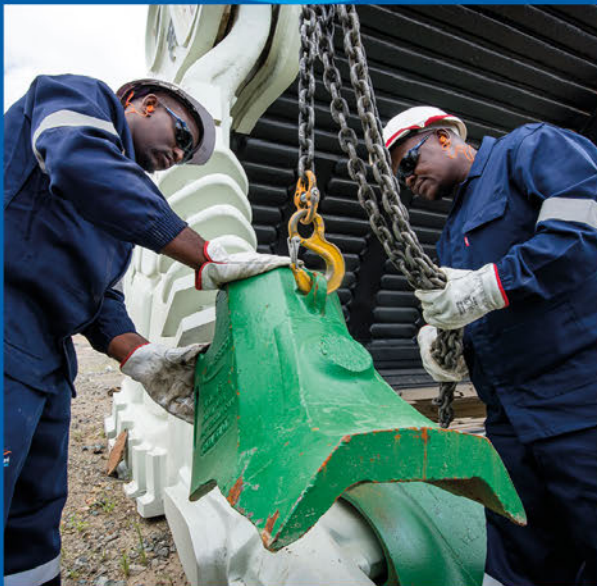


WE ARE MAKING MINING



SMART

EFFICIENT



SUSTAINABLE

WEIR

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SMART

We are giving miners an extra pair of eyes. Find out how we are using artificial intelligence to move less rock, use less energy and create less waste.

Read more on page 9



EFFICIENT

Our end-to-end solutions provide benefits beyond the sum of their parts. Find out how we are redefining the mill circuit for maximum efficiency.

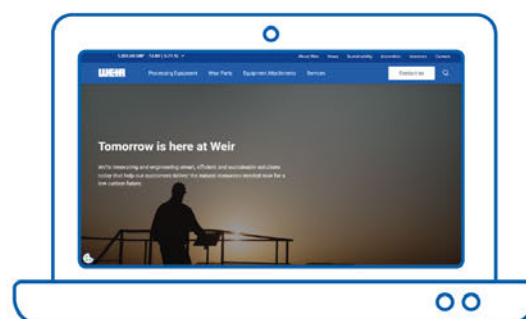
Read more on page 15



SUSTAINABLE

We've got the sweet spot for sustainable tailings. Find out how our tailings solutions balance water recovery with tailings stability and energy consumption.

Read more on page 19



Visit **global.weir** to find out more about our purpose, our people and the work we are doing to create a more sustainable future.

Cautionary statement

This Annual Report contains forward-looking statements with respect to the financial condition, operations and performance of the Group. These statements reflect knowledge and information available at the date of preparation of this Annual Report. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The Company undertakes no obligation to update these forward-looking statements and nothing in this Annual Report should be construed as a profit forecast.

INTRODUCTION

WEIR: MAKING MINING **SMART, EFFICIENT AND SUSTAINABLE**

Working in partnership with our customers, we provide the technologies that are at the heart of the global mining industry.

We keep mission-critical operations running and drive environmental footprints down.

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



INTRODUCING WEIR

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

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

That's why our customers in the mining industry are transforming to more sustainable practices and striving for net zero emissions.

So that presents an incredible challenge. How to get more of those metals from less. Less energy, less waste, less CO₂, while using water wisely. That's where Weir comes in.

EXTRACTION

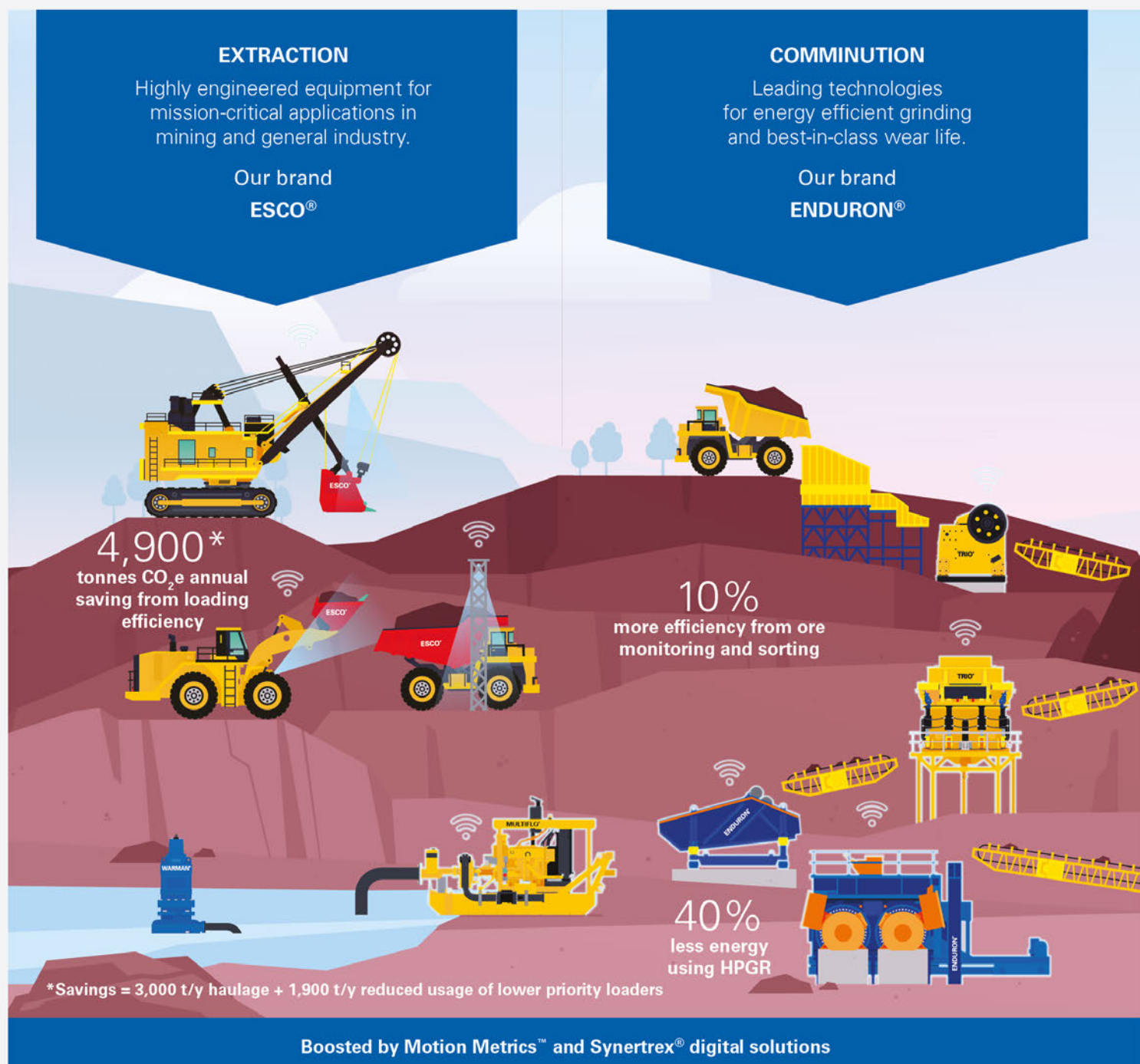
Highly engineered equipment for mission-critical applications in mining and general industry.

Our brand
ESCO®

COMMUNITION

Leading technologies for energy efficient grinding and best-in-class wear life.

Our brand
ENDURON®



INTRODUCING WEIR CONTINUED

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

How? By challenging the norm with expertise in innovative engineering technology, boosted by digital and data insights. Our products are already market leaders in their own right, and we are connecting our knowledge to amplify the positive impact of our technologies to create innovative, transformative solutions for sustainable mining. Weir technology is boosting productivity in the pit, redefining the mill circuit processes for maximum effectiveness and finding the sweet spot for safe and sustainable tailings. We are over 150 years old, but our expertise and experience have never been more relevant as we partner with our customers to deliver the productivity and sustainability goals needed for a low-carbon future.



**LEARN MORE ABOUT OUR SMART, EFFICIENT
& SUSTAINABLE MINING SOLUTIONS**
www.global.weir/processing-equipment/mining

MILL CIRCUIT

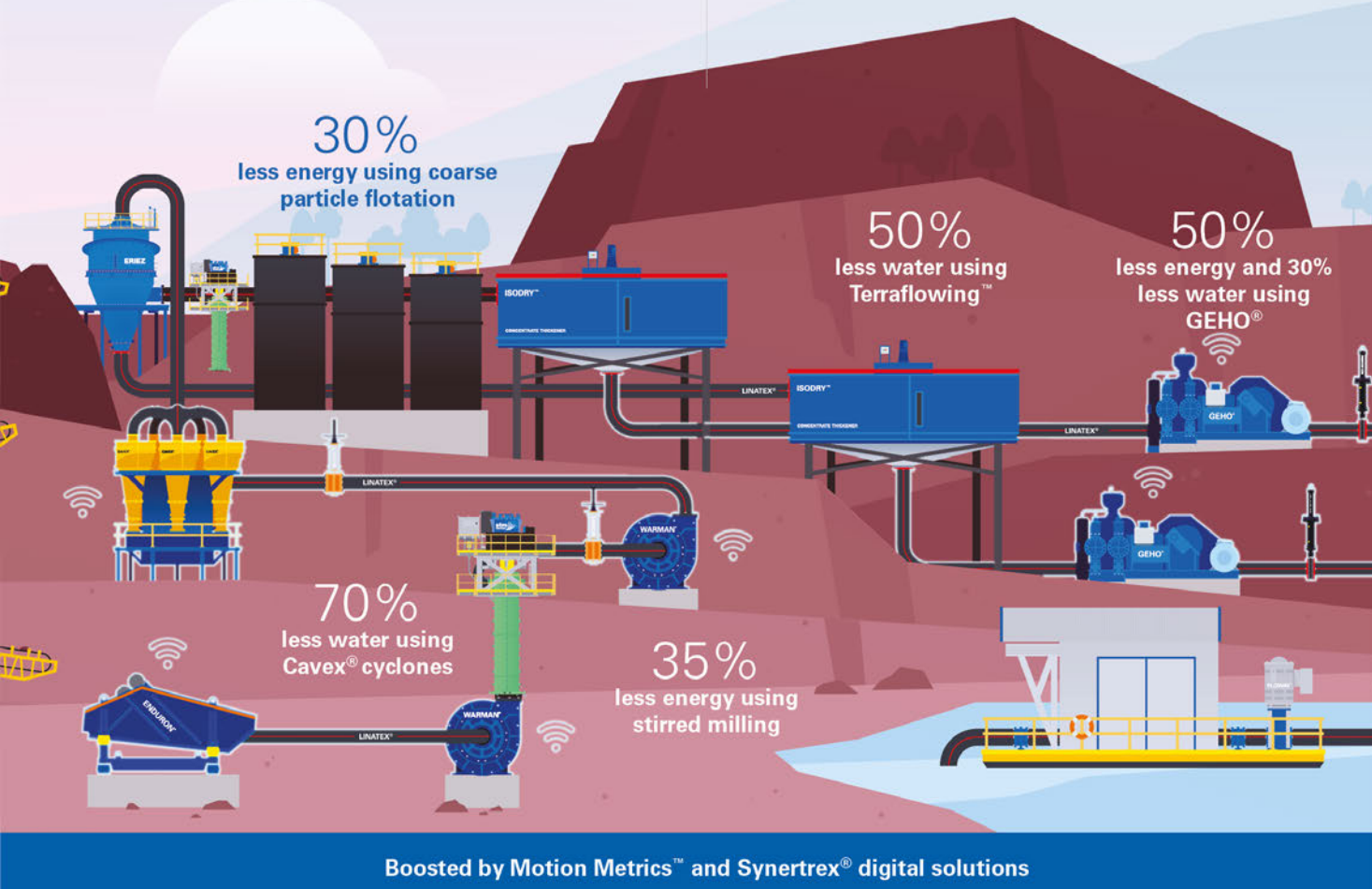
Integrated solutions for highly efficient and sustainable minerals processing, including industry leading pumps since 1938.

Our brands
WARMAN®, **CAVEX®**

TRANSPORT & TAILINGS

Solutions to minimise waste, transport tailings safely and efficiently, and repurpose them into reusable products.

Our brand
GEHO®



INTRODUCING WEIR CONTINUED

2022 HIGHLIGHTS

ORDERS¹

£2,644m

14%²REVENUE¹

£2,472m

+21%²ADJUSTED PROFIT BEFORE TAX^{1,3}

£348m

+40%

STATUTORY PROFIT AFTER TAX

£214m

(17)%

TOTAL INCIDENT RATE^{1,4}

0.41

0.45 in 2021

REVENUES FROM NEW SOLUTIONS^{1,5}

£104m

(11)%

EMPLOYEE NET PROMOTER SCORE (eNPS)^{1,6}

51

In the top 10% of our industry⁷,
up from 48 in February 2022GREENHOUSE GAS EMISSIONS^{1,8}

152,683 tonnes CO₂e

17% reduction in scope 1&2 emissions
since 2019

1 Continuing operations.

2 2021 restated at 2022 average exchange rates.

3 Profit figures before adjusting items (note 2 of the Group Financial Statements).

4 Total incident rate is an industry standard indicator that measures lost time and medical treatment injuries per 200,000 hours worked.

5 Defined as revenue 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 Based on Peakon's Manufacturing sector benchmarks.

8 Market based greenhouse gas emissions. For definition, see page 55.

SERVING CUSTOMERS FROM PIT TO PLANT THROUGH TWO DIVISIONS

WEIR MINERALS



Engineering, manufacturing and servicing of processing technology used in abrasive high wear mining and infrastructure markets around the world.

DIVISIONAL REVENUE

£1,780m

DIVISIONAL ADJUSTED OPERATING PROFIT³

£324m

% DIVISIONAL REVENUE FROM AFTERMARKET

74%

Operating review on pages 32-33

WEIR ESCO



Ground engaging tools (G.E.T.), attachments, AI and machine vision technologies that optimise productivity for customers in global mining and infrastructure markets.

DIVISIONAL REVENUE

£692m

DIVISIONAL ADJUSTED OPERATING PROFIT³

£110m

% DIVISIONAL REVENUE FROM AFTERMARKET

94%

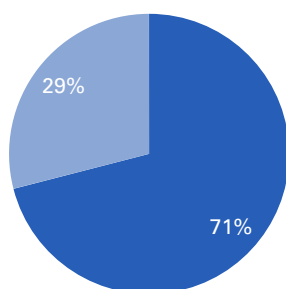
Operating review on pages 34-35

INTRODUCING WEIR CONTINUED

FOCUSED ON ATTRACTIVE MARKETS

71%

of revenues from mining applications

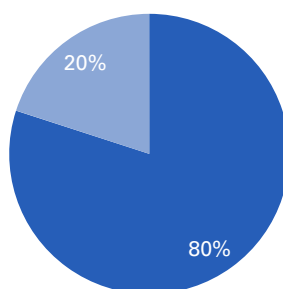


■ Mining applications
■ Infrastructure & Other

HIGHLY RESILIENT THROUGH THE CYCLE

80%

of revenues from recurring aftermarket

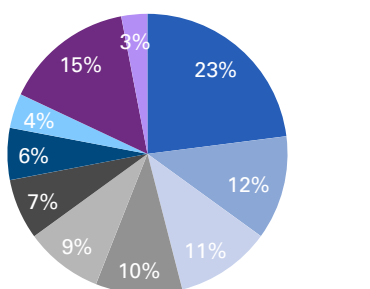


■ Aftermarket (AM)
■ Original Equipment (OE)

BIASED TOWARDS FUTURE-FACING COMMODITIES

50%

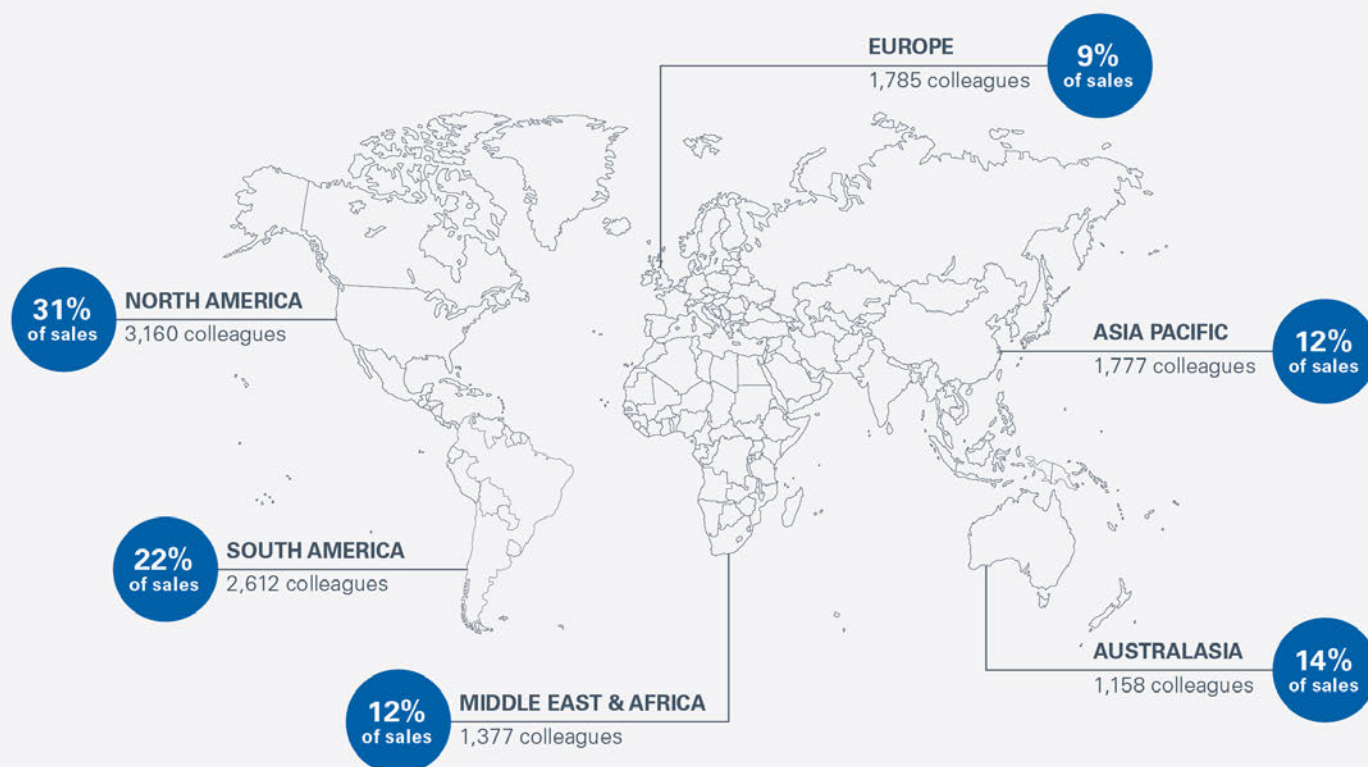
of revenues from copper, iron ore, gold and battery metals



■ Copper ■ Oil sands
■ Gold ■ Coal
■ Iron ■ Nickel, Lithium, Cobalt
■ Industrial ■ Other minerals
■ Infrastructure ■ Other

GLOBAL PRESENCE, CLOSE TO OUR CUSTOMERS

We have c.12,000 employees in over 60 countries around the world.



CHAIR'S STATEMENT

A STRONG, SUSTAINABLE PLATFORM FOR GROWTH THAT IS CREATING VALUE FOR ALL STAKEHOLDERS

DEAR SHAREHOLDER,

In my first statement as Chair, I am delighted to report on a year of such strong performance and strategic progress for Weir. I want to thank our 12,000 people around the world for their personal and collective contribution to our success in 2022.

BENEFITING FROM THE PLATFORM WE HAVE CREATED

Following several years of reshaping the Weir portfolio, 2022 marked our first full year as a mining technology business. The year, therefore, was all about delivering a strong performance and starting to capitalise on the benefits from the focused platform we have created – a platform that will enable long-term growth. Excellent results, further progress on safety, and developments that will drive technology, innovation and operational efficiency across the Group are a result of our focus on performance.

Continuous improvement and lean manufacturing have long been part of Weir's philosophy, so with a clear strategy and a much more focused Group, we have spent time this past year focusing on how we can accelerate delivery of the best possible performance from our technology, assets and people. The result is our Performance Excellence programme, which I am confident will enable Weir to reach new, sustained levels of performance and create further value for our stakeholders.



Our market strategy continues to be one that will deliver.



BARBARA JEREMIAH
Chair



CHAIR'S STATEMENT CONTINUED

CONNECTING WITH COLLEAGUES, CUSTOMERS AND SHAREHOLDERS

The Board gains so much from visiting our operations, meeting our people and hearing from customers. With the easing of pandemic-related restrictions, we visited colleagues from our Minerals and ESCO Divisions at our Salt Lake City site in the USA in June. We toured the facility and spent time talking with various teams, answering questions and sharing experiences. We also hosted one of our regular 'Meet the Board' sessions, which was a terrific session with a high level of candour. I was struck by the pride our colleagues have in working for Weir and the way they talked about the conscious choices they had made to take a role with the company because of the opportunities it would give them to grow and develop their careers.

The Salt Lake City trip also took in a visit to the Kennecott copper mine site, one of the oldest continuously operating mines in the world, where we toured the operation. We heard first-hand from our customer about the issues they face and how Weir continues to help them be successful. It was clear that our focus on strong relationships and providing the best technology and solutions really does set Weir apart from the competition in the eyes of our customers.

I also spent time early on in the year meeting with our major Shareholders to understand their perspectives on governance and our strategic direction. Key themes across the discussions included long-term market drivers, technology investment, the inherent resilience of the business, sustainability and culture, and it was clear that their views are well aligned with our own. I'd like to thank them for their constructive input and support over the last year.



Q: As a new Chair, what has been your main focus since taking up the role?

A: Our recurring conversations on safety and driving a step change in safety performance are a critical part of our agenda. We have also spent time on strategy development, and the opportunity for Performance Excellence now that we have reshaped Weir as a mining technology business. It's been important to get back to the cadence of having in-person meetings as a Board, and with the leaders of the business units – something that's just not been possible these past couple of years because of Covid-19.

Q: What are the major highlights for you over the last year?

A: That's tough to narrow down! I guess the first one is the delivery of strong performance, but I am also really pleased with the external recognition we have received for our people's hard work. Just before the year end, we learned that we had made it onto the CDP Climate 'A list' for our leadership in corporate transparency and performance on climate change. And re-entering the FTSE 100 has been another milestone for Weir.

Q: What is the Board's focus for 2023 and beyond?

A: Well, first off, I'd say Performance Excellence. 2023 will see the programme really take shape and move into delivery mode. Secondly, we'll continue to work on strategy development with the Executive, particularly on technology and sustainability. Finally, it's about staying focused on the things we can control, and that's making and delivering the solutions our customers want and need.

Q&A

CHAIR'S STATEMENT CONTINUED



At the end of our 2022 AGM, the role of Chair was formally handed over from Charles Berry to Barbara Jeremiah.

A CULTURE OF SUCCESS FOR EVERYONE

Setting the tone on culture is an important part of the Board's role and I am keen that we do more to further our inclusion, diversity and equity agenda. As a Board, we had an excellent session on inclusive leadership, led by an external expert, which stimulated good debate on how we role model the right behaviours and signals. I was also pleased to spend time this year with the leadership groups of the Global Weir Women's Network and the Weir Pride Alliance. They shared their experiences and the challenges of being themselves, not just with colleagues at Weir, but also with customers and others. They also talked about how they've sought support to help them navigate those issues. They were really compelling conversations, and ones that I can relate to from some of my own career experiences. It's why I am so passionate about ensuring a level playing field at Weir to foster the opportunity for success for all of the members of the Weir family.

A SUCCESSFUL 2022 AND STRONG PROSPECTS FOR THE FUTURE

Our market strategy continues to be one that will deliver, and Weir has executed strongly in 2022. Our focus on serving customers in the mining industry, and our inherent resilience, coupled with a renewed emphasis on excellence and continuous improvement in our business, meant we could navigate external uncertainties and gave us momentum going into 2023.

The longer-term growth opportunities from enabling sustainable mining remain compelling and our balance sheet is strong. This gives us high levels of confidence in our strategy and future prospects and so, in addition to the interim dividend of 13.5 pence per share, we are proposing a final dividend of 19.3 pence per share. This makes a total dividend for the year of 32.8 pence per share, which is 33% of adjusted earnings per share (EPS) for the period.

BOARD CHANGES

It was an honour to succeed Charles Berry as Chair of Weir at the end of the AGM in April. I worked closely with Charles for several years, including in my role as Senior Independent Director, and saw for myself, his tremendous leadership of the Board as it redefined Weir as a global mining technology leader. I'd like to take this opportunity to thank Charles, on behalf of the Company and its stakeholders, for his significant contribution over many years.

Accompanying my move to Chair, Sir Jim McDonald assumed the role of Senior Independent Director. Jim brings a special combination – his experience on the Board and an infectious passion for engineering. As such, he is an invaluable voice as we pursue our technology-led strategy.



Barbara and other Board colleagues on a visit to a customer facility in the US in June 2022.

I was also delighted to welcome two new Non-Executive Directors to our Board in July; Dame Nicola Brewer and Tracey Kerr. Nicola brings deep experience of international relations from a long and distinguished diplomatic career, while Tracey has extensive experience in operations, sustainability and safety in a number of major global mining businesses. Both are already bringing new perspectives and valuable contributions to the work of the Board.

Most recently we announced that, after completing her full nine-year term, Mary Jo Jacobi will be stepping down from the Board at the end of our 2023 AGM and Ebbie Haan has decided not to seek re-election. I would like to thank them both for their contribution to the Board and the wider Group.

THE BEST IS YET TO COME

As Weir enters its 152nd year, we are in great shape and our achievements in 2022 exemplify that. We've created a strong and focused platform for growth and we are well on the journey to unlock the full potential of our business. We have an opportunity to be even better – through Performance Excellence, building on our strengths and creating a platform for all of our people to succeed.

Our broader relevance in the world is very clear – providing technology-led solutions so that metals can be mined and processed in smart, efficient and sustainable ways in support of a net zero future.

For all of these reasons, I am confident that for Weir, the best is yet to come.

BARBARA JEREMIAH
Chair

1 March 2023

Find out more

→ Corporate Governance Report	See page 74
→ Board of Directors	See page 77
→ Nomination Committee Report	See page 94
→ Audit Committee Report	See page 100
→ Directors' Remuneration Report	See page 111
→ Directors' Report	See page 135

GIVING MINERS AN EXTRA PAIR OF EYES

Our Motion Metrics™ technology helps miners solve their productivity and safety challenges through the use of artificial intelligence (AI) and machine learning capability, coupled with 3D rugged cameras. This proprietary technology gives mining machines and their operators an extra set of eyes, monitoring performance and avoiding expensive downtime.



LEARN MORE ABOUT MOTION METRICS
AI DRIVEN TECHNOLOGY:
www.global.weir/brands/motion-metrics

CHIEF EXECUTIVE OFFICER'S STRATEGIC REVIEW

EXECUTING IN 2022 AND STRONGLY POSITIONED FOR LONG-TERM SUSTAINABLE GROWTH

2022 was a landmark year for Weir.

We demonstrated the benefits of focus: winning share in favourable markets, executing strongly and taking significant steps towards achieving our medium-term targets. We outgrew our markets and delivered significant year-on-year growth in revenue, profit and cash generation.

We also made excellent strategic progress in our ambition to make mining smart, efficient and sustainable, working alongside our customers and the broader industry to drive change. Highlights included the launch of our redefined mill circuit, our production partnership model in ESCO and the next generation of our proprietary digital platform, Synertrex®. Our safety performance improved with a 13% like-for-like reduction in the rate of total incidents² (TIR), while in July, we announced our Performance Excellence programme, which will drive further operational efficiency across the Group and support our long-term sustainable growth. Our recent acquisitions, Motion Metrics and Carriere Industrial Supply (CIS), both performed very well and ahead of initial expectations.

Our strong performance across all metrics reflects the outstanding work of Weir colleagues across the globe, and I would like to take this opportunity to thank them. Collectively, they dealt with the consequences of the horrific Russian invasion of Ukraine, widespread disruption to global supply chains, inflation at the highest level in a generation and the lingering effects of both the Covid-19 pandemic and 2021 cyber incident. To have delivered so strongly in 2022 with all of this going on is a testament to their commitment, passion and resilience. I am extremely proud of the team.

Looking ahead, I am hugely excited about the future of Weir and our commitment to deliver excellent outcomes for all stakeholders. We have leading positions in highly attractive markets and unique capabilities. This overall positioning and focus gives us confidence that we can outgrow our markets, expand our margins and convert our earnings to cash, while remaining resilient and doing the right thing for our people and the planet, all of which we demonstrated in 2022.



We made excellent progress in making mining smart, efficient and sustainable.



JON STANTON
Chief Executive Officer



WATCH JON'S VIDEO ON OUR 2022
PERFORMANCE ON OUR WEBSITE
Visit: www.global.weir/investors



CHIEF EXECUTIVE OFFICER'S STRATEGIC REVIEW

CONTINUED

WE CAPITALISED ON FAVOURABLE END MARKETS – RECORD ORDER LEVELS SECURED

Throughout the year, conditions in mining markets were highly favourable. Across most key commodities, market prices were significantly above miners' cost to produce and end market demand was high. This was particularly the case for energy transition metals, such as copper, as physical inventory levels tightened through the year.

With large greenfield expansion projects slow to convert, miners met demand by accelerating production from existing assets and by developing harder and more complex ore deposits. This, coupled with a growing installed base and the effects of declining ore grades, drove record demand for our aftermarket spares and expendables. In OE, we won market share as miners ordered Weir solutions to debottleneck and improve the efficiency of existing assets. In particular, we saw strong demand for our industry-leading Warman® mill circuit pumps that have significant productivity and sustainability benefits relative to competitor solutions.

Demand was strong in all regions, with North America supported by particularly high levels of activity in the Canadian oil sands and Asia Pacific seeing a strong recovery in Australia. Our growing geographical footprint allowed us to capitalise on new demand in ASEAN countries as miners made strategic investments in the region, such as in nickel expansion projects in Indonesia. Our new service centre in Kazakhstan enabled us to support growing demand from customers in Central Asia, including a series of recently developed copper projects.

In infrastructure markets, demand was stable at high levels in the first half of the year. Demand was lower in Europe during the second half as activity levels in end markets fell. Demand also softened, to a lesser extent, in the US during the fourth quarter.

On a constant currency basis⁵, the Group delivered strong year-on-year order growth of 14%. Demand for AM was particularly strong and constant currency orders grew 17% year-on-year, reaching record levels. In OE, constant currency orders were up 3% year-on-year. Orders in the prior year included the £36m Ferrexpo HPGR and £32m Indonesia electric pumps orders, and excluding these large orders from the prior year comparator, constant currency orders were up 16%.

Group revenue was 21% higher on a constant currency basis as we converted our order book.

WE EXECUTED STRONGLY – FINANCIAL TARGETS ON TRACK AND DELIVERING FOR ALL STAKEHOLDERS

In 2022 we were successful in managing a complex operating environment, where rising levels of inflation were a mainstay and bottlenecks in global logistics channels were present for much of the year. Our market leading positions enabled us to increase prices and pass through all input cost inflation, while our vertically integrated regional manufacturing model gave us protection from supply chain challenges, and ensured our customers had continued access to our equipment and spares to keep mines running.

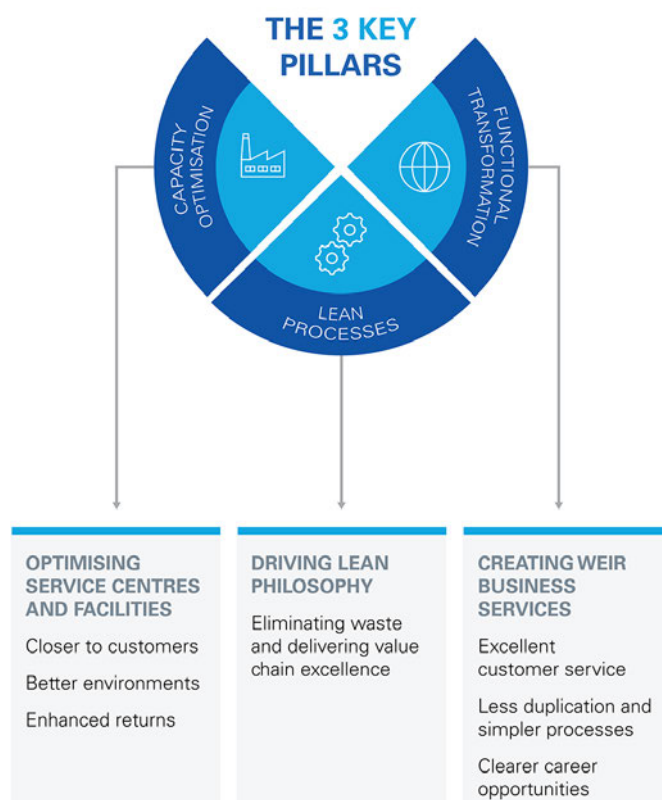
Adjusted operating profit⁶ was 25% higher than in the prior year on a constant currency basis and operating margins⁶ were 16.0%, up 70bps on an as reported basis. This expansion reflects movement in Minerals revenue mix towards AM, underlying operational efficiency and the mitigation of inflationary pressures, and represents good progress towards our 2023 target of 17% operating margin⁶.

Early in 2022 we introduced a new free operating cash conversion metric, which measures free operating cash flow relative to operating profit⁶. Our target for 2022 was to achieve between 80% and 90%. Our focus on execution and working capital efficiency delivered significant cash generation, particularly during the final quarter of the year, resulting in full year free operating cash conversion of 87%.

PERFORMANCE EXCELLENCE

CAPITALISING

on the platform we have built to serve customers better and grow our business



Our strong cash conversion meant net debt to EBITDA fell to within our target range, being 1.5x at the end of December (2021: 1.9x). While, year-on-year, return on capital employed improved by 320bps to 15.2%.

Reflecting high levels of confidence in our strategy and future prospects, the Board has today announced a final dividend of 19.3 pence per share. This equates to a total full year dividend of 32.8 pence per share, which is 33% of adjusted EPS for the period, in line with our capital allocation policy.

WE MADE EXCELLENT STRATEGIC PROGRESS – WINNING THROUGH WE ARE WEIR

We are Weir is our strategic framework that sets out what, how and why we do things at Weir and our measures for success. The table on page 12 summarises our progress in 2022 and aligns with our four We are Weir pillars - People, Customer, Technology and Performance. Further details of We are Weir, our performance in 2022 and our strategic ambitions for 2023 can be found on pages 22 to 26, and in the Directors' Remuneration Report on pages 126 and 127.

WE REMAINED FOCUSED ON SAFETY AND BUILDING A CULTURE FOR SUCCESS

The safety of our 12,000 employees is the number one priority for me and the whole Group and I'm pleased with the progress we've made this year. Our total incident rate² (TIR) was 0.41, which is a steady improvement on the prior year's score of 0.45 and puts us among the safest companies in our industry. Excluding the impact from acquired businesses, 2022 TIR² reduced by 13% to 0.39. However, our goal is zero harm, and during the year, we also launched our new Zero Harm Behaviours framework to support that goal. It focuses on how we behave when we deliver safe outcomes and what happens when

CHIEF EXECUTIVE OFFICER'S STRATEGIC REVIEW

CONTINUED

accidents happen – with the aim that if every colleague has a deeper level of behavioural understanding and personal accountability then a further leap towards zero harm is possible.

Our special culture at Weir continues to be a huge asset and inclusion, diversity and equity (ID&E) is a big part of this. Our people have continued to drive the agenda this year, with great work by our employee-led affinity groups and the continued roll out of our Weir Connected programme to digitally enable colleagues across the Group. We have more to do to meet our ambitions, particularly in relation to gender diversity. We did not make the progress we'd planned this year and will renew action in 2023. However, we are making positive progress on many other fronts as demonstrated through our most recent all-employee survey. It was great to see 88% of employees participate and an increase in our employee net promoter score – a measure of employee engagement – keeping Weir in the top 10% of our manufacturing peers.

WE CONTINUED TO DRIVE TOWARDS A NET ZERO FUTURE – IN WEIR AND FOR OUR CUSTOMERS

Sustainability is core to Weir's purpose and is a critical priority for the mining industry. In 2022, we committed to more ambitious SBTi-aligned carbon reduction targets. These included an update to absolute, rather than intensity linked, reduction targets for scope 1&2 emissions, and also the introduction of a scope 3 emissions reduction target. Our scope 3 emissions include our customers' scope 1&2 emissions, and Weir solutions and technology are playing a key role in helping our customers reduce their emissions and deliver against their own carbon reduction targets. Indeed, our top ten customers have all set targets to reduce scope 1&2 emissions by between 30% and 50% by 2030.

During the year, we delivered a 3% absolute year-on-year reduction in our scope 1&2 emissions⁷, in the context of revenue growth of over 20%. We also increased the amount of electricity we source from renewables to 22% as we installed new solar panel arrays at our sites in Chile, Malaysia and South Africa. This means we have now delivered a cumulative 17% reduction in our absolute scope 1&2 emissions, relative to our 2019 baseline, driven by hundreds of projects across the Group and the enthusiasm of our people.

We also started work to quantify scope 4, avoided emissions, for key products in our portfolio. Over time, we anticipate using the outputs of this work to enhance our overall customer value proposition, while creating the potential for Weir to recognise green revenue.

DEVELOPING TECHNOLOGY-LED SOLUTIONS FOR CUSTOMERS TO DRIVE SUSTAINABLE GROWTH

Mining has a critical role to play in decarbonisation as, over the coming decades, the world needs significantly more metals to transition to net zero and meet increasing demands driven by continued GDP growth. However, to unlock the supply needed, the mining industry must adopt new technologies and become more sustainable. Weir's unique world class engineering expertise, coupled with our clear strategic framework, means we are well placed to capitalise.

2022 PERFORMANCE SUMMARY

	2021 Result ¹	2022 Progress ¹
PEOPLE		
• Improve Total Incident Rate (TIR)	• TIR ² of 0.45	• TIR ² of 0.41
• Increase Employee Net Promoter Score (eNPS)	• eNPS ³ of 48	• eNPS ³ of 51
CUSTOMER		
• Grow ahead of our markets through the cycle	• Ore production ⁴ c.+3%	• Ore production ⁴ flat
	• Group AM revenues ⁵ +5%	• Group AM revenues ⁵ +24%
TECHNOLOGY		
• Increase R&D as a percentage of revenues	• R&D: 1.7% of revenues	• R&D: 1.9% of revenues
PERFORMANCE		
• Operating margin progression	• Operating margin ⁶ of 15.3%	• Operating margin ⁶ of 16.0%
• Free operating cash conversion	• Free operating cash conversion of 63%	• Free operating cash conversion of 87%
• Expand return on capital employed (ROCE)	• ROCE of 12.0%	• ROCE of 15.2%
• Reduce emissions of scope 1&2 CO ₂ e	• 15% reduction in tCO ₂ e vs 2019 baseline ⁷	• 17% reduction in tCO ₂ e vs 2019 baseline ⁷

¹ Continuing operations.

² Total incident rate is an industry standard indicator that measures lost time and medical treatment injuries per 200,000 hours worked.

³ eNPS (Employee Net Promoter Score) is an index used to measure employee satisfaction levels.

⁴ Weir-weighted commodity exposure. Source: McKinsey 2022.

⁵ 2020 and 2021 restated at 2022 average exchange rates.

⁶ Profit figures before adjusting items (note 2 of the Group Financial Statements).

⁷ Market based greenhouse gas emissions. For definition, see page 55.

CHIEF EXECUTIVE OFFICER'S STRATEGIC REVIEW

CONTINUED

WEIR IS A FOCUSED MINING TECHNOLOGY LEADER

STRONGLY POSITIONED FOR LONG-TERM SUSTAINABLE GROWTH

Multi-decade demand growth ahead for critical metals

AM revenues driven by ore production trends; inelastic to commodity price and capex cycles

Multiple organic growth initiatives with clear traction today

WITH UNIQUE CAPABILITIES AND HIGH BARRIERS TO ENTRY

World class engineering expertise and strong innovation pipeline

Deeply embedded within customer operations and supply chains

Large captive installed base of trusted mission-critical equipment

COMMITTED TO EXCELLENT OUTCOMES FOR STAKEHOLDERS

GROWTH

Growing faster than our markets

Compounding mid-to high single digit % revenue growth through the cycle



MARGINS

Expanding margins through Performance Excellence

17% operating margin^e by 2023, >17% beyond 2023 supported by growth and £30m cost savings



RETURNS

Converting earnings growth into cash and returns

90-100% free operating cash conversion by 2024; leverage: 0.5-1.5x; dividend: one third of EPS



RESILIENCE

Providing ongoing resilience and predictability

>7% Minerals aftermarket CAGR since 2011 demonstrating limited cyclicality



SUSTAINABILITY

Delivering for people and planet

Zero harm operations; SBTi-aligned emissions reductions across scopes 1,2 and 3



Critical to this is our technology roadmap and R&D framework. In 2022, we reiterated our commitment to increase our investment in R&D to 2% of revenue, while also increasing the amount of spend allocated to addressing our customers' biggest sustainability challenges. These can be summarised in the five key themes of: Move less rock; Use less energy; Use water wisely; Create less waste; and Boost with digital.

Our technology roadmap aligns to these themes, and in 2022, we launched several new solutions. This included our redefined mill circuit, which is underpinned by our new technology partnerships with STM for stirred mills and Eriez for coarse particle flotation. These technologies, when packaged into an integrated solution with our energy saving high pressure grinding rolls (HPGRs) and our industry leading cyclones and pumps, significantly reduce ore reprocessing, improving mine productivity while reducing energy and water consumption.

We successfully rolled out Motion Metrics™ products through the ESCO sales network and integrated the technology with ESCO hardware to create a packaged productivity solution. This underpins our production partnership model, and has enabled us to explore new ways of working with our customers where our revenue is linked to the productivity benefits we deliver.

Going forward, our ambition is to capitalise on our footprint in both the mining pit and processing plant by connecting and integrating our solutions across the full value chain to deliver compounding benefits.

Specifically, in our mine of the future, Motion Metrics™ vision technology will ensure only the right rock is moved from the pit to the plant to be processed, and data captured on critical rock characteristics will enable processing to be optimised. Our processing

technologies will reduce energy consumption and ensure that water is used wisely, and by having only the right ore entering the process, efforts will be expended on processing higher grade material, rather than waste. For the waste that is produced, our Terraflowing™ solutions will balance water recovery with tailings stability and energy consumption. Furthermore, our proprietary digital systems will capture data across the whole value chain, enabling pre-emption of potential issues and operating conditions to be optimised.

This will further strengthen our position as a critical supplier to the mining industry as it pursues its sustainability ambitions. The combination of this market opportunity, coupled with our unique capabilities, underpins our commitment to deliver excellent outcomes for all our stakeholders.

WE ARE UNLOCKING OUR POTENTIAL THROUGH PERFORMANCE EXCELLENCE

With our portfolio simplification to a global mining technology leader, we have reached an inflection point where we can drive more value from the business we have today, given our enhanced strategic focus and compelling opportunity for growth.

We are realising this through our Performance Excellence transformation programme, which I was delighted to unveil in July 2022.

Performance Excellence is all about optimising the structure of our operations and driving synergy across our processes, giving us a scalable and efficient platform that will underpin our growth.

CHIEF EXECUTIVE OFFICER'S STRATEGIC REVIEW

CONTINUED



Colleagues at Weir Minerals' Johannesburg facility discussing Warman® pump technology with Jon.

We are centering the programme around three key pillars. The first is capacity optimisation where there are opportunities to consolidate in some areas to be closer to our customers and better service their needs. The second pillar will drive lean processes across our manufacturing operations and global value streams, building on our Weir production system and culture of continuous improvement. The third pillar is a functional transformation to adopt a consistent global business services approach for support functions, leveraging our recent investments in foundational systems such as SAP and Workday. Currently, many relatively standard non-customer facing transactional activities are carried out regionally and, while we had started the transition to global shared or business services, Performance Excellence will accelerate that, with clearer, simpler ways of working and new development opportunities for our teams.

It's an exciting programme that will bring many benefits to Weir and our customers, unlocking the latent potential within the business.

In terms of the financial benefit from Performance Excellence, the programme will deliver £30m of annualised run-rate savings in 2025, with an expected one-off cost of up to £45m phased across the three years. The early benefits from Performance Excellence will underpin our 2023 operating margin⁶ target of 17% and support operating margin expansion beyond 17% in subsequent years.

Following the July launch, the second half of 2022 involved foundational work around the functional transformation pillar as we engaged our leaders in this and the broader programme. Plans to deliver Performance Excellence are on track and we expect to see the early benefits before the end of the current year.

MANAGEMENT CHANGES

At the end of the year, Weir said farewell to Ricardo Garib, who retired as President of Weir Minerals after 43 years' service. I'd like to thank him for all he has done for Minerals and Weir and wish him a very happy retirement.

I am delighted that Andrew Neilson has succeeded Ricardo as President of Minerals, having previously headed up the ESCO Division since 2020. Andrew knows Weir and Minerals inside out, and with his strong track record of execution and delivery, I am sure he will lead Minerals to new heights.

We welcomed Sean Fitzgerald at the start of December as our new President of ESCO. Sean brings a wealth of experience of the mining sector and in leading global industrial businesses and it is great to have him as part of the Group Executive team.



Jon hosts a Town Hall event in South Africa in late 2022.

OUTLOOK

We begin 2023 with a record order book and positive conditions in mining markets, where high levels of activity, coupled with miners' focus on sustainable operations, are driving demand for our AM spares and brownfield OE solutions.

In 2023, we therefore expect to deliver growth in constant currency revenue, profit and operating margin. We are on track to deliver our target of 17% operating margin in 2023, supported by operational efficiencies and early benefits from Performance Excellence, and expect free operating cash conversion of between 80% and 90%.

Further out, the long-term fundamentals for mining and our business are highly attractive, underpinned by decarbonisation, GDP growth and the transition to sustainable mining. We have a clear strategy to grow ahead of our markets, with specific growth initiatives underpinning our ambition to deliver through-cycle mid-to-high single digit percentage revenue growth. Beyond 2023, Performance Excellence will support margin expansion above 17% and we expect free operating cash conversion to increase to between 90% and 100%.

WORKING TO DELIVER A SUSTAINABLE FUTURE

So, to conclude, we've executed strongly in 2022 and I remain really excited about the future of Weir.

We are in the right markets and positioned for long-term growth. With our unique capabilities and technology, we are well placed to deliver for our customers and for the planet.

It is these factors that therefore give me great confidence in reaffirming our commitment to excellent outcomes for all of our stakeholders in 2023 and beyond, as we work to deliver a sustainable future.

JON STANTON
Chief Executive Officer

1 March 2023

Find out more

→ Our Markets	See page 16
→ Our Strategic Framework	See page 22
→ Financial Review	See page 36
→ Sustainability Introduction	See page 42
→ global.weir/investors/investment-case	

NEXT GEN MILL CIRCUIT – COMBINED AND REDESIGNED

Our end-to-end solutions are transforming the mill circuit, delivering sustainability benefits beyond those of the individual parts combined. Integrating our Enduron® high pressure grinding rolls (HPGR) with STM's stirred grinding mills delivers substantial energy and cost savings for our customers in the most energy intensive parts of the mine.

up to 40%

energy savings compared to traditional technology

EFFICIENT



SEE HOW WE ARE REDESIGNING THE MILL
CIRCUIT TO PROCESS MINERALS IN A SMARTER,
MORE EFFICIENT AND SUSTAINABLE WAY
www.enduron.weir

OUR MARKETS

Our markets are supported by long-term structural trends that will drive demand for critical metals. At the same time, there are fundamental shifts occurring in the natural resources sector that we serve.

These factors combined, represent a multi-decade growth opportunity for Weir; an opportunity that we are well placed to capitalise on.

POPULATION GROWTH AND URBANISATION

In its most recent analysis in 2022¹, the UN estimated that there are eight billion people living on the planet. Despite suggestions of the rate of population growth slowing, it still predicts the global population to grow to around 8.5 billion in 2030 and 9.7 billion in 2050, with continuing trends towards migration into urban areas and rising living standards. This will drive demand for metals, such as copper and iron ore, which are critical in urban infrastructure projects and consumer goods.

FOR WEIR: These trends will also support development and adoption of improved mining equipment and technology to extract these commodities in more efficient and sustainable ways.

CLIMATE CHANGE AND ENERGY DECARBONISATION

Climate change has remained high on political, industry and personal agendas and 90%² of the world's GDP is now covered by a net zero emissions target. However, to limit warming to 1.5°C above pre-industrial levels, global greenhouse gas emissions will need to peak before 2025 and decline sharply by 2030, falling to net zero by 2050, according to the Intergovernmental Panel on Climate Change (IPCC)³.

The world is not moving fast enough and accelerated action is needed to implement, at scale, technologies to decarbonise and electrify energy supply and transportation. Doing so will create significant demand for metals, such as copper, lithium and nickel, which are essential in these technologies.

FOR WEIR: We have strong exposure to these so-called 'future facing' commodities, with the majority of the world's copper today being processed using Weir technology.

SUSTAINABILITY IN MINING AND SOCIAL LICENCE TO OPERATE

Alongside the rapid scale up of decarbonisation technologies, the processes used to extract and process the metals inherent to their performance will need to be transformed. Drastic reductions in the emissions from those processes must be achieved by mining companies in order to meet their own net zero targets and the environmental performance expectations of their local communities. Most miners are already abating scope 1&2 emissions as they switch to renewable energy, more efficient equipment, electric fleets and replace diesel with low-carbon fuel options.

At the same time, there are trade-offs to be managed, for example, water-saving technologies can be more energy-intensive. This is driving the focus towards end-to-end solutions and technologies that can compound and optimise environmental benefits across the pit and processing plant.

In addition, mining's social licence to operate within communities is increasing in complexity. The Covid-19 pandemic shifted the way people think about where they want to live and how they engage in their communities, resulting in increased expectations on miners. As such, miners are seeking to build their licence to operate while anchoring their brands to the long-term impact they create.

Against this complex social, ethical and environmental backdrop, the way things were done in the past is no longer seen as acceptable. Miners are having to scale up and clean up with an imperative to produce 'more from less'. This creates a huge opportunity for integrated, highly engineered, data-driven solutions that improve throughput and lower environmental footprint.

FOR WEIR: We are leveraging our unique capabilities to support the industry's reputation by working with customers to create smart, efficient and sustainable solutions for their biggest challenges. This includes investment in new artificial intelligence (AI) technology and the use of digital and data. These technologies will play a key role in supporting miners in executing their sustainability roadmaps, providing greater visibility across asset performance and operations, and better monitoring of energy and water consumption.

MULTI-DECADE DEMAND GROWTH AHEAD FOR CRITICAL METALS

LONG-TERM STRUCTURAL TRENDS AND FUNDAMENTAL SHIFTS IN RESOURCES SECTOR

Climate change and global demographics driving demand for more metals



Mining industry transition to sustainable solutions



Ore bodies more challenging to develop and grades declining



**DRIVES
BASE
MARKET
GROWTH
OF C.3%
CAGR**

Water efficiency moving from ESG priority to critical operating issue

Focus on technology led productivity initiatives

Miners pursuing growth; significant supply gaps after c.10 years' underinvestment

Growth through brownfield and/or greenfield benefits Weir

Electrification of operations to reduce scope 1&2 emissions

OUR MARKETS CONTINUED

KEY TRENDS

Global population

8.5bn

by 2030¹

Global warming

8 years

2015-2022 estimated to be the eight hottest years on record¹

Net zero

90%

of the world's GDP is covered by a net zero target²

Copper supply

4.7mt

needed to bridge supply gap by 2030⁴

Copper supply

\$100bn

estimated investment to bridge copper supply gaps by 2030⁴

Water demand

2x

growing at twice the rate of population increases globally⁵

ORE BODY DEVELOPMENT AND ORE EXTRACTION

Ore production volumes at individual locations and mines are always subject to a number of variables, including geology, as well as the processing technology deployed. However, accessing higher quality deposits is getting harder. While evidence suggests that there are new exploitable reserves for key commodities, in reality, they are in environments that are deeper and more difficult to extract from. R&D and advancements in technology are required so that they can be extracted economically and efficiently. As a result, miners are increasing their focus on accessing ore reserves at existing and future mines. However, ore grades are declining; for example, the average copper ore grade in Chile has decreased by 30%⁴ over the last 15 years. Consequently, greater quantities of rock must be excavated and processed to extract the same quantity of ore – using energy and water, and causing processing equipment to wear. The result is more waste rock per unit of ore and increased CO₂ emissions.

FOR WEIR: Increased wear of processing equipment drives demand for our aftermarket spares and expendables. More broadly, lower grade ore processing supports the use of our sustainable solutions to deliver efficiency and environmental benefits. Alongside these, we are also developing transformative AI-based ore sorting and characterisation technologies. They have the potential to enable miners to select and then move only ore-containing rocks.

WATER EFFICIENCY AND AVAILABILITY

The mining sector is one of the world's biggest industrial consumers of water, often operating in locations where water is either scarce or overabundant. Given the projections of increased output from mines needed to support a growing population, and the global decarbonisation agenda, water efficiency is a high priority for the extractive industries.

At the same time, local mining communities require access to safe and clean water supplies, including for use in agriculture. And if the mining sector grows, so do its surrounding communities. This is mirrored at a global level where water demand is growing at more than twice the rate of population increase⁵, and there are half a billion people now estimated to live in areas where water consumption exceeds the locally renewable water sources by a factor of two.

Given these factors, water efficiency in mining is shifting from being not only an ESG priority, but an existential operating issue.

FOR WEIR: This shift in the critical importance of water is driving demand for technological solutions to manage water use in mining processes, including dry processing, water capture and recycling.

SUPPLY GAPS AFTER UNDERINVESTMENT

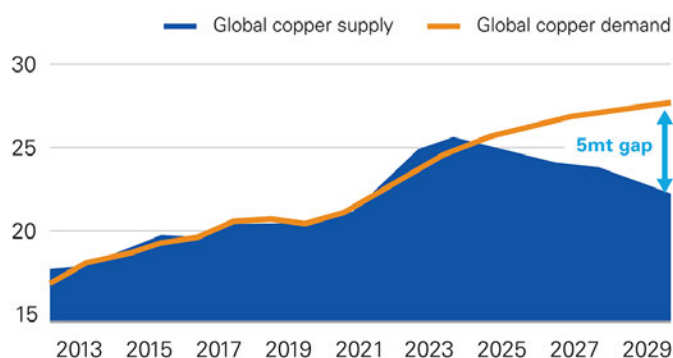
Following a decade of underinvestment across the mining sector, very few large projects have been commissioned and miners have prioritised capital allocation to reduce debt. As a result, significant supply gaps are emerging for key commodities.

Add to this the projected increased demand for the critical metals, such as lithium, nickel, copper and cobalt, used in low-carbon technologies. According to the International Energy Agency (IEA)⁶, a typical electric car needs six times the mineral inputs of a fossil-fuel powered car. An offshore wind plant requires 13 times more mineral resources than a similarly sized gas-fired power plant, and electrical grid expansion requires enormous amounts of aluminium and copper.

Studies³ indicate that lithium production must quadruple from 490 kilotonnes (kt) in 2021 to 2 megatonnes (mt) in 2030 to meet growing demand. In the absence of further mine development, the lithium market deficit is projected to reach 700kt by 2030. Similarly, the copper market is expected to be in a nearly 4.7mt deficit by 2030 on current projections of supply.

THE COPPER SUPPLY GAP REQUIRES SIGNIFICANT NEW INVESTMENT AND COMMISSIONING OF NEW MINES

Global copper demand & supply outlook (mt)



It is estimated that close to US\$100bn needs to be invested to bridge the copper supply gap by 2030, while close to US\$21bn would be needed to finance the pipeline of lithium production capacity to 2024⁴. Significant capital investments in new mines are needed to build supply of critical minerals.

Furthermore, in the nearer term, emerging supply shortages create the potential for significant increases in commodity prices.

OUR MARKETS CONTINUED

FOR WEIR: Investment in new greenfield sites will support demand for original equipment, resulting in an expanded installed base. Nearer term increases in commodity prices would incentivise miners to maximise throughput, driving demand for our debottlenecking solutions and aftermarket spares.

THE MINING CAPITAL EXPANSION CYCLE

The mining sector tends to go through cycles of capital expansion, correlated with the cyclical pricing of the commodities it produces. Over the past 12 years, there has been the end of the mining super-cycle; a shift from volume to value as miners cut capex; a return to growth as the global economy strengthened and new supply was commissioned. More recently, there has been the impact from the Covid-19 pandemic.

FOR WEIR: While cyclical influences and capital investment levels can impact demand in the short-term, our resilient aftermarket-focused business model supports consistent and stable performance.

Our Minerals aftermarket (which generates the majority of the Division's profit and cash) has grown through multiple cycles in the last 12 years, delivering a compound annual growth rate (CAGR) of >7%. Our business model ensures that in growth phases, we capitalise with a step up in installed base. Then in resilience phases, we benefit from stable ore processing, even when capex and commodity prices decline significantly. This underpins the margin resilience of the Minerals business and, since its acquisition in 2018, ESCO has demonstrated the same characteristics.

2022 MARKET REVIEW

MINING MARKETS HIGHLY FAVOURABLE

Conditions in mining markets, which represent 71% of our revenues, were highly favourable throughout 2022. Across most key commodities, while market prices started the year at high levels and moderated, they remained significantly above miners' cost to produce with good end market demand. This was particularly the case for energy transition metals, such as copper, as physical inventory levels tightened through the year.

MINERS MAXIMISED PRODUCTION

With supportive commodity prices and shortages of physical inventories, miners focused on maximising production from existing assets and developing harder and more complex ore deposits. This drove demand for our mining spares and expendables. Although large mining projects remained slow to convert, customers ordered original equipment to expand and debottleneck existing mines, recognising the significant productivity, efficiency and sustainability benefits of our solutions versus alternatives. We also saw increased activity in longer-term projects from tier 2 and 3 producers, particularly in Central Asia and the Far East.

Demand was good across all regions, with particular strength in South America as miners maximised copper production, and also in North America as the re-shoring of production to the US and the recent resurgence in activity in Canadian oil sands continued.

A COMPLEX OPERATING ENVIRONMENT

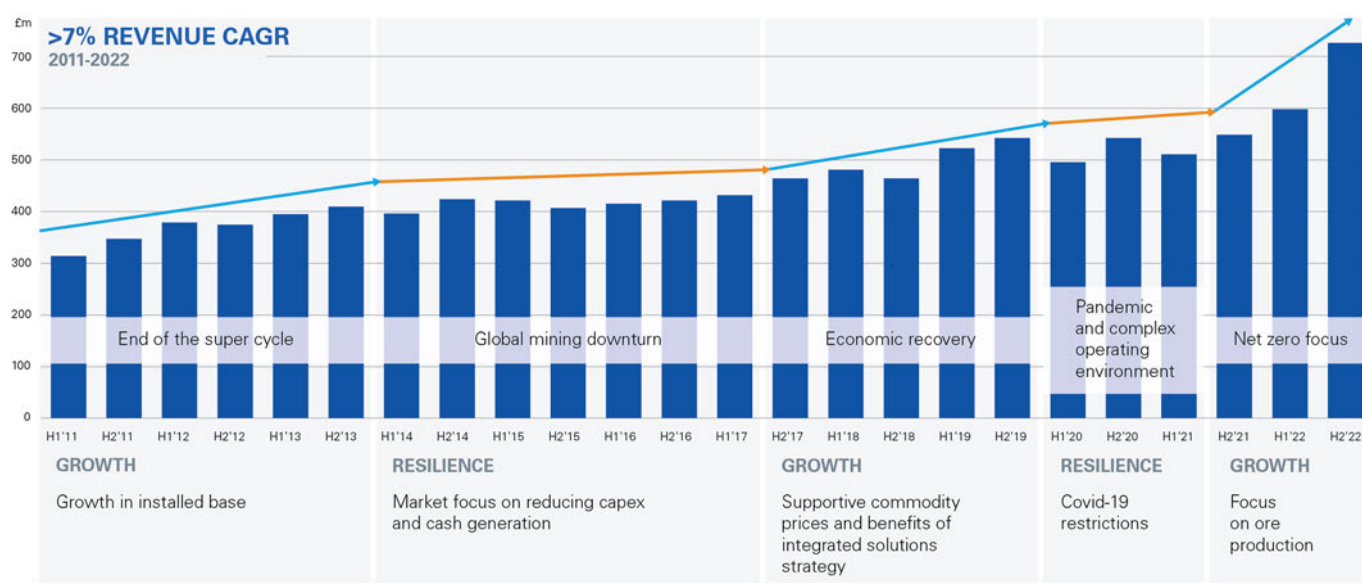
The operating environment in 2022 was complex, driven by rising inflation, bottlenecks in global logistics channels and Covid-19 related disruptions, particularly in the first half of the year. We managed these complexities effectively, passing through all input cost inflation and maintaining our gross margins. We navigated the lingering effects from Covid-19, successfully mitigating the impacts of absenteeism and lockdowns during Q1, and the mandatory temporary closure of our ESCO foundry in China during April.

Our vertically integrated regional supply chain protected us from some of the challenges in global logistics channels, and we worked hard to ensure our customers had continued access to mission-critical equipment and spare parts to keep mines running.

OTHER MARKETS STABLE

In infrastructure applications, demand was stable at high levels in the first half of the year. Demand was lower in Europe in the second half as activity levels in end markets fell. Demand also softened, to a lesser extent, in the US during the fourth quarter.

MINERALS AFTERMARKET REVENUE



1 United Nations – World Population Prospects 2022.

2 <https://zerotracker.net/>

3 www.ipcc.ch/sr15/

4 https://www.ey.com/en_ca/mining-metals/critical-minerals-supply-and-demand-challenges

5 <https://www.fao.org/land-water/water/water-scarcity/en/>

6 <https://www.iea.org/topics/critical-minerals>

THE SWEET SPOT FOR TAILINGS TECHNOLOGY

Only 10% of mined rock contains valuable mineral content, with the resulting 90% passing through the process to form a waste stream called tailings. Our integrated tailings technology helps customers balance water recovery with tailings stability and energy consumption - for a more sustainable solution for tailings.

up to 60%

less water compared to traditional technology



SUSTAINABLE



SEE HOW WE ARE TRANSFORMING TAILINGS FOR
OUR CUSTOMERS
www.global.weir/processing-equipment/mining/tailings

BUSINESS MODEL

OUR BUSINESS MODEL CREATES LONG-TERM VALUE

Our unique capabilities and high barriers to entry provide significant differentiation.

- We bring world class engineering, innovation and manufacturing capability to solve our customers' most difficult challenges.
- We are deeply embedded within our customers' operations and supply chains with local day-to-day relationships increasingly complemented by strategic global collaboration.
- Our intellectual property, leading brands, customer intimacy and vertically integrated regional operating base means we benefit from a large captive installed base of trusted mission-critical equipment.

OUR PURPOSE

OUR UNIQUE STRENGTHS

CORE EXPERTISE IN MATERIALS, ENGINEERING AND DATA

Our engineers use their deep understanding of materials science, engineering and digital technology to create smart, efficient and sustainable solutions for our customers' biggest problems.

OUR UNIQUE CULTURE

Weir is a special place to work. People are inspired by our purpose and proud of what we deliver for our company. A sense of belonging and the ability to do meaningful work are important so that our people around the world are empowered to do the best work of their lives.

INTEGRATED MANUFACTURING AND SERVICE FACILITIES

Our vertically integrated supply chain and network of foundries, manufacturing operations and service centres give our customers certainty of supply and ensure we keep our intellectual property in-house.

UNMATCHED CUSTOMER FOCUS

We have built a customer service network that is second to none. We have people on the ground where and when our customers need them. Our customers' priorities are our priorities and we provide a responsive, reliable and rapid service 24/7.

WORLD LEADING BRANDS

Our brands are synonymous with performance, quality and reliability. We draw on decades of technology investment to develop transformational solutions that deliver sustainable solutions today and for the future.

FINANCIAL STRENGTH

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

HOW WE USE THEM



SUPPORTED BY OUR VALUES AND RISK MANAGEMENT FRAMEWORK

BUSINESS MODEL CONTINUED

Our Purpose

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

OUR CULTURE

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



HIGHLY ENGINEERED EQUIPMENT

We produce bespoke solutions and equipment designed to solve our customers' toughest operating challenges.



MISSION-CRITICAL SOLUTIONS

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



COMPREHENSIVE GLOBAL SUPPORT

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



INTENSIVE AFTERMARKET CARE

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

HOW WE DELIVER VALUE



FOR THE PLANET AND SOCIETY

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

17%

reduction in CO₂e¹ emissions

¹ Since 2019.



FOR OUR CUSTOMERS

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

£2.6bn

in orders in 2022



FOR OUR OWN PEOPLE AND COMMUNITIES

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

£605m

paid in employee benefits in 2022



FOR GOVERNMENTS

£93m

paid in corporation taxes in 2022



FOR OUR SHAREHOLDERS

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

£67m

total dividends paid in 2022

STRATEGIC FRAMEWORK

OUR **WE ARE WEIR** STRATEGY FOR SUSTAINABLE MINING SETS OUT HOW WE DELIVER EXCELLENT OUTCOMES FOR ALL OUR STAKEHOLDERS



PEOPLE

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

PERFORMANCE

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



TECHNOLOGY

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



CUSTOMER

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



STRATEGY PILLAR: PEOPLE

OUR STRATEGIC INITIATIVES

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

OUR 2022 PERFORMANCE

Deliver on zero harm for our people and the environment

We maintained our world class safety record this year and improved our total incident rate (TIR) by 9% to 0.41 (2021: 0.45). Excluding the impact from acquired businesses, our 2022 TIR was 0.39. In October, we launched our Zero Harm Behaviours Framework to accelerate our journey towards zero harm.

Accelerate our purpose-driven culture and lead in inclusion, diversity and equity

In December, we ran our regular employee survey. Participation levels remained excellent at 88% and our employee net promoter score improved again, keeping us in the top 10% of our industry. Our score for engagement also increased and remains within the top quartile of Peakon's Manufacturing benchmark.

While there has been a small increase in the number of women at Weir, the overall female representation has remained unchanged at 17%. This is below the target we were striving for and so is a key focus for 2023. Our employee-led affinity groups have been highly active in 2022 and we have expanded our Global Weir Women's Network to help nurture an environment where all employees feel like they belong.

Create talent and capabilities for the future

We rolled out Performance Conversations, our new Weir-wide performance development process and introduced a reverse mentoring programme. We continued to expand our Weir Connected digital programme after a successful pilot and are creating an enabling environment to develop employees' digital skills. We also continued to invest in our proposition to attract future digital talent.

OUR 2023 STRATEGIC MEASURES

- Retain our talent
- Build our digital literacy
- Maintain our engagement score in the top quartile of Peakon's Manufacturing benchmark

OUR 2023 ESG MEASURES

- Improve our safety TIR
- Improve our female gender diversity

Detailed results for the 2022 strategic measures and ESG measures are shown in the Directors' Remuneration Report on pages 126-127. Further details of the target priorities for 2023 are set out in the Directors' Remuneration Report on page 117. Where not commercially sensitive to do so, we have provided prospective disclosure of the 2023 underlying targets. The result of performance against all targets for all strategic and ESG measures will be disclosed in next year's report.



ZERO HARM BEHAVIOURS

100% Commitment

STRATEGY IN ACTION

ZERO HARM BEHAVIOURS FRAMEWORK

'Thinking Safety First' is one of our core values and we are 100% committed to achieving zero harm. While year-on-year improvement in our TIR has been the norm, to make further improvements, we developed and launched our 'Zero Harm Behaviours' – a common set of behaviours to help keep colleagues safe and highlight those behaviours that need to be avoided. They were developed in partnership with The Keil Centre, a team of chartered psychologists who specialise in health and safety. They led a process that included c.400 Weir employees from over 20 sites across the globe, who shared their insights and experiences during 70 focus groups.



SEE HOW WE ARE ACHIEVING A
WORLD CLASS SAFETY CULTURE
www.global.weir/zero-harm

Find out more

→ KPIs	See pages 30-31
→ Sustainability - Championing zero harm	See page 46
→ Sustainability - Nurturing our unique culture	See page 47
→ Directors' Remuneration Report	See pages 126-127

STRATEGY PILLAR: CUSTOMER

OUR STRATEGIC INITIATIVES

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

OUR 2022 PERFORMANCE

Outgrow our markets through voice-of-customer led initiatives

We benefited from highly favourable conditions in mining markets this year. For our mining customers, end markets were strong and large projects remained slow to convert, so they met demand by accelerating production from existing assets, and developing more challenging and complex ore grades. This, coupled with our growing installed base, drove record demand for our aftermarket spares and expendables. Our aftermarket revenues were up 24% on a constant currency basis on the prior year and significantly ahead of growth in ore production.

Solve our customers' biggest smart, efficient and sustainable challenges

We secured three new strategic alliances to enhance our customer value proposition. New partnerships with Eriez and STM Minerals this year are enabling us to redefine the mining mill circuit so customers can use less energy, use water wisely and create less waste during minerals processing. In April 2022, we acquired Carriere Industrial Supply Limited (CIS), building on our long-standing partnership in the Canadian mining market and in line with ESCO's strategy to have direct sales channels in major mining markets.

Show leadership in our industries' pathway to net zero

We have made good initial progress in developing our scope 4 value proposition that quantifies the CO₂e emissions that are avoided using our sustainable technology solutions relative to business-as-usual alternatives. We have completed work for our Enduron® high pressure grinding rolls (HPGR) technology which confirmed its significant emissions benefits versus traditional equipment.

OUR 2023 STRATEGIC MEASURES

- Execute our strategic growth initiatives
- Capture value from new strategic alliances
- Digitise our customer experience

OUR 2023 ESG MEASURES

- Continue to develop our scope 4 value proposition
- Build customer-specific scope 3 and scope 4 data insight

Detailed results for the 2022 strategic measures and ESG measures are shown in the Directors' Remuneration Report on pages 126-127. Further details of the target priorities for 2023 are set out in the Directors' Remuneration Report on page 117. Where not commercially sensitive to do so, we have provided prospective disclosure of the 2023 underlying targets. The result of performance against all targets for all strategic and ESG measures will be disclosed in next year's report.



STRATEGY IN ACTION A NEW SUPERCENTRE IN ALMATY, KAZAKHSTAN

The opening of our new 3,300m² supercentre is a strategically important milestone, providing engineering and service expertise to enhance our customer support in the region. The £1 million investment is core to our localisation strategy and supports our growth plans in Central Asia. We are also investing in the development of our employees to support our growth and the growth of our customers. The new facility provides our full suite of service capabilities to customers in Kazakhstan, as well as new projects in Uzbekistan.



LEARN MORE ABOUT THE
ALMATY SUPERCENTRE
www.global.weir/news/almaty

Find out more

→ KPIs	See pages 30-31
→ Sustainability - Creating sustainable solutions	See page 49
→ Our emissions strategy	See page 50
→ Directors' Remuneration Report	See pages 126-127

STRATEGY PILLAR: TECHNOLOGY

OUR STRATEGIC INITIATIVES

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

OUR 2022 PERFORMANCE

Invest in innovating transformational solutions

We increased our R&D investment in the year to £48m and 1.9% of revenues. To support this, we developed our first ever Weir-wide technology roadmap to align our technology development to our customers' sustainability challenges and to prioritise and allocate our engineering and R&D resource across the Group.

Digitally enable everything we do

During the year we developed our long-term digital vision and started to deploy it. We continued to invest in Synertrex®, our proprietary digital platform that provides customers with real-time data on the performance of their Weir equipment, and launched an upgraded version to the market.

Create new business and business models from data and insights

We successfully integrated Motion Metrics, acquired at the end of 2021, developing the combined ESCO/Motion Metrics offer to deliver significant safety and efficiency benefits for customers. We also made excellent progress in expanding the technology to other applications in the mine, such as ore sorting and characterisation, that have the potential to radically improve the sustainability footprint of mining. Motion Metrics delivered significant year-on-year revenue growth ahead of initial expectations.

OUR 2023 STRATEGIC MEASURES

- Revenue from new products
- Digitise our current business model

OUR 2023 ESG MEASURES

- Progress our priority R&D projects

Detailed results for the 2022 strategic measures and ESG measures are shown in the Directors' Remuneration Report on pages 126-127. Further details of the target priorities for 2023 are set out in the Directors' Remuneration Report on page 117. Where not commercially sensitive to do so, we have provided prospective disclosure of the 2023 underlying targets. The result of performance against all targets for all strategic and ESG measures will be disclosed in next year's report.



STRATEGY IN ACTION

LINATEX® LASTS THREE TIMES LONGER ON BRAZILIAN MINE

At Kinross Paractu, the largest gold mine in Brazil, a new expansion project has seen the mine improve its ore production capacity, with the lifespan of the mine now estimated to last until 2032. With iron ore reserves becoming harder to mine, up-time on the mine is essential. We helped our customer achieve this by installing Weir Minerals' Linacure® 40 rubber to replace a competitor's product. Now maintenance is only required on the rubber-lined products after 6,000 hours (around eight months) – lasting three times longer than the competitor's rubber.



READ MORE ON OUR
LINATEX® RUBBER SOLUTIONS
www.linatex.weir

Find out more

→ KPIs	See pages 30-31
→ Technology	See page 40
→ Directors' Remuneration Report	See pages 126-127

STRATEGY PILLAR: PERFORMANCE

OUR STRATEGIC INITIATIVES

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

OUR 2022 PERFORMANCE

Drive clean, lean and agile operations and supply chain

In 2022, we committed to more ambitious emissions reduction targets for scopes 1, 2 & 3 that are aligned to the Science Based Targets initiative (SBTi), and which we have submitted to SBTi for validation. We continued to drive down CO₂e emissions across our facilities. A 3% reduction in our scope 1&2 market-based emissions in 2022 and a cumulative 17% reduction keeps us well on track to achieve our new goal of a 30% reduction by 2030, versus our 2019 baseline.

We continued to drive lean principles - our continuous improvement approach to optimise processes and reduce waste - throughout our operations and improve performance through the increased use of digital systems. In July, we announced our new Performance Excellence programme to accelerate our lean journey and deliver efficiency benefits over the next three years.

Deliver high quality, efficient back office functions

During the year, we expanded our Global Business Services Finance shared services, which now covers 83% of Group revenue.

Within our Performance Excellence programme, we are accelerating our transition to global shared business services across our major functions, and during the year we worked with third party specialists to undertake a detailed benchmarking exercise of all of our functional processes to assess the opportunity for further efficiency and service gains.

Expand margins and deliver strong cash conversion

Adjusted operating margins improved by 70bps to 16.0%. This reflects movement in Minerals revenue mix towards AM, strong operational delivery and the mitigation of inflationary pressures. Our focus on execution delivered significant cash generation, resulting in a full year free operating cash conversion of 87% which is a sizeable improvement on the 63% delivered in the prior year.

OUR 2023 STRATEGIC MEASURES

- Improve our lean scores
- Deliver our Performance Excellence transformation programme to plan

OUR 2023 ESG MEASURES

- Reduce scope 1&2 CO₂e vs 2019 base aligned to SBTi
- Enable emergent ESG reporting governance

Detailed results for the 2022 strategic measures and ESG measures are shown in the Directors' Remuneration Report on pages 126-127. Further details of the target priorities for 2023 are set out in the Directors' Remuneration Report on page 117. Where not commercially sensitive to do so, we have provided prospective disclosure of the 2023 underlying targets. The result of performance against all targets for all strategic and ESG measures will be disclosed in next year's report.



STRATEGY IN ACTION

BUILDING CAPACITY IN XUZHOU

In 2021, Weir announced plans to expand our foundry capacity in China to support the increased demand for ESCO ground engaging tools (G.E.T.). The ground-breaking ceremony at the 16.5-acre site in Xuzhou's industrial zone on 27 July signified an important milestone in advancing our growth plans. This multi-year, c.US\$60m+ investment increases Weir's foundry capacity in China by a third, providing a strong platform for growth in mining and infrastructure markets around the world. Production is scheduled to start late 2024, ramping up to full production in 2025. The expansion provides personal development and growth opportunities for existing talent, while creating additional jobs in the local community.



FIND OUT MORE ON OUR XUZHOU EXPANSION
www.global.weir/news/xuzhou

Find out more

→ KPIs	See pages 30-31
→ Performance Excellence	See pages 10-14
→ Sustainability - Reducing our footprint	See page 48
→ Financial Review	See pages 36-39
→ Directors' Remuneration Report	See pages 126-127

STAKEHOLDER ENGAGEMENT

Our success depends on building and maintaining 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 our We are Weir strategic framework that sets out our purpose, business model, strategic priorities, values and culture. It makes it clear that we want to be a business that provides excellent outcomes for our employees, customers, shareholders, suppliers, communities, environment, governments and Non-Governmental Organisations (NGOs).

The table below sets out how we engage with our key stakeholders, the issues most material to them and how we have responded. Information on the Board's approach to stakeholder engagement is included here and in the Corporate Governance Report. The Board decisions table on page 29, highlights the key decisions made by the Board during 2022, the stakeholders and strategic factors taken into consideration when making decisions, and the outcomes.

Find out more

→ We are Weir Strategic Framework	See page 22
→ Business model	See pages 20-21
→ Sustainability strategy	See page 42
→ Corporate Governance Report	See pages 89-90
→ Board decisions table	See page 29

EMPLOYEES

How we engage	What matters to the stakeholder?	Key topics this year	How we responded
- Board members responsible for representing employee voice - All-employee survey 'Meet the Board' sessions - Monthly 'CEO Briefing' and 'Ask Jon' CEO email address - Global webcasts and social media channels, global and local intranets - Active local engagement, including town hall meetings, newsletters and safety toolbox talks	- 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	- Safety culture and behaviours - Inclusion, diversity & equity - Mental health and wellbeing, including physical and financial wellbeing - Learning and development	- Supported colleagues affected by the war in Ukraine - Weir safety day - Launch of Zero Harm Behaviours Framework - Wellbeing seminars on key topics - Further expansion and activity of affinity groups - Rolled out Weir-wide performance management and increased access to learning and development resources

CUSTOMERS

How we engage	What matters to the stakeholder?	Key topics this year	How we responded
- 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	- Debottlenecking opportunities to enhance productivity - Data and insights - Sustainable solutions - Logistics and supply chains - Pricing - Collaboration and partnerships	- Integrated solutions - Expanded digital offer - New technology alliances to enhance our sustainable solutions offer - New service centres opened - Developed scope 4 value proposition

STAKEHOLDER ENGAGEMENT

CONTINUED

SUPPLIERS

How we engage	What matters to the stakeholder?	Key topics this year	How we responded
- Strategic relationships - Competitive sourcing discussions - Supplier business reviews - Technology trials and collaborations	- Long-term partnerships - Clear targets and opportunities for business development - Collaborative relationships - Responsive communication	- Macroeconomic resiliency - Management and control of inflationary pressures - Health and safety - Growth opportunities - Innovation and technology development	- Sustainability roadmap - Long-term technology vision - Supply network expansion and new agreements - Strong safety culture

SHAREHOLDERS

How we engage	What matters to the stakeholder?	Key topics this year	How we responded
- Annual Report and General Meeting - One-to-one meetings - Investor conferences - Capital Markets events - Visits to company facilities - Good environmental and social governance	- Strategy and execution - Prospects for future growth - Returns through the cycle - Investment and capex plans - Market and other risks - Environmental, social and governance (ESG) performance	- Strategic priorities and investment case - Margins and returns - Market conditions, economic and geopolitical environment - Technology strategy - Sustainability and ESG	- Introductory meetings with Barbara Jeremiah - Over 270 meetings with investors - In-person Capital Markets event on growth and Performance Excellence - Capital Markets webinar on sustainability and technology - Achievement of A list rating in CDP climate survey - Committed to more ambitious SBTi-aligned emissions reduction targets and submitted to SBTi for validation - Suspended business in Russia

COMMUNITIES & ENVIRONMENT

How we engage	What matters to the stakeholder?	Key topics this year	How we responded
- Local open days to better understand our operations - Collaborations with local schools and universities - Supporting employment and apprenticeship schemes	- That we create jobs and investment - That we are good neighbours, operating safely and ethically - That we actively help and support local communities - That we reduce our environmental impact	- Operational priorities at our sites - Opportunities for STEM and science-based careers - Investment and support in line with community needs, including those affected by the war in Ukraine	- Providing direct employment to c.12,000 people - Investing in our facilities to provide a safe, nurturing and stretching environment - Investing in school, graduate and PhD programmes - Executing our Sustainability Roadmap

GOVERNMENTS & NGOs

How we engage	What matters to the stakeholder?	Key topics this year	How we responded
- Direct engagement with national and local politicians and officials - Membership of industry bodies - Supporting NGO efforts to improve STEM education opportunities	- Creating and sustaining employment - Investing in R&D and productivity - Business contributing towards educational opportunities - Environmental, social and governance (ESG) policies	- Economic and geopolitical environment - Investment in facilities and technology - Sustainability and ESG - Skills and training	- Providing direct employment to c.12,000 people - Investing in R&D, including partnerships with universities - Investing in programmes that support STEM education among women and other under-represented groups

STAKEHOLDER ENGAGEMENT

CONTINUED

SECTION 172 OF THE COMPANIES ACT 2006

Effective engagement with 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/she 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:

- the likely consequences of any decision in the long term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment;

- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly between members of the company.

Our strategic planning process focuses on identifying our key stakeholders and delivering long-term sustainable value for those groups. 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.

KEY ACTIONS TAKEN BY THE BOARD

The table below sets out the significant decisions taken by the Board in 2022 and how our stakeholders' interests were taken into account.

