annual financial reporting, including appropriate reporting and presentation of the financial impacts of Covid-19 and the treatment of the Oil & Gas Division as a discontinued operation held for sale and related disclosures.

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 and the Global Head of Compliance.

Reviewed the results of internal audits in the year and agreed the 2021 internal audit strategy and plan; met with the Head of Internal Audit independent of Executive management.

Approved the external audit plan presented by PwC, reviewed the effectiveness of the external audit and held independent discussions with the Group Engagement Leader.

Reviewed the work undertaken in respect of the financial information required as part of the Class 1 Circular for the sale of the Oil & Gas Division and approved this at a specially convened meeting.

AREAS OF FOCUS 2021

Track progress in cyber security control effectiveness.

Monitor ongoing control effectiveness as more operating businesses transition core accounting processes to global shared services.

Continue to oversee the increasing use of digital technology in the internal audit function.

Respond to the recommendations and reporting requirements of the Task Force on Climate-related Financial Disclosures.

Smooth transition to the new PwC Group Engagement Leader.

AUDIT COMMITTEE REPORT
CONTINUED

INTRODUCTION
I am pleased to present our report to Shareholders for the year ended 31 December 2020 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 2021.

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 Sir Jim McDonald, Barbara Jeremiah and Ebbie Haan, all of whom are independent Non-Executive Directors and have been members of the Committee for the full year. The Company Secretary, Graham Vanhegan, acts as Secretary to the Committee.

We have recent and relevant financial experience from myself as Audit Committee Chair, having been Group Finance Director of Meggitt PLC. 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 74 to78.

MEETINGS
We met five times during the year and have met twice since the year end. Like many organisations, we have followed Government guidance on restricting travel and working remotely where possible, with the last 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 September 2020 in order that the Committee could be updated on the finance workstream supporting the preparation of the Group's Class 1 Circular, required in respect of the sale of the Oil & Gas Division.

We met twice in 2020 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 2020 with the Head of Internal Audit without any Executive management present.

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 2020. In addition, PricewaterhouseCoopers LLP (PwC) attended the meetings by invitation as auditors to the Group.

Committee membership in 2020
Stephen Young (Committee Chair)
Ebbie Haan
Barbara Jeremiah
Sir Jim McDonald

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
Lindsay Gardiner (PricewaterhouseCoopers LLP, Group Engagement Leader)

MAIN ACTIVITIES
Over the course of the year since the last Annual Report, our work was focused in the following areas:

(i) financial reporting;

(ii) internal control and risk management;

(iii) internal audit;

(iv) external audit; and

(v) Class 1 Circular.

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, areas of significant estimate, 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 2020 meeting and Annual Report during our January and February 2021 meetings.

We reviewed the change in presentation of the Consolidated Income Statement to present "Adjusted results", "Adjusting items" and "Statutory results" noting no change to the policy for exceptional items and consistency in approach to provide the users of the Consolidated Financial Statements with a more relevant presentation of the Group's underlying performance. The change in presentation is detailed in the Alternative Performance Measures section in note 2 to the financial statements.

We received and reviewed details of the significant exceptional and other adjusting items in the year, including the impairment charge taken in relation to the Oil & Gas Division, Covid-19 restructuring and other costs and the charge in relation to the Group's legacy US asbestos-related liabilities.

The financial reporting matters discussed in the current year and recurring agenda items are summarised in the table on pages 98 to 102.

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.

(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 88.

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; 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. Despite disruption from Covid-19, IT processes and controls remained stable and effective and there have been no high priority findings which required to be reported to management.

The Committee also receives regular reporting on the Group's compliance-related activities from the Global Head of Compliance and 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.

In 2020, this regular reporting was supplemented by a specific Ethics and Compliance presentation to the Committee by the Global Head of Compliance. The Committee were updated on the work performed in the year with regard to anti-bribery and corruption risk assessments and the roll out of an updated Anti-Bribery and Corruption Policy with accompanying global training. In addition, the Committee were informed that global refresher training had been completed in respect of the Group's Code of Conduct.

The Committee also received presentations from each of the three divisional Finance Directors (DFDs). 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, as well as an overview of their divisional finance teams.

Focus is given to:

1. the strength and depth of the finance team's capability;
2. 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; and
3. the quality of the discussion around divisional risk dashboards.

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 visits. 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.

(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. Following Covid-19 related Government guidance, most internal audits were performed remotely with the team and business adapting well to the necessary arrangements.

Responding to disruptions in the business environment caused by the Covid-19 pandemic, Internal Audit amended its audit approach to cover areas of heightened fraud, performance & reporting and regulatory risks. Some of the areas amended included manual journals, employee expenses, inventory management, customer/supplier set-up, one-time vendors, segregations of duties and revenue recognition. The review of the control environment against the backdrop of Covid-19 highlighted that the control environment has functioned effectively and generally, compliance with company policy has remained robust. Due to the sale of the Oil & Gas Division, the 2020 plan was adjusted later in the year to remove some Oil & Gas entities from scope.

AUDIT COMMITTEE REPORT
CONTINUED

The Committee has fully supported Tayo Oyinlola in her first full year as Head of Internal Audit as Tayo has implemented changes to strengthen the internal audit team, improve timeliness of audits and the close out of resulting actions and embed more automation through specific audit software tools, process improvements and data analytics. In 2020, 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. The number of audits completed in 2020 increased 19% on the prior year.

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.

The resulting 2021 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 2021, will continue to be focused on the Group's IS&T transformation programme as well as areas such as data governance and application security; and
- an element of the Annual Plan is reserved for assurance coverage of any emerging risk areas.

The Committee considered and approved the 2021 Internal Audit Strategy and Plan including the resource model. Further progress on automation is a significant feature of the internal audit strategy with the 2021 plan including a continued push towards greater use of data analytics and a gradual introduction of robotic process automation into the audit process.

(iv) External audit

The Committee is responsible for the appointment and role of the external auditor, for reviewing the effectiveness of the audit process and monitoring their independence. The external auditors are PwC who were first appointed for the financial year commencing 1 January 2016 following a competitive tender process. The Committee will follow the UK guidance to conduct a tender at least every ten years, with the next audit tender process required to be concluded for the year ending 31 December 2026.

In response to the Covid-19 pandemic, PwC have monitored the impact of this on the business throughout the year and considered any change required to their risk assessment and planned audit approach as a result. A Key Audit Matter on the implications of the pandemic for the Group is included in their Audit Report on page 132. Planning for the 2020 audit also included due consideration to the practical impact of Covid-19, such as travel restrictions, with PwC noting well developed plans were in place for remote file reviews and component audit supervision, assisted by the increased 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, during 2020 the Committee were advised that the Financial Reporting Council's (FRC) Audit Quality Review team had selected the Weir Group 2019 audit for specific review. PwC presented a summary of the findings from this review to the Committee in October 2020. There were no key findings arising from the review.

The Committee held two private meetings with the external auditor in 2020. 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 specific FRC Audit Quality Review in the year, 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, the Committee were advised that the 2020 financial year would be Lindsay Gardiner's final year as Group Engagement Leader. Following a selection process by management and myself, it was determined that Lindsay will be replaced by Kenny Wilson from the year ended 31 December 2021.

Fees payable to PwC in respect of audit and assurance services for 2020 of £3.7m (2019: £3.3m) 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 increase in level of fees is primarily attributable to specific changes in local audit scopes accompanied by nominal fee increases associated with regulatory change in audit.

Non-audit fee work conducted by PwC in the year of £0.3m (2019: £0.1m) represented 7% (2019: 2%) of the audit fee. The increase in non-audit fees in the year is due 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. 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 2020 year end. As a result, the Committee recommended to the Board that PwC should be reappointed as auditor at the next AGM.

(v) Class 1 Circular

In addition to the regular areas of focus, in 2020, the Committee also reviewed the outputs from the finance workstream, which addressed the Listing Rules requirements for inclusion of financial information in the Class 1 Circular required in respect of the sale of the Oil & Gas Division. This included:

- gaining an understanding of the process undertaken to produce the historic and pro forma financial information and reviewing reconciliations back to previously published information;
- reviewing the work undertaken to support the statement in the Circular on the sufficiency of the remaining Group's working capital for twelve months from the date of the Circular including the downside sensitivity analysis performed; and
- reviewing the conclusions reached by the Reporting Accountants further to their work performed in relation to the above.

This work was discussed at a specially convened Audit Committee meeting held in September 2020 followed by the Committee agreeing to recommend to the Board for approval the financial information and the statement on working capital presented in the Circular.

COMMITTEE EVALUATION

The Committee was subject to an external evaluation process during the year as part of the overall Board Effectiveness Review which operates on a three-year cycle. The evaluation was performed by 'The Effective Board LLP' using bespoke questionnaires and virtual interviews.

The evaluation concluded that the Committee was performing well and no significant areas of concern were noted. Several recommendations were made which have since been discussed by the Committee and actions taken where necessary.

OUR FOCUS FOR 2020

In last year's report we said that, in addition to our routine business, we would focus on the following two areas:

1. reviewing the Group's procedures in relation to maintaining high standards across all Ethics and Compliance matters; and
2. supporting the recently appointed Head of Internal Audit in her first full year in the role and increasing the use of technology in the internal audit process.

As discussed in section (ii) above, the Committee invited Steve Meck, Global Head of Compliance, to present a specific update on Ethics and Compliance. This will now become part of the annual schedule for the Committee with more regular and immediate reporting continuing through other channels such as internal audit or the Group Chief Legal Officer and Company Secretary as and when required.

As discussed in section (iii) above, the Committee have been supportive of Tayo Oyinlola in her first full year in the role of Head of Internal Audit and have noted good progress on the use of technology to increase efficiency and deliver deeper insights, with this journey towards greater automation continuing into 2021.

OUR FOCUS FOR 2021

In addition to our routine business, in 2021 our focus will be on:

1. tracking progress in cyber security control effectiveness;
2. monitoring ongoing control effectiveness as more operating businesses transition core accounting processes to global shared services;
3. continuing to oversee the increasing use of digital technology in the internal audit function;
4. responding to the recommendations and reporting requirements of the Task Force on Climate-related Financial Disclosures; and
5. overseeing a smooth transition to the new PwC Group Engagement Leader.

STEPHEN YOUNG
Chair of Audit Committee

AUDIT COMMITTEE REPORT
CONTINUED

CURRENT YEAR MATTERS

Area of focus	Issue	Role of the Committee	Conclusion
Exceptional items (see notes 5 and 20 of the 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) analysis of the ESCO integration costs; (iii) analysis of Covid-19 restructuring and other costs and other restructuring and rationalisation charges and related provisions; (iv) details in respect of the Broad-based Black Economic Empowerment transaction, which resulted in an exceptional share-based payment charge; (v) details of the charge in respect of the Group's US asbestos-related liabilities following the completion of the planned triennial actuarial review; (vi) details in respect of the Guaranteed Minimum Pension (GMP) equalisation charge; (vii) analysis of discontinued operations exceptional items, primarily the impairment charge on the re-measurement of the Oil & Gas Division at fair value less costs to sell in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', due to its 'held for sale' status at the year end; 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 carefully considered the treatment of Covid-19 restructuring and other costs as exceptional in light of FRC guidance in this area. We are satisfied that these costs meet the Group's criteria for exceptional items and that no judgement or arbitrary split has been applied in determining this figure. We note that other Covid-19 related costs have remained in operating profit as they did not meet the definition of exceptional items, i.e. were of a recurring and/or consumable nature. We received detailed reporting in respect of the findings and associated financial modelling from the latest US asbestos-related provision triennial actuarial review leading the Committee to being satisfied that the charge in the Consolidated Income Statement and its classification as an adjusting item is appropriate. For discontinued operations, we received analysis in support of the impairment charge taken on comparing the carrying values of the Oil & Gas Division to the proceeds received on completion of the sale to Caterpillar Inc. on 1 February 2021, and anticipated proceeds in respect of the pending sale of the Saudi Arabia-based joint venture, Arabian Metals Company, to the Group's joint venture partner, and estimated costs to sell. We also received details of the onerous contracts charge, disposal costs and restructuring charges. We concluded that, following the impairment charge, the held for sale assets and liabilities are correctly stated at the lower of their carrying value or fair value less costs to sell and the charges to the Consolidated Income Statement are appropriate. 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, is expected to be reported in 2021, following completion of the sale and associated completion accounts process. 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. We considered the change in presentation of the Consolidated Income Statement to be a suitable presentation that meets the IAS 8 criteria on "more relevant" and agree with the change. We also received confirmation from PwC that management's treatment was 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 financial statements)	Following the announcement in October 2020 of the sale of the Oil & Gas Division, the Division has been classified as a discontinued operation and held for sale as at December 2020.	We have received detailed reporting from the Chief Financial Officer covering: (i) accounting treatment of Oil & Gas as a discontinued operation, including restatement of the prior period Consolidated Income Statement, and held for sale classification in the Consolidated Balance Sheet; (ii) calculation of the impairment charge taken on the re-measurement of the Division at lower of carrying value or fair value less costs to sell (see exceptional and adjusting items); (iii) details of other exceptional items including disposal related costs; and (iv) related presentation and disclosures in the Annual Report. We considered the accounting treatment, the impairment charge, other exceptional items and related disclosures. PwC confirmed the treatment and related disclosures were appropriate.	The Committee agrees with the discontinued operations accounting treatment, the impairment charge, other exceptional items and the related disclosures in the Annual Report.
New accounting standards (see note 2 of the financial statements)	The introduction of new accounting standards has required changes in accounting policy, treatment and disclosures.	The amendments to accounting standards set out in note 2 of the financial statements are not considered to have a material impact on the Consolidated Financial Statements of the Group.	The Committee agrees this is not a significant issue for the year ended 31 December 2020.
Impairment (see note 13 of the 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.	As the Oil & Gas Division is classified as held for sale, an impairment charge has been booked on the re-measurement of the Division at the lower of carrying amount and fair value less costs to sell (see exceptional and adjusting items). As a result, no further impairment testing was carried out on the Oil & Gas CGUs. The remaining two CGUs are Minerals and ESCO. The most significant estimates are in setting the assumptions underpinning the calculation of the value in use of the CGUs. We specifically reviewed: (i) the achievability of the long-term business plan numbers and macroeconomic assumptions underlying the valuation process; and (ii) 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 also compared the value in use models to the Group's market capitalisation. We noted that the results of impairment testing for Minerals and ESCO 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 continuing CGUs and that the carrying value of the Oil & Gas Division reflects its fair value less costs to sell.

AUDIT COMMITTEE REPORT
CONTINUED

RECURRING AGENDA ITEMS

Area of focus	Issue	Role of the Committee	Conclusion
Provisions (see note 20 of the 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.	A significant focus area for the 2020 financial year was in respect of the Group's US asbestos-related provisions, following the completion of the planned triennial actuarial review. The Committee's focus was centred on gaining an understanding of: (i) historic claims and settlement data; (ii) revised claims projections and estimated future settlement values; (iii) their relation to the assumptions that underpin the discounted cash flow model; (iv) the period over which the liability can be reasonably estimated; (v) the position with regard to availability of insurance cover; and (vi) the adequacy and transparency of the disclosures in note 20. We received detailed reporting that confirmed the Group's claims experience and the Group's date of first exposure period were both greater than that modelled at the time of the last actuarial review in 2017, leading to an increase in the Group's liability. In addition, the review confirmed that the insurance coverage was expected to expire within the ten year time period for claims received (15 years for cash flows) used as the basis for the Group's provision. The Committee considered the ongoing appropriateness of basing the provision on ten years of projected claims and concluded it appropriate due to the inherent uncertainty resulting from the changing nature of the US litigation environment. This has resulted in a charge to the Consolidated Income Statement of £11.8m and a net liability on the Consolidated Balance Sheet of £12.1m. The Committee considered the results of the actuarial review, the assumptions and outputs from the discounted cash flow modelling 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 22 of the 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.	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 21 of the 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 Audit 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. In addition, the Committee takes comfort from the work done, and conclusions reached, by PwC in this area. In 2020, the Committee also received a presentation on tax strategy and risk from the Group Head of Tax. Going forward, this will form part of the Committee's annual schedule. The Committee received an update in respect of the State Aid contingent liability, first disclosed in the 2019 Interim Report, which confirmed the Group no longer has a contingent liability further to confirmation being received from HMRC that they do not consider the Group has been a beneficiary of State Aid. The Committee reviewed the State Aid disclosures in the Annual Report and are satisfied with the position taken and the clarity of disclosures. With respect to discontinued operations, 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 will depend on the level of future US profitability and the US tax law in force at that point in time. 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 15 of the 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. Specific consideration was given to a review of the accuracy of inventory provisioning.	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 Audit 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, 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; (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; (iii) liquidity and credit risk; and, (iv) the existence of contingent liabilities (see tax charge and provisioning). When considering going concern, we specifically noted the successful refinancing of the Group's main lending facilities in the year, the quick and decisive action taken to protect the business against any potential adverse impact from Covid-19 and the resilience of the business demonstrated in the current financial year. In addition, given current levels of global macro-economic uncertainty stemming from Covid-19, the Group performed additional financial modelling of future cash flows. 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 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. Further to the sale of the Oil & Gas Division and receipt of proceeds from Caterpillar Inc, we note the pro forma net debt to EBITDA on a lender covenant basis is 1.7x, well below the 3.5x limit.	The successful completion of this work has been reported to the Board. The Group's statement on going concern is included on page 130.
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 (iv) banking covenant calculations and assessment of facility headroom in each of the downside and stress-test scenarios. We noted the specific inclusion of Covid-19 risks in the Group's viability modelling, while recognising the resilience of the business demonstrated in the current financial year.	The successful completion of this work has been reported to the Board. The Group's Viability Statement is reported on page 89.

DIRECTORS' REMUNERATION REPORT

> WE ARE RENEWING OUR REMUNERATION POLICY, WHICH ALIGNS TO OUR STRATEGY AND REWARDS THE DELIVERY OF SUSTAINABLE LONG-TERM VALUE FOR SHAREHOLDERS.

CLARE CHAPMAN
Chair of Remuneration Committee

Governance

REMUNERATION COMMITTEE DURING 2020

MEMBERS

The Committee is comprised entirely of independent Non-Executive Directors whose biographies are set out on pages 74-77.

BARBARA JEREMIAH
Senior Independent Director
Member since:
1 August 2017

EBBIE HAAN
Non-Executive Director
Member since:
25 June 2019

MARY JO JACOBI
Employee Engagement Non-Executive Director
Member since:
21 January 2014

STEPHEN YOUNG
Non-Executive Director
Member since:
26 April 2018

REMUNERATION COMMITTEE MEETING ATTENDANCE

Members	24-Feb-2020	24-Jul-2020	03-Sep 2020	14-Dec 2020	Total
Clare Chapman (Chair)	☑	☑	☑	☑	100%
Ebbie Haan	☑	☑	☑	☑	100%
Mary Jo Jacobi	☑	☑	☑	☑	100%
Barbara Jeremiah	☑	☑	☑	☑	100%
Stephen Young	☑	☑	☑	☑	100%
	Scheduled	Scheduled	Scheduled	Scheduled	

DEAR SHAREHOLDER,

I am pleased to introduce our Directors' Remuneration Report for the year ended 31 December 2020.

I would like to start by recognising the huge efforts made throughout the Group as we have responded to the unique challenges of Covid-19. Our performance in these unprecedented times has reaffirmed the fundamental strength of Weir. Across the Group we have adapted quickly to new and challenging circumstances, putting the safety of our people and communities first, while also fully supporting our customers during these difficult and uncertain times. I am proud of the ongoing commitment of our employees around the world.

Our actions in response to Covid-19 have included requiring everyone who can work from home to do so, adapting our manufacturing and service facilities to support infection control procedures, including social distancing, and prioritising mental health support through our employee assistance programmes. The pandemic has highlighted the importance to the business of focusing on our key stakeholders, including employees, communities, customers, suppliers and investors.

This approach has been at the heart of our 'We are Weir' strategic framework and our reward principles continue to support the 'We are Weir' culture. This year we made the second award of Free Shares under our global all employee Weir ShareBuilder plan, which was designed with the ambition of reinforcing our culture. All Weir colleagues are Shareholders and this has contributed to increasing employee engagement, which has also been a particular area of focus throughout the pandemic. The award of Free Shares through Weir ShareBuilder also recognises the extraordinary effort and performance of our employees in 2020. As a Committee, we are thankful for the dedication and commitment our employees have shown.

DIRECTORS' REMUNERATION REPORT

CONTINUED

PERFORMANCE CONTEXT

This year reaffirmed the strength of Weir, as we continued to deliver positive progress in a uniquely challenging environment. We have an effective strategy, a strong business model and a committed global team who have continued to execute effectively in 2020 and build an ever-stronger Weir.

The Group's financial performance for the year was highly resilient, particularly in the context of the disruptions caused by Covid-19. Revenues from continuing operations were down 1% on a constant currency basis. Adjusted pre-tax profits from continuing operations, of £255m represent a 5% decrease from the previous year. We generated £372m in operating cash flow before additional pension contributions, exceptional and other adjusting cash items and income tax paid, reaffirming the highly cash generative nature of our business and enabling us to continue to invest in our longer-term strategic initiatives. You can read more in the Financial Review on page 28.

We delivered a major milestone in our strategic transformation into a mining technology pure play through the sale of the Oil & Gas Division, maximising value for Weir's stakeholders and providing a great new home for Oil & Gas and its employees. We believe our business will benefit from focusing on its core strength as a leading provider of premium mining technology to an industry that has excellent long-term growth opportunities. Further detail can be found in the Chief Executive's Strategic Review on page 10.

We also continued to maximise opportunities through our 'We are Weir' framework which focuses on People, Customers, Technology and Performance. Our significant strategic progress has included achieving a record safety performance, improved customer responsiveness and commercialising solutions to reduce energy, water and waste in mining operations.

At the same time, given the level of uncertainty brought about by the Covid-19 pandemic, the Board has also had to take some difficult decisions in order to protect the business. For the first time in almost 40 years, the Board did not recommend a 2020 interim or final dividend to Shareholders, which followed the withdrawal of its recommendation for a 2019 final dividend. This decision was taken to support the business and exercise prudent financial management. As we look to the future we expect to deliver above market growth and progressive margin development through the cycle. This will be achieved within a strict financial framework which will keep net debt to EBITDA between 0.5x to 1.5x and result in 33% of net adjusted earnings being distributed by way of dividend each year. We believe that this 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.

2020 OUTCOMES

The remuneration outcomes for the Executive Directors during 2020 reflected our prudent response to the impact of the Covid-19 pandemic and consideration of the Shareholder experience.

Withdrawal of base salary increases in 2020

As an immediate action to mitigate the cost and cash impact of the pandemic, salary increases (of 3%) previously agreed for the Group Executive (including the Executive Directors), and due to take effect from April 2020, were withdrawn.

Discretionary reduction to annual bonus

In April 2020, we also announced the suspension of the annual bonus plans for the Group Executive and wider management team, as another prudent measure to mitigate cost pressure and safeguard the business. However, reflecting the strong and resilient business performance described above, the Committee subsequently decided to pay a bonus on a limited and discretionary basis for all employees, appropriately rewarding the significant contribution of our colleagues during the year.

For the Executive Directors, performance against the stretching financial and strategic objectives set at the start of the financial year would have resulted in an outcome of 46% of maximum. Taking into account the ongoing uncertainty in the current environment, as well as the announcement made in April, the Executive Directors asked that they not be considered for an annual bonus in respect of 2020. This gesture was welcomed by the Committee, which endorsed the decision and exercised discretion to reduce the 2020 bonus outcome for the Executive Directors to zero.

Discretionary reduction to restricted share awards vesting

As explained above, swift and decisive action taken by the Board to safeguard the business in response to Covid-19 included the withdrawal of any dividend payments in 2020. As a result, the underpin relating to the dividend will technically not be met for the tranches of the 2018 and 2019 restricted share awards due to vest in April 2021. The underpin framework provides discretion for the Committee to consider whether any adjustment to vesting should be made, based on an assessment of all relevant factors. In making this assessment, the Committee took into account a number of factors, including:

- The withdrawal of the dividend was fully supported by the Board (and our major Shareholders) as the prudent and right thing to do for the business in the unprecedented circumstances we faced at the time. It was not a failure of business performance, which the underpins are designed to safeguard against.
- On the contrary, as highlighted above, the business delivered resilient financial and operational performance, strategic success, and strong share price performance for our Shareholders over the period, in spite of the ongoing Covid-19 challenges.
- The Committee also took into account the other outcomes for the Executive Directors (withdrawal of salary increases and waiver of 2020 bonus participation).

The Committee sought to recognise the technical breach of the dividend underpin, and the impact on the income stream for our Shareholders, but also reflect the points above to ensure a proportionate, fair and balanced approach for all stakeholders. The Committee decided to make a 5% discretionary reduction to the tranches of both the 2018 and 2019 restricted share awards due to vest in April 2021 and a retrospective 5% discretionary reduction on the 2020 vesting of the 2018 restricted share award which will be applied in practice to the tranche vesting in 2021. The impact of these actions will be seen in the single figure of remuneration in next year's report, where the vesting of these tranches will be disclosed.

DIRECTORS' REMUNERATION POLICY REVIEW

Our current Directors' Remuneration Policy was approved by Shareholders at the 2018 Annual General Meeting. In line with the three-year cycle in UK remuneration regulations, we will be submitting a new Directors' Remuneration Policy for Shareholder approval at the forthcoming AGM. In advance of this, the Committee undertook a detailed review of our remuneration framework.

The Committee re-confirmed that our objective continues to be to appropriately reward the continuous improvement of our value-drivers and the delivery of sustainable value over time as reflected by 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.

In the context of these principles, and reflecting on the uncertainty created by the current macroeconomic and geopolitical environment, including the impact of Covid-19, and the impact of the sale of our Oil & Gas Division on our long-term strategy, the Committee concluded that the existing Policy should be renewed, with some proposed changes to reflect current best practice and Shareholder views.

The Committee believes that the restricted shares framework continues to support our business goals and rewards our Executive Directors for creating long-term sustainable value. As a reminder, the parameters of our restricted shares were designed in 2018 to align with best practice guidance, and continue to do so in key areas:

- Maximum award sizes (125% for the CEO and 100% for the CFO) remain appropriately market competitive for the size of our business and will not change under the new Policy.
- Restricted shares are released between five to seven years from grant, which remains market leading.
- Awards are subject to underpins, which we review each year to ensure they remain right for the business (see below in respect of 2021 awards).

While our underlying approach is to renew the Policy in its current form, the Committee is proposing the following changes to reflect evolving best practice:

- **Alignment of Executive Director pensions to the all-employee rate** - the maximum pension contribution (or equivalent cash allowance) for any new Executive Director will be reduced to align with the rate available to the majority of UK employees (currently 8% of salary). For our incumbent Executive Directors, we also commit to aligning with the UK employee rate by the end of 2022, in line with Shareholder guidance.
- **Strengthening of malus/clawback provisions** - in line with good practice, the Committee has also reviewed the malus and clawback provisions within our incentive plans. It was concluded that an additional event ("corporate failure") be added to the existing provisions.

In developing the approach to our Policy renewal, we consulted with our major Shareholders and investor bodies. Overall, there was a positive response to our proposals, along with valuable feedback which was relayed to the Remuneration Committee to help shape final proposals. I would like to thank all those Shareholders who engaged with us during this process. The proposed Directors' Remuneration Policy is set out on pages 110-118 and will be subject to a binding Shareholder vote at the 2021 Annual General Meeting.

2021 DECISIONS

For 2021, the average salary increase across the UK workforce will be 3%, and the Committee has agreed that this will also apply to the two Executive Directors (with effect from April 2021).

Whilst the Committee recognises the need to continue to show restraint and moderation on salary progression, as evidenced by the withdrawal of the agreed salary increases last year, at the same time the Committee is also conscious of the growth in the size and scale of the business. As a result of execution of strategy and swift action in response to Covid-19, the market capitalisation of Weir increased by over 30% during 2020. In this context, the Committee intends to undertake a review of executive salaries during 2021.

The annual bonus plan for the Group Executive and management will be reinstated for 2021 in order to incentivise and reward management in a critical period for the Company. There is no proposed change to the bonus measures and weightings which continue to be aligned to our reward principles and the delivery of our strategy. 70% of the bonus will be based on performance against financial measures: PBTA (defined as profit before tax and adjusting items from continuing operations) and third-party working capital, which was introduced in 2020 and allows for a greater focus on absolute cash generation. The remaining 30% is based on improvement in Weir's strategic levers as set out on pages 120-121.

