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Directors' Remuneration Report

Clare Chapman
Committee Chair

"We are refocusing remuneration on long-term value creation by using substantive equity holdings to expose executives to both upside and downside risk. Over the cycle, this will best promote the value of our company for shareholders and the society in which we operate."

Rewarding long-term value creation

One of the strengths of 'We are Weir' is that it takes our strategic framework and identifies how we will create value from it for all our stakeholders.

People	Caring for our colleagues, our neighbours and the environment and inspiring them to flourish.
Customers	Working in partnership to provide distinctive solutions that deliver compelling value for money.
Technology	Driving the development of new technologies and capabilities that lead the market.
Performance	Delivering excellence for all our stakeholders through strong leadership, accountability and a lean mindset.

The Committee realised that to reinforce the delivery of 'We are Weir', we needed to be clear with our reward principles and ensure these informed the design of the new executive reward arrangements. These principles have been refreshed and are shown in the 'Reward principles' table.

Dear Shareholders,

I am pleased to introduce our Directors' Remuneration Report for the year ended 31 December 2017. This is my first report as Chair of the Remuneration Committee having succeeded Melanie Gee in August 2017. On behalf of the Board, I would like to thank Melanie for her significant contribution whilst in the role.

As committed to in our Report last year, we have invested time during this past year looking at how to align our remuneration arrangements to the Weir strategy so their design best recognises the cyclical and volatile nature of the sectors in which we operate. The management team emphasises creating long-term value for customers in our end markets and for shareholders: behaviours and a culture which we also seek to reward.

The current LTIP suffers from 'all or nothing' characteristics, so to move from this, we have considered the best evidence to help us evaluate alternative reward constructs. This included considering the recommendations from the Investment Association Working Group which called for Boards to explore alternative solutions in markets where traditional LTIPs do not work. Academic evidence has also indicated that simpler pay packages, with less reliance on short-term performance conditions and requiring large shareholdings, have a positive impact on investment, innovation, long-term decision making and long-term value creation.

Based on the outcome of this review, we are proposing changes to our remuneration framework, notably the replacement of our current LTIP with Restricted Share awards under our Share Reward Plan. We are unanimous as a Board that this is the right thing to do for the long-term interest of the business and we lay out below our rationale and how the parameters of the award have been calibrated.

Main structure | Page

Rewarding performance in cyclical and volatile markets

Given the exposure of our sectors to the commodity markets, it makes it extremely challenging to set robust and stretching financial targets. As a result, we have seen 'all or nothing' vesting outcomes from our LTIP over the past ten years. These outcomes are more reflective of where the business is in the cycle than of the underlying performance. The up-cycle leads to vesting 'windfalls' and the down-cycle penalises LTIP participants. The potential for a negative impact on executive pay is clear. Incentives are unlikely to engage executives or motivate the right behaviours if outcomes are considered arbitrary. Windfall outcomes will rightly appear unreasonable to investors and unfair to employees and other stakeholders. Penal outcomes can disengage executives and, when applicable over a number of cycles, prevent the build-up of meaningful shareholdings, which is one of the primary objectives of share-based reward plans.

The Committee's view is that this makes a conventional LTIP inappropriate as a mechanism for incentivising, retaining and engaging the executives in the long-term stewardship of the business. After testing various alternatives, we concluded that the best fit for the business was a redesigned annual bonus and the implementation of a Restricted Shares Plan.

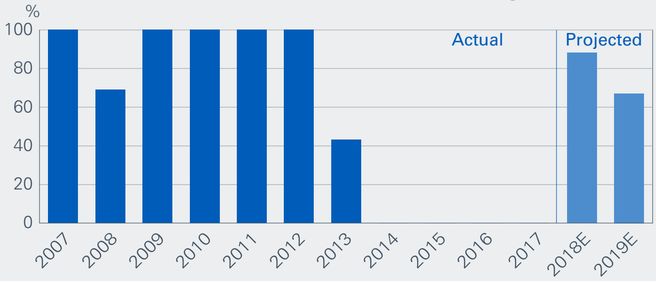
Reward principles

Rewarding the delivery of sustainable value over time in a cyclical business

Employees as shareholders	Encouraging and enabling substantial long-term share ownership for all employees
Rewarding long-term value creation	Bringing focus to sustainable improvement in the underlying business via our strategic framework
Supporting our culture	Focusing incentives on team performance to create collective accountability and becoming an employer of choice by offering a motivating and fair package
Simplifying and increasing effectiveness	Simple and transparent reward linked to business success and delivered in a way that reduces the impact of cyclical volatility on reward outcomes and enables retention

Directors' Remuneration Report continued

Our LTIP outcomes have been 'all or nothing'



1 Projected figures are based on a current forecast using public information. TSR element – based on TSR performance measured to 31 Aug 2017; EPS element – based on Bloomberg consensus forecasts; ROCE element – assumes the same vesting level as EPS element. Actual outcomes may differ from these projections.

The difficulty in forecasting commodity prices

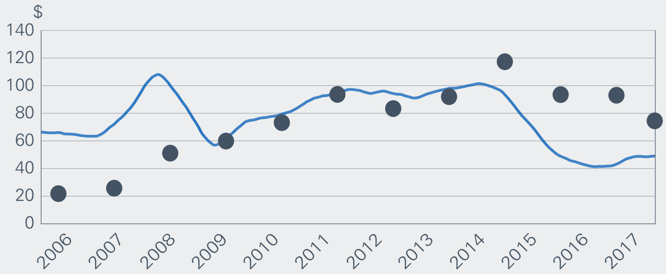


Chart shows rolling 12 month average oil price (blue line). For each year, the grey marker plots the EIA projection from 3 years earlier (i.e. a typical LTIP period).

The Committee concluded that 2018 is the right time to be making the move to Restricted Shares. The expected vesting for 'in-flight' awards (using publicly available market expectations) as we head into the up-cycle is over 80% this year and over 60% next year. Switching to Restricted Shares at this point in the cycle is likely to be less beneficial to management, but is recognised as the right thing to do to incent the delivery of long-term value.

Under the Restricted Shares proposal, executives will receive a significantly smaller award each year than under the current LTIP, and these awards will vest subject to an 'Underpin' as outlined in the table below. Further details on the underpin are set out on page 99.

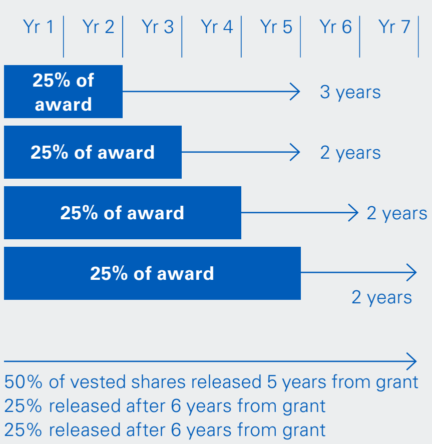
The key parameters of the Restricted Share awards are in line with best practice guidance:

- **Significant reduction in award size.** Annual Restricted Share awards will be 125% (CEO) and 100% (CFO), half the current LTIP awards (250% and 200% respectively). The Committee carefully considered what this 'discount' should be. Our starting point for the conversion was to confirm that the total compensation is positioned around median against similarly sized companies so it was clear we were not embedding any excessive quantum.