Key decisions	Stakeholders affected	Stakeholders' interests taken into consideration	Outcome
Appointment of Tracey Kerr as Non-Executive Director	  	• Ensuring candidates have extensive and highly relevant Executive and Non-Executive experience. • Continuing to commit to building an inclusive and diverse culture.	Tracey has a wealth of experience in safety, operational risk management and sustainable development. Tracey was also appointed to the Audit Committee on becoming a Non-Executive Director.
Appointment of Dame Nicola Brewer as Non-Executive Director	  	• Ensuring candidates have extensive and highly relevant Executive and Non-Executive experience. • Continuing to commit to building an inclusive and diverse culture.	Nicola brings deep experience of international relations and external communications from a long and distinguished diplomatic career. Nicola was also appointed to the Remuneration Committee on becoming a Non-Executive Director.
Performance Excellence programme	    	• Striving for continuous improvement in line with Weir's long established philosophy • Aiming to create a more focused and integrated operating company by re-thinking how things can be done more effectively across the Group.	The Performance Excellence programme will drive operational efficiency across the Group and deliver £30 million of annualised run-rate savings by 2025. Plans to deliver the programme remain on track and we expect to see the early benefits before the end of the current year.

STAKEHOLDERS KEY



Employees



Customers



Suppliers



Shareholders

Communities
& EnvironmentGovernments
& NGOs

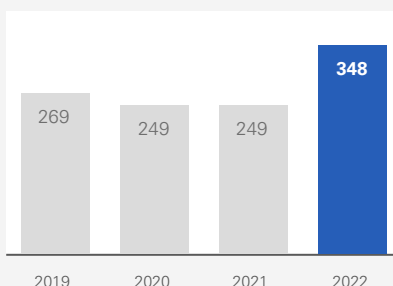
KEY PERFORMANCE INDICATORS

We have strategic and non-financial metrics to measure the Group's performance. These metrics are aligned to our We are Weir strategic framework and linked to executive remuneration.

In 2022, 60% of Executive Director annual bonus was directly linked against financial KPIs, 20% was directly linked to progress against strategic measures and 20% directly linked to ESG measures. Further details are provided in the Directors' Remuneration Report on pages 125-127.

ADJUSTED PROFIT BEFORE TAX¹ £m

F



2022 performance

Continuing operations adjusted profit before tax was £348m (2021: £249m), after a translational foreign exchange tailwind of £16m. Continuing operations adjusting items increased to £87m (2021: £40m) mainly due to the wind down of our Minerals Russia operations and the disposal of our ESCO Russia entity.

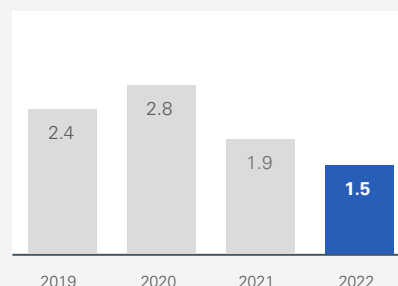
Link to: Strategy



Find out more on pages 37-38

BALANCE SHEET EFFICIENCY – NET DEBT TO EBITDA²

F



2022 performance

Net debt to EBITDA on a lender covenant basis was 1.5x (2021: 1.9x) compared to a covenant level of 3.5x. Within our capital allocation policy we will keep net debt to EBITDA between 0.5x to 1.5x, with up to 2.0x for acquisitions, with 33% of net adjusted earnings being distributed by way of dividend.

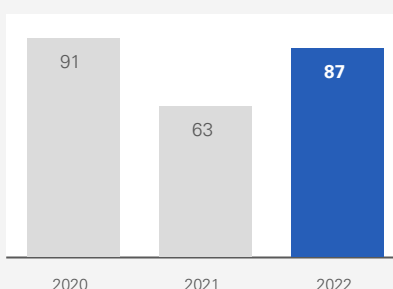
Link to: Strategy



Find out more on page 39

FREE OPERATING CASH CONVERSION RATIO³ %

F



2022 performance

Operating cash conversion was 87% (2021: 63%) as a result of our strong focus on execution, in line with our target of achieving 80% to 90% in 2022. From 2024, we are targeting operating cash conversion of 90% to 100% driven by working capital efficiency and maintaining capex and lease costs close to 1.0x depreciation.

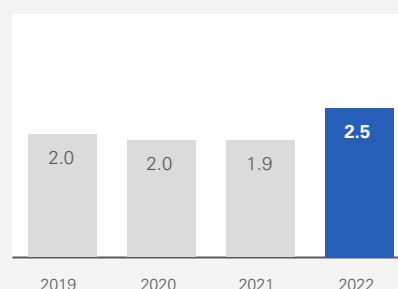
Link to: Strategy



Find out more on page 39

REVENUE¹ £bn

F



2022 performance

Continuing operations revenue of £2,472m was up 21% on a constant currency basis. Given our attractive markets and distinctive proposition, we expect to grow ahead of the 3% p.a. growth in ore production and deliver mid-to-high single digit percentage revenue growth through the cycle supported by organic initiatives.

Link to: Strategy



Find out more on page 37

F Financial measure

S Strategic measure

E ESG measure

1 Continuing operations (2020 restated for SaaS adjustments).

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

3 Total Group (2020 restated for SaaS).

4 Total incident rate is an industry standard indicator that measures lost time and medical treatment injuries per 200,000 hours worked.

5 Total Group for 2019, Continuing operations for 2020-2022.

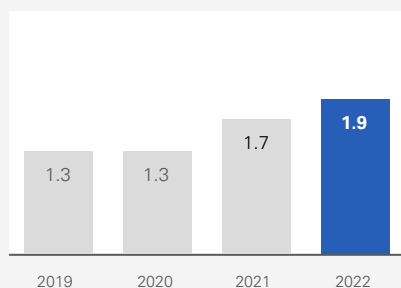
6 eNPS (Employee Net Promoter Score) is an index used to measure employee satisfaction levels.

7 Market based greenhouse gas emissions. For definition, see page 55.

KEY PERFORMANCE INDICATORS CONTINUED

R&D INVESTMENT AS A PERCENTAGE OF REVENUES¹

S



2022 performance

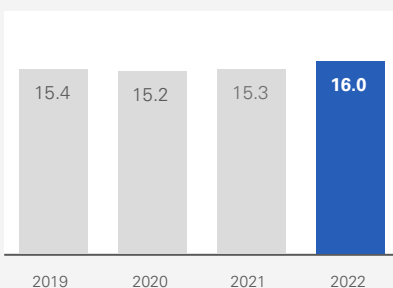
Research & development costs for continuing operations of £48.1m (2021: £32.6m) increased 48% year-on-year to 1.9% of revenue, in line with our target, focusing our spend on technologies that make mining operations smart, efficient and sustainable.

[Link to: Strategy](#)


Find out more on pages 40-41 and page 168

ADJUSTED OPERATING MARGIN¹

F



2022 performance

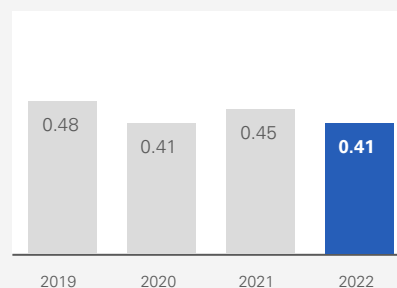
Continuing operations adjusted operating margin of 16.0% is up 60bps versus 2021 on a constant currency basis and up 70bps, as reported. We are targeting 17% adjusted operating margin by 2023, expanding to >17% beyond 2023, supported by growth and £30m of annualised run-rate savings in 2025 from our Performance Excellence programme.

[Link to: Strategy](#)


Find out more on pages 37-38

SAFETY (TOTAL INCIDENT RATE^{4,5})

E



2022 performance

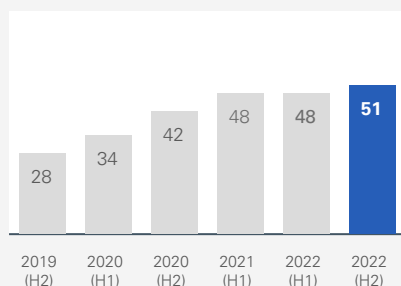
Our total incident rate (TIR) of 0.41 reflects our continued efforts to ensure safety is our top priority and puts us among the safest companies in our sector. Our overall aim is a zero harm workplace.

[Link to: Strategy](#)


Find out more on page 46

EMPLOYEE ENGAGEMENT (eNPS⁶)

S



2022 performance

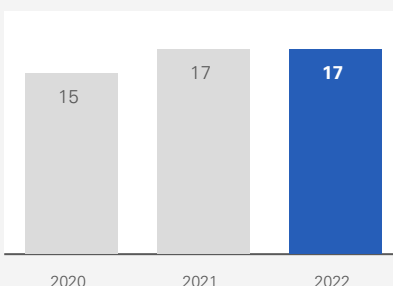
Levels of engagement remained high and our employee net promoter score improved, keeping us in the top 10% against industrial benchmarks. Participation levels in our regular survey remained excellent at 88%.

[Link to: Strategy](#)


Find out more on page 47

INCLUSION, DIVERSITY & EQUITY: FEMALE REPRESENTATION %

E



2022 performance

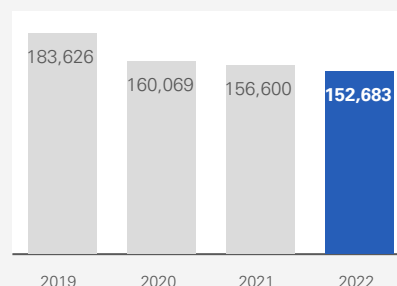
Although the number of women working at Weir increased slightly in 2022, the percentage female representation remained unchanged at 17% and we did not make the progress we had targeted.

[Link to: Strategy](#)


Find out more on page 47

GREENHOUSE GAS EMISSIONS SCOPE 1&2 CO₂e Tonnes CO₂e

E



2022 performance

Scope 1&2 CO₂e emissions⁷ in 2022 were 152,683 tCO₂e, down 17% versus 2019 driven by many projects at our sites across the world. We are targeting a reduction of 30% in absolute scope 1&2 market based CO₂e by 2030, from a 2019 baseline. This target is aligned with the Science Based Targets initiative (SBTi).

[Link to: Strategy](#)


Find out more on pages 48, 50 and 54

OPERATING REVIEW

WEIR MINERALS

AT A GLANCE

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

2022 DIVISIONAL REVENUE

£1,780m

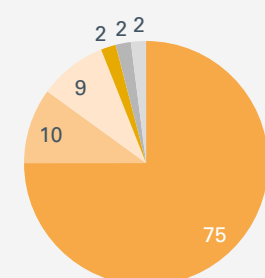
+20%¹

2022 DIVISIONAL ADJUSTED OPERATING PROFIT

£324m

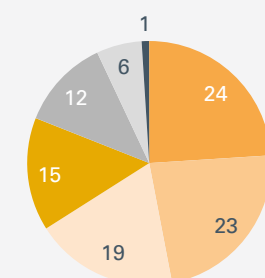
+24%^{1,2}

DIVISIONAL ORDERS BY END MARKET %



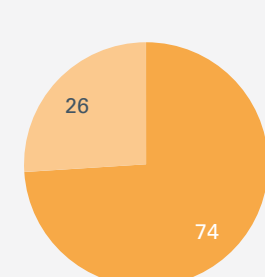
Mining
 Industrial
 Oil & Gas
 Naval & Marine
 Power Generation
 Infrastructure

DIVISIONAL ORDERS BY GEOGRAPHY %

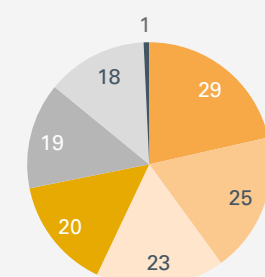


North America
 South America
 Asia Pacific
 Australasia
 Africa
 Europe & FSU
 Middle East

REVENUE BY ORIGINAL EQUIPMENT AFTERMARKET % NUMBER OF FACILITIES



Aftermarket
 Original Equipment



Europe & FSU
 South America
 Asia Pacific
 Australasia
 North America
 Africa
 Middle East

1. 2021 restated at 2022 average exchange rates.

2. Profit figures before adjusting items (note 2 of the Group Financial Statements).

HIGHLIGHTS

2022 Operating Review

The Division benefited from high levels of mining activity and growth in its installed base, which drove strong demand for spares across all product categories, culminating in record annual AM orders. In OE, customers ordered solutions to debottleneck and improve the efficiency of existing assets, and in particular, we saw strong demand for our industry-leading Warman® slurry pumps.

Our focus on execution delivered record levels of divisional revenue and operating profit. Operating momentum built through the year, resulting in strong revenue growth and operating margin expansion in the second half of the year as we converted our growing order book.

People

Safety performance remained a priority for the Division, and this is reflected in a 25% year-on-year reduction in total incident rate (TIR) to 0.27 (2021: 0.36). This performance positions the Division as one of the safest organisations in its sector, and is particularly pleasing in the context of strong revenue growth and increased levels of activity in our facilities.

People development was also in focus, with over 200 customer facing colleagues completing our proprietary 'Mill Circuit University' training programme, while in total around 10,000 learning and development courses were completed by Minerals colleagues during 2022.

Customers

During the year, the Division made good progress in its geographical expansion initiative, particularly in Central and South East Asia. Notable progress included expansion of our installed base across multiple projects in high-grade nickel applications in Indonesia, with £33m of OE orders received through the year for packages of GEHO positive displacement pumps.

Across our core product lines customers continued to recognise the benefits of our leading technology and global service network. This manifested in market share gains across the mill circuit, as the Division converted over 75% of its trials against competitor equipment. Furthermore, good progress was made in delivering our comminution strategy, including our first sale of a pebble crushing plant to a large Tier 1 copper mine in South America.

Technology

Technology highlights in the year included new partnership agreements with Eriez, for coarse particle flotation technology, and STM, for tower mills. These technologies, combined with Weir's sustainable solutions, form part of our redefined mill circuit that has significant energy and efficiency benefits relative to traditional technologies.

In Q4, the Division also launched the next generation of its proprietary Synertrex® platform. The system provides data-driven insights on equipment performance, enabling early identification of issues and optimised maintenance planning, thereby improving efficiency and mine productivity.

Performance

The Division continued to drive operational efficiency, supported by investments in both systems and capacity. Significant facility investments included the opening of a new facility in Bangalore, which will drive efficiencies across our operations in India, and also a new rubber mixing facility in Malaysia.

The roll-out of SAP also progressed well, with operations in India successfully migrating in Q3, meaning around 85% of the Division now operates the system. The final stages of the roll-out are scheduled for 2023, with the migration of our Middle East and Africa businesses scheduled for the first half of the year.

OPERATING REVIEW

WEIR MINERALS CONTINUED

Financial Review 2022

Orders increased by 13% on a constant currency basis to £1,937m (2021: £1,717m) with a book-to-bill of 1.09 reflecting strong order growth and a focus on execution. OE orders increased 2% year-on-year, with demand predominantly driven by brownfield solutions to debottleneck and improve the efficiency of existing assets, as miners accelerated ore production and large projects remained slow to convert. Through the year, we saw benefits from our geographical expansion strategy, with our increased presence in Central and South East Asia driving strong growth as we supplied equipment to copper and nickel mines in the region. AM orders were up 18% year-on-year as prices of most key commodities remained well above cost of production, incentivising miners to increase activity levels and develop more complex and lower grade ore bodies. Growth also reflects year-on-year price increases. AM orders represented 71% of total orders (2021: 68%). In total, mining end markets accounted for 75% of total orders (2021: 77%).

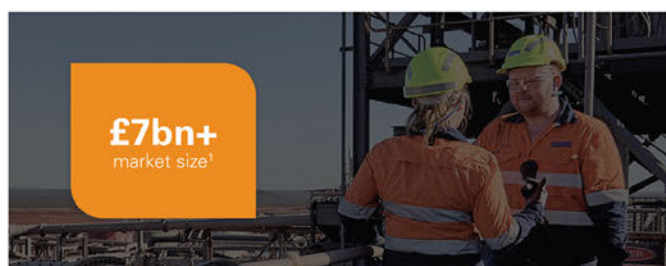
Revenue was 20% higher on a constant currency basis at £1,780m (2021: £1,482m) as order activity remained strong and the Division's focus on execution converted orders to revenue. Revenue grew through the period, with H2 revenue 23% higher on a sequential basis. Product mix moved slightly towards AM, which accounted for 74% of full year revenue (2021: 71%).

Adjusted operating profit increased 24% on a constant currency basis to £324m (2021: £261m) as the Division benefited from increased volumes, favourable mix and strong operational execution. Costs in the year included an adverse transactional FX impact of £9m, while discretionary spend, such as travel, returned to normal levels following lower spend during the Covid-19 pandemic. Prior year costs also included under-recoveries due to the cyber incident in Q3 and a one-off gain from the sale of a property in China.

Adjusted operating margin on a constant currency basis was 18.2% (2021: 17.6%), with the +60bps improvement driven by favourable mix, operating efficiency and the non-repeat of under-recoveries from the cyber incident in the prior year. Benefits are offset by the impact of adverse transactional FX and the normalisation of discretionary spend.

Operating cash flow increased by 70% to £386m (2021: £227m) reflecting growth in operating profit and a reduced working capital outflow of £18m (2021: outflow of £89m). Working capital movements comprised inventory build to support the growing order book and a reduction in receivables as revenue in H2 was more evenly loaded relative to the prior year.

MINERALS: OUTGROWING OUR MARKETS



STRATEGIC AREAS OF FOCUS

Comminution Digital solutions Mill circuit market share gains	- HPGR – grow installed base and harvest aftermarket - Continued expansion in product portfolio - Integrated solutions strategy - Debottlenecking activities
Geographical expansion	- Central Africa - Australia, Pilbara - Central and Southeast Asia
Technology: new products and range expansion	- Hydro hoisting - Terraflowing™ - New alloys and polymers
Market growth	- Estimated market growth of c.3% - Transition to net zero - Making mining more sustainable

1. 2022 estimate of Weir Minerals' addressable market size across the mill circuit



WARMAN® AH® PUMP SAVES CUSTOMER 70 MILLION LITRES OF WATER ANNUALLY

At the Kaymaz open pit gold mine in Turkey, operational changes over the years made the incumbent Warman® AH® 6/4 pumps in the cyclone feed application operate less efficiently - consuming excess water. After analysing the issue, Weir Minerals recommended the installation of four Warman® AH® 8/6 pumps with a Hi-Seal™ expeller arrangement and lip seal that prevents water leakage. The new solution freed up 70 million litres of water for use in other parts of the mill circuit.



LEARN MORE ABOUT THE
ICONIC WARMAN® PUMP
www.warman.weir

OPERATING REVIEW

WEIR ESCO

AT A GLANCE

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

2022 DIVISIONAL REVENUE

£692m

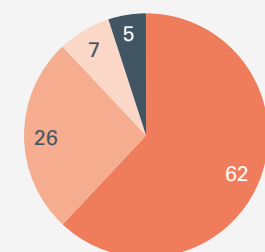
+22%¹

2022 DIVISIONAL ADJUSTED OPERATING PROFIT

£110m

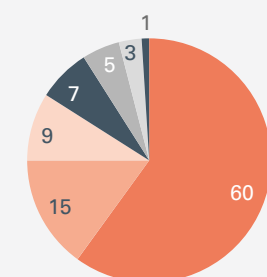
+18%^{1,2,3}

DIVISIONAL ORDERS BY END MARKET %



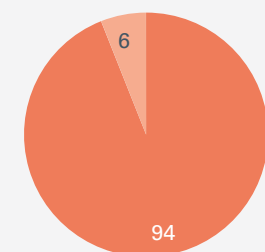
■ Mining
■ Infrastructure
■ Oil & Gas
■ General Industrial

DIVISIONAL ORDERS BY GEOGRAPHY %



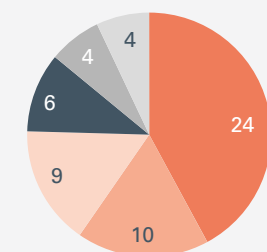
■ North America
■ South America
■ Australasia
■ Africa
■ Europe & FSU
■ Asia Pacific
■ Middle East

REVENUE BY ORIGINAL EQUIPMENT/AFTERMARKET %



■ Aftermarket
■ Original Equipment

NUMBER OF FACILITIES



■ North America
■ South America
■ Australasia
■ Africa
■ Europe & FSU
■ Asia Pacific

1. 2021 restated at 2022 average exchange rates.

2. Profit figures before adjusting items (note 2 of the Group Financial Statements).

HIGHLIGHTS

2022 Operating Review

The Division benefited from high levels of activity in mining markets, which drove strong demand for expendables. Growth was also supported by a contribution from acquired businesses, with both Motion Metrics and Carriere Industrial Supply (CIS) performing ahead of expectations. The Division's focus on execution delivered strong year-on-year growth in revenue and operating profit.

People

In terms of safety, excluding the impact from acquired businesses, TIR was 0.90 (2021: 0.85). While an increase on the prior year, the Division achieved a reduction in incident severity and a decrease in TIR in its North American foundries, both of which were focus areas for the year.

Key learning and development initiatives included training programmes for the next generation of operational leaders and the roll-out of the Division's foundry process control training. Other highlights included technical training for ESCO sales teams on Motion Metrics™ solutions.

Customers

Across our core mining G.E.T. portfolio, the Division gained market share with positive net conversions in the year. We saw particularly strong conversion rates in Indonesia and Australia, and in due course, expect to see a corresponding increase in demand for expendables in these regions. In addition, customer interest in our mining attachments proposition continued to gain traction, with orders up significantly year-on-year, including the first sale of cable shovel buckets to longstanding G.E.T. customers in Chile and Canada.

The Division also made good progress on its geographical expansion initiative and strategy to have direct channels to market in all major mining regions. This included the acquisition of CIS and the establishment of a direct channel to market, in partnership with Minerals, in Central Asia.

Technology

The performance of Motion Metrics was a technology highlight for the Division. In addition to core range expansions and new module releases, the technology was successfully integrated with ESCO's hardware to create a packaged productivity solution that underpins ESCO's production partnership model. During the year, the first reference site for this new model was established, whereby our revenue is directly linked to the productivity benefits we deliver. Incremental productivity benefits will be achieved through the Division's proprietary ore characterisation technology, and initial field trials of this commenced in the fourth quarter.

The Division also made progress on a number of new digital tools to support operations. This included the launch of a new digital supply chain tool, and the development of a digital configurator, which customers will use when ordering mining attachments. Both systems will improve customers' buying experience, while also driving operational efficiency.

Performance

Improving operational efficiency of foundry operations is a key priority for the Division. Good progress was made in the year with the roll-out of digital process optimisation tools, and the commencement of the construction of the Division's new foundry in Xuzhou, China, which will deliver significant efficiency and capacity benefits. Other footprint investments in the period included a new facility in Edmonton, Canada, which will improve the efficiency of the Division's operations in the region.

OPERATING REVIEW

WEIR ESCO CONTINUED

2022 Financial Review

Orders increased 17% on a constant currency basis to £707m (2021: £606m). This includes a £52m contribution from the acquisitions of Motion Metrics and CIS. Organic order growth of 8% was driven by strong demand for mining expendables, particularly from customers in South America, and year-on-year price increases. In infrastructure markets, demand was stable at high levels in the first half of the year before moving lower in Europe during the second half and also softening, to a lesser extent, in the US during the fourth quarter. The Division's book-to-bill for the year was 1.02 as a result of a combination of growing orders and strong execution. AM represented 94% of orders (2021: 94%) reflecting ESCO's business model as a provider of highly engineered expendables to mining and infrastructure markets.

Revenue increased 22% on a constant currency basis to £692m (2021: £569m). Mining represented 60% of revenues (2021: 56%) and infrastructure was 28% (2021: 31%).

Adjusted operating profit increased 18% on a constant currency basis to £110m (2021: £93m) as the Division benefited from increased volumes. In the prior year, the Division benefited from the favourable phasing of price increases relative to raw material purchase contract renewals, and from temporary cost savings as discretionary spend, such as travel, was at lower levels during the Covid-19 pandemic.

Adjusted operating margin of 15.9% was 40bps lower on a constant currency basis (2021: 16.3%). Offsetting operational efficiencies was the reversal of non-recurring benefits in the prior year and the dilutive effect of Motion Metrics as it delivered significant year-on-year revenue growth and was break even at an operating profit level. This was in line with expectation as the business scaled rapidly while also investing significantly in R&D. In line with the acquisition plan, we expect Motion Metrics to be accretive to ESCO operating margins in 2023.

Operating cash flow increased by 8% to £93m (2021: £86m), reflecting growth in operating profit offset by a higher working capital outflow of £33m (2021: outflow of £13m). Growth in working capital was driven by inventory build and an increase in receivables, reflecting order book and revenue growth respectively.

ESCO: OUTGROWING OUR MARKETS



STRATEGIC AREAS OF FOCUS

Digital solutions Surface mining buckets G.E.T. market share gain	- Accelerate growth through packaged solutions - Focus on sustainability and load haul process optimisation - Further embed ESCO in customer operations
Geographical expansion	- Globalise infrastructure - Leverage Minerals' mining footprint
Technology: new products and range expansion	- New materials and alloys - Underground mining applications
Market growth	- Estimated market growth of c.3% - Transition to net zero - Making mining more sustainable

1. 2022 estimate of ESCO addressable market in mining G.E.T. and buckets and estimated market opportunity for digital



ACQUISITION OF CARRIERE INDUSTRIAL SUPPLY

In April 2022, we announced the acquisition of Carriere Industrial Supply (CIS) for an enterprise value of £20m. Based in Eastern Canada, CIS produces mining buckets and lip systems. CIS have secured a strong presence in the gold sector and are closely located to attractive nickel and lithium deposits. The acquisition builds on a longstanding relationship with Weir ESCO and delivers on ESCO's strategy of developing direct sales channels into the mining markets.



READ MORE ON OUR ACQUISITION OF CIS
www.global.weir/news/CIS

FINANCIAL REVIEW

STRONG GROWTH IN REVENUE, MARGIN AND CASH CONVERSION



The business executed well in 2022 and our record order book and strong balance sheet will support further sustainable growth.



JOHN HEASLEY
Chief Financial Officer

OVERVIEW

2022 saw the Group deliver excellent outcomes in line with our medium-term targets. Orders and revenues grew ahead of our markets while both operating margins and free operating cash conversion increased. With leverage reducing to 1.5 times and a new five-year RCF and two-year loan facility agreed in the period, our balance sheet is strong with significant liquidity to support our exciting future growth ambitions.

While mining markets continued to show strength, these results are especially pleasing given the challenging operating environment with ongoing Covid-19 disruption, supply chain challenges and high inflation. The resilience of our business model shone through with our vertically integrated operations and market-leading positions, ensuring we continued to deliver for our customers while growing margins with appropriate price increases and ongoing operational excellence.

We enter 2023 with a record order book and continuing strong customer demand. This, together with our Performance Excellence programme launched in the year, means we are well placed to deliver our previously stated medium-term growth, adjusted operating margin and cash conversion objectives.

FINANCIAL HIGHLIGHTS

Continuing operations order input increased 14% on a constant currency basis, with growth supported by favourable mining markets, acquisitions and our organic strategic growth initiatives. Demand for aftermarket (AM) was particularly strong, reaching record levels driven by mining production trends and installed base expansion. In original equipment (OE), we saw growth in sustainable solutions and brownfield activity as customers looked to increase the efficiency and throughput of their mines.

Continuing operations revenue increased 21% on a constant currency basis, as we focused on execution in a challenging operating environment including supply chain disruption. On a reported basis, revenues increased 28%, supported by a foreign exchange translation tailwind of £117m. Overall book-to-bill at 1.07 reflects the ongoing growth in orders and means that we enter 2023 with a record order book.



FINANCIAL REVIEW

CONTINUED

Adjusted operating profit from continuing operations increased by £99m (33%) to £395m on a reported basis (2021: £296m). Excluding a £20m foreign currency translation tailwind, the constant currency increase was £79m (25%).

Continuing operations adjusted profit before tax of £348m was an increase of £99m from £249m in the prior year, after a translational foreign exchange tailwind of £16m. Continuing operations adjusting items increased by £47m to £87m (2021: £40m) with the increase mainly relating to the wind down of our Minerals Russia operations and the disposal of our ESCO Russia entity.

Statutory profit for the year after tax from total operations of £214m (2021: £259m) reflects the increase in profit from continuing operations of £58m offset by a decrease in discontinued operations of £103m, the latter reflecting the gain on sale of the Oil & Gas Division in 2021. This included the recycling of £103m of cumulative net foreign exchange gains from the foreign currency translation reserve to the income statement.

Cash generated from operations increased by £182m to £448m in the year, and reflects an increase in profitability together with an improvement in working capital performance, which saw working capital as a percentage of sales decrease to 24% from 28% in the prior year. This supported free operating cash conversion of 87%, up from 63% last year. A free cash inflow of £193m funded dividends, exceptional cash flows and the acquisition of Carriere Industrial Supply, leaving a net cash inflow of £85m. A £101m adverse foreign exchange retranslation impact and £8m of other non-cash items resulted in net debt increasing by £24m to £797m. Net debt to EBITDA on a lender covenant basis was 1.5 times compared to a covenant level of 3.5 times.

CONTINUING OPERATIONS ORDERS

Orders at £2,644m increased 14% on a constant currency basis with growth in both Divisions. Original equipment orders were £605m and aftermarket orders were £2,039m.

ORDERS

£2.6bn

+14%²

Minerals orders increased by 13% on a constant currency basis to £1,937m (2021: £1,717m), with a book-to-bill of 1.09 reflecting strong order growth and focus on execution. Demand was strong in all regions, with North America supported by particularly high levels of activity in the Canadian oil sands and Asia Pacific seeing a strong recovery in Australia and new demand in ASEAN countries. Order trends reflect our growing presence in the region, which is enabling us to capitalise on miners' recent strategic investments, such as nickel expansion projects in Indonesia. OE orders increased by 2% and were predominantly driven by debottlenecking solutions and small brownfield expansion projects, as miners sought to maximise production from existing assets and large projects remained slow to convert. Through the year, we saw benefits from our geographical expansion strategy, with our increased presence in Central and South East Asia driving strong growth as we supplied equipment to copper and nickel mines in the region. AM orders increased by 18% as prices of most key commodities remained well above cost of production, incentivising miners to increase activity levels and develop more complex and lower grade ore bodies. Growth also reflects year-on-year price increases. Q4 was sequentially 2% higher than Q3, delivering an all-time AM record for the Division. AM orders represented 71% of total orders (2021: 68%). In total, mining end-market orders accounted for 75% of the total (2021: 77%).

ESCO orders increased 17% on a constant currency basis to £707m (2021: £606m). This includes a £52m contribution from the acquisitions of Motion Metrics and Carriere Industrial Supply. Organic order growth of 8% was driven by strong demand for mining expendables, particularly from customers in South America, and year-

on-year price increases. In infrastructure markets, year-on-year demand was broadly stable, though we saw demand decline through the second half of the year. This was most notable in Europe, and to a lesser extent in our largest market of North America. The Division's book-to-bill for the year was 1.02 as a result of a combination of growing orders and strong execution. AM represented 94% of orders (2021: 94%) reflecting ESCO's business model as a provider of highly engineered expendables to mining and infrastructure markets.

CONTINUING OPERATIONS REVENUE

Revenue of £2,472m increased 21% on a constant currency basis. Aftermarket accounted for 80% of revenues, up from 78% in the prior year. Reported revenues increased 28% (2021: £1,934m), impacted by a foreign exchange translation tailwind of £117m.

REVENUE

£2.5bn

+21%²

Minerals revenue grew 20% on a constant currency basis at £1,780m (2021: £1,482m), as order activity remained strong and the Division's focus on execution converted orders to revenue. Revenue grew through the period, with second half revenue 23% higher on a sequential basis. Product mix moved slightly towards AM, which accounted for 74% of full year revenue (2021: 71%).

ESCO revenue increased 22% on a constant currency basis to £692m (2021: £569m). Mining represented 60% of revenues (2021: 56%) and infrastructure was 28% (2021: 31%).

CONTINUING OPERATIONS PROFIT

ADJUSTED OPERATING PROFIT

£395m

+25%²

Minerals adjusted operating profit increased on a constant currency basis to £324m (2021: £261m) as the Division benefited from increased volumes, favourable AM mix and strong operational execution. Costs in the year included an adverse transactional FX impact, while discretionary spend, such as travel, returned to normal levels following lower spend during the Covid-19 pandemic. Prior year costs also included under-recoveries due to the cyber incident in late September and a one-off gain from the sale of a property in China. Adjusted operating margin on a constant currency basis was 18.2% (2021: 17.6%), with the 60bps increase driven by factors above.

ESCO adjusted operating profit increased by 18% on a constant currency basis to £110m (2021: £93m), primarily as the Division benefited from increased volumes and the impact of acquisitions. In the prior year, the Division benefited from the favourable phasing of price increases relative to raw material purchase contract renewals, and from temporary cost savings as discretionary spend, such as travel, was at lower levels during the Covid-19 pandemic. Adjusted operating margin of 15.9% was down 40bps on a constant currency basis (2021: 16.3%). Offsetting operational efficiencies was the reversal of non-recurring benefits in the prior year, and the dilutive effect of Motion Metrics as it delivered significant year-on-year revenue growth and was break even at an operating profit level. This was in line with expectation as the business scaled rapidly while also investing significantly in R&D. In line with the acquisition plan, we expect Motion Metrics to be accretive to ESCO operating margins in 2023.

Unallocated costs are £1m higher than the prior year at £39m.

Statutory operating profit for the period of £308m was £51m favourable to the prior year, with the increase in adjusted operating profit of £99m being offset by an increase in adjusting items.

FINANCIAL REVIEW

CONTINUED

CONTINUING OPERATIONS ADJUSTING ITEMS

Continuing operations adjusting items increased by £47m to £87m (2021: £40m). Intangibles amortisation increased by £1m to £36m (2021: £35m). Exceptional items increased by £49m to £49m (2021: net nil), primarily due to the wind down of our Russian operations, which totalled £44m. This reflects the loss on disposal of our ESCO Russia business in September 2022, as well as the write down of our Minerals Russia business and associated assets as trading is wound down. Continuing operations included Russia revenue of £52m and adjusted operating profit of £8m which was slightly ahead of the prior year. Other exceptional items included acquisition and integration costs relating to Motion Metrics and Carriere Industrial Supply of £2m and initial costs relating to our Performance Excellence programme of £3m. Other adjusting items relating to the Group's legacy US asbestos-related provision reduced to £3m (2021: £4m).

CONTINUING OPERATIONS NET FINANCE COSTS

Net finance costs were £47m (2021: £47m) with a reduction in finance costs of £2m being offset by lower interest income. Finance costs decreased following the settlement of private placement debt in February 2022, which resulted in an improved interest rate mix. This was partially offset by a foreign currency translation headwind of £4m on USD denominated debt.

Net finance costs (excluding retirement benefit related costs) were covered 9.5 times by adjusted operating profit from continuing operations on a lender covenant basis (2021: 7.3 times), compared to a covenant level of 3.5 times.

CONTINUING OPERATIONS PROFIT BEFORE TAX

Adjusted profit before tax from continuing operations was £348m (2021: £249m), after a foreign currency translation tailwind of £16m. The statutory profit before tax from continuing operations of £260m compares to £209m in 2021, the increase is primarily due to the increase in adjusted operating profit offset by the increase in adjusting items.

CONTINUING OPERATIONS TAXATION

The adjusted tax charge for the year of £93m (2021: £64m) on profit before tax from continuing operations (before adjusting items) of £348m (2021: £249m) represents an adjusted effective tax rate (ETR) of 26.6% (2021: 25.6%). Our ETR is principally driven by the geographical mix of profits arising in our business and, to a lesser extent, by the impact of Group financing and transfer pricing arrangements.

A tax credit of £45m has been recognised in relation to continuing operations adjusting items (2021: £9m). This includes an exceptional tax credit of £32m following the recognition of US tax attributes that were previously held off balance sheet.

In terms of cash tax, the total Group paid income tax of £93m in 2022 across all of its jurisdictions compared to £82m in 2021. The increase is due to a combination of increased profitability across the Group combined with an increase in withholding taxes suffered on cash repatriation to the UK.

CONTINUING OPERATIONS PROFIT AFTER TAX

The continuing operations profit after tax before adjusting items is £255m (2021: £185m). The statutory profit after tax for the year from continuing operations is £213m (2021: £155m).

DISCONTINUED OPERATIONS

The statutory profit after tax for the year from discontinued operations was £1m (2021: £104m) reflecting a tax credit related to the Oil & Gas Division which was disposed in the prior year.

ACQUISITION OF CARRIERE INDUSTRIAL SUPPLY

The Group completed the acquisition of Carriere Industrial Supply Limited on 8 April 2022 for an enterprise value of CAD\$33m (£20m) less customary debt and working capital adjustments, which resulted in initial cash consideration of £16m and deferred consideration of £3m, of which £1m has now been paid. CIS contributed £27m to revenue and adjusted operating profit of £6m in the period from acquisition. These values are inclusive of revenue and margin which would have been earned pre-acquisition on sales from ESCO to CIS under the former distributor model.

RESULTS SUMMARY

Continuing operations ¹	2022	2021	As reported	Constant currency ²
Orders ²	£2,644m	£2,323m	n/a	+14%
Revenue	£2,472m	£1,934m	+28%	+21%
Adjusted operating profit ³	£395m	£296m	+33%	+25%
Adjusted operating margin ³	16.0%	15.3%	+70bps	+60bps
Statutory operating profit	£308m	£257m	+20%	n/a
Net finance costs	£47m	£47m	—%	n/a
Adjusted profit before tax ³	£348m	£249m	+40%	n/a
Statutory profit before tax	£260m	£209m	+24%	n/a
Adjusted effective tax rate ³	26.6%	25.6%	+100bps	n/a
Adjusted earnings per share ³	98.4p	71.3p	+38%	n/a
Total Group				
Statutory profit after tax	£214m	£259m	-17%	n/a
Statutory earnings per share	82.5p	99.7p	-17%	n/a
Operating cash flow ²	£448m	£266m	+68%	n/a
Free operating cash conversion	87 %	63 %	n/a	n/a
Dividend per share	32.8p	23.8p	+38%	n/a
Net debt ⁴	£797m	£773m	-£24m	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 3 of the Group Financial Statements.

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

2 2021 restated at 2022 average exchange rates.

3 Profit figures before adjusting items. Total operations operating cash flow (cash generated from operations) excludes additional pension contributions, exceptional and other adjusting cash items and income tax paid. Total operations net cash generated from operating activities was £321m (2021: £156m).

4 2021 has been restated to reflect the finalisation of the Motion Metrics opening balance sheet. Details of the restatement are provided in note 2 of the Group Financial Statements.

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

FINANCIAL REVIEW

CONTINUED

CAPITAL EXPENDITURE

Net capital expenditure increased by £19m to £58m (2021: £39m), in part due to the prior year including £12m net proceeds from the sale of a property in China.

Lease payments of £31m increased from £28m last year mainly due to the acquisitions of Motion Metrics and Carriere Industrial Supply.

CASH FLOW AND NET DEBT

Cash generated from total operations³ increased by £182m to £448m (2021: £266m) in the year, with the prior year including an outflow of £14m from discontinued operations. The cash generated from continuing operations³ increased by £168m primarily driven by the increase in adjusted operating profit, coupled with an improvement in working capital of £54m (2022: outflow of £49m vs 2021: £103m). The outflow in working capital in the year reflects our continued investment in growth, with inventory increasing as operations prepare to execute a record closing order book. This was partially offset by a decrease in debtors as we seek to improve our cash cycle, and despite 15% year-on-year revenue growth in the last quarter. As a result, working capital as a percentage of sales decreased to 24% from 28% in the prior year. Continuing operations utilised non-recourse invoice discounting facilities, primarily customers supply chain financing facilities, of £45m (2021: £19m) and suppliers chose to utilise supply chain financing facilities of £54m (2021: £33m). Net cash generated from operations is £321m (2021: £156m).

Free operating cash flow increased by £157m to £342m (2021: £185m) resulting in operating cash conversion (refer to note 3 of the Group Financial Statements) of 87% (2021: 63%). This was a result of the above noted improvement in cash generation, partially offset by the increase in capital expenditure in the year. Over the medium-term, we continue to target operating cash conversion of 90% to 100% driven by working capital efficiency and maintaining capex and lease costs close to one times depreciation. Capex is likely to be elevated above this level for the next year as we construct our new ESCO foundry in China and complete our roll-out of SAP and other digital initiatives, resulting in cash conversion between 80% and 90% over 2023.

Free cash flow (refer to note 3 of the Group Financial Statements) from total operations was an inflow of £193m (2021: £62m). In addition to the movements noted above, this was primarily impacted by an increase in tax payments of £11m and an £11m decrease in proceeds on settlement of derivative financial instruments.

Net debt increased by £24m to £797m (2021 restated⁴: £773m) and includes £115m (2021: £105m) in respect of IFRS 16 'Leases'. The movement reflects free cash inflow of £193m, offset by foreign exchange retranslation of £101m, dividends of £67m, acquisition of Carriere Industrial Supply of £15m, exceptional cash flows of £26m and other movements of £8m. Net debt to EBITDA on a lender covenant basis was 1.5 times⁵ (2021: 1.9 times) compared to a covenant level of 3.5 times.

In April 2022, the Group completed the refinancing of its US\$950m Revolving Credit Facility (RCF), which was due to expire in June 2023. This was replaced with a US\$800m RCF, which will mature in April 2027, with the option to extend for up to a further two years. The RCF includes a link to the Group's sustainability goals and the covenant terms are unchanged. In January 2023, the Group added a further £300m loan facility, which will expire in January 2024, subject to a one-year extension option. These refinancing actions result in the Group having more than £800m of immediately available committed facilities and cash balances following the maturity of US\$200m of US Private placement debt in February 2023.

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 IAS 19 funding position across these schemes improved from a deficit of £57m at December 2021 to a net surplus of £15m at December 2022. This is primarily due to changes in financial assumptions, which resulted in a gain of £303m (2021: £54m), mainly due to the rise in discount rates over the period, partially offset by losses on plan assets of £224m (2021: gain £8m).

These movements contributed to a credit of £65m (2021: £96m) being recognised in the Consolidated Statement of Comprehensive Income. Employer pension contributions in the year totalled £14m (2021: £12m).

Insurance policy assets held for the two largest UK schemes now cover 39% (2021: 35%) of the UK's total funded obligation, reducing the Group's exposure to actuarial movements.

ASBESTOS-RELATED PROVISION

Certain of the Group's US-based subsidiaries are co-defendants in lawsuits pending in the United States in which plaintiffs are claiming damages arising from alleged exposure to products previously manufactured which contained asbestos. At the end of 2022, there were 1,716 outstanding asbestos-related claims in the US (2021: 1,765).

We have recognised a US asbestos-related provision of £53m (2021: £59m), which reflects expected future settlements based on the triennial actuarial review of estimated future indemnity and defence costs, which was completed in December 2020. The Group has insurance cover in place for claims with a pre-1981 date of first exposure and, as a result, recognises a corresponding insurance asset of £32m (2021: £42m). The net result is a £21m liability (2021: £16m). A charge of £3m (2021: £4m) has been recognised as an other adjusting item in the year (note 6 of the Group Financial Statements). Full details of the provision, plus the related insurance receivable, are provided in note 22 to the Group Financial Statements.

KEY ACCOUNTING AND POLICY JUDGEMENTS

The key accounting and policy judgements are contained within note 2 to the Group Financial Statements on pages 154 to 155.

EARNINGS PER SHARE

Adjusted earnings per share from continuing operations increased by 38% to 98.4p (2021: 71.3p) reflecting the increased profit offset by higher effective tax rate in the year. Statutory reported earnings per share from total operations is 82.5p (2021: 99.7p). The weighted average number of shares in issue was 258.7m (2021: 259.3m).

DIVIDEND

The Board is recommending a final dividend of 19.3p, resulting in a total dividend of 32.8p for the year. If approved at the Annual General Meeting on 27 April 2023, the final cash dividend will be paid on 5 June 2023 to Shareholders on the register as at 21 April 2023.



JOHN HEASLEY
Chief Financial Officer

1 March 2023

TECHNOLOGY FOR SUSTAINABLE MINING

TECHNOLOGY TO TACKLE OUR CUSTOMERS' BIGGEST SUSTAINABILITY CHALLENGES

Our core value proposition to our customers is lowest total cost of ownership, or TCO. This is underpinned by our products operating more efficiently, so using less energy and water, and lasting longer than alternative solutions. As a result, spare parts need to be replaced less frequently.

These characteristics come from our core expertise in metallurgy, manufacturing processes and mechanical engineering. We have some of the world's leading metallurgists and foundry experts in our team, and our exotic alloys and specific foundry processes are what give our products their extended wear life. However, this isn't the only benefit. When products are replaced less frequently, embodied carbon emissions are also lower. Less metal is being poured, less waste is being created and less carbon is expended in supply chains. So sustainability benefits are already part of our proposition.

However, given the scale and pace of the challenges the mining sector faces, there is much more we can do to provide transformational technology solutions. This is the driving factor in our technology strategy and at the core of our purpose at Weir.

Fundamentally, miners want to get more from less. By working closely with our customers and listening to them, we understand their biggest priorities, which can be summarised into five simple themes:

- Move less rock
- Use less energy
- Use water wisely
- Create less waste; and
- Boost with digital.

We are using these themes as the framework for our technology strategy, and to prioritise and allocate our engineering and R&D resources to address our customers' priorities. Through our technology strategy, we are creating the sustainable solutions that underpin our growth ambition. Many of our current growth initiatives are supported by new innovations that already align to one or more of the key customer themes. Our range of more nascent technologies has the potential to deliver further growth and is similarly aligned.

With clear customer priorities and a compelling mandate to make mining more sustainable, we are increasing our investment in R&D and rebalancing how it is spent.

Historically, much of our investment has been on programmes focused on maintaining our core competitiveness. This includes investment in metallurgy and next generation improvements of existing product ranges. However, as we grow our R&D investment towards 2% of sales, and expand our technology capabilities to include more digital expertise, we are allocating increasing resource towards mid- and long-term opportunities that have the potential to further transform the mining process.

Our R&D strategy is therefore very clear. We will continue to invest to protect our core value proposition, while increasing spend to address our customers' biggest challenges and drive our future growth.

CUSTOMER PRIORITIES

TECHNOLOGY OPPORTUNITIES



Move less rock

Miners want to reduce the effort they expend on processing zero and low grade ore. They want to move less rock by moving only high grade material. We are developing technologies that identify and select ore with the right mineral content, helping customers to optimise the material entering their processing plant.



Use less energy

Mining today is an energy intensive process and the industry accounts for around 3.5% of total final energy consumption globally. Energy costs money and contributes to CO₂ footprint, so there is a dual impetus for miners to use less energy in their processes. We are developing engineered solutions that help deliver the dramatic energy savings our customers need to meet their sustainability goals.



Use water wisely

Water is fundamental to the way minerals are processed. However, in some parts of the world there is not enough, and in some parts there's too much. So miners want to use water wisely. We understand this and are developing tailored solutions to help them increase water recovery and recycling rates and, where possible, introduce water-free steps within their processes.



Create less waste

Today, around 99% of mined rock ends up as tailings - the waste stream produced in conventional mining processes. With technologies to tackle the above three priorities, mining will create less waste and lower volumes of tailings. In addition, we are working on innovative ways to manage the tailings that are produced more safely and sustainably.



Boost with digital

Ultimately, miners want to optimise their operations to get more from less. So we are boosting the effectiveness of our engineering technology expertise with a digital system overlay to provide added insight for customers.

TECHNOLOGY FOR SUSTAINABLE MINING CONTINUED

A PRODUCTION PARTNER FOR MOVING ROCK MORE EFFECTIVELY

Building off our leading position in Ground Engaging Tools (G.E.T.), we are designing packaged bucket and G.E.T. solutions, optimised to specific processes and digging conditions at any mine in the world. By matching bucket capacity with the truck body, we can reduce the number of passes needed to fill a haul truck, reducing downtime and energy consumption for customers. We are boosting those benefits using digital analytical tools to increase dig efficiency and payload.

15%

improvement in dig efficiency

→ www.global.weir/brands/esco

TRANSFORMING GRINDING WITH SUSTAINABLE SOLUTIONS

Our high pressure grinding rolls (HPGR) operate in comminution, one of the most energy intensive parts of the mine, where large rocks are crushed to a fine powder. We've designed our HPGRs to provide fundamental process benefits over traditional tumbling mills, meaning they use significantly less energy to deliver the same output. We are gaining strong traction in the market with our HPGRs, which is testament to our differentiated technology and best-in-class aftermarket support.

40%

reduction in direct energy use

→ www.enduron.weir

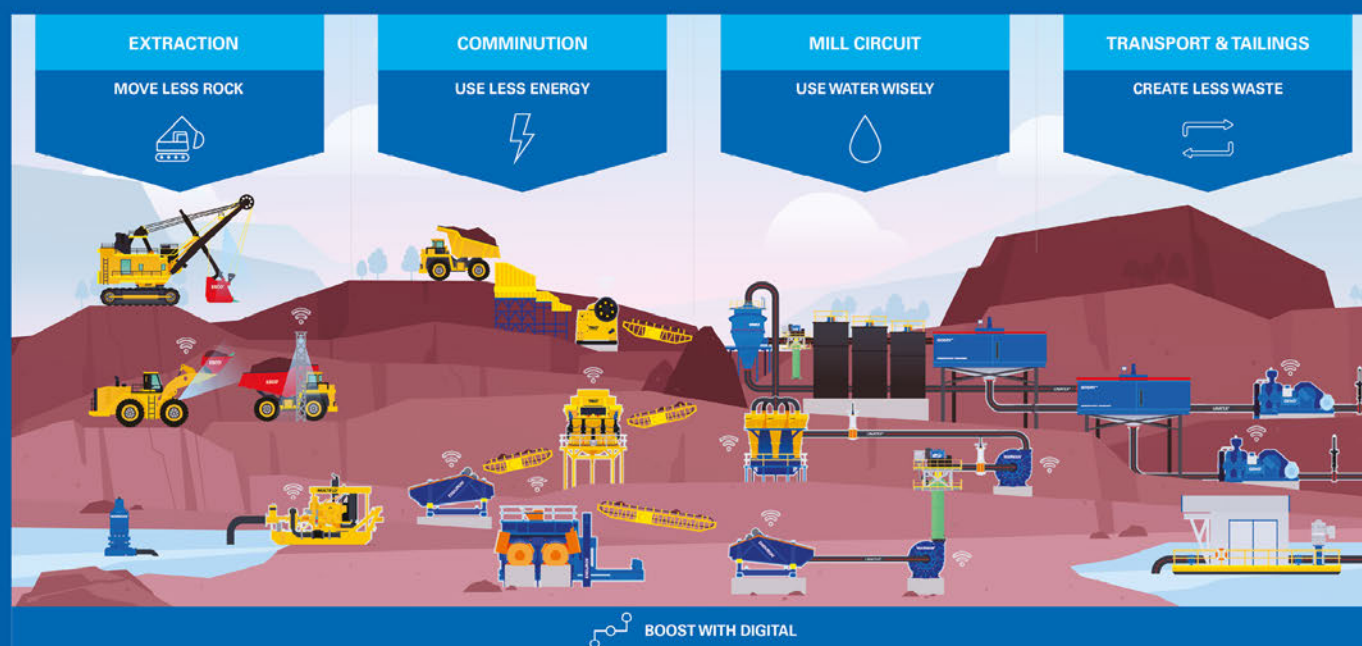
BOOSTING SUSTAINABILITY PERFORMANCE WITH AI AND DATA

Across the pit and processing plant, we are harnessing the power of digital to boost the sustainability performance of our solutions for our customers. Our Synertrex® platform provides data-driven insights on our equipment, while Motion Metrics™ machine vision and AI technology generates complementary insight on processes within the mine. With these two platforms, our strong positions in mining technology and our growing AI expertise, we see exciting opportunities to develop enhanced and optimised ecosystems.

2x

the insight with Synertrex® and Motion Metrics™

→ www.global.weir/services/digital-services



SUSTAINABILITY INTRODUCTION

WE ARE ACCELERATING DELIVERY OF OUR SBTi-ALIGNED SUSTAINABILITY ROADMAP



We have a compelling shared goal with our customers - to make mining more sustainable. So our sustainability strategy and our business strategy are 100% aligned.



PAULA COUSINS
Chief Strategy and Sustainability Officer

UNDERPINNED BY STAKEHOLDER ENGAGEMENT

Since launching our Sustainability Roadmap in 2020, we have prioritised delivery against our four strategic goals, which consciously focus on what really matters for our customers, our investors, our employees and for the world's climate challenge.

We are now shifting gear, and are both accelerating our pace and increasing our ambition, fully integrated with our business strategy and the urgent need for material global action in this decade. The gear shift has been enabled by the strength of engagement from every one of our key stakeholder groups.

OUR CUSTOMER ENGAGEMENT

Delivering the growth in demand for transition minerals to meet the world's energy decarbonisation agenda means miners need to scale up and clean up at the same time. In 2022, we have seen a marked increase in customer conversations about their sustainability targets and the need for new product and process technologies to meet their net zero operations goals. Countries will clean up their grids and miners will electrify their operations and switch to low-carbon energy supplies. We are committed to engage to help speed that transition.

The other critical enabler of net zero mining operations is new or improved technology that materially drives down energy consumption in the mining process. Since 97% of Weir Group's CO₂e emissions footprint comes from our products in use, within our scope 3 emissions, but also our customers' scope 1&2 emissions, we have a compelling shared goal to reduce that footprint.

1/3

miners are committed to set scope 1&2 targets to achieve net zero by 2050¹

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



SUSTAINABILITY INTRODUCTION CONTINUED

OUR INVESTOR ENGAGEMENT

In recent years, a growing proportion of the agenda in our investor meetings has focussed on ESG-led themes, with particular interest in what we are doing in both our own organisation and to help our customers to deliver their sustainability goals.

Throughout 2022, Weir Group Executive members and senior leaders from our businesses have participated in a range of ESG-specific investor events, and we held Weir's first Sustainability and Technology-focussed capital markets event in December 2022. Sustainability is recognised by the market as a growth driver for Weir and a key part of our investment case.

\$1.6bn

of our borrowing and facilities sustainability linked

OUR EMPLOYEE ENGAGEMENT

Our employees are telling us loud and clear that working for a business that is committed to sustainability, and feeling they can play a part, matters to them. We see this passion in the huge growth in the number of sustainability-related initiatives in all aspects of our businesses around the world and the demand for sustainability-focussed training. We also hear it directly in the scoring and comments in our all-employee survey, which continue to improve year-on-year. The average scores from employees in response to sustainability questions are shown below:

8.9/10 score

I believe Weir is committed to being a sustainable business

8.4/10 score

I feel empowered to take actions to make Weir more sustainable

OUR ENGAGEMENT WITH SCIENCE BASED TARGETS AND THE GLOBAL CLIMATE CHALLENGE

The world needs to act fast to reduce its energy footprint and avert catastrophic climate change, the biggest challenge of the 21st century. We intend to play our part, as we believe doing so is right for the world, right for our business and directly aligns with our purpose to enable the sustainable and efficient delivery of the natural resources essential to create a better future for the world. As such, in 2022, we set new Science Based Targets (SBTi)-aligned scope 1, 2 and 3 goals (see page 50), and further enhanced our TCFD disclosures, which underpin our strategy (see pages 56 to 59). We are delighted to have our progress so far recognised by our inclusion in the CDP climate A list.



Q: How can Weir make mining more sustainable?

A: Weir's products and solutions operate in the most energy-intensive parts of the mining process – load haul and comminution combined make up 70% of mining energy consumption. So using technology to drive down energy consumption in those two areas will play a material part in miners' pathway to net zero.

Q: Do miners really want new technology?

A: Yes. The mining sector has historically been conservative in adopting new technologies due to the scale of operations, but that's visibly changing. In the next decade, the mining industry needs to scale up and clean up at the same time, and our customers are telling us they need technology and process innovation to enable that.

Q: How do you link sustainability to strategy?

A: They are one and the same. We are in the privileged position that we don't have to choose between sustainability and growth, we can deliver both with equal ambition. Weir engineers love a challenge and are master problem-solvers, so where better to focus those skills than the biggest challenge of the 21st century?

Q: Now the sustainability roadmap is three years old, what's the next chapter?

A: As we have accelerated the delivery of our sustainability roadmap, we have had consistent revalidation from all our key stakeholders that we are focussing on what really matters most. However, we are going to keep listening and plan to refresh our materiality assessment in 2023 so we can keep driving focus, ambition and pace.

Q: What drives you personally?

A: The real potential to make a material difference in an industry that needs to change before the end of this decade. It is the perfect 'necessity is the mother of invention' moment.

Q&A

SUSTAINABILITY REVIEW

SUSTAINABILITY ROADMAP

CHAMPIONING ZERO HARM

Weir is built around our zero harm commitment. Fundamentally, we want every one of our people to have a safe start, a safe finish and a safe journey home. To support a zero harm culture, we empower people to focus first on safe behaviour, proactively identifying risk and having meaningful safety conversations. No business objective will take priority over health and safety, and no task is so important or urgent that it cannot be done safely. We operate sustainably and drive continuous environmental improvement.



CREATING SUSTAINABLE SOLUTIONS

The need for mining to undergo a technology transformation to reduce its energy, water and waste provides a significant opportunity to develop innovations that make mining smarter, more efficient and sustainable. This is Weir's sweet spot and is the focus for our research and development activity. We believe we can enable net zero for our customers by shaping the next generation of solutions.



NURTURING OUR UNIQUE CULTURE

We continue to develop a culture where every employee feels that Weir is an exceptional place to work and belong. We enable this by providing a diverse range of listening opportunities and fostering genuine and meaningful dialogue with employees, so that they feel free to share their views, and where they can see their feedback acknowledged and acted upon.



REDUCING OUR FOOTPRINT

We want to lead by example and will take actions to reduce our own footprint. We aim to minimise the impact that our operations have on the environment. We have assessed and identified areas in which we can have the biggest environmental impact and have chosen to focus on CO₂e, waste and water.

FOUNDATIONS

In addition to our four sustainability roadmap strategic priorities, we aspire to have best-in-class corporate governance and transparency across all areas of sustainability.

Governance¹

Accountability for all areas of our Sustainability Roadmap are embedded in our core governance structures. Our policies promote responsible behaviour along with sustainable business and operational practices on the part of the Group's companies and their employees.

Target Setting

We take a strategic approach to target-setting. We focus on metrics and targets most relevant to our objectives because they will drive the most positive impact and sustainability value.

Reporting

We believe timely and clear publication of performance data and reporting will further help embed sustainable practices internally and externally, ensuring we remain accountable to stakeholders while continuously measuring and improving our performance.

¹ Governance across all areas of sustainability covering code of conduct, ethics hotline, human rights, modern slavery, anti-bribery & corruption, suppliers and third parties, privacy and data protection, and tax transparency.

SUSTAINABILITY REVIEW

CONTINUED

SUSTAINABILITY ROADMAP PROGRESS

CHAMPIONING ZERO HARM

2022 Key Progress	Next Steps	Key Performance Indicator
- Developed, communicated and began roll out Zero Harm Behaviours Framework. - Implemented a SHE learning strategy to standardise content, recording and delivery. - Continued to gather employee views and increase engagement around health and wellbeing.	- Zero harm behaviours gap analysis to be undertaken across remaining sites. - Complete SHE learning standardisation programme and roll out remaining protocols, as well as publishing translated versions. - Support employees to enhance their financial wellbeing and mental health.	Total Incident Rate (TIR)¹: 0.41 (2021: 0.45) 9% improvement

NURTURING OUR UNIQUE CULTURE

2022 Key Progress	Next Steps	Key Performance Indicator
- Achieved 88% survey participation rate, enabling employees to share their views. - Significant progress in extending affinity groups, reverse mentoring and support for under-represented groups in STEM. - Implemented our new Performance Conversations management approach to a number of business areas.	- Continue to embed and promote our culture of We Are Weir, ensuring we are enabling employees to do the best work of their lives. - Ongoing insights analysis from a range of employee listening channels. - Further progress of our inclusion, diversity & equity strategy, including specific focus on female representation. - Fully embed Performance Conversations within the remaining business channels.	Employee Net Promoter Score (eNPS)¹: 51 (2021: 48) Female representation %: 17% (2021: 17%)

REDUCING OUR FOOTPRINT

2022 Key Progress	Next Steps	Key Performance Indicator
- Established CO₂e modelling and forecasting tool to create aligned view of implications of production, facility and capex plans. - Agreed absolute SBTi-aligned CO₂e reduction targets and implemented 177 energy efficiency projects over 2020-22. - Installed significant solar panel arrays in a number of sites including Chile, Malaysia and South Africa.	- Utilise major sites model to understand impact of future operational decisions on CO₂e. - Investigate potential for transformational gains through technology assessment project – Group and Divisions. - Finalise 2024-30 Renewables Strategy, including purchase requirements, governance and systems. Implement 2023-24 actions.	Scope 1&2 CO₂e²: 152,683 (2019: 183,626) 17% reduction since 2019

CREATING SUSTAINABLE SOLUTIONS

2022 Key Progress	Next Steps	Key Performance Indicator
- Analysed footprint of initial product lines to quantify scope 4 avoided emissions. - Further expanded offering of more sustainable solutions to enable customers to scale up while working towards net zero operations. - Continued to build capability via sustainability training roll-out to engineering and customer-facing teams.	- Expand scope 4 programme across further product lines/solutions and capture associated proportional increase in green revenues. - Activate sector engagement to promote adoption of more efficient mining technology and transition to low-carbon energy. - Identify and address emissions hotspots in sourcing and distribution.	Total scope 4 emissions savings of up to 16,000tCO₂e per HPGR installation. We aim to quantify overall scope 4 emissions savings in future years.

1 On a continuing operations basis. Total incident rate is an industry standard indicator that measures lost time and medical treatment injuries per 200,000 hours worked.

2 Continuing operations market-based absolute CO₂e emissions. 2019 is the baseline year for our SBTi-aligned scope 1&2 target of 30% reduction in absolute emissions by 2030. More information on the above Key Performance Indicators can be found on page 31.

FOUNDATIONS PROGRESS

2022 Key Actions	Next Steps	Further information
- Improved ESG rating scores, including CDP climate A list and FTSE4Good. - Initiated dedicated community of practice, with representation from each foundations' priority area. - Commenced global human rights risk assessment of Group's operations and supply chain. - Rolled out third-party due diligence tool to screen, assess and monitor high risk third parties.	- Refresh materiality assessment. - Complete human rights risk assessment. - Embed structured systems and processes to support sustainable sourcing. - Refresh Code of Conduct and policies and processes on trade compliance and gifts and hospitality.	Sustainability and Non-Financial Reporting – pages 52 to 53

SUSTAINABILITY REVIEW

CHAMPIONING ZERO HARM

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

IN SUPPORT OF UN SDGS



SAFETY FIRST

Our Total Incident Rate of 0.41 is a 9% improvement on 2021. Our performance in the year is supported by the indicators below and initiatives, such as Weir Safety Day, with the theme for 2022 being hand tools and portable equipment, the most common activity involving injuries in 2020 and 2021. The event focused on local site risk assessments, training and updates to standard operating procedures. As a result, recordable incidents for this activity have dropped, with a 50% decrease in medical treatment injuries and 17% decrease in first aids.

To drive continuous improvement, we launched the Zero Harm Behaviours Framework (see case study) and the SHE learning project, which standardises the SHE learning approach and evidence requirements using our Workday system, as well as the development of training modules for each of our protocols, of which nine were launched in the year, with the rest being due in 2023.

Our zero harm culture is underpinned by our Weir SHE Management System Standards and Protocols and ISO certification. In 2022, 74% of our qualifying sites, which are defined according to a site's risk profile, are accredited to both ISO45001 and ISO14001, with further certification in ESCO sites planned for 2023.

HEALTH AND WELLBEING

Our Health and Wellbeing Strategic Framework underpins our global approach to supporting our employees' mental health and wellbeing while having the flexibility to be tailored locally to reflect different cultural and workplace needs. From a global perspective, in 2022, all of our Senior Leaders attended a wellbeing and resilience session, helping them connect to Weir's purpose, identify what triggers different moods and make changes to the working day to take regular recharge breaks. We also hosted a global Living Well, Feeling Great webinar series that included sessions on nutrition, exercise, sleep and stress. Each session was attended by around 700 of our global employees. Different regions and sites also ran locally-developed initiatives such as mental health first aid programmes, local mental health awareness events, social activities and webinars.

ENVIRONMENTAL SAFEGUARDING

Managing environmental risk is key to our operations. The Weir SHE Standards detail our minimum standards for controlling risks to air, land and water. We aim to protect and improve the environment in which we operate and continue to implement and maintain ISO14001 certification at qualifying sites across the business.

No significant environmental incidents, penalties or fines were reported at sites under the operational control of the Group during the year ended 31 December 2022.

Indicator	Current year result
Safety conversations	16% increase
Hazard reporting	27% increase
Near misses	10% reduction
ISO 45001 & 14001	74% of qualifying sites



STRATEGY IN ACTION

ZERO HARM BEHAVIOURS FRAMEWORK PROGRAMME

We developed and launched our Zero Harm Behaviours to help us focus action as we continue our drive to achieve a world class safety culture. The launch was supported by the training of nearly 100 Zero Harm Behaviours Champions, who will run gap analysis processes across all of our global sites to allow us to identify improvement opportunities and promote best practice. During 2022, we piloted this gap analysis process, involving over 320 employees across four sites. It has allowed us to gather valuable insights on safety culture directly from employees, and has enabled local management to develop action plans for improvement. During 2023, we will continue to embed these behaviours across our people and safety processes and deliver gap analyses across the rest of our global sites.



SEE OUR CHIEF PEOPLE OFFICER'S OVERVIEW OF SAFETY AND CULTURE PRIORITIES
www.global.weir/sustainability/championing-zero-harm/

Find out more

→ Chief Executive Officer's Strategic Review	See pages 10-14
→ Strategy Pillar: People	See page 23
→ Operating Review	See pages 32-35
→ Sustainability Review	See pages 44-45
→ global.weir/sustainability/championing-zero-harm/	

SUSTAINABILITY REVIEW

NURTURING OUR UNIQUE CULTURE

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.

IN SUPPORT OF UN SDGS



ENGAGEMENT

In our most recent engagement survey, we achieved an 88% participation rate, with our engagement score increasing by three points since our last survey to 51, putting us in the top 10% of our industry. Our score is underpinned by our approach to stakeholder engagement, where we have in place a broad range of channels that enables us to listen to the diverse views of employees so we can act on their feedback (see page 27). During the year, all employees were invited to attend our online global Town Hall session in May where they heard a business update and participated in a live Q&A with our Group Executive team. We also held a Meet the Board session in June in Salt Lake City (see page 89), and we continue to learn from under-represented groups and diverse employees through our ID&E Steering Committee and affinity groups. Furthermore, we implemented our new performance management approach, Performance Conversations, across our non-operational workforce, which aims to enable a workplace where we inspire, grow and improve through timely and insightful feedback.

INCLUSION, DIVERSITY & EQUITY

We continue to drive our ID&E Strategy, enabling a culture where our employees feel they belong, feel heard and are respected. We are empowering our leaders to build an inclusive culture to drive innovation and growth to support our gender KPI, with workshops at our Leaders' Conference in May and also with our Board (see page 87). All employees also receive ID&E training every two years from their last completion date. Our affinity groups are an integral part of our strategy and, over the past year, these groups have continued to evolve and grow. During 2022, two new local chapters for our Global Weir Women's Network were launched, taking our total local chapters for this group to ten, enabling local-level insights and action. In 2022, we launched our first formal Reverse Mentoring Programme consisting of members from our Group Executive, including our CEO and mentors representing different dimensions of diversity. The programme consisted of virtual workshops, monthly mentoring and supervision sessions, and we hope to roll it out more broadly to help us build a more inclusive and diverse organisation.

COMMUNITY PARTNERSHIPS

We continue to focus our community partnership activity on projects with strong community, health and educational themes, supporting local communities through charitable contributions and by encouraging employees to donate their time to worthwhile initiatives. This includes support for initiatives around the globe that address some of the barriers that prevent underrepresented young people from pursuing STEM careers. Total charitable donations in 2022 amounted to £671,776 (2021: £482,695) and were split across community (55%), health (33%) and education (12%).

Indicator	Current year result
Engagement survey participation	88% of workforce
ID&E training	6,092 employees
Gender diversity	17%
Total charitable donations	£671,776



STRATEGY IN ACTION

GLOBAL AFFINITY GROUPS

Throughout June, we worked with our Weir Pride Alliance (WPA) affinity group to celebrate Pride Month. We were delighted to see so many employees taking part, raising awareness and visibility of the LGBTQ+ community and working with our allies to promote inclusivity through networking, education and advocacy. Throughout the year, our work continued beyond Pride Month to create a truly inclusive workplace for everyone. Our Weir Pride Alliance Affinity Group Steering Committee, who all volunteer their time to lead this group, are dedicated to creating awareness and educational events for all of us at Weir around LGBTQ+ inclusion.



LEARN MORE ABOUT OUR AFFINITY GROUPS AND DIVERSITY AT WEIR

www.global.weir/sustainability/nurturing-our-unique-culture/

Find out more

→ Chief Executive Officer's Strategic Review	See pages 10-14
→ Strategy Pillar: People	See page 23
→ Sustainability Review	See pages 44-45
→ Board Diversity	See page 97
→ global.weir/sustainability/nurturing-our-unique-culture/	

SUSTAINABILITY REVIEW

REDUCING OUR FOOTPRINT

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

IN SUPPORT OF UN SDGS



CO₂e AND ENERGY

As outlined in our Emissions Strategy on page 50, we are targeting a reduction of 30% in absolute scope 1&2 market-based CO₂e by 2030, from a 2019 baseline. This target is aligned with the Science Based Targets initiative (SBTi) and incentivises both the drive to energy efficiency and the switch to low-carbon energy sources.

Scope 1&2 CO₂e emissions in 2022 were 152,683 tCO₂e, down 17% versus 2019. Divisions have implemented 177 projects to reduce CO₂e between 2020 and 2022, including on-site solar panels, green contracts with energy suppliers and energy efficiency projects. Working with Divisions, we have improved CO₂e forecasting through structured quarterly reviews and via the development of a ten-year forecasting model. The model considers planned production changes, growth, efficiency, grid greening and energy supply and provides the ability to drill down from Group level to Divisions and individual sites. This enables us to debate and review CO₂e implications of business plans, as well as external factors, such as IEA energy transition scenarios. A key benefit is to create an aligned view of implications of planned production, facility changes and capex plans.

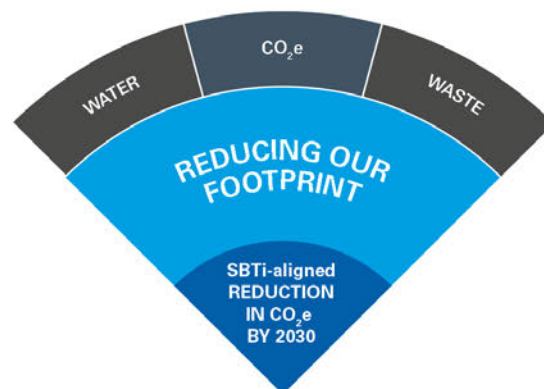
WATER

We continue to focus on using water wisely as we operate, and support customers, within a number of water-stressed regions. Managing water consumption in these regions is a key priority and we aim to develop water stewardship programmes in all water-stressed locations, aligning with the Alliance for Water Stewardship Standard (AWS). This leverages our local service presence and close understanding of different regional issues. In 2022, we have continued to roll out water stewardship programmes at Artarmon (Australia) and Santiago (Chile). In addition, North Africa's Every Drop Counts Challenge resulted in 14 recommendations from which multiple action plans have been initiated, including collection of water from air-conditioners, rain water harvesting and cistern water savings bags.

WASTE

Our focus continues to be on minimising waste and we proactively use our sustainability management system to gather data to assess the opportunities for minimising waste impact, as we have done with energy usage across our sites. Our Divisions are focusing on key waste streams: sand, metal scrap, elastomer scrap and dust. In 2022, 75,173 tonnes of scrap metal was reused in our foundries across both Divisions. Waste reduction within our foundry operations is an area we can have positive impact because the production of highly engineered equipment for customers is both an energy and material-intensive aspect of our business. Within our Brazil operations, in 2022, we sent c.140 tonnes per month of foundry sand to be recycled that could then be reused within our processes.

Indicator	Current year result
Renewable electricity	22% of total
Renewable energy	9% of total
CO ₂ e reduction projects	177
Scrap used in foundries	75,173 tonnes



STRATEGY IN ACTION

SOLAR POWER AND PPA

Minerals Malaysia entered into a 21-year Power Purchase Agreement (PPA) covering its continuous rubber processing building, engineering building, shipment store and machine shop building. More than 2,000 Solar Photovoltaic (PV) Panels have been installed across the site, with resulting electricity bought through the PPA. This is contributing to CO₂e avoidance of 7% per annum (900 tCO₂e), with solar cells contributing ~30% of the site's electrical requirements. Minerals Chile have installed 140 Solar PV Panels, with the capacity to generate 120,000 kWh - over 20% of the energy required by the site's HR office. There were further solar panel installations at sites in South Africa, Turkey, Morocco and Kazakhstan, contributing to an overall drive towards renewable energy sources. Overall, in 2022 renewables made up 22% of our total electricity supply (2021: 19%) and 9% of total energy (2021: 8%).



SEE HOW OUR BUSINESSES ARE REDUCING THEIR FOOTPRINT
www.global.weir/sustainability/reducing-our-footprint

Find out more

→ Chief Executive Officer's Strategic Review	See pages 10-14
→ Sustainability Review	See pages 44-45
→ Emissions Strategy and Transition Plan	See pages 50-51
→ GHG emissions data	See pages 54-55
→ global.weir/sustainability/reducing-our-footprint/	

SUSTAINABILITY REVIEW

CREATING SUSTAINABLE SOLUTIONS

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

IN SUPPORT OF UN SDGS



This element of our roadmap relates to our value chain, and so CO₂e emissions are part of our scope 3 footprint. Our product and solution innovation leads to energy efficiency benefits for our customers and avoided CO₂e emissions that we categorise as scope 4. See page 50 for more information on our Emissions Strategy.

PRODUCTS IN USE

We aim to enable net zero for our customers and continue to build our sustainable design capability to enable them to achieve this while scaling up to meet growing demand for key minerals. Our Minerals Division has a major opportunity to redefine the mill circuit with energy efficient technologies. Our new partnerships to add vertical mill and coarse particle flotation equipment to our existing HPGR technology are the next step in this transformation (see page 15). And we are helping miners improve their tailings management with our proprietary integrated tailings solutions to create a highly stable tailings paste, with high water removal, optimised for energy (see page 19).

These transformational technologies come on top of a host of continuous improvement initiatives across our product portfolio. ESCO is already the global leader in mining Ground Engaging Tools, or G.E.T., with a share of 45%. Now, ESCO is addressing key customer priorities in the load-haul process through optimised packaged solutions with performance and condition monitoring capability.

This enables a production partnership model with a direct link between ESCO performance and customer productivity. For example, in a large North American coal mine, replacing a cable shovel dipper lip with a lower profile ESCO Nemisys® N1 integral nose lip increased dipper capacity to consistently fill haul trucks with only three passes versus four – saving over 800 truck hours and 1,500 dig hours annually with cost benefits and reduced diesel emissions.

Across both Divisions, we are boosting performance with our Motion Metrics™ and Synergex® digital platforms, using artificial intelligence to drive optimisation across the full mining value chain (see page 9).

PURCHASED GOODS AND SERVICES

Emissions related to the supply of goods and services are about 2% of our total and the second greatest contributor to our footprint, after products in use. We aim to design and procure sustainably to reduce this footprint and have set out clear supplier expectations. Global supply chain disruption during 2022 meant that progress to reduce supply chain emissions has been limited. However, we have put in place structures to implement sustainable sourcing priorities in 2023.

TRANSPORT AND DISTRIBUTION

This category is the third most significant emissions source and we aim to optimise our logistics networks. We will implement activities to manage our transport footprint during 2023.

Indicator	Current year result
HPGR grinding media savings	3-5 times energy benefit
Total HPGR CO ₂ e savings	up to 16,000tCO ₂ e/HPGR
Nemisys® study haulage savings	800 truck hours



STRATEGY IN ACTION

HPGR: ENABLING NET ZERO

We are analysing our product footprint to help quantify the difference in emissions between our most efficient technologies and their business-as-usual alternatives using a comparative sustainability impact measure known as scope 4 – avoided emissions. Our Enduron® high pressure grinding rolls (HPGR) is the first technology in which we have done this.

We previously identified energy savings up to 40%, relative to tumbling mills – a scope 4 avoided emissions benefit. HPGR also doesn't use grinding media, which have significant embodied emissions, leading to a further CO₂e saving.

Taken together, a single HPGR can save up to 16,000 tonnes of CO₂e per year. Our next step is to confirm our scope 4 reporting framework and seek independent verification.



SEE HOW WE ARE UNLOCKING VALUE FROM
AVOIDED EMISSIONS WITH HPGR
<https://www.global.weir/sustainability/creating-sustainable-solutions/>

Find out more

→ Chief Executive Officer's Strategic Review	See pages 10-14
→ Technology for Sustainable Mining	See pages 40-41
→ Sustainability Review	See pages 44-45
→ Emissions Strategy and Transition Plan	See pages 50-51
→ global.weir/sustainability/creating-sustainable-solutions/	

SUSTAINABILITY REVIEW

OUR EMISSIONS STRATEGY

Our new, more ambitious emissions targets strengthen our commitment to tackle climate change.

We believe doing this is right for the world and for our business. We have a responsibility, and a shared interest, to minimise carbon emissions to help protect the future of the planet. This directly aligns with our company purpose to enable the sustainable and efficient delivery of the natural resources essential to create a better future for the world. We discuss the broader impact of the transition to a low-carbon economy, including risks and opportunities in the markets for commodities produced by our customers and their technology needs, in our TCFD report (see pages 56 to 59).

OUR EMISSIONS PROFILE

We track and report GHG emissions across our full value chain and from this we know that:

- the overwhelming majority, 97%, of Weir Group's end-to-end carbon footprint is attributable to downstream value-chain scope 3, specifically the use phase of our long-lifespan products and solutions on our customers' sites - these are, in turn, within our customers' scope 1&2 emissions, so we have a compelling shared goal to reduce that footprint;
- Upstream supply chain scope 3 emissions make up another 2.5%, predominantly purchased goods and services and transport; and
- Scope 1&2 emissions from our own operations make up 0.5%.

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

Scope 1&2 emissions – Weir Group's own operations.

This category includes emissions from within our operations within our management control, including energy used in manufacturing and other facilities. We track consumption of all forms of energy and greenhouse gases in our facilities and quantify emissions quarterly for internal monitoring purposes, in addition to annual external reporting. Scope 1&2 market-based emissions in 2022 are below our SBTi commitments at around 17% below the 2019 baseline of 184 ktCO₂e (see Sustainability Review, page 45).

One challenge for Weir is that we manufacture a high proportion of products in our own foundries and therefore recognise a higher proportion of emissions in scopes 1&2 than if we were to export emissions to scope 3 by contracting out manufacturing. This highlights the importance of comprehensive emissions disclosure, including the impact of purchased goods and services.

Scope 3 emissions – Weir Group's upstream and downstream value chain.

Emissions from right across our value chain, other than within our own operations, fall within scope 3. This ranges from sourcing of materials through to the recycling or disposal of products at the end of life. While we are identifying actions to reduce emissions from materials and components that we buy, as well as transport emissions, these categories and associated costs are not material to our target delivery. Our footprint is heavily weighted downstream in our customers' sites because our products are used in the most energy intensive parts of the mine – the load-haul cycle and in comminution. So, as we grow and sell more products into our growing markets, the result would be additional scope 3 emissions.

This is why our technology strategy is geared towards providing new or improved technologies that help our customers use energy more efficiently, which together with their own commitments to source renewable energy, helps to reduce our scope 3 footprint.

SCIENCE BASED TARGETS

In 2022, we were pleased to submit new, more ambitious scope 1,2 and 3 emissions reduction targets to the Science Based Targets Initiative (SBTi) for validation. The new targets include absolute reductions in market-based scope 1&2 emissions of 30% and scope 3 emissions of 15% by 2030, versus a 2019 baseline. The targets are more ambitious than our previous goals, set in 2020, in two ways:

- switching from an intensity to an absolute emissions reduction basis will drive deeper cuts in scope 1&2 emissions; and
- the new scope 3 commitment adds targets for emissions in Weir's upstream and downstream value chain for the first time.

These new targets will make a significant contribution to decarbonising the mining industry. Delivering them would mean that in 2030, an annual reduction of circa 4.2 million tonnes CO₂e is achieved – which is equivalent to the annual emissions of almost one million petrol cars.

SCOPE 4 – EMISSIONS AVOIDED BY THE TAKE-UP OF ENERGY EFFICIENT TECHNOLOGIES BY CUSTOMERS

The comparative measure between the emissions of one technology versus an alternative has the term scope 4 – avoided emissions. It's an emerging term that's not currently covered in the greenhouse gas reporting protocol. However, it has the potential to quantify the sustainability benefit of our products and solutions and thereby support our customers in delivering their net zero targets.

Because it's a comparative rather than absolute measure, quantifying scope 4 benefit is complex. So we are using a data-driven approach, devised by internal and external subject matter experts, and which we intend to have validated by a third party. This will underpin two value drivers for Weir.

Firstly, our scope 4 emissions data will become part of an enhanced and compelling customer value proposition, additive to total cost of ownership (TCO) benefits. For customers, we are turning TCO into 'TCO-squared' by adding CO₂e benefit to the mix.

Secondly, while the UK taxonomy has yet to be established, our robust approach creates potential for a larger proportion of our sales to be classified as green revenues as we quantify the substantive CO₂e savings of our products in use at customer sites versus alternative technologies.