Restricted share awards will be granted to the CEO and CFO in April 2021. Further detail on the award sizes and performance measures/underpins is set out on page 109. Ahead of the grant of the 2021 restricted share award, the Committee undertook a review of the underpin framework to ensure that it remains appropriate, aligned to our strategy, value creation and reflective of Shareholder feedback which centred around Weir being a high quality business and that the underpin should be directly aligned to the key underlying drivers of value. As a result, for the 2021 award we will introduce a new environmental, social and governance (ESG) based underpin to replace the dividend underpin. This underpin will require us to maintain an appropriate CDP score, a leading benchmark for environmental disclosure and performance. Further details are set out on page 109. The Committee will keep the ESG-based underpin under review to ensure it continues to align with our evolving ESG strategy. The Committee also considered the messaging from a number of our Shareholders on capital allocation. We will continue to keep this under review for future awards, including reflecting the impact of any evolution of our capital allocation policy as we transform the Group into a focused, premium mining technology business.

The Remuneration Committee has sought to take a simple and responsible approach to executive pay, and decisions in the year have been made taking into account the experience of our employees, Shareholders and key stakeholders in the period. We hope that this approach is clear in our Remuneration Report. The Committee appreciated the strong endorsement of last year's Directors' Remuneration Report and I look forward to receiving your support for our new Directors' Remuneration Policy and this year's Directors' Remuneration Report at the 2021 AGM.

Clare Chapman

CLARE CHAPMAN
Chair of Remuneration Committee

2 March 2021

REMUNERATION AT A GLANCE

Our objective is to appropriately reward the continuous improvement of our value-drivers and the delivery of sustainable value over time as reflected by our reward principles:

EMPLOYEES AS SHAREHOLDERS

REWARD LONG-TERM VALUE CREATION

SUPPORTING OUR CULTURE

SIMPLIFYING AND INCREASING EFFECTIVENESS

CURRENT DIRECTORS' REMUNERATION POLICY

Our current Directors' Remuneration Policy, under which restricted shares replaced a conventional long-term incentive plan within our reward framework, was approved by Shareholders at the 2018 AGM. The key components of our remuneration framework are fixed pay, annual bonus and restricted share awards.

FIXED PAY
Consists of salary, pension and benefits

+

ANNUAL BONUS
Includes a core financial component and an element based on the delivery of key objectives aligned to the strategic framework

Maximum: 150% (CEO) and 125% (CFO) of salary

30% deferred into shares for 3 years

+

RESTRICTED SHARE AWARDS
Encourages substantial long-term share ownership and increases emphasis on the creation of long-term value for end market customers and Shareholders

Award size: 125% (CEO) and 100% (CFO) of salary

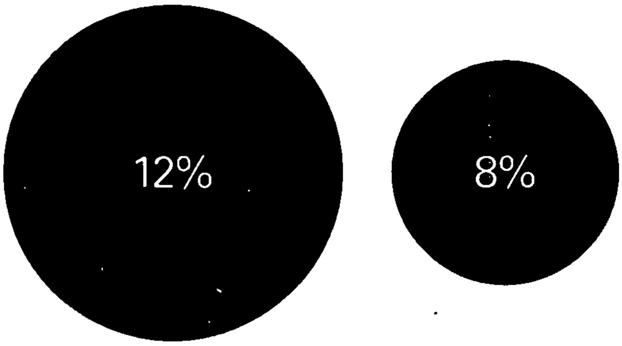
Vested shares released between five and seven years from grant. Vesting subject to underpin

ROLLOVER OF THE DIRECTORS' REMUNERATION POLICY – WITH UPDATES FOR BEST PRACTICE:

We will be submitting a new Directors' Remuneration Policy for Shareholder approval at the forthcoming AGM. While our underlying approach is to renew the Policy in its current form, the Committee is proposing the following changes to reflect evolving best practice.

Alignment of Executive Director pensions to the all-employee rate

Current pension contribution for incumbent executives.



Pension contributions for new executive hires will be set at the rate available to the majority of UK employees (currently 8%).

Incumbent executives will align with UK employees by end 2022 in line with Shareholder guidance.

Strengthening of malus and clawback provisions

MATERIAL MISSTATEMENT

GROSS MISCONDUCT

REPUTATIONAL IMPACT

ERROR IN CALCULATION

CORPORATE FAILURE

APPLIES TO AWARDS FROM 2021 ONWARDS

KEY DECISIONS MADE IN THE YEAR – IMPACT OF COVID-19

Discretionary reduction to annual bonus

For the Executive Directors, performance against the stretching financial and strategic objectives set at the start of the financial year would have resulted in an outcome of 46% of maximum. Taking into account the ongoing uncertainty in the current environment the Executive Directors asked that they not be considered for an annual bonus in respect of 2020. This gesture was welcomed by the Committee, which endorsed the decision and exercised discretion to reduce the 2020 bonus outcome to zero.

PBTA: 0% + **WORKING CAPITAL:** 20% + **STRATEGIC:** 26%

= 46% —**Committee discretion**→ 0%

Withdrawal of base salary increases in 2020

Previously approved 2020 salary and fee increases for the Group Executive and Board members were withdrawn.

Discretionary reduction to restricted share awards vesting in April 2021

To recognise the technical breach of the dividend underpin, the Committee made the following reductions to in-flight restricted share awards.

10%	5%
2018 award (vesting in April 2021)	**2019 award (vesting in April 2021)**

2021 restricted share awards underpin

With effect from the 2021 award, we are introducing an ESG-based metric to replace the dividend metric in the underpin framework. The underpins which will apply to the 2021 restricted share awards are as follows.

RETURN ON CAPITAL EMPLOYED ('ROCE')

BREACHING COVENANTS

MAJOR GOVERNANCE FAILURE

ESG
CDP score of B or above for every year during the vesting period

DIRECTORS' REMUNERATION IN 2021

IMPLEMENTATION OF REMUNERATION POLICY IN 2021

The table below summarises the key components of our remuneration framework and indicates how we intend to operate the policy in 2021.

		Operation	2021 implementation
Fixed	**Salary**	Fixed remuneration which reflects role, skills, and responsibilities.	Increases for 2021 aligned to the average increase for UK employees of 3%: • CEO – £708,000 • CFO – £436,000
	Pension	Executive Directors receive pension contributions of 12% per annum in line with other senior UK employees.	No change for 2021 but commitment to reduce to align with the rate available to the majority of UK employees by the end of 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. Measures and weightings in 2021: • 50% PBTA (defined as profit before tax and adjusting items from continuing operations) • 20% Third-party working capital • 30% Strategic measures Set out below are the strategic measures to be achieved over the medium term as set out in the Chief Executive's Strategic Review on page 12, as well as the target priorities for 2021. Underlying targets will be fully disclosed in next year's report. **People** Improve safety and employee engagement • High standards of leadership driving a best in class behavioural safety culture • Improve organisational effectiveness • Continue to extend the Weir culture and further develop the voice of the employee (VoE) **Customer** Grow ahead of our markets • Enhance global capabilities and customer intimacy • Increase customer focused partnerships and collaboration • Respond to Voice of Customer (VoC) **Technology** Create more sustainable solutions • Innovate products and solutions that address our customers' biggest challenges • Protect and extend our core through materials, manufacturing and process advancement • Progress commercialisation of Weir Digital offering **Performance** Sustainably higher margins through cycle • Improve operational performance • Realise benefits of Group portfolio • Deliver against Reducing our Footprint sustainability priority

<table>
<tr><th></th><th></th><th>Operation</th><th>2021 implementation</th></tr>
<tr><td></td><td>Restricted share awards</td><td>Maximum award size:
CEO 125% of base salary
CFO 100% of base salary
Vesting phased over a five-year period, with vested shares released between five and seven years from grant. 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.</td><td>No change to award size.
Underpin refreshed with effect from 2021 with dividend removed, new environmental, social and governance (ESG) underpin added.
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 CDP[1] 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
Notes:
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 was recently increased to A- from B, recognising the progress made in this area. The underpin for the 2021 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.</td></tr>
<tr><td>Other</td><td>Shareholding guidelines</td><td>• CEO – 400% of base salary
• CFO – 300% of base salary
In addition, shareholding requirements will continue post-employment for a period of two years.</td><td>No change.</td></tr>
<tr><td></td><td>Chairman and Non-Executive Director (NED) fees</td><td>Fees reflect responsibilities and time commitments for the role.</td><td>Chairman and NED fees will increase by 3% in line with the wider employee average, effective 1 April 2021.
• Chairman's fee – £324,000
• NED base fee – £64,800
• Chair of Committee fee – £16,900
• Senior Independent Director fee – £13,600
• Employee Engagement Director fee – £16,900</td></tr>
</table>

DIRECTORS' REMUNERATION POLICY

REMUNERATION POLICY

The policy will be put to Shareholders for approval at the AGM to be held on 29 April 2021. Subject to approval, the policy is intended to apply for three years from that date.

There are two major differences between the proposed and the current policy approved in 2018: (i) provisions to reduce Executive Director pensions (both new hires and incumbents) to the all-employee rate; and ii) strengthening of the malus/clawback provisions.

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 other senior UK employees.

For any Executive Director appointed after the effective date of this Policy, the maximum contribution will be set at the rate available to the majority of UK employees (currently 8% of salary).

For Executive Directors in office at the date of this Policy, contributions will remain at 12% of base salary until the end of 2022, at which point they will reduce to the rate available to all-employees.

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 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 strategic 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.

Vesting of awards will be phased over a five-year period. This will normally be 50% after three years, 25% after four years and 25% after five years.

Vesting will be subject to continued employment and assessment of the underpin.

Following vesting, an additional two-year holding period will also apply to each tranche, such that 50% of vested shares in an award are released five years from grant, 25% are released after six years and the final 25% is released after seven years.

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

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.

Current Policy 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.

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.

DIRECTORS' REMUNERATION POLICY
CONTINUED

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.
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 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.

Provision	Policy
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.
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 of each tranche 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), tranches 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.

DIRECTORS' REMUNERATION POLICY
CONTINUED

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 January 2014	29 April 2021
Clare Chapman	1 August 2017	29 April 2021
Engelbert Haan	18 February 2019	29 April 2021
Barbara Jeremiah	1 August 2017	29 April 2021
Mary Jo Jacobi	1 January 2014	29 April 2021
Ben Magara	19 January 2021	29 April 2021
Sir Jim McDonald	1 January 2015	29 April 2021
Srinivasan Venkatakrishnan	19 January 2021	29 April 2021
Stephen Young	1 January 2018	29 April 2021

CONSIDERATION OF CONDITIONS ELSEWHERE IN THE GROUP
As per our terms of reference, the Committee monitors the level of remuneration of employees below the Group Executive and is regularly updated on pay and conditions across the Group. When determining remuneration for the Executive Directors, the average salary increases and performance ranges applicable to all employees are taken into account as well as economic trends. The wider employee group was not consulted when setting the Remuneration Policy.

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.

Although we do not specifically consult employees on executive remuneration, 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. Outputs from these channels are provided to the Board, and any remuneration concerns would be flagged to the Remuneration Committee for separate consideration.

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 our decision that the existing Remuneration Policy should be renewed in 2021, whilst seeking their input on the proposed changes to reflect current best practice.

The Committee remains committed to ongoing dialogue and will seek input from Shareholders when considering any further changes.

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 2020 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, strengthened from 2021, 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 the second award of Free Shares under Weir ShareBuilder, our global all employee share plan, as 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.

DIRECTORS' REMUNERATION POLICY
CONTINUED

PAY AT WEIR
APPLICATION OF REMUNERATION POLICY

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 2021 Benefits: benefits as disclosed in single total figure of remuneration for 2020 Pension: 12% cash allowance (while this will be reduced to the all-employee rate by the end of 2022, it will remain at 12% for the first year of the policy, which is the basis for the chart)
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

ANNUAL REPORT ON REMUNERATION

This section sets out how the Remuneration Policy was applied for the year ending 31 December 2020.

SINGLE TOTAL FIGURE OF REMUNERATION FOR EXECUTIVE DIRECTORS (AUDITED)

	Jon Stanton		John Heasley	
	2020 (£)	2019 (£)	**2020 (£)**	2019 (£)
Base Salary	**687,000**	682,300	**423,000**	420,050
Pension	**82,440**	81,876	**50,760**	50,406
Benefits	**27,021**	21,066	**19,331**	18,035
Total Fixed Pay	**796,461**	785,242	**493,091**	488,491
Annual Bonus	–	395,119	–	202,736
LTIP	–	253,802	–	124,947
Restricted Shares	**100,441**	–	**49,447**	–
Total Variable Pay	**100,441**	648,921	**49,447**	327,683
Total Pay	**896,902**	1,434,163	**542,538**	816,174

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 2020.

Pension – corresponds to the cash allowance provided to the Executive Directors during the year ended 31 December 2020. This equates to 12% of salary.

Benefits – corresponds to the value of benefits in respect of the year ended 31 December 2020, as follows:

	Jon Stanton	John Heasley
	2020 (£)	**2020 (£)**
Car allowance	**17,000**	**13,970**
Group healthcare	**1,715**	**1,715**
Life assurance	**8,306**	**3,646**
Total	**27,021**	**19,331**

Annual bonus – the Executive Directors asked that they not be considered for an annual bonus in 2020.

LTIP/restricted shares – the restricted shares value shown for 2020 represents the vesting of the first tranche of the 2018 restricted share award in April 2020, based on the share price at vesting and the value of dividend equivalents on the award. The LTIP value shown for 2019 represents the vesting of the final LTIP award granted in 2017, with the value updated from last year's report to reflect the share price on the date of vesting.

2020 ANNUAL BONUS

In April 2020, the suspension of the annual bonus plans for the Group Executive and wider management team was announced, as a prudent measure to mitigate cost pressure and safeguard the business. However, reflecting the strong and resilient business performance, the Committee subsequently decided to pay a bonus on a limited and discretionary basis for all employees, appropriately rewarding the significant contribution of our colleagues during the year.

For the Executive Directors, performance against the stretching financial and strategic objectives set at the start of the financial year would have resulted in an outcome of 46% of maximum. Taking into account the ongoing uncertainty in the current environment, as well as the announcement made in April, the Executive Directors asked that they not be considered for an annual bonus in respect of 2020. This gesture was welcomed by the Committee, which endorsed the decision and exercised discretion to reduce the 2020 bonus outcome to zero. A summary of the 2020 bonus framework, performance delivered, and the overall outcome is shown in the following table, with more detail on the underlying performance targets in the sections which follow.

	Weighting	Entry	Mid-point	Maximum	Achievement	Pay-out (%)
Payout as % of maximum		20%	60%	100%		
PBTA[1]	50%	£252.8m	£289.9m	£327.0m	£230.2m	0%
Third-party working capital	20%	£689.6m	£656.7m	£623.9m	£592.3m	20%
Strategic measures	30%		See below			25.7%
Total bonus	100%					45.7%
					Executive Director gesture/discretion	(45.7%)
					Final bonus outcome for Executive Directors	0%

Note

1 PBTA is defined as profit before tax, amortisation and adjusting items. The performance targets and achievements are calculated using the January 2020 exchange rates.

DIRECTORS' REMUNERATION REPORT
CONTINUED

STRATEGIC MEASURES

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). Each measure has an underlying metric to be achieved over three to five years as well as target priorities which were set for 2020. The following provides a detailed view of results in 2020:

PEOPLE

Improved sustainable engagement and organisational effectiveness

Priority for 2020	Target	Result	Score out of 7.5%
High standards of leadership driving a best-in-class behavioural safety culture.	• Reduce TIR by at least 5%. • SHE Level 3 assessment in >75% of ESCO manufacturing sites. • 70% of all employees to complete safety training modules 1 & 2.	• TIR 0.37. +23% underlying improvement. • 76% of ESCO sites at level 3. • 94% and 93% of employees completed safety modules 1 & 2 respectively.	7.0%
Improve organisational effectiveness.	• Design performance development strategy and prepare to implement first cycle. • Improve employee engagement driver and measure through survey. • Deliver Discovery phase 1 in 2020.	• Project development and design executed to schedule. • Improvement in employee engagement. 0.6 above True Benchmark. • Phase 1 delivered with successful go-live of Workday in August.	
Continue and extend the Weir culture and develop the voice of the employee.	• Maintain overall mean employee engagement score in the upper quartile. • Embed the Employee Voice programme. • Develop and deliver Inclusion & Diversity training.	• Sector-leading employee engagement with eNPS up on previous survey. • Virtual 'Meet the Board' and Board/Senior Leader sessions held in 2020. • Inclusion & Diversity learning module completion rate of 75% across Weir.	

CUSTOMER

Increase market share

Priority for 2020	Target	Result	Score out of 7.5%
Enhance global service capabilities.	• Expand Minerals Service Centre footprint and proximity to customers. • Capture incremental Integrated Solutions input of £150m. • Increase market share of new ESCO technologies.	• Expanded service centre network into new and under-represented territories. 4 new major service centres opened. • £159m in additional orders from Integrated Solutions. • Exceeded market share growth objectives for ESCO new technologies.	7.1%
Increase customer focused partnerships and field trials.	• Installation of new Minerals Mill Circuit trials to enhance aftermarket offering. • Develop flagship partnerships to deliver process and new technology pilots with customers. • Increase market share of new ESCO technologies.	• Increase in market share resulting from successful trials. • First Terraflowing™ pilot plant commissioned. • New Nemisys® technology developed in collaboration with key customer to deliver additional input.	
Respond to Voice of Customer (VoC).	• Achieve full roll out of CRM system in Minerals. • Test CRM survey effectiveness with evidence of tangible VoC feedback. • Leverage customer insights to inform the development of the supply chain of the future.	• CRM system rolled out globally in Minerals. • CRM surveys undertaken for ESCO and Minerals with VoC feedback implemented. • Customer-specific supply chain roadmaps designed and implemented in response to VoC.	

TECHNOLOGY

Improved percentage revenue from new solutions, services, products

Priority for 2020	Target	Result	Score out of 7.5%
Protect and extend our core through materials, manufacturing and process advancement.	• Develop and commercialise new materials for traditional or additive manufacturing applications. • Complete customer field trials.	• Field trials completed for traditional and additive materials. • New materials available commercially.	7.3%
Progress commercialisation of Weir Digital offering.	• Develop and trial process technology solutions. • Capture business value from digital/big data.	• First HPGR upgrade released to include tyre wear monitoring. Installed and operational at customer site. • Field trials of new SMART technology prototypes performing well.	
Innovate products and solutions that address our customers' biggest challenges.	• Develop and deploy knowledge transfer framework and embed sustainability best practice. • Leverage mining-focused scenario planning to inform strategic planning. • Manage at least two projects through innovation process to business implementation.	• Sustainable product design training developed with the University of Queensland. Coalition for Energy Efficient Comminution (CEEC) industry footprint and Weir product case studies developed. • Insights from scenario planning workstreams embedded into strategic planning and technology scouting processes. • Three projects managed through the Weir Innovation Network to deliver business improvements.	

PERFORMANCE

Sustainably higher margins through cycle

Priority for 2020	Target	Result	Score out of 7.5%
Improve operational performance.	• Implement new ERP in key manufacturing locations and at least 70% of Minerals' sites. • Execute refocused comminution strategy. • Optimise current manufacturing footprint and inventory management. • Increase ESCO Newton tonnage per working day by 10%.	• New ERP roll out executed to plan. • Comminution strategy execution on track. • Global inventory management process and governance established and operational. • ESCO Newton tonnage not met due to impact of Covid-19 on foundry demand.	4.3%
Realise benefits of Group portfolio.	• Capture ESCO/Minerals revenue synergies. • Capture cost synergies from ESCO integration.	• Good progress realised in 2020. • Fully realised cost synergies in 2020.	
Action Sustainability Roadmap to deliver tangible value across the Group.	• Launch reporting of delivery against divisional power and gas reduction targets and projects. • Execute sustainability Strategy Roadmap to deliver tangible and replicable power and gas reductions. • Evaluate renewables opportunities to underpin CO_2 strategy development and pilot water stewardship programme at locations in highest water-stressed locations. • Deliver Sustainability Roadmap communications campaign to improve sustainability engagement.	• Waste actions deferred to 2021 to allow alternative focus on Task Force Climate-related Financial Disclosures (TCFD) and sustainable design training development. • Divisional targets agreed for implementation in 2021. Software platform and divisional structures in place to deliver and measure. • Renewables strategy study completed. Alliance for Water Stewardship training implemented, and pilots initiated. • Improvements in sustainability results in employee engagement survey.	
Total Achievement			**25.7% out of 30%**

DIRECTORS' REMUNERATION REPORT
CONTINUED

SCHEME INTERESTS AWARDED DURING 2020 (AUDITED)

The following table sets out awards granted to the Executive Directors in the year ending 31 December 2020. The Committee recognises that some Shareholders have concerns around the potential for perceived 'windfall gains' if there is market volatility around the grant date. As a result, the Committee included provisions in the 2020 restricted share award which allow for a discretionary downward adjustment to be made at the point of vesting if the Committee determines that it would be appropriate to do so.

	Share award[1]	Award basis	Grant date	Face value of award at maximum vesting[2]	No of shares granted
Jon Stanton	Restricted Share (Conditional)	125% salary	8 Apr 20	£858,325	105,575[3]
	Bonus (Deferred)	30% bonus	7 Apr 20	£62,334	6,996
John Heasley	Restricted Share (Conditional)	100% salary	8 Apr 20	£422,784	52,003[3]
	Bonus (Deferred)	30% bonus	7 Apr 20	£31,381	3,522

Notes

1 There are no performance periods associated with the restricted share awards or the bonus share awards. Vesting of the restricted share awards will be phased in four equal tranches over a five-year period: 25% after two, three, four and five years following grant. An additional three-year holding period will also apply to the first 25% tranche vesting and an additional two-year holding period will apply to the second, third and fourth 25% 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 £8.13. The value of the Bonus Share Award is calculated as the share price at the date of grant, being £8.91.

3 The number of restricted shares awarded was originally determined using salaries inclusive of increases which had been agreed for 2020. As these increases were subsequently withdrawn, an adjustment was made to the number of shares under award to reflect this.

Vesting of the 2020 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	**Dividend** Maintain average absolute dividend per share over the vesting period at least in line with 2019 declared dividend per share. **Breaching covenants** No breach of debt covenant or renegotiation of covenant terms outside a normal refinancing cycle.
Investor returns	**ROCE** Maintain average ROCE over the vesting period above the average Weighted Average Cost of Capital for that period.
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[5] (£)		Total Fees (£)	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
Charles Berry[1]	**262,500**	312,876				27	**262,500**	312,903
Clare Chapman	**62,900**	62,475	**16,400**	16,275	**802**		**80,102**	78,750
Cal Collins[2]	**42,659**	62,475			**1,620**		**44,279**	62,475
Engelbert Haan	**62,900**	54,393			**821**		**63,721**	54,393
Mary Jo Jacobi	**62,900**	62,475	**16,400**	16,275	**324**	4,245	**79,624**	82,995
Barbara Jeremiah[3]	**62,900**	62,475	**13,200**		**690**		**76,790**	62,475
Sir Jim McDonald	**62,900**	62,475					**62,900**	62,475
Rick Menell[4]	**20,563**	62,475		13,100	**1,025**		**21,588**	75,575
Stephen Young	**62,900**	62,475	**16,400**	16,275	**1,863**		**81,163**	78,750

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 Cal Collins stepped down from the Board on 3 September 2020.

3 Barbara Jeremiah was appointed as Senior Independent Director on 1 January 2020.

4 Rick Menell stepped down from the Board on 28 April 2020.

5 Taxable benefits includes travel and accommodation to attend Board meetings.

STATEMENT OF DIRECTORS' SHAREHOLDINGS AND SHARE INTERESTS (AUDITED)

	As at 31 December 2020						
	Shares owned outright[1]	Scheme Interests					
		With performance conditions	Without performance conditions	Vested in 2020[2]	Current shareholding (% of salary)[3]	Current shareholding including scheme interests without performance conditions (% of salary)[4]	Shareholding requirement (% of salary)
Jon Stanton	123,256	–	185,399	58,943	357%	641%	400%
John Heasley	62,044	–	91,314	29,155	292%	515%	300%
Charles Berry	2,145	–	–	–	–	–	
Clare Chapman	456	–	–	–	–	–	
Engelbert Haan	1,000	–	–	–	–	–	
Mary Jo Jacobi[5]	5,000	–	–	–	–	–	
Barbara Jeremiah	2,250	–	–	–	–	–	
Sir Jim McDonald	500	–	–	–	–	–	
Stephen Young	5,883	–	–	–	–	–	
Rick Menell[6]	1,024	–	–	–	–	–	
Cal Collins[7]	348,015	–	–	–	–	–	

Notes

1 Shares owned outright includes the net-of-tax shares which vested in 2020.

2 Vested in 2020 reflects the gross shares vesting in 2020.

3 Current shareholding percentage is calculated using the share price of £19.89 as at 31 December 2020.

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.

6 Rick Menell shareholding as at 28 April 2020.

7 Cal Collins shareholding as at 3 September 2020.

EXTERNAL APPOINTMENTS

During the year Jon Stanton was a Non-Executive Director of Imperial Brands PLC. He received £101,428 in fees. John Heasley was a Non-Executive Director of Royal Scottish National Orchestra Society Ltd. 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 2020. The ratios for 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 reduction in the pay ratio is mainly a result of the Executive Directors asking that they not be considered for an annual bonus in respect of 2020 and receiving significantly less from the restricted share vest in 2020 in comparison to the LTIP vest in 2019. 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
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	£896,902	£32,772	£40,093	£52,671
Base Salary	£687,000	£20,316	£38,870	£24,096

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 pro-rated 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 2020, our mean gender pay gap has moved from -3% to 1%. Our median gender pay gap moved from -4% to -15%. Whilst our outcomes show we are generally well positioned on gender pay, we recognise that this is largely due to the number of males who are working in lower paid operational roles as opposed to increasing the number of females in management and leadership roles. Related to this, and despite a greater proportion of females receiving a bonus in 2020 in comparison to 2019, both our mean and median gender bonus gap outcomes have increased, again largely because of the proportionately fewer number of females in management and leadership roles. Whilst we have made progress in 2020 with a greater proportion of females in the upper and upper middle pay quartiles, we remain committed to continuing with our efforts to appoint more females, particularly into senior roles, and to encourage the study of STEM subjects and employment in our sector. 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	1%	-15%
Gender bonus gap	80%	30%

PROPORTION OF MALES AND FEMALES RECEIVING A BONUS

Male	21%
Female	50%

PROPORTION OF MALES AND FEMALES IN EACH PAY QUARTILE BAND

	Male	Female
Upper	71%	29%
Upper middle	74%	26%
Lower middle	82%	18%
Lower	79%	21%

HISTORICAL PERFORMANCE AND CEO PAY
The graph below shows Weir's TSR performance against the performance of the FTSE 350 over the period 1 January 2010 to 31 December 2020, as well as the total and vested received remuneration for the CEO over the same period.

CHANGE IN CHIEF EXECUTIVE'S REMUNERATION OVER 10 YEARS

The table below shows the total remuneration over the period 1 January 2011 to 31 December 2020, as well as outcomes under the annual bonus and long-term incentive plans.

Single total figure £000	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Jon Stanton	–	–	–	–	–	281[1]	1,441	2,400	1,434[3]	897
Keith Cochrane	4,728	3,363	1,787	1,456	1,065	1,012[2]	–	–	–	–
Annual bonus (% of maximum)	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Jon Stanton	–	–	–	–	–	38%	70%	62%	38%	0%[4]
Keith Cochrane	100%	54%	10%	61%	20%	40%	–	–	–	–
Long-term incentive (% of maximum)	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020[5]**
Jon Stanton	–	–	–	–	–	0%	0%	75%	45%	–
Keith Cochrane	100%	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 Restated to reflect actual LTIP vesting price.

4 The formulaic annual bonus outcome for 2020 was 46%, however this was waived by the Executive Directors.

5 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 for 2020 above (see also page 119).

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 between 2019 and 2020. The employee population comprises those employed by The Weir Group PLC.

	Salary/Fees	Taxable Benefits[7]	Bonus
All Weir Group PLC employees	-3.3%	-36.6%	-65.4%
Jon Stanton (CEO)[1]	0.7%	28.3%	-100.0%
John Heasley (CFO)	0.7%	7.2%	-100.0%
Charles Berry[2]	-16.1%	-100.0%	–
Clare Chapman	0.7%	n/a	–
Cal Collins[3]	-31.7%	n/a	–
Ebbie Haan[4]	15.6%	n/a	–
Mary Jo Jacobi	0.7%	-92.4%	–
Barbara Jeremiah[5]	21.8%	n/a	–
Sir Jim McDonald	0.7%	n/a	–
Rick Menell[6]	-72.8%	n/a	–
Stephen Young	0.7%	n/a	–

Notes

1 The change in benefits for the CEO reflects a change to his life assurance terms.

2 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.

