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Weir Sustainability-Linked Bond Framework

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1. Introduction

1.1 Background

In 1871, two brothers, George and James Weir founded the engineering firm of G. & J. Weir, joining the booming industry of the West Coast of Scotland. Today, The Weir Group PLC is one of the world's leading engineering businesses serving mining, infrastructure and oil and gas customers in more than 60 countries.

From our foundation we've always sought to solve our customers' toughest challenges. It is what engineers do, and it is what Weir does best. We have chosen to serve natural resources markets because of a combination of supportive macro trends that will underpin the sustainable growth of the market in the decades ahead. These include:

- The need for more natural resources to support population growth, urbanisation and rising living standards.
- Increased demand for metals such as copper, the Group's largest commodity exposure, that enable the electrification of energy and transport networks that is critical to decarbonisation.
- The requirement for a technology transformation in mining to meet stakeholder requirements, including making operations net zero of CO_2e emissions and reducing water consumption.
- Ongoing ore grade declines that mean more material needs to be excavated and processed supporting aftermarket demand.

That is where innovative engineers – expert problem solvers – have a crucial role to play. It is why we work in partnership with our customers to engineer solutions that make their operations smarter, more efficient and more sustainable.

We have research centres and manufacturing facilities around the world designing and producing a range of highly engineered solutions used in high wear applications. These are supported by an unrivalled global service network that ensures Weir engineers can provide our customers with the solutions they need where and when they need them.

1.2 Weir's Sustainability Vision and Commitments: To enable the sustainable and efficient delivery of the natural resources essential to create a better future for our world

Embedding sustainability throughout our organisation protects and creates long-term value for our stakeholders, both internal and external, and will secure the long-term future of Weir. Our Sustainability Roadmap identifies the highest business value Group-wide priorities that will deliver tangible value across the Group. These priorities relate to: creating sustainable solutions, reducing our footprint, nurturing our unique culture, and championing zero harm.

Reducing Our Footprint

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

OUR GOALS

- CO_2e: 30% reduction in Scope 1 & 2 CO_2e by 2024 and 50% reduction in Scope 1 & 2 CO_2e by 2030
- WASTE: Deliver against division specific zero waste targets
- WATER: Develop water stewardship programmes in all water stressed locations

We aim to minimise the impact that our operations have on the environment, whilst continuing to recognise that the biggest impact we can have is to improve the sustainability of our products and services. In 2019, we assessed and identified areas in which we can have the biggest environmental impact and have chosen to focus on CO_2e emissions, waste and water.

We have set a Scope 1 and 2 CO_2e emissions reduction target of 30% by 2024, 50% by 2030 and net zero by 2050. To meet these targets, we are deploying projects which will improve efficiency of our current operations and are ensuring any new operations are optimised. In 2020, we developed our Renewables Strategy to improve the indirect footprint involved in our energy supply sources.

We plan to deliver against division-specific zero waste targets. We will utilise 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. To tackle water management, we have aligned our water stewardship programme to contribute to the site sustainability objectives of our customers, proactively partnering with local communities and engaging with environmental interest groups.

Creating Sustainable Solutions

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

OUR GOALS

- PRODUCTS IN USE - Enable net zero through innovative solutions
- DESIGN AND SUPPLY CHAIN - Embed sustainable product design and procurement
- CIRCULARITY - Drive and capture opportunities to shift from linear to a circular model

While mining has a crucial role in providing vital resources to support decarbonisation, it is also a large consumer of energy. The Group commissioned independent research which estimated that the industry consumes approximately 3.5% of the world's total final energy, with comminution, or the grinding and crushing of rock, being one of the most energy-intensive processes in a typical mine. A number of the world's largest mining companies have made commitments to achieve net zero carbon emissions from their operations. As a technology partner, Weir is well placed to help them achieve these aims, but the first step is to understand the scale of the challenge.