MEASUREMENT AND DISCLOSURE

We publish scope 1, 2 and 3 emissions on pages 54 to 55 in this 2022 Annual Report. Changes in the assumptions underpinning these calculations can have a substantial effect on the outcome. For example, in accordance with the GHG Protocol: Corporate Accounting and Reporting Standard, for each Weir machine sold in the accounting year, we have calculated emissions based on power consumption over the lifetime of the equipment – typically the life of the mine on which it operates. So we are committed to collaborating with our supply chain partners and customers to further develop a consistent approach for reporting, target setting and progress tracking across our industry.

In line with the Greenhouse Gas Protocol, we continue to review our reporting in the light of any changes in business structure, calculation methodology and the accuracy or availability of data. As a result, we have re-stated 2021 scope 3 emissions to reflect changes in methodology and data. Due to recognised inherent uncertainties in calculating scope 3, we have adopted a continuous improvement approach. We will continue to review our processes and disclose any restatements in a timely and transparent manner.

SUSTAINABILITY REVIEW

OUR TRANSITION PLAN

Aligned with TCFD, we have developed our first climate transition plan to provide full transparency on how we plan to deliver against our climate targets.

SCOPE 1&2 EMISSIONS (C0.5% OF OUR FOOTPRINT)

Our emissions reduction will continue to be achieved through:

- energy efficiency initiatives, with a focus on emissions hot spots, particularly our foundries;
- low carbon electricity supply, including on-site renewable generation, green contracts, power purchase agreements and, where necessary, Renewable Energy Certificates (RECs);
- purchase of offsets is not part of our transition plan to 2030.

We maintain an internal model to project forward emissions until our 2030 target timeline. The modelling indicates that our target is deliverable with efficiency and low carbon electricity supply actions. We are also exploring options for alternatives to natural gas.

To underpin delivery of our emissions reduction, scope 1&2 targets are now included within the annual incentive schemes for our Group Executive and managers across the business.



KEY MODEL INPUTS

2019-2030

- Rate of business growth aligned with our strategic plan.
- Impact of planned efficiency and energy supply initiatives.
- Emissions factors for purchased electricity aligned to the IEA Stated Policy Scenario.

2030-2050

- Unabatable emissions are not yet quantified, nor the potential level of offsets required beyond 2030.
- Requires economically viable low-carbon alternatives to gas and other fuels used within our facilities.

COSTS

- Annual capex and operating costs required to deliver the plan have been assessed at around £0.5-1m across the target period and are considered non-material to our financial plans.

SCOPE 3 EMISSIONS – (C.99.5% OF OUR FOOTPRINT)

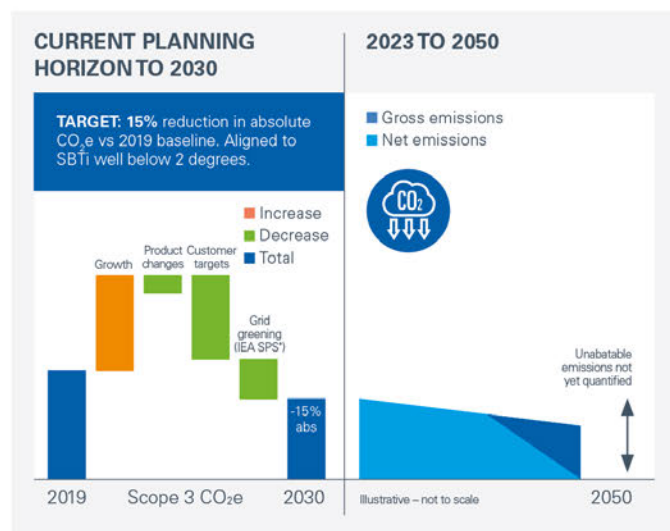
We have a compelling shared goal with our customers to reduce our scope 3 footprint:

- through our technology strategy (see pages 40-41), we are developing new or improved technologies to improve energy efficiency in key mining processes and we are developing our scope 4 value proposition to drive take-up by our customers;
- customers are increasingly moving to low carbon energy supplies;
- as a result, many miners are targeting substantial scope 1&2 reductions.

The majority of our equipment is powered by electricity and so grid decarbonisation will contribute substantially to our scope 3 reduction target. Indeed, a faster transition along the IEA's Sustainable Development Scenario (SDS) would enable a 1.5C trajectory.

We commit to engage with customers and other stakeholders in favour of the low carbon energy transition that would help create a virtuous circle, since it would lead to more demand from customers, as well as faster delivery of our scope 3 emissions target.

We are also increasing our investment in R&D towards 2% of sales to address our customers' biggest challenges and drive our future growth.



KEY MODEL INPUTS

2019-2030

- Rate of business growth aligned with our strategic plan.
- Impact of product changes and customer targets.
- Grid decarbonisation and emissions factors for our customers purchased electricity aligned to the IEA Stated Policy Scenario.*

2030-2050

- We have not yet set a scope 3 reduction target beyond 2030. Improving reliability of data and estimation of S3 use of sold products emissions will be a critical factor in future target setting, tracking and reporting.

COSTS

- R&D investment is built into our existing financial assumptions and no additional spend is required to deliver scope 3 savings as this is already core to our business strategy.

*Grid greening at faster IEA Sustainable Development Scenario (SDS) would enable 1.5C trajectory, while also driving growth in demand for mined commodities – creating a win-win

SUSTAINABILITY AND NON-FINANCIAL REPORTING

OUR APPROACH TO SUSTAINABILITY REPORTING

In line with our Foundations agenda, summarised on page 44, we continue to report on those metrics and targets of most relevance to our objectives and believe in timely and clear publication of performance data and reporting to help us to embed sustainable practices internally and externally. During the year, we continued to obtain and publish greater levels of data related to our ESG actions, which is reflected in our improved performance with those frameworks that matter most to our stakeholders and investors, most notably securing a place on CDP's prestigious climate A list and an increase in our FTSE4Good score (from 2.8 to 3.6). We are pleased to report against the Task Force on Climate-related Financial Disclosures (TCFD) for the second year and make further progress to embed the framework within our strategic planning process. We continue to report against SASB criteria on the 'Sustainability Performance and Reporting' page of our website (link on page 53).

Thinking ahead to 2023, we will continue to monitor the developments of the International Sustainability Standards Board (ISSB) and other UK and EU regulatory initiatives that will likely impact us going forward. We also plan to update our materiality assessment to ensure that we continue to align our priorities to those areas of highest importance for our stakeholders, as well as comply with emerging reporting regulations.

SUSTAINABILITY GOVERNANCE

Underpinning the quality and reliability of our sustainability reporting is accountability. All areas of our Sustainability Roadmap are embedded in our governance structures as follows:

- **Board** - Jon Stanton, CEO, is the Board sponsor for sustainability. Strategic progress against our Sustainability Roadmap is reviewed and key priority decisions are debated by the Board in dedicated Board agenda items during the year (see pages 86 and 88 for more detail). In addition to these Board agenda sessions, the work of the Sustainability Excellence Committee is also reported to the Board by the CEO;
- **Sustainability Excellence Committee** - the primary Management Committee overseeing the Sustainability Roadmap, including the CEO, CFO, CS&SO and the Presidents of each Division. The CEO is the Executive Sponsor and the CS&SO is the Chair of this committee. The Chief People Officer oversees Championing Zero Harm and Nurturing Our Unique Culture via additional management committees (see page 76 for more detail on governance framework);
- **Risk Committee** - there are several principal risks that cover the Sustainability Roadmap, most notably Climate, Safety Health & Wellbeing, People, Technology and Competition. Sustainability risk is identified, assessed and managed through the risk process outlined on pages 61 to 64;
- **Working Groups** - all Management Committees are supported by working groups comprising management representatives from across the organisation, with responsibility to deliver and report against their respective priorities, as well as the Community of Practice with representation from each Foundations priority area and reporting into the Sustainability Excellence Committee.

COMPLIANCE REPORTING

Our compliance function, led by the General Counsel and Chief Compliance Officer, has a mandate to design and govern our Code of Conduct and the Group's compliance frameworks relating to bribery and corruption, antitrust and competition, human rights and modern slavery, data privacy, and trade sanctions and export control. You can also read more about how the Directors have regard for stakeholder interests when discharging their duty to promote the success of the Company, in the Strategic Report on pages 27 to 29.

We maintain high standards of corporate governance across all areas of sustainability, as outlined in more detail on our website. Below are specific areas of compliance reporting that summarise key events in the year.

Code of Conduct

We are dedicated to doing business in an ethical and transparent manner, and this commitment has driven our legacy for more than 150 years. The Group's Code of Conduct ('Code') provides direction on and a framework for how we expect our people to conduct themselves on a day-to-day basis. Every year, we provide refresher Code training to all our employees and contingent workers, and in 2022, 11,082 employees completed the refresher training.

To assure adherence to policies and procedures and that those policies and procedures remain robust, Internal Audit performs (i) annual Code audits (including employee expense reviews) at selected Group locations and (ii) an annual audit of the items logged in the Group's Gifts & Hospitality Register. For the first time, the Compliance function supported Internal Audit as a guest auditor to provide subject matter expertise, with plans to continue the close partnership in 2023. Further information on the Internal Audit programme can be found on page 103.

Ethics Hotline

The Group provides informal and formal channels to raise concerns regarding unethical behaviour. Most employee concerns are resolved by their managers or the local Human Resources function, but employees may raise a concern through the Weir Ethics Hotline, which is a 24-hour, multilingual service accessible via telephone or online with the option of reporting anonymously.

The Compliance function works closely with the business to ensure that matters raised via the Ethics Hotline are investigated in a fair and impartial manner consistent with the Group Investigation Protocol. To this aim, the Compliance function provided refresher training to the Human Resources function.

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 do business with companies, organisations or individuals that we believe are not working to comparable human rights standards or are engaged in forms of modern slavery. Further information on Modern Slavery can be found in our Modern Slavery Statement on page 83.

With the roll-out of the Group's updated Human Rights Policy in 2022, the Compliance function commenced a global human rights risk assessment of the Group's operations and supply chain, with expected completion in 2023. The results will drive additional process improvements in managing our supply chain.

We report on outcomes for safety on pages 46 and Inclusion, Diversity & Equity on page 47.

SUSTAINABILITY AND NON-FINANCIAL REPORTING

CONTINUED

COMPLIANCE REPORTING CONTINUED

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. In 2022, 2,206 employees in high-risk roles and/or geographies completed online anti-bribery training. These employees also received a reminder about the Group's third-party due diligence requirements.

The Compliance function made enhancements regarding charitable donations to the new Gifts & Hospitality Register during 2022 to improve the understandability of policy requirements and quality of data entered by users. Based on feedback from Internal Audit, further enhancements to the Register are planned for 2023. Selected employees received additional training on the Gifts & Hospitality Register as part of these enhancements, which will continue in 2023.

For third-party risk, our risk-based due diligence programme enables the Group to work only with third parties that meet our company standards and expectations for compliance. Following comprehensive changes to the due diligence programme in 2021, the Compliance function began using a third-party due diligence tool in 2022 that facilitates screening, accessing, and monitoring high risk third parties.

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. Therefore, we expect our suppliers to reflect the same values and behaviours. All suppliers must abide by the minimum standards set out in the Group Supply Chain Policy. Furthermore, the Compliance function ensures that suppliers are screened, contracted, and managed consistent with our Code and commitments to human rights.

Privacy and Data Protection

Our privacy programme is designed to meet all applicable data and data protection laws. New data protection laws and regulations in the countries where we operate require us to continually review and update our privacy programme. This year, we continued work on our privacy programme in compliance with new privacy laws and regulations in China. In 2023, we plan to provide refresher training to key employees on the requirements of relevant privacy and data protection laws.

Tax Transparency

Our approach to tax is governed by five key principles that are set out in our Tax Strategy along with more information on our approach to tax. The Tax Strategy can be found on our website and is managed by our Tax function, led by the Chief Financial Officer.

Indicator	Current year result
Code of Conduct training	11,082 employees
Anti-bribery training	2,206 employees

Find out more

→ Sustainability Review	See pages 44-45
→ global.weir/sustainability/our-governance-and-policies/	
→ global.weir/sustainability/sustainability-performance-and-reporting/	
→ global.weir/siteassets/pdfs/modern-slavery-statement.pdf	

SUSTAINABILITY AND NON-FINANCIAL REPORTING

GHG EMISSIONS

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 2022, 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 from projects implemented in 2022 are estimated to be 13,192,524kWh (2021:13,352,898kWh).

SCOPE 1&2 ANNUAL GHG EMISSIONS

	UK & Offshore area annual GHG emissions (tCO ₂ e)			Global annual GHG emissions (tCO ₂ e)			Global GHG emissions intensity (tCO ₂ e per £m revenue)		
	2022	2021	2019	2022	2021	2019	2022	2021	2019
Location-based Emissions									
Scope 1 emissions: fuel combustion and operation of facilities (continuing operations)	2,532	2,488	3,602	66,697	62,070	67,547	27.0	30.3	33.0
Scope 2 emissions: purchased electricity, heat and steam (continuing operations)	3,450	3,650	4,951	106,136	110,035	121,807	42.9	53.6	59.5
Scope 1 emissions: fuel combustion and operation of facilities (continuing and discontinued operations)	2,532	2,509	3,745	66,697	62,896	81,834	27.0	30.3	30.6
Scope 2 emissions: purchased electricity, heat and steam (continuing and discontinued operations)	3,450	3,653	5,010	106,136	110,905	138,788	42.9	53.3	51.8
Total scope 1&2 (continuing and discontinued operations)	5,982	6,162	8,755	172,833	173,801	220,622	69.9	83.6	82.4
Total scope 1&2 (continuing operations)	5,982	6,138	8,553	172,833	172,105	189,354	69.9	83.9	92.5
Total scope 1&2 (discontinued operations)	0	24	202	0	1,696	31,268	0.0	60.4	49.5
Market-based Emissions									
Scope 2: purchased electricity, heat and steam market-based emissions (continuing operations)	218	208	275	85,986	94,530	116,079	34.8	46.1	56.7
Scope 2: purchased electricity, heat and steam market based emissions (continuing and discontinued operations)	218	208	275	85,986	95,423	133,537	34.8	45.9	49.8
Total scope 1&2 (market-based); continuing and discontinued operations	2,750	2,717	4,020	152,683	158,319	215,371	61.8	76.2	80.4
Total scope 1&2 (market-based); continuing operations	2,750	2,696	3,877	152,683	156,600	183,626	61.8	76.4	89.7
Total scope 1&2 (market-based); discontinued operations	0	21	143	0	1,719	31,745	0.0	61.2	50.3
Energy									
	UK & Offshore area annual energy use (kWh)			Global annual energy use (kWh)					
	2022	2021	2019	2022	2021	2019			
Energy consumption used to calculated emissions; continuing and discontinued operations	31,486,927	30,704,570	39,590,603	563,507,645	541,275,901	678,666,543			
Energy consumption used to calculated emissions; continuing operations	31,486,927	30,579,960	38,601,875	563,507,645	535,185,731	578,199,219			

SUSTAINABILITY AND NON-FINANCIAL REPORTING

GHG EMISSIONS CONTINUED

ANNUAL GHG EMISSIONS FROM FOUNDRIES

	Annual GHG emissions (tCO ₂ e)			Proportion of global (continuing operations) annual emissions (%)			GHG emissions intensity (tCO ₂ e per tonne of metal poured)		
	2022	2021	2019	2022	2021	2019	2022	2021	2019
Scope 1 emissions: fuel combustion and operation of facilities	40,695	41,914	45,151	23.5	24.4	23.8	0.4	0.4	0.4
Location-based scope 2 emissions: purchased electricity and heat	78,094	80,551	85,019	45.2	46.8	44.9	0.8	0.8	0.8
Market-based scope 2 emissions: purchased electricity and heat	58,842	66,062	80,452	38.5	42.2	43.8	0.6	0.7	0.8
Location Total	118,789	122,465	130,170	68.7	71.2	68.7	1.2	1.2	1.2
Market Total	99,537	107,976	125,603	65.2	69.0	68.4	1.0	1.1	1.2

SCOPE 3 TOTAL ANNUAL GHG EMISSIONS

Scope 3 category – continuing operations only	Evaluation status	2022 tCO ₂ e	2021 tCO ₂ e*
1. Purchased goods & services	Relevant, calculated	659,775	580,050
2. Capital goods	Relevant, calculated	9,149	11,686
3. Fuel & energy related activities	Relevant, calculated	41,601	43,472
4. Upstream transportation & distribution	Relevant, calculated	141,282	110,679
5. Waste generated in operations	Relevant, calculated	17,457	17,408
6. Business travel	Relevant, calculated	14,029	1,976
7. Employee commuting	Relevant, calculated	8,631	6,258
8. Upstream leased assets	Not relevant, explanation provided	0	0
9. Downstream transportation & distribution	Relevant, calculated	78	21,477
10. Processing of sold products	Not relevant, explanation provided	0	0
11. Use of sold products	Relevant, calculated	37,530,503	36,087,680
12. End of life treatment of sold products	Relevant, calculated	1,061	915
13. Downstream leased assets	Relevant, calculated	7,530	0
14. Franchises	Not relevant, explanation provided	0	0
15. Investments	Relevant, calculated	6,248	0
Total		38,437,344	36,881,601

Methodology and Notes

Scope 1&2

In calculating our Location GHG emissions we have followed the principles of the 'GHG Protocol: Corporate Accounting and Reporting Standard' (revised edition) and emissions are reported based on an operational control approach. We have used emission factors from the UK Government's annual 'GHG Conversion Factors for Company Reporting' for each year and other region-specific factors where available to calculate our Scope 1&2 Location footprint. In calculating our 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. Scope 2 emissions are reported in line with the GHG Protocol's dual reporting guidance. The location-based method calculates emissions using the average emission intensity of local electricity grids which provide electricity to Weir's facilities. The market-based method captures the impact of Weir's contractual arrangements to procure renewable or low-carbon energy and energy attribute certificates. We have used emission factors from the UK Government's annual 'GHG Conversion Factors for company Reporting' for each year and other contractual, market, residual or location based emissions factors where available to calculate our Scope 1&2 Market footprint. We report on all emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. These sources fall within our Consolidated Financial Statement. We do not have responsibility for emission sources that are not included in our Consolidated Financial Statements. Reported Scope 1 emissions cover emissions from liquid fuel and gas - used for heat, transportation and process and refrigerants. Scope 2 emissions cover emissions generated from heat, steam and purchased electricity for own use, calculated using both the location and market-based methodologies. Our continuing operations consist of our Divisions (Minerals and ESCO) and Group functions. Our discontinued operations comprise our Oil & Gas Division which was sold in Feb 2021.

In line with SECR, energy consumption data has been provided for the UK & Offshore and globally, this data was used in the creation of our GHG emissions. Our Foundry GHG emissions are provided globally and do not contain any discontinued operations so no differentiation is required. Revenue for 2019 and 2021 are based on 2022 average exchange rates. 2022 constant currency revenue is disclosed in note 4 (continuing operations) and note 9 (discontinued operations) of the Group Financial Statements. 2019 constant currency revenue is £2,046m (continuing operations) and £631m (discontinued operations). For our foundries, the scope 1 proportion of Global (continuing operations) annual emissions is a proportion of total Location Based GHG emissions. Therefore the % shown in the Market-based Total row does not equal the sum of the scope 1 and Market-based scope 2 rows.

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

*Scope 3

2021 is restated to reflect changes in methodology and data. In calculating our scope 3 emissions we have followed the principles of the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard and Technical Guidance for Calculating Scope 3 Emissions (version1). Prior to calculating scope 3 emissions, categories were screened for relevance using the protocol criteria. Those listed as 'not relevant' above were all considered to make non-material or no contribution to Weir's scope 3 emissions. It is not always possible to distinguish upstream and downstream transport so categories 4 and 9 should be considered in aggregate.

The method used for our most material category Use of Sold Products has been to calculate the energy usage of machines sold in 2022 based on power consumption across their assumed lifetime (20 years) whilst considering utilisation, load and motor efficiency. It is anticipated that this method will enable a ±20% estimation of total Weir product electrical power consumption. Applicable emissions factors were then applied to this data (sources: IEA 2022, DEFRA 2022, NGAF 2022 and US EPA 2022), by country, to calculate CO₂e across the assumed lifetime of the products. For diesel-powered products, we used fuel consumption data to estimate diesel use and applied DEFRA 2022 emissions factors to calculate CO₂e. Emissions relating to on-site maintenance services are excluded. We intend to quantify these emissions and estimate them to be a very small (0.01% of category 11). All other categories have been calculated using spend, tonnage, distance and headcount methods with the most appropriate emissions factors applied.

In line with the GHG Protocol we continue to review our reporting in the light of any changes in business structure, calculation methodology and the accuracy or availability of data. As a result, we have re-stated 2021 scope 3 emissions to reflect changes in methodology and data for Use of Sold Products, non-material reallocation of emissions between scope 3 categories and recognition of emissions from joint ventures. Due to recognised inherent uncertainties in calculating scope 3, we have adopted a continuous improvement approach. We will continue to review our processes and disclose any restatements in a timely and transparent manner.

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

SUSTAINABILITY AND NON-FINANCIAL REPORTING

TCFD

We believe that companies should be transparent about how they plan to mitigate and be resilient in the face of climate change. Therefore, we support efforts, such as the Task Force on Climate related Financial Disclosures (TCFD), to increase transparency and to promote investors' understanding of companies' strategies to respond to the risks and opportunities presented by climate change. In 2020, we began work to align to TCFD and, in line with the UK Listing Rules, we are pleased to confirm for the second year that the disclosures included in the Annual Report, as set out in this section and those referenced in the table on page 57, are consistent with the TCFD recommendations, specifically under the four pillars and eleven recommendations. In doing so we have considered the TCFD additional guidance (2021 TCFD Annex) in preparing our review and updated our disclosures accordingly.

GOVERNANCE

Our Board has clear oversight over climate-related matters and we continue to build upon the Board's climate-related expertise

The Group's governance framework (page 76), as well as the main activities (page 86) and review actions (page 88), show how the Board are embedding sustainability and climate change within our strategy review and governance processes. Other Committees are informed on climate risks and opportunities, most notably the Audit Committee, overseeing the impact of climate on the financial statements, as well as TCFD reporting and results of the scope 1&2 Compliance Scorecard responses, our internal controls self-assessment (page 102). The Board's skills in relation to climate change are listed on page 95, and were enhanced in 2022 with the appointment of Tracey Kerr, previously Group Head of Sustainable Development at Anglo American Plc (page 79).

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

Management have an important role to play in assessing and managing climate related risks and opportunities, with the CEO-sponsored Sustainability Excellence Committee and other groups providing direction and linking directly to the Board through the governance framework (page 76). Further information on the management governance structure and operational working groups to support the sustainability priorities, which include climate, is on page 52. This is underpinned by our management incentive programme, with a percentage of annual bonus of all bonus-eligible employees across the Group and Divisions, being linked to the balanced score card, which includes climate-related objectives (page 127). The scope 1&2 process was added to the Compliance Scorecard, our internal controls self-assessment, in 2022 so local management are accountable for having data reporting processes in place (see page 102).

Climate-related matters are considered in an integrated manner

We consider climate impacts across a range of integrated business processes, including risk assessment, strategic planning, viability testing, financing and due diligence during mergers and acquisitions - such as during the acquisition of Carriere Industrial Supply during 2022 - as well as our existing Sustainability Roadmap and emissions target processes. Details are explained across the TCFD section of this report, as well as the various references it contains to other pages.

STRATEGY

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

Climate change will affect Weir directly through its impacts on our customers and markets as well as the impact on our own performance. Our purpose is to 'enable the sustainable and efficient delivery of the natural resources essential to create a better future for the world'. We are therefore positioned to ensure that climate is at the very core of our strategy, focusing on three areas: reducing the footprint of our own operations and protecting our operations against

physical risks; providing technology to make making mining smart, efficient and sustainable to enable net zero for customers; and aligning our strategy to maximise long-term structural growth opportunities for minerals needed to support the transition to a low-carbon economy.

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

Climate change mitigation and adaptation are very much embedded in our Sustainability Roadmap priority areas 'Reducing Our Footprint' (page 48) and 'Creating Sustainable Solutions' (page 49) as well as our technology strategy (pages 40 to 41). All of these areas have strong links to the We Are Weir strategic framework (pages 22 to 26) and related KPIs (pages 30 to 31), as well as the emissions strategy on pages 50 to 51 where we set out our transition plan for meeting our SBTi-aligned climate targets. Furthermore, we have embedded climate within our financial structure, with the completion of the issuance in 2021 of our five-year US\$800m Sustainability-Linked Notes, which is linked to a 30% reduction in scope 1&2 CO₂e intensity relative to revenue by 2024 versus 2019, and our US\$800m Revolving Credit Facility also linked to our Sustainability goals.

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

The market analysis on pages 16 to 18 sets out the long-term structural trends in commodity markets that underpin our growth. We performed a detailed scenario analysis in 2021 that focused on quantifying transition risk and opportunity by looking deeper into transition risks related to markets for key minerals from the transition to low-carbon economy under two scenarios - business as usual (BAU) and Well Below 2 degrees Centigrade (WB2C):

- The BAU scenario assumed the world continues along its existing carbon path based on the IEA Stated Policy Scenario, and included the impact of all existing policies at that time;
- WB2C considers a transition to a low-carbon economy in line with the Paris Agreement, based on IEA's Sustainable Development Scenario (SDS). It is based on interventions needed to enable net zero emissions by 2050 in developed nations, with global net-zero by 2070, and shows a forced (pushed by policy), but economically optimised, trajectory constrained to a WB2C carbon budget.

Third-party consultants from Willis Towers Watson supported the work with analysis of potential impacts of the carbon transition on markets for six key commodities: copper, nickel, lithium, iron ore, coal and oil sands. It considered consequent impacts on Weir's business in terms of revenue trends from customers operating in each commodity. The outcomes in the BAU scenario were in line with commodity forecasts used in our 2021 Strategic Plan, so were already inbuilt into our existing assumptions. The assessment also indicated that overall revenue in ten years' time would be broadly similar under the WB2C scenario - but with a significantly larger revenue downside of about £100 million in coal, oil sands and iron ore, together with a correspondingly greater upside also of about £100 million in copper, nickel and lithium. Our ESCO Division is proportionately more exposed to downside risks.

In 2022, we compared the commodity assumptions used in this year's Strategic Plan with those underpinning the scenario analysis and found they were still broadly in line with the BAU scenario, with some increase in uncertainty linked to the conflict in Ukraine. We continue to monitor the pace of the transition, and in 2023 plan to further refine our assessment of market and customer risks.

SUSTAINABILITY AND NON-FINANCIAL REPORTING

TCFD CONTINUED

HOW WE HAVE EMBEDDED TCFD RECOMMENDATIONS IN OUR REPORTING

Pillar/description	Recommendation	Additional reference points
Governance Disclose the organisation's governance around climate-related risks and opportunities.	Describe the Board's oversight of climate-related risks and opportunities.	Governance Framework – pg 76 Board Activities – pg 86 Our Board Strategy Review Process – pg 88 Board Skills and Attributes – pg 95
	Describe management's role in assessing and managing climate-related risks and opportunities.	Sustainability Governance Accountabilities – pg 52 Governance Framework – pg 76 Compliance Scorecard – pg 102 ESG Measures (Audited) – pg 127
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Strategy section: Risks and Opportunities – pgs 58-59 Financial materiality – pg 140
	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Chief Executive's Strategic Review – pgs 10-14 We Are Weir Strategic Framework – pgs 22-26 Key Performance Indicators – pgs 30-31 Reducing Our Footprint – pg 48 Creating Sustainable Solutions – pg 49 Emissions Strategy and Transition Plan – pgs 50-51 Financial Statements: Basis of Preparation – pg 153
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Market Review – pgs 16-18 Strategy section: Risks and Opportunities – pgs 58-59 Viability Assessment – pg 72
Risk management Disclose how the organisation identifies, assesses and manages climate-related risks.	Describe the organisation's processes for identifying and assessing climate-related risks.	Risk Management – pgs 61-64
	Describe the organisation's processes for managing climate-related risks.	Sustainability Governance Accountabilities – pg 52 Strategy section: Risks and Opportunities – pgs 58-59
	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	Risk Management – pgs 61-64 Technology principal risk – pg 66 Climate principal risk – pg 68 Market principal risk – pg 68 Viability Assessment – pg 72
Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	We Are Weir Strategic Framework – pgs 22-26 Key Performance Indicators – pgs 30-31 Our Approach to Sustainability Reporting – pg 52 Strategy section: Risks and Opportunities – pgs 58-59 Directors' Remuneration Report – pg 118 ESG Measures (Audited) – pg 127
	Disclose scope 1, scope 2, and, if appropriate, scope 3 greenhouse gas (GHG) emissions, and the related risks.	Reducing Our Footprint – pg 48 Creating Sustainable Solutions – pg 49 Emissions Strategy and Transition Plan – pgs 50-51 Scope 1, 2 & 3 Annual GHG Emissions – pgs 54-55
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	We Are Weir Strategic Framework – pgs 22-26 Emissions Strategy and Transition Plan – pgs 50-51 Directors' Remuneration in 2023 – pgs 117-118

We have disclosed our financially material climate-related risks and opportunities

Our risk and opportunities table on pages 58 to 59 summarises the key outputs of the scenario analysis, as well as other material financial risks and opportunities linked to our overall strategy (note, materiality is in line with financial threshold on page 140). We also track other identified climate-related risks and opportunities that currently have a potential financial impact less than our materiality threshold, which includes the carbon pricing risk and cost of capital opportunity disclosed in 2021. All risks have been identified following the process outlined in the risk section and incorporated within our existing risk management processes.

Our transition plan sets out how we will work to achieve our SBTi-aligned targets

We have disclosed our transition plan for scope 1&2 and scope 3 emission targets on page 51.

We have assessed the impact on our financial statement

Note 2 to the Group financial statements (page 153) outlines how we have considered potential climate impacts in our financial statements,

of which there is no material impact to current financial performance or position. This is further evidenced by the financial commitments within our transition plan on page 51. The outputs from our scenario analysis have also been used in our viability assessment and impairment modelling. Our risks and opportunities disclosure considers their potential impact on financial performance in the future.

RISK MANAGEMENT

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

Our first TCFD assessment in 2020 considered risks related to quantified physical impacts of climate – such as direct damage to property or ability to supply customers. As a business with operations across the world, we are exposed to risks of extreme weather events disrupting our facilities or supply chain networks. Our quantitative scenario analysis of physical risk modelled potential increases in extreme weather risk under scenarios for less than 2 degrees of warming, applying physical climate scenario RCP 2.6, and then assessed the maximum foreseeable one-off loss for facilities most at risk under the 4 degrees scenario, applying physical climate scenario RCP 8.5. This was based on potential costs of damage and business interruption at facilities most exposed to flood risk beyond 2040.

SUSTAINABILITY AND NON-FINANCIAL REPORTING

TCFD CONTINUED

Description	Categorisation	Summary
BOTH RISK AND OPPORTUNITY		Financial impact³ Risk: c.£100m per annum revenue Opportunity: c.£100m per annum revenue Explanation/summary Longer-term trends in demand patterns for key minerals are projected to change during the transition to a low-carbon economy. Weir, through both Divisions, sells products and services to customers producing fossil fuels and certain minerals that are due to decline during the transition (coal, oil sands and iron ore), as well as future-facing commodities that are due to increase (copper, nickel and lithium). As outlined in the Strategy section, in 2021 we worked with Willis Towers Watson (WTW) to model the difference between two scenarios, business as usual (BAU) and Well Below 2 degrees Centigrade (WB2C), for both the declining and future facing commodities. Our analysis highlighted that under the WB2C scenario, the level of movement in commodities is accelerated. In 2022, we compared the underlying commodity assumptions used in the Division Strategic Plans with those in the scenario analysis and found the current strategic plan broadly aligns with the BAU scenario, with some increase in uncertainty linked to conflict in Ukraine. The financial impact for both the risk and opportunity is therefore the difference in revenue between BAU and WB2C per annum by 2031. Note, the potential impact would develop over a number of years, not as a one-off event. Inbuilt into our strategic plan are actions to manage and mitigate the impact of declining commodities and leverage the opportunity from future-facing minerals in line with the BAU scenario, as well as contingency planning to manage a faster transition under WB2C. We continue to monitor commodity related data on an ongoing basis to look for any indication of the transition accelerating in a way that would require a reaction, with recurring annual cost to monitor of £0.1m. Furthermore, our company purpose to enable the sustainable and efficient delivery of natural resources means we play a leading role in developing sustainable solutions to enable customers to achieve net zero mining operations. So, as well as managing our exposure to commodity sectors, we seek to protect revenue by enabling customers in all sectors to operate more sustainably. As outlined on pages 40 to 41, we have aligned our technology strategy to prioritise our biggest customers' challenges. This is underpinned by our R&D capital allocation where we are targeting annual R&D investment of 2% of revenues, in 2022 was £48.1m, with more resources allocated to mid to long-term potentially disruptive technology, as well as addressing customer sustainable solution requirements. Our technology strategy and investment enables us to respond to BAU and position us for WB2 scenarios. Cost of response £48.2m costs per annum Metric – Commodity as % of revenue Risk: Coal, oil sands and iron ore 26% (2021: 25%; 2020: 28%) Opp: Copper, nickel and lithium 26% (2021: 23%; 2020: 25%)
RISK 1 – Changing customer behaviour Decreased revenues due to reduced demand for products and services from declining mining sectors Category: Transition – market	Time horizon¹ Long Likelihood About as likely as not Magnitude² Low	
OPPORTUNITY 1 – Changing customer behaviour Increased revenues due to greater demand for products and services from growing mining sectors Category: Transition – market	Time horizon¹ Long Likelihood About as likely as not Magnitude² Low	

Our review also included a qualitative evaluation of the risks from the transition to a low-carbon economy, covering the key risk types prescribed by the TCFD framework, including regulatory risk, and applying our risk management framework to assess and classify each risk as outlined on pages 61 to 64. Market and technology changes were identified as the biggest risks and opportunities and were then selected for a more detailed qualitative scenario analysis deep dive in 2021.

We continue to assess climate risks as part of our risk management and strategic planning processes

Even though we only disclose those risks that could have a material financial impact, the other risk types still remain relevant and we continue to include these in our climate-related risk assessments, utilising our risk management framework to escalate risk up and down the organisation and perform horizon scanning for risks that may arise over the medium to long-term. Furthermore, in 2022 we validated our climate risk assessment through the Strategic Plan process asking Divisions to confirm which physical and transition risk categories are the most relevant and have the biggest impact on their plans.

In 2022, climate change continues to impact in countries we operate in, with flooding in Australia, Canada and China, extended drought in Chile, forest fires in Canada and hurricanes, tornados, heatwaves and snow storms in the USA. 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 also assess the impact of extreme weather on operations in our Viability Statement modelling (page 72).

Key climate risks and opportunities have management plans in place

Climate has been identified as a principal risk (see page 68) and is managed in accordance with our existing risk management framework. This risk was first added as a principal risk in 2019 and was previously called Environmental Sustainability. It was updated and renamed in 2021 and it incorporates the transitional and physical risks identified in our TCFD assessment. In addition, transition-related climate actions have also been incorporated within our principal risks for Technology (page 66) and Market (page 68). The risk management process, overseen by the Risk Committee, ensures the different risks are managed in parallel with each other. Updates are given to the Group Executive on a regular basis through our governance framework so relevant information reaches owners of all principal risks in a timely way.

SUSTAINABILITY AND NON-FINANCIAL REPORTING

TCFD CONTINUED

Description	Categorisation	Summary
RISK 2 – Increased severity and frequency of events Impact of flood (coastal, fluvial, pluvial, groundwater) Category Physical – acute	Time horizon¹ Long Likelihood Unlikely Magnitude² Low	Financial Impact³ £30m one-off cost Explanation/summary As a business with operations across the world, we are exposed to risks of extreme weather events disrupting our facilities or supply chain networks. As outlined in the Strategy section, we modelled potential increases in extreme weather risk under scenarios for <2°C and +4°C of warming and then assessed the maximum foreseeable one-off loss, based on potential costs of damage and business interruption at facilities most exposed to flood risk under a +4°C scenario beyond 2040. Analysis identified an aggregate one-off loss range across the Group of between £0-30m, reflecting a combination of replacement physical assets and gross profit exposed to climate risks. The results were shared across the Group's operations, to reinforce both the appropriateness of our existing physical risk mitigation strategies and inform decisions on future risk initiatives and expansion plans. Note the loss range identified in the report reflected potential gross losses before taking into consideration the Group's controls environment. Through a combination of existing physical defence measures and business continuity plans, cross Divisional manufacturing capacity and the applications of insurance, the net loss forecast would reduce to a low figure. We therefore categorise the magnitude of impact as low. The cost of response reflects third-party loss control engineering advice to assist facilities identify risks and develop mitigation solutions. Cost of response £0-0.1m per annum cost Metric We track our exposure through our financial impact and monitor disruption at our sites, of which there were no major incidents in the year.
OPPORTUNITY 2 – Development and/or expansion of low emission goods and services Increased revenues due to greater demand for products and services Category Products and services	Time horizon¹ Medium Likelihood Likely Magnitude² Low	Financial Impact³ £50m per annum revenue Explanation/summary We target mid-to-high single digit growth above market per year, driven by four factors: sustainable solutions, integrated solutions, expanding our product range and geographic expansion. A 5% revenue uplift on annual continuing operations revenue of c.£2bn would deliver increased annual revenues of around £100m per annum, from the four factors combined. We've assumed 50% of this uplift in our calculations. Weir continues to target at least 2% of revenues investment on R&D in line with our technology strategy on pages 40 to 41. Our focus on sustainable solutions creates a compelling value creation opportunity as we link our goals directly with our customers, focus investment to accelerate the technology transition in mining, and quantify avoided emissions through our scope 4 initiative to unlock value for customers. The cost of response reflects R&D in 2022 of £48.1m, as well as recurring expenditure for the scope 4 workstream of £0.1m. Cost of response £48.2m of cost per annum Metric – R&D as % sales 2022: 1.9% (2021: 1.6%)

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

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

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

METRICS

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

As set out in our Foundations summary on page 52, we focus on metrics and targets most relevant to our objectives because they will drive the most positive impact and sustainability value. We have therefore set medium-term targets that align to our Weir Framework (pages 22 to 26) and are supported by annual priorities and key performance indicators linked to executive remuneration (pages 30 to 31). Our climate-related targets, which are managed through our Sustainability Roadmap and technology strategy, are as follows:

- grow sustainable solutions;
- increasing our research and development investment relative to revenues, with focus on making mining smarter, more efficient and sustainable; and
- SBTi-aligned absolute reduction of 30% scope 1&2 CO₂e emissions and 15% scope 3 CO₂e emissions by 2030.

We have also introduced other metrics to monitor our exposure to our financially material risks and opportunities as summarised above. In

addition, our CDP score underpins the restricted awards to the CEO and CFO (see page 118).

We disclose our scope 1, 2 & 3 CO₂e emissions with these externally reviewed to limited level of assurance

Scope 1, 2 & 3 results are published on pages 54 to 55, with further details on underlying initiatives on pages 48 to 49.

We are continuing to evolve our metric and target framework with actions committed to strengthen quality and governance of underlying data

As outlined in our Emissions Strategy on page 50, we have a strong shared interest with various stakeholders to quantify and report scope 4 avoided emissions and associated energy consumption metrics to support tracking of revenue from products with a lower carbon footprint. In addition, we will continuously review metrics and targets to manage climate-related risks and opportunities, as well as other aspects of our climate-related goals, such as water and waste. Our reporting of targets and metrics is underpinned by our sustainability data architecture, which in 2023, we will continue to strengthen to improve the quality and governance of our key metrics. The above areas of focus are linked to our 2023 priorities, as outlined on page 117.

SUSTAINABILITY AND NON-FINANCIAL REPORTING

NON-FINANCIAL AND SUSTAINABILITY REPORTING TABLE

The Non-Financial and Sustainability Reporting table below meets the requirement of the Companies, Partnerships and Groups (Accounts and Non-Financial Reporting) Regulations 2016 and The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 (SI 2022/31). The required information about the business model can be found on pages 20 to 21. Details of our sustainability governance accountabilities can be found on page 52. Our climate related financial disclosures can be found on pages 56 to 59.

Non-financial Reporting Requirement	Policies and standards that govern our approach and due diligence	Relevant Group principal risks	KPIs ³	Outcomes and additional information
Environmental matters	Code of Conduct ¹ SHE Charter ¹ SHE Management System ¹ Sustainability Roadmap ¹	Safety, Health and Wellbeing ² Climate ²	GHG emissions CDP score Performance against SBTi-aligned targets Rating within the SHE performance measurement process	Sustainability pages 44-60
Employees	Code of Conduct ¹ SHE Charter ¹ SHE Management System ¹ Sustainability Roadmap ¹ Inclusion, Diversity & Equity Policy ¹ Board Diversity Policy ¹ Health and Wellbeing Strategic Framework Global Recruitment Policy ¹ Global Learning and Development Policy ¹ Data Protection Policy Information Security Policy IT Disaster Recovery Policy Data Classification and Handling Policy Bring Your Own Device IT Exceptions Policy Media and Data Disposal Policy Operational Technology Security Policy Password Policy Secure Development Policy Third Party Security Assurance Standard Policy Threat and Vulnerability Policy	People ² Safety, Health and Wellbeing ² Information Security & Cyber ² Ethics & Governance ²	Total Incident Rate Rating within the SHE performance measurement process Other Safety Metrics Employee engagement eNPS Employee engagement survey participation rates Female representation Gender pay gap results FTSE4Good score	Sustainability pages 44-60
Human rights	Human Rights Policy ¹ Code of Conduct ¹ Supply Chain Policy ¹ Modern Slavery Statement ¹ Sustainability Roadmap ¹	Ethics & Governance ²	Code of Conduct training completion Inclusion, Diversity and Equity training completion FTSE4Good score	Sustainability pages 44-60
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	Sustainability pages 44-60
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 Code of Conduct training completion Anti-bribery training completion FTSE4Good score	Sustainability pages 44-60

¹ These policies are available on our website: global.weir/sustainability/our-governance-and-policies/. More information on the Sustainability Roadmap can be found on pages 44 to 45.

² More information about our principal risks can be found on pages 65 to 71.

³ More information about medium-term Key Performance Indicators and priorities that are aligned to our We are Weir strategic framework and the Group's remuneration policy can be found on pages 30 to 31.

RISK MANAGEMENT

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

MAIN ACTIVITIES DURING 2022

- Crisis management team assembled in direct response to the war in Ukraine, with its immediate priority centred on the welfare of our colleagues and their families.
- Geopolitical review undertaken with the Board to explore and scenario plan the potential risks and opportunities in anticipation of a slow down in globalisation.
- TCFD risk and opportunity assessment now fully embedded in our annual strategy planning process.

AREAS OF FOCUS 2023

- Deliver on zero harm for our people and continue to embed our wellbeing-focused environment.
- Continue to enhance and strengthen our crisis response capabilities to reflect both structural changes in the Group and the dynamic nature of the global risk landscape.
- Continue to refine our sustainability data architecture, whilst strengthening both the quality and overall governance of our key ESG metrics.
- Digitally enable everything we do and continue to build the digital literacy and capability of our people as a key enabler in the delivery of our strategy.

RISK AGENDA

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

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

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

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

The Group's risk appetite statement, which is detailed on page 63, considers several different dimensions, which balance commercial performance with managing our business in a sustainable and compliant manner.

Our appetite may vary from area-to-area, for example, it may be higher where we are prepared to tolerate more risk to achieve a specific outcome, e.g. entry into new countries which offer growth opportunities.

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

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

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

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

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

Details of the review of the internal control and risk management systems undertaken during the year are contained in the Audit Committee Report on page 100.

RISK MANAGEMENT

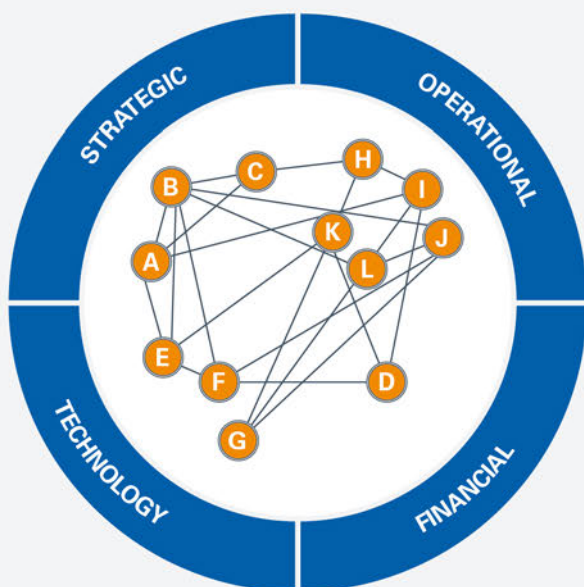
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RISK MANAGEMENT CYCLE



INTERCONNECTED RISK UNIVERSE

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



KEY

Strategic

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

Financial

- D. Competition

Technology

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

Operational

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

RISK MANAGEMENT

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

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

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

Ultimately, the Board is responsible for the Group's risk and internal control framework. It has set out the decisions, and hence the level of risk, which can be delegated to the Group Executive and Divisional and operational company management without requiring escalation. This is articulated in a series of Group policies and delegated authority matrices, as well as the parameters within the approved Risk Appetite Statement. The Board and Committee structure can be viewed on page 76.

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

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

The Board obtains assurance over risks and risk management through the internal control framework. More information on the internal control framework can be found within the Corporate Governance Report on page 73 and within the Audit Committee Report on pages 100-110.

INTERCONNECTED RISK UNIVERSE

In scanning the risk landscape for new and emerging risks, the Group seeks to adopt a holistic view, which acknowledges the interconnectivity of the global environment in which we operate and the reality that crises are increasingly occurring all at the same time, rather than one succeeding another.

Seeking to gain a thorough understanding of these potential future risks occurring concurrently helps the Group build sufficient resilience into its risk response and development of its overarching risk mitigation strategies.

Find out more

→ Risk Appetite statement	See page 63
→ Corporate Governance Report	See page 73
→ Audit Committee Report	See page 100

RISK MANAGEMENT

CONTINUED

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:

SUSTAINABILITY



Risk	Risk appetite	Risk parameters
Safety, Health & Wellbeing	We will not undertake or pursue activities that pose unacceptable hazard or risk to the health and wellbeing of our people or the communities in which we operate or the broader environment.	(i) No tolerance for breaches of Weir Group SHE Charter (ii) Target zero harm through continuous improvement (iii) Adherence to our Health & Wellbeing Framework (iv) Active community & environmental engagement.
People	We will support, develop and reward our people in keeping with local market conditions and will encourage behaviour in line with our values and purpose.	No tolerance for breaches of (i) We are Weir framework (ii) Weir Code of Conduct (iii) Group and Divisional HR policies.
Climate	We will evaluate and consider material climate transition and physical risk in all major strategic decisions and take adaptation and mitigation actions to minimise their impact.	We will maintain each of the following risk parameters within risk appetite: (i) physical (ii) policy & legal (iii) technology (iv) market (v) reputation.
Ethics & Governance	We have no tolerance for breaches of external legal governance frameworks or internal control systems.	No tolerance for breaches of: (i) Legislative/statutory requirements (ii) Weir Code of Conduct (iii) International Sanctions (iv) Delegated authority levels (v) Group & Divisional policies.

GROWTH



Technology	We will invest in research and development across both mechanical and digital technologies to innovate our customer offering, allowing us to maintain and expand our market share.	We will ensure a strategically balanced technology portfolio through a basket of metrics: (i) Headlines: R&D spend focused on our Smart, Sustainable, Efficient strategy (2% of revenues target) and revenue from new products (ii) Pipeline Health: R&D split defence vs growth, organic vs inorganic and % on key strategic priorities (iii) Strategic Outcomes: Sustainability impact, Digital impact and leveraged funding ratio.
Market	We will primarily operate in mining and infrastructure markets and accept the associated cyclicity, but will seek to minimise this risk as far as possible.	Focus growth and investment on businesses that demonstrate a high aftermarket and offer a technology differentiator.
Country Presence	We are prepared to enter new countries that offer opportunities for growth consistent with our overall strategy. We will not enter, or will exit, countries that present a high risk of harm to our people, damage to our reputation, or breach of international sanctions.	No tolerance for breaches of: (i) Legislative/statutory requirements (ii) Weir Code of Conduct (iii) International Sanctions (iv) Delegated authority levels (v) Group & Divisional policies.
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 mid to high single digit % revenue growth through cycles.
Capital Allocation & Returns	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.
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 cyclicity 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.

MARGINS



Returns & Profitability	We will not pursue growth at all costs; however, we expect high margins, strong returns on capital and working capital discipline together with cash generation.	Short-term margin dilution is acceptable in gaining market entry, but over the cycle, we aim for 17% operating margin by 2023 and >17% beyond 2023. Cash conversion of 80-90% by 2023, and 90-100% thereafter.
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RESILIENCE



Information Security & Cyber	We have no tolerance for material cyber security incidents that impact our ability to operate as a business, damage our reputation or lead to financial penalties.	No tolerance for breaches of Group cyber security policies or Group security and education training.
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RETURNS



Mergers & Acquisitions	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.
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RISK MANAGEMENT

CONTINUED

RISK MANAGEMENT ROLES & 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 decision within the Group.	- Annual review and ongoing monitoring of the effectiveness of the risk management and internal control frameworks. - Annual review of the Group's risk appetite. - Assessment of the Group's principal and emerging risks. - Three times a year receive a report from the Risk Committee that sets out the current assessment of each principal risk, the effect of mitigating controls on each risk, the direction of travel of each risk versus the prior year, the extent to which each could potentially impact the Group's strategic goals and any relevant findings relating to significant control failings or weaknesses which have been identified. - Taking decisions in accordance with the delegated authority matrices.
	Audit Committee Delegated responsibility from the Board to review the effectiveness of the Group's risk and internal control frameworks.	- Annual assessment of the effectiveness of the risk management and internal control frameworks. - Review of reports from the internal and external auditors. - Review of the results from the six-monthly self-assessment compliance scorecards.
	Group Executive Executive Committee with overall responsibility for managing the Group to ensure it achieves its strategic objectives.	- Managing risks that have the potential to impact the delivery of the Group's strategic objectives. - Monitoring business performance, in particular, key performance indicators relating to strategic objectives. - Taking strategic decisions in accordance with the delegated authority matrices. - Escalating issues to the Board as required.
	Risk Committee Management Committee responsible for governance of the Group's Risk Management Policy and Framework.	- Review of the design and operation of the Group's Risk Management Policy and Framework. - Identification and assessment of the key risks facing the Group, identification of the key controls mitigating those risks and identification of further actions where necessary. - Review of the Divisional Risk Dashboards, considering the appropriateness of management's responses to identified risks and assessing whether there are any gaps. - Reporting key Group and Divisional risks to the Board.
	Chief Executive's Safety Committee Safety Committee with responsibility to set and monitor the Group's SHE principles, priorities and actions.	- Executive Committee representation to drive improvements in our safety performance throughout the Group. - Champion the Group's Safety, Health and Environmental (SHE) charter, reinforcing our commitment to maintaining a zero harm workplace. - Ensure the strategy for SHE improvements is comprehensive, risk-based, deliverable and balanced and built on best practice from peers, customers and suppliers.
SECOND LINE OF DEFENCE	Excellence Committees - Weir Technology - Safety, Health and Environment - Sustainability - Finance - HR - People & Culture Management Committees with representatives from across the Group in their respective areas of focus. The Committees govern activities and performance in the individual functional areas.	- Monitoring the management of key risks across the Group associated with the respective remits of the Excellence Committees. - Monitoring performance and compliance with Group objectives, policies and standards related to the respective remits of the Excellence Committees. - Taking decisions in accordance with the delegated authority matrices. - Escalating issues to the Group Executive as required. - Reviewing the results from relevant assurance activities. - Design and administration of the Group's compliance programme covering core areas including anti-bribery, anti-corruption, anti-trust, privacy, trade controls and human rights.
	Divisional management Responsible for managing the businesses within the Divisions to ensure Divisional strategic objectives are achieved and there is compliance with Group policies and standards throughout their Division.	- Identifying and managing risks that have the potential to impact the delivery of the Division's strategic objectives. - Monitoring performance and compliance with Group objectives, policies and standards within the Divisions and with regard to the outputs from the Excellence Committees. - Taking decisions in accordance with the delegated authority matrices. - Escalating issues to the Group Executive as required. - Reviewing the results from relevant assurance activities.
FIRST LINE OF DEFENCE	Operating company management Responsible for ensuring company objectives are achieved and business activities are conducted in accordance with Group policies and standards.	- Identifying and managing risks that 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 that could impact the Group's ability to achieve its objectives in the future. The Group's risk management and assurance framework is designed to make this less likely by clearly identifying and seeking to mitigate these key risks.

The Board has conducted a robust assessment of the principal risks, alongside the Risk Appetite Statements set out on page 63, meeting the Board's responsibilities in connection with risk management and internal control details in the UK Corporate Governance Code 2018. Each of the principal risks is assigned an owner from amongst the Board or Group Senior Management team, and a detailed review of each principal risk has been completed in the year.

The Group's risk dashboards were reviewed, and validity of the existing prior year principal risks were reassessed, and consideration was given as to whether any new principal risks have emerged, or certain risks are no longer considered to be a principal risk. This review resulted in changes being made to the principal risks in 2022.

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

- Potential severity of each risk relative to the Group's stated risk appetite.
- Existence and effectiveness of actions and internal controls that 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 65-71 are those that 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.

Find out more

→ Our Strategic Framework	See page 22
→ Viability Statement	See page 72

KEY

Strategy



People



Not impacted



Performance



Impacted



Customers



Technology

Risk Trend



Increasing



Decreasing



No change

Viability Statement



Viability Statement

POLITICAL & SOCIAL



Description

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

Why we think this is important

Given the global nature of the Group's operations, we are exposed to an ever-changing political and social landscape where recent tensions are anticipated to persist and spread with the potential to threaten both energy and food security, increasing the risks of conflict and cyberattacks.

Adverse events may occur in the territories in which we operate that may require us to act swiftly to continue to protect our people and property and adjust to regulatory changes that have the potential to impact our competitiveness or have a negative impact on our return on capital employed.

How we are mitigating the risk

Ongoing active monitoring of sanctions and political developments.

Positive proactive engagement with a range of Governments/elected representatives and trade and industry bodies allows the Group to contribute to policy decisions and address specific concerns.

Our strategic planning process allows for a regular review of market attractiveness whilst also assisting in the forecasting of potential political and social instability in the regions in which we operate. A combination of risk horizon scanning, and third party intelligence sourced from risk consultants, allows the Group to maintain flexibility and develop appropriate contingency and exit strategy plans.

Risk trend



Risk owner:

Chief Legal Officer & Company Secretary

Key changes during 2022

Against the backdrop of rising economic and geopolitical challenges this risk was increased during the year.

In response to this instability and uncertainty, the Group deployed a number of key risk initiatives, including an orderly winding down of our Russian business and elevated trade sanction screening.

Impact on strategy



PRINCIPAL RISKS AND UNCERTAINTIES

CONTINUED

TECHNOLOGY

Description

Failure of the Group to embrace technology, innovate and continue to develop and invest 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.

Risk trend



Risk owner:

Chief Strategy & Sustainability Officer

Why we think this is important

We need to continue to drive innovation across the Group through investment in talent and collaboration with research partners, thus ensuring there is a sustainable and evolving product offering leveraging new and adjacent technologies.

Failure to achieve this could give rise to:

- An inability to give sufficient priority to outer horizon technology leading to an under investment/delayed development to meet our medium to long-term performance goals.
- Failure to identify and mitigate potentially disruptive technology trends as they appear in mining or adjacent industries.
- Failure to leverage our deep customer/market insights to develop products and solutions that meet the most strategic needs of our customers and other stakeholders.
- Failure to adapt our business model to capture economic value/prevent economic loss from technological advances.
- Failure to leverage new technology to reduce costs/improve our own operational performance.
- Failure to develop, attract and retain the talent and strategic R&D partnerships.
- Failure to capture climate transition opportunity/mitigate risk via our technology offering.

How we are mitigating the risk

Continued investment in our technology strategy aligned on smart, efficient and sustainable priorities. Targeting R&D minimum spend of 2% of revenue.

Use of new emergent technologies radar software/process with embedded artificial intelligence (AI) scanning capability to assess potential risks and opportunities.

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

Evolving WARC (Weir Advanced Research Centre) model with strategic international research, academic and technology scanning partnerships and funding.

Uplift in our artificial intelligence (AI) capability with the integration of Motion Metrics.

Key changes during 2022

Development of Enterprise Technology Roadmap (ETR) focused on five customer facing themes (see page 40).

Increased technology specific C-suite engagement with customers and key account management.

The impact and likelihood of this risk is assessed to have remained constant during the year.

Impact on strategy



VALUE CHAIN EXCELLENCE

Description

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

Risk trend



Risk owner:

Divisional Presidents

Why we think this is important

An effective and efficient value chain is fundamental to the Group in maintaining its competitive advantage and continuing to create and deliver for its customers.

Failure of the Group to drive improvements in its value chain management presents the following risks:

- Loss of opportunity to meet our customer's needs in terms of product volume, quality and delivery, resulting in a loss of reputation and sales.
- Failure to optimise our inventory inhibits the Group's investment strategy and creates slow-moving and absolute inventory, ultimately impacting our operating profit and cash conversion.
- Failure to effectively manage inflationary increases in procurement costs as commodity prices increase leads to a reduction in our cost competitiveness and/or margins.
- 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 operate throughout the Group to drive 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.

Realising value from shared service initiatives.

Key changes during 2022

Key mitigation initiative in the year centred around the launch of the Group's business Performance Excellence programme, designed to drive our lean philosophy across our end-to-end value chains and ultimately underpin our margin and operating cash commitments for FY23 and beyond.

Whilst the short-term operational challenges in the key areas of raw material sourcing, and inflationary pressures continued in the early part of the year, the Group did experience an easing of supply chain and logistics pressures in H2. As a consequence this risk remained flat.

Impact on strategy



PRINCIPAL RISKS AND UNCERTAINTIES

CONTINUED

SAFETY, HEALTH & WELLBEING



Description

Failure to adequately protect our people and customers from harm presents a significant threat to the physical and mental wellbeing of the Group's existing and available workforce, leading to a resultant impact on productivity and our ability to meet customer demands and expectations.

Risk trend



Risk owner:

Chief People Officer

Why we think this is important

Thinking safety first is one of the core values within our We are Weir framework and we are 100% committed to achieving zero harm at Weir with policies and processes in place to ensure the continued health, safety and physical and mental wellbeing of all employees, customers and third parties.

How we are mitigating the risk

The Group's SHE charter sets out the guiding principles, priorities and actions, each of which play a vital role in supporting our shared vision of achieving a zero harm workplace where all of our people have a safe start, a safe finish and a safe journey home.

The Weir SHE management system establishes a common set of standards and expectations for addressing risk throughout our operations globally.

The Weir Health & Wellbeing framework is designed to support the broader health and wellbeing of all employees, ensuring that everyone knows that 'It's ok not to be ok'.

This framework provides access to a wide range of resources focusing on key areas of culture and leadership, safety and environment, mental wellbeing, digital wellbeing and financial wellbeing.

Key changes during 2022

In collaboration with The Keil Centre (Chartered psychologists specialising in health & safety), the Group developed and launched its proprietary Zero Harm Behaviours framework, which provides us with a common set of behaviours to help keep us safe and clearly highlight those we need to avoid.

Development of the framework involved 400 Weir employees from over 20 sites across the globe taking part in more than 70 focus groups, with the objective of defining the critical behaviours that are necessary for us to build an even stronger safety culture.

The impact and likelihood of this risk was assessed as remaining unchanged from the prior year.

Impact on strategy



PEOPLE

Description

Failure of the Group to build an ever more inclusive, diverse and equitable culture and adopt new ways of working that give rise to an inability to attract and retain the very best workforce.

Risk trend



Risk owner:

Chief People Officer

Why we think this is important

Our people represent our biggest asset and so the ability of the Group to attract, develop and retain talent and build capability at the pace required is fundamental to the delivery of the Group's strategic objectives.

Our ambition to foster an inclusive, diverse and equitable workforce that increasingly reflects the diversity of the markets in which we operate, is key to creating a purpose driven culture where we can all do the best work of our lives.

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 our staff.

We continue to offer competitive compensation and benefits packages.

Key changes during 2022

In 2022, the Group implemented its new Performance Conversations management programme designed to further enable a workplace where we inspire, grow and improve through timely and insightful feedback. This key initiative involved the training of over 1,500 leaders across, the Group.

In the areas of ID&E the Group delivered significant progress in further embedding and extending our affinity groups; the piloting of a reverse mentoring initiative and a continued support for underrepresented groups in STEM.

Over the course of the year, our people risk was assessed as remaining stable.

Impact on strategy



PRINCIPAL RISKS AND UNCERTAINTIES

CONTINUED

MARKET



Description

Changes in key mining markets, including commodity prices and macroeconomic conditions have an adverse impact on customers' expenditure plans. Fundamental market structure changes could alter the long-term economics of the business.

Why we think this is important

Risk of near-term headwinds in the form of a heightened inflationary environment, corresponding monetary response and geopolitical tensions persisting and spreading could give rise to a negative impact in logistics flow and supply/demand dynamics in the commodity space.

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

Our aftermarket-focused business model and enhanced focus on technology to reduce cost and improve efficiency combine to mitigate the risk of future downturns.

The Group's strategic planning process utilises extensive market intelligence to assist in forecasting opportunities and dips in markets.

Risk trend



Risk owner:

Chief Financial Officer

Key changes during 2022

An increased inflationary environment, rising interest rates and falling GDP forecasts in most developed economies all presented challenges for the Group.

In mitigation, our gross margins were maintained via dynamic pricing and active management of input costs inflation.

The Group successfully refinanced its revolving credit facility, thus securing five years of liquidity.

Reflecting these key mitigation initiatives, our market risk was assessed as remaining flat.

Impact on strategy



CLIMATE



Description

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

Why we think this is important

Failure to adapt, manage and embrace the challenges and opportunities presented by climate change could have a significant impact on Weir, our people, our customers and our supply chains.

Physical risk exposures, both acute and chronic, can be characterised by extreme weather events including floods, heatwaves, storms and rising sea levels that could threaten not only our own operations, but also exacerbate geopolitical tensions should these events lead to forced migration in certain regions.

The world's climate challenge and transitioning to a low-carbon economy brings with it significant opportunity for the Group, however failure to innovate and deliver smarter, more efficient and sustainable solutions for our customers, and at the same time effectively manage our own footprint, could give rise to a number of risks ranging from political and legal challenges, shifts in market demands and changes in customer or community perceptions.

How we are mitigating the risk

Sustainability Roadmap developed via extensive multi-stakeholder materiality assessment encompassing Environmental, Social and Governance (ESG).

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 CO₂e reduction (both efficiency and renewable supply optimisation), water stewardship and waste elimination.

We are continuing strong engagement with stakeholders in this area.

Risk trend



Risk owner:

Chief Strategy & Sustainability Officer

Key changes during 2022

In 2022, we set new Science Based Target (SBTi) aligned scope 1, 2 and 3 goals and further enhanced our TCFD disclosures that underpin our strategy.

Reflecting our accelerated progress and the fact our sustainability roadmap is now fully integrated within our business strategy, this risk was reduced in weighting over the course of the year.

Impact on strategy



PRINCIPAL RISKS AND UNCERTAINTIES

CONTINUED

COMPETITION



Description

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, achieving operating results and realise future growth opportunities.

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.

Technology solutions with differentiation on engineering expertise, aftermarket service and total costs of ownership.

Continued development of operational efficiency and improvement plans.

Continued investment in core product design, process and materials that provide high value.

Risk trend



Risk owner:

Divisional Presidents

Key changes during 2022

A continued collaboration with customers on technology partnerships and field trials was further underpinned with the successful launch throughout the year of a number of strategic product alliances.

Over the course of the year, this risk was assessed as remaining stable.

Impact on strategy



DIGITAL



Description

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

Why we think this is important

To meet the needs of our customers, the ambitions of the business and the expectations of an increasingly digital world, Weir must prioritise and accelerate its digital evolution.

Failure to do so will negatively impact Weir's market position along with our ability to attract the people, skills and investment needed as a premium mining technology business.

If we fail to implement a holistic, digitalised ecosystem and culture quickly and effectively, competitors, who successfully embed digitalisation, will benefit and increase their market share.

How we are mitigating the risk

Building on work that has taken place in preceding years, a taskforce of senior leaders from across the Group developed Weir's Digital Vision and Roadmap and established a Digital Steering Group to manage progress.

In addition we assess our 'digital fitness' across the business and define our approach to digital talent recruitment.

Digital and IT leadership are also embedded in the Group and Divisional strategic planning processes to ensure digitalisation is given due consideration.

Risk trend



Risk owner:

Chief Information Officer

Key changes during 2022

Strong progress of our digital roadmap and maximising the value from our acquisition of Motion Metrics, which is fully aligned to our digital strategy ambitions and risk mitigation agenda.

Over the course of the year, this risk was assessed as remaining stable.

Impact on strategy



PRINCIPAL RISKS AND UNCERTAINTIES

CONTINUED

INFORMATION SECURITY & CYBER



Description

Failure to adequately protect Weir Group from cyber-enabled fraud and other information security risks that can lead to operational disruption, reputational damage, regulatory fines and/or financial impacts.

Risk trend



Risk owner:

Chief Information Officer

Why we think this is important

Weir's global operations are heavily reliant on IT systems, tools and infrastructure. As the scale, frequency and impact of cyber-attacks continue to evolve and increase, we recognise the significant risk this poses to Weir and its people, and take appropriate steps to mitigate these threats.

Weir is part of an integrated, complex supply chain, with each member of the supply chain managing the risk of exposing each member of the supply chain to their vulnerabilities.

How we are mitigating the risk

We have an IT governance framework that oversees our technology operations. The IS&T Control Board provides assurance and oversight of our security posture across the business, approves policy control and assessments in relation to cyber risk and IT security.

Security incidents are managed by the cyber security operations team and serious incidents are reported to the Group Executive. Internal and external audits also take place regularly, providing additional governance and resilience to our controls, as well as highlighting opportunities to make further improvements.

We run cyber security education and awareness campaigns throughout the year to ensure colleagues are equipped with the knowledge and confidence they need to use technology safely and securely.

The IT Transformation and the Cyber Security Strategy roadmap continues to deliver improvements across the business that will help reduce the impact of any future cyber incidents.

Key changes during 2022

We have continued to invest in enhancing our operational skills and capabilities, including a year-long schedule of activities to support and educate colleagues, helping them increase their cybersafe behaviours. These activities were further supported by the introduction of a new streamlined process to ensure phishing emails could be reported quickly and easily. A new Operational Technology security policy was published to outline what we are doing to mitigate the risk of disruptive cyber-attacks on our manufacturing facilities.

Our cyber strategy is delivering ongoing security enhancements to ensure the business maintains a resilient response to cyber threats, including a three-year rolling plan of cyber security initiatives.

Over the course of the year, our cyber risk was assessed as remaining stable.

Impact on strategy



ETHICS & GOVERNANCE



Description

Interactions with our people, customers, suppliers and other stakeholders are not conducted with the highest standards of integrity and in accordance with Group policies and procedures, which devalues our reputation.

Risk trend



Risk owner:

Chief Legal Officer and Company Secretary

Why we think this is important

We are unwilling to accept dishonest or corrupt behaviour from our people, or external parties working 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 Group compliance function designs and administers our global compliance programme and assists Internal Audit in monitoring adherence to enhance global focus on compliance.

An Ethics Hotline is available to all members of staff and the public. Reports are investigated on a timely basis and summary reports provided to the Group Executive and Board.

Key changes during 2022

In the wake of Russia's invasion on Ukraine, heightened regulatory enforcement and increasing global economic and social disruptions, this risk was slightly elevated during the year, but remained unaltered in net scoring and within risk appetite given our risk mitigation activities.

The Group's response was to enhance our sanctions screening processes in conjunction with our announced wind down of operations in Russia and implement a broad-based training on core compliance risks. We are planning to further enhance our controls over the course of 2023.

Impact on strategy



PRINCIPAL RISKS AND UNCERTAINTIES

CONTINUED

COVID-19



Description

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.

Risk trend



Risk owner:

Chief Executive Officer

Why we think this is important

Whilst the threat posed by Covid-19 and similar health pandemics has significantly reduced for the Group's people and operations, there is equal acknowledgement that they still present a potential operational risk, particularly in the event of localised breakouts or seasonal trends.

In anticipation that societal concerns will continue to persist in relation to infectious diseases, and that these are expected to widen into a broader range of health risks globally, the Group feel it is prudent to continue to monitor and allow for adaptation to these potential future challenges.

How we are mitigating the risk

Underpinned by the Group's objective of being a zero harm workplace, we continue to maintain our established Covid control environment as our first line defence, whilst ensuring vigilance to the threat of future disruptions.

This approach allows the Group to maintain its resilience against both potential new variants and/or emerging health risks, with the ability to reintroduce more stringent controls should these prove necessary.

Key changes during 2022

With Covid-19 transitioning to an endemic phase, and living with the virus anticipated to be the new reality, the net rating of this exposure was materially reduced in 2022 and further reassessed as sitting within Group risk appetite.

Impact on strategy



The Strategic Report covering pages 1-72 of the Annual Report and Financial Statements 2022, 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
1 March 2023

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 65 to 71 of the Annual Report.

ASSESSMENT PERIOD

The Directors have determined that a three-year period to 31 December 2025 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 cyclical 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 leader 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 on pages 65 to 71, the following risks were focused on for enhanced stress testing:

- Market volatility, modelled by applying downturn scenarios and major customer shocks;
- Technology, digital transformation, competition and value chain excellence, modelled by significant loss of market share, pricing pressure in key markets and major site shutdown scenarios;
- Value chain excellence and information security, cyber risks and Covid-19, modelled by major site shutdown scenarios and significant disruption to operations as a result of a cyber incident;
- A regulatory shock scenario in response to the ethics and governance or safety, health and environmental risks;
- Climate, modelled by major site shutdown scenarios as a result of severe weather and potential downside impact on mining revenues from certain commodities as a result of changes in markets driven by climate action; and
- Political and social risks, modelled by a major economic shock and the impact of supply chain and commodity inflation.

While the Group has shown resilience demonstrated by strong financial results in the current year, there remains macroeconomic uncertainty and ongoing risk from Covid-19, inflation and supply chain disruption. Recognising these uncertainties, the Directors have also considered the longer-term prospects for the Group as part of the overall consideration of viability.

As part of this wider consideration and in response to the current geopolitical environment, consideration has been given to the impact of additional instability in the geopolitical landscape and the subsequent impact on operations. It is acknowledged that a significant change in the geopolitical landscape would cause short-term disruption. However, this risk is mitigated by the geographical spread of the Group and the strong supply chain processes in place would allow the Group to adapt to this new landscape and remain viable.

The Group has also committed to longer-term climate targets to align with SBTi requirements. These timescales are broader than the assessment period, however, the financial impact has been considered as part of TCFD reporting and there are no indicators that climate change and the steps taken to achieve these targets will impact the viability of the Group.

PROCESS AND KEY ASSUMPTIONS

The Strategic Plan, prepared bottom-up annually and approved by the Board, is used as the basis for the viability modelling and is supplemented with due consideration of current trading. The key assumptions underpinning the Strategic Plan include continued strong demand for minerals such as copper, gold and battery metals such as nickel driven by global population growth, industrialisation and electrification. This translates into supportive commodity prices, long-term economic growth and increasing demand for our new, more sustainable solutions technology.

The output of this plan is used to perform debt and headroom profile analysis, which includes a review of sensitivity to 'business as usual' risks, such as profit growth, working capital variances and return on capital investment. The base case has been stress tested to reflect:

- a severe but plausible downside scenario; and
- a highly unlikely more severe scenario.

The resulting scenarios were modelled to include a series of individual one-off 'shocks' which represent the principal risks identified above, in combination with commodity price-based market downturn scenarios. The assessment took into consideration the potential impact on the Group's profits and cash flows and resulting impact on banking covenants.

The analysis indicated that the Group would be able to comply with its current banking covenants, which are shown in note 31 within the Group Financial Statements, and maintain sufficient liquidity headroom within its existing lending facilities under both scenarios. The outcome of the modelling is supported by the following factors:

- The geographic spread of the Group's operations helps minimise the risk of serious business interruption or catastrophic damage to our reputation;
- While the Group remains exposed to some cyclical risk from the markets in which it operates, it continues to have a strong balance sheet that helps support significant liquidity;
- The Group's ability to flex its cost base and preserve cash, as demonstrated in 2020 with the swift actions taken in response to Covid-19, and seen in earlier downturn years;
- While climate change actions may give rise to changes in certain of the Group's markets, our aftermarket-focused and technology-differentiated business model, together with a commodity mix biased to commodities critical to supporting decarbonisation, gives the Group good protection against downside risk and the ability to benefit from opportunities in other markets; and
- The Group's ability to secure funding, demonstrated via securing a new five-year RCF and a two-year loan facility, which provides the Group with improved levels of liquidity over an extended maturity profile.

These factors are considered critical in protecting the Group's viability in the face of adverse economic conditions and/or the additional risks highlighted.

REVIEW PROCESS

The Audit Committee, on behalf of the Board, have reviewed the underlying processes and key assumptions underpinning the Viability Statement. While this review does not consider all of the risks that the Group may face, the Board consider that this stress testing-based assessment of the Group's prospects is reasonable in the circumstances of the inherent uncertainty involved.

CONFIRMATION OF VIABILITY

Based on this assessment, the Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to 31 December 2025.

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GOVERNANCE

INTRODUCTION FROM THE CHAIR

WE STRIVE FOR A
DIVERSE WORKING
ENVIRONMENT
WHERE PEOPLE
CAN DELIVER
**SMART, EFFICIENT
AND SUSTAINABLE
TECHNOLOGIES**

DEAR SHAREHOLDER,

On behalf of the Board, I am pleased to present the Corporate Governance Report for the year ended 2022.

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

The Board continues to ensure ongoing engagement with our stakeholders throughout the year and acknowledges the clear responsibility that it has to promote the long-term success of the Company. During 2022, we have continued to focus on Board composition, succession planning, assessing and monitoring our Company culture, Inclusion, Diversity & Equity initiatives and commitment to meeting our climate-based targets.

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

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



BARBARA JEREMIAH
Chair

1 March 2023



The Board strives to assure that we understand the views of all of the Company's stakeholders and that we incorporate those views in our decisions.



BARBARA JEREMIAH
Chair



GOVERNANCE AT A GLANCE

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

→ See pages 22-26

OUR STRATEGY

→ See pages 2-72

COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE 2018

The Company has complied in full during 2022 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.

KEY BOARD AREAS OF FOCUS

- Board composition and succession planning
- Safety, health and environment
- Performance Excellence
- Sustainability and climate change
- Corporate strategy portfolio and business portfolio

KEY BOARD ACTIONS

- Chair succession
- Performance Excellence
- Board composition

ETHNIC MINORITY REPRESENTATION ON THE BOARD AT 31 DECEMBER 2022

17%

% of females on the Board as at 31 December 2022

42%

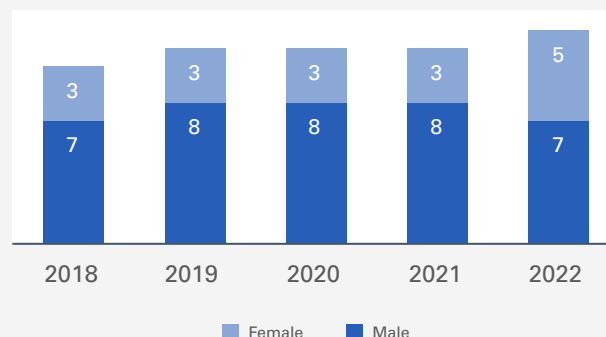
Score by CDP Climate

A

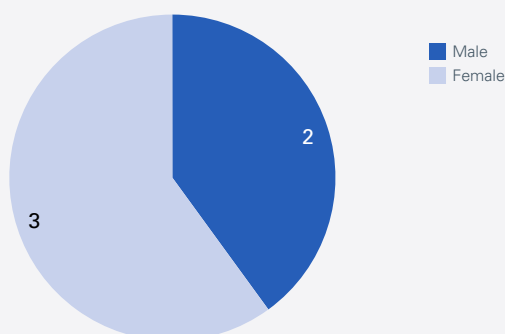
Employee Engagement Survey participation rate

88%

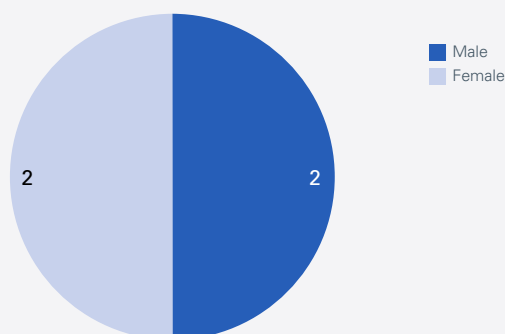
BOARD COMPOSITION AS AT 31 DECEMBER 2022 BOARD GENDER BALANCE



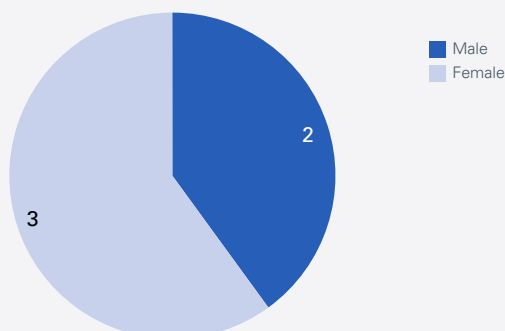
AUDIT COMMITTEE GENDER DIVERSITY



NOMINATION COMMITTEE GENDER DIVERSITY



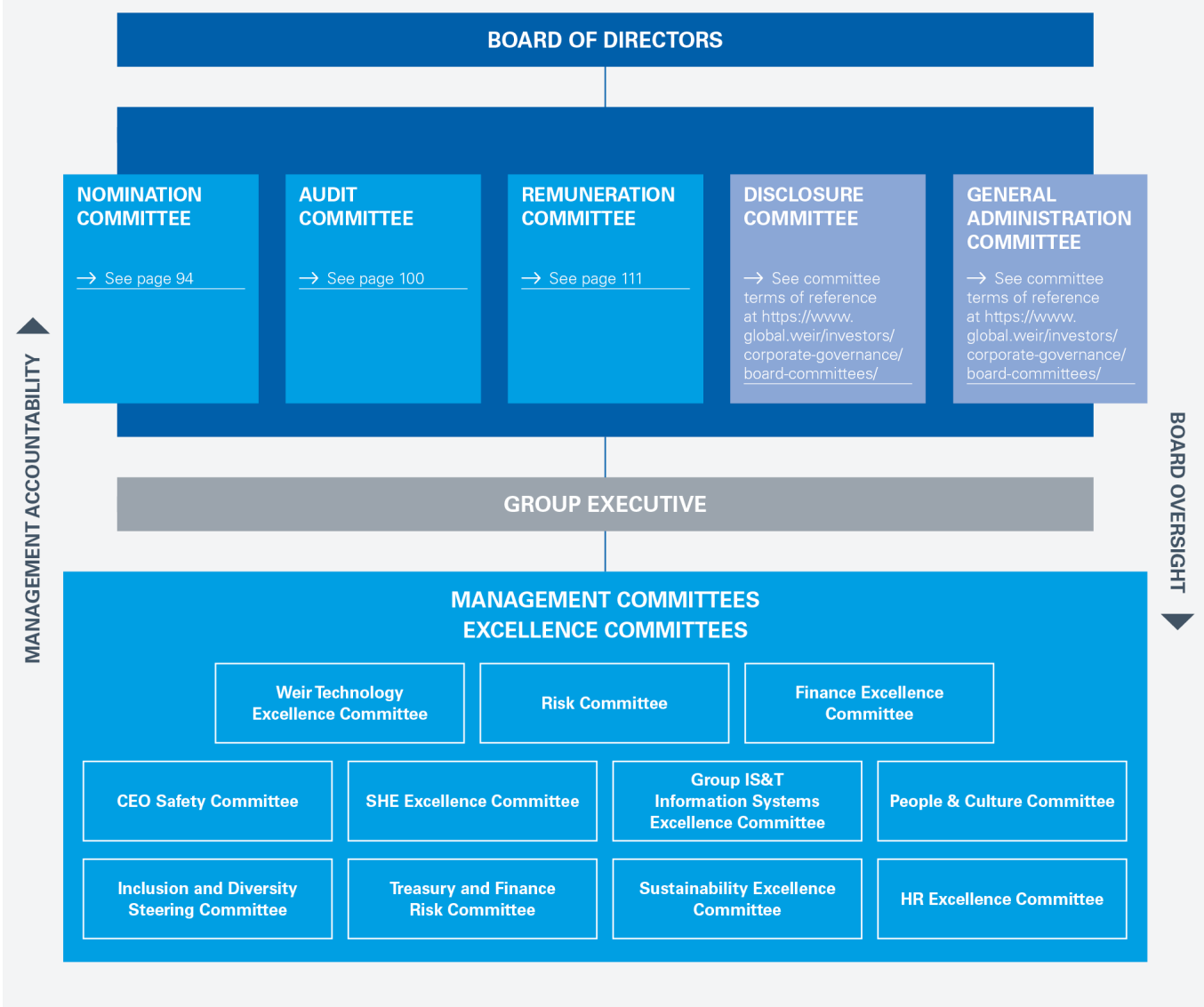
REMUNERATION COMMITTEE GENDER DIVERSITY



GOVERNANCE AT A GLANCE

CONTINUED

GOVERNANCE FRAMEWORK



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 pages 81-82. 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 2022, the Group Executive had 12 scheduled meetings.

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.

