

Second-Party Opinion

Weir Group Sustainability-Linked Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the Weir Group Sustainability-Linked Bond Framework aligns with the Sustainability-Linked Bond Principles 2020. This assessment is based on the following:

- **Selection of Key Performance Indicator (KPI)** Weir Group Sustainability-Linked Bond Framework includes one KPI: Scope 1 and Scope 2 GHG emissions intensity (measured in tCO₂e per £m revenue. See Table 1). Sustainalytics considers the KPI chosen to be adequate based on its relevance to Weir Group's business, scope of its applicability, and its clear and consistent definition.
- **Calibration of Sustainability Performance Target (SPT)** Sustainalytics considers the SPT to be aligned with the Issuer's sustainability strategy. Sustainalytics further considers the SPT to be moderately ambitious given that it targets a material improvement in the Company's GHG emissions performance and given the Company's industry leadership, which is demonstrated through its disclosure and transparency.
- **Bond Characteristics** Weir Group PLC will link the bond's coupon rate to the achievement of the SPT. The coupon rate will be adjusted upwards by 25 basis points (25bp) if the Company fails to achieve the SPT. The adjustment will also be applied if the SPT cannot be calculated or observed in a satisfactory manner, or the Company does not publish the SPT within a timeline defined in bond documentation.
- **Reporting** Weir Group PLC commits to report performance on the KPI in its annual report, which is available on its website. The Company commits to disclose relevant information that affects its performance on the KPI, such as any re-assessments of KPI and/or restatement of the SPT and/or pro-forma adjustments of baselines or KPI scope. The reporting commitments are aligned with the SLBP.
- **Verification** Weir Group PLC commits to have external limited assurance conducted on its KPI performance at the communicated SPT deadline, which is aligned with market expectations.

Evaluation Date	April 30, 2021
Issuer Location	Glasgow, United Kingdom

The SPT contribute to the following SDGs:



Overview of KPI and SPT

KPI	Baseline	SPT	Strength of the KPI	Ambitiousness of SPT
Scope 1 and Scope 2 GHG emissions intensity (measured in tCO ₂ e per £m revenue)	2019	Reduce carbon emissions (Scope 1 and Scope 2) by 30% per million revenue (in GBP) by 2024 versus 2019 baseline	Adequate	Moderately Ambitious

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Scope of Work and Limitations

Weir Group PLC has engaged Sustainalytics to review the SLB Framework and provide an opinion on the alignment of the notes with the Sustainability-Linked Bond Principles (SLBP).¹

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent² opinion on the alignment of the reviewed SLB Framework with the Sustainability-Linked Bond Principles 2020, as administered by ICMA.

As part of this engagement, Sustainalytics exchanges information with various members of Weir Group PLC's management team to understand the sustainability impact of their business processes and SPT, as well as reporting and verification processes of aspects of the SLB Framework. Weir Group PLC's representatives have confirmed that:

- (1) They understand it is the sole responsibility of issuer to ensure that the information provided is complete, accurate or up to date;
- (2) They have provided Sustainalytics with all relevant information; and
- (3) Any provided material information has been duly disclosed in a timely manner.

Sustainalytics also reviewed relevant public documents and non-public information. This document contains Sustainalytics' opinion of the Bond Framework and should be read in conjunction with the Framework. Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Weir Group PLC. Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated SPT of KPI but does not measure the KPIs' performance. The measurement and reporting of the KPI is the responsibility of the Bond issuer. No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument either in favor or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Weir Group PLC has made available to Sustainalytics for the purpose of this Second-Party Opinion.

The Second-Party Opinion is valid for issuances aligned with the respective Framework for which the Second-Party Opinion was written and aligned with the methodology to calculate the KPI performance outlined in the Second-Party Opinion up to 24 months or until one of the following occurs:

- (1) A material change to the external benchmarks³ against which targets were set;
- (2) A material corporate action (such as material M&A or change in business activity) which has a bearing on the achievement of the SLBs or the materiality of the KPI.

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¹ The Sustainability Linked Bond Principles (SLBP) were launched by ICMA in June 2020. They are administered by the ICMA and are available at: <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Sustainability-Linked-Bond-PrinciplesJune-2020-100620.pdf>

² When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics' hallmarks is integrity, another is transparency.