Our smart, efficient and sustainable technology strategy ensures that our innovations are relevant to our customers. Weir continues to focus on the development of our sustainable solutions by concentrating on increasing the sustainability impact of our products. We will support our customers to address some of their greatest sustainability challenges through for example:

- Enduron® High-Pressure Grinding Rolls (energy savings of up to 40% and further savings of embodied carbon because high-pressure grinding rolls do not require grinding media used in traditional mills, saving up to tens of thousands of tonnes of CO_2e emissions annually);
- Terraflowing™ solution (supports customers by taking up to 82% of water out of tailings enabling it to be safely stored or repurposed);

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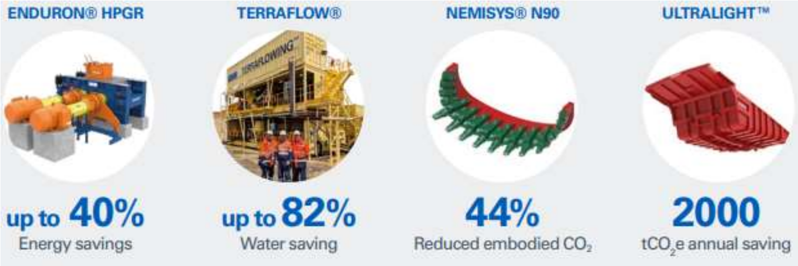
- Nemisys N90 tooth system (44% embodied CO_2e emissions reduction versus a major competitor); and
- Ultralight truck bodies (lighter weight versus OEM bodies saving up to 2,000 tonnes of annual CO_2e emissions).



We will continue to work to capture the highest value from product reuse and recycling opportunities. We will also integrate further sustainable practices into all new product development and work with our supply chain to integrate sustainable practices and conduct more partnerships working across energy, water and waste projects.

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.

OUR GOALS

- ENGAGEMENT: Sustain leading eNPS in our all employee surveys
- INCLUSION AND DIVERSITY: Foster equal opportunities for all
- COMMUNITY PARTNERSHIPS: Make a positive contribution to the communities in which we operate

It is our goal to sustain a leading eNPS. We adopt a continuous listening approach to ensure the business has powerful and relevant insights from our employees. We continue to foster genuine and meaningful dialogue with employees to ensure all employees have equal access to communicate and share their views. We will also continue to refine and enhance our processes to ensure that we provide the Board with valuable employee voice insights.

We are committed to creating a diverse workforce and truly inclusive culture where all people have equal opportunity. We want all employees to understand and create a personal connection with Inclusion & Diversity ("**I&D**"), to feel free to be themselves and to feel empowered to start a conversation about something that's important to them.

We will continue make a positive contribution to the communities in which we operate and will develop local community partnership plans. We are committed to focusing on projects with strong educational, health and community themes.

Championing Zero Harm

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

OUR GOALS

- SAFETY FIRST: Aspire to Zero TIR
- HEALTH AND WELLBEING: Promote Health and Wellbeing in line with local needs
- ENVIRONMENTAL SAFEGUARDING: Drive continuous environmental improvement

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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. We have set our safety target as TIR = 0, this will always be an area where we strive for continual improvement and we are making good progress.

As the safety culture matures, our focus on health and wellbeing is increasing rapidly with the number of safety sessions, awareness events and celebrations to encourage engagement and recognize significant safety milestones increasing across the organisation. To build on this foundation, the Group will develop a health and wellbeing strategy within which the businesses will be able to apply local and cultural relevance.

Managing environmental risk is key to our operations. Weir Safety, Health & Environment ("**SHE**") Management System standards detail our minimum standards for controlling risks to air, land and water. 87% of our key businesses are accredited to ISO14001 we will continue to maintain this accreditation and drive Continuous improvement in safeguarding our local environments.

1.1 Weir's Sustainability Governance[1]

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

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

In addition to the strategic priorities within our Sustainability Roadmap, we maintain high standards of corporate governance across all areas of sustainability.

Climate Change

Weir is taking action to better understand and prepare for the climate related risks and opportunities that are affecting and will continue to affect our businesses. In 2020 we conducted our first Task Force on Climate-related Financial Disclosures ("**TCFD**") assessment. We will continue to develop our approach to business strategy and disclosure to align with the TCFD recommendations and to meet the Financial Conduct Authority requirements for premium listed companies to adopt TCFD reporting for financial years starting from and including 2021. We anticipate further enhancing our non-financial disclosures, for example by incorporating relevant metrics defined by the Sustainability Accounting Standards Board ("**SASB**") in the near future.