3 Cal Collins stepped down from the Board on 3 September 2020.

4 Ebbie Haan was appointed to the Board on 18 February 2019.

5 Barbara Jeremiah was appointed as Senior Independent Director on 1 January 2020.

6 Rick Menell stepped down from the Board on 28 April 2020.

7 The taxable benefits change shown as n/a for various of the Non-Executive Directors reflects that a % change in 2020 cannot be calculated given their nil taxable benefits in 2019. The Single Total Figure of Remuneration for Chairman and Non-Executive Directors on page 122 provides further detail.

DIRECTORS' REMUNERATION REPORT
CONTINUED

RELATIVE IMPORTANCE OF SPEND ON PAY

The table below shows the change in total staff pay for continuing operations between 2020 and 2019, and dividends paid out in respect of 2020 and 2019.

Financial year	2020 £m	2019 £m	Percentage Change
Overall spend on pay for employees	489.1	535.4	-8.6%
Profit distributed by way of dividend	–	121.7	-100%

Details of the overall spend on pay for employees can be found in note 4 to the Financial Statements on page 160. Details of the dividends declared and paid are contained in note 10 to the Financial Statements on page 168.

THE REMUNERATION COMMITTEE

The Remuneration Committee in 2020

There were four Committee meetings during 2020 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 Stephen Young	Independent Non-Executive Directors
Internal attendees	Charles Berry	Chairman
	Jon Stanton	Chief Executive Officer
	Rosemary McGinness	Chief People Officer
	Geraldine Pamphlett[1]	Group Head of Reward
	Craig Gibson[2]	Group Head of Reward
	Graham Vanhegan	Chief Legal Officer and Company Secretary and Secretary to the Committee
Committee's external adviser	Deloitte	Adviser to Committee

Notes
1 Until May 2020.
2 From June 2020.

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 provided services to the Committee for the year ended 31 December 2020. Fees paid to Deloitte LLP for work that materially assisted the Committee were £131,250. 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:

- Response to Covid-19 situation, including withdrawal of the planned 2020 salary increases for Executive Director and Group Executives and the suspension of the 2020 annual bonus scheme as well as wider workforce considerations
- 2019 annual bonus plan outturns
- Restricted share awards grant levels and assessment of underpins
- 2021 Remuneration Policy review and associated consultation with Shareholders
- External environment – market and governance review
- 2021 salary review for Executive Directors and Group Executives
- 2021 Chairman's fees
- Group Executive shareholdings

COMMITTEE'S PERFORMANCE

The Committee's Terms of Reference are reviewed on an annual basis and were last updated in December 2020. A copy can be found on our website www.corporategovernance.weir.

The Committee was evaluated as part of the 2020 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 2020.

	For	Against	Total Votes Cast	Withheld
Remuneration Report	186,963,419 (87.93%)	25,656,546 (12.07%)	212,619,965 (81.90%)	452,294

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 2018.

	For	Against	Total Votes Cast	Withheld
Remuneration Policy	172,580,892 (92.35%)	14,286,238 (7.65%)	186,867,130 (77.48%)	60,833

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 29 April 2021.

Clare Chapman

CLARE CHAPMAN
Chair of Remuneration Committee

2 March 2021

DIRECTORS' REPORT

The Directors present their report for the year ending 31 December 2020.

The Directors' Report includes the Corporate Governance Report from pages 69 to 89, 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 68:

- 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 (pages 56 to 57).
- Information on greenhouse gas emissions (page 67).
- Principal risks and uncertainties (pages 43 to 51).
- 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 68) and in the Corporate Governance Report (pages 69-89). The Board decisions table on page 71 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))	122
Waiver of future emoluments (LR 9.8.4(6))	119
Waiver of dividends (LR 9.8.4(12))	129

Paragraphs (1), (2), (4), (7), (8), (9), (10), (11), (13) and (14) of Listing Rule 9.8.4 are not applicable.

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 229.

COMPANY NUMBER

The Weir Group PLC is registered in Scotland under company number SC002934.

2021 ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Thursday 29 April 2021 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

As a result of the Covid-19 pandemic, in order to provide maximum flexibility and to protect the business with prudent cost and cash mitigation actions, the Board took the decision to withdraw its recommendation to pay a 2019 final dividend and did not recommend the payment of a 2020 interim or final dividend to Shareholders.

SUBSTANTIAL SHAREHOLDERS

The Company has been notified in accordance with the Financial Conduct Authority's Disclosure Rules and Transparency Rules (DTR 5) that the following held, or were beneficially interested in, 3% or more of the voting rights of the Company's issued share capital as at 31 December 2020:

Shareholder	Number of voting rights	Number of voting rights
BlackRock, Inc.	16,426,162	6.32%
Sprucegrove Investment Management Ltd	12,898,529	4.97%
Black Creek Investment Management Inc.	10,412,590	4.01%

Between 31 December 2020 and 1 March 2021, the Company was notified of the following changes to the table above.

TR-1 received from Black Creek Investment Management Inc. on 8 January 2021. Number of voting rights 10,307,240. Percentage of voting rights 3.97%.

EMPLOYMENT POLICY AND INVOLVEMENT

The average number of employees in the Group during the period is given in note 4 to the Group financial statements on page 160.

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 pages 56 to 57.

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 28 to the Group financial statements on pages 194 to 200.

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 23 to the Group financial statements on page 188. 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 600,000 shares in the market at an aggregate value of £ 4,279,383, the Computershare EBT purchased 351,950 shares in the market at an aggregate value of £6,593,712 on behalf of the Company for satisfaction of any future vesting of the awards granted under the LTIP, the SRP, ShareBuilder and the ESCO Plan.

During the period, the Long Term Incentive Plan (the 'LTIP') vested and the trustees of the Estera EBT transferred 262,099 ordinary shares to employees to satisfy the LTIP awards.

During the period, the Share Reward Plan (the 'SRP') vested and the trustees of the Estera EBT transferred 289,491 ordinary shares to employees to satisfy the SRP 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 23 to the Group Financial Statements on page 188.

The 477,168 shares held in the Computershare Nominee are the shares in respect of which dividends have not been waived. 189,158 shares held in the Computershare Nominee are subject to post vesting restrictions.

The Estera EBT held, through nominee account CGWL Nominees Ltd, 0.01% of the issued share capital of the Company as at 31 December 2020. This is held in trust on behalf of the Company for satisfaction of any future vesting of the awards granted under the LTIP, the SRP, the ESCO and ShareBuilder Plans.

The Computershare EBT held, through nominee account Computershare Nominees (Channel Islands) Limited, 0.14% of the issued share capital of the Company as at 31 December 2020. This is held in trust on behalf of the Company for satisfaction of any future vesting of the awards granted under the LTIP, the SRP, the ESCO and ShareBuilder Plans.

The Computershare Nominee held 0.18% of the issued share capital of the Company as at 31 December 2020. 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 2020 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 2020. 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' 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.

DIRECTORS' REPORT
CONTINUED

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 2020 and remain in force for the benefit of each of the Directors of The Weir Group Pension Trust Limited. The Weir Group 1972 Pension & Life Assurance Plan for Senior Executives was wound up on 16 December 2020 and, from that date, alternative indemnity provisions were put in place for the benefit of the Directors of The Weir Group Senior Executives 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 and a GBP 200m Term Loan from seven banks due to mature in March 2022. Under the terms of these Facilities, 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.

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 more fully in the Chief Executive Officer's review, the Group has reacted quickly and decisively to the Covid-19 pandemic, implementing a range of prudent cost management and cash preservation actions in order to protect the business from any potential adverse impact. To date, while the Group has experienced some disruption, the impact of Covid-19 has been relatively limited and our mining businesses have continued to be highly profitable and cash generative.

The sale of our Oil & Gas business was announced on 5 October 2020 and completed on 1 February 2021 for an enterprise value of $405m, subject to customary debt-like items and working capital adjustments. The Group has also successfully completed the refinancing of its main lending facilities during the year, securing good levels of liquidity over an extended maturity profile as discussed in the Financial Review.

Given current levels of global macroeconomic uncertainty stemming from Covid-19, the Group performed additional financial modelling of future cash flows, which cover a period of 12 months from the approval of the 2020 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 18) and related financial covenants (note 29). 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 2021

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 both international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies to the European Union 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 international accounting standards in conformity with the requirements of the Companies Act 2006 and the international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union 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 international accounting standards in conformity with the requirements of the Companies Act 2006 and the international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, give a true and fair view of the assets, liabilities, financial position and loss 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 2021

JOHN HEASLEY
Chief Financial Officer

2 March 2021

Governance

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 2020 and of the Group's loss, the Company's profit and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- 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, which comprise: the Consolidated and Company Balance Sheets as at 31 December 2020; the Consolidated Income Statement and 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.

SEPARATE OPINION IN RELATION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ADOPTED PURSUANT TO REGULATION (EC) NO 1606/2002 AS IT APPLIES IN THE EUROPEAN UNION

As explained in note 1 to the Group financial statements, the Group, in addition to applying international accounting standards in conformity with the requirements of the Companies Act 2006, has also applied international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In our opinion, the Group financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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 to the Group.

Other than those disclosed in note 4 to the Group financial statements, we have provided no non-audit services to the Group in the period under audit.

OUR AUDIT APPROACH

Context

The Group is organised into two continuing Divisions: Minerals and ESCO. On 5 October 2020, the Group announced its intention to dispose of the Oil & Gas Division. Since that time the Group's JV partner in Saudi Arabia exercised their right to acquire the Group's shareholding in the JV. This represents approximately 7% of the total Oil & Gas disposal proceeds. The Caterpillar transaction completed on 1 February 2021 and the JV sale is expected to complete in H1 2021. This division has therefore been treated as a discontinued operation. Each 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, covering both continuing and discontinued operations. 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. We also considered the markets in which the Group operates when we performed our assessment of scope and areas of significant risk.

Overview

- Overall Group materiality: £11,550,000 (2019: £15,000,000) based on 5% of profit before tax and adjusting items from total operations.
- Overall Company materiality: £10,500,000 (2019: £1,500,000) based on 1% of net assets, capped at 91% of Group materiality.
- Performance materiality: £8,662,500 (Group) and £7,875,000 (Company).

- We conducted audit work on 17 components in nine countries. We conducted full scope audits on ten of these components, specified scope on five components and specified procedures on the remaining two components.
- The 17 components where we performed audit work accounted for 71% of total Group revenue and 66% of adjusted profit before tax from total operations.

- Accounting for the disposal of Oil & Gas, including tax impact (Group)
- Accounting for asbestos-related claims (Group)
- Accounting for exceptional items (Group)
- Valuation of pension liabilities (Group and Company)
- Implications of COVID-19 (Group and 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.

Capability of the audit in detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined in the Auditors' responsibilities for the audit of the financial statements section, 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 preparation of 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, 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.

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.

Accounting for the disposal of the Oil & Gas Division, valuation of pension liabilities and implications of COVID-19 are new key audit matters this year. Valuation of uncertain tax provisions and valuation of goodwill and intangibles for the Oil & Gas CGUs, which were key audit matters last year, are no longer included because of a reduction in the number and value of uncertain tax provisions and due to the disposal of the Oil & Gas Division. Otherwise, the key audit matters below are consistent with last year.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE WEIR GROUP PLC

CONTINUED

Key audit matter	How our audit addressed the key audit matter
Accounting for the disposal of the Oil & Gas Division, including the tax impact (Group) On 5 October 2020 the Group announced it had reached an agreement to sell its Oil & Gas Division to Caterpillar Inc. Since that time the Group's JV partner in Saudi Arabia exercised their right to acquire the Group's shareholding in the JV. This represents approximately 7% of the total Oil & Gas disposal proceeds. The Caterpillar transaction completed on 1 February 2021 and the JV sale is expected to complete in H1 2021. IFRS 5 requires the division to be treated as a discontinued operation and for it to be valued at the lower of the carrying amount and fair value less costs to sell. Since the sale had not completed at 31 December 2020 management has classified the assets and liabilities as held for sale and written down the value of the net assets to reflect the value of the consideration and estimated working capital adjustments and costs to sell. The carrying amount has been written down to £284.3m, resulting in an impairment charge of £209.2m being recorded in exceptional items.	We confirmed the reallocation of the Oil & Gas Division's assets and liabilities as held for sale on the balance sheet and its results to discontinued operations. We have audited management's estimate of the fair value less costs to sell by: • agreeing the consideration to a signed sale and purchase agreement; and • assessing the appropriateness of management's estimate of costs to sell. This estimate of fair value less costs to sell was then compared to the carrying amount of the Oil & Gas Division in the financial statements and we recalculated the impairment charge recorded by management to confirm its accuracy.
The disposal of the Oil & Gas Division has resulted in significant deferred tax assets arising in the United States due to current year losses and the impact of steps taken to prepare for the disposal. This has resulted in the derecognition of £49.5m of deferred tax assets in the United States where forecasts based on management's 5 year strategic plan do not support recognition of the assets. These unrecognised deferred tax assets remain with the Group and will be available to offset future taxable income arising in the retained US operations.	In order to validate the deferred tax impact of the US Oil & Gas disposal, 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 in the period was appropriate. We did this by: • verifying the inputs in management's US taxable income forecasts were derived from the Group's five year strategic plan; • assessing the assumptions made by management in determining the amount of deferred tax which could be supported; and • performed 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. We assessed the disclosures in the financial statements for compliance with IFRS 5 'Non current assets held for sale and discontinued operations' and the reasonableness of the disclosure in relation to the deferred tax movements during the year.

Key audit matter	How our audit addressed the key audit matter
Accounting for asbestos-related claims (Group) Provision has been made as at 31 December 2020 for future asbestos related claims of £67.7m (2019: £47.6m). This consists of a provision of £64.5m (2019: £44.4m) for the Group's liabilities arising from asbestos related damages claims in the US and £3.2m in the UK (2019: £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. The Group has insurance cover in place to partially offset the US provision (£52.4m) which is disclosed within other receivables. After deduction of the insurance asset there is a net provision for the estimated uninsured US liability of £12.1m (2019: £1.0m).	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 obtain 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. Management updated the liability calculation based on this assessment. We involved our PwC actuarial experts to assess 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 determined by management's external insurance expert. 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 Liabilities' and IAS 1 'Presentation of Financial Statements' and considered them to be appropriate.
Accounting for exceptional items (Group) The Group incurred £19.4m (2019: £32.9m) of exceptional charges in the period from continuing operations and £225.3m from discontinued operations (2019: £563.5m). The accurate presentation of costs and income as exceptional items was considered an area of focus for all reporting components. This was to assess the consistency and accuracy of the Group's operating profit as reported to shareholders and the application of the Group's accounting policy. Restructuring costs, combined with COVID-19 related severance costs, and the write down to fair value of the Oil & Gas Division are material in size and therefore required a higher level of focus.	We obtained a listing of the exceptional costs, split by both component and category and tested a sample to supporting documentation. We checked the nature of the costs to assess whether they were treated appropriately and consistently as exceptional items within the income statement. We assessed the disclosures in the Annual Report relating to exceptional items. We considered whether there were other significant costs or income which should have been included in exceptional items using our knowledge of the business. We also verified that provisions in relation to exceptional items made in prior years were appropriately utilised during the year. We assessed the classification of items as exceptional for compliance with the Group's disclosed accounting policy. From the audit work performed, we consider that the exceptional items were appropriately recorded in compliance with the Group's accounting policy.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE WEIR GROUP PLC

CONTINUED

Key audit matter	How our audit addressed the key audit matter
Valuation of pension liabilities (Group and Company) The Group operates a number of defined benefit pension plans, giving rise to net pension liability of £160.8m (2019: £138.7m) being the net of gross pension assets of £971.3m (2019: £941.8m) and gross pension liabilities of £1,132.1m (2019: £1,080.5m). In respect of the Company, there is a net liability of £95.8m (2019: £69.3m). 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 judgment and technical expertise in choosing appropriate assumptions such as salary increases, mortality rates, discount rates and inflation levels. 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. In addition, given the economic uncertainty arising from COVID-19, inappropriate valuation of pension assets could lead to a material difference on the balance sheet.	We used our actuarial specialists to assess whether the assumptions used in calculating the pension liabilities were reasonable, by: • assessing whether salary increases and mortality rate assumptions were consistent with the specifics of each plan and, where applicable, with UK industry benchmarks; • verifying that the discount and inflation rate assumptions were consistent with our internally developed benchmarks, based on national data and other companies' recent external reporting; and • reviewing the calculations prepared by external actuaries to assess the consistency of the assumptions used. Based on our procedures, we concluded management's key assumptions individually and collectively were acceptable. For pension assets, we obtained confirmations from third parties and assessed the reasonableness of the asset valuation methodology used by those third parties. 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).
Implications of COVID-19 (Group and Company) The COVID-19 pandemic has caused significant global disruption and economic uncertainty. The outbreak has had an impact on the Group's results and future expected cash flows could be impacted due to the heightened uncertainty, which could have a direct impact on the recoverability of assets and on the going concern of the Group and Company. Additionally, there is a heightened risk of the Group's controls being bypassed with employees working remotely in most locations around the world. Management has included COVID-19 considerations when modelling future cash flows, including in relation to going concern, and assessing assets for impairment. The Group disclosed COVID-19 exceptional costs of £10.4m within exceptional items. The majority of these costs relate to severance costs. The assessment of these costs is covered in the key audit matter on exceptional items above.	We reviewed and evaluated management's cash flow forecasts (which were prepared to support the Board's going concern assessment and goodwill impairment reviews) and the process by which they were determined and approved. We agreed the forecasts to the latest Board approved budgets and confirmed the mathematical accuracy of underlying calculations. We assessed management's forecast assumptions for base case and severe but plausible downside scenarios and the impact of COVID-19 on forecasts. Further, we considered whether there were any views which were contrary to those of management which should be considered. We concluded that management's forecasts were reasonable. We considered the Group's liquidity and availability of financing to support the going concern and viability assessments. We tested journal entries posted across the Group to underlying support with consideration to the risk of management override of controls. In respect of the control environment, we did not observe any degradation in the operation of controls during our audit. We assessed the related Covid-19 disclosures included in the Group financial statements and consider them to be appropriate.

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 5 October 2020, the Group announced its intention to dispose of the Oil & Gas Division to Caterpillar Inc. Since that time the Group's JV partner in Saudi Arabia exercised their right to acquire the Group's shareholding in the JV. This represents approximately 7% of the total Oil & Gas disposal proceeds. The Caterpillar transaction completed on 1 February 2021 and the JV sale is expected to complete in H1 2021. The division has been treated as a discontinued operation. 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 covering all 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. We also considered the markets in which the Group operates when we performed our assessment of scope and areas of significant risk.

The Group's components vary significantly in size and we identified ten 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, four were based in the UK and were performed by members of the Group engagement team. These covered trading components, central functions and Head Office managed balances including treasury, uncertain tax provisions, post-retirement benefits, goodwill and intangibles.

The remaining six full scope component audits were performed by other PwC network firms. Other PwC network firms also performed specific scope audits over a further five components which covered all line items on the income statement and specified line items on the balance sheet. Specified procedures audits were performed at the remaining two components.

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 conference calls with all full and specific scope component teams. The discussions during the audit also included divisional management. Due to COVID-19 restrictions, with the exception of one component, the audits of all components were performed remotely.

Of the 17 components in scope, we deemed five 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 2020.

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	£11,550,000 (2019: £15,000,000).	£10,500,000 (2019: £1,500,000).
How we determined it	5% of profit before tax and adjusting items from total 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.	In the prior year an allocation of Group materiality was used for the Company, however this was revised in 2020 to better reflect the nature of the activities in the Company (holding activities). Consequently, we used the Company net assets value as a basis for the calculation of the overall materiality level.

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 £670,000 and £10,500,0000. 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% of overall materiality, amounting to £8,662,500 for the Group financial statements and £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 £600,000 (Group audit) (2019: £750,000) and £600,000 (Company audit) (2019: £750,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE WEIR GROUP PLC

CONTINUED

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 mathematically accuracy of underlying calculations.
- assessment of management's forecast assumptions for base case and severe but plausible downside scenarios which include the impact of COVID-19 on the Group's ability to continue as a going concern.
- consideration of the Group's liquidity and availability of financing to support the going concern basis of accounting.

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 Company's 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. 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 2020 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.

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.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE WEIR GROUP PLC

CONTINUED

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 5 years, covering the years ended 31 December 2016 to 31 December 2020.

Lindsay Gardiner

LINDSAY GARDINER (SENIOR STATUTORY AUDITOR)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

Glasgow

2 March 2021

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Year ended 31 December 2020 Adjusted results £m	Adjusting items (note 5) £m	Statutory results £m	Restated (note 2) Year ended 31 December 2019 Adjusted results £m	Adjusting items (note 5) £m	Statutory results £m
Continuing operations							
Revenue	3	**1,964.7**	–	**1,964.7**	2,049.8	–	2,049.8
Continuing operations							
Operating profit before share of results of joint ventures		**303.8**	**(71.1)**	**232.7**	313.8	(79.6)	234.2
Share of results of joint ventures	14	**1.6**	–	**1.6**	1.5	–	1.5
Operating profit		**305.4**	**(71.1)**	**234.3**	315.3	(79.6)	235.7
Finance costs	6	**(53.8)**	–	**(53.8)**	(50.3)	–	(50.3)
Finance income	6	**3.8**	–	**3.8**	4.0	–	4.0
Profit before tax from continuing operations		**255.4**	**(71.1)**	**184.3**	269.0	(79.6)	189.4
Tax (expense) credit	7	**(62.1)**	**16.4**	**(45.7)**	(65.8)	21.0	(44.8)
Profit for the year from continuing operations		**193.3**	**(54.7)**	**138.6**	203.2	(58.6)	144.6
(Loss) profit for the year from discontinued operations	8	**(26.6)**	**(261.4)**	**(288.0)**	21.6	(545.6)	(524.0)
Profit (loss) for the year		**166.7**	**(316.1)**	**(149.4)**	224.8	(604.2)	(379.4)
Attributable to:							
Equity holders of the Company		**166.5**	**(316.1)**	**(149.6)**	224.3	(604.2)	(379.9)
Non-controlling interests		**0.2**	–	**0.2**	0.5	–	0.5
		166.7	**(316.1)**	**(149.4)**	224.8	(604.2)	(379.4)
(Loss) earnings per share	9						
Basic – total operations				**(57.6p)**			(146.4p)
Basic – continuing operations		**74.4p**		**53.3p**	78.1p		55.5p
Diluted – total operations				**(57.6p)**			(146.4p)
Diluted – continuing operations		**73.8p**		**52.9p**	77.6p		55.2p

Financial Statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Year ended 31 December 2020 £m	Restated (note 2) Year ended 31 December 2019 £m
Loss for the year		**(149.4)**	(379.4)
Other comprehensive (expense) income			
Losses taken to equity on cash flow hedges		**(1.1)**	(1.3)
Exchange losses on translation of foreign operations		**(34.2)**	(105.3)
Reclassification of foreign currency translation reserve on discontinued operations		**–**	(20.5)
Exchange gains (losses) on net investment hedges		**6.5**	(2.4)
Reclassification adjustments on cash flow hedges		**1.9**	0.7
Tax relating to other comprehensive expense (income) to be reclassified in subsequent periods	7	**0.1**	(0.2)
Items that are or may be reclassified to profit or loss in subsequent periods		**(26.8)**	(129.0)
Remeasurements on defined benefit plans	22	**(34.5)**	(5.2)
Remeasurements on other benefit plans		**0.2**	(0.1)
Tax relating to other comprehensive expense not to be reclassified in subsequent periods	7	**6.5**	0.8
Items that will not be reclassified to profit or loss in subsequent periods		**(27.8)**	(4.5)
Net other comprehensive expense		**(54.6)**	(133.5)
Total net comprehensive expense for the year		**(204.0)**	(512.9)
Attributable to:			
Equity holders of the Company		**(205.2)**	(513.2)
Non-controlling interests		**1.2**	0.3
		(204.0)	(512.9)
Total net comprehensive income (expense) for the year attributable to equity holders of the Company			
Continuing operations		**79.4**	70.6
Discontinued operations		**(284.6)**	(583.8)
		(205.2)	(513.2)

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2020

	Notes	31 December 2020 £m	31 December 2019 £m
ASSETS			
Non-current assets			
Property, plant & equipment	11	**449.5**	571.2
Intangible assets	12	**1,262.7**	1,573.0
Investments in joint ventures	14	**15.0**	36.6
Deferred tax assets	21	**54.9**	61.2
Other receivables	16	**84.6**	77.1
Derivative financial instruments	28	**0.1**	4.4
Total non-current assets		**1,866.8**	2,323.5
Current assets			
Inventories	15	**443.6**	642.9
Trade & other receivables	16	**420.2**	557.9
Derivative financial instruments	28	**16.0**	16.5
Income tax receivable		**29.4**	37.6
Cash & short-term deposits	17	**351.7**	273.8
Assets held for sale	8	**427.6**	–
Total current assets		**1,688.5**	1,528.7
Total assets		**3,555.3**	3,852.2
LIABILITIES			
Current liabilities			
Interest-bearing loans & borrowings	18	**26.5**	534.1
Trade & other payables	19	**413.9**	589.6
Derivative financial instruments	28	**18.9**	24.8
Income tax payable		**14.6**	22.6
Provisions	20	**29.2**	42.2
Liabilities held for sale	8	**143.3**	–
Total current liabilities		**646.4**	1,213.3
Non-current liabilities			
Interest-bearing loans & borrowings	18	**1,332.6**	896.2
Other payables	19	**0.3**	–
Derivative financial instruments	28	**–**	0.3
Provisions	20	**76.1**	61.3
Deferred tax liabilities	21	**21.4**	29.0
Retirement benefit plan deficits	22	**160.8**	138.7
Total non-current liabilities		**1,591.2**	1,125.5
Total liabilities		**2,237.6**	2,338.8
NET ASSETS		**1,317.7**	1,513.4
CAPITAL & RESERVES			
Share capital	23	**32.5**	32.5
Share premium		**582.3**	582.3
Merger reserve		**332.6**	332.6
Treasury shares		**(6.8)**	(0.5)
Capital redemption reserve		**0.5**	0.5
Foreign currency translation reserve		**(55.4)**	(26.7)
Hedge accounting reserve		**1.6**	0.7
Retained earnings		**419.1**	590.6
Shareholders' equity		**1,306.4**	1,512.0
Non-controlling interests		**11.3**	1.4
TOTAL EQUITY		**1,317.7**	1,513.4

The financial statements were approved by the Board of Directors and authorised for issue on 2 March 2021. The financial statements also comprise the notes on pages 147 to 202.