To understand what a fair expectation for LTIP pay-outs would be, we analysed vesting outcomes over a long-term period (ten years, being more representative than just two or three recent years). The average outcome has been 61% of maximum and therefore a reasonable expected value of the current LTIP would have been 153% of salary (CEO) and 122% (CFO) – current award size multiplied by 61%. Therefore the Committee concluded that setting the discount at 50% is more than sufficient. This is also consistent with investor guidance.

- **Extended time horizons – shares released between five and seven years from grant.** For each award, 50% will be released to participants after five years, 25% after six years and the final 25% after seven years from grant. This represents one of the longest holding periods for Restricted Share plans in the UK and is in excess of the five years recommended in investor guidance. Awards will vest as follows – 50% after three years, 25% after four years and 25% after five years. In order to address a one-off transitional risk of moving from an LTIP to Restricted Shares, the first tranche of awards made under the 2018 Policy will vest 25% after two years (rather than three). These transition arrangements will not apply to new hires. We will also confirm in our Policy statement in 2021 that we will revert to a three-year vest for tranche one since, by then, the transition issues will largely be managed.
- **Underpin – safeguarding against payment for failure.** Restricted Share awards do not have conventional performance conditions which might apply to an LTIP, reflecting their different purpose and design. However, the framework includes safeguards which can adjust vesting in circumstances of significant under-performance, in line with investor best practice. The underpin includes a set of key metrics with pre-disclosed performance thresholds. If any of these thresholds are not met, or if an adjustment is required to better reflect underlying performance, the Committee retains discretion to reduce the vesting outcome. The key metrics for the underpin for 2018 awards are as laid out in the 'Underpin metrics' table (with the detailed underlying thresholds disclosed on page 99) and it is our current intention that this framework remains unchanged for the forthcoming policy period.

Vesting and holding timeline



Underpin metrics

Balance sheet health	**Dividend**
	Breaching covenants
Investor return	**Return on Capital Employed (ROCE)**
Corporate governance	**Major governance failure**

- **Enhanced shareholding guidelines, including extending into post-employment.** The shareholding guidelines for the CEO and CFO will be doubled to 400% and 300% of salary, respectively. The shareholding guidelines will also be extended into a post-employment period (at 50% of the normal level, tapering to 0% after two years).

In developing these proposals, we have engaged extensively with our major shareholders, many of whom invest in our business over the long term. We have valued the consultation and the Committee's proposals on the elements such as the discount, underpin, time horizons and shareholding requirements have been proposed to reflect the messages we heard. I am conscious, however, that programmes based on Restricted Shares are not commonplace in the UK market. I hope that I have demonstrated in this letter why this programme is appropriate for the business and how the design of the awards have been calibrated to address the concerns of some shareholders who are yet to build confidence in Restricted Share programmes.

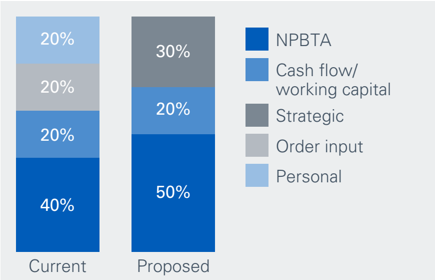
Going forward the Committee commit to evolving these plans over time so they stay aligned to business strategy. When the Committee next reviews the incentive framework ahead of our next Policy approval in 2021, we will undertake a similarly thoughtful and collaborative review process as described in this letter which would involve engaging early with our major investors.

Changes to bonus framework

We are also proposing changes to our annual bonus framework for 2018, to better align with the reward principles and delivery of our strategy.

The key change is the introduction of strategic measures to represent 30% of the bonus. This replaces the 40% of the bonus that was driven by order input and personal objectives, so we are also simplifying the framework from four to three measures. The strategic measures will align to the strategic framework (People, Customers, Technology, and Performance). We will set stretching targets aligned to a balanced scorecard and use externally verified industry standard measures wherever possible, in particular around core operational metrics and the Voice of the Customer (VoC) and Employees. This will enable benchmarking and facilitate learning. The key measures for 2018 are disclosed on page 98 and we will continue to provide full retrospective disclosure of the underlying targets in next year's report. Payment of any strategic component will be subject to a discretionary underpin (including individual performance).

Having listened to shareholders, the remainder of the bonus will continue to be assessed against key financial measures for the year. PBTA[1] will remain the primary metric (with the weighting increased from 40% to 50% for 2018). Our cash-based measure will change for 2018 from operating cash flow to working capital as a percentage of sales, better reflecting our growth agenda. The weighting will remain at 20%.



There are no changes to bonus opportunities, which will remain at 150% (CEO) and 125% (CFO). These changes do not represent a policy change but since they are important to how the whole reward package works, I wanted to give investors full sight of them.

2017 bonus and LTIP outcomes

When determining the bonus pay-outs in respect of 2017, the Committee took into account the overall performance of the business as well as the Executive Directors' performance.

80% of the bonus was based on performance against three financial measures: profit, order input and cash flow. Profit increased significantly reflecting a return to growth by our Oil & Gas Division. We also delivered strong order growth in both our Oil & Gas and Minerals divisions as demand for their solutions increased. Flow Control was impacted by tough market conditions. We had a disappointing performance against the cash flow measure, with cash flow from operations reducing as a result of increased investment in working capital to support strong growth, and reduced profitability in Flow Control.

Although we failed to achieve the cash flow measure, the performance achieved against the profit and order input measures was 98% and 76% of maximum respectively. This resulted in a total contribution to payout of 54% of maximum for the financial measures.

Full details of achievement as well as details of the performance of each Executive Director are provided on pages 111 and 112.

The 2015 LTIP awards lapsed as the performance targets measured over the three-year period to 31 December 2017 were not met.

2018 decisions

In addition to the key policy changes outlined above, I can confirm the following for 2018:

- With effect from April 2018, the salaries for the Executive Directors will increase by 2.8% in line with the average increase for UK employees.
- Pension contributions will remain at 12% of salary, in line with our Policy. The Committee is aware that a number of UK investors remain concerned about executive pensions which are significantly higher than those in the wider workforce. At Weir, the pension contribution of 12% is very much at the lower end of market practice and aligns with senior roles within the UK. I therefore believe strongly that our pension practice is in line with good practice.

2018 AGM

To implement the proposed changes we will be seeking shareholder approval for a new Remuneration Policy and this is set out in pages 102 to 107 of this report. We will also be seeking approval for the new Share Reward Plan and new All-Employee Share Ownership Plan, the full details of which are included in the Notice of Meeting. This is an important step forward. One of the principles which has guided our thinking as a Committee is a commitment to a principle of 'employees as shareholders' so we are keen to make it possible for all colleagues to build up long-term share ownership.

I would like to thank those who engaged extensively on the proposals over recent months and I look forward to receiving your support at the AGM. As ever, we remain committed to an open and ongoing dialogue and I would be very happy to hear the views of investors on our proposals.

Clare Chapman
Chair of the Remuneration Committee
28 February 2018

1. PBTA is defined as continuing profit before tax, amortisation and exceptional items, translated at 31 January 2017 average exchange rates.

Terms of Reference are available on the Company's website at www.corporategovernance.weir

Directors' Remuneration Report continued

Summary of policy changes and 2018 implementation

The table below summarises the key components of our proposed remuneration framework, illustrating how they differ from our current policy and how we intend to operate the new policy in 2018. Full details of the policy are set out on pages 102 to 107.