Safety Governance

The Weir SHE Management System provides a clear context and guidance as well as defines the standards we expect from our operations. The CEO's Safety Committee oversees Safety, Health and Environment performance, ensuring Group systems and processes are best set up to deliver our Zero Harm vision.

[1]Weir: Our Sustainable Foundations: https://www.global.weir/sustainability/our-sustainable-foundation/

Business Ethics

Tax Transparency - The Group's Tax Strategy details that our approach to tax is governed by 5 key principles which are set and adopted by the Board. These principles outline Weirs commitment to comply with all applicable laws and regulations and adhering to standards for disclosure of tax information.
Code of Conduct - Our Code of Conduct sets out the Group’s commitment to promoting and sustaining a strong ethical culture and provides direction on how we expect our people to conduct themselves day-to-day.
Anti-Bribery and Corruption - Weir Group’s Anti-Bribery and Corruption Policy does not allow bribery or corruption in any form, whether by Group personnel or third parties acting on the Group’s behalf.
Human Rights - Our Human Rights Policy communicates our commitment to uphold human rights. We respect the human rights of all those working for and/or with us, and of the people in the communities where we operate.
Ethics Hotline - We are committed to investigating all matters raised through the Ethics Hotline and take appropriate action in respect to any substantiated matters.
Modern Slavery - Our Modern Slavery Statement details steps that we have taken and continue to take to try to ensure that slavery and human trafficking do not take place in any part of our supply chains and/or any part of our business.
Suppliers and Third Parties - We recognize that our responsibilities extend to our supply chain. We have a Supply Chain Policy which sets out minimum standards we expect our suppliers to abide by.

Information Systems and Technology

Having robust, secure and efficient Information Systems and Technology ("**IS&T**") capabilities are vital to effective operations across the group. Our IS&T Transformation Programme will deliver results that will leverage information and knowledge sharing across the Group.

Organisational Capabilities

Our aspiration is to build a sustainable workforce which enables employees and leaders to continuously grow. The four priority areas we have identified to deliver this vision over the next three years are; building organisational capacity, helping employees grow their own way, doing the right thing today and every day, and brilliant basics (learning governance, policies and systems).

2. Weir Sustainability – Linked Bond Framework

2.1 Rationale for Sustainability – Linked Bond Framework

As part of the effort to lower our carbon footprint across production, manufacturing, usage and disposal, sustainability-linked bonds will enable us to commit to specific sustainability and environmental outcomes leveraging ambitious timelines to achieve sustainability and environmental performance that is relevant, core and material to our business. Aligning our financing to Weir Group's sustainability performance signals our strong commitment to implement our sustainability agenda. This commitment is reinforced by concretely linking our sustainability objectives to International Capital Market Association's ("**ICMA**") Sustainability-Linked Bond Principles ("**SLBP**") 2020[2]. The following five components form the basis of this Framework:

1) Selection of key performance indicators ("**KPIs**");
2) Calibration of sustainability performance targets;
3) Specific bond characteristics;
4) Reporting on the above; and
5) Independent verification of the components listed in points 1-4.

2.1.1 Key performance indicators

KPI: Scope 1 and 2 CO_2e intensity emissions (measured in tCO_2e per £m revenue)

Definition and methodology for KPI measurement

We define Scope 1 emissions as direct CO_2e emissions occurring from sources that are owned or controlled by the Group, including for example, emissions from combustion in owned or controlled boilers, furnaces, vehicles and process emissions. We define Scope 2 as indirect CO_2e emissions, including CO_2e emissions from the generation of purchased electricity, heat or steam consumed by the Group and purchased or otherwise brought into the organisational boundary of the Group.