JON STANTON
Director

JOHN HEASLEY
Director

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Year ended 31 December 2020 £m	Year ended 31 December 2019 £m
Total operations			
Cash flows from operating activities	24		
Cash generated from operations		**372.2**	407.6
Additional pension contributions paid		**(11.3)**	(12.9)
Exceptional and other adjusting cash items		**(24.1)**	(41.0)
Income tax paid		**(63.4)**	(90.2)
Net cash generated from operating activities		**273.4**	263.5
Cash flows from investing activities			
Acquisitions of subsidiaries, net of cash acquired	24	**–**	(0.1)
Investment in joint ventures		**0.1**	–
Purchases of property, plant & equipment		**(59.9)**	(93.3)
Purchases of intangible assets		**(19.0)**	(23.3)
Other proceeds from sale of property, plant & equipment and intangible assets		**4.3**	12.3
Disposals of discontinued operations, net of cash disposed and disposal costs	24	**(6.8)**	244.7
Interest received		**2.2**	2.7
Dividends received from joint ventures	14	**8.3**	3.5
Net cash (used in) generated from investing activities		**(70.8)**	146.5
Cash flows from financing activities			
Proceeds from borrowings		**1,467.2**	1,673.7
Repayments of borrowings		**(1,455.8)**	(1,782.8)
Lease payments		**(43.4)**	(44.3)
Settlement of derivative financial instruments		**5.1**	(62.2)
Interest paid		**(52.7)**	(47.3)
Net proceeds from changes in non-controlling interests		**5.1**	–
Dividends paid to equity holders of the Company	10	**–**	(121.7)
Purchase of shares for employee share plans		**(10.9)**	(10.0)
Net cash used in financing activities		**(85.4)**	(394.6)
Net increase in cash & cash equivalents		**117.2**	15.4
Cash & cash equivalents at the beginning of the year		**272.1**	277.2
Foreign currency translation differences		**(15.2)**	(20.5)
Cash & cash equivalents at the end of the year	17	**374.1**	272.1

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 2020

	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 2018	32.5	582.3	332.6	(2.1)	0.5	101.3	1.5	1,095.0	2,143.6	5.3	2,148.9
(Loss) profit for the year	–	–	–	–	–	–	–	(379.9)	(379.9)	0.5	(379.4)
Losses taken to equity on cash flow hedges	–	–	–	–	–	–	(1.3)	–	(1.3)	–	(1.3)
Exchange losses on translation of foreign operations	–	–	–	–	–	(105.1)	–	–	(105.1)	(0.2)	(105.3)
Reclassification of exchange gains on discontinued operations	–	–	–	–	–	(20.5)	–	–	(20.5)	–	(20.5)
Exchange losses on net investment hedges	–	–	–	–	–	(2.4)	–	–	(2.4)	–	(2.4)
Reclassification adjustments on cash flow hedges	–	–	–	–	–	–	0.7	–	0.7	–	0.7
Remeasurements on defined benefit plans	–	–	–	–	–	–	–	(5.2)	(5.2)	–	(5.2)
Remeasurements on other benefit plans	–	–	–	–	–	–	–	(0.1)	(0.1)	–	(0.1)
Tax relating to other comprehensive (expense) income	–	–	–	–	–	–	(0.2)	0.8	0.6	–	0.6
Total net comprehensive (expense) income for the year	–	–	–	–	–	(128.0)	(0.8)	(384.4)	(513.2)	0.3	(512.9)
Cost of share-based payments inclusive of tax credit	–	–	–	–	–	–	–	13.3	13.3	–	13.3
Dividends	–	–	–	–	–	–	–	(121.7)	(121.7)	–	(121.7)
Purchase of shares for employee share plans	–	–	–	(10.0)	–	–	–	–	(10.0)	–	(10.0)
Reduction in non-controlling interests	–	–	–	–	–	–	–	–	–	(4.2)	(4.2)
Exercise of share-based payments	–	–	–	11.6	–	–	–	(11.6)	–	–	–
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**
(Loss) profit for the year	–	–	–	–	–	–	–	**(149.6)**	**(149.6)**	**0.2**	**(149.4)**
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**

Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	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
Tax relating to other comprehensive expense	–	–	–	–	–	–	0.1	6.5	6.6	–	6.6
Total net comprehensive (expense) income for the year	–	–	–	–	–	(28.7)	0.9	(177.4)	(205.2)	1.2	(204.0)
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 of non-controlling interests	–	–	–	–	–	–	–	–	–	3.6	3.6
Proceeds of increase of 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**	**419.1**	**1,306.4**	**11.3**	**1,317.7**

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 2020 ('2020') were approved and authorised for issue in accordance with a resolution of the Directors on 2 March 2021. The comparative information is presented for the year ended 31 December 2019 ('2019').

The Consolidated Financial Statements of The Weir Group PLC have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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 have been prepared on a going concern basis as disclosed in the Directors' Report on pages 128 to 130. The financial statements are also prepared on a historic cost basis except where measured at fair value as outlined in the accounting policies.

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 2020:

i) Definition of Material – amendments to IAS 1 and IAS 8;
ii) Definition of a Business – amendments to IFRS 3;
iii) Amendment to IFRS 9, IAS 39 and IFRS 7 regarding interest rate benchmark reform;
iv) Revised Conceptual Framework for Financial Reporting; and
v) Covid-19 related rent concessions – amendment to IFRS 16.

The amendments listed above are not considered to have a material impact on the Consolidated Financial Statements of the Group. The Group has applied the practical expedient to all rent concessions that meet the conditions in paragraph 46B of the IFRS 16 amendment issued on 28 May 2020. The amount recognised in operating profit for the reporting period to reflect changes in lease payments that arise from rent concessions is a credit of £0.2m.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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 218 to 224.

Prior period restatements

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 has classified the Division as held for sale. Previously disclosed as an individual segment, the Division is now reported as a discontinued operation. This has resulted in a restatement of the Consolidated Income Statement, Consolidated Statement of Comprehensive Income and related notes for the year ended 31 December 2019. See note 8 for Discontinued Operations results.

Adjusting items

In order to provide the users of the Consolidated Financial Statements with a more relevant presentation of the Group's underlying performance, statutory results for each year has been analysed between:

i) Adjusted results and;
ii) the effect of adjusting items.

This reflects a change from the previous year which disclosed results before exceptional items & intangibles amortisation and separately disclosed the effect of exceptional items & intangibles amortisation.

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 items 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.

NOTES TO THE GROUP FINANCIAL STATEMENTS
CONTINUED

2. ACCOUNTING POLICIES continued

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;
b) ongoing multi-year investment activities, which currently include our IT transformation strategy and IoT product development as part of the Group's Industry 4.0 adoption and digitisation strategy.

During the year, amortisation of £5.0m is included within adjusted operating profit in relation to assets, which in 2020, are no longer part of ongoing multi-year investment activities. In the prior year these assets met the criteria for amortisation to be included as an adjusting item.

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; and other items deemed exceptional due to their significance, size or nature. The change in presentation has had no impact on exceptional items recognised in the prior year, with 2019 balances being restated to reflect the split between continuing and discontinued operations.

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. There is no impact on the 2019 results from this change in presentation.

Further analysis of the items included in the column 'Adjusting items' in the Consolidated Income Statement is provided in notes 4, 5 and 13 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 93.

The areas where management considers critical judgements and estimates to be required, which are areas more likely to be materially adjusted due to estimates and assumptions turning out to be wrong, 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 22.

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 them, 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 20.

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 limits imposed by the relevant tax legislation.

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 £18.6m at 31 December 2020.

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 21.

iv) Discontinued operations (estimate)
IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' requires entities to measure discontinued operations at the lower of the carrying amount and fair value less costs to sell. Prior to completion of the sale on 1 February 2021 and subsequent completion accounts process, which will include finalisation of customary working capital and debt-like items, management were required to apply certain estimates about possible outcomes of the sale process and estimate both the fair value and costs of disposal. This exercise was completed as at the 31 December 2020 based on the latest developments in the Oil & Gas sale process. This resulted in an impairment of £209.2m being recognised in relation to goodwill, intangible assets and inventory. When the disposal is recognised in the 2021 financial statements a gain or loss may arise since final proceeds are subject to finalisation of customary working capital and debt-like items and the conclusion of the completion accounts process. At this time the foreign currency translation reserve will also be recycled to the income statement and reflected in the gain or loss on disposal. The disclosure in relation to discontinued operations is provided in note 8, with the impairment testing reflected in note 13.

Joint ventures

The Group has a number of long-term contractual arrangements with other parties which represent joint ventures. The Group's interests in the results and assets and liabilities of its joint ventures are accounted for using the equity method.

These investments are 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 these investments 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.

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 damage variable consideration will only be recognised where there is a history of recurring liquidated damages for example for the same customer or product line with the value of consideration being the most likely amount from a range of possible outcomes. Volume discounts are deducted from revenue based on the most reliable estimates of volumes to be purchased.

NOTES TO THE GROUP FINANCIAL STATEMENTS

CONTINUED

2. ACCOUNTING POLICIES continued

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 milestones 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 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 generally recognised at a point of time on despatch of goods, in line with incoterms. 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 asset and lease liability

At inception of a contract, the Group 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 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 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.

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.

Any 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. For disposals, any subsequent change in contingent consideration is adjusted against the disposal proceeds and the gain or loss on disposal.

Other intangible assets

Other intangible assets are stated at cost less accumulated amortisation and any recognised impairment losses.

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 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.

NOTES TO THE GROUP FINANCIAL STATEMENTS

CONTINUED

2. ACCOUNTING POLICIES continued

The expected useful lives of acquired intangible assets are as follows:

Brand names	indefinite life
Customer & distributor relationships	5 – 30 years
Purchased software	4 – 8 years
Intellectual property & trademarks	6 – 15 years
Other	up to 6 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 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.

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 16 and the policy in respect of invoice discounting is included in note 28.

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 19.

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 and 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 there is a possible asset that arises 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 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 hedging, 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.

The Group hedges the foreign currency risk of its commercial paper with cross-currency swaps which are designated as hedging instruments in cash flow hedges where the terms of the derivatives match the terms of the hedged exposure. To the extent that the hedges are determined to be highly effective, the effective portion is recognised in other comprehensive income within the hedge accounting reserve and any ineffective portion recognised immediately in the Consolidated Income Statement.

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.

NOTES TO THE GROUP FINANCIAL STATEMENTS
CONTINUED

2. ACCOUNTING POLICIES continued
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 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 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
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.

Alternative performance measures

The financial statements are prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. 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 is 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.

We have made the following changes to our reconciliation from GAAP to non GAAP measures, as summarised below:

1. Our non GAAP Income Statement measures are now referred to as 'Adjusted' rather than 'before exceptional items and intangibles amortisation', for example, Adjusted operating profit and Adjusted profit before tax. This change in presentation follows the recognition of £5.0m of intangible assets amortisation, on assets which are no longer part of ongoing multi-year investment activities, being included within our non GAAP measure. Until this year, no intangible assets amortisation was reflected in our non GAAP results on the basis it was all considered to relate to multi-year investment activities. A split of statutory amortisation between Adjusted and Adjusting items is provided in note 4.

2. Within Adjusting items, we have introduced the category of Other adjusting items alongside Amortisation related to acquisition related intangible assets and ongoing multi-year investment activities and Exceptional items. Other Adjusting items are those which do not relate to the Group's current ongoing trading, but due to their nature, may result in a recurring adjustment and, as a result, are not considered to meet the definition of exceptional. These items include adjustments to the Group's asbestos-related liabilities and assets and past service costs associated with retirement benefit obligations. Details of these items are included in note 5.

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 cash flow

Free cash flow (FCF) is a non-GAAP measure, defined as 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 pension contributions. Following the withdrawal of dividends payments in the year dividends paid have been removed from the definition of FCF and the prior year has been restated accordingly. FCF reflects an additional way of viewing our liquidity 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 FCF is as follows.

	2020 £m	Restated 2019 £m
Operating cash flow (cash generated from operations)	**372.2**	407.6
Income tax paid	**(63.4)**	(90.2)
Net capital expenditure from purchase & disposal of property, plant & equipment and intangibles	**(74.6)**	(104.3)
Lease payments	**(43.4)**	(44.3)
Net interest paid	**(50.5)**	(44.6)
Dividends received from joint ventures	**8.3**	3.5
Settlement of derivative financial instruments	**5.1**	(62.2)
Purchase of shares for employee share plans	**(10.9)**	(10.0)
Additional pension contributions paid	**(11.3)**	(12.9)
Free cash flow	**131.5**	42.6

NOTES TO THE GROUP FINANCIAL STATEMENTS
CONTINUED

2. ACCOUNTING POLICIES continued

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 £91.0m included in note 16 and £9.5m of interest accruals included in note 19. 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.

	2020 £m	Restated (note 2) 2019 £m
Continuing operations		
Operating profit	**234.3**	235.7
Adjusted for:		
Exceptional and other adjusting items (note 5)	**31.8**	32.9
Adjusting amortisation (note 5)	**39.3**	46.7
Adjusted operating profit	**305.4**	315.3
Non-adjusting amortisation (note 4)	**5.0**	–
Adjusted Earnings before interest, tax and amortisation (EBITA)	**310.4**	315.3
Depreciation of owned property, plant & equipment (note 11)	**43.2**	41.6
Depreciation of right-of-use property, plant & equipment (note 11)	**29.0**	27.3
Adjusted Earnings before interest, tax, depreciation and amortisation	**382.6**	384.2

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 29. A reconciliation of net debt to cash & short-term deposits, interest-bearing loans and borrowings is provided in note 24.

3. SEGMENT INFORMATION

Following the announcement during the year of the Group's intention to sell the Oil & Gas Division, the Group has classified the Division as a discontinued operation. On 5 October 2020 the Group announced an agreement had been entered into to sell the Division, as disclosed in note 8. Prior comparatives in Minerals have been restated to reflect transactions between the segments. 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 surface mining and infrastructure.

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 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 2020 and 2019 is disclosed below. Information for Oil & Gas is included in note 8.

	Minerals		ESCO		Total continuing operations	
	2020 £m	Restated (note 2) 2019 £m	2020 £m	2019 £m	2020 £m	Restated (note 2) 2019 £m
Revenue						
Sales to external customers	**1,469.2**	1,477.8	**495.5**	572.0	**1,964.7**	2,049.8
Inter-segment sales	**0.1**	–	**0.9**	0.5	**1.0**	0.5
Segment revenue	**1,469.3**	1,477.8	**496.4**	572.5	**1,965.7**	2,050.3
Eliminations					**(1.0)**	(0.5)
					1,964.7	2,049.8
Sales to external customers – 2019 at 2020 average exchange rates						
Sales to external customers	**1,469.2**	1,418.4	**495.5**	568.6	**1,964.7**	1,987.0
Segment result						
Segment result before share of results of joint ventures	**259.9**	270.3	**79.4**	81.6	**339.3**	351.9
Share of results of joint ventures	**–**	–	**1.6**	1.5	**1.6**	1.5
Segment result	**259.9**	270.3	**81.0**	83.1	**340.9**	353.4
Unallocated expenses					**(35.5)**	(38.1)
Adjusted operating profit					**305.4**	315.3
Adjusting items					**(71.1)**	(79.6)
Net finance costs					**(50.0)**	(46.3)
Profit before tax from continuing operations					**184.3**	189.4
Segment result – 2019 at 2020 average exchange rates						
Segment result before share of results of joint ventures	**259.9**	260.4	**79.4**	81.2	**339.3**	341.6
Share of results of joint ventures	**–**	–	**1.6**	1.4	**1.6**	1.4
Segment result	**259.9**	260.4	**81.0**	82.6	**340.9**	343.0
Unallocated expenses					**(35.5)**	(38.1)
Adjusted operating profit					**305.4**	304.9

Revenues from any single external customer do not exceed 10% of Group revenue.

NOTES TO THE GROUP FINANCIAL STATEMENTS

CONTINUED

3. SEGMENT INFORMATION continued

	Minerals		ESCO		Discontinued operations		Total Group	
	2020 £m	2019 £m	2020 £m	2019 £m	2020 £m	Restated (note 2) 2019 £m	2020 £m	Restated (note 2) 2019 £m
Assets & liabilities								
Intangible assets	**576.2**	579.5	**664.2**	700.9	**–**	268.0	**1,240.4**	1,548.4
Property, plant & equipment	**311.7**	293.5	**124.0**	122.2	**–**	137.5	**435.7**	553.2
Working capital assets	**678.7**	701.1	**191.0**	217.0	**–**	297.8	**869.7**	1,215.9
	1,566.6	1,574.1	**979.2**	1,040.1	**–**	703.3	**2,545.8**	3,317.5
Investments in joint ventures	**–**	–	**15.0**	15.2	**–**	21.4	**15.0**	36.6
Segment assets held for sale	**–**	–	**–**	–	**427.6**	–	**427.6**	–
Segment assets	**1,566.6**	1,574.1	**994.2**	1,055.3	**427.6**	724.7	**2,988.4**	3,354.1
Unallocated assets							**566.9**	498.1
Total assets							**3,555.3**	3,852.2
Working capital liabilities	**365.2**	408.2	**83.4**	87.8	**–**	133.5	**448.6**	629.5
Segment liabilities held for sale	**–**	–	**–**	–	**143.3**	–	**143.3**	–
Segment liabilities	**365.2**	408.2	**83.4**	87.8	**143.3**	133.5	**591.9**	629.5
Unallocated liabilities							**1,645.7**	1,709.3
Total liabilities							**2,237.6**	2,338.8
Other segment information – total Group								
Segment additions to non-current assets	**71.0**	85.5	**22.1**	28.6	**6.6**	48.9	**99.7**	163.0
Unallocated additions to non-current assets							**6.9**	7.5
Total additions to non-current assets							**106.6**	170.5
Other segment information – total Group								
Segment depreciation & amortisation	**66.1**	63.4	**37.2**	37.1	**31.6**	67.6	**134.9**	168.1
Segment impairment of property, plant & equipment	**(0.4)**	1.9	**–**	–	**(1.4)**	28.6	**(1.8)**	30.5
Segment impairment of intangible assets	**–**	6.3	**–**	–	**176.1**	472.9	**176.1**	479.2
Unallocated depreciation & amortisation							**13.2**	15.0
Total depreciation, amortisation & impairment							**322.4**	692.8

The assets and liabilities 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 and 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.

Geographical information

Geographical information in respect of revenue and non-current assets for 2020 and 2019 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 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	**332.5**	**749.3**	**61.8**	**138.8**	**210.1**	**82.6**	**98.1**	**54.0**	**1,727.2**

Year ended 31 December 2019 (Restated note 2)	UK £m	US £m	Canada £m	Asia Pacific £m	Australia £m	South America £m	Middle East & Africa £m	Other £m	Total £m
Revenue from continuing operations									
Sales to external customers	19.8	360.0	313.0	246.9	260.4	440.4	240.1	169.2	2,049.8
Non-current assets	341.1	1,145.3	70.8	198.4	181.1	91.9	106.3	45.9	2,180.8

The following disclosures are given in relation to continuing operations.

	2020 £m	Restated (note 2) 2019 £m
An analysis of the Group's revenue is as follows:		
Original equipment	**444.3**	371.1
Aftermarket parts	**1,358.1**	1,491.9
Sales of goods	**1,802.4**	1,863.0
Provision of services - Aftermarket	**116.0**	131.0
Construction contracts - Original equipment	**46.3**	55.8
Revenue	**1,964.7**	2,049.8

	Minerals		**ESCO**		**Total continuing operations**	
	2020 £m	Restated (note 2) 2019 £m	**2020 £m**	2019 £m	**2020 £m**	Restated (note 2) 2019 £m
Timing of revenue recognition						
At a point in time	**1,382.1**	1,373.5	**490.1**	560.4	**1,872.2**	1,933.9
Over time	**87.2**	104.3	**6.3**	12.1	**93.5**	116.4
Segment revenue	**1,469.3**	1,477.8	**496.4**	572.5	**1,965.7**	2,050.3
Eliminations					**(1.0)**	(0.5)
					1,964.7	2,049.8

4. REVENUES & EXPENSES

The following disclosures are given in relation to continuing operations.

	Year ended 31 December 2020			Restated (note 2) Year ended 31 December 2019		
	Adjusted results 2020 £m	**Adjusting items 2020 £m**	**Statutory results 2020 £m**	Adjusted results 2019 £m	Adjusting items 2019 £m	Statutory results 2019 £m
A reconciliation of revenue to operating *profit is as follows:*						
Revenue	**1,964.7**	**–**	**1,964.7**	2,049.8	–	2,049.8
Cost of sales	**(1,263.6)**	**(8.2)**	**(1,271.8)**	(1,300.1)	(23.7)	(1,323.8)
Gross profit	**701.1**	**(8.2)**	**692.9**	749.7	(23.7)	726.0
Other operating income	**7.5**	**–**	**7.5**	10.4	–	10.4
Selling & distribution costs	**(203.5)**	**(5.8)**	**(209.3)**	(233.5)	(1.5)	(235.0)
Administrative expenses	**(201.3)**	**(57.1)**	**(258.4)**	(212.8)	(54.4)	(267.2)
Share of results of joint ventures	**1.6**	**–**	**1.6**	1.5	–	1.5
Operating profit	**305.4**	**(71.1)**	**234.3**	315.3	(79.6)	235.7

NOTES TO THE GROUP FINANCIAL STATEMENTS

CONTINUED

4. REVENUES & EXPENSES continued

	Year ended 31 December 2020			Restated (note 2) Year ended 31 December 2019		
	Adjusted results 2020 £m	Adjusting items 2020 £m	Statutory results 2020 £m	Adjusted results 2019 £m	Adjusting items 2019 £m	Statutory results 2019 £m
Operating profit from continuing operations is stated after charging:						
Cost of inventories recognised as an expense	**1,263.6**	**–**	**1,263.6**	1,300.1	–	1,300.1
Depreciation of property, plant & equipment (note 11)	**72.2**	**–**	**72.2**	68.9	–	68.9
Lease expenses (note 11)	**9.1**	**–**	**9.1**	9.3	–	9.3
Amortisation of intangible assets (note 12)	**5.0**	**39.3**	**44.3**	–	46.7	46.7
Exceptional and other adjusting items (note 5)	**–**	**31.8**	**31.8**	–	32.9	32.9
Net foreign exchange losses	**14.4**	**–**	**14.4**	9.0	–	9.0
Net impairment charge of trade receivables (note 16)	**10.5**	**–**	**10.5**	1.6	–	1.6

Depreciation of property, plant & equipment (note 11) for discontinued operations was £22.5m (2019: £35.9m) and amortisation of intangible assets (note 12) was £9.1m (2019: £31.6m).

Research & development costs

Research & development costs for continuing operations amount to £30.8m (2019: £26.3m) of which £24.8m (2019: £24.3m) was charged directly to cost of sales in the income statement and £6.0m (2019: £2.0m) was capitalised (note 12). Research & development costs for discontinued operations amounted to £5.9m (2019: £9.7m) of which £5.9m (2019: £9.7m) was charged to cost of sales in the income statement.

	2020 £m	Restated (note 2) 2019 £m
Employee benefits expense		
Wages & salaries	**420.5**	458.1
Social security costs	**36.6**	40.7
Other pension costs		
Defined benefit plans (note 22)	**0.4**	1.0
Defined contribution plans	**22.3**	22.7
Share-based payments – equity settled transactions (note 26)	**9.3**	12.9
	489.1	535.4

Details of Directors' remuneration is disclosed in note 27.

	2020 Number	Restated (note 2) 2019 Number
The average monthly number of people employed by the Company and its subsidiaries is as follows:		
Minerals	**8,455**	8,630
ESCO	**2,228**	2,338
Group companies	**447**	470
	11,130	11,438

The following disclosures are given in relation to total operations.

At 31 December 2020, the number of people employed by the Group and including those under temporary contracts was 13,070 (2019: 14,687).

	2020 £m	2019 £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	**2.4**	2.2
Fees payable to the Company's auditors for other services		
The audit of the Company's subsidiaries	**1.3**	1.1
Audit-related assurance services	**0.1**	0.1
Other non-audit services	**0.2**	–

5. ADJUSTING ITEMS

	2020 £m	Restated (note 2) 2019 £m
Recognised in arriving at operating profit from continuing operations		
Intangibles amortisation (note 4)	**(39.3)**	(46.7)
Exceptional items		
ESCO acquisition and integration related costs	**(3.3)**	(10.7)
Covid-19 restructuring and other costs	**(9.7)**	–
Other restructuring and rationalisation charges	**(2.0)**	(16.2)
Black Economic Empowerment transaction	**(4.4)**	–
Intangibles impairment (note 12)	**–**	(6.3)
Legal claims	**–**	0.3
	(19.4)	(32.9)
Other adjusting items		
Asbestos-related provision (note 20)	**(11.8)**	–
Pension equalisation	**(0.6)**	–
	(12.4)	–
Total adjusting items	**(71.1)**	(79.6)

Recognised in arriving at operating profit from discontinued operations		
Intangibles amortisation (note 12)	**(9.1)**	(31.6)
Exceptional items		
Impairment - Fair value adjustment	**(209.2)**	–
Oil & Gas North America impairment – intangibles and goodwill (note 12)	**–**	(472.9)
Oil & Gas North America impairment – tangible assets (notes 11 and 15)	**–**	(73.3)
Onerous purchase contracts	**(3.8)**	–
Disposal related costs	**(11.4)**	–
Covid-19 restructuring and other costs	**(0.7)**	–
Other restructuring and rationalisation charges	**(0.2)**	(15.0)
Legacy product warranty	**–**	(2.3)
	(225.3)	(563.5)
Total adjusting items (note 8)	**(234.4)**	(595.1)

Continuing operations

Intangibles amortisation

Intangibles amortisation of £39.3m relates to acquisition assets and ongoing multi-year investment activities as outlined in the accounting policy in note 2.

Exceptional items

Included in exceptional items is £3.3m of costs associated with the integration of ESCO into the Group following its acquisition in July 2018. The majority of these costs relate to project staff and restructuring. The integration activities and associated costs completed by 31 December 2020.

Due to the unprecedented Covid-19 pandemic, specific one-off and/or short-term measures have been taken to protect the Group's ability to generate future cash flows, ensure the immediate health and safety of the workforce and manage supply chain issues enabling us to continue to meet customer needs. Where specific costs have been deemed to be non-recurring in nature and as a direct result of the Covid-19 pandemic, these have been treated as exceptional items in line with the Group's accounting policy. Of the £9.7m recognised to date, £8.2m relates to severance costs across the Minerals Division and £0.7m in the ESCO Division. The remaining £0.8m relates to incremental costs such as one-off site decontaminations, additional freight costs for existing customer orders and employee support costs. The impact of under-recoveries from mandated or voluntary site shutdowns, as well as costs for items such as disposable face masks and increased routine cleaning, have not been treated as exceptional items and are included within adjusted results. This reflects the fact these are considered 'sunk costs' or of a consumable and/or recurring nature for at least the immediate to medium-term future as the pandemic continues.

The continued deep downturn in oil and gas markets in the year, exacerbated by Covid-19, has resulted in further steps to right-size certain central functions to protect short-term cash generation. This resulted in £2.2m restructuring and rationalisation costs in Head Office, primarily related to severance due to a reduction in headcount. In addition, £0.2m additional costs were incurred by Minerals for the final adjustments for the exit of the sand and aggregates comminution market in North America completed in the year, offset by a credit of £0.4m in Minerals relating to prior year unutilised owned property disposal costs.

The Black Economic Empowerment transaction is a one-off charge for the completion of a Broad-based Black Economic Empowerment ('B-BBEE') ownership transaction by the Group's subsidiary, Weir Minerals South Africa (Pty) Ltd (WMSA) with Medu Capital (Pty) Ltd ('Medu Capital'). The transaction will result in WMSA being '25%+1' Black-owned (as defined in the Broad-Based Black Economic Empowerment Act 53 of 2003). The business will continue to be fully consolidated in the Group's financial statements. This ownership structure better reflects the

NOTES TO THE GROUP FINANCIAL STATEMENTS
CONTINUED

5. ADJUSTING ITEMS continued
demographics of South Africa and reiterates Weir's long-term commitment to the country and to the communities in which we operate. It will also differentiate WMSA from many of its competitors as one of the few '25%+1' empowered mining technology companies in South Africa.

The consideration from Medu Capital includes a payment of £5.4m received on 23 April 2020 for 40% of the '25%+1' shareholding, with the remaining 60% covered by a notional loan served by declared dividends over a maximum period of eight years. Full entitlement to the shares (economic and voting rights) is achieved on full settlement of the notional loan. The exceptional charge of £4.4m includes £3.6m non-cash IFRS 2 charge representing the fair value of the remaining 60% shareholding with £0.8m incurred for consultancy and legal fees required to complete the transaction.

The prior year to December included costs of £10.7m associated with the integration of ESCO. Restructuring costs for Minerals totalled £17.8m with a partial offset of £1.6m of credits in Minerals relating to prior year unutilised provisions and a property disposal. The restructuring charge included £2.0m associated with political and social events in South America and £15.8m following withdrawal from the lower margin sand and aggregates comminution market in North America. The intangibles impairment charge of £6.3m in Minerals was for the full write-down of customer relationships asset value which also related to the North American sand and aggregates market exit. The legal claim credit of £0.3m was in relation to the successful resolution of a legal claim associated with legacy Trio issues.

Other adjusting items
A charge of £11.8m has been recorded following the completion of the planned triennial actuarial review of the US asbestos-related claims, which relate to legacy Group products. Further details of this review are included in note 20.

Following the most recent Lloyds judgement in November 2020 in relation to guaranteed minimum pension (GMP) inequality, a charge of £0.6m for GMP equalisation has been booked which follows the £6.3m charge initially recognised in 2018.

Discontinued operations

Intangibles amortisation
Intangibles amortisation of £9.1m relates to acquisition assets and ongoing multi-year investment activities outlined in the accounting policy in note 2.

Exceptional items
An adjustment of £209.2m has been made to the carrying value of the Oil & Gas Division to reflect the fair value less costs to sell of the Division, in line with IFRS 5. This reflects the estimated proceeds from the disposal which completed on 1 February 2021, and remains subject to customary debt-like items and working capital adjustments. This fair value adjustment includes £49.5m of intangible assets, £126.6m goodwill and £33.1m inventory.

