UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended July 31, 2021

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report
For the transition period from _____ to _____
Commission file number: 001-40066

Ferguson plc

(Exact name of registrant as specified in its charter)

N/A
(Translation of Registrant's name into English)
Jersey, Channel Islands
(Jurisdiction of incorporation or organization)
1020 Eskdale Road, Winnersh Triangle, Wokingham,
Berkshire, RG41 5TS. United Kingdom
(Address of principal executive offices)
Kevin Murphy
Group Chief Executive
Ferguson plc
c/o 1020 Eskdale Road, Winnersh Triangle, Wokingham,
Berkshire, RG41 5TS. United Kingdom +44 (0) 118 927 3800
investor@fergusonplc.com
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol	Name of each exchange on which registered
Ordinary Shares of 10 pence	FERG	London Stock Exchange
		New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None.**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None.**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: As of July 31, 2021, the number of outstanding ordinary shares was 222,308,366.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

If this is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☒
		Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing: U.S. GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards Board ☒ Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☐ No ☐

TABLE OF CONTENTS

		Page
PART I		1
Item 1.	Identity of Directors, Senior Management and Advisers	1
Item 2.	Offer Statistics and Expected Timetable	1
Item 3.	Key Information	1
Item 4.	Information on the Company	18
Item 4A.	Unresolved Staff Comments	23
Item 5.	Operating and Financial Review and Prospects	23
Item 6.	Directors, Senior Management and Employees	35
Item 7.	Major Shareholders and Related Party Transactions	50
Item 8.	Financial Information	50
Item 9.	The Offer and Listing	51
Item 10.	Additional Information	51
Item 11.	Quantitative and Qualitative Disclosures about Market Risk	56
Item 12.	Description of Securities Other Than Equity Securities	57
PART II		57
Item 13.	Defaults, Dividend Arrearages and Delinquencies	57
Item 14.	Material Modifications to the Rights of Security Holders and Use of Proceeds	57
Item 15.	Controls and Procedures	57
Item 16.	[Reserved]	58
Item 16A.	Audit Committee Financial Expert	58
Item 16B.	Code of Ethics	58
Item 16C.	Principal Accountant Fees and Services	59
Item 16D.	Exemptions from the Listing Standards for Audit Committees	59
Item 16E.	Purchase of Equity Securities by Issuer & Affiliated Purchasers	60
Item 16F.	Change in Registrant's Certifying Accountant	60
Item 16G.	Corporate Governance	60
Item 16H.	Mine Safety Disclosure	60
PART III		60
Item 17.	Financial Statements	60
Item 18.	Financial Statements	60
Item 19.	Exhibits	61

CERTAIN REFERENCES

Unless otherwise specified or the context otherwise requires, the term "the Company" refers to Ferguson plc, and the terms "Ferguson," "Group," "we," "us," and "our" and other similar terms refer to Ferguson plc and its subsidiaries.

FORWARD-LOOKING STATEMENTS

Certain information included in this annual report is forward-looking, including within the meaning of the Private Securities Litigation Reform Act of 1995, and involves risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied by forward-looking statements. Forward-looking statements cover all matters which are not historical facts and include, without limitation, statements or guidance regarding or relating to our future financial position, results of operations and growth, projected interest in and ownership of our shares by domestic U.S. investors, plans and objectives for future capabilities, risks associated with changes in global and regional economic, market and political conditions, ability to manage supply chain challenges, ability to manage the impact of product price fluctuations, our financial condition and liquidity, including our ability to repay our indebtedness and obtain financing in the future to fund capital expenditures and other general corporate activities, legal or regulatory development changes, and other statements concerning the success of our business and strategies.

Forward-looking statements can be identified by the use of forward looking terminology, including terms such as "believes," "estimates," "anticipates," "expects," "forecasts," "intends," "continues," "plans," "projects," "goal," "target," "aim," "may," "will," "would," "could" or "should" or, in each case, their negative or other variations or comparable terminology and other similar references to future periods. Forward-looking statements speak only as of the date on which they are made. They are not assurances of future performance and are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Therefore, you should not place undue reliance on any of these forward-looking statements. Although we believe that the forward-looking statements contained in this annual report are based on reasonable assumptions, you should be aware that many factors could affect our actual financial results or results of operations and could cause actual results to differ materially from those in such forward-looking statements, including but not limited to:

- weakness in the economy, market trends, uncertainty and other conditions in the markets in which we operate, and other factors beyond our control;
- adverse impacts caused by the COVID-19 pandemic or related variants;
- decreased demand for our products as a result of operating in highly competitive industries and the impact of declines in the residential and non-residential repair, maintenance and improvement ("RMI") markets as well as the new construction market;
- failure to rapidly identify or effectively respond to consumer wants, expectations or trends;
- failure of a key information technology system or process as well as exposure to fraud or theft resulting from payment-related risks;
- unsuccessful execution of our operational strategies;
- failure to attract, retain and motivate key associates;
- ineffectiveness of or disruption in our international supply chain or our fulfillment network, including delays in inventory, increased delivery costs or lack of availability;
- fluctuations in foreign currency and fluctuating product prices (inflation/deflation);
- inherent risks associated with acquisitions, partnerships, joint ventures and other business combinations, dispositions or strategic transactions;
- regulatory, product liability and reputational risks and the failure to achieve and maintain a high level of product quality as a result of our suppliers' or manufacturers' mistakes or inefficiencies;
- legal proceedings as well as failure to comply with domestic and foreign laws and regulations or the occurrence of unforeseen developments such as litigation;

- changes in, interpretations of, or compliance with tax laws in the United States, the United Kingdom, Switzerland or Canada;
- privacy and protection of sensitive data failures, including failures due to data corruption, cybersecurity incidents or network security breaches;
- exposure of associates, contractors, customers, suppliers and other individuals to health and safety risks;
- funding risks related to our defined benefit pension plans;
- inability to renew leases on favorable terms or at all as well as any obligation under the applicable lease;
- failure to effectively manage and protect our facilities and inventory;
- our indebtedness and changes in our credit ratings and outlook;
- risks associated with our intention to relocate our primary listing to the United States and any volatility in our share price and shareholder base in connection therewith; and
- other risks and uncertainties set forth under the heading "Risk Factors" in this annual report.

Additionally, forward-looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Other than in accordance with our legal or regulatory obligations, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

A [Removed and Reserved]

B Capitalization and Indebtedness

Not applicable.

C Reasons for the Offer and Use of Proceeds

Not applicable.

D Risk Factors

In addition to the other information contained in this annual report, you should carefully consider the following risk factors before investing in our ordinary shares. The risks and uncertainties we describe below are not the only ones we face. Additional risks and uncertainties of which we are not aware or that we currently believe are immaterial may also adversely affect the business, financial condition and results of operations of the Company. If any of the possible events described below were to occur, the business, financial condition and results of operations of the Company could be materially and adversely affected. If that happens, the market price of our shares could decline, and you could lose all or part of your investment.

This annual report also contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this annual report.

Risks Relating to Our Business

Weakness in the economy, market trends, uncertainty and other conditions in the markets in which we operate, particularly in the United States, may adversely affect the profitability and financial stability of our customers, and could negatively impact our sales growth and results of operations.

Our financial performance depends significantly on industry trends and general economic conditions, including the state of the residential, commercial, civil/infrastructure and industrial markets, as well as changes in gross domestic product in the geographic markets in which we operate, particularly in the United States where we generated 94 percent of our revenue from continuing operations in fiscal 2021. We serve several end markets in which the demand for our products is sensitive to the construction activity, capital spending and demand for products of our customers. Many of these customers operate in markets that are subject to cyclical fluctuations resulting from market uncertainty, costs of goods sold, currency exchange rates, foreign competition, offshoring of production, oil and natural gas prices, geopolitical developments, wage inflation and a variety of other factors beyond our control. Any of these factors could cause customers to idle or close facilities, delay purchases, reduce production levels or experience reductions in the demand for their own products or services.

Adverse conditions in, or uncertainty about, the markets in which we operate, the economy or the political climate could also adversely impact the customers of our end markets and their confidence or financial condition, causing them to decide not to purchase our products or alter the timing of purchasing decisions or construction projects, and could also impact their ability to pay for products. Other factors beyond our control, including but not limited to unemployment, mortgage delinquency and foreclosure rates, inventory loss due to theft, interest rate and foreign currency fluctuations, labor and healthcare costs, the availability of financing, the state of the credit markets, changes in tax laws affecting the real estate industry, product availability constraints as a result of ineffectiveness of or disruption to our domestic or international supply chain or the fulfillment network, weather, cybersecurity incidents or network security breaches, natural disasters, acts of terrorism, global pandemics, such as the COVID-19 pandemic, international trade tensions, and geopolitical uncertainties, could have a material adverse effect on our business, financial condition and results of operations.

Any of these events could impair the ability of our customers to make full and timely payments or reduce the volume of products these customers purchase from us and could cause increased pressure on our selling prices and terms of sale. Accordingly, a significant or prolonged slowdown in activity in our relevant markets could negatively impact revenue growth and results of operations. In addition, we may have to close underperforming branches and/or showrooms from time to time as warranted by general economic conditions and/or weakness in the end markets in which we operate. Such closures could have a material adverse effect on our business, financial condition and results of operations.

The COVID-19 pandemic has had an adverse impact on many sectors of the economy and, if it is prolonged or intensifies, it could have a material and adverse impact on our business and results of operations.

In December 2019, the COVID-19 virus, commonly known as "coronavirus," surfaced in Wuhan, China. In March 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. Thereafter, the COVID-19 virus spread across the world, and notwithstanding the introduction of several vaccines, variants of the COVID-19 virus have developed and continue to develop, and the duration of the COVID-19 pandemic is unknown.

Many governments, including in the United States, United Kingdom, and Canada, imposed stringent restrictions to seek to mitigate, or slow, the spread of COVID-19, including restrictions on international and local travel, public gatherings and participation in business meetings, as well as closures of workplaces, schools, and other public sites, and are continuing to encourage "social distancing." Although many of these restrictions have been lifted, some of these restrictions remain and, due to the unpredictability of the COVID-19 pandemic, including due to variants, it is possible that some or all of these measures could be reinstated.

As a result of government measures in calendar year 2020, the Company was required to, and also chose to voluntarily, close a number of showrooms in the United States and moved to virtual consultation with customers, and/or a model where customers submitted orders online or via telephone and visited our stores for pick up. We reopened showrooms by mid-June 2020 and allowed customers back into our locations with appropriate protective measures in place. Due to the unpredictability of the COVID-19 pandemic it is possible that restrictive measures could be reinstated and that we may be required to close branches, showrooms, distribution centers, or our other facilities, which could adversely affect our revenues. If significant numbers of associates, key personnel and/or senior management become unavailable due to sickness, legal requirements or self-isolation, our operations could be disrupted and materially adversely affected. The loss of revenue due to the pandemic, or the failure to identify and respond promptly to the evolving environment caused by the pandemic, could have a material adverse effect on the Company's business, financial condition and results of operations.

The COVID-19 pandemic has resulted in supply chain disruptions and delays. See "If our domestic or international supply chain or our fulfillment network for our products is ineffective or disrupted for any reason, or if these operations are subject to trade policy changes, our business, financial condition and results of operations could be adversely affected."

Moreover, the COVID-19 pandemic has resulted in significant effects on the U.S. and Canadian economies, including due to the virus and restrictive measures adopted to prevent its spread, as well as various government stimulus programs. Both the severity and duration of the pandemic, as well as the future impact on the economy and potential government stimulus programs, are unknown.

In calendar year 2020, in the initial months of the pandemic, the Company modified its business practices to preserve our liquidity and cash flow position, including pausing merger and acquisition activity, withdrawing the interim dividend due for payment in April 2020 and suspending our share buyback program. We have since reinstated our merger and acquisition activity, effectively reinstated our dividend program and reinitiated our share buyback program, however, we may once again modify our business practices to preserve liquidity and cash flow if circumstances warrant.

In addition to the factors mentioned above, the COVID-19 pandemic may also give rise to disruptions to our information technology system, increased cyber-attacks, higher volatility in foreign currency and inflation and changes in relevant tax laws. There is risk that the Company may not be able to successfully pass on costs to the customer from continued inflation. International travel restrictions imposed in connection with the COVID-19 pandemic may also affect our ability to ensure that we remain tax resident in (or solely in) the United Kingdom. If the Company were to cease to be a UK tax resident, this could potentially result in taxes on unrealized gains of the Company, and the possible application of withholding taxes to dividend and interest payments made to the Company from certain of the Company's subsidiaries. Any of the factors above could have a material adverse effect on the Company's business, financial condition and results of operations and may also have the effect of heightening many of the other risks described in this "Risk Factors" section.

The industries in which we operate are highly competitive, and changes in competition, including as a result of consolidation, could result in decreased demand for our products and related service offerings and could have a material effect on our sales and profitability.

We face competition in all markets we serve, from manufacturers (including some of our own suppliers) that sell directly to certain segments of the market, wholesale distributors, supply houses, retail enterprises and online businesses that compete with price transparency. In particular, wholesale and distribution businesses in other industry sectors have been disrupted by the arrival of new competitors with lower-cost non value added transactional business models or new technologies to aggregate demand away from incumbents. In the event that one or more online marketplace companies, which in some cases have larger customer bases, greater brand recognition and greater resources than we do, focus resources on competing in our markets, it could have a material adverse effect on our business, financial condition and results of operations. In addition, such competitors may use aggressive pricing and marketing tactics (such as paid search marketing) and devote substantially more financial resources to website and system development than we do. It is expected that competition could further intensify in the future as online commerce continues to grow worldwide. Increased competition may result in reduced revenue, lower operating margins, reduced profitability, loss of market share and diminished brand recognition.

The industries in which we operate may be disrupted by nontraditional competitors through acquisitions of traditional competitors to expand their capabilities. The industries in which we operate are also consolidating as customers are increasingly aware of the total costs of fulfillment and of the need to have consistent sources of supply at multiple locations. This competitor consolidation could cause the industries to become more competitive as greater economies of scale are achieved.

Additionally, we have experienced competitive pressure from certain of our suppliers who are now selling their products directly to customers. Suppliers can often sell their products at lower prices and maintain higher gross margins on their product sales than we can. Continued competition from our suppliers may negatively impact our business and results of operations, including through reduced sales, lower operating margins, reduced profitability, loss of market share and diminished brand recognition.

In response to these competitive pressures, among other initiatives, we are applying technology as an important medium for delivering better customer service alongside the supply of our products, and to create dedicated tools to save customers time and money. However, we may not continue to realize benefits from such investments and such initiatives may not be successful. In addition, failure to effectively execute our strategies, including the development and acquisition of such new business models or technologies, or successfully identify future market and competitive pressures, could have a material adverse effect on revenue and profitability.

We may not rapidly identify or effectively respond to consumer wants, expectations or trends, which could adversely affect our relationship with customers, our reputation, the demand for our products and our market share.

The success of our business depends in part on our ability to identify and respond promptly to evolving trends in demographics, as well as customer wants, preferences and expectations, while also managing appropriate inventory levels and maintaining our focus on delivering an excellent customer experience. For example, our customers are currently facing challenges in the form of a shortage of skilled trade professionals and a need for improved construction productivity. It is also difficult to successfully predict the products and services that customers will require. In addition, each of the primary end markets we serve has different needs and expectations, many of which evolve as the demographics in a particular market change.

We offer more localized assortments of our products to appeal to needs within each end market. If we do not successfully evolve and differentiate to meet the individual needs and expectations of, or within, a particular end market, we may lose market share.

We are continuing to invest in our e-commerce and omni-channel capabilities and other technology solutions, including investments in significant upgrades to our enterprise-wide resource planning systems, to simplify our customer propositions and to optimize the supply chain and branch network to deliver a more efficient business.

The cost and potential problems and interruptions associated with these initiatives could disrupt or reduce the efficiency of our online and in-store operations in the near term, lead to product availability issues and negatively affect our relationship with our customers. Furthermore, accomplishing these initiatives will require a substantial investment in additional information technology associates and other specialized associates. We may face significant competition in the market for these resources and may not be successful in our hiring efforts. Failure to choose the right investments and implement them in the right manner and at the right pace could adversely affect our relationship with customers, our reputation, the demand for our products and services, and our market share. In addition, our branch and omni-channel initiatives, enhanced supply chain, and new or upgraded information technology systems might not provide the anticipated benefits. It might take longer than expected to realize the anticipated benefits, cost more than budgeted, or the initiatives might fail altogether, each of which could adversely impact our competitive position and our business, financial condition, results of operations and cash flows.

We could be adversely impacted by declines in the residential and non-residential RMI markets, as well as the new construction market.

Our end markets focusing on the residential and non-residential RMI and new construction markets are dependent, in part, upon certain macroeconomic trends in these markets. In fiscal 2021, the Company's businesses operating in the RMI markets generated approximately 60% of total revenue from continuing operations.

Economic weakness, for example, a slowdown in the housing market caused by inflation, higher interest rates or other issues in the market, may cause unanticipated shifts in our end market preferences and purchasing practices and in the business models and strategies of our customers. Such shifts may alter the nature and prices of products demanded by the end consumer and, in turn, our customers and could adversely affect our operating performance.

Management monitors the activity levels of these markets through various indicators of home improvement and repair spending and commercial/industrial construction spending. For example, one of the indicators we use in the residential RMI market is the Leading Indicator of Remodeling Activity ("LIRA"), which provides a short-term outlook of national home improvement and repair spending to owner-occupied homes in the United States. LIRA projections for fiscal 2022 are expected to grow from fiscal 2021 levels. In our commercial and civil/infrastructure markets, management uses the American Institute of Architects Billings Index—Commercial/Industrial ("AIA Billings Index"), which is a leading economic indicator of construction activity and is widely seen as reflecting prospective construction spending. Any score below 50 indicates a decline in the business activity across the architecture profession, whereas an index score above 50 indicates growth. While the AIA Billings Index averaged below 50 for 7 of 12 months in fiscal 2020, and for the first six months of fiscal 2021, the index score has now risen above 50 from February 2021 through August 2021, with the most recent reading of 55.6 in August 2021.

A failure of a key information technology system or process could adversely affect the operations of our business.

Technology systems and data are fundamental to the future growth and success of our business. In managing our business, we rely on the integrity and security of, and consistent access to, data from these systems such as sales, customer data, merchandise ordering, inventory replenishment and order fulfillment. A major disruption of the information technology systems and their backup mechanisms may cause us to incur significant costs to repair the systems, experience a critical loss of data and/or result in business interruptions.

For these information technology systems and processes to operate effectively, we or our service providers must periodically maintain and update them. In addition, our systems and the third-party systems on which we rely are subject to damage or interruption from a number of causes, including: power outages; computer and telecommunications failures; computer viruses; security breaches; cybersecurity incidents, including the use of ransomware; catastrophic events such as fires, floods, earthquakes, tornadoes, or hurricanes; a pandemic outbreak or recurrence; acts of war or terrorism; and design or usage errors by our associates, contractors or third-party service providers. Although we and our third-party service providers seek to maintain our respective systems effectively and to successfully address the risk of compromise of the integrity, security and consistent operations of these systems, such efforts may not be successful.

We rely on data centers and other technologies and services provided by third parties in order to manage our cloud-based infrastructure and operate our business. If any of these services becomes unavailable or otherwise is unable to serve our requirements due to extended outages, interruptions, facility closure, or because it is no longer available on commercially reasonable terms, expenses could increase and our operations could be disrupted or otherwise impacted until appropriate substitute services, if available, are identified, obtained, and implemented which could have a material adverse effect on our business, financial condition and results of operations.

If we are unable to protect our sensitive data and information systems against data corruption, cybersecurity incidents or network security breaches, or if we are unable to provide adequate security in the electronic transmission of sensitive data, it could adversely affect the operations of our business.

We may face global cybersecurity threats, which may range from uncoordinated individual attempts to sophisticated and targeted measures, known as advanced persistent threats, directed at us and our customers, suppliers, and vendors. Cybersecurity incidents and network security breaches may include, but are not limited to, attempts to access information, computer viruses, ransomware, denial of service and other electronic security breaches. Cyber-attacks from computer hackers and cyber criminals and other malicious Internet-based activity continue to increase generally, and our services and systems, including the systems of our outsourced service providers, have been and may in the future continue to be the target of various forms of cybersecurity incidents such as DNS attacks, wireless network attacks, viruses and worms, malicious software, ransomware, application centric attacks, peer-to-peer attacks, phishing attempts, backdoor trojans and distributed denial of service attacks. The techniques used by computer hackers and cyber criminals to obtain unauthorized access to data or to sabotage computer systems change frequently and these new techniques generally are not detected until after an incident has occurred.

While we have instituted safeguards for the protection of our information systems and believe we use reputable third-party providers, during the normal course of business, we have experienced and expect to continue to experience attempts to breach our information systems, and we may be unable to protect sensitive data and/or the integrity of our information systems. A cybersecurity incident could be caused by malicious third parties using sophisticated methods to circumvent firewalls, encryption and other security defenses. Techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until they are launched against a target. Accordingly, we may be unable to anticipate these techniques or implement adequate preventative measures.

As a result, we or our service providers could experience errors, interruptions, delays, or cessations of service in key portions of our information technology infrastructure, which could significantly disrupt our operations and be costly, time consuming and resource-intensive to remedy. As a result, we could forego revenue or profit margins if we are unable to operate. Furthermore, if critical information systems fail or otherwise become unavailable, our ability to process orders, maintain proper levels of inventories, collect accounts receivable and disburse funds could be adversely affected. Any such interruption of our information systems could also subject us to additional costs. Loss of customer, supplier, associate, or other business information could disrupt operations, damage our reputation, and expose us to claims from customers, suppliers, financial institutions, regulators, payment card associations, associates, and others, any of which could have a material adverse effect on our business, financial condition and results of operations.

Since the beginning of the COVID-19 pandemic, cyber-attacks targeting companies have increased in frequency, scope, and potential harm. Cybercriminals are seeking to use the COVID-19 pandemic for commercial gain by deploying a variety of ransomware and other malware, including phishing, using the subject of coronavirus or COVID-19 as a lure, registering new domain names containing wording related to coronavirus or COVID-19, and attacking newly deployed remote access and teleworking infrastructure. As a result, a continuation of remote work arrangements could strain our business continuity plans, introduce operational risk, including but not limited to, cybersecurity risks, and impair our ability to manage our business. As these strategies continue to evolve, we may not be able to successfully protect our operational and information technology systems and platforms against such threats and we may incur significant costs in the attempt to modify or enhance our protective measures or investigate or remediate any vulnerability, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

If our domestic or international supply chain or our fulfillment network for our products is ineffective or disrupted for any reason, or if these operations are subject to trade policy changes, our business, financial condition and results of operations could be adversely affected.

We source, distribute and sell products from domestic and international suppliers, and their ability to reliably and efficiently fulfill our orders is critical to our business success. We purchase from approximately 34,000 suppliers located in various countries around the world.

Financial instability among key suppliers, political instability and labor unrest in source countries or elsewhere in our supply chain, changes in the total costs in our supply chain (also reflecting changes in fuel, labor and currency exchange rates), port labor disputes and security, the outbreak of pandemics, including COVID-19, weather-related events, natural disasters, work stoppages, shipping capacity constraints, changes in trade policy, retaliatory trade restrictions imposed by either the United States, Europe, China or another major source country, tariffs or duties, fluctuations in currency exchange rates and transport availability, capacity and costs are all beyond our control and could negatively impact our business if they seriously disrupted the movement of products through our supply chain or increased their costs. Additionally, as we add fulfillment capabilities or pursue strategies with different fulfillment requirements, our fulfillment network becomes increasingly complex and operating it becomes more challenging. If our fulfillment network does not operate properly or if a supplier fails to deliver on its commitments, we could experience delays in inventory, increased delivery costs or lack of availability, any of which could lead to lower revenue and decreased customer confidence, and adversely affect our results of operations. Furthermore, our existing suppliers may decide to supply products directly to end users that are our existing or potential customers, which would have a detrimental effect on our ability to keep and procure customers, and maintain and win business, thereby having a material adverse effect on our business, financial condition and results of operations.

The COVID-19 pandemic has led to work and travel restrictions within, to, and out of a number of countries, resulting in supply chain disruptions and delays. These restrictions and delays, which may expand depending on the progression of the COVID-19 pandemic and related variants, have impacted and may continue to impact suppliers and manufacturers of certain of our products. This has made it difficult for our suppliers to source and manufacture products in, and to export our products from, affected areas. As a result, we have faced and may continue to face supply chain disruptions and delays, which could negatively affect our business and financial results. Even if we are able to find alternative sources for such products, they may cost more, which could adversely impact our profitability and financial condition.

Execution of our operational strategies could prove unsuccessful, which could have a material adverse effect on our business, financial condition and results of operations.

To achieve our key priorities, we must drive profitable growth across our operational businesses by fulfilling customer wants, capitalizing on attractive growth opportunities and achieving excellent execution. Fulfilling customer wants through differentiated service offerings that support our customers' projects is a key part of our strategy to drive profitable growth. If service levels were to significantly decrease, customers might purchase from our competitors instead, resulting in reduced revenue, lower operating margins, reduced profitability, loss of market share and/or diminished brand recognition.

Development of our operating model is a key part of driving profitable growth. There is a risk that we are not sufficiently agile in adapting our operating model and therefore cannot adapt to changing customer wants and/or are unable to flex our cost base when required. Any failure to appropriately address some or all of these risks could damage our reputation and have a material adverse effect on our business, financial condition and results of operations.

In order to compete, we must attract, retain and motivate key associates, and the failure to do so could have an adverse effect on our business, results of operations and financial condition.

We depend on our executive officers and senior management to run our businesses. As the Company develops new business models and new ways of working, it needs to develop suitable skill sets within the organization. Furthermore, as the Company continues to execute strategic change programs, including corporate migrations, it is important that existing skill sets, talent and culture are retained. Failure to do so could delay the execution of strategic change programs, result in loss of institutional knowledge and reduce the Company's supply of future management skill.

The Company customarily negotiates employment agreements and non-competition agreements with key personnel of the companies we acquire in order to maintain key customer relationships and manage the transition of the acquired business. The loss of senior management and other key personnel, or the inability to hire and retain qualified replacements, both generally and in connection with the execution of key business strategies, including corporate migrations, could adversely affect the Company's business, financial condition and results of operations.

Furthermore, the Company's ability to provide high-quality products, advice and services on a timely basis depends, to a significant extent, on having an adequate number of qualified associates, including those in managerial, technical, sales, marketing and support positions. Accordingly, our ability to increase productivity and profitability and support our growth strategies may be limited by our ability to employ, train, motivate and retain skilled personnel, which in turn may be hindered by any present or future restructurings and cost savings initiatives. Due to the current tight labor market, we face significant competition in attracting and retaining skilled personnel, such as personnel with specialized skills and hourly workers, and our recruiting cycle may be longer as a result. While our retention rates have not changed materially, we have experienced, and may continue to experience, extended lead times in backfilling our more transient roles. If the tight labor market persists, this may increase our costs to maintain our workforce.

Our workforce constitutes a significant proportion of our cost base. Current wage inflation, as well as potential changes in applicable laws and regulations or other factors, such as labor union activity, resulting in increased labor costs, could have a material adverse effect on our business, financial condition and results of operations.

Fluctuating product prices may adversely affect the Company's business, financial condition and results of operations.

Some of our products contain significant amounts of commodity-priced materials, predominantly plastic, copper and steel, and other components which are subject to price changes based upon fluctuations in the commodities market. To a lesser extent, fluctuations in the price of fuel could affect transportation costs. In addition, shipping capacity constraints and related fluctuations in shipping rates and space availability further impact the product cost. Prices have increased due in part to the impact of the COVID-19 pandemic on the global economy. Our ability to adjust prices in a timely manner to account for price fluctuations may often depend on market conditions, our fixed costs and other factors. In the event circumstances require us to adjust our product prices and operational strategies to reflect fluctuating prices (inflation / deflation), there can be no assurance that such adjustments will be effective, which could have a material adverse effect on our business, financial condition and results of operations. For example, we increased inventory levels during the year to maintain product availability and our inability to pass on all or a portion of product price inflation to our customers in a timely manner could reduce our profit margins. Moreover, our efforts to monitor for signs of moderation or deflation, which would present risk that we may not be able to totally mitigate, may be ineffective and result in write-downs of inventories.

Acquisitions, partnerships, joint ventures, dispositions and other business combinations or strategic transactions involve a number of inherent risks, any of which could result in the benefits anticipated not being realized and could have an adverse effect on our business, financial condition and results of operations.

Acquisitions are an important part of our growth model and we regularly consider and enter into strategic transactions, including mergers, acquisitions, investments and other growth, market and geographic expansion strategies, with the expectation that these transactions will result in increases in sales, cost savings, synergies and various other benefits.

During fiscal 2021, 2020 and 2019, we completed a total of 7, 6, and 15 acquisitions, respectively. We may not realize any anticipated benefits from such transactions or partnerships, or any future ones, we may be exposed to additional liabilities of any acquired business or joint venture and we may be exposed to litigation in connection with any transaction. Furthermore, we may have trouble identifying suitable acquisition targets in the future. Our ability to deliver the expected benefits from any strategic transactions that we do complete is subject to numerous uncertainties and risks, including our acquisition assumptions; our ability to integrate personnel, labor models, financial, supply chain and logistics, IT and other systems successfully; disruption of our ongoing business and distraction of management; hiring additional management and other critical personnel; and increasing the scope, geographic diversity and complexity of our operations.

Effective internal controls are necessary to provide reliable and accurate financial reports, and the integration of businesses may create complexity in our financial systems and internal controls and make them more difficult to manage. Integration of businesses into our internal control system could cause us to fail to meet our financial reporting obligations. Additionally, any impairment of goodwill or other assets acquired in a strategic transaction or charges to earnings associated with any strategic transaction, may materially reduce our profitability. Following integration, an acquired business may not produce the expected margins or cash flows. Our shareholders, vendors or customers may react unfavorably to substantial strategic transactions. Furthermore, we may finance these strategic transactions by incurring additional debt or raising equity, which could increase leverage or impact our ability to access capital in the future.

Our own brand products subject us to certain increased risks such as regulatory, product liability and reputational risks that could have an adverse effect on our business, results of operations and financial condition.

As we expand our own brand product offerings organically and through acquisitions, we may become subject to increased risks due to our greater role in the design, marketing and sale of those products. The risks include greater responsibility to administer and comply with applicable regulatory requirements, increased potential product liability and product recall exposure, and increased potential reputational risks related to the responsible sourcing of those products. To effectively execute on our "own brand" product differentiation strategy, we must also be able to successfully protect our proprietary rights and successfully navigate and avoid claims related to the proprietary rights of third parties. In addition, an increase in sales of our own brand products may adversely affect sales of our suppliers' products, which in turn could adversely affect our relationships with certain of our suppliers. Any failure to appropriately address some or all of these risks could damage our reputation and have an adverse effect on our business, results of operations and financial condition.

Failure to achieve and maintain a high level of product quality as a result of our suppliers' or manufacturers' mistakes or inefficiencies could damage our reputation and negatively impact our business, financial condition and results of operations.

To continue to be successful, we must continue to preserve, grow and leverage the value of our brand in the marketplace. Reputational value is based in large part on perceptions of subjective qualities. Even an isolated incident, such as a high-profile product recall, or the aggregate effect of individually insignificant incidents, can erode trust and confidence, particularly if such incident or incidents result in adverse publicity, governmental investigations or litigation, and as a result, could tarnish our brand and lead to adverse effects on our business.

In particular, product quality issues as a result of our suppliers' or manufacturers' acts or omissions could negatively impact customer confidence in our brands and our products. As we do not have direct control over the quality of the products manufactured or supplied by such third-party suppliers, we are exposed to risks relating to the quality of the products we distribute. If our product offerings do not meet applicable safety standards or customers' expectations regarding safety or quality, or are alleged to have quality issues or to have caused personal injury or other damage, we could experience lower revenue and increased costs and be exposed to legal, financial and reputational risks, as well as governmental enforcement actions. In addition, actual, potential or perceived product safety concerns could result in costly product recalls.

We seek to enter into contracts with suppliers which provide for indemnification from any costs associated with the provision of defective products. However, there can be no assurance that such contractual rights will be obtained or adequate, or that related indemnification claims will be successfully asserted by us.

If we fail to qualify for supplier rebates or are unable to maintain or adequately renegotiate our rebate arrangements, our results of operations could be materially adversely affected.

Many of our products are purchased pursuant to rebate arrangements that entitle us to receive a rebate based on specified purchases. Some arrangements require us to purchase minimum quantities and result in higher rebates with increased quantities of purchases. These rebates effectively reduce the costs of our products, and we manage our business to take advantage of these programs. Rebate arrangements are subject to renegotiation with our suppliers from time to time. In addition, consolidation of suppliers may result in the reduction or elimination of rebate programs in which we participate. If we are unable to qualify for these rebates, are unable to renew rebate programs on desirable terms, or a supplier materially reduces or stops offering rebates, our costs could materially increase, and our gross margins and income could be materially adversely affected.

Potential regional or global barriers to trade or a global trade war could increase the cost of our products, which could adversely impact the competitiveness of our products and our financial results.

Trade tensions between the United States and China have escalated over the past several years. Between July 2018 and December 2019, the United States government imposed tariffs on a variety of imports from China with rates ranging from 10% to 25% and the Chinese government retaliated with tariffs ranging from 5% to 10% on United States imports. On December 13, 2019, the United States and China each confirmed that the two countries had reached a "Phase One" deal in the ongoing trade war, resulting in the signing of economic and trade agreement on December 15, 2019 between the United States and China, which went into effect in January 2020. Most of the elevated tariffs imposed at the height of the U.S.-China trade war have remained in place, and the current U.S. presidential administration has not taken action to roll these back. Moreover, the current administration had suggested that it is open to using tariffs to fight China's unfair trade practices. It remains unclear what additional, new, or different actions, if any, will be taken by the United States, China, or other governments with respect to international trade agreements, the imposition of tariffs on goods imported into the United States, the erection of barriers to

trade, tax policy related to international commerce, or other trade matters. The potential removal of some of the tariffs and trade actions and the respective deflationary impact could have an effect on our business, financial condition and results of operations. The current United States tariffs on China-origin goods and the related geopolitical uncertainty between the United States and China, which is a key market for the sourcing of our products, and between the United States and the European Union, have caused, and may continue to cause, our product costs to increase, which could have a material adverse effect on the competitiveness of our products and our business, financial condition, results of operations and cash flows. At this point in time, it remains to be seen what effects, if any, the current administration will have on a long-term comprehensive agreement on tariffs between the United States and China or on trade tensions between the United States and the European Union.

We are subject to various risks related to the local and international nature of our business, including domestic and foreign laws, regulations and standards. Failure to comply with such laws and regulations or the occurrence of unforeseen developments such as litigation could adversely affect our business.

Our business operates in the United States and Canada, and is subject to specific risks of conducting business in different jurisdictions across these countries and other parts of the world, including China, Taiwan, India, Thailand, Vietnam and Italy. Our business is subject to a wide array of domestic and international laws, regulations and standards in jurisdictions where we operate, including advertising and marketing regulations, anti-bribery and corruption/money laundering laws, anti-competition regulations, data protection (including payment card industry data security standards) and cybersecurity requirements (including protection of information and incident responses), environmental protection laws, foreign exchange controls and cash repatriation restrictions, government business regulations applicable to us as a government contractor selling to federal, state and local government entities, import and export requirements, intellectual property laws, labor laws, product compliance laws, supplier regulations regarding the sources of supplies or products, tax laws, zoning laws, unclaimed property laws and laws, regulations and standards applicable to other commercial matters. In particular, occupational health and safety or consumer product safety regulation may require that we take appropriate corrective action, including but not limited to product recall, in respect of products that we have distributed. Managing a product recall or other corrective action can be expensive and can divert the attention of management and other personnel for significant time periods. Moreover, we are also subject to audits and inquiries by government agencies in the normal course of business.

Failure to comply with any of these laws, regulations and standards could result in civil, criminal, monetary and non-monetary penalties as well as potential damage to the Company's reputation. Changes in these laws, regulations and standards, or in their interpretation, could increase the cost of doing business, including, among other factors, as a result of increased investments in technology and the development of new operational processes. Furthermore, while we have implemented policies and procedures designed to facilitate compliance with these laws, regulations and standards, there can be no assurance that associates, contractors or agents will not violate such laws, regulations and standards or our policies. Any product recall or other corrective action may negatively affect customer confidence in the relevant Group member's products and the Group itself, regardless of whether it is successfully implemented. Any such failure to comply or violation could individually or in the aggregate materially adversely affect our business, financial condition, results of operations and cash flows.

Changes in, or interpretations of United States, United Kingdom, Swiss or Canadian tax laws could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We are subject to tax in the United States, the United Kingdom, Switzerland and Canada, and increases to U.S. federal income tax rates and tax rates in other jurisdictions in which we operate or changes to the global tax framework could have an adverse effect on our business, financial condition and results of operations. Tax laws, regulations and administrative practices in various jurisdictions may be subject to significant change, with or without advance notice, due to economic, political and other conditions, and significant judgment is required in evaluating and estimating our provision and accruals for these taxes.

Our effective tax rates could be affected by numerous factors, such as changes in tax laws, regulations, administrative practices, principles and interpretations, the mix and level of earnings in a given taxing jurisdiction or our ownership or capital structures. Proposed changes to the tax rules that apply to corporations, including an increase in the corporate income tax rate, a minimum tax on book income and changes that generally would increase the tax rates applicable to a U.S. corporation's international income, could materially affect our tax obligations and effective tax rate. In addition, a higher UK tax rate in 2023 has been announced, higher U.S. federal tax rates have been proposed and the Organisation for Economic Co-operation and Development (OECD) has achieved widespread political agreement to work towards the implementation of a global minimum tax. As a result, it is possible that the Group's consolidated effective tax rate will increase in the short term. It is difficult to predict whether and when tax law changes will be enacted that would have a material adverse effect on our business, financial condition, results of operations and cash flows.

The application of tax law is subject to interpretation and is subject to audit by taxing authorities. Additionally, administrative guidance can be incomplete or vary from legislative intent, and therefore the application of the tax law is uncertain. While we believe the positions reported by the Company comply with relevant tax laws and regulations, taxing authorities could interpret our application of certain laws and regulations differently. Future tax controversy matters may result in previously unrecorded tax expenses, higher future tax expenses or the assessment of interest and penalties.

We are required to maintain the privacy and security of personal information in compliance with privacy and data protection regulations worldwide. Failure to meet the requirements could harm our business and damage our reputation with customers, suppliers, and associates.

We rely on IT systems, networks, products, and services, some of which are managed by third-party service providers to protect our information. Increased information security threats and more sophisticated threat actors pose a risk to our information security program. Additionally, we collect, store, and process personal information relating to our customers, suppliers, and associates. This information is increasingly subject to a variety of U.S. and international laws and regulations, such as the General Data Protection Regulation, as enacted in the European Union and the United Kingdom, Canada's Personal Information Protection and Electronic Documents Act, the California Consumer Privacy Act (the "CCPA"), Virginia's Consumer Data Protection Act and other emerging privacy and cybersecurity laws internationally and across various U.S. states, which may carry significant potential penalties for noncompliance. Illustrative of this point, in the United States the CCPA, which came into effect in January 2020 has given California consumers more control over the personal information that businesses collect about them. The law created new data privacy rights for California consumers and requires certain businesses who collect personal information from California consumers to comply with various data protection requirements. Businesses like ours that are subject to the CCPA who fail to comply with the CCPA may be subject to class action lawsuits and fines per incident of noncompliance.

These data privacy and data protection laws and regulations are typically intended to protect the privacy of personal information that is collected, processed, transmitted, and stored in or from the governing jurisdiction. In many cases, these laws apply not only to third-party transactions, but also to transfers of information between a company and its subsidiaries, including associate information. While we have invested and continue to invest significant resources to comply with data privacy regulations, many of these regulations are new, complex, and subject to interpretation. Noncompliance with these laws could result in negative publicity, damage to our reputation, penalties, or significant legal liability. We could be adversely affected if legislation or regulations are expanded to require changes in our business practices or if governing jurisdictions interpret or implement their legislation or regulations in ways that negatively affect our business.

Corporate responsibility, specifically related to environmental, social and governance ("ESG") matters, may impose additional costs and expose us to new risks.

Public ESG and sustainability reporting is becoming more broadly expected by investors, shareholders and other third parties. Certain organizations that provide corporate governance and other corporate risk information to investors and shareholders have developed, and others may in the future develop, scores and ratings to evaluate companies and investment funds based upon ESG or "sustainability" metrics. Many investment funds focus on positive ESG business practices and sustainability scores when making investments and may consider a company's ESG or sustainability scores as a reputational or other factor in making an investment decision. In addition, investors, particularly institutional investors, use these scores to benchmark companies against their peers and if a company is perceived as lagging, these investors may engage with such company to improve ESG disclosure or performance and may also make voting decisions, or take other actions, to hold these corporations and their boards of directors accountable. Board diversity is an ESG topic that is, in particular, receiving heightened attention by investors, shareholders, lawmakers and listing exchanges. We may face reputational damage in the event our corporate responsibility initiatives or objectives, including with respect to board diversity, do not meet the standards set by our investors, shareholders, lawmakers, listing exchanges or other constituencies, or if we are unable to achieve an acceptable ESG or sustainability rating from third-party rating services. A low ESG or sustainability rating by a third-party rating service could also result in the exclusion of our ordinary shares from consideration by certain investors who may elect to invest with our competition instead. Ongoing focus on corporate responsibility matters by investors and other parties as described above may impose additional costs or expose us to new risks.

The nature of our operations may expose our associates, contractors, customers, suppliers and other individuals to health and safety risks and we may incur property, casualty or other losses not covered by our insurance policies.

The nature of our operations can expose our associates, contractors, customers, suppliers and other individuals to health and safety risks (including potential exposure to COVID-19 and related variants), which can lead to loss of life or severe injuries or illness. Such risks also include exposure to the potential for litigation from third parties. In the United States, in particular, the risk of litigation is generally higher than in other parts of our business in areas such as workers' compensation, general liability and environmental and asbestos litigation.

For example, as a result of our past business activities, we are exposed, principally through indemnification claims, to various claims related to asbestos, for which we recognized environmental and legal provisions amounting to $64 million on our balance sheet as at July 31, 2021. In future periods, we could be subject to cash costs or non-cash charges to earnings if any of these litigation matters are resolved on unfavorable terms, or if our estimates regarding legal provisions accounting are incorrect. Factors which could cause actual results to differ from these estimates include: (i) increases in the number of, or adverse trends in, asbestos claims filed against any of the Company's subsidiaries; (ii) increases in the cost of resolving current and future asbestos claims as a result of adverse trends relating to settlement costs, dismissal rates, legal fees and/or judgment sizes; (iii) decreases in the amount of insurance available to cover asbestos claims as a result of adverse changes in the interpretation of insurance policies or the insolvency of insurers; (iv) the emergence of new trends or legal theories that enlarge the scope of potential claimants and/or new procedural mechanisms that facilitate their claims; (v) the impact of bankruptcies of other companies whose share of liability may be imposed on the Company's subsidiaries under state, federal or national liability laws; (vi) unpredictable aspects of the litigation process; (vii) adverse changes in the mix of asbestos related diseases with respect to which asbestos claims are made against the Company's subsidiaries; (viii) potential legislative changes; and (ix) changes in the discount rate used to determine the discounted liability.

Although we maintain insurance we believe to be sufficient to cover estimated health and safety risks including product liability, health and safety in our operations, and vehicle and driver related claims and other types of claims in various jurisdictions, there can be no assurance that such insurance will provide adequate coverage against potential claims. If we do not have adequate contractual indemnification or insurance available, such claims could have a material adverse effect on our business, financial condition and results of operations.

We are and may continue to be involved in legal proceedings in the course of our business, and while we cannot predict the outcomes of those proceedings and other contingencies with certainty, some of these outcomes may adversely impact our business, financial condition, results of operations and cash flows.

We are and may continue to be involved in legal proceedings such as consumer and employment and other litigation that arises from time to time in the course of our business. Litigation is inherently unpredictable, and the outcome of some of these proceedings and other contingencies could require us to take or refrain from taking actions which could adversely impact the business or could result in excessive verdicts. Any such outcome could have an adverse effect on our business, financial condition, results of operations and cash flows. Additionally, involvement in these lawsuits and related inquiries and other proceedings may involve significant expense, divert management's attention and resources from other matters, and negatively affect our reputation.

Fluctuations in foreign currency may have an adverse effect on reported results of operations.

We are exposed to foreign currency exchange rate risk with respect to the U.S. dollar relative to the local currencies of our international subsidiaries, predominantly the Canadian dollar, and also the Pound Sterling ("GBP"), arising from transactions in the normal course of business, such as sales and loans to wholly owned subsidiaries, sales to third-party customers, purchases from suppliers and bank loans and lines of credit denominated in foreign currencies. Our only significant foreign exchange exposure from a revenue perspective is Canadian dollars. We also have foreign currency exposure to the extent receipts and expenditures are not denominated in the subsidiary's functional currency, which could impact sales, costs and cash flows. Volatility arising from movements of the value of the U.S. dollar relative to the Canadian dollar and GBP has increased due in part to the impact of the COVID-19 pandemic on the global economy. Fluctuations in foreign currency exchange rates could affect the Company's results of operations and impact reported net sales and net earnings.

We have funding risks related to our defined benefit pension plans.

The Group operates a variety of pension plans, including funded and unfunded defined benefit schemes in Canada and the United Kingdom. Our pension trustees and plan sponsors aim to match the liabilities with a portfolio of assets, comprising equity and debt securities alongside diversified growth assets and further investments designed to hedge the underlying interest and inflation risk inherent in the associated liabilities. The United Kingdom Plan (as defined below), the Group's largest defined benefit plan, is closed to future service accrual and, has a buy-in insurance policy which covers a large proportion of the existing pensioner population. The market value of these assets can rise and fall over time which impact the funding position of the plan.

On an accounting basis, the liabilities of the Group's pension plans are measured using discount rates assessed by reference to corporate bond yields, which can also vary significantly between reporting periods. As of July 31, 2021, we had recognized on our balance sheet a net pension asset of $108 million compared to a net pension liability of $27 million as of July 31, 2020 as it relates to the United Kingdom Plan. As it relates to our Canadian defined benefit plans, we had recognized on our balance sheet a net pension liability of $12 million and $34 million, respectively, as of July 31, 2021 and 2020. As required by United Kingdom pensions regulation, the United Kingdom Plan went through its triennial actuarial valuation exercise, which was measured on a technical basis, based on the United Kingdom Plan's financial position as of April 30, 2019. As a result of this exercise, in July 2020, the Group agreed with the trustees of the United Kingdom Plan to a deficit reduction plan and paid contributions totaling £30 million (£10 million in the year to July 31, 2020 and £20 million in the year to July 31, 2021). Following the completion of the Group's disposal of its shares in Wolseley UK Limited ("UK business") on January 29, 2021, the Group retained future responsibility for the United Kingdom Plan, as the ongoing liabilities were not transferred to the purchaser.