Carbon emissions are measured using the carbon dioxide equivalent (CO_2e) to include relevant greenhouse gasses according to the 'GHG Protocol: Corporate Accounting and Reporting Standard' (revised edition), which defines CO_2e as the universal unit of measurement to indicate the global warming potential ("**GWP**") of each of the six greenhouse gases, expressed in terms of the GWP of one unit of carbon dioxide. It is used to evaluate releasing (or avoiding releasing) different greenhouse gases against a common basis.

Rationale for KPI

Mining has an essential role to play in the decarbonisation of the global economy. Commodities like copper are essential to enabling electrification of energy networks and transport and the pressure for these commodities to be produced more sustainably and efficiently is growing. Many of the world's major miners have set ambitious targets to reduce the environmental impact, aiming to deliver net zero operations by 2050. To achieve this the industry will need a technology transformation. This offers a significant long-term opportunity for Weir as we can provide solutions that reduce energy, water and waste and play our part in leading mining's technology transformation.

As a first step to demonstrate our commitment to taking action to tackle climate change, we have set goals to reduce our own carbon footprint in our Sustainability Roadmap. Reducing our Scope 1 & 2 CO_2e emissions is in line with our goals to reduce our footprint and achieving net zero by 2050.

Our targets for 30% reduction in Scope 1 & 2 CO_2e by 2024 and 50% reduction in Scope 1 & 2 CO_2e are ambitious and challenging for our business to achieve. The goal is expressed as an intensity target in terms of tonnes of carbon dioxide equivalent per million pounds sterling of revenue (tCO_2e/£million) to enable us to track progress normalized for business growth.

[2] SLBP 2020 : https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Sustainability-Linked-Bond-PrinciplesJune-2020-100620.pdf

We have intentionally committed to a 2024 interim target and 2030 goal rather than linear or year-on-year targets as we want to ensure we drive long-term sustainable CO_2e emissions reduction with strategic actions rather than tactical short-term options like off-setting. In 2020, Weir began to implement the strategies intended to achieve this.

We chose a Sustainability KPI based on Scope 1 & 2 target CO_2e emissions because we believe it is important to prioritise action on emissions under our direct control and to deliver on customer expectations of more sustainable operations. Unlike some of our peers, we manufacture most of our products in-house, including a number of foundries, and so we take responsibility for the major impacts of our operations within Scope 1 & 2. Our global foundry operations are the most energy-intensive portion of our footprint, representing 63% of our total 2020 energy consumption, so our CO_2e emissions reduction strategy focuses on harnessing energy consumption data and rethinking how we approach foundry heat treatment and melting processes used in the production of mining equipment.

Separately, we are evaluating Scope 3 emissions and expect to report these during 2021. Scope 3 emissions can be challenging to track and are outside direct control. Based on our Scope 3 study, we will evaluate key priorities for innovation and value chain collaboration and assess options for Science Based Targets and long term net zero pathways.

The KPI aligns to the EU environmental objective "Climate Change Mitigation", as well as the United Nations Sustainable Development Goal 9 "Industry Innovation and Infrastructure", Goal 12 "Responsible Consumption and Production", and Goal 13 "Climate Action.

2.1.2 Sustainability Performance Target

Sustainability Performance Target: To have a ratio of CO_2e per million pound Sterling of revenue (*$tCO_2e/£m$*) equal to or lower than 61.0 $tCO_2e/£m$ by year-end 2024, representing a 30% reduction from our 2019 baseline, subject to adjustments to reflect the impact of material acquisitions and divestments

Our Sustainability Performance Target will be equal to or lower than 61.0 $tCO_2e/£m$ by 2024, representing a 30% reduction from our baseline intensity of 87.2 $tCO_2e/£m$ as of 2019. We have used 2019 figures to define our baseline intensity because they represented the last full year before we launched our Sustainability Roadmap, and the first full year after we acquired our ESCO Division. We have the option to adjust our baseline intensity, as appropriate, in the event of material acquisitions and divestments. For example our 2019 baseline of 87.2 $tCO_2e/£m$ reflects the impact of the acquisition of ESCO in 2018 and an adjustment in respect of the sale of our Oil and Gas Division, completed in early 2021. The baseline of 87.2 $tCO_2e/£m$, has been externally verified to a limited level of assurance by an independent assurance provider in accordance with the International Standard on Assurance Engagements ("**ISAE**") 3000 (Assurance Engagements other than Audits or Reviews of Historical Financial Information). For the year ended December 31, 2020, this limited level of assurance was provided by Corporate Citizenship, a global consulting firm providing assurance and verification services.