		Current arrangements	New policy and 2018 implementation
Fixed	Salary	Fixed remuneration which reflects role, skills, and responsibilities For 2017: • CEO – £650,000 • CFO – £400,000	No change to Policy. Increases for 2018 aligned to the average increase for UK employees of 2.8%. • CEO – £668,200 • CFO – £411,200
	Pension	Executive Directors receive a cash allowance of 12% per annum in line with pension contributions for other senior UK employees	No change. The Committee believes that executive pensions which are aligned to other employees in the business is consistent with emerging investor best practice in this area.
	Benefits	Car allowance, health care and life assurance	No change.
Variable	Annual Bonus Greater alignment to our strategic objectives	Maximum opportunity: • CEO 150% of base salary • CFO 125% of base salary 30% deferred into shares for three years Measures and weightings in 2017: – 40% Group PBTA – 20% Operating cash flow – 20% Order input – 20% Personal Full retrospective target disclosure (see page 111 in respect of 2017).	No change to opportunities or deferral structure. Measures and weightings in 2018: – 50% Group PBTA – increased from 2017 to reflect importance of profit – 20% working capital as percentage of sales – changed the basis of the cash measure to better reflect our growth agenda. – 30% strategic measures – replacing order input and personal objectives to better incent strategic objectives for the year. Measures will align to the strategic framework (People, Customers, Technology, and Performance) and set out below are the underlying headline metrics to be achieved over the next three years, as well as the target priorities for 2018. Targets will be stretching and aligned to a balanced scorecard. Externally verified industry standard measures will be used where possible. Underlying targets will be fully disclosed in next year's report. **People** Improved engagement score and increase in organisational effectiveness • Develop best in class behavioural safety culture • Identify and build the capabilities required to deliver the customer proposition • Continue to extend the Weir culture and develop the voice of the employee **Customers** Increased market share • Increase revenues from service centre networks • Increase number of customer partnerships on technology development and trials • Voice of Customer (VoC) development **Technology** Improved percentage revenue from new solutions/services/ products • Progress commercialisation of Weir digital agenda • Further develop additive manufacturing capability • Develop Weir innovation framework **Performance** Sustainably higher margins through cycle • Improved VCE score • Progression on IT infrastructure and systems development • Begin sustainability journey

		Current arrangements	New policy and 2018 implementation
	Long-term share awards Replacement of LTIP with Restricted Shares	Long Term Incentive Plan (LTIP) awards: • CEO 250% of base salary • CFO 200% of base salary Vesting based on performance over three years: – One third EPS – One third ROCE – One third TSR Two-year holding period.	Replacement of LTIP with Restricted Share awards, with the first awards to be made following the approval of the Share Reward Plan at the 2018 AGM. Award parameters in line with best practice and investor guidance. Maximum award size significantly reduced by 50% from previous LTIP award levels (the rationale for this discount is discussed in more detail in the next section): • CEO 125% of base salary • CFO 100% of base salary Vesting phased over a five-year period, with vested shares released between five and seven years from grant. Vesting subject to the underpin. Prior to vesting, if any of the thresholds set out below have not been met, it would trigger the Committee to consider whether a discretionary adjustment was required. **Balance sheet health** • **Dividend** – Maintain average absolute dividend per share over the vesting period at least in line with the 2017 declared dividend per share. • **Breaching covenants** – No breach of debt covenant or renegotiation 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. **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. Restricted Share awards will also be subject to malus and clawback provisions. The Committee will also retain discretion to determine the grant level each year.
Other	Shareholding guidelines Significant enhancement	• CEO – 200% of base salary • CFO – 150% of base salary	Shareholding guidelines will be doubled from current levels: • CEO – 400% of base salary • CFO – 300% of base salary In addition, shareholding requirements will continue post-employment.
	NED fees	Fees reflect responsibilities and time commitments for the role.	Fees will increase broadly in line with the wider employee average as follows, effective 1 April 2018: • Chairman's fee by 2.8% to £306,500 • Non-Executive Director base fee by 2.9% to £61,200 • Chairman of Committee fee by 2.6% to £15,900 • Senior Independent Director fee by 2.4% to £12,800

Directors' Remuneration Report continued

Engaging with our investors

In developing the proposals set out in this report, we engaged extensively with major investors and shareholder bodies. A number of common themes which emerged in discussion are set out below.

Q Why are changes being made at this time?
As flagged in last year's report, during the course of 2017, a comprehensive review of our remuneration philosophy and framework was undertaken to ensure it continued to best support the delivery of our strategy.

Q In the context of the difficulty of setting robust long-term targets, could other solutions have been considered (e.g. relative TSR or a 'hybrid' with the existing LTIP)?
It is correct that relative targets can be a solution to the challenge of setting absolute targets. Most commonly, this would be done via relative TSR. This relies on the ability to construct a robust and relevant peer group, which for a number of reasons, the Committee considers is not possible for Weir (given our exposure to a range of different commodity end markets and an insufficient number of direct UK peer companies). Relative TSR could also incentivise higher leverage as a means of generating differential equity performance against peers, which could penalise companies looking to safeguard a strong balance sheet through the cycle.

The Committee believes that a 'hybrid' approach (i.e. introducing restricted shares whilst also maintaining a performance-based LTIP) lacks a coherent rationale and was the approach which our investors strongly rejected at our 2016 AGM.

Q How else does this proposal differ from 2016?
Other key differences from 2016 are:

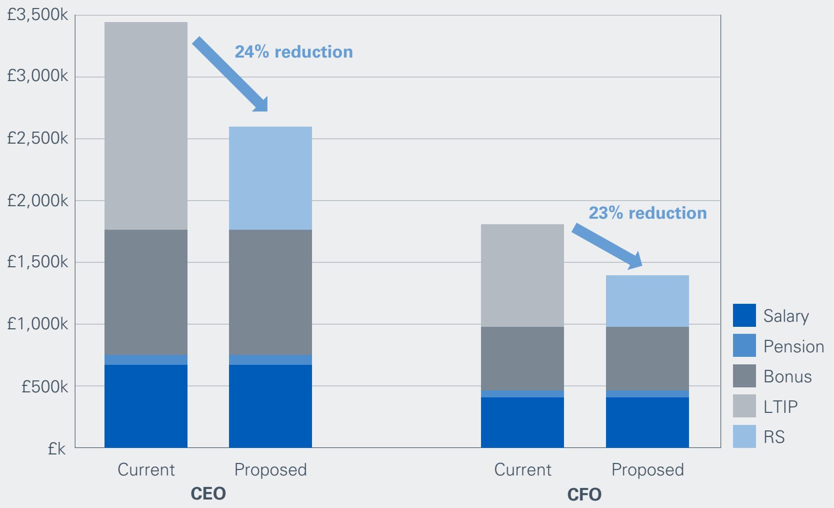
- Significantly enhanced shareholding guidelines (including extending the guideline into post-employment).
- This proposal has a much more substantial underpin.
- Extended time horizons.

Q What is the change to maximum total compensation?
As shown below, the maximum value of the packages has been reduced by over 20% as a result of the change in award structure.