Following the disposal of the Group's business operations in the Nordic region in March 2018, the Group made a one-off contribution of $94 million to the United Kingdom Plan. The Group also elected to make an additional one-off contribution of $26 million into the United Kingdom Plan following the disposal of the UK business in January 2021. There are no further deficit reduction contributions due to be made, however a new deficit reduction plan will be agreed, if required, after the next triennial actuarial valuation in April 2022. Any requirement to pay such additional sums, due to factors such as a deterioration in economic conditions or changes in actuarial assumptions, could have an adverse effect on our financial condition. In addition, actions by the Pensions Regulator or the trustees of our pension plans or any material revisions to the existing pension legislation could result in us being required to incur significant additional costs immediately or in short timeframes. Such costs, in turn, could have an adverse effect on our financial condition.

Changes in our credit ratings and outlook may reduce access to capital and increase borrowing costs.

The Company's credit ratings are based on a number of factors, including our financial strength and factors outside of our control, such as conditions affecting our industry generally or the introduction of new rating practices and methodologies. The COVID-19 pandemic could negatively impact our credit ratings and thereby adversely affect our access to capital and cost of capital. We cannot provide assurances that our current credit ratings will remain in effect or that the ratings will not be lowered, suspended or withdrawn entirely by the rating agencies. If rating agencies lower, suspend or withdraw the ratings, the market price or marketability of our securities may be adversely affected. Pressure on the ratings could also arise from higher shareholder payouts or larger acquisitions than we have currently planned that result in increased leverage, or in a deterioration in the metrics used by the rating agencies to assess creditworthiness. In addition, any change in ratings could make it more difficult for the Company to raise capital on acceptable terms, impact the ability to obtain adequate financing and result in higher interest costs on future financings.

We occupy most of our facilities under short-term non-cancelable leases. We may be unable to renew leases on favorable terms or at all. Also, if we close a facility, we may remain obligated under the applicable lease.

Most of our branches are located in leased premises. Many of our current leases are non-cancelable and typically have terms of around five years, with options to renew for specified periods of time. There can be no assurance that we will be able to renew our current or future leases on favorable terms or at all which could have an adverse effect on our ability to operate our business and on our results of operations. In addition, if we close or cease to use a facility, we generally remain committed to perform our obligations under the applicable lease, which include, among other things, payment of the base rent for the balance of the lease term.

We have risks related to the management and protection of our facilities and inventory.

We have office, showroom, counter, warehouse and distribution facilities located in all regions in which we operate which may be subject to a risk for crimes that could impact our operations, financial performance or reputation. No security or audit program is 100% effective, and there is a risk that our security programs will not prevent the occurrences of crimes of break-ins, theft, property damage, and workplace violence. In the current climate of geopolitical uncertainty and social unrest, a security compromise could result in significant facility damage or loss, loss of inventory or personal injury to customers, suppliers or associates. There is a risk that inventory controls and facility security will fail resulting in inventory shrinkage or loss due to inadequate inventory tracking or misconduct of associates, customers, vendors or other third parties. Moreover, our inventory is located across the Company's distribution facilities and branches and the disaggregated nature of our inventory could result in a failure to accurately record the existence and condition of our inventory. Security incidents, inventory loss or failure to maintain accurate records related to our inventory could have a negative effect on our business, financial condition, results of operations or reputation.

We are subject to payment-related risks that could increase our operating costs, expose us to fraud or theft, subject us to potential liability, and potentially disrupt our business.

We accept payments using a variety of methods, including trade credit, cash, checks, credit and debit cards, PayPal and gift cards, and we may offer new payment options over time. Acceptance of these payment options subjects us to rules, regulations, contractual obligations and compliance requirements, including payment network rules and operating guidelines, data security standards and certification requirements, and rules governing electronic funds transfers. These requirements may change over time or be reinterpreted, making compliance more difficult or costly. For certain payment methods, including credit and debit cards, we pay interchange and other fees, which may increase over time and raise our operating costs. We rely on third parties to provide payment processing services, including the processing of credit cards, debit cards, and other forms of electronic payment. If these companies become unable to provide these services to us, or if their systems are compromised, it could potentially disrupt our business.

The payment methods that we offer also subject us to potential fraud and theft by criminals, who are becoming increasingly more sophisticated, seeking to obtain unauthorized access to or exploit weaknesses that may exist in the payment systems. If we fail to comply with applicable rules or requirements for the payment methods we accept, or if payment-related data is compromised due to a breach or misuse of data, we may be liable for costs incurred by payment card issuing banks and other third parties or be subject to fines and higher transaction fees, or our ability to accept or facilitate certain types of payments may be impaired. In addition, our customers could lose confidence in certain payment types, which may result in a shift to other payment types or potential changes to our payment systems that may result in higher costs. As a result, our business, financial condition and results of operations could be adversely affected.

Also, certain of the Company's customers or suppliers or other third parties may seek to obtain products fraudulently from, or submit fraudulent invoices to, any member of the Group. The Company has sought to extend best practice with a number of processes and controls to minimize opportunities for fraud. If the Company is unsuccessful in detecting fraudulent activities, it could suffer loss directly and/or lose the confidence of its customers and/or suppliers, which could have a material adverse effect on the Company's business, financial condition and results of operations.

In addition, our operations are working capital intensive, and our inventories, accounts receivable and accounts payable are significant components of our net asset base. We manage our inventories and accounts payable through our purchasing policies and our accounts receivable through our customer credit policies. If we fail to adequately manage our product purchasing or customer credit policies, our working capital and financial condition may be adversely affected.

Changes in accounting standards and subjective assumptions, estimates and judgments by management related to complex accounting matters, could significantly affect our financial results or financial condition.

Accounting standards, including both IFRS for our fiscal 2021 and prior fiscal years and U.S. GAAP for periods beginning on and after August 1, 2021, and related accounting pronouncements, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to our business, such as revenue recognition, asset impairment, impairment of goodwill and other intangible assets, inventories, lease obligations, self-insurance, tax matters, pensions and litigation, are complex and involve many subjective assumptions, estimates and judgments. Changes in accounting standards or their interpretation or changes in underlying assumptions and estimates or judgments could significantly change our reported or expected financial performance or financial condition.

The Company's strategy could be materially adversely affected by its indebtedness.

As of July 31, 2021, we had total borrowings of $2.7 billion. We may incur substantial additional indebtedness in the future, in particular in connection with future acquisitions which remain a core part of our strategy, some of which may be secured by some or all of our assets. Our overall level of indebtedness from time to time may have an adverse effect on our strategy, including requiring us to dedicate portions of our cash flow to payments on our debt, thereby reducing funds available for reinvestment in the business; restricting us from securing the financing, if necessary, to pursue acquisition opportunities; limiting our flexibility in planning for, or reacting to, changes in our business and industry; and placing us at a competitive disadvantage compared to our competitors that have lower levels of indebtedness.

We may need to refinance some or all of our debt upon maturity either on terms which could potentially be less favorable than the existing terms or under unfavorable market conditions, which may also have an adverse effect on our strategy.

Risks Relating to Our Status as a Publicly Listed Company in the United States and Ownership of Our Ordinary Shares

We expect to seek shareholder approval to relocate our primary listing to the United States, which could cause volatility in our share price and shareholder base.

We currently maintain a premium listing on the London Stock Exchange (the "LSE") and are a member of the FTSE 100 index of listed companies and maintain an additional listing on the New York Stock Exchange (the "NYSE"). As previously announced, we expect to seek shareholder approval to relocate our primary listing to the United States. If we are unable to achieve the required shareholder approval to change the primary listing to the United States, this could cause volatility in our share price.

In contrast, if we do achieve the required shareholder approval, and move to a primary listing in the United States and a standard listing on the LSE, we will no longer be a member of the FTSE 100. In addition, once we move to a primary listing on the NYSE, we will not necessarily be eligible for inclusion in certain U.S. indices in the near term until we achieve certain trading volume thresholds on the NYSE. Moreover, we cannot guarantee that, once eligible, we will be included in any index in the United States.

As a result, we anticipate that, if we obtain the required shareholder approval to relocate our primary listing to the United States and transition to a primary listing on the NYSE, certain institutional holders of our ordinary shares may no longer be permitted to hold our ordinary shares (pursuant to their internal investment mandate, for example relating to FTSE 100 status and LSE premium listing status), and certain similarly situated U.S. investors may not immediately be able to invest in our ordinary shares (pursuant to their investment mandates, for example due to our lack of inclusion in U.S.-centric indices). Any such mismatch between supply and demand could cause the price of our ordinary shares to become more volatile and could impact our ability to meet certain criteria for inclusion on U.S. indices.

We will transition to the financial reporting standards that we apply to our financial statements from IFRS to U.S. generally accepted accounting principles, or "U.S. GAAP," for periods beginning on and after August 1, 2021 and, as a result, some of our financial data may not be easily comparable to historical financial results.

We will transition from IFRS to U.S. GAAP and will report our financial statements under U.S. GAAP for periods beginning on and after August 1, 2021. In connection with this transition, we have invested significant resources and time to convert historical financial statements prepared under IFRS from prior fiscal years into U.S. GAAP financial statements. We have incurred, and expect that we may further incur, significant additional legal, accounting and other expenses in connection with this transition, which may negatively impact our results of operations.

There have been and there may in the future be certain significant differences between U.S. GAAP and IFRS, including differences related to lease accounting, share-based compensation expense, pension costs, goodwill and income tax. As a result, our financial information and reported earnings for future periods within a fiscal year or any interim period could be significantly different if they are prepared in accordance with U.S. GAAP. Consequently, when we begin reporting in U.S. GAAP, you may not be able to meaningfully compare our financial statements under U.S. GAAP with our historical financial statements under IFRS.

The obligations associated with being a public company in the United States require significant resources and management attention, and changing laws, regulations and standards are creating uncertainty for United States public companies.

As a public company with a recent additional U.S. listing of our ordinary shares in the United States, we continue to incur legal, accounting and other expenses that we did not previously incur. We are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley Act"), the listing requirements of the NYSE, and other applicable securities rules and regulations. The Exchange Act requires that we file annual and other reports with respect to our business, financial condition and results of operations. The Sarbanes-Oxley Act requires, among other things, that we establish and maintain effective internal controls and procedures for financial reporting. Furthermore, the establishment and the maintenance of the corporate infrastructure demanded of a United States public company may, in certain circumstances, divert management's attention from implementing our growth strategy, which could prevent us from improving our business, financial condition and results of operations. We have made, and will continue to make, changes to our internal controls and procedures for financial reporting and accounting systems in order to meet our reporting obligations as a public company in the United States. However, the measures we take may not be sufficient to satisfy these obligations. In addition, compliance with these rules and regulations have increased our legal and financial compliance costs and have made some activities more time consuming and costly. These additional obligations may have a material adverse impact on our business, financial condition, results of operations and cash flow.

In addition, changing laws, regulations and standards relating to corporate governance, ESG matters, and public disclosure are creating uncertainty for public companies in the United States, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We have invested, and expect to continue to invest, resources to comply with evolving laws, regulations and standards, and this investment may result in increased operating expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our business, financial condition, results of operations and cash flow could be adversely affected.

We have not yet completed our evaluation of our internal control over financial reporting in compliance with Section 404 of the Sarbanes-Oxley Act.

We will be required to comply with the internal control evaluation and certification requirements of Section 404 of the Sarbanes-Oxley Act by the end of our 2022 fiscal year. We have not yet completed our evaluation as to whether our current internal control over financial reporting is broadly compliant with Section 404. We may not be compliant and may not be able to meet the Section 404 requirements in a timely manner. If it is determined that we are not in compliance with Section 404, we may be required to implement new internal control procedures and re-evaluate our financial reporting. We may also experience higher than anticipated operating expenses during the implementation of these changes and thereafter, should we need to hire additional qualified personnel to help us become compliant with Section 404. If we fail, for any reason, to implement these changes effectively or efficiently, such failure could harm our reputation, operations, financial reporting or financial results and could result in our conclusion that our internal control over financial reporting is not effective.

In connection with the preparation of our fiscal 2020 consolidated financial statements, two material weaknesses in our internal control over financial reporting were identified. Our failure to establish and maintain effective internal control over financial reporting could result in our failure to accurately and timely meet our reporting obligations, which may adversely affect investor confidence in us and, as result, the value of our ordinary shares.

In connection with the preparation of our fiscal 2020 consolidated financial statements, we and our independent registered public accounting firm identified two material weaknesses. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis. The material weaknesses related to: (i) a lack of segregation of duties associated with an associate having administrator access to our consolidation system while also having the ability to prepare and post manual journal entries without independent review as well as a lack of precision in and evidence of the review of consolidation and related journal entries and (ii) the presentation of deferred tax assets and deferred tax liabilities.

We have remediated these material weaknesses by: (a) removing the administrator access from the associate; (b) enhancing our review of manual journal entries with the appropriate level of precision and retention of evidence of review by an independent reviewer who does not have the ability to prepare and post manual journal entries; and (c) enhancing our review of the presentation of deferred taxes within our consolidated financial statements.

We have taken measures to design and implement an effective control environment and, while we believe we have fully remediated the material weaknesses in our internal controls, if we are unable to successfully maintain internal control over financial reporting, the accuracy and timing of our financial reporting may be adversely affected. Further, we cannot assure you that the measures we have taken to date, and are continuing to implement, will be sufficient to prevent the occurrence of material weaknesses in the future. In addition, if we are unable to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal control over financial reporting, when required, investor confidence in us may be adversely affected and, as a result, the value of our ordinary shares may decline.

Our ordinary shares are subject to market price volatility and the market price may decline disproportionately in response to developments that are unrelated to our operating performance.

The market price of our ordinary shares has been and may in the future be volatile and subject to wide fluctuations. The market price of our ordinary shares may fluctuate as a result of a variety of factors including, but not limited to, general economic conditions, period to period variations in operating results or changes in revenue or profit estimates by us, industry participants or financial analysts. The market price could also be adversely affected by developments unrelated to our operating performance, such as the operating and share price performance of other companies that investors may consider comparable to us, speculation about us in the press or the investment community, unfavorable press, strategic actions by competitors (including acquisitions and restructurings), changes in market conditions, regulatory changes and broader market volatility and movements. Any or all of these factors could result in material fluctuations in the price of our ordinary shares, which could lead to investors getting back less than they invested or a total loss of their investment.

The rights afforded to our shareholders are governed by Jersey law. Not all rights available to shareholders under United States law will be available to holders of our ordinary shares.

The rights of holders of our ordinary shares are governed by Jersey law and our memorandum of association and articles of association (the "Articles"), which may not provide the level of legal certainty and transparency afforded by incorporation in a United States state.

The Company is organized under the laws of Jersey, Channel Islands, a British crown dependency that is an island located off the coast of Normandy, France. Jersey is not a member of the European Union. Jersey legislation regarding companies is largely based on English corporate law principles. However, there can be no assurance that Jersey law will not change in the future or that it will serve to protect investors in a similar fashion afforded under corporate law principles in the United States, which could adversely affect the rights of investors.

Rights afforded to shareholders under Jersey law differ in certain respects from the rights of shareholders in typical United States companies. In particular, Jersey law currently significantly limits the circumstances in which the shareholders of Jersey companies may bring derivative actions (i.e., legal actions brought by a shareholder on behalf of a company against a third party). Under Jersey law, in most cases, only the Company may be the proper plaintiff for the purposes of maintaining proceedings in respect of wrongful acts committed against us (including breaches of directors' duties) and, generally, neither an individual shareholder, nor any group of shareholders, has any right of action in such circumstances. There are a number of judicially accepted exceptions to this general rule, including what is known as "fraud on the minority", being where there is a prima facie case of equitable fraud on the part of the prospective defendant and the alleged wrongdoers themselves were in control of the company and improperly preventing it from bringing proceedings.

Under Article 141 of the Companies (Jersey) Law 1991, as amended, ("Jersey Companies Law"), a shareholder may however apply to court for relief on the grounds that the conduct of our affairs, including a proposed or actual act or omission by us, is "unfairly prejudicial" to the interests of our shareholders generally or of some part of our shareholders, including at least the shareholder making the application. Under Article 143 of the Jersey Companies Law (which sets out the types of relief a court may grant in relation to an action brought under Article 141 of the Jersey Companies Law), the court may make an order regulating the affairs of a company, requiring a company to refrain from doing or continuing to do an act complained of, authorizing civil proceedings or providing for the purchase of shares by a company or by any of its other shareholders. In addition, Jersey law does not afford appraisal rights to dissenting shareholders in the form typically available to shareholders in a United States company.

Jersey law does not preclude a shareholder from alleging a violation of federal securities laws in the United States.

We are a foreign private issuer and, as a result, are not subject to United States proxy rules but are subject to Exchange Act reporting obligations that, to some extent, are more lenient and less frequent than those of a United States issuer.

We currently report under the Exchange Act as a non-United States company with "foreign private issuer" status, as such term is defined in Rule 3b-4 under the Exchange Act. Because we qualify as a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the Exchange Act that are applicable to United States public companies, including: (i) the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act, (ii) the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and to return any profit from trades made in a short period of time and (iii) the rules under the Exchange Act requiring the filing with the United States Securities and Exchange Commission (the "SEC") of quarterly reports on Form 10-Q containing unaudited financial and other specified information, or current reports on Form 8-K, upon the occurrence of specified significant events. Foreign private issuers are required to file their annual report on Form 20-F within 120 days after the end of each fiscal year, while United States domestic issuers that are non-accelerated filers are required to file their annual report on Form 10-K within 90 days after the end of each fiscal year. Foreign private issuers are also exempt from Regulation Fair Disclosure, aimed at preventing issuers from making selective disclosures of material information. As a result of the above, you may not have the same protections afforded to shareholders of companies that are not foreign private issuers.

As a foreign private issuer, we are permitted to follow certain home country corporate governance practices in lieu of certain requirements applicable to United States issuers. This may afford less protection to holders of our ordinary shares.

As a foreign private issuer listed on the NYSE, we are permitted to follow certain home country corporate governance practices in lieu of certain NYSE requirements. For more information regarding the corporate governance requirements in lieu of which we may follow home country corporate governance practices, see "Item 16G. Corporate Governance."

A foreign private issuer must disclose in its annual reports filed with the SEC, each NYSE requirement with which it does not comply followed by a description of its applicable home country practice. As a company incorporated in Jersey and which is listed on the main market of the LSE, we may follow our home country practice with respect to, among other things, the NYSE rules requiring shareholders to approve equity compensation plans and material revisions thereto. Unlike the requirements of the NYSE, the corporate governance practice and requirements in Jersey and the United Kingdom do not generally require us to obtain shareholder approval for equity compensation plans and material revisions thereto, except under certain restricted circumstances.

These and other home country practices may afford less protection to holders of our ordinary shares than would be available to the shareholders of a United States corporation.

We may lose our foreign private issuer status in the future, which could result in additional costs and expenses.

We are a foreign private issuer and, therefore, are not required to comply with the same periodic disclosure and current reporting requirements of the Exchange Act and related rules and regulations that apply to United States domestic issuers. Under Rule 3b-4 of the Exchange Act, the determination of foreign private issuer status is made annually on the last business day of an issuer's most recently completed second fiscal quarter and, accordingly, we will make the next determination with respect to our foreign private issuer status based on information as at January 31, 2022.

In the future, we could lose our foreign private issuer status if, for example, a majority of our voting power was held by United States citizens or residents and we fail to meet additional requirements necessary to avoid loss of foreign private issuer status. The regulatory and compliance costs to us under United States securities laws as a domestic issuer may be higher. If we are not a foreign private issuer, we will be required to file periodic reports and registration statements on United States domestic issuer forms with the SEC, which are more detailed and extensive than the forms available to a foreign private issuer. We will also be required to comply with United States federal proxy requirements, and our officers, directors and controlling shareholders will become subject to the short-swing profit disclosure and recovery provisions of Section 16 of the Exchange Act. We may also be required to modify certain of our policies to comply with good governance practices associated with United States domestic issuers. Such conversion and modifications will involve additional costs. In addition, we may lose our ability to rely upon exemptions from certain corporate governance requirements on United States stock exchanges that are available to foreign private issuers.

Our ability to pay dividends or effect other returns of capital in the future depends, among other things, on our financial performance.

There can be no guarantee that our historical performance will be repeated in the future, particularly given the competitive nature of the industry in which we operate, and our revenue, profit and cash flow may significantly underperform market expectations. If our cash flow underperforms market expectations, then our capacity to pay a dividend or effect other returns of capital (including, without limitation, share repurchases) may be negatively impacted. Any decision to declare and pay dividends or to effect other returns of capital will be made at the discretion of the Board and will depend on, among other things, applicable law, regulation, restrictions (if any) on the payment of dividends and/or capital returns in our financing arrangements, our financial position, retained earnings/profits, working capital requirements, finance costs, general economic conditions and other factors that the Board deems significant from time to time.

The issuance of additional ordinary shares in connection with future acquisitions, any share incentive or share option plan or otherwise may dilute all other shareholdings.

We may seek to raise financing to fund future acquisitions and other growth opportunities. We may, for these and other purposes, issue additional equity or convertible equity securities. As a result, our shareholders may suffer dilution to their percentage ownership of the Company, or the market price of the ordinary shares may be adversely affected.

The Company is a holding company with no business operations of its own and depends on its subsidiaries for cash, including in order to pay dividends.

The Company is a group holding company with no independent operations and is dependent on earnings and distributions of funds from its operating subsidiaries for cash, including in order to pay dividends to its shareholders. Its ability to pay dividends to its shareholders therefore depends on the ability of its subsidiaries to distribute profits or pay dividends to the Company, general economic conditions and other factors that the directors deem significant from time to time. Its distributable reserves can be affected by reductions in profitability, impairment of assets and severe market turbulence.

Item 4. Information on the Company

A History and Development

General History and Development

The Group was founded in 1887 when Frederick York Wolseley launched the Wolseley Sheep Shearing Machine Company. In 1979, the Group sold its manufacturing companies to focus solely on distribution. Beginning in 1980, the Group expanded its businesses through organic growth and acquisitions in the United States, Canada and Europe, including the acquisition in 1982 of Ferguson Enterprises, LLC (formerly, Ferguson Enterprises Inc.). On April 14, 1986, the Group was listed on the LSE and the then ultimate holding company of the Group changed its name to Wolseley plc.

From the 1990s to the mid-2000s, the Group continued to expand across Europe, including into the Netherlands, Switzerland, Ireland, Belgium and the Nordic region, and across the United States and Canada. In 2009, as a result of the financial crisis, the Group implemented a comprehensive restructuring program across its businesses to reduce fixed costs and close underperforming branches. During this period, the Group focused its resources on those businesses capable of generating the highest returns for shareholders and, in particular, on the core plumbing and heating markets. This strategy resulted in the disposal of a number of the Group's businesses.

On July 31, 2017, Wolseley plc changed its name to Ferguson plc to better align the name of the Group with its largest subsidiary in the United States.

In March 2018, the Group sold Stark Group, its Nordic business, as a result of a lack of synergies with the rest of the Group's plumbing and heating activities. Due to the Group's strong funding position, the majority of the proceeds from the sale were subsequently distributed to shareholders.

On January 30, 2019, the Group disposed of Wasco (its Netherlands B2B business), its last remaining Central European business.

On May 10, 2019, following shareholder approval, the Group consummated a corporate restructuring and moved its headquarters and the tax residence of its holding company from Switzerland to the United Kingdom. The transaction was

undertaken to simplify the Group's corporate structure. As a result of the restructuring, the Company became the Group's ultimate holding company, and all of the ordinary shares of the former holding company were exchanged on a one-for-one basis for ordinary shares of the Company.

On January 29, 2021, the Group sold its UK business to enable Ferguson to be wholly focused on serving customers in North America. As part of the transaction, the Group retained future responsibility for the United Kingdom defined benefit pension plan, the Group's main defined benefit plan in the United Kingdom (the "United Kingdom Plan").

The disposition did not result in significant management relocation efforts, as the majority of the Company's senior management team, including its Chief Executive Officer and Chief Financial Officer, are located in the United States. Certain of the Company's personnel, including the Company Secretary, remain in the United Kingdom.

On March 8, 2021 the additional U.S. listing of the Company's ordinary shares became effective and such shares began trading on the NYSE. As a result of the additional U.S. listing, also effective March 8, 2021, the Company's American Depository Receipt (ADR) program was terminated. The Group currently retains its premium listing on the London Stock Exchange and is included in the FTSE 100 index. Investors can trade on both exchanges under the ticker symbol: FERG.

On May 11, 2021, the Group returned substantially all of the net cash proceeds of the sale of the UK business to shareholders by way of a special dividend.

Company Information

The Company's legal name is Ferguson plc. The Company is tax resident in the United Kingdom. The Company was incorporated and registered in Jersey on March 8, 2019 under the Jersey Companies Law, as a private limited company under the name Alpha JCo Limited with company number 128484. The Company converted its status to a public limited company and changed its name to Ferguson Newco plc on March 26, 2019. The Company then changed its name to Ferguson plc on May 10, 2019. The principal legislation under which the Company operates is the Jersey Companies Law and regulations made thereunder. Although the Company (being Jersey incorporated) is not subject to the United Kingdom Companies Act 2006 ("CA 2006"), the Company retains the CA 2006 standards of governance and corporate responsibility as if it were subject to CA 2006 and adheres to the UK Corporate Governance Code.

The Company's registered office address is: 13 Castle Street St Helier, Jersey JE1 1ES Channel Islands, and the Company's corporate headquarters address is 1020 Eskdale Road, Winnersh Triangle, Wokingham, Berkshire. RG41 5TS and its telephone number is +44 (0) 118 927 3800. The Company is also registered in the United Kingdom as Ferguson Group Holdings, UK Establishment No. BR021199.

In the United States, the business operates primarily under the Ferguson brand. In Canada, the business operates primarily under the Wolseley brand. See "Item 4. Information on the Company—B. Business Overview" for information regarding our principal business segments in our geographic markets.

See "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Debt Facilities—Capital expenditure" for a description of our capital expenditures.

The Company is subject to the informational requirements of the Exchange Act. In accordance with these requirements, the Company files reports and other information with the SEC. The SEC maintains an internet site at www.sec.gov that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The reports and other information the Company files or furnishes with the SEC are also available on the Company's website, www.fergusonplc.com.

B Business Overview

We are a value-added distributor of plumbing and heating products and solutions delivered through specialist sales associates, showroom consultants and e-commerce. We serve customers principally in North America, predominantly within the RMI sector as well as new residential construction. We have over 34,000 suppliers that give us access to a diverse and broad range of quality products. We serve our customers through a network of 11 distribution centers, 5,300 fleet vehicles, 1,679 branches and approximately 31,000 associates, in each case, as at July 31, 2021.The Group operates in two reportable segments: the United States and Canada.

United States

The United States segment contributed 94 percent, 95 percent and 93 percent of total consolidated revenue from continuing operations in fiscal 2021, 2020 and 2019, respectively.

The United States segment operates primarily under the Ferguson brand, providing a broad range of plumbing and heating products and solutions delivered through a common network of distribution centers, branches and specialist sales associates, counter service, showroom consultants and e-commerce. It operates nationally, serving the residential, commercial, civil/infrastructure and industrial end markets.

The residential end market (representing 56%, 54% and 52% of total United States segment revenue in fiscal 2021, 2020 and 2019, respectively), focuses on both new construction and RMI across single and multifamily homes. Sales are typically made to trade contractors, builders and remodeling contractors across both RMI and new construction, with our products consisting of plumbing supplies, water heaters, pipe, valves and fittings, kitchen and bathroom fixtures, appliances, HVAC units and supplies and our services including consultation, advice and project management, online tools, pro pick-up and delivery.

The commercial end market (representing 31%, 32% and 33% of total United States segment revenue in fiscal 2021, fiscal 2020 and fiscal 2019, respectively), focuses on new construction and RMI across the majority of non-residential sectors such as education, health care, government facilities, warehousing, data centers, lodging and offices. Sales are typically made to commercial plumbing and mechanical contractors with our products including plumbing parts and supplies, pipe, valves and fittings, fire sprinkler systems, hangers, struts and fasteners, and our services consisting of quotation services, jobsite delivery and logistics, project management and fabrication.

The civil/infrastructure end market (representing 7% of total United States segment revenue in fiscal 2021, fiscal 2020 and fiscal 2019), focuses on public and private water authorities, utility contractors, public works/line contractors and heavy highway contractors. Our products include pipe, valves and fittings, water meters and automation, irrigation and drainage, geosynthetics and stormwater management products and our services include digitally enhanced estimation, project management and design services, job site delivery, logistics and advanced metering infrastructure.

The industrial end market (representing 6%, 7% and 8% of total United States segment revenue in fiscal 2021, fiscal 2020 and fiscal 2019, respectively), focuses on new construction, repairs and maintenance in a variety of sectors such as chemical, energy, food and beverage, mining and pulp and paper. Our products include pipe, fittings and flanges, general industrial maintenance repair and operations products, high density polyethylene products and fabrication and our services consist of supply chain services, equipment rental and valves and automation services.

Across all of our end markets, we offer our products online, including, but not limited to, plumbing supplies, pipe, valves and fittings, kitchen and bathroom fixtures, appliances, HVAC units and supplies, hangers, struts, fasteners and water heaters. Sales from e-commerce represented 21% and 19% of total United States segment revenue in fiscal 2021 and 2020, respectively.

Our United States business operates 1,470 branches serving all 50 states with approximately 28,000 associates, in each case, as at July 31, 2021. The branches are served by 10 distribution centers, providing same-day and next-day product availability, which we believe to be a competitive advantage and an important requirement for customers. In addition, the Company is developing market distribution centers (“MDC”) in certain major metropolitan areas for final mile distribution. We opened our first MDC in late-fiscal 2021 in Denver, Colorado.

Canada

The Canada segment contributed 6%, 5% and 7% of total consolidated revenue from continuing operations in fiscal 2021, 2020 and 2019, respectively.

The Canada segment predominantly serves trade customers across the residential, commercial and industrial sectors in both RMI and new construction. The business operates 209 branches with one distribution center and approximately 3,000 associates, in each case, as at July 31, 2021. The Canada segment operates primarily under the Wolseley brand and supplies plumbing, heating, ventilation, air conditioning and refrigeration products to residential and commercial contractors. It also supplies specialist water and wastewater treatment products to residential, commercial and infrastructure contractors, and supplies PVF solutions to industrial customers.

Competitive Conditions

We believe we are well-equipped to win new customers and make attractive returns. We have leading positions in the residential and commercial end markets based on revenue as a percentage of overall market size. The markets we serve are highly fragmented with very few large competitors and a higher number of mid-size regional distributors as well as small and local distributors. While our market positions can be expanded through growth of our existing business, acquisitions also remain a core part of our growth strategy and will focus on acquisitions that bolt-on to our existing branch network as well as acquisitions that provide further capabilities to serve our customers. We believe there is a significant opportunity for strong growth and continued consolidation within each of these large, fragmented markets. Many customer projects require a range of products and services from across our businesses and we leverage our scale and expertise across the organization for the benefit of our customers. Specifically, we believe our network of suppliers, associates and the number of branches and distribution centers provides us with the scale and expertise to serve our customers better than our competitors do, as many of these competitors operate only locally. We have over 34,000 suppliers that give us access to a diverse and broad range of quality products. We serve our customers through a network of 11 distribution centers, 5,300 fleet vehicles, 1,679 branches and approximately 31,000 associates, in each case, as at July 31, 2021. We believe these factors enable continued growth in revenue as well as growth in cash flow and, therefore, may better enable us to provide investment returns to shareholders. In addition, we also benefit from significant synergies to help lower operating costs and improve margins. We have chosen to operate in each of these markets because we believe we can generate strong growth, solid gross and net margins and good returns on capital.

Value-Added Distributor

Our purpose is to act as a trusted supplier and partner to our customers, providing innovative products and solutions to make their projects better. We offer excellent service, advice and a broad range of specialist plumbing and heating products delivered where and when our customers need them. The emergence of COVID-19 has demonstrated more than ever how our customers rely on us every day to help them deliver critical infrastructure spanning almost every stage of residential, commercial, industrial and civil/infrastructure. Whatever the future challenges, we will continue to partner with our customers to keep millions of homes and businesses operating while helping them to run their business more efficiently.

Customer Base, Contractual Relationships and Seasonality

Our customer base is highly diversified, with no individually significant customer. We are not dependent on any material licenses (other than as described below under "*—Intellectual Property*"), industrial, commercial or financial contracts (including contracts with customers and suppliers) or new manufacturing processes. Our business is not highly seasonal.

Intellectual Property

We rely on a combination of intellectual property laws, confidentiality procedures and contractual provisions to protect our proprietary assets and our brand. We have registered or applied for registration of trademarks, service marks, copyrights and internet domain names, both domestically and internationally.

Raw Materials and Commodities

We source, distribute and sell products from domestic and international suppliers. We purchase from over 34,000 suppliers. Over 95% of the products sold in the United States are sourced from U.S.-based suppliers. Our raw materials are generally available from several sources and are not generally subject to supply constraints in normal market conditions. In the United States, approximately 12% of revenues are derived from basic products containing significant amounts of commodity-priced materials, predominantly plastic, copper and steel, and other components which can be subject to volatile price changes based upon fluctuations in the commodities market. To a lesser extent, fluctuations in the price of fuel could affect transportation costs. In general, increases in such prices increase the Group's operating costs and negatively impact its operating profit to the extent that such increase cannot be passed on to customers. Conversely, if competitive pressures allow the Group to hold prices despite relevant raw material prices falling, profitability can increase.

Regulatory Landscape

The Company's operations are affected by various statutes, regulations and standards in the countries and markets in which it operates, including the United States and Canada. The amount of such regulation and the penalties for any breaches can vary. While the Group is not engaged in a highly regulated industry, it is subject to the laws governing businesses generally, including laws relating to competition, product safety, timber sourcing, data protection, labor and employment practices,

accounting and tax standards, international trade, fraud, bribery and corruption, land usage, the environment, health and safety, transportation, payment terms and other matters.

C Organizational Structure

The Company is the ultimate holding company of the Group and its subsidiaries. The table below lists the Group's significant subsidiaries as at July 31, 2021.

Company Name	Principal Activity	Country of Incorporation	Ownership Interest
Ferguson Enterprises, LLC[(1)]	Operating company	United States	100%
Ferguson Finance (Switzerland) AG	Financing company	Switzerland	100%
Ferguson Group Holdco Limited	Investment company	England and Wales	100%
Ferguson Holdings Limited	Holding company	Jersey	100%
Ferguson Holdings (Switzerland) AG	Investment company	Switzerland	100%
Ferguson Swiss Holdings Limited	Investment company	England and Wales	100%
Ferguson Overseas Limited	Investment company	England and Wales	100%
Ferguson UK Holdings Limited[(2)]	Investment company	England and Wales	100%
Ferguson U.S. Holdings, Inc.[(3)]	Investment company	United States	100%

(1) Ownership held in membership interests.
(2) Ownership held in ordinary shares and ordinary A shares.
(3) Ownership held in common stock.

Unless otherwise stated, the subsidiaries as listed have share capital consisting solely of ordinary shares, which are held directly or indirectly by the Company and the proportion of ownership interest held is equal to the voting rights held by the Company.

D Property, Plants and Equipment

As at July 31, 2021, we operated a total of 1,679 branches, of which 1,470 were located in the United States and 209 were located in Canada. As at July 31, 2021, approximately 18% of our United States branches and approximately 24% of our Canada branches were owned facilities, and the remainder of our United States and Canada facilities were leased.

The following tables summarize the United States distribution centers, as well as the distribution center in Canada as at July 31, 2021:

United States:

Location	Square Feet	Leased/Owned
Fort Payne, AL	643,000	Owned
Stockton, CA (land)	—	Leased
Stockton, CA (building)	648,200	Owned
Perris, CA	1,039,898	Owned
Frostproof, FL	521,122	Owned
Waterloo, IA	608,800	Owned
Celina, OH	676,320	Owned
Coxsackie, NY	465,000	Owned
McGregor, TX	542,000	Owned
Front Royal, VA	753,880	Leased
Richland, WA	643,477	Owned

Canada:

Location	Square Feet	Leased/Owned
Milton, ON	292,395	Leased

Item 4A. Unresolved Staff Comments

Not applicable.

Item 5. Operating and Financial Review and Prospects

Management Overview

The following discussion of our financial condition and results of operations is intended to convey management's perspective on our operational performance and financial performance as measured in accordance with IFRS. We intend this disclosure to assist readers in understanding and interpreting the audited consolidated financial statements included in this annual report. This section is based on, and should be read in conjunction with, those audited consolidated financial statements and the notes thereto.

The following discussion also contains trend information and forward-looking statements. Actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and elsewhere in this annual report, particularly under "Forward-Looking Statements" and "Item 3. Key Information—D. Risk Factors."

Segments

On January 29, 2021, the Group sold its UK business. Accordingly, the Group's UK business has been presented in the Group's financial statements as a discontinued operation in accordance with IFRS 5. See "Item 4. Information on the Company —A. History and Development."

Following the sale of the UK business, the Group has two reportable segments at July 31, 2021: the United States and Canada. The Group's reportable segments are established on the basis of the operating businesses overseen by distinct divisional management teams responsible for their performance. These operating businesses are managed on a geographical basis and are regularly reviewed by the chief operating decision maker, which is determined to be the Group Chief Executive and the Group Chief Financial Officer, in deciding how to allocate resources and assess the performance of the businesses. All reportable segments derive their revenue from a single business activity, the distribution of plumbing and heating products. Revenue is attributed to a country based on the location of the Group company reporting the revenue.

A Operating Results

Key Factors Affecting Results of Operations

Our results of operations have been affected, and are expected to continue to be affected, by the following principal factors relating to our business.

COVID-19 response

Our fiscal 2021 began in the early stages of the economy reopening after COVID-19-related lockdowns which extended through the spring and early summer of 2021. Our first half performance was strong, and from February onwards the pace of our recovery accelerated sharply. This presented us with different challenges, including reduced product availability, supply chain disruption and price inflation. In addition, the wider macro-economic environment led to a tightening labor market and increased labor costs.

Our approach to managing the business during the COVID-19 pandemic continues to focus on three key areas: (1) protecting the health and well-being of our associates; (2) continuing to serve our customers during a critical time of need; and (3) protecting and preserving the strength of our business for the long-term. In response to the COVID-19 operating environment, we invested in inventory during the year to maintain product availability for customers. We expect to manage

through supply chain, product availability and other ongoing challenges and continue to monitor for business disruption due to a resurgence of COVID-19 or other macro-economic developments.

Uncertainty in the wider economic situation could also impact the Group's future tax rate. Government responses to the COVID-19 pandemic are creating political and regulatory uncertainty which is leading to changes to prevailing tax regimes and greater international cooperation on tax affairs. Following the announcement of a higher UK tax rate in 2023, proposals for a higher U.S. federal tax rate and international cooperation on global minimum taxation, there is a possibility that the Group's consolidated effective tax rate could increase in the short term.

Further details of the financial performance and market conditions in the Group's segments are discussed in the "Segment Results of Operations for Fiscal 2021 and Fiscal 2020" section herein.

Acquisitions and disposals

The Group has historically generated growth organically and through selective acquisitions. During fiscal years 2021, 2020 and 2019, the Group completed a total of 7, 6, and 15 acquisitions, respectively, investing $335 million, $351 million, and $657 million, respectively, (which includes consideration for prior year's acquisitions in each case).

In addition, the Group completed a number of disposals, including the sale of its UK business on January 29, 2021, in order to focus our business on North America. The Group received net cash proceeds of $380 million, $7 million and $201 million during fiscal years 2021, 2020, and 2019, respectively.

Further information of the Group's acquisitions and disposals are detailed in notes 25 and 26, respectively, to the Group's audited consolidated financial statements.

Results of Operations

The following is a discussion of the Group's results of operations on a continuing operations basis during fiscal 2021, 2020 and 2019. The following provides the reader with information that will assist in understanding our audited consolidated financial statements, the changes in certain key items in those audited consolidated financial statements from year to year, and the primary factors that accounted for those changes.

The Group disposed of its UK business on January 29, 2021. The UK results have been reclassified to discontinued operations and the prior year comparative impact to operating results have been restated throughout the following discussion of the Group's operating results.

Accounting developments and changes

Refer to Note 1 in the audited consolidated financial statements for a discussion of new accounting pronouncements.

Group Results of Operations for Fiscal 2021 and Fiscal 2020

The table below summarizes our income statement for the periods indicated and should be read in conjunction with, and is qualified in its entirety by reference to, the fiscal 2021 audited consolidated financial statements and notes thereto, which are included in this annual report.

	Year ended July 31,	
	2021	2020
	$ million	
Revenue	**22,792**	19,940
Cost of sales	**(15,812)**	(13,957)
Gross profit	**6,980**	5,983
Operating costs	**(4,946)**	(4,534)
Operating profit	**2,034**	1,449
Finance costs	**(145)**	(147)
Finance income	**1**	7
Share of profit/(loss) after tax of associate	**1**	(2)
Gain on disposal of interests in associates and other investments	**—**	7
Impairment of interests in associates	**—**	(22)
Profit before tax	**1,891**	1,292
Tax	**(241)**	(317)
Profit from continuing operations	**1,650**	975
Loss from discontinued operations	**(142)**	(14)
Profit for the year	**1,508**	961

Revenue was $22.8 billion in fiscal 2021, an increase of $2.9 billion, or 14.3%, compared with the prior year. The increase in revenue attributed to higher sales volume and price inflation totaled $2.6 billion, due principally to strong growth in residential markets compared with fiscal 2020, revenue from acquisitions of $290 million and $60 million from foreign currency translation. These increases were partially offset by $92 million due to the impact of one less trading day in 2021 compared with 2020. The impact of price inflation was approximately 3% in fiscal 2021.

Cost of sales was $15.8 billion for fiscal 2021, an increase of $1.9 billion, or 13.3% compared with the prior year. The increase in cost of sales was primarily due to the increase in sales.

Gross profit was $7.0 billion in fiscal 2021, an increase of $1.0 billion, or 16.7%, compared with the prior year. The gross profit margin of 30.6% increased 60 basis points from 30.0% in fiscal 2020 primarily due to managing price inflation, reflecting the strength of the Group's supply chain.

Operating costs were $4.9 billion for fiscal 2021, an increase of $412 million, or 9.1%, compared with the prior year. This increase was driven by higher sales volumes and was primarily due to higher overall variable labor and other costs compared to fiscal 2020. While the Group incurred higher variable costs, operating cost growth of 9.1% was below revenue growth of 14.3% compared with fiscal 2020, generating strong operating cost leverage.

Finance costs were $145 million for fiscal 2021, and remain about even with fiscal 2020.

No impairments were recorded in connection with interests in associates in fiscal 2021, while $22 million in impairments were recorded in the prior year.

Tax expense was $241 million for fiscal 2021, a decrease of $76 million, or 24.0%, compared with fiscal 2020. The Company's effective tax rate attributable to continuing operations was 12.7% for fiscal 2021 compared with 24.5% for fiscal 2020. The decrease in the effective tax rate was primarily due to a release of provisions against uncertain tax positions following the closure of tax authority audits and the lapsing of the statute of limitations periods. The impact of these items was partially offset by the tax effect of the increase in pre-tax earnings.

Profit from continuing operations for fiscal 2021 was $1.7 billion, an increase of $675 million, or 69.2%, compared with the prior year. This increase was primarily a result of revenue growth and gross margin expansion while improving operating cost leverage.

Losses in connection with discontinued operations for fiscal 2021 were $142 million, primarily reflecting the sale of the UK business during the first half of fiscal 2021. See note 6 to the consolidated financial statements for further details.

Segment Results of Operations for Fiscal 2021 and Fiscal 2020

United States

	Year Ended July 31,	
	2021	2020
	$ million	
Revenue	**21,478**	18,857
Underlying trading profit[(1)]	**2,073**	1,587

(1) See note 2 to the Group's audited consolidated financial statements included in this annual report for additional information.

Revenue for the United States segment was $21.5 billion in fiscal 2021, an increase of $2.6 billion, or 13.9%, compared with the prior year. The increase in revenue attributed to higher sales volume and price inflation totaled $2.4 billion, due principally to strong growth in residential markets compared to fiscal 2020, and revenue from acquisitions of $290 million. These increases were partially offset by $81 million due to the impact of one less trading day in 2021 compared with 2020. The impact of price inflation was approximately 3% in fiscal 2021.

The following table illustrates revenue growth by end market:

	% of United States segment revenue Fiscal 2021	United States segment revenue growth Fiscal 2021
Residential	~56	19%
Commercial	~31	9%
Civil/Infrastructure	~7	15%
Industrial	~6	(1%)
Total		**13.9 %**

In fiscal 2021, revenue from the residential end market grew 19% compared to fiscal 2020 driven by increases in residential new housing starts and permits as well as growth in residential RMI, particularly during the second half of fiscal 2021 as the project minded consumer and light decorative pro continued to drive increased e-commerce revenue. Within our non-residential end markets, commercial and civil/infrastructure related revenue grew 9% and 15%, respectively, compared with fiscal 2020 primarily driven by growth in the second half of fiscal 2021 as project related work increased with more U.S. markets reopening following the prior year impacts from the COVID-19 pandemic. Industrial revenue declined by 1% compared to fiscal 2020 primarily due to a more pronounced impact in the first half of fiscal 2021 of decreases in project related work in light of the COVID-19 pandemic, partially offset by modest growth during the second half of fiscal 2021.

Underlying trading profit for the United States segment was $2.1 billion for fiscal 2021, an increase of $486 million, or 30.6%, compared with the prior year. This increase was primarily due to revenue growth in residential markets, as well as overall gross margin expansion while improving operating cost leverage.

Canada

	Year Ended July 31,	
	2021	2020
	$ million	
Revenue	**1,314**	1,083
Underlying trading profit[1]	**76**	43

(1) See note 2 to the Group's audited consolidated financial statements included in this annual report for additional information.

Revenue for the Canada segment was $1.3 billion in fiscal 2021, an increase of $231 million, or 21.3%, compared with prior year. The increase in revenue was primarily due to higher sales volume and sales price inflation of $182 million driven by improved sales in the residential markets, as well as $60 million due to the impact of foreign currency translation. These increases were partially offset by $11 million due to one less trading day. The impact of price inflation was approximately 4% in fiscal 2021.

Underlying trading profit for the Canada segment was $76 million in fiscal 2021, an increase of $33 million, or 76.7%, compared with the prior year period. This increase was primarily due to revenue growth in residential markets and overall gross margin expansion while maintaining operating cost leverage.

Segment Results of Operations for Fiscal 2020 and Fiscal 2019

United States

	Year Ended July 31,	
	2020	2019
	$ million	
Revenue	18,857	18,358
Underlying trading profit[1]	1,587	1,508

(1) See note 2 to the Group's audited consolidated financial statements included in this annual report for additional information.

Revenue for the United States segment was $18.9 billion in fiscal 2020, an increase of $499 million, or 2.7%, compared to the prior year period. This increase was primarily due to $355 million from acquisitions, $76 million from one additional trading day in fiscal 2020 and to a lesser extent, sales volume growth within the residential and civil/infrastructure end markets.

The following table illustrates revenue growth by end market:

	% of United States segment revenue Fiscal 2020	United States segment revenue growth Fiscal 2020
Residential	~54	5 %
Commercial	~32	1 %
Civil/Infrastructure	~7	9 %
Industrial	~7	(10) %
Total		**2.7 %**

In fiscal 2020, revenue from the residential and commercial end markets grew 5% and 1%, respectively, primarily driven by increased sales volume of core plumbing, HVAC and own brand products. Revenue from the civil/infrastructure end market grew 9%, primarily driven by increased sales volume of water management related products and services. Revenue from the industrial end market declined 10% due to lower sales volume across all major product categories.