³ Benchmarks refers to science based benchmarks

Introduction

Weir Group is an engineering company offering mining solutions. The Company manufactures and supplies engineering products and services for mining and minerals processing, power generation, water supply and other industrial uses, as well as supplies pumps, valves, compressors, and turbines. Weir was founded in 1871 and is headquartered in Glasgow, United Kingdom. The Company has over 11,500 employees working in more than 50 countries and supplies customers worldwide.

Weir Group PLC (“Weir Group”) intends to issue Sustainability-Linked Bonds (SLB) where the coupon rate of the bond is tied to the achievement of the Sustainability Performance Target for one KPI, the Company’s revenue intensity of Scope 1 and 2 GHG emissions.

Weir has engaged Sustainalytics to review the SLB Framework and provide an opinion on the alignment of the bond framework with the Sustainability-Linked Bond Principles (SLBP).⁴

The KPI and SPT used by Weir are defined in Tables 1 and 2 below.

Table 1: KPI Definitions

KPI	Definition
Scope 1 and 2 GHG emissions intensity (measured in tCO ₂ e per £m revenue)	This KPI measures the ratio of Scope 1 and 2 GHG emissions per unit of accounting revenue on an annual basis. The ratio is calculated as: $\text{Revenue Emissions Intensity} = \frac{\text{tCO}_2\text{e}}{\text{Revenue } \text{£m}}$ Key inputs and details of the KPI are: - Scope 1 and 2 emissions are calculated per the Greenhouse Gas Protocol’s Corporate Accounting and Reporting Standards, and this figure is quantified in tons of CO₂ emissions (tCO₂e). - Reported annual revenue figures as extracted from Weir’s financial statements quantified in millions of British pounds (£m).

Table 2: SPT and Past Performance

KPI	2019 (baseline) ⁵	2020	SPT 2024
Scope 1 and Scope 2 GHG emissions intensity (measured in tCO ₂ e per £m revenue)	87.2	75.7	Reduce carbon emissions from own operations (Scope 1 and 2) by 30% per million revenue (in GBP)

⁴ The Sustainability Linked Bond Principles (SLBP) were launched by ICMA in June 2020. They are administered by the ICMA and are available at: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-linked-bond-principles-slbp/>

⁵ In 2018, Weir acquired ESCO Corporation, thus it is infeasible for Weir to reconcile historical emissions in an aggregate manner prior to 2019.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Alignment of Weir Group Sustainability-Linked Bond Framework with the Sustainability-Linked Bond Principles.

Sustainalytics is of the opinion that the Sustainability-Linked Bond Framework align with the five core components of the Sustainability-Linked Bond Principles 2020 (SLBP).



Selection of Key Performance Indicator (KPI)

Relevance and Materiality of KPI

Sustainalytics in its assessment of materiality and relevance considers i) whether an indicator speaks to a material impact of the issuer business on environment or social issues, and ii) to what portion of impact the KPI is applicable.

Sustainalytics considers GHG emissions intensity KPI to be material given the carbon intensity of the Company operations. In Sustainalytics risk rating of the Company the issue of *Carbon – Own Operations* is identified as a material ESG issue for the Company and its sector. Additionally, Sustainalytics notes that Weir Group's Scope 1 and 2 emissions cover less than 50% of its total Scope (1, 2 and 3) emissions. The relevance of the KPI is further emphasized by Weir Group's reported linking of executive compensation to the achievement of sustainability performance targets based on this KPI for the past three years.

KPI Characteristics

Sustainalytics in its assessment of the KPI characteristics considers i) whether a clear and consistent methodology is used, ii) whether the issuer follows an externally recognized definition, iii) whether the KPI is a direct measure of the performance of the issuer on the material environmental or social issue, and iv) if applicable, whether the methodology can be benchmarked to an external contextual benchmark.⁶

Sustainalytics considers Weir's definition and methodology to calculate KPI performance to be clear and internally consistent. Sustainalytics notes that the Company calculates Scope 1 and Scope 2 emissions in alignment with the GHG Protocol's Corporate Standard on GHG inventory boundaries. The KPI will enable consistent measurement of the Company's carbon intensity and will provide a clear reference metric for any subsequent adjustment of the bond's coupon rate. Sustainalytics considers the KPI to provide an indirect measure of Weir Group's GHG emissions performance given that emissions intensity is expressed per unit of revenue, a top-line accounting metric whose variability may be influenced by factors unrelated to the company's emissions performance.