As part of the disposal process, settlement agreements were reached with certain suppliers for onerous purchase contracts, resulting in a provision of £3.8m. This included settlement payments made in January and a provision of 40% against inventory yet to be delivered.

Disposal costs associated with the sale of the Oil & Gas Division total £11.4m primarily relating to advisory and consultancy fees.

Covid-19 related costs within Oil & Gas of £0.7m relate solely to incremental costs, incurred mainly in the Middle East, for one-off site decontaminations, additional freight costs for existing customer orders and employee support costs.

As noted above, the continued deep downturn in oil and gas markets in the year resulted in restructuring and rationalisation costs of £3.0m within the Oil & Gas Division, primarily relating to severance with a reduction in headcount. This is offset by £2.8m of credit balances: £1.1m gain on sale of a property written off as an exceptional item in the prior year, £1.0m credit for the final adjustments in relation to the liquidation of the EPIX joint venture and £0.7m relating to prior year unutilised provisions.

Prior year exceptional items include a charge of £546.2m for the impairment to the Oil & Gas North American Cash Generating Unit (CGU) which was made up of write-downs to inventory of £48.6m, property, plant & equipment of £24.7m, brand names of £39.7m, customer relationships of £144.3m, purchased software of £0.9m, and goodwill of £288.0m. Restructuring charges of £15.0m include £0.4m for Flow Control impairment of inventory due to restructuring as well as £14.6m for Oil & Gas restructuring costs for North America to reduce the workforce and impair £3.9m of property, plant & equipment associated with site closures. An additional inventory provision of £2.3m was incurred to reflect the final closing inventory provision to the 2018 Oil & Gas legacy product warranty issue.

6. FINANCE (COSTS) INCOME
The following disclosures are given in relation to continuing operations.

Finance costs

	2020 £m	Restated (note 2) 2019 £m
Interest payable on financial liabilities	**(38.6)**	(37.3)
Interest and finance charges payable on lease liabilities	**(4.0)**	(4.2)
Change in fair value of forward points in cross-currency swaps and forward contracts	**(3.1)**	(1.6)
Finance charges related to committed loan facilities	**(4.5)**	(1.8)
Finance charges related to discounting of trade receivables	**(0.3)**	(0.6)
Other finance costs – retirement benefits	**(3.3)**	(4.8)
	(53.8)	(50.3)

Finance income

	2020 £m	Restated (note 2) 2019 £m
Interest receivable on financial assets	**3.8**	4.0

7. TAX EXPENSE

Income tax (expense) credit from total operations

	2020 £m	2019 £m
Consolidated Income Statement		
Current income tax		
UK corporation tax	**0.5**	1.8
Adjustments in respect of previous years	**(7.7)**	(5.9)
UK corporation tax	**(7.2)**	(4.1)
Foreign tax	**(73.9)**	(87.7)
Adjustments in respect of previous years	**5.5**	6.5
Total current income tax	**(75.6)**	(85.3)
Deferred income tax		
Origination & reversal of temporary differences	**35.1**	86.4
Adjustment to estimated recoverable deferred tax assets	**(36.9)**	(3.9)
Effect of changes in tax rates	**(1.3)**	(3.0)
Adjustments in respect of previous years	**3.0**	10.0
Total deferred tax*	**(0.1)**	89.5
Total income tax (expense) credit in the Consolidated Income Statement	**(75.7)**	4.2

Total income tax (expense) credit is attributable to:	2020 £m	Restated (note 2) 2019 £m
(Loss) from continuing operations	**(45.7)**	(44.8)
(Loss) profit from discontinued operations	**(30.0)**	49.0
	(75.7)	4.2

* Includes £8.2m of deferred tax charge relating to foreign tax (2019: £84.9m credit).

The total income tax (expense) credit is disclosed in the Consolidated Income Statement, and note 8, as follows.

	2020 £m	Restated (note 2) 2019 £m
Tax (expense) credit – adjusted continuing operations	**(62.1)**	(65.8)
– adjusted discontinued operations (note 8)	**(3.0)**	(8.5)
– exceptional and other adjusting items	**(21.3)**	11.2
– adjusting intangibles amortisation and impairment	**10.7**	67.3
Total income tax (expense) credit in the Consolidated Income Statement	**(75.7)**	4.2

Current tax for 2020 has been reduced by £0.3m (2019: £nil) 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 21.

Tax relating to items charged or credited to equity from continuing operations

	2020 £m	2019 £m
Consolidated Statement of Comprehensive Income		
Deferred tax – origination & reversal of temporary differences	**6.5**	1.0
Deferred tax – effect of change in tax rates	**–**	(0.2)
Tax credit on actuarial losses on retirement benefits	**6.5**	0.8
Tax credit (charge) on hedge losses	**0.1**	(0.2)
Tax credit in the Consolidated Statement of Comprehensive Income	**6.6**	0.6
Consolidated Statement of Changes in Equity		
Deferred tax on share-based payments	**1.2**	0.4
Tax credit in the Consolidated Statement of Changes in Equity	**1.2**	0.4

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7. TAX EXPENSE continued

Reconciliation of the total tax charge from total operations

The tax charge (2019: credit) in the Consolidated Income Statement for the year is higher (2019: lower) than the weighted average of standard rates of corporation tax across the Group of -1.1% (2019: 20.0%). The differences are reconciled below.

	2020 £m	Restated (note 2) 2019 £m
Profit before tax from continuing operations	**184.3**	189.4
Loss before tax from discontinued operations	**(258.0)**	(573.0)
Loss before tax	**(73.7)**	(383.6)
At the weighted average of standard rates of corporation tax across the Group of -1.1% (2019: 20.0%)	**0.8**	(76.7)
Adjustments in respect of previous years – current tax	**2.2**	(0.6)
– deferred tax	**(3.0)**	(10.0)
Joint ventures	**(1.3)**	(1.3)
Unrecognised deferred tax assets	**1.6**	10.9
Overseas tax on unremitted earnings	**3.3**	3.1
Permanent differences	**2.4**	0.6
Tax effect of funding overseas operations	**(6.3)**	(7.7)
Effect of changes in tax rates	**0.9**	0.7
Exceptional items ineligible for tax	**75.1**	76.8
At effective tax rate of –102.7% (2019: 1.1%)	**75.7**	(4.2)

Exceptional and other adjusting items ineligible for tax includes the tax impact of the £126.6m impairment to goodwill together with the derecognition of £49.5m of US group deferred tax assets relating to the sale of the Oil & Gas Division. These deferred tax assets remain with the Group and will be available to offset future taxable income arising in the retained US operations.

Outside of the US Oil & Gas deferred tax asset de-recognition, unrecognised deferred tax assets reduced from an addition of £10.9m in 2019 to an addition of £1.6m in 2020. This is due to reduced 2020 losses in various group operations including China, Canada and non-US operations in the ESCO Division.

The tax effect of funding overseas operations reduced from a credit of £7.7m in 2019 to a credit of £6.3m in 2020 due to 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 £3.1m in 2019 to an increase of £3.3m in 2020. This is due to an increase in 2020 of the provision in respect of unremitted earnings in Chile and Peru.

On 25 April 2019 the European Commission (EC) released its full decision in relation to its State Aid investigation into the Group Financing Exemption (GFE) included within the UK's controlled foreign company (CFC) legislation. While it is narrower than the original concerns raised and confirms that the CFC legislation as amended with effect from 1 January 2019 is compliant with EU State Aid rules, the decision concludes that, up to 31 December 2018, aspects of the legislation constitute State Aid. In common with other international groups, the Group has benefited from the GFE contained within the CFC legislation and had previously estimated the maximum contingent liability, excluding interest, to be approximately £19m. The UK Government, together with a number of affected taxpayers, including the Group, have lodged annulment applications with the General Court of the European Union in response to this decision.

HMRC have subsequently confirmed that they do not consider the Group has been a beneficiary of State Aid, and accordingly there is no longer a contingent liability and no payment is anticipated to be made.

8. DISCONTINUED OPERATIONS

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 held for sale and its results are reported in discontinued operations. On 1 February 2021, the Group completed the sale to Caterpillar Inc., subject to customary working capital and debt-like adjustments. Refer to note 31 for details of the consideration. The Oil & Gas Division provides products and service solutions to upstream, production, transportation and related industries.

Previously reported as an individual reporting segment, the Division is now reported as a discontinued operation. In compliance with IFRS 5, the results for the year ended 31 December 2020 for the Division are disclosed within one line in the income statement, with the comparative period also restated. In the balance sheet, the assets and liabilities of the Division, in the current period only, are reported as current assets/liabilities held for sale. As a discontinued operation, the Division is measured at the lower of its carrying amount and fair value less costs to sell. In order to reflect this an impairment of £209.2m in relation to goodwill, intangible assets and inventory was recognised in the year. When the sale of the disposal group occurs, a gain or loss may arise. At the time of disposal the foreign currency translation reserve will be recycled to the income statement and included in the gain or loss on disposal.

The Group disposed of the Flow Control Division on 28 June 2019 for an enterprise value of £275.0m and a net consideration of £263.4m, after customary working capital and debt-like adjustments. In January 2020 the Group paid £4.5m to First Reserve and wrote off £0.2m receivable from First Reserve to reflect the final consideration of £258.7m determined as part of the agreed completion accounts process.

Financial information relating to discontinued operations is set out in the table below. The 2019 discontinued operations income statement has been restated to include the results of the Oil & Gas Division.

Financial performance and cash flow information for discontinued operations

	Year ended 31 December 2020			Restated (note 2) Year ended 31 December 2019		
	Adjusted results £m	**Adjusting items (note 5) £m**	**Statutory results £m**	Adjusted results £m	Adjusting items (note 5) £m	Statutory results £m
Revenue	**314.3**	**–**	**314.3**	762.1	–	762.1
Operating (loss) profit before share of results of joint ventures	**(24.5)**	**(234.4)**	**(258.9)**	29.2	(595.1)	(565.9)
Share of results of joint ventures	**3.9**	**–**	**3.9**	4.7	–	4.7
Operating (loss) profit	**(20.6)**	**(234.4)**	**(255.0)**	33.9	(595.1)	(561.2)
Finance costs	**(3.3)**	**–**	**(3.3)**	(4.1)	–	(4.1)
Finance income	**0.3**	**–**	**0.3**	0.3	–	0.3
(Loss) profit before tax from discontinued operations	**(23.6)**	**(234.4)**	**(258.0)**	30.1	(595.1)	(565.0)
Tax (expense) credit	**(3.0)**	**(27.0)**	**(30.0)**	(8.5)	71.2	62.7
(Loss) profit after tax from discontinued operations	**(26.6)**	**(261.4)**	**(288.0)**	21.6	(523.9)	(502.3)
Loss on sale of the subsidiaries after income tax (see below)	**–**	**–**	**–**	–	(21.7)	(21.7)
(Loss) profit for the year from discontinued operations	**(26.6)**	**(261.4)**	**(288.0)**	21.6	(545.6)	(524.0)
Reclassification of foreign currency translation reserve	**–**	**–**	**–**	(20.5)	–	(20.5)
Other comprehensive expense from discontinued operations	**–**	**–**	**–**	(0.2)	–	(0.2)
Net other comprehensive expense from discontinued operations	**–**	**–**	**–**	(20.7)	–	(20.7)

Loss per share

Loss per share from discontinued operations was as follows.

	2020 pence	2019 pence
Basic	**(110.9)**	(201.9)
Diluted	**(110.9)**	(201.9)

These loss per share figures were derived by dividing the net 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.

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8. DISCONTINUED OPERATIONS continued

	Year ended 31 December 2020 £m	Restated (note 2) Year ended 31 December 2019 £m
Cash flows from operating activities	**20.3**	(16.2)
Cash flows from investing activities	**3.8**	(14.1)
Cash flows from financing activities	**(18.5)**	(20.3)
Net increase (decrease) in cash & cash equivalents from discontinued operations	**5.6**	(50.6)

Assets and Liabilities held for sale – Oil & Gas Division

The following table details the assets and liabilities classified as held for sale in the Consolidated Balance Sheet.

	Notes	31 December 2020 £m
ASSETS		
Property, plant & equipment	11	**117.3**
Intangible assets	12	**82.0**
Investments in joint ventures	14	**17.9**
Deferred tax assets	21	**7.5**
Inventories		**110.1**
Trade & other receivables		**67.3**
Income tax receivable		**2.5**
Cash & short-term deposits	24	**23.0**
Assets held for sale		**427.6**
LIABILITIES		
Interest-bearing loans & borrowings	24	**67.0**
Trade & other payables		**50.2**
Derivative financial instruments	28	**0.1**
Income tax payable		**14.7**
Provisions	20	**11.2**
Deferred tax liabilities	21	**0.1**
Liabilities held for sale		**143.3**
NET ASSETS		**284.3**

Details of the sale of the Flow Control subsidiaries

	Year ended 31 December 2019 £m
Consideration received	
Cash received	263.4
Completion accounts settlement	(4.7)
Total disposal consideration	258.7
Carrying amount of net assets sold	(270.1)
Costs of disposal	(17.1)
Loss on sale before income tax and reclassification of foreign currency translation reserve	(28.5)
Reclassification of foreign currency translation reserve	20.5
Loss on sale before income tax	(8.0)
Income tax charge	(13.7)
Loss on sale after income tax	(21.7)

The carrying amount of assets and liabilities as at the date of sale were as follows.

	Year ended 31 December 2019 £m
Property, plant & equipment	95.7
Intangible assets	98.4
Inventories	79.1
Trade & other receivables	150.7
Cash & short-term deposits	2.1
Trade & other payables	(140.5)
Provisions	(14.9)
Net assets	270.6
Non-controlling interest	(0.5)
Net assets attributable to Equity holders of the Company	270.1

9. (LOSS) EARNINGS PER SHARE

Basic (loss) earnings per share amounts are calculated by dividing net (loss) profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted (loss) earnings per share is calculated by dividing the net (loss) profit 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 and share data used in the calculation of (loss) earnings per share.

	2020	Restated (note 2) 2019
(Loss) profit attributable to equity holders of the Company		
Total operations* (£m)	**(149.6)**	(379.9)
Continuing operations** (£m)	**138.4**	144.1
Continuing operations before adjusting items** (£m)	**193.1**	202.7
Weighted average share capital		
Basic (loss) earnings per share (number of shares, million)	**259.5**	259.5
Diluted (loss) earnings per share (number of shares, million)	**261.7**	261.2

* Adjusted for a profit of £0.2m (2019: profit of £0.5m) in respect of non-controlling interests for total operations.

** Adjusted for a profit of £0.2m (2019: profit of £0.5m) in respect of non-controlling interests for continuing operations.

The difference between the weighted average share capital for the purposes of the basic and the diluted (loss) earnings per share calculations is analysed as follows.

	2020 Shares million	2019 Shares million
Weighted average number of ordinary shares for basic (loss) earnings per share	**259.5**	259.5
Effect of dilution: employee share awards	**2.2**	1.7
Adjusted weighted average number of ordinary shares for diluted (loss) earnings per share	**261.7**	261.2

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9. (LOSS) EARNINGS PER SHARE continued
The (loss) profit attributable to equity holders of the Company used in the calculation of both basic and diluted (loss) earnings per share from continuing operations before adjusting items is calculated as follows.

	2020 £m	Restated (note 2) 2019 £m
Net profit attributable to equity holders from continuing operations**	**138.4**	144.1
Adjusting items net of tax	**54.7**	58.6
Net profit attributable to equity holders from continuing operations before adjusting items	**193.1**	202.7

	2020 pence	Restated (note 2) 2019 pence
Basic (loss) earnings per share:		
Total operations*	**(57.6)**	(146.4)
Continuing operations**	**53.3**	55.5
Continuing operations before adjusting items**	**74.4**	78.1
Diluted (loss) earnings per share:		
Total operations*	**(57.6)**	(146.4)
Continuing operations**	**52.9**	55.2
Continuing operations before adjusting items**	**73.8**	77.6

* Adjusted for a profit of £0.2m (2019: profit of £0.5m) in respect of non-controlling interests for total operations.

** Adjusted for a profit of £0.2m (2019: profit of £0.5m) in respect of non-controlling interests for continuing operations.

There have been 350,896 share awards (2019: nil) exercised between the reporting date and the date of signing of these financial statements. These were settled out of existing shares held in trust.

Loss per share from discontinued operations is disclosed in note 8.

10. DIVIDENDS PAID & PROPOSED

	2020 £m	2019 £m
Declared & paid during the year		
Equity dividends on ordinary shares		
Final dividend for 2019: 0.00p (2018: 30.45p)	–	78.9
Interim dividend for 2020: 0.00p (2019: 16.50p)	–	42.8
	–	121.7
Proposed for approval by shareholders at the Annual General Meeting		
Final dividend for 2020: 0.00p (2019: 0.00p)	–	–

In response to the Covid-19 pandemic, on 25 March 2020, the Board took the decision to withdraw the proposal to pay the final 2019 dividend as part of wider cash preservation actions taken by the Group. The Board did not propose an interim or final dividend for 2020.

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 2018	189.2	688.7	877.9	–	–	–	877.9
Transfer to right-of-use asset	–	(4.1)	(4.1)	–	4.1	4.1	–
Transition adjustment	–	–	–	149.2	27.7	176.9	176.9
At 1 January 2019	189.2	684.6	873.8	149.2	31.8	181.0	1,054.8
Additions	5.6	86.9	92.5	34.4	12.5	46.9	139.4
Disposals	(6.0)	(75.4)	(81.4)	–	(1.1)	(1.1)	(82.5)
Reclassifications to intangible assets (note 12)	–	(3.8)	(3.8)	–	–	–	(3.8)
Reclassifications to inventory	–	(0.1)	(0.1)	–	–	–	(0.1)
Reclassifications	1.1	(1.1)	–	(0.1)	0.1	–	–
Reassessments and modifications	–	–	–	3.4	(2.4)	1.0	1.0
Exchange adjustment	(7.8)	(30.5)	(38.3)	(5.2)	(1.3)	(6.5)	(44.8)
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 from 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**
Accumulated depreciation & impairment							
At 31 December 2018	49.5	401.3	450.8	–	–	–	450.8
Transfer to right-of-use asset	–	(1.7)	(1.7)	–	1.7	1.7	–
At 1 January 2019	49.5	399.6	449.1	–	1.7	1.7	450.8
Depreciation charge for the year*	6.4	56.0	62.4	30.3	12.1	42.4	104.8
Impairment during the year	1.4	26.6	28.0	2.5	–	2.5	30.5
Disposals	(3.1)	(65.0)	(68.1)	–	(1.1)	(1.1)	(69.2)
Reclassifications	0.3	(0.3)	–	–	–	–	–
Reassessments and modifications	–	–	–	–	(0.5)	(0.5)	(0.5)
Exchange adjustment	(2.3)	(19.9)	(22.2)	(1.1)	(0.3)	(1.4)	(23.6)
At 31 December 2019	**52.2**	**397.0**	**449.2**	**31.7**	**11.9**	**43.6**	**492.8**
Depreciation charge for the year*	**5.8**	**47.0**	**52.8**	**32.6**	**9.3**	**41.9**	**94.7**
Impairment charge (reversal) 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**
Net book value at 31 December 2018	139.7	287.4	427.1	–	–	–	427.1
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**

* Includes depreciation on owned assets in relation to discontinued operations of £9.6m (2019: £20.8m) and depreciation on right-of-use assets in relation to discontinued operations of £12.9m (2019: £15.1m).

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11. PROPERTY, PLANT & EQUIPMENT continued
Owned property, plant & equipment

Finance leases are recorded as 'right-of-use assets' in accordance with IFRS 16 'Leases'.

The carrying amount of assets under construction included in plant & equipment for continuing operations is £39.5m (2019: £45.2m). Discontinued operations include assets under construction in plant & equipment of £1.7m (2019: £4.4m).

The impairment reversal in the year of £1.8m is split £1.6m in adjusting items and £0.2m in adjusted profits, and primarily relates to the Oil & Gas Division following a £1.1m gain on sale of a property written off as an exceptional item in the prior year, and £0.4m relating to a property in Minerals. See note 5 for further details.

The impairment charges in the prior year primarily relate to the Oil & Gas Division with £24.7m in relation to the North America Cash Generating Unit asset review and £3.3m for strategic restructuring and rationalisation initiatives to consolidate and close sites. In Minerals, an impairment of £0.5m for the exit from the North American sand and aggregates market is offset by reversal of £0.5m on disposal of a property in Weir Malaysia which was impaired in 2018. See note 5 for further details.

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 1-30 years. The average lease term is approximately five years. Plant & equipment lease terms range from one to seven years, with an average lease term of approximately four years. The current and non-current lease liabilities are disclosed in notes 18 and 28 respectively. The maturity analysis of contractual undiscounted cash flows is included in note 28. 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.

The impairment charge of £2.5m recognised in the prior year relates to Minerals North America for the exit from the North American sand and aggregates market for £1.9m and a restructuring and rationalisation lease write-down in Oil & Gas of £0.6m. See note 5 for further details.

	2020 £m	Restated (note 2) 2019 £m
Depreciation of right-of-use assets	**(29.0)**	(27.3)
Expenses relating to short-term leases	**(7.7)**	(8.3)
Expenses relating to leases of low value assets, excluding short-term leases of low value	**(1.5)**	(1.3)
Income from sub-leasing right-of-use assets	**0.5**	0.7
Expenses relating to variable lease payments not included in the measurement of lease liabilities	**(0.4)**	(0.4)
Charge to operating profit	**(38.1)**	(36.6)
Finance cost – interest expense related to lease liabilities	**(4.0)**	(4.2)
Charge to profit before tax from continuing operations	**(42.1)**	(40.8)

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 £41.6m (2019: £43.1m). Future cash outflows from leases not yet commenced to which the Group is committed total £12.8m (2019: £18.2m).

12. INTANGIBLE ASSETS

	Goodwill £m	Brand names £m	Customer & distributor relationships £m	Purchased software £m	Intellectual property & trade marks £m	Development costs £m	Other £m	Total £m
Cost								
At 31 December 2018	1,620.3	366.2	730.8	72.4	136.2	50.4	86.2	3,062.5
Additions	–	–	–	21.7	–	2.0	–	23.7
Disposals	–	–	–	(2.0)	(0.1)	(0.7)	–	(2.8)
Reclassifications from property, plant & equipment (note 11)	–	–	–	3.8	–	–	–	3.8
Reclassifications	–	–	–	2.0	–	–	(2.0)	–
Exchange adjustment	(63.4)	(14.0)	(27.2)	(3.6)	(5.2)	(0.4)	(3.3)	(117.1)
At 31 December 2019	**1,556.9**	**352.2**	**703.6**	**94.3**	**130.9**	**51.3**	**80.9**	**2,970.1**
Additions	**–**	**–**	**–**	**11.6**	**–**	**6.0**	**–**	**17.6**
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)**
At 31 December 2020	**748.1**	**253.6**	**180.0**	**95.3**	**90.5**	**53.3**	**67.3**	**1,488.1**
Accumulated amortisation & impairment								
At 31 December 2018	420.2	10.8	322.0	37.2	60.4	19.6	25.7	895.9
Amortisation charge for the year*	–	1.8	40.5	8.2	12.8	8.8	6.2	78.3
Impairment during the year	288.0	39.7	150.6	0.9	–	–	–	479.2
Disposals	–	–	–	(2.0)	(0.1)	(0.4)	–	(2.5)
Reclassifications	–	–	3.7	0.9	(3.7)	–	(0.9)	–
Exchange adjustment	(27.2)	(1.8)	(18.9)	(1.8)	(2.8)	(0.2)	(1.1)	(53.8)
At 31 December 2019	**681.0**	**50.5**	**497.9**	**43.4**	**66.6**	**27.8**	**29.9**	**1,397.1**
Amortisation charge for the year*	**–**	**–**	**18.8**	**9.5**	**12.4**	**9.4**	**3.3**	**53.4**
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)**
At 31 December 2020	**3.3**	**–**	**76.4**	**41.7**	**48.2**	**31.5**	**24.3**	**225.4**
Net book value at 31 December 2018	1,200.1	355.4	408.8	35.2	75.8	30.8	60.5	2,166.6
Net book value at 31 December 2019	875.9	301.7	205.7	50.9	64.3	23.5	51.0	1,573.0
Net book value at 31 December 2020	**744.8**	**253.6**	**103.6**	**53.6**	**42.3**	**21.8**	**43.0**	**1,262.7**

* Includes amortisation in relation to discontinued operations of £9.1m (2019: £31.6m).

The impairment charge recorded in 2020 of £176.1m relates to discontinued operations including goodwill £126.6m, brand names £14.2m, customer and distributor relationships £28.1m, intellectual property £6.2m and other intangible assets £1.0m.

Brand names have been assigned an indefinite useful life and as such are not amortised with the exception of those acquired during 2017 for KOP Surface Products. These had a carrying value of £1.9m at 31 December 2018 and were fully amortised during 2019 before being transferred to held for sale in 2020.

The carrying value of brand names with an indefinite life is tested annually for impairment (note 13). The carrying value at the year end was £253.6m (2019: £301.7m).

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12. INTANGIBLE ASSETS continued

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	
	2020 £m	2019 £m
ESCO	**124.9**	128.6
Warman	**60.8**	62.6
Linatex	**41.8**	43.0
SPM	**18.0**	41.1
Trio	**17.4**	17.9
Other	**16.4**	8.5
	279.3	301.7
SPM included in assets held for sale	**(18.0)**	–
Other brands included in assets held for sale	**(7.7)**	–
	253.6	301.7

The allocation of customer and distributor relationships, and the amortisation period of these assets is as follows.

	Remaining amortisation period		Customer & distributor relationships	
	2020 Years	2019 Years	**2020 £m**	2019 £m
ESCO	**25-28**	26-29	**92.3**	98.8
SPM	**n/a**	12	**35.5**	64.3
Novatech	**n/a**	6	**15.3**	23.2
Trio	**4**	5	**3.9**	4.7
Other	**Up to 10**	Up to 11	**7.4**	14.7
			154.4	205.7
SPM and Novatech customer and distributor relationships included in assets held for sale	**n/a**	Up to 12	**(50.8)**	–
			103.6	205.7

13. 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 2020 £m	**Intangibles 2020 £m**	Goodwill 2019 £m	Intangibles 2019 £m
Minerals	**365.7**	**128.7**	363.0	132.0
ESCO	**379.1**	**124.9**	390.3	128.6
Continuing operations	**744.8**	**253.6**	753.3	260.6
Discontinued operations	**–**	**25.7**	122.6	41.1

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 2020.

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. 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 2020.

Discontinued operations

Discontinued operations incorporate the former Oil & Gas North America and Oil & Gas International CGUs. Oil & Gas North America includes the Weir SPM brand and is a supplier of oil and gas well service pumps, wellhead solutions, associated flow control equipment and services to the oil and gas production industry. Oil & Gas International comprises multiple service centre locations within the Middle East and Europe and wellhead locations across a number of countries in Asia Pacific. The service centre locations supply services including repair, manufacture and certification of oilfield equipment to a diverse portfolio of customers. The Asia Pacific locations supply wellheads, surface trees, valves and actuators as well as providing support to customers including installation, maintenance, rental and refurbishment services.

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 budgets and 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 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	10.9% (2019: 11.4%)	2.1% (2019: 1.2%)	Revenue growth Adjusted operating profit margins	External forecast Historic experience
ESCO	Value in use	5 years	9.5% (2019: 10.6%)	1.8% (2019: 1.2%)	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. A reduction in discount rates in the year, is driven by lower Government bond yields, while Mining asset betas have remained stable.

2 Real growth
For the two remaining 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 increasingly 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 undertaken 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. It is considered appropriate to disclose this as an area of estimation due to the size of the balance, the relatively low discount rates compared to pre-2019 and the current levels of global macroeconomic uncertainty which could reasonably lead to changes in the carrying value as a result of future events within the next five years.

Discontinued operations

The Oil & Gas CGUs are classified as held for sale and in line with IFRS 5 are measured at the lower of carrying amount and fair value less costs to sell. Impairment adjustments to reflect the fair value less costs to sell of the Oil & Gas Division are reflected in note 5. As a result no further impairment testing was carried out on the Oil & Gas CGUs.

14. INVESTMENTS IN JOINT VENTURES

At the year end, the Group held investments in joint ventures.

		£m
At 31 December 2018		36.6
Share of results	- continuing operations	1.5
	- discontinued operations	4.7
Share of dividends	- continuing operations	-
	- discontinued operations	(3.5)
Exchange adjustment		(2.7)
At 31 December 2019		**36.6**
Disposals		**(0.1)**
Transfer to assets held for sale (note 8)		**(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**

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14. INVESTMENTS IN JOINT VENTURES continued

Weir Arabian Metals Company and Wesco LLC were transferred to assets held for sale in the year.