Underlying trading profit for the United States segment was $1.6 billion for fiscal 2020, an increase of $79 million, or 5.2%, compared to the prior year period. This increase was primarily the result of sales volume growth within the residential and civil/infrastructure end markets. The remainder of underlying trading profit growth was due to acquisitions and the impact of one additional trading day in fiscal 2020.

Canada

	Year Ended July 31,	
	2020	**2019**
	$ million	
Revenue	1,083	1,371
Underlying trading profit[(1)]	43	76

(1) See note 2 to the Group's audited consolidated financial statements included in this annual report for additional information.

Revenue for the Canada segment was $1.1 billion in fiscal 2020, a decrease of $288 million, or 21.0%, compared to the prior year period. The decline in revenue was attributed to lower sales volume of $123 million driven by reduced sales to the residential markets, due in part to the COVID-19 pandemic. The disposal of Wasco, a Dutch plumbing and heating business, reduced revenue by $175 million. The remainder of the decrease was due to foreign currency translation.

Underlying trading profit for the Canada segment was $43 million in fiscal 2020, a decrease of $33 million, or 43.4%, compared to the prior year period. This decrease was primarily a result of sales volume decline due in part to the COVID-19 pandemic.

B Liquidity and Capital Resources

Overview

The Group relies on continued access to funding in order to meet its operating obligations, to support investment in the organic growth of the business and to make acquisitions when opportunities arise. Its sources of funding include cash flows generated by operations and borrowings from banks and other financial institutions. The Company believes that the available working capital is sufficient for the Group's present requirements, that is, for at least the next 12 months following the date of this annual report.

As at July 31, 2021, the Company's borrowings (excluding bank overdrafts) were $2.5 billion, and the Group had $3.4 billion of available liquidity (comprising readily available cash of $1.2 billion, excluding cash of $95 million used to collateralize letters of credit on behalf of Ferguson Insurance Limited, and $2.2 billion of undrawn facilities). The Group anticipates that it will be able to meet its debt obligations as they become due.

Capital resources

The Group seeks a balance between certainty of funding and a flexible, cost-effective borrowings structure. The Group maintains a policy of ensuring sufficient borrowing headroom to finance all investment and anticipated bolt-on acquisitions for the following financial year with an additional contingent safety margin.

The Group's total borrowings as at July 31, 2021 and 2020 include:

	As at July 31,	
	2021	2020
	$ million	
Bank overdrafts	**183**	248
Senior unsecured loan notes	**2,528**	2,918
Total borrowings	**2,711**	3,166

Debt Facilities

The following section summarizes certain material provisions of our debt facilities, which were undrawn as at July 31, 2021. The following description is only a summary of the material provisions of the Multicurrency Revolving Credit Facility, Bilateral loan, Trade Receivables Securitization Facility, Private Placements Notes, 2018 4.5% Notes, and 2020 3.25% Notes, and does not purport to be complete and is qualified in its entirety by reference to the documents governing such indebtedness.

Multicurrency Revolving Credit Facility

Our Multicurrency Revolving Credit Facility is governed by the Multicurrency Revolving Credit Facility Agreement, dated as at March 10, 2020, among the Company and Wolseley Limited (now known as Ferguson UK Holdings Limited), as original borrowers and original guarantors, the lenders and arrangers party thereto, and the agent.

The Multicurrency Revolving Credit Facility consists of a $1.1 billion unsecured, multicurrency revolving loan facility, which terminates in March 2026. The Multicurrency Revolving Credit Facility contains the ability for the original borrowers and original guarantors to apply to the lenders requesting they grant a further one-year extension to the then maturity date on both the first and second anniversary of the facility being signed. During the period the Group successfully requested the first one-year extension, taking the maturity to March 2026. Borrowings are available to each of the borrowers under the Multicurrency Revolving Credit Facility, including future subsidiaries that accede as borrowers under the Multicurrency Revolving Credit Facility, and bear interest at a rate equal to the sum of LIBOR, or in relation to any loan in Canadian dollars, CDOR, plus an applicable margin determined based on our public credit ratings. We are required to pay a quarterly commitment fee and utilization fee in certain circumstances.

The borrowers under the Multicurrency Revolving Credit Facility are permitted to prepay and re-borrow amounts outstanding under the Multicurrency Revolving Credit Facility, in whole or in part, at any time. All obligations under our Multicurrency Revolving Credit Facility are unconditionally guaranteed by the Company and Ferguson UK Holdings Limited (formerly known as Wolseley Limited), to the extent each entity is not the borrower. In certain circumstances, the Multicurrency Revolving Credit Facility provides that outstanding amounts drawn must be prepaid by the borrowers.

The Multicurrency Revolving Credit Facility contains certain customary affirmative covenants, as well as certain customary negative covenants that, among other things, restrict, subject to certain exceptions, the ability of the Company and its subsidiaries to incur indebtedness, grant liens on present or future assets and revenues, sell assets, or engage in acquisitions, mergers or consolidations. The Multicurrency Revolving Credit Facility also contains certain events of default and cross-default provisions. As at July 31, 2021, no borrowings were outstanding under the Multicurrency Revolving Credit Facility.

Bilateral Loan

In March 2020, the Company and Ferguson UK Holdings Limited (formerly known as Wolseley Limited), as original borrowers and original guarantors, entered into a $500 million bilateral loan agreement with Sumitomo Mitsui Banking Corporation (“SMBC”) which expires in March 2022 (the “Bilateral Loan Agreement”). The Bilateral Loan Agreement contains commercial terms similar to those of the Multicurrency Revolving Credit Facility, and the Company has the ability to request that SMBC, at their option, extend this agreement for a further 364 days. As at July 31, 2021, no borrowings were outstanding under the Bilateral Loan Agreement.

Trade Receivables Securitization Facility

Our Trade Receivables Securitization Facility is governed by: (i) the Receivables Purchase Agreement, dated as at July 31, 2013, as further amended, supplemented and restated, among Ferguson Enterprises, LLC (“Ferguson Enterprises”) as servicer, Ferguson Receivables, LLC (“Ferguson Receivables”) a wholly owned bankruptcy remote special purpose entity as seller, the lenders as conduit purchasers and committed purchasers, letters of credit banks, facility agents, administrative agent and party each thereto; and (ii) the Purchase and Contribution Agreement, dated as at July 31, 2013, as further amended, supplemented and restated, among Ferguson Enterprises and its various subsidiaries party thereto as originators and Ferguson Receivables as purchaser.

The Trade Receivables Securitization Facility consists of trade receivables funding for up to $600 million, terminating in May 2024. The Company has available to it an accordion feature whereby the commitment on the Trade Receivables Securitization Facility may be increased up to $800 million, subject to lender approval. Such arrangements provide for purchases of undivided ownership interests in a revolving pool of certain of the Group's trade receivables and related security generated by the originators, transferred to the seller which are, in turn, securitized against lending advances made by the conduit purchasers and committed purchasers. At all times all borrowings under the Trade Receivables Securitization Facility are recorded on the balance sheet of the Group.

Fees are payable under the Trade Receivables Securitization Facility at a rate equal to LIBOR or the commercial paper rates of the conduit purchasers plus an applicable margin. The Company pays customary fees regarding unused amounts to maintain the availability under the Trade Receivables Securitization Facility.

The Trade Receivables Securitization Facility contains certain customary affirmative covenants, as well as certain customary negative covenants that, among other things, restrict, subject to certain exceptions, the ability of the Company and its subsidiaries party thereto from incurring indebtedness, granting additional liens on the receivables and selling assets or engaging in acquisitions, mergers or consolidations.

The Trade Receivables Securitization Facility also contains certain customary events of default and cross-default provisions. The Trade Receivables Securitization Facility also requires that our performance in relation to trade receivables remains at set levels (specifically relating to timely payments being received from debtors and in relation to the amount of debt written off as bad debt) and that a required level of trade receivables be generated and available to support the borrowings under the arrangements. As at July 31, 2021, no borrowings were outstanding under the Trade Receivables Securitization Facility.

Private Placement Notes

In November 2017, Wolseley Capital, Inc. ("Wolseley Capital") privately placed $450 million aggregate principal private placement notes (collectively, the "2017 Private Placement Notes") guaranteed by the Company pursuant to a note and guarantee agreement dated as at November 30, 2017. The 2017 Private Placement Notes consist of $55 million of 3.30% Series L Guaranteed Senior Notes due November 30, 2023 (the "3.30% Series L Notes"), $150 million of 3.44% Series M Guaranteed Senior Notes due November 30, 2024 (the "3.44% Series M Notes"), $150 million of 3.51% Series N Guaranteed Senior Notes due November 30, 2026 (the "3.51% Series N Notes" and, together with the 3.30% Series L Notes and 3.44% Series M Notes, the "Fixed Rate 2017 Private Placement Notes") and $95 million of Floating Rate Series O Guaranteed Senior Notes due November 30, 2023 (the "Floating Rate 2017 Private Placement Notes"). In June 2021, Wolseley Capital Inc. repaid at par the Floating Rate 2017 Private Placement Notes originally due November 30, 2023.

In June 2015, Wolseley Capital privately placed $800 million aggregated principal private placement notes (collectively, the "2015 Private Placement Notes" and, together with the 2017 Private Placement Notes, the "Private Placement Notes") guaranteed by the Company pursuant to a note and guarantee agreement dated as at June 25, 2015. The 2015 Private Placement Notes consist of $250 million of 3.43% Series I Guaranteed Senior Notes due September 1, 2022, $400 million of 3.73% Series J Guaranteed Senior Notes due September 1, 2025 and $150 million of 3.83% Series K Guaranteed Senior Notes due September 1, 2027.

In November 2005, Wolseley Capital, privately placed $281 million of 5.32% Series F Guaranteed Senior Notes due November 2020 (the "2005 Private Placement Notes") guaranteed by the Company pursuant to a note and guarantee agreement dated as at November 16, 2005. The 2005 Private Placement Notes matured on November 16, 2020.

Interest on the Fixed Rate 2017 Private Placement Notes is payable semi-annually on May and November 30 of each year. Interest on the Floating Rate 2017 Private Placement Notes was payable quarterly on February 28, May 30, August 30 and November 30 of each year. Interest on the 2015 Private Placement Notes is payable semi-annually on March and September 1 of each year. Interest on the 2005 Private Placement Notes was payable semi-annually on May and November 15 of each year.

Wolseley Capital's obligations under the note and guarantee agreements are unconditionally guaranteed by the Company and Ferguson UK Holdings Limited. Wolseley Capital may repay the outstanding Private Placement Notes, in whole or in part, at any time at a price equal to 100% of the principal amount being prepaid plus a "make-whole" prepayment premium. Wolseley Capital is also required to consult with noteholders upon a change of control and any consequent proposed amendments to the terms of the outstanding Private Placement Notes and, if no agreement is reached regarding any proposed changes, offer to repurchase the notes at a price equal to 100% of their principal amount plus accrued interest.

The note purchase agreements contain certain customary affirmative covenants, as well as certain customary negative covenants that, among other things, restrict, subject to certain exceptions, the Company's non-guarantor subsidiaries' ability to incur indebtedness and the Group's ability to enter into affiliate transactions, grant liens on its assets, sell assets, or engage in acquisitions, mergers or consolidations. In addition, subject to certain exceptions, the note purchase agreements require us to maintain a leverage ratio as described above.

The outstanding Private Placement Notes contain customary events of default. Upon an event of default and an acceleration of the Private Placement Notes, the Company must repay the outstanding Private Placement Notes plus a make-whole premium and accrued and unpaid interest.

2018 4.5% Notes

In October 2018, Ferguson Finance plc ("Ferguson Finance") issued $750 million of 4.5% Notes due 2028 (the "2018 4.5% Notes") fully and unconditionally guaranteed on a direct, unsubordinated and unsecured senior basis by the Company and Ferguson UK Holdings Limited (formerly known as Wolseley Limited). Interest is payable semi-annually on April 24 and October 24, until the 2018 4.5% Notes mature on October 24, 2028. Ferguson Finance may redeem, in whole or in part, the 2018 4.5% Notes (i) at 100% of the principal amount on the notes being redeemed plus a "make-whole" prepayment premium at any time prior to three months before the October 24, 2028 maturity date (the "2018 4.5% Notes Par Call Date") or (ii) after the 2018 4.5% Notes Par Call Date at 100% of the principal amount of the notes being redeemed plus accrued and unpaid interest on the principal being redeemed. Ferguson Finance, the Company and Ferguson UK Holdings Limited have agreed to covenants, subject to certain exceptions, which include limitations on the granting of liens and on mergers and acquisitions. The 2018 4.5% Notes contain customary events of default and upon an event of default and failure by Ferguson Finance to cure such default or secure a waiver of the default and rescission of acceleration from holders of a majority of the aggregate principal of the 2018 4.5% Notes then outstanding, it must repay the 2018 4.5% Notes plus accrued and unpaid interest.

2020 3.25% Notes

In June 2020, Ferguson Finance issued $600 million of 3.25% Notes due 2030 (the "2020 3.25% Notes" and, together with the 2018 4.5% Notes, the "144A Bonds") fully and unconditionally guaranteed on a direct, unsubordinated and unsecured senior basis by the Company and Ferguson UK Holdings Limited (formerly known as Wolseley Limited). Interest is payable semi-annually on June 2 and December 2, until the 2020 3.25% Notes mature on June 2, 2030. Ferguson Finance may redeem, in whole or in part, the 2020 3.25% Notes (i) at 100% of the principal amount on the notes being redeemed plus a "make-whole" prepayment premium at any time prior to three months before the June 2, 2030 maturity date (the "2020 3.25% Notes Par Call Date") or (ii) after the 2020 3.25% Notes Par Call Date at 100% of the principal amount of the notes being redeemed plus accrued and unpaid interest on the principal being redeemed. Ferguson Finance, the Company and Ferguson UK Holdings Limited have agreed to covenants, subject to certain exceptions, which include limitations on the granting of liens and on mergers and acquisitions. The 2020 3.25% Notes contain customary events of default and upon an event of default and failure by Ferguson Finance to cure such default or secure a waiver of the default and rescission of acceleration from holders of a majority of the aggregate principal of the 2020 3.25% Notes then outstanding, it must repay the 2020 3.25% Notes plus accrued and unpaid interest.

As at July 31, 2021, the Group's borrowings were as follows:

	As at July 31, 2021		
	Current	Non-current	Total
		$ million	
Bank overdrafts	**183**	**—**	**183**
Senior unsecured loan notes	**—**	**2,528**	**2,528**
Total	**183**	**2,528**	**2,711**

Bank overdrafts at July 31, 2021 were $183 million. Of this amount, $36 million were part of the Group's cash pooling arrangements where there is an equal and opposite balance included within cash and cash equivalents. These amounts are subject to a master netting arrangement.

The non-current loan as at July 31, 2021, of $2.5 billion includes a fair value adjustment of $23 million. See note 19 in the consolidated financial statements for further details.

Non-current loans at July 31, 2021 are repayable as follows:

	As at July 31, 2021
	$ million
Due in one to two years	**250**
Due in two to three years	**55**
Due in three to four years	**150**
Due in four to five years	**400**
Due in over five years	**1,673**
Total	**2,528**

There have been no significant changes during the year to the Group's policies on accounting for, valuing and managing the risk of financial instruments.

Capital expenditure

Our strategy of investing in the development of the Group's business models is supported by capital expenditure. Capital expenditure totaled $581 million, $653 million and $1.1 billion in fiscal 2021, fiscal 2020 and fiscal 2019, respectively. These investments were primarily for acquisitions and strategic projects to support future growth, such as new distribution centers, distribution hubs, technology, processes and network infrastructure.

	Year Ended July 31,		
	2021	2020	2019
Capital Expenditure	$ million		
Acquisition of businesses (net of cash acquired)	**335**	351	657
Purchases of property, plant and equipment	**174**	215	382
Purchases of intangible assets	**72**	87	36
Total	**581**	653	1,075

Contractual obligations

The table below sets forth the Group's anticipated contractual cash outflows (excluding interest income and income from derivatives), including interest payable in respect of its trade and other payables and bank borrowings on an undiscounted basis as at July 31, 2021.

	As at July 31, 2021				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Contractual Obligations	$ million				
Debt including lease liabilities[(a)]	3,595	263	764	786	1,782
Interest on debt[(b)]	728	130	219	172	207
Trade[(c)] and other payables[(d)]	3,525	3,188	56	37	244
Total	**7,848**	**3,581**	**1,039**	**995**	**2,233**

(a) See note 20 to our audited consolidated financial statements for further detail related to debt.
(b) Interest on debt is calculated using the prevailing interest rate at the balance sheet date.
(c) Trade payables are entered into with various vendors in the normal course of business to meet operating needs.
(d) Other payables represent future payments for income taxes, provisions and retirement benefit plans.

Cash Flow

The table below summarizes the Group's cash flow for fiscal 2021, fiscal 2020 and fiscal 2019.

	Year ended July 31,		
	2021	**2020**	**2019**
		$ million	
Net cash generated from operating activities	**1,541**	1,868	1,290
Net cash used in investing activities	**(172)**	(606)	(783)
Net cash (used in)/generated from financing activities	**(2,085)**	(485)	131
Net cash (used)/generated	**(716)**	777	638
Effects of exchange rate changes	**1**	4	(10)
Cash, cash equivalents and bank overdrafts at the beginning of the year	**1,867**	1,086	458
Cash, cash equivalents and bank overdrafts at the end of the year	**1,152**	1,867	1,086

Cash flows from operating activities

Net cash generated from operating activities was $1.5 billion in fiscal 2021 and $1.9 billion in fiscal 2020. The $327 million, or 17.5%, decrease in cash flow from operating activities in fiscal 2021, compared to fiscal 2020, was principally due to investment in working capital, specifically inventory, to maintain product availability to service our customers during a time of industry supply chain disruption. These decreases were partially offset by an increase in trade payables of $1.0 billion, primarily driven by the current investment in inventory.

Net cash generated from operating activities was $1.9 billion in fiscal 2020 and $1.3 billion in fiscal 2019. The $578 million, or 44.8%, increase in cash flow from operating activities in fiscal 2020, compared to fiscal 2019 was principally a result of the change in presentation of rental costs due to IFRS 16, increasing cash generated from operating activities by $348 million.

Cash flows from investing activities

Net cash used in investing activities was $172 million in fiscal 2021 and $606 million in fiscal 2020. The $434 million, or 71.6%, decrease in cash outflow from investing activities in fiscal 2021, compared to fiscal 2020, was primarily a result of the increased cash from the disposal of businesses of $373 million, primarily due to the sale of the UK business, and reduced spend on purchases of property, plant and equipment of $41 million due to timing of projects.

Net cash used in investing activities was $606 million in fiscal 2020 and $783 million in fiscal 2019. The $177 million, or 22.6%, decrease in cash outflow from investing activities in fiscal 2020, compared to fiscal 2019, was primarily a result of fewer acquisitions, a reduction in cash used of $306 million, and reduced spend on purchases of property, plant and equipment, a reduction in cash used of $167 million, fully offsetting a reduction in cash generated from the disposals of businesses of $194 million.

Cash flows from financing activities

Net cash used in financing activities was $2.1 billion in fiscal 2021 compared to $485 million in fiscal 2020. The $1.6 billion increase in cash used in financing activities was primarily driven by higher dividends paid in fiscal 2021 due to suspension of the interim dividend in fiscal 2020 in light of the COVID-19 pandemic, as well as the special dividend paid in fiscal 2021 in connection with the sale of the UK business. In addition, the Company had $1.2 billion in lower net proceeds from borrowings in 2021, as well as $400 million in share repurchases.

Net cash used in financing activities was $485 million in fiscal 2020 compared to net cash generated from financing activities of $131 million in fiscal 2019. The $616 million decrease in cash provided from financing activities was primarily driven by an increase in Treasury share purchases of $301 million and the change in presentation of lease liability capital payments of $295 million as a result of IFRS 16.

In September 2021, the Company's Board authorized a program to repurchase up to $1 billion of shares with the aim of completing the purchases within 12 months.

Transfer of Funds to the Company

There are no legal or economic restrictions, including under the agreements governing the Multicurrency Revolving Credit Facility, Trade Receivables Securitization Arrangements, outstanding Private Placement Notes, Bilateral Loan, 2018 4.5% Notes and 2020 3.25% Notes that would limit the ability of subsidiaries to transfer funds to the Company in the form of cash dividends, loans or advances.

Financial Risk Management Policies and Hedging Activities

The Group is exposed to market risks arising from its international operations and the financial instruments which fund them. The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk and liquidity risk. The Group has well-defined policies for the management of foreign currency risk, interest rate risk, liquidity risk and counterparty exposures, which have been consistently applied during fiscal 2021, 2020 and 2019. By the nature of its business, the Group also has trade credit and commodity price exposures, the management of which is delegated to the operating businesses. There has been no change since the previous year in the major financial risks faced by the Group.

For a description of our key policies, please refer to note 20 to the audited consolidated financial statements, included in this annual report.

The Group has cash balances deposited for short periods with financial institutions and enters into certain contracts (such as interest rate swaps) which entitle the Group to receive future cash flows from financial institutions. These transactions give rise to credit risk on amounts due from counterparties with a maximum exposure of $1.2 billion. This risk is managed by setting credit and settlement limits for a panel of approved counterparties. The limits are approved by our treasury committee and ratings are monitored regularly.

Critical Accounting Estimates

In applying the Group's accounting policies, various transactions and balances are valued using estimates or assumptions. Should these estimates or assumptions prove incorrect there may be an impact on the following year's financial statements. Management believes that the estimates and assumptions that have been applied would not give rise to a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year.

Management has exercised judgment in evaluating the impact of the COVID-19 pandemic on the financial statements. Management assessed areas relevant for the Group which had the potential to be impacted such as: expected credit losses; inventory impairment; goodwill; intangible and tangible asset impairment; and deferred tax asset recognition. Management have concluded there was no material negative impact in these areas and no new sources of estimation uncertainty.

Our most significant accounting policies, including Revenue Recognition and Inventories, are described in note 1 "Accounting policies" to the audited consolidated financial statements. Some of those significant accounting policies require management to make difficult, subjective, or complex judgments, or estimates. Our most critical accounting estimates, include the following:

- *Leases:* the determination of whether extension and termination options are reasonably certain to be exercised.
- *Pensions and other post-retirement benefits:* the selection of the bonds to include when determining the discount rate.

C Research and Development, Patents and Licenses, Etc.

Not applicable.

D Trend Information

For a discussion of trend information, see "A. Operating Results—Key factors affecting results of operations."

We will transition from IFRS to U.S. GAAP and will report our consolidated financial statements under U.S. GAAP for the periods beginning on and after August 1, 2021. There have been and there may in the future be certain significant differences between U.S. GAAP and IFRS, including differences related to lease accounting, share-based compensation expense, pension costs, goodwill and income tax. As a result, our financial information and reported earnings for future periods within a fiscal year or any interim period could be significantly different when prepared in accordance with U.S. GAAP.

See "Item 3. Key Information - D. Risk Factors" related to risks of this transition, as well as the ability to compare financial data reported under U.S. GAAP with historical data reported under IFRS.

E Off-Balance Sheet Arrangements

None.

F Tabular Disclosure of Contractual Obligations

For a discussion of contractual obligations, see "—B. Liquidity and Capital Resources—Contractual obligations."

Item 6. Directors, Senior Management and Employees

A Directors and Senior Management

The following table lists the names and positions of each member of the Board.

Name	Position
Geoff Drabble	Chairman
Kevin Murphy	Group Chief Executive and Executive Director
Bill Brundage	Group Chief Financial Officer and Executive Director
Alan Murray	Senior Independent Non-Executive Director and Employee Engagement Director
Kelly Baker	Independent Non-Executive Director
Tessa Bamford	Independent Non-Executive Director
Cathy Halligan	Independent Non-Executive Director
Brian May	Independent Non-Executive Director
Tom Schmitt	Independent Non-Executive Director
Nadia Shouraboura	Independent Non-Executive Director
Jacky Simmonds	Independent Non-Executive Director
Suzanne Wood	Independent Non-Executive Director

Biographical information for each member of the Board is set forth below.

Geoff Drabble, *Chairman*. Mr. Drabble was appointed as Non-Executive Director in May 2019 and as Chairman in November 2019. Mr. Drabble has extensive leadership experience in the distribution, technology and manufacturing sectors, and has a deep knowledge of United States markets and operating conditions. He served as Chief Executive of Ashtead Group plc, a FTSE 100 industrial equipment rental company, for 12 years during which he presided over a period of unprecedented growth in the business and was instrumental in creating a strong culture. He was previously an executive director of The Laird Group plc, where he was responsible for its Building Products division, and held a number of senior management positions at Black & Decker. Mr. Drabble currently serves as non-executive director at Howden Joinery Group plc and as Chairman at DS Smith Plc.

Kevin Murphy, *Group Chief Executive and Executive Director*. Mr. Murphy was appointed as Executive Director in August 2017 and Group Chief Executive in November 2019. Mr. Murphy is a culture champion with strong executive leadership skills, and has deep Group and industry knowledge and strategic operational experience. Mr. Murphy has significant experience in strategic development and delivering operational performance improvements. Mr. Murphy joined Ferguson in 1999 as an operations manager following the acquisition of his family's business, Midwest Pipe and Supply. Prior to his appointment as Group Chief Executive, he held a number of leadership positions in the Group's Waterworks division and was Chief Operating Officer of Ferguson Enterprises from 2007 to 2017. He was Chief Executive Officer, USA from 2017 until his appointment as Group Chief Executive in 2019. Since Mr. Murphy's appointment to the Board in 2017, the business has generated strong, profitable growth and continued to take market share under his leadership.

Bill Brundage, *Group Chief Financial Officer and Executive Director*. Mr. Brundage was appointed Group Chief Financial Officer and Executive Director in November 2020. Mr. Brundage has considerable financial management and operational experience and significant Group and industry knowledge. Mr. Brundage is a certified public accountant with extensive Group experience. Mr. Brundage joined Ferguson in 2003 as manager of Finance and was promoted to Corporate Controller two years later. In 2008, he was promoted to Vice President of Finance, a position he held until his promotion to Senior Vice President of Finance in 2016. Mr. Brundage was then appointed as Chief Financial Officer for Ferguson Enterprises, the U.S. business, in 2017. Previously, Mr. Brundage spent five years at PricewaterhouseCoopers in the United States as a senior associate.

Alan Murray, *Senior Independent Non-Executive Director and Employee Engagement Director.* Mr. Murray was appointed as Independent Non-Executive Director in January 2013, as Senior Independent Non-Executive Director in October 2013 and as Employee Engagement Director in March 2019. Mr. Murray has considerable international operational and financial experience and extensive executive management experience within global businesses. He is a qualified chartered management accountant with extensive business leadership skills, executive and board experience and global business and financial reporting expertise. From 2002 to 2007, Mr. Murray served as Group Chief Executive of Hanson plc, where he had previously served as Finance Director and Chief Executive of Hanson Building Materials America. He served on the Management Board and Supervisory Board of HeidelbergCement AG and as a non-executive director of International Power plc. Currently, Mr. Murray serves as non-executive director at O-I Glass, Inc.

Kelly Baker, *Independent Non-Executive Director.* Ms. Baker was appointed as Independent Non-Executive Director in May 2021. Ms. Baker has extensive human resources and operational experience, as well as wide-ranging international business and functional experience. She has led the people, organizational and cultural development across a number of U.S. based, global public companies. Ms. Baker spent over 20 years with General Mills Inc., in a variety of roles including Vice President ("VP") of HR U.S. Retail and Marketing, VP of HR Corporate Groups and VP of Diversity and Inclusion. She served as Executive Vice President and Chief Human Resources Officer at Patterson Companies Inc. between 2016 and 2017 and at Pentair plc from 2017 to 2021. Currently Ms. Baker is Executive Vice President and Chief Human Resources Officer at Thrivent Financial for Lutherans.

Tessa Bamford, *Independent Non-Executive Director*. Ms. Bamford was appointed as Independent Non-Executive Director in March 2011. Ms. Bamford has broad business knowledge and extensive boardroom and City of London experience. She has held senior advisory roles in both the United Kingdom and United States across a range of sectors. She held a variety of roles, including corporate finance, at J Henry Schroder & Co and Barclays de Zoete Wedd. She was a founder and director of Cantos Communications and a non-executive director of Barratt Developments plc. Currently, Ms. Bamford is a partner at Spencer Stuart, a leading global search and leadership consulting firm.

Cathy Halligan, *Independent Non-Executive Director*. Ms. Halligan was appointed as Independent Non-Executive Director in January 2019. Ms. Halligan is an experienced senior executive with extensive board, digital transformation, digital commerce, data analytics and marketing experience. She has a strong track record in the retail, e-commerce and multi-channel arenas, and has served as the Chief Marketing Officer at Walmart.com and the SVP Sales and Marketing at PowerReviews. In addition, Ms. Halligan has held senior marketing and internet roles at retailer Williams-Sonoma Inc., where she was responsible for leading efforts to launch its brands, such as Pottery Barn, on the web. She was an independent director at Wilton Brands from 2016 to 2018 and a non-executive director at FLIR Systems, Inc. from 2014 to 2021. Currently, Ms. Halligan serves as non-executive director at Driven Brands, Inc. and Ulta Beauty, Inc.

Brian May, *Independent Non-Executive Director*. Mr. May was appointed as Independent Non-Executive Director in January 2021. Mr. May has considerable financial and operational experience and extensive industry expertise. He is a qualified chartered accountant. His career started at KPMG and followed with a 27-year career at Bunzl plc, where he held a number of roles across the Treasury and Internal Audit functions. He was Divisional Finance Director of Bunzl's UK, Europe and Australasia division for nine years and then served as Chief Financial Officer for 14 years until his retirement in late 2019.

From 2012 to 2021, Mr. May served as non-executive director at United Utilities Group PLC. Currently, Mr. May serves as a non-executive director at ConvaTec Group plc.

Tom Schmitt, *Independent Non-Executive Director*. Mr. Schmitt was appointed as Independent Non-Executive Director in February 2019. Mr. Schmitt has significant operational experience and extensive knowledge of United States and international logistics and supply chain businesses. He is an experienced Chief Executive Officer with significant first-hand leadership experience of the markets in which the Group operates and a track record of driving accelerated profitable growth and promoting integrity, transparency and values-based leadership. Mr. Schmitt's career started at BP and McKinsey and has encompassed leadership roles at FedEx, AquaTerra Corporation and Schenker AG. He served as a non-executive director of Zooplus AG from 2013 to 2016. Currently, Mr. Schmitt serves as Chairman and Chief Executive Officer of Forward Air Corporation, Inc.

Nadia Shouraboura, *Independent Non-Executive Director*. Ms. Shouraboura was appointed as Independent Non-Executive Director in July 2017. Ms. Shouraboura has considerable expertise in running complex logistics and supply chain activities, and has extensive experience of cutting edge technology and e-commerce. She has substantial experience of the consumer and technology sectors. Ms. Shouraboura was a Vice President at Amazon.com, Inc. and held management positions at Exelon Power Team, Diamond Management and Starlight Multimedia Inc. She held board level positions at Hointer Inc. and Cimpress N.V. Currently, Ms. Shouraboura is a member of the Supervisory Board of X5 Retail Group N.V. and serves as a non-executive director at Mobile TeleSystems Public Joint Stock Company and Ocado Group plc.

Jacky Simmonds, *Independent Non-Executive Director*. Ms. Simmonds was appointed as Independent Non-Executive Director in May 2014. Ms. Simmonds has extensive experience in executive remuneration and human resources within large international businesses, and significant knowledge of talent management and employee engagement. She has experience across a number of sectors. Ms. Simmonds has worked as a HR Director in a number of different consumer facing businesses, including VEON ltd, easyJet plc and TUI Travel plc. She was a member of the Supervisory Board of TUI Deutschland, GmbH and a Director of PEAK Adventure Travel Group Limited. Currently, Ms. Simmonds serves as Chief People Officer of Experian plc.

Suzanne Wood, *Independent Non-Executive Director*. Ms. Wood was appointed as Independent Non-Executive Director in January 2021. Ms. Wood has significant financial and operational knowledge and extensive public company experience. Ms. Wood is a chartered accountant and an experienced Chief Financial Officer. Ms. Wood's career started at PriceWaterhouse LLP and has encompassed Chief Financial Officer roles at Oakwood Homes Corporation and Tultex Corporation. Ms. Wood most recently served as Chief Financial Officer of Ashtead Group plc for six years after having joined Ashtead in 2003 as Chief Financial Officer of Sunbelt Rentals, Ashtead's largest operating brand in the United States. Currently, Ms. Wood is Senior Vice President and Chief Financial Officer of Vulcan Materials Company and serves as a non-executive director at RELX PLC.

The following table lists the names and positions of the Senior Management:

Name	Position
Kevin Murphy	Group Chief Executive and Executive Director
Bill Brundage	Group Chief Financial Officer and Executive Director
Ian Graham	Group General Counsel
Sammie Long	Chief Human Resources Officer
Mike Sajor	Group Chief Information Officer

Biographical information for each Senior Manager (other than Kevin Murphy and Bill Brundage, our Executive Directors) is set forth below.

Ian Graham, *Group General Counsel*. Mr. Graham joined the Group as Group General Counsel in May 2019. He was most recently Senior Vice President, General Counsel and Secretary for BAE Systems, Inc. Prior to that he held senior roles at EMCORE Corporation, UUNET Technologies, Jenner & Block LLP and McKenna & Cuneo LLP.

Sammie Long, *Chief Human Resources Officer*. Ms. Long was appointed Chief Human Resources Officer in 2017. Before joining the Group, Ms. Long was Chief Human Resources Officer for the Kellogg Company. Prior to her 14-year career in human resources at Kellogg, Ms. Long held human resources positions at Sharp Electronics UK Ltd and Fujitsu Services Europe.

Mike Sajor, *Group Chief Information Officer*. Mr. Sajor joined the Group as Group Chief Information Officer in January 2018. He was most recently Senior Vice President and Global Chief Information Officer for Apollo Education Group. Mr. Sajor has previously led large IT programs for Ann Inc. (parent company of Ann Taylor/Loft), Merck & Company, Bell Laboratories, AT&T and Lucent Technologies.

The business address for each of our directors and senior management is 1020 Eskdale Road, Winnersh Triangle, Wokingham, Berkshire, RG41 5TS United Kingdom.

B Compensation

For fiscal 2021, the total compensation paid to the Company's non-executive directors, executive directors and senior management as a group was $23.5 million. The total amounts set aside or accrued by the Company to provide pension, retirement or similar benefits for this group was $0.9 million.

Remuneration of Non-Executive Directors

The remuneration of the Company's Non-Executive Directors is set by the Board with account taken of the time and responsibility involved in each role, including, where applicable, the Chairmanship of Board Committees. A summary of the annualized fees for fiscal 2021 is as follows:

	Fees[(1)(2)] (£000) 2020/21
Chairman's Fee	410.5
Non-Executive Director Base Fee	71.5
Additional Fees:	
Senior Independent Director	21.0
Chair of Audit Committee	21.0
Chair of Remuneration Committee	21.0
Employee Engagement Director	10.2

Notes:

(1) All increases to Non-Executive Director and Chairman fees from the prior financial year were broadly in line with the average salary increase awarded to the general workforce.

(2) The Non-Executive Directors (including the Chairman) also have the benefit of a travel allowance of £2,500 (each way), where there would be a need for intercontinental flight in excess of five hours (one way) based on the home location of the Non-Executive Director or Chairman and the location of the Board (or Committee) meeting, up to a maximum of £30,000 per annum.

The following table sets out the aggregate remuneration received by each Non-Executive Director for fiscal 2021:

	Fees (£000) 2020/21	Travel Allowance (£000) 2020/21	Benefits[1][2] (£000) 2020/21
Chairman and Non-Executive Directors[3]			
Geoff Drabble	410.5	0.0	1.9
Kelly Baker[4]	17.9	0.0	0.0
Tessa Bamford	71.5	0.0	0.0
Cathy Halligan	71.5	0.0	0.0
Brian May[4]	41.7	0.0	0.0
Alan Murray	123.7	0.0	0.0
Tom Schmitt	71.5	0.0	0.0
Nadia Shouraboura	71.5	0.0	0.0
Jacky Simmonds	92.5	0.0	0.6
Suzanne Wood[4]	41.7	0.0	0.0

Notes:

(1) The taxable benefits for the Non-Executive Directors (including the Chairman) relate to UK taxable benefits.

(2) Non-Executive Directors (including the Chairman) are eligible to receive a travel allowance of £2,500 (each way), where there is a need for intercontinental flight in excess of five hours (one way) based on the home location of the Non-Executive Director or Chairman and the location of the Board (or Committee) meeting, up to a maximum of £30,000 per individual per annum. This allowance was introduced in November 2018. Due to the impact of the COVID-19 pandemic, no intercontinental travel to Board or Committee meetings occurred during the year ended July 31, 2021.

(3) Neither the Chairman nor the Non-Executive Directors participate in any of the Group's employee share schemes or received any bonuses or share-based awards for fiscal 2021.

(4) Brian May and Suzanne Wood joined the Board on January 1, 2021. Kelly Baker joined the Board on May 1, 2021. The remuneration shown above for each of Brian May, Suzanne Wood and Kelly Baker is for the period from joining the Board to July 31, 2021.

The Chairman and Non-Executive Directors are not entitled to receive any compensation upon the termination of their appointment and no fees will be payable in respect of any unserved portion of the term of their appointment. Further, Non-Executive Directors are not entitled to participate in the Group's share, bonus or pension plans. The Chairman and each Non-Executive Director is entitled to reimbursement from the Company for reasonable expenses incurred in the performance of their duties. The Chairman and Non-Executive Directors may, in certain circumstances and at the Company's expense, obtain independent professional advice in the furtherance of their duties as directors.

Remuneration of Executive Directors/Senior Management

The aggregate amount of remuneration paid by the Company to the Executive Directors/Senior Management in fiscal 2021 was approximately $22.1 million. This amount comprises salary, annual bonus, car allowance, pension contributions and private medical insurance, and the incentive awards and share options granted to the Executive Directors/Senior Management, during fiscal 2021. The table below reflects the amount of compensation paid and benefits in kind granted, to the Executive Directors, during fiscal 2021.

				Share-Based Awards (000)	
Executive Directors	**Salary (000)**	**Benefits[1] (000)**	**Bonuses[2] (000)**	**Granted in year[3]**	**Vested in year[4]**
Kevin Murphy	$ 1,118.3	$ 329.4	$ 1,677.5	$ 4,125.8	$ 3,077.5
Bill Brundage[5]	$ 552.5	$ 238.1	$ 603.4	$ 1,544.4	$ 348.8
Mike Powell[6]	£148.7	£41.9	—	—	£1,721.1

(1) Benefits include (i) pre-tax figures for private health insurance premiums, car benefit (car allowance and/or car), and healthcare benefits. For Kevin Murphy and Bill Brundage, this also included life insurance premium contributions. (ii) shares in all-employee share plans granted during the year (Kevin Murphy and Bill Brundage entered into a one-year ESPP (as defined below) savings contract), the value of which represents the gain, calculated by determining the difference between the option price and the share price at the date the option price was set on the maximum number of shares granted; and (iii) pension benefits (Kevin Murphy and Bill Brundage participate in the defined contribution pension arrangements of Ferguson Enterprises, receiving contributions of 16% of base salary from Ferguson Enterprises; during fiscal 2021, Mike Powell received a salary supplement in lieu of Group pension plan membership).

(2) Includes bonuses earned during the financial year ended July 31, 2021.

(3) Includes (i) for Kevin Murphy a conditional award under the LTIP (as defined below) over 37,900 shares granted on October 16, 2020 with a share price used to calculate the face value of the award of 8,028 pence (which was the average share price over a 10 dealing day period immediately preceding the date of grant) totaling £3.0426 million and converted to U.S. dollars at the average exchange rate for the year ended July 31, 2021 of $1.3560:£1; and (ii) for Bill Brundage a conditional award under the LTIP over 14,329 shares granted on November 2, 2020 with a share price used to calculate the face value of the award of 7,948.6 pence (which was the average share price over a 10 dealing day period immediately preceding the date of grant) totaling £1.1390 million and converted to U.S. dollars at the average exchange rate for the year ended July 31, 2021 of $1.3560:£1.

(4) Includes (i) for Kevin Murphy a conditional award under the LTIP over 30,358 shares which vested on October 30, 2020 with a share price used to calculate the value of the award of 7,722 pence (which was the share price on the date of vesting) totaling £2,344.2 million and converted to U.S. dollars at an average exchange rate of $1.2613:£1 together with a dividend equivalents cash payment of 397.5 cents per share; (ii) for Bill Brundage a conditional award under the POSP (as defined below) over 3,581 shares which vested on October 30, 2020 with a share price used to calculate the value of the award of 7,722 pence (which was the share price on the date of vesting) totaling £0.2765 million converted to U.S. dollars at an average exchange rate of $1.2613:£1; and (iii) for Mike Powell a nil cost option award under the LTIP over 21,447 shares which vested on October 30, 2020 with a share price used to calculate the value of the award of 7,722 pence (which was the share price on the date of vesting) together with a dividend equivalents cash payment of 303.09 pence per share.

(5) Amounts for Bill Brundage reflect his total remuneration for fiscal 2021, including both before and after his appointment as Group Chief Financial Officer effective November 1, 2020.

(6) Mike Powell stepped down on October 31, 2020. The values shown for fiscal 2021 include his pro-rated salary, benefits and pension benefits earned up to that date.

Bonuses

The Executive Directors are generally eligible to receive an annual bonus based on an assessment of financial and personal performance during the relevant financial year. The annual bonus earned up to the target level of payout by an Executive Director will be paid in cash, and if shareholding guidelines have been met at the time the bonus is awarded, any amounts of the annual bonus earned in excess of target will also be paid in cash. Alternatively, if shareholding guidelines have not been met at the time the bonus is awarded, amounts earned in excess of target by an Executive Director will be deferred into shares and held subject to the terms of the Deferred Bonus Plan (as described below), and subject to forfeiture for three years (or such other period as our Remuneration Committee considers appropriate) from the date the bonus is awarded. The maximum annual bonus opportunity for an Executive Director who is recruited from or based in the United States is up to 200% of base salary; and for an Executive Director who is recruited from and based in any other geography is up to 150% of base salary. All bonus payments are determined by the Remuneration Committee. The threshold, target and maximum bonus opportunities for each Executive Director for fiscal 2021 were as follows:

	Threshold	Target	Maximum
	as a % of salary		
Kevin Murphy	49 %	110 %	150 %
Bill Brundage[(1)] (November 1, 2020 to July 31, 2021)	50 %	90 %	110 %

(1) Bill Brundage's bonus opportunity was measured on Group and USA business targets and the salary for the relevant period while he was Chief Financial Officer, USA and measured on Group targets and the salary for the relevant period as Group Chief Financial Officer.

Group Pensions

The Group operates a variety of pension plans, including funded and unfunded defined benefit plans in Canada and the United Kingdom. During fiscal 2021, the Group paid an aggregate amount of approximately $0.9 million to Executive Directors/Senior Management under the Group's pension plans.

Employee Share Schemes

The following is a summary of the main provisions of the Company Employee Share Plans (as defined below) that have been adopted by the Company. Participation in the schemes by the Executive Directors/Senior Management will be on terms that are consistent with the Company's remuneration policy from time to time.

The Company maintains the following share schemes for associates: the Deferred Bonus Plan 2019 ("DBP"); the Employee Share Purchase Plan 2019 ("ESPP"); the International Sharesave Plan 2019 ("ISP"); the Long Term Incentive Plan 2019 ("LTIP"); the Ordinary Share Plan 2019 ("OSP"); and the Performance Ordinary Share Plan 2019 ("POSP") (collectively, the "Company Employee Share Plans"). The following terms are common to each of the Company Employee Share Plans:

Dilution Limits

Newly issued ordinary shares or treasury shares of the Company may be issued to satisfy options and awards granted under any of the Company Employee Share Plans, except for the DBP, OSP and POSP.

No option or award may be granted under any of the Company Employee Share Plans (excluding the DBP, OSP and POSP), if it would cause the number of ordinary shares that have been issued pursuant to awards or options granted in the preceding 10 years, under all of the Company Employee Share Plans and under certain other historic share plans, to exceed 10% of the Company's issued ordinary share capital at the proposed date of grant. In addition, no option or award may be granted under the executive share plans of the Company Employee Share Plans (excluding the DBP, OSP and POSP) operated by the Company if it would cause the number of ordinary shares that have been issued or may be issued pursuant to awards and options granted in the preceding 10 years under such plans and under certain other historic executive share plans to exceed 5% of the Company's issued ordinary share capital at the proposed date of grant. These limits do not include options or awards that have lapsed and do not relate to ordinary shares purchased in the market unless they are held in treasury.

Exercise Period

Vested options may be exercised during the earlier of the applicable post-termination dates set forth in the terms of the applicable plan document and/or award agreements and the scheduled expiration date of the options (which is 10 years from the option grant date under the LTIP, 90 days from the option vest date under the POSP and OSP and six months from the option vest date under the ISP and on the date of automatic exercise under the ESPP).

Timing of Grants

Awards and options under the Company Employee Share Plans may normally only be granted within 42 days after the announcement of the Company's results for any period, although they may be granted at other times if our Remuneration Committee considers that there are exceptional circumstances justifying a grant.

Variations of Share Capital

Options and awards under the Company Employee Share Plans may be adjusted if there is a variation in the Company's share capital (including a rights issue or any subdivision or consolidation of the share capital) or in the event of a demerger, or payment of a special dividend or similar event that materially affects the market price of the ordinary shares.

Amendments; Termination or Suspension

The Board or, where appropriate, our Remuneration Committee, may amend the Company Employee Share Plans provided that (other than in respect of the DBP, OSP and POSP) the prior approval of Company Shareholders in a general meeting is obtained to any amendments that provide an advantage to participants and that relate to eligibility, the number of ordinary shares that may be issued under the relevant scheme, the individual limit on participation, the terms on the vesting of options or awards, the rights attaching to the ordinary shares or the adjustment of options or awards. The Shareholders' approval is not required for minor amendments to benefit the administration of a scheme to take account of a change in legislation or to obtain or maintain favorable tax, exchange control or regulatory treatment for participants or the Company. The Company Employee Share Plans may be terminated or suspended at any time but any termination will not affect participants' subsisting rights.

Other Provisions

Options and awards granted under the Company Employee Share Plans are personal to the participant and may not be transferred except on death, and such options and awards are not pensionable.

Deferred Bonus Plan 2019

Our Remuneration Committee may grant an award under the DBP to any associate (including an Executive Director/ Senior Manager) who was a participant in any annual bonus plan operated by the Group during the financial year immediately preceding the proposed date of grant as a means of deferring part of that associate's annual bonus into ordinary shares.

Our Remuneration Committee will decide whether the award will be granted in the form of an option, a conditional award or a phantom award, or any combination of these awards. No consideration will be payable for the grant of such awards. An award will be over such number of ordinary shares as have a value equal to the amount of a participant's annual bonus which they are required to defer. The vesting date of an award will be the third anniversary of the last day of the financial year immediately preceding the proposed date of grant, or such other date as our Remuneration Committee considers appropriate.