Q If the performance element is removed from long-term share awards, how will you motivate performance?
The Committee is firmly of the view that the Restricted Shares will act as a more powerful driver of performance than the LTIP. By increasing the direct exposure to shares both during and post employment, executives have wealth at risk. This very visible exposure to the share price, which is easily monitored by executives, is therefore far more motivating than long-term plans based on relative TSR (which is seen as a "lottery" so has little incentive effect). With Restricted Shares, executives are strongly incentivised to take actions that will enhance long-term performance rather than short-term shareholder value given the phased vesting and release profile.

In addition, the annual bonus will continue to act as a powerful tool to drive annual performance against stretching targets built around our annual financial and strategic objectives.

Change in maximum total compensation



Q How did you arrive at the 50% discount from LTIP award levels?

We recognise that the conversion rate between LTIP and Restricted Shares is a key issue for investors. Our 'starting point' for the conversion was to confirm that total compensation is positioned around median against similarly sized UK companies and therefore we were not embedding any excessive quantum.

To understand LTIP payout expectations, we analysed LTIP outcomes over a long-term period (ten years) to provide a robust view on the vesting outcomes which executives might expect 'through the cycle'. This showed that the average vesting has been 61% over that period and therefore a reasonable 'expected value' of the current LTIP would be 153% of salary (CEO) and 122% (CFO) – being the current market competitive award size multiplied by the long-term expected vesting of 61% of maximum. The proposed award sizes represent a 20% reduction to that expected value and the Committee therefore believes that 50% is a more than sufficient discount.

As shown in the chart on page 96, recent vesting outcomes have been zero. However, the expected vesting for 'in-flight' awards (using publicly available market expectations) as we now head into the up-cycle is over 80% this year and over 60% next year. Therefore, management will be more financially disadvantaged under the Restricted Shares proposal than they would be under an LTIP if those types of vesting levels continued through the coming years. Switching to Restricted Shares at this point in the cycle is likely to be less beneficial to management, but is recognised as the right thing to do to incent delivery of long-term value.

Q Why does the first tranche vest after two years? Is this just a transitional solution?

Yes, the primary reason for this is to address a sizeable 'transition' issue as we shift from LTIPs to Restricted Shares. The Committee modelled the future release of shares which illustrated a significant potential fall-off in released value in 2023 (as the LTIP switches to Restricted Shares) which could create an unintended retention risk at a critical stage in the execution of the business strategy. Recognising the need to be mindful of the continuity of talent, the Committee's preferred solution was to shorten the vesting of the first 25% tranche from three to two years which would allow executives to perceive a greater build up in the vested value of their awards over that critical period of 2021 to 2023 as the transition from LTIP to Restricted Shares occurs.

However, it should be noted that:

- This has no impact on when executives receive any shares from the holding period, which will continue to be from five to seven years from grant. It therefore does not compromise the principle of long-term focus.
- In our 2021 Policy, we will revert to three-year vesting for tranche one.
- New executives in the 2018 Policy period will have three-year vesting.

Q How will the underpin work? Does it provide the Committee with the necessary tools in the event of poor performance?

The Board considered the metrics and the mechanics of the underpin at length in developing the proposal. The underpin provides investors with transparency on a number of clearly identified 'failure scenarios' which would trigger the Committee to consider, ahead of the vesting of each tranche of each award, whether a downward adjustment was required. Full disclosure would be made at the time should the underpin be invoked.

A number of additional safeguards and discretions also exist in circumstances not explicitly referenced in the underpin framework. For example:

- **General discretion.** As included in the Policy Table on page 104, the Committee retains a general discretion to adjust vesting outcomes downwards for each tranche of the Restricted Share awards if it believes this will better reflect the underlying performance of the Company over the period.
- **Malus and clawback.** These remain in place in line with the provisions which already existed in our LTIP. Malus allows a reduction of awards prior to vesting and clawback is the ability to reclaim vested amounts prior to the end of the holding period.
- **Discretion on future award sizes.** In addition to the above, the Committee would also retain full discretion on future award sizes. Although the maximum levels of award are set for the Policy period at 125%/100% of salary for the CEO/CFO, these grant levels would not be 'automatic' each year and the Committee retains the discretion to make a lower award if appropriate.

These additional provisions provide the Committee with a wide range of 'tools' within the remuneration framework which could be applied to ensure appropriate outcomes.

Q Under the new bonus framework, how will you ensure the strategic objectives are stretching and robustly assessed?

The strategic objectives will operate under a robust architecture. For each of the strategic priorities (People, Customers, Technology, and Performance), the Board has agreed the key underlying headline metric to be achieved over the next three to five years, as well as the target priorities for 2018. Targets will be stretching and assessed using a robust framework comprising objective, measurable and, where possible, externally referenced targets. Underlying targets will be fully disclosed in next year's report.

Directors' Remuneration Report continued

Directors' Remuneration Policy

The policy will be put to shareholders for approval at the AGM to be held on 26 April 2018. Subject to approval, the policy is intended to apply for three years from the AGM.

There are three major differences between the proposed and the current policy approved in 2017: (i) replacement of the Long Term Incentive Plan (LTIP) with the Share Reward Plan (SRP), (ii) increased shareholding requirements and extension of the requirement post-employment, and (iii) implementation of an all-employee share plan.

Future policy table

Base salary

Purpose
To provide a salary which takes into account an individual's role, skills and responsibilities and enables the Group to attract and retain talented leaders.

Operation
Reviewed annually, with increases normally taking effect from 1 April. Salaries are set by reference to market practice for similar roles in companies of similar size and complexity. The Committee also takes into account personal performance, the wider employee context, and economic and labour market conditions.

Maximum value
While there is no stipulated maximum salary increase, increases will not normally be greater than the average salary increase for UK employees (or the relevant jurisdiction if an Executive Director is based outside the UK).

Different increases may be awarded at the Committee's discretion in instances such as where:

- there has been a significant increase in the size, complexity or value of the Group;
- there has been a change in role or responsibility;
- the individual is relatively new in the role and the salary level has been set to reflect this; and
- the individual is positioned below relevant market levels.

Pension

Purpose
To encourage long-term saving and planning for retirement.

Operation
A contribution into the Company's defined contribution pension plan or an equivalent cash allowance, or any other arrangement the Committee considers has the same economic benefit.

Maximum value
12% of base salary per annum in line with other senior UK employees.

Benefits

Purpose
To provide cost-effective benefits valued by individuals.

Operation
Benefits include, but are not limited to, health care, 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.

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Maximum value
- Car allowance – no greater than £20,000 per annum
- Life assurance – 5 x base salary

The cost of providing insurance and health care benefits varies according to premium rates, so there is no formal maximum monetary value.

Annual bonus

Purpose
To incentivise the delivery of our strategic plan and to reward the achievement of stretching performance on an annual basis.

To focus incentives on team performance to create collective accountability.

Operation
Measures, targets and weightings are reviewed and determined annually at the start of each financial year to ensure they are appropriate and support the Company's strategy.

30% of any bonus will be deferred into an award of Weir Group shares which will normally be released after three years.

Malus and clawback provisions may be applied in the event of a material misstatement in the financial statements of the Group or a subsidiary/division, the discovery that information used to determine an award was materially incorrect, mistaken or misrepresented, gross misconduct (leading to termination for cause), or reputational damage causing significant damage to the Company and clearly attributable to the individual.

Maximum value
- CEO 150% of base salary
- CFO 125% of base salary

Performance assessment
Annual bonuses will be subject to such targets as the Committee considers appropriate each year.