While noting that the use of emissions intensity metrics based on unit of production is preferred, Sustainalytics nonetheless views the use of a revenue intensity metric as relevant and useful for Weir Group given the business environment in which it operates. Also, because of the Weir Group's highly diversified product mix, it is difficult to use the unit of production as the denominator.

Overall Assessment

Sustainalytics overall considers the KPI to be adequate given that it speaks to a material environmental issue of Weir Group and has a clear and consistent calculation methodology. While noting that the KPI is a material and relevant, Sustainalytics also notes that it is an indirect measure of emissions performance and that it covers less than 50% of Weir's total emissions (across Scopes 1, 2 and 3), and accordingly considers the KPI to be adequate.

⁶ External contextual benchmarks provide guidance on the alignment with ecological system boundaries. This criterion is not applied to social KPIs or impact areas for which such contextual benchmarks are not available.

Scope 1 and Scope 2 GHG intensity emissions (measured in tCO ₂ e per £m revenue)	Not Aligned	Adequate	Strong	Very strong
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Calibration of Sustainability Performance Target (SPT)

Alignment with Issuer's Sustainability Strategy

Weir has set the following SPT for its KPI:

- Reduce carbon emissions from own operations (Scope 1 and Scope 2) by 30% per million revenue (in GBP) by 2024 versus 2019 baseline.

Sustainalytics considers the SPT to be aligned with Weir's sustainability strategy (please refer to Section 2 for analysis of the credibility of Weir's sustainability strategy), based on the following.

- In 2019, Weir conducted a materiality assessment, which identified CO₂ emissions reduction as one of its four Sustainability Roadmap priority areas.⁷ In 2020, the Company committed to reduce its revenue intensity for Scope 1 and Scope 2 CO₂ emissions by 30% by 2024, and halve them by 2030, compared to a 2019 baseline. Additionally Weir aims to achieve absolute net zero emissions by 2050, compared to a 2019 baseline.⁷ As of 2020, Weir's Scope 1 and 2 emissions intensity declined by 13.2% compared to 2019.⁷

Strategy to Achieve the SPT

Weir intends to achieve the SPT through the following strategy:

- Weir intends to invest in energy efficiency and technology improvements at its foundry operations, employee behavioural change to reduce operation emissions, process upgrades and LED lighting. Weir developed its "Renewables Strategy" to promote renewable energy use throughout its global operations, including power purchase agreements, self-generation, green contracts and energy attribute certificates. Furthermore, since 2017 Weir has linked executive remunerations to sustainability metrics and created the position of Chief Strategy and Sustainability Officer to ensure the Company follows the strategy and action plan to towards meeting the SPT.

Ambitiousness, Baseline and Benchmarks

To determine the ambitiousness of the SPT, Sustainalytics considers whether the SPT goes beyond business-as-usual trajectory and how the SPT compares to targets set by peers.

Weir has set the baseline of 2019 for its SPT due to the acquisition of ESCO Corporation in 2018 and the infeasibility to reconcile historical emissions in an aggregate manner prior to 2019.

SPT: Sustainalytics was able to use the following benchmarks to assess ambitiousness: past performance and peer analysis.

Due to the acquisition of ESCO Corporation in 2018, the relevant historical record of the KPI is available for the years 2019 and 2020 only. Thus, the SPT can only be assessed against a single observation. Sustainalytics has reviewed the historical revenue intensity emissions data from 2017 and recognizes that it is not possible to directly compare with KPI performance from 2019 onwards because the Company's emissions profile has changed. Nonetheless, Sustainalytics considers that an average annual emissions intensity reduction of ~7% until 2024 will demonstrate a material improvement in performance on the KPI.

Sustainalytics notes that, based on our internal assessment,⁸ Weir appears to demonstrate leadership within its industry through its public and transparent disclosure of its SPT. Sustainalytics also notes that Weir has disclosed

⁷ Weir Group, "The Weir Group PLC. Annual Report and Financial Statements 2020", (2021), at: <https://www.global.weir/assets/files/investors/reports/the-weir-group-plc-2020-annual-report--accounts.pdf>

⁸ Based on Sustainalytics assessment, we were unable to find industry peers who publicly disclose their SPTs.

its intention to seek verification of its emission reduction targets by the Science-based Targets initiative (SBTi). The Company's baseline may be recalculated or adjusted in the event of mergers and acquisitions and/or corporate divestment.