BOARD OF DIRECTORS



BARBARA JEREMIAH

Chair



Nationality: American

Independent: Yes

Date of appointment: 1 August 2017

Senior Independent Director from 1 January

2020 – 28 April 2022, Non-Executive Director

from 1 August 2017 – 31 December 2019

Chair-designate from 2 September 2021 and Chair

from 28 April 2022

Tenure: 5 years, 4 months

Ethnicity: White American

Age: 70

Gender: Female

Key strengths and experience that support strategy and long-term success

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

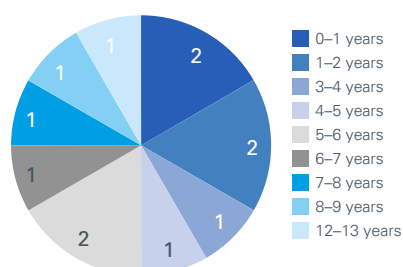
Barbara's leadership and governance experience allows her to effectively contribute to the Board.

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

Key external appointments

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

BOARD TENURE



JON STANTON

Chief Executive Officer



Nationality: British

Independent: No

Date of appointment: Chief Executive Officer

since 1 October 2016, Finance Director from

April 2010 – October 2016

Tenure: 12 years, 8 months

Ethnicity: White British

Age: 55

Gender: Male

Key strengths and experience that support strategy and long-term success

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

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

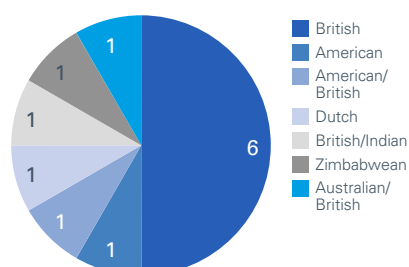
Jon joined the Board as Finance Director in 2010. Prior to this he was a partner with Ernst & Young, where he led global board-level relationships with a number of FTSE 100 multi-national companies.

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

Key external appointments

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

NATIONALITY



JOHN HEASLEY

Chief Financial Officer



Nationality: British

Independent: No

Date of appointment: Chief Financial Officer since

3 October 2016

Tenure: 6 years, 2 months

Ethnicity: White British

Age: 48

Gender: Male

Key strengths and experience that support strategy and long-term success

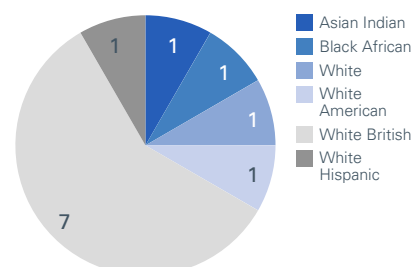
John contributes financial expertise and significant management, commercial and operational experience to execute the Group strategy, while ensuring a robust and effective financial control environment that is compliant with regulations. Previously, John worked in financial practice, before holding executive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

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

Key external appointments

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

ETHNICITY



BOARD OF DIRECTORS

CONTINUED



DAME NICOLA BREWER

Non-Executive Director



Nationality: British

Independent: Yes

Date of appointment: 21 July 2022

Tenure: 5 months

Ethnicity: White British

Age: 65

Gender: Female

Key strengths and experience that support strategy and long-term success

Nicola brings deep experience of international relations and external communications from a long and distinguished diplomatic career. Most recently, she was Vice Provost (international) of University College London, and prior to that, held senior positions in the Foreign and Commonwealth Office (FCO) of the British government. Nicola served as British High Commissioner to South Africa between 2009 and 2013 and was the first Chief Executive of the Equality and Human Rights Commission from 2007 to 2009.

Nicola was a Non-Executive Director and Chair of the Ethics & Corporate Responsibility Committee of Aggreko plc from 2016 to 2021. She was also a Non-Executive Director of London First and of Scottish Power Limited.

Key external appointments

- Non-Executive Director and member of the Sustainable Development Committee at Iberdrola SA
- Member of the Trilateral Commission

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



CLARE CHAPMAN

Non-Executive Director



Nationality: British

Independent: Yes

Date of appointment: 1 August 2017

Tenure: 5 years, 4 months

Ethnicity: White British

Age: 62

Gender: Female

Key strengths and experience that support strategy and long-term success

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

Key external appointments

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



EBBIE HAAN

Non-Executive Director



Nationality: Dutch

Independent: Yes

Date of appointment: 18 February 2019

Tenure: 3 years, 10 months

Ethnicity: White

Age: 66

Gender: Male

Key strengths and experience that support strategy and long-term success

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

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

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

Key external appointments

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

BOARD OF DIRECTORS

CONTINUED



MARY JO JACOBI

Employee Engagement
Non-Executive Director



Nationality: American/British

Independent: Yes

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

Tenure: 8 years, 11 months

Ethnicity: White Hispanic

Age: 71

Gender: Female

Key strengths and experience that support strategy and long-term success

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

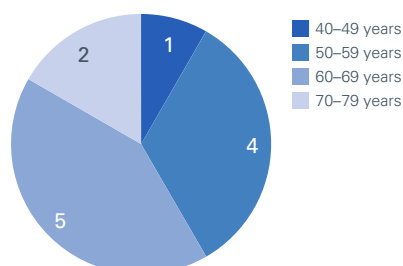
Key external appointments

Advisory Board of Rothenberg American Institute at Oxford University

Member of Strathclyde University Court

Non-Executive Director and Member of the Remuneration, Audit & Risk Committees of Savannah Resources PLC

AGE



TRACEY KERR

Non-Executive Director



Nationality: Australian / British

Independent: Yes

Date of appointment: 21 July 2022

Tenure: 5 months

Ethnicity: White Australian

Age: 57

Gender: Female

Key strengths and experience that support strategy and long-term success

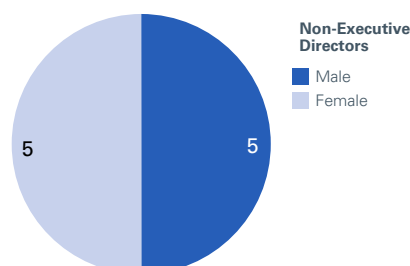
Tracey was Group Head of Sustainable Development at Anglo American Plc between 2020 and 2021. Prior to that, she held accountability for safety, operational risk management and sustainable development across the Anglo American group from 2016 to 2020 and served as Group Head of Exploration from 2011 to 2015. In her earlier career, she held a variety of roles at Vale SA and BHP Pty Ltd. She was previously a Non-Executive Director at Polymetal International Plc.

Key external appointments

Non-Executive Director of Hochschild Mining PLC

Non-Executive Director of Jubilee Metals Group PLC

GENDER DIVERSITY



BEN MAGARA

Non-Executive Director



Nationality: Zimbabwean

Independent: Yes

Date of appointment: 19 January 2021

Tenure: 1 year, 11 months

Ethnicity: Black African

Age: 55

Gender: Male

Key strengths and experience that support strategy and long-term success

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

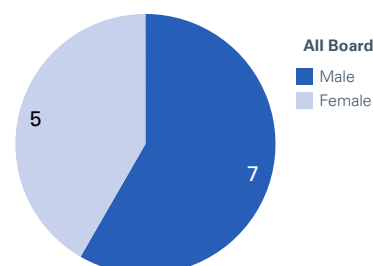
Prior to joining the Weir Board, Ben served from 2013-2019 as CEO of Lonmin Plc, the then third largest global platinum mining company. He was a senior mining executive at Anglo American plc, having served as Executive Vice President of Engineering & Projects for Anglo Platinum from 2009-2013 and CEO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

Key external appointments

Non-Executive Director and member of the Risk and Business Resilience Committee of Exxaro Resources Limited

Non-Executive Director and Chair of REMCO of Grindrod Limited

GENDER DIVERSITY



BOARD OF DIRECTORS

CONTINUED



SIR JIM MCDONALD

Senior Independent Director



Nationality: British

Independent: Yes

Date of appointment: Non-Executive Director since 1 January 2015, Senior Independent Director since 28 April 2022

Tenure: 7 years, 11 months

Ethnicity: White British

Age: 65

Gender: Male

Key strengths and experience that support strategy and long-term success

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 UK National Physical Laboratory
President of the Royal Academy of Engineering
Member to the Prime Minister's Council for Science and Technology

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



SRINIVASAN

VENKATAKRISHNAN

Non-Executive Director



Nationality: British/Indian

Independent: Yes

Date of appointment: 19 January 2021

Tenure: 1 year, 11 months

Ethnicity: Asian Indian

Age: 57

Gender: Male

Key strengths and experience that support strategy and long-term success

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

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

Key external appointments

Non-Executive Chair of Endeavour Mining plc
Non-Executive Director BlackRock World Mining Trust plc



STEPHEN YOUNG

Non-Executive Director



Nationality: British

Independent: Yes

Date of appointment: 1 January 2018

Tenure: 4 years, 11 months

Ethnicity: White British

Age: 67

Gender: Male

Key strengths and experience that support strategy and long-term success

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

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

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

Key external appointments

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

GROUP EXECUTIVE



PAULA COUSINS

Chief Strategy and Sustainability Officer



Nationality: British

Date of appointment: 1 January 2020

Tenure: 2 years, 11 months

Ethnicity: White British

Age: 49

Gender: Female

Experience

Paula is Weir's first ever Chief Strategy and Sustainability Officer, holding this position since January 2020.

Paula joined Weir in 2015, and until assuming her current role, was previously Group Head of Strategy & Sustainability. Prior to Weir she held a number of strategy, commercial and engineering leadership roles with Petrolneous, 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 FINLAND

Chief Information Officer



Nationality: British

Date of appointment: 1 January 2020

Tenure: 2 years, 11 months

Ethnicity: White British

Age: 58

Gender: Male

Experience

Garry Finland 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 Group plc and Diageo. A graduate of the University of Glasgow University, he also holds an MBA from the University of Strathclyde. In January 2020, Garry joined the Group Executive in his current role as CIO.



SEAN FITZGERALD

President of Weir ESCO Division



Nationality: American

Date of appointment: 1 December 2022

Tenure: 1 month

Ethnicity: White American

Age: 53

Gender: Male

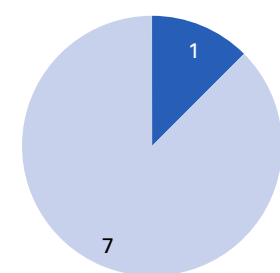
Experience

Sean Fitzgerald joined Weir as President of the ESCO Division on 1 December 2022 from A.P. Moeller Maersk where he was Chief Executive Officer of Maersk Container Industry (MCI).

He started his career as an Officer in the US Army. After the Army, Sean joined Bain & Company followed by nearly ten years with General Electric (GE) as the GM of Onshore Wind Turbines. Sean left GE in 2011 to join Komatsu Mining Corporation (formerly Joy Global) as the Americas' Regional Vice President for Underground Mining, and later as President for the China Region before joining MCI in 2018.

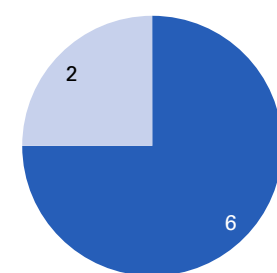
Sean holds a BS in Civil Engineering and an MA in Economics and MBA.

ETHNICITY



■ White American
■ White British

GENDER DIVERSITY



■ Male
■ Female

GROUP EXECUTIVE CONTINUED



ROSEMARY MCGINNESS

Chief People Officer



Nationality: British

Date of appointment: 31 July 2017

Tenure: 5 years, 5 months

Ethnicity: White British

Age: 59

Gender: Female

Experience

Rosemary joined Weir as Chief People Officer in the summer of 2017. Rosemary 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 Minerals Division



Nationality: British

Date of appointment: 1 April 2020

Tenure: 2 years, 7 months

Ethnicity: White British

Age: 47

Gender: Male

Experience

Andrew joined Weir in 2010 as Head of Strategy, then taking over responsibility for investor relations and corporate communications. He joined the Group Executive in 2014 as Director of Strategy and Corporate Affairs. In 2017, Andrew moved to the United States to lead the Finance function of the Minerals Division, before taking on the role of Chief Integration Officer to lead 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. Andrew was announced as the new President of the Minerals Division in July 2022 and took up the role in early 2023. 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 engineering from the University of Strathclyde and is a qualified accountant.



GRAHAM VANHEGAN

Chief Legal Officer and Company Secretary



Nationality: American British

Date of appointment: 1 May 2018

Tenure: 4 years, 7 months

Ethnicity: White

Age: 58

Gender: Male

Experience

Graham joined Weir as Chief Legal Officer and Company Secretary in April 2018 from international exploration and production company, ConocoPhillips, where his roles included Deputy General Counsel and most recently, Vice President of Business Development.

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. During his 24-year career with ConocoPhillips, he held a number of senior positions for the company in Asia and North America.

RICARDO GARIB

President of Weir Minerals



Nationality: Chilean

Date of appointment: 1 January 2016

Tenure: 6 years, 11 months

Ethnicity: Hispanic/Latino

Age: 68

Gender: Male

Experience

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

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

GROUP EXECUTIVE CONTINUED

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 2022, and from that date to the date of approval of this Annual Report.

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.

In addition, the Directors have considered the potential impact of credit risk and liquidity risk detailed in note 30 to the Group financial statements on pages 203-209.

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 20 on pages 187-188.

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.

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 65-71 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 2025.

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.

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. Further information on our approach to addressing modern slavery and human rights in our supply chain is noted at page 52. 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 of the Company's stakeholders. The Board reviews management and financial performance and monitors the delivery of strategy and the achievement of business objectives. At all times, the Board operates within a robust framework of internal controls and risk management. The Board has oversight over climate-related matters and develops and promotes the collective vision of the Group's purpose, culture, values and behaviours. The Senior Independent Director ensures that meetings are held on an annual basis, without the Chair present, for the purpose of appraising the Chair's performance. Separately, the Chair holds meetings of the Non-Executive Directors without the Executive Directors present.

NON-EXECUTIVE

CHAIR

- 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

SENIOR INDEPENDENT DIRECTOR

- Serving as an intermediary for the Directors when necessary
- Chairing the Nomination Committee when it is considering succession to the role of Chair
- Be an independent Non-Executive Director
- Have the same legal responsibilities, and owe the same general duties, as any other director of the Company and must have regard to the relevant obligations under prevailing laws and regulations
- Uphold the highest standards of integrity and probity

NON-EXECUTIVE DIRECTORS

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

BOARD COMPOSITION

During 2022, the Board comprised of two Executive Directors, and up to ten Non-Executive Directors, including the Chair. 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 Chair, Chief Executive Officer and Senior Independent Director were reviewed in December 2022 and are set out in writing and are available on the Company's website global.weir.com/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 77-80.

The key responsibilities of the Board and the Company Secretary are set out below.

EXECUTIVE

CHIEF EXECUTIVE OFFICER

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

CHIEF FINANCIAL OFFICER

- Ensuring an effective financial control environment that 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

COMPANY SECRETARY

- Advising the Board on governance, legislation and regulatory requirements
- Ensuring the presentation of high quality information to the Board and its Committees, in a timely manner
- Ensuring best practice in Board procedures
- Facilitating induction and development programmes
- Supporting the Chair 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

During 2022, there were eight scheduled and three unscheduled Board meetings. The table below details the attendance at Board meetings of each Director during their term of office for the period to 31 December 2022. On occasion, meetings called at short notice can result in some Directors being unable to attend due to prior commitments. Directors who are unable to attend still have the opportunity to review the relevant Board papers, receive an individual briefing from the Company Secretary and provide their feedback accordingly.

The Board's annual calendar is prepared three years in advance and discussed at least 12 months prior to its commencement to allow the Directors to plan their time accordingly. The 2023, 2024 and 2025 annual calendars were discussed at the Board meeting in 2022 and circulated as soon as they were finalised. This process ensures that the Chair can be comfortable that each Director is able to devote the time and resources required to act as a Director during that period.

The Chair with the Chief Executive Officer and the Company Secretary, reviewed the existing Board calendars, the process for establishing the agenda items and the format of the Board meeting in line with the recommendations from the 2021 Board Performance Review.

It was then agreed that for 2023 onwards, the number of scheduled Board meetings would be reduced from eight to six per year.

The changes that have been made are to ensure that the Chair 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.

The Chair holds Non-Executive Director sessions after every Board Meeting without the Executive Directors present. During the year, the Chair, supported by the Chief Executive Officer and Company Secretary, maintained a rolling 12-month agenda for Board and Committee meetings. At each Board meeting, the Board received reports from the Chief Executive Officer, Chief Financial Officer and other members of the Group Executive. This included updates on safety, strategy, sustainability, technology, risk, legal, Performance Excellence and financial matters. The Board also received presentations by members of the Group's Senior Management team and other external advisers, as required.

BOARD MEETING ATTENDANCE 2022

Attendance		
	Scheduled	Unscheduled
Barbara Jeremiah (Chair)*	8/8	2/3
Jon Stanton	8/8	3/3
John Heasley	8/8	3/3
Dame Nicola Brewer ¹	4/4	n/a
Clare Chapman	8/8	3/3
Ebbie Haan	8/8	3/3
Mary Jo Jacobi	8/8	3/3
Tracey Kerr ²	4/4	n/a
Sir Jim McDonald	8/8	2/3
Stephen Young	8/8	3/3
Ben Magara	8/8	2/3
Srinivasan Venkatakrishnan	8/8	3/3
Charles Berry*	3/3	2/2

* Charles Berry stepped down from the Board as Chair on 28 April 2022 and Barbara Jeremiah was appointed as Chair.

1 Dame Nicola Brewer was appointed to the Board on 21 July 2022.

2 Tracey Kerr was appointed to the Board on 21 July 2022.

BOARD ACTIVITIES

January 2022

- Full Year Dividend Consideration
- Employee Insights
- IS&T
- Gender Pay
- Annual Report Update
- SHE Strategy and Review of 2021
- Risk Review and Risk Dashboard
- IP Update
- Remuneration Committee Terms of Reference
- Committee Chair Updates on the key areas discussed

February 2022

- Geo-Political Discussion and Ukraine Update
- Employee Survey Outcomes
- Non-Executive Director Engagement plan
- Non-Executive Director Fees
- Modern Slavery and Ethics Update
- Annual Report and Notice of Meeting, Draft Results Announcement
- Dividend Proposal
- Board Calendars 2022-2025
- Appointment of Senior Independent Director

April 2022

- Results feedback and IR update (including Chair feedback)
- Q1 IMS
- ESCO Update
- Sustainability Roadmap Progress Review
- Update from Technology Session with NEDs
- Employee Survey Outcomes
- Group Authority Guidelines
- Annual General Meeting
- NED only session
- Committee Chairs Update on the key areas discussed

June 2022

- Minerals Review
- Motion Metrics Update
- Global Employee ID&E Policy Update
- Operational Excellence Programme
- Risk Dashboard
- NED only session

July 2022

- Appointment of Nicola Brewer
- Appointment of Tracey Kerr
- Committee Chair Updates on the key areas discussed
- Performance Excellence Update
- NED only session

September 2022

- Pre Capital Markets Discussion
- NED only session

October 2022

- Performance Excellence Update
- Committee Chair Update on the key areas discussed
- NED only session
- Sustainability Roadmap Progress Review

December 2022

- Post-Acquisition Review – Motion Metrics
- 2023 Budget
- People Strategy Update
- Board Diversity Policy and ID&E Policy Update
- Board Performance Review
- Annual Report Update
- Gender Pay Report
- Performance Excellence Update
- Talent Development and Succession Planning
- Q3 IMS and IR Update
- Committee Chairs Update on the key areas discussed
- NED only session

BOARDROOM PRACTICE

BOARD MEETINGS

The timeline on the previous page summarises the Board's activities during the course of the year ended 31 December 2022. Although this is by no means exhaustive, it provides an example of Boardroom activities, discussions and debates.

The Board Agenda is split between discussion topics, performance and reporting items, standing items and formal matters. The discussion topics are now at the start of every Board meeting to allow for more discussion time and formal matters and standing items are discussed at the end of the meeting. The Chair introduced Non-Executive Director only sessions at the end of every Board meeting.

BOARD MEETING STANDING ITEMS

- Safety
- Committee Chairs Updates
- CEO and CFO business reports
- Conflicts of Interest
- S.172 duties
- Shareholder and market analysis
- Performance Excellence
- Balanced Scorecard Report
- Corporate Services Report

The Board is supplied in a timely manner with the appropriate information to enable Directors to discharge their duties. In addition, the Board normally meets twice a year at one of the Group's operational sites. This allows the Board the opportunity to meet employees across the global operations. This continued to be impacted during 2022 by Covid-19, however, the Board held a virtual 'Meet the Board' session during the year and different Board members visited our sites in Venlo and India, to engage with employees and gain insights. You can read more about these 'Meet the Board' sessions on page 89.

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.

BOARD INDUCTIONS AND TRAINING

During the year, we reviewed our existing induction programme before conducting two induction sessions.

When a new Director is appointed to the Board, they receive a tailored induction programme that 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 Senior Management of the Company, receive a formal briefing on legal and governance matters from the Company Secretary and the Deputy Company Secretary, and undertake visits to the Company's operations. The Chair regularly reviews and agrees training and development needs with each Director. 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. At our October 2022 Board Meeting, the Board received an interactive training session on ID&E from an external provider. Following on from the induction period, the Board receives additional training and development opportunities at regular intervals throughout the year. These include deep dives (which

concentrate in-depth on specific topics), site visits, Board dinners and breakfast meetings, training and information sessions, briefing materials on the Board portal and meetings with Senior Management on key topics affecting the Company. In addition to their duties enshrined in the Companies Act 2006, Directors are informed of important changes to laws and regulations affecting the Group's businesses and their duties as Directors. The Board is supplied with information in a timely manner to enable it to discharge its duties. The Chair ensures that Non-Executive Directors have the ability to communicate with the Chair 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 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 Advance 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 as at 31 December 2022, with the exception of Ebbie Haan and Mary Jo Jacobi, will seek election or re-election at the Company's AGM in April 2023, in compliance with the UK Corporate Governance Code 2018.

TIME COMMITMENT

When considering new external appointments for existing Directors, the Board takes into account a range of consideration, 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 experiences, 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 may ultimately promote the success of the Company, it may be approved by the Board. During 2022, the following key external appointments were considered and approved:

- Ben Magara was appointed as Non-Executive Director of Exxaro Resources Limited.
- Mary Jo Jacobi was appointed as Non-Executive Director and member of the Remuneration, Audit & Risk Committees of Savannah Resources PLC.
- Srinivasan Venkatakrishnan was appointed as Non-Executive Director and Chair of Endeavour Mining plc.

OUR BOARD STRATEGY REVIEW PROCESS

In 2022, the Board strategy review process covered a range of topics in detail, including Divisional strategies, corporate finance, people strategies, emissions and climate transition strategies and innovation and technology strategies. The Board strategy review process allowed the Board to reflect on our progress to date and to review the strategic plans for the future. Each Division presented their strategic plans to the Board, addressing strategic initiatives and Divisional priorities. The discussions were interactive with participation by Board colleagues throughout each of the sessions. Some of the key strategic measures are highlighted below.

Key strategic initiatives in 2022

Key strategic highlights

EMBEDDING SUSTAINABILITY

Sustainability is at the heart of Weir's strategy and our Purpose, to enable the sustainable and efficient delivery of the natural resources essential to create a better future for the world. In 2022 we continued to align our sustainability, business and financial strategies

- Maximise long-term growth opportunities from metals, such as copper that enable low-carbon transition
- Show leadership in our industries' pathway to net zero
- Approval of Science Based Target (SBTi) validation plan
- Approval to update materiality assessment in 2023 following a deep dive into the future of the reporting landscape

INNOVATION & TECHNOLOGY

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

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

INCLUSION, DIVERSITY & EQUITY

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

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

PROGRESS & PERFORMANCE

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

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

EMPLOYMENT ENGAGEMENT

EMPLOYEE ENGAGEMENT ACTIVITIES

During 2022, we further strengthened the links between Weir's employee population and the Board, with activity directed by Mary Jo Jacobi, our Non-Executive Director responsible for employee engagement. Mary Jo has been designated as our Non-Executive Director responsible for employee engagement for almost five years. Her deep background in both government and industry made her ideally suited for this role, which she has performed extremely well, leading engagement plans and activities on behalf of the Board and regularly reporting back to, and receiving input from, the Board. We proactively identified a range of opportunities for Weir Board members to hear the employee voice, to further interpret views from our diverse employee population and to take them into account to inform our key strategies and policies.

In March, Mary Jo Jacobi visited Weir ESCO's headquarters in Portland, Oregon. During the visit, Mary Jo met with Weir employees and with members of Weir's two Affinity Groups, the Weir Women's Network and Weir Pride Alliance.

In May, Ebbie Haan visited our site in Venlo, Netherlands, and along with a small group of employees from the site, he attended a focus group on safety, as part of the research phase of our Zero Harm Behaviour framework development. During this group, Ebbie heard from employees on safety culture at Venlo, including best practice as well as the safety behaviours against which employees feel there are opportunities for improvement.

In June, our Board visited the Company's Salt Lake City facilities where they participated in a face-to-face 'Meet the Board' session with 12 employees from across our three Salt Lake City facilities. A diverse range of employees attended, including engineers, production operators, warehouse, supply chain and accounts employees amongst others. During the session, the Board and participants discussed topics, such as the potential physical and mental wellbeing challenges faced during Covid-19, and how well supported employees felt by the Company in terms of regular testing and broader management support.



In August, Venkat visited our new Weir Minerals India facility and learnt about the site's operational excellence, manufacturing capabilities, the sourcing of fabrication and castings and testing facilities during his plant tour. He had conversation with the operators and learned about the various kaizens undertaken in the pump and rubber shops. Over lunch, he met with a diverse team of millennials; where he listened to their views and shared his experience in the mining industry and his outlook specially focused on sustainability and future minerals. A Gulmohar or Royal Poinciana flowering tree was planted by Venkat to make the occasion of his memorable visit.



As a Board, we remain committed to understanding the diverse views of the workforce, identifying what's most important to them and using that insight to guide our decision-making processes.



MARY JO JACOB
Employee Engagement
Non-Executive Director



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 the full year and interim results, capital markets presentations and meetings with individual investors. In 2022, investor meetings returned to being in-person, following two years of predominantly virtual meetings during the Covid-19 pandemic.

SHAREHOLDER EVENTS IN 2022

In 2022, the Company had an active programme of investor engagement, holding just over 270 meetings with investors. Meetings were predominantly held in person, although a number were also held via telephone and through video conferencing.

The Company also actively participates in investor roadshows, which this year included events in Canada, France, Germany, Japan, United Kingdom and the United States, and also attended a number of investor conferences organised by the financial community.

In addition to the programme of direct engagement and quarterly results updates, the Company communicated to its Shareholders through its Annual and Interim Report, and also through two Capital Market Spotlight Events. They were held in September and December, covering growth, Performance Excellence, sustainability and technology respectively.

The quarterly results, updates and presentation from the Capital Markets events 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.

SHAREHOLDER ENGAGEMENT BY THE CHAIR, BOARD AND GROUP EXECUTIVE

The Company believes the Chair has an important role in fostering constructive relations with major Shareholders and in conveying their views to the Board. During 2022, the Chair met with a number of investors, regularly sharing feedback with the Board, Group Executive and Investor Relations team. Other members of the Board, including the CEO and CFO, also had direct engagement with analysts, Shareholders and potential investors. Through roadshows and meetings, investors also met with members of the Group Executive, including Divisional Presidents and Chief Strategy and Sustainability Officer. During these meetings, investors shared views on how they perceive the Group across a broad number of areas, including strategy, financial performance and structure, valuation, climate related topics, Corporate Governance and ESG matters, management, investor relations and communications.

2022 ANNUAL GENERAL MEETING

The Board is committed to the constructive use of the AGM as a forum to meet with Shareholders and to hear their views and answer their questions about the Group and its business. In 2022, we provided our Shareholders a valuable opportunity to meet with all Directors and Company Secretary to answer any questions at our first face-to-face AGM, post Covid-19. In addition, as part of our standard AGM process and Shareholder engagement we have a dedicated email address WeirAGM2023@mail.weir where Shareholders can ask questions in advance of the AGM, and answers are published post AGM, on our website.

2022 ANNUAL GENERAL MEETING VOTING RESULTS

The Annual General Meeting of The Weir Group PLC was held on Thursday 28 April 2022 at 2.30pm. All resolutions were passed on a poll. Resolutions 18 to 21 were passed as special resolutions. You can find the voting results on our website at www.global.weir/investors/shareholder-information/aggm/.

SHAREHOLDER EVENT CALENDAR 2022

JANUARY/ FEBRUARY 2022	Closed period from 1 January to 2 March 2022	JULY/ AUGUST 2022	- Closed Period 28 June – 28 July 2022 - Interim Results - London investor roadshow - Post interim results investor meetings - Equity sales force briefings
MARCH/ APRIL 2022	- Investor roadshow - London - Virtual investor roadshow - Edinburgh, London, North America - Morgan Stanley investor conference - Paris - Peel Hunt virtual investor conference - Bank of America Merrill Lynch investor conference - London - Berenberg investor conference - London - Q1 IMS - Annual General Meeting	SEPTEMBER/ OCTOBER 2022	- Morgan Stanley investor conference - London - UBS virtual investor forum - RBC virtual investor conference - Berenberg investor forum - Capital markets spotlight event - Growth and Performance Excellence - Investor roadshow - London - Post capital markets investor meetings - Investor roadshow - North America - Investor roadshow - Europe - Equity sales force briefings
MAY/ JUNE 2022	- Post Q1 IMS investor meetings - Investor roadshow - North America - Virtual investor roadshow - Asia - JP Morgan investor conference	NOVEMBER/ DECEMBER 2022	- Q3 IMS - Post Q3 IMS investor meetings - JP Morgan investor conference - Capital markets spotlight event - sustainability and technology - Post capital markets investor meetings - Goldman Sachs investor conference - Citi investor conference

BOARD EFFECTIVENESS

BOARD PERFORMANCE

The review of the Board's performance helps the Board continuously improve its own performance and in turn, the performance of the Company. The Board is committed to performing to a high standard, and it considers that it has the right combination of skills, experience, independence and knowledge to be effective in meeting the needs of the Group.

BOARD PERFORMANCE AND REVIEW PROCESS

The Board Performance Review operates on a three-year cycle and the process is detailed below.

Year 1 – 2021

- External Board Performance Review (facilitated by IBE)
- Circulate findings and review recommendations from previous year
- Board/Committee meeting observation and interviews with all Board and Group Executive members, Senior Management and advisers
- Analysis and discussion at Board meeting with IBE present
- Individual meetings between the Chair Designate and each Director post evaluation

Year 2 – 2022

- Internal Board Performance Review (assistance from IBE)
- Circulate findings and review recommendations from previous year
- Board/Committee meeting observation and interviews with all Board, Company Secretary and some members of the Group Executive
- Analysis and discussion at Board meeting
- Individual meetings between the Chair and each Director post evaluation

Year 3 – 2023

- Internal Board Performance Review (assistance from IBE)
- Circulate findings and review recommendations from previous year
- Board/Committee meeting observation and interviews with all Board, Company Secretary and some members of the Group Executive
- Analysis and discussion at Board meeting
- Individual meetings between the Chair and each Director post evaluation

THE 2022 PROCESS

STAGE 1

The Performance Review of the Weir Board was conducted according to the guidance in the UK Corporate Governance Code 2018 and was facilitated by Lisa Thomas at Independent Board Evaluation (IBE). A comprehensive brief was given to IBE by the Chair, in August 2022. Our relationship with IBE was established for the 2021 review following an assessment of suitable independent firms who had not worked with Weir. The selection process and appointment was led by the Company Secretary and Deputy Company Secretary with input from the Chair and CEO. This is the second year of retention with IBE and IBE currently provide no other services to Weir.

STAGE 2

In October and November 2022, interviews were conducted with every Board member, Company Secretary and some of the Group Executive. All participants were interviewed by Lisa Thomas according to a light touch set agenda, tailored for the Weir Board. Lisa Thomas observed the main Board and Committee meetings in October 2022, and support materials for briefing purposes were provided by the Company.

STAGE 3

Conclusions were discussed with the Chair and subsequently reports were produced and discussed with the whole Board at its December meeting, with Lisa Thomas in attendance.

STAGE 4

The Board will approve an action plan during the course of 2023 and report on progress in next year's Annual Report and Accounts.

BOARD EFFECTIVENESS

CONTINUED

FINDINGS FROM 2022 REVIEW

Almost all Board members rate the effectiveness of the Board highly, with some saying it has improved since last year. Most areas of Board operation are considered strengths, or to be well done.

This is a diverse and experienced Board that is focusing its time wisely. A positive boardroom culture reflects a Board that has good relationships with the senior team, and that challenges well and gets to the heart of issues. The focus on the oversight of business performance and operational excellence meets with approval, as does the risk agenda.

The Board has come through the transition to a new Chair well. Board members are well aligned on the Board's priorities and are settling into the new Board configuration well. There is a building boardroom culture and familiarity amongst Board members.

Where there are areas of improvement, they were largely described as suggestions for optimisation not fundamental improvement, although there are some areas that the Board wants to push in 2023.

RECOMMENDATIONS FROM 2022 REVIEW

The Board will seek to adopt recommendations outlined in the 2022 review as it sees fit from the perspective of evolution and continuous improvement. These include expanding the remit of the Nomination Committee (as set out as recommended in the 2021 review below) and continuing to assess whether, and if so, when, Board Committees on Sustainability and Safety should be formed.

Evolution of the employee engagement process for the Board will also continue, where all Board members can rotate and take part in initiatives in different parts of the world, increase interactions with high potential employees for succession reasons and keep the Board in touch with Weir practice.

FINDINGS FROM THE 2021 REVIEW

Following the 2021 review, the Board approved an action plan in 2022 in respect of the review recommendations:

- Consider expanding the remit of the Nomination Committee by planning for deeper dives on talent management, diversity and succession planning at senior management level.
- Support the executives in reaching out formally and informally to Board members in person now that Covid-19 is subsiding, to maximise full value from Board members' expertise.
- Consider if it would be beneficial to add Governance to the remit of the Nomination Committee and consider whether a fourth Board Committee on Sustainability & Safety could be useful in future or whether the Sustainability Excellence Committee is sufficient.
- Review the Board and Committee Agenda Planner with regard to the number of meetings annually and to allocate topics for discussion between virtual Board and Committee meetings versus in person meetings, and the overall allocation of time to topics.
- Make more regular use of Non-Executive Director-only sessions during the normal course of the year.

ACTIONS FROM THE 2021 REVIEW

- The Board Agenda format was reviewed to allow for more discussion time and the Board Agenda Planner was reviewed with further improvements, including allocation of topics and virtual versus in person meetings.
- The Board and Committee Planner was reviewed and the number of Board Meetings going forward was reduced from 8 to 6.
- The Chair has introduced Non-Executive Director-only sessions after every Board Meeting.

ACCOUNTABILITY

THE AUDIT COMMITTEE AND AUDITORS

Details of the roles and responsibilities of the Audit Committee and its members can be found in the Audit Committee Report on pages 101-111. 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 2022. More information on how the Group seeks to manage risk can be found on pages 61-72.

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 2022, as detailed on page 102.

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.

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 76, various internal and external sources of assurance report to the Board and to management. These sources of assurance were reviewed by the Board during the year, and principally comprise external audit, internal audit, SHE audits and IT audits.

The various audit teams plan their activities on a risk basis, ensuring resources are directed at the areas of greatest need. Issues and recommendations to enhance controls are reported to management to ensure timely action can be taken, with oversight provided from the relevant governance committees, including the Audit Committee and the Excellence Committees.

OUR INTERNAL CONTROL FRAMEWORK HAS FOUR KEY LAYERS:



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 70 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 102 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.

NOMINATION COMMITTEE REPORT



BARBARA JEREMIAH
Chair of Nomination Committee

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.

NOMINATION COMMITTEE MEMBERS AS AT 31 DECEMBER 2022



BARBARA JEREMIAH
Chair and Non-Executive Director
Member since: 25 June 2019



MARY JO JACOBI
Employee Engagement Non-Executive Director
Member since: 26 April 2018



BEN MAGARA
Non-Executive Director
Member since: 28 April 2022



SIR JIM McDONALD
Senior Independent Director and Non-Executive Director
Member since: 26 April 2018

NOMINATION COMMITTEE MEETING ATTENDANCE IN 2022

Members	Attendance
Barbara Jeremiah (Chair)	7/7
Mary Jo Jacobi	7/7
Ben Magara	5/5
Sir Jim McDonald	7/7
Charles Berry*	3/3

*Charles Berry stepped down from the Board on 29 April 2022

MAIN ACTIVITIES DURING 2022

- Recommended appointment of Non-Executive Directors, Dame Nicola Brewer and Tracey Kerr and Sir Jim McDonald as Senior Independent Director.
- Reviewed Board Committee Membership.
- Reviewed and updated Board Diversity Policy.
- Reviewed and updated Terms of Reference.

AREAS OF FOCUS 2023

- Drive further progress on Inclusion, Diversity & Equity across senior leadership roles.
- Continue to focus on talent and capability across senior leadership.

DEAR SHAREHOLDER,

This is my first report to you as Chair of the Nomination Committee, and I am pleased to present an overview of the Committee's work during 2022.

It has been a particularly busy year for the Committee, with regards to succession planning and the composition of the Board, and its Committees.

I am delighted to welcome our two new Non-Executive Directors, Dame Nicola Brewer and Tracey Kerr, who were appointed to the Board in July, and to note the appointment in April of Sir Jim McDonald, as Senior Independent Director. You can read more about the appointment process and onboarding on page 96.

During the year, in addition to Board and Committee composition, the Nomination Committee also focused on the Group's diversity initiatives and talent development. I am also pleased to confirm that the Board met the gender diversity targets, of the Financial Conduct Authority ("FCA"), Women Leaders, and Parker Reviews, as at 31 December 2022 and as at the date of this Report.

If you wish to discuss any aspects of the Nomination Committee activities with me then please do so either at the forthcoming AGM, on 27 April 2023 or via the email that we have for engagement with our Shareholders at WeirAGM2023@mail.weir

BARBARA JEREMIAH
Chair of Nomination Committee

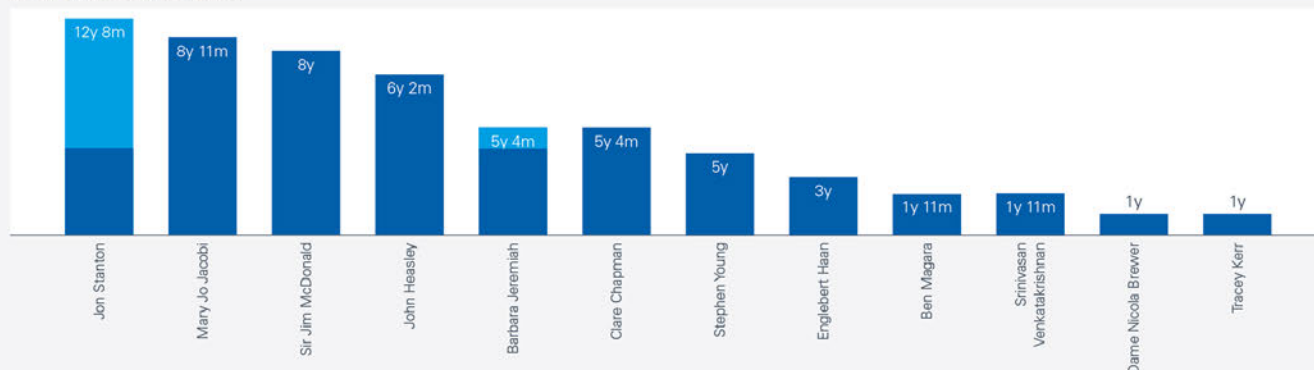
1 March 2023

NOMINATION COMMITTEE REPORT

CONTINUED

BOARD TENURE

as at 31 December 2022



■ Director tenure

■ Director tenure – including previous Weir Board appointment

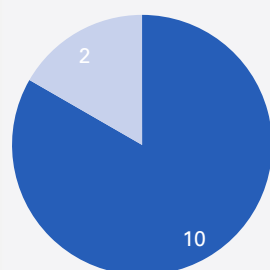
BOARD SKILLS AND ATTRIBUTES

The Board skills and attributes matrix, as detailed below, is reviewed by the Nomination Committee annually, taking into account the future requirements of the Board.

Director	Independence	Engineering Technology Digital	Mining	Governance	Environment & Sustainability	Banking & Finance	International	Leadership
Barbara Jeremiah	●		●	●	●		●	●
Jon Stanton			●	●	●	●	●	●
John Heasley			●		●	●	●	●
Dame Nicola Brewer	●			●	●		●	●
Clare Chapman	●			●			●	●
Ebbie Haan	●	●		●	●		●	●
Mary Jo Jacobi	●			●	●		●	●
Tracey Kerr	●	●	●		●		●	●
Ben Magara	●	●	●		●		●	●
Sir Jim McDonald	●	●		●	●		●	●
Srinivasan Venkatakrishnan	●		●		●	●	●	●
Stephen Young	●			●	●	●	●	●

BOARD INDEPENDENCE

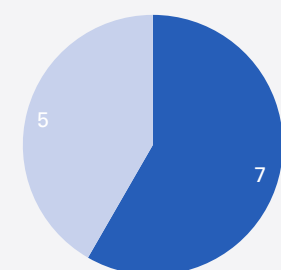
As at 31 December 2022



■ Non-Executive
■ Executive

BOARD GENDER BALANCE

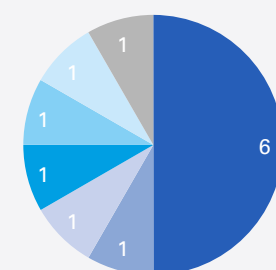
As at 31 December 2022



■ Male
■ Female

BOARD NATIONALITY

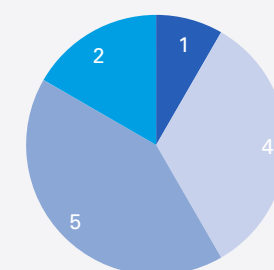
as at 31 December 2022



■ British
■ American/British
■ Dutch
■ American
■ British/Indian
■ Australian/British

BOARD AGE

as at 31 December 2022



■ 40-49
■ 50-59
■ 60-69
■ 70-79

Find out more

The full responsibilities of the Committee are set out in its Terms of Reference which are reviewed annually and available at www.global.weir/investors/corporate-governance/board-committees

→ Diversity details of all Board Committees

See page 97

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 commitment, experience and knowledge to provide strong effective leadership of the Group.

During the year, the Board consisted of up to ten 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 their obligations.

BOARD COMMITTEE APPOINTMENTS

In line with succession planning the undernoted changes were made to the Board Committee memberships during the year:

- Upon appointment of Dame Nicola Brewer she was appointed as a member of the Remuneration Committee.
- Upon appointment of Tracey Kerr she was appointed as a member of the Audit Committee.
- Sir Jim McDonald stepped down as a member of the Audit Committee on 21 July 2022.
- Ben Magara was appointed as a member of the Nomination Committee following the AGM on 28 April 2022.

NON-EXECUTIVE DIRECTOR APPOINTMENT PROCESS

CANDIDATE SPECIFICATION

The Nomination Committee led a formal and vigorous search process for the appointment of two Non-Executive Directors, in line with our Board Diversity Policy. The Board engaged with Hedley May as external consultant to initiate the process. Hedley May does not have any other connection with the Company. Hedley May produced a candidate specification that reflected the Board's skills and diversity commitments.

LOGLIST AND SHORTLIST REVIEW

Hedley May produced a 'long list' of diverse candidates for the Chair to review. During the selection process the Nomination Committee reviewed and discussed the 'long list' of candidates in order to create a 'short list' of diverse candidates.

INTERVIEWS

Interviews were held initially with the Chair, the SID and the CEO. Subsequent interviews were then carried out by the full Board.

DUE DILIGENCE

Hedley May completed the due diligence on the potential candidates, as well as the internal process carried out.

RECOMMENDATION

The Nomination Committee unanimously agreed to recommend the appointment of Dame Nicola Brewer and Tracey Kerr to the Board. This was approved at the Board Meeting in July 2022.

INDUCTION

The Company Secretary and Deputy Company Secretary organised a tailored induction whereby Dame Nicola Brewer and Tracey Kerr received a full briefing on both the Companies Act 2006 and the Corporate Governance Code in respect of their rights and duties as Non-Executive Directors. You can read more about the Board induction programme on page 87.

NOMINATION COMMITTEE REPORT

CONTINUED

INCLUSION, DIVERSITY & EQUITY

The Committee itself is gender balanced with two female and two male members. This year, the Nomination Committee reviewed our existing Board Diversity Policy in line with the new FCA Listing Rules. The Board Diversity Policy was amended, in particular, to refer explicitly to the broader range of characteristics now contained in DTR 7.2.8A such as ethnicity, sexual orientation, disability and socio-economic background and to be more explicit on the application of the Policy to the Audit, Nomination and Remuneration Committees. You can see the gender diversity on our Board Committees on page 95. 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 & Equity Policy and the work of our Inclusion, Diversity & Equity Steering Committee (see page 47). These policies can be viewed on our website at <https://www.global.weir/sustainability/our-governance-and-policies>.

The table below provides the detail on our Board and Executive Management in relation to gender and ethnicity as prescribed by LR 9.8.6. The Board members were asked to confirm their gender and ethnicity and the Executive Management's gender and ethnicity is extracted from our HR system, Workday, where the employees are responsible for updating this information.

BOARD DIVERSITY POLICY TARGETS

The table below shows the progress made in 2022 against the targets in our Board Diversity Policy:

Board Diversity Policy Target	Progress
At least 40% of the Directors are women	Target met: 42%.
At least one of the positions of Chair, Chief Executive, Senior Independent Director and Chief Financial Officer on the Board is held by a woman	Target met: Chair.
At least one Director is from a minority ethnic background	Target met: two Directors.
Only engaging executive search firms that have signed up to both the voluntary code of conduct and enhanced voluntary code of conduct for executive search firms in relation to board appointments	Target met.

GENDER REPRESENTATION AS AT REFERENCE DATE – 31 DECEMBER 2022

Description	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	7	58 %	3	5	71 %
Women	5	42 %	1	2	29 %
Prefer not to say	–	–	–	–	–

ETHNICITY REPRESENTATION AS AT REFERENCE DATE – 31 DECEMBER 2022

Description	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White	10	84 %	4	6	86 %
Mixed/Multiple Ethnic Groups	–	–	–	–	–
Asian/Asian British	1	8 %	–	–	–
Black/African/Caribbean/Black British	1	8 %	–	–	–
Other Ethnic group including Arab	–	–	–	–	–
Prefer not to say	–	–	–	1	14 %

NOMINATION COMMITTEE REPORT

CONTINUED

Q&A

Dame Nicola Brewer's first year as Non-Executive Director at Weir



Q.
How would you describe your first six months as a Non-Executive Director at Weir?

A: Busy! The induction programme for NEDs is very comprehensive, and it involved lots of meetings with senior executive team members via Teams. I had already met all Board members, including the CEO and CFO, as part of the (also very thorough) recruitment process. Everyone has been very welcoming and willing to share their knowledge and experience of the Company.

Q.
What sustainability expertise do you bring that will be most useful to your role at Weir?

A: My other private sector board role is with the global renewable energy company, Iberdrola, where I've been a member of its Sustainable Development Committee for nearly three years. That has given me a very good appreciation of the importance of putting sustainability – and innovation – right at the heart of a company's strategy, and also of reflecting sustainability objectives in remuneration policy. I am a keen supporter of Chapter Zero, the organisation that brings NEDs together to help lead boardroom discussions on the impacts of climate change and ensure their companies are fit for the future.

Q.
What excites you about Weir's I,D & E initiatives?

A: As a former (and founding) CEO of Britain's Equality and Human Rights Commission, Weir's ID&E initiatives are very close to my heart. I'm particularly impressed by the clarity of ambition on Inclusion, Diversity & Equity that the Company has articulated, and the clear Board Diversity Policy, updated in December. We have met three of the key targets (Board comprises 40% women; one of Chair, CEO, SID or CFO is a woman; and at least one board member is from a minority ethnic background). I'd like to see progress next on diversity at executive level and on retention of women.

FTSE WOMEN LEADERS AND PARKER REVIEWS

The Board continued to evolve through 2022 as planned and in line with the FCA's new Diversity Listing Rules, FTSE Women Leaders and Parker Reviews.

As Weir's first female Chair, and one of a minority of female Chairs in FTSE 100 companies, I understand the importance of diversity, equity and inclusion. If people don't see leaders, who look or sound like them, we put ourselves at a great disadvantage when it comes to recruiting and retaining great talent in the future. It is important that we are doing all we can to make sure everyone feels welcome, able to be themselves and able to succeed.

Throughout my career, I have always been dedicated to ensuring that diverse voices were sought, listened to and acted upon and I am committed to challenging stereotypes and recognise the value of visible role models.

The Board is committed to harnessing the strengths that flow from all aspects of diversity.

Further information regarding our approach, initiatives and training on Inclusion, Diversity & Equity can be found on page 47

Board composition, as assessed by the FTSE Women Leaders and Parker Reviews, is noted in the table below.

	As at 31 December 2022	As at 31 December 2021
FTSE Women Leaders Review		
% of females on Board	42% (5/12)	27% (3/11)
At least one Chair/CEO/SID/CFO	Yes (Chair)	Yes (SID)
Group Executive and direct reports – % female	24% (13 out of 55)	29% (17 out of 58)
Parker Review		
Directors from ethnic minority background	17% (2/12)	18% (2/11)

NOMINATION COMMITTEE REPORT

CONTINUED

INDEPENDENCE AND ELECTION / RE-ELECTION OF DIRECTORS

In December 2022, 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 that a Director has disclosed to the Board in line with their statutory duties. This is in addition to consideration of Conflicts as a standing item on every Board and Committee Agenda. The Committee reviewed and considered the independence of each Non-Executive Director in line with the UK Corporate Governance Code 2018 and Guidance on Board Effectiveness. The Nomination Committee considers that all of the Non-Executive Directors are independent.

The Nomination Committee discussed the annual election and re-election of Directors and how the Directors have contributed to the long-term success of the Company and why each Director should be elected or re-elected. The skills and attributes matrix, as well as the relevant outcomes of the annual individual Director evaluations, aided the discussion.

COMMITTEE EFFECTIVENESS

The Committee's performance was reviewed during the year as part of the 2022 Board Performance Review facilitated by Independent Board Evaluation (IBE). Their report was presented to the Board in December 2022. I am pleased to confirm it concluded that the areas of responsibility of the Nomination Committee continued to be performed well.

You will find more information on the Board Performance Review cycle, process and findings on pages 91-92.

Tracey Kerr's first year as Non-Executive Director at Weir



Q&A

Q. How would you describe your first six months as a Non-Executive Director at Weir?

A: My first six months have been a very interesting and rewarding experience. Weir organised a very comprehensive induction programme where I had the chance to meet one-on-one with individual Board members and Senior Management. This gave me a deep insight into the culture and values of the Company. It was very clear that the proud history of technology development and innovation in Weir continues to this day and sets the Company up for a very exciting future. I am honoured to have the opportunity to serve on Weir's Board.

Q. What sustainability expertise do you bring that will be most useful to your role at Weir?

A: I have had an extensive career in the mining industry in both technical and sustainability roles, most recently as Group Head of Sustainable Development at Anglo American. I understand clearly the sustainability challenges and opportunities for the mining industry and the key levers required to deliver a very ambitious sustainability agenda.

Q. What excites you about Weir's sustainability agenda?

It is clear to me that if the mining industry is to deliver on a very ambitious sustainability agenda, including net zero carbon emissions and dramatic improvements in energy and water efficiency and waste reduction, it is actually the equipment manufacturers and integrated technology solution providers, such as Weir, who have a major opportunity to contribute.

Find out more

Inclusion, Diversity & Equity policies can be viewed on our website

→ Sustainability	See pages 42-50
→ Board Performance Review cycle	See pages 91-92
→ www.global.weir/sustainability/policies	

AUDIT COMMITTEE REPORT



STEPHEN YOUNG
Chair of the Audit Committee

ROLE OF THE COMMITTEE

The Audit Committee is responsible for providing effective governance over the Group's financial reporting and making appropriate recommendations to the Board. This includes reviewing the effectiveness of the risk management and internal control frameworks, reviewing significant financial reporting judgements and reviewing the activities of Internal Audit. The Committee is also responsible for appointing the external auditor, approving fees and assessing audit quality and independence.

MEMBERS



CLARE CHAPMAN
Non-Executive Director

Member since: 30 April 2021



EBBIE HAAN
Non-Executive Director

Member since: 25 June 2019



TRACEY KERR
Non-Executive Director

Member since: 21 July 2022



SRINIVASAN VENKATAKRISHNAN
Non-Executive Director
Member since: 30 April 2021

MAIN ACTIVITIES DURING 2022

- Reviewed and challenged interim and annual financial reporting, including the exceptional charges in relation to the wind down of the Minerals Division subsidiary operation in Russia and the disposal of the ESCO Russia business; the accounting for the acquisition of Carriere Industrial Supply Limited and the final adjustments in relation to the Motion Metrics acquisition; the accounting and disclosures in respect of the Group's US asbestos-related provision and related insurance asset; and, the recognition of additional deferred tax assets and treatment as an exceptional item.
- Reviewed the results of internal audits in the year and agreed the 2023 Internal Audit Strategy and Plan; met with the Group Head of Internal Audit independent of Executive management.
- Approved the PwC external audit plan and fees; reviewed the effectiveness of external audit; held independent discussions with PwC's Group Engagement Leader, Kenneth Wilson.
- Confirmed the external auditor, PwC, remains independent and that non-audit fees are appropriately approved.
- Reviewed the effectiveness of the Group's risk management and internal control frameworks, comprising internal audit, compliance scorecard process, annual presentations to the Committee from Divisional Finance Directors, Group Head of Tax, Group Treasurer and Chief Compliance Officer, as well as newly introduced presentations from the Group Head of Risk and Insurance and Group Chief Information Security Officer.
- Received an update in respect of the Department for Business, Energy & Industrial Strategy (BEIS) Corporate Governance, audit and reporting reform following publication of their response to the consultation on the 'Restoring trust in audit and corporate governance' white paper on 31 May 2022.
- External evaluation concluded that the Committee was fulfilling its terms of reference effectively.

AREAS OF FOCUS 2023

- Continue to monitor preparations for future implications arising from the BEIS Corporate Governance, audit and reporting reform.
- External review of the effectiveness of the Internal Audit function.
- Review and consider the adequacy of current levels of assurance over key, strategic non-financial metrics, such as environmental, health and safety and diversity measures.
- Review the updated Crisis Management Plan.

AUDIT COMMITTEE MEETING ATTENDANCE

Members	Attendance
Stephen Young (Chair)	4/4
Clare Chapman	4/4
Ebbie Haan	4/4
Tracey Kerr	1/1
Sir Jim McDonald	3/3
Srinivasan Venkatakrishnan	4/4

DEAR SHAREHOLDER,

I am pleased to present our report to Shareholders for the year ended 31 December 2022, 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 our key priorities for 2023.

Find out more

The full responsibilities of the Committee are set out in its Terms of Reference, which are available on our website

→ www.global.weir/investors/corporate-governance/board-committees

AUDIT COMMITTEE REPORT CONTINUED

MEMBERSHIP

The members of the Committee, other than myself, are Clare Chapman, Ebbie Haan, Tracey Kerr and Srinivasan Venkatakrishnan (Venkat), all of whom are independent Non-Executive Directors. The Company Secretary, Graham Vanhegan, acts as Secretary to the Committee.

I am delighted to welcome Tracey Kerr to the Committee. Tracey joined the Committee on 21 July 2022 and Sir Jim McDonald stepped down from the Committee on the same date. I would like to thank Sir Jim for his contribution during his Committee membership.

Recent and relevant financial experience comes from myself, having been Group Finance Director of Meggitt PLC before becoming Chief Executive Officer, and this is further strengthened by the inclusion of Venkat to the Committee. Venkat served as Chief Financial Officer of AngloGold Ashanti Limited before becoming Chief Executive Officer. The remaining Committee members have, through their other business activities, significant experience in financial and governance 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 78 to 80.

MEETINGS

We met four times during the year and have met twice since the year end. Each Committee meeting normally takes place prior to a Board meeting, during which I provide a report on our activities.

We met twice in 2022 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 2022 with the Group Head of Internal Audit without any Executive management present. We meet annually with the Divisional Finance Directors to review, inter alia, key risks and controls in their businesses.

We have the ability to call on Group employees to assist in our work and to obtain any information required from Executive Directors in order to carry out our roles and duties. We are also able to obtain outside legal or independent professional advice if required.

The tables below detail the Committee membership during 2022 and the Board members and members of Senior Management who were invited to attend meetings as appropriate during 2022. In addition, PricewaterhouseCoopers LLP (PwC) attended the meetings by invitation as auditors to the Group.

Committee membership in 2022

Stephen Young (Chair)
Clare Chapman
Ebbie Haan
Tracey Kerr (from 21 July 2022)
Sir Jim McDonald (until 21 July 2022)
Srinivasan Venkatakrishnan

Other regular attendees (by invitation)

Charles Berry, Chairman (until 28 April 2022)
Barbara Jeremiah, Chair (from 29 April 2022)
Jon Stanton, Chief Executive Officer
John Heasley, Chief Financial Officer
Kirsten McCargo, Group Financial Controller
Steve Meck, Chief Compliance Officer
Tayo Oyinola, Group Head of Internal Audit
Chris Palmer, Group Head of Tax
Gillian Kyle, Deputy Company Secretary
Kenneth Wilson (PwC, Group Engagement Leader)

MAIN ACTIVITIES

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

- financial reporting;
- internal control and risk management;
- internal audit; and
- external audit.

The following sections provide more detail on our specific items of focus under each of these headings, explaining the work we, as a Committee, have undertaken and the results of that work.

(i) Financial reporting

Our principal responsibility in this area is the review and challenge of the actions and judgements of management in relation to the interim and annual financial statements before submission to the Board, paying particular attention to:

- critical accounting policies and practices, and any changes therein;
- decisions requiring significant judgements or estimates or where there has been discussion with the external auditor;
- the existence of any errors, adjusted or unadjusted, resulting from the audit;
- the clarity of the disclosures and compliance with accounting standards and relevant financial and governance reporting requirements, including an assessment of the adoption of the going concern basis of accounting and a review of the process and financial modelling underpinning the Group's Viability Statement; and
- the processes surrounding the compilation of the Annual Report and Financial Statements with regard to presenting a fair, balanced and understandable assessment of the Group's position and prospects.

We received formal reports from the Chief Financial Officer and the external auditor, summarising the main discussion points for both the Interim Report in our July 2022 meeting and Annual Report during our January and February 2023 meetings.

The Committee received and reviewed details of the exceptional and other adjusting items in the year. During its meetings, the Committee challenged management assumptions, judgements and estimates, particularly in respect of charges related to the wind down of the Minerals Division subsidiary operation in Russia and the disposal of the ESCO Russia business, the acquisition and integration costs in respect of Motion Metrics and Carriere Industrial Supply Limited, initial costs in relation to the Group's Performance Excellence programme, and the charge in relation to the Group's legacy US asbestos-related liabilities. With regard to the US asbestos-related liabilities, the Committee carefully considered the disclosures within the Annual Report including the results of sensitivity analysis.

The Committee also received details of the deferred tax asset recognition in respect of available US tax attributes previously held off balance sheet. The Committee challenged the basis for recognition of the asset and considered its subsequent treatment as an exceptional tax credit in the Consolidated Income Statement.

These and other financial reporting matters discussed in the current year and recurring agenda items are summarised in the table on pages 105 to 110.

In July 2022, the Group received a letter from the Financial Reporting Council (FRC), as part of their regular programme of thematic reviews, highlighting their consideration to include certain disclosures from the Group's 2021 Annual Report in their published review of TCFD and climate disclosures. The FRC's role in this review was to assess the quality of disclosures, consider compliance with reporting requirements and identify good practice, not to verify the information provided. We are pleased to report that the FRC did include an extract from the Group's 2021 Annual Report and Financial Statements in

AUDIT COMMITTEE REPORT

CONTINUED

their published thematic review report as an example of better practice. We can also confirm that some improvements have been made to existing disclosures in this report in response to minor recommendations from the FRC.

In November 2022, the Group received a letter from the FRC highlighting their intention to use some of the disclosures in the Group's 2021 Annual Report as examples of better disclosure within their 'What makes a Good Annual Report and Accounts' publication. The FRC is committed to improving the quality of corporate reporting and their publication is intended to set out the FRC's view on the attributes of a good annual report and accounts in order to drive continuous improvement in the quality of reporting. The FRC's role is not to verify the information. We are pleased to report that the FRC did include an extract from the Group's 2021 Annual Report and Financial Statements in their published report as an example of better practice in relation to the requirements of IAS 37 'Provisions, contingent liabilities and contingent assets'.

(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 93.

Our work in this area was supported by reporting from the Group Head of Internal Audit on the results of the programme of internal audits completed; the overall assessment of the internal control environment, with reference to the results of their work and the results from the self-assessed Compliance Scorecards; and in addition, reporting, either verbal or written, from Senior Management covering any investigations into known or suspected fraudulent activities. We continue to note the work undertaken for the Board on a review of the sources of assurance, which are mapped against the principal risks (see (iii) Internal audit below). In addition, the Committee take comfort from the audit work performed and conclusions reached by PwC over the controls environment of the Group's critical IT systems.

COMPLIANCE SCORECARD

The Compliance Scorecard is a control mechanism whereby each operating company undertakes self-assessments, every six months, of their compliance with Group policies and procedures, including key internal controls across a range of categories including finance, anti-bribery and corruption, tax, treasury, trade and customs, HR, cybersecurity, IT and legal. As far as the elements relating to finance are concerned, these cover (but are not limited to) management accounts and financial reporting, balance sheet controls, employee costs and other financial policies. During 2022, the scorecard process was extended to cover scope 1&2 emissions reporting. Each operating company is expected to prepare and execute action plans to address any weaknesses identified as part of the self-assessment process.

Operating companies are required to retain evidence of their testing in support of their self-assessment responses. Internal audit has responsibility for confirming the self-assessment during planned audits. Any significant variances are reported to local, Divisional and Group management. Any companies reporting low levels of compliance are required to prepare improvement plans to demonstrate how they will improve over a reasonable period of time. The overall compliance scores (as a percentage) are tracked over time and reported to the Audit Committee twice a year, with the Committee paying particular attention to the variances between self-assessed and Internal Audit assessed scores as well as trends and the performance of newly acquired companies.

The Committee also receives regular reporting on the Group's Ethics and Compliance related activities from the Chief Compliance Officer, as well as the Group Head of Internal Audit. This includes reviewing compliance with the Group's Ethics Hotline programme, which provides a mechanism for employees with concerns about the conduct of the Group or its employees to report their concerns. The Committee ensures that appropriate arrangements are in place to receive and act proportionately upon a complaint about malpractice. The Committee takes a particular interest in any reports of possible improprieties in financial reporting.

During 2022, the Committee were updated on the work performed in the year by the Compliance team. With many core programme elements in place, this included focus on driving continuous improvement through training in areas such as the Group's Code of Conduct, anti-trust and anti-bribery regulations, as well as a continued focus on Human Rights legislative requirements. In addition, the Committee were updated on the unprecedented array of sanctions in place in response to the conflict in Ukraine and the Compliance team's role in managing sanctions risk.

The Committee also received presentations from each Divisional Finance Director. These presentations included a review of the Divisional risk dashboards, significant findings from the internal audit visits and the Compliance Scorecard process over the last 12 months, as well as an overview of their Divisional finance leadership teams. In addition, the Committee were updated on progress of strategic initiatives, such as the transition of core accounting processes to global shared services in the Minerals Division and the integration of Motion Metrics in the ESCO Division.

Focus is given to the strength and depth of the finance team's capability; the quality and efficiency of responses to findings of internal audit visits, including whether learning has been shared more widely across the Group to mitigate the risk of recurrence and to share good practice; the quality of the discussion around Divisional risk dashboards; and, progress against strategic initiatives.

The Committee also received annual updates from the Group Head of Tax and the Group Treasurer, covering Tax and Treasury Strategy and Risk respectively.

Finally, in response to recommendations from the external Board and Committee evaluation process performed at the end of 2021, the Committee also agreed to introduce an annual update, or more frequently if considered necessary, from the Group Head of Risk and Insurance and the Group Chief Information Security Officer. The first of these updates took place in the October Committee meeting.

The risk update provided the Committee with an overview of the holistic risk management process, designed to complement the existing risk reporting, which is managed via a separate Risk Committee with reporting direct to the Board. This also allows the Committee to consider the adequacy of the overall risk management process.

The update from the Group Chief Information Security Officer focussed on the Group's Crisis Management Plan and lessons learned from recent crisis incidents, such as Covid-19, the cybersecurity incident and the Ukraine conflict. The Committee were advised a crisis management working group had been established to assess and update the current Crisis Management Plan.

AUDIT COMMITTEE REPORT

CONTINUED

(iii) Internal audit

The Committee has a responsibility to monitor the effectiveness of the Group's Internal Audit function. During the year, the Group 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 Group Head of Internal Audit are held during the year as required 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 the Committee to ensure the function is effective (which includes assessing the independence of the function), adequately resourced and has appropriate standing within the Company.

The total number of completed internal audits was 27 (2021: 28). In 2022, with the easing of restrictions on travel, several audits were able to be performed on site.

During 2022, there has been a continued push by Internal Audit towards a greater use of technology with the introduction of Robotic Process Automation (RPA) for data analytics, further enhancing the audit process after the introduction of data analytics in 2021. Further improvements in Internal Audit processes were made in the year to align more closely to Group strategy, such as the addition of sustainability into the Compliance Scorecard process and ensuring key strategic performance metrics were reviewed as part of internal audits. The team also obtained Certified Information System Auditor (CISA) certification, enabling internal certification of the Group's SWIFT (Society for Worldwide Interbank Financial Telecommunications) messaging system.

Effective collaboration with stakeholders is a key objective of Internal Audit and, once again, in 2022, the team were supported by guest auditors from across the Group, including Group Finance and Group Tax, providing subject matter expertise for the internal audit team and development opportunities for the guest auditors. Audit actions continue to be closed out efficiently and effectively. I am pleased to note that the team were finalists in the Institute of Internal Auditors outstanding team and inspirational leader award categories.

In addition to the above, in July, the Group Head of Internal Audit updated the Committee on the potential impact of UK corporate governance reform. This followed the UK Government's published response in May 2022 to the 'Restoring trust in audit and corporate governance' white paper issued by BEIS in March 2021. The Committee were advised of anticipated new reporting requirements resulting from the reform and the preparatory actions required to ensure the Group's readiness for compliance.

Also, during 2022 the internal audit team performed an internal effectiveness review. This was conducted by comparing current practices against both the International Professional Practices Framework issued by the Global Institute of International Auditors and the Code of Practice issued by the UK Chartered Institute of Internal Auditors. The review concluded a high level of compliance with both the framework and the Code of Practice. An external review of effectiveness will be performed in 2023.

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, critical system or Senior Management changes, financial results, the timing of the most recent visit, assessments from other assurance reviews undertaken, whistleblower report instances 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 2023 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 2023, will focus on areas, such as crisis management, operational technology security, supply chain security and data classification effectiveness;
- wider risk assurance projects such as segregation of duties, shared services effectiveness and post-acquisition reviews; and
- an element of the Annual Plan is reserved for assurance coverage of any emerging risk areas.

The Committee considered and approved the 2023 Internal Audit Strategy and Plan. Further progress on automation continues to be a significant feature of the internal audit strategy with 2023 including plans to partner with the Minerals Division to introduce process mining into the audit process. In addition, while timing is currently uncertain, the plan allocates time and resource for implementation of requirements stemming from UK corporate governance reform and is agile to enable support to other emerging areas such as the Group's Performance Excellence programme if needed.

(iv) External audit

The Committee is responsible for recommending to the Board the appointment, re-appointment, remuneration and removal of the external auditor. The external auditors are PwC who were first appointed for the financial year commencing 1 January 2016 following a competitive tender process. The Committee has complied with and will continue to follow the Competition and Markets Authority guidance, 'The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.' to conduct a tender at least every ten years.

When considering whether to recommend the re-appointment of the external auditor, the Committee considers a range of factors, including the effectiveness of the external audit, the period since the last audit tender was conducted, and the ongoing independence and objectivity of the external auditor. The next audit tender process is required to be concluded for the year ending 31 December 2026, subject to the ongoing satisfactory performance of PwC in the intervening period.

2022 Audit

Audit risks identified by PwC have changed from last year to remove valuation of goodwill and intangible assets following the acquisition of Motion Metrics and to remove cybersecurity as a risk. In addition, the valuation of US deferred tax assets risk was downgraded. Key audit matters are included in their Audit Report on pages 140 to 146.

On a practical level, with the removal of most Covid-19 travel restrictions, the Group audit team completed visits to the US and South Africa in 2022 and field work has been performed mostly on site by component teams across the globe. Well established procedures are in place for component audit supervision and remote file reviews.

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.

AUDIT COMMITTEE REPORT

CONTINUED

Our assessment of the effectiveness and quality of the audit 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 & Supervision Report and also by seeking feedback from management on the overall effectiveness of the audit process. This includes whether the auditors are considered to have sufficient knowledge of the industry and whether the level of challenge provided by the auditors is deemed appropriate. 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 as satisfactory. It was also noted that the remote audit, necessitated for most sites by Covid-19 travel restrictions through the 2021 audit process, was effectively managed and efficient.

In addition, during 2022 the Committee were provided with a summary of the FRC's Audit Quality Inspection and Supervision Report. This showed an improvement in inspection results for PwC audits selected for review, with no audits identified as requiring significant improvement.

The Committee held two private meetings with the external auditor in 2022. 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 and challenged management assumptions. I also meet with the Group Engagement Leader outside the formal Committee process as necessary through the year. Such interactions are also important in our assessment of quality.

Based on the work carried out and the FRC Audit Quality Inspection and Supervision Report, we are of the view that the quality of the audit process is satisfactory.

Independence policy and non-audit services

A formal policy exists 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. The independence rules allow a maximum of five years as engagement leader of the Group. Kenneth Wilson is in his second year as PwC Group Engagement Leader. Fees payable to PwC in respect of audit services for 2022 of £3.8m (2021: £3.2m) 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 inflation and the impact of new auditing standards.

Audit-related assurance work performed by PwC in the year of £0.1m (2021: £0.1m) and other non-audit fee work of £nil (2021: £0.2m) represented 2% (2021: 7%) of the audit fee. The audit-related assurance work is primarily in relation to PwC's review of the half year results. The non-audit fees in the prior year were primarily in relation to the appointment of PwC for assistance in the Offering Memorandum required for the five-year US\$800m Sustainability-Linked Notes. 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 2022 year end. As a result, the Committee recommended to the Board that PwC should be re-appointed as auditor at the next AGM.

COMMITTEE EVALUATION

The Committee was subject to an external evaluation process during the year as part of the overall Board Performance Review. As with last year, this was performed by 'Independent Board Evaluation', who were appointed following a tender process in 2021. Details of the overall performance review can be found on pages 91 to 92.

As previously noted in this report, several recommendations made as part of the 2021 Committee evaluation have been implemented by the Committee in 2022. The evaluation carried out in 2022 concluded that the Committee was performing well and raised no specific areas of concern or further recommendations.

OUR FOCUS FOR 2022

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

- ongoing review over cybersecurity control effectiveness;
- assessing readiness for any future implications from the consultation on reforming UK Corporate Governance, audit and reporting, as published by BEIS in March 2021;
- extending our review of the Group risk assurance framework, including regular updates from the Group Head of Risk and Insurance and Chief Compliance Officer; and
- external review of the effectiveness of the Internal Audit function.

As detailed above, primarily sections (ii) and (iii), the Committee have received and reviewed reporting in respect of potential UK corporate governance reform and have received updates from the Group Head of Risk and Insurance and Chief Compliance Officer during the year.

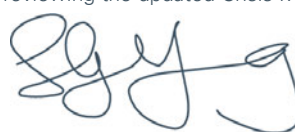
With specific reference to the first focus area 'ongoing review over cybersecurity control effectiveness', the Board are presented with regular updates, including relevant cybersecurity matters, from the Group Chief Information Officer. In addition, the Committee introduced an annual update from the Group Chief Information Security Officer covering crisis management, where cybersecurity risk is a key consideration in such plans.

As regards the final focus area 'external review of the effectiveness of the Internal Audit function', as detailed in section (iii) the Committee were updated on work performed internally as a preliminary step to assess the effectiveness of the Internal Audit function. The results of this internal assessment were pleasing and we remain committed to this assessment being performed externally in 2023.

OUR FOCUS FOR 2023

In addition to our routine business, in 2023 our focus will be on:

- continuing to monitor preparations for future implications arising from the BEIS corporate governance, audit and reporting reform;
- assessing the results of external review of the effectiveness of the Internal Audit function;
- assessing the adequacy of current levels of assurance over key, strategic non-financial metrics, such as environmental, health and safety and diversity measures; and
- reviewing the updated Crisis Management Plan.



STEPHEN YOUNG
Chair of Audit Committee

1 March 2023

AUDIT COMMITTEE REPORT

CONTINUED

CURRENT YEAR MATTERS

EXCEPTIONAL AND ADJUSTING ITEMS

See notes 6 and 22 of the Group Financial Statements

The issue

Management exercises judgement on the classification of certain items as exceptional or adjusting.

Role of the Committee

We have received detailed reporting from the Chief Financial Officer covering the following exceptional and other adjusting items:

- i. charge/credit by Division, including the nature of the items;
- ii. overview of the Motion Metrics acquisition and integration costs;
- iii. initial acquisition and integration costs in relation to Carriere Industrial Supply Limited;
- iv. charges in relation to the wind down of our Minerals Russia operations and the management buy-out of the ESCO Russia business following the announcement to exit operations due to the Ukraine conflict;
- v. detail on the costs incurred in relation to the Group's Performance Excellence programme which involves advisory fees and fees in relation to service centre restructuring;
- vi. details of the charge in respect of the Group's US asbestos-related liabilities; and
- vii. 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 reviewed the loss realised on the disposal of the ESCO Russia business and the detail of the charges in respect of the Minerals Russia business wind down. Having reviewed the detail and challenged the supporting assumptions and judgements, particularly in relation to the Minerals Russia business wind down, we confirm we are satisfied that these charges and related provisions are appropriate given the uncertainty. We are also satisfied that these charges meet the definition of exceptional on account of nature, size and infrequency of events giving rise to them.

We reviewed the charges in respect of the Group's Performance Excellence programme and confirm we are satisfied with their classification as exceptional items.

We received detailed reporting in respect of the annual assessment of the US asbestos-related provision, which takes into account claims experience in the year and compares this to the financial modelling from the latest US asbestos-related provision triennial actuarial review, conducted in 2020. The Committee are satisfied that the charge in the Consolidated Income Statement and its classification as an adjusting item is appropriate (see provisions section for further details).

We noted the exceptional and adjusting items reflected the way in which we, as members of the Board, reviewed the performance of the Group and were disclosed appropriately and consistently.

PwC reviewed all exceptional and adjusting items and tested a sample to supporting documentation. Discussions were held with management to challenge the assumptions and judgements, most notably with Minerals Division management in relation to the Russia write downs. PwC assessed the appropriateness of classification of all items as exceptional or adjusting items and confirmed the treatment and related disclosures were appropriate.

Consideration was also given to the current balance sheet position of all related provisions, including both new provisions and those remaining from previous years, with management providing details of the remaining liabilities and expected utilisation.

Conclusion

The Committee agrees with the accounting treatment and disclosure of these items in the Annual Report.

AUDIT COMMITTEE REPORT

CONTINUED

CURRENT YEAR MATTERS CONTINUED

ACQUISITION ACCOUNTING FOR MOTION METRICS

See notes 2 and 14 of the Group Financial Statements

The issue

Management exercises judgement on the type of intangible assets acquired and estimates are made of the fair value of all assets and liabilities.

Role of the Committee

We received an update on the review of the opening balance sheet which was finalised in November 2022 at the end of the 12-month period following acquisition. We received an updated summary report from management which outlined:

- i. the finalisation of the completion accounts;
- ii. the adjustments to provisional fair values which resulted in offsetting immaterial adjustments with no impact on the goodwill as reported in last year's Annual Report;
- iii. the assessment of contingent consideration and the estimated fair value; and
- iv. the related disclosures in the financial statements displayed in notes 2 and 14.

We considered the treatment of contingent consideration and agreed with the decision to continue to record this as nil and reassess each year in light of ongoing performance.

PwC concurred with the treatment.

Conclusion

The Committee agrees with the final acquisition accounting for Motion Metrics and the conclusion reached on contingent consideration in this Annual Report.

ACQUISITION ACCOUNTING FOR CARRIERE INDUSTRIAL SUPPLY

See note 14 of the Group Financial Statements

The issue

Management exercises judgement on the type of intangible assets acquired and estimates are made of the fair value of all assets and liabilities.

Role of the Committee

We received a summary report from management which outlined:

- i. the internal purchase price allocation exercise which identified and valued separately identifiable intangible assets, primarily customer relationships;
- ii. the assessment of other acquisition provisional fair values;
- iii. the assessment of deferred consideration as per the purchase agreement; and
- iv. the related disclosures in the financial statements displayed in note 14.

We reviewed the resulting provisional fair values, noting these are subject to finalisation within 12 months of acquisition, and challenged results by comparing to recent Weir acquisitions, as well as industry-wide comparisons.

We received confirmation from PwC that management's assumptions and calculations were appropriate.

Conclusion

The Committee agrees with the acquisition accounting treatment and disclosure of the Carriere Industrial Supply Limited acquisition in the Annual Report.

AUDIT COMMITTEE REPORT

CONTINUED

RECURRING AGENDA ITEMS

IMPAIRMENT	See note 15 of the Group Financial Statements
The issue 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. Role of the Committee The Group has two CGUs: Minerals and ESCO. The goodwill and other intangibles assets arising from the acquisition of Carriere Industrial Supply Limited have been included within the ESCO CGU. The purchase price is considered to reflect the fair value of the assets and therefore the addition to the ESCO CGU is considered to have neutral impact on the impairment analysis. The most significant estimates are in setting the assumptions underpinning the calculation of the value in use of the CGUs. We specifically reviewed: 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 noted that the impairment testing results for both CGUs produce significant headroom above carrying value for each and, as such, no sensitivity analysis was required. Given market volatility impacting long-term growth and discount rates, we discussed management's approach and assumptions in setting these. We concluded the rates applied to be consistent and appropriate. We also reviewed the disclosures in the financial statements and the related narrative. Further to their work benchmarking management's assumptions against their independently determined ranges and challenging underlying business plans, we also received confirmation from PwC that they are in agreement with management's conclusions.	Conclusion We are satisfied that the impairment analysis supports the carrying value of the underlying assets in the CGUs.
INVENTORY VALUATION	See note 17 of the Group Financial Statements
The issue Management applies estimates on inventory valuation and provisioning. Role of the Committee 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.	Conclusion Based on the information provided, the Committee concluded that management action had been effective and that the level of provisioning appeared adequate.
PENSIONS	See note 24 of the Group Financial Statements
The issue The valuation of pension liabilities can be materially affected by the assumptions utilised by management on areas such as discount and inflation rates. Role of the Committee We received from management details of the key assumptions underpinning the valuation, taking assurance from the fact that external advice had been taken by the Company and that PwC had benchmarked these assumptions to their own internal ranges and consider them appropriate. We noted the pension has moved from a deficit in the prior year to a net surplus in 2022 driven by the main UK scheme. This movement is primarily due to changes in market conditions impacting the financial assumptions. The Committee are satisfied with the recognition of the asset on the Consolidated Balance Sheet. PwC concurred with this treatment.	Conclusion The Committee was satisfied with the assumptions and related pension disclosures, including the appropriateness of recognising an asset in respect of the main UK scheme.

AUDIT COMMITTEE REPORT

CONTINUED

RECURRING AGENDA ITEMS

PROVISIONS	See note 22 of the Group Financial Statements
The issue 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. Role of the Committee As mentioned in the 'Exceptional and adjusting items' section above, we received detailed reporting in respect of the annual assessment of the US asbestos-related provision. The Committee's focus was centred on gaining an understanding of: i. actual claims and settlement data in the year; ii. their relation to the assumptions that underpin the discounted cash flow model; iii. the period over which the liability can be reasonably estimated; iv. the position with regard to availability of insurance cover; and v. the adequacy and transparency of the disclosures in note 22. This reporting confirmed the Group's 2022 claims experience was greater than that modelled as part of the latest triennial actuarial review in 2020. Average settlement values were higher for Mesothelioma cases but lower for Lung Cancer cases. However, settlement rates were less than that modelled for both disease types. The reporting also considered the insurance coverage and confirmed that, based on the model, this is expected to be sufficient to meet settlement and associated costs until c.2027. However, if claim numbers and average settlement values were to persist at current levels, the insurance asset may expire sooner. The Committee considered the ongoing appropriateness of basing the provision on ten years of projected claims (15 years for cash flows) and concluded it continues to be appropriate due to the inherent uncertainty resulting from the changing nature of the US litigation environment. Given the inherent uncertainty in this area, such variations as mentioned above are expected to occur and, having discussed and challenged management assumptions and judgements in detail, the Committee remains satisfied with the overall level of provisioning, the related insurance asset and charge to the Consolidated Income Statement. A charge of £2.5m has been recognised in the Consolidated Income Statement and a net liability on the Consolidated Balance Sheet of £20.7m. The Committee also challenged the disclosures in the Annual Report, including the sensitivity analysis, and are comfortable that the enhanced disclosures presented by management are appropriate. PwC's work in this area included review of management's model and resulting impact on the financial statements, validation of actual claims data and its relation to the model and appropriateness of the discount rate applied. PwC provided confirmation that management's assumptions were reasonable and disclosures were appropriate. 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.	Conclusion 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. We have reviewed the disclosures with respect to the US asbestos-related provision, including sensitivity analysis and are satisfied with the disclosures.