If, before an award has vested, a participant ceases to be an associate of the Group then the award shall continue on its original vesting timetable, except that (i) awards will lapse on the date of cessation if a participant ceases to be an associate of the Group by reason of misconduct and (ii) subject to our Remuneration Committee's discretion, awards may vest on the date of death of an associate or on cessation of employment in other exceptional circumstances.

In the event of a takeover or scheme of arrangement of the Company, awards will vest automatically, subject to our Remuneration Committee's discretion to determine that they will be rolled-over into awards over shares in the acquiring company.

Employee Share Purchase Plan 2019

The ESPP is designed to qualify as a share purchase plan for the purposes of the Internal Revenue Code of 1986, as amended (the "Code"). Under the ESPP, eligible associates of participating companies in the Group may be invited to apply for options to acquire ordinary shares at an exercise price fixed at the date of grant. An associate (including an Executive Director/ Senior Manager) of a participating company in the Group will be eligible to participate in the ESPP if they have been continuously employed for at least one year prior to the date of grant and customarily work more than 20 hours per week and more than five months in a calendar year.

A participant is required to make savings from pay in U.S. dollars with a minimum contribution of $25 (or, in Canada, the Canadian Dollar equivalent) and a maximum contribution that reflects the maximum sterling amount permitted under the ISP (as defined below). The savings may be used to exercise the related option at the end of the relevant option period. The exercise price per ordinary share payable on exercise of an option may not be less than 85% of the market value of an ordinary share on the date of grant. The number of ordinary shares over which an option is granted will be such that the total exercise price payable will correspond to the total savings payable from the savings arrangement at the end of the one-year savings period.

An option will be exercised automatically on the exercise date specified by the Board at the time of grant, which may be no later than 60 days following the first anniversary of the date of grant unless the participant has left employment or withdrawn from the ESPP before that date.

Options normally lapse if a participant leaves employment. However, if the employment ends no more than three months prior to the normal exercise date by reason of redundancy, injury or disability, retirement, death, the sale of the company or business in which they work or any other reason in the Board's discretion, the participant (or executor or heir) may retain the option until the earlier of the normal exercise date and three months from the date of termination (although the participant may not make any further savings contributions) and his or her options may be exercised over such number of ordinary shares at the exercise price using the savings made up to the date of death or cessation of employment.

Options will, subject to the discretion of our Remuneration Committee to require roll-over, be automatically exercised following a takeover, scheme of arrangement or winding-up of the Company over the lower of (i) such number of ordinary shares at the exercise price with the savings made up to the date of the relevant event and (ii) the number of ordinary shares over which the option was granted.

International Sharesave Plan 2019

Under the ISP, eligible associates may be invited to apply for options to acquire ordinary shares at the end of a fixed option period, which will not normally be fewer than three years from the date of grant of an option at an exercise price fixed at the date of grant. The ISP includes a United Kingdom Sharesave Plan under which eligible associates in the United Kingdom shall benefit from favorable tax treatment in respect of options granted to them (the "UK Sharesave"). An associate of a participating subsidiary in the Group will be eligible to participate in the ISP if, at the date of invitation, they have been employed for such continuous period as the Board may determine (not exceeding one year, or five years in the case of the UK Sharesave).

A participant is required to enter into a savings contract with a nominated bank or savings carrier under which he or she may choose to make monthly savings from pay of between £10 and such amount as may be determined by the Board but not exceeding £500 (or such greater amount as is permitted under the UK Sharesave in accordance with applicable tax legislation) over the relevant savings period. The minimum and maximum savings amounts for participants outside the United Kingdom are the local currency equivalent of the Sterling amounts set out above. The savings may be used to exercise the related option at the end of the relevant option period. The exercise price per ordinary share payable on exercise of an option may not be less than 80% of the market value of an ordinary share on the date of grant. The number of ordinary shares over which an option is granted will be such that the total exercise price payable will correspond to the total savings payable from the savings arrangement at the end of the savings period.

Options will be exercisable for a period of six months after the end of the option period. Options normally lapse if a participant leaves employment. However, if the employment ends by reason of retirement, disability, injury, redundancy, the sale of the company or business in which they work or any other reason at the Board's discretion, options may be exercised for up to six months after leaving over such number of ordinary shares as may be acquired at the exercise price together with the savings that have accrued up to the date of exercise, after which they will lapse. If the employment ends by reason of death, such options may be exercised for up to 12 months after the date of death (if the death occurred before the date of maturity) or for up to 12 months after the date of maturity (if the death occurred within six months following the date of maturity).

Subject to the discretion of our remuneration committee to require (or, in the case of the UK Sharesave, permit) rollover, options will be exercisable for a period of six months following a takeover, scheme of arrangement or winding-up of the Company over the lower of (i) such number of ordinary shares as may be acquired at the exercise price with the savings made up to the date of the relevant event, and (ii) the number of ordinary shares over which the option was granted.

Long Term Incentive Plan 2019

All associates of the Group, including Executive Directors/Senior Managers, are eligible to participate in the LTIP at the discretion of our Remuneration Committee. Our Remuneration Committee will decide whether an award under the LTIP will take the form of an option, a restricted share award, a conditional award or a phantom award, or any combination of these awards. Awards under the LTIP will entitle participants to acquire ordinary shares for no consideration to the extent that specified performance targets have been satisfied over a three-year performance period. Beginning with the financial year ending July 31, 2020, a United States associate may not be granted an award over ordinary shares with a market value at the date of grant in excess of five times the associate's salary (which was previously three and a half times), and an associate based in any other geography may not be granted an award over ordinary shares with a market value at the date of grant in excess of three and a half times the associate's salary.

An award will vest on the third anniversary of the date of grant, to the extent that the performance condition has been satisfied, conditional on the participant remaining in employment (except in certain specified circumstances). Where it is impractical for legal or regulatory reasons to deliver ordinary shares following the vesting of an award, the Company may pay, or procure the payment of, an equivalent cash amount, subject to all necessary deductions.

The Company's shareholding guidelines require Executive Directors/Senior Managers to retain vested shares (after taking into account any shares sold to pay tax, social security or similar liabilities) received from awards made under the LTIP for two years from the vesting date (except in exceptional circumstances and with the approval of our Remuneration Committee). For awards granted as options, it will be sufficient to hold the vested but unexercised nil cost options for this period.

Awards will normally be forfeited if a participant leaves employment. However, if the employment ends by reason of injury, ill health, disability, redundancy, the sale of a participant's employing company or the business in which he or she works or any other reason at the discretion of our Remuneration Committee, awards will vest on the original vesting date to the extent the performance condition has been met at such date, unless our Remuneration Committee determines that it should vest on the date of cessation to the extent that the performance condition has been met at such date. In the case of death, an award will vest immediately to the extent the performance condition has been met at such date. Vested awards will be subject to time prorating, unless our Remuneration Committee determines otherwise.

Awards may also vest early in the event of a takeover, scheme of arrangement or winding-up of the Company to the extent that the performance condition has been satisfied up to the date of the relevant event.

Ordinary Share Plan 2019

Any associates of the Group, excluding Executive Directors/Senior Managers of the Company, will be eligible to participate in the OSP at the discretion of our Remuneration Committee. Our Remuneration Committee shall decide whether an award under the OSP will take the form of an option, a restricted share award, a conditional award or a phantom award, or any combination of these awards. Options and awards may be over ordinary shares. No consideration is payable for the grant of such awards.

In respect of any financial year, the maximum total market value of ordinary shares over which an award is granted to a participant may not exceed 100% of the participant's salary (subject to the discretion of our Remuneration Committee to determine otherwise). Our Remuneration Committee will determine the vesting date, which will not (unless it determines otherwise) be earlier than the third anniversary of the date of grant. Where it is impractical for legal or regulatory reasons to deliver ordinary shares following the vesting of an award, the Company may pay, or procure the payment of, an equivalent cash amount, subject to all necessary deductions.

Awards will normally be forfeited if a participant leaves employment. However, if the employment ends by reason of redundancy, death, injury or disability, retirement, the sale of a participant's employing company or the business in which he or she works or any other reason at the discretion of our Remuneration Committee, awards will vest on the date of cessation.

In the event of a takeover, scheme of arrangement or winding up of the Company, subject to the discretion of our Remuneration Committee to require roll-over, all outstanding awards will automatically vest and awards granted in the form of an option will be automatically exercised provided that any exercise price payable by the participant on exercise is no more than the offer price or consideration.

On the vesting of an award that takes the form of an option, the participant may exercise the option during the period of 90 days following the vesting date, provided that if the award has vested due to a participant's death or if the participant dies during the 90-day period, the award may be exercised during the period of 12 months following the date of death.

Performance Ordinary Share Plan 2019

Any associates of the Group, excluding Executive Directors of the Company, will be eligible to participate in the POSP at the discretion of our Remuneration Committee. Our Remuneration Committee shall decide whether an award under the POSP will take the form of an option, a restricted share award, a conditional award or a phantom award, or any combination of these awards. Options and awards may be over ordinary shares. No consideration is payable for the grant of such awards.

Our Remuneration Committee will determine the vesting date, which will not (unless our Remuneration Committee determines otherwise) be earlier than the third anniversary of the date of grant. Vesting is subject to the satisfaction of performance conditions set by our Remuneration Committee. Where it is impractical for legal or regulatory reasons to deliver ordinary shares following the vesting of an award, the Company may pay, or procure the payment of, an equivalent cash amount, subject to all necessary deductions.

Awards will normally be forfeited if a participant leaves employment. However, if the employment ends by reason of injury, ill health, disability, redundancy, retirement, the sale of a participant's employing company or the business in which he or she works or any other reason at the discretion of our Remuneration Committee, awards will vest on the original vesting date to the extent the performance condition has been met at such date, unless our Remuneration Committee determines that it should vest on the date of cessation to the extent that the performance condition has been met at such date. In the case of death, an award will vest immediately to the extent the performance condition has been met at such date.

In the event of a takeover, scheme of arrangement or winding up of the Company, subject to the discretion of our Remuneration Committee to require roll-over, all outstanding awards will automatically vest, and awards granted in the form of an option shall be automatically exercised provided that any exercise price payable by the participant on exercise is no more than the offer price or consideration.

On the vesting of an award that takes the form of an option, the participant may exercise the option during the period of 90 days following the vesting date, provided that if the award has vested due to a participant's death or if the participant dies during the 90-day period, the award may be exercised during the period of 12 months following the date of death.

Employee Benefit Trusts

The Company has established a Jersey trust and a United States trust (collectively, the "Trusts") in connection with the obligation to satisfy historical and future share awards under certain of the Company Employee Share Plans and other historical share plans. The trustees of each of the Trusts have waived their rights to receive dividends on any shares held by them. As at July 31, 2021, the United States trust held 748,163 ordinary shares and the Jersey Trust held 85,026 ordinary shares and $1,289 in cash. The number of shares held by the Trusts represented 0.36% of the Company's issued share capital as at July 31, 2021.

During fiscal 2021, no shares were acquired by the Trusts.

Executive Directors—Incentive Awards

Awards under the LTIP were made on October 16, 2020 and November 2, 2020. Awards under the LTIP are based on a percentage of salary determined by our Remuneration Committee. The Remuneration Committee considers the size of each grant on an annual basis, which is determined by individual performance, the ability of each individual to contribute to the achievement of the performance conditions, and market levels of remuneration. The maximum vesting is 100% of the award granted. The scheme interests awarded during fiscal 2021 are summarized below.

Name	Award	Type of Award	Number of Shares (#)[1]	Option Expiration Date	Face Value of Award (£000)[2][3]
Directors					
Kevin Murphy	LTIP	Conditional awards	37,900	n/a	3,042.6
Bill Brundage	LTIP	Conditional awards	14,329	n/a	1,139.0

(1) Kevin Murphy and Bill Brundage's LTIP awards granted during fiscal 2021 were based on a percentage of salary as follows: Kevin Murphy (350%) and Bill Brundage (250%).

(2) The share price used to calculate the face value of the LTIP share award granted to Kevin Murphy on October 16, 2020 was 8,028.0 pence. The share price used to calculate the face value of the LTIP share award granted to Bill Brundage on November 2, 2020 was 7,948.6 pence. For both LTIP awards this was the average share price over a 10 dealing day period immediately preceding the date of grant. Both LTIP awards were conditional share awards, and there is no exercise price. Face value is calculated as required by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended as the maximum number of shares at full vesting multiplied by either the share price at date of grant or the average share price used to determine the number of shares awarded. Dividend equivalents also accrue on the LTIP awards and the amount which may be due to an Executive Director is not included in the calculation of face value.

(3) The maximum dilution which may arise through issue of shares to satisfy the entitlement to these LTIP awards would be 0.02% calculated as at July 31, 2021.

Executive Directors' Service Agreements

The Executive Directors for fiscal 2021 have entered into service agreements, the details of which are described below. Mr. Powell is no longer employed by the Group but served as an Executive Director during part of fiscal 2021.

Kevin Murphy's Service Agreement

Kevin Murphy is employed by Ferguson Enterprises LLC as the Group Chief Executive pursuant to his employment agreement, dated September 2, 2019 (the "Murphy Employment Agreement"). Mr. Murphy's annual base salary for the fiscal 2020 was $975,000 through November 19, 2019 as Chief Executive Officer, USA, and $1,100,000 following November 19, 2019 as Group Chief Executive, and he is eligible to receive certain car benefits and participate in a discretionary bonus scheme (which, if earned, may be deferred into an award under the DBP), a 401(k) retirement savings plan (with company contributions equal to 16% of base salary), a Supplemental Executive Retirement Plan, and the benefit programs offered to senior executives (including short- and long-term disability and healthcare coverage). Mr. Murphy's eligibility to receive grants of shares and/or options under the Company Employee Share Plans is described in the "—B. Compensation" section above.

The Murphy Employment Agreement is not for a fixed term although it is subject to immediate termination in the event of a termination for cause. Ferguson Enterprises LLC and Mr. Murphy are each permitted to terminate the Murphy Employment Agreement by providing 12 months' prior written notice; provided that Ferguson Enterprises LLC has sole discretion to pay Mr. Murphy the following amounts in lieu of notice, subject to his execution of a general release of claims: (i) continued base salary payments in an aggregate amount equal to Mr. Murphy's base salary (subject to mitigation) and (ii) the cost to Ferguson Enterprises LLC of providing all other benefits for the unexpired notice period (the foregoing notice and termination terms provided in this paragraph, the "Murphy Termination Terms"). Mr. Murphy is also bound by confidentiality, intellectual property, non-competition, non-interference, non-hire, non-solicitation and non-disparagement obligations under the terms of the Murphy Employment Agreement.

Bill Brundage's Service Agreement

Bill Brundage is employed by Ferguson Enterprises LLC as the Group Chief Financial Officer and Executive Director pursuant to his employment agreement, dated September 24, 2020 (the "Brundage Employment Agreement"). Mr. Brundage's annual base salary for fiscal 2020 was $590,000, and he is eligible to participate in a discretionary bonus scheme (which, if earned, may be deferred into an award under the DBP), a 401(k) retirement savings plan (with company contributions equal to 16% of base salary), a Supplemental Executive Retirement Plan, and the benefit programs offered to senior executives (including short- and long-term disability and healthcare coverage). Mr. Brundage's eligibility to receive grants of shares and/or options under the Company Employee Share Plans is described in the "—B. Compensation" section above.

The Brundage Employment Agreement is not for a fixed term although it is subject to immediate termination in the event of a termination for cause. Ferguson Enterprises LLC and Mr. Brundage are each permitted to terminate the Brundage Employment Agreement by providing 12 months' prior written notice; provided that Ferguson Enterprises LLC has sole discretion to pay Mr. Brundage the following amounts in lieu of notice, subject to his execution of a general release of claims: (i) continued base salary payments in an aggregate amount equal to Mr. Brundage's base salary (subject to mitigation) and (ii) the cost to Ferguson Enterprises LLC of providing all other benefits for the unexpired notice period (the foregoing notice and termination terms provided in this paragraph, the "Brundage Termination Terms"). Mr. Brundage is also bound by confidentiality, intellectual property, non-competition, non-interference, non-hire, non-solicitation and non-disparagement obligations under the terms of the Brundage Employment Agreement.

Mike Powell's Service Agreement

Mike Powell was employed by Ferguson UK Holdings Limited (formerly known as Wolseley Limited) and previously served as the Group Chief Financial Officer pursuant to his service agreement, dated February 28, 2017. His annual base salary for the fiscal 2021 was £595,000 and he received certain car benefits and was eligible to participate in an annual discretionary bonus scheme (with a target amount equal to 90% of Mr. Powell's annual base salary). To the extent that Mr. Powell did not satisfy the Company's share ownership guidelines, he was required to defer a portion of his annual bonus payment, if earned, into an award under the DBP. In addition, Mr. Powell was eligible to participate in a defined contribution pension plan, medical and healthcare insurance plans and life assurance, and he received a salary supplement equal to 25% of his annual base salary in lieu of membership of the Group pension plan. Mr. Powell's eligibility to receive grants of shares and/or options under the Company Employee Share Plans is described in the "—B. Compensation" section above. Mr. Powell's service agreement generally had the same terms as the Murphy Termination Terms described above, except that Mr. Powell was required to terminate his service agreement by providing six months' prior written notice. Mr. Powell is bound by confidentiality, intellectual property, non-competition, non-interference, non-hire and non-solicitation obligations.

Mr. Powell had also entered into a director appointment letter, dated March 22, 2019, pursuant to which he was appointed as a director and Group Chief Financial Officer. Mr. Powell did not receive any additional remuneration for such appointment, but was entitled to Company reimbursement for travel business expenses, including expenses incurred for travel to and attendance at Company board and shareholders' meetings.

Mr. Powell stepped down as Chief Financial Officer and as director on October 31, 2020. He did not receive any payment for loss of office. Mr. Powell received annual base salary, benefits and pension payments up to his date of departure. Mr. Powell was not eligible to participate in the Bonus Plan or receive a LTIP grant for fiscal 2021. All outstanding unvested awards granted under the Company's 2015 Long Term Incentive Plan and 2019 Long Term Incentive Plan lapsed. His share options under the Company's International Sharesave Plan 2011 and International Sharesave Plan 2019 lapsed upon cessation of his employment. Mr. Powell's awards under the Company's Deferred Bonus Plan 2016 and Deferred Bonus Plan 2019 will continue and vest on their original vesting dates.

C Board Practices

For a discussion of directors' service agreements, see "—B. Compensation—Executive Directors' Service Agreements."

Term of Office

All Non-Executive Directors are appointed for terms of between one and three years. Under the UK Corporate Governance Code, all directors are subject to a vote for re-election each year at the Annual General Meeting.

Board of Directors and Key Committees

The Board is collectively responsible for the long-term success of the Company. The Board's primary role is to provide effective and entrepreneurial leadership necessary to enable the Group's business objectives to be met and to review the overall strategic development of the Group as a whole.

Certain strategic decisions and authorities of the Company are reserved as matters for the Board. For some of these matters, the Board delegates responsibilities and authorities to its Committees. The matters reserved for the Board for its decision are set out in a formal schedule, which include: strategy and management; capital and corporate structure; financial reporting and controls; tax and treasury matters; major commitments; communications; Board and senior management appointments; remuneration of Directors and senior management; delegation of authority; corporate governance matters; Policies; and other miscellaneous matters.

Audit Committee

The Audit Committee oversees, monitors and makes recommendations as appropriate in relation to the Group's financial statements, accounting processes, audit (internal and external), risk management and internal controls and matters relating to fraud and whistleblowing. The current members of the Audit Committee are: Messrs. Murray (Chair) and May and Mmes. Bamford, Halligan and Wood.

Remuneration Committee

The Remuneration Committee reviews and recommends to the Board the framework and policy for the remuneration of the Chairman, the Executive Directors and our executive committee, taking into account the business strategy of the Group and how the Remuneration Policy reflects and supports that strategy. The current members of the Remuneration Committee are: Mmes. Simmonds (Chair), Baker and Halligan, and Messrs. Drabble, Murray and Schmitt.

Nominations Committee

The Nominations Committee regularly reviews the structure, size and composition of the Board and its committees. It also identifies and nominates suitable candidates to be appointed to the Board (subject to Board approval) and considers succession generally. The current members of the Nominations Committee are: Messrs. Drabble (Chair), May, Murray and Schmitt, and Mmes. Baker, Bamford, Halligan, Shouraboura, Simmonds and Wood.

Major Announcements Committee

The Major Announcements Committee meets as required to consider the Company's disclosure obligations regarding material information where the matter is unexpected and non-routine. The current members of the Major Announcements Committee are: Messrs. Drabble (Chair) and May, and Mmes. Bamford and Simmonds.

NYSE Corporate Governance Exemptions

See "Item 16G. Corporate Governance" for a summary of significant ways in which our corporate governance practices differ from those required to be followed by NYSE-listed U.S. companies.

D Employees

Our associates are essential to the long-term success of the Group. We continue to invest in the development of our people and strive to ensure that we are positioned to attract and retain the best talent. Our associates enable us to deliver excellent customer service, develop strong relationships, maximize operational efficiencies and accelerate the adoption of new operating models.

The table below sets forth the average number of full time equivalent ("FTE") associates by business segment for the periods presented.

	As at July 31,		
FTE associates by Business Segment	**2021**	**2020**	**2019**
United States	**27,032**	27,085	27,489
Canada	**2,443**	2,473	2,974
Other	**63**	74	79
Continuing operations	**29,538**	29,632	30,542

E Share Ownership

The table below shows, in relation to each of our directors and senior management team, the total number of ordinary shares beneficially owned as at September 13, 2021.

The number of ordinary shares beneficially owned is determined in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares over which the individual has sole or shared voting power or investment power, or the right to receive the

economic benefit of ownership, as well as any shares that the individual has the right to acquire within 60 days of September 13, 2021 through the exercise of any option, warrant or other right. Except as otherwise indicated, and subject to applicable community property laws, the persons named in the table have sole voting and investment power and the right to receive the economic benefit of ownership with respect to all ordinary shares held by that person.

The percentage of ordinary shares beneficially owned is calculated on the basis of 222,310,307 ordinary shares outstanding as at September 13, 2021. Ordinary shares that a person has the right to acquire within 60 days of September 13, 2021 are deemed outstanding for purposes of computing the percentage ownership of the person holding such rights, but are not deemed outstanding for purposes of computing the percentage ownership of any other person.

Our directors and senior management team do not have different voting rights than any other holder of our ordinary shares.

Name	Number of Ordinary Shares Beneficially Owned	Percentage of Ordinary Shares Outstanding
Geoff Drabble	4,983	*
Kevin Murphy[(1)]	90,350	*
Bill Brundage[(2)]	25,482	*
Alan Murray	2,368	*
Kelly Baker	—	—
Tessa Bamford	1,940	*
Cathy Halligan	425	*
Brian May	—	—
Tom Schmitt	1,350	*
Nadia Shouraboura	—	—
Jacky Simmonds	1,894	*
Suzanne Wood	—	—
Ian Graham[(3)]	2,501	*
Sammie Long[(4)]	26,953	*
Mike Sajor[(5)]	16,798	*

* Less than 1% of our outstanding shares.

(1) Includes (1) 57,692 ordinary shares and (2) 32,658 ordinary shares issuable upon the vesting of conditional shares awarded on October 18, 2018 pursuant to the Long Term Incentive Plan 2015 with a purchase price of nil.

(2) Includes (1) 14,003 ordinary shares and (2) 11,479 ordinary shares issuable upon the vesting of conditional shares awarded on October 18, 2018 pursuant to the Performance Ordinary Share Plan 2016 with a purchase price of nil.

(3) Includes (1) nil ordinary shares, (2) 1,260 ordinary shares issuable upon the vesting of conditional shares awarded on June 12, 2019 pursuant to the Ordinary Share Plan 2019 with a purchase price of nil and (3) 1,241 ordinary shares issuable upon the vesting of conditional shares awarded on June 12, 2019 pursuant to the Performance Ordinary Share Plan 2019 with a purchase price of nil.

(4) Includes (1) 8,795 ordinary shares, (2) 1,828 ordinary shares issuable upon the vesting of conditional shares awarded on October 18, 2018 pursuant to the Long Term Incentive Plan 2015 with a purchase price of nil; and (3) 15,970 ordinary shares issuable upon the vesting of conditional shares awarded on October 18, 2018 pursuant to the Performance Ordinary Share Plan 2016 with a purchase price of nil.

(5) Includes (1) nil ordinary shares, (2) 1,725 ordinary shares issuable upon the vesting of conditional shares awarded on October 18, 2018 pursuant to the Long Term Incentive Plan 2015 with a purchase price of nil; and (3) 15,073 ordinary shares issuable upon the vesting of conditional shares awarded on October 18, 2018 pursuant to the Performance Ordinary Share Plan 2016 with a purchase price of nil.

For a discussion of arrangements for involving our associates in our share capital, see "—B. Compensation—Remuneration of Executive Directors/Senior Management—Employee Share Schemes."

Item 7. Major Shareholders and Related Party Transactions

A Major Shareholders

To the extent known to the Company, it is neither directly nor indirectly owned nor controlled by another corporation, any government, or any other person. In addition, there are no arrangements, known to the Company, the operation of which may result in a change in its control in the future.

As at September 13, 2021 the table below sets out details of the most recent notifications received either pursuant to the UK Financial Conduct Authority Disclosure Guidance and Transparency Rule 5 and the Company's Articles of Association relating to beneficial ownership of more than 3% of our ordinary shares or pursuant to applicable rules and regulations of the SEC. The Company's major shareholders do not have different voting rights than any other holder of our ordinary shares.

Name of Shareholder	Ordinary Shares	Percentage of Share Capital	Date Notification Received
BlackRock	23,859,924	10.60 %	March 10, 2021[(1)]
Trian Fund Management, L.P.	11,935,627	5.14 %	June 12, 2019[(2)]
FIL Limited	12,339,472	4.95 %	February 15, 2010[(2)]
Norges Bank	8,660,609	3.61 %	October 10, 2017[(2)]

(1) Based on the Schedule 13G filed by BlackRock, Inc. with the SEC on March 10, 2021, BlackRock, Inc. and its subsidiaries beneficially owned an aggregate of 23,859,924 ordinary shares, representing 10.6% of the issued shares of the Company's ordinary shares.

(2) Pursuant to the Company's Articles of Association, shareholders are required to notify the Company when their holdings reach, exceed or fall below 3% and each 1% threshold thereafter up to 100%. The Company is reliant upon shareholders providing notification when they reach, exceed or fall below a given threshold. The percentage of share capital is provided as at the date of disclosure by the relevant shareholder. Since the disclosure date, the shareholders' interests may have changed.

As at September 13, 2021, there were 316 holders in the United States holding 221,286,580 ordinary shares, which includes Cede & Co., the nominee for The Depositary Trust Company, and holders through The Direct Registration System.

B Related Party Transactions

In fiscal 2021, the Group purchased goods and services on an arms' length basis totaling approximately $24 million from companies that are controlled or significantly influenced by persons who are one of the Group's non-executive directors. See note 28 to the consolidated financial statements for further details.

C Interests of Experts and Counsel

Not applicable.

Item 8. Financial Information

A Consolidated Statements and Other Financial Information

Financial Statements

Audited consolidated financial statements are set forth under "Item 18. Financial Statements."

Legal Proceedings

There are no governmental, legal or arbitration proceedings (including such proceedings which are pending or threatened of which the Group is aware) during a period covering at least the previous 12 months preceding the date of this annual report which may have, or have had in the recent past, significant effects on the Group's financial position or profitability.

Dividend Policy

The Company maintains a policy that establishes priorities for the utilization of capital, which are focused on the following areas: (i) investing in the business and consistently generating above market organic revenue growth; (ii) funding a sustainable ordinary dividend through the economic cycle; (iii) investing in bolt-on acquisitions that meet our investment criteria; and (iv) returning any surplus capital beyond these needs to shareholders.

B Significant Changes

Not applicable.

Item 9. The Offer and Listing

A Offer and Listing Details

The principal trading market of the Company's ordinary shares is currently the LSE, where the Company's shares are traded under the symbol "FERG." The Company's ordinary shares are also listed on the NYSE and traded under the symbol "FERG."

B Plan of Distribution

Not applicable.

C Markets

See "—A. Offer and Listing Details for all stock exchanges where the Company's ordinary shares are traded.

D Selling Shareholders

Not applicable.

E Dilution

Not applicable.

F Expenses of the Issue

Not applicable.

Item 10. Additional Information

A Share Capital

Not applicable.

B Memorandum and Articles of Association

The information required by Item 10.B of Form 20-F is included in Item 10.B of the registration statement on Form 20-F filed by the Company with the SEC on February 12, 2021, which section is incorporated herein by reference.

C Material Contracts

Our material contracts include (i) the Multicurrency Revolving Credit Facility Agreement; (ii) the Bilateral Loan Agreement; and (iii) the indenture governing the 2020 3.25% Notes. For a description of these material contracts, see "Item 5. Operating and Financial Review and Prospects—B Liquidity and Capital Resources."

D Exchange Controls

There are currently no Jersey foreign exchange control restrictions on remittances of dividends on the ordinary shares or on the conduct of the Registrant's operations.

E Taxation

United States Taxation

U.S. Holders

The following is a general summary based on present law of certain United States federal income tax considerations relevant to the ownership and disposition of our ordinary shares by a U.S. Holder (as defined below). It addresses only U.S. Holders (as defined below) that hold our ordinary shares as capital assets within the meaning of Section 1221 of the Code and that use the U.S. dollar as their functional currency.

This summary is for general information only and is not a substitute for tax advice. It is not a complete description of all of the tax considerations that may be relevant to a particular U.S. Holder. It does not address all of the considerations relevant to U.S. Holders subject to special tax regimes, such as banks and other financial institutions, insurance companies, dealers in currencies and securities, traders in securities that elect mark-to-market treatment, regulated investment companies, real estate investment trusts, tax-exempt entities, retirement plans, individual retirement accounts or other tax-deferred accounts, pass-through entities (including S-corporations), entities or arrangements treated as partnerships for United States federal income tax purposes, United States expatriates, investors liable for alternative minimum tax, persons holding our ordinary shares as part of a hedge, straddle, conversion or other integrated financial transaction, persons holding ordinary shares through a permanent establishment or fixed base outside the United States, persons who acquired their ordinary shares through the exercise of an employee stock option or otherwise as compensation, or persons that own directly, indirectly or constructively 5% or more (by voting power or value) of the equity interests of the Company. This summary does not address any United States federal taxes other than the income tax (such as estate and gift tax), any United States state and local tax considerations, any non-United States tax considerations, or any considerations relating to FATCA (by which we mean Sections 1471 through 1474 of the Code, the Treasury regulations and administrative guidance thereunder, and any intergovernmental agreement entered into in connection therewith). This summary also does not apply to any person other than a U.S. Holder (as defined below).

As used here, "U.S. Holder" means a beneficial owner of our ordinary shares that for United States federal income tax purposes is (i) an individual citizen or resident of the United States, (ii) a corporation organized in or under the laws of the United States, any State thereof, or the District of Columbia, (iii) a trust subject to the control of a United States person and the primary supervision of a United States court or (iv) an estate the income of which is subject to United States federal income taxation regardless of its source.

The United States federal tax consequences to a partner in a partnership generally will depend on the status of the partner and the activities of the partnership. U.S. Holders that are partnerships are urged to consult their own tax advisers about the tax consequences to their partners of owning or disposing of our ordinary shares.

The directors of the Company believe, and this discussion assumes, that the Company is not, nor has it been, a passive foreign investment company ("PFIC") for United States federal income tax purposes. In addition, the directors of the Company believe, and this discussion assumes, that the Company will not be a PFIC for the current taxable year or in the foreseeable future. The Company's status as a PFIC must be determined annually, and it therefore could change. If the Company has been a PFIC for any year during a U.S. Holder's holding period, or if the Company were to be a PFIC in any year during any U.S. Holder's holding period, such U.S. Holder could suffer material adverse tax consequences.

The Company also believes, and this discussion also assumes, that the Company will be treated as a non-U.S. corporation for U.S. federal income tax purposes.

Dividends on Ordinary Shares

U.S. Holders generally must include dividends paid on our ordinary shares in their gross income as ordinary income from foreign sources. Generally, distributions in excess of a corporation's current and accumulated earnings and profits are treated as a non-taxable return of capital to the extent of the shareholder's basis in its shares, and thereafter as capital gain. However, the Company does not maintain calculations of its earnings and profits in accordance with United States federal income tax principles. U.S. Holders therefore should assume that any distribution by the Company with respect to our ordinary shares will be treated as ordinary dividend income. Dividends will not be eligible for the dividends-received deduction generally available

to United States corporations. However, dividends should be eligible for the reduced rate on qualified dividend income available to certain eligible non-corporate U.S. Holders that satisfy a minimum holding period and other generally applicable requirements if the Company qualifies for benefits under the income tax treaty between the United Kingdom and the United States (the "US-UK Treaty"). The Company expects to qualify for benefits under the US-UK Treaty.

Dividends paid to U.S. Holders in a currency other than U.S. dollars will be includible in income in a U.S. dollar amount determined at the spot rate on the date of receipt whether or not converted into U.S. dollars at that time. A U.S. Holder will have a basis in the non-United States currency received equal to its U.S. dollar value on the date of receipt. Gain or loss on a subsequent conversion or other disposition of the non-United States currency for a different amount generally will be treated as ordinary income or loss from sources within the United States for foreign tax credit limitation purposes.

Dispositions of Ordinary Shares

U.S. Holders generally will recognize a capital gain or loss on the sale or other disposition of ordinary shares in an amount equal to the difference between their adjusted tax basis in the shares and the U.S. dollar value of the amount realized. Any gain will be a long-term gain if the U.S. Holder has held the ordinary shares for a period longer than one year. Any loss will be a long-term loss if the U.S. Holder has held the ordinary shares for a period longer than one year. Deductions for capital losses are subject to limitations. Any gain or loss generally will be treated as arising from United States sources. U.S. Holders should consult their tax advisers regarding any special rules relating to "extraordinary dividends" that may be potentially applicable to them if they have received a dividend from the Company in an amount greater than 10% of that U.S. Holder's tax basis in its ordinary shares.

A U.S. Holder that receives a currency other than U.S. dollars in exchange for its shares will realize an amount equal to the U.S. dollar value of the currency received at the spot rate on the date of disposition (or, if the shares are traded on an established securities market and a U.S. Holder is a cash-basis or electing accrual basis taxpayer, at the spot rate on the settlement date). A U.S. Holder will have a tax basis in the currency received equal to the U.S. dollar value of the currency on the settlement date. Any currency gain or loss realized on the settlement date or on a subsequent conversion or other disposition of the currency for a different U.S. dollar amount generally will be United States source ordinary income or loss.

Gain or loss realized by a U.S. Holder on the sale or exchange of ordinary shares will generally be treated as US-source gain or loss for U.S. foreign tax credit purposes.

Medicare Tax on Net Investment Income

Certain non-corporate U.S. Holders whose income exceeds certain thresholds generally will be subject to a 3.8% surtax on their "net investment income" (which generally includes, among other things, dividends on, and capital and foreign currency gain from, the sale or other disposition of the ordinary shares). Non-corporate U.S. Holders should consult their own tax advisers regarding the possible effect of such tax on their ownership and disposition of the ordinary shares.

Information Reporting and Backup Withholding

Dividends on our ordinary shares and proceeds from the disposition of such shares may be reported to the United States Internal Revenue Service (the "IRS") unless the holder is a corporation or otherwise establishes a basis for exemption. Backup withholding tax may apply to amounts subject to reporting if the holder fails to provide an accurate taxpayer identification number on a properly complete IRS Form W-9 or to meet other conditions. The amount of any backup withholding tax may be credited against or refunded to the extent it exceeds the holder's United States federal income tax liability, provided that the required information is timely furnished to the IRS.

Certain U.S. Holders are required to report to the IRS information about their investment in ordinary shares not held through an account with a domestic financial institution. Investors who fail to report required information could become subject to substantial penalties. U.S. Holders should consult their tax advisers about these and any other reporting requirements arising from their investment in our ordinary shares.

Non-U.S. based holders of ordinary shares who will receive dividends denominated in USD

To the extent that a non-U.S. based shareholder will receive U.S. dollar denominated dividends, U.S. withholding tax may apply to amounts subject to reporting. A reduced withholding rate or exemption from withholding may be available if the shareholder is a resident of a foreign country with which the U.S. has an income tax treaty, is eligible for treaty benefits and if the shareholder provides an accurate Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding and

Reporting (Individuals) Form W-8BEN. Shareholders who are in doubt of their tax position are recommended to consult their own professional advisors.

United Kingdom Taxation

The following statements are intended only as a general guide to certain UK tax considerations and do not purport to be a complete analysis of all potential UK tax consequences of acquiring, holding or disposing of the ordinary shares. They are based on current UK law and what is understood to be the current practice of Her Majesty's Revenue and Customs ("HMRC") as at the date of this annual report, both of which may change, possibly with retroactive effect. They apply only to shareholders who are resident, and in the case of individuals domiciled, for tax purposes in (and only in) the UK (except insofar as express reference is made to the treatment of non-UK residents), who hold their ordinary shares as an investment (other than where a tax exemption applies, for example where the ordinary shares are held in an individual savings account or pension arrangement) and who are the absolute beneficial owner of both the ordinary shares and any dividends paid on them. The tax position of certain categories of shareholders who are subject to special rules is not considered (except insofar as express reference is made to the treatment of exempt shareholders) and it should be noted that they may incur liabilities to UK tax on a different basis to that described below. This includes persons acquiring their ordinary shares in connection with employment, dealers in securities, insurance companies, collective investment schemes, charities, exempt pension funds, and temporary non-residents and non-residents carrying on a trade, profession or vocation in the UK.

The statements summarize the current position and are intended as a general guide only. Shareholders who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the UK are strongly recommended to consult their own professional advisers.

Income from Ordinary Shares

Ferguson is not required to withhold UK tax when paying a dividend. Liability to tax on dividends will depend upon the individual circumstances of a shareholder.

UK Resident Individual Shareholders

Under current UK tax rules specific rates of tax apply to dividend income. These include a nil rate of tax (the "dividend allowance") for the first £2,000 of non-exempt dividend income in any tax year and different rates of tax for dividend income that exceeds the dividend allowance. No tax credit attaches to dividend income. For these purposes "dividend income" includes UK and non-UK source dividends and certain other distributions in respect of shares.

An individual shareholder who is resident for tax purposes in the United Kingdom and who receives a dividend from Ferguson will not be liable to UK tax on the dividend to the extent that (taking account of any other non-exempt dividend income received by the shareholder in the same tax year) that dividend falls within the dividend allowance.

To the extent that (taking account of any other non-exempt dividend income received by the shareholder in the same tax year) the dividend exceeds the dividend allowance, it will be subject to income tax at 7.5% to the extent that it falls below the threshold for higher rate income tax. To the extent that (taking account of other non-exempt dividend income received by the shareholder in the same tax year) it falls above the threshold for higher rate income tax then the dividend will be taxed at 32.5% to the extent that it is within the higher rate band, or 38.1% to the extent that it is within the additional rate band. For the purposes of determining which of the taxable bands dividend income falls into, dividend income is treated as the highest part of a shareholder's income. In addition, dividends within the dividend allowance which would (if there was no dividend allowance) have fallen within the basic or higher rate bands will use up those bands respectively for the purposes of determining whether the threshold for higher rate or additional rate income tax is exceeded.

UK Resident Corporate Shareholders

It is likely that most dividends paid on the ordinary shares to UK resident corporate shareholders would fall within one or more of the classes of dividend qualifying for exemption from corporation tax. However, it should be noted that the exemptions are not comprehensive and are also subject to anti-avoidance rules.

UK Resident Exempt Shareholders

UK resident shareholders who are not liable to UK tax on dividends, including exempt pension funds and charities, are not entitled to any tax credit in respect of dividends paid by the Company.

Non-UK Resident Shareholders

No tax credit will attach to any dividend paid by Ferguson. A shareholder resident outside the UK may also be subject to non-UK taxation on dividend income under local law. A shareholder who is resident outside the UK for tax purposes should consult his or her own tax adviser concerning his or her tax position on dividends received from the Company.

Disposal of Shares

UK Resident Shareholders

A disposal or deemed disposal of ordinary shares by a shareholder who is resident in the UK for tax purposes may, depending upon the shareholder's circumstances and subject to any available exemption or relief (such as the annual exempt amount for individuals), give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of capital gains.

Non-UK Resident Shareholders

Shareholders who are not resident in the UK will not generally be subject to UK taxation of capital gains on the disposal or deemed disposal of ordinary shares unless they are carrying on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a corporate shareholder, a permanent establishment) in connection with which the ordinary shares are used, held or acquired. Non-UK tax resident shareholders may be subject to non-UK taxation on any gain under local law.

An individual shareholder who has been resident for tax purposes in the UK but who ceases to be so resident or becomes treated as resident outside the UK for the purposes of a double tax treaty for a period of five years or less and who disposes of all or part of his or her ordinary shares during that period may be liable to capital gains tax on his or her return to the UK, subject to any available exemptions or reliefs.

Stamp Duty and SDRT

No UK stamp duty or SDRT will be payable in respect of transfers of the ordinary shares, provided that no written instrument of transfer is entered into (which should not be necessary). The Company has received HMRC clearance confirming that agreements to transfer ordinary shares which are traded on the LSE and settled by way of DIs will not be subject to UK SDRT.

If the ordinary shares were transferred by way of written instrument, then UK stamp duty at the rate of 0.5 percent (rounded up to the next multiple of £5) of the amount or value of the consideration given would in principle be payable, if the instrument of transfer was executed in the UK or related "to any matter or thing done or to be done" in the UK.

Inheritance Tax

Liability to UK inheritance tax may arise in respect of ordinary shares on the death of, or on a gift of ordinary shares by, an individual holder of such ordinary shares who is domiciled, or deemed to be domiciled, in the UK.

The ordinary shares, if held directly, rather than as DIs, should not be assets situated in the UK for the purposes of UK inheritance tax. Accordingly, neither the death of a holder of such ordinary shares nor a gift of such ordinary shares by a holder should give rise to a liability to UK inheritance tax if the holder is neither domiciled nor deemed to be domiciled in the UK. However, DIs may be treated as assets situated in the UK for the purposes of UK inheritance tax. Accordingly, the death of a holder of DIs or a gift of DIs by a holder may give rise to a liability to UK inheritance tax, even if the holder is neither domiciled nor deemed to be domiciled in the UK.

For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit. Special rules also apply to close companies and to trustees of settlements who hold ordinary shares, bringing them within the charge to inheritance tax. Shareholders should consult an appropriate tax adviser if they make a gift or transfer at less than full market value or if they intend to hold any ordinary shares or DIs through trust arrangements.

Jersey Taxation

The following summary of the anticipated treatment of holders of ordinary shares (other than residents of Jersey) is based on Jersey taxation law and practice as it is understood to apply at the date of this annual report. It does not constitute legal or tax advice and does not address all aspects of Jersey tax law and practice. Shareholders should consult their professional advisers on the implications of acquiring, buying, holding, selling or otherwise disposing of ordinary shares under the laws of the jurisdictions in which they may be liable to taxation. Shareholders should be aware that tax laws, rules and practice and their interpretation may change.

Taxation of the Company's ordinary shares

On the basis that it is centrally managed and controlled and considered resident for tax purposes in the UK, the Company will not be considered Jersey tax resident, therefore dividends on ordinary shares may be paid by the Company without withholding or deduction for or on account of Jersey income tax. The holders of ordinary shares (other than residents of Jersey) will not be subject to any tax in Jersey in respect of the holding, sale or other disposition of such ordinary shares.

Stamp Duty

In Jersey, no stamp duty is levied on the issue or transfer of the ordinary shares except that stamp duty is payable on Jersey grants of probate and letters of administration, which will generally be required to transfer ordinary shares on the death of a holder of such ordinary shares. In the case of a grant of probate or letters of administration, stamp duty is levied according to the size of the estate (wherever situate in respect of a holder of ordinary shares domiciled in Jersey, or situate in Jersey in respect of a holder of ordinary shares domiciled outside Jersey) and is payable on a sliding scale at a rate of up to 0.75% of such estate, capped at £100,000.

Jersey does not otherwise levy taxes upon capital, inheritances, capital gains or gifts nor are there other estate duties.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY ONLY AND IS NOT TAX ADVICE. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE IMPORTANT TO A PARTICULAR HOLDER. EACH HOLDER SHOULD CONSULT ITS OWN TAX ADVISER ABOUT THE TAX CONSEQUENCES OF HOLDING OR DISPOSING OF OUR ORDINARY SHARES IN LIGHT OF THE HOLDER'S OWN CIRCUMSTANCES.

F Dividends and Paying Agents

Not applicable.

G Statement by Experts

Not applicable.

H Documents on Display

We are subject to the information requirements of the Exchange Act, except that as a foreign issuer, we are not subject to the proxy rules or the short-swing profit disclosure rules of the Exchange Act. In accordance with these statutory requirements, we will file or furnish reports and other information with the SEC. The SEC maintains an Internet website that contains reports and other information about issuers, like us, that file electronically with the SEC. The address of that website is www.sec.gov.

I Subsidiary Information

Not applicable.

Item 11. Quantitative and Qualitative Disclosures about Market Risk

A Quantitative Information about Market Risk

See "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Financial Risk Management Policies and Hedging Activities."

B Qualitative Information about Market Risk

See "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Financial Risk Management Policies and Hedging Activities."

Item 12. Description of Securities Other than Equity Securities

A Debt Securities

Not applicable.

B Warrants and Rights

Not applicable.

C Other Securities

Not applicable.

D American Depositary Shares

Not applicable.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

Not applicable.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

Not applicable.

Item 15. Controls and Procedures

A Disclosure Controls and Procedures

As of the end of the period covered by this annual report on Form 20-F, our management, with the participation of our Group Chief Executive and Group Chief Financial Officer, has carried out an evaluation of the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) or 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), at July 31, 2021. The term "disclosure controls and procedures" means controls and other procedures that are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the SEC. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in our reports that we file or submit under the Exchange Act is accumulated and communicated to management, including our Group Chief Executive and Group Chief Financial Officer, as appropriate to allow timely decisions regarding our required disclosure. In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well conceived and operated, can only provide reasonable assurance that the objectives of the disclosure controls and procedures are met.

Based on their evaluation as of the end of the period covered by this annual report on Form 20-F, our Group Chief Executive and Group Chief Financial Officer have concluded that our disclosure controls and procedures were effective at a reasonable assurance level.

B Management's Annual Report on Internal Control Over Financial Reporting

This annual report does not include a report of management's assessment regarding internal control over financial reporting or an attestation report of the Company's registered public accounting firm due to a transition period established by rules of the SEC for newly public companies.

C Attestation Report of the Registered Public Accounting Firm

Not applicable.

D Changes in Internal Control Over Financial Reporting

In connection with the preparation of our fiscal 2020 consolidated financial statements, we and our independent registered public accounting firm identified material weaknesses, as of July 31, 2020, related to (i) a lack of segregation of duties associated with an associate having administrator access to our consolidation system while also having the ability to prepare and post manual journal entries without independent review as well as a lack of precision in and evidence of the review of consolidation and related journal entries and (ii) the presentation of deferred tax assets and deferred tax liabilities. As of July 31, 2021, we have remediated these weaknesses through the following actions:

- removing the administrator access from the associate;
- enhancing our review of manual journal entries with the appropriate level of precision and retention of evidence of review by an independent reviewer who does not have the ability to prepare and post manual journal entries; and
- enhancing our review of the presentation of deferred taxes within our consolidated financial statements.