Financial measures will normally be used to calculate at least 50% of the bonus, with the remainder being based on strategic and/or personal objectives.

The performance targets for financial measures are set in the context of the internal budget taking into account other relevant factors such as external forecasts.

All financial measures are calibrated with payment on a straight line basis between threshold (up to 20% of maximum bonus payable) and stretch.

Payment of any strategic component will be subject to a discretionary underpin (including individual performance).

In exceptional circumstances, the Committee has discretion to alter the measures and/or targets during the performance period if it believes the original measures and/or targets are no longer appropriate.

The Committee has discretion in exceptional circumstances to amend the payout level if it believes this will better reflect the Company's underlying performance.

Directors' Remuneration Report continued

Share Reward Plan

Purpose
To encourage and enable substantial long-term share ownership.

To reward the delivery of sustainable value over time in a cyclical business.

Operation
The Committee may grant awards under the SRP on an annual basis.

Vesting
Vesting of awards will be phased in four equal tranches over a five-year period. This will normally be split into four equal tranches of 25% (of the total award) which vest after two, three, four and five years following grant. For any Executive Director appointed after the effective date of this Policy and from 2021 onwards for incumbent executives, 50% will vest after three years, 25% after four years and 25% after five years.

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

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

Awards will normally be made in the form of conditional share awards, but may be awarded in other forms if appropriate (e.g. as nil cost options).

Malus and clawback (applicable for three years from vesting) provisions may be applied in the event of:

- A discovery of a material misstatement in the audited consolidated accounts of the Group or audited accounts of any Group company;
- Action or conduct which can be considered as gross misconduct;
- Events or behaviour which have a significant detrimental impact on the reputation of any Group company and which can be attributed to the individual award holder;
- The information used to determine the number of shares over which an award is granted or vests is found to be materially incorrect, mistaken or misrepresented to the advantage of the award holder.

Maximum value
The Committee will determine the grant level each year. The maximum value of an award which may be granted in respect of a financial year is:

- CEO 125% of base salary
- CFO 100% of base salary

Performance assessment
No performance measures are associated with the awards.

The underpin will consist of a 'basket' of pre-determined key metrics which will best reflect overall business health over the vesting period. For each metric, a clearly defined and, where relevant, quantifiable 'threshold' will be set at the time of grant. Thresholds will be disclosed on a prospective basis.

Prior to vesting, if any of the thresholds have not been met, it would trigger the Committee to consider whether a discretionary downward adjustment was required.

In addition, the Committee will have general discretion to reduce vesting levels if it believes this will better reflect the underlying performance of the Company over the period.

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 awards.

Shareholding requirements continue post-employment:

- The requirement will fall to half the normal level on leaving.
- The requirement would taper down to zero after two years.

Maximum Value
- 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
Employees will be awarded free shares in 2019 and 2020. From 2021 onwards, only new employees will be eligible to receive free shares. For all other employees, awards of free shares will be contingent on the employee purchasing shares with their own funds. Shares purchased using employees' own funds will be matched by the Company.

Shares will vest no later than three years after grant.

Executive Directors will be excluded from receiving any free shares in 2019 and 2020, but they will be eligible to purchase and receive matching shares from 2021 on the same terms as other employees.

In 2016, shareholders approved a Save As You Earn scheme for all employees but this plan is not currently operated.

Maximum value
The maximum amount of shares that can be purchased will be £200 per month. The maximum share match basis will be one share for every three shares purchased.

Legacy arrangements

Purpose
To honour payments and other remuneration related items due to Executive Directors.

Operation
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);
- 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 will include the vesting of any awards granted under the LTIP.

Maximum value
In line with existing commitments and arrangements.

Chairman and Non-Executive Directors' fees

Purpose
To attract and retain experienced and skilled Non-Executive Directors and to reflect the responsibilities and time commitment involved.

Fees are reviewed annually 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.

Notes to the future policy table

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 and LTIP up 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.

Directors' Remuneration Report 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 positioning of the package against the local market. We will not pay more than necessary to facilitate the recruitment.

Component	Policy and operation
Remuneration	The salary level, benefits, pension, annual bonus and annual SRP participation will be in line with the policy table.
Buy-Out Awards	The Committee will consider whether any buy-out awards are reasonably necessary to facilitate the recruitment of an Executive Director, and if there 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 and timeframe 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 for 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.

In the event that 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; • payment of reasonable reimbursement of professional fees in connection with such agreements.

Provision	Policy
Annual bonus and deferred bonus awards	At the discretion of the Committee, a pro-rated payment (payable in such proportions of cash and shares as the Committee may determine) may be earned if employment ceases during the year. Any payment will be subject to the assessment of bonus targets. Dismissal for gross misconduct – all entitlements will be forfeited, including any unvested deferred bonus awards. All other departure events – existing rights are normally retained in respect of any deferred bonus awards. Vesting will take place at the normal vesting date unless the Committee determines otherwise. Malus and clawback provisions will continue to apply. Change in control – any bonus will normally be determined by the Committee up to the expected date of change in control taking into account both performance and the period of the financial year which has elapsed. Deferred bonus awards will vest on change in control.
Outstanding share plan awards	The treatment of share awards will be governed by the rules of the relevant plan. Where an individual leaves as a Good Leaver (which includes for reasons of death, retirement, ill-health, injury or disability, redundancy, the sale of employing company or business, or other circumstances that the Committee determines) unvested awards will normally continue and vest on the normal vesting date, taking into account the assessment of any applicable underpins and pro-rated to reflect the proportion of the vesting period of each tranche which has elapsed. For LTIP awards, vesting would also take into account any applicable performance conditions over the normal performance period. The Committee may exercise its discretion to apply a different pro-rata methodology or to dis-apply time pro-rating completely. Awards subject to a holding period will continue to be subject to that holding period as if employment had not ceased, except in the case of death, or in such other circumstances as the Committee may determine, when the holding period will end at that time. The rules provide flexibility that in the case of the participant's death (or such other exceptional circumstances as the Committee considers appropriate), tranches will vest (and awards in the holding period will be released) at the time of death/leaving. If an individual leaves for any reason other than as a Good Leaver, any unvested awards will lapse on termination. Leavers have a period of three months to exercise any options unless this period is extended by the Committee. In the event of death, an option can be exercised for a period of 12 months by the deceased's estate. 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 plans	The rules of any all-employee share plans will apply in the event of termination of employment or change in control.
Relocation	The Committee may determine that share plan awards or deferred bonus awards should vest early if an Executive Director is relocated to a country where they would suffer a tax or regulatory disadvantage by holding the award.
Chairman and Non-Executive Directors	Non-Executive Directors have letters of appointment. The letters do not contain any contractual entitlement to a termination payment and the Non-Executive Directors can be removed in accordance with the Company's Articles of Association. With the exception of the Chairman and Non-Executive Directors appointed prior to 2011, notice periods are six months from the Company and no notice from the individual. There are no change in control provisions in the letters of appointment.