AUDIT COMMITTEE REPORT

CONTINUED

RECURRING AGENDA ITEMS CONTINUED

TAX CHARGE AND PROVISIONING

See notes 8 and 23 of the Group Financial Statements

The issue

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.

Role of the Committee

The Committee receives a detailed report from the Chief Financial Officer every six months, which covers the following key areas:

- i. status of ongoing enquiries and tax audits with local tax authorities;
- ii. the Group's effective tax rate for the current year; and
- iii. the level of provisioning for known and potential liabilities, including significant movements on the prior period.

The Committee also receives an annual presentation on tax strategy and risk from the Group Head of Tax.

In addition, the Committee takes comfort from the work done, and conclusions reached, by PwC in this area.

As previously reported, significant tax focus in the past two years has been in respect of certain balance sheet deferred tax assets which arose from the disposal of the Oil & Gas Division and which would remain available to the Group to offset future US taxable income of the continuing operations. It was previously noted that the recognition of these assets in the future would depend on the level of future US profitability and the US tax law in force at that point in time.

The Committee were updated on the latest deferred tax asset (DTA) modelling undertaken at the end of 2022, which was based on the Group's latest Strategic Plan to forecast levels of future US group taxable income over a ten-year period. This established that a higher overall net DTA of US\$67.5m (£55.8m) is supportable and appropriate, resulting in an exceptional credit to the Consolidated Income Statement in the year of US\$39.6m (£32.0m). The key judgement in arriving at the supportable net DTA is the Group's current strategy of deferring the cash settlement of intra-group interest in respect of internal US loan financing.

The Group will continue to monitor the US group's levels of taxable income and performance against the modelling undertaken, together with the impact of any reforms to the US tax code in order to evaluate the appropriate ongoing level of balance sheet DTA in future periods.

The Committee considered the current year tax charge and provisions and paid particular attention to the recognition of the additional DTA. The Committee are satisfied with the appropriateness of these including the exceptional accounting treatment, primarily on account of size, in respect of the DTA recognition.

PwC concurred with the appropriateness of the tax accounting, including the DTA recognition, and related exceptional accounting treatment.

Conclusion

Based on the information reviewed, we are satisfied that the tax charge and provisioning presented in these financial statements, including the recognition of the DTA and treatment as an exceptional item is appropriate.

FAIR, BALANCED AND UNDERSTANDABLE

The issue

The Board is required to state that the Group's external reporting is fair, balanced and understandable. The Committee is requested by the Board to provide advice to support the assertion.

Role of the Committee

The Committee received a report from management summarising the detailed approach that had been taken to ensure that the Group's external reporting is fair, balanced and understandable. This covered, but was not limited to, the following:

- i. involvement of a cross section of management across the organisation during the preparation of the external reporting, including the Group Executive, Divisional Finance Directors, Group Communications, Sustainability, Group Finance (including Group Tax and Group Treasury) and Company Secretariat;
- ii. input and advice from appropriate external advisers, including Company brokers and public relations agency;
- iii. use of available disclosure checklists for both Corporate Governance and financial statement reporting, including TCFD;
- iv. regular research to identify emerging practice and guidance from relevant regulatory bodies;
- v. regular meetings involving the key contributors to the document, during which specific consideration was given to the fair, balanced and understandable assertion; and
- vi. use of four 'cold' readers; three employees independent of the preparation process (one a member of the Senior Management group) and an external, independent proofreader.

Conclusion

The successful completion of this work has been reported to the Board.

AUDIT COMMITTEE REPORT

CONTINUED

RECURRING AGENDA ITEMS CONTINUED

GOING CONCERN

The issue

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.

Role of the Committee

We fulfilled our responsibilities in this area through the review and discussion of reporting received from management, which covered the following areas:

- i. assessment of borrowing facilities available to the Group;
- ii. review of budget and latest forecast information, including debt covenants, and associated financial modelling;
- iii. liquidity and credit risk; and
- iv. the existence of contingent liabilities.

When considering going concern, we specifically noted the successful refinancing of the Group's Revolving Credit Facility (RCF) in April 2022 and the securing of additional liquidity in the form of a new Term Loan in January 2023, in advance of the final tranche of the Group's Private Placement debt maturing in February 2023. Both of these provide the Group with significant levels of liquidity over an extended maturity profile.

We also reviewed the outputs from financial modelling of future cash flows and the reverse stress testing performed in addition to the base modelling. This stress testing focused on the level of downside risk which would be required for the Group to breach its current lending facilities and related financial covenants. The review indicated that the Group continues to have sufficient headroom on both lending facilities and related financial covenants. The circumstances which would lead to a breach are not considered plausible.

We note the net debt to EBITDA on a lender covenant basis improved to 1.5 times and is in line with the Group's capital allocation policy. We note this is also significantly below the lender covenant of 3.5 times.

Finally, we note the work performed by PwC in this area and their conclusion that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Conclusion

The successful completion of this work has been reported to the Board. The Group's statement on going concern is included on page 138.

VIABILITY STATEMENT

The issue

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.

Role of the Committee

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.

Notwithstanding the opportunities that climate change presents to the business, we noted the specific consideration of climate change downside risks in the Group's viability modelling.

The Committee also received confirmation from PwC that they considered management's assessment of the Group's longer-term viability was consistent with the financial statements and their knowledge and understanding of the Group.

Conclusion

The successful completion of this work has been reported to the Board. The Group's Viability Statement is reported on page 72.

DIRECTORS' REMUNERATION REPORT



CLARE CHAPMAN

Chair of Remuneration Committee
Member since: 1 August 2017

ROLE OF THE COMMITTEE

The Remuneration Committee is responsible for determining the remuneration policy for the Chair of the Company, the Executive Directors and the members of the Group Executive. The Directors' Remuneration Policy is designed to reflect best practice, align with our purpose and values, incentivise performance and delivery of strategy, and attract and retain senior talent in a competitive labour market. The Committee actively listens to stakeholders in its decision-making process, including the voice of employees and our Shareholders. It also considers wider all-employee remuneration items, such as pay equity and fairness, employee benefit changes and employee share plan design.

MEMBERS



DAME NICOLA BREWER
Non-Executive Director

Member since: 21 July 2022



MARY JO JACOBI
Employee Engagement
Non-Executive Director

Member since: 21 January 2014



BEN MAGARA
Non-Executive Director

Member since: 30 April 2021



STEPHEN YOUNG
Non-Executive Director

Member since: 26 April 2018

MAIN ACTIVITIES DURING 2022

- Consideration of wider workforce remuneration in the face of global inflation and cost of living challenges.
- Continued focus on pay for performance and pay equity and fairness.
- Determining the implementation of the Directors' Remuneration Policy in 2023, including the second of the two-year phased salary increases and the continued approach to 'windfall gains' in relation to the second tranche of the 2020 restricted share award.
- Review and approval of remuneration decisions with regard to the change of Minerals and ESCO Division Presidents.

AREAS OF FOCUS 2023

- Ensuring that Executive remuneration remains considerate of the wider stakeholder experience, including Shareholders and employees.
- Further development of the ESG elements of Executive variable pay, including enhanced disclosure and strengthening the linkage to long-term business strategy.
- Deepening the Committee's understanding of the voice of the wider workforce and shaping our 'Fair Reward' agenda.

DEAR SHAREHOLDER,

I am pleased to introduce our Directors' Remuneration Report for the year ended 31 December 2022.

I would like to start by thanking Shareholders for their support of our amended Directors' Remuneration Policy and our Directors' Remuneration Report at the 2022 AGM. The Committee is of the view that the updated policy will continue to support the Group's future strategic ambitions, and that our remuneration framework continues to focus on long-term value creation and align with market best practice.

I would also like to thank our employees for their contribution and commitment during the year, particularly recognising that 2022 was another year that brought unprecedented challenges for the Group and our employees. This included the prolonged impact of Covid-19, the consequences of the Russian invasion of Ukraine, and the cost of living challenges emerging in many of the countries in which we operate. Our We are Weir framework continues to be at the heart of everything we do, and in facing these challenges, the Group has stayed true to the values embedded into the framework in its decision-making and support for our employees. This includes another award of £300 of free shares to all newly-eligible employees under the Weir ShareBuilder plan in May 2022 and quarterly and mid-year salary increases in specific geographies for lower paid employees in high inflationary environments.

I was delighted to see that our already top quartile employee engagement score increased in our most recent global employee survey. The new inclusion of a specific reward and benefits question in the survey provides us with a source of rich and constructive comments from our employees about what we are doing well and where we can improve. We have also included a new 'Fair Reward' section in this year's Directors' Remuneration Report. This can be found on page 114 and provides details of some of our activities in 2022 as we continue to make Weir a fair and rewarding place where people can do the best work of their lives. It also includes more details on the actions taken to support our employees through the cost of living challenges.

Members	Attendance
Clare Chapman (Chair)	5/5
Dame Nicola Brewer ¹	1/1
Mary Jo Jacobi	5/5
Ben Magara	5/5
Stephen Young ²	4/5

¹ With effect from 21 July 2022, Dame Nicola Brewer was appointed as a member of the Committee and Engelbert Haan stepped down as a member of the Committee.

² Stephen Young was unable to attend the Remuneration Committee meeting on 28 February 2022 due to an unavoidable diary conflict.

DIRECTORS' REMUNERATION REPORT

CONTINUED

We are passionate about developing our employees to be highly engaged, purpose-led and adaptable, who apply their skills and perspectives to solve customers' challenges and deliver business strategy.

This is particularly important in the context of topics such as talent shortages and the changing demographic of the working population. The demand for talent in key roles remains challenging, with many companies reporting talent acquisition as the main issue they face going into 2023. As part of our broader people strategy, the Committee recognises that it has an important role to play in responding to these challenges by ensuring that remuneration within Weir is attractive, retentive and aligned to long-term business strategy.

PERFORMANCE CONTEXT

In our first full year as a mining technology business, we have delivered strong performance and re-entered into the FTSE 100 index in December 2022. Revenues are 21% higher than last year on a constant currency basis and adjusted profit before tax is £348m, increasing by 40% from 2021. Adjusted operating margins increased by 70bps to 16.0% and reflects good progress towards our FY23 target of 17% adjusted operating margin. In early 2022, we introduced a new free operating cash conversion metric into the annual bonus that measures the Group's efficiency at generating cash from its operating results. This metric had an outcome in 2022 of 87% against a target range of 80%-90%, representing a significant increase on the prior year delivery of 63%. You can read more about our financial performance in the Financial Review on pages 36-39.

The reshaping of Weir's portfolio over recent years as a mining technology leader means we have been able to take advantage of the highly favourable conditions in mining markets in 2022. We have also continued to make good progress against our strategic initiatives, aligned to our We are Weir framework. In 2022, our already positive employee engagement score improved further relative to the prior year, putting us in the top 10% of the manufacturing benchmark group. Our safety Total Incident Rate (TIR) also improved to 0.41, a reduction from the 2021 TIR of 0.45. We have also made good progress developing our technology roadmap, which was designed around three core themes: making our customers' operations smarter, more efficient and sustainable. Our current focus is on sustainability and transition to net zero, whilst ensuring that we develop a future ready workforce. More detail on progress against our strategic initiatives and delivery against related 2022 targets can be found on pages 126-127.

Reflecting the high levels of confidence in our strategy and future prospects, the Board has announced a final dividend of 19.3p per share, resulting in a total dividend of 32.8p for the year and which is 33% of adjusted EPS for the period. This is in line with our capital allocation policy of returning a third of EPS through the cycle.

2022 OUTCOMES

The remuneration outcomes for the Executive Directors for 2022 reflect the positive performance of the Group in a complex operating environment. The Committee has also taken into account the wider stakeholder experience when determining remuneration outcomes.

Annual Bonus Outcome

For 2022, 60% of the bonus was based on financial measures, being Group PBTA (40% weighting) and cash conversion (20% weighting). The remaining 40% was based on non-financial elements, being strategic measures and ESG measures (20% weighting each) aligned to Weir's strategic framework. For 2022, the Committee has awarded a bonus of 83.4% of maximum opportunity, being 125.2% of salary for the CEO and 104.3% of salary for the CFO. In line with our remuneration policy, 30% of the bonus will be deferred into Weir shares for three years.

Full details of the achievement against targets for the financial measures is provided on page 125 and reflects the strong profit growth and increase in operating cash conversion in 2022. In relation to the non-financial measures, delivery was strong against both the strategic and ESG measures across our We are Weir framework of People, Customer, Technology and Performance. This included improvements in our employee engagement score and safety TIR as referenced earlier, and other highlights such as the development of new strategic alliances, new technology deployment and achievement of a number of key ESG-related targets, including reducing our carbon footprint. Comprehensive information on achievement for the non-financial measures against targets is provided on pages 126-127.

For the wider bonus-eligible workforce, the average bonus was typically in the range of 70%-90% of maximum bonus opportunity.

Second tranche of 2020 restricted share award vesting in 2023 – discretionary adjustment for 'windfall gains'

As previously disclosed, the terms of the 2020 restricted share award included provisions that enable the adjustment of awards should the Committee determine that a 'windfall gain' has occurred. We recognise that this is an area of focus for some Shareholders, particularly where there is volatility around the time that an award is granted. The first tranche of the 2020 restricted share award vested in April 2022, and therefore the Committee gave initial consideration to this issue last year.

As set out in detail in last year's Directors' Remuneration Report, the Committee considered a range of points and perspectives in developing our approach to the vesting of the 2020 restricted share award, including:

- the delivery by management since the grant of the 2020 restricted share award, with recognition of the Oil & Gas disposal, the stewardship of the Group through the pandemic, the strategic initiatives executed and the financial resilience and performance of the Group over the period;
- multiple share price reference points, including analysis of performance relative to FTSE indices and sector peers;
- the increase in Weir's share price by over 40% in the six months following grant, compared to 3.6% for the FTSE 100;
- that around a third of the FTSE 100 received overnight share price increases of above 10% following the announcement of the Covid-19 vaccine. Weir's increase (4.7%) was below the average (6.0%);
- the increase in Weir's share price by over 100% since grant and our outperformance of almost all of our sector peers over this time; and
- the broader context of executive remuneration at Weir, including our prudent approach taken in response to the pandemic and management's experience of 'windfall losses' as a result of historic LTIP vesting outcomes.

Overall, the analysis indicated that a significant proportion of the share price recovery was not simply a 'windfall gain' as a result of a broader market recovery, but was as a result of the actions of management.

Taking the above into account, as well as feedback received from our Shareholders in last year's consultation, the Committee determined that it would be appropriate to apply a 15% downward adjustment to the first tranche of the 2020 restricted share award vesting in 2022.

The Committee has discussed this issue again in advance of the second tranche of the 2020 restricted share award vesting in April 2023. In considering the matter, the Committee recognised that the business context and share price reference points that shaped the decision 12 months ago remain relevant. It also recognised the strong business performance delivered in 2022 and the continued outperformance of Weir shares relative to the FTSE and sector indices. Based on these assessments, the Committee has determined that the same 15% reduction should apply to the second tranche of the 2020 restricted share award vesting in 2023.

DIRECTORS' REMUNERATION REPORT

CONTINUED

The scaled back second tranche of the 2020 restricted share award as set out above, and the relevant tranches of the 2018 and 2019 restricted share awards, will therefore vest in April 2023. No further adjustments have been made in relation to the vesting of the 2018 and 2019 awards.

2023 DECISIONS

Salaries

The Committee takes a thoughtful approach to Executive Director salaries, considering a wide range of factors, including salary increases for our wider UK workforce, the performance of the Group and the Executive Directors' positioning in the market. As noted in last year's Directors' Remuneration Report, in recognition of the growth of the Group in recent years, the Committee consulted with Shareholders in 2021 regarding a reset of salaries for the CEO and CFO. Reflecting on best practice and the feedback received from our Shareholders at the time, the Committee determined that the salary increases for the Executive Directors would be phased over a two-year period and subject to the ongoing sustained performance of the Executive Directors.

In this context, taking into account the strong business performance in 2022 led by the Executive Directors as set out earlier in this report, including the 21% growth in revenue and a profit increase of 40%, significant delivery and progress across our strategic initiatives, and having reviewed the latest market data in our comparator group (FTSE 50-150), the Committee is proposing a secondary increase as follows: CEO £797,000 (+6% from £752,000) and CFO £490,000 (+6.1% from £462,000). These salaries are now positioned around the mid-point of this comparator group.

The proposed increases are below the median increase of 7% for our wider UK workforce for 2023. Globally, salary review budgets across our operations have been significantly strengthened for 2023 relative to recent years to help our employees navigate the current cost of living crisis and economic volatility.

The Committee recognises the need to show restraint and moderation on Executive Director salary progression. Future salary increases for the Executive Directors will continue to be set in accordance with our Directors' Remuneration Policy set out on page 119.

Pension Contributions

The Executive Directors will continue to receive a pension provision of 12% of salary, in line with the rate available to the wider UK workforce.

Annual bonus

The maximum bonus opportunity will remain at 150% of salary for the CEO and 125% of salary for the CFO, in line with the remuneration policy.

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 We are Weir strategy:

- 40% PBTA;
- 20% cash conversion;
- 20% strategic measures; and
- 20% ESG measures.

The 2023 strategic measures will continue to focus on our long-term goals in areas such as innovation and technology and will also include measurement of progress against our Performance Excellence programme announced in September 2022. The ESG measures will continue to focus on key people priorities, such as TIR and diversity and of, course, reducing both our own and our customers' environmental impacts.

In response to Shareholder feedback, we have provided enhanced prospective disclosure in this year's Directors' Remuneration Report of the measures and targets that form the strategic and ESG measures within the overall 2023 annual bonus framework. Whilst some of these are commercially sensitive and therefore cannot be fully disclosed in advance, where targets are not deemed to be, we have disclosed them on page 117. Full details of the performance against targets for 2023 will be disclosed in next year's report.

Restricted share awards

Restricted share awards will be granted to the CEO and CFO in April 2023, with no change to the award sizes (CEO: 125% of salary; CFO: 100% of salary) or performance underpins from the 2022 awards. Further detail can be found on page 118. In line with the Directors' Remuneration Policy, the awards will vest after three years and be subject to a holding period until five years from grant.

Summary

This year, the Remuneration Committee has again 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. The Committee appreciated the strong endorsement of last year's Directors' Remuneration Report and Policy, and I look forward to receiving their support again at the 2023 AGM.



CLARE CHAPMAN

Chair of Remuneration Committee

1 March 2023

FAIR REWARD

FAIR REWARD FOR EMPLOYEES

We believe in fair reward for all of our employees, regardless of where in the world they live or which part of our business they work in. This is reflected in our approach to reward as follows:

- Simple, transparent, effective and linked to business success.
- Delivered in a way that rewards fairly and appropriately in line with our culture.
- Enables attraction and retention, establishing us as an employer of choice.
- Rewards individual contribution whilst incorporating a focus on team performance to create collective accountability.
- Brings focus to sustainable improvement in the underlying business through linkage to our strategic framework.
- Encourages and enables long-term share ownership for all employees, rewarding long-term value creation.

Over the last 12 months and going into 2023, we have progressed a number of initiatives that are linked to the above and the delivery of fair reward.

Helping our employees with the cost of living

Throughout 2022, we have continued to monitor what has been a complex situation across 50+ countries, implementing exceptional mid-year salary awards in certain locations in response, and taking action where it was most needed. In Turkey, quarterly reviews have taken place through 2022 in recognition of the particularly high-inflation environment. In Latin America, the majority of our employees are covered by collective arrangements that have progressed salary growth during the year in line with inflation. Looking to 2023, our global pay award budgets for the annual salary review effective March 2023 have been significantly increased compared to the 2022 equivalents.

Delivering free shares to employees

In 2019, we launched our global all-employee free shares plan, ShareBuilder, which allows all of our employees, regardless of role or geography to become shareholders in Weir. Since its launch in 2019, we have made ShareBuilder awards to over 15,000 individual employees, including in May 2022 when 754 new employees with the required 12 months' service received the latest award of £300 of free shares.

Reviewing our global employee benefits proposition

We have commenced a multi-year global benefits management programme, which will allow us to develop and deliver a more coherent and consistent suite of employee global benefits, including in areas such as healthcare, life insurance and long-term disability. Our goal is to ensure that our benefits proposition is market competitive, promotes fairness and equity, leverages Weir's scale, and enables attraction and retention of talent. In 2022, the introduction of this programme allowed us to deliver examples of strengthened benefits at no additional cost to employees – e.g. enhancing life insurance in Malaysia, improved maternity benefits in Mexico and Covid-19 testing and vaccines in Indonesia. In the UK, a significant investment was made in the company pension contribution rates in 2022 to improve market competitiveness.

Operating pay equity and fairness

As well as completing the statutory UK Gender Pay reporting (a copy of the our latest Gender Pay report can be found on our website at www.genderpay.weir), we have also conducted in each of the last two years, a Global Gender Pay Gap review to ensure that we have a clear understanding of where we have any gender pay gaps beyond the UK and identifying any actions required. Taking this a step further, we have also undertaken an Equal Pay review on a global basis, using our new Job Framework implemented in 2020 as the basis of assessing the relative rates of pay for those roles in any given country where we have both male and female incumbents.

In 2022, we also completed a global audit of our minimum rates of pay to ensure compliance with any statutory requirements in the 50+ countries in which we have employees, with no remedial actions identified. In 2023, we intend to extend this further by assessing our rates of pay globally against local living wage equivalents, where available.

Ensuring market competitive rates of remuneration

To ensure we pay our employees a rate of pay that is fair, market relevant, and enhances attraction and retention, we have made a significant investment in 2022, with the implementation of two new global remuneration market data partners, meaning we are able to evaluate our rates of pay for employees in all the geographies in which we operate and on a basis that is relevant to the types of roles we have in Weir. Along with our broader employment value proposition, we are confident this can allow us to deliver appropriate rates of pay that attract and retain the best talent in the market.

Looking ahead

Whilst we are pleased with progress in 2022, we recognise that we have much more to do and 2023 will see us continue the overall programme of work linked to fair reward for employees. Areas such as support for mental and financial wellbeing, strengthening our employment and benefits policies to improve gender diversity and assessing our global rates of pay across 50+ countries to living wage standards are all planned for the next 12 months. For the first time, we have also included a specific reward question in our latest employee engagement survey, and the results we receive in early 2023 from that will also help us shape our fair reward agenda and actions.



REMUNERATION AT A GLANCE

DIRECTORS' REMUNERATION POLICY

The key components of our remuneration framework are fixed pay, annual bonus and restricted share awards as set out in the Remuneration Policy on pages 119-124. Our objective is to appropriately reward the continuous improvement of our value drivers and the delivery of sustained value over time.



ANNUAL BONUS OUTCOME FOR THE YEAR ENDED 31 DECEMBER 2022

Further details, including information on the performance assessment of the strategic measures and ESG measures are set out on pages 125-127.

	Entry (20% payable)	Target	Maximum (100% payable)	FY22 Outcome	Payout % of maximum for each measure	Weighted payout %
PBTA (40% weighting) (defined as profit before tax and adjusting items from continuing operations)	£264.8m	£301.9m	£339.1m	£328.1m	88.2%	35.3%
CASH CONVERSION (20% weighting) (defined as free operating cash flow as a percentage of adjusted operating profit)	80.1%	84.9%	89.8%	87.1%	77.7%	15.5%
STRATEGIC MEASURES (20% weighting)	4%	12%	20%	15.96%	79.8%	15.96%
ESG MEASURES (20% weighting)	4%	12%	20%	16.67%	83.4%	16.67%
Total						83.43%
Jon Stanton Actual						£941,186
John Heasley Actual						£481,857

2022 CEO SINGLE TOTAL FIGURE OF REMUNERATION



Notes

In 2021 the restricted shares value comprised the second 25% of the 2018 award vesting and the first 25% of the 2019 award vesting. The 2022 restricted shares value comprises the third 25% of the 2018 award vesting, the second 25% of the 2019 award vesting and the first 25% of the 2020 award vesting (with the vesting value from the 2020 award in April 2022 incorporating the discretionary 15% reduction applied by the Remuneration Committee in view of 'windfall gains', and as disclosed in last year's Directors' Remuneration Report).

EXECUTIVE DIRECTORS' SHAREHOLDING



DIRECTORS' REMUNERATION IN 2023

IMPLEMENTATION OF REMUNERATION POLICY IN 2023

The table below summarises the key components of our remuneration framework and indicates how we intend to operate the policy in 2023.

	Operation	2023 implementation
Fixed		
Salary	Fixed remuneration, which reflects role, skills, and responsibilities.	• CEO – £797,000 • CFO – £490,000 The 6% increases are below the median increase of 7% for the wider UK workforce and are the second part of a two-year phased approach to align with FTSE 50-150 market competitive levels.
Pension	Executive Directors receive pension contributions of 12% per annum.	No change for 2023. Aligned with wider UK workforce from April 2022, following broader investment made in UK employee contribution rates.
Benefits	Car allowance, healthcare and life assurance.	No change for 2023.
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 for 2023. No change to measures and weightings for 2023 as follows: • 40% PBTA (defined as profit before tax and adjusting items from continuing operations) • 20% Cash conversion (defined as free operating cash flow as a percentage of adjusted operating profit) • 20% Strategic measures • 20% ESG measures Given their overall commercial sensitivity, underlying targets across the financial measures will be disclosed in next year's report. Set out on the following page are details of the target priorities for 2023 for both the strategic measures and the ESG measures. Where not commercially sensitive to do so, we have provided prospective disclosure of the 2023 underlying targets for these. The results of performance against the targets for all strategic measures and ESG measures will be disclosed in next year's report.

DIRECTORS' REMUNERATION IN 2023

CONTINUED

STRATEGIC AND ESG ANNUAL BONUS MEASURES 2023

People			
Strategic measures:	Target performance:	ESG measures:	Target performance:
Retain our talent.	Voluntary attrition rate of 11%.	Safety Total Incident Rate (TIR).	Improve on our 2022 TIR of 0.41.
Build our digital literacy.	Increase the all-employee utilisation of key software platforms.*	Improve our female gender diversity.	Improve our female gender diversity across all job bands. For job bands 1-2, a 1.25% increase and for job bands 3-5, a 2.5% increase.
Maintain our engagement score in top quartile of Peakon's Manufacturing benchmark.	Maintain position in top quartile.		
Customers			
Strategic measures:	Target performance:	ESG measures:	Target performance:
Execution of top three strategic growth initiatives.	£million orders.*	Develop our scope 4 value proposition.	Develop scope 4 target and grow green revenues.*
Capture value from new strategic alliances.	Number of orders.*	Build customer-specific scope 3 and scope 4 data insight.	Number of digital collaborations.*
Digitise our customer experience.	% quotes completed via online configurators.*		
Technology			
Strategic measures:	Target performance:	ESG measures:	Target performance:
Revenue from new products.	£million orders.*	Progress priority R&D projects.	Specific milestones for five technology-themed projects (see page 40).*
Digitise our current business model.	Synertrex® connected sites and £million Motion Metrics sales.*		
Performance			
Strategic measures:	Target performance:	ESG measures:	Target performance:
Performance Excellence process.	Performance Excellence programme milestones.*	Reduce scope 1&2 CO ₂ e vs 2019 base aligned to SBTi.	SBTi-aligned absolute reduction.*
Performance Excellence outcomes - improve our Lean scores.	GEMBA Academy/process management scores by Division.*	Enable emergent ESG reporting governance.	Materiality assessment and priority data automation.*
Performance Excellence outcomes - savings from restructuring.	£million run rate.*		

* Specific data will be included in the 2023 Annual Report.

DIRECTORS' REMUNERATION IN 2023

CONTINUED

	Operation	2023 implementation
Restricted share awards	Maximum award size: CEO 125% of base salary CFO 100% of base salary Awards subject to a vesting and subsequent holding period. Vesting subject to the underpin. Prior to vesting, if any of the thresholds have not been met, it would trigger the Committee to consider whether a discretionary adjustment was required. Restricted share awards will also be subject to malus and clawback provisions. The Remuneration Committee has the ability to make adjustment at the time of grant to address, if relevant, concerns about windfall gains and taking into account latest Shareholder guidance. The Committee also retains discretion to review awards at the point of vesting, in accordance with our wider policy and principle of best practice.	No change to the award size or vesting schedule for 2023. No change to the underpin: Balance sheet health Breaching covenants - No breach of debt covenant or re-negotiation of covenant terms outside of a normal refinancing cycle Investor returns Return on Capital Employed (ROCE) - Maintain average ROCE over the vesting period above the average Weighted Average Cost of Capital for that period Environmental, social and governance (ESG) Sustainability Roadmap progress - Awarded a B listing or better by CDP¹ through the vesting period in recognition of climate change contribution Corporate governance Major governance failure - No material failure in governance or an illegal act resulting in significant reputational damage and/or material financial loss to the Group Note ¹ CDP are one of the world's leading climate change research groups https://www.cdp.net. CDP's annual environmental disclosure and scoring process is respected as the gold standard of corporate environmental transparency. It ranks companies on a scale of A to D-based on the comprehensiveness of disclosure, awareness and management of environmental risks and demonstration of best practices associated with environmental leadership, such as setting ambitious and meaningful targets. Weir's score in 2020 and 2021 was A- and improved to A in 2022, reflecting our substantial progress in executing our sustainability strategy. The underpin for the 2023 award will be set such that if Weir's score falls below a threshold of B for any year during the vesting period, this would trigger the Committee to consider an adjustment to vesting. The CDP methodology requires continuous improvement even to maintain a level of scoring and therefore the Committee believes this is an appropriate level at which to set the threshold for the underpin.
Other		
Shareholding guidelines	- CEO – 400% of base salary - CFO – 300% of base salary In addition, shareholding requirements will continue post-employment for a period of two years.	No change.
Chair and Non-Executive Director (NED) fees	Fees reflect responsibilities and time commitments for the role.	Chair and NED fees will increase by 4% effective 1 April 2023, which is below the median increase of 7% for the wider UK workforce. - Chair's fee – £350,000 - NED base fee – £70,100 - Chair of Committee fee – £18,300 - Senior Independent Director fee – £14,700 - Employee Engagement Director fee – £18,300

DIRECTORS' REMUNERATION POLICY

REMUNERATION POLICY

The Directors' Remuneration Policy was approved by Shareholders at the AGM on 28 April 2022 and is intended to apply for three years. The Directors' Remuneration Policy is published on the Company's website at: <https://www.global.weir/siteassets/pdfs/investors/board-committees/weir-group-remuneration-policy-2022.pdf>.

POLICY TABLE

BASE SALARY

Purpose

To provide a salary that takes into account an individual's role, skills and responsibilities and enables the Group to attract and retain talented leaders.

Operation

Reviewed annually, with increases normally taking effect from 1 April. Salaries are set by reference to market practice for similar roles in companies of similar size and complexity. The Committee also takes into account personal performance, the wider employee context, and economic and labour market conditions.

Maximum value

While there is no stipulated maximum salary increase, increases will not normally be greater than the average salary increase for UK employees (or the relevant jurisdiction if an Executive Director is based outside the UK).

Different increases may be awarded at the Committee's discretion in instances such as where:

- there has been a significant increase in the size, complexity or value of the Group;
- there has been a change in role or responsibility;
- the individual is relatively new in the role and the salary level has been set to reflect this; and
- the individual is positioned below relevant market levels.

PENSION

Purpose

To encourage long-term saving and planning for retirement.

Operation

A contribution into the Company's defined contribution pension plan or an equivalent cash allowance, or any other arrangement the Committee considers has the same economic benefit.

Maximum value

12% of base salary per annum in line with the maximum contribution rate available to the wider UK workforce from April 2022.

BENEFITS

Purpose

To provide cost-effective benefits valued by individuals.

Operation

Benefits include, but are not limited to, healthcare, car allowance, liability insurance and death in service insurance.

Other benefits may be provided from time-to-time if considered reasonable and appropriate, such as relocation benefits or long-term disability insurance.

Maximum value

- Car allowance – no greater than £20,000 per annum
- Life assurance – 5 x base salary

The cost of providing insurance and healthcare benefits varies according to premium rates, so there is no formal maximum monetary value.

DIRECTORS' REMUNERATION POLICY

CONTINUED

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. The deferred bonus shares are not ordinarily subject to any further conditions. Malus and clawback provisions may be applied in the event of:

- a material misstatement in the financial statements of the Group or a subsidiary/Division;
- the discovery that information used to determine an award was materially incorrect, mistaken or misrepresented;
- gross misconduct (leading to termination for cause);
- a material corporate failure in any Group company or a relevant business unit; or
- reputational damage causing significant damage to the Company and clearly attributable to the individual.

Maximum value

- CEO 150% of base salary
- CFO 125% of base salary

Performance assessment

Annual bonuses will be subject to such targets as the Committee considers appropriate each year.

Financial measures will normally be used to calculate at least 50% of the bonus, with the remainder being based on strategic, ESG and/or personal objectives.

The performance targets for financial measures are set in the context of the internal budget taking into account other relevant factors, such as external forecasts.

All financial measures are calibrated with payment on a straight-line basis between threshold (up to 20% of maximum bonus payable), stretch, and any points in between.

Payment of any non-financial measures component will be subject to a discretionary underpin (including individual performance).

In exceptional circumstances, the Committee has discretion to alter the measures and/or targets during the performance period if it believes the original measures and/or targets are no longer appropriate.

The Committee has discretion in exceptional circumstances to amend the payout level if it believes this will better reflect the Company's underlying performance.

SHARE REWARD PLAN (SRP)

Purpose

To encourage and enable substantial long-term share ownership. To reward the delivery of sustainable value over time.

Operation

The Committee may grant awards under the SRP on an annual basis. Awards will vest at the end of a three-year period, subject to continued employment and assessment of the underpin.

Following vesting, an additional two-year holding period will also apply, such that vested shares are released five years from grant. Awards will normally be in the form of conditional share awards, but may be awarded in other forms if appropriate (e.g. as nil cost options).

Malus and clawback (applicable for three years from vesting) provisions may be applied in the event of:

- a discovery of a material misstatement in the audited consolidated accounts of the Group or audited accounts of any Group company;
- action or conduct that can be considered as gross misconduct;
- events or behaviour that have a significant detrimental impact on the reputation of any Group company, and 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 that may be granted in respect of a financial year is:

- CEO 125% of base salary
- CFO 100% of base salary

The Committee has the ability to adjust award levels at the time of grant to address, if relevant, concerns about the potential for perceived 'windfall gains'.

Performance assessment

No performance measures are associated with the awards.

The underpin will consist of a 'basket' of pre-determined key metrics that will best reflect overall business health over the vesting period. For each metric, a clearly defined and, where relevant, quantifiable 'threshold' will be set at the time of grant. Thresholds will be disclosed on a prospective basis.

Prior to vesting, if any of the thresholds have not been met, it would trigger the Committee to consider whether a discretionary downward adjustment was required.

In addition, the Committee will also have general discretion to reduce vesting levels if it believes this will better reflect the underlying performance of the Company over the period.

DIRECTORS' REMUNERATION POLICY

CONTINUED

SHAREHOLDING REQUIREMENTS

Purpose

To ensure Executive Directors build and hold a significant shareholding long-term.

To align Executive Directors' interests with Shareholders.

Operation

Executive Directors are required to build up a shareholding in the Company over a five-year period.

All beneficially owned shares, deferred shares and unvested restricted share awards count towards an individual's shareholding (on a net of tax basis where relevant).

Until the shareholding requirement is met an Executive Director must retain 50% of net restricted share awards, performance share awards, and deferred bonus award shares.

Shareholding requirements continue post-employment:

- The requirement will fall to half the normal level on leaving.
- The requirement would then taper down to zero after two years.

Shareholding guidelines

- CEO 400% of base salary
- CFO 300% of base salary

ALL EMPLOYEE SHARE PLANS

Purpose

To enable long-term share ownership for all employees, and to increase alignment with Shareholders.

To provide one common benefit to all employees.

Operation

Executive Directors may be entitled to participate in all-employee share plans on the same basis as all other employees.

Maximum Value

The maximum value will be in line with the maximum value for all other employees.

CHAIR AND NON-EXECUTIVE DIRECTORS' FEES

Purpose

To attract and retain experienced and skilled Non-Executive Directors and to reflect the responsibilities and time commitment involved.

Fees are reviewed by reference to companies of similar size and complexity, economic and labour market conditions.

Additional fees may be made available to Non-Executive Directors, where appropriate, to reflect any additional time commitment or duties.

The Company may reimburse Non-Executive Directors for any business-related costs (such as travel and accommodation costs incurred in connection with their duties) and any associated tax on these costs.

Maximum value

Fees as prescribed in the Articles of Association.

Planned increases in fees will take into account general increases across the Group, along with market practice.

CHOICE OF PERFORMANCE MEASURES AND TARGETS

The performance measures selected for the annual bonus awards and the performance underpins selected for the restricted share awards are set on an annual basis by the Committee, to ensure that they remain appropriate to reflect the priorities for the Company in the year ahead. The annual bonus plan measures are chosen to align to our reward principles and the delivery of our strategy. The restricted shares performance underpins are chosen to align with our key underlying drivers of value. The targets for the performance measures are set taking into account a number of factors, including the Company's annual operating plan, strategic priorities, the economic environment and market conditions and expectations.

DIVIDENDS

Executive Directors are entitled to receive the value of dividends payable on any deferred bonus awards under the annual bonus or awards under the SRP up to the point of vesting. This value may be calculated assuming that the dividends were notionally reinvested in the Company's shares.

COMMON AWARD TERMS

Awards granted under the share plans may be adjusted in the event of any variation of the Company's share capital or any demerger, special dividend or other event that may affect the current or future value of the awards.

LEGACY ARRANGEMENTS

The Committee reserves the right to make any remuneration payments and/or payments for loss of office, this includes exercising any discretions available to it in connection with such payments (notwithstanding that they are not in line with this policy) where the terms of payment:

- came into effect before this policy was approved and implemented (including where such payments are in line with a previously approved policy); and
- were agreed at a time when the individual was not a Director of the Company and, in the opinion of the Committee, the payment is not in consideration for the individual becoming a Director.

This includes the vesting of any awards granted under the SRP.

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, including the maxima shown.
Buy-out awards	The Committee will consider whether any buy-out awards are reasonably necessary to facilitate the recruitment of an Executive Director, and if there are any other compensation arrangements that would be forfeited on leaving the previous employer. The Committee will seek to structure any buy-out award taking into account relevant factors, including any performance conditions, the form in which it is to be paid and the timeframe of the award. Buy-out awards will generally be made on a like-for-like basis and will be no more generous in quantum than the awards being forfeited.
Other	The Committee may agree to meet certain mobility or relocation costs, including but not limited to, temporary living and transportation expenses. The Committee may also agree to meet the costs of relevant professional fees. Reasonable expenses and associated tax incurred as part of their recruitment will be reimbursed to the Executive Director.
Internal promotion to Executive Director	The Committee will honour existing remuneration arrangements made prior to and not in contemplation of promotion. The arrangements will continue to pay out in accordance with the respective rules and guidelines.

SERVICE CONTRACTS AND POLICY ON PAYMENT OF LOSS OF OFFICE

It is the Committee's policy that there should be no element of reward for failure. The Committee's approach when considering payments in the event of termination is to take account of the individual circumstances including the reason for termination, contractual obligations of both parties as well as incentive plan and pension scheme rules.

If an Executive Director's service contract is terminated other than in accordance with its terms, the Committee will give full consideration to the obligation and ability of the individual to mitigate any loss they may suffer as a result of the termination of their contract.

Service contracts and letters of appointment are available for inspection at the Company's registered office.

Provision	Policy
Unexpired term	The unexpired term of Executive Directors' contracts is 12 months. Executive Directors have rolling contracts.
Change of control	No provisions in service contracts relate to a change of control. Refer to the relevant sections below for annual bonus and share plans provisions.
Notice period	Current Executive Directors have 12 months' notice by either the Company or the individual. This would be the normal policy for new appointments.
Contractual payments	Termination with contractual notice or termination by way of payment in lieu of notice (PILON) at the Company's discretion. Neither notice nor PILON will be given in the event of gross misconduct. The calculation of PILON will be at 1.2 x gross salary to reflect the value of salary and contractual benefits. PILON will be made where circumstances dictate that Executive Directors' services are not required for their full notice period. Contracts also allow for phased payments on termination which provides for mitigation, including remuneration from alternative employment. The Committee may authorise: • payments for statutory entitlements in the event of termination; • reasonable settlement of potential legal claims; and • payment of reasonable reimbursement of professional fees in connection with such agreements.
Annual bonus and deferred bonus awards	At the discretion of the Committee, where an individual leaves as a Good Leaver (as defined below), a pro-rated payment (payable in such proportions of cash and shares as the Committee may determine) may be earned if employment ceases during the year. Any payment will be subject to the assessment of bonus targets. Dismissal for gross misconduct – all entitlements will be forfeited, including any unvested deferred bonus awards. All other departure events – existing rights are normally retained in respect of any deferred bonus awards. Vesting will take place at the normal vesting date unless the Committee determines otherwise. Malus and clawback provisions will continue to apply. Change in control – any bonus will normally be determined by the Committee up to the expected date of change in control taking into account both performance and the period of the financial year which has elapsed. Deferred bonus awards will vest on change in control.

DIRECTORS' REMUNERATION POLICY

CONTINUED

Outstanding share plan awards	The treatment of awards will be governed by the rules of the relevant plan. Where an individual leaves as a Good Leaver (which includes for reasons of death, retirement, ill-health, injury or disability, redundancy, the sale of employing company or business, or other circumstances that the Committee determines) unvested awards will normally continue and vest on the normal vesting date, taking into account the assessment of any applicable underpins and pro-rated to reflect the proportion of the vesting period which has elapsed. The Committee may exercise its discretion to apply a different pro-rata methodology or to dis-apply time pro-rating completely. Awards subject to a holding period will continue to be subject to that holding period as if employment had not ceased, except in the case of death, or in such other circumstances as the Committee may determine, when the holding period will end at that time. The rules provide flexibility that in the case of the participant's death (or such other exceptional circumstances as the Committee considers appropriate), awards will vest (and awards in the holding period will be released) at the time of death/leaving. If an individual leaves for any reason other than as a Good Leaver, any unvested awards will lapse on termination. Awards will remain subject to the operation of malus and clawback provisions. Change in control – the extent to which unvested awards vest will be determined by the Committee, taking into account the performance conditions and/or underpins as applicable and the proportion of the vesting period that has elapsed. Alternatively, awards may be exchanged for new equivalent awards in the acquiring company. The holding period applicable to any awards will end at the time of change in control.
All employee share plans	The rules of any all-employee share plans will apply in the event of termination of employment or change in control.
Relocation	The Committee may determine that share plan awards or deferred bonus awards should vest early if an Executive Director is relocated to a country where they would suffer a tax or regulatory disadvantage by holding the award.
Chair and Non-Executive Directors	Non-Executive Directors have letters of appointment. The letters do not contain any contractual entitlement to a termination payment and the Non-Executive Directors can be removed in accordance with the Company's Articles of Association. Notice periods are six months from the Company and no notice from the individual. There are no change in control provisions in the letters of appointment.

SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT

The following table sets out the dates of each of the Executive Directors' service agreements, the dates of the Non-Executive Directors' letters of appointment and the date on which the Non-Executive is subject to election or re-election. Directors are required to retire at each Annual General Meeting and seek re-election by Shareholders.

Executive Director	Contract commencement date	Unexpired term (months)
Jon Stanton	28 July 2016	12
John Heasley	3 October 2016	12
Non-Executive Director	Date of appointment	Date when next subject to election/re-election
Barbara Jeremiah	1 August 2017	27 April 2023
Dame Nicola Brewer	21 July 2022	27 April 2023
Clare Chapman	1 August 2017	27 April 2023
Engelbert Haan ¹	18 February 2019	n/a
Mary Jo Jacobi ²	1 January 2014	n/a
Tracey Kerr	21 July 2022	27 April 2023
Ben Magara	19 January 2021	27 April 2023
Sir Jim McDonald	1 January 2015	27 April 2023
Srinivasan Venkatakrisnan	19 January 2021	27 April 2023
Stephen Young	1 January 2018	27 April 2023

¹ Engelbert Haan will step down from the Board following the AGM on 27 April 2023.

² Mary Jo Jacobi will step down from the Board following the AGM on 27 April 2023.

CONSIDERATION OF CONDITIONS ELSEWHERE IN THE GROUP

The reward principles set out earlier in the Directors' Remuneration Report reflect the reward principles that apply to all employees across the Group. Although these principles apply across the Group, given the size of the Group and the geographical spread of its operations, the way in which the principles are implemented in practice varies. For example, annual bonus deferral applies at the more senior levels within the Group and participation in restricted share awards is typically limited to Senior Management and executives. All employees are eligible to participate in our global all-employee share plan, Weir ShareBuilder, and we offer competitive and fair rates of pay across the organisation.

DIRECTORS' REMUNERATION POLICY

CONTINUED

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 in the creation of good work and good workplaces. The role of the Board therefore is to ensure that mechanisms are in place, and monitored, for effective employee engagement and that there is governance of the process for management standards and training to continue to assure ourselves of the leadership skills required to do engagement well. Given the multi-national nature of our business, the management team also recognise that their approaches to insight-gathering and dialogue need to reflect country practices so that engagement can be led well locally and be mindful of circumstances and culture.

As a Board, we recognise the importance of a Group-wide framework for employee dialogue, which is why our continued focus is to ensure that we broaden our Group-wide practices for gathering workforce views and engaging in meaningful dialogue and for measuring and further strengthening employee engagement. Monitoring of progress will take place at the Board in the form of an annual employee insights report.

We have in place a variety of employee voice channels, such as our global employee engagement survey and our 'Tell the Board' sessions, which provide employees with an opportunity to provide feed back 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. For the first time, we have also included a specific reward question in our latest employee engagement survey and the results we receive in early 2023 will also help us shape our reward agenda and actions.

CONSIDERATION OF SHAREHOLDER ENGAGEMENT

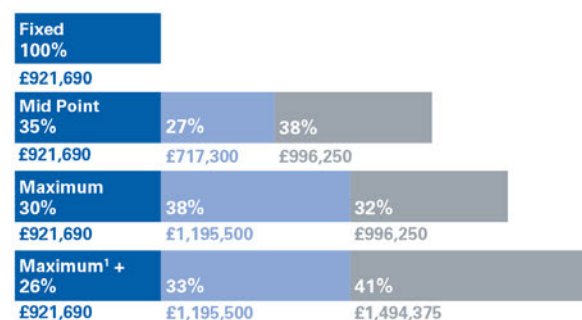
Shareholders and their representative bodies played a very active role in the development of our current remuneration policy, which was approved by Shareholders at the 2022 AGM.

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

PAY AT WEIR

APPLICATION OF REMUNERATION POLICY

JON STANTON



1 Maximum + 50% share price increase.

■ Fixed pay ■ Annual bonus ■ SRP

JOHN HEASLEY



1 Maximum + 50% share price increase.

■ Fixed pay ■ Annual bonus ■ SRP

NOTES TO APPLICATION OF REMUNERATION POLICY CHARTS

The above chart illustrates the potential total remuneration for the Executive Directors in respect of the application of our Remuneration Policy.

Element of package	Assumptions used
Fixed Pay	Base salary: effective 1 April 2023 Benefits: benefits as disclosed in single total figure of remuneration for 2022 Pension: 12% cash allowance, which is also the maximum rate available to the wider UK workforce from April 2022
Annual Bonus	Minimum: no bonus is earned Mid-point: 60% of maximum is earned (being the mid-point under the annual bonus between the threshold pay-out of 20% and maximum pay-out) Maximum: 100% of maximum is earned
SRP	Minimum: no vesting Mid-point: 100% vesting Maximum: 100% vesting Maximum +50%: As above for maximum performance but includes share price appreciation in respect of the SRP of 50%

DIRECTORS' REMUNERATION REPORT

CONTINUED

ANNUAL REPORT ON REMUNERATION

This section sets out how the Remuneration Policy was applied for the year ended 31 December 2022.

SINGLE TOTAL FIGURE OF REMUNERATION FOR EXECUTIVE DIRECTORS (AUDITED)

	Jon Stanton		John Heasley	
	2022 (£)	2021 (£)	2022 (£)	2021 (£)
Base salary	741,000	702,750	455,500	432,750
Pension	88,920	84,330	54,660	51,930
Benefits	29,050	27,160	18,502	19,079
Total fixed pay	858,970	814,240	528,662	503,759
Annual bonus	941,186	548,967	481,857	281,720
Restricted shares	712,252	404,357	350,767	199,148
Total variable pay	1,653,438	953,324	832,624	480,868
Total pay	2,512,408	1,767,564	1,361,286	984,627

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 2022.

Pension – corresponds to the cash allowance provided to the Executive Directors during the year ended 31 December 2022. This equates to 12% of salary.

Benefits – corresponds to the value of benefits in respect of the year ended 31 December 2022, as set out in the table below.

Restricted shares – the 2021 value comprises the second 25% of the 2018 award vesting and the first 25% of the 2019 award vesting, and incorporates the discretionary downward adjustment to the 2018 and 2019 awards vesting in 2021 to recognise the technical breach of the dividend underpin, as disclosed in the 2020 Directors' Remuneration Report. The 2022 value comprises the third 25% of the 2018 award vesting, the second 25% of the 2019 award vesting and the first 25% of the 2020 award vesting. The restricted share awards have been valued using the share price at the date of vest for each of the respective award tranches. Of the 2022 restricted shares value, £89,319 for Jon Stanton and £44,014 for John Heasley reflects the share price appreciation in the period since award. The value of the first 25% of the 2020 award vesting in 2022 incorporates the downward discretion applied by the Remuneration Committee to reduce the number of shares vesting by 15% for 'windfall gains', as disclosed in the 2021 Directors' Remuneration Report.

	Jon Stanton	John Heasley
	2022 (£)	2022 (£)
Benefits		
Car allowance	17,000	13,970
Group healthcare	1,587	1,587
Life assurance	10,463	2,945
Total	29,050	18,502

2022 ANNUAL BONUS (AUDITED)

The table below details the performance achieved against the stretching targets set at the beginning of the year. As a result, a bonus of 83.43% of maximum was payable to the Executive Directors. Jon Stanton's bonus award is 125.2% of salary as at 31 December 2022 and John Heasley's bonus award is 104.3% of salary as at 31 December 2022. In accordance with our Remuneration Policy, 30% of the bonus for the Executive Directors is deferred into shares for three years.

	Weighting	Entry	Mid-point	Maximum	Achievement	Pay-out (%)
Payout as % of maximum		20%	60%	100%		
PBTA ¹	40%	£264.8m	£301.9m	£339.1m	£328.1m	35.3%
Cash conversion ²	20%	80.1%	84.9%	89.8%	87.1%	15.5%
Strategic measures	20%				See below	15.96%
ESG measures	20%				See below	16.67%
Total bonus	100%					83.43%

Notes

1 PBTA is defined as profit before tax and adjusting items. The performance targets and achievements are calculated using the March 2022 exchange rates.

2 Cash conversion is defined as free operating cash flow as a percentage of adjusted operating profit.

Further details of the achievement against targets for the strategic measures and ESG measures are contained on the next two pages. Both the strategic measures and the ESG measures are aligned to our We are Weir framework of People, Customer, Technology and Performance:

People	• Deliver on zero harm for our people and the environment. • Accelerate purpose-driven culture and lead in Inclusion, Diversity and Equity. • Create talent and capabilities for the future.
Customer	• Outgrow our markets through the cycle through robust VOC led initiatives. • Solve our customers' biggest smart, efficient and sustainable challenges. • Show leadership in our industries' pathway to net zero.
Technology	• Grow our pipeline of transformational solutions through investment in innovation and engineering. • Digitally enable everything we do today. • Create new business and business models from data and insights.
Performance	• Drive clean, lean and agile operations and supply chain. • Leverage foundational investments to deliver high quality efficient back office functions. • Demonstrate quality through margin expansion and strong cash conversion.

DIRECTORS' REMUNERATION REPORT

CONTINUED

STRATEGIC MEASURES (AUDITED)

Below are the detailed results for the 2022 strategic measures. The % bonus contribution for each measure is determined by the result relative to threshold, target and maximum performance metrics, with the % bonus for a result between these points calculated on a straight-line basis.

PEOPLE				
Priority for 2022	Outcome required for on-target bonus achievement	Result	Rating	Bonus contribution
Retain our talent.	• 11% voluntary attrition rate.	• 10.2% voluntary attrition rate.	●	1.27% out of 1.67%
Build our digital capability.	• Net increase of 47 employees in core digital team.	• Net increase of 32 employees in core digital team.	●	0.24% out of 0.83%
	• 50% of target audience trained.	• 98% of Senior Leaders received three hours of immersive learning on the Digital Vision for Weir.	●	0.83% out of 0.83%
Maintain our engagement score in top quartile of Peakon Manufacturing benchmark.	• Top quartile of Peakon Manufacturing benchmark.	• Engagement score of 8.5, which is +0.1 improvement since last survey and within top quartile of Peakon Manufacturing benchmark.	●	1.67% of 1.67%
CUSTOMERS				
Priority for 2022	Outcome required for on-target bonus achievement	Result	Rating	Bonus contribution
Execute Minerals top three strategic growth initiatives.	• £209m orders.	• £242m orders.	●	1.67% out of 1.67%
Execute ESCO top 3 strategic growth initiatives.	• \$218m orders.	• \$252m orders.	●	1.67% out of 1.67%
Establish new strategic alliances that enhance our customer value proposition significantly.	• Two new strategic alliances.	• Three new strategic alliances formed - i) CIS acquisition, ii) Eriez partnership and iii) STM partnership.	●	1.67% out of 1.67%
TECHNOLOGY				
Priority for 2022	Outcome required for on-target bonus achievement	Result	Rating	Bonus contribution
Market acceptance of our top three horizon 1 innovations.	• Minerals - £4.5m orders.	• Minerals - £0.8m orders.	●	0% out of 0.83%
	• ESCO - \$1.25m orders.	• ESCO - \$0.4m orders.	●	0% out of 0.83%
Digitise our current business model.	• Minerals - 30 sites using Synertrex®.	• Minerals - 30 sites using Synertrex®.	●	0.5% out of 0.83%
	• ESCO - CA\$26m sales from Motion Metrics.	• ESCO - CA\$26m sales from Motion Metrics.	●	0.5% out of 0.83%
Create and deploy Future Back Strategy.	• Develop minimum viable proposition (MVP) for top 2 opportunities.	• MVP for top 3 opportunities developed and mobilised.	●	1.67% out of 1.67%
PERFORMANCE				
Priority for 2022	Outcome required for on-target bonus achievement	Result	Rating	Bonus contribution
Improving our Lean scores - % of Minerals businesses achieving GEMBA Academy Level attainment.	• 75% at Level 2 / 20% at Level 3.	• 86% at Level 2 / 29% at Level 3.	●	1.25% out of 1.25%
Improving our Lean scores - ESCO - % of critical site processes to achieve GEMBA Academy Level 3.	• 70% of critical site processes at Level 3.	• 100% of critical site processes meeting or exceeding Level 3.	●	1.25% out of 1.25%
Grow % of Group revenue covered by Global Business Services (GBS) Finance shared services.	• 80% of Group revenue covered by GBS Finance shared services.	• 82.91% of Group revenue covered by GBS Finance shared services.	●	1.79% out of 2.5%
Total bonus for strategic measures (unrounded sum of the rounded individual bonus contributions in the table above)				15.96% out of 20% maximum

DIRECTORS' REMUNERATION REPORT

CONTINUED

ESG MEASURES (AUDITED)

Below are the detailed results for the 2022 ESG measures. The % bonus contribution for each measure is determined by the result relative to threshold, target and maximum performance metrics, with the % bonus for a result between these points calculated on a straight-line basis.

PEOPLE				
Priority for 2022	Outcome required for on-target bonus achievement	Result	Rating	Bonus contribution
Improve our Safety Total Incident Rate (TIR)	• Improvement to 0.425 TIR.	• 0.39 TIR ¹ , compared to the 2021 TIR of 0.45.	●	1.67% out of 1.67%
Improve our gender diversity in job bands 3-5.	• Increase % of females in job bands 3-5 by 2.5%.	• % of females in job bands 3-5 improved by 0.6%.	●	0% out of 1.67%
Improve our gender diversity in job bands 1-2.	• Increase % of females in job bands 1-2 by 1.25%.	• % of females in job bands 1-2 improved by 0.7%.	●	0% out of 1.67%
CUSTOMERS				
Priority for 2022	Outcome required for on-target bonus achievement	Result	Rating	Bonus contribution
Develop our scope 4 value proposition.	• Pilot evaluation completed with asset level customer data.	• Phase 1 product evaluations completed and HPGR value proposition presented at Capital Markets Event.	●	5% out of 5%
TECHNOLOGY				
Priority for 2022	Outcome required for on-target bonus achievement	Result	Rating	Bonus contribution
Build pipeline and commercialise material sustainability focussed technologies/solutions.	• Seven new projects.	• 12 new projects underway or completed.	●	2.5% out of 2.5%
Progress our priority acceleration R&D projects: - Real-time dynamic ore characterisation.	• Field prototype ready for trial and site identified.	• Equipment installed on customer site and trial has commenced.	●	1.25% out of 1.25%
Progress our priority acceleration R&D projects: - Acceleration of additive manufacturing to support new product design.	• Relevant AM technology trialled on premises for simple or non-complex parts.	• Technologies successfully integrated to enable the end-to-end automated manufacture of new and existing products.	●	1.25% out of 1.25%
PERFORMANCE				
Priority for 2022	Outcome required for on-target bonus achievement	Result	Rating	Bonus contribution
Reduce scope 1&2 CO ₂ e vs 2019 base aligned with SBTi (Science Based Targets initiative).	• 4% absolute CO ₂ e reduction.	• 17% absolute CO ₂ e reduction achieved and verified.	●	2.5% out of 2.5%
Evaluate SBTi scope 3 target.	• Scope 3 targets fully assessed, plus strategic stakeholder scope 3 engagement initiated.	• Scope 3 target in process of being validated by SBTi and embedded in CO ₂ e strategy.	●	2.5% out of 2.5%
Total bonus for ESG measures				16.67% out of 20% maximum

¹ The 2022 TIR outcome of 0.39 has been adjusted from the overall Group result of 0.41 to exclude Carriere Industrial Supply from the bonus calculation, which was acquired during 2022 after the targets were set.

Rating key

●	Outcome achieved meets or exceeds on-target.	●	Outcome achieved is between threshold and on-target.	●	Outcome achieved is below threshold.
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DIRECTORS' REMUNERATION REPORT

CONTINUED

SCHEME INTERESTS AWARDED DURING 2022 (AUDITED)

The following table sets out awards granted to the Executive Directors in the year ended 31 December 2022.

	Share award	Award basis	Grant date	Face value of award at maximum vesting ²	No of shares granted
Jon Stanton	Restricted Share (Conditional) ¹	125% salary	11 Apr 2022	£940,000	59,094
John Heasley	Restricted Share (Conditional) ¹	100% salary	11 Apr 2022	£462,000	29,044

Notes

1 There are no performance periods associated with the restricted share awards. Awards will vest at the end of a three-year period and an additional two-year holding period will also apply, such that vested shares are released five years from grant.

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 £15.9067.

Vesting of the 2022 restricted share award is subject to continued employment and assessment of the underpin. Prior to vesting, if any of the thresholds set out below have not been met, it would trigger the Committee to consider whether a discretionary adjustment was required.

Balance sheet health	Breaching covenants No breach of debt covenant or renegotiation of covenant terms outside a normal refinancing cycle.
Investor returns	Return on Capital Employed (ROCE) Maintain average ROCE over the vesting period above the average Weighted Average Cost of Capital for that period.
Environmental, Social and Governance (ESG)	Sustainability Roadmap progress Awarded a B listing or better by CDP through the vesting period in recognition of climate change contribution.
Corporate governance	Major governance failure No material failure in governance or an illegal act resulting in significant reputational damage and/or material financial loss to the Group.

SINGLE TOTAL FIGURE OF REMUNERATION FOR CHAIR AND NON-EXECUTIVE DIRECTORS (AUDITED)

	Basic Fee (£)		Senior Independent Director/Employee Engagement Non-Executive Director/Committee Chair Fee (£)		Taxable Benefits ⁶ (£)		Total Fees (£)	
	2022	2021	2022	2021	2022	2021	2022	2021
Barbara Jeremiah ¹	248,644	64,325	4,485	13,500	15,887	84	269,016	77,909
Charles Berry ²	106,923	321,750	–	–	1,018	549	107,941	322,299
Dame Nicola Brewer ³	29,898	–	–	–	3,825	–	33,723	–
Clare Chapman	66,750	64,325	17,425	16,775	5,142	–	89,317	81,100
Engelbert Haan	66,750	64,325	–	–	2,808	–	69,558	64,325
Mary Jo Jacobi	66,750	64,325	17,425	16,775	25,805	–	109,980	81,100
Tracey Kerr ⁴	29,898	–	–	–	5,438	–	35,336	–
Ben Magara	66,750	61,261	–	–	3,628	–	70,378	61,261
Sir Jim McDonald ⁵	66,750	64,325	9,508	–	656	–	76,914	64,325
Srinivasan Venkatakrishnan	66,750	61,261	–	–	2,678	–	69,428	61,261
Stephen Young	66,750	64,325	17,425	16,775	5,988	–	90,163	81,100

Notes

1 Barbara Jeremiah was appointed Chair following the AGM on 28 April 2022.

2 Charles Berry retired as Chairman following the AGM on 28 April 2022.

3 Dame Nicola Brewer was appointed to the Board on 21 July 2022.

4 Tracey Kerr was appointed to the Board on 21 July 2022.

5 Sir Jim McDonald succeeded Barbara Jeremiah as Senior Independent Director following the AGM on 28 April 2022.

6 Taxable benefits includes travel and accommodation to attend Board meetings. These increased in 2022 given a return to more regular travel following Covid-19 restrictions being eased. The amounts in the table include the grossed-up cost of the UK tax to be paid by the Company on behalf of the Directors.

PAYMENTS FOR LOSS OF OFFICE (AUDITED)

No payments were made to Directors for loss of office.

PAYMENTS TO PAST DIRECTORS (AUDITED)

No payments were made to past Directors.

DIRECTORS' REMUNERATION REPORT

CONTINUED

STATEMENT OF DIRECTORS' SHAREHOLDINGS AND SHARE INTERESTS (AUDITED)

As at 31 December 2022

	Shares owned outright ³	Scheme Interests		Vested in 2022 ⁵	Current shareholding (% of salary) ⁶	Current shareholding including scheme interests without performance conditions (% of salary) ⁷	Shareholding requirement (% of salary)
		With performance conditions	Conditional without performance conditions ⁴				
Jon Stanton	159,290	–	232,154	51,641	354%	627%	400%
John Heasley	79,543	–	114,501	25,493	287%	498%	300%
Barbara Jeremiah	5,250	–	–	–	–	–	–
Charles Berry ¹	2,145	–	–	–	–	–	–
Dame Nicola Brewer	–	–	–	–	–	–	–
Clare Chapman	456	–	–	–	–	–	–
Engelbert Haan	1,000	–	–	–	–	–	–
Mary Jo Jacobi ²	5,000	–	–	–	–	–	–
Tracey Kerr	–	–	–	–	–	–	–
Ben Magara	–	–	–	–	–	–	–
Sir Jim McDonald	500	–	–	–	–	–	–
Srinivasan Venkatakrishnan	500	–	–	–	–	–	–
Stephen Young	7,864	–	–	–	–	–	–

Notes

- 1 The value shown for Charles Berry reflects the shares owned outright when he retired as Chairman following the AGM on 28 April 2022.
- 2 Mary Jo Jacobi's interest in 5,000 shares shown above is through her holding of 10,000 American Depositary Receipts (ADRs). One ADR being equivalent to 0.5 ordinary shares.
- 3 Shares owned outright includes the net-of-tax shares which vested in 2022 and the unvested deferred bonus shares awarded in April 2020.
- 4 Includes the unvested deferred bonus shares awarded in April 2022.
- 5 Vested in 2022 reflects the gross shares vesting in 2022.
- 6 Current shareholding percentage is calculated using the share price of £16.69 as at 31 December 2022.
- 7 The values of scheme interests are on an estimated net-of-tax basis.

There have been no changes in the interests of each Director between 31 December 2022 and the date of this Report.

EXTERNAL APPOINTMENTS

During the year, Jon Stanton was a Non-Executive Director of Imperial Brands PLC. He received £114,736 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 2022. The 25th, median and 75th percentile employees were determined by calculating total pay for the 2022 financial year using payroll data from 1 January 2022 to 31 December 2022. The ratios for 2022, 2021, 2020 and 2019 have been determined using Option A of the regulations given Option A is the most robust approach and preferred by Shareholders. In 2018, the ratios were calculated based on the single total figure of remuneration for Jon Stanton and the total pay for the employees based on our gender pay gap data under Option B of the regulations. The increase in the pay ratio from 2021 to 2022 is primarily due to i) the higher annual bonus for the CEO resulting from strong business performance and ii) the year-on-year build-up of vests from the new restricted share awards introduced from 2018 onwards. We are satisfied that the median pay ratio is consistent with the pay, reward and progression policies for our UK employees.

Financial year	Calculation Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2022	Option A	67:1	53:1	39:1
2021	Option A	53:1	42:1	30:1
2020	Option A	27:1	22:1	17:1
2019	Option A	56:1	44:1	34:1
2018	Option B	75:1	66:1	53:1

	Jon Stanton	25th percentile	Median	75th percentile
Total pay	£2,512,408	£37,457	£47,845	£64,254
Base Salary	£741,000	£21,848	£38,369	£49,586

Notes

Total pay for the percentile employees includes the following pay elements: base salary, annual bonus, ShareBuilder, 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. We have uprated pay for part-time employees and new joiners accordingly to calculate full-time equivalent total pay. For employees other than the CEO, annual bonuses considered for the purposes of the calculation are those which are paid in the financial year, as wider workforce bonuses related to 2022 performance remain to be determined at the time of the calculation. 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 2022, our mean gender pay gap has moved slightly further in favour of females when compared to 2021, from -3% to -9%. Our median gender pay gap in favour of females has changed marginally from -14% to -13%. Whilst our outcomes show we are generally well positioned on gender pay, we recognise that this is largely due to the high number of males who are working in lower paid production and field roles. We continue to take action to appoint more females into management and leadership roles, with the number of females in the upper quartile pay band increasing to 35% in 2022 from 29% in 2021. The median gender bonus gap for 2022 is significantly in favour of females due to the value of the vesting of the second 12 shares from our 2019 ShareBuilder award vesting in May 2021. Whilst ShareBuilder is gender agnostic, given the mainly male profile of our UK workforce it significantly impacts both the mean and median bonus for males. A copy of the full Gender Pay report can be found on our website www.genderpay.weir

THE REQUIREMENTS AND OUR OUTCOMES

The UK Government's Gender Pay Gap Regulation requires legal entities with 250 or more employees to publish details of their gender pay and bonus gap. In Weir, there is one employing entity required to publish this data, but we have taken the opportunity to publish the consolidated data for our UK employees as this is more representative of our UK organisation.

GENDER PAY AND EQUAL PAY

The gender pay gap is different from equal pay, which relates to men and women being paid the same for similar roles or work of equal value. Our pay policies are designed to ensure equal pay for equal jobs and we have processes in place to ensure pay levels are reviewed consistently.

MEAN AND MEDIAN PAY AND BONUS GAP

	Mean	Median
Gender pay gap	-9%	-13%
Gender bonus gap	-8%	-1,689%

PROPORTION OF MALES AND FEMALES RECEIVING A BONUS

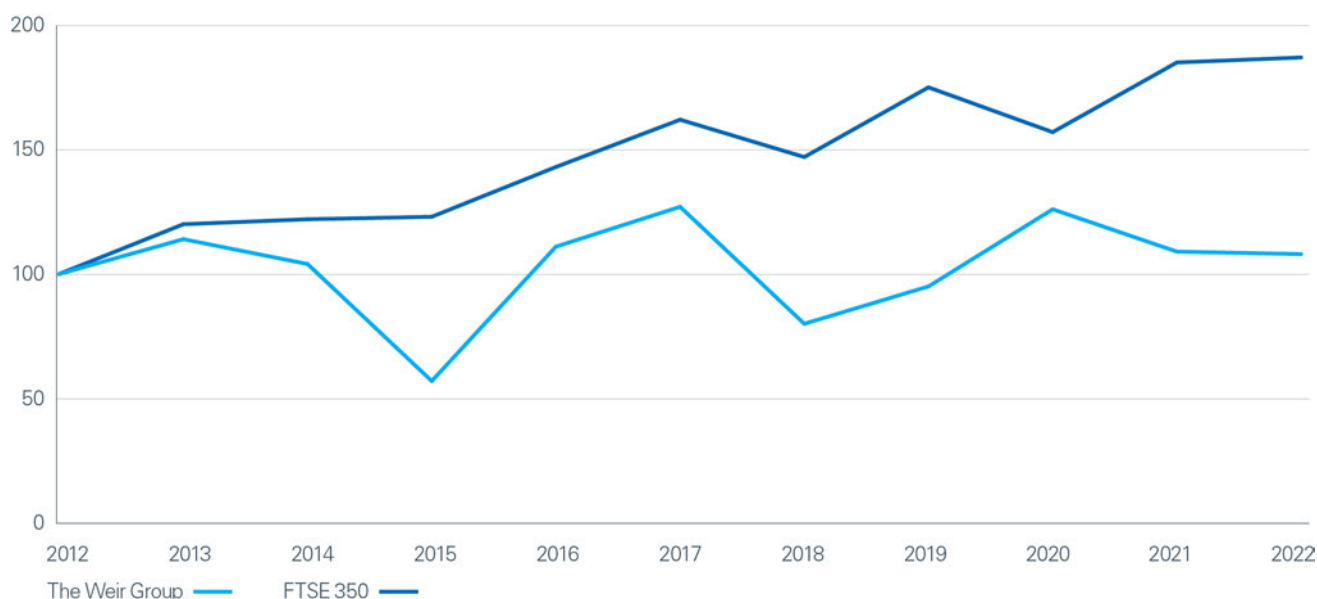
Male	76%
Female	74%

PROPORTION OF MALES AND FEMALES IN EACH PAY QUARTILE BAND

	Male	Female
Upper	65%	35%
Upper middle	80%	20%
Lower middle	83%	17%
Lower	76%	24%

HISTORICAL TSR PERFORMANCE

The graph below shows Weir's TSR performance against the performance of the FTSE 350 over the ten-year period to 31 December 2022. The FTSE 350 was chosen because it is a broad equity index of which Weir is a constituent.



DIRECTORS' REMUNERATION REPORT

CONTINUED

CHANGE IN CHIEF EXECUTIVE'S REMUNERATION OVER 10 YEARS

The table below shows the total remuneration over the period 1 January 2013 to 31 December 2022, as well as outcomes under the annual bonus and long-term incentive plans.

Single total figure £000	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Jon Stanton	–	–	–	281 ¹	1,441	2,400	1,434	897	1,768	2,512
Keith Cochrane	1,787	1,456	1,065	1,012 ²	–	–	–	–	–	–
Annual bonus (% of maximum)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Jon Stanton	–	–	–	38%	70%	62%	38%	0% ³	52%	83%
Keith Cochrane	10%	61%	20%	40%	–	–	–	–	–	–
Long-term incentive (% of maximum) ⁴	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Jon Stanton	–	–	–	0%	0%	75%	45%	–	–	–
Keith Cochrane	43%	0%	0%	0%	–	–	–	–	–	–

Notes

- 1 Relates to the period Jon Stanton was CEO from 1 October 2016.
- 2 Relates to the period Keith Cochrane was on the Board to 30 September 2016.
- 3 The formulaic annual bonus outcome for 2020 was 46%, however this was waived by the Executive Directors.
- 4 The final award under the Long Term Incentive Plan was made in 2017 and which vested at 45% of maximum in 2019 as shown above. From 2018, restricted shares were awarded to the CEO which have no performance conditions and the value of which at vest are included in the single total figure table in the relevant year.

PERCENTAGE CHANGE IN REMUNERATION OF BOARD DIRECTORS AND WIDER EMPLOYEE POPULATION

The table below shows the percentage change in elements of remuneration for the Board Directors.

The employee population comprises those employed by The Weir Group PLC.

	% Change 2021-2022			% Change 2020-2021			% Change 2019-2020		
	Salary/ Fees	Taxable Benefits	Bonus	Salary/ Fees	Taxable Benefits ⁴	Bonus ⁴	Salary/ Fees	Taxable Benefits ⁴	Bonus ⁴
All Weir Group PLC Employees	9.1%	(34.2%)	69.3%	0.2%	26.6%	73.6%	(3.3%)	(36.6%)	(65.4%)
Jon Stanton (CEO)	5.4%	7.0%	71.4%	2.3%	0.5%	n/a	0.7%	28.3%	(100.0%)
John Heasley (CFO)	5.3%	(3.0%)	71.0%	2.3%	(1.3%)	n/a	0.7%	7.2%	(100.0%)
Barbara Jeremiah	225.3%	18813.1%	—%	2.3%	(87.8%)	—%	21.8%	n/a	—%
Charles Berry ¹	(66.8%)	85.4%	—%	22.6%	n/a	—%	(16.1%)	(100.0%)	—%
Dame Nicola Brewer ²	n/a	n/a	—%	—%	—%	—%	—%	—%	—%
Clare Chapman	3.8%	n/a	—%	2.3%	(100.0%)	—%	0.7%	n/a	—%
Ebbie Haan	3.8%	n/a	—%	2.3%	(100.0%)	—%	15.6%	n/a	—%
Mary Jo Jacobi	3.8%	n/a	—%	2.3%	(100.0%)	—%	0.7%	(92.4%)	—%
Tracey Kerr ³	n/a	n/a	—%	—%	—%	—%	—%	—%	—%
Ben Magara	9.0%	n/a	—%	—%	—%	—%	—%	—%	—%
Sir Jim McDonald	18.6%	n/a	—%	2.3%	—%	—%	0.7%	n/a	—%
Srinivasan Venkatakrishnan	9.0%	n/a	—%	—%	—%	—%	—%	—%	—%
Stephen Young	3.8%	n/a	—%	2.3%	(100.0%)	—%	0.7%	n/a	—%

Notes

- 1 Charles Berry retired as Chairman following the AGM on 28 April 2022.
- 2 Dame Nicola Brewer was appointed to the Board on 21 July 2022.
- 3 Tracey Kerr was appointed to the Board on 21 July 2022.
- 4 The n/a values shown reflect that a % change cannot be calculated given the nil value in the previous year. The Single Total Figure of Remuneration for Executive Directors on page 125 and the Single Total Figure of Remuneration for Chair and Non-Executive Directors on page 128 provide further detail.

RELATIVE IMPORTANCE OF SPEND ON PAY

The table below shows the change in total staff pay for continuing operations between 2022 and 2021, and dividends paid out in respect of 2022 and 2021.

Financial year	2022 £m	2021 £m	Percentage Change
Overall spend on pay for employees	604.9	509.7	18.7 %
Profit distributed by way of dividend	66.7	29.8	123.8 %

Details of the overall spend on pay for employees can be found in note 5 to the Group Financial Statements on page 168. Details of the dividends declared and paid are contained in note 11 to the Group Financial Statements on page 175.

DIRECTORS' REMUNERATION REPORT

CONTINUED

COMPLYING WITH UK CORPORATE GOVERNANCE CODE 2018

The following table summarises how our Remuneration Policy set out on pages 119-124 fulfils the factors set out in provision 40 of the 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 2022 Directors' Remuneration Report sets out the remuneration arrangements for the Executive Directors in a clear and transparent way. There is also an AGM where Shareholders can ask any questions on the remuneration arrangements.
Simplicity	Remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	Our remuneration arrangements for Executive Directors, as well as those throughout the organisation, are simple in nature and understood by all participants. The structure for Executive Directors consists of fixed pay (salary, benefits, pension), annual bonus scheme and a restricted share plan.
Risk	Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based plans, are identified and mitigated.	The Committee considers that the structure of incentive arrangements does not encourage inappropriate risk-taking. Under the annual bonus, discretion may be applied where formulaic outcomes are not considered reflective of underlying Company performance. There are robust underpins in place for restricted share awards. Malus and clawback provisions also apply to variable incentives.
Predictability	The range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the policy.	The annual bonus scheme is the only scheme currently in operation for Executive Directors where there is variability in payouts depending on the performance of the Company. The restricted share awards are subject to share price movements and therefore aligned with the Shareholder experience. The potential value and composition of the Executive Directors' remuneration packages at below threshold, mid-point, maximum and maximum including a 50% share price increase scenarios are provided in the Directors' Remuneration Policy.
Proportionality	The link between individual awards, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance.	Payments from annual bonus require robust performance against challenging conditions. Performance conditions have been designed to link with Group strategy and consist of financial and non-financial metrics. The Committee has discretion to override formulaic outturns to ensure that they are appropriate and reflective of overall performance.
Alignment to culture	Incentive schemes should drive behaviours consistent with Company purpose, values and strategy.	We granted free shares under Weir ShareBuilder to all employees newly-attaining 12 months' service by the 2022 award date. ShareBuilder is our global all employee share plan, and is part of our ambition of making all Weir colleagues Shareholders. The variable incentive schemes, performance measures and underpins are designed to be consistent with the Company's purpose, values and strategy.

DIRECTORS' REMUNERATION REPORT

CONTINUED

THE REMUNERATION COMMITTEE

The Remuneration Committee in 2022

There were five Committee meetings during 2022.

Role	Name	Title
Chair and members	Clare Chapman Dame Nicola Brewer ¹ Ebbie Haan ² Mary Jo Jacobi Ben Magara Stephen Young	Independent Non-Executive Directors
Internal attendees	Charles Berry ³ Barbara Jeremiah ⁴ Jon Stanton Rosemary McGinness Craig Gibson Gillian Kyle Graham Vanhegan	Chairman Chair Chief Executive Officer Chief People Officer Group Head of Reward Deputy Company Secretary Chief Legal Officer and Company Secretary and Secretary to the Committee
Committee's external adviser	Deloitte LLP	Adviser to Committee

Notes

1 From 21 July 2022.

2 Until 21 July 2022.

3 Until 28 April 2022.

4 As Chair-designate until 28 April 2022 and as Chair from 28 April 2022.

Internal advisers provided important information to the Committee and attended meetings. None of the individuals were involved in any decisions relating to their own remuneration.

Deloitte LLP was appointed by the Committee in 2016 following a competitive tender process, and provided services to the Committee for the year ended 31 December 2022. Fees paid to Deloitte LLP for work that materially assisted the Committee were £110,100 charged on a time and material basis. Deloitte LLP also provided other services to the Weir Group in the year, principally tax advisory and compliance services. Deloitte is a signatory to the Remuneration Consultants' Group Voluntary Code of Conduct and the Committee is satisfied that Deloitte's advice was objective and independent. Deloitte LLP has no other connections with the Group or its directors.

COMMITTEE'S PERFORMANCE

The Committee's Terms of Reference are reviewed on an annual basis and were last updated in December 2022. A copy can be found on our website www.global.weir/investors/corporate-governance/board-committees.

The Committee was evaluated as part of the 2022 Board Effectiveness Review, and it was concluded that the Committee was fulfilling its terms of reference effectively.

DIRECTORS' REMUNERATION REPORT

CONTINUED

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 2022.

	For	Against	Total Votes Cast	Withheld
Remuneration Report	208,732,643 (95.03%)	10,926,108 (4.97%)	219,658,751 (84.61%)	28,623

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 2022.

	For	Against	Total Votes Cast	Withheld
Remuneration Policy	193,938,328 (90.47%)	20,430,745 (9.53%)	214,369,073 (82.57%)	5,321,171

ANNUAL GENERAL MEETING

This report will be submitted to Shareholders for approval at the Annual General Meeting to be held on 27 April 2023.



CLARE CHAPMAN

Chair of Remuneration Committee

1 March 2023

DIRECTORS' REPORT

The Directors present their report for the year ended 31 December 2022.

The Directors' Report includes the Corporate Governance Report from pages 73 to 139, 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 71:

- Particulars of any important events, if any, affecting the Company which have occurred since the end of the financial year.
- An indication of likely future developments in the business of the Company.
- An indication of the activities of the Company in the field of research and development.
- Details of employee policy and involvement (page 27).
- Information on greenhouse gas emissions (page 4).
- Principal risks and uncertainties (pages 65 to 71).
- 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 72) and in the Corporate Governance Report pages 73 to 139. The Board decisions table on page 86 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 dividends (LR 9.8.4(12))	136

Paragraphs (1), (2), (4), (7), (8), (9), (10), (11), (13) and (14) of Listing Rule 9.8.4 are not applicable.

Details of Directors' beneficial and non-beneficial interests in the shares of the Company are shown on page 129 of the Directors' Remuneration Report. There have been no changes in the interests of each Director between 31 December 2022 and the date of this Report.

This Annual Report has been prepared for, and only for, the members of the Company, as a body, and no other persons. The Company, its Directors, employees, agents and advisers, do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come, and any such responsibility or liability is expressly disclaimed. This Annual Report may contain statements that are not based on current or historical fact and/or that are forward-looking in nature. Please refer to the cautionary statement on page 2.

COMPANY NUMBER

The Weir Group PLC is registered in Scotland under company number SC002934.

2023 ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 27 April 2023 at 2.30pm at the Head Office, 1 West Regent Street, Glasgow, G2 1RW.

The Notice of Meeting, along with an explanation of the proposed resolutions, are set out in a separate document which accompanies this Annual Report and can be downloaded from the Company's website. The Company conducts the vote at the AGM by poll and the result of the votes, including proxies, is published on the Company's website after the meeting.