EPIX Power Systems LLC was dissolved in November 2020, resulting in a loss of £0.1m.

The Group's share of the continuing balance sheet at 31 December 2020 and total operations at 31 December 2019 are detailed below.

	2020 £m	2019 £m
Share of joint ventures' balance sheets		
Goodwill	–	4.0
Current assets	7.5	27.0
Non-current assets	14.3	17.2
Current liabilities	(5.3)	(8.7)
Non-current liabilities	(1.5)	(2.9)
Net assets	15.0	36.6

The Group's share of the continuing operations revenue and profit of its remaining joint ventures are included below.

	2020 £m	Restated (note 2) 2019 £m
Share of joint ventures' revenue & profits		
Revenue	13.5	15.3
Cost of sales	(11.2)	(13.4)
Administrative expenses	(0.2)	–
Income tax expense	(0.5)	(0.4)
Profit after tax	1.6	1.5

The Group's investments in joint ventures are listed on pages 218 to 224.

15. INVENTORIES

	2020 £m	2019 £m
Raw materials	27.0	76.3
Work in progress	33.9	54.0
Finished goods	382.7	512.6
	443.6	642.9

Inventories classified as held for sale are included in note 8.

In 2020, the cost of inventories recognised as an expense within cost of sales for continuing operations amounted to £1,263.6m (2019: continuing operations £1,300.1m). In 2020, the write-down of inventories to net realisable value for continuing operations amounted to £12.2m (2019: total Group £66.7m), and the reversal of previous write-downs amounted to £7.6m (2019: total Group £21.5m).The prior year write-down included £9.4m for Group restructuring actions in Minerals following the exit from the North American sand and aggregates market.

Inventories classified as held for sale include a fair value adjustment of £33.1m, as discussed in note 5. In 2019, a further £2.3m was recognised in relation to warranty issues in Oil & Gas, as disclosed in note 5. The prior year write-down also included £48.6m due to uncertainty in the market outlook for Oil & Gas North America.

16. TRADE & OTHER RECEIVABLES

Other receivables presented as non-current on the face of the Consolidated Balance Sheet of £84.6m (2019: £77.1m) are primarily in respect of insurance contracts, including Trust Owned Life Insurance policy investments 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 £45.2m (2019: £36.4m). Further detail on these claims is presented in note 20.

Current trade & other receivables are analysed in the following table.

	2020 £m	2019 £m
Trade receivables	**338.7**	454.6
Loss allowance	**(18.8)**	(14.4)
	319.9	440.2
Other debtors	**21.7**	26.7
Sales tax receivable	**19.3**	18.8
Prepayments	**24.8**	50.8
Contract assets	**34.5**	21.4
	420.2	557.9

Trade & other receivables classified as held for sale are included in note 8.

The average credit period on sales of goods is 59 days (2019: 60 days) on a continuing basis. Other debtors includes £0.2m (2019: £2.1m) in respect of amounts due from joint ventures, and £7.2m (2019: £7.0m) in respect of insurance contracts relating to asbestos-related claims (note 20).

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

	2020 £m	2019 £m
Not past due	**258.5**	310.4
Up to 3 months past due	**40.2**	99.8
Between 3 & 6 months past due	**8.6**	13.3
More than 6 months past due	**31.4**	31.1
	338.7	454.6

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16. TRADE & OTHER RECEIVABLES continued

Reconciliation of opening to closing loss allowance for trade receivables

	2020 £m	2019 £m
Balance at the beginning of the year	**(14.4)**	(18.2)
Impairment losses recognised on receivables	**(11.8)**	(4.3)
Amounts written-off as uncollectable	**2.0**	3.5
Amounts recovered during the year	**0.9**	1.1
Impairment losses reversed	**1.3**	2.7
Exchange adjustment	**0.3**	0.8
Transferred to assets held for sale	**2.9**	–
Balance at the end of the year	**(18.8)**	(14.4)

The Group has recognised the following assets in relation to contracts with customers.

	2020 £m	2019 £m
Construction contract assets	**15.1**	12.5
Accrued income	**19.4**	8.9
Total contract assets	**34.5**	21.4

The increase in construction contract assets relates to the increase and timing of costs incurred on large 'engineer to order' projects which were recognised over time, in advance of billings. The increase in accrued income relates mainly to amounts yet to be invoiced in relation to a contract to provide equipment to the Iron Bridge Magnetite Project in Western Australia, partially offset by a transfer to discontinued operations.

17. CASH & SHORT-TERM DEPOSITS

	2020 £m	2019 £m
Cash at bank & in hand	**287.4**	242.3
Short-term deposits	**64.3**	31.5
	351.7	273.8
For the purposes of the Consolidated Cash Flow Statement, cash & cash equivalents comprise the following:		
Cash & short-term deposits	**351.7**	273.8
Bank overdrafts & short-term borrowings (note 18)	**(0.6)**	(1.7)
Cash & short-term deposits held for sale (note 8)	**23.0**	–
	374.1	272.1

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.

During the period, the Group entered a new notional cash pooling arrangement in which individual balances are not offset for reporting purposes. Cash & short-term deposits at 31 December 2020 includes £0.4m that is part of this arrangement and both cash and interest-bearing loans & borrowings are grossed up by this amount.

18. INTEREST-BEARING LOANS & BORROWINGS

	2020 £m	2019 £m
Current		
Bank overdrafts	**0.6**	1.7
Bank loans	**–**	299.6
Commercial paper	**–**	190.5
Lease liabilities	**25.9**	42.3
	26.5	534.1
Non-current		
Bank loans	**667.7**	158.4
Fixed-rate notes	**578.4**	595.1
Lease liabilities	**86.5**	142.7
	1,332.6	896.2

During the period, the Group entered a new notional cash pooling arrangement in which individual balances are not offset for reporting purposes. Cash & short-term deposits at 31 December 2020 includes £0.4m that is part of this arrangement and both cash and interest-bearing loans & borrowings are grossed up by this amount.

Bank loans	Maturity	Interest basis	Weighted average interest rate 2020 %	2019 %	2020 £m	2019 £m
Revolving credit facility						
United States Dollar variable rate loans	2021*	US$ LIBOR	–	2.39	–	158.3
United States Dollar variable rate loans	2023	US$ LIBOR	**1.90**	–	**153.9**	–
Sterling variable rate loans	2023	£ LIBOR	**1.78**	–	**314.9**	–
Other						
Sterling variable rate term loan	2020*	£ LIBOR	–	1.56	–	299.6
United States Dollar fixed-rate loan facilities	2021	FIXED	–	7.80	–	0.1
Sterling variable rate term loan	2022	£ LIBOR	**2.02**	–	**198.9**	–
					667.7	458.0
Less: current instalments due on bank loans						
Sterling variable rate term loan	2020	£ LIBOR	–	1.56	–	(299.6)
Non-current bank loans					**667.7**	158.4

* Facility has been refinanced as detailed below

Commercial paper	Maturity	Interest basis	Weighted average interest rate 2020 %	2019 %	2020 £m	2019 £m
Commercial paper						
Euro variable rate commercial paper	2020	EUR LIBOR	–	0.03	–	190.5
					–	190.5
Less: current instalments due on commercial paper						
Euro variable rate commercial paper	2020	EUR LIBOR			–	(190.5)
Non-current commercial paper					–	–

The weighted average interest rates include an applicable margin over and above the interest basis.

Fixed-rate notes	Maturity	Interest basis	Fixed interest rate 2020 %	2019 %	2020 £m	2019 £m
Private placement						
United States Dollar fixed-rate notes	2022	FIXED	**4.27**	4.27	**432.2**	444.6
United States Dollar fixed-rate notes	2023	FIXED	**4.34**	4.34	**146.2**	150.5
Non-current fixed-rate notes					**578.4**	595.1

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 has been 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. The Group's £300m term loan facility was also replaced, previously maturing in December 2020, and refinanced as a £200m facility to mature in March 2022. Both the RCF and term loan now include a link to the Group's sustainability goals and the covenant terms remain unchanged.

In February 2020, the Group entered into a new loan facility under the Bank of England's Covid-19 Corporate Financing Facility (CCFF). The total available amount under the facility is £300m of which £nil was drawn as at 31 December 2020 and is due to mature in May 2021.

At 31 December 2020, £468.8m (2019: £158.3m) was drawn under the US$950m multi-currency revolving credit facility and is net of unamortised issue costs of £5.1m (2019: £nil).

At 31 December 2020, £198.9m (2019: £299.6m) was drawn under the £200m term loan facility and is net of unamortised issue costs of £1.1m (2019: £0.4m).

At 31 December 2020, a total of £nil (2019: £190.5m) was outstanding under the Group's US$1bn commercial paper programme.

At 31 December 2020, a total of £578.4m (2019: £595.1m) was outstanding under private placement which is net of total unamortised issue costs of £0.3m (2019: £0.5m).

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19. TRADE & OTHER PAYABLES

	2020 £m	2019 £m
Current		
Trade payables	**210.7**	306.7
Other creditors	**9.6**	12.7
Other taxes & social security costs	**13.7**	12.5
Accruals	**140.0**	191.6
Contract liabilities	**39.9**	66.1
	413.9	589.6
Non-current		
Other payables	**0.3**	–
	0.3	–

Trade & other payables classified as held for sale are included in note 8.

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 2020 for continuing operations was £71.2m (2019: total Group £95.0m) and may be voluntarily cancelled under bilateral terms of 30 days notice. At 31 December 2020, suppliers chose to utilise supply chain financing facilities of £32.8m on a continuing basis, or £40.7m for total Group (2019: total Group £45.6m).

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 2020 and 31 December 2019 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.

	2020 £m	2019 £m
Construction contract liabilities	**2.0**	3.7
Deferred income	**37.9**	62.4
Total contract liabilities	**39.9**	66.1

The decrease in total contract liabilities in the year primarily relates to revenue now recognised on contracts previously included within deferred income.

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.

	2020 £m	Restated (note 2) 2019 £m
Revenue recognised that was included in the contract liability balance at the beginning of the year:		
Continuing operations	**43.7**	27.4
Discontinued operations	**–**	0.9
Total Group	**43.7**	28.3

Transaction price allocated to unsatisfied performance obligations

The transaction price allocated to performance obligations unsatisfied at the year end for continuing operations is £55.6m (2019: total Group £124.0m). 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.

	2020 £m	2019 £m
Less than 1 year	**48.5**	90.8
After 1 year but not more than 5 years	**7.1**	33.2
Total value of performance obligations unsatisfied from contracts with a duration over 1 year	**55.6**	124.0

20. PROVISIONS

	Warranties & contract claims £m	Asbestos-related £m	Employee-related £m	Exceptional rationalisation £m	Other £m	Total £m
At 31 December 2019	**13.5**	**47.6**	**17.8**	**12.8**	**11.8**	**103.5**
Additions	**9.7**	**30.1**	**11.5**	**27.6**	**2.1**	**81.0**
Utilised	**(13.1)**	**(7.3)**	**(13.0)**	**(26.7)**	**(1.8)**	**(61.9)**
Unutilised	**(1.0)**	**(0.1)**	**–**	**(0.7)**	**(1.4)**	**(3.2)**
Transferred to liabilities held for sale (note 8)	**(2.6)**	**–**	**(3.9)**	**(4.4)**	**(0.3)**	**(11.2)**
Exchange adjustment	**–**	**(2.6)**	**0.1**	**(0.1)**	**(0.3)**	**(2.9)**
At 31 December 2020	**6.5**	**67.7**	**12.5**	**8.5**	**10.1**	**105.3**

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**

Current 2019	12.4	7.2	7.7	12.0	2.9	42.2
Non-current 2019	1.1	40.4	10.1	0.8	8.9	61.3
At 31 December 2019	**13.5**	**47.6**	**17.8**	**12.8**	**11.8**	**103.5**

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 2020, the warranties portion of the provision totalled £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. Provision is made immediately when it becomes apparent that expected costs will exceed the expected benefits of the contract. At 31 December 2020, the contract claims element of the provision was £0.8m, all of which is expected to be incurred within one year of the balance sheet date.

Asbestos-related claims

	2020 £m	2019 £m
US asbestos-related provision – pre-1981 date of first exposure	**61.4**	43.4
US asbestos-related provision – post-1981 date of first exposure	**3.1**	1.0
US asbestos-related provision – total	**64.5**	44.4
UK asbestos-related provision	**3.2**	3.2
Total asbestos-related provision	**67.7**	47.6

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	2020 Number	2019 Number
Opening	**1,551**	1,383
New	**528**	683
Dismissed	**(309)**	(361)
Settled	**(184)**	(154)
Closing	**1,586**	1,551

NOTES TO THE GROUP FINANCIAL STATEMENTS
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20. 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 is 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 provides 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 to reflect discounting and restricting our estimate to ten years of future claims.

	2020	2019
Period of future claims provided	**10 years**	10 years
Discount rate	**2.1%**	3.0%

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.

Confirmation was also received from external advisers of the insurance asset available and the estimated defence costs which would be met by the insurer. Based on the profile of the claims in the actuarial model, external advisors expect the insurance cover and associated limits currently in place to be sufficient to meet the settlement and associated costs until c.2029. 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.

US asbestos-related provision	**2020 £m**	**2019 £m**
Gross provision	**72.7**	50.6
Effect of discounting	**(8.2)**	(6.2)
Discounted US asbestos-related provision	**64.5**	44.4
Insurance asset	**52.4**	43.4
Net US asbestos-related liability	**12.1**	1.0

The net provision and insurance asset are presented in the accounts as follows.

	2020 £m	**2019 £m**
Provisions - current	**7.2**	7.1
Provisions - non-current	**57.3**	37.3
Trade & other receivables	**7.2**	7.0
Long-term receivables	**45.2**	36.4

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:

i) the possibility of future state or federal legislation applying to claims for asbestos-related diseases;
ii) the ability of the plaintiff's bar to develop and sustain new legal theory and/or develop new populations of claimants;
iii) changes in focus of the plaintiff's bar;
iv) changes in the Group's defence strategy; and
v) 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. 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	2020 £m
Increasing the number of projected future settled claims by 10%	5.6
Increasing the estimated settlement value by 10%	6.2
Increasing the basis of provision by ten years	5.5
Decreasing the discount rate by 50bps	1.8

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 £3.2m (2019: £3.2m).

Employee-related

Employee-related provisions arise from legal obligations in a number of territories in which the Group operate, 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 rationalisation

The exceptional rationalisation 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 £12.8m relates to restructuring costs booked in prior periods. The utilised balance includes £8.7m of cash settlements in 2020 and £1.5m of non-cash settlements, with £0.7m unutilised relating to Oil & Gas restructuring costs. The closing balance includes £1.9m for onerous contract provisions in Minerals with £0.8m classified as non-current.

Additions in the year, related to continuing operations, total £19.8m. This includes £9.7m in Minerals for Covid-19 restructuring and other costs, plus legal and consultancy fees related to the Black Economic Empowerment transaction in South Africa. In respect of ESCO, additions of £4.2m relate to Covid-19 restructuring and other costs along with final integration charges. The remaining balance includes £1.8m related to Central restructuring and £4.1m for Oil & Gas disposal costs where work streams were committed. In the year £13.1m was cash settled, with the closing balance of £6.6m related to severance costs in Minerals and Oil & Gas disposal costs.

Discontinued operations included additions in the year of £7.8m relating to restructuring and other costs, onerous purchase contracts and Covid-19 incremental charges, with £3.4m being cash settled in the year. The closing balance, which is expected to settle within 12 months, was transferred to liabilities held for sale and included provisions for onerous purchase contracts and final restructuring and rationalisation costs.

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.

NOTES TO THE GROUP FINANCIAL STATEMENTS

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21. DEFERRED TAX

	2020 £m	2019 £m
Deferred income tax assets		
Post-employment benefits	**33.5**	28.1
Decelerated depreciation for tax purposes	**7.3**	1.3
Intangible assets	**0.1**	1.0
Untaxed reserves	**163.6**	154.2
Offset against liabilities	**(142.1)**	(123.4)
Deferred income tax assets	**62.4**	61.2

Deferred income tax assets attributable to:		
Continuing operations	**54.9**	29.2
Discontinued operations (note 8)	**7.5**	32.0
	62.4	61.2

Deferred income tax liabilities		
Accelerated depreciation for tax purposes	**(21.0)**	(11.3)
Overseas tax on unremitted earnings	**(9.4)**	(9.0)
Intangible assets	**(132.9)**	(131.1)
Other temporary differences	**(0.3)**	(1.0)
Offset against assets	**142.1**	123.4
Deferred income tax liabilities	**(21.5)**	(29.0)

Deferred income tax liabilities attributable to:		
Continuing operations	**(21.4)**	(29.0)
Discontinued operations (note 8)	**(0.1)**	–
	(21.5)	(29.0)

Net deferred income tax asset	**40.9**	32.2

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 1 January 2019	30.7	(21.7)	(8.1)	(188.1)	136.4	(50.8)
(Charged) credited to the income statement (note 7)	(2.0)	8.4	(1.6)	51.6	33.1	89.5
Credited to equity (note 7)	0.8	–	–	–	0.2	1.0
Disposal of business	(0.8)	2.1	–	4.1	(11.3)	(5.9)
Exchange adjustment	(0.6)	1.2	0.7	2.3	(5.2)	(1.6)
At 31 December 2019	**28.1**	**(10.0)**	**(9.0)**	**(130.1)**	**153.2**	**32.2**
(Charged) credited to the 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**

Continuing operations	33.5	(14.5)	(9.4)	(135.3)	159.2	33.5
Discontinued operations	–	0.8	–	2.5	4.1	7.4
At 31 December 2020	**33.5**	**(13.7)**	**(9.4)**	**(132.8)**	**163.3**	**40.9**

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 £54.7m. This includes £44.5m relating to US tax losses and £5.6m relating to UK tax losses.

Deferred tax assets of £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, £8.6m of US foreign tax credits have a ten year time expiry with the earliest expiration date being 2026, £4.2m of US research and development tax credits have a 20 year time expiry with the earliest expiration date being 2028, and £3.8m of US State attributes have a 20 year time expiry.

Deferred tax asset balances for unused tax losses of £69.7m (2019: £21.7m) have not been recognised on the grounds that there is insufficient evidence that these assets will be recoverable.

This includes £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. Assets de-recognised include foreign tax credits of £23.5m where expiry of these attributes is within five years. 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 £6.3m (2019: £5.9m) 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 £40.9m (2019: £32.2m).

Temporary differences associated with Group investments

A deferred tax liability of £9.4m (2019: £9.0m) has been recognised in respect of taxes on the unremitted earnings of the South American and Canadian subsidiaries. As at 31 December 2020, 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 £2,355.1m (2019: £2,430.7m).

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. However in the March 2020 Budget it was announced that the reduction in the UK rate to 17% would now not occur and the corporation tax rate would be held at 19%. This was subsequently enacted in Finance Act 2020 on 22 July. Consequently, deferred tax has been provided on UK temporary differences at 19% (2019: 17.1%).

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22. 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, have now been transferred in full to an insurer. The Executive Plan's assets, primarily insurance policies, and liabilities have therefore been 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 17 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 15% of the Group's pension and other post-employment benefit plan commitments and 14% of the Group's total associated assets.

The weighted average duration of these plans is around 12 years.

The defined benefit plans in the UK and North America expose the Group to a number of risks.

- 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.
- 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.
- 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.
- 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	
	2020	2019	**2020**	2019
Significant actuarial assumptions:				
Discount rate (% pa)	**1.4**	2.1	**2.1**	3.0
Retail Prices Inflation (RPI) assumption (% pa)	**3.0**	3.0	**n/a**	n/a
Post-retirement mortality (life expectancies in years):				
Current pensioners at 65 – male	**21.3**	21.1	**20.4**	20.5
Current pensioners at 65 – female	**23.2**	23.1	**22.3**	22.5
Future pensioners at 65 – male	**22.6**	22.5	**21.9**	22.1
Future pensioners at 65 – female	**24.8**	24.6	**23.7**	24.1
Other related actuarial assumptions:				
Rate of increases for pensions in payment (% pa)				
Pre 6 April 2006 service	**2.9**	2.9	**n/a**	n/a
Post 5 April 2006 service	**2.1**	2.0	**n/a**	n/a
Consumer Prices Inflation assumption (% pa)	**2.1**	1.9	**n/a**	n/a
Rate of increase in healthcare costs	**n/a**	n/a	*	**

* Between 5.5% and 7.2% per annum decreasing to 4.5% per annum and remaining static at that level from 2031 onwards.

** Between 4.8% and 7.3% 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 2041 (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 pension		North American pensions & post-retirement healthcare		Total	
	2020 £m	2019 £m	**2020 £m**	2019 £m	**2020 £m**	2019 £m
Plan assets at fair value						
Equities (quoted)	**211.2**	193.8	**48.4**	35.2	**259.6**	229.0
Diversified Growth Funds (primarily quoted)	**65.1**	62.5	**3.1**	2.4	**68.2**	64.9
Corporate bonds (quoted)	**45.1**	41.1	**47.1**	52.0	**92.2**	93.1
Government bonds (quoted)	**102.6**	114.1	**36.2**	32.5	**138.8**	146.6
Insurance policies (unquoted)	**330.4**	364.7	**–**	–	**330.4**	364.7
Property	**–**	–	**4.9**	5.0	**4.9**	5.0
Private debt (unquoted)	**26.3**	9.8	**–**	–	**26.3**	9.8
Multi Asset Credit Funds	**39.3**	–	**–**	–	**39.3**	–
Cash (quoted)	**11.3**	28.4	**0.3**	0.3	**11.6**	28.7
Fair value of plan assets	**831.3**	814.4	**140.0**	127.4	**971.3**	941.8
Present value of funded obligations	**(925.7)**	(882.3)	**(169.7)**	(159.8)	**(1,095.4)**	(1,042.1)
Net funded obligations	**(94.4)**	(67.9)	**(29.7)**	(32.4)	**(124.1)**	(100.3)
Present value of unfunded obligations	**(1.4)**	(1.4)	**(35.3)**	(37.0)	**(36.7)**	(38.4)
Net liability	**(95.8)**	(69.3)	**(65.0)**	(69.4)	**(160.8)**	(138.7)
Plans in deficit	**(95.8)**	(69.3)	**(65.0)**	(69.4)	**(160.8)**	(138.7)

Of the Government bonds held at 31 December 2020, 47% 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.

NOTES TO THE GROUP FINANCIAL STATEMENTS

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22. PENSIONS & OTHER POST-EMPLOYMENT BENEFIT PLANS continued

In 2020 the UK Main Plan's Trustees invested in Multi Asset Credit. The purpose of this investment is to offer similar returns to that of the private debt already held, while giving increased diversification of the Main Plan's invested assets.

The decrease in the value of the UK insurance policies at the 2020 year end compared with the 2019 year end is largely due to the removal of the UK Executive Plan insurance policy from the 2020 year end balance sheet, as a result of the Executive Plan's assets and liabilities being fully transferred to an insurer.

The change in net liabilities recognised in the Consolidated Balance Sheet is comprised as follows.

	UK pension		North American pensions & post-retirement healthcare		Total	
	2020 £m	2019 £m	**2020 £m**	2019 £m	**2020 £m**	2019 £m
Opening net liabilities	**(69.3)**	(72.1)	**(69.4)**	(77.0)	**(138.7)**	(149.1)
Expense charged to the Consolidated Income Statement	**(2.0)**	(1.9)	**(3.4)**	(3.9)	**(5.4)**	(5.8)
Amount recognised in the Consolidated Statement of Comprehensive Income	**(30.1)**	(3.4)	**(4.4)**	(1.8)	**(34.5)**	(5.2)
Employer contributions	**5.6**	8.1	**10.4**	10.5	**16.0**	18.6
Exchange adjustment	**–**	–	**1.8**	2.8	**1.8**	2.8
Closing net liabilities	**(95.8)**	(69.3)	**(65.0)**	(69.4)	**(160.8)**	(138.7)

The amounts recognised for total 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	
	2020 £m	2019 £m	**2020 £m**	2019 £m	**2020 £m**	2019 £m
Recognised in the Consolidated Income Statement						
Current service cost	**–**	–	**(0.4)**	(1.0)	**(0.4)**	(1.0)
Past service cost	**(0.6)**	–	**–**	–	**(0.6)**	–
Curtailment gain	**–**	–	**–**	1.1	**–**	1.1
Administrative expenses	**–**	–	**(1.1)**	(1.1)	**(1.1)**	(1.1)
Included in operating profit	**(0.6)**	–	**(1.5)**	(1.0)	**(2.1)**	(1.0)
Interest on net pension liability	**(1.4)**	(1.9)	**(1.9)**	(2.9)	**(3.3)**	(4.8)
Total expense charged to the Consolidated Income Statement	**(2.0)**	(1.9)	**(3.4)**	(3.9)	**(5.4)**	(5.8)
Recognised in the Consolidated Statement of Comprehensive Income						
Actual return on plan assets	**96.2**	95.5	**20.3**	19.4	**116.5**	114.9
Less: interest on plan assets	**(16.8)**	(21.4)	**(3.9)**	(4.6)	**(20.7)**	(26.0)
	79.4	74.1	**16.4**	14.8	**95.8**	88.9
Other actuarial gains (losses) due to:						
Changes in financial assumptions	**(106.6)**	(97.9)	**(20.8)**	(19.9)	**(127.4)**	(117.8)
Changes in demographic assumptions	**(2.9)**	20.4	**1.3**	3.0	**(1.6)**	23.4
Experience on benefit obligations	**–**	–	**(1.3)**	0.3	**(1.3)**	0.3
Actuarial losses recognised in the Consolidated Statement of Comprehensive Income	**(30.1)**	(3.4)	**(4.4)**	(1.8)	**(34.5)**	(5.2)

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 significant 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 £11.3m in 2020 (2019: £12.9m) 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 2017 was completed in 2019. Under the agreed recovery plan, the Group has agreed to contribute £4.3m in each year from 2019 to 2028 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 funding valuation as at 31 December 2020 is in progress and is expected to conclude in 2021.

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 has therefore been 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 current funding valuations, the total Group contributions for 2021 (including those expected from the SLP in the UK) are expected to be £12.1m.

Changes in the present value of the defined benefit obligations are analysed as follows.

	UK pensions		North American pensions & post-retirement healthcare		Total	
	2020 £m	2019 £m	**2020 £m**	2019 £m	**2020 £m**	2019 £m
Opening defined benefit obligations	**(883.7)**	(821.2)	**(196.8)**	(192.8)	**(1,080.5)**	(1,014.0)
Current service cost	**–**	–	**(0.4)**	(1.0)	**(0.4)**	(1.0)
Past service cost	**(0.6)**	–	**–**	–	**(0.6)**	–
Interest on benefit obligations	**(18.2)**	(23.3)	**(5.8)**	(7.5)	**(24.0)**	(30.8)
Benefits paid	**37.8**	38.3	**13.1**	13.7	**50.9**	52.0
Actuarial gains (losses) due to						
Changes in financial assumptions	**(106.6)**	(97.9)	**(20.8)**	(19.9)	**(127.4)**	(117.8)
Changes in demographic assumptions	**(2.9)**	20.4	**1.3**	3.0	**(1.6)**	23.4
Experience on benefit obligations	**–**	–	**(1.3)**	0.3	**(1.3)**	0.3
Liabilities removed due to curtailments/settlements	**47.1**	–	**–**	1.1	**47.1**	1.1
Exchange rate adjustment	**–**	–	**5.7**	6.3	**5.7**	6.3
Closing defined benefit obligations	**(927.1)**	(883.7)	**(205.0)**	(196.8)	**(1,132.1)**	(1,080.5)

Changes in the fair value of plan assets are analysed as follows.

	UK pensions		North American pensions & post-retirement healthcare		Total	
	2020 £m	2019 £m	**2020 £m**	2019 £m	**2020 £m**	2019 £m
Opening plan assets	**814.4**	749.1	**127.4**	115.8	**941.8**	864.9
Interest on plan assets	**16.8**	21.4	**3.9**	4.6	**20.7**	26.0
Employer contributions	**5.6**	8.1	**10.4**	10.5	**16.0**	18.6
Administrative expenses	**–**	–	**(1.1)**	(1.1)	**(1.1)**	(1.1)
Benefits paid	**(37.8)**	(38.3)	**(13.1)**	(13.7)	**(50.9)**	(52.0)
Actual return on plan assets less interest on plan assets	**79.4**	74.1	**16.4**	14.8	**95.8**	88.9
Assets distributed on settlements	**(47.1)**	–	**–**	–	**(47.1)**	–
Exchange rate adjustment	**–**	–	**(3.9)**	(3.5)	**(3.9)**	(3.5)
Closing plan assets	**831.3**	814.4	**140.0**	127.4	**971.3**	941.8

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22. PENSIONS & OTHER POST-EMPLOYMENT BENEFIT PLANS continued

Sensitivity analysis

Changes in key assumptions can have a significant effect on the reported retirement benefit obligation and the Consolidated Income Statement expense for 2021. The effects of changes in those assumptions on the reported retirement benefit obligation are set out in the table below.