Directors' Remuneration Report continued

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 Director is subject to reappointment 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

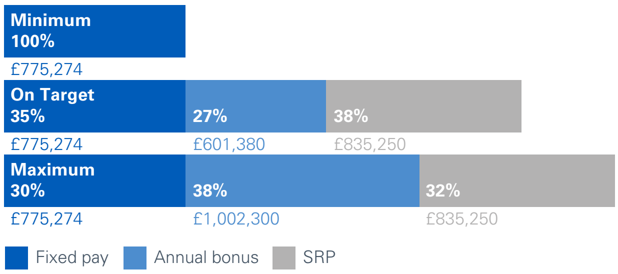
Non-Executive Director	Date of appointment	Date when next subject to appointment or re-election
Charles Berry	1 January 2014	26 April 2018
Clare Chapman	1 August 2017	26 April 2018
Alan Ferguson	13 December 2011	–
Barbara Jeremiah	1 August 2017	26 April 2018
Mary Jo Jacobi	1 January 2014	26 April 2018
Sir Jim McDonald	1 January 2016	26 April 2018
Rick Menell	1 April 2009	26 April 2018
John Mogford	1 June 2008	–
Stephen Young	1 January 2018	26 April 2018

Application of Remuneration Policy

The charts below illustrate the potential total future remuneration for the Executive Directors under the new policy. In line with current regulations, the illustrations do not assume any share price growth or dividend equivalent payments on share awards.

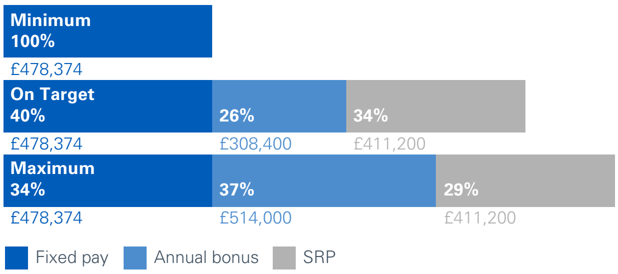
Jon Stanton

Illustration of package value under new policy



John Heasley

Illustration of package value under new policy



Notes to Application of Remuneration Policy charts

Element of package	Assumptions used
Fixed pay	Base salary: effective 1 April 2018 Benefits: as disclosed in single total figure of remuneration Pension: 12% cash allowance
Annual bonus	Minimum: no bonus is earned On target: 60% of maximum bonus is earned Maximum: 100% of maximum bonus is earned
SRP	Minimum: no vesting On target: 100% vesting Maximum: 100% vesting

Consideration of conditions elsewhere in the Group

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

Consideration of employee engagement

Meaningful engagement with customers and employees play a crucial role in both innovation and the continuous improvement of the Weir business.

The Board recognises the importance of culture and effective employee relations to the creation of good work and good workplaces. The role of the Board therefore is to ensure that mechanisms are in place, and monitored, for effective employee engagement and that there is governance of the process for management standards and training to continue to assure ourselves of the leadership skills required to do engagement well. Given the multi-national nature of our business, the management team also recognise that their approaches to insight-gathering and dialogue need to reflect country practices so that engagement can be led well locally and be mindful of circumstances and culture.

As a Board, we recognise the importance of a Group-wide framework for employee dialogue which is why the focus in 2018/19 (as reflected earlier in the Directors' Remuneration Report in the section on Strategic Objectives) will be 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.

Consideration of shareholder engagement

Shareholders and their representative bodies have played a very active role in the development of the remuneration policies outlined in this Report. An extensive consultation process has been undertaken in both the second half of 2017 and the beginning of 2018. This began with meetings with our major shareholders to shape the proposals and then consultation was extended more broadly to other large shareholders.

As demonstrated in the Q&A earlier in the Directors' Remuneration Report, shareholders asked a broad range of questions including how the underpin would work and how the Committee will avoid 'paying for failure'. We were also asked about how the Committee could be sure that the arrangements would aid motivation and retention. This engagement provided valuable insight into issues of concern for shareholders and enabled the Committee to make adjustments to win support for our new reward construct. The Committee Chair has also made it clear that she remains committed to open and transparent reporting against these new remuneration arrangements and is available for continuous dialogue.

Directors' Remuneration Report continued

Annual Report on Remuneration

This section of the Report sets out how the previous Remuneration Policy was applied for the financial year ending 31 December 2017. The overview of how the Committee is proposing to implement the new Remuneration Policy for 2018 is shown in the table on pages 102 to 107.

Single total figure of remuneration for Executive Directors (audited)

	Base salary £		Pension £		Benefits £		Annual bonus £		LTIP £		Total £	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Jon Stanton[1]	**650,000**	503,750	**78,000**	60,450	**26,890**	21,830	**686,037**	255,838	**–**	–	**1,440,927**	841,868
John Heasley[2]	**400,000**	99,999	**48,000**	5,333	**17,830**	4,329	**351,814**	52,157	**–**	–	**817,644**	161,818

Notes
1. The base salary and pension figures for Jon Stanton in 2016 reflect the increase in salary when he was appointed as CEO on 1 October 2016.
2. The figures for John Heasley in 2016 are in respect of the period from his appointment to the Board on 3 October 2016.

Notes to the total figure of remuneration for Executive Directors (audited)

Base salary – corresponds to the amount received during the year ended 31 December 2017.

Pension – corresponds to the cash allowance provided to the Executive Directors during the year ended 31 December 2017. This equates to 12% of salary.

Benefits – corresponds to the value of benefits received in respect of the year ended 31 December 2017, as follows:

	Jon Stanton 2017 £	John Heasley 2017 £
Car allowance	17,000	13,970
Group healthcare	1,615	1,615
Life assurance	8,275	2,245
Total	26,890	17,830

Annual bonus – corresponds to the amount earned in respect of the year ended 31 December 2017. 30% of the value shown will be delivered in Weir shares which will be released after three years. Details of how the bonus outcome was calculated are set out below

LTIP – corresponds to the level of award resulting from targets achieved over the relevant performance period ending in respect of the financial year shown. Further details are set out below.

Annual bonus plan (audited)

Details of remuneration to be awarded to the Executive Directors as part of the 2017 annual bonus plan are set out below. The annual bonus plan is currently based on the achievement of financial measures and personal objectives. This plan provides a maximum bonus opportunity for Jon Stanton of 150% of salary and a maximum of 125% of salary for John Heasley. 30% of any bonus earned must be deferred into shares for three years.

The annual bonus measures and weightings will be focused and simplified in 2018 and will be PBTA (50%), working capital as percentage of sales (20%) and strategic measures (30%) as set out on page 98. There will be no change to maximum opportunities or the deferral structure.

Bonus outcomes (audited)

The following table illustrates the performance achieved against the targets. As a result of this performance, Jon Stanton was awarded 106% of salary (70% of maximum) and John Heasley was awarded 88% of salary (70% of maximum). As a comparison, the payout range for the executive team ranged from 54% to 92% of maximum.

	Weighting	Entry	Target	Maximum	Achievement	Payout
Payout % of maximum		20%	60%	100%		
Group profit before tax and amortisation	40%	£194.9m	£230.9m	£263.7m	£260.8m	39%
Cash flow	20%	£314.6m	£353.5m	£386.4m	£219.9m	0%
Order input	20%	£2,138m	£2,370m	£2,583m	£2,449m	15%
Personal	20%					16%
	100%					70%

Notes
The performance targets and achievements are set using January 2017 average exchange rates and are increased or decreased to reflect the impact of any acquisitions or disposals made in the year that are of a size requiring Board approval. For acquisitions, targets are increased by the expected performance from the acquired business. For disposals, the target is reduced by the expected performance from the business which was disposed.