There were no misstatements to the fiscal 2020 consolidated financial statements as a result of these material weaknesses.

During the period covered by this annual report, in addition to the changes described above, the Company enhanced its disclosure controls and procedures by establishing a more robust management Disclosure Committee as well as enhancements to its control sub-certification process aimed at identifying knowledge of any material weaknesses or significant deficiencies, internal control breakdowns, significant or unusual transactions and other items as applicable.

Item 16. [Reserved]

Item 16A. Audit Committee Financial Expert

Our Board has determined that each of Alan Murray, an independent director and Chairman of our Audit Committee, and Suzanne Wood and Brian May, independent directors and members of our Audit Committee, is an "audit committee financial expert" as defined in Item 16A of Form 20-F and applicable rules and regulations of the SEC.

Item 16B. Code of Ethics

We have adopted a Code of Business Conduct and Ethics, which is applicable to all directors, officers and associates, a copy of which is available for downloading free of cost from our website at www.fergusonplc.com under the Corporate Governance tab. We intend to satisfy the disclosure requirement under Item 16B(d)-(e) of Form 20-F regarding amendment to, or waiver from, a provision of our Code of Business Conduct and Ethics by posting such information at the website location specified above.

Item 16C. Principal Accountant Fees and Services

The following table sets forth the aggregate fees by the categories specified below in connection with services rendered by Deloitte LLP, our independent registered public accounting firm, for the periods indicated. We did not pay any other fees to our auditors during the periods indicated below.

	For the Year Ended July 31,	
	2021	2020
	$m	
Audit fees[1]	**7.4**	4.2
Audit-related fees[2]	**3.2**	2.6
Tax Fees	**—**	—
All other fees[3]	**—**	0.9
Total	**10.6**	7.7

(1) Audit fees include $3.2m (2020: $1.7m) for the audit of the Company and consolidated financial statements and $4.2m (2020: $2.5m) for the audit of the Company's subsidiaries.
(2) In fiscal 2021, audit-related fees principally relate to the Group's change to U.S. GAAP, registration with the SEC, implementation of a Sarbanes-Oxley Act compliance framework and the Company's half year review. In fiscal 2020, audit-related fees principally related to the Group's change to U.S. GAAP, registration with the SEC, the UK demerger and the Company's half-year review.
(3) All other fees in 2020 related to the Group's proposed demerger of the UK business and the issuance of the 2020 3.25% Notes.

The policy of our audit committee is to pre-approve all audit and non-audit services provided by Deloitte LLP, our independent registered public accounting firm. All of the audit and non-audit services carried out in the years ended July 31, 2021 and 2020 were pre-approved by the audit committee.

Item 16D. Exemptions from the Listing Standards for Audit Committees

We are relying on the exemption under Rule 10A-3(b)(1)(iv)(A)(2) of the Exchange Act, which provides an exemption from the rule that all members of the listed issuer's audit committee satisfy the independence requirements of paragraph (b)(1)(ii) of Rule 10A-3 until the one year anniversary of the date of effectiveness of the registration statement filed pursuant to Section 12 of the Exchange Act for the purposes of listing our ordinary shares on the NYSE. Our audit committee currently comprises five directors, four of which are independent directors under the independence requirements of paragraph (b)(1)(ii) of Rule 10A-3.

We do not believe that our reliance on the temporary exemption permitted by Rule 10A-3(b)(1)(iv)(A)(2) materially adversely affects the ability of our audit committee to act independently or to satisfy the requirements of Rule 10A-3 under the Exchange Act. Our audit committee will consist solely of independent directors within one year of the effectiveness of the registration statement filed pursuant to Section 12 of the Exchange Act for the purpose of listing our ordinary shares on the NYSE.

Item 16E. Purchase of Equity Securities by Issuer & Affiliated Purchasers

Period	(a) Total Number of Shares Purchased	(b) Average Prices Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Program[(1)]	(d) Maximum Value of Shares that May Yet Be Purchased Under the Program[(1)]
March 1 - March 31, 2021	416,552	$ 119.89	416,552	$ 350,061,613
April 1 - April 30, 2021	779,137	127.22	779,137	250,937,175
May 1 - May 31, 2021	616,781	129.54	616,781	171,037,108
June 1 - June 30, 2021	734,189	138.86	734,189	69,084,032
July 1 - July 31, 2021	473,709	145.25	473,709	—
Total	3,020,368	$ 132.34	3,020,368	$ —

(1) On March 16, 2021, the Company announced its intention to buy back up to $400 million of its shares over the next 12 months. On July 28, 2021, the Company completed this $400 million share repurchase program. In September 2021, the Company's Board authorized a program to repurchase up to $1 billion of shares with the aim of completing the purchases within 12 months.

Item 16F. Change in Registrant's Certifying Accountant

Not applicable.

Item 16G. Corporate Governance

As a foreign private issuer listed on the NYSE, we are permitted to follow certain home country corporate governance practices in lieu of the provisions of the NYSE. We follow corporate governance standards which are substantially similar to those followed by U.S. domestic companies under NYSE listing standards, except that we may follow the Listing Rules applicable to companies with a premium listing on the London Stock Exchange ("LSE Listing Rules") in lieu of NYSE shareholder approval requirements for the adoption or material amendment of equity compensation plans. Under the LSE Listing Rules, shareholder pre-approval is not generally required for the adoption or material amendment of equity compensation plans, except with respect to either of the following two types of equity compensation plans: (i) an equity compensation plan under which employees or former employees are entitled to participate and permits the issue of new shares or transfer of treasury shares; or (ii) a long-term equity compensation plan in which a director is entitled to participate, whether or not it involves new issue or treasury shares, but excluding, for the purposes of (ii), long-term equity compensation plans in which all, or substantially all, of the company's employees are eligible to participate or a single director is the only participant established specifically to recruit or retain the relevant individual.

Item 16H. Mine Safety Disclosure

Not applicable.

PART III

Item 17. Financial Statements

We have elected to provide audited consolidated financial statements and the related information pursuant to Item 18.

Item 18. Financial Statements

See pages F-1 to F-51, which are incorporated herein by reference. All schedules are omitted as the required information is inapplicable or the information is presented in the Group's audited consolidated financial statements or notes thereto.

Item 19. Exhibits

1.1*	Memorandum and Articles of Association of the Company.
2.1*	Description of Ferguson plc share capital.
4.1	Multicurrency Revolving Credit Facility Agreement, dated as of March 10, 2020, among the Company and Wolseley Limited as original borrowers and original guarantors, the lenders and arrangers party thereto, and the agent (incorporated by reference to Exhibit 4.1 of the Registrant's 20FR12B (File No. 001-39301), filed with the SEC on February 12, 2021).
4.2	Bilateral Loan Agreement, dated as of March 19, 2020, among the Company and Wolseley Limited as original borrowers and original guarantors and Sumitomo Mitsui Banking Corporation (incorporated by reference to Exhibit 4.2 of the Registrant's 20FR12B (File No. 001-39301), filed with the SEC on February 12, 2021).
4.3	Receivables Purchase Agreement, dated as of July 31, 2013, as further amended, supplemented and restated, among Ferguson plc, Ferguson Receivables, LLC as seller, Ferguson Enterprises, LLC as servicer, the originators, the lenders as conduit purchasers and committed purchasers, letters of credit banks, facility agents, administrative agent and co-administrative agent party each thereto (incorporated by reference to Exhibit 4.3 of the Registrant's 20FR12B (File No. 001-39301), filed with the SEC on February 12, 2021).
4.4	Purchase and Contribution Agreement, dated as of July 31, 2013, as further amended, supplemented and restated, among Ferguson Enterprises, LLC and its various subsidiaries party thereto as originators and Ferguson Receivables, LLC as purchaser (incorporated by reference to Exhibit 4.4 of the Registrant's 20FR12B (File No. 001-39301), filed with the SEC on February 12, 2021).
8.1*	List of significant subsidiaries.
12.1*	Certification of Group Chief Executive under Section 302 of the Sarbanes-Oxley Act of 2002.
12.2*	Certification of Group Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
13.1**	Certification of Group Chief Executive under Section 906 of the Sarbanes-Oxley Act of 2002.
13.2**	Certification of Group Chief Financial Officer under Section 906 of the Sarbanes-Oxley Act of 2002.
15.1*	Consent of Deloitte.
101.INS*	Inline XBRL Instance Document—this instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith
** Furnished herewith

The Registrant agrees to furnish to the SEC, upon request, copies of any instruments that define the rights of holders of long-term debt of the Registrant that are not filed as exhibits to this annual report.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Ferguson plc

By: /s/ William Brundage

Name: William Brundage

Title: Group Chief Financial Officer

Date: September 28, 2021

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Audited Consolidated Financial Statements for the fiscal years ended July 31, 2021, 2020 and 2019

Report of Independent Registered Public Accounting Firm	F-3
Consolidated Group income statement	F-5
Consolidated Group statement of comprehensive income	F-6
Consolidated Group statement of changes in equity	F-7
Consolidated Group balance sheet	F-8
Consolidated Group cash flow statement	F-9
Notes to Consolidated Financial Statements	F-10

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Ferguson plc

Opinion on the Financial Statements

We have audited the accompanying consolidated group balance sheets of Ferguson plc and subsidiaries (the "Company") as at July 31, 2021 and 2020, the related consolidated group income statement, consolidated group statement of comprehensive income, consolidated group statement of changes in equity, and consolidated group cash flow statement, for each of the three years in the period ended July 31, 2021, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended July 31, 2021, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Change in Accounting Principle

The Company has changed its method of accounting for leases in the year ended July 31, 2020 due to the adoption of IFRS 16, "*Leases"*.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Inventory ***Existence and Valuation— Refer to Notes 1 and 15 to the financial statements***

Critical Audit Matter Description

The Company had inventories of $3,426 million at July 31, 2021, held in numerous distribution centers and branches, and across multiple product lines.

Management employs a range of inventory counting procedures to record the existence and condition of inventory considering the highly disaggregated nature of the inventory balance across the Company's distribution centers and branch locations, including perpetual cycle counts. This count process is in turn reliant on two core warehouse management systems.

In addition, provisions are made against slow-moving, obsolete and damaged inventories comparing the level of inventory held to estimated future sales on the basis of historical experience. At July 31, 2021, inventories were net of a provision of $181 million which includes provisions for inventory for which no sales have occurred during the past twelve months, special order inventory and excess inventory. The excess provision calculation requires judgement, which increases the risk of possible misstatement.

We identified excess inventory provisions valuation and the existence of perpetual cycle count inventory as a critical audit matter. This is due to the inherent uncertainty in estimating the excess inventory provision and higher degree of auditor judgment and effort needed to determine the extent and timing of testing the perpetual cycle count inventory existence.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to inventory existence and valuation included the following, among others:

Existence

- used senior team members to determine the extent and location of inventory counts;
- physically observed management's count procedures over inventory close to the year-end date and performed independent sample count procedures in relation to locations across the Company;
- performed roll-forward procedures from the date of our inventory counts to the year-end date; and
- investigated any variations from our independent counts and considered the impact in the context of the inventory balance as a whole.

Valuation:

- tested management's process in determining the excess inventory provision by recalculating the inventory provision, if any, for a sample of on hand inventory items and inventory provision amounts;
- formed an independent expectation of the inventory provision at year end based on prior year ratios and compared the inventory provision against our expectation; and
- performed a historical look back analysis for a selection of inventory items and considered the impact in the context of the inventory balance as a whole.

/s/ Deloitte LLP

London, United Kingdom
September 28, 2021

We have served as the Company's auditor since 2016.

Consolidated Group income statement

Year ended July 31, 2021

	Notes	2021	2020[1]	2019[1 2]
		$m	$m	$m
Revenue	2	**22,792**	19,940	19,729
Cost of sales		**(15,812)**	(13,957)	(13,822)
Gross profit		**6,980**	5,983	5,907
Operating costs		**(4,946)**	(4,534)	(4,528)
Operating profit	3	**2,034**	1,449	1,379
Finance costs	4	**(145)**	(147)	(86)
Finance income	4	**1**	7	12
Share of profit/(loss) after tax of associates		**1**	(2)	2
Gain on disposal of interests in associates and other investments		**—**	7	3
Impairment of interests in associates		**—**	(22)	(9)
Profit before tax		**1,891**	1,292	1,301
Tax	5	**(241)**	(317)	(259)
Profit from continuing operations		**1,650**	975	1,042
(Loss) profit from discontinued operations	6	**(142)**	(14)	66
Profit for the year attributable to shareholders of the Company		**1,508**	961	1,108
Earnings per share	8			
Continuing operations and discontinued operations				
Basic earnings per share		**674.7¢**	427.5¢	481.3¢
Diluted earnings per share		**670.5¢**	423.5¢	477.8¢
Continuing operations only				
Basic earnings per share		**738.3¢**	433.7¢	452.6¢
Diluted earnings per share		**733.7¢**	429.7¢	449.3¢

(1) The Group disposed of its shares in Wolseley UK Limited ("UK business") on January 29, 2021. The UK results have been reclassified to discontinued operations and the prior year comparative results have been restated throughout the consolidated financial statements. See note 6 for further details.

(2) The Group adopted IFRS 16 "Leases" on August 1, 2019 applying the modified retrospective transition method. As a result, comparatives have not been restated and are shown on an IAS 17 "Leases" basis. See note 1 for further details.

Consolidated Group statement of comprehensive income

Year ended July 31, 2021

	Notes	2021	2020	2019
		$m	$m	$m
Profit for the year		**1,508**	961	1,108
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Exchange gain/(loss) on translation of overseas operations[1]		**75**	57	(86)
Exchange (loss)/gain on translation of borrowings and derivatives designated as hedges of overseas operations[1]		**(31)**	(31)	36
Cumulative currency translation differences recycled on disposals[1]		**135**	9	1
Cumulative currency translation differences on disposal of interests in associates[1]		—	—	7
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of retirement benefit plans[2]	22	107	(235)	(36)
Tax (charge)/credit on items that will not be reclassified to profit or loss[2]	5, 22	**(19)**	44	6
Other comprehensive income/(expense) for the year		**267**	(156)	(72)
Total comprehensive income for the year		**1,775**	805	1,036
Total comprehensive income attributable to:				
Continuing operations		**1,770**	789	1,040
Discontinued operations		**5**	16	(4)
Total comprehensive income for the year attributable to shareholders of the Company		**1,775**	805	1,036

(1) Impacting the translation reserve.
(2) Impacting retained earnings.

Consolidated Group statement of changes in equity

Year ended July 31, 2021

	Notes	Share capital	Share premium	Reserves: Translation reserve	Reserves: Treasury shares	Reserves: Own shares	Retained earnings	Non-controlling interest	Total equity
		$m	$m	$m	$m	$m	$m	$m	$m
At July 31, 2018		45	67	(556)	(1,380)	(90)	5,972	(1)	4,057
Profit for the year		—	—	—	—	—	1,108	—	1,108
Other comprehensive expense		—	—	(42)	—	—	(30)	—	(72)
Total comprehensive income		—	—	(42)	—	—	1,078	—	1,036
Cancellation of Treasury shares	23	(4)	—	—	1,369	—	(1,365)	—	—
Group reconstruction		(11)	16,083	—	—	—	(16,072)	—	—
Capital reduction		—	(16,150)	—	—	—	16,150	—	—
Issue of share capital		—	9	—	—	—	—	—	9
Purchase of own shares by Employee Benefit Trusts	23	—	—	—	—	(38)	—	—	(38)
Issue of own shares by Employee Benefit Trusts	23	—	—	—	—	26	(26)	—	—
Credit to equity for share-based payments		—	—	—	—	—	34	—	34
Tax relating to share-based payments	5	—	—	—	—	—	6	—	6
Adjustment arising from change in non-controlling interest		—	—	—	—	—	—	1	1
Purchase of Treasury shares	23	—	—	—	(309)	—	—	—	(309)
Disposal of Treasury shares	23	—	—	—	15	—	(12)	—	3
Dividends paid	7	—	—	—	—	—	(449)	—	(449)
At July 31, 2019		30	9	(598)	(305)	(102)	5,316	—	4,350
Adjustment on adoption of IFRS 16	1	—	—	—	—	—	(187)	—	(187)
On August 1, 2019		30	9	(598)	(305)	(102)	5,129	—	4,163
Profit for the year		—	—	—	—	—	961	—	961
Other comprehensive expense		—	—	35	—	—	(191)	—	(156)
Total comprehensive income		—	—	35	—	—	770	—	805
Purchase of own shares by Employee Benefit Trusts	23	—	—	—	—	(26)	—	—	(26)
Issue of own shares by Employee Benefit Trusts	23	—	—	—	—	40	(40)	—	—
Credit to equity for share-based payments		—	—	—	—	—	26	—	26
Tax relating to share-based payments	5	—	—	—	—	—	11	—	11
Purchase of Treasury shares	23	—	—	—	(292)	—	—	—	(292)
Disposal of Treasury shares	23	—	—	—	27	—	(16)	—	11
Dividends paid	7	—	—	—	—	—	(327)	—	(327)
At July 31, 2020		**30**	**9**	**(563)**	**(570)**	**(88)**	**5,553**	**—**	**4,371**
Profit for the year		**—**	**—**	**—**	**—**	**—**	**1,508**	**—**	**1,508**
Other comprehensive income		**—**	**—**	**179**	**—**	**—**	**88**	**—**	**267**
Total comprehensive income		**—**	**—**	**179**	**—**	**—**	**1,596**	**—**	**1,775**
Reclassification of exchange on translation of overseas operations		**—**	**—**	**(14)**	**—**	**—**	**14**	**—**	**—**
Issue of own shares by Employee Benefit Trusts	23	**—**	**—**	**—**	**—**	**30**	**(30)**	**—**	**—**
Credit to equity for share-based payments		**—**	**—**	**—**	**—**	**—**	**71**	**—**	**71**
Tax relating to share-based payments	5	**—**	**—**	**—**	**—**	**—**	**9**	**—**	**9**
Purchase of Treasury shares	23	**—**	**—**	**—**	**(400)**	**—**	**—**	**—**	**(400)**
Disposal of Treasury shares	23	**—**	**—**	**—**	**39**	**—**	**(21)**	**—**	**18**
Dividends paid	7	**—**	**—**	**—**	**—**	**—**	**(1,034)**	**—**	**(1,034)**
At July 31, 2021		**30**	**9**	**(398)**	**(931)**	**(58)**	**6,158**	**—**	**4,810**

Consolidated Group balance sheet

As at July 31, 2021

	Notes	2021	2020
		$m	$m
Assets			
Non-current assets			
Intangible assets: goodwill	10	**1,757**	1,721
Intangible assets: other	11	**546**	521
Right of use assets	12	**895**	1,111
Property, plant and equipment	13	**1,305**	1,389
Interests in associates		**5**	4
Other financial assets		**18**	12
Retirement benefit assets	22	**108**	—
Deferred tax assets	14	**303**	216
Trade and other receivables	16	**428**	377
Derivative financial assets	20	**16**	28
		5,381	5,379
Current assets			
Inventories	15	**3,426**	2,880
Trade and other receivables	16	**3,331**	3,042
Current tax receivable		**4**	—
Other financial assets		—	9
Derivative financial assets	20	**5**	11
Cash and cash equivalents	17	**1,335**	2,115
Assets held for sale		**3**	20
		8,104	**8,077**
Total assets		**13,485**	13,456
Liabilities			
Current liabilities			
Trade and other payables	18	**4,022**	3,591
Current tax payable		**303**	293
Borrowings	19	**183**	531
Lease liabilities	12	**263**	281
Provisions	21	**72**	53
		4,843	4,749
Non-current liabilities			
Trade and other payables	18	**342**	338
Borrowings	19	**2,528**	2,635
Lease liabilities	12	**827**	1,074
Deferred tax liabilities	14	—	26
Provisions	21	**123**	202
Retirement benefit obligations	22	**12**	61
		3,832	4,336
Total liabilities		**8,675**	9,085
Net assets		**4,810**	4,371
Equity			
Share capital	23	**30**	30
Share premium		**9**	9
Reserves		**4,771**	4,332
Equity attributable to shareholders of the Company		**4,810**	4,371

Consolidated Group cash flow statement

Year ended July 31, 2021

	Notes	2021	2020	2019
		$m	$m	$m
Cash flows from operating activities				
Cash generated from operations	24	**2,093**	2,252	1,609
Interest received		**12**	8	13
Interest paid		**(160)**	(167)	(90)
Tax paid		**(404)**	(225)	(242)
Net cash generated from operating activities		**1,541**	1,868	1,290
Cash flows from investing activities				
Acquisition of businesses (net of cash acquired)	25	**(335)**	(351)	(657)
Disposals of businesses (net of cash disposed of)	26	**380**	7	201
Purchases of property, plant and equipment		**(174)**	(215)	(382)
Net proceeds from disposal of property, plant and equipment, assets held for sale and right of use assets		**35**	13	84
Purchases of intangible assets		**(72)**	(87)	(36)
Acquisition of associates and other investments		**(6)**	(5)	(11)
Disposal of interests in associates and other investments		**—**	32	18
Net cash used in investing activities		**(172)**	(606)	(783)
Cash flows from financing activities				
Proceeds from the issue of shares	23	**—**	—	9
Purchase of own shares by Employee Benefit Trusts	23	**—**	(26)	(38)
Purchase of Treasury shares		**(400)**	(451)	(150)
Proceeds from the sale of Treasury shares	23	**18**	11	3
Proceeds from loans and derivatives	27	**4**	1,169	757
Repayments of loans	27	**(375)**	(566)	(2)
Lease liability capital payments	27	**(296)**	(295)	—
Finance lease capital payments	27	**—**	—	(3)
Dividends paid to shareholders		**(1,036)**	(327)	(445)
Net cash (used in)/generated from financing activities		**(2,085)**	(485)	131
Net cash (used)/generated		**(716)**	777	638
Effects of exchange rate changes		**1**	4	(10)
Cash, cash equivalents and bank overdrafts at the beginning of the year	27	**1,867**	1,086	458
Cash, cash equivalents and bank overdrafts at the end of the year	27	**1,152**	1,867	1,086

1—Accounting policies

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, including interpretations issued by the International Accounting Standards Board ("IASB") and its committees.

Ferguson plc is a public company limited by shares incorporated in Jersey under the Companies (Jersey) Law 1991 (as amended) and is headquartered in the UK. It operates as the ultimate parent company of the Group. Its registered office is 13 Castle Street, St Helier, Jersey, JE1 1ES, Channel Islands.

The consolidated financial statements have been prepared on a going concern basis and under the historical cost convention as modified by the revaluation of financial assets and liabilities measured at fair value.

The Group disposed of its UK business on January 29, 2021. The results of the UK business have been reclassified to discontinued operations and the prior year comparative results have been restated throughout the consolidated financial statements. See Note 6 or further details.

Choices permitted by IFRS

The Group has elected to apply hedge accounting to some of its financial instruments.

Accounting developments and changes

The following other standards and amendments to existing standards became effective for the year ended July 31, 2021 and have not had a material impact on the Group's consolidated financial statements:

- Amendments to References to the Conceptual Framework in IFRS Standards;
- Amendments to IAS 1 and IAS 8 – Definition of Material;
- Amendments to IFRS 3 – Definition of a Business;
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform (Phase 1); and
- Amendments to IFRS 16 – COVID-19-Related Rent Concessions

Other standards and amendments to existing standards that have been issued but not yet adopted are not expected to have a material impact on the Group's consolidated financial statements.

Critical accounting judgments

Impact of the COVID-19 pandemic

Management has exercised judgment in evaluating the impact of the COVID-19 pandemic on the consolidated financial statements. In light of the Group's strong performance during the year, management concluded there was no material negative impact of the COVID-19 pandemic on the financial statements and no new sources of estimation uncertainty.

Leases

Property leases entered into by the Group typically include extension and termination options to provide operational flexibility to the Group. Management applied significant judgment in determining whether these options were reasonably certain to be exercised when determining the lease term on adoption of IFRS 16. In making this judgment management considered the remaining lease term, future business plans and other relevant economic factors. Specifically in respect to property leases, which represent the majority of the lease liability, a renewal option was determined to be reasonably certain to be exercised when a lease expired within the Group's three-year strategic planning horizon.

Pensions and other post-retirement benefits

The Group operates defined benefit pension plans in Canada and the UK that are accounted for using methods that rely on actuarial assumptions to estimate costs and liabilities for inclusion in the consolidated financial statements.

The discount rate used is set with reference to the yield at the valuation date on high-quality corporate bonds that have a maturity approximating to the terms of the pension obligations. Significant judgment is required when selecting the bonds to include. The most significant criteria considered for selection of the bonds include the issue size of the corporate bonds, the quality of the bonds and the identification of outliers which are excluded.

Sources of estimation uncertainty

In applying the Group's accounting policies, various transactions and balances are valued using estimates or assumptions. Should these estimates or assumptions prove incorrect there may be an impact on the following year's financial statements. Management believes that the estimates and assumptions that have been applied would not give rise to a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Accounting policies

A summary of the principal accounting policies applied by the Group in the preparation of the consolidated financial statements is set out below. The accounting policies have been applied consistently throughout the current and preceding year.

Basis of consolidation

The consolidated financial information includes the results of the parent company and entities controlled by the Company (its subsidiary undertakings and controlling interests) and its share of profit/(loss) after tax of its associates using the equity method of accounting.

The financial performance of business operations is included in profit from continuing operations from the date of acquisition and up to the date of classification as a discontinued operation or sale.

Intra-group transactions and balances and any unrealized gains and losses arising from intra-group transactions are eliminated on consolidation.

Discontinued operations

When the Group has disposed of, or classified as held for sale, a business component that represents a separate major line of business or geographical area of operations, it classifies such operations as discontinued in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". The post-tax profit or loss of the discontinued operations are shown as a single line on the face of the income statement separate from the other results of the Group.

Foreign currencies

Items included in the financial statements of the parent and of each of the Group's subsidiary undertakings are measured using the currency of the primary economic environment in which the subsidiary undertaking operates (the "functional currency"). The consolidated financial statements are presented in U.S. dollars, which is the presentational currency of the Group.

The trading results of overseas subsidiary undertakings are translated into U.S. dollars using the average rates of exchange ruling during the relevant financial period. The balance sheets of overseas subsidiary undertakings are translated into U.S. dollars at the rates of exchange ruling at the year-end. Exchange differences arising on the translation into U.S. dollars of the net assets of these subsidiary undertakings are recognized in other comprehensive income and accumulated in the translation reserve. At July 31, 2021, the translation reserve comprised $213 million in relation to pound sterling entities, $181 million in relation to U.S. dollar entities and $4 million in relation to entities denominated in other currencies.

In the event that a subsidiary undertaking which has a non-U.S. dollar functional currency is disposed of, the gain or loss on disposal recognized in the income statement is determined after taking into account the cumulative currency translation differences that are attributable to the subsidiary undertaking concerned.

Foreign currency transactions entered into during the year are translated into the functional currency of the entity at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All currency translation differences are taken to the income statement. Except as noted above, changes in the fair value of derivative financial instruments, entered into to hedge foreign currency net assets and that satisfy the hedging conditions of IFRS 9 "Financial Instruments" are recognized in other comprehensive income and the translation reserve (see the separate accounting policy on derivative financial instruments).

Business combinations

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. Costs related to acquisitions are expensed as incurred.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the Group's share of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Interests in associates

Investments in companies where significant influence is exercised are accounted for as interests in associates using the equity method of accounting from the date the investee becomes an associate. The investment is initially recognized at cost and adjusted thereafter for changes in the Group's share in the net assets of the investee. The Group's share of profit or loss after tax is recognized in the Group income statement and share of other comprehensive income or expense is recognized in the Group statement of other comprehensive income.

On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the fair value of net assets of the investee is recognized as goodwill, which is included within the carrying amount of the investment. The requirements of IAS 36 "Impairment of Assets", are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate. Impairment losses recognized are charged to the income statement.

Revenue

The Group's revenues are derived primarily from the sale of a broad range of plumbing and heating products. The Group's customers predominantly operate within the repair, maintenance and improvement sector and are served through a network of branches and distribution centers.

Revenue is the consideration expected to be received in exchange for the provision of goods falling within the Group's ordinary activities, excluding intra-group sales, estimated and actual sales returns, trade and early settlement discounts, Value Added Tax and similar sales taxes.

Revenue from the sale of goods is recognized when the customer obtains control of the goods, which is the point they are delivered to, or collected by, the customer. Revenue from the provision of goods is only recognized when the transaction price is determinable and it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods to be transferred to the customer. Payment terms between the Group and its customers vary by the type of customer, country of sale and the products sold. The Group does not have significant financing components in its contracts and the payment due date is typically shortly after sale.

In some instances, goods are delivered directly to the customer by the supplier. The Group has concluded it is the principal in these transactions as it is primarily responsible to the customer for fulfilling the obligation and has the responsibility for identifying and directing the supplier to deliver the goods to the customer.

The Group offers a right of return to its customers for most of its goods sold. Revenue is reduced by the amount of expected returns, estimated based on historical data, in the period in which the related revenue is recorded. Returns can be reliably estimated as historic returns as a percentage of revenue have remained stable over time and the terms and conditions of sale have remained broadly unchanged for several years. Early settlement discounts are known shortly after the sale and can therefore be reliably estimated. The Group also provides customers with assurance-type warranties for some own brand goods that provide assurance the goods comply with agreed-upon specifications and will operate as specified for a set period from the date of sale. Obligations under these warranties are accounted for as provisions.

The Group has no contracts with an expected duration of more than one year.

Cost of sales

Cost of sales includes purchased goods and the cost of bringing inventory to its present location and condition.

Supplier rebates

In line with industry practice, the Group has agreements ("supplier rebates") with a number of its suppliers whereby volume-based rebates, marketing support and other discounts are received in connection with the purchase of goods for resale from those suppliers. Rebates relating to the purchase of goods for resale are accrued as earned and are recorded initially as a deduction in inventory with a subsequent reduction in cost of sales when the related product is sold.

Volume-based supplier rebates

The majority of volume-based supplier rebates are determined by reference to guaranteed rates of rebate. These are calculated through a mechanical process with minimal judgment required to determine the amount recorded in the income statement.

A small proportion of volume-based supplier rebates are subject to tiered targets where the rebate percentage increases as volumes purchased reach agreed targets within a set period of time. The majority of rebate agreements apply to purchases in a calendar year and therefore, for tiered rebates, judgment is required to estimate the rebate amount recorded in the income statement at the end of the period. The Group assesses the probability that targeted volumes will be achieved in the year based on forecasts which are informed by historical trading patterns, current performance and trends. This judgment is exercised consistently with historically insignificant true ups at the end of the period.

An amount due in respect of supplier rebates is not recognized within the income statement until all the relevant performance criteria, where applicable, have been met and the goods have been sold to a third party.

Other rebates

The Group has also entered into other rebate agreements which represent a smaller element of the Group's overall supplier rebates, which are recognized in the income statement when all performance conditions have been fulfilled.

Supplier rebates receivable

Supplier rebates are offset with amounts owing to each supplier at the balance sheet date and are included within trade payables where the Group has the legal right to offset and net settles balances. Where the supplier rebates are not offset against amounts owing to a supplier, the outstanding amount is included within prepayments.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary undertaking at the date of acquisition. Goodwill on acquisitions of subsidiary undertakings is included within intangible assets. Goodwill is allocated to cash generating units or aggregations of cash generating units (together "CGUs") where synergy benefits are expected. CGUs are independent sources of income streams and represent the lowest level within the Group at which the associated goodwill is monitored for management purposes. The Group's CGUs are based on the markets where the business operates and are grouped in line with the management structure.

Goodwill is not amortized but is tested annually for impairment and carried at cost less accumulated impairment losses. For goodwill impairment testing purposes, no CGU is larger than the operating segments determined in accordance with IFRS 8 "Operating Segments". The recoverable amount of goodwill and acquired intangible assets are assessed on the basis of the higher of fair value less costs to sell and the value in use estimate for CGUs to which they are attributed. Where carrying value exceeds the recoverable amount a provision for the impairment is established with a charge included in the income statement.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Other intangible assets

An intangible asset, which is an identifiable non-monetary asset without physical substance, is recognized to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its cost can be measured reliably. The asset is deemed to be identifiable when it is separable or when it arises from contractual or other legal rights.

Intangible assets, primarily brands, trade names and customer relationships, acquired as part of a business combination are capitalized separately from goodwill and are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is calculated using the reducing balance method for customer relationships and the straight-line method for other intangible assets.

The cost of the intangible assets is amortized and charged to operating costs in the income statement over their estimated useful lives as follows:

Customer relationships	4 – 25 years
Trade names and brands	1 – 15 years
Other	1 – 4 years

Computer software that is not integral to an item of property, plant and equipment is recognized separately as an intangible asset and is carried at cost less accumulated amortization and accumulated impairment losses. Costs may include software licenses and external and internal costs directly attributable to the development, design and implementation of the computer software. Costs in respect of training and data conversion are expensed as incurred. Amortization is calculated using the straight-line method so as to charge the cost of the computer software to operating costs in the income statement over its estimated useful life of between three and five years.

Leases

The Group enters into leases in the normal course of its business; these principally relate to property for the Group's branches, distribution centers and offices which have varying terms including extension and termination options and periodic rent reviews.

The Group recognizes a right of use asset and a lease liability at the lease commencement date. Non-lease components of a contract are not separated from lease components and instead are accounted for as a single lease component.

Lease liabilities are initially measured at the present value of lease payments using the interest rate implicit in the lease, or if this is not readily available, at the Group's incremental borrowing rate. Lease payments comprise fixed payments, variable payments that depend on an index or rate, payments expected under residual value guarantees and payments under purchase and termination options which are reasonably certain to be exercised. Lease terms are initially determined as the non-cancelable period of a lease adjusted for options to extend or terminate a lease that are reasonably certain to be exercised and management judgment is required in making this determination.

Lease liabilities are subsequently measured at amortized cost using the effective interest method. Lease liabilities are remeasured when there is a change in future lease payments as a result of a rent review or a change in an index or rate, or if there is a significant event which changes the assessment of whether it is reasonably certain that extension or termination options will be exercised.

Right of use assets are carried at cost less accumulated depreciation and impairment losses and any subsequent remeasurement of the lease liability. Initial cost comprises the lease liability adjusted for lease payments at or before the commencement date, lease incentives received, initial direct costs and an estimate of restoration costs. Right of use assets are depreciated on a straight-line basis to the earlier of the end of the useful life of the asset or the end of the lease term and tested for impairment if an indicator exists.

Leases that have a term of 12 months or less and leases for which the underlying asset is of low value are recognized as an expense on a straight-line basis over the lease term.

Operating leases (applicable for the year ended July 31, 2019)

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. The cost of operating leases (net of any incentives received from the lessor) is charged to the income statement on a straight line basis over the period of the leases.

Property, plant and equipment ("PPE")

PPE is carried at cost less accumulated depreciation and accumulated impairment losses, except for land and assets in the course of construction, which are not depreciated and are carried at cost less accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. In addition, subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Assets are depreciated to their estimated residual value using the straight-line method over their estimated useful lives as follows:

Freehold buildings	20 - 50 years
Leasehold improvements	over the period of the lease
Plant and machinery	7 - 10 years
Computer hardware	3 - 5 years
Fixtures and fittings	5 - 7 years
Motor vehicles	4 years

The residual values and estimated useful lives of PPE are reviewed and adjusted if appropriate at each balance sheet date. The Group reviews at the balance sheet date whether events or circumstances indicate that the carrying value of its PPE may be impaired. If such circumstances are determined to exist, an estimate of the recoverable amount of the asset, or the appropriate grouping of assets, is compared to its carrying value to determine whether an impairment exists.

Inventories

Inventories, which comprise goods purchased for resale, are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out ("FIFO") method or the average cost method as appropriate to the nature of the transactions in those items of inventory. The cost of goods purchased for resale includes import and custom duties, transport and handling costs, freight and packing costs and other attributable costs less trade discounts, rebates and other subsidies. It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Provisions are made against slow-moving, obsolete and damaged inventories for which the net realizable value is estimated to be less than the cost. The risk of obsolescence of slow-moving inventory is assessed by comparing the level of inventory held to estimated future sales on the basis of historical experience.

Trade receivables

Trade receivables are recognized initially at their transaction price and measured subsequently at amortized cost using the effective interest method, less the loss allowance. The loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses, estimated based on historical write-offs adjusted for forward-looking information where appropriate. A loss allowance of 100 percent is recognized against trade receivables more than 180 days past due because historical experience indicates that these are generally not recoverable. The loss is recognized in the income statement. Trade receivables are written off when recoverability is assessed as being remote. Subsequent recoveries of amounts previously written off are credited to the income statement.

Provisions

Provisions for self-insured risks, legal claims and environmental restoration are recognized when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Such provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money. Provisions are not recognized for future operating losses.

Retirement benefit obligations

Contributions to defined contribution pension plans and other post-retirement benefits are recorded within operating profit.

For defined benefit pension plans and other post-retirement benefits, the cost of providing benefits is determined annually using the Projected Unit Credit Method by independent qualified actuaries. The current and past service cost of defined benefit pension plans is recorded within operating profit.

The net interest amount is calculated by applying the discount rate to the defined benefit net asset or liability at the beginning of the period. The pension plan net interest is presented as finance income or expense.

Actuarial gains and losses arising from experience adjustments. Changes in actuarial assumptions and the return from pension plan assets, excluding amounts recorded in net interest on the net pension plan liability/asset are charged or credited to equity in other comprehensive income in the period in which they arise.

The liability or asset recognized in the balance sheet in respect of defined benefit pension plans is the fair value of plan assets less the present value of the defined benefit obligation at the end of the reporting period. Where a plan is in a net asset position the asset is recognized where trustees do not have unilateral power to augment benefits prior to a wind-up.

Tax

Current tax represents the expected tax payable (or recoverable) on the taxable income (or losses) for the year using tax rates enacted or substantively enacted at the balance sheet date and taking into account any adjustments arising from prior years.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Tax provisions

The Group is subject to income taxes in numerous jurisdictions. Judgment is sometimes required in determining the worldwide provision for income taxes. There may be transactions for which the ultimate tax determination is uncertain and may be challenged by the tax authorities. The Group recognizes liabilities for anticipated or actual tax audit issues based on estimates of whether additional taxes will be due. Where an outflow of funds to a tax authority is considered probable and material and the Group can make a reliable estimate of the outcome of the dispute, management calculates the provision using the most likely amount or the expected value approach, depending on which is most appropriate for the uncertain tax provision. In assessing its uncertain tax provisions, management takes into account the specific facts of each dispute, the likelihood of settlement and professional advice where required. Where the ultimate liability in a dispute varies from the amounts provided, such differences could impact the current and deferred income tax assets and liabilities in the period in which the dispute is concluded.

Share capital

Where the Company purchases the Company's equity share capital (Treasury shares), the consideration paid, including any directly attributable incremental costs (net of tax), is deducted from equity attributable to shareholders of the Company until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity attributable to shareholders of the Company.

Share-based payments

Share-based incentives are provided to associates under the Group's long term incentive plans and all-employee sharesave plans. The Group recognizes a compensation cost in respect of these plans that is based on the fair value of the awards, measured using Binomial and Monte Carlo valuation methodologies. For equity-settled plans, the fair value is determined at the date of grant (including the impact of any non-vesting conditions such as a requirement for employees to save) and is not subsequently remeasured unless the conditions on which the award was granted are modified. For cash-settled plans, the fair value is determined at the date of grant and is remeasured at each balance sheet date until the liability is settled. Generally, the compensation cost is recognized on a straight-line basis over the vesting period. Adjustments are made to reflect expected and actual forfeitures during the vesting period due to the failure to satisfy service conditions or non-market performance conditions.

Dividends payable

Dividends on ordinary shares are recognized in the Group's consolidated financial statements in the period in which the dividends are approved by the shareholders of the Company or paid.

Cash and cash equivalents

Cash and cash equivalents includes cash in-hand, deposits held at call with banks with original maturities of three months or less and bank overdrafts to the extent there is a legal right of offset and practice of net settlement with cash balances. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet to the extent that there is no legal right of offset and no practice of net settlement with cash balances.

Derivative financial instruments

Derivative financial instruments, in particular interest rate swaps and foreign exchange swaps, are used to manage the financial risks arising from the business activities of the Group and the financing of those activities. There is no trading activity in derivative financial instruments.

At the inception of a hedging transaction involving the use of derivative financial instruments, the Group documents the relationship between the hedged item and the hedging instrument together with its risk management objective and the strategy underlying the proposed transaction. The Group also documents its assessment, both at the inception of the hedging relationship and subsequently on an ongoing basis, of the effectiveness of the hedge in offsetting movements in the fair values or cash flows of the hedged items. Derivative financial instruments are recognized as assets and liabilities measured at their fair values at the balance sheet date. Where derivative financial instruments do not fulfil the criteria for hedge accounting contained in IFRS 9, changes in their fair values are recognized in the income statement. When hedge accounting is used, the relevant hedging relationships are classified as fair value hedges, cash flow hedges or net investment hedges.

Where the hedging relationship is classified as a fair value hedge, the carrying amount of the hedged asset or liability is adjusted by the increase or decrease in its fair value attributable to the hedged risk and the resulting gain or loss is recognized in the income statement where, to the extent that the hedge is effective, it will be offset by the change in the fair value of the hedging instrument. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortized to the income statement over the period to maturity. Where the hedging relationship is classified as a cash flow hedge or as a net investment hedge, to the extent the hedge is effective, changes in the fair value of the hedging instrument arising from the hedged risk are recognized directly in other comprehensive income.

When the hedged item is recognized in the financial statements, the accumulated gains and losses recognized in equity are either recycled to the income statement or, if the hedged item results in a non-financial asset, are recognized as adjustments to its initial carrying amount. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Borrowings

Borrowings are recognized initially at the fair value of the consideration received net of transaction costs incurred. Borrowings are subsequently measured at amortized cost with any difference between the initial amount and the maturity amount being recognized in the income statement using the effective interest method.

2—Segmental analysis

The Group's operating segments are established on the basis of the operating businesses overseen by distinct divisional management teams responsible for their performance. These operating businesses are managed on a geographical basis and are regularly reviewed by the chief operating decision-maker, which is determined to be the Group Chief Executive and the Group Chief Financial Officer, in deciding how to allocate resources and assess the performance of the businesses. All operating segments derive their revenue from a single business activity, the distribution of plumbing and heating products. Revenue is attributed to a country based on the location of the Group company reporting the revenue.

The Group disposed of its UK business Wolseley UK Limited on January 29, 2021. The UK results have been reclassified to discontinued operations and the prior year comparative results have been restated.

Prior to 2019, the Group combined the Canada and Central Europe operating segments into one reportable segment as individually they do not meet the quantitative thresholds set out in IFRS 8 "Operating Segments" to be separately disclosed. In 2019, the Group disposed of its Dutch business, Wasco, which was the last of its Central European businesses.

The Group's business is not highly seasonal and the Group's customer base is highly diversified, with no individually significant customer.

An analysis of segment revenue from external customers is as follows:

	2021	2020	2019
	$m	$m	$m
USA	**21,478**	18,857	18,358
Canada and Central Europe	**1,314**	1,083	1,371
Revenue from external customers	**22,792**	19,940	19,729

There is no revenue from inter-segment transactions.

An additional disaggregation of revenue by end market is as follows:

	2021	2020	2019
	$m	$m	$m
Residential	**11,990**	10,087	9,599
Commercial	**6,661**	6,116	6,054
Civil/Infrastructure	**1,506**	1,315	1,212
Industrial	**1,321**	1,339	1,493
USA	**21,478**	18,857	18,358
Canada and Central Europe	**1,314**	1,083	1,371
Continuing operations	**22,792**	19,940	19,729

Underlying trading profit is the segment measure of profit and loss reviewed by the chief operating decision maker. Underlying trading profit is defined as profit before tax excluding central and other costs, (loss)/gain on disposal of businesses, business restructuring costs, corporate restructuring costs and pension plan changes/closure costs, amortization of acquired intangible assets, net finance costs, share of profit after tax of associates, gain on disposal of interests in associates and other investments and impairment of interests in associates. As a result of the Group's adoption of IFRS 16, from August 1, 2019, underlying trading profit also excludes interest and depreciation solely related to leases and adjusts for the inclusion of the lease expenses under the Group's policy under IAS 17 (i.e., the lease standard in effect prior to the adoption of IFRS 16). An analysis of underlying trading profit by reportable segment and the reconciliation between underlying trading profit by reportable segment and profit before tax is as follows:

	2021	2020	2019
	$m	$m	$m
Underlying trading profit			
USA	**2,073**	1,587	1,508
Canada and Central Europe	**76**	43	76
Reconciliation of underlying trading profit to profit before tax			
Total reportable segments results	**2,149**	1,630	1,584
Central and other costs	**(50)**	(38)	(45)
Gain on disposal of businesses	**—**	—	38
Business restructuring[(1)]	**11**	(72)	(79)
Corporate restructuring[(2)]	**(22)**	(25)	—
Pension plan changes/closure[(3)]	—	—	(9)
Amortization of acquired intangible assets	**(131)**	(114)	(110)
Net finance costs	**(144)**	(140)	(74)
Share of profit/(loss) after tax of associates	**1**	(2)	2
Gain on disposal of interests in associates and other investments	**—**	7	3
Impairment of interests in associates	**—**	(22)	(9)
Impact of leases	**77**	68	—
Profit before tax[(4)]	**1,891**	1,292	1,301

(1) For the year ended July 31, 2021, business restructuring reflects the release of provisions in connection with previously anticipated COVID-19 cost actions recorded in fiscal 2020. For the year ended July 31, 2020, business restructuring principally comprised costs incurred in the USA and Canada in respect of cost actions taken to ensure the business is appropriately sized for the post COVID-19 operating environment. For the year ended July 31, 2019, business restructuring comprised costs incurred in the USA and Canada in respect of their business transformation strategies and costs relating to the change in the Group corporate headquarters.

(2) For the years ended July 31, 2021 and 2020, corporate restructuring costs related to the Group's listing in the USA.

(3) For the year ended July 31, 2019, pension plan changes/closure relate to the defined benefit pension plan in the UK.

(4) From continuing operations.

Other information on assets and liabilities by segment is set out in the following tables:

	2021			2020		
	Segment assets	Segment liabilities	Segment net assets/ (liabilities)	Segment assets	Segment liabilities	Segment net assets/ (liabilities)
	$m	$m	$m	$m	$m	$m
USA	**10,959**	**(5,205)**	**5,754**	9,338	(4,402)	4,936
Canada	**722**	**(328)**	**394**	603	(315)	288
Total reportable segments	**11,681**	**(5,533)**	**6,148**	9,941	(4,717)	5,224
Central and other costs	**140**	**(119)**	**21**	49	(159)	(110)
Discontinued operations	**1**	**(9)**	**(8)**	1,096	(724)	372
Tax assets/(liabilities)	**307**	**(303)**	**4**	216	(319)	(103)
Derivative financial assets/(liabilities)	**21**	**—**	**21**	39	—	39
Cash and cash equivalents	**1,335**	**—**	**1,335**	2,115	—	2,115
Borrowings	**—**	**(2,711)**	**(2,711)**	—	(3,166)	(3,166)
Group assets/(liabilities)	**13,485**	**(8,675)**	**4,810**	13,456	(9,085)	4,371

Geographical information on non-current assets is set out in the table below. Non-current assets includes goodwill, other intangible assets, right of use assets, property, plant and equipment and interests in associates.