Overall Assessment

Sustainalytics considers the SPT to align with Weir Group's sustainability strategy and considers its SPT to be moderately ambitious given that represents a material improvement of its performance in terms of GHG emissions reduction per revenue. Additionally, based on Sustainalytics' internal assessment, it appears that Weir is a leader in its industry based on its public disclosure of its emission reduction targets.

Reduce carbon emissions from own operations (Scope 1 and Scope 2) by 30% per million revenue (in GBP) by 2024 versus 2019 baseline	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
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Bond Characteristics

Weir Group will determine and set the target observation date within the bond issuance documents, and an upward adjustment of 25 basis points or a specified amount in the bond indenture will be applied in case of a failure to achieve the SPT by the observation date. Weir Group has disclosed that bond issuances pertaining to its Sustainability-Linked Bond Framework will be subject to a coupon rate step-up if one of the following situations occurs:

- the SPT has not been reached as of the target observation date;
- the performance level against each SPT cannot be calculated or observed, or not in a satisfactory manner;⁹
- the company does not publish the relevant SPT within the timeline defined in the bond documentation.

The coupon rate increase will take effect from the first coupon payment date following the target observation date until maturity or at the point of maturity as specified in the documentation relating to the Sustainability-Linked Bonds. If the SPT has been met at observation date, there will be no impact to the bond coupon.

If there is a material change to Weir's business the KPI or SPT may change to reflect the new context. Similarly, if there are significant divestments the SPT baseline may be recalculated.

Sustainalytics positively notes that all three conditions noted above need to be met to avoid an increase in the coupon rate.



Reporting

Weir commits to report on an annual basis on its performance on the KPI and expects to include the relevant figures in its Annual Report, which is aligned with the SLBP. Weir further commits to disclose relevant information that enables investors to monitor the level of ambition of the SPT. Weir Group PLC commits to disclose relevant information that affect the KPI performance, such as any re-assessments of KPI and/or restatement of the SPT and/or pro-forma adjustments of baselines or KPI scope. The reporting commitments are aligned with the SLBP.



Verification

Weir commits to having an external verifier provide limited level assurance on the published KPI performance figures at the observation date and in the annual reporting periods leading up to the observation date of the SPT,

⁹ Non-satisfactory manner is understood as a verification assurance provided by the independent auditor containing a reservation or the independent auditor not being in a position to provide such assurance.

which is aligned with the SLB Principles on verification. The verification will be made publicly available on Weir's website.

Section 2: Assessment of Weir's Sustainability Strategy

Credibility of Weir Sustainability Strategy

According to Sustainalytics' ESG rating, Weir Group is considered an average performer on ESG issues compared to its industry peers. The analysis by Sustainalytics is based on Weir Group outperforming in environmental and governance issues while having an average performance on social issues.¹⁰ Weir Group has integrated its sustainability strategy to its core business strategy and commits to monitoring and managing ESG risk exposures, Weir Group's efforts are overseen by the Sustainability Excellence Committee comprising the CEO, CFO, Chief Strategy and Sustainability Officer, and Divisional Presidents. In addition, the Chief Executive's Safety Committee oversees safety while the Human Resources Excellence Committee oversee the corporate culture. These committees form the backbone of Weir Group's integration of ESG considerations into its global business model and strategy.

Starting in 2018, Weir undertook structural changes to align its core business with strategic trends of decarbonization of the energy and transport sectors. Understanding that the mining industry is critical in enabling decarbonization of the economy, through the provision of metals used in clean technologies, Weir focused on its core mining solutions. The Company acquired ESCO Corporation, a company specialized in surface and underground mining solutions, and sold its Flow Control and Oil & Gas Divisions.

Weir Group has a well-founded sustainability strategy and its reporting of non-financial sustainability metrics, including GHG emissions, dates to 2011. Sustainalytics acknowledges the steps the group is taking towards boosting its sustainability strategy and credentials. Notably, Weir Group's commitment to embed sustainability metrics in its executive remuneration schemes, which is a positive step in aligning manager's interests in executive compensation schemes with environmental consideration. Weir Group reported linking the Group Executive's balanced scorecard to remuneration for the past three years (24% of scorecard metrics in 2019, 32% in 2020 and 33% in 2021).