Financial measures

Our performance against our financial measures was as follows:

Profit – profit before tax increased significantly principally reflecting a return to growth by the Oil & Gas division. Profitability in Minerals was impacted by investment in growth initiatives, project phasing and plant reconfigurations. Flow Control was impacted by one-off charges in the first half.

Cash flow from operations was reduced as a result of increased investment in working capital to support strong growth, particularly in the Minerals and Oil & Gas divisions. Flow Control's cash flow performance reflected its reduced profitability.

Order input – the Group delivered strong order growth in both its Oil & Gas and Minerals divisions as demand for its solutions increased. Flow Control orders were impacted by tough conditions in both power and downstream oil and gas markets.

Personal objectives

The personal objectives were chosen as they supported and reinforced our business strategy. The Committee assessed performance using metrics where appropriate, but it also took into account the Executive Director's overall performance in his job.

Jon Stanton

Objective	Performance achieved
Continuous improvement in the safety and welfare of our people	Total Incident Rate 0.53 compared with 0.67 in 2016. 20 LTIs compared with 30 in 2016 with a significant reduction in severity. Implementation of global safety system 'Shield'
Execution and rollout of strategy refresh	Successful internal and external roll out of 'We are Weir' with strong ownership and visibility at business level. Phase 2 launched in January 2018 with focus on the strategic objectives and cultural change.
Employee engagement and talent development	Development of a new people strategy which will drive improved organisational effectiveness in line with the strategic objectives. Progress in engagement agenda, specifically D&I strategy and values refresh.
Deliver operational improvement agenda	Refresh and rollout of refreshed VCE with introduction of three-year targets. Good progress made in resolving historical operational issues. Minerals global capacity and capability assessment underway.
Drive technology agenda including digital	Recruitment of Chief Technology Officer and new technology team. Successful completion of Synertrex pilots leading into the initial ten commercial sites for delivery in 2018.

Based on the performance achieved, the Committee determined that a payment of 16% out of a maximum of 20% was appropriate.

Directors' Remuneration Report continued

John Heasley

Objective	Performance achieved
CFO transition	Establishing himself as a well-regarded and knowledgeable leader among the investor and analyst community. Demonstrated a good balance between core finance/control aspects of the role and commercial/strategic contribution.
Corporate finance leadership	Full alignment of tax and treasury strategy across the Group including the impacts of US tax reform. Broadening of internal audit scope and utilisation of analytical tools to scope internal audit plans. Completed a buy-in of the Executive pension plan such that all scheme obligations are now fully insured.
IS strategy and leadership	Development of clear Group-wide IS strategy to provide a Group infrastructure to support future digital strategies and enhance user experience.
People development	Senior divisional and corporate finance appointments transitioned seamlessly. Improved oversight and development of high potential employees across finance functions.
Leadership of Value Chain Excellence, including procurement	Revised VCE model developed and rolled out enabling businesses to deliver value-add improvements. Group procurement team aligned with divisions and supporting the achievement of Group wide annual purchasing savings.

Based on the performance achieved, the Committee determined that a payment of 16% out of a maximum of 20% was appropriate.

Long-term incentives vesting in 2018 – actual performance (audited)

The 2015 performance share awards were due to vest on 12 March 2018. None of the performance conditions were met in respect of the vesting criteria of relative TSR, EPS growth and improvement in average ROCE. Consequently, none of the awards vested and they lapsed with immediate effect.

Scheme interests awarded during 2017 (audited)

The following table sets out awards granted to the Executive Directors in the year ending 31 December 2017. The closing market price of the Company's ordinary shares at 29 December 2017 was £21.23, and the range during the year was £21.63 to £16.96.

	Share award	Award basis	Grant date	Face value of award at maximum vesting[1]	No of shares granted	End of performance period[2]
Jon Stanton	Performance (conditional)	250% salary	29 Mar 17	£1,624,999	87,038	31 Dec 2019
	Bonus (deferred)	30% bonus	27 Mar 17	£40,362	2,190	–
John Heasley	Performance (conditional)	200% salary	29 Mar 17	£799,991	42,849	31 Dec 2019
	Bonus (deferred)	30% bonus	27 Mar 17	£22,319	1,211	–

Notes
1. The face value of the Performance Award is based on the average of the closing share price for the three days prior to the date of grant, being £18.67. The value of the Bonus Share Award is calculated as the share price on the date of grant, being £18.43.
2. There is no performance period associated with Bonus Share Awards. The awards vest three years after grant.

Performance conditions for performance shares granted in 2017

Vesting criteria	Performance conditions over performance period
33% based on relative TSR growth against comparator group	100% vesting if ranked in upper quintile or above 25% vesting if ranked at median (threshold) 0% vesting if ranked below median
33% based on EPS growth p.a. The base EPS for the award is 61.2p per share	100% vesting if EPS growth is 15% 25% vesting if EPS growth is 5% (threshold) 0% vesting if EPS growth is less than 5%
33% based on 2019 ROCE. The base ROCE for the award is 7.6%	100% if 2019 ROCE is 12.6% 25% vesting if 2019 ROCE is 8.6% (threshold) 0% vesting if 2019 ROCE is less than 8.6%

Notes
Straight line vesting will occur between threshold and maximum.
The TSR comparator group: Atlas Copco Ab, Boart Longyear, Caterpillar, Dover Corporation, Fenner Plc, FLSmidth & Co A/S, FlowServe Corporation, Forum Energy Technologies Inc, Hunting, IMI Plc, ITT Corporation, John Wood Group Plc, Komatsu, Metso Corporation, National Oilwell Varco, Outotec Oyj, Petrofac, Rotork Plc, Sandvik AB, Smiths Group, SPX FLOW, Sulzer, TechnipFMC

Single total figure of remuneration for Chairman and Non-Executive Directors (audited)

	Basic fee (£)		SID/Committee Chair (£)		Taxable benefits (£)		Total Fees (£)	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
Charles Berry	**296,000**	290,000	**–**	–	**1,416**	1,258	**297,416**	291,258
Clare Chapman	**24,792**	–	**6,458**	–	**–**	–	**31,250**	–
Alan Ferguson	**59,125**	58,000	**15,375**	15,000	**–**	615	**74,500**	73,615
Melanie Gee	**44,250**	58,000	**11,500**	15,000	**949**	1,545	**56,699**	74,545
Mary Jo Jacobi	**59,125**	58,000	**–**	–	**–**	1,591	**59,125**	59,591
Barbara Jeremiah	**24,792**	–	**–**	–	**–**	–	**24,792**	–
Sir Jim McDonald	**59,125**	58,000	**15,375**	15,000	**–**	763	**74,500**	73,763
Richard Menell	**59,125**	58,000	**12,375**	12,000	**610**	4,207	**72,110**	74,207
John Mogford	**59,125**	58,000	**–**	–	**577**	1,403	**59,702**	59,403

Notes
Clare Chapman and Barbara Jeremiah joined the Board on 1 August 2017.
Melanie Gee stepped down from the Board on 30 September 2017. There were no other payments made above a de minimis threshold of £750.
Taxable benefits include travel to attend Board meetings in the UK (excluding international travel from America or South Africa).

Payments to past Directors (audited)

As disclosed in last year's report, Keith Cochrane was eligible under the terms of his service contract to be considered for the Company element of bonus in respect of the financial year ending 31 December 2017, pro-rated for the period to 28 July 2017. This equates to a bonus value of £356,756 (subject to mitigation which may result in a lower amount being paid). 30% will be subject to deferral into shares and held for period of three years.
No other payments have been made to past directors.