	2021	2020
	$m	$m
USA	**4,242**	4,134
Canada	**263**	255
UK	**3**	357
Group	**4,508**	4,746

	2021				
	Additions to goodwill	Additions to other acquired intangible assets and interests in associates	Additions to non-acquired intangible assets	Additions to right of use assets	Additions to property, plant and equipment
	$m	$m	$m	$m	$m
USA	**80**	**164**	**66**	**84**	**165**
Canada	**—**	**—**	**4**	**8**	**5**
Total reportable segments	**80**	**164**	**70**	**92**	**170**
Discontinued operations	—	—	**2**	**2**	**4**
Group	**80**	**164**	**72**	**94**	**174**

	2020				
	Additions to goodwill	Additions to other acquired intangible assets and interests in associates	Additions to non-acquired intangible assets	Additions to right of use assets	Additions to property, plant and equipment
	$m	$m	$m	$m	$m
USA	66	107	79	86	199
Canada	—	—	3	10	2
Total reportable segments	66	107	82	96	201
Discontinued operations	12	31	5	19	13
Group	78	138	87	115	214

	2021				
	Impairment of goodwill, other acquired intangible assets and interests in associates	Amortization of other acquired intangible assets	Amortization and impairment of non-acquired intangible assets	Depreciation and impairment of right of use assets	Depreciation and impairment of property, plant and equipment
	$m	$m	$m	$m	$m
USA	—	**131**	**34**	**224**	**123**
Canada	—	—	**2**	**16**	**7**
Total reportable segments	—	**131**	**36**	**240**	**130**
Central and other costs	—	—	**1**	**1**	—
Discontinued operations	—	**3**	**2**	**13**	**6**
Group	—	**134**	**39**	**254**	**136**

	2020				
	Impairment of goodwill, other acquired intangible assets and interests in associates	Amortization of other acquired intangible assets	Amortization and impairment of non-acquired intangible assets	Depreciation and impairment of right of use assets	Depreciation and impairment of property, plant and equipment
	$m	$m	$m	$m	$m
USA	—	113	26	226	131
Canada	—	1	2	14	7
Total reportable segments	—	114	28	240	138
Central and other costs	22	—	1	1	1
Discontinued operations	—	16	6	37	20
Group	22	130	35	278	159

3—Operating profit

Amounts charged/(credited) in arriving at operating profit from continuing operations include:

	Notes	2021	2020	2019
		$m	$m	$m
Amortization of acquired intangible assets	11	**131**	114	110
Amortization of non-acquired intangible assets	11	**37**	29	23
Depreciation of right of use assets	12	**241**	233	—
Impairment of right of use assets	12	—	8	—
Depreciation of property, plant and equipment	13	**130**	135	126
Impairment of property, plant and equipment	13	—	4	—
Gain on disposal of businesses		—	—	(38)
Amounts included in cost of sales with respect to inventory		**15,637**	13,804	13,699
Staff costs	9	**3,143**	2,891	2,896
Operating lease rentals: land and buildings		—	—	223
Operating lease rentals: plant and machinery		—	—	78
Trade receivables impairment		**(3)**	10	5

4—Net finance costs

	2021	2020	2019
	$m	$m	$m
Finance income	**1**	7	12
Interest cost on borrowings	**(101)**	(108)	(97)
Unwind of fair value adjustment to senior unsecured loan notes	**2**	5	6
Lease liability expense	**(44)**	(49)	—
Net interest (expense)/income on defined benefit obligation (note 22)	**(2)**	3	5
Valuation gains on financial instruments	**—**	2	—
Finance costs	**(145)**	(147)	(86)
Total net finance costs	**(144)**	(140)	(74)

Finance costs relating to discontinued operations are disclosed in note 6.

5—Tax

The tax charge for the year comprises:

	2021	2020	2019
	$m	$m	$m
Current year tax charge	**394**	294	306
Adjustments to tax charge in respect of prior years	**19**	(16)	4
Total current tax charge	**413**	278	310
Deferred tax (credit)/charge: origination and reversal of temporary differences	**(172)**	39	(51)
Total tax charge	**241**	317	259

The deferred tax credit of $172 million (2020: charge of $39 million and 2019: credit of $51 million) includes a credit of $29 million (2020: credit of $5 million and 2019: charge $4 million) resulting from changes in tax rates. The deferred tax credit is materially impacted by an accounting method change with respect to accounting for inventory in the USA. This has resulted in a recharacterization of deferred tax liabilities and increased current year tax charge for a net nil impact. A tax charge of $12 million (2020: credit $10 million and 2019: charge of $8 million) arises on the profit from discontinued operations.

Tax on items charged to the Group statement of comprehensive income:

	2021	2020	2019
	$m	$m	$m
Deferred tax (charge)/credit on remeasurement of retirement benefit plans	**(19)**	44	6
Total tax on items (charge)/credit to the Group statement of comprehensive income	**(19)**	44	6

Within the statement of other comprehensive income, there is a tax credit of $8 million (2020: $nil and 2019: $nil) relating to changes in tax rates.

Tax on items credited to equity:

	2021	2020	2019
	$m	$m	$m
Current tax credit on share-based payments	**5**	6	5
Deferred tax credit on share-based payments	**4**	5	1
Total tax on items credited to equity	**9**	11	6

There is no tax charge in the statement of changes in equity which relates to changes in tax rates in 2021, 2020, and 2019.

The Group has made provisions for the liabilities likely to arise from open audits and assessments. At July 31, 2021, the Group has recognized provisions of $138 million (2020: $294 million and 2019: $254 million) in respect of its uncertain tax positions. The total provision has decreased by $156 million in the year primarily due to decreases related to closure of tax authority audits and the expiry of the statute of limitations for a number of open tax years. With respect to the remaining uncertain tax positions, although there is uncertainty regarding the timing of the resolution of these matters, management do not believe that the Group's uncertain tax provisions constitute a major source of estimation uncertainty as they consider that there is no significant risk of a material change to its estimate of these provisions within the next 12 months.

	Total profit/tax from continuing operations					
	2021		2020		2019	
Tax reconciliation:	**$m**	**%**	**$m**	**%**	**$m**	**%**
Profit before tax	**1,891**		1,292		1,301	
Expected tax at weighted average tax rate[1]	**(431)**	**22.8**	(272)	21.0	(216)	16.6
Adjusted for the effects of:						
over/(under) provisions in respect of prior periods[2]	**11**	**(0.6)**	(2)	0.2	(5)	0.4
current year credit/(charge) in relation to uncertain tax provisions[3]	**138**	**(7.4)**	(33)	2.6	(35)	2.7
tax credits and incentives	**12**	**(0.6)**	6	(0.5)	4	(0.3)
non-taxable income	**18**	**(1.0)**	8	(0.6)	3	(0.2)
recognition of previously unrecognized deferred tax asset	**—**	**—**	—	—	11	(0.9)
other[4]	**(18)**	**1.0**	(29)	2.2	(17)	1.3
effect of tax rate changes[5]	**29**	**(1.5)**	5	(0.4)	(4)	0.3
Tax (charge) / effective tax rate	**(241)**	**12.7**	(317)	24.5	(259)	19.9

(1) This expected weighted average tax rate reflects the applicable statutory corporate tax rates on the accounting profits/ losses in the countries in which the Group operates after intra-group financing. This results in interest deductions and lower taxable profits in many of the countries and therefore reduce the tax rate.

(2) This includes adjustments arising out of movements in uncertain tax provisions regarding prior periods and differences between the final tax liabilities in the tax computations and the tax liabilities provided in the consolidated financial statements.

(3) This reflects management's assessment of the potential tax liability for the current year in relation to open tax issues and audits.

(4) This primarily relates to non-taxable disposal of businesses and to certain expenditure for which no tax relief is available such as disallowable business entertaining costs and legal/professional fees.

(5) In fiscal 2021, this relates to the change of the corporation tax rate to 25 percent from the previously enacted 19 percent in the UK. In fiscal 2020 and fiscal 2019, this relates to the change of the deferred tax rate to 19 percent from the previously enacted 17 percent in the UK.

6—Discontinued operations

The Group disposed of the shares in its UK business, Wolseley UK Limited, on January 29, 2021 and during the year ended July 31, 2019, sold its remaining property assets in the Nordic region (together the "disposal group"). In accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the disposal group has been presented as a discontinued operation. The assets and liabilities of the UK business were transferred to assets held for sale during the year before being disposed of.

The results from discontinued operations, which have been included in the Group income statement, are set out below:

	2021	2020	2019
	$m	$m	$m
Revenue	**1,138**	1,879	2,281
Cost of sales	**(879)**	(1,440)	(1,730)
Gross profit	**259**	439	551
Operating costs:			
(loss)/gain on disposal of businesses	**(356)**	—	19
operating costs	**(205)**	(441)	(479)
other	**174**	(18)	(21)
Operating costs	**(387)**	(459)	(481)
Operating (loss)/profit	**(128)**	(20)	70
Net finance (costs)/income	**(2)**	(4)	4
(Loss)/profit before tax	**(130)**	(24)	74
Tax (charge)/credit	**(12)**	10	(8)
(Loss)/profit from discontinued operations	**(142)**	(14)	66
Basic earnings per share	**(63.6)¢**	(6.2)¢	28.7 ¢
Diluted earnings per share	**(63.2)¢**	(6.2)¢	28.5 ¢

The discontinued loss on disposal of businesses in fiscal 2021 comprises a loss on disposal of the UK business of $370 million generated from the recycling of cumulative translation adjustments and a gain on prior year disposals of $14 million.

In fiscal 2021, discontinued other operating costs comprised a $63 million impairment of assets held for sale relating to the sale of the UK business, a $235 million gain from recycling of cumulative translation adjustments following the abandonment of former Group financing companies and a $2 million release relating to UK business restructuring in prior years. In fiscal 2020, discontinued other operating costs also included $18 million in restructuring costs incurred in the UK, including $3 million charged to cost of sales for inventory write-downs. In 2019, discontinued other operating costs primarily relates to business restructuring costs incurred in the UK in respect of their business transformation strategy.

During the year, discontinued operations generated cash of $32 million (2020: $113 million and 2019: $2 million) in respect of operating activities, generated $390 million (2020: used $54 million and 2019: $121 million) in respect of investing activities, which includes $380 million (2020: $7 million and 2019: $98 million) of net cash inflow from the disposal of businesses, and used $19 million (2020: $35 million and 2019: $1 million) in respect of financing activities.

7—Dividends

Amounts recognized as distributions to equity shareholders:

	2021	2020	2019
	$m	$m	$m
Final dividend for the year ended July 31, 2018: 131.9 cents per share	—	—	303
Interim dividend for the year ended July 31, 2019: 63.1 cents per share	—	—	146
Final dividend for the year ended July 31, 2019: 145.1 cents per share	—	327	—
Final dividend for the year ended July 31, 2020: 208.2 cents per share	**467**	—	—
Interim dividend for the year ended July 31, 2021: 72.9 cents per share	**163**	—	—
Special dividend: 180.0 cents per share	**404**	—	—
Dividends paid	**1,034**	327	449

Since the end of the financial year, the Directors have proposed a final ordinary dividend of approximately $369 million (166.5 cents per share). The dividend is subject to approval by shareholders at the Company's 2021 Annual General Meeting and is therefore not included in the balance sheet as a liability at July 31, 2021.

Dividends are declared in U.S. dollars and paid in both pounds sterling and U.S. dollars. For those shareholders paid in pounds sterling, the exchange rate used to translate the declared value was set in advance of the payment date. As a result of foreign exchange rate movements between these dates, the total amount paid (shown in the Group cash flow statement) may be different to that stated above.

8—Earnings per share

	2021			2020		
	Earnings	Basic earnings per share	Diluted earnings per share	Earnings	Basic earnings per share	Diluted earnings per share
	$m	cents	cents	$m	cents	cents
Profit from continuing and discontinued operations attributable to shareholders of the Company	**1,508**	**674.7**	**670.5**	961	427.5	423.5
Loss from discontinued operations	**142**	**63.6**	**63.2**	14	6.2	6.2
Profit from continuing operations	**1,650**	**738.3**	**733.7**	975	433.7	429.7

	2019		
	Earnings	Basic earnings per share	Diluted earnings per share
	$m	cents	cents
Profit from continuing and discontinued operations attributable to shareholders of the Company	1,108	481.3	477.8
Profit from discontinued operations	(66)	(28.7)	(28.5)
Profit from continuing operations	1,042	452.6	449.3

The weighted average number of ordinary shares in issue during the year, excluding those held by Employee Benefit Trusts and those held by the Company as Treasury shares, was 223.5 million (2020: 224.8 million and 2019: 230.2 million). The impact of all potentially dilutive share options on earnings per share would be to increase the weighted average number of shares in issue to 224.9 million (2020: 226.9 million and 2019: 231.9 million).

9—Employee and key management information

	2021	2020	2019
	$m	$m	$m
Wages and salaries	**2,807**	2,627	2,605
Social security costs	**182**	169	173
Pension costs—defined contribution plans	**74**	68	77
Pension costs—defined benefit plans (note 22)	**3**	3	11
Share-based payments	**77**	24	30
Total staff costs	**3,143**	2,891	2,896

The total staff costs in connection with discontinued operations was $124 million (2020: $246 million and 2019: $267 million).

Average number of employees	2021	2020	2019
USA	**27,032**	27,085	27,489
Canada and Central Europe	**2,443**	2,473	2,974
Central and other	**63**	74	79
Continuing operations	**29,538**	29,632	30,542

The average number of employees for discontinued operations was 2,386 (2020: 5,005 and 2019: 5,397).

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any Director of the Company.

The aggregate emoluments for all key management are set out in the following table:

Key management personnel compensation (including Directors)	2021	2020	2019
	$m	$m	$m
Salaries, bonuses and other short term employee benefits	**16**	16	13
Post-employment benefits	**2**	1	1
Share-based payments	**18**	8	11
Total compensation	**36**	25	25

10—Intangible assets—goodwill

	2021	2020
	$m	$m
Cost		
On August 1	**1,861**	1,789
Exchange rate adjustment	**15**	8
Acquisitions	**80**	78
Adjustment to fair value on prior year acquisitions	**—**	(14)
Reclassification as held for sale	**(162)**	—
At July 31	**1,794**	1,861
Accumulated impairment losses		
On August 1	**140**	133
Exchange rate adjustment	**3**	7
Reclassification as held for sale	**(106)**	—
At July 31	**37**	140
Net book value at July 31	**1,757**	1,721

Goodwill and intangible assets acquired during the year have been allocated to the individual cash generating units or aggregated cash generating units (together "CGUs") which are deemed to be the smallest identifiable group of assets generating independent cash inflows. CGUs have been aggregated in the disclosure below at a segmental level except for certain CGUs in the USA which are considered to be significant (more than 10 percent of the current year goodwill balance). Impairment reviews were performed for each individual CGU during the year ended July 31, 2021.

	2021				2020			
	Long term growth rate	Post-tax discount rate	Pre-tax discount rate	Goodwill	Long term growth rate	Post-tax discount rate	Pre-tax discount rate	Goodwill
	%	%	%	$m	%	%	%	$m
Blended Branches[(1)]				**1,096**				1,038
Waterworks				**192**				183
Rest of USA[(1)]				**319**				306
USA	**2.2**	**7.5**	**10.3**	**1,607**	2.2	8.1	10.8	1,527
UK	**n/a**	**n/a**	**n/a**	**—**	1.5	7.7	9.4	55
Canada	**2.0**	**8.0**	**10.9**	**150**	1.3	7.8	10.8	139
Total				**1,757**				1,721

(1) Due to a reorganization of the reporting structure, the Facilities Supply CGU, previously included within the Rest of USA CGU, has been reallocated to the Blended Branches CGU. The comparative has been reclassified for comparability.

The relevant inputs, including key assumptions, to the value in use calculations of each CGU are set out below.

Cash flow forecasts for years one to three are derived from the most recent Board approved strategic plan. The forecast for year five represents an estimate of "mid-cycle" trading performance for the CGU based on historic analysis. Year four is calculated as the average of the final year of the strategic plan and year five's mid-cycle estimate. The other inputs include: a risk-adjusted pre-tax discount rate, calculated by reference to the weighted average cost of capital ("WACC") of each country and reflecting the latest equity market risk factors; and the 30-year long term growth rate by country, as published by the IMF in April 2021.

The strategic plan is developed based on analyses of sales, markets and costs at a regional level. Consideration is given to past events, knowledge of future contracts and the wider economy. It takes into account both current business and future initiatives.

Management has performed a sensitivity analysis across all CGUs which have goodwill and acquired intangible assets using reasonably possible changes in the following key impairment review assumptions: compound average revenue growth rate, post-tax discount rate and long term growth rate, keeping all other assumptions constant. The sensitivity analysis included an assessment of the break-even point for each of the key assumptions. The sensitivity testing identified no reasonably possible changes in key assumptions that would cause the carrying amount of any CGU to exceed its recoverable amount. As a result, management do not believe that the key impairment review assumptions constitute a major source of estimation uncertainty as they consider that there is no significant risk of a material change to its estimate of these assumptions within the next 12 months.

11—Intangible assets—other

		Acquired intangible assets			
	Software	Trade names and brands	Customer relationships	Other	Total
	$m	$m	$m	$m	$m
Cost					
On August 1, 2019	203	192	673	168	1,236
Exchange rate adjustment	5	1	4	—	10
Acquisitions	13	34	101	3	151
Adjustment to fair value on prior year acquisitions	—	4	9	2	15
Additions	87	—	—	—	87
Disposals and transfers	(2)	—	—	—	(2)
At July 31, 2020	**306**	**231**	**787**	**173**	**1,497**
Exchange rate adjustment	**3**	**—**	**3**	**—**	**6**
Acquisitions	**—**	**17**	**132**	**15**	**164**
Additions	**72**	**—**	**—**	**—**	**72**
Disposals and transfers	**(10)**	—	—	—	**(10)**
Reclassification as held for sale	**(66)**	**(18)**	**(65)**	**(1)**	**(150)**
At July 31, 2021	**305**	**230**	**857**	**187**	**1,579**

		Acquired intangible assets			
	Software	Trade names and brands	Customer relationships	Other	Total
	$m	$m	$m	$m	$m
Accumulated amortization and impairment losses					
On August 1, 2019	136	95	469	113	813
Exchange rate adjustment	2	1	3	—	6
Amortization charge for the year	35	28	85	17	165
Disposals	(8)	—	—	—	(8)
At July 31, 2020	**165**	**124**	**557**	**130**	**976**
Exchange rate adjustment	**2**	**—**	**2**	**—**	**4**
Amortization charge for the year	**39**	**28**	**91**	**15**	**173**
Disposals and transfers	**(12)**	**—**	**—**	**—**	**(12)**
Reclassification as held for sale	**(38)**	**(11)**	**(58)**	**(1)**	**(108)**
At July 31, 2021	**156**	**141**	**592**	**144**	**1,033**
Net book value at July 31, 2021	**149**	**89**	**265**	**43**	**546**
Net book value at July 31, 2020	141	107	230	43	521

At July 31, 2021, customer relationships net book value includes $69 million (2020: $80 million) in relation to the acquisition of Jones Stephens which had a remaining amortization period of seven years (2020: eight years).

The amortization charge for the year includes $5 million (2020: $22 million) in respect of discontinued operations of which $2 million relates to software (2020: $6 million).

12—Right of use assets and leases

Movements in right of use assets for the years ended July 31, 2021 were as follows:

	Land and buildings	Plant and machinery	Total right of use assets
	$m	$m	$m
Net book value at July 31, 2019	—	—	—
Adjustment on adoption of IFRS 16	940	280	1,220
Net book value at August 1, 2019	940	280	1,220
Exchange rate adjustment	8	—	8
Acquisitions	28	2	30
Additions	54	61	115
Disposals and remeasurements	19	(3)	16
Depreciation charge for the year	(191)	(77)	(268)
Impairment charge for the year	(9)	(1)	(10)
Net book value at July 31, 2020	**849**	**262**	**1,111**
Exchange rate adjustments	**7**	**1**	**8**
Acquisitions	**12**	**—**	**12**
Additions	**45**	**49**	**94**
Disposals and remeasurements	**66**	**(16)**	**50**
Depreciation charge for the year	**(181)**	**(73)**	**(254)**
Reclassification as held for sale	**(108)**	**(18)**	**(126)**
Net book value at July 31, 2021	**690**	**205**	**895**

The depreciation charge for the year includes $13 million (2020: $35 million) and the impairment charge for the year ended July 31, 2020 includes $2 million in respect of discontinued operations.

The Group’s land and building leases include leases for branches, distribution centers and offices. Leases in the USA and Canada often include one or more options to extend the lease term and some of the Group’s leases include options to terminate early. Certain leases include variable lease payments that are linked to a consumer price index or market rate. The Group’s land and building leases have a weighted average remaining lease term at July 31, 2021 of 5.3 years (2020: 5.9 years).

The Group’s plant and machinery leases include leases for fleet vehicles, trucks and company cars. These leases have a weighted average remaining lease term at July 31, 2021 of 4.3 years (2020: 4.5 years).

The maturity of lease liabilities at July 31, 2021 was as follows:

	2021	2020
	$m	$m
Due in less than one year	**298**	325
Due in one to two years	**283**	326
Due in two to three years	**219**	282
Due in three to four years	**156**	211
Due in four to five years	**99**	146
Due in over five years	**148**	218
Total undiscounted lease payments	**1,203**	1,508
Effect of discounting	**(113)**	(153)
Lease liabilities	**1,090**	1,355
Current lease liabilities	**263**	281
Non-current lease liabilities	**827**	1,074
Lease liabilities	**1,090**	1,355

At July 31, 2021 the Group was committed to future undiscounted lease payments $nil million (2020: $nil million) relating to short term leases.

Amounts charged/(credited) to the Group income statement during the year were as follows:

	2021	2020
	$m	$m
Depreciation of right of use assets	**241**	233
Impairment of right of use assets	**—**	8
Short term lease expense	**1**	10
Low-value lease expense	**15**	16
Sublease income	**(2)**	(1)
Charged to operating costs	**255**	266
Charged to finance costs	**44**	49
Total amount charged to the Group income statement	**299**	315

13—Property, plant and equipment

	Land and buildings					
	Freehold	Finance leases	Leasehold improvements	Plant and machinery	Other equipment	Total
	$m	$m	$m	$m	$m	$m
Cost						
At July 31, 2019	1,184	1	498	679	219	2,581
Adjustments on adoption of IFRS 16	—	(1)	—	(2)	(13)	(16)
On August 1, 2019	1,184	—	498	677	206	2,565
Exchange rate adjustment	5	—	5	8	4	22
Acquisitions	15	—	—	4	—	19
Additions	127	—	11	70	6	214
Disposals and transfers	2	—	(17)	(40)	(26)	(81)
Reclassification as held for sale	(30)	—	—	(1)	—	(31)
At July 31, 2020	**1,303**	**—**	**497**	**718**	**190**	**2,708**
Exchange rate adjustment	**3**	**—**	**3**	**4**	**2**	**12**
Acquisitions	**8**	**—**	**1**	**1**	**1**	**11**
Additions	**79**	**—**	**23**	**63**	**9**	**174**
Disposals and transfers	**(4)**	**—**	**(27)**	**(26)**	**(19)**	**(76)**
Reclassification as held for sale	**(70)**	**—**	**(74)**	**(119)**	**(40)**	**(303)**
At July 31, 2021	**1,319**	**—**	**423**	**641**	**143**	**2,526**
Accumulated depreciation and impairment losses						
At July 31, 2019	278	—	338	475	141	1,232
Adjustments on adoption of IFRS 16	—	—	—	(1)	(9)	(10)
On August 1, 2019	278	—	338	474	132	1,222
Exchange rate adjustment	1	—	3	6	3	13
Depreciation charge for the year	36	—	34	62	22	154
Impairment charge for the year	1	—	2	2	—	5
Disposals	—	—	(13)	(36)	(19)	(68)
Reclassification as held for sale	(7)	—	—	—	—	(7)
At July 31, 2020	**309**	**—**	**364**	**508**	**138**	**1,319**
Exchange rate adjustment	**1**	**—**	**2**	**2**	**1**	**6**
Depreciation charge for the year	**36**	**—**	**30**	**56**	**14**	**136**
Disposals and transfers	**(1)**	**—**	**(21)**	**(31)**	**(6)**	**(59)**
Reclassification as held for sale	**(18)**	**—**	**(45)**	**(88)**	**(30)**	**(181)**
At July 31, 2021	**327**	**—**	**330**	**447**	**117**	**1,221**
Net book value at July 31, 2021	**992**	**—**	**93**	**194**	**26**	**1,305**
Net book value at July 31, 2020	994	—	133	210	52	1,389

The depreciation charge for the year includes $6 million (2020: $19 million) and the impairment charge for the year ended July 31, 2020 includes $1 million in respect of discontinued operations.

14—Deferred tax assets and liabilities

Deferred tax assets and liabilities, which are offset where the Group has a legally enforceable right to do so, are shown in the balance sheet after offset as follows:

	2021	2020
	$m	$m
Deferred tax assets	**303**	216
Deferred tax liabilities	**—**	(26)
	303	190

The following are the major deferred tax assets and liabilities recognized by the Group and movements thereon during the current and prior reporting year:

	Goodwill and intangible assets	Share-based payments	Property, plant and equipment	Right of use assets	Lease liabilities	Retirement benefit obligations	Inventory	Tax Method Changes	Tax losses	Trade and other payables	Other	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
At July 31, 2019	(74)	25	31	—	—	40	(114)	—	88	40	72	108
Adjustment on adoption of IFRS 16	—	—	—	(298)	372	—	—	—	—	(5)	—	69
At August 1, 2019	(74)	25	31	(298)	372	40	(114)	—	88	35	72	177
Credit/(charge) to income	3	(2)	(14)	27	(34)	1	5	—	11	(13)	(13)	(29)
Credit to other comprehensive income	—	—	—	—	—	44	—	—	—	—	—	44
Credit to equity	—	5	—	—	—	—	—	—	—	—	—	5
Acquisitions	(12)	—	1	(4)	4	—	—	—	—	—	—	(11)
Exchange rate adjustment	—	—	4	—	—	(1)	—	—	1	—	—	4
At July 31, 2020	**(83)**	**28**	**22**	**(275)**	**342**	**84**	**(109)**	**—**	**100**	**22**	**59**	**190**
Credit/(charge) to income	**3**	**4**	**(5)**	**26**	**(42)**	**(4)**	**(19)**	**98**	**20**	**60**	**20**	**161**
Charge to other comprehensive income	**—**	**—**	**—**	**—**	**—**	**(19)**	**—**	**—**	**—**	**—**	**—**	**(19)**
Credit to equity	—	**4**	—	—	—	—	—	—	—	—	—	**4**
Acquisitions	**(16)**	**—**	**—**	**—**	**—**	**—**	**1**	**—**	**5**	**—**	**—**	**(10)**
Transfers to held for sale	**6**	**(1)**	**(17)**	**24**	**(25)**	**—**	**—**	**—**	**(17)**	**—**	**1**	**(29)**
Transfers between categories	**—**	**—**	**—**	**—**	**—**	**—**	**195**	**(195)**	**—**	**—**	**—**	**—**
Exchange rate adjustment	—	—	**5**	—	—	**1**	—	—	—	—	—	**6**
At July 31, 2021	**(90)**	**35**	**5**	**(225)**	**275**	**62**	**68**	**(97)**	**108**	**82**	**80**	**303**

Legislation has been enacted in the UK to increase the standard rate of UK corporation tax from 19 percent to 25 percent with effect from April 2023. Accordingly, the UK deferred tax assets and liabilities have been calculated based on a tax rate which materially reflects the rate for the period in which the deferred tax assets and liabilities are expected to reverse.

Net deferred tax assets have been recognized on the basis that sufficient taxable profits are forecast to be available in the future to enable them to be utilized.

In addition, the Group has unrecognized gross tax losses totaling $404 million (2020: $369 million) that have not been recognized on the basis that their future economic benefit is uncertain. These losses have no expiry date and relate predominantly to capital losses.

No deferred tax liability has been recognized in respect of taxable temporary differences associated with unremitted earnings from the Group's subsidiary undertakings. However, tax may arise on $551 million (2020: $442 million) of temporary differences but the Group is in a position to control the timing of their reversal and it is probable that such differences will not reverse in the foreseeable future.

15—Inventories

	2021	2020
	$m	$m
Goods purchased for resale	**3,607**	3,089
Inventory provisions	**(181)**	(209)
Net inventories	**3,426**	2,880

16—Trade and other receivables

	2021	2020
	$m	$m
Current		
Trade receivables	**2,803**	2,604
Less: provision for expected credit losses	**(17)**	(36)
Net trade receivables	**2,786**	2,568
Other receivables	**146**	139
Prepayments	**399**	335
	3,331	3,042
Non-current		
Other receivables	**428**	377

Included in prepayments is $344 million (2020: $289 million) due in relation to supplier rebates where there is no right of offset against trade payable balances.

Trade receivables have been aged with respect to the payment terms specified in the terms and conditions established with customers.

The loss allowance for trade receivables by aging category is as follows:

At July 31, 2021	Amounts not yet due	Less than six months past due	More than six months past due	Total
	$m	$m	$m	$m
Expected credit loss rate	**0.3 %**	**0.5 %**	**100 %**	
Gross trade receivables	**1,820**	**977**	**6**	**2,803**
Lifetime expected credit losses	**(6)**	**(5)**	**(6)**	**(17)**
Net trade receivables	**1,814**	**972**	**—**	**2,786**

At July 31, 2020	Amounts not yet due	Less than six months past due	More than six months past due	Total
	$m	$m	$m	$m
Expected credit loss rate	0.6 %	1.1 %	100 %	
Gross trade receivables	1,836	751	17	2,604
Lifetime expected credit losses	(11)	(8)	(17)	(36)
Net trade receivables	1,825	743	—	2,568

No contracts contain a significant financing component. Payment from customers is typically due within 30 to 60 days.

The contractual amount outstanding on trade receivables that were written off during the year and that are subject to enforcement activity was $9 million (2020: $12 million).

17—Cash and cash equivalents

	2021	2020
	$m	$m
Cash and cash equivalents	**1,335**	2,115

Included in the balance at July 31, 2021 is an amount of $36 million (2020: $248 million) which is part of the Group's cash pooling arrangements where there is an equal and opposite balance included within bank overdrafts (note 19). These amounts are subject to a master netting arrangement.

At July 31, 2021, cash and cash equivalents included $95 million (2020: $93 million) which is used to collateralize letters of credit on behalf of Ferguson Insurance Limited.

18—Trade and other payables

	2021	2020
	$m	$m
Current		
Trade payables	**3,234**	2,855
Tax and social security	**92**	114
Other payables	**104**	115
Accruals and deferred income	**592**	507
	4,022	3,591
Non-current		
Other payables	**342**	338

Trade payables are stated net of $55 million (2020: $50 million) due from suppliers with respect to supplier rebates where an agreement exists that allows these to be net settled.

19—Borrowings

	2021			2020		
	Current	Non-current	Total	Current	Non-current	Total
	$m	$m	$m	$m	$m	$m
Bank overdrafts	**183**	—	**183**	248	—	248
Senior unsecured loan notes	—	**2,528**	**2,528**	283	2,635	2,918
Total borrowings	**183**	**2,528**	**2,711**	531	2,635	3,166

At July 31, 2021 total 144A Bond debt was $1,350 million (2020: $1,350 million) which is held at par value.

The carrying value of the Private Placement Notes of $1,178 million comprises a par value of $1,155 million and a fair value adjustment of $23 million from the application of hedge accounting (2020: $1,568 million, $1,530 million and $38 million respectively).

The Group applies fair value hedge accounting to debt of $355 million (2020: $355 million), swapping fixed interest rates into floating interest rates using a series of interest rate swaps.

Included in bank overdrafts at July 31, 2021 is an amount of $36 million (2020: $248 million) which is part of the Group's cash pooling arrangements where there is an equal and opposite balance included within cash and cash equivalents (note 17). These amounts are subject to a master netting arrangement.

In April 2020, Ferguson Finance Plc was approved as an eligible issuer under the Covid Corporate Financing Facility ("CCFF"), all commercial paper issued under the CCFF was fully repaid in June 2020 and as a result there are no balances recognized in the financial statements in the current or prior year. The Group did not utilize the funds that were previously drawn down under the facility and Ferguson Finance Plc's CCFF eligibility expired in October 2020. There are no unfulfilled conditions or contingencies associated with the facility.

No bank loans were secured against trade receivables and the trade receivables facility of $600 million was undrawn at July 31, 2021 and July 31, 2020.

There have been no significant changes during the year to the Group's policies on accounting for, valuing and managing the risk of financial instruments. These policies are summarized in note 1.

Non-current loans are repayable as follows:

	2021	2020
	$m	$m
Due in one to two years	**250**	—
Due in two to three years	**55**	250
Due in three to four years	**150**	150
Due in four to five years	**400**	150
Due in over five years	**1,673**	2,085
Total	**2,528**	2,635

20—Financial instruments and financial risk management

Financial instruments by measurement basis

The carrying value of financial instruments by category as defined by IFRS 9 "Financial Instruments" is as follows:

	2021	2020(2)
	$m	$m
Financial assets		
Financial assets at fair value through profit and loss	**353**	307
Financial assets at fair value through other comprehensive income	**18**	12
Financial assets at amortized cost	**3,372**	3,114
Financial liabilities		
Financial liabilities at fair value through profit and loss	**328**	265
Financial liabilities at amortized cost	**7,026**	7,474

Financial instruments in the category "fair value through profit and loss" and "fair value through other comprehensive income" are measured in the balance sheet at fair value. Fair value measurements can be classified in the following hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Group's derivatives relate principally to interest rate swaps to manage its exposure to interest rate movements on its borrowings. They are measured at fair value through profit and loss using forward interest curves which are level 2 inputs. The current element of derivative financial assets is $5 million (2020: $11 million) and the non-current element is $16 million (2020: $28 million). Total net derivative financial instruments is an asset of $21 million (2020: $39 million). No transfers between levels occurred during the current or prior year.

The Group's executive deferred compensation plan comprises a financial asset of $332 million (2020: $268 million) which is measured at fair value through profit and loss using level 1 inputs and a financial liability of $328 million (2020: $265 million) which is measured at fair value through profit and loss using level 2 inputs. The fair value of the liability is calculated with reference to the fair value of the associated asset. The financial asset is all classified as non-current. The current element of the financial liability is $31 million (2020: $13 million) and the non-current element is $297 million (2020: $252 million). No transfers between levels occurred during the current or prior year.

The Group has made the irrevocable election to designate its investments in equity instruments as financial assets at fair value through other comprehensive income as this presentation is more representative of the nature of the Group's investments. The fair value of the investments in the current year are measured using market derived valuation methods which utilize level 3 unobservable inputs compared to the prior year which utilized level 2 inputs. The investments are classified as non-current financial assets in the balance sheet. No dividends were received from these investments in the current and prior year.

The Group's other financial instruments are measured at amortized cost. Other receivables include an amount of $64 million (2020: $71 million) which has been discounted at a rate of 1.8 percent (2020: 1.0 percent) due to the long term nature of the receivable. Other current assets and liabilities are either of short maturity or bear floating rate interest and their fair values approximate to book values. The only non-current financial assets or liabilities for which fair value does not approximate to book value are the Private Placement Notes, which had a book value of $1,178 million (2020: $1,568 million) and a fair value (level 2) of $1,273 million (2020: $1,671 million), and the 144A Bonds which had a book value of $1,350 million (2020: $1,350 million) and a fair value (level 1) of $1,538 million (2020: $1,488 million).

Disclosure of offsetting arrangements

The financial instruments which have been offset in the financial statements are disclosed below:

At July 31, 2021	Notes	Gross balances[1]	Offset amounts[2]	Financial statements[3]	Cash pooling amounts[4]	Net total[5]
		$m	$m	$m	$m	$m
Financial assets						
Non-current assets						
Derivative financial assets		**16**	—	**16**	—	**16**
Current assets						
Derivative financial assets		**5**	—	**5**	—	**5**
Cash and cash equivalents	17	**1,335**	—	**1,335**	**(36)**	**1,299**
		1,356	—	**1,356**	**(36)**	**1,320**
Financial liabilities						
Current liabilities						
Borrowings	19	**183**	—	**183**	**(36)**	**147**
Non-current liabilities						
Borrowings	19	**2,528**	—	**2,528**	—	**2,528**
		2,711	—	**2,711**	**(36)**	**2,675**
Total excluding lease liabilities	27	**(1,355)**	—	**(1,355)**	—	**(1,355)**

At July 31, 2020	Notes	Gross balances[1]	Offset amounts[2]	Financial statements[3]	Cash pooling amounts[4]	Net total[5]
		$m	$m	$m	$m	$m
Financial assets						
Non-current assets						
Derivative financial assets		28	—	28	—	28
Current assets						
Derivative financial assets		19	(8)	11	—	11
Cash and cash equivalents	17	2,115	—	2,115	(248)	1,867
		2,162	(8)	2,154	(248)	1,906

At July 31, 2020	Notes	Gross balances[1]	Offset amounts[2]	Financial statements[3]	Cash pooling amounts[4]	Net total[5]
		$m	$m	$m	$m	$m
Financial liabilities						
Current liabilities						
Derivative financial liabilities		8	(8)	—	—	—
Borrowings	19	531	—	531	(248)	283
Non-current liabilities						
Borrowings	19	2,635	—	2,635	—	2,635
		3,174	(8)	3,166	(248)	2,918
Total excluding lease liabilities	27	(1,012)	—	(1,012)	—	(1,012)

(1) The gross amounts of the recognized financial assets and liabilities under a master netting agreement, or similar arrangement.
(2) The amounts offset in accordance with the criteria in IAS 32.
(3) The net amounts presented in the Group balance sheet.
(4) The amounts subject to a master netting agreement, or similar arrangement, not included in (3).
(5) The net amount after deducting the amounts in (4) from the amounts in (3).

Risk management policies

The Group is exposed to market risks arising from its international operations and the financial instruments which fund them. The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk and liquidity risk. The Group has well-defined policies for the management of these risks which have been consistently applied during the financial years ended July 31, 2021 and July 31, 2020. By the nature of its business, the Group also has trade credit and commodity price exposures, the management of which is delegated to the operating businesses. There has been no change since the previous year in the major financial risks faced by the Group.

Policies for managing each of these risks are regularly reviewed and are summarized below. When the Group enters into derivative transactions (principally interest rate swaps and foreign exchange contracts), the purpose of such transactions is to hedge certain interest rate and currency risks arising from the Group's operations and its sources of finance. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments or speculative transactions be undertaken.

Capital structure and risk management

The capital structure of the Group consists of derivative financial assets/(liabilities), cash and cash equivalents, borrowings, and equity of the Group (comprising share capital, share premium and reserves). To assess the appropriateness of its capital structure based on current and forecast trading, the Group's principal measure of financial gearing is the ratio of net debt to adjusted EBITDA. The Group aims to operate with investment grade credit metrics and keep this ratio within one to two times. Of the Group's borrowing facilities, only the U.S. Private Placement debt contains a financial covenant limiting the ratio of net debt to adjusted EBITDA to 3.5:1. All other borrowing facilities and 144A Bond debt do not contain financial covenants.

The Group's sources of funding currently comprise cash flows generated from operations, equity contributed by shareholders and borrowings from banks and other financial institutions. In order to maintain or adjust the capital structure, the Group may pay a special dividend, return capital to shareholders, repurchase its own shares, issue new shares or sell assets to reduce debt.

Credit risk

The Group provides sales on credit terms to most of its customers. There is an associated risk that customers may not be able to pay outstanding balances. At July 31, 2021, the maximum exposure to credit risk was $2,786 million (2020: $2,568 million).

Each of the Group's businesses have established procedures in place to review and collect outstanding receivables. Significant outstanding and overdue balances are regularly reviewed and resulting actions are put in place on a timely basis. All of the major businesses use professional and dedicated credit teams, in some cases field-based. Appropriate provisions are made for debts that may be impaired on a timely basis. Concentration of credit risk in trade receivables is limited as the Group's customer base is large and unrelated. Accordingly, the Group considers that there is no further credit risk provision required above the current provision for expected credit losses. The aging of trade receivables is detailed in note 16.

The Group has cash balances deposited for short periods with financial institutions and enters into certain contracts (such as interest rate swaps) which entitle the Group to receive future cash flows from financial institutions. These transactions give rise to credit risk on amounts due from counterparties with a maximum exposure of $1,163 million (2020: $1,873 million). This risk is managed by setting credit and settlement limits for a panel of approved counterparties. The limits are approved by the Treasury Committee and ratings are monitored regularly.

Liquidity risk

The Group maintains a policy of ensuring sufficient borrowing headroom to finance all investment and capital expenditure included in its strategic plan, with an additional contingent safety margin.

The group has estimated its anticipated contractual cash outflows (excluding interest income and income from derivatives), including interest payable in respect of its borrowings (excluding bank overdrafts) and lease liabilities, on an undiscounted basis. The principal assumptions are that floating rate interest is calculated using the prevailing interest rate at the balance sheet date and cash flows in foreign currency are translated using spot rates at the balance sheet date. These cash flows can be analyzed by maturity as follows:

	2021				**2020**			
	Trade and other payables	**Debt including lease liabilities**	**Interest on debt including lease liabilities**	**Total**	Trade and other payables	Debt including lease liabilities	Interest on debt including lease liabilities	Total
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Due in less than one year	**3,188**	**263**	**130**	**3,581**	2,889	561	148	3,598
Due in one to two years	**31**	**507**	**116**	**654**	34	291	131	456
Due in two to three years	**25**	**257**	**103**	**385**	20	507	117	644
Due in three to four years	**18**	**295**	**93**	**406**	15	345	103	463
Due in four to five years	**19**	**491**	**79**	**589**	14	286	92	392
Due in over five years	**244**	**1,782**	**207**	**2,233**	211	2,245	285	2,741
Total	**3,525**	**3,595**	**728**	**7,848**	3,183	4,235	876	8,294

The Group relies on continued access to funding in order to meet its operating obligations, to support the growth of the business and to make acquisitions when opportunities arise. Its sources of funding include cash flows generated by operations and borrowings from banks and other financial institutions. The Group holds a $1,100 million (2020: $1,100 million) revolving credit facility that matures in March 2026, a $500 million bilateral facility that matures in March 2022 (2020: $500 million), and a $600 million (2020: $600 million) securitization facility that matures in May 2024. This facility is secured against the assets of Ferguson Receivables, LLC, a wholly owned subsidiary of Ferguson Enterprises, LLC. The assets of Ferguson Receivables, LLC can only be used to settle the obligations of Ferguson Receivables, LLC and creditors of Ferguson Receivables, LLC have no recourse to the general credit of Ferguson plc or that of other Group subsidiaries. All facilities were undrawn at July 31, 2021 and July 31, 2020.

The maturity profile of the Group's undrawn facilities is as follows:

	2021	2020
	$m	$m
Less than one year	**500**	500
Between one and two years	**—**	600
Between two and three years	**600**	—
Between three and four years	**—**	—
Between four and five years	**1,100**	1,100
After five years	**—**	—
Total	**2,200**	2,200

At July 31, 2021, the Group has total available facilities, excluding bank overdrafts, of $4,728 million (2020: $5,118 million), of which $2,528 million is drawn (note 19) and $2,200 million is undrawn (2020: $2,918 million and $2,200 million, respectively). The Group does not have any debt factoring or supply chain financing arrangements.

Foreign currency risk

The Group has significant overseas businesses whose revenues are mainly denominated in the currencies of the countries in which the operations are located. Approximately 94 percent (2020: 95 percent and 2019: 93 percent) of the Group's revenue is in U.S. dollars. Within each country it operates, the Group does not have significant transactional foreign currency cash flow exposures. However, those that do arise may be hedged with either forward contracts or currency options. The Group does not normally hedge profit translation exposure since such hedges have only a temporary effect.

The Group's policy is to adjust the currencies in which its derivative financial assets/(liabilities), cash and cash equivalents and borrowings, are denominated materially to match the currencies in which its trading profit is generated. The net effect of currency translation was to increase revenue by $60 million (2020: decrease by $25 million) and the net effect on trading profit was $nil (2020: $nil). These currency effects primarily reflect a movement of the average U.S. dollar exchange rate against Canadian dollars.

Derivative financial assets/(liabilities), cash and cash equivalents and borrowings by currency were as follows:

	At July 31, 2021			At July 31, 2020		
	Derivatives	Cash and borrowings	Total	Derivatives	Cash and borrowings	Total
	$m	$m	$m	$m	$m	$m
U.S. dollars	**23**	**(1,640)**	**(1,617)**	39	(1,186)	(1,147)
Pounds sterling	**(1)**	**90**	**89**	—	(38)	(38)
Other currencies	**(1)**	**174**	**173**	—	173	173
Total	**21**	**(1,376)**	**(1,355)**	39	(1,051)	(1,012)

Net investment hedging

Exchange differences arising from the translation of the net investment in foreign operations are recognized in the statement of comprehensive income and accumulated in the translation reserve. Gains and losses on those hedging instruments designated as hedges of the net investments in foreign operations are recognized in equity in the statement of comprehensive income and accumulated in the translation reserve to the extent that the hedging relationship is effective.

The Group has net financial liabilities denominated in foreign currencies which have been designated as hedges of the net investment in its overseas subsidiaries. The principal value of those financial liabilities designated as hedges at the balance sheet date was $187 million (2020: $368 million and 2019: $327 million). The loss on translation of those financial instruments into U.S. dollars of $31 million (2020: $31 million and 2019: $36 million gain) has been taken to the statement of comprehensive income. There was no hedge ineffectiveness in the year.

Interest rate risk

At July 31, 2021, 85 percent (2020: 83 percent) of borrowings (excluding bank overdrafts) were at fixed rates. The Group borrows in the desired currencies principally at rates determined by reference to short term benchmark rates applicable to the relevant currency or market, such as LIBOR. Rates which reset at least every 12 months are regarded as floating rates and the Group then, if appropriate, considers interest rate swaps to generate the desired interest rate profile.

The Group reviews deposits and borrowings by currency at Treasury Committee and Board meetings. The Treasury Committee gives prior approval to any variations from floating rate arrangements.