Target Observation Date for Sustainability Performance Target: We will observe whether the Sustainability Performance Target has been met as of December 31, 2024.

Strategy to Achieve

In order to meet our goal of a 30% reduction in Scope 1 & 2 CO_2e emissions by year end 2024 and long-term targets, we will need to both reduce our demand for energy and alter the sources of our energy supply. Weir's global foundry operations are the most energy intensive portion of our footprint, representing 63% of our total 2020 energy consumption. Consequently, our CO_2e emissions reduction strategy focuses on harnessing energy consumption data and rethinking how we approach foundry heat treatment and melting processes used in the production of mining equipment. The focus areas for Weir are:

- **Energy Efficiency**: Manufacturing efficiency improvements from process and technology upgrades and key focus on global foundry operations.
- **Renewable Energy**: Increased usage of renewable energy through long term power supply agreements, self-generation of renewable energy, as well as green contracts and certification.
- **Empowered Employees**: Business unit specific initiatives designed to empower employees to focus on sustainability and providing accountability, as well as a focus on Group wide behavioural change and strategy.

Energy Efficiency

Reducing our energy consumption is our number one priority to reducing our CO_2e footprint. In 2020, we undertook group-wide studies to evaluate pathways. As a result of divisional energy efficiency deep dives, we have a portfolio and pipeline of energy efficiency projects in progress and in review across all our businesses. In 2020, we identified and implemented energy efficiency measures across our business which included manufacturing efficiency improvements, behavioural change, process upgrades and selecting energy efficient technology such as LED lighting. Our total identified and implemented energy savings in 2020 is estimated to be 6,225,469 kWh.

Renewable Strategy Development

To deliver our CO_2e emissions goals, we will need to combine our focus on efficiency with a change in the source of our energy. In 2020 we developed our renewables strategy to improve the indirect footprint involved in our energy supply sources. Weir will aim to increase the use of renewable energy in global consumption footprint.

In 2020, 5% of our energy and 11% of our electricity was sourced from renewables including power purchase agreements ("**PPAs**"), self-generation, green contracts, and energy attribute certificates ("**EACs**"). These included Weir Minerals Australia PPA with ENGIE New Zealand and Australia. This partnership decreased the carbon footprint of energy consumed by our Australian operations by 20% compared to 2020. The ENGIE-Weir PPA is one of the first of its kind between a renewable energy provider and a major supplier to the Australian resources sector.

In 2020, we undertook, across all Divisions, an exercise to deepen our knowledge of the portfolio of renewable supply options available and consider the most advantageous approaches which would support achievement of our CO_2e emissions targets. We held a series of capacity building workshops with supply chain, operations and SHE colleagues to broaden knowledge and understanding of the instruments available. We then in collaboration with a renewables specialist assessed price, return, risk, environmental impact and cross divisional opportunities to determine possible scenarios for each Division to meet their targets.

Potential Risks and Mitigants

Potential barriers to achieving the Sustainability Performance Target include inability to achieve energy efficiency improvements in our foundries and other facilities, caused by technical limitations or lack of economically viable routes to reduce consumption. Likewise, development of renewable energy may be limited due to lack of commercial supply options, high prices, or inability to develop on-site renewables at the scale needed. In addition, business growth may disproportionately increase emissions relative to revenue if this is in high impact product sectors or geographies with high CO_2e emissions electricity supply.

However, the Sustainability Performance Target forms part of our 2020 Sustainability Roadmap and we have clear structures, processes and accountabilities in place to ensure we can both deliver against these ambitious goals and measure and disclose our progress including:

- **Strategy** – Sustainability priorities are embedded in core business strategy and strategic planning.
- **Accountability** – Chief Strategy & Sustainability Officer role was added to the Group Executive in January 2020 and accountabilities for all areas of the roadmap are embedded in our governance structures.