	Increase 2020 £m	**Decrease 2020 £m**	Increase 2019 £m	Decrease 2019 £m
Discount rate				
Effect on defined benefit obligation of a 1.0% change	**165.3**	**(198.7)**	153.2	(183.3)
Effect on net liability of a 1.0% change	**132.5**	**(161.9)**	115.9	(141.4)
RPI inflation (and associated assumptions)				
Effect on defined benefit obligation of a 1.0% change	**(103.9)**	**94.0**	(99.1)	89.6
Effect on net liability of a 1.0% change	**(75.5)**	**67.6**	(65.5)	58.7
Life expectancy				
Effect on defined benefit obligation of a one year change	**(39.1)**	**39.1**	(37.0)	37.0
Effect on net liability of a one year change	**(24.3)**	**24.3**	(21.1)	21.1

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.

23. SHARE CAPITAL & RESERVES

	2020 Number million	2019 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	**–**	0.2
Purchase of shares in respect of equity settled share-based payments	**1.0**	0.7
Utilised during the year in respect of equity settled share-based payments	**(0.6)**	(0.9)
At the end of the year	**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 2020, Computershare Investor Services PLC held the following shares, which are subject to restriction, on behalf of individuals:

- 24,478 shares (2019: 24,478) for the ESCO restricted awards made under the ESCO 2010 stock incentive plan. These shares have a market value of £0.5m.
- 97,765 shares (2019: 61,418) for the performance shares that have vested under the LTIP. These shares have a market value of £2.0m.
- 8,093 shares (2019: nil) for the restricted shares that have vested under the Share Reward Plan. These shares have a market value of £0.2m.
- 58,816 shares (2019: 39,396) for the bonus shares awarded under the Share Reward Plan. These shares have a market value of £1.2m.

As at 31 December 2020, 15,988 (2019: 24,045) shares were unallocated and held by the Estera Employee Benefit Trust (EBT) with a market value of £0.3m.

As at 31 December 2020, 351,950 (2019: nil) shares were unallocated and held by the Computershare Employee Benefit Trust (EBT) with a market value of £7.0m.

Reserves

The period movements on the below reserves are summarised in the Consolidated Statement of Changes in Equity.

Merger reserve

The merger reserve was created by the issue of new equity in relation to the acquisition of Delta Industrial Valves Inc. during 2015, which resulted in a reserve of £9.4m. The shares issued directly to ESCO Shareholders on 12 July 2018 qualified for merger relief under Section 612 of the Companies Act 2006 and resulted in an increase to the reserve of £323.2m.

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 2019, the balance relating to Flow Control entities was recycled to the Consolidated Income Statement on disposal (note 8).

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.

	2020 £m	2019 £m
Revenue	**(0.1)**	–
Cost of sales	**–**	(0.2)
Finance costs	**(1.8)**	(0.5)
	(1.9)	(0.7)

24. ADDITIONAL CASH FLOW INFORMATION

	Notes	**2020 £m**	Restated (note 2) 2019 £m
Total operations			
Net cash generated from operations			
Operating profit – continuing operations		**234.3**	235.7
Operating loss – discontinued operations	8	**(255.0)**	(561.2)
Operating loss – total operations		**(20.7)**	(325.5)
Exceptional and other adjusting items	5	**257.1**	596.4
Amortisation of intangible assets	12	**53.4**	78.3
Share of results of joint ventures	14	**(5.5)**	(6.2)
Depreciation of property, plant & equipment	11	**52.8**	62.4
Depreciation of right-of-use assets	11	**41.9**	42.4
Impairment of property, plant & equipment		**0.2**	–
Grants received		**(0.4)**	(1.1)
Gains on disposal of property, plant & equipment		**(0.3)**	(2.0)
Funding of pension & post-retirement costs		**(2.6)**	(4.9)
Employee share schemes	26	**9.3**	12.9
Transactional foreign exchange		**14.5**	12.1
Decrease in provisions		**(7.6)**	(1.8)
Cash generated from operations before working capital cash flows		**392.1**	463.0
Decrease (increase) in inventories		**44.2**	(36.8)
Decrease in trade & other receivables & construction contracts		**130.0**	64.5
Decrease in trade & other payables & construction contracts		**(194.1)**	(83.1)
Cash generated from operations before exceptional cash items		**372.2**	407.6
Additional pension contributions paid	22	**(11.3)**	(12.9)
Exceptional and other adjusting cash items		**(24.1)**	(41.0)
Income tax paid		**(63.4)**	(90.2)
Net cash generated from operating activities		**273.4**	263.5

Cash flows from discontinued operations included above are disclosed separately in note 8.

Exceptional and other adjusting items are detailed in note 5.

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24. ADDITIONAL CASH FLOW INFORMATION continued
The following tables summarise the cash flows arising on acquisitions and disposals (note 8).

	2020 £m	2019 £m
Acquisitions of subsidiaries		
Acquisition of subsidiaries – cash paid	–	(0.1)
Total cash outflow relating to acquisitions	–	(0.1)
Net cash inflow (outflow) arising on disposals		
Consideration received net of costs paid & cash disposed of	–	244.6
Pre-disposal costs incurred to date – Oil & Gas Division	(2.1)	–
Prior period disposals – settlement of final costs and final completion adjustment	(4.7)	0.1
Total cash (outflow) inflow relating to disposals	(6.8)	244.7

	2020 £m	2019 £m
Net debt comprises the following		
Cash & short-term deposits (note 17)	351.7	273.8
Current interest-bearing loans & borrowings (note 18)	(26.5)	(534.1)
Non-current interest-bearing loans & borrowings (note 18)	(1,332.6)	(896.2)
Assets and liabilities held for sale (note 8)	(44.0)	–
	(1,051.4)	(1,156.5)

Reconciliation of financing cash flows to movement in net debt

	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*	(1,432.4)	26.9	(39.6)	–	12.3	4.8	(1,428.0)	(67.0)	(1,361.0)

* Total financing liabilities comprise gross debt plus other liabilities relating to financing activities.

	Opening balance at 31 December 2018 £m	Cash movements £m	Additions** £m	Disposals £m	FX £m	Non-cash movements £m	Closing balance at 31 December 2019 £m	Transferred to assets/ liabilities held for sale £m	Total continuing operations £m
Cash & cash equivalents	277.2	15.4	–	–	(20.5)	–	272.1	–	272.1
Third-party loans	(1,402.1)	108.3	–	–	49.3	–	(1,244.5)	–	(1,244.5)
Leases	(2.5)	44.3	(244.7)	11.8	5.9	0.2	(185.0)	–	(185.0)
Unamortised issue costs	0.9	0.8	–	–	–	(0.8)	0.9	–	0.9
Amounts included in gross debt	(1,403.7)	153.4	(244.7)	11.8	55.2	(0.6)	(1,428.6)	–	(1,428.6)
Amounts included in net debt	(1,126.5)	168.8	(244.7)	11.8	34.7	(0.6)	(1,156.5)	–	(1,156.5)
Financing derivatives	(18.3)	62.2	–	–	–	(47.7)	(3.8)	–	(3.8)
Contingent consideration	(0.2)	0.1	–	–	0.1	–	–	–	–
Other liabilities relating to financing activities	(18.5)	62.3	–	–	0.1	(47.7)	(3.8)	–	(3.8)
Total financing liabilities*	(1,422.2)	215.7	(244.7)	11.8	55.3	(48.3)	(1,432.4)	–	(1,432.4)

* Total financing liabilities comprise gross debt plus other liabilities relating to financing activities.

** Additions in the year include the transition impact of IFRS 16 'Leases' in the opening balance sheet, totalling £194.1m.

25. COMMITMENTS & LEGAL CLAIMS

Capital commitments

	2020 £m	2019 £m
Outstanding capital commitments contracted but not provided for – property, plant & equipment	**7.5**	18.0
Outstanding capital commitments contracted but not provided for – intangible assets	**0.3**	0.5

The Group's share of the capital commitments of its joint ventures for continuing operations amounted to £0.7m (2019: total Group £1.5m).

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.

26. 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 are outlined in the Remuneration Report on pages 103 to 127.

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 are treated in line with other restricted awards noted above.

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 vest in two tranches. One third of the shares awarded vested on 9 May 2020 and the remaining shares will vest 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.

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26. EQUITY SETTLED SHARE-BASED PAYMENTS continued

Performance shares

	2020 Number million	2020 WASP	2019 Number million	2019 WASP
Outstanding at the beginning of the year	**0.4**	**£17.46**	0.6	£15.09
Vested during the year	**(0.2)**	**£18.58**	(0.2)	£12.13
Forfeited during the year	**(0.2)**	**£16.75**	–	–
Outstanding at the end of the year	**–**	**–**	0.4	£17.46

Restricted shares

	2020 Number million	2020 WASP	2019 Number million	2019 WASP
Outstanding at the beginning of the year	**1.1**	**£17.91**	1.1	£18.13
Awarded during the year	**1.4**	**£8.69**	0.6	£16.39
Vested during the year	**(0.4)**	**£18.54**	(0.6)	£16.42
Forfeited during the year	**(0.2)**	**£12.91**	–	–
Outstanding at the end of the year	**1.9**	**£11.74**	1.1	£17.91

Weir ShareBuilder Plan (WSBP)

	2020 Number million	2020 WASP	2019 Number million	2019 WASP
Outstanding at the beginning of the year	**0.2**	**£16.32**	–	–
Awarded during the year	**0.2**	**£16.57**	0.2	£16.32
Exercised during the year	**(0.1)**	**£16.32**	–	–
Outstanding at the end of the year	**0.3**	**£16.47**	0.2	£16.32

In respect of awards issued in the year and revised estimates of previously issued awards, an amount of £9.3m has been charged (2019: £12.9m) 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	2020 Number million	Remaining contractual life	2019 Number million	Remaining contractual life
2016	**–**	**–**	0.1	8 months
2017	**–**	**–**	0.4	3 months
2018	**0.2**	**11 months**	0.3	16 months
2019	**0.4**	**10 months**	0.9	17 months
2020	**1.6**	**16 months**	–	–

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 and LTIP 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 2020, 25,464 shares were awarded (2019: 20,577).

The fair value of the rights at grant date was estimated by taking the market price of the Company's shares on that date.

27. 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
Joint ventures	**2020**	**5.9**	**0.1**	**19.3**	**0.3**	**–**
	2019	9.6	0.2	21.4	0.8	–
Group pension plans	**2020**	**–**	**–**	**–**	**–**	**5.9**
	2019	–	–	–	–	6.1

Contributions to the Group pension plans are disclosed in note 22.

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 2020, the Group has not raised any provision for doubtful debts relating to amounts owed by related parties (2019: £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.

Compensation of key management personnel	2020 £m	2019 £m
Short-term employee benefits*	**6.6**	6.2
Share-based payments	**0.7**	3.5
Post-employment benefits	**0.3**	0.2
	7.6	9.9

* Included in short-term employee benefits for 2020 is £1.2m related to specific retention and incentive awards (2019: £nil).

Emoluments paid to the Directors of The Weir Group PLC	2020 £m	2019 £m
Remuneration	**2.1**	2.8
Gains made on the exercise of Long Term Incentive Plan awards	**0.1**	0.8
	2.2	3.6

Key management comprises the Board and the Group Executive. Further details of the Directors' remuneration are disclosed in the Directors' Remuneration Report on pages 103 to 127.

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28. 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.

	2020 £m	2019 £m
Included in non-current assets		
Cross-currency swaps designated as net investment hedges	–	4.1
Other forward foreign currency contracts	**0.1**	0.3
	0.1	4.4
Included in current assets		
Forward foreign currency contracts designated as cash flow hedges	**0.2**	0.3
Forward foreign currency contracts designated as net investment hedges	**4.3**	1.5
Other forward foreign currency contracts	**11.5**	14.7
	16.0	16.5
Included in current liabilities		
Forward foreign currency contracts designated as cash flow hedges	–	(10.3)
Forward foreign currency contracts designated as net investment hedges	**(0.1)**	(0.6)
Cross-currency swaps designated as net investment hedges	**(0.9)**	–
Other forward foreign currency contracts	**(17.9)**	(13.9)
	(18.9)	(24.8)
Included in non-current liabilities		
Other forward foreign currency contracts	–	(0.3)
	–	(0.3)
Net derivative financial liabilities – continuing operations	**(2.8)**	(4.2)
Net derivative financial liabilities held for sale	**(0.1)**	–
Net derivative financial liabilities – total Group	**(2.9)**	(4.2)

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 2020 and 31 December 2019, 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 2020, cash & short-term deposits of £351.7m (2019: £273.8m) and current interest-bearing loans & borrowings of £26.5m (2019: £534.1m) were presented after elimination of debit and credit balances within individual pools of £0.3m (2019: £0.2m).

During the year, the Group entered a new notional cash pooling arrangement in which individual balances are not offset for reporting purposes. Cash & short-term deposits at 31 December 2020 includes £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 2020, the Group had derivative financial instruments of £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.

	Carrying amount 2020 £m	Fair value 2020 £m	Fair value measurement using: 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**			

	Carrying amount 2019 £m	Fair value 2019 £m	Fair value measurement using: 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	15.0	15.0	–	15.0	–
Derivative financial instruments in designated hedge accounting relationships	5.9	5.9	–	5.9	–
Trade & other receivables excluding statutory assets, prepayments & construction contract assets	552.9	552.9	–	552.9	–
Cash & short-term deposits	273.8	273.8	–	273.8	–
	847.6	847.6			
Financial liabilities – total Group					
Derivative financial instruments recognised at fair value through profit or loss	14.2	14.2	–	14.2	–
Derivative financial instruments in designated hedge accounting relationships	10.9	10.9	–	10.9	–
Amortised cost					
Fixed-rate borrowings	595.2	640.3	–	640.3	–
Floating-rate borrowings	648.4	648.4	–	648.4	–
Leases	185.0	185.0	–	185.0	–
Bank overdrafts & short-term borrowings	1.7	1.7	–	1.7	–
Trade & other payables excluding statutory liabilities & contract liabilities	511.0	511.0	–	511.0	–
	1,966.4	2,011.5			

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
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28. 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.

Year ended 31 December 2020	Net carrying amount £m	Maturity dates
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)	

Year ended 31 December 2019	Net carrying amount £m	Maturity dates
Forward foreign currency contracts designated as cash flow hedges	(10.0)	2020
Forward foreign currency contracts designated as net investment hedges	0.9	2020
Cross-currency swaps designated as net investment hedges	4.1	2021
Other forward foreign currency contracts at fair value through profit or loss	0.8	2020 to 2023
	(4.2)	

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		
Year ended 31 December 2020	**Other gains (losses) in operating profit £m**	**Total amounts recognised in profit or loss £m**	**Hedge accounting reserve £m**	**Foreign currency translation reserve £m**	**Losses recycled to inventory £m**
Instruments measured at fair value through profit or loss (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 (losses) on instruments measured at FVTPL	(6.7)	(6.7)	(1.1)	(2.5)	–

Year ended 31 December 2019	Amounts recognised in profit or loss Other gains in operating profit £m	 Total amounts recognised in profit or loss £m	Amounts recognised in equity Hedge accounting reserve £m	 Foreign currency translation reserve £m	 Losses recycled to inventory £m
Instruments measured at FVTPL					
Designated in hedge accounting relationships					
Forward foreign currency contracts designated as cash flow hedges	0.7	0.7	(1.3)	1.2	0.4
Forward foreign currency contracts designated as net investment hedges	–	–	–	(21.7)	–
Cross-currency swaps designated as net investment hedges	–	–	–	1.8	–
Not designated in hedge accounting relationships					
Other forward foreign currency contracts at FVTPL	27.3	27.3	–	–	–
Total gains (losses) on instruments measured at FVTPL	28.0	28.0	(1.3)	(18.7)	0.4

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.

The Group enters into fixed-for-fixed cross-currency interest rate swaps which are designated as hedging instruments in net investment hedges of the net assets of foreign operations. The swaps have 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 also 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 is 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 2020 or 2019 in relation to the cross-currency interest rate swaps or foreign exchange forwards.

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	**2020**	2019
Carrying amount (£m)	**0.2**	(10.0)
Assets	**0.2**	0.3
Liabilities	**–**	(10.3)
Notional amounts (m)		
USD	**4.4**	12.5
EUR	**–**	210.0
Average hedged rates		
USD:AUD	**1.37**	1.45
GBP:EUR	**–**	1.12
Maturity dates	**03/2021 – 05/2021**	01/2020 – 08/2020
Hedge ratios*	**1:1**	1:1
Change in fair value of outstanding hedging instruments since 1 January (£m)	**(1.1)**	(1.3)
Change in value of hedged item used to determine hedge effectiveness (£m)	**1.1**	1.3

* The foreign currency forwards are denominated in the same currency as the highly probable future transactions, therefore the hedge ratio is 1:1.

Financial Statements

NOTES TO THE GROUP FINANCIAL STATEMENTS
CONTINUED

28. FINANCIAL INSTRUMENTS continued

Net investment hedging: foreign currency forwards, cross-currency swaps and borrowings	2020	2019
Carrying amount (£m)	**(345.3)**	(371.6)
Assets – derivatives	**4.3**	5.6
Liabilities – derivatives	**(1.0)**	(0.6)
Liabilities – borrowings	**(348.6)**	(376.6)
Notional amounts (m)		
USD	**655.6**	655.6
ZAR	**345.0**	345.0
AUD	**158.7**	167.5
EUR	**–**	21.0
Average hedged rates		
GBP:USD	**1.32**	1.32
GBP:ZAR	**20.23**	18.39
GBP:AUD	**1.79**	1.81
GBP:EUR	**–**	1.13
Maturity dates	**01/2021 – 02/2022**	01/2020 – 02/2022
Hedge ratios*	**1:1**	1:1
Change in fair value of outstanding hedging instruments since 1 January (£m)	**6.5**	(2.4)
Change in value of hedged item used to determine hedge effectiveness (£m)	**(6.5)**	2.4

* 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, Europe and South Africa. In respect of translational risk, the Group has 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. This is achieved through designating an element of foreign currency borrowings, forward foreign currency contracts and cross-currency swaps 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 Australian Dollar, Canadian Dollar, Euro and US Dollar. The following table shows the impact of movements in derivative valuation as a result of a weakening of these currencies. In the 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 £m
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**
2019			
Australian Dollar	+25%	(8.2)	(17.7)
Canadian Dollar	+25%	(32.2)	–
Euro	+25%	(54.1)	3.6
US Dollar	+25%	37.3	71.9

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.

	2020 £m	Restated (note 2) 2019 £m
US Dollar	**161.5**	175.5
Canadian Dollar	**52.8**	55.1
Chilean Peso	**42.3**	43.2
Euro	**40.4**	34.2
Australian Dollar	**20.3**	30.1
Chinese Yuan	**7.5**	(2.7)
Indian Rupee	**7.3**	8.9
Brazilian Real	**6.3**	6.2
Russian Rouble	**4.8**	9.9
South African Rand	**3.2**	4.1
UK Sterling	**(48.6)**	(45.9)
Other	**7.6**	(3.3)
Operating profit before adjusting items from continuing operations	**305.4**	315.3

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 2020, 54% (2019: 52%) of the Group's borrowings were at floating interest rates. The interest rate profile of the Group's interest-bearing borrowings was as follows.

	2020			2019		
	Floating-rate £m	**Fixed-rate £m**	**Total £m**	Floating-rate £m	Fixed-rate £m	Total £m
US Dollar	**(153.9)**	**(578.7)**	**(732.6)**	(158.3)	(595.7)	(754.0)
Euro	**–**	**–**	**–**	(190.5)	–	(190.5)
UK Sterling	**(520.0)**	**–**	**(520.0)**	(300.0)	–	(300.0)

Sensitivity to interest rates

Based on borrowings at 31 December 2020, a 1% increase in interest rates would have a £6.7m (2019: £6.5m) 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.

NOTES TO THE GROUP FINANCIAL STATEMENTS
CONTINUED

28. FINANCIAL INSTRUMENTS continued

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 18.

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 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) inflow	(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)

Year ended 31 December 2019 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) inflow	(8.9)	0.4	–	–	(8.5)
Cash flows relating to derivative financial liabilities	(8.9)	0.4	–	–	(8.5)
Trade & other payables excluding statutory liabilities & deferred income	(511.0)	–	–	–	(511.0)
Leases	(46.9)	(41.1)	(62.5)	(68.3)	(218.8)
Bank overdrafts & short-term borrowings	(1.7)	–	–	–	(1.7)
Bank loans	(310.5)	(166.7)	–	–	(477.2)
Commercial paper	(190.8)	–	–	–	(190.8)
Fixed-rate notes	(25.6)	(25.6)	(615.0)	–	(666.2)
Cash flows relating to non-derivative financial liabilities	(1,086.5)	(233.4)	(677.5)	(68.3)	(2,065.7)
	(1,095.4)	(233.0)	(677.5)	(68.3)	(2,074.2)

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 16, 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 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 £6.5m (2019: £21.6m) and this is reflected in the working capital cash flows section of note 24. 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.

29. 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 loss 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.

The Group considers that the ratio of covenant basis net debt to EBITDA is the key metric from a capital management perspective and historically has sought to maintain the ratio below 2.0 times. Given the recent downturn in oil and gas markets, the metric is currently 2.7 times and remains actively managed. Following the completion of the sale of the Oil & Gas Division, we anticipate the metric to reduce considerably to below 2.0 times. As we look to the future, we will seek to maintain a ratio of between 0.5 and 1.5 times.

	2020	2019
Net debt (excluding leases) at average exchange rates (£m)	**913.1**	970.9
Adjusted EBITDA from continuing operations (note 2) (£m)	**382.6**	384.2
Adjusted EBITDA from Oil & Gas Division (£m)	**1.8**	72.7
Adjustment to exclude the impact of IFRS 16 (£m)	**(50.4)**	(49.3)
Total EBITDA - covenant basis (£m)	**334.0**	407.6
Net debt to EBITDA cover (ratio) - covenant basis	**2.7**	2.4

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'.

	2020	2019
Adjusted EBITA from continuing operations (note 2) (£m)	**310.4**	315.3
Adjusted EBITA - Oil & Gas Division (£m)	**(20.6)**	36.8
Adjustment to exclude the impact of IFRS 16 (£m)	**(8.5)**	(6.9)
Operating profit - covenant basis (£m)	**281.3**	345.2
Net finance costs (excluding other finance costs) - covenant basis (£m)	**42.4**	37.2
Interest cover (ratio) - covenant basis	**6.6**	9.3

Gearing ratio

Gearing comprises net debt divided by total equity. Net debt comprises cash & short-term deposits and interest-bearing loans & borrowings (note 24).

	2020	2019
Net debt (£m)	**1,051.4**	1,156.5
Total equity (£m)	**1,317.7**	1,513.4
Gearing ratio (%)	**79.8**	76.4

NOTES TO THE GROUP FINANCIAL STATEMENTS
CONTINUED

30. EXCHANGE RATES
The principal exchange rates applied in the preparation of these financial statements were as follows.

Average rate (per £)	2020	2019
US Dollar	**1.28**	1.28
Australian Dollar	**1.86**	1.84
Euro	**1.13**	1.14
Canadian Dollar	**1.72**	1.69
United Arab Emirates Dirham	**4.72**	4.69
Chilean Peso	**1,015.14**	897.37
South African Rand	**21.06**	18.43
Brazilian Real	**6.61**	5.03
Russian Rouble	**92.76**	82.53
Chinese Yuan	**8.86**	8.81
Indian Rupee	**95.12**	89.81
Closing rate (per £)		
US Dollar	**1.37**	1.33
Australian Dollar	**1.77**	1.89
Euro	**1.12**	1.18
Canadian Dollar	**1.74**	1.72
United Arab Emirates Dirham	**5.01**	4.87
Chilean Peso	**970.26**	994.76
South African Rand	**20.04**	18.54
Brazilian Real	**7.10**	5.33
Russian Rouble	**101.33**	82.29
Chinese Yuan	**8.92**	9.24
Indian Rupee	**99.76**	94.49

31. EVENTS AFTER THE BALANCE SHEET DATE
On 1 February 2021, the Group completed the sale of its Oil & Gas Division to Caterpillar Inc.

The sale, for an enterprise value of $405m, subject to customary debt-like items and working capital adjustments, was first announced on 5 October 2020 and approved by Weir Shareholders on 23 November 2020.

Since then, the Group's joint venture partner based in Saudi Arabia - Arabian Metals Company (AMCO) has exercised its pre-emption right, as set out in the Class 1 Circular published on 3 November 2020, to purchase Weir's 49% stake in AMCO. Therefore, the cash proceeds from the sale of the Division will be split between $375m received from Caterpillar Inc. and $30m to be received on completion of the sale of AMCO, which is expected to occur in the first half of 2021.

COMPANY BALANCE SHEET
AT 31 DECEMBER 2020

	Notes	31 December 2020 £m	31 December 2019 £m
ASSETS			
Non-current assets			
Intangible assets	3	**1.8**	0.2
Property, plant & equipment	4	**11.4**	12.0
Investments in subsidiaries	5	**3,890.6**	3,725.0
Deferred tax assets	6	**26.5**	14.0
Trade & other receivables	7	**37.0**	39.5
Derivative financial instruments	9	**0.1**	4.7
Total non-current assets		**3,967.4**	3,795.4
Current assets			
Trade & other receivables	7	**95.8**	128.3
Derivative financial instruments	9	**22.9**	23.5
Cash & short-term deposits		**39.6**	31.5
Total current assets		**158.3**	183.3
Total assets		**4,125.7**	3,978.7
LIABILITIES			
Current liabilities			
Trade & other payables	10	**1,238.7**	1,663.4
Derivative financial instruments	9	**27.4**	31.0
Provisions	12	**4.2**	0.2
Total current liabilities		**1,270.3**	1,694.6
Non-current liabilities			
Interest-bearing loans & borrowings	11	**1,365.1**	959.9
Derivative financial instruments	9	**0.1**	0.3
Provisions	12	**–**	0.1
Retirement benefit plan deficits	8	**95.8**	69.3
Total non-current liabilities		**1,461.0**	1,029.6
Total liabilities		**2,731.3**	2,724.2
NET ASSETS		**1,394.4**	1,254.5
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	**(6.8)**	(0.5)
Capital redemption reserve	13	**0.5**	0.5
Special reserve	13	**1.8**	1.8
Retained earnings		**451.5**	305.3
TOTAL EQUITY		**1,394.4**	1,254.5

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 profit of the company was £164.7m (2019: £53.8m).

The financial statements on pages 203 to 217 were approved by the Board of Directors on 2 March 2021.

JON STANTON
Director

JOHN HEASLEY
Director

Financial Statements

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	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 2018	32.5	582.3	332.6	(2.1)	0.5	1.8	374.3	1,321.9
Profit for the period	–	–	–	–	–	–	53.8	53.8
Remeasurements on defined benefit plans	–	–	–	–	–	–	(3.4)	(3.4)
Tax relating to other comprehensive expense	–	–	–	–	–	–	0.6	0.6
Total net comprehensive income for the period	–	–	–	–	–	–	51.0	51.0
Cost of share-based payments inclusive of tax credit	–	–	–	–	–	–	13.3	13.3
Dividends (note 2)	–	–	–	–	–	–	(121.7)	(121.7)
Purchase of shares for employee share plans	–	–	–	(10.0)	–	–	–	(10.0)
Exercise of share-based payments	–	–	–	11.6	–	–	(11.6)	–
At 31 December 2019	**32.5**	**582.3**	**332.6**	**(0.5)**	**0.5**	**1.8**	**305.3**	**1,254.5**
Profit for the period	–	–	–	–	–	–	**164.7**	**164.7**
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 period	–	–	–	–	–	–	**140.3**	**140.3**
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**	**451.5**	**1,394.4**

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 2020 ('2020') were approved and authorised for issue in accordance with a resolution of the Directors on 2 March 2021. The comparative information is presented for the year ended 31 December 2019 ('2019').