The interest rate profile of the Group's derivative financial assets/(liabilities), cash and cash equivalents and borrowings, including the effect of interest rate swaps is set out below:

	2021			2020		
	Floating	Fixed	Total	Floating	Fixed	Total
	$m	$m	$m	$m	$m	$m
U.S. dollars	**533**	**(2,150)**	**(1,617)**	1,284	(2,431)	(1,147)
Pounds sterling	**89**	**—**	**89**	(38)	—	(38)
Other currencies	**173**	**—**	**173**	173	—	173
Total	**795**	**(2,150)**	**(1,355)**	**1,419**	**(2,431)**	**(1,012)**

The Group's weighted average cost of debt is 4.5 percent. The Group holds issued fixed rate borrowings at July 31, 2021 of $2,505 million comprising 144A Bonds of $1,350 million and Private Placement Notes of $1,155 million (2020: $2,786 million, $1,350 million and $1,436 million respectively) and these carried a weighted average interest rate of 3.8 percent fixed for a weighted average duration of 6.6 years (2020: 3.7 percent for 7.0 years). The Group holds interest rate swap contracts comprising fixed interest receivable on $355 million of notional principal. These are designated as a fair value hedge against $355 million of Private Placement Notes swapping fixed interest for floating. These contracts expire between November 2023 and November 2026 and the fixed interest rates range between 3.3 percent and 3.5 percent. At July 31, 2021, there were $nil floating rate borrowings, excluding overdrafts. At July 31, 2020, floating rate borrowings, excluding overdrafts, had a weighted average interest rate of 1.7 percent.

Monitoring interest rate and foreign currency risk

The Group monitors its interest rate and foreign currency risk by reviewing the effect on financial instruments over various periods of a range of possible changes in interest rates and exchange rates. The financial impact for reasonable approximation of possible changes in interest rates and exchange rates are as follows. The Group has estimated that an increase of one percent in the principal floating interest rates to which it is exposed would result in a credit to the income statement of $8 million (2020: $14 million). The Group has estimated that a weakening of the U.S. dollar by 10 percent against financial instruments denominated in a foreign currency in which the Group does business would result in a charge to the translation reserve of $7 million (2020: $52 million). The Group does not consider that there is a useful way of quantifying the Group's exposure to any of the macroeconomic variables that might affect the collectability of receivables or the prices of commodities.

21—Provisions

	Environmental and legal	Ferguson Insurance	Restructuring	Property provisions	Other provisions	Total
	$m	$m	$m	$m	$m	$m
At July 31, 2019	82	77	40	15	51	265
Adjustment on adoption of IFRS 16	—	—	(14)	14	(1)	(1)
On August 1, 2019	82	77	26	29	50	264
Utilized in the year	(4)	(20)	(27)	(1)	(4)	(56)
Changes in discount rate	6	—	—	1	—	7
(Credit)/charge for the year	(1)	18	22	1	(10)	30
Acquisition of businesses	2	—	—	—	—	2
Exchange rate adjustment	1	1	1	3	2	8
At July 31, 2020	**86**	**76**	**22**	**33**	**38**	**255**
Utilized in the year	**(4)**	**(19)**	**(8)**	**(1)**	**(3)**	**(35)**
Changes in discount rate	**(5)**	**—**	**—**	**—**	**—**	**(5)**
Charge/(credit) for the year	**15**	**13**	**(1)**	**—**	**3**	**30**
Reclassified as held for sale	**(8)**	**—**	**(10)**	**(33)**	**(2)**	**(53)**
Exchange rate adjustment	**—**	**—**	**1**	**1**	**1**	**3**
At July 31, 2021	**84**	**70**	**4**	**—**	**37**	**195**

Provisions have been analyzed between current and non-current as follows:

At July 31, 2021	Environmental and legal	Ferguson Insurance	Restructuring	Property provisions	Other provisions	Total
	$m	$m	$m	$m	$m	$m
Current	**20**	**20**	**2**	**—**	**30**	**72**
Non-current	**64**	**50**	**2**	**—**	**7**	**123**
Total provisions	**84**	**70**	**4**	**—**	**37**	**195**

At July 31, 2020	Environmental and legal	Ferguson Insurance	Restructuring	Property provisions	Other provisions	Total
	$m	$m	$m	$m	$m	$m
Current	10	5	10	8	20	53
Non-current	76	71	12	25	18	202
Total provisions	86	76	22	33	38	255

The environmental and legal provision includes $64 million (2020: $72 million) for the estimated liability for asbestos litigation on a discounted basis using a long term discount rate of 1.8 percent (2020: 1.0 percent). This amount has been actuarially determined as at July 31, 2021 based on advice from independent professional advisers. The Group has insurance that covers asbestos litigation payments and settlements and based on a review of the insurance carriers and policies in place, the amount of performing insurance cover significantly exceeds the expected future claims. On that basis, it has been determined it is virtually certain the insurance will be recoverable and accordingly an insurance receivable of $64 million (2020: $71 million) has been recorded in other receivables. No material profit or cash flow impact is therefore expected to arise in the foreseeable future in respect of asbestos claims against the Group. Due to the nature of these provisions, the timing of any settlements is uncertain.

Ferguson Insurance provisions represent an estimate, based on historical experience, of the ultimate cost of settling outstanding claims and claims incurred but not reported on certain risks retained by the Group (principally USA casualty and global property damage). Due to the nature of these provisions, the timing of any settlements is uncertain.

Restructuring provisions include branch closure costs. The weighted average maturity of these obligations is approximately two years.

Other provisions include warranty costs relating to businesses disposed of and product warranty provisions. The weighted average maturity of these obligations is approximately 1.5 years.

22—Retirement benefit obligations

(i) Long-term benefit plans provided by the Group

The principal UK defined benefit plan is the Wolseley Group Retirement Benefits Plan which provides benefits based on final pensionable salaries. The assets are held in separate trustee administered funds. The Group contribution rate is calculated on the Projected Unit Credit Method and agreed with an independent consulting actuary. The plan was closed to new entrants in 2009, it was closed to future service accrual in December 2013, when it was replaced by a defined contribution plan, and during October 2016, it was closed for future non-inflationary salary accrual.

In 2017, the Group secured a buy-in insurance policy with Pension Insurance Corporation for the UK defined benefit plan. This policy covered all of the benefits provided by the plan to pensioner members at the time. The insurance asset is valued as exactly equal to the insured liabilities. The deferred members of the plan at the time were not covered by this policy.

In 2019, the Group offered some deferred members of the UK defined benefit plan an enhanced transfer value to settle their benefits accrued under the plan.

In 2021, prior to the disposal of the UK business, Wolseley UK Limited, the UK defined benefit plan was transferred to Ferguson UK Holdings Limited.

The last triennial valuation for the UK defined benefit pension plan was done as at April 2019 and the deficit reduction funding payments agreed with the trustees as a result of this have been paid. The next triennial valuation is due in April 2022.

The principal plans operated for USA employees are defined contribution plans, which are established in accordance with USA 401k rules. Companies contribute to both employee compensation deferral and profit sharing plans.

In Canada, defined benefit plans and a defined contribution plan are operated. Most of the Canadian defined benefit plans are funded. The contribution rate is calculated on the Projected Unit Credit Method as agreed with independent consulting actuaries.

The Group operates a number of smaller defined benefit and defined contribution plans providing pensions or other long term benefits such as long service or termination awards.

Investment policy

The Group's investment strategy for its funded post-employment plans is decided locally and, if relevant, by the trustees of the plan and takes account of the relevant statutory requirements. The Group's objective for the investment strategy is to achieve a target rate of return in excess of the increase in the liabilities, while taking an acceptable amount of investment risk relative to the liabilities. This objective is implemented by using specific allocations to a variety of asset classes that are expected over the long term to deliver the target rate of return.

For the UK plan, the buy-in insurance policy represents approximately 28 percent of the plan assets. For the remaining assets, the strategy is to invest in such a way that the expected cash flows broadly match a high proportion of the plan's expected liability cash flows by investing in predominately income-generating asset classes. The investment strategy is subject to regular review by the trustees of the plan in consultation with the Company. For the non-UK plans, the investment strategy is to invest predominantly in equities and bonds.

Investment risk

The present value of the UK defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the actual return on plan assets is below this rate, it will decrease a net surplus or increase a net pension liability. Currently, the plan is predominately invested in fixed income debt instruments such as corporate and government bonds. Due to the long-term nature of the plan liabilities and the maturity of the plan, the trustees of the pension plan consider the investment allocation appropriate to provide protection against the inflation and interest risk inherent in the plan's underlying liabilities.

Interest risk

A decrease in the bond interest rate will increase the UK plan liability and this will be partially offset by an increase in the value of the plan's debt investments.

Longevity risk

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the UK plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

(ii) Financial impact of plans

As disclosed in the Group balance sheet	2021	2020
	$m	$m
Non-current asset	**108**	—
Non-current liability	**(12)**	(61)
Net asset/(liability)	**96**	(61)

	2021			2020		
Analysis of Group balance sheet net asset/(liability)	UK	Non-UK	Total	UK	Non-UK	Total
	$m	$m	$m	$m	$m	$m
Fair value of plan assets	**2,175**	**129**	**2,304**	2,012	110	2,122
Present value of defined benefit obligations	**(2,067)**	**(141)**	**(2,208)**	(2,039)	(144)	(2,183)
Net asset/(liability)	**108**	**(12)**	**96**	(27)	(34)	(61)

Analysis of total expense recognized in the Group income statement	2021	2020	2019
	$m	$m	$m
Administrative costs	**3**	3	2
Settlement losses, past service costs and administrative costs	**—**	—	9
Charged to operating costs (note 9)	**3**	3	11
Charged/(credited) to finance costs (note 4)	**2**	(3)	(5)
Total expense recognized in the Group income statement	5	—	6

Expected employer contributions to the defined benefit plans for the year ending July 31, 2022 are $2 million.

The remeasurement of the defined benefit net asset is included in the Group statement of comprehensive income.

Analysis of amount recognized in the Group statement of comprehensive income	2021	2020	2019
	$m	$m	$m
The return on plan assets (excluding amounts included in net interest expense)	**34**	96	134
Actuarial gain/(loss) arising from changes in demographic assumptions	**22**	(62)	38
Actuarial gain/(loss) arising from changes in financial assumptions	**20**	(211)	(210)
Actuarial gain/(loss) arising from experience adjustments	**31**	(58)	2
Remeasurement of retirement benefit plans	**107**	(235)	(36)
Tax (charge)/credit	**(19)**	44	6
Total amount recognized in the Group statement of comprehensive income	**88**	(191)	(30)

The cumulative amount of actuarial losses recognized in the Group statement of comprehensive income is $652 million (2020: $759 million and 2019: $524 million).

The fair value of plan assets is as follows:

	2021			2020		
	UK	Non-UK	Total	UK	Non-UK	Total
	$m	$m	$m	$m	$m	$m
On August 1	**2,012**	**110**	**2,122**	1,788	116	1,904
Interest income	**31**	**3**	**34**	39	3	42
Employers' contributions	**55**	**1**	**56**	15	—	15
Benefit payments	**(68)**	**(9)**	**(77)**	(64)	(9)	(73)
Remeasurement gain:						
Return on plan assets (excluding amounts included in net interest expense)	**18**	**16**	**34**	94	2	96
Exchange rate adjustment	**127**	**8**	**135**	140	(2)	138
At July 31	**2,175**	**129**	**2,304**	2,012	110	2,122
Actual return on plan assets	**49**	**19**	**68**	133	5	138

Employers' contributions included special funding contributions of $53 million (2020: $13 million).

The plan assets were invested in a diversified portfolio comprised of:

	2021			2020		
	UK	Non-UK	Total	UK	Non-UK	Total
	$m	$m	$m	$m	$m	$m
Equity type assets quoted	**—**	**48**	**48**	165	65	230
Government bonds quoted	**492**	**40**	**532**	566	23	589
Corporate bonds quoted	**884**	**13**	**897**	385	12	397
Cash	**19**	**1**	**20**	44	—	44
Insurance policies	**602**	**—**	**602**	609	—	609
Securitized fixed income assets	**178**	**—**	**178**	167	—	167
Other	**—**	**27**	**27**	76	10	86
Total fair value of assets	**2,175**	**129**	**2,304**	2,012	110	2,122

The present value of defined benefit obligations is as follows:

	2021			2020		
	UK	Non-UK	Total	UK	Non-UK	Total
	$m	$m	$m	$m	$m	$m
On August 1	**2,039**	**144**	**2,183**	1,610	141	1,751
Current service costs (including administrative costs)	**3**	**—**	**3**	3	—	3
Interest cost	**31**	**4**	**35**	35	4	39
Benefit payments	**(68)**	**(9)**	**(77)**	(64)	(9)	(73)
Remeasurement (gain)/loss:						
Actuarial (gain)/loss arising from changes in demographic assumptions	**(22)**	**—**	**(22)**	62	—	62
Actuarial (gain)/loss arising from changes in financial assumptions	**(11)**	**(9)**	**(20)**	202	9	211
Actuarial (gain)/loss arising from experience adjustments	**(31)**	**—**	**(31)**	57	1	58
Exchange rate adjustment	**126**	**11**	**137**	134	(2)	132
At July 31	**2,067**	**141**	**2,208**	2,039	144	2,183

An analysis of the present value of defined benefit obligations by funding status is shown below:

	2021	2020
	$m	$m
Amounts arising from wholly unfunded plans	**3**	3
Amounts arising from plans that are wholly or partly funded	**2,205**	2,180
Total present value of defined benefit obligations	**2,208**	2,183

(iii) Valuation assumptions

The financial assumptions used to estimate defined benefit obligations are:

	2021		2020	
	UK	Non-UK	UK	Non-UK
	%	%	%	%
Discount rate	**1.7**	**2.9**	1.5	2.4
Inflation rate	**3.1**	**2.0**	2.9	2.0
Increase to deferred benefits during deferment	**2.4**	**n/a**	2.1	n/a
Increases to pensions in payment	**3.0**	**2.0**	2.6	2.0
Salary increases	**2.4**	**n/a**	2.1	2.5

The life expectancy assumptions used to estimate defined benefit obligations are:

	2021		2020	
	UK	Non-UK	UK	Non-UK
	Years	Years	Years	Years
Current pensioners (at age 65)—male	**22**	**22**	22	22
Current pensioners (at age 65)—female	**25**	**25**	25	24
Future pensioners (at age 65)—male	**23**	**23**	23	23
Future pensioners (at age 65)—female	**25**	**26**	26	26

The weighted average duration of the defined benefit obligation is 20.0 years (2020: 21.1 years).

(iv) Sensitivity analysis

The Group considers that the most sensitive assumptions are the discount rate, inflation rate and life expectancy. The sensitivity analyses below shows the (increase)/decrease in the Group's defined benefit plan net asset/liability of reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	2021			2020		
	Change	UK	Non-UK	Change	UK	Non-UK
		$m	$m		$m	$m
Discount rate	**+0.25 %**	**85**	**4**	+0.25 %	88	5
	(0.25)%	**(89)**	**(5)**	(0.25)%	(96)	(5)
Inflation rate	**+0.25 %**	**(77)**	**—**	+0.25 %	(85)	—
	(0.25)%	**78**	**3**	(0.25)%	75	4
Life expectancy	**1 year**	**(70)**	**(5)**	1 year	(56)	(5)

The UK defined benefit plan holds a buy-in policy asset which exactly equals the insured liability. The above sensitivities are in respect of the Group's remaining defined benefit plan net asset/liability.

23—Share capital

(i) Ordinary shares in issue

Allotted and issued shares	2021 Number of shares	2021 Cost	2020 Number of shares	2020 Cost
		$m		$m
Number/cost of ordinary 10 pence shares in the Company (million)	**232**	**30**	232	30

The authorized share capital of the Company is 500 million ordinary 10 pence shares (2020: 500 million ordinary 10 pence shares).

All the allotted and issued shares, including those held by Employee Benefit Trusts and in Treasury, are fully paid or credited as fully paid.

A summary of the movements in the year is detailed in the following table:

	2021	2020
Number of ordinary 10 pence shares in the Company in issue at July 31	**232,171,182**	232,171,182

(ii) Treasury shares

The shares purchased under the Group's buy back programs have been retained in issue as Treasury shares and represent a deduction from equity attributable to shareholders of the Company.

A summary of the movements in Treasury shares in the year is detailed in the following table:

	2021 Number of shares	2021 Cost	2020 Number of shares	2020 Cost
		$m		$m
Treasury shares held by the Company on August 1	**7,280,222**	**570**	2,036,945	146
Treasury shares purchased under irrevocable commitment from prior year	—	—	2,139,221	159
		570		305
Treasury shares purchased	**3,020,368**	**400**	3,452,349	292
Disposal of Treasury shares to settle share options	**(437,774)**	**(39)**	(348,293)	(27)
Treasury shares held by the Company at July 31	**9,862,816**	**931**	7,280,222	570

Consideration received in respect of shares transferred to participants in certain long term incentive plans and all-employee plans amounted to $18 million (2020: $11 million).

(iii) Own shares

Two Employee Benefit Trusts have been established in connection with the Company's discretionary share option plans and long term incentive plans.

A summary of the movements in own shares held in Employee Benefit Trusts is detailed in the following table:

	2021		2020	
	Number of shares	Cost	Number of shares	Cost
		$m		$m
Own shares in the Company on August 1	**1,277,347**	**88**	1,563,778	102
New shares purchased	**—**	**—**	307,345	26
Exercise of share options	**(444,158)**	**(30)**	(593,776)	(40)
Own shares in the Company at July 31	**833,189**	**58**	1,277,347	88

Consideration received in respect of shares transferred to participants in the discretionary share option plans and long term incentive plans amounted to $nil (2020: $nil). At July 31, 2021, the shares held in the trusts had a market value of $117 million (2020: $114 million).

Dividends due on shares held by the Employee Benefit Trusts are waived in accordance with the provisions of the trust deeds.

24—Reconciliation of profit to cash generated from operations

Profit for the year is reconciled to cash generated from continuing and discontinued operations as follows:

	2021	2020	2019
	$m	$m	$m
Profit for the year attributable to shareholders	**1,508**	961	1,108
Net finance costs	**146**	144	70
Share of (profit)/loss after tax of associates	**(1)**	2	(2)
Gain on disposal of interests in associates and other investments	**—**	(7)	(3)
Impairment of interests in associates	**—**	22	9
Tax charge	**253**	307	267
Loss/(gain) on disposal and closure of businesses and impairment of assets held for sale	**184**	3	(53)
Amortization of acquired intangible assets	**134**	130	110
Amortization of non-acquired intangible assets	**39**	35	31
Depreciation and impairment of right of use assets	**254**	278	—
Depreciation and impairment of property, plant and equipment	**136**	159	147
Gain on disposal of property, plant and equipment, and assets held for sale	**(3)**	(3)	(7)
(Increase)/decrease in inventories	**(825)**	19	(172)
(Increase)/decrease in trade and other receivables	**(769)**	210	(132)
Increase/(decrease) in trade and other payables	**1,023**	(9)	227
Decrease in provisions and other liabilities	**(57)**	(25)	(25)
Share-based payments	**71**	26	34
Cash generated from operations	**2,093**	2,252	1,609

25—Acquisitions

The Group acquired the following businesses during the year ended July 31, 2021, which are all engaged in the distribution of plumbing and heating products and were acquired to support growth in the USA. All transactions have been accounted for by the acquisition method of accounting.

Name	Date of acquisition	Country of incorporation	Shares/asset deal	Acquired %
Old Dominion Supply, Inc.	October 2020	USA	Shares	100%
Atlantic Construction Fabrics, Inc.	November 2020	USA	Assets	100%
Nova Wildcat Amerock Holdings, Inc.	January 2021	USA	Shares	100%
Clarksville Lighting & Appliance, LLC	January 2021	USA	Assets	100%
The Kitchen Showcase, Inc.	June 2021	USA	Assets	100%
Moore Industrial Supply	July 2021	USA	Assets	100%
Canyon Pipe & Supply, Inc.	July 2021	USA	Assets	100%

The assets and liabilities acquired and the consideration for all acquisitions in the year are as follows:

	2021	2020
	$m	$m
Intangible assets:		
Software	—	13
Trade names and brands	**17**	34
Customer relationships	**132**	101
Other	**15**	3
Right of use assets	**12**	30
Property, plant and equipment	**11**	19
Inventories	**51**	58
Trade and other receivables	**45**	62
Cash, cash equivalents and bank overdrafts	**13**	6
Lease liabilities	**(12)**	(30)
Trade and other payables	**(30)**	(28)
Deferred tax	**(10)**	(11)
Provisions	—	**(2)**
Total	**244**	255
Goodwill arising	**80**	78
Consideration	**324**	333
Satisfied by:		
Cash	**299**	321
Deferred consideration	**25**	12
Total consideration	**324**	333

The fair values acquired are provisional figures, being the best estimates currently available. Further adjustments may be necessary when additional information is available for some of the judgmental areas.

The goodwill arising on these acquisitions is attributable to the anticipated profitability of the new markets and product ranges to which the Group has gained access and additional profitability and operating efficiencies available in respect of existing markets.

The acquisitions contributed $159 million to revenue, $9 million to segment trading profit, $10 million loss to the Group's operating profit, $15 million loss to the Group's profit before tax and $17 million loss to the Group's profit after tax for the period between the date of acquisition and the balance sheet date.

If each acquisition had been completed on the first day of the financial year, continuing revenue would have been $22,999 million, continuing trading profit would have been $2,195 million, continuing operating profit would have been $2,044 million, continuing profit before tax would have been $1,895 million and continuing profit after tax would have been $1,653 million.

The net outflow of cash in respect of the purchase of businesses is as follows:

	2021	2020	2019
	$m	$m	$m
Purchase consideration	**299**	321	656
Deferred and contingent consideration in respect of acquisitions from prior years	**49**	36	12
Cash consideration	**348**	357	668
Cash, cash equivalents and bank overdrafts acquired	**(13)**	(6)	(11)
Net cash outflow in respect of the purchase of businesses	**335**	351	657

26—Disposals

On January 29, 2021, the Group disposed of the shares in its UK business, Wolseley UK Limited. There were no other disposals in the year ended July 31, 2021.

The Group recognized a total loss on disposals in the period of $356 million (2020: $nil million), which is comprised of a loss on the current period disposal of the UK business of $370 million (2020: $nil million) and a gain on prior year disposals of $14 million (2020: $nil million). The total loss is reported within discontinued operations.

The loss on current period disposal is as follows:

	2021	2020
	$m	$m
Consideration received	**422**	—
Net assets disposed of	**(390)**	—
Disposal costs and provisions	**(32)**	—
Recycling of deferred foreign exchange losses	**(370)**	—
Current period loss on disposal	**(370)**	—

Net assets disposed of were held in assets and liabilities held for sale.

The net inflow of cash in respect of disposals of businesses related to discontinued operations is as follows:

	2021	2020	2019
	$m	$m	$m
Cash consideration received for current period disposals (net of cash disposed of)	**395**	—	220
Cash consideration received in respect of prior year disposals	**19**	9	(2)
Cash paid in respect of prior year disposals	**(2)**	(2)	(16)
Disposal costs paid	**(32)**	—	(1)
Net cash flow in respect of disposals of businesses	**380**	7	201

27—Changes in cash and cash equivalents, bank overdrafts and liabilities arising from financing activities

	Cash and cash equivalents (note 17)	Bank overdrafts (note 19)	Total cash, cash equivalents and bank overdrafts	Derivative financial instruments (note 20)	Loans (note 19)	Obligations under finance leases	Total excluding lease liabilities	Lease Liabilities (note 12)	Total including lease liabilities
	$m	$m	$m	$m	$m	$m	$m	$m	$m
At July 31, 2018	833	(375)	458	(2)	(1,530)	(6)	(1,080)	—	(1,080)
Cash movements									
Proceeds from loans and derivatives			—	(7)	(750)	—	(757)	—	(757)
Repayments of loans			—	—	2	—	2	—	2
Finance lease capital payments			—	—	—	3	3	—	3
Changes due to disposal of businesses			(1)	—	—	—	(1)	—	(1)
Changes due to acquisition of businesses			11	—	—	(3)	8	—	8
Other cash flows			628	—	—	—	628	—	628
Non-cash movements									
Fair value and other adjustments			—	25	(26)	—	(1)	—	(1)
Exchange movements			(10)	6	7	—	3	—	3
At July 31, 2019	1,133	(47)	1,086	22	(2,297)	(6)	(1,195)	—	(1,195)
Adjustment on adoption of IFRS 16	—	—	—	—	—	6	6	(1,481)	(1,475)
At August 1, 2019	1,133	(47)	1,086	22	(2,297)	—	(1,189)	(1,481)	(2,670)
Cash movements									
Proceeds from loans and derivatives			—	(7)	(1,162)	—	(1,169)	—	(1,169)
Repayments of loans			—	—	566	—	566	—	566
Lease liability capital payments[1]			—	—	—	—	—	295	295
Interest paid on lease liabilities[1]			—	—	—	—	—	53	53
Changes due to acquisition of businesses			6	—	—	—	6	—	6
Other cash flows			771	—	—	—	771	—	771
Non-cash movements									
Lease liability additions			—	—	—	—	—	(115)	(115)
Changes in lease liabilities due to acquisition of businesses			—	—	—	—	—	(30)	(30)
Discount unwinding on lease liabilities			—	—	—	—	—	(53)	(53)
Fair value and other adjustments			—	28	(20)	—	8	(16)	(8)
Exchange movements			4	(4)	(5)	—	(5)	(8)	(13)
At July 31, 2020	**2,115**	**(248)**	**1,867**	**39**	**(2,918)**	**—**	**(1,012)**	**(1,355)**	**(2,367)**
Cash movements									
Proceeds from loans and derivatives			—	**(4)**	**—**	—	**(4)**	—	**(4)**
Repayments of loans			—	—	**375**	—	**375**	—	**375**
Lease liability capital payments[1]			—	—	—	—	—	**296**	**296**
Interest paid on lease liabilities[1]			—	—	—	—	—	**46**	**46**
Changes due to disposal of businesses			**(27)**	—	—	—	**(27)**	**133**	**106**
Changes due to acquisition of businesses			**13**	—	—	—	**13**	—	**13**
Other cash flows			**(702)**	—	—	—	**(702)**	—	**(702)**
Non-cash movements									
Lease liability additions			—	—	—	—	—	**(97)**	**(97)**
Discount unwinding on lease liabilities			—	—	—	—	—	**(46)**	**(46)**
Changes in lease liabilities due to acquisition of businesses			—	—	—	—	—	**(12)**	**(12)**
Fair value and other adjustments			—	**(13)**	**15**	—	**2**	**(44)**	**(42)**
Exchange movements			**1**	**(1)**	**—**	—	**—**	**(11)**	**(11)**
At July 31, 2021	**1,335**	**(183)**	**1,152**	**21**	**(2,528)**	**—**	**(1,355)**	**(1,090)**	**(2,445)**

(1) Total cash outflow in relation to leases including short term leases, leases of low value assets and sublease income in the year ended July 31, 2021, was $359 million (2020: $377 million).

28—Related party transactions

The Group purchases goods and services from companies which are indirect wholly owned subsidiaries of companies which are controlled or significantly influenced by persons who are also Ferguson Non-Executive Directors. In the year ended July 31, 2021, the Group purchased goods and services totaling $24 million (2020: $18 million and 2019: $7 million) from and owed $nil (2020: $nil and 2019: $nil) to these companies. The goods and services are purchased on an arm's-length basis.

The Group made a donation of $2 million (2020: $nil and 2019: $nil) to a charity which has a board member who is a related party of the Group. As at July 31, 2021, the Group has committed to donate a further $1 million (2020: $nil) to this charity.

There are no other related party transactions requiring disclosure under IAS 24 "Related Party Disclosures" in the years ended July 31, 2021, July 31, 2020 and July 31, 2019 other than the compensation of key management personnel which is set out in note 9.

29—Contingent liabilities

Group companies are, from time to time, subject to certain claims and litigation arising in the normal course of business in relation to, among other things, the products that they supply, contractual and commercial disputes and disputes with employees. Provision is made if, on the basis of current information and professional advice, liabilities are considered likely to arise. In the case of unfavorable outcomes, the Group may benefit from applicable insurance protection.

Warranties and indemnities in relation to business disposals

Over the past few years, the Group has disposed of a number of non-core businesses and various Group companies have provided certain standard warranties and indemnities to acquirers and other third parties. Provision is made where the Group considers that a liability is likely to crystallize, though it is possible that claims in respect of which no provision has been made could crystallize in the future. Group companies have also made contractual commitments for certain property and other obligations which could be called upon in an event of default. As at the date of this report, appropriate provisions have been made in respect of claims relating to businesses disposed of.

Environmental liabilities

The operations of certain Group companies are subject to specific environmental regulations. From time to time, the Group conducts preliminary investigations through third parties to assess potential soil or groundwater contamination of sites. Where an obligation to remediate contamination arises, this is provided for, though future liabilities could arise from sites for which no provision is made.

Outcome of claims and litigation

The outcome of claims and litigation to which Group companies are party cannot readily be foreseen as, in some cases, the facts are unclear, further time is needed to assess properly the merits of the case, or they are part of continuing legal proceedings. However, based on information currently available, the Directors consider that the cost to the Group of an unfavorable outcome arising from such litigation is not expected to have a material adverse effect on the financial position of the Group.

30—Events after the reporting period

There are no post-balance sheet events requiring disclosure under IAS 10 "Events after the Reporting Period".

Exhibit 1.1

COMPANIES (JERSEY) LAW 1991

MEMORANDUM

AND

ARTICLES OF ASSOCIATION

OF

FERGUSON PLC

a par value public limited company

Company number: 128484

Incorporated the 8 day of March 2019

COMPANIES (JERSEY) LAW 1991 (the "Law")

MEMORANDUM OF ASSOCIATION

OF

FERGUSON PLC

(the "Company")

a public par value limited company

1. INTERPRETATION

Words and expressions contained in this Memorandum of Association have the same meanings as in the Law.

2. COMPANY NAME

The name of the Company is Ferguson plc.

3. TYPE OF COMPANY

3.1 The Company is a public company.

3.2 The Company is a par value company.

4. NUMBER OF SHARES

The share capital of the Company is £50,000,000 divided into 500,000,000 shares of £0.10 each.

5. LIABILITY OF MEMBERS

The liability of a member arising from the holding of a share in the Company is limited to the amount (if any) unpaid on it.

COMPANIES (JERSEY) LAW 1991

ARTICLES OF ASSOCIATION

OF

FERGUSON PLC

a par value public limited company

Company number: 128484

Incorporated the 8 day of March 2019

COMPANY NO. 128484

COMPANIES (JERSEY) LAW 1991

A PUBLIC COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

FERGUSON PLC

PRELIMINARY

1. The regulations comprising the Standard Table in the Companies (Standard Table) (Jersey) Order 1992 and any similar regulations made under any other legislation containing standard articles of association do not apply to the Company.

2. In these Articles, except where the subject or context otherwise requires:

Act means the United Kingdom Companies Act 2006 including any modification or re-enactment of it for the time being in force;

allot, ***allotted*** and ***allotment*** mean, in relation to new shares, when they are set aside for the person they are intended for. When that person becomes the registered owner of the shares, the shares become issued shares;

ADR means an American depositary receipt issued by the ADR Depositary which evidences any number of ADSs;

ADR Depositary shall have the meaning given in Article 250;

ADS means an American depositary share, which represents one-tenth of a share in the Company;

Articles means these articles of association as altered from time to time by special resolution;

auditors means the auditors of the Company;

the Board means the directors or any of them acting as the board of directors of the Company;

certificated share means a share in the capital of the Company that is not an uncertificated share and references in these Articles to a share being held in certificated form shall be construed accordingly;

Circular means the shareholder circular published by the Company in relation to the US Listing dated 1 July 2020;

clear days in relation to the sending of a notice means the period excluding the day on which a notice is given or deemed to be given and the day for which it is given or on which it is to take effect;

Companies Law means the Companies (Jersey) Law 1991 including any modification or re-enactment of it for the time being in force;

the ***Company*** means Ferguson plc, a company limited by shares, incorporated in Jersey on 8 March 2019 with registered number 128484;

Depositary Interest shall have the meaning given in Article 248;

DI Custodian shall have the meaning given in Article 248;

DI Depositary shall have the meaning given in Article 248;

Direct Registration System means a book-entry method of holding shares of the Company in uncertificated form;

director means a director of the Company;

Disclosure and Transparency Rules means the UK Disclosure Guidance and Transparency Rules in force from time to time relating to the disclosure of information in respect of financial instruments which have been admitted to trading on a regulated market or for which a request for admission to trading on such a market has been made, as published by the Financial Conduct Authority of the United Kingdom;

dividend means dividend or bonus;

DTC shall have the meaning given in Article 248;

DTC Participant means any financial institution (or any nominee of such institution) having one or more participant accounts with DTC for receiving, holding and delivering the securities and cash held in DTC;

entitled by transmission means, in relation to a share in the capital of the Company, entitled as a consequence of the death or bankruptcy of the holder or otherwise by operation of law;

FCA means the Financial Conduct Authority, acting in its capacity as the competent authority for the purposes of Part VI of FSMA and in the exercise of its functions in respect of the admission to listing on the Official List otherwise than in accordance with Part VI of FSMA;

FSMA means the UK Financial Services and Markets Act 2000, as amended from time to time;

group means the Company and its subsidiary undertakings;

holder in relation to a share in the capital of the Company means the member whose name is entered in the register as the holder of that share;

Jersey means the Island of Jersey;

Listing Rules means the UK Listing Rules in force from time to time, as published by the FCA;

member means a member of the Company;

nominal amount and ***nominal value*** mean in respect of a share, the par value of such share;

office means the registered office of the Company;

Official List means the list maintained by the FCA acting in its capacity as the UK Listing Authority in accordance with Section 74(1) of the United Kingdom Financial Services and Markets Act 2000;

Operator has the meaning given to the expression "authorised operator" in the Regulations;

paid means paid or credited as paid;

poll means that, on a vote, the number of votes a member has will depend on the number of shares he or she owns;

recognised person means a recognised clearing house or a nominee of a recognised clearing house or of a recognised investment exchange, each of which terms has the meaning given to it by section 778 of the Act;

register means the register of members of the Company;

Regulations means the Companies (Uncertificated Securities) (Jersey) Order 1999 including any modification or re-enactment of them for the time being in force;

Relevant Member shall have the meaning given in Article 248;

seal means the common seal of the Company and includes any official seal kept by the Company by virtue of Articles 23 or 24 of the Companies Law;

secretary means the secretary of the Company and includes a joint, assistant, deputy or temporary secretary and any other person appointed to perform the duties of the secretary;

uncertificated share means a share in the capital of the Company which is recorded on the register as being held in uncertificated form and references in these Articles to a share being held in uncertificated form shall be construed accordingly;

United Kingdom means Great Britain and Northern Ireland; and

US Listing shall have the meaning given in Article 248.

3. Where, in relation to a share, these Articles refer to a relevant system, the reference is to the relevant system in which that share is a participating security at the relevant time.

References to a document or information being ***sent, supplied or given*** to or by a person mean such document or information, or a copy of such document or information, being sent, supplied, given, delivered, issued or made available to or by, or served on or by, or deposited with or by that person by any method authorised by these Articles, and ***sending, supplying*** and ***giving*** shall be construed accordingly.

References to ***writing*** mean the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether in electronic form or otherwise, and ***written*** shall be construed accordingly.

Words denoting the singular number include the plural number and vice versa; words denoting the masculine gender include the feminine gender; and words denoting persons include corporations.

Words or expressions contained in these Articles which are not defined in Article 2 but are defined in the Companies Law or the Act (or if defined in both, in the Companies Law) have the same meaning as in the Companies Law or the Act as the case may be (but excluding any modification of the Companies Law or the Act not in force at the date of adoption of these Articles) unless inconsistent with the subject or context.

Words or expressions contained in these Articles which are not defined in Article 2 but are defined in the Regulations have the same meaning as in the Regulations (but excluding any modification of the Regulations not in force at the date of adoption of these Articles) unless inconsistent with the subject or context.

Subject to the preceding two paragraphs, references to any provision of any enactment (including any statute, order, regulation or rules), whether of Jersey or the United Kingdom or otherwise, include any modification or re-enactment of that provision for the time being in force.

Headings and marginal notes are inserted for convenience only and do not affect the construction of these Articles.

In these Articles, (a) powers of delegation shall not be restrictively construed but the widest interpretation shall be given to them; (b) the word ***Board*** in the context of the exercise of any power contained in these Articles includes any committee consisting of one or more directors, any director, any other officer of the Company and any local or divisional board, manager or agent of the Company to which or, as the case may be, to whom the power in question has been delegated; (c) no power of delegation shall be limited by the existence or, except where expressly provided by the terms of delegation, the exercise of that or any other power of delegation; and (d) except where expressly provided by the terms of delegation, the delegation of a power shall not exclude the concurrent exercise of that power by any other body or person who is for the time being authorised to exercise it under these Articles or under another delegation of the power.

For the purposes of Article 90 of the Companies Law, it is hereby specified that a resolution shall be a special resolution when it is passed by three-fourths of the members who (being entitled to do so) vote in person, or by proxy, at a general meeting of the Company or at a separate meeting of a class of members of the Company (as the case may be).

SHARE CAPITAL AND LIMITED LIABILITY

4. The liability of the members is limited to the amount, if any, unpaid on the shares held by them.

5. Subject to the provisions of the Companies Law and without prejudice to any rights attached to any existing shares or class of shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine or, subject to and in default of such determination, as the Board shall determine.

6. The Board may issue share warrants to bearer in respect of any fully paid shares under a seal of the Company or in any other manner authorised by the Board. Any share while represented by such a warrant shall be transferable by delivery of the warrant relating to it. In any case in which a warrant is so issued, the Board may provide for the payment of dividends or other moneys on the shares represented by the warrant by coupons or otherwise. The Board may decide, either generally or in any particular case or cases, that any signature on a warrant may be applied by electronic or mechanical means or printed on it or that the warrant need not be signed by any person.

7. The Board may determine, and from time to time vary, the conditions on which share warrants to bearer shall be issued and, in particular, the conditions on which:

(a) a new warrant or coupon shall be issued in place of one worn-out, defaced, lost or destroyed (but no new warrant shall be issued unless the Company is satisfied beyond reasonable doubt that the original has been destroyed); or

(b) the bearer shall be entitled to attend and vote at general meetings; or

(c) a warrant may be surrendered and the name of the bearer entered in the register in respect of the shares specified in the warrant.

The bearer of such a warrant shall be subject to the conditions for the time being in force in relation to the warrant, whether made before or after the issue of the warrant. Subject to those conditions and to the provisions of the Companies Law, the bearer shall be deemed to be a member of the Company and shall have the same rights and privileges as he or she would have if his or her name had been included in the register as the holder of the shares comprised in the warrant. The provisions of this Article 7 and of Article 6 are subject to the Companies Law.

8. The Company shall not be bound by or be compelled in any way to recognise any right in respect of the share represented by a share warrant other than the bearer's absolute right to the warrant.

9. Subject to the provisions of the Regulations, the Board may permit the holding of shares in any class of shares in uncertificated form and the transfer of title to shares in that class by means of a relevant system and may determine that any class of shares shall cease to be a participating security. Subject to the Companies Law and the Regulations, the Board may lay down regulations not included in these Articles which (in addition to, or in substitution for, any provisions in these Articles):

(a) apply to the issue, holding or transfer of shares in uncertificated form and/or the exercise of any rights in respect of or in connection with such shares;

(b) set out (where appropriate) the procedures for conversion and/or redemption of shares in uncertificated form; and/or

(c) the directors consider necessary or desirable in connection with the holding of shares in uncertificated form.

10. Shares in the capital of the Company that fall within a certain class shall not form a separate class of shares from other shares in that class because any share in that class:

(a) is held in uncertificated form; or

(b) is permitted in accordance with the Regulations to become a participating security.

11. Where any class of shares is a participating security and the Company is entitled under any provision of the Companies Law, the Regulations or these Articles to sell, transfer or otherwise dispose of, forfeit, re-allot, accept the surrender of, or otherwise enforce a lien over, a share held in uncertificated form, the Company shall be entitled, subject to the provisions of the Companies Law, the Regulations, these Articles and the facilities and requirements of the relevant system:

(a) to require the holder of that uncertificated share by notice to change (or require the Operator to change or instruct the change of) that share into certificated form within the period specified in the notice and to hold that share in certificated form so long as required by the Company;

(b) to require the holder of that uncertificated share by notice to give any instructions necessary to transfer title to that share by means of the relevant system within the period specified in the notice;

(c) to require the holder of that uncertificated share by notice to appoint any person to take any step, including, without limitation, the giving of any instructions by means of the relevant system, necessary to transfer that share within the period specified in the notice;

(d) to require the Operator to take all such actions as the Company may be entitled to require the Operator to take pursuant to the Regulations, or otherwise request the Operator take any actions, with a view to converting that uncertificated share into certificated form; and

(e) to take any action that the Board considers appropriate to achieve the sale, transfer, disposal, forfeiture, re-allotment or surrender of that share, or otherwise to enforce a lien in respect of that share.

12. **Authority to allot**

12.1 Subject to the provisions of the Companies Law and these Articles (including the provisions of this Article 12 and Article 13 relating to the authority to allot, pre-emption rights and otherwise) and to any resolution passed by the Company and without prejudice to any rights attached to existing shares, the unissued shares of the Company (whether forming part of the original or any increased capital) and any shares held by the Company as treasury shares from time to time shall be at the disposal of the Board which may offer, allot, grant options over or otherwise deal with or dispose of them to such persons, at such times and for such consideration and upon such terms as the Board may decide.

12.2 The Board shall be generally and unconditionally authorised to exercise all the powers of the Company to allot Equity Securities but, the authority conferred by this Article 12.2 must be exercised in accordance with the following provisions.

12.3 In respect of each Allotment Period, the Board shall be authorised under Article 12.2 of this Article to allot Equity Securities only up to an aggregate nominal amount equal to the Authorised Allotment Amount. The Authorised Allotment Amount in respect of an Allotment Period, for the purposes of the authority conferred pursuant to Article 12.2, shall be determined by ordinary resolution.

12.4 During each Allotment Period the Board shall be empowered to allot Equity Securities wholly for cash pursuant to and within the terms of the authority in Article 12.2 above:

(a) in connection with a pre-emptive issue; and

(b) otherwise than in connection with a pre-emptive issue, up to an aggregate nominal amount equal to the Non Pre-emptive Amount,

as if Article 13 did not apply to any such allotment. The Non Pre-emptive Amount in respect of an Allotment Period, for the purposes of the authority conferred pursuant to Article 12.2, shall be determined by special resolution. For the avoidance of doubt, this Article 12.4 does not restrict the Board from allotting Equity Securities for a consideration that is wholly or partly otherwise than in cash.

12.5 The Board may, during any Allotment Period make offers or agreements (whether or not conditional) within the terms of the authority in Article 12.2 above which would, or might, require shares to be allotted or sold after the expiry of such Allotment Period. Any such allotment or sale shall count towards the Authorised Allotment Amount in existence during the Allotment Period in which the offer or agreement was made or entered into, notwithstanding the fact that the allotment or sale may not take place until after the expiry of such Allotment Period.

12.6 In this Article and in Articles 13 and 14:

(a) a reference to the allotment of Equity Securities also includes the sale or transfer of Equity Securities in the Company that immediately before the sale or transfer are held by the Company as treasury shares;

(b) the ***Allotment Period*** means the period ending on the date of the first annual general meeting of the Company or on 31 December 2019, whichever is earlier, or any other period (not exceeding 15 months on any occasion) for which the authority conferred by Article 12.2 is renewed by ordinary resolution of the Company in general meeting stating the Authorised Allotment Amount for such period;

(c) the ***Authorised Allotment Amount*** for each Allotment Period shall be that stated in the relevant ordinary resolution in respect of such period or any increased amount fixed by ordinary resolution;

(d) ***Equity Securities*** has the same meaning as defined in section 560 of the Act, as if the Company were a company incorporated in the United Kingdom to which such provisions apply;

(e) the ***Non Pre-emptive Amount*** for each Allotment Period shall be stated in the relevant special resolution in respect of such period, or any increased amount fixed by special resolution;

(f) ***Employee Share Schemes*** means any employee and/or executive incentive plan or scheme established (whether before or after the adoption of these Articles) for the benefit of employees and/or executives and/or their relations (as determined in accordance with such plans or schemes) of the Company and/or any of its direct or indirect subsidiaries (whether or not such plan or scheme is open to all employees, executives or relations or not) and which is operated either by the Company or any

of its direct or indirect subsidiaries or by a third party on their behalf and under the terms of which employees and/or executives, and (if applicable) their relations may acquire and/or benefit from shares or any interest therein, whether directly, or pursuant to any option over shares granted to them or otherwise;

(g) ***pre-emptive issue*** means an offer of Equity Securities to ordinary shareholders or an invitation to ordinary shareholders to apply to subscribe for Equity Securities and, if in accordance with their rights the Board so determines, holders of other Equity Securities of any class (whether by way of rights issue, open offer or otherwise) where the Equity Securities respectively attributable to the interests of ordinary shareholders or holders of other Equity Securities, if applicable are proportionate (as nearly as practicable) to the respective numbers of ordinary shares or other Equity Securities, but subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to fractional entitlements or any legal, regulatory or practical problems under the laws or regulations of any territory or the requirements of any regulatory body or stock exchange; and

(h) the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for or to convert any securities into shares of the Company, the aggregate nominal amount of such share or shares which may be allotted pursuant to such rights.

12.7 The Board may, at any time after the allotment of a share but before a person has been entered into the register as the holder of the share, recognise a renunciation of the share by the allottee in favour of another person and may grant to an allottee a right to effect a renunciation on such terms and conditions as the Board thinks fit.

13. Pre-emptive rights

13.1 Subject to the provisions of Article 12 above and Article 13.1(b) below or unless otherwise authorised or approved by the Company by way of a special resolution, no unissued Equity Securities in the capital of the Company shall be allotted wholly for cash unless the following provisions are complied with:

(a) all Equity Securities to be allotted (the ***relevant shares***) shall first be offered on the same or more favourable terms to the holders (excluding any shares held by the Company as treasury shares) in proportion to their existing holdings of ordinary shares subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to fractional entitlements or any legal, regulatory or practical problems under the laws or regulations of any territory or the requirements of any regulatory body or stock exchange;

(b) such offer shall be made by written notice (the ***offer notice***) from the Board specifying the number and price of the relevant shares and shall invite each holder to state in writing within a period not being less than 14 days, whether they are willing to accept any of the relevant shares and if so, the maximum number of relevant shares they are willing to take;

(c) at the expiration of the period during which each holder may accept the relevant shares as specified in the offer notice, the Board shall allocate the relevant shares to or amongst the holders who have notified to the Board their willingness to accept any of the relevant shares but so that no holder shall be obliged to take more than the maximum number of shares notified by him or her under Article 13.1(b) above; and

(d) if any of the relevant shares are not accepted and remain unallocated pursuant to the offer under Article 13.1(a) above, the Board shall be entitled to allot, grant options over or otherwise dispose of such shares to any person in such manner as they see fit provided that those shares shall not be disposed of on terms which are more favourable than the terms of the offer pursuant to Article 13.1(a) above.

13.2 Article 13.1 shall not apply with respect to any Equity Securities or options which may be allotted or granted in accordance with the Company's Employee Share Schemes or to the issue of Equity Securities pursuant to the exercise of any such options. For the avoidance of doubt, the provisions of Article 13.1 shall not apply to the allotment of any Equity Securities for a consideration that is wholly or partly otherwise than in cash and the Board may allot or otherwise dispose of any unissued shares or Equity Securities in the capital of the Company for a consideration that is wholly or partly otherwise than in cash to such persons at such time and generally on such terms as they see fit.