DIVIDEND

The Directors have recommended a final dividend of 19.3p per share for the year ended 31 December 2022. Payment of this dividend is subject to Shareholder approval at the 2023 AGM.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2022 and up to the date of this Report, the following information has been received, in accordance with DTR 5, from holders of notifiable interests in the Company's issued share capital. The information provided below was correct at the date of notification; however, the date of receipt may not have been within the current financial year. It should be noted that these holdings are likely to have changed since the Company was notified. However, notification of any change is not required until the next notifiable threshold is crossed:

Shareholder	Number of voting rights	Percentage of voting rights
BlackRock, Inc.	14,221,625	5.2%
Massachusetts Financial Services Company	12,848,347	5.09%
Lion Trust Investment Partners LLP	13,490,516	5.196%

Between 31 December 2022 and 1 March 2023, the Company was notified of the following changes to the table above:

TR-1 received from Black Creek Investment Management Inc. on 16 January 2023. Number of voting rights 12,985,151. Percentage of voting rights 5.002%.

TR-1 received from Baillie Gifford & Co on 26 January 2023. Number of voting rights 12,917,453. Percentage of voting rights 4.98%.

DIRECTORS' REPORT

CONTINUED

EMPLOYMENT POLICY AND INVOLVEMENT

The average number of employees in the Group during the period is given in note 5 to the Group Financial Statements on pages 168-169.

Group companies operate within a framework of HR policies, practices and regulations appropriate to their market sector and country of operation. Policies and procedures for recruitment, training and career development promote equality of opportunity regardless of gender, sexual orientation, age, marital status, disability, race, religion or other beliefs and ethnic or national origin. At Weir, we strive to build an inclusive culture in which all employees have the opportunity to succeed and to be able to do the best work of their lives. The Group remains committed to the fair treatment of people with disabilities regarding recruitment, training, promotion and career development. Meaningful dialogue with our employees is actively encouraged. Further details are included on page 27.

As at 31 December 2022, there were 12,032 (2021: 11,428) people, excluding contingent workers, employed by the Group of whom 2,091 (2021: 1,907) were female, 9,919 (2021: 9,514) were male and 22 (2021: seven) did not disclose their gender. As at 31 December 2022, there were 12 (2021: 11) Directors of The Weir Group PLC Board, seven (2021: eight) of whom were male and five (2021: three) were female. Excluding the Executive Directors, there were 40 (2021: 39) males and 13 (2021: 16) females in our Senior Management team, which includes statutory Directors of corporate entities whose financial information is consolidated in the Group's financial statements in this Annual Report.

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 30 to the Group Financial Statements on pages 202 to 208.

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 25 to the Group Financial Statements on page 197. 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').

The Computershare EBT purchased 1,275,393 shares in the market at an aggregate value of £20,023,937.25 on behalf of the Company for satisfaction of any future vesting of the awards granted under the Share Reward Plan and the ShareBuilder plan. The Computershare EBT had 127 shares returned from Computershare Nominee relating to incorrect vestings from the Share Reward and ShareBuilder plans.

During the period, the SRP vested and the trustees of the Computershare EBT transferred 542,873 ordinary shares to employees to satisfy the SRP awards and transferred 1,522 shares to Computershare Nominee to be held on behalf of participants and subject to the rules of the SRP Deferred Bonus Plan.

During the period, the ShareBuilder plan vested and the trustees of the Computershare EBT transferred 132,498 ordinary shares to employees to satisfy the ShareBuilder plan awards.

Both the Estera EBT and Computershare Nominee agreed to waive any right to all dividend payments on shares held by them with the exception of shares held in respect of awards which have a dividend entitlement.

Details of the shares held by the Computershare Nominee, the Computershare EBT and the Estera EBT are set out in note 25 to the Group Financial Statements on page 197.

The 947,172 shares held in the Computershare Nominee are the shares in respect of which dividends have not been waived. The 135,969 shares held in the Computershare Nominee are subject to post vesting restrictions.

The Computershare Nominee held 0.36% of the issued share capital of the Company as at 31 December 2022. The shares are held on behalf of employees and former employees of the Group.

The Computershare EBT held, through nominee account Computershare Nominees (Channel Islands) Limited, 0.34% of the issued share capital of the Company as at 31 December 2022. This is held in trust on behalf of the Company for satisfaction of any future vesting of the awards granted under the Share Reward and ShareBuilder Plans.

The voting rights in relation to these shares are exercised by the trustees. The Computershare 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 2022 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 2022. 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.

DIRECTORS' REPORT

CONTINUED

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.

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 2022 and remain in force for the benefit of each of the Directors of The Weir Group Pension Trust Limited. These indemnity provisions cover, to the extent permitted by law, certain losses or liabilities incurred as a Director or officer of the corporate trustees of the pension schemes.

CHANGE OF CONTROL – SIGNIFICANT AGREEMENTS

The following significant agreements contain provisions entitling the counterparties to require prior approval, exercise termination, alteration or similar rights in the event of a change of control of the Company.

The Group has in place a US\$800m multi-currency revolving credit facility (the 'Facility') which is due to mature in April 2027. Under the terms of this Facility, if there is a change of control of the Company, the Company has 30 days from the date of the change of control to agree terms for continuing the Facility.

If at the end of the 30 days no agreement is reached between the Company and the banks, then any lender may request, by not less than 30 days' notice to the Company, that its commitment be cancelled and all outstanding amounts be repaid to that lender at the expiry of such notice period.

The Group has in place a £300m term loan facility (the 'Term Loan') which is due to mature in January 2024. Under the terms of this Term Loan, 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 also has issued \$800m Sustainability-Linked Notes. If a Change of Control Repurchase Event occurs, the Company will be required to make an offer to each Holder of the Notes to repurchase all or any part of the Notes of such Holders at a repurchase price in cash equal to 101% of the aggregate principal amount of the Notes repurchased, plus any accrued and unpaid interest on the Notes repurchased to, but not including, the date of repurchase. A Change of Control Repurchase Event means the occurrence of both a Change of Control and a Rating Event.

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid.

DIRECTORS' REPORT

CONTINUED

CONFIRMATIONS

So far as each of the Directors is aware, there is no relevant audit information (as defined by section 418 of the Companies Act 2006) of which the Company's auditors are unaware.

Each of the Directors has taken all of the steps that he or she ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

GOING CONCERN

These financial statements have been prepared on the going concern basis.

As discussed in the Chief Executive Officer's review, the Group has seen highly favourable conditions in its mining end markets during 2022. This, coupled with the benefits of executing strongly in our first full year as a mining technology leader, resulted in the Group taking significant steps towards achieving our medium-term targets. This is reflected in our financial performance with significant year-on-year growth in revenue, profit and cash generation.

As discussed in the Financial Review, the Group has extended the maturity profile of its debt financing, in advance of the final US\$200m tranche of the Group's US Private Placement debt repayment in February 2023. In April 2022, the Group completed the refinancing of its US\$950m Revolving Credit Facility (RCF) which was due to expire in June 2023. This was replaced with a US\$800m RCF which will mature in April 2027, with the option to extend up to a further two years. In January 2023, the Group also put in place a new £300m medium-term loan which ensures the Group retains substantial levels of liquidity at highly favourable interest rates.

While mining markets continue to show strength, there remains macroeconomic uncertainty and ongoing risk from Covid-19, inflation and supply chain disruption. Recognising these uncertainties, the Group performed financial modelling of future cash flows, which cover a period of 12 months from the approval of the 2022 Annual Report and Financial Statements.

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 20 to the Group Financial Statements) and related financial covenants (note 31 to the Group Financial Statements). 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

1 March 2023

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 UK-adopted International Accounting Standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law.)

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 and the UK-adopted International Accounting Standards, have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Each of the Directors, as at the date of this report, confirms to the best of their knowledge that:

- The Group financial statements, which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the UK-adopted International Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- The Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- The Strategic Report and the Directors' Report include a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each director in office at the date the Directors' Report is approved:

- So far as the director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- They have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

On behalf of the Board of Directors



JON STANTON
Chief Executive Officer

1 March 2023



JOHN HEASLEY
Chief Financial Officer

1 March 2023

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 2022 and of the Group's profit and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions 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, including FRS 101 'Reduced Disclosure Framework', and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements 2022 (the 'Annual Report'), which comprise: the Consolidated and Company Balance Sheets as at 31 December 2022; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

In October 2022, three members of the Weir Minerals Mongolia LLC's finance department, a wholly owned subsidiary of The Weir Group PLC, attended a generic PwC IFRS training event available to individuals in Mongolia, for a total fee of £620. Approval to provide this service was not sought by the local PwC team. This is a breach of the independence rules as the service is prohibited under the paragraph 5.40 of the FRC Ethical Standard 2019.

We confirm that, based on our assessment of these breaches, the nature and scope of the service and the subsequent actions taken, the provision of the service has not affected our professional judgements in connection with our audit of the year ended 31 December 2022.

Other than the matter referred to above, and to the best of our knowledge and belief, we declare that no non-audit services prohibited by the FRC's Ethical Standard were provided to the Group.

Other than those disclosed in note 5 of the Notes to the Group Financial Statements, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

OUR AUDIT APPROACH

Context

The Group is organised into two continuing Divisions: Minerals and ESCO. On 1 February 2021, the Group completed its disposal of the majority of the Oil & Gas Division, and the disposal of the Group's shareholding in the remaining joint venture in the Oil & Gas Division was completed on 30 June 2021. The sale of the Oil & Gas Division has been disclosed as a discontinued operation in the current and prior year. Each continuing division conducts its business in a number of locations around the world. Many of the business locations (or components) are of a similar size, so we scoped our audit to ensure we had appropriate coverage of the Group. We included components that accounted for the largest share of the Group's results or where we considered there to be areas of significant risk.

Overview

Audit scope

- We conducted audit work on thirteen components in seven countries. We conducted full scope audits on seven of these components, specified scope on three components and specified procedures on the remaining three components.
- The thirteen components where we performed audit work accounted for 67% of total Group revenue and 54% of adjusted profit before tax from continuing operations.

Key audit matters

- Valuation of pension liabilities (Group and Company)
- Valuation of pension assets (Group and Company)
- Accounting for asbestos related claims (Group)

Materiality

- Overall Group materiality: £17,375,000 (2021: £12,445,000) based on 5% of profit before tax and adjusting items from continuing operations.
- Overall Company materiality: £15,000,000 (2021: £11,325,000) based on 1% of net assets capped at 86% of Group materiality.
- Performance materiality: £13,031,250 (2021: £9,333,750) (Group) and £11,250,000 (2021: £8,494,000) (Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE WEIR GROUP PLC

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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.

The completeness, existence and accuracy of financial information following the cyber incident, the valuation of goodwill and intangible assets following the acquisition of Motion Metrics and the valuation of deferred tax assets in the US, which were key audit matters last year, are no longer included because of them being either no longer applicable or not significant audit risks. Otherwise, the key audit matters below are consistent with last year.

Key audit matter

Valuation of pension liabilities (Group and Company)

The Group operates a number of defined benefit pension plans, giving rise to a defined benefit obligation of £719.2m as at 31 December 2022 (2021: £1,017.3m). In respect of the Company, there is a liability of £560.1m as at 31 December 2022 (2021: £830.2m).

These balances are significant in the context of the overall Balance Sheet of the Group and of the Company. The valuation of pension liabilities requires judgement and technical expertise in choosing appropriate assumptions such as discount rate, inflation and mortality.

Management engaged external actuarial experts to assist them in selecting appropriate assumptions and to calculate the liabilities. Inappropriate selection of assumptions or methodologies for calculating the pension liabilities could result in a material difference in the value of the liabilities. The use of a regulated and qualified third party mitigates the risk to a degree, however it remains a judgemental area with significant values involved.

How our audit addressed the key audit matter

We reviewed the independent actuary's report on the assumptions and methodology used to calculate the pension liabilities and compliance of management's approach with the relevant accounting standard IAS 19 'Employee Benefits' (Revised). We used our actuarial experts to assess whether the assumptions used in calculating the pension liabilities are reasonable by:

- assessing whether mortality assumptions are appropriate in line with the demographics of each significant plan and, where applicable, with UK industry benchmarks;
- verifying that the methodology of the discount and inflation rate assumptions is in line with the accounting framework and the position of the assumptions are within our acceptable ranges; and
- performing independent testing of the roll-forward approach to calculate the liabilities for the significant plans and compared against management's actuary's results.

Based on our procedures, we concluded management's key assumptions individually and collectively were acceptable. We assessed the related disclosures included in the Group and Company financial statements and consider them to be appropriate and in compliance with IAS 19 'Employee Benefits' (Revised).

Valuation of pension assets (Group and Company)

The Group operates a number of defined benefit pension plans, giving rise to pension assets of £736.1m as at 31 December 2022 (2021: £960.6m). In respect of the Company, pension assets are £610.1m as at 31 December 2022 (2021: £816.8m).

The significant risk relates to the complex pooled investment vehicles and insured assets. The scheme holds investments in pooled funds which have complex underlying investments or do not have a quoted price. These funds are more complex in nature, comprising a mixture of assets including private equity and derivatives. There is a moderate level of estimation uncertainty and complexity in valuing the underlying funds given the lack of observable inputs in respect of a number of the assets.

The UK Main scheme has insured assets of £219.9m as at 31 December 2022 (2021: £293.2m). The values of these assets are set with reference to the actuarial assumptions used to set the defined benefit obligation. Therefore, in line with the calculation of the liabilities, these annuities are complex and have a moderate degree of estimation uncertainty.

For the pooled investment vehicles (PIVs) we:

- obtained independent third party confirmations from the Investment Managers;
- understood the PIV's strategy and nature of the underlying investments;
- assessed the basis and frequency of pricing; and
- assessed whether there are any restrictions on the purchase or sale of either the underlying assets or units held by an investor which would impact the fair value of the investment.

For the complex PIVs we performed the following, where applicable:

- requested and reviewed details of transactions close to the year end to compare against the year end valuation;
- reviewed the controls report of the entity responsible for pricing the investment;
- obtained and read the most recent audited financial statements of the PIV;
- compared valuations in the audited financial statements to the Investment Manager's unaudited confirmations at the same date;
- for PIVs that did not have a valuation at the Balance Sheet date understood how any capital changes (i.e. purchases, sales, subscriptions or redemptions) in the period between the date of the valuation (as per the confirmation) and the entity's Balance Sheet date have been accounted for; and
- evaluated the evidence obtained.

For the insured assets, we engaged our internal actuarial experts to review the valuation of the buy-in annuity policies at 31 December 2022. Based on our procedures, we concluded that the valuation of the assets is appropriate.

We assessed the related disclosures included in the Group and Company financial statements and consider them to be appropriate and in compliance with IAS 19 'Employee Benefits' (Revised).

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE WEIR GROUP PLC

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Key audit matter

Accounting for asbestos-related claims (Group)

Total asbestos-related provisions as at 31 December 2022 amounted to £55.2m (2021: £61.6m). This consists of a provision of £52.7m (2021: £58.5m) for the Group's liabilities arising from asbestos-related damages claims in the US and £2.5m in the UK (2021: £3.1m).

The valuation of the liability involves significant estimation. In arriving at the estimate of the liability, management is required to make assumptions that include the number and value of claims and the time period over which the liability can be reliably measured. As a result, there is a high degree of uncertainty in this estimate and management uses an independent actuary to assist with this assessment.

The Group has insurance cover in place to partially offset the US provision of £32.0m as at 31 December 2022 (2021: £42.2m) which is recognised within other receivables. After deduction of the insurance asset there is a net provision for the estimated uninsured US liability of £20.7m (2021: £16.3m).

How our audit addressed the key audit matter

We performed procedures on both the UK and US asbestos liabilities. The US provision is the more significant and has a greater level of estimation uncertainty.

Management obtains a triennial actuarial estimate of the US asbestos liability from an independent expert and the most recent assessment was performed by external actuarial consultants in 2020. We involved our PwC actuarial experts to assess the 2020 valuation and the reasonableness of the methodology used by the independent expert.

We evaluated management's underlying assumptions used in its calculation which included testing of:

- the mathematical accuracy of the underlying calculations in management's model;
- the input data to management's model, such as the average cost per claim and the number of settled claims to source data, which we verified directly with the Group's external lawyers and to the independent actuarial assessment; and
- the reasonableness of forecast number and value of claims to be settled to the actuarial assessment for the period of provision.

We evaluated the appropriateness of management's assessment of the timescale over which a liability can be reliably measured, which remains at ten years. We also examined the insurance cover held by the Group and recalculated the expected date of insurance exhaustion to be in line with that disclosed by management. In addition, we validated that the insurance cover remains active and currently continues to settle claims as expected.

We tested the reasonableness of the provision made for the estimated uninsured liability.

Finally, we tested the disclosures in the financial statements and checked for compliance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and IAS 1 'Presentation of Financial Statements' and considered them to be appropriate.

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 Divisions: Minerals and ESCO. On 1 February 2021, the Group completed its disposal of the majority of the Oil & Gas Division, and the disposal of the Group's shareholding in the remaining joint venture in the Oil & Gas Division was completed on 30 June 2021. The sale of the Oil & Gas Division has been disclosed as a discontinued operation in the current and prior year. Each continuing division conducts its business in a number of locations around the world. Many of the business locations (or components) are of a similar size, so we scoped our audit to ensure we had appropriate coverage of the Group. We included components that accounted for the largest share of the Group's results or where we considered there to be areas of significant risk.

The Group's components vary significantly in size and we identified seven components that, in our view, required an audit of their complete financial information due to their relative size or risk characteristics. Of these full scope component audits, two were based in the UK and were performed by members of the Group engagement team. These covered central functions and Head Office managed balances, including the asbestos provision, treasury, uncertain tax provisions, post-retirement benefits, goodwill and intangibles.

The remaining five full scope component audits were performed by other PwC network firms. Other PwC network firms also performed specific scope audits over a further three components, which covered all line items on the income statement and specified line items on the balance sheet. Specified procedures audits were performed on the remaining three components and this work was completed by the Group audit team.

The scope of work at each component was determined by its contribution to the Group's overall financial performance or balance sheet and its risk profile. Where component audits were performed by teams from other PwC network firms, members of the Group engagement team were involved in their work throughout the audit. We maintained regular communication and conducted formal interim and year end video calls with all full and specified scope component teams. The discussions during the audit also included divisional management. Members of the Group audit team visited two overseas locations.

Of the thirteen components in scope, we deemed three to be financially significant to the Group.

The impact of climate risk on our audit

Our Group and component audits considered the impact of climate change. As part of our audit, we made enquiries with management to understand the process adopted to assess the extent of the potential impact of climate risk on the Group's financial statements and to support the disclosures made in the Sustainability Review in the Strategic Report. We also read the Group's governance process in response to climate risk and read additional reporting made by the Group including its Carbon Disclosure Project ('CDP') public submission. Our testing involved:

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE WEIR GROUP PLC

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- making enquiries with local and Group management and the Group Sustainability team to obtain their risk assessment and understand the governance processes in place to address climate risk impacts;
- reviewing the Group's CDP submission made during 2022; and
- obtaining an understanding of the carbon reduction commitments made by the Group and the impact of these on the financial statements.

In 2022, the Group submitted new scope 1, 2 and 3 emissions reduction targets to the Science Based Targets Initiative (SBTi) for validation. The proposed new targets include absolute reductions in scope 1 and 2 emissions of 30% and scope 3 emissions of 15% by 2030, versus a 2019 baseline. Management does not consider the annual CAPEX and operating costs required to deliver the plan across the target period to be material to the financial plans of the Group.

Using our knowledge of the business, we focused our work on how the impact of climate commitments made by the Group would impact the assumptions within the discounted cash flows prepared by management that are used in the Group's goodwill and indefinite life asset impairment tests. We also evaluated whether the impact of both physical and transitional risks had been appropriately included in management's going concern and viability assessments.

We challenged the completeness of management's climate impact assessment by reading the external reporting made by management, including the CDP submission in 2022, as well as internal climate plans and Board minutes. We also considered the completeness of the impact on financial statement line items by comparing management's assessment of the impact of climate risk, including the potential impact on the underlying assumptions and estimates as outlined in the basis of preparation in note 1 of the Notes to the Group financial statements.

Finally, we assessed the consistency of the information in the front half of the Annual Report regarding Task Force on Climate-Related Financial Disclosures (TCFD) and the financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - Group	Financial statements - Company
Overall materiality	£17,375,000 (2021: £12,445,000).	£15,000,000 (2021: £11,325,000).
How we determined it	5% of profit before tax and adjusting items from continuing operations	1% of net assets capped at 86% 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.	The nature of the Company's activities supports a net asset basis for the calculation of materiality.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £500,000 and £15,000,000. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to £13,031,250 (2021: £9,333,750) for the Group financial statements and £11,250,000 (2021: £8,494,000) 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 £868,000 (Group audit) (2021: £620,000) and £750,000 (Company audit) (2021: £566,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

CONCLUSIONS RELATING TO GOING CONCERN

Our evaluation of the Directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- review and evaluation of management's cash flow forecasts and the process by which they were determined and approved, agreeing the forecasts with the latest Board approved budgets and confirming the mathematical accuracy of underlying calculations;
- assessment of management's forecast assumptions for a base case and severe but plausible downside scenarios on the Group's ability to continue as a going concern; and
- consideration of the Group's liquidity and availability of financing to support the going concern basis of accounting.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE WEIR GROUP PLC

CONTINUED

In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2022 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 and Company 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE WEIR GROUP PLC

CONTINUED

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the wide variety of jurisdictions in which the Group operates, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Listing Rules, the Companies Act 2006, UK and overseas tax legislation and UK adopted IFRS. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or profit. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- discussions with management, internal audit and Group General Counsel, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud or matters reported on the Group's Ethics Hotline;
- evaluation of management's controls designed to prevent and detect irregularities;
- review of Board Minutes;
- challenging assumptions and judgements made by management in its significant accounting estimates, in particular in relation to the classification of costs as exceptional; and
- identifying and testing journal entries, in particular any journal entries posted by Senior Management or unexpected users and unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE WEIR GROUP PLC

CONTINUED

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 seven years, covering the years ended 31 December 2016 to 31 December 2022.

OTHER MATTER

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.



Kenneth Wilson (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Glasgow

1 March 2023

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Year ended 31 December 2022			Year ended 31 December 2021		
		Adjusted results £m	Adjusting items (note 6) £m	Statutory results £m	Adjusted results £m	Adjusting items (note 6) £m	Statutory results £m
Continuing operations							
Revenue	4	2,472.1	—	2,472.1	1,933.6	—	1,933.6
Continuing operations							
Operating profit before share of results of joint ventures		392.3	(87.3)	305.0	294.5	(39.6)	254.9
Share of results of joint ventures	16	2.5	—	2.5	1.7	—	1.7
Operating profit		394.8	(87.3)	307.5	296.2	(39.6)	256.6
Finance costs	7	(51.0)	—	(51.0)	(52.7)	—	(52.7)
Finance income	7	3.7	—	3.7	5.6	—	5.6
Profit before tax from continuing operations		347.5	(87.3)	260.2	249.1	(39.6)	209.5
Tax (expense) credit	8	(92.5)	44.9	(47.6)	(63.8)	9.4	(54.4)
Profit for the year from continuing operations		255.0	(42.4)	212.6	185.3	(30.2)	155.1
Profit (loss) for the year from discontinued operations	9	1.2	—	1.2	(2.2)	106.1	103.9
Profit (loss) for the year		256.2	(42.4)	213.8	183.1	75.9	259.0
Attributable to:							
Equity holders of the Company		255.8	(42.4)	213.4	182.6	75.9	258.5
Non-controlling interests		0.4	—	0.4	0.5	—	0.5
		256.2	(42.4)	213.8	183.1	75.9	259.0
Earnings per share	10						
Basic – total operations				82.5p			99.7p
Basic – continuing operations		98.4p		82.0p	71.3p		59.6p
Diluted – total operations				82.0p			99.0p
Diluted – continuing operations		97.8p		81.5p	70.8p		59.2p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Profit for the year		213.8	259.0
Other comprehensive income (expense)			
Losses taken to equity on cash flow hedges		—	(0.2)
Exchange gains (losses) on translation of foreign operations		223.1	(29.9)
Reclassification of foreign currency translation reserve on disposal of operations	6,9	0.1	(103.4)
Exchange losses on net investment hedges		(124.9)	(18.2)
Reclassification adjustments on cash flow hedges		0.5	0.1
Tax relating to other comprehensive expense to be reclassified in subsequent periods	8	(0.1)	—
Items that are or may be reclassified to profit or loss in subsequent periods		98.7	(151.6)
Other comprehensive income (expense) not to be reclassified to profit or loss in subsequent periods:			
Remeasurements on defined benefit plans	24	65.3	96.3
Tax relating to other comprehensive income not to be reclassified in subsequent periods	8	(16.3)	(21.1)
Items that will not be reclassified to profit or loss in subsequent periods		49.0	75.2
Net other comprehensive income (expense)		147.7	(76.4)
Total net comprehensive income for the year		361.5	182.6
Attributable to:			
Equity holders of the Company		360.8	182.5
Non-controlling interests		0.7	0.1
		361.5	182.6
Total net comprehensive income (expense) for the year attributable to equity holders of the Company			
Continuing operations		359.6	183.3
Discontinued operations	9	1.2	(0.8)
		360.8	182.5

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2022

		31 December 2022	Restated (note 2) 31 December 2021
	Notes	£m	£m
ASSETS			
Non-current assets			
Property, plant & equipment	12	462.2	415.9
Intangible assets	13	1,409.9	1,308.4
Investments in joint ventures	16	15.1	12.3
Deferred tax assets	23	92.5	57.0
Other receivables	18	76.8	76.5
Retirement benefit plan assets	24	50.0	—
Total non-current assets		2,106.5	1,870.1
Current assets			
Inventories	17	679.1	516.5
Trade & other receivables	18	528.9	505.7
Derivative financial instruments	30	8.9	7.1
Income tax receivable		41.3	33.0
Cash & short-term deposits	19	691.2	564.4
Total current assets		1,949.4	1,626.7
Total assets		4,055.9	3,496.8
LIABILITIES			
Current liabilities			
Interest-bearing loans & borrowings	20	406.3	524.1
Trade & other payables	21	623.5	491.1
Derivative financial instruments	30	13.2	3.8
Income tax payable		7.4	7.6
Provisions	22	35.3	36.3
Total current liabilities		1,085.7	1,062.9
Non-current liabilities			
Interest-bearing loans & borrowings	20	1,082.1	812.8
Other payables	21	1.0	—
Derivative financial instruments	30	—	0.1
Provisions	22	62.9	69.0
Deferred tax liabilities	23	51.4	40.8
Retirement benefit plan deficits	24	34.9	56.7
Total non-current liabilities		1,232.3	979.4
Total liabilities		2,318.0	2,042.3
NET ASSETS		1,737.9	1,454.5
CAPITAL & RESERVES			
Share capital	25	32.5	32.5
Share premium		582.3	582.3
Merger reserve		332.6	332.6
Treasury shares		(14.3)	(5.3)
Capital redemption reserve		0.5	0.5
Foreign currency translation reserve		(108.5)	(206.5)
Hedge accounting reserve		1.9	1.5
Retained earnings		899.5	705.9
Shareholders' equity		1,726.5	1,443.5
Non-controlling interests		11.4	11.0
TOTAL EQUITY		1,737.9	1,454.5

The financial statements were approved by the Board of Directors and authorised for issue on 1 March 2023. The financial statements also comprise the notes on pages 153 to 210.



JON STANTON
Director



JOHN HEASLEY
Director

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Total operations			
Cash flows from operating activities	26		
Cash generated from operations		447.8	266.0
Additional pension contributions paid		(9.7)	(7.8)
Exceptional and other adjusting cash items		(14.2)	(8.6)
Exceptional cash items - acquired vendor liabilities		(9.7)	(11.1)
Income tax paid		(93.4)	(82.4)
Net cash generated from operating activities		320.8	156.1
Cash flows from investing activities			
Acquisitions of subsidiaries, net of cash acquired	26	(15.2)	(67.9)
Purchases of property, plant & equipment		(56.1)	(44.4)
Purchases of intangible assets		(6.6)	(8.4)
Exceptional cash item – proceeds from sale of property		—	15.8
Other proceeds from sale of property, plant & equipment and intangible assets		4.4	14.3
Disposals of discontinued operations, net of cash disposed and disposal costs	9,26	(0.1)	258.5
Exceptional cash item - disposal of ESCO Russia	26	(2.0)	—
Disposals of joint ventures	26	—	24.0
Interest received		4.6	2.6
Dividends received from joint ventures	16	2.7	0.7
Net cash (used in) generated from investing activities		(68.3)	195.2
Cash flows from financing activities			
Proceeds from borrowings		822.8	794.1
Repayments of borrowings		(958.9)	(903.4)
Lease payments		(30.5)	(27.8)
Settlement of derivative financial instruments		(0.3)	10.6
Interest paid		(49.9)	(45.6)
Dividends paid to equity holders of the Company	11	(66.7)	(29.8)
Dividends paid to non-controlling interests		(0.3)	(0.4)
Purchase of shares for employee share plans		(20.0)	(15.0)
Net cash used in financing activities		(303.8)	(217.3)
Net (decrease) increase in cash & cash equivalents		(51.3)	134.0
Cash & cash equivalents at the beginning of the year		500.0	374.1
Foreign currency translation differences		28.8	(8.1)
Cash & cash equivalents at the end of the year	19	477.5	500.0

The cash flows from discontinued operations included above are disclosed separately in note 9.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	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 2020	32.5	582.3	332.6	(6.8)	0.5	(55.4)	1.6	408.3	1,295.6	11.3	1,306.9
Profit for the year	—	—	—	—	—	—	—	258.5	258.5	0.5	259.0
Losses taken to equity on cash flow hedges	—	—	—	—	—	—	(0.2)	—	(0.2)	—	(0.2)
Exchange losses on translation of foreign operations	—	—	—	—	—	(29.5)	—	—	(29.5)	(0.4)	(29.9)
Reclassification of exchange gains on discontinued operations	—	—	—	—	—	(103.4)	—	—	(103.4)	—	(103.4)
Exchange losses on net investment hedges	—	—	—	—	—	(18.2)	—	—	(18.2)	—	(18.2)
Reclassification adjustments on cash flow hedges	—	—	—	—	—	—	0.1	—	0.1	—	0.1
Remeasurements on defined benefit plans	—	—	—	—	—	—	—	96.3	96.3	—	96.3
Tax relating to other comprehensive income	—	—	—	—	—	—	—	(21.1)	(21.1)	—	(21.1)
Total net comprehensive (expense) income for the year	—	—	—	—	—	(151.1)	(0.1)	333.7	182.5	0.1	182.6
Cost of share-based payments inclusive of tax charge	—	—	—	—	—	—	—	10.2	10.2	—	10.2
Dividends	—	—	—	—	—	—	—	(29.8)	(29.8)	—	(29.8)
Purchase of shares for employee share plans	—	—	—	(15.0)	—	—	—	—	(15.0)	—	(15.0)
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	—	(0.4)	(0.4)
Exercise of share-based payments	—	—	—	16.5	—	—	—	(16.5)	—	—	—
At 31 December 2021	32.5	582.3	332.6	(5.3)	0.5	(206.5)	1.5	705.9	1,443.5	11.0	1,454.5

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2022

	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 2021	32.5	582.3	332.6	(5.3)	0.5	(206.5)	1.5	705.9	1,443.5	11.0	1,454.5
Profit for the year	—	—	—	—	—	—	—	213.4	213.4	0.4	213.8
Exchange gains on translation of foreign operations	—	—	—	—	—	222.8	—	—	222.8	0.3	223.1
Reclassification of foreign currency translation reserve on disposal of operations	—	—	—	—	—	0.1	—	—	0.1	—	0.1
Exchange losses on net investment hedges	—	—	—	—	—	(124.9)	—	—	(124.9)	—	(124.9)
Reclassification adjustments on cash flow hedges	—	—	—	—	—	—	0.5	—	0.5	—	0.5
Remeasurements on defined benefit plans	—	—	—	—	—	—	—	65.3	65.3	—	65.3
Tax relating to other comprehensive income	—	—	—	—	—	—	(0.1)	(16.3)	(16.4)	—	(16.4)
Total net comprehensive income for the year	—	—	—	—	—	98.0	0.4	262.4	360.8	0.7	361.5
Cost of share-based payments inclusive of tax credit	—	—	—	—	—	—	—	8.9	8.9	—	8.9
Dividends	—	—	—	—	—	—	—	(66.7)	(66.7)	—	(66.7)
Purchase of shares for employee share plans	—	—	—	(20.0)	—	—	—	—	(20.0)	—	(20.0)
Dividends to non-controlling interests	—	—	—	—	—	—	—	—	—	(0.3)	(0.3)
Exercise of share-based payments	—	—	—	11.0	—	—	—	(11.0)	—	—	—
At 31 December 2022	32.5	582.3	332.6	(14.3)	0.5	(108.5)	1.9	899.5	1,726.5	11.4	1,737.9

NOTES TO THE GROUP FINANCIAL STATEMENTS

CONTINUED

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 2022 ('2022') were approved and authorised for issue in accordance with a resolution of the Directors on 1 March 2023. The comparative information is presented for the year ended 31 December 2021 ('2021').

The Consolidated Financial Statements of The Weir Group PLC have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to those companies reporting under those standards.

The Weir Group PLC is a public limited company, limited by shares, incorporated in Scotland, United Kingdom and is listed on the London Stock Exchange. The principal activities of the Group are described in note 4.

2. ACCOUNTING POLICIES

A. Basis of preparation

These financial statements are presented in Sterling. All values are rounded to the nearest 0.1 million pounds (£m) except where otherwise indicated.

The financial statements are also prepared on a historic cost basis except where measured at fair value as outlined in the accounting policies.

Going concern

The Directors have a reasonable expectation that the Group has adequate resources to continue to operate for a period of at least 12 months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis of preparing the financial statements. In forming this view the Directors have reviewed the Group's budget and sensitivity analysis as discussed further in the Directors' Report on pages 135 to 138.

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 venture. 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 226 to 232.

New accounting standards, amendments and interpretations

The accounting policies that 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 2022:

- i) Property, plant and equipment: Proceeds before intended use - Amendments to IAS 16;
- ii) Annual improvements to IFRS standards 2018-2020;
- iii) Onerous contracts - Cost of fulfilling a contract - Amendments to IAS 37; and
- iv) Reference to conceptual framework amendments to IFRS 3.

The amendments listed above are not considered to have a material impact on the Consolidated Financial Statements of the Group.

The following new accounting standards and interpretations have been published but are not mandatory for 31 December 2022:

- i) Amendments to IAS 1 - Classification of liabilities as current or non-current;
- ii) Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;
- iii) Amendment to IFRS 16 - Leases on sale and leaseback;
- iv) Amendment to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction; and
- v) IFRS 17 'Insurance contracts' as amended in December 2021.

These amendments have not been early adopted by the Group. The impact assessment is ongoing, however, from initial review these standards are not expected to have a material impact on the Group in the current or future reporting periods or on foreseeable future transactions.

Climate change

Climate change is considered to be a key element of our overall sustainability roadmap. As well as considering the impact of climate change across our business model, the Directors have considered the impact on the financial statements in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Climate change is not considered to have a material impact on the financial reporting judgements and estimates arising from our considerations. Overall, sustainability is recognised in the market as a growth driver for Weir and a key part of our investment case. This is consistent with our assessment that climate change is not expected to have a detrimental impact on the viability of the Group in the medium-term. Specifically we note the following:

- The impact of climate change has been included in the modelling to assess the viability and going concern status of the Group, both in terms of the preparation of our Strategic Plan, which underpins our viability statement modelling, and the modelling of our severe, but plausible downside scenarios;

NOTES TO THE GROUP FINANCIAL STATEMENTS

CONTINUED

- Our assessment of the carrying value of goodwill and intangible assets included consideration of scenario analysis of potential climate change on our end markets and this did not introduce a set of circumstances that were considered could reasonably lead to an impairment;
- The impact on the carrying value and useful lives of tangible assets has been considered and while we continue to invest in projects to reduce our carbon impact, there is not considered to be a material impact on our existing asset base; and
- In May 2021, the Group successfully completed the issuance of five-year US\$800m Sustainability-Linked Notes. The cost of meeting our linked targets in 2024 has been considered within the above modelling and the impact is not material.

Further detail on our science-based targets and performance against them is included in the Emissions Strategy in the Strategic Report.

B. Prior year restatement

Following the acquisition of Motion Metrics during the year ended 31 December 2021, the Group has completed the review of the opening balance sheet (OBS) position acquired. As part of this process, the Group has identified the adjustments below that are required to the opening balance sheet, which was reported in the 2021 Annual Report.

Restated Consolidated Balance Sheet (extract) at 31 December 2021

	As previously reported £m	Adjustment to OBS £m	Restated £m
Non-current assets			
Property, plant & equipment	415.3	0.6	415.9
Intangible assets	1,308.3	0.1	1,308.4
Current assets			
Inventories	517.1	(0.6)	516.5
Income tax receivable	32.0	1.0	33.0
Current liabilities			
Interest-bearing loans & borrowings	523.9	0.2	524.1
Trade & other payables	490.6	0.5	491.1
Provisions	36.5	(0.2)	36.3
Non-current liabilities			
Interest-bearing loans & borrowings	812.3	0.5	812.8
Deferred tax liabilities	40.7	0.1	40.8
NET ASSETS	1,454.5	—	1,454.5

C. 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 105.

Critical judgments and estimates

The areas where management considers critical judgements and estimates to be required, which are areas more likely to be materially adjusted within the next 12 months due to inherent uncertainty regarding estimates and assumptions, are those in respect of the following:

i) Retirement benefits (estimate)

The assumptions underlying the valuation of retirement benefit assets and liabilities include discount rates, inflation rates and mortality assumptions, which are based on actuarial advice. Changes in these assumptions could have a material impact on the measurement of the Group's retirement benefit obligations. Sensitivities to changes in key assumptions are provided in note 24.

ii) Provisions (judgement/estimate)

Management judgement is used to determine when a provision is recognised, taking into account the commercial drivers that gave rise to it, the Group's previous experience of similar obligations and the progress of any associated legal proceedings. The calculation of provisions typically involves management estimates of associated cash flows and discount rates. The key provision, which currently requires a greater degree of management judgement and estimate is the US asbestos provision and associated insurance asset, details of which are included in note 22.

iii) Deferred taxation (estimate)

The level of current and deferred tax recognised in the financial statements is dependent on subjective judgements as to the interpretation of complex international tax regulations and, in some cases, the outcome of decisions by tax authorities in various jurisdictions around the world, together with the ability of the Group to utilise tax attributes within the time limits imposed by the relevant tax legislation. The value of the recognised US deferred tax asset in relation to US tax attributes is based on expected future US taxable profits with reference to the Group's ten-year forecast period and assumptions over the intended use of these tax attributes during this period. The application of this model and its

NOTES TO THE GROUP FINANCIAL STATEMENTS

CONTINUED

underlying assumptions may result in future changes to the deferred tax asset recognised. In particular, the recognition of US deferred tax assets relating to deferred intra-group interest deductions is based upon the current policy and modelling demonstrating full utilisation of that attribute over the ten-year forecast period. If the current policy were to change then the utilisation of this tax attribute, as demonstrated by the model, may reduce resulting in a reduction in US deferred tax asset recognised of a maximum of £41.2m.

Other estimates

i) Taxation (estimate)

The Group faces a variety of tax risks, which result from operating in a complex global environment, including the ongoing reform of both international and domestic tax rules in some of the Group's larger markets and the challenge to fulfil ongoing tax compliance filing and transfer pricing obligations given the scale and diversity of the Group's global operations.

The Group makes provision for open tax issues where it is probable that an exposure will arise including, in a number of jurisdictions, ongoing tax audits and uncertain tax positions including transfer pricing which are by nature complex and can take a number of years to resolve. In all cases, provisions are based on management's interpretation of tax law in each country, as supported where appropriate by discussion and analysis undertaken by the Group's external advisers, and reflect the single best estimate of the likely outcome or the expected value for each liability. Provisions for uncertain tax positions are included in current tax liabilities and total £7.1m at 31 December 2022 (2021: £7.0m).

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.

D. Accounting policies

Adjusting items

In order to provide the users of the Consolidated Financial Statements with a more relevant presentation of the Group's performance, statutory results for each year have been analysed between:

- i) adjusted results; and
- ii) the effect of adjusting items.

The principal adjusting items are summarised below. These specific items are presented on the face of the Consolidated Income Statement, along with the related adjusting 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 business performance is measured internally.

i) Intangibles amortisation

Intangibles amortisation is expensed in line with the other intangible assets policy, with separate disclosure provided to allow visibility of the impact of both:

- a) intangible assets recognised via acquisition, which primarily relate to items that would not normally be capitalised unless identified as part of an acquisition opening balance sheet. The ongoing costs associated with these assets are expensed; and
- b) ongoing multi-year investment activities, which currently include our IT transformation strategy and digitalisation strategy.

During the year, amortisation of £5.7m (2021: £5.3m) is included within adjusted operating profit in relation to assets which are no longer part of ongoing multi-year investment activities.

ii) Exceptional items

Exceptional items are items of income and expense which, because of the nature, size and/or infrequency of the events giving rise to them, merit separate presentation. Exceptional items may include, but are not restricted to: profits or losses arising on disposal or closure of businesses; the cost of significant business restructuring; significant impairments of intangible or tangible assets; adjustments to the fair value of acquisition-related items such as contingent consideration and inventory; acquisitions and other items deemed exceptional due to their significance, size or nature.

iii) Other adjusting items

Other adjusting items are those that do not relate to the Group's current ongoing trading and, due to their nature, are treated as adjusting items. For example these may include, but are not restricted to, movements in the provision for asbestos-related claims or the associated insurance assets, which relate to the Flow Control Division that was sold in 2019, but the provision remains with the Group and is in run-off, or past service costs related to pension liabilities.

Further analysis of the items included in the column 'Adjusting items' in the Consolidated Income Statement is provided in notes 5 and 6 to the financial statements.

Discontinued operations

In compliance with IFRS 5 'Non-current assets held for sale and discontinued operations', when it is known that a significant component of the Group will be held for sale or disposed of the results are disclosed within one line in the Consolidated Income Statement, with the comparative periods also restated. In the Consolidated Balance Sheet, the assets and liabilities of the component, in the current period only, are reported as current assets/liabilities held for sale.

As a discontinued operation, the component is measured at the lower of its carrying amount and fair value less costs to sell. At the time of disposal the foreign currency translation reserve will be recycled to the Consolidated Income Statement and included in the gain or loss on disposal.

NOTES TO THE GROUP FINANCIAL STATEMENTS

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Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is the sum of the fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Any goodwill arising from the business combination is accounted for in line with the goodwill policy below.

Acquisition costs are expensed as incurred.

On the acquisition of a business, management assesses: (i) the Purchase Price Allocation (PPA) in order to attribute fair values to separately identifiable intangible assets providing they meet the recognition criteria and (ii) the fair values of other assets and liabilities. The fair values of these intangible assets are dependent on estimates of attributable future revenues, margins and cash flows, as well as appropriate discount rates. In addition, the allocation of useful lives to acquired intangible assets requires the application of judgement based on available information and management expectations at the time of recognition. The valuation of other tangible assets and liabilities involves aligning accounting policies with those of the Group, reflecting appropriate external market valuations for property, plant and equipment, assessing recoverability of receivables and inventory, and exposures to unrecorded liabilities.

Joint venture

The Group has a long-term contractual arrangement with another party, which represents a joint venture. The Group's interests in the results and assets and liabilities of its joint venture are accounted for using the equity method.

This investment is carried in the Consolidated Balance Sheet at cost plus post-acquisition changes in the Group's share of net assets less any impairment in value. The Consolidated Income Statement reflects the share of results of operations of the investment after tax. Where there has been a change recognised directly in the investee's equity, the Group recognises its share of any changes and discloses this when applicable in the Consolidated Statement of Comprehensive Income.

Any goodwill arising on the acquisition of a joint venture, representing the excess of the cost of the investment over the Group's share of the net fair value of the joint venture's identifiable assets, liabilities and contingent liabilities, is included in the carrying amount of the joint venture and is not amortised. To the extent that the net fair value of the joint venture's identifiable assets, liabilities and contingent liabilities is greater than the cost of the investment, a gain is recognised and added to the Group's share of the joint venture's profit or loss in the year in which the investment is acquired.

Foreign currency translation

The financial statements for each of the Group's subsidiaries and joint ventures are prepared using their functional currency. The functional currency is the currency of the primary economic environment in which an entity operates.

At the 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 damages can result in variable consideration and will only be recognised as a deduction from revenue where there is a history of recurring liquidated damages, for example, for the same customer or product line with the value of the reduction being the most likely amount from a range of possible outcomes. The adjustment to revenue will be monitored throughout the contract and adjusted as liquidated damages become more or less likely. Volume discounts are deducted from revenue based on the most reliable estimates of volumes to be purchased.

NOTES TO THE GROUP FINANCIAL STATEMENTS

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The timing of payment from customers is generally aligned to revenue recognition, subject to agreed payment terms usually in line with industry standards. Certain contracts may include milestone payments which do not necessarily align to revenue recognition: a contract asset is recorded where revenue is recognised in advance of customer invoicing, and a contract liability is recognised where cash is received in advance of revenue recognition.

i) Sale of goods

This policy is applicable to the sale of both original equipment and spare parts whether sold individually, in bulk or as part of a cross-selling marketing strategy. Contracts for the provision of both original equipment and spare parts, and where required services, are combined if one or more of the following is met:

- The contract achieves a single commercial objective and is negotiated as a package.
- The price or performance of one contract influences the amount of consideration to be paid in the other contract.
- The goods or services in the separate contracts represent a single performance obligation.

Each cross-selling contract is reviewed to identify the performance obligations in relation to original equipment and spare parts with them only being combined if they are not capable of being distinct and are not distinct in the context of the contract.

Revenue from the sale of goods is recognised in line with incoterms which in the majority of transactions is at the point of despatch. This reflects when the customer obtains control of the product and can determine its future use and location. For larger orders where multiple units are delivered in instalments as part of one performance obligation, revenue will be recognised over time in line with delivery. These items are a series of distinct goods that 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.

NOTES TO THE GROUP FINANCIAL STATEMENTS

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Property, plant & equipment

Property, plant and equipment comprises owned assets and right-of-use assets that do not meet the definition of investment property.

i) Owned assets

Owned property, plant and 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 and 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 and buildings 10 – 40 years

Plant and equipment 3 – 20 years

ii) Right-of-use assets and lease liabilities

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether it has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset throughout the period of use.

The Group recognises a lease liability and right-of-use asset at the lease commencement date. The lease liability is initially measured as the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or where the interest rate implicit in the lease cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group's incremental borrowing rate is calculated by taking the government borrowing rate in any given currency and adding the estimated Group credit spreads for a variety of tenors. An interpolation is performed annually to obtain one rate for each of the major lease currencies based on the weighted average life of the lease book.

Lease payments consist of the following components:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option (if the lessee is reasonably certain to exercise that option); and
- payments of penalties for terminating the lease (if the lease term reflects the lessee exercising the option to terminate the lease).

The right-of-use asset is measured as equal to the lease liability and adjusted for:

- lease payments made to the lessor at or before the commencement date;
- lease incentives received;
- initial direct costs associated with the lease; and
- an initial estimate of restoration costs.

The right-of-use asset is depreciated using the straight-line method over the lease term. In addition, the right-of-use asset is periodically reduced by any impairment losses.

The Group has adopted the exemption available for short-term leases, with payments being recognised on a straight-line basis over the lease term. Short-term leases are defined as leases with a lease term of 12 months or less.

The Group has adopted the exemption available for low value assets, with payments being recognised on a straight-line basis over the lease term. Leases relating to laptops, desktop computers, mobile phones, photocopiers, printers and other office equipment, where the asset value is less than £3,500 or the local currency equivalent have been treated as low value. Where the lease contract meets both short-term and low value exemptions, the annual cost of the lease is reported within expenses relating to short-term leases.

For each lease, the lease term has been calculated as the non-cancellable period of the lease contract, except where the Group is reasonably certain that it will exercise contractual extension options. In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Group shall consider all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. In certain circumstances, the Group will refer to the five-year Strategic Plan period as an appropriate period to consider whether the 'reasonably certain' criteria are met.

Goodwill

Goodwill arises on the acquisition of businesses and represents any excess of the cost of the acquired entity over the Group's interest in the fair value of the entity's identifiable assets, liabilities and contingent liabilities determined at the date of acquisition. Acquisition costs are recognised in the Consolidated Income Statement in the year in which they are incurred. Goodwill in respect of an acquired business is recognised as an intangible asset. Goodwill is carried at cost less any recognised impairment losses and is tested at least annually or where there are indicators of impairment.

The carrying amount of goodwill allocated to a cash generating unit is taken into account when determining the gain or loss on disposal of the unit.

An assessment of probable contingent consideration is recognised at the date of acquisition or disposal. For acquisitions, subsequent changes to the fair value of the contingent consideration are adjusted against the cost of acquisition where they qualify as measurement period adjustments. The measurement period is the period from the date of acquisition to the date that the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year. If the change does not qualify as a measurement period adjustment, it is reflected in the Consolidated Income Statement as an adjusting item. For disposals, any subsequent change in contingent consideration is adjusted against the disposal proceeds and the gain or loss on disposal.

NOTES TO THE GROUP FINANCIAL STATEMENTS

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Other intangible assets

Intangible assets acquired separately are measured at cost on initial recognition. An intangible resource acquired in a business combination is recognised as an intangible asset if it is separable from the acquired business or arises from contractual or legal rights, is expected to generate future economic benefits and its fair value can be measured reliably.

An intangible asset with a finite life is amortised on a straight-line basis so as to charge its cost, which in respect of an acquired intangible asset represents its fair value at the acquisition date, to the Consolidated Income Statement over its expected useful life. An intangible asset with an indefinite life is not amortised but is tested at least annually for impairment and carried at cost less any recognised impairment losses.

Brand names

Brands are recognised as a result of a business combination. The brand is recognised if it is separable from the remaining business and is expected to generate future economic benefits. Internally generated brands are not capitalised in accordance with IAS 38 'Intangible Assets'.

Brands are fair valued at acquisition and subsequently measured at cost less any accumulated impairment. All subsequent expenditure is expensed to the Consolidated Income Statement as incurred.

Due to the long-term nature of the brands, the Group has assessed that they have indefinite useful lives, with the exception of Motion Metrics, which is amortised over 15 years. An annual impairment exercise is completed for brands with an indefinite useful life, to confirm that the value in use, based on discounted cash flows, exceeds the carrying value.

Customer and distributor relationships

Customer and distributor relationships are recognised as part of a business combination if they are separable from the acquired business or arise from contractual or legal rights. They represent the relationships that the acquiree has built up over a significant period of time and will provide repeat custom to the business which will generate future economic benefit.

The assets are initially recorded at fair value at acquisition and subsequently recognised at cost less accumulated amortisation and impairment. All subsequent expenditure is charged to the Consolidated Income Statement as incurred. Amortisation is charged to the Consolidated Income Statement over the useful life of the asset. The useful life can vary depending on the circumstances of each acquisition. The useful lives range from five to 30 years.

If there are any indicators of impairment an assessment of the value in use of the relationships is completed. If the carrying value exceeds the value in use the variance is accounted for as an impairment to the asset with a corresponding charge to the Consolidated Income Statement.

Software

Software assets can be purchased, acquired or internally generated. Software that is not an integral part of related hardware is recognised as an intangible asset.

Software is recognised at cost less accumulated amortisation and impairment. Amortisation is spread over the estimated useful life of the software which can range from four to eight years.

Software as a Service (SaaS) arrangements provide the Group with the right to access cloud-based software applications over a contractual period. The software remains the intellectual property of the developer and as a result the Group does not recognise an intangible asset in relation to subscription fees and costs incurred to customise or configure the software. The related costs are recognised in the Consolidated Income Statement when the service is received.

Costs incurred to enhance or develop an existing intangible asset or develop new software code that meet the definition and recognition criteria of an intangible asset are capitalised as intangible software assets. Amortisation is recognised over the expected useful life of the software.

Trademarks and intellectual property

Trademarks and intellectual property are legally protected rights that are expected to generate future revenues. On acquisition, they are measured at fair value based on discounted expected cash flows. Assets are subsequently held at cost less accumulated amortisation and impairment.

The assets are amortised based on the period in which the legal protection is in place or the asset is expected to generate revenues. The amortisation period for the currently capitalised trademarks ranges from six to 15 years.

Other

Other intangible assets are stated at cost less accumulated amortisation and any recognised impairment losses. The expected useful life of other intangible assets is up to six years.

Research & development costs

All research expenditure is charged to the Consolidated Income Statement in the year in which it is incurred.

Development expenditure is charged to the Consolidated Income Statement in the year in which it is incurred unless it relates to the development of a new product or technology and meets the following requirements:

- it is incurred after the technical feasibility and commercial viability of the product has been proven;
- the development costs can be measured reliably;
- future economic benefits are probable; and
- the Group intends, and has sufficient resources, to complete the development and to use or sell the asset.

Any such capitalised development expenditure is amortised on a straight-line basis so it is charged to the Consolidated Income Statement over the expected life of the resulting product or technology.

NOTES TO THE GROUP FINANCIAL STATEMENTS

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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, cash and short-term deposits. The Group also has other financial assets and liabilities such as trade receivables, trade payables and leases which arise directly from its operations.

A financial asset is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss. Under IFRS 9 'Financial instruments' where the modification is not substantial, any difference in the modified cash flows is recognised in profit or loss.

Reimbursement asset

The Group has several insurance policies in place with regards to legal claims in relation to alleged asbestos exposure as discussed in note 22. In accordance with IAS 37 'Provisions, contingent liabilities and contingent assets' a reimbursement asset is only recognised when it is virtually certain that the asset will be received and there is a corresponding liability recognised. The value recognised is the lower of the amount confirmed by the insurer under the policy and the provision for the related liability. If the asset is probable the asset is not recognised but disclosed.

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 18 and the policy in respect of invoice discounting is included in note 30.

Cash & cash equivalents

Cash and 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 21.

Interest-bearing loans & borrowings

Obligations for loans and borrowings are recognised when the Group becomes party to the related contracts and are measured initially at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement. Borrowings are classified as current liabilities unless the Group has an unconditional right to settle the liability at least 12 months after the balance sheet date.

Provisions, contingent liabilities & contingent assets

A provision is recognised in the Consolidated Balance Sheet when the Group has a legal or constructive obligation as a result of a past event, the obligation can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A contingent liability is disclosed if there is a possible obligation as a result of a past event that might, but will probably not, require an outflow of economic benefits; or there is a present obligation as a result of a past event that probably requires an outflow of economic benefits, but where the obligation cannot be measured reliably.

A contingent asset is disclosed if an inflow of economic benefits is probable arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

NOTES TO THE GROUP FINANCIAL STATEMENTS

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Derivative financial instruments & hedge accounting

The Group uses derivative financial instruments, principally forward foreign currency contracts and cross-currency swaps, to reduce its exposure to exchange rate movements. The Group also uses foreign currency borrowings as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries. Additionally, the Group periodically uses interest rate swaps to manage its exposure to interest rate risk. The Group does not hold or issue derivatives for speculative or trading purposes.

Derivative financial instruments are recognised as assets and liabilities measured at their fair values at the balance sheet date. The fair value of forward foreign currency contracts is calculated as the present value of the estimated future cash flows based on spot and forward foreign exchange rates and counterparty and the Group's own credit risk. The fair value of interest rate swaps and cross-currency swaps is calculated as the present value of the estimated future cash flows based on interest rate curves, spot foreign exchange rates and counterparty and own credit risk. Changes in their fair values are recognised in the Consolidated Income Statement, except where hedge accounting is used, provided the conditions specified by IFRS 9 are met. Hedge accounting is applied in respect of hedge relationships where it is both permissible under IFRS 9 and practical to do so. When hedge accounting is used, the relevant hedging relationships are classified as fair value hedges, cash flow hedges or net investment hedges, as appropriate.

Where the hedging relationship is classified as a fair value hedge, the carrying amount of the hedged asset or liability will be adjusted by the increase or decrease in its fair value attributable to the hedged risk and the resulting gain or loss will be recognised in the Consolidated Income Statement where, to the extent that the hedge is effective, it will be offset by the change in the fair value of the hedging instrument.

Where the hedging relationship is classified as a cash flow or net investment hedge, to the extent that the hedge is effective, changes in the fair value of the hedging instrument will be recognised directly in other comprehensive income. For the cash flow hedge, when the hedged asset or liability is recognised in the financial statements, the accumulated gains and losses recognised in other comprehensive income will be either recycled to the income statement or, if the hedged item results in a non-financial asset, will be recognised as adjustments to its initial carrying amount. For net investment hedges, gains and losses on hedging instruments designated as hedges of the net investments in foreign operations are recognised in other comprehensive income to the extent that the hedging relationship is effective. Gains and losses accumulated in the foreign currency translation reserve are recycled to the income statement when the foreign operation is disposed of.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised through other comprehensive income is kept in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss that was reported in equity is immediately reclassified to the income statement in the period.

Derivatives embedded in non-derivative host contracts, which are not already measured at fair value through profit or loss, are recognised separately as derivative financial instruments when their risks and characteristics are not closely related to those of the host contract and the host contract is not stated at its fair value with changes in its fair value recognised in the Consolidated Income Statement.

Where items are recognised in the Consolidated Income Statement, these are presented within operating profit or finance costs dependent on their nature.

Share-based payments

Equity settled share-based incentives are provided to employees under the Group's Share Reward Plan (SRP), formerly the Long Term Incentive Plan (LTIP), the Weir ShareBuilder Plan (WSBP) and as a consequence of occasional one-off conditional awards made to employees.

The fair value of SRP awards and one-off conditional awards at the date of the grant is calculated using appropriate option pricing models and the cost is recognised on a straight-line basis over the vesting period. Adjustments are made to reflect expected and actual forfeitures during the vesting period due to failure to satisfy service or performance conditions, where applicable. The conditions of the SRP for the Executive Directors, which took effect in 2018, are summarised in the Directors' Remuneration Policy, which can be found on the Company's website at www.corporategovernance.weir. The conditions of the SRP for Senior Management are summarised in note 28.

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.

NOTES TO THE GROUP FINANCIAL STATEMENTS

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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.

The Group also recognises provisions in the Consolidated Balance Sheet for uncertain tax positions as disclosed above in other accounting estimates.

3. ALTERNATIVE PERFORMANCE MEASURES

The Consolidated Financial Statements of The Weir Group PLC have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to those companies reporting under those standards. In measuring our performance, the financial measures that we use include those which have been derived from our reported results in order to eliminate factors which we believe distort period-on-period comparisons. These are considered alternative performance measures. This information, along with comparable GAAP measurements, is useful to investors in providing a basis for measuring our operational performance. Our management uses these financial measures, along with the most directly comparable GAAP financial measures, in evaluating our performance and value creation. Alternative performance measures should not be considered in isolation from, or as a substitute for, financial information in compliance with GAAP. Alternative performance measures as reported by the Group may not be comparable with similarly titled amounts reported by other companies.

Below we set out our definitions of alternative performance measures and provide reconciliations to relevant GAAP measures.

Adjusted results and adjusting items

The Consolidated Income Statement presents Statutory results, which are provided on a GAAP basis, and Adjusted results (non-GAAP), which are management's primary area of focus when reviewing the performance of the business. Adjusting items represent the difference between Statutory results and Adjusted results and are defined within the accounting policies section above. The accounting policy for Adjusting items should be read in conjunction with this note. Details of each adjusting item are provided in note 6. We consider this presentation to be helpful as it allows greater comparability of the underlying performance of the business from year to year.

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 a widely used measure of a company's profitability of its operations before any effects of indebtedness, taxes or costs required to maintain its asset base. EBITDA is used in conjunction with other GAAP and non-GAAP financial measures to assess our operational performance. A reconciliation of EBITDA to the closest equivalent GAAP measure, operating profit, is provided.

NOTES TO THE GROUP FINANCIAL STATEMENTS

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	2022 £m	2021 £m
Continuing operations		
Operating profit	307.5	256.6
Adjusted for:		
Exceptional and other adjusting items (note 6)	51.4	4.7
Adjusting amortisation (note 6)	35.9	34.9
Adjusted operating profit	394.8	296.2
Non-adjusting amortisation (note 5)	5.7	5.3
Adjusted Earnings before interest, tax and amortisation (EBITA)	400.5	301.5
Depreciation of owned property, plant & equipment (note 12)	47.0	43.0
Depreciation of right-of-use property, plant & equipment (note 12)	31.4	27.6
Adjusted Earnings before interest, tax, depreciation and amortisation (EBITDA)	478.9	372.1

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 is a useful measure to view or assess the underlying cash generation of the business from its operating activities. A reconciliation to the GAAP measure 'Net cash generated from operating activities' is provided in the Consolidated Cash Flow Statement.

Free operating cash flow and free cash flow

Free operating cash flow (FOCF) is defined as operating cash flow (cash generated from operations), adjusted for net capital expenditure, lease payments, dividends received from joint ventures and purchase of shares for employee share plans. FOCF provides a useful measure of the cash flows generated directly from the operational activities after taking into account other cash flows closely associated with maintaining daily operations.

Free cash flow (FCF) is defined as FOCF further adjusted for net interest, income taxes, settlement of derivative financial instruments, additional pension contributions and non-controlling interest dividends. FCF reflects an additional way of viewing our available funds that we believe is useful to investors as it represents cash flows that could be used for repayment of debt, dividends, exceptional and other adjusting items, or to fund our strategic initiatives, including acquisitions, if any.

The reconciliation of operating cash flows (cash generated from operations) to FOCF and subsequently FCF is as follows.

	2022 £m	2021 £m
Operating cash flow (cash generated from operations)	447.8	266.0
Net capital expenditure from purchase & disposal of property, plant & equipment and intangibles	(58.3)	(38.5)
Lease payments	(30.5)	(27.8)
Dividends received from joint ventures	2.7	0.7
Purchase of shares for employee share plans	(20.0)	(15.0)
Free operating cash flow (FOCF)	341.7	185.4
Net interest paid	(45.3)	(43.0)
Income tax paid	(93.4)	(82.4)
Settlement of derivative financial instruments	(0.3)	10.6
Additional pension contributions paid	(9.7)	(7.8)
Non-controlling interest dividends	(0.3)	(0.4)
Free cash flow (FCF)	192.7	62.4

NOTES TO THE GROUP FINANCIAL STATEMENTS

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Free operating cash conversion

Free operating cash conversion is a non-GAAP key performance measure defined as free operating cash flow divided by adjusted operating profit on a total Group basis. The measure is used by management to monitor the Group's ability to generate cash relative to operating profits.

	2022 £m	2021 £m
Continuing operations	394.8	296.2
Discontinued operations (note 9)	—	(0.3)
Adjusted operating profit – Total Group	394.8	295.9
Free operating cash flow	341.7	185.4
Free operating cash conversion %	87%	63%

Working capital as a percentage of sales

Working capital as a percentage of sales is calculated based on working capital as reflected below, divided by revenue, as included in the Consolidated Income Statement. It is a measure used by management to monitor how efficiently the Group is managing its investment in working capital relative to revenue growth.

	2022 £m	Restated (note 2) 2021 £m
Working capital as included in the Consolidated Balance Sheet		
Other receivables	76.8	76.5
Inventories	679.1	516.5
Trade & other receivables	528.9	505.7
Derivative financial instruments (note 30)	(4.3)	3.2
Trade & other payables	(623.5)	(491.1)
Other payables	(1.0)	—
	656.0	610.8
Adjusted for:		
Insurance contract assets (note 18)	(77.9)	(82.4)
Interest accruals	5.3	10.9
Deferred consideration (note 21)	2.0	—
	(70.6)	(71.5)
Working capital	585.4	539.3
Revenue	2,472.1	1,933.6
Working capital as a percentage of sales	24%	28%

Net debt

Net debt is a widely used liquidity metric calculated by taking cash and cash equivalents less total current and non-current debt. A reconciliation of net debt to cash and short-term deposits and interest-bearing loans and borrowings is provided in note 26. It is a useful measure used by management and investors when monitoring the capital management of the Group. Net debt, excluding lease liabilities and converted at the exchange rates used in the preparation of the Consolidated Income Statement, is also the basis for covenant reporting as included in note 31.

NOTES TO THE GROUP FINANCIAL STATEMENTS

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4. SEGMENT INFORMATION

Continuing operations includes two operating Divisions: Minerals and ESCO. These two Divisions are organised and managed separately based on the key markets served and each is treated as an operating segment and a reportable segment under IFRS 8 'Operating Segments'. 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 a global leader in engineering, manufacturing and service processing technology used in abrasive, high-wear mining applications. Its differentiated technology is also used in infrastructure and general industrial markets. The ESCO segment is a global leader in the provision of Ground Engaging Tools (G.E.T.) for large mining machines. It operates predominantly in mining and infrastructure markets where its highly engineered technology improves productivity through extended wear life, increased safety and reduced energy consumption.

Following the acquisition of Motion Metrics on 30 November 2021 and Carriere Industrial Supply Limited (CIS) on 8 April 2022, these entities have been included in the ESCO segment. Motion Metrics is a mining technology business, which is the market-leading developer of innovative artificial intelligence (AI) and 3D rugged Machine Vision Technology, used in mines worldwide. CIS is a premier manufacturer and distributor of highly engineered wear parts and aftermarket service provider to the Canadian mining industry.

During 2021, the Group completed the disposal of its Oil & Gas Division and, in line with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', the Group classified the Division as a discontinued operation as disclosed in note 9.

The Chief Executive Officer assesses the performance of the operating segments based on operating profit from continuing operations before exceptional and other adjusting items ('segment result'). Finance income and expenditure and associated interest-bearing liabilities and financing derivative financial instruments are not allocated to segments as all treasury activity is managed centrally by the Group Treasury function. The amounts provided to the Chief Executive Officer with respect to assets and liabilities are measured in a manner consistent with that of the financial statements. The assets are allocated based on the operations of the segment and the physical location of the asset. The liabilities are allocated based on the operations of the segment.

Transfer prices between business segments are set on an arm's length basis, in a manner similar to transactions with third parties.

The segment information for the reportable segments for 2022 and 2021 is disclosed below. Information for the former Oil & Gas Division is included in note 9.

	Minerals		ESCO		Total continuing operations	
	2022	2021	2022	2021	2022	2021
	£m	£m	£m	£m	£m	£m
Revenue						
Sales to external customers	1,780.5	1,422.1	691.6	511.5	2,472.1	1,933.6
Inter-segment sales	0.1	—	3.2	2.1	3.3	2.1
Segment revenue	1,780.6	1,422.1	694.8	513.6	2,475.4	1,935.7
Eliminations					(3.3)	(2.1)
					2,472.1	1,933.6

Sales to external customers – 2021 at 2022 average exchange rates

Sales to external customers	1,780.5	1,481.6	691.6	569.0	2,472.1	2,050.6
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Segment result

Segment result before share of results of joint ventures	323.5	251.0	107.5	81.6	431.0	332.6
Share of results of joint ventures	—	—	2.5	1.7	2.5	1.7
Segment result	323.5	251.0	110.0	83.3	433.5	334.3
Unallocated expenses					(38.7)	(38.1)
Adjusted operating profit					394.8	296.2
Adjusting items					(87.3)	(39.6)
Net finance costs					(47.3)	(47.1)
Profit before tax from continuing operations					260.2	209.5

Segment result – 2021 at 2022 average exchange rates

Segment result before share of results of joint ventures	323.5	260.8	107.5	91.0	431.0	351.8
Share of results of joint ventures	—	—	2.5	1.9	2.5	1.9
Segment result	323.5	260.8	110.0	92.9	433.5	353.7
Unallocated expenses					(38.7)	(38.1)
Adjusted operating profit					394.8	315.6

Revenues from any single external customer do not exceed 10% of Group revenue.

NOTES TO THE GROUP FINANCIAL STATEMENTS

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	Minerals		ESCO		Discontinued operations		Total Group	
	2022	2021	2022	Restated (note 2) 2021	2022	2021	2022	Restated (note 2) 2021
	£m	£m	£m	£m	£m	£m	£m	£m
Assets & liabilities								
Intangible assets	600.8	563.8	809.0	741.8	—	—	1,409.8	1,305.6
Property, plant & equipment	303.4	280.1	147.6	124.3	—	—	451.0	404.4
Working capital assets	902.0	773.2	307.3	238.4	—	—	1,209.3	1,011.6
	1,806.2	1,617.1	1,263.9	1,104.5	—	—	3,070.1	2,721.6
Investments in joint ventures	—	—	15.1	12.3	—	—	15.1	12.3
Segment assets	1,806.2	1,617.1	1,279.0	1,116.8	—	—	3,085.2	2,733.9
Unallocated assets							970.7	762.9
Total assets							4,055.9	3,496.8
Working capital liabilities	543.7	406.9	139.9	119.9	—	—	683.6	526.8
Segment liabilities	543.7	406.9	139.9	119.9	—	—	683.6	526.8
Unallocated liabilities							1,634.4	1,515.5
Total liabilities							2,318.0	2,042.3
Other segment information - total Group								
Segment additions to non-current assets	68.7	60.2	29.4	16.8	—	0.4	98.1	77.4
Unallocated additions to non-current assets							1.1	0.2
Total additions to non-current assets							99.2	77.6
Other segment information - total Group								
Segment depreciation & amortisation	73.8	66.4	43.1	34.8	—	—	116.9	101.2
Segment impairment of property, plant & equipment	1.3	(1.4)	—	—	—	—	1.3	(1.4)
Segment impairment of intangible assets	0.3	0.1	—	—	—	—	0.3	0.1
Unallocated depreciation & amortisation							3.1	9.6
Total depreciation, amortisation & impairment							121.6	109.5

The asset and liability balances include right-of-use assets and lease liabilities. Refer to note 12 for depreciation on right-of-use assets.

Unallocated assets 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 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.

NOTES TO THE GROUP FINANCIAL STATEMENTS

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Geographical information

Geographical information in respect of revenue and non-current assets for 2022 and 2021 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 and equipment, intangible assets and investments in joint ventures.

	UK £m	US £m	Canada £m	Asia Pacific £m	Australasia £m	South America £m	Middle East & Africa £m	Europe & FSU £m	Total £m
Year ended 31 December 2022									
Revenue from continuing operations									
Sales to external customers	34.8	418.1	378.3	288.2	336.3	540.8	295.3	180.3	2,472.1
Non-current assets	310.3	765.5	177.7	184.6	210.5	82.9	105.1	50.6	1,887.2
	UK £m	US £m	Canada £m	Asia Pacific £m	Australasia £m	South America £m	Middle East & Africa £m	Europe & FSU £m	Total £m
Year ended 31 December 2021									
Revenue from continuing operations									
Sales to external customers	23.8	315.9	266.0	237.9	304.0	387.5	224.1	174.4	1,933.6
Non-current assets (restated note 2)	314.1	699.3	159.6	150.0	201.5	71.1	86.9	54.1	1,736.6

The following disclosures are given in relation to continuing operations.

	2022 £m	2021 £m
An analysis of the Group's revenue is as follows:		
Original equipment	456.0	386.9
Aftermarket parts	1,825.7	1,366.6
Sales of goods	2,281.7	1,753.5
Provision of services – aftermarket	141.9	121.0
Construction contracts – original equipment	45.5	59.1
Subscription services	3.0	—
Revenue	2,472.1	1,933.6

	Minerals		ESCO		Total continuing operations	
	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m
Timing of revenue recognition						
At a point in time	1,682.7	1,290.6	681.9	508.3	2,364.6	1,798.9
Over time	97.9	131.5	12.9	5.3	110.8	136.8
Segment revenue	1,780.6	1,422.1	694.8	513.6	2,475.4	1,935.7
Eliminations					(3.3)	(2.1)
					2,472.1	1,933.6

NOTES TO THE GROUP FINANCIAL STATEMENTS

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5. REVENUES & EXPENSES

The following disclosures are given in relation to continuing operations.

	Year ended 31 December 2022			Year ended 31 December 2021		
	Adjusted results £m	Adjusting items £m	Statutory results £m	Adjusted results £m	Adjusting items £m	Statutory results £m
A reconciliation of revenue to operating profit is as follows:						
Revenue	2,472.1	—	2,472.1	1,933.6	—	1,933.6
Cost of sales	(1,573.4)	(24.8)	(1,598.2)	(1,237.2)	(4.4)	(1,241.6)
Gross profit	898.7	(24.8)	873.9	696.4	(4.4)	692.0
Other operating income	10.4	—	10.4	14.6	4.8	19.4
Selling & distribution costs	(279.8)	(4.2)	(284.0)	(218.9)	—	(218.9)
Administrative expenses	(237.0)	(58.3)	(295.3)	(197.6)	(40.0)	(237.6)
Share of results of joint ventures	2.5	—	2.5	1.7	—	1.7
Operating profit	394.8	(87.3)	307.5	296.2	(39.6)	256.6

	Year ended 31 December 2022			Year ended 31 December 2021		
	Adjusted results £m	Adjusting items £m	Statutory results £m	Adjusted results £m	Adjusting items £m	Statutory results £m
Operating profit from continuing operations is stated after charging:						
Cost of inventories recognised as an expense	1,573.4	—	1,573.4	1,237.2	—	1,237.2
Depreciation of property, plant & equipment (note 12)	78.4	—	78.4	70.6	—	70.6
Lease expenses (note 12)	12.2	—	12.2	8.6	—	8.6
Amortisation of intangible assets (note 13)	5.7	35.9	41.6	5.3	34.9	40.2
Exceptional and other adjusting items (note 6)	—	51.4	51.4	—	4.7	4.7
Net foreign exchange losses	14.3	—	14.3	4.8	—	4.8
Net impairment charge of trade receivables (note 18)	10.0	—	10.0	1.4	—	1.4

Research & development costs

Research and development costs for continuing operations amount to £48.1m (2021: £32.6m) of which £46.9m (2021: £30.6m) was charged directly to cost of sales in the income statement and £1.2m (2021: £2.0m) was capitalised (note 13). There were no discontinued operations research and development costs incurred in the year (2021: £0.5m).

	2022 £m	2021 £m
Employee benefits expense		
Wages & salaries	525.0	437.5
Social security costs	44.7	38.2
Other pension costs		
Defined benefit plans	0.4	0.4
Defined contribution plans	26.8	22.7
Share-based payments - equity settled transactions (note 28)	8.0	10.9
	604.9	509.7

Details of Directors' remuneration is disclosed in note 29.

	2022 Number	2021 Number
The average monthly number of people employed by the Company and its subsidiaries is as follows:		
Minerals	8,880	8,301
ESCO	2,507	2,117
Group companies	482	445
	11,869	10,863

The following disclosures are given in relation to total operations.

At 31 December 2022, the number of people employed by the Group, including contingent workers, was 12,627 (2021: 11,994).

NOTES TO THE GROUP FINANCIAL STATEMENTS

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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.

	2022 £m	2021 £m
Auditors' remuneration		
Fees payable to the Company's auditors for the audit of the Company and Consolidated Financial Statements	2.3	1.8
Fees payable to the Company's auditors for other services		
The audit of the Company's subsidiaries	1.5	1.4
Audit-related assurance services	0.1	0.1
Other non-audit services	—	0.2

6. ADJUSTING ITEMS

	2022 £m	2021 £m
Recognised in arriving at operating profit from continuing operations		
Intangibles amortisation (note 5)	(35.9)	(34.9)
Exceptional items		
Acquisition and integration related costs	(2.4)	(1.9)
Russian operations wind down	(44.0)	—
Cybersecurity incident response	—	(4.7)
Performance Excellence programme	(2.9)	—
Other restructuring and rationalisation activities	0.4	6.3
	(48.9)	(0.3)
Other adjusting items		
Asbestos-related provision	(2.5)	(4.4)
Total adjusting items	(87.3)	(39.6)
Recognised in arriving at operating profit from discontinued operations		
Exceptional items		
Onerous purchase contracts	—	0.9
Total adjusting items (note 9)	—	0.9

Continuing operations

Intangibles amortisation

Intangibles amortisation of £35.9m (2021: £34.9m) relates to acquisition related assets and ongoing multi-year investment activities, as outlined in the accounting policy in note 2.

Exceptional items

Exceptional items in the year include £2.4m of acquisition and integration related costs, of which £1.6m relates to the acquisition of Carriere Industrial Supply Limited (CIS) which completed on 8 April 2022 (note 14). The charge includes an unwind of a fair value adjustment of £0.6m, recorded in the opening balance sheet in relation to fabricated inventory products and costs of £1.0m related to adviser fees, due diligence and initial integration costs which were fully cash settled in the year. The remaining £0.8m (2021: £2.8m) expense relates to further acquisition and integration costs for the prior year acquisition of Motion Metrics, which completed on 30 November 2021 (note 14). The prior year also included an accrual reversal of £0.9m in relation to ESCO integration costs, which were initially expensed in 2019. In total, acquisition and integration costs have resulted in a £3.7m exceptional cash outflow in the year, including items expensed in the prior year. We anticipate final integration costs of approximately £2.0m in 2023 in respect of Motion Metrics and CIS.

In March 2022, the Group announced the suspension of its business and operations in Russia and commenced the wind down of these. In the ESCO Division, the business transferred ownership of its Russia business to the local management team. The legal transfer and disposal completed on 15 September 2022, which resulted in an exceptional charge of £4.9m. The net assets, including cash balances of £1.9m, at the date of disposal were £4.7m. Costs of disposal totalled £0.1m for legal fees. A further loss of £0.1m has been recognised in respect of recycling the cumulative foreign exchange gains and losses from the foreign currency translation reserve to the income statement, which is recognised only at the time of disposal. In the Minerals Division, the process of winding down operations of its Russian subsidiary is complex and ongoing. An exceptional charge of £25.4m has been recognised, which represents provision for assets on the subsidiary's balance sheet at December 2022 of £19.5m, of which £10.2m relates to inventory and £5.5m relates to trade receivables, where recoverability is deemed uncertain, severance costs of £3.3m, customer penalties of £1.8m and other costs of £0.8m mainly relating to staff retention. Exceptional charges have also been recognised across other Minerals entities, including provisions for inventory of £7.0m, primarily for 'made to order' items that are currently unable to be shipped to Russia, and provision for receivables of £2.8m, primarily due from sanctioned customers. Exiting the Russian market also led to other costs across Europe, which totalled £3.9m and primarily reflects severance and incremental warehousing costs as a result of delayed or cancelled shipments. This has resulted in a total exceptional charge of £39.1m, of which £29.5m is non-cash related. Exceptional cash outflows in respect of the Russia wind down are £5.3m in the year, with the remainder expected to be paid in 2023.

NOTES TO THE GROUP FINANCIAL STATEMENTS

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An initial exceptional charge in respect of the Group's Performance Excellence programme of £2.9m has been recognised in the year. The three-year programme aims to transform the way we work with more agile and efficient business processes, with a focus on customer and service-delivery. The programme, as outlined in the Chief Executive Officer's Strategic Review, includes capacity optimisation, lean processes and global business services. The charge in the year includes advisory fees of £0.7m in relation to the Performance Excellence programme scoping and £2.2m in Australia for a service centre restructuring, which is part of the capacity optimisation element of the strategy. This has resulted in an exceptional cash outflow, in respect of the Performance Excellence programme, in the year of £2.2m with a remaining £0.6m expected in H1 2023.

An exceptional credit for other restructuring and rationalisation activities of £0.4m represents releases of unutilised prior year provisions in China, Malaysia and Peru.

In the prior year, restructuring and rationalisation activities primarily represented a land sale in Sendayan, Malaysia. The land sold was part of our restructuring decision to exit Minerals Malaysia foundry operations in 2018 and resulted in a net gain of £4.8m and an exceptional cash inflow of £15.8m. The remaining credit of £1.5m related to a partial reversal of charges recognised in North America and China in prior years. Other exceptional items included cybersecurity costs of £4.7m that were incurred as a direct result of the cybersecurity incident in September 2021. These costs primarily related to specialist advisory fees incurred centrally to investigate and respond to the incident, incremental hardware costs expensed to facilitate business continuity and impairment of existing hardware. This resulted in a £2.2m exceptional cash outflow in the prior year. In 2022, a further £2.4m was paid in relation to cybersecurity costs expensed in 2021. A further £0.6m exceptional cash was paid in the year in relation to items expensed in the prior year.

Other adjusting items

A charge of £2.5m (2021: £4.4m) has been recorded in respect of movements in the US asbestos-related liability and associated insurance asset, plus settlements for post-1981 US asbestos-related claims that relate to legacy Group products. Further details of this are included in note 22.

Discontinued operations

Exceptional items

The prior year exceptional item for discontinued operations of £0.9m related to final adjustments to an onerous purchase contracts provision.

7. FINANCE (COSTS) INCOME

The following disclosures are given in relation to continuing operations.

Finance costs

	2022 £m	2021 £m
Interest payable on financial liabilities	(38.1)	(37.2)
Interest and finance charges payable on lease liabilities	(4.0)	(4.3)
Change in fair value of forward points in cross-currency swaps and forward contracts	(0.5)	(0.5)
Finance charges related to committed loan facilities	(6.6)	(8.0)
Finance charges related to discounting of trade receivables	(0.5)	(0.1)
Other finance costs - retirement benefits	(1.3)	(2.6)
	(51.0)	(52.7)

Finance income

	2022 £m	2021 £m
Interest receivable on financial assets	3.7	5.6

NOTES TO THE GROUP FINANCIAL STATEMENTS

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8. TAX EXPENSE

Income tax (expense) credit from total operations

	2022 £m	2021 £m
Consolidated Income Statement		
Current income tax		
UK corporation tax	2.2	(1.4)
Adjustments in respect of previous years	(2.2)	(4.1)
Total UK corporation tax	—	(5.5)
Foreign tax	(89.8)	(64.5)
Adjustments in respect of previous years	2.8	(0.5)
Total current income tax	(87.0)	(70.5)
Deferred income tax		
Origination & reversal of temporary differences	11.0	14.4
Adjustment to estimated recoverable deferred tax assets	31.3	(6.4)
Effect of changes in tax rates	0.2	1.1
Adjustments in respect of previous years	(1.9)	0.9
Total deferred tax ¹	40.6	10.0
Total income tax expense in the Consolidated Income Statement	(46.4)	(60.5)
Total income tax (expense) credit is attributable to:		
Profit from continuing operations	(47.6)	(54.4)
Profit (loss) from discontinued operations	1.2	(6.1)
	(46.4)	(60.5)

1. Includes £41.0m of deferred tax credit relating to foreign tax (2021: £3.4m credit).

The total income tax expense is disclosed in the Consolidated Income Statement, and note 9, as follows.