- **Metrics and Policies** – In addition to priority roadmap goals, policies and standards and KPIs are in place to underpin delivery.
- **Remuneration** – Sustainability metrics have been embedded in Group Executive balanced scorecard and linking it to remuneration for 2021 and the past two years (24% of scorecard metrics in 2019, 32% in 2020 and 33% in 2021).

Historical Performance

	Baseline		Target
Carbon Emissions[3]	2019	2020	2024
Scope 1 CO_2e emissions ($tCO_2e/£M$)	28.5	25.2	-
Scope 2 CO_2e emissions (tCO_2e /£M)	58.7	50.5	-
Scope 1 & 2 CO_2e emissions (tCo2e/£M)	87.2	75.7	**61.0**
Scope 1 emissions: fuel combustion and operation of facilities (tCO_2e)	56,667	49,506	-
Scope 2 emissions: purchased electricity, heat and steam (tCO_2e)[4]	116,680	99,202	-

Note: Reflects the impact of the acquisition of ESCO in 2018 and an adjustment in respect of the sale of our Oil and Gas Division, in early 2021. For the year ended December 31, 2020, our comparative annual emissions figures for 2019 were also restated, during a standard review process, due to the reclassification of two sites not within our operational control, the sale of the Flow Control Division in June 2019, the collation of more accurate consumption data and the correction of emissions factors which had previously resulted in an overstatement.

2.1.3 Bond Characteristics

The use of proceeds of for any sustainability-linked bond offering will be disclosed in the instrument's offering documents. If the Sustainability Performance Target has not been reached at the relevant target observation date, as per the annual reporting published following the relevant target observation date, Weir will pay a penalty, in the form of a higher interest rate on its securities. The mechanism for payment of such interest rate will be specified in the final terms of the securities offered. We have the option to make changes to the inputs relevant to whether we achieve the Sustainability Performance Target in the event of material acquisitions or divestments by reference to the completion date of such transaction. We have considerable discretion regarding whether to make such any such adjustments and the nature and extent of any such adjustments.

2.1.4 Reporting

In order to provide transparency to investors and in alignment with this Framework, we will update our performance against the Sustainability Performance Target at the Target Observation Date and in the annual reporting periods leading up to the Target Observation Date by including verifications by an independent industry-recognised assurance provider in our annual reports that will be made publicly available on our website.

Each report will contain:

- up-to-date information on the performance of the Sustainability KPI, as per the relevant reporting period including the calculation methodology and the baseline where relevant;
- a verification assurance report relative to the Sustainability KPI outlining the performance against the Sustainability Performance Target; and
- additional information of interest, including when feasible and possible:
- qualitative and/or quantitative explanations of the contribution of the main factors, including material acquisitions and divestments, behind the evolution of the performance on the Sustainability KPI on an annual basis;
  illlustration of the positive sustainability impacts of the performance improvement;

[3] Continuing Operations Only
[4] Scope 2 emissions are market based figures

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- any restatement of the Sustainability Performance Target and/or pro-forma adjustments of the baseline or Sustainability KPI scope including as a result of the impact of material acquisitions and divestments, if relevant; and/or
- updates on new or forthcoming regulations from regulatory bodies relevant to the Sustainability KPI and the Sustainability Performance Target.

2.1.5 Verification

In order to provide transparency to investors and in alignment with the ICMA SLBP, Weir's performance against the Sustainability Performance Target at the Target Observation Date and in the annual reporting periods leading up to the Target Observation Date will be verified to a limited level of assurance by an independent assurance provider in accordance with the (ISAE) 3000. This verification will be made publicly available on Weir's website.

We intend to finalise and adopt this draft Sustainability-Linked Bond Framework, making appropriate adjustments. Sustainalytics has reviewed this draft Framework and provided a Second Party Opinion, confirming alignment of this Framework with the ICMA SLBP. The Second Party Opinion will be made publicly available on Sustainalytics' website.