Statement of Directors' shareholdings and share interests (audited)

The shareholdings of all Directors, including the shareholdings of their connected persons as at 31 December 2017, are set out below. There have been no changes in the Directors' interests from 31 December 2017 to the date of this report.

	As at 31 December 2017					
		Scheme interests				
	Shares owned outright	With performance conditions	Without performance conditions	Vested and exercised in 2017	Current shareholding (% of salary)[1]	Shareholding Requirement (% of salary)
Jon Stanton	42,684	214,444	6,691	–	139%	200%
John Heasley	7,834	116,479	23,088	–	42%	150%
Charles Berry	2,116	–	–	–	–	–
Clare Chapman	–	–	–	–	–	–
Alan Ferguson	2,730	–	–	–	–	–
Mary Jo Jacobi[2]	2,000	–	–	–	–	–
Barbara Jeremiah	250	–	–	–	–	–
Sir Jim McDonald	–	–	–	–	–	–
Richard Menell	1,024	–	–	–	–	–
John Mogford	12,615	–	–	–	–	–

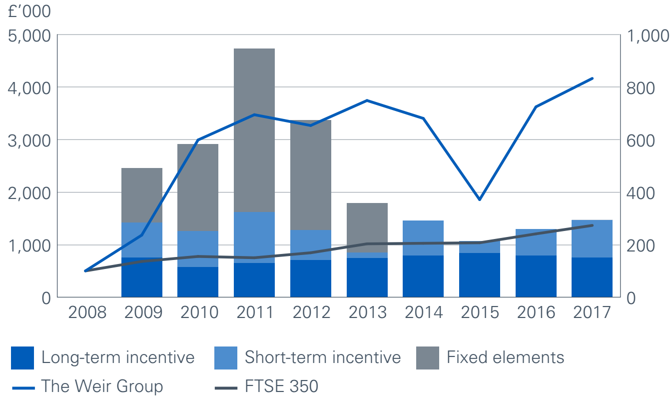
Notes
1. Current shareholding percentage is calculated using share price of £21.23 as at 29 December 2017.
2. Mary Jo Jacobi's interest in 2,000 shares shown above is through her holding of 4,000 American Depository Receipts (ADRs). One ADR being equivalent to 0.5 ordinary shares.

Directors' Remuneration Report continued

Historical performance and remuneration

The graph shows Weir's TSR performance against the performance of the FTSE350 over the nine-year period to 31 December 2017 as well as the total and vested received remuneration for the CEO over the same period.

The table below shows the CEO's total remuneration over the same period, as well as outcomes under the annual bonus plans and long term incentive plans.



Year	Total single figure £000	Short-term incentive (% of maximum)	Long-term incentive (% of maximum)
Jon Stanton			
2017	1,441	70%	0%
2016[1]	281	38%	0%
Keith Cochrane			
2016[2]	1,012	40%	0%
2015	1,065	20%	0%
2014	1,456	61%	0%
2013	1,787	10%	43%
2012	3,363	54%	100%
2011	4,728	100%	100%
2010	2,913	100%	100%
2009[3]	218	83.7%	100%
Mark Selway			
2009[4]	2,237	83.7%	100%

Notes
1. Total single figure relates to the period Jon Stanton was CEO from 1 October 2016
2. Total single figure relates to the period Keith Cochrane was on the Board to 30 September 2016.
3. Total single figure relates to the period Keith Cochrane was CEO from November 2009.
4. Total single figure relates to the period Mark Selway was CEO until his resignation in November 2009.

External appointments

It is the Board's policy to allow the Executive Directors to accept directorships of other companies. Any such directorships must be formally approved by the Chairman.

During the year, John Heasley was a Non-Executive Director of Royal Scottish National Orchestra Society Ltd. He received no fees.

Percentage change in CEO remuneration

The table below shows the percentage change in elements of remuneration for the CEO and UK employees between 2016 and 2017. The UK employee population has been chosen as it reflects a broad sample of employees which includes Head Office and other individuals located in the same country as the CEO.

	CEO % change	UK employees % change
Salary and fees	-10.3%	8.7%
Taxable benefits	19.3%	21.4%
Bonus	49.4%	21.3%

Relative importance on spend of pay

The chart below shows the change in total staff pay between 2017 and 2016, and dividends paid out in respect of 2017 and 2016.

	2017 £m	2016 £m	Percentage Change
Overall spend on pay for employees	**632.4**	558.7	13.2%
Profit distributed by way of dividend	**96.7**	94.5	2.3%

Details of the dividends declared and paid are contained in note 10 to the Financial Statements on page 149. Details of the overall spend on pay for employees can be found in note 4 to the Financial Statements on page 143.

The Remuneration Committee

The Remuneration Committee in 2017

There were six Committee meetings during 2017 and all Committee members attended the meetings they were eligible to attend. Calls were also held with members of the Committee in relation to shareholder consultation on the proposed Remuneration Policy.

Role	Name	Title
Chairman and members	Clare Chapman (From August 2017) Melanie Gee (To August 2017) Alan Ferguson Mary Jo Jacobi Barbara Jeremiah (from August 2017) Richard Menell	Independent Non-Executive Directors
Internal advisors	Charles Berry Jon Stanton Pauline Lafferty (until July 2017) Rosemary McGinness (from July 2017) Christopher Morgan Geraldine Pamphlett	Chairman of the Board Chief Executive Officer Chief People Officer Chief People Officer Company Secretary Group Head of Reward and Recognition
Committee's External Advisor	Deloitte	Adviser to Committee

Internal advisors provided important information to the Committee and attended meetings. None of the individuals were involved in any decisions relating to their own remuneration.

Deloitte LLP provided services to the Committee for the year ended 31 December 2017. Fees paid to Deloitte LLP for work that materially assisted the Committee were £233,100. Deloitte LLP also provided other services to the Weir Group in the year including tax, global employee services, risk advisory and financial advisory services. Deloitte is a signatory to the Remuneration Consultants' Group Voluntary Code of Conduct and the Committee is satisfied that Deloitte's advice was objective and independent.

Main activities

Over the course of the period since the last Annual Report, the Committee's work has been focused on

- Working with the executive team to develop the new remuneration policy and framework
- Consulting with investors on the proposals for the Share Reward Plan and changes to the annual bonus
- Assessing performance of the Executive Directors

Committee performance

The Committee's Terms of Reference are reviewed on an annual basis and were last updated in September 2017. A copy can be found on our website www.corporategovernance.weir

The Committee was evaluated as part of the 2017 Board Effectiveness Review, and it was concluded that consideration should be taken as to how the wider connectivity between the Committee and the Board could be improved.

Shareholder voting

The table below sets out the voting by shareholders on the resolution to approve the Directors' Remuneration Report and the Directors' Remuneration Policy at the AGM held in April 2017.

	For	Against	Total Votes Cast	Withheld
Remuneration Report	158,523,983 (99.52%)	767,999 (0.48%)	159,291,982	44,620
Remuneration Policy	150,752,869 (95.65%)	8,525,321 (5.35%)	159,278,190	58,978

Annual General Meeting

This report and our proposed remuneration policy will be submitted to shareholders for approval at the Annual General Meeting to be held on 26 April 2018.

Clare Chapman
Chair of the Remuneration Committee
28 February 2018