	2022 £m	2021 £m
Tax (expense) credit - adjusted results	(92.5)	(63.8)
- adjusting items	44.9	9.4
Continuing operations income tax expense in the Consolidated Income Statement	(47.6)	(54.4)
Discontinued operations income tax credit (expense) in the Consolidated Income Statement	1.2	(6.1)
Total income tax expense in the Consolidated Income Statement	(46.4)	(60.5)

The tax credit of £44.9m (2021: £9.4m) which has been recognised in adjusting items includes £8.6m (2021: £7.9m) in respect of adjusting intangibles amortisation and impairment. The remaining £36.3m (2021: £1.5m) relates to exceptional and other adjusting items and includes a credit of £32.0m which arose on the recognition of US tax attributes that were previously held off balance sheet. These attributes relate primarily to the deferral of current tax relief on intra-group payments of interest by the US group. Recognition is supported by the application of detailed modelling of US taxable income over a ten-year forecast period and, in particular, the anticipated full utilisation of these attributes over the same period.

Current tax for 2022 has been reduced by £1.1m (2021: £0.1m) 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 23.

NOTES TO THE GROUP FINANCIAL STATEMENTS

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Tax relating to items charged or credited to equity from continuing operations

	2022 £m	2021 £m
Consolidated Statement of Comprehensive Income		
Deferred tax – origination & reversal of temporary differences	(12.4)	(19.1)
Deferred tax – effect of change in tax rates	(3.9)	(2.0)
Tax (charge) on actuarial gains/losses on retirement benefits	(16.3)	(21.1)
Tax (charge) on hedge losses	(0.1)	—
Tax (charge) in the Consolidated Statement of Comprehensive Income	(16.4)	(21.1)
Consolidated Statement of Changes in Equity		
Deferred tax on share-based payments	0.9	(0.7)
Tax credit (charge) in the Consolidated Statement of Changes in Equity	0.9	(0.7)

Reconciliation of the total tax charge from total operations

The tax charge (2021: charge) in the Consolidated Income Statement for the year is lower (2021: lower) than the weighted average of standard rates of corporation tax across the Group of 27.7% (2021: 24.7%). The differences are reconciled below.

	2022 £m	2021 £m
Profit before tax from continuing operations	260.2	209.5
Profit before tax from discontinued operations	—	110.0
Profit before tax	260.2	319.5
At the weighted average of standard rates of corporation tax across the Group of 27.7% (2021: 24.7%)	72.2	78.9
Adjustments in respect of previous years - current tax	(0.6)	4.6
- deferred tax	1.9	(0.9)
Joint ventures	(0.2)	(0.6)
Unrecognised deferred tax assets	(31.3)	6.4
Overseas tax on unremitted earnings	(0.7)	3.8
Permanent differences	(0.7)	(12.5)
Effect of changes in tax rates	(0.2)	(1.1)
Exceptional and other adjusting items ineligible for tax	6.0	(18.1)
At effective tax rate of 17.8% (2021: 18.9%)	46.4	60.5

Exceptional and other adjusting items ineligible for tax includes the impact of non-deduction for write-off of balances and other losses relating to the winding down of operations in Russia.

Unrecognised deferred tax assets decreased from an addition of £6.4m in 2021 to a reduction of £31.3m in 2022. Within this balance a debit of £0.7m relates to losses arising in continuing operations entities, including China and Turkey where deferred tax asset recognition is not appropriate. As noted above a credit of £32.0m arises on the recognition of US tax attributes that were previously held off balance sheet.

The Group's provision for overseas tax on unremitted earnings decreased from an addition of £3.8m in 2021 to a reduction of £0.7m in 2022. This is due to a release of the provision in respect of unremitted earnings in Canada.

Permanent differences increased from a reduction of £12.5m in 2021 to a reduction of £0.7m in 2022. This reflects the non-recurrence of £10.0m of 2021 permanent differences that related to movement in the Group's provision for uncertain tax positions following the expiration of tax statute of limitation in various jurisdictions together with the conclusion of open tax audits in South Africa. 2022 permanent differences include the impact of irrecoverable withholding tax on dividends and the impact of inflationary adjustments in territories including Chile and Argentina.

NOTES TO THE GROUP FINANCIAL STATEMENTS

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9. DISCONTINUED OPERATIONS

In the prior year, the Group disposed of the Oil & Gas Division (excluding the Group's joint venture, Arabian Metals Company (AMCO)) on 1 February 2021 to Caterpillar Inc. (CAT) for an enterprise value of US\$375.0m and a final consideration of £282.8m. On 30 June 2021, the Group completed the sale of the remaining Oil & Gas joint venture AMCO to Olayan Financing Company (Olayan). A consideration of US\$37.8m (£27.4m) was received compared to the original fair market value of US\$30.0m agreed with CAT. The agreement with CAT in respect of the joint venture sale was that any proceeds received from Olayan above the fair market value would be split 90:10 in favour of CAT, subject to certain capital gains tax and dividend retentions. This resulted in a payment to CAT of US\$4.7m (£3.4m) in July 2021 and a payment of capital gains tax to the Saudi authorities of US\$6.3m (£4.6m) in August 2021.

In the current year, a current tax credit of £1.2m has been recognised following the filing of the 2021 US tax return for Oil & Gas Division related activity.

Financial information relating to the above rebate is set out in the table below with prior year comparatives for reference. For full disclosure of the disposals refer to note 8 of the Group's 2021 Annual Report.

Financial performance and cash flow information for discontinued operations

	Year ended 31 December 2022			Year ended 31 December 2021		
	Adjusted results	Adjusting items (note 6)	Statutory results	Adjusted results	Adjusting items (note 6)	Statutory results
	£m	£m	£m	£m	£m	£m
Revenue	—	—	—	25.1	—	25.1
Operating (loss) profit before share of results of joint ventures	—	—	—	(1.9)	0.9	(1.0)
Share of results of joint ventures	—	—	—	1.6	—	1.6
Operating (loss) profit	—	—	—	(0.3)	0.9	0.6
Finance costs	—	—	—	(0.2)	—	(0.2)
(Loss) profit before tax from discontinued operations	—	—	—	(0.5)	0.9	0.4
Tax credit (expense)	1.2	—	1.2	(1.7)	—	(1.7)
Profit (loss) after tax from discontinued operations	1.2	—	1.2	(2.2)	0.9	(1.3)
Gain on sale of Oil & Gas Division (see below)	—	—	—	—	99.2	99.2
Gain on sale of joint venture (see below)	—	—	—	—	6.0	6.0
Profit (loss) for the year from discontinued operations	1.2	—	1.2	(2.2)	106.1	103.9
Reclassification of foreign currency translation reserve			—			(103.4)
Other comprehensive expense from discontinued operations			—			(1.3)
Total net comprehensive income (expense) from discontinued operations			1.2			(0.8)

The prior year reconciliation from revenue to operating profit included cost of sales of £21.8m, other operating income of £0.3m, selling and distribution costs of £1.4m, administrative expenses of £4.1m and share of result of joint venture of £1.6m.

The prior year gain on sale is largely attributable to the recycling of cumulative foreign exchange gains and losses from the foreign currency translation reserve to the income statement, which is recognised only at the time of sale. In total, £103.4m was recycled from the foreign currency translation reserve for the Oil & Gas Division, including AMCO.

	Year ended 31 December 2022	Year ended 31 December 2021
	£m	£m
Cash flows from operating activities	—	(16.3)
Cash flows from investing activities	(0.1)	(0.2)
Cash flows from financing activities	—	(1.1)
Net decrease in cash & cash equivalents from discontinued operations	(0.1)	(17.6)

Earnings per share

Earnings per share from discontinued operations were as follows.

	2022	2021
	pence	pence
Basic	0.5	40.1
Diluted	0.5	39.8

The earnings per share figures were derived by dividing the net profit (loss) attributable to equity holders of the Company from discontinued operations by the weighted average number of ordinary shares, for both basic and diluted amounts, shown in note 10.

NOTES TO THE GROUP FINANCIAL STATEMENTS

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10. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue after deducting the own shares held by employee share ownership trusts and treasury shares. Diluted earnings per share is calculated by dividing the net 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 used in the calculation of earnings per share.

	2022	2021
Profit attributable to equity holders of the Company		
Total operations ¹ (£m)	213.4	258.5
Continuing operations ² (£m)	212.2	154.6
Continuing operations before adjusting items ² (£m)	254.6	184.8

The following reflects the share numbers used in the calculation of earnings per share, and the difference between the weighted average share capital for the purposes of the basic and the diluted earnings per share calculations.

	2022 Shares million	2021 Shares million
Weighted average number of ordinary shares for basic earnings per share	258.7	259.3
Effect of dilution: employee share awards	1.6	1.7
Adjusted weighted average number of ordinary shares for diluted earnings per share	260.3	261.0

The profit attributable to equity holders of the Company used in the calculation of both basic and diluted earnings per share from continuing operations before adjusting items is calculated as follows.

	2022 £m	2021 £m
Net profit attributable to equity holders from continuing operations ²	212.2	154.6
Adjusting items net of tax	42.4	30.2
Net profit attributable to equity holders from continuing operations before adjusting items	254.6	184.8

	2022 pence	2021 pence
Basic earnings per share		
Total operations ¹	82.5	99.7
Continuing operations ²	82.0	59.6
Continuing operations before adjusting items ²	98.4	71.3
Diluted earnings per share		
Total operations ¹	82.0	99.0
Continuing operations ²	81.5	59.2
Continuing operations before adjusting items ²	97.8	70.8

1. Adjusted for a profit of £0.4m (2021: profit of £0.5m) in respect of non-controlling interests for total operations.

2. Adjusted for a profit of £0.4m (2021: profit of £0.5m) in respect of non-controlling interests for continuing operations.

There have been 839 share awards (2021: 6,258) exercised between the reporting date and the date of signing of these financial statements. They were settled out of existing shares held in trust.

Earnings per share from discontinued operations is disclosed in note 9.

NOTES TO THE GROUP FINANCIAL STATEMENTS

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11. DIVIDENDS PAID & PROPOSED

	2022 £m	2021 £m
Declared & paid during the year		
Equity dividends on ordinary shares		
Final dividend for 2021: 12.30p (2020: 0.00p)	31.8	—
Interim dividend for 2022: 13.50p (2021: 11.50p)	34.9	29.8
	66.7	29.8
Proposed for approval by Shareholders at the Annual General Meeting		
Final dividend for 2022: 19.30p (2021: 12.30p)	49.9	31.9

The current year dividend is in line with the capital allocation policy announced in our 2020 Annual Report and Financial Statements, under which the Group intends to distribute 33% of adjusted earnings by way of dividend. As a result, dividend cover in 2022 is 3.0 times.

The proposed dividend is based on the number of shares in issue, excluding treasury shares held, at the date that the financial statements were approved and authorised for issue. The final dividend may differ due to increases or decreases in the number of shares in issue between the date of approval of this Annual Report and Financial Statements and the record date for the final dividend.

NOTES TO THE GROUP FINANCIAL STATEMENTS

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12. PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment comprises owned and right-of-use assets that do not meet the definition of investment property.

	Owne land & buildings £m	Owne 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 2020	153.8	489.8	643.6	128.2	28.2	156.4	800.0
Additions	4.0	44.3	48.3	12.4	8.9	21.3	69.6
Acquisitions (restated)	0.2	0.3	0.5	0.9	—	0.9	1.4
Disposals	(23.8)	(15.7)	(39.5)	(6.2)	(4.8)	(11.0)	(50.5)
Reclassifications to intangible assets (note 13)	—	(0.5)	(0.5)	—	—	—	(0.5)
Reclassifications to inventory	—	(0.2)	(0.2)	—	—	—	(0.2)
Reclassifications	4.2	(4.2)	—	(0.2)	0.2	—	—
Reassessments and modifications	—	—	—	3.3	(2.9)	0.4	0.4
Inflation adjustment	—	0.3	0.3	—	—	—	0.3
Exchange adjustment	(4.4)	(19.5)	(23.9)	(2.4)	(0.6)	(3.0)	(26.9)
Restated at 31 December 2021	134.0	494.6	628.6	136.0	29.0	165.0	793.6
Additions	4.8	55.9	60.7	24.9	6.8	31.7	92.4
Acquisitions	0.8	2.8	3.6	—	—	—	3.6
Disposals	(4.9)	(18.7)	(23.6)	(6.3)	(5.3)	(11.6)	(35.2)
Disposal of business	—	(0.4)	(0.4)	—	(0.1)	(0.1)	(0.5)
Reclassifications	0.6	(0.6)	—	—	—	—	—
Reassessments and modifications	—	—	—	2.0	1.5	3.5	3.5
Inflation adjustment	—	0.4	0.4	—	—	—	0.4
Exchange adjustment	10.9	43.2	54.1	7.6	1.8	9.4	63.5
At 31 December 2022	146.2	577.2	723.4	164.2	33.7	197.9	921.3
Accumulated depreciation & impairment							
At 31 December 2020	40.0	261.0	301.0	36.2	13.3	49.5	350.5
Depreciation charge for the year	4.6	38.4	43.0	20.0	7.6	27.6	70.6
Impairment during the year	—	0.2	0.2	(1.6)	—	(1.6)	(1.4)
Disposals	(6.0)	(12.2)	(18.2)	(2.8)	(4.6)	(7.4)	(25.6)
Reclassifications	—	—	—	0.1	(0.1)	—	—
Reassessments and modifications	—	—	—	0.8	(0.8)	—	—
Inflation adjustment	—	0.2	0.2	—	—	—	0.2
Exchange adjustment	(1.8)	(13.2)	(15.0)	(0.8)	(0.8)	(1.6)	(16.6)
At 31 December 2021	36.8	274.4	311.2	51.9	14.6	66.5	377.7
Depreciation charge for the year	5.2	41.8	47.0	23.1	8.3	31.4	78.4
Impairment during the year	0.1	1.2	1.3	—	—	—	1.3
Disposals	(2.6)	(17.4)	(20.0)	(6.1)	(5.1)	(11.2)	(31.2)
Disposal of business	—	(0.1)	(0.1)	—	—	—	(0.1)
Reclassifications	(0.1)	0.1	—	—	—	—	—
Reassessments and modifications	—	—	—	0.6	(0.9)	(0.3)	(0.3)
Inflation adjustment	—	0.3	0.3	—	—	—	0.3
Exchange adjustment	3.1	24.9	28.0	3.8	1.2	5.0	33.0
At 31 December 2022	42.5	325.2	367.7	73.3	18.1	91.4	459.1
Net book value at 31 December 2020	113.8	228.8	342.6	92.0	14.9	106.9	449.5
Restated net book value at 31 December 2021	97.2	220.2	317.4	84.1	14.4	98.5	415.9
Net book value at 31 December 2022	103.7	252.0	355.7	90.9	15.6	106.5	462.2

Tangible assets as at 31 December 2021 have been restated following the finalisation of the opening balance sheet related to the prior year acquisition of Motion Metrics. The restatement and its impact on the Consolidated Financial Statements has been outlined in note 2.

NOTES TO THE GROUP FINANCIAL STATEMENTS

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Owned property, plant & equipment

In 2022, an impairment of £1.3m (2021: £0.2m) has been recognised, primarily relating to assets located in Russia, in the amount of £1.0m, following the Group's announcement to wind down operations. The remaining balance relates to assets located in Canada, in the amount of £0.2m, following the cessation of a capital expenditure project, and Australia, in the amount of £0.1m, written down on the closure of service centres.

In 2022, acquisitions of £3.6m (2021 restated: £0.5m) related to the acquisition of Carriere Industrial Supply Limited (CIS) on 8 April 2022, as outlined in note 14. Acquisitions in the prior year relate to Motion Metrics, which was acquired on 30 November 2021.

The disposal of business in the year reduced cost by £0.4m (2021: £nil) and accumulated depreciation by £0.1m (2021: £nil). This related wholly to assets held by the ESCO Russia business, which was disposed on 15 September 2022.

In 2022, the inflation adjustment recorded was to increase cost by £0.4m (2021: £0.3m) and increase accumulated depreciation by £0.3m (2021: £0.2m). The inflation adjustments related to owned property, plant and equipment assets located in Argentina, within the Minerals Division. Inflation adjustments were recorded in accordance with IAS 29 'Financial Reporting in Hyperinflationary Economies'.

The carrying amount of assets under construction included in plant and equipment for continuing operations is £41.6m (2021: £31.8m).

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 one to 20 years. The average lease term is approximately six years. Plant and equipment lease terms range from one to 16 years, with an average lease term of approximately four years. The current and non-current lease liabilities are disclosed in notes 20 and 30 respectively. The maturity analysis of contractual undiscounted cash flows is included in note 30. The following table shows the breakdown of the lease expense between amounts charged to operating profit and amounts charged to finance costs in the year for continuing operations.

In 2022, no impairment has been recorded (2021: £1.6m reversal).

	2022 £m	2021 £m
Depreciation of right-of-use assets	(31.4)	(27.6)
Expenses relating to short-term leases	(9.6)	(7.1)
Expenses relating to leases of low value assets, excluding short-term leases of low value	(2.4)	(1.8)
Income from sub-leasing right-of-use assets	0.6	0.8
Expenses relating to variable lease payments not included in the measurement of lease liabilities	(0.8)	(0.5)
Charge to operating profit	(43.6)	(36.2)
Finance cost - interest expense related to lease liabilities	(4.0)	(4.3)
Charge to profit before tax from continuing operations	(47.6)	(40.5)

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 £47.4m (2021: £40.7m). Future cash outflows from leases not yet commenced to which the Group is committed total £16.2m (2021: £8.6m).

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13. INTANGIBLE ASSETS

	Goodwill £m	Brand names £m	Customer & distributor relationships £m	Purchased software £m	Intellectual property & trademarks £m	Development costs £m	Other £m	Total £m
Cost								
At 31 December 2020	748.1	253.6	180.0	85.3	90.5	48.6	67.3	1,473.4
Additions	—	—	—	6.0	—	2.0	—	8.0
Acquisitions (restated)	52.1	3.3	—	0.1	34.1	—	—	89.6
Disposals	—	—	—	(1.8)	—	—	—	(1.8)
Reclassifications from property, plant & equipment (note 12)	—	—	—	0.5	—	—	—	0.5
Reclassifications	—	—	—	2.4	—	(2.2)	(0.2)	—
Exchange adjustment	0.6	2.0	1.5	(3.3)	(1.0)	(0.7)	1.3	0.4
Restated at 31 December 2021	800.8	258.9	181.5	89.2	123.6	47.7	68.4	1,570.1
Additions	—	—	—	5.6	—	1.2	—	6.8
Acquisitions	3.7	—	3.1	—	—	—	—	6.8
Disposals	—	—	(8.9)	(2.3)	—	—	(0.1)	(11.3)
Exchange adjustment	77.0	30.2	17.7	6.0	12.6	0.8	6.7	151.0
At 31 December 2022	881.5	289.1	193.4	98.5	136.2	49.7	75.0	1,723.4
Accumulated amortisation & impairment								
At 31 December 2020	3.3	—	76.4	40.7	48.2	31.1	24.3	224.0
Charge for the year	—	—	7.0	9.5	9.7	8.1	5.9	40.2
Impairment during the year	—	—	—	0.1	—	—	—	0.1
Disposals	—	—	—	(1.7)	—	—	—	(1.7)
Reclassifications	—	—	—	1.3	—	(1.3)	—	—
Exchange adjustment	(0.1)	—	0.6	(1.6)	0.2	(0.2)	0.2	(0.9)
At 31 December 2021	3.2	—	84.0	48.3	58.1	37.7	30.4	261.7
Charge for the year	—	0.3	8.0	10.3	14.0	2.6	6.4	41.6
Impairment during the year	—	—	—	0.3	—	—	—	0.3
Disposals	—	—	(8.9)	(2.3)	—	—	(0.1)	(11.3)
Reclassifications	—	—	1.1	—	—	—	(1.1)	—
Exchange adjustment	0.2	—	6.7	3.7	7.0	0.4	3.2	21.2
At 31 December 2022	3.4	0.3	90.9	60.3	79.1	40.7	38.8	313.5
Net book value at 31 December 2020	744.8	253.6	103.6	44.6	42.3	17.5	43.0	1,249.4
Restated net book value at 31 December 2021	797.6	258.9	97.5	40.9	65.5	10.0	38.0	1,308.4
Net book value at 31 December 2022	878.1	288.8	102.5	38.2	57.1	9.0	36.2	1,409.9

Intangible assets as at 31 December 2021 have been restated, following the finalisation of the opening balance sheet related to the prior year acquisition of Motion Metrics. The restatement and its impact on the Consolidated Financial Statements has been outlined in note 2.

In 2022, an impairment of £0.3m (2021: £0.1m) has been recognised relating to assets located in Russia, following the Group's announcement to suspend and wind down operations.

In 2022, acquisitions of £6.8m (2021 restated: £89.6m) related to the acquisition of Carriere Industrial Supply Limited (CIS) on 8 April 2022, as outlined in note 14. Acquisitions in the prior year relate to Motion Metrics, which was acquired on 30 November 2021.

The carrying amount of assets under construction included in intangible assets for continuing operations is £6.1m (2021: £3.7m).

Brand names, with the exception of the Motion Metrics™ brand name, have been assigned an indefinite useful life and as such are not amortised, but are tested annually for impairment, as detailed in note 15. At 31 December 2022 the carrying value of brand names with an indefinite life was £285.6m (2021: £255.9m). The Motion Metrics™ brand name has an expected useful life of 15 years and is being amortised over this period.

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Brand names includes 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	
	2022 £m	2021 £m
ESCO	141.0	126.3
Warman	68.6	61.3
Linatex	47.1	42.1
Trio	19.7	17.6
Other ¹	12.4	11.6
	288.8	258.9

¹ Included within 'Other' is the Motion Metrics® brand name, which has a carrying value of £3.2m at 31 December 2022 (2021: £3.0m), and is being amortised over an expected remaining useful life of 14 years (2021: 15 years).

The allocation of customer and distributor relationships, and the amortisation period of these assets is as follows.

	Remaining amortisation period		Customer and distributor relationships	
	2022 Years	2021 Years	2022 £m	2021 £m
ESCO	23-26	24-27	95.9	89.4
Carriere Industrial Supply	14	n/a	2.9	—
Trio	2	3	2.0	3.0
Other	Up to 3	Up to 9	1.7	5.1
			102.5	97.5

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14. BUSINESS COMBINATIONS

Carriere Industrial Supply Limited

On 8 April 2022, the Group completed the acquisition of 100% of the voting rights of Carriere Industrial Supply Limited (CIS) for an enterprise value of CAD\$32.5m (£20.2m). CIS is a Canadian-based manufacturer and distributor of wear parts, and an aftermarket service provider to the mining industry, with exposure across both surface and underground mining in Ontario and Quebec. The acquisition has joined the ESCO Division and reporting segment as CIS is already an established distributor of ESCO's core Ground Engaging Tools (G.E.T.) products. This acquisition will maintain ESCO's leading core G.E.T. presence in Ontario and provide opportunities to expand into fabricated hardware and underground capabilities.

Initial consideration of £16.2m was paid on completion, with a further deferred consideration of £2.5m recognised reflecting indemnification and working capital hold backs. In October 2022, the Group paid a further £0.1m in relation to the finalisation of the completion accounts process and settled £0.5m of the deferred consideration in relation to the working capital completion mechanism. The remaining deferred consideration of £2.0m for indemnification is payable in two instalments; on the first and second anniversary of the acquisition date. The final adjusted purchase price of CAD\$30.3m (£18.8m) represents the enterprise value adjusted for certain working capital, net debt and transaction fee adjustments.

The provisional fair values, which are subject to finalisation within 12 months of acquisition, are disclosed in the table below. There are certain intangible assets included in the £3.7m of goodwill recognised that cannot be individually separated and reliably measured due to their nature. These items include the future growth of the business, synergies and an assembled workforce.

	2022 £m
Carriere Industrial Supply Limited provisional fair values	
Property, plant & equipment - owned assets	3.6
Intangible assets - customer and distributor relationships	3.1
Inventories	10.5
Trade & other receivables	7.5
Income tax receivable	0.1
Cash & cash equivalents	1.6
Interest-bearing loans & borrowings	(0.4)
Trade & other payables	(9.3)
Deferred tax liabilities	(1.6)
Provisional fair value of net assets	15.1
Goodwill arising on acquisition	3.7
Total consideration	18.8
Cash consideration	16.3
Deferred consideration	2.5
Total consideration	18.8
The total net cash outflow on current year acquisitions was as follows:	
cash consideration paid	(16.3)
deferred consideration paid	(0.5)
cash & cash equivalents acquired	1.6
Total cash outflow (note 26)	(15.2)

The gross amount and fair value of CIS trade receivables amount to £7.5m. It is expected that virtually all the contractual amounts will be collected.

CIS contributed £26.9m to revenue and an operating profit of £6.0m (before adjusting items) in the period from acquisition to 31 December 2022. These values are inclusive of revenue and margin which would have been earned pre-acquisition on sales from ESCO to CIS under the former distributor model. If the acquisition had occurred at the start of 2022, the revenue and statutory profit for the year from acquired operations would not have had a material impact on the results disclosed in the Consolidated Income Statement and therefore are not separately disclosed. Group exceptional acquisition and integration costs in relation to CIS are £1.6m in the year (note 6) and are reported within Administrative expenses (note 5).

Motion Metrics

The Group completed the acquisition of 100% of the voting rights of Motion Metrics on 30 November 2021 for an enterprise value of CAD\$150.0m (£88.7m), which represents initial equity value consideration of £67.9m paid in cash and adoption of £20.8m of vendor liabilities primarily relating to tax, settlement of an employee growth participation plan and disposal costs.

Motion Metrics is a leading Canada-based global mining technology business and is the market-leading developer of innovative artificial intelligence (AI) and 3D rugged Machine Vision Technology used in mines worldwide. Its technology helps miners increase safety, efficiency and sustainability of their operations. As part of the agreement, Motion Metrics' Vancouver headquarters will become Weir's global centre for excellence in AI and Machine Vision Technology.

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Motion Metrics applications are highly complementary to Weir's product portfolio. It has joined the ESCO Division and reporting segment reflecting the early adoption of its technology in G.E.T. where ESCO is an established global leader. Motion Metrics AI and Machine Vision Technology capabilities are expected to be leveraged across the whole mining value chain served by the Weir Group.

The provisional fair values, which were subject to finalisation within 12 months of acquisition, have been finalised and are disclosed in the table below. There are certain intangible assets included in the £52.1m of goodwill recognised that cannot be individually separated and reliably measured due to their nature. These items include the future growth of the business, synergies and an assembled workforce.

	As reported	Adjustment	Restated
	2021	(note 2)	(note 2)
	2021	2021	2021
	£m	£m	£m
Motion Metrics fair values			
Property, plant & equipment – owned assets	0.6	(0.1)	0.5
Property, plant & equipment – right-of-use assets	0.2	0.7	0.9
Intangible assets			
Brand names	3.3	—	3.3
Intellectual property & trademarks	34.0	0.1	34.1
Purchased software	0.1	—	0.1
Inventories	2.2	(0.6)	1.6
Trade & other receivables	2.3	—	2.3
Income tax receivable	0.7	1.0	1.7
Interest-bearing loans & borrowings	(0.2)	(0.7)	(0.9)
Trade & other payables	(1.6)	(0.5)	(2.1)
Income tax payable	(0.5)	—	(0.5)
Provisions	(20.0)	0.2	(19.8)
Deferred tax liabilities	(5.3)	(0.1)	(5.4)
Fair value of net assets	15.8	—	15.8
Goodwill arising on acquisition	52.1	—	52.1
Total consideration	67.9	—	67.9
Cash consideration	67.9	—	67.9
Total consideration	67.9	—	67.9
The total net cash outflow on prior year acquisitions was as follows:			
cash paid	(67.9)	—	(67.9)
Total cash outflow (note 26)	(67.9)	—	(67.9)

Contingent consideration

As part of the purchase agreement a maximum of an additional CAD\$100.0m is payable by the Group contingent on Motion Metrics exceeding specific revenue and EBITDA targets over the first three years following acquisition. Any balance that becomes payable would be split, with 80% reflecting further consideration and 20% for a new employee bonus plan. The entry point for any contingent payment would require significant growth both in terms of revenue and EBITDA margin by 2024. Progress has been made towards these targets in 2022 and while the Group expects Motion Metrics to continue to grow as it leverages the benefits of being partnered with ESCO, and the opportunities within Minerals, the entry targets are considered challenging. At present, the probability of Motion Metrics exceeding these targets in order to trigger a contingent payment is considered to remain uncertain, in part due to the relative infancy of the business. As a result, no contingent consideration has been recorded at the balance sheet date. This will be reassessed in future periods as the business develops.

No contingent consideration agreement was included in the purchase of CIS.

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15. 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 2022 £m	Intangibles 2022 £m	Goodwill 2021 £m	Intangibles 2021 £m
Minerals	392.5	144.6	363.8	129.6
ESCO	485.6	141.0	433.8	126.3
Continuing operations	878.1	285.6	797.6	255.9

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 that drives demand for original equipment; and (ii) levels of actual mining activity that 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 2022.

ESCO

ESCO includes the ESCO and Bucyrus Blades brands. This CGU is a supplier of Ground Engaging Tools (G.E.T.) and associated equipment and services to the mining and infrastructure industries. The key drivers for revenues are: (i) levels of mining and infrastructure capital expenditure that drives demand for original equipment; and (ii) levels of actual mining and infrastructure activity that drives demand for spare parts and service. Independent forecasts of expenditure in these sectors have been used to derive revenue growth assumptions. These independent forecasts were prepared during the final quarter of 2022.

Following the acquisition of Motion Metrics in 2021 and Carriere Industrial Supply Limited in 2022, both have been included within the ESCO CGU.

Impairment testing assumptions

Impairment testing requires an estimate of the value in use of the CGUs to which the goodwill and intangible assets are allocated. To estimate the value in use, the Group estimates the expected future cash flows from the CGU and discounts them to their present value at a determined discount rate, which is appropriate for the geographic location of the CGU. Forecasting expected cash flows and selecting an appropriate discount rate inherently requires estimation. The forecasts reflect latest strategic plans, for each of the CGUs, covering a period of five years and incorporate initial plans for achieving the Group's long-term sustainability goals, which are described more fully in the Strategic Report.

The basis of the impairment tests for the two 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	11.9% (2021: 10.8%)	0.0% (2021: 2.4%)	Revenue growth/Adjusted operating profit margins	External forecast Historic experience
ESCO	Value in use	5 years	13.8% (2021: 10.6%)	0.0% (2021: 2.3%)	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 for geographic risk. The WACC is the weighted average of the pre-tax cost of debt financing and the pre-tax cost of equity finance. The discount rate has increased in Minerals and, by a greater magnitude, in ESCO due to a significant increase in country equity risk premiums and long-term government bond yields, while mining asset betas have remained stable.

2 Real growth

For both CGUs the real growth beyond the five-year forecast period typically reflects external International Monetary Fund (IMF) forecast growth rates for the countries in which the CGU operates. However, in 2022, given the current high short-term inflation rates and variability caused by general macroeconomic uncertainty, for modelling purposes we have conservatively restricted the real growth to 0.0% in both CGUs to compensate for current volatility in rates. We do not believe this reflects our outlook on real growth given the global nature of these businesses, the long-term growth prospects in their end markets and the fact that they sell a significant proportion of their products to emerging markets which also have strong long-term growth prospects.

3 Adjusted operating profit margins

Adjusted operating profit margins have been forecast based on historic levels taking cognisance of the likely impact of changing economic environments and competitive landscapes on volumes and revenues, and the impact of associated management actions.

Impairment testing and sensitivity analysis

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. The resulting value in use model for the Minerals and ESCO CGUs show significant headroom above carrying value.

While cash flow projections are subject to inherent uncertainty, no detailed sensitivity analysis has been performed for these CGUs, as there is no reasonably possible change in key assumptions that would cause the carrying value amounts to exceed recoverable amounts. A 1% increase in the pre-tax real discount rate and 1% decrease in growth rate for each CGU, also indicated significant headroom on the carrying value of the assets.

Additionally, the Directors have considered scenarios consistent with meeting the Paris goals of limiting the global temperature increase to well below 2°C, which the Directors consider to be a reasonably possible outcome. In these scenarios, assumptions have been made over the price and production volumes of certain commodities, that are key to end customers, with several of these commodities being vital globally in achieving the Paris goals. Under the scenarios considered by the Directors, there are no indicators of impairment in relation to either CGU.

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16. INVESTMENTS IN JOINT VENTURES

At the year end, the Group held an investment in one joint venture, ESCO Elecmetal Fundición Limitada.

	£m
At 31 December 2020	15.0
Share of results	1.7
Share of dividends	(2.0)
Exchange adjustment	(2.4)
At 31 December 2021	12.3
Share of results	2.5
Share of dividends	(2.7)
Exchange adjustment	3.0
At 31 December 2022	15.1

The Group's 50% share of the joint venture balance sheet is detailed below.

	2022 £m	2021 £m
Share of joint venture's balance sheet		
Current assets	10.0	7.7
Non-current assets	13.3	12.5
Current liabilities	(2.2)	(2.6)
Non-current liabilities	(6.0)	(5.3)
Net assets	15.1	12.3

The Group's share of the revenue and profit of its joint venture is included below.

	2022 £m	2021 £m
Share of joint venture's revenue & profits		
Revenue	17.8	12.3
Cost of sales	(14.8)	(10.4)
Administrative expenses	(0.2)	0.1
Income tax expense	(0.2)	(0.2)
Interest	(0.1)	(0.1)
Profit after tax	2.5	1.7

The Group's investment in the joint venture is included in the list of subsidiaries on pages 226 to 232.

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17. INVENTORIES

	2022	Restated (note 2) 2021
	£m	£m
Raw materials	40.5	33.5
Work in progress	77.6	39.1
Finished goods	561.0	443.9
	679.1	516.5

In 2022, the cost of inventories recognised as an expense within cost of sales for continuing operations amounted to £1,573.4m (2021: continuing operations £1,237.2m). In 2022, the write down of inventories to net realisable value for continuing operations amounted to £26.7m (2021: £7.9m), of which £17.2m (2021: £nil) was recognised as exceptional (note 6). The reversal of previous write downs amounted to £6.0m (2021: £6.4m).

18. TRADE & OTHER RECEIVABLES

Other receivables presented as non-current on the face of the Consolidated Balance Sheet of £76.8m (2021: £76.5m) are primarily in respect of insurance contracts, including Trust Owned Life Insurance policy investments of £45.9m (2021: £40.2m) that provide a form of security for certain unfunded employee benefit plans operated by ESCO, and insurance contracts relating to asbestos-related claims in the US of £24.5m (2021: £35.3m). Further detail on these claims is presented in note 22.

Current trade and other receivables are analysed in the following table.

	2022	2021
	£m	£m
Trade receivables	444.7	397.8
Loss allowance	(26.9)	(17.4)
	417.8	380.4
Other debtors	24.7	30.7
Sales tax receivable	20.1	22.0
Prepayments	39.4	45.5
Contract assets	26.9	27.1
	528.9	505.7

The average credit period on sales of goods is 62 days (2021: 72 days) on a continuing basis. Other debtors includes £0.3m (2021: £1.3m) in respect of amounts due from joint ventures, and £7.5m (2021: £6.9m) in respect of insurance contracts relating to asbestos-related claims (note 22).

Impairment of trade & other receivables

The Group has two types of financial assets that are subject to IFRS 9's expected credit loss model:

- trade receivables for sales of products and services; and
- 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. They 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 5).

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.

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Analysis of gross carrying amount of trade receivables by days past due

	2022 £m	2021 £m
Not past due	313.2	280.4
Up to 3 months past due	81.6	78.0
Between 3 & 6 months past due	12.1	10.0
More than 6 months past due	37.8	29.4
	444.7	397.8

Reconciliation of opening to closing loss allowance for trade receivables

	2022 £m	2021 £m
Balance at the beginning of the year	(17.4)	(18.8)
Impairment losses recognised on receivables	(14.3)	(4.1)
Arising on acquisition	—	(0.1)
Amounts written off as uncollectable	1.5	1.9
Amounts recovered during the year	0.3	0.5
Impairment losses reversed	4.3	2.7
Exchange adjustment	(1.3)	0.5
Balance at the end of the year	(26.9)	(17.4)

Impairment losses recognised on receivables includes an amount of £8.3m (2021: £nil) recognised as exceptional (note 6).

The Group has recognised the following assets in relation to contracts with customers.

	2022 £m	2021 £m
Construction contract assets	5.3	7.2
Accrued income	21.6	19.9
Total contract assets	26.9	27.1

The decrease in construction contract assets relates to a combination of the mix of contracts, and the timing of billing versus the percentage of completion of projects.

19. CASH & SHORT-TERM DEPOSITS

	2022 £m	2021 £m
Cash at bank & in hand	591.6	340.5
Short-term deposits	99.6	223.9
	691.2	564.4
For the purposes of the Consolidated Cash Flow Statement, cash & cash equivalents comprise the following:		
Cash & short-term deposits	691.2	564.4
Bank overdrafts (note 20)	(213.7)	(64.4)
	477.5	500.0

Cash at bank and in hand earns interest at floating-rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group and earns interest at the respective short-term deposit rates.

The Group operates a notional cash pooling arrangement in which individual balances are not offset for reporting purposes. Cash and short-term deposits at 31 December 2022 includes £206.9m (2021: £60.5m) that is part of this arrangement and both cash and interest-bearing loans and borrowings are grossed up by this amount.

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20. INTEREST-BEARING LOANS & BORROWINGS

	2022	Restated (note 2) 2021
	£m	£m
Current		
Bank overdrafts	213.7	64.4
Fixed-rate notes	165.3	435.9
Lease liabilities	27.3	23.8
	406.3	524.1
Non-current		
Bank loans ¹	336.5	(3.0)
Fixed-rate notes	657.8	734.2
Lease liabilities	87.8	81.6
	1,082.1	812.8

1. 2021 balance relates to unamortised issue costs.

The Group operates a notional cash pooling arrangement in which individual balances are not offset for reporting purposes. Bank overdrafts at 31 December 2022 includes £206.9m (2021: £60.5m) that is part of this arrangement and both bank overdrafts and cash and short-term deposits are grossed up by this amount.

	Weighted average interest rate			
	2022	2021	2022	2021
	%	%	£m	£m
Bank loans				
Revolving credit facility				
Sterling variable-rate loans	2023	£ SONIA	—	(3.0)
United States Dollar variable-rate loans	2027	US\$ SOFR	4.96	—
Non-current bank loans			336.5	(3.0)

The weighted average interest rates include an applicable margin over and above the interest basis.

	Fixed interest rate			
	2022	2021	2022	2021
	%	%	£m	£m
Fixed-rate notes				
Private placement				
United States Dollar fixed-rate notes	2022	FIXED	4.27	4.27
United States Dollar fixed-rate notes	2023	FIXED	4.34	4.34
Other				
United States Dollar Sustainability-Linked Notes	2026	FIXED	2.20	2.20
			657.8	586.5
			823.1	1,170.1
Less: current instalments due on fixed-rate notes				
United States Dollar fixed-rate notes	2022	FIXED	—	(435.9)
United States Dollar fixed-rate notes	2023	FIXED	(165.3)	—
Non-current fixed-rate notes			657.8	734.2

The disclosures above represent the interest profile and currency profile of financial liabilities before the impact of derivative financial instruments.

In May 2021, the Group completed the issue of five-year US\$800m Sustainability-Linked Notes due to mature in May 2026, which includes a target to reduce scope 1&2 CO₂ emissions by 30% by December 2024, consistent with the Group's medium-term KPIs announced in the 2020 Annual Report. The notes will initially bear interest at a rate of 2.20% per annum to be paid semi-annually in May and November. The interest on the notes will be linked to achievement of Weir's 2024 Sustainability Performance Target (SPT). The interest rate applicable to the Notes will increase by 0.25% to 2.45% per annum from and including the last interest payment date preceding 31 December 2024 if the Group does not attain its SPT. Also, in April 2021 the Group took the decision to settle its £200m term loan facility, which was due to mature in March 2022, with a charge to the Consolidated Income Statement of the remaining unamortised costs of £0.8m.

In April 2022, the Group completed the refinancing of its US\$950m Revolving Credit Facility (RCF), which was due to expire in June 2023. This was replaced with a US\$800m RCF with a syndicate of 11 global banks and will mature in April 2027, with the option to extend for up to a further two years. The RCF includes a link to the Group's sustainability goals, with an interest adjustment of +/- 0.025% dependant on achievement, and the covenant terms are unchanged.

At 31 December 2022, £336.5m was drawn under the US\$800m multi-currency RCF which, is disclosed net of unamortised issue costs of £2.4m. At 31 December 2021 £nil was drawn under the US\$950m multi-currency RCF net of unamortised issue costs of £3.0m.

At 31 December 2022, a total of £165.3m (2021: £583.6m) was outstanding under private placement, which is disclosed net of unamortised issue costs of £nil (2021: £0.1m).

At 31 December 2022, a total of £657.8m (2021: £586.5m) was outstanding under Sustainability-Linked notes, which is disclosed net of unamortised issue costs of £3.5m (2021: £4.5m).

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21. TRADE & OTHER PAYABLES

	2022	Restated (note 2) 2021
	£m	£m
Current		
Trade payables	319.3	243.1
Other creditors	14.0	8.7
Other taxes & social security costs	24.2	12.5
Accruals	162.4	158.4
Deferred consideration payable	1.0	—
Contract liabilities	102.6	68.4
	623.5	491.1
Non-current		
Deferred consideration payable	1.0	—
	1.0	—

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 2022 for continuing operations was £113.1m (2021: continuing operations £110.4m) and may be voluntarily cancelled under bilateral terms of 30 days notice. At 31 December 2022, suppliers chose to utilise supply chain financing facilities of £53.9m on a continuing operations basis (2021: continuing operations £33.4m).

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 2022 and 31 December 2021, 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.

	2022	2021
	£m	£m
Construction contract liabilities	4.7	4.9
Deferred income	97.9	63.5
Total contract liabilities	102.6	68.4

The increase in deferred income in the year relates to changes in the mix of contracts and percentage of completion status of individual projects, together with a general increase in project activity.

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.

	2022	2021
	£m	£m
Revenue recognised that was included in the contract liability balance at the beginning of the year	37.5	29.5

Revenue recognised in the year from performance obligations satisfied, or partially satisfied, in previous periods was £nil (2021: £nil).

Transaction price allocated to unsatisfied performance obligations

The transaction price allocated to performance obligations unsatisfied at the year end is £128.5m (2021: continuing operations £67.5m). 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.

	2022	2021
	£m	£m
Less than one year	95.0	30.9
After one year, but not more than five years	9.1	24.9
After five years	24.4	11.7
Total value of performance obligations unsatisfied from contracts with a duration over one year	128.5	67.5

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22. PROVISIONS

	Warranties & contract claims £m	Asbestos-related £m	Employee-related £m	Exceptional items £m	Other £m	Total £m
At 31 December 2021	9.4	61.6	12.4	11.1	11.0	105.5
Restatement (note 2)	—	—	—	(0.2)	—	(0.2)
Restated at 31 December 2021	9.4	61.6	12.4	10.9	11.0	105.3
Additions	7.5	2.0	14.2	14.2	3.3	41.2
Utilised	(7.1)	(8.5)	(14.1)	(20.3)	(1.3)	(51.3)
Unutilised	(0.3)	(6.5)	—	(0.4)	(0.5)	(7.7)
Exchange adjustment	0.9	6.6	1.0	1.0	1.2	10.7
At 31 December 2022	10.4	55.2	13.5	5.4	13.7	98.2
Current 2022	10.4	8.5	7.9	5.2	3.3	35.3
Non-current 2022	—	46.7	5.6	0.2	10.4	62.9
At 31 December 2022	10.4	55.2	13.5	5.4	13.7	98.2
Current 2021	9.2	7.6	6.9	10.6	2.0	36.3
Non-current 2021	0.2	54.0	5.5	0.3	9.0	69.0
At 31 December 2021 (restated note 2)	9.4	61.6	12.4	10.9	11.0	105.3

The impact of discounting is only relevant for the asbestos-related category of provision, with higher discount rates at 31 December 2022, resulting in a £6.1m reduction in the provision, which is reflected as unutilised above.

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 2022, the warranties portion of the provision totalled £6.6m (2021: £7.2m). At 31 December 2022, all of these costs relate to claims that fall due within one year of the balance sheet date.

Provision has been made in respect of sales contracts entered into for the sale of goods in the normal course of business where the unavoidable costs of meeting the obligations under the contracts exceed the economic benefits expected to be received from the contracts and before allowing for future expected aftermarket revenue streams. Provision is made immediately when it becomes apparent that expected costs will exceed the expected benefits of the contract. At 31 December 2022, the contract claims element, which includes onerous provision, was £3.8m (2021: £2.2m), all of which is expected to be incurred within one year of the balance sheet date.

Asbestos-related claims

	2022 £m	2021 £m
US asbestos-related provision – pre-1981 date of first exposure	49.9	55.5
US asbestos-related provision – post-1981 date of first exposure	2.8	3.0
US asbestos-related provision – total	52.7	58.5
UK asbestos-related provision	2.5	3.1
Total asbestos-related provision	55.2	61.6

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.

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	2022	2021
Number of open claims	Number	Number
Opening	1,765	1,586
New	633	656
Dismissed	(443)	(315)
Settled	(239)	(162)
Closing	1,716	1,765

A review of both the Group's expected liability for US asbestos-related diseases and the adequacy of the Group's insurance policies to meet future settlement and defence costs was completed in conjunction with external advisers in 2020 as part of our planned triennial actuarial update. This review was based on an industry standard epidemiological decay model, and Weir's claims settlement history. The 2020 review reflected higher levels of claims, particularly relating to the 1970s and 1980s, and a longer dofe period, but lower settlement values than the previous review conducted in 2017. The actuarial model incorporates claims, with a dofe pre- and post-1981, primarily relating to Lung Cancer and Mesothelioma and includes estimates relating to:

- the number of future claims received;
- settlement rates by disease type;
- mean settlement values by disease type;
- ratio of defence costs to indemnity value; and
- the profile of associated cash flows through to 2049.

The actuarial model in 2020 provided a range of potential liability based on levels of probability from 10% to 90%, which, on an undiscounted basis, equates to £53m-£133m. The mean actuarial estimate of £91m represents the expected undiscounted value over the range of reasonably possible outcomes. The provision in the financial statements is based on the mean actuarial estimate, which is then adjusted each year to reflect expected settlements in the model, discounting and restricting our estimate to ten years of future claims.

	2022	2021
Period of future claims provided	10 years	10 years
Discount rate	5.0 %	2.6 %

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 that 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 corporate bond yield available at the balance sheet date denominated in the same currency, and with a term broadly consistent to that of the liabilities being provided for, with sensitivities to the discount rate also included below.

In 2020, confirmation was also received from external advisers of the insurance asset available, which includes the estimated defence costs that would be met by the insurer. An update to the insurance asset is obtained annually and totals £32.0m at 31 December 2022 (2021: £42.2m). Based on the profile of the claims in the actuarial model, external advisers expect the insurance cover and associated limits currently in place to be sufficient to meet the settlement and associated costs until c.2027. No cash flows to or from the Group, related to claims with an exposure date pre-1981, are expected until the exhaustion of the insurance asset. 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.

	2022	2021
US asbestos-related provision	£m	£m
Gross provision	58.8	67.4
Effect of discounting	(6.1)	(8.9)
Discounted US asbestos-related provision	52.7	58.5
Insurance asset	32.0	42.2
Net US asbestos-related liability	20.7	16.3

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The net provision and insurance asset are presented in the financial statements as follows.

	2022	2021
	£m	£m
Provisions – current	7.8	7.1
Provisions – non-current	44.9	51.4
Trade & other receivables	7.5	6.9
Non-current other receivables	24.5	35.3

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.

Since the last triennial update completed in 2020, we have experienced a higher number of claims received than modelled across both disease types. Average settlement values have been higher for Mesothelioma cases, but lower for Lung Cancer cases. Settlements largely occur within four years of a claim being received and the settlement rates for Mesothelioma cases are broadly in line with the model while Lung Cancer case settlement rates are trending below.

These variations from the model may be influenced by fluctuations in the profile of case rates across jurisdictions coupled with the potential impact of the Covid-19 pandemic. However, if current case numbers and average settlement values were to continue, this may lead to the insurance asset being eroded as early as 2025, two years earlier than initially suggested in the 2020 actuarial model.

As noted above there are a number of uncertain factors involved in the estimation of the provision and variations in case numbers and settlements are to be expected from period-to-period. Our actual claims experience will be reflected in the next triennial valuation due in the second half of 2023, and will be incorporated in our 2023 Annual Report and Financial Statements.

Sensitivity analysis reflecting reasonably probable scenarios has been conducted. The results of this analysis are shown below.

	2022
	£m
Estimated impact on the discounted US asbestos-related provision of	
Increasing the number of projected future settled claims by 15%	7.4
Increasing the estimated settlement value by 10%	4.6
Increasing the basis of provision by ten years	3.8
Decreasing the discount rate by 50bps	1.3

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 that are not the subject of insurance cover. The extent of the UK asbestos exposure involves a series of legacy employer's liability claims that 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 £2.5m (2021: £3.1m).

Employee-related

Employee-related provisions arise from legal obligations in a number of territories in which the Group operates, the majority of which relate to compensation associated with periods of service. A large proportion of the provision is for long service leave. The outflow is generally dependent upon the timing of employees' period of leave with the calculation of the majority of the provision being based on criteria determined by the various jurisdictions.

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Exceptional items

The exceptional items provision relates to certain exceptional charges included within note 6 where the cost is based on a reliable estimate of the obligation.

The restated opening balance of £10.9m includes £8.7m for opening balance sheet liabilities in Motion Metrics relating to restructuring taxes and acquisition costs, cybersecurity costs of £0.4m and final Oil & Gas Division disposal costs of £0.4m. The remaining balance of £1.4m relates to prior year balances in Minerals for severance costs and onerous contract provisions.

Additions in the year total £14.2m, including acquisition and integration costs for Motion Metrics and CIS of £1.8m, which were fully cash settled in the year, and £2.8m in relation to the Performance Excellence programme, of which £2.2m has been paid in the year with £0.2m held in creditors due for payment. The remaining addition of £9.6m is in relation to the wind down of our Minerals Russia subsidiary and includes severance, management retentions and customer penalties. Of this balance, £5.3m has been cash settled in the year, with the remaining £4.3m expected to be settled in 2023.

The closing balance of £5.4m includes £4.3m related to Russia, £0.4m in relation to capacity optimisation costs as part of the Performance Excellence programme and £0.7m for final Oil & Gas Division disposal costs related to tax and prior year Minerals Division balances for severance and onerous contract provisions.

Other

Other provisions include environmental obligations, penalties, duties due, legal claims and other exposures across the Group. These balances typically include estimates based on multiple sources of information and reports from third-party advisers. The timing of outflows is difficult to predict as many of them 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.

23. DEFERRED TAX

	2022 £m	Restated (note 2) 2021 £m
Deferred income tax assets		
Post-employment benefits	12.5	13.4
Decelerated depreciation for tax purposes	11.8	7.4
Intangible assets	16.1	—
Untaxed reserves	210.7	182.0
Offset against liabilities	(158.6)	(145.8)
Deferred income tax assets	92.5	57.0
Deferred income tax assets attributable to:		
Continuing operations	92.5	57.0
	92.5	57.0
Deferred income tax liabilities		
Accelerated depreciation for tax purposes	(16.7)	(23.8)
Overseas tax on unremitted earnings	(6.7)	(7.3)
Intangible assets	(153.6)	(116.1)
Other temporary differences	(16.3)	(39.4)
Post-employment benefits	(16.7)	—
Offset against assets	158.6	145.8
Deferred income tax liabilities	(51.4)	(40.8)
Deferred income tax liabilities attributable to:		
Continuing operations	(51.4)	(40.8)
	(51.4)	(40.8)
Net deferred income tax asset	41.1	16.2

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The movement in deferred income tax assets and liabilities during the year was as follows.

	Post-employment benefits	Accelerated depreciation for tax purposes	Overseas tax on unremitted earnings	Intangible assets	Untaxed reserves, tax losses & other temporary differences	Total
	£m	£m	£m	£m	£m	£m
At 31 December 2020	33.5	(13.7)	(9.4)	(132.8)	163.3	40.9
Credited (charged) to the Consolidated Income Statement (note 8)	0.9	(0.9)	1.5	22.6	(14.1)	10.0
(Charged) to equity (note 8)	(21.1)	—	—	—	(0.7)	(21.8)
Acquisition of business (restated)	—	—	—	(5.3)	(0.1)	(5.4)
Disposal of business	—	(1.7)	—	—	(5.3)	(7.0)
Exchange adjustment	0.1	(0.1)	0.6	(0.6)	(0.5)	(0.5)
At 31 December 2021 (restated)	13.4	(16.4)	(7.3)	(116.1)	142.6	16.2
(Charged) credited to the Consolidated Income Statement (note 8)	(2.4)	14.4	0.7	(7.8)	35.7	40.6
(Charged) credited to equity (note 8)	(16.4)	—	—	—	0.9	(15.5)
Acquisition of business	—	(0.6)	—	(1.0)	—	(1.6)
Exchange adjustment	1.2	(2.3)	(0.1)	(12.6)	15.2	1.4
At 31 December 2022	(4.2)	(4.9)	(6.7)	(137.5)	194.4	41.1

Untaxed reserves primarily relate to accruals/provisions for liabilities where the tax allowance is deferred until the cash expense occurs, and to temporarily disallowed inventory/receivable provisions. Included in this balance is a deferred tax asset in relation to tax losses of £39.8m (2021: £56.6m). This includes £21.9m (2021: £46.3m) relating to US Federal and State tax losses and £10.0m (2021: £7.9m) relating to UK tax losses.

Deferred tax assets of £0.4m (2021: £54.0m) have been recognised in respect of entities which have suffered a tax 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, £24.2m (2021: £23.7m) of US foreign tax credits have a ten-year time expiry with the earliest expiration date being 2027, £10.3m (2021: £4.5m) of US research and development tax credits have a 20-year time expiry with the earliest expiration date being 2036, and £3.6m (2021: £5.4m) of US State attributes have a ten-year time expiry.

Deferred tax assets of £41.2m have been recognised in relation to deferred deductions for intra-group interest in the US group. Within this balance, £32.7m relates to amounts previously retained off balance sheet and recognised in the year as an exceptional tax credit.

Deferred tax asset balances for unused tax losses of £34.0m (2021: £73.5m) have not been recognised on the grounds that there is insufficient evidence that these assets will be recoverable. The reduction in 2022 compared to 2021 relates primarily to the recognition of the £32.7m of additional US tax attributes noted above.

Deferred tax asset balances for capital losses amounting to £7.9m (2021: £7.8m) 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 £41.1m (2021 restated: £16.2m).

During 2021, the Organisation for Economic Co-operation and Development (OECD) published a framework for the introduction of a global minimum effective tax rate of 15%, applicable to large multinational groups. On 20 July 2022, HM Treasury released draft legislation to implement these 'Pillar 2' rules with effect for years beginning on or after 31 December 2023. The Group is reviewing these draft rules to understand any potential impacts.

Temporary differences associated with Group investments

A deferred tax liability of £6.1m (2021: £7.3m) has been recognised in respect of taxes on the unremitted earnings of the South American subsidiaries. As at 31 December 2022, 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 £2,531.8m (2021: £2,331.9m).

There are no income tax consequences attaching to the payment of dividends by the Company to its Shareholders.

UK corporation tax rate changes

An increase in the UK rate from 19% to 25% from April 2023 was substantively enacted as part of Finance Bill 2021 (on 25 May 2021). As a result, at 31 December 2022, deferred tax balances have been calculated at 25%.

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24. 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.

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 12 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 that 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 22% of the Group's pension and other post-employment benefit plan commitments and 17% of the Group's total associated assets.

The weighted average duration of these plans is around ten years.

The defined benefit plans in the UK and North America expose the Group to a number of risks.

i) Uncertainty in benefit payments

The value of the Group's liabilities for the defined benefit plans will ultimately depend on the amount of benefits paid out. This in turn will depend on the level of inflation (for those benefits that are subject to some form of inflation protection) and how long individuals live. This risk is significantly reduced through the insurance policies held in the UK.

ii) Volatility in asset values

The Group is exposed to future movements in the values of assets held in the funded defined benefit plans to meet future uninsured benefit payments.

iii) Uncertainty in cash funding

Movements in the values of the obligations or assets may result in the Group being required to provide higher levels of cash funding, although changes in the level of cash required can often be spread over a number of years. This risk is significantly reduced through the insurance policies held. In addition, the Group is also exposed to adverse changes in pension regulation.

iv) Exchange rate movements

Movements in exchange rates will affect the value in GBP of the assets and obligations of the Group's North American defined benefit plans.

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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	
	2022	2021	2022	2021
Significant actuarial assumptions:				
Discount rate (% pa)	4.8	1.9	5.0	2.6
Retail Prices Inflation (RPI) assumption (% pa)	3.4	3.4	n/a	n/a
Post-retirement mortality (life expectancies in years):				
Current pensioners at 65 – male	21.3	21.6	20.6	20.5
Current pensioners at 65 – female	23.2	23.4	22.5	22.5
Future pensioners at 65 – male	22.6	22.9	22.1	22.0
Future pensioners at 65 – female	24.7	24.9	23.9	23.9
Other related actuarial assumptions:				
Rate of increases for pensions in payment (% pa)				
Pre 6 April 2006 service	3.2	3.2	n/a	n/a
Post 5 April 2006 service	2.1	2.1	n/a	n/a
Consumer Prices Inflation (CPI) assumption (% pa)	2.8	2.6	n/a	n/a
Rate of increase in healthcare costs	n/a	n/a	*	**

* Between 5.2% and 7.4% per annum decreasing to 4.5% per annum and remaining static at that level from 2032 (Weir)/2037 (ESCO) onwards.

** Between 5.2% and 7.4% per annum decreasing to 4.5% per annum and remaining static at that level from 2031-2032 (Weir)/2037 (ESCO) 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 2043 (in 20 years' time).

The assets and liabilities of the plans are as follows.

	UK pensions		North American pensions & post-retirement healthcare		Total	
	2022	2021	2022	2021	2022	2021
	£m	£m	£m	£m	£m	£m
Plan assets at fair value						
Equities (quoted)	48.3	207.7	21.6	46.0	69.9	253.7
Diversified Growth Funds (c.27% quoted)	36.6	70.1	1.4	2.6	38.0	72.7
Corporate bonds (quoted)	36.6	44.4	61.9	52.1	98.5	96.5
Government bonds (quoted)	168.4	106.8	34.9	36.4	203.3	143.2
Insurance policies (unquoted)	219.9	293.2	—	—	219.9	293.2
Property	—	—	4.7	5.5	4.7	5.5
Private debt (unquoted)	56.3	44.5	—	—	56.3	44.5
Multi Asset Credit Funds (quoted)	36.0	39.7	—	—	36.0	39.7
Cash (quoted)	8.0	10.4	1.5	1.2	9.5	11.6
Fair value of plan assets	610.1	816.8	126.0	143.8	736.1	960.6
Present value of funded obligations	(559.2)	(828.9)	(132.8)	(156.5)	(692.0)	(985.4)
Net asset (liability) for funded obligations	50.9	(12.1)	(6.8)	(12.7)	44.1	(24.8)
Present value of unfunded obligations	(0.9)	(1.3)	(26.3)	(30.6)	(27.2)	(31.9)
Effect of asset limit	—	—	(1.8)	—	(1.8)	—
Net asset (liability)	50.0	(13.4)	(34.9)	(43.3)	15.1	(56.7)
Plans in surplus	50.0	—	—	—	50.0	—
Plans in deficit	—	(13.4)	(34.9)	(43.3)	(34.9)	(56.7)

Of the Government bonds held at 31 December 2022, 60% (2021: 41%) are fixed interest bonds. The pension plans have not directly invested in any of the Group's own financial instruments, or in properties or other assets used by the Group.

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In the UK, where the majority of the Group's pension assets are held, the investment strategy is to hold equities and other return-seeking assets, such as diversified growth funds and a mixture of bonds, to meet the assessed value of the benefits promised for the non-insured deferred pensioners. For the remaining deferred pensioners and the bulk of pensioners currently receiving their benefits, the liabilities are backed by insurance policies and suitable bonds.

The ESCO unfunded arrangements are backed by a grantor trust that contains Trust Owned Life Insurance (TOLI) policy investments. These investments do not match the obligations of the corresponding employee benefit plans, they are not used in practice to pay the benefits as they fall due and they are available to the Group's creditors in the event of insolvency. This means the grantor trust does not qualify as a 'plan asset' for the purposes of IAS 19 and is instead treated as a separate Group asset outside of this note. The value of these assets was estimated at £45.9m as at 31 December 2022 and are recognised in note 18.

The change in the IAS 19 funding position recognised in the Consolidated Balance Sheet is comprised as follows.

	UK pension		North American pensions & post-retirement healthcare		Total	
	2022	2021	2022	2021	2022	2021
	£m	£m	£m	£m	£m	£m
Opening net liabilities	(13.4)	(95.8)	(43.3)	(65.0)	(56.7)	(160.8)
Expense charged to the Consolidated Income Statement	(0.8)	(1.4)	(2.4)	(2.7)	(3.2)	(4.1)
Amount recognised in the Consolidated Statement of Comprehensive Income	57.9	79.5	7.4	16.8	65.3	96.3
Employer contributions	6.3	4.3	8.1	7.8	14.4	12.1
Exchange adjustment	—	—	(4.7)	(0.2)	(4.7)	(0.2)
Closing net assets (liabilities)	50.0	(13.4)	(34.9)	(43.3)	15.1	(56.7)

The amounts recognised for the Group in the Consolidated Income Statement and in the Consolidated Statement of Comprehensive Income for the year are analysed as follows.

	UK pension		North American pensions & post-retirement healthcare		Total	
	2022	2021	2022	2021	2022	2021
	£m	£m	£m	£m	£m	£m
Recognised in the Consolidated Income Statement						
Current service cost	—	—	(0.4)	(0.4)	(0.4)	(0.4)
Administrative expenses	(0.6)	(0.1)	(0.9)	(1.0)	(1.5)	(1.1)
Included in operating profit	(0.6)	(0.1)	(1.3)	(1.4)	(1.9)	(1.5)
Interest on net pension liability	(0.2)	(1.3)	(1.1)	(1.3)	(1.3)	(2.6)
Total expense charged to the Consolidated Income Statement	(0.8)	(1.4)	(2.4)	(2.7)	(3.2)	(4.1)
Recognised in the Consolidated Statement of Comprehensive Income						
Actual return on plan assets	(178.4)	14.7	(26.4)	7.3	(204.8)	22.0
Less: interest on plan assets	(15.3)	(11.5)	(4.1)	(3.0)	(19.4)	(14.5)
	(193.7)	3.2	(30.5)	4.3	(224.2)	7.5
Other actuarial gains (losses) due to:						
Changes in financial assumptions	261.5	43.7	41.6	10.1	303.1	53.8
Changes in demographic assumptions	4.4	(5.0)	(0.4)	(0.5)	4.0	(5.5)
Experience on benefit obligations	(14.3)	37.6	(1.5)	2.9	(15.8)	40.5
Effect of asset limit	—	—	(1.8)	—	(1.8)	—
Actuarial gains (losses) recognised in the Consolidated Statement of Comprehensive Income	57.9	79.5	7.4	16.8	65.3	96.3

Current service cost and administration expenses are recognised in operating costs and interest on net pension liability is recognised in other finance costs.

The Group's largest North American plan is the US ESCO Corporation pension plan. The Group's current funding policy for this plan is to pay the minimum required contributions under US regulation. However, in the event the plan's funding level is projected to fall below particular thresholds, the Group will consider funding more than the minimum required contribution.

Pension contributions are determined with the advice of independent qualified actuaries on the basis of regular valuations using the projected unit method. The Group made special contributions of £9.7m in 2022 (2021: £7.8m) 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.

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The latest actuarial funding valuation of the Main Plan was completed in 2022. Under the agreed recovery plan, the Group has agreed to contribute £6.2m in respect of years ending 31 December 2021 to 31 December 2029 inclusive. These contributions are primarily funded by the income payments from the SLP described above. The contributions are subject to an annual review mechanism, and may temporarily cease if the Main Plan's funding level on a funding basis exceeds 105%.

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 down the schemes without cause, the Directors of the Group have concluded that the Group has an unconditional right to a refund of any surplus.

The total Group contributions for 2023 (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 benefits		Total	
	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m
Opening defined benefit obligations	(830.2)	(927.1)	(187.1)	(205.0)	(1,017.3)	(1,132.1)
Current service cost	—	—	(0.4)	(0.4)	(0.4)	(0.4)
Interest on benefit obligations	(15.5)	(12.8)	(5.2)	(4.3)	(20.7)	(17.1)
Benefits paid	34.0	33.4	12.8	11.9	46.8	45.3
Actuarial gains (losses) due to:						
Changes in financial assumptions	261.5	43.7	41.6	10.1	303.1	53.8
Changes in demographic assumptions	4.4	(5.0)	(0.4)	(0.5)	4.0	(5.5)
Experience on benefit obligations	(14.3)	37.6	(1.5)	2.9	(15.8)	40.5
Exchange rate adjustment	—	—	(18.9)	(1.8)	(18.9)	(1.8)
Closing defined benefit obligations	(560.1)	(830.2)	(159.1)	(187.1)	(719.2)	(1,017.3)

Changes in the fair value of plan assets are analysed as follows.

	UK pensions		North American pensions & post-retirement benefits		Total	
	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m
Opening plan assets	816.8	831.3	143.8	140.0	960.6	971.3
Interest on plan assets	15.3	11.5	4.1	3.0	19.4	14.5
Employer contributions	6.3	4.3	8.1	7.8	14.4	12.1
Administrative expenses	(0.6)	(0.1)	(0.9)	(1.0)	(1.5)	(1.1)
Benefits paid	(34.0)	(33.4)	(12.8)	(11.9)	(46.8)	(45.3)
Actual return on plan assets less interest on plan assets	(193.7)	3.2	(30.5)	4.3	(224.2)	7.5
Exchange rate adjustment	—	—	14.2	1.6	14.2	1.6
Closing plan assets	610.1	816.8	126.0	143.8	736.1	960.6

Sensitivity analysis

Changes in key assumptions can have a significant effect on the reported retirement benefit obligation and the Consolidated Income Statement expense for 2023. The effects of changes in those assumptions on the reported retirement benefit obligation are set out in the table below.

	Increase 2022 £m	Decrease 2022 £m	Increase 2021 £m	Decrease 2021 £m
Discount rate				
Effect on defined benefit obligation of a 1.0% change	72.7	(87.1)	139.3	(165.4)
Effect on net liability of a 1.0% change	58.4	(70.8)	112.8	(136.0)
RPI inflation (and associated assumptions)				
Effect on defined benefit obligation of a 1.0% change	(29.3)	31.3	(93.7)	84.6
Effect on net liability of a 1.0% change	(20.4)	22.0	(69.6)	62.1
Life expectancy				
Effect on defined benefit obligation of a 1 year change	(30.2)	30.2	(44.7)	44.7
Effect on net liability of a 1 year change	(17.4)	17.4	(27.5)	27.5

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The impact on the IAS 19 net funding position is significantly reduced as a result of the insurance policies held. In the absence of such policies, the impact on the IAS 19 net funding position 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 IAS 19 net funding position 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.

25. SHARE CAPITAL & RESERVES

	2022 Number million	2021 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	0.3	0.4
Purchase of shares in respect of equity settled share-based payments	1.3	0.8
Utilised during the year in respect of equity settled share-based payments	(0.7)	(0.9)
At the end of the year	0.9	0.3

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 2022, Computershare Investor Services PLC held the following shares, which are subject to restriction, on behalf of individuals:

- 0 shares (2021: 36,347) for performance shares that have vested under the LTIP.
- 111,314 shares (2021: 36,127) for restricted shares that have vested under the Share Reward Plan. These shares have a market value of £1.9m.
- 24,655 shares (2021: 38,174) for bonus shares awarded under the Share Reward Plan. These shares have a market value of £0.4m.

As at 31 December 2022, 888,227 shares (2021: 289,600) were unallocated and held by the Computershare Trustees (Jersey) Limited with a market value of £14.8m.

Reserves

The period movements on the below reserves are summarised in the Consolidated Statement of Changes in Equity.

Merger reserve

The merger reserve relates to the issue of new equity as part of the consideration paid for an acquisition. Shares issued directly to ESCO Shareholders on 12 July 2018, as part of the total acquisition consideration, qualified for merger relief under Section 612 of the Companies Act 2006 and resulted in an increase to the reserve of £323.2m. The remaining reserve balance of £9.4m relates to shares issued in part consideration for the acquisition of Delta Industrial Valves Inc. during 2015.

Capital redemption reserve

The capital redemption reserve was created by a repurchase and cancellation of own shares during the 53 weeks ended 1 January 1999.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations and the Group's hedge of its net investment in foreign operations. In 2021, £103.4m gain relating to Oil & Gas Division entities was recycled to the Consolidated Income Statement on disposal.

Hedge accounting reserve

This reserve records the portion of the gains or losses on hedging instruments used as cash flow hedges that are determined to be effective. Net gains (losses) transferred from equity during the year are included in the following line items in the Consolidated Income Statement and Consolidated Balance Sheet.

	2022 £m	2021 £m
Revenue	(0.5)	(0.1)
	(0.5)	(0.1)

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26. ADDITIONAL CASH FLOW INFORMATION

	Notes	2022 £m	2021 £m
Total operations			
Net cash generated from operations			
Operating profit – continuing operations		307.5	256.6
Operating profit – discontinued operations		—	0.6
Operating profit – total operations		307.5	257.2
Exceptional and other adjusting items	6	51.4	3.8
Amortisation of intangible assets	13	41.6	40.2
Share of results of joint ventures	9, 16	(2.5)	(3.3)
Depreciation of property, plant & equipment	12	47.0	43.0
Depreciation of right-of-use assets	12	31.4	27.6
Impairment of property, plant & equipment	12	0.2	—
Grants received		(0.2)	(0.3)
Gains on disposal of property, plant & equipment		(0.6)	(4.3)
Funding of pension & post-retirement costs		(2.9)	(2.7)
Employee share schemes	28	8.0	10.9
Transactional foreign exchange		14.3	4.8
Increase in provisions		1.2	3.9
Cash generated from operations before working capital cash flows		496.4	380.8
Increase in inventories		(128.6)	(84.9)
Decrease (increase) in trade & other receivables & construction contracts		49.8	(61.7)
Increase in trade & other payables & construction contracts		30.2	31.8
Cash generated from operations		447.8	266.0
Additional pension contributions paid	24	(9.7)	(7.8)
Exceptional and other adjusting cash items		(14.2)	(8.6)
Exceptional cash items - acquired vendor liabilities		(9.7)	(11.1)
Income tax paid		(93.4)	(82.4)
Net cash generated from operating activities		320.8	156.1

Cash flows from discontinued operations included above are disclosed separately in note 9.

Exceptional and other adjusting items are detailed in note 6.

The following tables summarise the cash flows arising on acquisitions (note 14) and disposals (notes 6 and 9).

	2022 £m	2021 £m
Acquisitions of subsidiaries		
Acquisition of subsidiaries – cash consideration paid	16.3	67.9
Acquisition of subsidiaries - deferred consideration paid	0.5	—
Cash & cash equivalents acquired	(1.6)	—
Total cash outflow relating to acquisitions	15.2	67.9
Net cash (outflow) inflow arising on disposals		
Consideration received net of costs paid & cash disposed of – Oil & Gas Division (excluding AMCO)	—	258.5
Consideration received net of costs paid & cash disposed of – AMCO Joint Venture	—	24.0
Consideration received net of costs paid & cash disposed of – ESCO Russia	(2.0)	—
Prior period disposals – settlement of final costs and final completion adjustment	(0.1)	—
Total cash (outflow) inflow relating to disposals	(2.1)	282.5

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	2022 £m	Restated (note 2) 2021 £m
Net debt comprises the following		
Cash & short-term deposits (note 19)	691.2	564.4
Current interest-bearing loans & borrowings (note 20)	(406.3)	(524.1)
Non-current interest-bearing loans & borrowings (note 20)	(1,082.1)	(812.8)
	(797.2)	(772.5)

Reconciliation of financing cash flows to movement in net debt

	Restated (note 2) Opening balance at 31 December 2021 £m	Cash movements £m	Additions/ acquisitions £m	Disposals £m	FX £m	Non-cash movements £m	Closing balance at 31 December 2022 £m
Cash & cash equivalents	500.0	(51.0)	1.6	(1.9)	28.8	—	477.5
Third-party loans	(1,174.7)	133.4	(0.4)	—	(123.8)	—	(1,165.5)
Leases	(105.4)	30.5	(35.0)	—	(6.0)	0.8	(115.1)
Unamortised issue costs	7.6	2.7	—	—	—	(4.4)	5.9
Amounts included in gross debt	(1,272.5)	166.6	(35.4)	—	(129.8)	(3.6)	(1,274.7)
Amounts included in net debt	(772.5)	115.6	(33.8)	(1.9)	(101.0)	(3.6)	(797.2)
Financing derivatives	1.4	0.3	—	—	—	(1.8)	(0.1)
Total financing liabilities ¹	(1,271.1)	166.9	(35.4)	—	(129.8)	(5.4)	(1,274.8)

	Opening balance at 31 December 2020 £m	Cash movements £m	Additions/ acquisitions £m	Disposals £m	FX £m	Non-cash movements £m	Restated (note 2) Closing balance at 31 December 2021 £m
Cash & cash equivalents	374.1	150.1	—	(16.1)	(8.1)	—	500.0
Third-party loans	(1,252.6)	104.4	(0.2)	—	(26.3)	—	(1,174.7)
Leases	(179.4)	27.8	(21.3)	65.2	2.1	0.2	(105.4)
Unamortised issue costs	6.5	5.1	—	—	—	(4.0)	7.6
Amounts included in gross debt	(1,425.5)	137.3	(21.5)	65.2	(24.2)	(3.8)	(1,272.5)
Amounts included in net debt	(1,051.4)	287.4	(21.5)	49.1	(32.3)	(3.8)	(772.5)
Financing derivatives	(2.5)	(10.6)	—	—	—	14.5	1.4
Total financing liabilities ¹	(1,428.0)	126.7	(21.5)	65.2	(24.2)	10.7	(1,271.1)

1. Total financing liabilities comprise gross debt plus other liabilities relating to financing activities.

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27. COMMITMENTS & LEGAL CLAIMS

Capital commitments

	2022 £m	2021 £m
Outstanding capital commitments contracted but not provided for – property, plant & equipment	35.0	8.7

Legal claims

The Company and certain subsidiaries are, from time-to-time, party to legal proceedings and claims that 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.

28. 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. Details of the SRP for Executive Directors are outlined in the Remuneration Report on pages 111 to 134. The vesting period varies with awards issued between 2018 - 2020 vesting in four tranches for Group Executives and Executive Directors and three tranches for all other participants on a pro rata basis, awards issued in 2021 vesting in three tranches, while awards issued in 2022 will vest in full at the end of three years. Underpins and two and three-year holding periods are attached to the Executive Directors' and Group Executives' SRP awards. Dividend equivalents are added in the form of shares at each vesting date.

As part of the ESCO acquisition, certain Restricted Stock Units (RSUs) and Restricted Stock Awards (RSAs) issued by ESCO pre-acquisition were rolled into Weir Group share awards. The pre-acquisition cost of these awards totalled £1.4m and was recorded in reserves, with a corresponding increase in goodwill. These awards were treated in line with other restricted awards noted above. The final tranche of these awards vested during 2021.

In 2019, the Weir Group All-Employee Share Ownership Plan (Weir ShareBuilder) launched. Awards granted under ShareBuilder are free shares given to all employees who meet the eligibility criteria. Awards granted in 2019 vested in two tranches. One third of the shares awarded vested on 9 May 2020 and the remaining shares vested on 9 May 2021. Awards granted from 2020 vest in one tranche on the second anniversary of the grant date. The 2020 award vested on 19 November 2022. Dividend equivalents are added in the form of shares at each vesting 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 of award.

The following tables illustrate the number and weighted average share prices (WASP) of shares awarded.

Restricted shares

	2022 Number million	2022 WASP	2021 Number million	2021 WASP
Outstanding at the beginning of the year	1.5	£13.14	1.9	£11.74
Awarded during the year	0.7	£15.96	0.5	£18.28
Vested during the year	(0.6)	£13.11	(0.8)	£13.01
Forfeited during the year	—	—	(0.1)	£12.23
Outstanding at the end of the year	1.6	£14.35	1.5	£13.14

Weir ShareBuilder Plan (WSBP)

	2022 Number million	2022 WASP	2021 Number million	2021 WASP
Outstanding at the beginning of the year	0.2	£16.57	0.3	£16.47
Vested during the year	(0.2)	£16.57	(0.1)	£16.32
Outstanding at the end of the year	—	—	0.2	£16.57

A total of 15,080 awards (2021: 10,980) were issued to new employees under the Weir ShareBuilder Plan in the year.

In respect of awards issued in the year and revised estimates of previously issued awards, under the SRP and Weir ShareBuilder, an amount of £8.0m has been charged (2021: £10.9m) to the Consolidated Income Statement in respect of the number of awards that are expected to be made at the end of the vesting period.

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The remaining contractual lives of the outstanding SRP, Weir ShareBuilder and one-off conditional share awards at the end of the period are as follows.

Year of award	2022	2022	2021	2021
	Number million	Remaining contractual life*	Number million	Remaining contractual life*
2018	—	—	0.1	2 months
2019	0.1	9 months	0.2	7 months
2020	0.4	10 months	0.9	15 months
2021	0.4	16 months	0.5	16 months
2022	0.7	26 months	—	—

* Remaining contractual life reflects an average across awards with one to five year vesting periods.

The fair value at date of grant of the conditional awards has been independently estimated for both the Restricted shares and Weir ShareBuilder awards. 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 occasional one-off conditional awards at grant date is also estimated on this basis.

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 receive the value of the dividends paid by the Company during the three-year holding period or to have dividend equivalents added in the form of shares at each vesting date.

The SRP bonus shares are administered by Computershare Trust Company, N.A., CPU Share Plans Pty Ltd and Computershare Investor Services PLC. The shares are acquired on market at the grant date and are held in Computershare Trust Company, N.A., CPU Share Plans Pty Ltd and Computershare Investor Services PLC until such time as they are vested. Forfeited shares are reallocated in subsequent grants. Under the terms of the Trust Deed, Weir Group is required to provide the necessary funding for the acquisition of the shares at the time of the grant.

The number of shares to be granted is determined based on the applicable annual bonus divided by the average share price for the three days immediately prior to the date of the grant or the number of shares purchased in the stock market with the applicable annual bonus. In 2022, 33,677 shares were awarded (2021: 5,049).

The fair value of the rights at grant date was estimated by taking the market price of the Company's shares on that date.

29. RELATED PARTY DISCLOSURE

The following table provides the total amount of significant transactions that 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	Sales to related parties - services	Purchases from related parties - goods	Amounts owed to related parties	Amounts owed by related parties
		£m	£m	£m	£m	£m
Joint ventures	2022	1.1	0.1	25.9	6.2	0.3
	2021	0.7	0.1	16.7	—	1.3
Group pension plans	2022	—	—	—	8.2	—
	2021	—	—	—	5.9	—

Contributions to the Group pension plans are disclosed in note 24.

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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 2022, the Group has not raised any provision for doubtful debts relating to amounts owed by related parties (2021: £nil) as the payment history has been excellent and there is no forward-looking information that suggests there will be any issues affecting the ability for future settlement. 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.

	2022	2021
	£m	£m
Compensation of key management personnel		
Short-term employee benefits	8.0	5.9
Share-based payments	2.4	1.3
Post-employment benefits	0.3	0.3
	10.7	7.5
	2022	2021
	£m	£m
Emoluments paid to the Directors of The Weir Group PLC		
Remuneration	3.8	3.0
Gains made on the exercise of Long Term Incentive Plan awards	1.1	0.6
	4.9	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 111 to 134.

30. 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.

	2022	2021
	£m	£m
Included in current assets		
Forward foreign currency contracts designated as cash flow hedges	1.0	—
Other forward foreign currency contracts	7.9	7.1
	8.9	7.1
Included in current liabilities		
Forward foreign currency contracts designated as cash flow hedges	(1.9)	(0.4)
Forward foreign currency contracts designated as net investment hedges	(0.1)	—
Other forward foreign currency contracts	(11.2)	(3.4)
	(13.2)	(3.8)
Included in non-current liabilities		
Other forward foreign currency contracts	—	(0.1)
	—	(0.1)
Net derivative financial (liabilities) assets - total Group	(4.3)	3.2

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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; and

Level 3: Techniques that 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 2022 and 31 December 2021, 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 2022, cash and short-term deposits of £691.2m (2021: £564.4m) and current interest-bearing loans and borrowings of £406.3m (2021 restated: £524.1m) were presented after elimination of debit and credit balances within individual pools of £nil (2021: £0.2m).