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 26 to the Group financial statements;
ii) IFRS 7 'Financial Instruments: Disclosures' exemption has been taken as a result of the disclosures in note 28 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 2020:

i) Definition of Material – amendments to IAS 1 and IAS 8;
ii) Definition of a Business – amendments to IFRS 3;
iii) Amendment to IFRS 9, IAS 39 and IFRS 7 regarding interest rate benchmark reform;
iv) Revised Conceptual Framework for Financial Reporting; and
v) Covid-19 related rent concessions – amendment to IFRS 16.

The amendments listed above are not considered to have a material impact on the Financial Statements of the Company.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
CONTINUED

1. ACCOUNTING POLICIES continued
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

Investments

Investments in subsidiaries are held at cost less accumulated impairment losses.

Loans are carried at amortised cost using the effective interest method.

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 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 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.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
CONTINUED

1. ACCOUNTING POLICIES continued
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.
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 profit dealt with in the accounts of the Company was £164.7m (2019: £53.8m). The corporate tax credit dealt with in the accounts of the Company was £2.6m (2019: £4.6m).

Dividends paid & proposed	2020 £m	2019 £m
Declared & paid during the period		
Equity dividends on ordinary shares		
Final dividend for 2019: 0.00p (2018: 30.45p)	–	78.9
Interim dividend for 2020: 0.00p (2019: 16.50p)	–	42.8
	–	121.7
Proposed for approval by Shareholders at the Annual General Meeting		
Final dividend for 2020: 0.00p (2019: 30.45p)	–	–

In response to the Covid-19 pandemic, on 25 March 2020, the Board took the decision to withdraw the proposal to pay the final 2019 dividend as part of wider cash preservation actions taken by the Group. The Board did not propose an interim or final dividend for 2020.

	2020 £m	2019 £m
Employee benefits expense		
Wages & salaries	**17.6**	21.6
Social security costs	**2.7**	3.1
Other pension costs		
Defined contribution plans	**0.7**	0.6
Share-based payments – equity settled transactions	**9.3**	12.9
	30.3	38.2

During 2020, the average number of people employed by the Company was 239 (2019: 246).

Directors

Details of Directors' remuneration, benefits and LTIP awards are included in the Remuneration Report on pages 103 to 127, and in note 27 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 £23,500 (2019: £21,630). 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 £39,800 (2019: £36,550).

3. INTANGIBLE ASSETS

	Purchased software Total £m
Cost	
At 31 December 2019	**1.2**
Additions	**1.7**
Disposals	**(0.9)**
At 31 December 2020	**2.0**
Accumulated amortisation	
At 31 December 2019	**1.0**
Charge for the year	**0.1**
Disposals	**(0.9)**
At 31 December 2020	**0.2**
Net book value at 31 December 2019	0.2
Net book value at 31 December 2020	**1.8**

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 2019	**3.7**	**2.9**	**8.8**	**0.2**	**15.6**
Additions	–	**0.7**	–	–	**0.7**
Disposals	–	**(1.6)**	–	–	**(1.6)**
At 31 December 2020	**3.7**	**2.0**	**8.8**	**0.2**	**14.7**
Accumulated depreciation					
At 31 December 2019	**0.7**	**2.0**	**0.9**	–	**3.6**
Charge for the year	**0.2**	**0.2**	**0.8**	**0.1**	**1.3**
Disposals	–	**(1.6)**	–	–	**(1.6)**
At 31 December 2020	**0.9**	**0.6**	**1.7**	**0.1**	**3.3**
Net book value at 31 December 2019	3.0	0.9	7.9	0.2	12.0
Net book value at 31 December 2020	**2.8**	**1.4**	**7.1**	**0.1**	**11.4**

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.

	2020 £m	2019 £m
Depreciation of right-of-use assets	**0.9**	0.9
Income from sub-leasing right-of-use assets	**(0.3)**	(0.4)
Charge to operating profit	**0.6**	0.5
Finance cost – interest expense related to lease liabilities	**0.2**	0.3
Charge to profit before tax from continuing operations	**0.8**	0.8

The total cash outflow in the year is £0.9m (2019: £1.0m).

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NOTES TO THE COMPANY FINANCIAL STATEMENTS

CONTINUED

5. INVESTMENTS IN SUBSIDIARIES

	Subsidiaries shares £m	Loans £m	Total £m
Cost			
At 31 December 2019	**3,574.8**	**1,467.9**	**5,042.7**
Additions	**269.3**	**188.2**	**457.5**
Disposal	**(15.5)**	**–**	**(15.5)**
Settlement	**–**	**(257.2)**	**(257.2)**
Exchange	**–**	**(20.1)**	**(20.1)**
At 31 December 2020	**3,828.6**	**1,378.8**	**5,207.4**
Impairment			
At 31 December 2019	**1,312.3**	**5.4**	**1,317.7**
Utilisation of provision	**–**	**(0.9)**	**(0.9)**
At 31 December 2020	**1,312.3**	**4.5**	**1,316.8**
Net book value at 31 December 2019	2,262.5	1,462.5	3,725.0
Net book value at 31 December 2020	**2,516.3**	**1,374.3**	**3,890.6**

The subsidiaries and joint ventures of the Company are listed on pages 218 to 224.

During 2020 the Company carried out a corporate restructure for internal financing purposes. This resulted in a series of equity investments of £269.3m. The Company carried out an exercise to rationalise the number of its legal entities. This involved a subsequent disposal of its investment in Weir Group Investments Limited of £15.5m.

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 2020 and 31 December 2019, 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

	2020 £m	2019 £m
Deferred income tax assets		
Other timing differences	**8.3**	2.2
Retirement benefits	**18.2**	11.8
Deferred income tax assets	**26.5**	14.0

Deferred income tax assets		
Recoverable after one year	**26.5**	14.0
	26.5	14.0

7. TRADE & OTHER RECEIVABLES

Trade & other receivables presented as non-current on the face of the Company balance sheet of £37.0m (2019: £39.5m) 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.

	2020 £m	2019 £m
Amounts recoverable within one year		
Amounts owed by subsidiaries	**68.4**	103.1
Tax receivable	**23.3**	21.2
Other debtors	**1.8**	2.9
Prepayments & accrued income	**2.3**	1.1
	95.8	128.3

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 2020 and 31 December 2019 are therefore immaterial, and there has been no material change to the expected loss allowance during the year.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
CONTINUED

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 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, have now been transferred in full to an insurer. The Executive Plan's assets, primarily insurance policies, and liabilities have therefore been 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 17 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:

- 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.
- 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.
- 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.

	2020	2019
Significant actuarial assumptions:		
Discount rate (% pa)	**1.4**	2.1
Retail Prices Inflation assumption (% pa)	**3.0**	3.0
Post-retirement mortality (life expectancies in years):		
Current pensioners at 65 – male	**21.3**	21.1
Current pensioners at 65 – female	**23.2**	23.1
Future pensioners at 65 – male	**22.6**	22.5
Future pensioners at 65 – female	**24.8**	24.6
Other related actuarial assumptions:		
Rate of increases for pensions in payment (% pa)		
Pre 6 April 2006 service	**2.9**	2.9
Post 5 April 2006 service	**2.1**	2.0
Consumer Prices Inflation assumption (% pa)	**2.1**	1.9

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 2041 (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.

	2020 £m	2019 £m
Plan assets at fair value		
Equities (quoted)	**211.2**	193.8
Diversified Growth Funds (primarily quoted)	**65.1**	62.5
Corporate bonds (quoted)	**45.1**	41.1
Government bonds (quoted)	**102.6**	114.1
Insurance policies (unquoted)	**330.4**	364.7
Private debt (unquoted)	**26.3**	9.8
Multi Asset Credit Funds	**39.3**	–
Cash (quoted)	**11.3**	28.4
Fair value of plan assets	**831.3**	814.4
Present value of funded obligations	**(925.7)**	(882.3)
Net funded obligations	**(94.4)**	(67.9)
Present value of unfunded obligations	**(1.4)**	(1.4)
Net liability	**(95.8)**	(69.3)
Plans in deficit	**(95.8)**	(69.3)

Of the Government bonds held at 31 December 2020, 40% 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.

In 2020 the UK Main Plan's Trustees invested in Multi Asset Credit. The purpose of this investment is to offer similar returns to that of the private debt already held, while giving increased diversification of the Main Plan's invested assets.

The decrease in the value of the UK insurance policies at the 2020 year end compared with the 2019 year end is largely due to the removal of the UK Executive Plan insurance policy from the 2020 year end balance sheet, as a result of the Executive Plan's assets and liabilities being fully transferred to an insurer.

The change in net liabilities recognised in the balance sheet is comprised as follows.

	2020 £m	2019 £m
Opening net liabilities	**(69.3)**	(72.1)
Expense charged to the Income Statement	**(2.0)**	(1.9)
Amount recognised in Statement of Comprehensive Income	**(30.1)**	(3.4)
Employer contributions	**5.6**	8.1
Closing net liabilities	**(95.8)**	(69.3)

The amounts recognised in the Income Statement and in the Statement of Comprehensive Income for the period are analysed as follows.

	2020 £m	2019 £m
Recognised in the Income Statement		
Past service cost	**(0.6)**	–
Included in operating profit	**(0.6)**	–
Interest on net pension liability	**(1.4)**	(1.9)
Total expense charged to the Income Statement	**(2.0)**	(1.9)
Recognised in the Statement of Comprehensive Income		
Actual return on plan assets	**96.2**	95.5
Less: interest on plan assets	**(16.8)**	(21.4)
	79.4	74.1
Other actuarial (losses) gains due to:		
Changes in financial assumptions	**(106.6)**	(97.9)
Changes in demographic assumptions	**(2.9)**	20.4
Actuarial losses recognised in the Statement of Comprehensive Income	**(30.1)**	(3.4)

Past service cost and administration expenses are recognised in operating costs and interest on net pension liability is recognised in other finance costs.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

CONTINUED

8. RETIREMENT BENEFITS continued

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 £5.5m in 2020 (2019: £8.0m) 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 2017 was completed in 2019. Under the agreed recovery plan, the Company has agreed to contribute £4.3m in each year from 2019 to 2028 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 funding valuation as at 31 December 2020 is in progress and is expected to conclude in 2021.

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 the third quarter of 2017. A final balancing premium was paid during 2020, and the responsibility of this Plan is now with the insurer. The Executive Plan has therefore been 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 current 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.

Based on the current funding valuation, the total Company contributions for 2021 (including those expected from the SLP) are expected to be £4.4m.

Sensitivity analysis

Changes in key assumptions can have a significant effect on the reported net retirement benefit obligation and the Income Statement expense for 2021. The effects of changes in those assumptions are set out in the table below.

	Increase 2020 £m	**Decrease 2020 £m**	Increase 2019 £m	Decrease 2019 £m
Discount rate				
Effect on defined benefit obligation of a 1.0% change	**143.2**	**(173.7)**	132.4	(159.9)
Effect on net liability of a 1.0% change	**110.4**	**(136.9)**	95.2	(118.0)
RPI inflation (and associated assumptions)				
Effect on defined benefit obligation of a 1.0% change	**(103.9)**	**94.0**	(99.1)	89.6
Effect on net liability of a 1.0% change	**(75.5)**	**67.6**	(65.5)	58.7
Life expectancy				
Effect on defined benefit obligation of a one year change	**(32.5)**	**32.5**	(31.1)	31.1
Effect on net liability of a one year change	**(17.7)**	**17.7**	(15.1)	15.1

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.

Changes in the present value of the defined benefit obligations are analysed as follows.

	2020 £m	2019 £m
Opening defined benefit obligations	**(883.7)**	(821.2)
Past service cost	**(0.6)**	–
Interest on benefit obligations	**(18.2)**	(23.3)
Benefits paid	**37.8**	38.3
Actuarial (losses) gains due to		
Changes in financial assumptions	**(106.6)**	(97.9)
Changes in demographic assumptions	**(2.9)**	20.4
Liabilities extinguished on settlements	**47.1**	–
Closing defined benefit obligations	**(927.1)**	(883.7)

Changes in the fair value of plan assets are analysed as follows.

	2020 £m	2019 £m
Opening plan assets	**814.4**	749.1
Interest on plan assets	**16.8**	21.4
Employer contributions	**5.6**	8.1
Benefits paid	**(37.8)**	(38.3)
Actual return on plan assets less interest on plan assets	**79.4**	74.1
Assets distributed on settlements	**(47.1)**	–
Closing plan assets	**831.3**	814.4

9. DERIVATIVE FINANCIAL INSTRUMENTS

	2020 £m	2019 £m
Non-current assets		
Cross-currency swaps	**–**	4.1
Forward foreign currency contracts	**0.1**	0.6
	0.1	4.7
Current assets		
Forward foreign currency contracts	**22.9**	23.5
	22.9	23.5
Current liabilities		
Cross-currency swaps	**(0.9)**	–
Forward foreign currency contracts	**(26.5)**	(31.0)
	(27.4)	(31.0)
Non-current liabilities		
Forward foreign currency contracts	**(0.1)**	(0.3)
	(0.1)	(0.3)

The figures in the above table include derivative financial instruments where the counterparty is a subsidiary of The Weir Group PLC.

10. TRADE & OTHER PAYABLES

	2020 £m	2019 £m
Bank overdrafts & short-term borrowings	**–**	490.0
Loans from subsidiaries (note 11)	**1,203.5**	1,125.8
Lease liability (note 11)	**0.6**	1.1
Amounts owed to subsidiaries	**8.3**	14.3
Other taxes & social security costs	**1.3**	1.2
Other creditors	**7.3**	7.6
Accruals & deferred income	**17.7**	23.4
	1,238.7	1,663.4

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NOTES TO THE COMPANY FINANCIAL STATEMENTS
CONTINUED

11. INTEREST-BEARING LOANS & BORROWINGS

	2020 £m	2019 £m
Amounts due are repayable as follows		
Less than one year		
– bank loans	–	299.6
– commercial paper	–	190.5
– loans from subsidiaries	**1,203.5**	1,125.8
– lease liability	**0.6**	1.1
More than one year but not more than two years		
– bank loans	**198.9**	158.3
– fixed-rate notes	**432.2**	–
– loans from subsidiaries	**110.2**	65.3
– lease liability	**0.6**	0.8
More than two years but not more than five years		
– bank loans	**468.8**	–
– fixed-rate notes	**146.2**	595.4
– loans from subsidiaries	–	131.7
– lease liability	**1.9**	2.2
More than five years		
– lease liability	**6.3**	6.2
	2,569.2	2,576.9
Less current instalments due on		
– bank loans	–	(299.6)
– commercial paper	–	(190.5)
– loans from subsidiaries	**(1,203.5)**	(1,125.8)
– lease liability	**(0.6)**	(1.1)
	1,365.1	959.9

The loans from subsidiaries with a maturity date of less than one year are repayable in 2021 and have an interest rate of 0.35%. The loans for subsidiaries with a maturity date greater than one year and less than two years are repayable in 2022 and have an interest rate of 4.27%.

Details of the interest and repayment terms of the bank loans, fixed-rate notes and commercial paper can be found in note 18 to the Group financial statements.

12. PROVISIONS

	Exceptional rationalisation £m
At 31 December 2019	**0.3**
Additions	**22.2**
Utilised	**(18.3)**
At 31 December 2020	**4.2**
Current 2020	**4.2**
Non-current 2020	**–**
At 31 December 2020	**4.2**
Current 2019	0.2
Non-current 2019	0.1
At 31 December 2019	0.3

The provision mainly relates to costs associated with the sale of the Oil & Gas Division.

13. SHARE CAPITAL & RESERVES

	2020 £m	2019 £m
Allotted, called up & fully paid		
Ordinary shares of 12.5p each	**32.5**	32.5

	2020 Number million	2019 Number million
Treasury shares		
At the beginning of the year	**–**	0.2
Purchase of shares in respect of equity settled share-based payments	**1.0**	0.7
Utilised during the period in respect of equity settled share-based payments	**(0.6)**	(0.9)
At the end of the year	**0.4**	–
Equity settled share-based payments		
Share awards outstanding at the end of the year	**2.2**	1.7

Merger reserve

The merger reserve was created by the issue of new equity in relation to the acquisition of Delta Industrial Valves Inc. during 2015, which resulted in a reserve of £9.4m. The shares issued directly to ESCO Shareholders on 12 July 2018 qualify for merger relief under Section 612 of the Companies Act 2006 and resulted in an increase to the reserve of £323.2m.

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.

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 £686.0m (2019: £819.3m) of which £219.0m (2019: £217.1m) was utilised at 31 December 2020. 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	**2020**	**–**	**60.8**
	2019	–	58.5
Weir Minerals (India) Private Ltd	**2020**	**0.7**	**0.2**
	2019	–	–
Vulco S.A.	**2020**	**4.1**	**0.9**
	2019	1.3	0.4

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The description of the Group's financial risk management objectives and policies is provided in note 28 to the Group financial statements.

These financial risk management objectives and policies also apply to the Company.

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SUBSIDIARY UNDERTAKINGS

The subsidiary undertakings of the Company as at 31 December 2020 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 Sismica Perú SA	Peru	Av. Separadora Industrial, N° 2201 Urb Vulcano Ate, Lima, Peru	Ordinary	99.997	
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	99.998	
Bucyrus Blades Inc.	United States	C T Corporation System, 4400 Easton Commons Way, Suite 125, Columbus, OH, 43219, United States	Common	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	32, Sovereign Building, Zaghfran Road, Attard, ATD 9012, Malta	Ordinary	100	
Comercializadora TEP Limitada	Chile	San José N° 0815, San Bernardo, Santiago de Chile, Chile	Corporate Relationship %	100	
Dongying Weir O&G Pump Products Co., Ltd.	China	No. 69 Dengzhou Road, Dongying Area, Dongying City, Shandong, China	N/A	100	
Duhn Oil Tool, Inc.	United States	CT Corporation System, 818 West Seventh Street, Suite 930, Los Angeles, CA, 90017	Class A Common Stock	100	
Electric Steel Foundry Co	United States	2141 NW 25th Avenue, Portland, OR, 97210, 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	22 Chester Road, Parkwood, Johannesburg, 2193, 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	

* Directly held by PLC

** Directly and indirectly held by PLC

Company Name	Country	Registered Office address	Class name	% of class	Directly Held By PLC*
ESCO Group LLC	United States	1209 Orange Street, Wilmington, DE 19801, United States	Membership Units	100	
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	22 Chester Road, Parkwood, Johannesburg, 2193, South Africa	Cumulative Reedemable Preference; Empowerment Shares; Ordinary-A	99.347	
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 Nº 0815, San Bernardo, Santiago de Chile, Chile	Corporate Relationship % – CLP	100	
Fundición Vulco Ltda	Chile	San José Nº 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 Nº 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	
Linatex Asset Holdings Malaysia Sdn. Bhd.	Malaysia	2nd Floor, No 2-4 Jalan Manau, Wilayah Persekutuan, Wilayah Persekutuan, Kuala Lumpur, 50460, Malaysia	Ordinary	100	

SUBSIDIARY UNDERTAKINGS
CONTINUED

Company Name	Country	Registered Office address	Class name	% of class	Directly Held By PLC*
Linatex Australia Pty Limited	Australia	1-5 Marden Street, Artarmon, NSW, 2064, Australia	Class A Shares	100	
			Class B Shares		
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,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	
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, P. O. 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	95	
			Ordinary – Class B		
PT Weir Pressure Control Indonesia	Indonesia	Suite 701B, 7th Floor, Setiabudi Atrium, Jl. H.R. Rasuna Said Kav 62, Jakarta 12920, Indonesia	Ordinary – Class A	100	
			Ordinary – Class B		
S.P.M. Flow Control, Inc.	United States	CT Corporation System, 1999 Bryan St., Suite 900, Dallas, TX, 75201, United States	Common Stock NPV – Voting	100	
			Common Stock NPV – Non-Voting		
Seaboard Canada Ltd.	Canada	5233 49 Ave, Red Deer, AB, T4N 6G5, Canada	Common	100	
Seaboard Holdings, LLC	United States	The Corporation Trust Company, 1209 Orange Street, Wilmington, DE, 19801, United States	Membership Units	100	
Seaboard International Holding Company (Hong Kong) Limited	Hong Kong	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong	Ordinary	100	
Seaboard International LLC	United States	CT Corporation System, 1999 Bryan St., Suite 900, Dallas, TX, 75201, United States	Membership Units	100	
Shanghai JF Engineering Equipment Co. Ltd	China	No.572, Yonghe Road, Jing'an District, Shanghai, China	N/A	100	
Shanghai Vortex Engineering Machinery Co. Ltd	China	Building #3, No.4918, Liuxiang Road, Jiading District, Shanghai, China	N/A	100	
Slurry Holdings Limited	Malta	32, Sovereign Building, Zaghfran Road, Attard, ATD 9012, 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	
Specialised Petroleum Manufacturing Limited	Scotland	SPM House, Badentoy Crescent, Badentoy Industrial Park, Aberdeen, Portlethen, AB12 4YD	Ordinary	100	
SPM Flow Control de Mexico, S. de R.L. de C.V.	Mexico	Bosque De Ciruelos, 180 Bosques De Las Lomas, Bosque Hayas Y Bosque De La Reforma Miguel Hidalgo, Dirstrito Federal, CP 11700, Mexico	Serie A	100	
SPM Flow Control Ltd.	Canada	5233 49 Ave, Red Deer, AB, T4N 6G5, Canada	CAD Class A Common	100	
Thandilwa Training Centre (Pty) Ltd	South Africa	22 Chester Road, Parkwood, Johannesburg, 2193, South Africa	Ordinary	100	

Company Name	Country	Registered Office address	Class name	% of class	Directly Held By PLC*
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	
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, 818 West Seventh Street, Suite 930, Los Angeles, CA, 90017, 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.11) 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 Overseas Finance S.à.r.l	Luxembourg	20 rue des Peupliers, L-2328, Luxembourg	Ordinary	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	99.171	
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 Arabian Metals Company	Saudi Arabia	Makkah Street, Dammam 2nd, Industrial City, Al Khobar, Saudi Arabia	Common	49	
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	2360 Millrace Court, Mississauga, ON, L5N 1W2, Canada	Common	100	
Weir Canadian Investments, Inc.	Canada	2360 Millrace Court, Mississauga, ON, L5N 1W2, Canada	Common	100	

SUBSIDIARY UNDERTAKINGS
CONTINUED

Company Name	Country	Registered Office address	Class name	% of class	Directly Held By PLC*
Weir do Brasil Ltda	Brazil	Av Jose Benassi, 2151, Sala A, Condominio Fazgran, Jundial/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**	
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	**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 (Shanghai) Co., Ltd.	China	Room 02,03, Longlife Level 14 No. 1566, West Yan'an Road, Shanghai, China	N/A	**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 Strudebaker 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	No 1110, 11th Floor, DLF Tower-B, Jasola District Centre, New Delhi, 110 025, 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 5039/5040, Somerset East Industrial, Francistown, 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**	

Company Name	Country	Registered Office address	Class name	% of class	Directly Held By PLC*
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	
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 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 SAS	France	10 rue Jacquard, Chassieu, 69680, France	Ordinary	100	
Weir Minerals FZCO	United Arab Emirates	2W, M058 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 Logistico 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	Metallvägen 6, 982 38 Gällivare, Sweden	A-Class Shares B-Class Shares	100	
Weir Minerals Ukraine LLC	Ukraine	2 Glinka str., letter B-18, B-1, Dnipropetrovsk Reg, Dnipropetrovsk, 49000, Ukraine	Share Capital	100	
Weir Minerals West Africa Limited	Ghana	No.4, 3rd Close, Airport Residential Area, Accra Post Box CT3170, Accra, Ghana	Ordinary	100	

SUBSIDIARY UNDERTAKINGS

CONTINUED

Company Name	Country	Registered Office address	Class name	% of class	Directly Held By PLC*
Weir Oil & Gas Australia Pty Limited	Australia	1-5 Marden Street, Artarmon, NSW, 2064, Australia	Ordinary	100	
Weir Oil & Gas Malaysia Sdn Bhd	Malaysia	12th Floor,Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, Petaling Jaya, Malaysia, 46200, Malaysia	Ordinary	100	
Weir Oil & Gas Singapore (Services) Pte Ltd	Singapore	77 Science Park Drive, #04-01/08, Cintech III Building, 118256, Singapore	Ordinary	100	
Weir Oil & Gas Technical Service (Tianjin) Limited	China	Room 312, Rongke Building, No. 8, Zhaofa Xincun, Tianjin Economic-Technological Development Area, China	N/A	100	
Weir Oil and Gas Colombia S.A.S.	Colombia	CRA 25 A N° 11-64, Bogota D.C., 111411221 (No lo Exigen Colocar en Camara de Comercio), Colombia	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 Solutions Caspian LLC	Azerbaijan	29 Zarifa Aliyeva Street, Apt 77/77A, Sabayil District, Baku, AZ1095, Azerbaijan	Ordinary	100	
Weir Solutions FZE	United Arab Emirates	Office no. W 312, West Side 1, Dubai Airport Free Zone, Dubai, United Arab Emirates	Ordinary	100	
Weir Solutions LLC	Oman	PO Box 168, Postal Code 102, Muscat, Oman	Ordinary	100	
Weir SOS Limited	Bahamas	Ocean Centre, Montagu Foreshore, East Bay Street,New Providence, Nassau, Bahamas	Ordinary	100	
Weir SPM do Brasil Comércio, Locação e Instalação de Bombas e Equipamentos Geradores de Pressão Ltda.	Brazil	Rua Internacional s/n, Lote Novo Cavaleiros 5 Prolongamento, Granja dos Cavaleiros, Macaé/RJ, CEP 27933-420, Brazil	Nominal	100	
Weir SPM Singapore Pte. Ltd.	Singapore	57, 03-07, Mohamed Sultan Road, Singapore, Singapore, 238997	Ordinary	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	•
Wesco LLC	United Arab Emirates	Bin Hamoodah Towers, Floor 13, Khalifa Street, Abu Dhabi, United Arab Emirates	Ordinary	49	
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.

STATUTORY AUDIT EXEMPTIONS

The Weir Group PLC has issued guarantees over the liabilities of the following companies at 31 December 2020 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 Investments (No.11) Limited	SC629493
TWG South America Holdings Limited	SC380944
TWG UK Holdings Limited	SC311635
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 Investments Two Limited	SC407565
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

Follow us

ORDINARY SHAREHOLDER ANALYSIS AT 31 DECEMBER 2020

By country

UK Shareholders	■	92.39%
Overseas Shareholders	□	7.61%

By holding size

Range	No. of Shareholders	%	No. of Shares	%
1-1,000	**2558**	**58.98**	996601	0.38
1,001-5,000	**1102**	**25.41**	2369074	0.91
5,001-10,000	**175**	**4.04**	1244662	0.48
10,001-100,000	**269**	**6.20**	9047831	3.49
100,001-500,000	**147**	**3.39**	35723885	13.76
500,001-1,000,000	**37**	**0.85**	26367188	10.16
1,000,001-999,999,999	**49**	**1.13**	183864276	70.82
Total	**4337**	**100.00**	259613517	100.00

By Shareholder category

Individuals	**3057**	**70.49**	4535346	1.75
Bank or Nominees	**1202**	**27.72**	253902381	97.80
Investment Trust	**13**	**0.30**	36792	0.01
Insurance Company	**1**	**0.02**	21716	0.01
Other Company	**45**	**1.04**	205807	0.08
Pension Trust	**1**	**0.02**	1	0.00
Other Corporate Body	**18**	**0.45**	911474	0.35
Total	**4337**	**100.03**	259613517	100

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 2021

Our Annual General Meeting will be held at 2.30pm on Thursday 29 April 2021. Further details are contained in the Notice of Annual General Meeting 2021, 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 2021 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.

DIVIDENDS

As a result of the Covid-19 pandemic, in order to provide maximum flexibility and to protect the business with prudent cost and cash mitigation actions, the Board took the decision to withdraw its recommendation to pay a 2019 final dividend and did not recommend the payment of a 2020 interim, or 2020 final dividend to Shareholders.

DIVIDEND HISTORY – (PENCE PER SHARE)

	2014	2015	2016	2017	2018	2019	**2020**
Interim	15.0	15.0	15.0	15.0	15.75	16.50	**0.0**
Final	29.0	29.0	29.0	29.0	30.45	0.0	**0.0**
Total	44.0	44.0	44.0	44.0	46.20	16.50	**0.0**

IMPORTANT – PAYMENT OF DIVIDENDS BY MANDATORY DIRECT CREDIT

From 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.

SHAREHOLDER INFORMATION
CONTINUED

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.trade.

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.trade. 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 (IoT)
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

tCO_2e
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.

Shareholder Information

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