Weir has shown a commitment to better understand and prepare for the climate-related risks and opportunities that might affect its business. In 2020, the firm conducted its first Task Force on Climate-related Financial Disclosures (TCFD) assessment and has committed to further develop its approach to business strategy and for non-financial disclosures to align with the TCFD recommendations. The firm also aims to meet the UK's Financial Conduct Authority requirements for premium-listed companies to adopt TCFD reporting for financial years starting in 2021. Weir also reported proposed further enhancements in its non-financial disclosures, for example, by incorporating relevant metrics as defined by the Sustainability Accounting Standards Board (SASB) in the near future.

Sustainalytics believes that Weir Group's SLB framework and subsequent capital allocations will support the Company's sustainability strategy and progress toward its long-term goal to achieve net-zero carbon by 2050.

Weir's Environmental and Social Risk Management

According to Sustainalytics' ESG Risk Assessment, Weir's exposure to ESG risks is of medium strength and in line with the subindustry average. Overall, Sustainalytics notes that Weir Group's management of material ESG issues is considered average.¹⁰ Sustainalytics also recognizes that, while Weir's defined targets are impactful, it is acknowledged that achieving these SPT bears some ESG risks. The primary ESG issues associated with the subindustry includes product governance, business ethics and human capital.

In the following section Sustainalytics comments on Weir's ability to mitigate such potential risks.

- To promote Weir's management of environmental risks, its Safety, Health & Environment (SHE) Management System standard detail the minimum standards for controlling risks to air, land and water. Weir claims that 87% of its key businesses are accredited to ISO14001 (Environmental Management Systems) and strives to maintain this accreditation and drive continuous improvement in safeguarding local environments.
- On the human capital consideration, Weir has reported building a zero-harm commitment driven by its three pillars of a safe start, a safe finish and a safe journey home for its people. Sustainalytics notes the progress made by the group and

¹⁰ This assessment has been derived from Sustainalytics' ESG Risk Rating.

Weir acknowledges this will always be an area for continual improvement as the safety culture matures. To build on this foundation, the Group has committed to develop a health and wellbeing strategy within which the businesses will be able to apply local and cultural relevance.

Sustainalytics acknowledges that there are no known ESG controversies associated with the Weir Group to date, and that this is an indication of an active risk prevention approach by the management of Weir. Overall, Sustainalytics considers that Weir has existing management programs and policies in its governance structures designed to mitigate risks towards its path to carbon neutrality by 2050.

Section 3: Impact of the reducing GHG emissions from Weir's own operations

Companies across all industries are responsible for a significant share of GHG emissions globally and therefore have a critical role to play in the transition towards a low-carbon economy.¹¹ Businesses have a responsibility to reduce their emissions in line with the Paris Agreement's ambitions, assist vulnerable people in their supply chains, and advocate for a positive change. It is estimated by the International Environmental Agency (IEA) that total CO₂ emissions would need to fall by 45% compared to 2010 levels by 2030 to achieve net zero emissions by 2050, signaling the need for accelerated action in all sectors and industries.¹²

In particular, firms operating in the mining sector account for 4%-7% of GHG emissions.¹³ The mining sector has only recently begun setting carbon emission reduction targets, and those which are public modest, ranging from 0 to 30% by 2030.¹³ Yet, there are opportunities to achieve decarbonization of mineral extraction largely through electrification and use of renewable energy sources,¹⁴ but also through improved energy efficiency.¹³ Energy efficiency improvements alone could lead to emissions reduction ranging from 5%-20%.¹³ Notably, suitable energy efficient technologies exists, and their adoption require low capital investments.¹³ Moreover, the mining sector is at the crossroads of enabling the transition to decarbonized economies via the provision of raw materials used in clean technologies, for example copper, lithium and rare earths.¹³

Sustainalytics is of the opinion that Weir's focus and efforts in reducing Scope 1 and 2 emissions will positively contribute to reducing the environmental footprint of the mining services industry and support the ambitions of the Paris Agreement.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This sustainability linked bonds advance the following SDG goals and targets:

KPI	SDG	SDG Target
Scope 1 and Scope 2 GHG intensity emissions (measured in tCO ₂ e per £m revenue)	7. Affordable and clean energy	7.2. By 2030, increase substantially the share of renewable energy in the global energy mix 7.3. By 2030, double the global rate of improvement in energy efficiency
	9. Industry, innovation and infrastructure	9.4. By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

¹¹ The Guardian, "Whose Responsibility is it to Reduce Carbon Emissions", at: <https://www.theguardian.com/sustainable-business/2017/jul/10/100-fossil-fuel-companies-investors-responsible-71-global-emissions-cdp-study-climate-change>

¹² IEA, "Achieving Net-Zero Emissions by 2050", at: <https://www.iea.org/reports/world-energy-outlook-2020/achieving-net-zero-emissions-by-2050>

¹³ MCKinsey & Co., "Climate risk and decarbonization: What every mining CEO needs to know", (2020), at: <https://www.mckinsey.com/business-functions/sustainability/our-insights/climate-risk-and-decarbonization-what-every-mining-ceo-needs-to-know>

¹⁴ Deloitte, "The 2030 decarbonization challenge. The path to the future of energy", (2020), at: <https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/energy-resources/deloitte-uk-mining-and-metals-Decarbonization.pdf>



Conclusion

Weir Group PLC intends to issue Sustainability-Linked Bonds which will tie the coupon rate to the achievements of the following SPT:

- (1) Scope 1 and Scope 2 GHG emissions intensity (measured in tCO₂e per £m revenue): Reduce carbon emissions from operations (Scope 1 and Scope 2) by 30% per million revenue (in GBP) by 2024 versus 2019 baseline.

Sustainalytics considers the KPI chosen to be adequate based on its materiality to the businesses of Weir Group. The SPT is considered moderately ambitious based on a material improvement of the performance of the Company in terms of GHG emissions reduction per revenue, and on Weir Group's leadership in public disclosure and transparency related to its emission performance and reduction targets.

Furthermore, Sustainalytics considers reporting and verification commitments to be aligned with market expectations.

Based on the above, Sustainalytics considers Weir Group PLC's SLB Framework to be in alignment with the five core components of the SLBP and the prospective of achievement of the SPT to be impactful.

Appendix 1: Sustainability-Linked Bonds - External Review Form

Section 1. Basic Information

Issuer name: Weir Group PLC

Sustainability-Linked Bond ISIN:

Independent External Review provider's name for second party opinion pre-issuance (sections 2 & 3):
Sustainalytics

Completion date of second party opinion pre-issuance: April 30, 2021

Independent External Review provider's name for post-issuance verification (section 4):

Completion date of post issuance verification:

At the launch of the bond, the structure is:

- ☒ a step-up structure ☐ a variable redemption structure

Section 2. Pre-Issuance Review

2-1 SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review:

- ☒ assessed all the following elements (complete review) ☐ only some of them (partial review):

- | | |
|--|---|
| ☒ Selection of Key Performance Indicators (KPIs) | ☒ Bond characteristics (<i>acknowledgment of</i>) |
| ☒ Calibration of Sustainability Performance Targets (SPTs) | ☒ Reporting |
| ☒ Verification | |

- ☒ and confirmed their alignment with the SLBP.

2-2 ROLE(S) OF INDEPENDENT EXTERNAL REVIEW PROVIDER

- | | |
|--|---|
| ☒ Second Party Opinion | ☐ Certification |
| ☐ Verification | ☐ Scoring/Rating |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

2-3 EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Section 3. Detailed pre-issuance review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

3-1 SELECTION OF KEY PERFORMANCE INDICATORS (KPIs)

Overall comment on the section (if applicable): Weir Group Sustainability-Linked Bond Framework includes one KPI: Scope 1 and Scope 2 GHG emissions intensity (measured in tCO₂e per £m revenue. See Table 1). Sustainalytics considers the KPI chosen to be adequate based on its relevance to Weir Group's business, scope of its applicability, and its clear and consistent definition.