The Group operates a notional cash pooling arrangement in which individual balances are not offset for reporting purposes. Cash and short-term deposits at 31 December 2022 includes £206.9m (2021: £60.5m) that is part of this arrangement and both cash and interest-bearing loans and 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 2022, the Group had derivative financial instruments of £4.5m (2021: £2.6m) which were subject to master netting arrangements, but not offset.

Carrying amounts and fair values

The table below shows the carrying amounts and fair values of the Group's financial instruments that are reported in the financial statements.

			Fair value measurement using		
	Carrying amount 2022 £m	Fair value 2022 £m	Level 1 Quoted prices in active markets £m	Level 2 Significant observable inputs £m	Level 3 Significant unobservable inputs £m
Financial assets - total Group					
Derivative financial instruments recognised at fair value through profit or loss	7.9	7.9	—	7.9	—
Derivative financial instruments in designated hedge accounting relationships	1.0	1.0	—	1.0	—
Trade & other receivables excluding statutory assets, prepayments & construction contract assets	540.9	540.9	—	540.9	—
Cash & short-term deposits	691.2	691.2	—	691.2	—
	1,241.0	1,241.0			
Financial liabilities - total Group					
Derivative financial instruments recognised at fair value through profit or loss	11.2	11.2	—	11.2	—
Derivative financial instruments in designated hedge accounting relationships	2.0	2.0	—	2.0	—
Deferred consideration payable	2.0	2.0	—	2.0	—
Amortised cost:					
Fixed-rate borrowings	823.1	784.3	—	784.3	—
Floating-rate borrowings	336.5	336.5	—	336.5	—
Leases	115.1	115.1	—	115.1	—
Bank overdrafts	213.7	213.7	—	213.7	—
Trade & other payables excluding statutory liabilities & contract liabilities	495.7	495.7	—	495.7	—
	1,999.3	1,960.5			

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	Carrying amount 2021 £m	Fair value 2021 £m	Restated (note 2) Fair value measurement using		
			Level 1 Quoted prices in active markets	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs
			£m	£m	£m
Financial assets - total Group					
Derivative financial instruments recognised at fair value through profit or loss	7.1	7.1	—	7.1	—
Trade & other receivables excluding statutory assets, prepayments & construction contract assets	507.5	507.5	—	507.5	—
Cash & short-term deposits	564.4	564.4	—	564.4	—
	1,079.0	1,079.0			
Financial liabilities - total Group					
Derivative financial instruments recognised at fair value through profit or loss	3.5	3.5	—	3.5	—
Derivative financial instruments in designated hedge accounting relationships	0.4	0.4	—	0.4	—
Amortised cost					
Fixed-rate borrowings	1,170.1	1,211.1	—	1,211.1	—
Floating-rate borrowings	(3.0)	(3.0)	—	(3.0)	—
Leases	105.4	105.4	—	105.4	—
Bank overdrafts	64.4	64.4	—	64.4	—
Trade & other payables excluding statutory liabilities & contract liabilities	410.2	410.2	—	410.2	—
	1,751.0	1,792.0			

The fair value of lease liabilities is disclosed in line with the carrying value, which is estimated by discounting future cash flows using the rate implicit in the lease or the Group's incremental borrowing rate. The fair value of cash and short-term deposits, trade and other receivables and trade and 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.

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 Forward foreign currency contracts

For each type of derivative financial instrument, the net carrying amount and maturity date ranges for continuing operations are set out in the table below.

	Net carrying amount	Maturity dates
Year ended 31 December 2022	£m	
Forward foreign currency contracts designated as cash flow hedges	(0.9)	2023 to 2024
Forward foreign currency contracts designated as net investment hedges	(0.1)	2023
Other forward foreign currency contracts at fair value through profit or loss	(3.3)	2023
	(4.3)	
	Net carrying amount	
Year ended 31 December 2021	£m	Maturity dates
Forward foreign currency contracts designated as cash flow hedges	(0.4)	2022
Other forward foreign currency contracts at fair value through profit or loss	3.6	2022 to 2023
	3.2	

NOTES TO THE GROUP FINANCIAL STATEMENTS

CONTINUED

For each type of derivative financial instrument, the amounts recognised for the year in profit or loss and equity are set out in the table below. In the financial statements these amounts are offset by the retranslation of foreign currency denominated receivables and payables, the impact of which is also set out in the table below.

	Amounts recognised in profit or loss		Amounts recognised in equity	
	Other gains in operating profit £m	Total amounts recognised in profit or loss £m	Hedge accounting reserve £m	Foreign currency translation reserve £m
Year ended 31 December 2022				
Instruments measured at fair value through profit or loss (FVTPL)				
Designated in hedge accounting relationships				
Forward foreign currency contracts designated as cash flow hedges	0.5	0.5	—	—
Forward foreign currency contracts designated as net investment hedges	—	—	—	(1.2)
Not designated in hedge accounting relationships				
Other forward foreign currency contracts at FVTPL	14.1	14.1	—	—
Total gains/(losses) on instruments measured at FVTPL	14.6	14.6	—	(1.2)

	Amounts recognised in profit or loss		Amounts recognised in equity	
	Other gains (losses) in operating profit £m	Total amounts recognised in profit or loss £m	Hedge accounting reserve £m	Foreign currency translation reserve £m
Year ended 31 December 2021				
Instruments measured at FVTPL				
Designated in hedge accounting relationships				
Forward foreign currency contracts designated as cash flow hedges	0.1	0.1	(0.2)	—
Forward foreign currency contracts designated as net investment hedges	—	—	—	4.1
Cross-currency swaps designated as net investment hedges	—	—	—	3.2
Not designated in hedge accounting relationships				
Other forward foreign currency contracts at FVTPL	(4.2)	(4.2)	—	—
Total gains/(losses) on instruments measured at FVTPL	(4.1)	(4.1)	(0.2)	7.3

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 utilises borrowings that 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 foreign exchange forwards and principal amount of the borrowings. The Group also utilises forward foreign currency contracts as hedging instruments in net investment hedges. As all critical terms matched during the year, the economic relationships were 100% effective.

There was no ineffectiveness during 2022 or 2021 in relation to hedge relationships.

NOTES TO THE GROUP FINANCIAL STATEMENTS

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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	2022	2021
Carrying amount (£m)	(0.9)	(0.4)
Assets	1.0	—
Liabilities	(1.9)	(0.4)
Notional amounts (m)		
USD	92.1	12.3
GBP	6.4	—
NZD	3.2	—
EUR	6.1	—
AUD	2.0	—
Average exchange rates		
EUR:AUD	1.54	1.58
USD:AUD	1.44	1.31
GBP:CAD	1.61	1.73
USD:CAD	1.30	1.25
GBP:AUD	1.78	1.83
GBP:EUR	1.17	1.16
GBP:USD	1.24	1.35
NZD:AUD	0.92	0.94
USD:EUR	0.95	0.84
Maturity dates	01/2023 - 07/2024	02/2022 - 09/2022
Hedge ratios*	1:1	1:1
Change in fair value of outstanding hedging instruments since 1 January (£m)	—	(0.2)
Change in value of hedged item used to determine hedge effectiveness (£m)	—	0.2

* The foreign currency forwards are denominated in the same currency as the highly probable future transactions, therefore the hedge ratio is 1:1.

Net investment hedging: foreign currency forwards and borrowings	2022	2021
Carrying amount (£m)	(1,165.6)	(1,051.2)
Liabilities - derivatives	(0.1)	—
Liabilities - borrowings	(1,165.5)	(1,051.2)
Notional amounts (m)		
USD	1,422.5	1,422.8
Average exchange rates		
GBP:USD	1.24	1.35
Maturity dates	02/2023 - 04/2027	02/2022 - 05/2026
Hedge ratios*	1:1	1:1
Change in fair value of outstanding hedging instruments since 1 January (£m)	(124.9)	(18.2)
Change in value of hedged item used to determine hedge effectiveness (£m)	124.9	18.2

* 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.

NOTES TO THE GROUP FINANCIAL STATEMENTS

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The Group has material foreign investments in the US, Australia, Canada, Europe, South America and South Africa. In respect of translational risk, the Group has a policy of partially hedging its net investment exposure to US Dollar (US\$). This is achieved through designating an element of US\$ denominated borrowings and forward currency contracts as net investment hedges against the Group's investments. The Group does not hedge the translational exposure arising from profit and loss items.

Sensitivity to foreign exchange rates

The Group considers the most significant transactional foreign exchange risk relates to the US Dollar, Australian Dollar, Chinese Yuan and Canadian Dollar. The following table shows the impact of movements in derivative valuation as a result of a weakening of these currencies. In the Consolidated Income Statement, these amounts are partially offset by the retranslation of foreign currency denominated receivables and payables.

	Increase in currency rate	Effect on profit gain (loss) £m	Effect on equity gain (loss) £m
Transactional foreign exchange			
2022			
US Dollar	+25%	22.3	235.3
Australian Dollar	+25%	8.4	—
Chinese Yuan	+25%	(6.6)	—
Canadian Dollar	+25%	(5.0)	—
2021			
Canadian Dollar	+25%	(26.1)	—
US Dollar	+25%	14.7	210.2
Chinese Yuan	+25%	(6.1)	—
South African Rand	+25%	5.2	—

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.

	2022 £m	2021 £m
US Dollar	192.8	131.1
Canadian Dollar	63.5	44.8
Australian Dollar	55.4	51.2
Chilean Peso	53.8	40.3
Euro	24.4	27.4
South African Rand	11.3	9.1
Brazilian Real	10.4	6.7
Chinese Yuan	10.3	6.0
Indian Rupee	7.1	4.5
UK Sterling	(34.9)	(27.4)
Other	0.7	2.5
Adjusted operating profit	394.8	296.2

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 2022, 29% (2021: 0%) of the Group's borrowings were at floating interest rates. The interest rate profile of the Group's interest-bearing borrowings was as follows.

	2022			2021		
	Floating-rate £m	Fixed-rate £m	Total £m	Floating-rate £m	Fixed-rate £m	Total £m
US Dollar	(338.9)	(826.6)	(1,165.5)	—	(1,174.7)	(1,174.7)

Sensitivity to interest rates

Based on borrowings at 31 December 2022, a 1% increase in interest rates would have a £3.4m (2021: £nil) 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

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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 and bank overdrafts. Further details of the Group's borrowing facilities are disclosed in note 20.

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 2022	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
Total Group	£m	£m	£m	£m	£m
Forward foreign currency contracts - net outflow	(4.9)	0.1	—	—	(4.8)
Cash flows relating to derivative financial liabilities	(4.9)	0.1	—	—	(4.8)
Trade & other payables excluding statutory liabilities & deferred income	(501.4)	(1.0)	—	—	(502.4)
Leases	(31.8)	(24.6)	(44.1)	(36.0)	(136.5)
Bank overdrafts	(213.7)	—	—	—	(213.7)
Bank loans	(16.8)	(16.8)	(378.7)	—	(412.3)
Fixed-rate notes	(183.5)	(14.5)	(683.1)	—	(881.1)
Cash flows relating to non-derivative financial liabilities	(947.2)	(56.9)	(1,105.9)	(36.0)	(2,146.0)
	(952.1)	(56.8)	(1,105.9)	(36.0)	(2,150.8)

Year ended 31 December 2021	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
Total Group	£m	£m	£m	£m	£m
Forward foreign currency contracts - net outflow	(3.9)	0.1	—	—	(3.8)
Cash flows relating to derivative financial liabilities	(3.9)	0.1	—	—	(3.8)
Trade & other payables excluding statutory liabilities & deferred income	(415.0)	—	—	—	(415.0)
Leases	(28.7)	(25.1)	(48.5)	(28.9)	(131.2)
Bank overdrafts	(64.4)	—	—	—	(64.4)
Fixed-rate notes	(464.6)	(164.0)	(623.6)	—	(1,252.2)
Cash flows relating to non-derivative financial liabilities	(972.7)	(189.1)	(672.1)	(28.9)	(1,862.8)
	(976.6)	(189.0)	(672.1)	(28.9)	(1,866.6)

Restated (note 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 18, 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, primarily customer supply chain financing arrangements, to reduce counterparty credit risk. The arrangements are assessed to ensure the entity has transferred substantially all the risks and rewards of ownership of the receivables, allowing the derecognition of the receivables in their entirety. The cash when received is recognised as a working capital movement and presented in cash generated from operations. The total amount of receivable invoices discounted at the year end and therefore derecognised was £44.7m (2021: £18.5m) and this is reflected in the working capital cash flows section of note 26. The fees incurred as part of the invoice discounting programme are as shown in note 7.

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.

NOTES TO THE GROUP FINANCIAL STATEMENTS

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31. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains robust capital ratios in order to support its business and maximise Shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to Shareholders, return capital to Shareholders or issue new shares. The Group's banking arrangements include bi-annual financial covenants based on adjusted net debt to EBITDA (not greater than 3.5) and adjusted interest cover (not less than 3.5). The Group has complied with these covenants throughout the reporting period and monitors capital using the following indicators.

Net debt to EBITDA cover – covenant basis

Net debt to EBITDA comprises net debt divided by operating profits from total operations before exceptional and other adjusting items, intangibles amortisation, depreciation and excluding the impact of IFRS 16 'Leases'.

For the purposes of the covenants required by the Group's lenders, net debt is to be converted at the exchange rate used in the preparation of the Group's Consolidated Income Statement and Consolidated Cash Flow Statement, i.e. average rate. In addition, results of businesses acquired in the financial year have to be included as if the acquisitions occurred at the start of the financial year, while the results of businesses disposed of in the year are to be excluded. During the year, the Group acquired Carriere Industrial Supply Limited and the impact is reflected below.

The Group considers the ratio of net debt to EBITDA on a covenant basis to be the key metric from a capital management perspective. The Group seeks to maintain the ratio between 0.5 to 1.5 times, with up to 2.0 times for acquisitions.

	2022	Restated (note 2) 2021
Net debt at average exchange rates (£m)	663.0	646.5
Adjusted EBITDA from continued operations (note 3) (£m)	478.9	372.1
Adjustment for IFRS 16 (£m)	(34.6)	(31.3)
Adjustment for Motion Metrics acquisition (£m)	—	(3.2)
Adjustment for Carriere Industrial Supply acquisition (£m)	0.7	—
Adjusted EBITDA – covenant basis (£m)	445.0	337.6
Net debt to adjusted EBITDA cover (ratio)	1.5	1.9

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'.

	2022	2021
Adjusted EBITA from continuing operations (note 3) (£m)	400.5	301.5
Adjustment to exclude the impact of IFRS 16 (£m)	(3.2)	(3.7)
Adjustment for Motion Metrics acquisition (£m)	—	(3.0)
Adjustment for Carriere Industrial Supply acquisition (£m)	0.5	—
Operating profit – covenant basis (£m)	397.8	294.8
Adjusted net finance costs (excluding other finance costs) - covenant basis (£m)	42.0	40.2
Interest cover (ratio) – covenant basis	9.5	7.3

Gearing ratio

Gearing comprises net debt divided by total equity. Net debt comprises cash and short-term deposits and interest-bearing loans and borrowings (note 26).

	2022	Restated (note 2) 2021
Net debt (£m)	797.2	772.5
Total equity (£m)	1,737.9	1,454.5
Gearing ratio (%)	45.9	53.1

NOTES TO THE GROUP FINANCIAL STATEMENTS

CONTINUED

32. EXCHANGE RATES

The principal exchange rates applied in the preparation of these financial statements were as follows.

Average rate (per £)	2022	2021
US Dollar	1.24	1.38
Australian Dollar	1.78	1.83
Euro	1.17	1.16
Canadian Dollar	1.61	1.73
Chilean Peso	1,078.02	1,043.54
South African Rand	20.19	20.34
Brazilian Real	6.39	7.42
Chinese Yuan	8.30	8.88
Indian Rupee	97.06	101.70
Closing rate (per £)	2022	2021
US Dollar	1.21	1.35
Australian Dollar	1.77	1.86
Euro	1.13	1.19
Canadian Dollar	1.64	1.71
Chilean Peso	1,026.77	1,153.18
South African Rand	20.61	21.57
Brazilian Real	6.39	7.54
Chinese Yuan	8.34	8.60
Indian Rupee	100.05	100.66

33. EVENTS AFTER THE BALANCE SHEET DATE

In January 2023, the Group added a further £300m loan facility to its available financing. The facility will expire in January 2024, subject to a one-year extension option. This facility has not been drawn down subsequent to the year end and the outstanding balance remains £nil.

COMPANY BALANCE SHEET

AT 31 DECEMBER 2022

	Notes	31 December 2022 £m	31 December 2021 £m
ASSETS			
Non-current assets			
Intangible assets	3	0.2	0.4
Property, plant & equipment	4	9.9	10.7
Investments in subsidiaries & loans	5	4,013.1	3,848.5
Deferred tax assets	6	11.9	14.1
Trade & other receivables	7	44.1	34.4
Retirement benefit plan assets	8	50.0	—
Derivative financial instruments	9	—	0.2
Total non-current assets		4,129.2	3,908.3
Current assets			
Trade & other receivables	7	137.4	101.3
Derivative financial instruments	9	22.2	11.1
Cash & short-term deposits		61.1	192.4
Total current assets		220.7	304.8
Total assets		4,349.9	4,213.1
LIABILITIES			
Current liabilities			
Trade & other payables	10	1,021.8	1,486.7
Derivative financial instruments	9	22.2	9.6
Provisions	12	0.1	0.6
Total current liabilities		1,044.1	1,496.9
Non-current liabilities			
Interest-bearing loans & borrowings	11	1,572.0	1,309.8
Derivative financial instruments	9	—	0.2
Deferred tax liabilities	6	12.5	—
Retirement benefit plan deficits	8	—	13.4
Total non-current liabilities		1,584.5	1,323.4
Total liabilities		2,628.6	2,820.3
NET ASSETS		1,721.3	1,392.8
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	(14.3)	(5.3)
Capital redemption reserve	13	0.5	0.5
Special reserve	13	1.8	1.8
Retained earnings		785.9	448.4
TOTAL EQUITY		1,721.3	1,392.8

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 £362.8m (2021: loss of £28.2m).

The financial statements on pages 211 to 225 were approved by the Board of Directors on 1 March 2023 and signed on its behalf by:



JON STANTON
Director



JOHN HEASLEY
Director

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	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 2020	32.5	582.3	332.6	(6.8)	0.5	1.8	450.4	1,393.3
Loss for the year	—	—	—	—	—	—	(28.2)	(28.2)
Remeasurements on defined benefit plans	—	—	—	—	—	—	79.5	79.5
Other movements	—	—	—	—	—	—	(0.1)	(0.1)
Tax relating to other comprehensive income	—	—	—	—	—	—	(17.1)	(17.1)
Total net comprehensive income for the year	—	—	—	—	—	—	34.1	34.1
Cost of share-based payments inclusive of tax charge	—	—	—	—	—	—	10.2	10.2
Dividends (note 2)	—	—	—	—	—	—	(29.8)	(29.8)
Purchase of shares for employee share plans	—	—	—	(15.0)	—	—	—	(15.0)
Exercise of share-based payments	—	—	—	16.5	—	—	(16.5)	—
At 31 December 2021	32.5	582.3	332.6	(5.3)	0.5	1.8	448.4	1,392.8
Profit for the year	—	—	—	—	—	—	362.8	362.8
Remeasurements on defined benefit plans	—	—	—	—	—	—	57.9	57.9
Tax relating to other comprehensive income	—	—	—	—	—	—	(14.4)	(14.4)
Total net comprehensive income for the year	—	—	—	—	—	—	406.3	406.3
Cost of share-based payments inclusive of tax credit	—	—	—	—	—	—	8.9	8.9
Dividends (note 2)	—	—	—	—	—	—	(66.7)	(66.7)
Purchase of shares for employee share plans	—	—	—	(20.0)	—	—	—	(20.0)
Exercise of share-based payments	—	—	—	11.0	—	—	(11.0)	—
At 31 December 2022	32.5	582.3	332.6	(14.3)	0.5	1.8	785.9	1,721.3

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 2022 ('2022') were approved and authorised for issue in accordance with a resolution of the Directors on 1 March 2023. The comparative information is presented for the year ended 31 December 2021 ('2021').

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 28 to the Group financial statements;
- ii) IFRS 7 'Financial instruments: disclosures' exemption has been taken as a result of the disclosures in note 30 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 and 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 2022:

- i) Property, plant and equipment: Proceeds before intended use - Amendments to IAS 16;
- ii) Annual improvements to IFRS standards 2018-2020;
- iii) Onerous contracts - Cost of fulfilling a contract - Amendments to IAS 37; and
- iv) Reference to conceptual framework amendments to IFRS 3.

The amendments listed above are not considered to have a material impact on the financial statements.

The following new accounting standards and interpretations have been published but are not mandatory for 31 December 2022:

- i) Amendments to IAS 1 - Classification of liabilities as current or non-current;
- ii) Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;
- iii) Amendment to IFRS 16 - Leases on sale and leaseback;
- iv) Amendment to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction; and
- v) IFRS 17 'Insurance contracts' as amended in December 2021.

These amendments have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods or on foreseeable future transactions.

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.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

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Revenue recognition

Revenue is the consideration received or receivable which reflects the amount expected to be received, mainly the transaction price. Revenue will only be recognised when the fulfilment of performance obligations is achieved. Revenue mainly relates to transactions with other entities within the Group, primarily in relation to management recharges.

Property, plant & equipment

Property, plant and equipment comprises owned assets and right-of-use assets that do not meet the definition of investment property.

i. Owned assets

Owned property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment losses. Depreciation of property, plant and 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 and buildings	20 years
Office and 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
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Software as a Service (SaaS) arrangements provide the Company with the right to access cloud-based software applications over a contractual period. The software remains the intellectual property of the developer and as a result the Company does not recognise an intangible asset in relation to subscription fees and costs incurred to customise or configure the software. The related costs are recognised in the Income Statement when the service is received.

Costs incurred to enhance or develop an existing intangible asset or develop new software code which meet the definition and recognition criteria of an intangible asset are capitalised as intangible software assets. Amortisation is recognised over the expected useful life of the software.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

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Investments

Investments in subsidiaries are held at cost less accumulated impairment losses.

Loans are carried at amortised cost using the effective interest method.

Impairment of non-current assets

All non-current assets are tested for impairment whenever events or circumstances indicate that their carrying values might be impaired such as a significant change in the market or a deviation from budget in the year.

An impairment loss is recognised to the extent that an asset's carrying value exceeds its recoverable amount, which represents the higher of the asset's fair value less costs to sell and its value in use. An asset's value in use represents the present value of the future cash flows expected to be derived from the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is conducted for the cash generating unit to which it belongs. The value in use calculation is based on discounted cash flows from the Board approved Budget and Strategic Plan prepared in the final quarter of 2022. Cash flows beyond the five-year period are extrapolated using an estimated growth rate that is appropriate for the geographic location of the asset.

Impairment losses are recognised in the Income Statement. Impairment losses recognised in previous periods for an asset other than goodwill are reversed if there has been a change in the estimates used to determine the asset's recoverable amount. The carrying amount of an asset shall not be increased above the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

Post-employment benefits

Post-employment benefits comprise pension benefits provided to certain current and former employees in the UK.

For defined benefit pension plans, the annual service cost is calculated using the projected unit credit method and is recognised over the future service lives of participating employees, in accordance with the advice of qualified actuaries. Current service cost and administration expenses are recognised in operating costs and net interest on the net pension liability is recognised in finance costs.

The finance cost recognised in the Income Statement in the period reflects the net interest on the net pension liability. This represents the change in the net pension liability resulting from the passage of time, and is determined by applying the discount rate to the opening net liability, taking into account employer contributions paid into the plan, and hence reducing the net liability, during the period.

Past service costs resulting from enhanced benefits are recognised immediately in the Income Statement. Actuarial gains and losses, which represent differences between interest on the plan assets, experience on the benefit obligation and the effect of changes in actuarial assumptions, are recognised in full in other comprehensive income in the period in which they occur.

The defined benefit liability or asset recognised in the balance sheet comprises the net total for each plan of the present value of the benefit obligation, using a discount rate based on yields at the balance sheet date on appropriate high-quality corporate bonds that have maturity dates approximating the terms of the Company's obligations and are denominated in the currency in which the benefits are expected to be paid, minus the fair value of the plan assets, if any, at the balance sheet date. The balance sheet amount recognised is limited to the present value of economic benefits which the Company expects to recover by way of refunds or a reduction in future contributions. In order to calculate the present value of economic benefits, consideration is also given to any minimum funding requirements.

For defined contribution plans, the cost represents the Company's contributions to the plans and these are charged to the Income Statement in the period in which they fall due.

Share-based payments

Equity settled share-based incentives are provided to employees under the Group's Share Reward Plan (SRP), formerly the Long Term Incentive Plan (LTIP), the Weir ShareBuilder Plan (WSBP) and as a consequence of occasional one-off conditional awards made to employees.

The fair value of SRP awards and one-off conditional awards at the date of the grant is calculated using appropriate option pricing models and the cost is recognised on a straight-line basis over the vesting period. Adjustments are made to reflect expected and actual forfeitures during the vesting period due to failure to satisfy service or performance conditions where applicable. The conditions of the SRP for the Executive Directors, which took effect in 2018 are summarised in the Directors' Remuneration Policy, which can be found on the Company's website at www.corporategovernance.weir.

The conditions of the SRP for Senior Management are summarised in note 28 of the Group Financial Statements.

The fair value of WSBP awards at grant date is calculated as the share price at the date of the grant less an adjustment for loss of reinvestment return on the dividend equivalent. There are no performance conditions attached to these awards, but participants who leave the Company prior to vesting lose their right to the awards. The terms of the share awards granted under the WSBP are set out on the plan's website at www.sharebuilder.weir.

Financial assets & liabilities

The Company's principal financial assets and liabilities, other than derivatives, comprise bank overdrafts, short-term borrowings, loans and fixed-rate notes, 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 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, 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

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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:

- 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.
- 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 £362.8m (2021: loss of £28.2m). The corporate tax credit dealt with in the accounts of the Company was £6.3m (2021: £6.2m).

	2022 £m	2021 £m
Dividends paid & proposed		
Declared & paid during the period		
Equity dividends on ordinary shares		
Final dividend for 2021: 12.30p (2020: 0.00p)	31.8	—
Interim dividend for 2022: 13.50p (2021: 11.50p)	34.9	29.8
	66.7	29.8
Proposed for approval by Shareholders at the Annual General Meeting		
Final dividend for 2022: 19.30p (2021: 12.30p)	49.9	31.9

The current year dividend is in line with the Group's capital allocation policy announced in the 2020 Annual Report and Financial Statements, under which the Group intends to distribute 33% of adjusted earnings by way of dividend. As a result the Group's dividend cover in 2022 is 3.0 times.

The proposed dividend is based on the number of shares in issue, excluding treasury shares held, at the date that the financial statements were approved and authorised for issue. The final dividend may differ due to increases or decreases in the number of shares in issue between the date of approval of this Annual Report and Financial Statements and the record date for the final dividend.

	2022 £m	2021 £m
Employee benefits expense		
Wages & salaries	30.8	25.8
Social security costs	4.3	3.6
Defined contribution plans	0.9	0.7
Share-based payments – equity settled transactions	8.0	10.9
	44.0	41.0

During 2022, the average number of people employed by the Company was 294 (2021: 280).

Directors

Details of Directors' remuneration, benefits and SRP awards are included in the Remuneration Report on pages 111 to 134, and in note 29 to the Group Consolidated Financial Statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

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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 £33,200 (2021: £24,675). 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 £41,000 (2021: £39,200).

3. INTANGIBLE ASSETS

	Purchased software total £m
Cost	
At beginning and end of the year	0.7
Accumulated amortisation	
At 31 December 2021	0.3
Charge for the year	0.2
At 31 December 2022	0.5
Net book value at 31 December 2021	0.4
Net book value at 31 December 2022	0.2

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 2021	3.7	2.3	8.8	0.2	15.0
Additions	—	0.5	—	—	0.5
Disposals	—	—	(0.7)	—	(0.7)
At 31 December 2022	3.7	2.8	8.1	0.2	14.8
Accumulated depreciation					
At 31 December 2021	1.1	0.9	2.2	0.1	4.3
Charge for the year	0.2	0.6	0.5	—	1.3
Disposals	—	—	(0.7)	—	(0.7)
At 31 December 2022	1.3	1.5	2.0	0.1	4.9
Net book value at 31 December 2021	2.6	1.4	6.6	0.1	10.7
Net book value at 31 December 2022	2.4	1.3	6.1	0.1	9.9

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.

	2022 £m	2021 £m
Depreciation of right-of-use assets	0.5	0.5
Charge to operating profit	0.5	0.5
Finance cost – interest expense related to lease liabilities	0.2	0.2
Charge to profit before tax	0.7	0.7

The total cash outflow in the year is £0.8m (2021: £0.8m).

NOTES TO THE COMPANY FINANCIAL STATEMENTS

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5. INVESTMENTS IN SUBSIDIARIES & LOANS

	Subsidiaries shares £m	Loans £m	Total £m
Cost			
At 31 December 2021	4,386.4	1,218.5	5,604.9
Additions	—	142.8	142.8
Settlement	—	(89.2)	(89.2)
Exchange	—	116.3	116.3
At 31 December 2022	4,386.4	1,388.4	5,774.8
Impairment			
At 31 December 2021	1,751.9	4.5	1,756.4
Impairment	5.3	—	5.3
At 31 December 2022	1,757.2	4.5	1,761.7
Net book value at 31 December 2021	2,634.5	1,214.0	3,848.5
Net book value at 31 December 2022	2,629.2	1,383.9	4,013.1

The subsidiaries and joint ventures of the Company are listed on pages 226 to 232.

During 2022, the Company carried out a corporate restructure for internal financing purposes. This resulted in changes to certain intercompany loans and led to dividends being received. Following completion of this restructuring, the Company carried out an impairment review of its investments and subsequently recorded impairments totalling £5.3m which reflect the dividends received as part of the restructuring exercise which totalled £5.3m.

The loan balances above are amounts owed by subsidiaries and represent 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 2022 and 31 December 2021, 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.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

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6. DEFERRED TAX

	2022 £m	2021 £m
Deferred income tax assets		
Other timing differences	11.9	10.8
Retirement benefits	—	3.3
Deferred income tax assets	11.9	14.1
Deferred income tax liabilities		
Retirement benefits	(12.5)	—
Deferred income tax liabilities	(12.5)	—
Net deferred income tax	(0.6)	14.1

Deferred tax assets of £11.9m include £10.0m (2021: £7.9m) recognised in respect of losses suffered in preceding periods. The movement in the year is a result of prior period adjustments that have resulted in additional losses carried forward. The deferred tax asset has been recognised on the basis that the losses can be carried forward indefinitely and are available to surrender against UK taxable profits of the UK group in the future.

Deferred tax liabilities of £12.5m (2021: £3.3m asset) relate entirely to retirement benefits. The movement in the year is a direct result of the UK pension plan moving to a net asset position in 2022 (2021: liability).

7. TRADE & OTHER RECEIVABLES

Trade and other receivables presented as non-current on the face of the Company balance sheet of £44.1m (2021: £34.4m) 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.

	2022 £m	2021 £m
Amounts recoverable within one year:		
Amounts owed by subsidiaries	104.9	62.5
Tax receivable	24.4	23.9
Other debtors	3.0	6.0
Prepayments & accrued income	5.1	8.9
	137.4	101.3

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 2022 and 31 December 2021 are therefore immaterial, and there has been no material change to the expected loss allowance during the year.

8. RETIREMENT BENEFITS

At the balance sheet date, the Company has a funded defined benefit plan (the Main Plan) and an unfunded retirement benefit plan for retired Executive Directors. The Company also operates a defined contribution plan, the contributions to which are in addition to those set out below, and are charged directly to the Income Statement.

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 12 years.

The current funding target for the Main Plan is to maintain assets equal to the value of the accrued benefits. The Main Plan holds two insurance policies that match the liabilities in respect of a significant proportion of deferred and retired pensioners.

The defined benefit plans expose the Company to a number of risks:

i) Uncertainty in benefit payments

The value of the Company's liabilities for the defined benefit plans will ultimately depend on the amount of benefits paid out. This in turn will depend on the level of inflation (for those benefits that are subject to some form of inflation protection) and how long individuals live. This risk is significantly reduced through the insurance policies held.

ii) Volatility in asset values

The Company is exposed to future movements in the values of assets held in the funded defined benefit plans to meet future uninsured benefit payments.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

CONTINUED

iii) Uncertainty in cash funding

The regulatory framework in the UK requires the Trustees and Company to agree upon the assumptions underlying the funding target, and then to agree upon the necessary contributions required to recover any deficit at the valuation date. There is a risk to the Company that adverse experience could lead to a requirement for the Company to make considerable contributions to recover any deficit. This risk is significantly reduced through the insurance policies held. In addition, the Company is also exposed to adverse changes in pension regulation.

Assumptions

The significant actuarial assumptions used for accounting purposes reflect prevailing market conditions and are as follows.

	2022	2021
Significant actuarial assumptions:		
Discount rate (% pa)	4.8	1.9
Retail Prices Inflation (RPI) assumption (% pa)	3.4	3.4
Post-retirement mortality (life expectancies in years):		
Current pensioners at 65 – male	21.3	21.6
Current pensioners at 65 – female	23.2	23.4
Future pensioners at 65 – male	22.6	22.9
Future pensioners at 65 – female	24.7	24.9
Other related actuarial assumptions:		
Rate of increases for pensions in payment (% pa)		
Pre 6 April 2006 service	3.2	3.2
Post 5 April 2006 service	2.1	2.1
Consumer Prices Inflation (CPI) assumption (% pa)	2.8	2.6

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 2043 (in 20 years time).

The assets and liabilities of the plans are as follows.

	2022 £m	2021 £m
Plan assets at fair value:		
Equities (quoted)	48.3	207.7
Diversified Growth Funds (quoted)	36.6	70.1
Corporate bonds (quoted)	36.6	44.4
Government bonds (quoted)	168.4	106.8
Insurance policies (unquoted)	219.9	293.2
Private debt (unquoted)	56.3	44.5
Multi Asset Credit Funds (quoted)	36.0	39.7
Cash (quoted)	8.0	10.4
Fair value of plan assets	610.1	816.8
Present value of funded obligations	(559.2)	(828.9)
Net asset (liability) for funded obligations	50.9	(12.1)
Present value of unfunded obligations	(0.9)	(1.3)
Net asset (liability)	50.0	(13.4)
Plans in surplus	50.0	—
Plans in deficit	—	(13.4)

Of the Government bonds held at 31 December 2022, 60% (2021: 34%) are fixed interest bonds. The pension plans have not directly invested in any of the Company's own financial instruments, or in properties or other assets used by the Company.

The investment strategy for the UK is to hold equities and other return-seeking assets such as Diversified Growth Funds and a mixture of bonds to meet the assessed value of the benefits promised for the non-insured deferred pensioners. For the remaining deferred pensioners and the bulk of pensioners currently receiving their benefit, the liabilities are backed by insurance policies and suitable bonds.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

CONTINUED

The change in net liabilities recognised in the Company Balance Sheet is comprised as follows.

	2022 £m	2021 £m
Opening net liabilities	(13.4)	(95.8)
Expense charged to the Income Statement	(0.8)	(1.4)
Amount recognised in Statement of Comprehensive Income	57.9	79.5
Employer contributions	6.3	4.3
Closing net assets (liabilities)	50.0	(13.4)

The amounts recognised in the Income Statement and in the Statement of Comprehensive Income for the period are analysed as follows.

	2022 £m	2021 £m
Recognised in the Income Statement		
Administrative expenses	(0.6)	(0.1)
Included in operating profit	(0.6)	(0.1)
Interest on net pension liability	(0.2)	(1.3)
Total expense charged to the Income Statement	(0.8)	(1.4)
Recognised in the Statement of Comprehensive Income		
Actual return on plan assets	(178.4)	14.7
Less: interest on plan assets	(15.3)	(11.5)
	(193.7)	3.2
Other actuarial gains (losses) due to:		
Changes in financial assumptions	261.5	43.7
Changes in demographic assumptions	4.4	(5.0)
Experience on benefit obligations	(14.3)	37.6
Actuarial gains (losses) recognised in the Statement of Comprehensive Income	57.9	79.5

Administration expenses are recognised in operating costs and interest on net pension liability is recognised in other finance costs.

Pension contributions are determined with the advice of independent qualified actuaries on the basis of regular valuations using the projected unit method. The Company made special contributions of £6.2m in 2022 (2021: £4.3m) 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 was completed in 2022. Under the agreed recovery plan, the Company has agreed to contribute £6.2m in respect of years ending 31 December 2021 to 31 December 2029 inclusive. These contributions are primarily funded by the income payments from the SLP described above. The contributions are subject to an annual review mechanism, and will temporarily cease if the Main Plan's funding level on a funding basis exceeds 105%.

The Company has taken legal advice regarding its UK arrangements to confirm the accounting treatment under IFRIC 14 with regard to recognition of a surplus and also recognition of a minimum funding requirement. This confirmed that there is no requirement to adjust the balance sheet and that recognition of a current surplus is appropriate on the basis that the Company has an unconditional right to a refund of a current (or projected future) surplus at some point in the future. For the same reason, there is no requirement for the Company to adjust the balance sheet to recognise the future agreed deficit recovery contributions. Having considered the position, taking account of the legal input received and noting that the Trustees of the UK arrangements do not have discretionary powers to unilaterally wind down the schemes without cause, the Directors of the Company have concluded that the Company has an unconditional right to a refund of any surplus.

The total Company contributions for 2023 (including those expected from the SLP) are expected to be £6.3m.

Changes in the present value of the defined benefit obligations are analysed as follows.

	2022 £m	2021 £m
Opening defined benefit obligations	(830.2)	(927.1)
Interest on benefit obligations	(15.5)	(12.8)
Benefits paid	34.0	33.4
Actuarial gains (losses) due to:		
Changes in financial assumptions	261.5	43.7
Changes in demographic assumptions	4.4	(5.0)
Experience on benefit obligations	(14.3)	37.6
Closing defined benefit obligations	(560.1)	(830.2)

NOTES TO THE COMPANY FINANCIAL STATEMENTS

CONTINUED

Changes in the fair value of plan assets are analysed as follows.

	2022 £m	2021 £m
Opening plan assets	816.8	831.3
Interest on plan assets	15.3	11.5
Employer contributions	6.3	4.3
Administrative expenses	(0.6)	(0.1)
Benefits paid	(34.0)	(33.4)
Actual return on plan assets less interest on plan assets	(193.7)	3.2
Closing plan assets	610.1	816.8

Sensitivity analysis

Changes in key assumptions can have a significant effect on the reported net retirement benefit obligation and the Income Statement expense for 2023. The effects of changes in those assumptions are set out in the table below.

	Increase 2022 £m	Decrease 2022 £m	Increase 2021 £m	Decrease 2021 £m
Discount rate				
Effect on defined benefit obligation of a 1.0% change	58.6	(71.5)	119.9	(143.6)
Effect on net liability of a 1.0% change	44.3	(55.2)	93.4	(114.2)
RPI inflation (and associated assumptions)				
Effect on defined benefit obligation of a 1.0% change	(29.3)	31.3	(93.7)	84.6
Effect on net liability of a 1.0% change	(20.4)	22.0	(69.6)	62.1
Life expectancy				
Effect on defined benefit obligation of a 1 year change	(30.2)	30.2	(38.9)	38.9
Effect on net liability of a 1 year change	(17.4)	17.4	(21.7)	21.7

The impact on the IAS 19 net funding position is significantly reduced as a result of the insurance policies held. In the absence of such policies, the impact on the IAS 19 net funding position 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 IAS 19 net funding position in isolation and assume no other changes in market conditions at the accounting date. In practice, for example, a change in discount rate is unlikely to occur without any movement in the value of the invested (non-insurance policy) assets held by the plans.

9. DERIVATIVE FINANCIAL INSTRUMENTS

	2022 £m	2021 £m
Non-current assets		
Forward foreign currency contracts	—	0.2
	—	0.2
Current assets		
Forward foreign currency contracts	22.2	11.1
	22.2	11.1
Current liabilities		
Forward foreign currency contracts	(22.2)	(9.6)
	(22.2)	(9.6)
Non-current liabilities		
Forward foreign currency contracts	—	(0.2)
	—	(0.2)

The figures in the above table include derivative financial instruments where the counterparty is a subsidiary of the Company.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

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10. TRADE & OTHER PAYABLES

	2022 £m	2021 £m
Bank overdrafts & short-term borrowings	356.9	479.0
Loans from subsidiaries (note 11)	626.7	961.8
Lease liability (note 11)	0.7	0.6
Amounts owed to subsidiaries	9.1	5.2
Other taxes & social security costs	2.1	2.1
Other creditors	6.2	13.1
Accruals & deferred income	20.1	24.9
	1,021.8	1,486.7

11. INTEREST-BEARING LOANS & BORROWINGS

	2022 £m	2021 £m
Amounts due are repayable as follows:		
Less than one year:		
fixed-rate notes	165.3	435.9
loans from subsidiaries	626.7	961.8
lease liability	0.7	0.6
More than one year but not more than two years:		
bank loans	—	(3.0)
fixed-rate notes	—	147.7
loans from subsidiaries	513.8	102.6
lease liability	0.6	0.6
More than two years but not more than five years:		
bank loans	336.5	—
fixed-rate notes	657.8	586.5
loans from subsidiaries	56.4	467.8
lease liability	1.8	1.9
More than five years:		
lease liability	5.1	5.7
	2,364.7	2,708.1
Less current instalments due on:		
fixed-rate notes	(165.3)	(435.9)
loans from subsidiaries	(626.7)	(961.8)
lease liability	(0.7)	(0.6)
	1,572.0	1,309.8

The loans from subsidiaries with a maturity date of less than one year are repayable in 2023 and have a weighted average interest rate of 2.68%. The loans for subsidiaries with a maturity date greater than one year and less than two years are repayable in 2024 and have an interest rate of 3.21%. The loans for subsidiaries with a maturity date greater than three years and less than four years are repayable in 2026 and have an interest rate of 2.85%.

Details of the interest and repayment terms of the bank loans and fixed-rate notes can be found in note 20 to the Group Financial Statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

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12. PROVISIONS

	Exceptional items £m
At 31 December 2021	0.6
Additions	1.4
Utilised	(1.9)
At 31 December 2022	0.1
Current 2022	0.1
Non-current 2022	—
At 31 December 2022	0.1
Current 2021	0.6
Non-current 2021	—
At 31 December 2021	0.6

The opening balance mainly relates to costs associated with the cyber incident, as well as some residual costs for the sale of the Oil & Gas Division. During the year, there were additions for costs associated with the acquisition of Motion Metrics and Carriere Industrial Supply Limited (CIS), as well as restructuring, all of which were utilised in the year. The closing balance is exclusively residual costs related to the Oil & Gas Division sale.

13. SHARE CAPITAL & RESERVES

	2022 £m	2021 £m
Allotted, called up & fully paid		
Ordinary shares of 12.5p each	32.5	32.5
	2022 Number million	2021 Number million
Treasury shares		
At the beginning of the year	0.3	0.4
Purchase of shares in respect of equity settled share-based payments	1.3	0.8
Utilised during the period in respect of equity settled share-based payments	(0.7)	(0.9)
At the end of the year	0.9	0.3
Equity settled share-based payments		
Share awards outstanding at the end of the year	1.6	1.7

Merger reserve

The merger reserve relates to the issue of new equity as part of the consideration paid for an acquisition. Shares issued directly to ESCO shareholders on 12 July 2018, as part of the total acquisition consideration, qualified for merger relief under Section 612 of the Companies Act 2006 and resulted in an increase to the reserve of £323.2m. The remaining reserve balance of £9.4m relates to shares issued in part consideration for the acquisition of Delta Industrial Valves Inc. during 2015.

Capital redemption reserve

The capital redemption reserve was created by a repurchase and cancellation of own shares during the 53 weeks ended 1 January 1999.

Special reserve

The premium of £1.8m arising on the issue of shares for the acquisition of the entire share capital of Liquid Gas Equipment Limited in 1988 has been credited to a special reserve in accordance with the merger relief provisions of the Companies Act 1985.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

CONTINUED

14. GUARANTEES & LEGAL CLAIMS

Guarantees

The Company has given guarantees in relation to the bank and other borrowings of certain subsidiary companies amounting to £857.2m (2021: £660.4m) of which £298.6m (2021: £213.5m) was utilised at 31 December 2022. These guarantees do not have a material value at the balance sheet date and the likelihood of the guarantees being called upon is considered remote.

Legal claims

The Company and certain subsidiaries are, from time-to-time, party to legal proceedings and claims that 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 Company. The following table provides the total amount of transactions that 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	Amounts due by
		£m	£m
Weir ABF LP	2022	—	53.5
	2021	—	63.3
Weir Minerals (India) Private Limited	2022	1.4	0.3
	2021	0.8	0.4
Vulco S.A.	2022	2.8	0.5
	2021	2.7	0.5

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The description of the Group's financial risk management objectives and policies is provided in note 30 to the Group Financial Statements. These financial risk management objectives and policies also apply to the Company.

17. EVENTS AFTER THE BALANCE SHEET DATE

In January 2023, the Group added a further £300m loan facility to its available financing. The facility will expire in January 2024, subject to a one-year extension option. This facility has not been drawn down subsequent to the year end and the outstanding balance remains £nil.

SUBSIDIARY UNDERTAKINGS

The subsidiary undertakings of the Company as at 31 December 2022 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	99.98	
Alebras Aços e Peças Ltda.	Brazil	2151, Avenida José Benassi, Sala B, Parque Industrial, CEP 13.213-085., Brazil	Ordinary	100	
Aspir Pty Ltd	Australia	1-5 Marden Street, Artarmon, NSW, 2064, Australia	Ordinary	100	
Bucyrus Blades de Mexico S.A. DE C.V.	Mexico	Calle 14, Manzana 4, Lote 4, Parque Industrial, Apartado Postal 129, Atlacomulco, Mexico	Fixed Capital; Variable Capital	100	
Bucyrus Blades Inc.	United States	C T Corporation System, 4400 Easton Commons Way, Suite 125, Columbus, OH, 43219, United States	Common; Preferred Stock	100	
Bucyrus Blades of Canada ULC	Canada	1800 – 510 West Georgia Street, Vancouver BC, V6B 0M3, Canada	CAD Common	100	
Carriere Industrial Supply Limited	Canada	222 Bay Street, Suite 3000, P O Box 53, Toronto, ON, M5K 1E7, Canada	CAD Common	100	
CH Warman Asia Limited	Malta	Level 2 West, Mercury Tower, The Exchange Financial & Business Centre, Elia Zammit Street, St. Julian's, STJ 3155, Malta, STJ 3155, Malta	Ordinary	100	
CIS First Nations Services Inc.	Canada	222 Bay Street, Suite 3000, P O Box 53, Toronto, ON, M5K 1E7, Canada	CAD Common	100	
Comercializadora TEP Limitada	Chile	San José N° 0815, San Bernardo, Santiago de Chile, Chile	Corporate Relationship %	99.59	
Electric Steel Foundry Co	United States	780 Commercial Street SE, Suite 100, Salem, OR, 97301, United States	Fixed Capital	100	
EnviroTech (Pty) Limited	South Africa	31 Isando Road, Isando, Gauteng, 1600, South Africa	A Ordinary; Ordinary	100	
ESCO – Bucyrus Blades Canada	Canada	1800 – 510 West Georgia Street, Vancouver BC, V6B 0M3, Canada	Interests	100	
ESCO – Bucyrus Blades Financing Ltd. Partnership (RH)	Canada	1800 – 510 West Georgia Street, Vancouver BC, V6B 0M3, Canada	Interests	100	
ESCO (UK) Holdings Limited	England & Wales	Ings Road, Doncaster, DN5 9SN, United Kingdom	Ordinary	100	
ESCO (UK) Limited	England & Wales	Ings Road, Doncaster, DN5 9SN, United Kingdom	Ordinary	100	
ESCO (Xuzhou) Wearparts Co., Ltd.	China	DaZhai Road and CuiZhuan Nan Road, Tongshan Economic Development Zone, Xuzhou City, Jiangsu Province, 221116, China	Corporate Relationship %	100	
ESCO Australia Holdings Pty Limited	Australia	25 Trade Street, Lytton, Queensland, QLD 4178, Australia	Ordinary	100	
ESCO Belgium SA	Belgium	Rue des Fours a Chaux 122, Zoning Industriel, Frameries, 7080, Belgium	Ordinary	100	
ESCO Canada Finance Company Inc.	Canada	1800 – 510 West Georgia Street, Vancouver BC, V6B 0M3, Canada	Common	100	
ESCO Canada Ltd.	Canada	1800 – 510 West Georgia Street, Vancouver BC, V6B 0M3, Canada	Ordinary	100	
ESCO Dunedin Pty Ltd	Australia	25 Trade Street, Lytton, Queensland, QLD 4178, Australia	Ordinary	100	
ESCO Elecmetal Fundición Limitada	Chile	Calle Miraflores, Numero 222, Piso veinticuatro, Santiago, Chile	Corporate Relationship %	50	
ESCO Electric Steel Foundry Company of Africa (Pty) Ltd	South Africa	Meadowview Business Estate, CNR Clulee and Meadowview lane, Linbro Park, Johannesburg, South Africa, 2090, South Africa	Ordinary	100	
ESCO EMEA Holdings (UK) Limited	England & Wales	Ings Road, Doncaster, DN5 9SN, United Kingdom	Ordinary	100	
ESCO Engineering Kingaroy Pty Ltd	Australia	25 Trade Street, Lytton, Queensland, QLD 4178, Australia	Ordinary D-Ordinary F-Ordinary	100	
ESCO Engineering Pty Ltd	Australia	25 Trade Street, Lytton, Queensland, QLD 4178, Australia	Ordinary	100	

SUBSIDIARY UNDERTAKINGS

CONTINUED

ESCO GmbH	Germany	Marie-Bernays Ring 1, Moenchengladbach, 41199, Germany	Ordinary	100	
ESCO GP Ltd.	Canada	1800 – 510 West Georgia Street, Vancouver BC, V6B 0M3, Canada	Common	100	
ESCO Group Holdings Pty Ltd	Australia	25 Trade Street, Lytton, Queensland, QLD 4178, Australia	Ordinary	100	
ESCO Group LLC	United States	1209 Orange Street, Wilmington, DE 19801, United States	Membership Units	100	
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 SRL	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; Class B 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 S.A.S.	France	57 rue d'Amsterdam, Paris, 75008, France	Ordinary	100	
ESCO Servicios Mineros S.A.	Argentina	Tucuman 1, Piso 4, C1049AAA, Buenos Aires, Argentina	Ordinary	100	
ESCO South Africa Wearparts (Pty) Limited	South Africa	Meadowview Business Estate, CNR Clulee and Meadowview lane, Linbro Park, Johannesburg, South Africa, 2090, South Africa	Cumulative Redeemable Preference; Empowerment Shares; Ordinary-A	99.35	
ESCO Supply and Service Kazakhstan	Kazakhstan	4th floor, 192/2 Dostyk avenue, Almaty city, 050051, Kazakhstan	Ordinary	100	
Esco Supply Carajás Indústria de Peças e Equipamentos Ltda	Brazil	Rodovia PA-160, S/N, Sala B, Quadra 73, Lotes 1, 2, 3, 4, 5, 6, 7, 22, 23 e 24, Parque dos Carajas II, Parauapebas/PA, 68515000, Brazil	Ordinary	100	
ESCO Turbine Components Europe, srl	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	
ESCOSupply Ltd.	Canada	2500, 10175 – 101 Street, Edmonton, Alberta, T5J 0H3, Canada	Class A Common	100	
Fabrica de Aisladores Sismicos de Chile Limitada	Chile	San José N° 0815, San Bernardo, Santiago de Chile, Chile	Corporate Relationship % – CLP	100	
Fundición Vulco Ltda	Chile	San José N° 0815, San Bernardo, Santiago de Chile, Chile	Corporate Relationship % – CLP	100	
G. & J. Weir, Limited	England & Wales	c/o Weir Minerals Europe, Halifax Road, Todmorden, Lancashire, OL14 5RT	Ordinary	100	*
Inversiones ESCO Chile Limitada	Chile	Calle Miraflores, Numero 222, Piso veinticuatro, Santiago, Chile	Corporate Relationship %	100	
Inversiones Linatex Chile (Holdings) Limitada	Chile	San José N° 0815, San Bernardo, Santiago de Chile, Chile	Corporate Relationship %	100	
Linatex (H.K.) Limited	Hong Kong	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong	Ordinary	100	

SUBSIDIARY UNDERTAKINGS

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Linatex Asset Holdings Malaysia Sdn. Bhd.	Malaysia	2nd Floor, No 2-4 Jalan Manau, Wilayah Persekutuan, Wilayah Persekutuan, Kuala Lumpur, 50460, Malaysia	Ordinary	100	
Linatex Australia Pty Limited	Australia	1-5 Marden Street, Artarmon, NSW, 2064, Australia	Class A Shares Class B Shares	100	
Linatex Chile Limitada	Chile	San José N° 0815, San Bernardo, Santiago de Chile, Chile	Corporate Relationship %	100	
Linatex Chile SpA	Chile	Santa Catalina de Chena 850, San Bernardo, Santiago de Chile, Chile	Ordinary Nominative Share	100	
Linatex Consolidated Holdings Ltd	British Virgin Islands	Kingston Chambers, PO Box 173, Tortola, Road Town, British Virgin Islands	Ordinary	100	
Linatex Limited	England & Wales	c/o Weir Minerals Europe, Halifax Road, Todmorden, Lancashire, OL14 5RT	Ordinary	100	
Linatex Rubber Limited	England & Wales	c/o Weir Minerals Europe, Halifax Road, Todmorden, Lancashire, OL14 5RT	Ordinary	100	
Linatex Rubber Products Sdn. Bhd.	Malaysia	2nd Floor, No 2-4 Jalan Manau, Wilayah Persekutuan, Wilayah Persekutuan, Kuala Lumpur, 50460, Malaysia	Ordinary	100	
Metalúrgica Vulco Ltda	Chile	San José N° 0815, San Bernardo, Santiago de Chile, Chile	Common Stock	100	
Motion Metrics Africa (Pty) Ltd	South Africa	Progressus Building Office No.3, Rietbok Street, Kathu, Northern Cape, 8446, South Africa	Ordinary	100	
Motion Metrics Australia Pty. Ltd	Australia	25, Trade Street, Lytton, QLD 4178	Ordinary	100	
Motion Metrics Brasil Solucoes em Mineracao Ltda.	Brazil	Rue Paraiba 550 Sala 902- Funcionarios, Belo Horizonte, Minas Gerais, CEP: 30.130-141, Brazil	Quotas in Brazilian Real Centavos	100	
Motion Metrics International Corp.	Canada	1055 West Hastings Street, Suite 1700, Vancouver, BC, V6E 2E9, Canada	Class A Common Stock; Class B Common Stock	100	
Motion Metrics Latin America SpA	Chile	Edificio Nueva Santa Maria, Los Conquistadores 1730, Of. 2805 Providencia, Santiago, Chile	Quotas MM CLP	100	
Multiflo Pumps Pty Limited	Australia	1-5 Marden Street, Artarmon, NSW, 2064, Australia	Ordinary	100	
Overseas ESCO Corporation Ltd.	British Virgin Islands	The Lake Building, 1st Floor, Wickams Cay 1, Tortola, 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 Ordinary – Class B	95	
Seaboard Holdings, LLC	United States	The Corporation Trust Company, 1209 Orange Street, Wilmington, DE, 19801, United States	Membership Units	100	
Shanghai JF Engineering Equipment Co. Ltd	China	No.572, Yonghe Road, Jing'an District, Shanghai, China	n/a	100	
Slurry Holdings Limited	Malta	Level 2 West, Mercury Tower, The Exchange Financial & Business Centre, Elia Zammit Street, St. Julian's, STJ 3155, Malta, STJ 3155, Malta	Ordinary	100	
Soldering Comercio e Industria Ltda	Brazil	Rua Engenheiro Gerhard Ett, nº 1.215, Distrito Industrial Paulo Camilo Sul, CEP 32669-110, Brazil	Ordinary	100	
Thandilwa Training Centre (Pty) Ltd	South Africa	Meadowview Business Estate, CNR Clulee and Meadowview lane, Linbro Park, Johannesburg, South Africa, 2090, South Africa	Ordinary	100	
The Weir Group Insurance Company Limited	Isle of Man	1st Floor, Goldie House, 1-4 Goldie Terrace, Upper Church Street, Douglas, IM1 1EB, Isle of Man	Ordinary	100	
The Weir Group International S.A.	Switzerland	Rue de Romont 35, c/o Daniel Schneuwly, Fribourg, 1700 FRIBOURG, Switzerland	Ordinary	100	
The Weir Group Pension Trust Limited	Scotland	10th Floor, 1 West Regent Street, Glasgow, G2 1RW, United Kingdom	n/a	100	*

SUBSIDIARY UNDERTAKINGS

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Trio Engineered Products (Hong Kong) Limited	Hong Kong	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong	Ordinary	100	
Trio Engineered Products, Inc.	United States	CT Corporation System, 330 N. Brand Blvd., Glendale, CA, 91203 United States	Common Stock	100	
TWG Canada Holdings Limited	Scotland	10th Floor, 1 West Regent Street, Glasgow, G2 1RW, United Kingdom	Ordinary	100	
TWG Cayman Limited	Cayman Islands	M & C Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands	Ordinary Preference	100	
TWG Finance, Inc.	United States	The Corporation Trust Company, 1209 Orange Street, Wilmington, DE, 19801, United States	Common	100	
TWG Investments (No.6) Limited	Scotland	10th Floor, 1 West Regent Street, Glasgow, G2 1RW, United Kingdom	Ordinary	100	
TWG Investments (No.7) Limited	Scotland	10th Floor, 1 West Regent Street, Glasgow, G2 1RW, United Kingdom	Ordinary	100	*
TWG Investments (No.8) Limited	Scotland	10th Floor, 1 West Regent Street, Glasgow, G2 1RW, United Kingdom	Ordinary	100	
TWG Investments (No.10) Limited	Scotland	10th Floor, 1 West Regent Street, Glasgow, G2 1RW, United Kingdom	Ordinary	100	*
TWG Investments (No.3) Limited	Scotland	10th Floor, 1 West Regent Street, Glasgow, G2 1RW, United Kingdom	Ordinary Preference	100	*
TWG Investments (No.4) Limited	Scotland	10th Floor, 1 West Regent Street, Glasgow, G2 1RW, United Kingdom	Ordinary Preference	100	
TWG South America Holdings Limited	Scotland	10th Floor, 1 West Regent Street, Glasgow, G2 1RW, United Kingdom	Ordinary Preference	100	
TWG UK Holdings Limited	Scotland	10th Floor, 1 West Regent Street, Glasgow, G2 1RW, United Kingdom	Ordinary	100	
TWG US Finance LLC	United States	The Corporation Trust Company, 1209 Orange Street, Wilmington, DE, 19801, United States	Membership Units Preferred Units	100	*
TWG US Holdings LLC	United States	The Corporation Trust Company, 1209 Orange Street, Wilmington, DE, 19801, United States	Units	100	
TWG Young Limited	Scotland	10th Floor, 1 West Regent Street, Glasgow, G2 1RW, United Kingdom	Ordinary	100	*
Valves and Controls US, Inc.	United States	CT Corporation System, 1999 Bryan St., Suite 900, Dallas, TX, 75201, United States	Common Stock	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	99.22	
Warman Pumps Ltd	Australia	1-3 Marden Street, Artarmon, NSW, 2064, Australia	Ordinary	100	
Weir ABF LP	Scotland	1 West Regent Street, Glasgow, G2 1RW, Scotland	n/a	100	
Weir Australia Finance Limited	Scotland	10th Floor, 1 West Regent Street, Glasgow, G2 1RW, United Kingdom	Ordinary	100	
Weir B.V.	Netherlands	PO Box 249, 5900 AE, Venlo, Netherlands	Ordinary	100	
Weir Brasil Comercio Ltda	Brazil	Rodovia BR-101, KM 43, N° 43.000, Galpão 10-C, Bairro Nova Brasília, Joinville/SC, CEP 89213-125, Brazil	Ordinary	100	
Weir Canada, Inc.	Canada	1800-510 West Georgia Street, Vancouver BC, V6B 0M3, Canada	Class A Preferred; Common	100	
Weir Canadian Investments, Inc.	Canada	1800-510 West Georgia Street, Vancouver BC, V6B 0M3 Canada	Common	100	
Weir do Brasil Ltda	Brazil	Av Jose Benassi, 2151, Sala A, Condominio Fazgran, Jundiaí/SP, 13.213-085, Brazil	Nominal	100	
Weir Engineering Products (Shanghai) Co., Ltd	China	Room 318, Floor 3, No. 458, Fute North Road, Shanghai, China	n/a	100	
Weir Engineering Services Limited	Scotland	10th Floor, 1 West Regent Street, Glasgow, G2 1RW, United Kingdom	Ordinary	100	
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	

SUBSIDIARY UNDERTAKINGS

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Weir Group African IP Limited	Scotland	10th Floor, 1 West Regent Street, Glasgow, G2 1RW, United Kingdom	Ordinary	100	
Weir Group Engineering Hong Kong Limited	Hong Kong	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong	Ordinary	100	
Weir Group Executive SUURB Trustee Limited	Scotland	10th Floor, 1 West Regent Street, Glasgow, G2 1RW, United Kingdom	Ordinary	100	*
Weir Group General Partner Limited	Scotland	10th Floor, 1 West Regent Street, Glasgow, G2 1RW, United Kingdom	Ordinary	100	*
Weir Group Holdings Limited	Scotland	10th Floor, 1 West Regent Street, Glasgow, G2 1RW, United Kingdom	Ordinary	100	*
Weir Group Inc.	United States	The Corporation Trust Company, 1209 Orange Street, Wilmington, DE, 19801, United States	Common; Preferred	100	
Weir Group IP Limited	Scotland	10th Floor, 1 West Regent Street, Glasgow, G2 1RW, United Kingdom	Ordinary	100	*
Weir Group Machinery Equipment (Shanghai) Co. Ltd.	China	No.4918, Liuxiang Road, Xuxing Town, Jiading District, Shanghai, China	n/a	100	
Weir Group Machinery Equipment (Wuxi) Co., Ltd.	China	No. 9, Wenzhu Road, Hudai Town, Binhu District, Wuxi City, China	n/a	100	
Weir Group Management Services Limited	Scotland	10th Floor, 1 West Regent Street, Glasgow, G2 1RW, United Kingdom	Ordinary	100	*
Weir Group Trading Mexico, S.A. de C.V.	Mexico	Av. Nafta No. 775, Col. Parque Industrial, Stiva Aeropuerto, Mexico	Ordinary Nominative Share	100	
Weir HBF (Pty) Ltd	South Africa	50 Strdebaker Street, Markman Industria, Port Elizabeth, South Africa	Ordinary	100	
Weir Holdings B.V.	Netherlands	PO Box 249, 5900 AE, Venlo, Netherlands	Ordinary	100	
Weir Investments Two Limited	Scotland	10th Floor, 1 West Regent Street, Glasgow, G2 1RW, United Kingdom	Ordinary A Preference	100	*
Weir Malaysia Sdn. Bhd.	Malaysia	2nd Floor, No 2-4 Jalan Manau, Wilayah Persekutuan, Wilayah Persekutuan, Kuala Lumpur, 50460, Malaysia	Ordinary – Class A Ordinary – Class B	100	
Weir Minerals (India) Private Limited	India	NCC Urban Windsor, 1st Floor, New Airport Road, Opp.Jakkur Aerodrome, Yelahanka, Bangalore, Karnataka, 560 064, India	Ordinary	97.252	
Weir Minerals Africa (Proprietary) Limited	South Africa	5 Clarke Street South, Alrode, Alberton, 1149, South Africa	Ordinary	100	
Weir Minerals Armenia LLC	Armenia	22, Hanrapetutyan Str, 5th Floor, Yerevan Centre, 0010, Armenia	Ordinary	100	
Weir Minerals Australia Limited	Australia	1-3 Marden Street, Artarmon, NSW, 2064, Australia	Ordinary	100	
Weir Minerals Balkan d.o.o. Beograd	Serbia	Dimitrija Tucovica 28b, Zvezdara, Belgrade, Serbia	Ordinary	100	
Weir Minerals Botswana (Proprietary) Limited	Botswana	Plot 64518, Deloitte House, Fairgrounds, Gaborone, Botswana	Ordinary	100	
Weir Minerals Caribe SRL	Dominican Republic	KK 22,5 Autopista Duarte, Parque Industrial Duarte, Parque de Naves Pid 4, Santo Domingo, Dominican Republic	Ordinary	100	
Weir Minerals Central Africa Limited	Zambia	Plot 3655, Chimbuluma Road, Kitwe, Zambia	Ordinary	100	
Weir Minerals China Co., Limited	China	Factory #27, 158 Hua Shan Road, Suzhou New District, Suzhou, 215011, China	n/a	100	
Weir Minerals Colombia SAS	Colombia	Carrera 43 B # 16 41 Office 904, Building Staff, Medellin Antioquia, Colombia	Ordinary	100	
Weir Minerals Czech & Slovak, s.r.o.	Czech Republic	Hlinky 118, 603 00 Brno, Czech Rep., Brno, Czech Republic	Ordinary	100	
Weir Minerals DRC	South Africa	222, Route Likasi, Quartier Musompo – Mutshatsha, Kolwezi, Province de Lualaba, Congo (the Democratic Republic of the)	A-Shares Voting Rights; B-Shares 65.77% Voting Rights	65	
Weir Minerals East Africa Limited	The United Republic of Tanzania	Plot No. 137, Capri Point, Mwanza, The United Republic of Tanzania	Ordinary	100	

SUBSIDIARY UNDERTAKINGS

CONTINUED

Weir Minerals Egypt (L.L.C)	Egypt	11, Hanin Ibn Isaac St, 7th District, Nasr City, Cairo, 11727, Egypt	Ordinary	100
Weir Minerals Europe Limited	England & Wales	Halifax Road, Todmorden, Lancashire, OL14 5RT	Ordinary	100
Weir Minerals Finland Oy	Finland	Askonkatu 13 D, Lahti, FIN-15100, Finland	Ordinary	100
Weir Minerals France	France	10 rue Jacquard, Chassieu, 69680, France	Ordinary	100
Weir Minerals FZCO	United Arab Emirates	Unit 2W, M058, Dubai Airport Free Zone Area, Dubai, UAE	Ordinary	100
Weir Minerals Germany GmbH	Germany	Lise-Meitner-Straße 12, Heilbronn, 74074, Germany	Capital	100
Weir Minerals Hungary Kft	Hungary	Teleki László utca 11 1/3, Tatabánya, 2800-HU, Hungary	Issued Capital	100
Weir Minerals Isando (Pty) Ltd	South Africa	5 Clarke Street, Alrode, Alberton, Gauteng, 1449, South Africa	Ordinary	100
Weir Minerals Italy S.r.l.	Italy	Via F.lli Cervi 1/D, Cernusco sul Naviglio, Milan, 20063, Italy	Ordinary	100
Weir Minerals Kazakhstan LLP	Kazakhstan	4th Floor, 192/2 Dostyk Avenue, Almaty, 050051, Kazakhstan	Charter capital	100
Weir Minerals Kenya Limited	Kenya	LR No. 1870/1/569, Ring Road Parklands, P.O. Box 764 – 00606 - Sarit Centre, Nairobi, Kenya	Ordinary	100
Weir Minerals Madagascar Sarlu	Madagascar	Immcuble Mining Business Center sis a Mamory Ivato, 10518 Ivato Aeroport ,Analamanga, Madagascar	Ordinary	100
Weir Minerals Mexico Servicios, S.A. de C.V.	Mexico	Av. Nafta No. 775, Col. Parque Industrial, Stiva Aeropuerto, Mexico	Ordinary Nominative Share	100
Weir Minerals México, SA de CV	Mexico	Av. Nafta No. 775, Col. Parque Industrial, Stiva Aeropuerto, Mexico	Ordinary Nominative Share	100
Weir Minerals Mongolia LLC	Mongolia	205, 2nd Khoroo, Bayangol District, Ulaanbaatar, Mongolia	Ordinary	100
Weir Minerals Mozambique Ltd	Mozambique	Mozambique, Maputo Cidade, Distrito urbano1, Bairro, Centrall, AV. Zedequias ,Manganhela, Mozambique	Ordinary	100
Weir Minerals Netherlands B.V.	Netherlands	PO Box 249, 5900 AE, Venlo, Netherlands	Ordinary	100
Weir Minerals North Africa SARL	Morocco	Boulevard Sidi Mohamed, Ben Abdellah, Im B, 1Er Etage N 29., Casablanca, 20160, Morocco	Ordinary	100
Weir Minerals Panama S.A.	Panama	Urbanización Vista Alegre, Edificio Parque Logístico Panawest Bodega 7 Autopista, Panama-Arraijan, Panamá	Ordinary	100
Weir Minerals Poland Sp. z.o.o.	Poland	ul. Ignacego Domeyki 2, Krakow, 30-066, Poland	Company Capital	100
Weir Minerals Processing Equipment & Services LLC	United Arab Emirates	EFCO Cement Products Factory, Plot No 597901, Dubai Investment Park II, Dubai, United Arab Emirates	Ordinary	49
Weir Minerals Pump & Mining Solutions Namibia (Proprietary) Limited	Namibia	54 Hidipo Hamutenya Avenue, Swakopmund, Namibia	Ordinary	100
Weir Minerals RFW LLC (OOO)	Russian Federation	Bolshaya Polyanka, Building 2, house 2, Moscow, 119180, Russian Federation	Corporate Relationship %	100
Weir Minerals Shared Services Proprietary Limited	South Africa	5 Clarke Street South, Alrode, Alberton, 1149, South Africa	Ordinary	100
Weir Minerals South Africa Proprietary Limited	South Africa	5 Clarke Street, Alrode, Alberton, Gauteng, 1449, South Africa	Ordinary Ordinary – A	74.90
Weir Minerals Sweden AB	Sweden	Polervägen 4, 774 41 Avesta, Sweden.	A-Class Shares B-Class Shares	100
Weir Minerals Ukraine LLC	Ukraine	2 Glinka str., letter B-18, 6-1, 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
Weir Oil & Gas Australia Pty Limited	Australia	1-5 Marden Street, Artarmon, NSW, 2064, Australia	Ordinary	100
Weir Pump and Valve Solutions, Inc	United States	The Corporation Company, 40600 Ann Arbour Road, Este, 201, Plymouth Mi 48170 4675, United States	Common Stock	100
Weir Pumps Limited	Scotland	10th Floor, 1 West Regent Street, Glasgow, G2 1RW, United Kingdom	Ordinary	100

SUBSIDIARY UNDERTAKINGS

CONTINUED

Weir Services Australia Pty Ltd	Australia	1-5 Marden Street, Artarmon, NSW, 2064, Australia	Ordinary	100
Weir Services Tanzania (Pty) Limited.	The United Republic of Tanzania	Plot No. 137, Capri Point, Mwanza, The United Republic of Tanzania	Ordinary	100
Weir Slurry Group, Inc.	United States	CT Corporation System, 301 South Bedford Street, Suite 1, Madison, WI, 53703	Common Preferred Stock	100
Weir Sudamerica S.A.	Chile	San José N° 0815, San Bernardo, Santiago de Chile, Chile	Ordinary Nominative Share	99.99
Weir Turkey Mineralleri Limited Sirketi	Turkey	1, 13, Tepeören Mah. Dervispasa Cad.Weir, Merkez-Merkez, Tuzla, Istanbul, 3080535234, Turkey	Bearer	100
Weir US Holdings Inc.	United States	The Corporation Trust Company, 1209 Orange Street, Wilmington, DE, 19801, United States	Common	100
Weir Vulco Argentina S.A.	Argentina	Sarmiento 511 Sur 1°Piso A, San Juan, CP 5400, Argentina	Ordinary	100
Weir Warman (U.K.) Limited	England & Wales	Halifax Road, Todmorden, Lancashire, OL14 5RT	Ordinary	100 *
WHW Group Inc.	United States	The Corporation Trust Company, 1209 Orange Street, Wilmington, DE, 19801, United States	Common	100
Wuxi Weir Minerals Equipments Co., Ltd.	China	Lot 265, Wuxi-Singapore Industrial Park, Wuxi City, Jiangsu Province, China	n/a	100

The Group has an interest in a partnership, the Weir ABF LP, which is fully consolidated into these statements. The Group has taken advantage of the exemption conferred by Regulation 7 of the Partnerships (Accounts) Regulations 2008 and has, therefore, not appended the accounts of this qualifying partnership to these financial statements. Separate accounts for the partnership are not required to be, and have not been, filed at Companies House in the UK.

STATUTORY AUDIT EXEMPTIONS

The Weir Group PLC has issued guarantees over the liabilities of the following companies at 31 December 2022 under Section 479C of Companies Act 2006 and these entities are exempt from the requirements of the Act relating to the audit of individual accounts by virtue of Section 479A of the Act:

Company Name	Company number
ESCO (UK) Holdings Limited	04743623
ESCO EMEA Holdings (UK) Limited	08690169
Linatex Limited	00246713
TWG Canada Holdings Limited	SC288837
TWG Investments (No.3) Limited	SC197235
TWG Investments (No.4) Limited	SC197236
TWG Investments (No.6) Limited	SC292269
TWG Investments (No.7) Limited	SC292270
TWG Investments (No.8) Limited	SC292721
TWG South America Holdings Limited	SC380944
TWG UK Holdings Limited	SC311635
TWG US Finance LLC	FC038907/BR024002
Weir Australia Finance Limited	SC706473
Weir Engineering Services Limited	SC033381
Weir Group (Overseas Holdings) Limited	SC054821
Weir Group African IP Limited	SC333781
Weir Group General Partner Limited	SC522808
Weir Group Holdings Limited	SC187227
Weir Group IP Limited	SC267963
Weir Warman (U.K.) Limited	01636530

SHAREHOLDER INFORMATION

COMPANY SECRETARY & REGISTERED OFFICE

Graham Vanhegan
The Weir Group PLC
1 West Regent Street
Glasgow
G2 1RW

Registered in Scotland.

Company No. SC002934.

REGISTRAR

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ

Website: www.investorcentre.co.uk

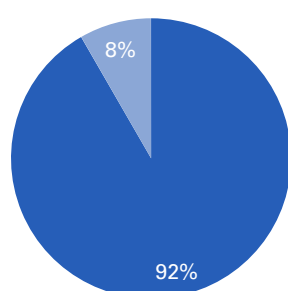
Telephone: 0370 707 1402

Shareholder enquiries relating to shareholding, dividend payments, change of name or address, lost share certificates or transfer of shares etc. should be addressed to Computershare.

ORDINARY SHAREHOLDER

ANALYSIS AT 31 DECEMBER 2022

By country



■ UK Shareholders
■ Overseas Shareholders

By holding size

Range	No. of Shareholders	%	Shares	%
1-1,000	2,013	55.99	768,469	0.30
1,001-5,000	916	25.47	1,964,509	0.75
5,001-10,000	167	4.65	1,222,328	0.47
10,001-100,000	276	7.68	10,347,859	3.99
100,001-500,000	137	3.81	32,784,543	12.63
500,001-1,000,000	38	1.06	26,869,010	10.35
1,000,001-999,999,999	48	1.34	185,656,799	71.51
Total	3,595	100%	259,613,517	100%

By Shareholder category

	Holdings	%	Shares	%
Individuals	2,799	77.86%	4,378,238	1.69%
Bank or Nominees	723	20.10%	254,230,898	97.92%
Investment Trust	8	0.22%	25,009	0.01%
Insurance Company	0	0.00%	0	0.00%
Other Company	48	1.34%	758,367	0.29%
Pension Trust	1	0.03%	1	0.00%
Other Corporate Body	16	0.45%	221,004	0.09%
Total	3,595	100%	259,613,517	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.

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



SHAREHOLDER INFORMATION

CONTINUED

ANNUAL GENERAL MEETING 2023

Our Annual General Meeting will be held at 2.30pm on Thursday 27 April 2023. Further details are contained in the Notice of Annual General Meeting 2023, 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 that will be put forward at our 2023 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

The Directors have recommended a final dividend of 19.3p per share, for the year ended 31 December 2022. Payment of this dividend is subject to approval at the 2023 AGM. Key dates relating to this dividend are given below.

Annual General Meeting	27 April 2023
Ex-dividend date	20 April 2023
Record date	21 April 2023
Mandatory Direct Credit deadline	1 June 2023
Payment date	5 June 2023

DIVIDEND HISTORY – (PENCE PER SHARE)

	2016	2017	2018	2019	2020	2021	2022
Interim	15.0	15.0	15.75	16.50	0.0	11.50	13.50
Final	29.0	29.0	30.45	0.0	0.0	12.30	19.30
Total	44.0	44.0	46.20	16.50	0.0	23.80	32.80

IMPORTANT – PAYMENT OF DIVIDENDS BY MANDATORY DIRECT CREDIT

In 2019, the Company simplified the way in which it pays dividends to Shareholders and now pays cash dividends by direct credit only. If our Registrar Computershare does not have any bank/building society details on record for you, future payments will remain unissued and you may then be charged to have your payments issued at a later date.

Paying dividends into a bank or building society account is a quicker and more secure way for your dividends to be paid directly to you. In order to receive your dividends directly into your bank account, you will need to register your bank/building society details on our Registrars' website at investorcentre.co.uk. You will need your ten digit Shareholder Reference Number (SRN), which starts with the letter C or G to log in.

This can be found on your share certificate(s) and dividend confirmation. Alternatively, you can call Computershare on the dedicated Shareholder helpline 0370 707 1402, should you have any questions about registering your payment instruction.

An Annual Dividend Confirmation detailing all payments made throughout the tax year is sent once a year either electronically or to your registered address.

Global Payment Service

If you live overseas, Computershare offers a Global Payment Service that 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.com/dealing/uk.

Internet share dealing – commission is 1% of the value of each sale or purchase of shares, subject to a minimum charge of £30. In addition, stamp duty, currently 0.5%, is payable on purchases. Real time dealing is available during market hours (0800 to 1630 Monday to Friday excluding bank holidays). In addition, there is a convenient facility to place your order outside of market hours. Up to 90-day limit orders are available for sales. To access the service, go to www.computershare.com/dealing/uk. Shareholders should have their SRN available. The SRN appears on share certificates and dividend documentation.

Please note that, at present, this service is only available to Shareholders in certain jurisdictions. Please refer to the Computershare website for an up-to-date list of these countries.

Telephone share dealing – commission is 1% of the value of each sale or purchase of shares, plus £50. In addition, stamp duty, currently 0.5%, is payable on purchases. You can contact Computershare on 0370 703 0084. Shareholders should have their SRN ready when making the call. The SRN appears on share certificates and dividend documentation. Detailed terms and conditions are available at www.investorcentre.co.uk or by contacting Computershare. Please note this service is, at present, only available to Shareholders resident in certain jurisdictions. Please refer to the Computershare website for an up-to-date list of these countries.

These services are offered on an execution only basis and subject to the applicable terms and conditions. Computershare Investor Services PLC is authorised and regulated by the Financial Conduct Authority.

This is not a recommendation to buy, sell or hold shares in The Weir Group PLC. Shareholders who are unsure of what action to take should obtain independent financial advice. Share values may go down as well as up which may result in a Shareholder receiving less than he/she originally invested.

SHAREHOLDER WARNING ALERT

Unsolicited investment advice and fraud

Many companies have become aware that their Shareholders have received unsolicited phone calls or correspondence concerning investment matters. Share scams are often run from 'boiler rooms' where fraudsters cold-call investors offering them worthless, overpriced or even non-existent shares.

These callers can be very persistent and extremely persuasive and their activities have resulted in considerable losses for some investors. Whilst usually by telephone, the high pressure sales tactics can also come by email, post, word of mouth or at a seminar. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount, sell your shares at a premium or offers of free company reports.

If you receive any unsolicited investment advice:

- Make sure you get the correct name of the person and organisation and take a note of any other details they provide, such as a telephone number or address.
- Check that the caller is properly authorised by the Financial Conduct Authority (FCA) by visiting www.fca.org.uk.
- Report any approach from such organisations to the FCA using the share fraud reporting form at www.fca.org.uk/consumers/report-scam-unauthorised-firm, where you can also find out about the latest investment scams. You can also call the Consumer Helpline on 0800 111 6768.
- If calls persist, hang up.

GLOSSARY

AGM

Annual General Meeting

Board

The Board of Directors of The Weir Group PLC

bps

Basis points

brownfield

A term used to describe existing mining operations

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

eNPS

A scoring system designed to help employers measure employee satisfaction and loyalty within their organisations

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 net capital expenditure, lease payments, dividends received from joint ventures, purchase of shares for employee share plans, net interest, income taxes, settlement of derivative financial instruments, additional pension contributions and non-controlling interest dividends

GAAP

Generally Accepted Accounting Practice

GHG

Greenhouse gases

greenfield

A term used to describe new mine developments

Group

The Company together with its subsidiaries

HR

Human resources

IAS

International Accounting Standards

ID&E

Inclusion, diversity and equity

IFRS

International Financial Reporting Standards

GLOSSARY

CONTINUED

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

Performance Excellence

A transformation programme to optimise the structure of our operations and drive synergy across our processes

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 and process emissions.

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

Scope 4 Emissions

Scope 4 Emissions, also known as avoided emissions, are the comparative measure between the lifecycle greenhouse gas emissions of an improved technology versus the business as usual alternative

SHE

Safety, Health and Environment

SME

Small and medium-sized enterprises

SRP

Share Reward Plan

STEM

STEM is an approach to learning and development that integrates the areas of science, technology, engineering and mathematics

subsidiary

An entity that is controlled, either directly or indirectly, by the Company

tCO₂e

Tonnes of carbon dioxide equivalent

TIR

Total incident rate is an industry standard indicator that measures lost time and medical treatment injuries 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



The Weir Group PLC

1 West Regent Street
Glasgow
G2 1RW