List of selected KPIs:

- ✓ Scope 1 and 2 GHG intensity emissions (measured in tCO₂e per £m revenue)

Definition, Scope, and parameters

- | | |
|--|---|
| ☒ Clear definition of each selected KPIs | ☒ Clear calculation methodology |
| ☐ Other (please specify): | |

Relevance, robustness, and reliability of the selected KPIs

- | | |
|--|--|
| ☒ Credentials that the selected KPIs are relevant, core and material to the issuer's sustainability and business strategy. | ☒ Evidence that the KPIs are externally verifiable |
| ☒ Credentials that the KPIs are measurable or quantifiable on a consistent methodological basis | ☐ Evidence that the KPIs can be benchmarked |
| | ☐ Other (please specify): |

3-2 CALIBRATION OF SUSTAINABILITY PERFORMANCE TARGETS (SPTs)

Overall comment on the section (if applicable): Sustainalytics considers the SPT to be aligned with the Issuer's sustainability strategy. Sustainalytics further considers the SPT to be moderately ambitious given that it targets a material improvement in the Company's GHG emissions performance and given the Company's industry leadership, which is demonstrated through its disclosure and transparency.

Rationale and level of ambition

- | | |
|--|---|
| ☒ Evidence that the SPTs represent a material improvement | ☒ Credentials on the relevance and reliability of selected benchmarks and baselines |
| ☒ Evidence that SPTs are consistent with the issuer's sustainability and business strategy | ☒ Credentials that the SPTs are determined on a predefined timeline |
| | ☐ Other (please specify): |

Benchmarking approach

- | | |
|--|--|
| ☒ Issuer own performance | ☒ Issuer's peers |
| ☐ reference to the science | ☐ Other (please specify): |

Additional disclosure

- | | |
|--|--|
| ☒ potential recalculations or adjustments description | ☒ issuer's strategy to achieve description |
| ☐ identification of key factors that may affect the achievement of the SPTs | ☐ Other <i>(please specify)</i> : |

3-3 BOND CHARACTERISTICS

Overall comment on the section (if applicable): Weir Group PLC will link the bond's coupon rate to the achievement of the SPT. The coupon rate will be adjusted upwards by 25 basis points (25bp) if the Company fails to achieve the SPT. The adjustment will also be applied if the SPT cannot be calculated or observed in a satisfactory manner, or the Company does not publish the SPT within a timeline defined in bond documentation.

Financial impact:

- ☒ variation of the coupon
- ☐ Other *(please specify)*:

Structural characteristic:

- ☐ Other *(please specify)*:

3-4 REPORTING

Overall comment on the section (if applicable): Weir Group PLC commits to report performance on the KPI in its annual report, which is available on its website. The Company commits to disclose relevant information that affects its performance on the KPI, such as any re-assessments of KPI and/or restatement of the SPT and/or pro-forma adjustments of baselines or KPI scope. The reporting commitments are aligned with the SLBP.

Information reported:

- | | |
|--|--|
| ☒ performance of the selected KPIs | ☐ verification assurance report |
| ☐ level of ambition of the SPTs | ☐ Other <i>(please specify)</i> : |

Frequency:

- | | |
|--|--------------------------------------|
| ☒ Annual | ☐ Semi-annual |
| ☐ Other <i>(please specify)</i> : | |

Means of Disclosure

- | | |
|---|--|
| ☐ Information published in financial report | ☐ Information published in sustainability report |
| ☐ Information published in ad hoc documents | ☒ Other <i>(please specify): Annual Report</i> |
| ☐ Reporting reviewed <i>(if yes, please specify which parts of the reporting are subject to external review)</i> : | |

Where appropriate, please specify name and date of publication in the "useful links" section.

Level of Assurance on Reporting



- | | |
|--|--|
| ☐ limited assurance | ☐ reasonable assurance |
| | ☐ Other <i>(please specify)</i> : |

USEFUL LINKS *(e.g. to review provider methodology or credentials, to issuer's documentation, etc.)*

Section 4. Post-issuance verification

Overall comment on the section *(if applicable)*: Weir Group PLC commits to have external limited assurance conducted on its KPI performance at the communicated SPT deadline, which is aligned with market expectations.

Information reported:

- | | |
|---|--|
| ☒ limited assurance | ☐ reasonable assurance |
| | ☐ Other <i>(please specify)</i> : |

Frequency:

- | | |
|--|--------------------------------------|
| ☒ Annual | ☐ Semi-annual |
| ☐ Other <i>(please specify)</i> : | |

Material change:

- | | |
|--|--|
| ☐ Perimeter | ☐ KPI methodology |
| ☐ SPT calibration | |

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