LISTING RULES AND DISCLOSURE AND TRANSPARENCY RULES

14. If at any time the Company has any class of shares admitted to trading on the Official List, the Company shall, in relation to the adoption by the Company of Employee Share Schemes or long-term incentive schemes (as defined in the Listing Rules), comply with the provisions of Listing Rules 9.4.1 to 9.4.3 as if it were a company incorporated in the United Kingdom to which such provisions apply.

15. For the purpose of Articles 16, 17 and 18:

(a) ***Relevant Share Capital*** means the Company's issued share capital of any class carrying rights to vote in all circumstances at general meetings of the Company, and for the avoidance of doubt:

(i) where the Company's share capital is divided into different classes of shares, references to Relevant Share Capital are to the issued share capital of each such class taken separately; and

(ii) the temporary suspension of voting rights in respect of shares comprised in the issued share capital of the Company of any such class does not affect the application of Articles 16, 17 and 18 in relation to interests in those or any other shares comprised in that class;

(b) ***interest*** means, in relation to the Relevant Share Capital, any interest of any kind whatsoever (including, without limitation, a short position) in any shares comprised therein (disregarding any restraints or restrictions to which the exercise

of any right attached to the interest in the share is, or may be, subject) and without limiting the meaning of ***interest*** a person shall be taken to have an interest in a share if:

(i) he or she enters into a contract for its purchase by him or her (whether for cash or other consideration); or

(ii) not being the registered holder, he or she is entitled to exercise any right conferred by the holding of the share or is entitled to control the exercise or non-exercise of any such right; or

(iii) he or she is a beneficiary of a trust where the property held on trust includes an interest in the share; or

(iv) otherwise than by virtue of having an interest under a trust, he or she has a right to call for delivery of the share to himself or herself or to his or her order; or

(v) otherwise than by virtue of having an interest under a trust, he or she has a right to acquire an interest in the share or is under an obligation to take an interest in the share; or

(vi) he or she has a right to subscribe for the share; or

(vii) he or she is the holder, writer or issuer of derivatives (including options, futures, and contracts for difference) involving shares whether or not: (a) they are cash-settled only; (b) the shares are obliged to be delivered; or (c) the person in question holds the underlying shares absolutely or conditionally, whether legally enforceable or not and evidenced in writing or not, and it shall be immaterial that a share in which a person has an interest is unidentifiable;

(viii) for the purpose of Article 15(b)(vii) above, a ***derivative*** shall, in relation to shares include:

(A) rights, options or interests (whether described as units or otherwise) in, or in respect of , the shares;

(B) contracts or arrangements, the purpose or pretended purpose of which is to secure or increase a profit or avoid or reduce a loss, wholly or party by reference to the price or value, or a change in the price or value of shares or any rights, options or interests under Article 15(b)(viii)(A) of this definition above;

(C) rights options or interests (whether described as units or otherwise) in options or interests under, Article 15(b)(viii)(A) of this definition above;

(D) instruments or other documents creating, acknowledging or evidencing any rights, options or interest or any contracts referred to in Articles 15(b)(viii)(A), (B) and (C) of this definition above; and

(E) the right of a person to:

(I) require another person to deliver the underlying shares; or

(II) receive from another person a sum of money if the price of the underlying shares increases or decreases;

(c) a person is taken to be interested in any shares in which his or her spouse or any infant child or step-child of his or hers is interested; and ***infant*** means a person under the age of 18 years;

(d) a person is taken to be interested in shares if a body corporate is interested in them and:

(i) that body corporate or its directors are accustomed to act in accordance with his or her directions or instructions; or

(ii) he or she is entitled to exercise or control or direct the exercise of one-third or more of the voting power at general meetings of the body corporate,

PROVIDED THAT:

(A) where a person is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of a body corporate and that body corporate is entitled to exercise or control the exercise of any of the voting power at general meetings of another body corporate (the ***effective voting power***) then, for purposes of sub-paragraph (ii) above, the effective voting power is taken as exercisable by that person; and

(B) for purposes of this Article, a person is entitled to exercise or control the exercise of voting power if he or she has a right (whether subject to conditions or not) the exercise of which would make him or her so entitled or he or she is under any obligation (whether or not so subject) the fulfilment of which would make him or her so entitled;

(e) a sale is an ***arm's length sale*** if the Board is satisfied that it is a *bona fide* sale of the whole of the beneficial ownership of the shares to a party unconnected with the holder or with any person appearing to be interested in such shares and shall include a sale made by way of or in pursuance of acceptance of a takeover offer and a sale made through a recognised investment exchange or any other stock

exchange outside the United Kingdom. For this purpose an associate (within the definition of that expression in section 435 of the United Kingdom Insolvency Act 1986) shall be included amongst the persons who are connected with the holder or any person appearing to be interested in such shares;

(f) ***person appearing to be interested*** in any shares shall mean any person named in a response to a Disclosure Notice issued under Article 17 or otherwise notified to the Company by a member as being so interested or shown in any register or record kept by the Company under the Companies Law or otherwise as so interested or, taking into account a response or failure to respond in the light of the response to any other Disclosure Notice and any other relevant information in the possession of the Company, any person whom the Company knows or has reasonable cause to believe is or may be so interested;

(g) ***person with a 0.25 per cent. interest*** means a person who is shown in any register or record kept by the Company under the Companies Law or otherwise to hold, or to have an interest in, shares in the Company which comprise in total at least 0.25 per cent. in number or nominal value of the shares comprised in the Relevant Share Capital (calculated exclusive of any shares held as treasury shares) in issue at the date of service of the Restriction Notice (as defined in Article 18.1);

(h) ***relevant period*** means (i) in the case of the obligation of each holder to comply with the notification obligations under the Disclosure and Transparency Rules pursuant to Article 16, the period required to make the relevant notification as provided under the relevant provision of the Disclosure and Transparency Rules and (ii) in relation to an obligation of any person required to give information pursuant to a Disclosure Notice issued under Article 17, a period of 14 days following service of a Disclosure Notice;

(i) ***Relevant Restrictions*** mean in the case of a Restriction Notice served on a person with a 0.25 per cent. interest that:

(i) the shares shall not confer on the holder any right to attend or vote either personally or by proxy at any general meeting of the Company or at any separate general meeting of the holders of any class of shares in the Company or to exercise any other right conferred by membership in relation to general meetings;

(ii) the Board may withhold payment of all or any part of any dividends or other moneys payable in respect of the shares and the holder shall not be entitled to receive shares in lieu of dividends;

(iii) the Board may decline to register a transfer of any of the shares which are certificated shares, unless such a transfer is pursuant to an arm's length sale,

and in any other case mean only the restriction specified in sub-paragraph (i) above of this definition; and

(j) ***Disclosure Notice*** means a notice in writing served by the Company under Article 17 requiring particulars of interests in shares or of the identity of person interested in shares.

16. **Disclosure and Transparency Rules**

16.1 If at any time the Company has any class of shares admitted to trading on the Official List, the provisions of Chapter 5 of the Disclosure and Transparency Rules shall be deemed to be incorporated by reference into these Articles and each member must comply with the notification obligations to the Company contained therein including, without limitation, the provisions of DTR 5.1.2, as if the Company were a UK-Issuer (and not a non-UK Issuer) (in each case, as defined in DTR 5.1) for the purposes of these provisions. The vote holder and issuer notification rules shall apply, for the avoidance of doubt, to the Company as well as each holder of shares.

17. **Investigation of interest in shares**

17.1 The Company may issue a Disclosure Notice requiring any person whom the Company knows or has reasonable cause to believe to be interested in shares comprised in the Relevant Share Capital or to have been so interested at any time during the three years immediately preceding the date on which the notice is issued:

(a) to confirm that fact or (as the case may be) to indicate whether or not it is the case; and

(b) if he or she holds, or has during the time held, any such interest, to give such further information as may be required in accordance with the following provisions of this Article.

17.2 The notice may request the person to whom it is addressed:

(a) to give particulars of his or her present or past interest in shares comprised in the Relevant Share Capital (held by him or her at any time during the three-year period mentioned in Article 17.1);

(b) where the interest is a present interest and any other interest in the shares subsists, or in any case, where another interest in the shares subsisted during that three-year period at any time when his or her own interest subsisted, to give (so far as lies within his or her knowledge) such particulars with respect to that other interest as may be required by the notice including the identity of the persons interested in the shares in question; and

(c) where his or her interest is a past interest, to give (so far as lies within his or her knowledge) particulars of the identity of the person who held that interest immediately upon his or her ceasing to hold it.

17.3 The information required by the notice must be given within the relevant period.

17.4 This Article applies in relation to a person who has or previously had, or is or was entitled to acquire, a right to subscribe for shares in the Company which would on issue

be comprised in Relevant Share Capital as it applies in relation to a person who is or was interested in shares so comprised; and reference above in this Article to interest in shares so comprised and to shares so comprised shall be read accordingly in any such case as including any such right and shares which would on issue be so comprised.

17.5 The Company will keep a register of information received pursuant to this Article. The Company will within 3 days of receipt of such information enter in the register:

(a) the fact that the requirement was imposed and the date it was imposed; and

(b) the information received in pursuance of the requirement.

The information must be entered against the name of the present holder of the shares in question or, if there is no present holder, or the present holder is unknown, against the name of the person holding the interest. All entries will be in chronological order. The register kept for these purposes will be available for inspection by members of the Company at the Company's registered office or at any other place specified by the Board.

18. **Restriction Notices**

18.1 Where the holder holding shares comprised in the Relevant Share Capital in the Company, or any other person appearing to be interested in those shares, fails to comply within the relevant period with:

(a) any of its obligations under Article 16 above (so far as the Company is, or has become, aware of such matter); or

(b) any Disclosure Notice issued under Article 17 in respect of those shares or, in purported compliance with such a notice, has made a statement which is false or inadequate in a material particular,

the Company may give the holder a notice (***Restriction Notice***) to the effect that from the service of the Restriction Notice those shares will be subject to some or all of the Relevant Restrictions (as defined in Article 15(i)), and from service of the Restriction Notice those shares shall, notwithstanding any other provision of these Articles, be subject to those Relevant Restrictions accordingly. For the purpose of enforcing the Relevant Restrictions listed at Article 15(i), the Board may give notice to the relevant holder requiring the holder to change the relevant shares held in uncertificated form to certificated form by the time stated in the notice and to keep them in certificated form for so long as the Board requires. The notice may also state that the holder may not change any of the relevant shares held in certificated form to uncertificated form. If the holder does not comply with the notice, the Board may authorise any person to instruct the Operator to change the relevant shares held in uncertificated form to certificated form.

18.2 If after the service of a Restriction Notice in respect of any shares the Board is satisfied that all information required by any Disclosure Notice or otherwise relating to those shares or any of them from their holder or any other person appearing to be interested in the shares the subject of the Restriction Notice has been supplied, the Company shall, within seven days, cancel the Restriction Notice. The Board may at any time at its discretion cancel any Restriction Notice or exclude any shares from it. The

Company shall cancel a Restriction Notice within seven days after receipt of a notice in writing that the relevant shares have been transferred pursuant to any arm's length sale.

18.3 Where any Restriction Notice is cancelled or ceases to have effect in relation to any shares, any moneys relating to those shares which were withheld by reason of that notice shall be paid without interest to the person who would but for the notice have been entitled to them or as he or she may direct.

18.4 Any new shares in the Company issued in respect of, or as a result of a member holding, any shares subject to a Restriction Notice shall also be subject to the Restriction Notice, and the Board may make any right to an allotment of the new shares subject to restrictions corresponding to those which will apply to those shares by reason of the Restriction Notice when such shares are issued.

18.5 Any holder on whom a Restriction Notice has been served may at any time request the Company to give in writing the reason why the Restriction Notice has been served, or why it remains uncancelled, and within 14 days of receipt of such notice the Company shall give that information accordingly in such detail as the Board may determine at its discretion.

18.6 If a Disclosure Notice is given by the Company to a person appearing to be interested in any share, a copy shall at the same time be given to the holder, but the failure or omission to do so or the non-receipt of the copy by the holder shall not invalidate such notice.

19. Subject to the provisions of the these Articles relating to authority, pre-emption rights or otherwise and of any resolution of the Company in general meeting passed pursuant to those provisions, and, in the case of redeemable shares, the provisions of Article 20:

(a) all shares for the time being in the capital of the Company shall be at the disposal of the Board; and

(b) the Board may reclassify, allot (with or without conferring a right of renunciation), grant options over, or otherwise dispose of them to such persons on such terms and conditions and at such times as it thinks fit.

20. Subject to the provisions of the Companies Law, and without prejudice to any rights attached to any existing shares or class of shares, shares may be issued which are to be redeemed or are to be liable to be redeemed at the option of the Company or the holder. The Board may determine the terms, conditions and manner of redemption of shares provided that it does so before the shares are allotted.

21. The Company may exercise all powers of paying commissions or brokerage permitted by the Companies Law. Any such commission or brokerage may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one way and partly in the other.

22. Except as required by law, the Company shall recognise no person as holding any share on any trust and (except as otherwise provided by these Articles or by law) the

Company shall not be bound by or recognise any interest in any share (or in any fractional part of a share) except the holder's absolute right to the entirety of the share (or fractional part of the share).

VARIATION OF RIGHTS

23. Subject to the provisions of the Companies Law, if at any time the capital of the Company is divided into different classes of shares, the rights attached to any class may (unless otherwise provided by the terms of allotment of the shares of that class) be varied or abrogated, whether or not the Company is being wound up, either:

(a) with the written consent of the holders of three-quarters in nominal value of the issued shares of the class (excluding any shares of that class held as treasury shares), which consent shall be in hard copy form or in electronic form sent to such address (if any) for the time being specified by or on behalf of the Company for that purpose, or in default of such specification to the office, and may consist of several documents, each executed or authenticated in such manner as the Board may approve by or on behalf of one or more holders, or a combination of both; or

(b) with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class, but not otherwise.

24. For the purposes of Article 23, if at any time the capital of the Company is divided into different classes of shares, unless otherwise expressly provided by the rights attached to any share or class of shares, those rights shall be deemed to be varied by:

(a) the reduction of the capital paid up on that share or class of shares otherwise than by a purchase or redemption by the Company of its own shares; and

(b) the allotment of another share ranking in priority for payment of a dividend or in respect of capital or which confers on its holder voting rights more favourable than those conferred by that share or class of shares, but shall not be deemed to be varied by:

(c) the creation or issue of another share ranking equally with, or subsequent to, that share or class of shares or by the purchase or redemption by the Company of its own shares; or

(d) the Company permitting, in accordance with the Regulations, the holding of and transfer of title to shares of that or any other class in uncertificated form by means of a relevant system.

SHARE CERTIFICATES

25. Every member, on becoming the holder of any certificated share (except where the Companies Law otherwise permits or requires) shall be entitled, without payment, to one certificate for all the certificated shares of each class held by him or her (and, on transferring a part of his or her holding of certificated shares of any class, to a certificate for the balance of his or her holding of certificated shares). He or she may elect to receive one or more additional certificates for any of his or her certificated shares if he or she pays a reasonable sum determined from time to time by the Board for every certificate after the first. Every certificate shall:

(a) be executed under the seal or otherwise in accordance with Article 190 or in such other manner as the Board may approve; and

(b) specify the number, class and distinguishing numbers (if any) of the shares to which it relates and the amount or respective amounts paid up on the shares.

The Company shall not be bound to issue more than one certificate for certificated shares held jointly by more than one person and delivery of a certificate to one joint holder shall be a sufficient delivery to all of them. Shares of different classes may not be included in the same certificate.

26. If a share certificate is defaced, worn out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and payment of any exceptional out-of-pocket expenses reasonably incurred by the Company in investigating evidence and preparing the requisite form of indemnity as the Board may determine but otherwise free of charge, and (in the case of defacement or wearing out) on delivery up of the old certificate.

27. Every share certificate sent in accordance with these Articles will be sent at the risk of the member or other person entitled to the share certificate. The Company shall not be responsible for any share certificate lost or delayed in the course of delivery.

LIEN

28. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys payable to the Company (whether presently or not) in respect of that share. The Board may at any time (generally or in a particular case) waive any lien or declare any share to be wholly or in part exempt from the provisions of this Article. The Company's lien on a share shall extend to any amount (including without limitation dividends) payable in respect of it.

29. The Company may sell, in such manner as the Board determines, any share on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within 14 clear days after notice has been sent to the holder of the share, or to the person entitled to it by transmission, demanding payment and stating that if the notice is not complied with the share may be sold.

30. To give effect to that sale the Board may, if the share is a certificated share, authorise any person to execute an instrument of transfer in respect of the share sold to, or in accordance with the directions of, the buyer. If the share is an uncertificated share, the Board may exercise any of the Company's powers under Article 11 to effect the sale of the share to, or in accordance with the directions of, the buyer. The buyer shall not be bound to see to the application of the purchase money and his or her title to the share shall not be affected by any irregularity in or invalidity of the proceedings in relation to the sale.

31. The net proceeds of the sale, after payment of the costs, shall be applied in or towards payment or satisfaction of so much of the sum in respect of which the lien exists as is presently payable. Any residue shall (if the share sold is a certificated share, on surrender to the Company for cancellation of the certificate in respect of the share sold and, whether the share sold is a certificated or uncertificated share, subject to a like lien for any moneys not presently payable as existed on the share before the sale) be paid to the person entitled to the share at the date of the sale.

CALLS ON SHARES

32. Subject to the terms of allotment, the Board may from time to time make calls on the members in respect of any moneys unpaid on their shares (whether in respect of nominal value or premium), provided that there must be at least one calendar month between the payment date of two consecutive calls. Each member shall (subject to receiving at least one calendar month's notice specifying when and where payment is to be made) pay to the Company the amount called on his or her shares as required by the notice. A call may be required to be paid by instalments. A call may be revoked in whole or part and the time fixed for payment of a call may be postponed in whole or part as the Board may determine. A person on whom a call is made shall remain liable for calls made on him or her even if the shares in respect of which the call was made are subsequently transferred.

33. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed.

34. The joint holders of a share shall be jointly and severally liable to pay all calls in respect of it.

35. If a call or any instalment of a call remains unpaid in whole or in part after it has become due and payable the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due and payable until it is paid. Interest shall be paid at the rate fixed by the terms of allotment of the share or in the notice of the call or, if no rate is fixed, the rate determined by the Board, not exceeding 15 per cent. per annum, or, if higher, the appropriate rate (as defined in the Act), but the Board may in respect of any individual member waive payment of such interest wholly or in part.

36. An amount payable in respect of a share on allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a call, shall be deemed to be a call duly made and notified and payable on the date so fixed or in accordance with

the terms of the allotment. If it is not paid the provisions of these Articles shall apply as if that amount had become due and payable by virtue of a call duly made and notified.

37. Subject to the terms of allotment, the Board may make arrangements on the issue of shares for a difference between the allottees or holders in the amounts and times of payment of calls on their shares.

38. The Board may, if it thinks fit, receive from any member all or any part of the moneys uncalled and unpaid on any share held by him or her. Such payment in advance of calls shall extinguish the liability on the share in respect of which it is made to the extent of the payment. The Company may pay on all or any of the moneys so advanced (until they would but for such advance become presently payable) interest at such rate agreed between the Board and the member not exceeding (unless the Company by ordinary resolution otherwise directs) 15 per cent. per annum or, if higher, the appropriate rate (as defined in the Act).

FORFEITURE AND SURRENDER

39. If a call or any instalment of a call remains unpaid in whole or in part after it has become due and payable, the Board may give the person from whom it is due not less than seven clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any costs, charges and expenses incurred by the Company by reason of such non-payment. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.

40. If that notice is not complied with, any share in respect of which it was sent may, at any time before the payment required by the notice has been made, be forfeited by a resolution of the Board. The forfeiture shall include all dividends or other moneys payable in respect of the forfeited share which have not been paid before the forfeiture. When a share has been forfeited, notice of the forfeiture shall be sent to the person who was the holder of the share before the forfeiture. Where the forfeited share is held in certificated form, an entry shall be made promptly in the register opposite the entry of the share showing that notice has been sent, that the share has been forfeited and the date of forfeiture. No forfeiture shall be invalidated by the omission or neglect to send that notice or to make those entries.

41. Subject to the provisions of the Companies Laws, a forfeited share shall be deemed to belong to the Company and may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Board determines, either to the person who was the holder before the forfeiture or to any other person. At any time before sale, re-allotment or other disposal, the forfeiture may be cancelled on such terms as the Board thinks fit. Where for the purposes of its disposal a forfeited share held in certificated form is to be transferred to any person, the Board may authorise any person to execute an instrument of transfer of the share to that person. Where for the purposes of its disposal a forfeited share held in uncertificated form is to be transferred to any person, the Board may exercise any of the Company's powers under Article 11. The Company may receive

the consideration given for the share on its disposal and may register the transferee as holder of the share.

42. A person shall cease to be a member in respect of any share which has been forfeited and shall, if the share is a certificated share, surrender the certificate for any forfeited share to the Company for cancellation. The person shall remain liable to the Company for all moneys which at the date of forfeiture were presently payable by him or her to the Company in respect of that share with interest on that amount at the rate at which interest was payable on those moneys before the forfeiture or, if no interest was so payable, at the rate determined by the Board, not exceeding 15 per cent. per annum or, if higher, the appropriate rate (as defined in the Act), from the date of forfeiture until payment. The Board may waive payment wholly or in part or enforce payment without any allowance for the value of the share at the time of forfeiture or for any consideration received on its disposal.

43. The Board may accept the surrender of any share which it is in a position to forfeit on such terms and conditions as may be agreed. Subject to those terms and conditions, a surrendered share shall be treated as if it had been forfeited.

44. The forfeiture of a share shall involve the extinction at the time of forfeiture of all interest in and all claims and demands against the Company in respect of the share and all other rights and liabilities incidental to the share as between the person whose share is forfeited and the Company, except only those rights and liabilities expressly saved by these Articles, or as are given or imposed in the case of past members by the Companies Laws.

45. A declaration under oath by a director or the secretary that a share has been duly forfeited or surrendered on a specified date shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share. The declaration shall (subject if necessary to the execution of an instrument of transfer or transfer by means of the relevant system, as the case may be) constitute a good title to the share. The person to whom the share is disposed of shall not be bound to see to the application of the purchase money, if any, and his or her title to the share shall not be affected by any irregularity in, or invalidity of, the proceedings in reference to the forfeiture, surrender, sale, re-allotment or disposal of the share.

TRANSFER OF SHARES

46. Without prejudice to any power of the Company to register as member a person to whom the right to any share has been transmitted by operation of law, the instrument of transfer of a certificated share may be in any usual form or in any other form which the Board may approve. An instrument of transfer shall be signed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. An instrument of transfer need not be under seal.

47. The Board may, in its absolute discretion, refuse to register the transfer of a certificated share which is not fully paid, provided that the refusal does not prevent dealings in shares in the Company from taking place on an open and proper basis.

48. The Board may also refuse to register the transfer of a certificated share unless the instrument of transfer:

(a) is lodged, duly stamped (if stampable), at the office or at another place appointed by the Board accompanied by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;

(b) is in respect of only one class of shares; and

(c) is in favour of not more than four transferees.

49. In the case of a transfer of a certificated share where, pursuant to the Companies Law, no share certificate was required to be issued in respect of such share, the lodging of a share certificate will only be necessary if and to the extent that a certificate has been issued in respect of the share in question.

50. If the Board refuses to register a transfer of a share in certificated form, it shall send the transferee notice of its refusal within two months after the date on which the instrument of transfer was lodged with the Company.

51. No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to a share.

52. The Company shall be entitled to retain an instrument of transfer which is registered, but an instrument of transfer which the Board refuses to register shall be returned to the person lodging it when notice of the refusal is sent.

TRANSMISSION OF SHARES

53. If a member dies, the survivor or survivors where he or she was a joint holder, and his or her personal representatives where he or she was a sole holder or the only survivor of joint holders, shall be the only persons recognised by the Company as having any title to his or her interest. Nothing in these Articles shall release the estate of a deceased member (whether a sole or joint holder) from any liability in respect of any share held by him or her.

54. A person becoming entitled by transmission to a share may, on production of any evidence as to his or her entitlement properly required by the Board, elect either to become the holder of the share or to have another person nominated by him or her registered as the transferee. If he or she elects to become the holder he or she shall send notice to the Company to that effect. If he or she elects to have another person registered and the share is a certificated share, he or she shall execute an instrument of transfer of the share to that person. If he or she elects to have himself or herself or another person registered and the share is an uncertificated share, he or she shall take any action the Board may require (including without limitation the execution of any document and the giving of any instruction by means of a relevant system) to enable himself or herself or that person to be registered as the holder of the share. All the provisions of these Articles relating to the transfer of shares apply to that notice or instrument of transfer as if it were

an instrument of transfer executed by the member and the death or bankruptcy of the member or other event giving rise to the transmission had not occurred.

55. The Board may at any time send a notice requiring any such person to elect either to be registered himself or herself or to transfer the share. If the notice is not complied with within 60 days, the Board may, after the expiry of that period, withhold payment of all dividends or other moneys payable in respect of the share until the requirements of the notice have been complied with.

56. A person becoming entitled by transmission to a share shall, on production of any evidence as to his or her entitlement properly required by the Board and subject to the requirements of Article 54, have the same rights in relation to the share as he or she would have had if he or she were the holder of the share, subject to Article 200. That person may give a discharge for all dividends and other moneys payable in respect of the share, but he or she shall not, before being registered as the holder of the share, be entitled in respect of it to receive notice of, or to attend or vote at, any meeting of the Company or to receive notice of, or to attend or vote at, any separate meeting of the holders of any class of shares in the capital of the Company.

ALTERATION OF SHARE CAPITAL

57. All shares created by an increase of the Company's share capital, by consolidation, division or sub-division of its share capital or the conversion of stock into paid-up shares shall be:

(a) subject to all the provisions of these Articles, including without limitation provisions relating to payment of calls, lien, forfeiture, transfer and transmission; and

(b) ordinary shares, unless otherwise provided by these Articles, by the resolution creating the shares or by the terms of allotment of the shares.

58. Whenever any fractions arise as a result of a consolidation or sub-division of shares, the Board may on behalf of the members deal with the fractions as it thinks fit. In particular, without limitation, the Board may sell shares representing fractions to which any members would otherwise become entitled to any person (including, subject to the provisions of the Companies Law, the Company) and distribute the net proceeds of sale in due proportion among those members. Where the shares to be sold are held in certificated form the Board may authorise (and the relevant transferring member hereby appoints) some person to execute an instrument of transfer of the shares to, or in accordance with the directions of, the buyer. Where the shares to be sold are held in uncertificated form, the Board may do all acts and things it considers necessary or expedient to effect the transfer of the shares to, or in accordance with the directions of, the buyer. The buyer shall not be bound to see to the application of the purchase moneys and his or her title to the shares shall not be affected by any irregularity in, or invalidity of, the proceedings in relation to the sale. Alternatively, without limitation, where the number of shares held by a member on a consolidation is not an exact multiple of the shares to be consolidated, the Board may issue to that member, credited as fully paid up, the minimum number of

shares required to round up his or her holding to the required multiple. This issue will be by way of capitalisation of reserves and the amount required to pay up the shares can at the discretion of the Board be taken from any of the Company's reserves or the profit and loss account and can be capitalised by applying it in paying up the shares.

GENERAL MEETINGS

59. The Board shall convene and the Company shall hold general meetings as annual general meetings in accordance with the requirements of the Companies Law.

60. All provisions of these Articles relating to general meetings of the Company shall, *mutatis mutandis*, apply to every separate general meeting of the holders of any class of shares in the capital of the Company, except that, in the case of separate general meetings of the holders of any class of shares in the capital of the Company:

(a) the necessary quorum shall be two persons holding or representing by proxy at least one-third in nominal value of the issued shares of the class (excluding any shares of that class held as treasury shares) or, at any adjourned meeting of such holders, one holder present in person or by proxy, whatever the amount of his or her holding, who shall be deemed to constitute a meeting;

(b) any holder of shares of the class present in person or by proxy may demand a poll; and

(c) each holder of shares of the class shall, on a poll, have one vote in respect of every share of the class held by him or her.

For the purposes of this Article, where a person is present by proxy or proxies, he or she is treated only as holding the shares in respect of which those proxies are authorised to exercise voting rights.

61. The Board may call general meetings whenever and at such times and places as it shall determine. On the requisition of members pursuant to the provisions of the Companies Law, the Board shall promptly convene a general meeting in accordance with the requirements of the Companies Law and these Articles. If there are insufficient directors in the location of the general meeting to call a general meeting any director of the Company may call a general meeting, but where no director is willing or able to do so, any two members of the Company may summon a meeting for the purpose of appointing one or more directors.

NOTICE OF GENERAL MEETINGS

62. An annual general meeting shall be called by at least 21 clear days' notice. Subject to the provisions of the Companies Law, all other general meetings may be called by at least 14 clear days' notice.

63. Subject to the provisions of the Companies Law, to the provisions of these Articles and to any restrictions imposed on any shares, the notice shall be sent to every member and every director, provided that holders of partly-paid shares shall only be entitled to notice of a general meeting if a resolution has been proposed which: (i) directly and adversely affects the rights of those shares; or (ii) is for the winding up of the Company; or (iii) involves the repayment or distribution of capital to ordinary members. The auditors are entitled to receive all notices of, and other communications relating to, any general meeting which any member is entitled to receive.

64. Subject to the provisions of the Companies Law, the notice shall specify the time, date and place of the meeting (including without limitation any satellite meeting place arranged for the purposes of Article 74, which shall be identified as such in the notice) and the general nature of the business to be dealt with.

65. In the case of an annual general meeting, the notice shall specify the meeting as such. In the case of a meeting to pass a special resolution, the notice shall specify the intention to propose the resolution as a special resolution.

66. The notice shall include details of any arrangements made for the purpose of Article 76 (making clear that participation in those arrangements will not amount to attendance at the meeting to which the notice relates).

67. Members representing at least five per cent. of the total voting rights of all members who have a right to vote on the resolution at the annual general meeting to which the request relates, or not less than 100 members who have a relevant right to vote and who hold shares in the Company on which there has been paid up an average sum, per member, of at least £100, may require the Company to circulate, to members of the Company entitled to receive notice of the next annual general meeting, notice of a resolution which may be properly moved and is intended to be moved at that meeting, and if so required the Company shall, unless the resolution:

(a) would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise);

(b) is defamatory of any person; or

(c) is frivolous or vexatious,

give such notice in the same manner as set out in the provisions of sections 339(1) to 339(3) of the Act as if it were a company incorporated in the United Kingdom to which such provisions apply.

68. A request by the members under Article 67 may be in hard copy or in electronic form and must:

(a) identify the resolution of which notice is to be given;

(b) be authenticated by the person or persons making it; and

(c) be received by the Company at least six weeks before the annual general meeting to which the request relates, or if later the time at which notice is given of that meeting.

69. Where so requested by members representing at least five per cent. of the total voting rights of all holders who have a relevant right to vote, or by not less than 100 members who have a relevant right to vote and who hold shares in the Company on which there has been paid up an average sum, per member, of at least £100, the Company shall circulate, to holders of the Company entitled to receive notice of a general meeting, a statement of not more than 1,000 words with respect to:

(a) a matter referred to in a proposed resolution to be dealt with at that meeting; or

(b) other business to be dealt with at that meeting.

70. A request by the members under Article 69 may be in hard copy or in electronic form and must:

(a) identify the statement to be circulated;

(b) be authenticated by the person or persons making it; and

(c) be received by the Company at least one week before the meeting to which it relates.

71. In Articles 67 and 69:

relevant right to vote means:

(a) in relation to a statement with respect to a matter referred to in a proposed resolution, a right to vote on that resolution at a meeting to which the requests relate; and

(b) in relation to any other statement, a right to vote at the meeting to which the requests relate.

72. A holder shall have the right to nominate another person, on whose behalf he or she holds shares, to enjoy information rights (as such term is defined in section 146 of the Act). The nominated person shall have the same rights as those contained in the provisions of sections 146 to 149 (other than section 147(4)) of the Act, and the Company shall comply with all its obligations in respect of such information rights granted to

nominated person as if it were a company incorporated in the United Kingdom to which such provisions of the Act apply provided that:

(a) references to accounts, reports or other documents shall be construed as references to the corresponding documents (if any) under the Companies Law;

(b) references to section 1145 of the Act shall not include sections 1145(4) and 1145(5);

(c) section 147(4) shall be replaced by the provisions of Articles 232 to 235 with reference to "member" in those Articles being replaced by "nominated person"; and

(d) references to "bankruptcy" in section 148(4) shall include bankruptcy as defined in the Interpretation (Jersey) Law 1954 and references to "winding up" shall include winding up under Part 21 of the Companies Law.

73. Where so requested in the manner set out in section 527(4) of the Act by holders representing at least five per cent. of the total voting rights of all the holders who have a right to vote at the general meeting at which the Company's annual accounts are laid, or by at least 100 holders who have such right to vote and hold shares in the Company on which there has been paid up an average sum, per member, of at least £100, the Company shall publish on its website a statement setting out any matter relating to the audit of the Company's accounts or any circumstances connected with an auditor of the Company ceasing to hold office, and the Company shall comply with all the obligations relating to the publication of such statement contained in the provisions of sections 527 to 529 (other than section 527(5) and excluding the reference to "*See also section 153 (exercise of rights where shares are held on behalf of others)*" in section 527(2)) of the Act as if it were a company incorporated in the United Kingdom to which such provisions apply, provided always that the Company shall not be required to comply with the obligation set out in section 527(1) of the Act where the Board believes in good faith that the rights conferred by this article are being abused.

74. The Board may resolve to enable persons entitled to attend a general meeting to do so by simultaneous attendance and participation at a satellite meeting place anywhere in the world. The members present in person or by proxy at satellite meeting places shall be counted in the quorum for, and entitled to vote at, the general meeting in question, and that meeting shall be duly constituted and its proceedings valid if the chair of the general meeting is satisfied that adequate facilities are available throughout the general meeting to ensure that members attending at all the meeting places are able to:

(a) participate in the business for which the meeting has been convened;

(b) hear and see all persons who speak (whether by the use of microphones, loudspeakers, audio□ visual communications equipment or otherwise) in the principal meeting place and any satellite meeting place; and

(c) be heard and seen by all other persons so present in the same way.

The chair of the general meeting shall be present at, and the meeting shall be deemed to take place at, the principal meeting place.

75. If it appears to the chair of the general meeting that the facilities at the principal meeting place or any satellite meeting place have become inadequate for the purposes referred to in Article 74, then the chair may, without the consent of the meeting, interrupt or adjourn the general meeting. All business conducted at that general meeting up to the time of that adjournment shall be valid. The provisions of Article 87 shall apply to that adjournment.

76. The Board may make arrangements for persons entitled to attend a general meeting or an adjourned general meeting to be able to view and hear the proceedings of the general meeting or adjourned general meeting and to speak at the meeting (whether by the use of microphones, loudspeakers, audio□ visual communications equipment or otherwise) by attending at a venue anywhere in the world not being a satellite meeting place. Those attending at any such venue shall not be regarded as present at the general meeting or adjourned general meeting and shall not be entitled to vote at the meeting at or from that venue. The inability for any reason of any member present in person or by proxy at such a venue to view or hear all or any of the proceedings of the meeting or to speak at the meeting shall not in any way affect the validity of the proceedings of the meeting.

77. The Board may from time to time make any arrangements for controlling the level of attendance at any venue for which arrangements have been made pursuant to Article 76 (including without limitation the issue of tickets or the imposition of some other means of selection) it in its absolute discretion considers appropriate, and may from time to time change those arrangements. If a member, pursuant to those arrangements, is not entitled to attend in person or by proxy at a particular venue, he or she shall be entitled to attend in person or by proxy at any other venue for which arrangements have been made pursuant to Article 76. The entitlement of any member to be present at such venue in person or by proxy shall be subject to any such arrangement then in force and stated by the notice of meeting or adjourned meeting to apply to the meeting.

78. If, after the sending of notice of a general meeting but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Board decides that it is impracticable or unreasonable, for a reason beyond its control, to hold the meeting at the declared place (or any of the declared places, in the case of a meeting to which Article 74 applies) and/or time, it may change the place (or any of the places, in the case of a meeting to which Article 74 applies) and/or postpone the time at which the meeting is to be held. If such a decision is made, the Board may then change the place (or any of the places, in the case of a meeting to which Article 74 applies) and/or postpone the time again if it decides that it is reasonable to do so. In either case:

(a) no new notice of the meeting need be sent, but the Board shall, if practicable, advertise the date, time and place of the meeting in at least two national newspapers and shall make arrangements for notices of the change of place and/or postponement to appear at the original place and/or at the original time; and

(b) a proxy appointment in relation to the meeting may, if by means of a document in hard copy form, be delivered to the address or to such other place as may be specified by or on behalf of the Company in accordance with Article 108(a) or, if in electronic form, be received at the address (if any) specified by, or on behalf of, the Company in accordance with Article 108(b), at any time not less than 48 hours before the postponed time appointed for holding the meeting provided that the Board may specify, in any case, that in calculating the period of 48 hours, no account shall be taken of any part of a day that is not a working day.

79. For the purposes of Articles 74, 75, 76, 77 and 78, the right of a member to participate in the business of any general meeting shall include, without limitation, the right to speak, vote on a show of hands, vote on a poll, be represented by a proxy and have access to all documents which are required by the Companies Law or these Articles to be made available at the meeting.

80. The accidental omission to send a notice of a meeting or resolution, or to send any notification where required by the Companies Law or these Articles in relation to the publication of a notice of meeting on a website, or to send a form of proxy where required by the Companies Law or these Articles, to any person entitled to receive it, or the non-receipt for any reason of any such notice, resolution or notification or form of proxy by that person, whether or not the Company is aware of such omission or non-receipt, shall not invalidate the proceedings at that meeting.

81. The Board and, at any general meeting, the chair of the general meeting may make any arrangement and impose any requirement or restriction it or he or she considers appropriate to ensure the security of a general meeting including, without limitation, requirements for evidence of identity to be produced by those attending the meeting, the searching of their personal property and the restriction of items that may be taken into the meeting place. The Board and, at any general meeting, the chair are entitled to refuse entry to a person who refuses to comply with these arrangements, requirements or restrictions.

PROCEEDINGS AT GENERAL MEETINGS

82. No business shall be dealt with at any general meeting unless a quorum is present, but the absence of a quorum shall not preclude the choice or appointment of a chair of the meeting, which shall not be treated as part of the business of the meeting. Save as otherwise provided by these Articles, three qualifying persons present at a meeting and entitled to vote on the business to be dealt with are a quorum, unless:

(a) each is a qualifying person only because he or she is authorised under the Companies Law to act as a representative of a corporation in relation to the meeting, and they are representatives of the same corporation; or

(b) each is a qualifying person only because he or she is appointed as proxy of a member in relation to the meeting, and they are proxies of the same member.

For the purposes of this Article a ***qualifying person*** means (i) an individual who is a member of the Company, (ii) a person authorised under the Companies Law to act as a representative of the corporation in relation to the meeting, or (iii) a person appointed as proxy of a member in relation to the meeting.

83. If such a quorum is not present within 30 minutes (or such longer time not exceeding one hour as the chair of the meeting may decide to wait) from the time appointed for the meeting, or if during a meeting such a quorum ceases to be present, the meeting, if convened on the requisition of members, shall be dissolved, and in any other case shall stand adjourned to such time and place as the chair of the meeting may, subject to the provisions of the Companies Law, determine. The adjourned meeting shall be dissolved if a quorum is not present within 15 minutes after the time appointed for holding the meeting.

84. The chair, if any, of the Board or, in his or her absence, any deputy chair of the Company or, in his or her absence, some other director nominated by the Board, shall preside as chair of the meeting. If neither the chair, deputy chair nor such other director (if any) is present within 15 minutes after the time appointed for holding the meeting or is not willing to act as chair, the directors present shall elect one of their number to be chair. If there is only one director present and willing to act, he or she shall be chair. If no director is willing to act as chair, or if no director is present within 15 minutes after the time appointed for holding the meeting, the members present in person or by proxy and entitled to vote shall choose a member present in person to be chair.

85. A director shall, notwithstanding that he or she is not a member, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares in the capital of the Company.

86. The chair of the meeting may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place. No business shall be dealt with at an adjourned meeting other than business which might properly have been dealt with at the meeting had the adjournment not taken place. In addition (and without prejudice to the chair's power to adjourn a meeting conferred by Article 75), the chair may adjourn the meeting to another time and place without such consent if it appears to him or her that:

(a) it is likely to be impracticable to hold or continue that meeting because of the number of members wishing to attend who are not present; or

(b) the unruly conduct of persons attending the meeting prevents or is likely to prevent the orderly continuation of the business of the meeting; or

(c) an adjournment is otherwise necessary so that the business of the meeting may be properly conducted.

87. Any such adjournment may, subject to the provisions of the Companies Law, be for such time and to such other place (or, in the case of a meeting held at a principal meeting place and a satellite meeting place, such other places) as the chair of the meeting may, in his or her absolute discretion determine, notwithstanding that by reason of such adjournment some members may be unable to be present at the adjourned meeting. Any such member may nevertheless appoint a proxy for the adjourned meeting either in accordance with Article 108 or by means of a document in hard copy form which, if delivered at the meeting which is adjourned to the chair or the secretary or any director, shall be valid even though it is given at less notice than would otherwise be required by Article 108(a). When a meeting is adjourned for 30 days or more or for an indefinite period, notice shall be sent at least seven clear days before the date of the adjourned meeting specifying the time and place (or places, in the case of a meeting to which Article 74 applies) of the adjourned meeting and the general nature of the business to be transacted. Otherwise it shall not be necessary to send any notice of an adjournment or of the business to be dealt with at an adjourned meeting.

88. If an amendment is proposed to any resolution under consideration but is in good faith ruled out of order by the chair of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. With the consent of the chair, an amendment may be withdrawn by its proposer before it is voted on. No amendment to a resolution duly proposed as a special resolution may be considered or voted on (other than a mere clerical amendment to correct a patent error). No amendment to a resolution duly proposed as an ordinary resolution may be considered or voted on (other than a mere clerical amendment to correct a patent error) unless either:

(a) at least 48 hours before the time appointed for holding the meeting or adjourned meeting at which the ordinary resolution is to be considered (which, if the Board so specifies, shall be calculated taking no account of any part of a day that is not a working day), notice of the terms of the amendment and the intention to move it has been delivered in hard copy form to the office or to such other place as may be specified by or on behalf of the Company for that purpose, or received in electronic form at such address (if any) for the time being specified by or on behalf of the Company for that purpose, or

(b) the chair in his or her absolute discretion decides that the amendment may be considered and voted on.

89. A resolution put to the vote of a general meeting shall be decided on a show of hands unless before, or on the declaration of the result of, a vote on the show of hands, or on the withdrawal of any other demand for a poll, a poll is duly demanded, or the notice of the relevant general meeting states that resolutions put to the vote of that general meeting shall be decided on a poll. Subject to the provisions of the Companies Law, a poll may be demanded by:

(a) the chair of the meeting; or

(b) (except on the election of the chair of the meeting or on a question of adjournment) at least three members present in person or by proxy having the right to vote on the resolution; or

(c) any member or members present in person or by proxy representing not less than 10% of the total voting rights of all the members having the right to vote on the resolution (excluding any voting rights attached to any shares held as treasury shares); or

(d) any member or members present in person or by proxy holding shares conferring a right to vote on the resolution, being shares on which an aggregate sum has been paid up equal to not less than 10% of the total sum paid up on all the shares conferring that right (excluding any shares conferring a right to vote on the resolution which are held as treasury shares).

The appointment of a proxy to vote on a matter at a meeting authorises the proxy to demand, or join in demanding, a poll on that matter. In applying the provisions of this Article, a demand by a proxy counts (i) for the purposes of paragraph (b) of this Article, as a demand by the member, (ii) for the purposes of paragraph (c) of this Article, as a demand by a member representing the voting rights that the proxy is authorised to exercise, and (iii) for the purposes of paragraph (d) of this Article, as a demand by a member holding the shares to which those rights are attached.

90. Unless a poll is duly demanded (and the demand is not withdrawn before the poll is taken) a declaration by the chair of the meeting that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

91. The demand for a poll may be withdrawn before the poll is taken, but only with the consent of the chair of the meeting. A demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made. If the demand for a poll is withdrawn, the chair or any other member entitled may demand a poll.

92. Subject to Article 93, a poll shall be taken as the chair of the meeting directs and he or she may, and shall if required by the meeting, appoint scrutineers (who need not be members) and fix a time and place for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

93. A poll demanded on the election of a chair of the meeting, or on a question of adjournment, or where the notice of the relevant general meeting states that resolutions put to the vote of that general meeting shall be decided on a poll, shall be taken immediately. A poll demanded on any other question shall be taken either at the meeting or at such time and place as the chair directs not being more than 30 days after the poll is demanded. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll was demanded. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.

94. No notice need be sent of a poll not taken at the meeting at which it is demanded if the time and place at which it is to be taken are announced at the meeting. In any other case notice shall be sent at least seven clear days before the taking of the poll specifying the time and place at which the poll is to be taken.

95. Where for any purpose an ordinary resolution of the Company is required, a special resolution shall also be effective.

96. The members may require the Board to obtain an independent report on any poll taken, or to be taken, at a general meeting of the Company in accordance with the provisions of sections 342 to 349 and sections 351 to 353 of the Act (excluding sections 343(4), 343(5), 343(5), 349(4), 351(3), 351(4) and the reference to "*See also section 153 (exercise of rights where shares are held on behalf of others)*" in section 342(2)), and if so required the Company shall comply with such provisions as if it were a company incorporated in the United Kingdom to which such provisions apply provided that references to sections 325 and 326 of the Act contained in section 347 of the Act shall be construed as references instead to Article 96(2) and Article 96(5) of the Companies Law respectively.

VOTES OF MEMBERS

97. Subject to any rights or restrictions attached to any shares, on a vote on a resolution on a show of hands:

(a) every member who is present in person shall have one vote;

(b) subject to paragraph (c), every proxy present who has been duly appointed by one or more members entitled to vote on the resolution has one vote;

(c) a proxy has one vote for and one vote against the resolution if:

(i) the proxy has been duly appointed by more than one member entitled to vote on the resolution, and

(ii) the proxy has been instructed by one or more of those members to vote for the resolution and by one or more other of those members to vote against it.

98. Subject to any rights or restrictions attached to any shares, on a vote on a resolution on a poll every member present in person or by proxy shall have one vote for every share of which he or she is the holder.

99. In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority shall be determined by the order in which the names of the holders stand in the register.

100. A member in respect of whom an order has been made by a court or official having jurisdiction (whether in Jersey or elsewhere) in matters concerning mental disorder may vote, whether on a show of hands or on a poll, by his or her receiver, *curator bonis* or other person authorised for that purpose appointed by that court or official. That receiver, *curator bonis* or other person may, on a show of hands or on a poll, vote by proxy. The right to vote shall be exercisable only if evidence satisfactory to the Board of the authority of the person claiming to exercise the right to vote has been delivered to the office, or another place specified in accordance with these Articles for the delivery of proxy appointments, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised provided that the Company may specify, in any case, that in calculating the period of 48 hours, no account shall be taken of any part of a day that is not a working day.

101. No member shall be entitled to vote at a general meeting or at a separate meeting of the holders of any class of shares in the capital of the Company, either in person or by proxy, in respect of any share held by him or her unless all moneys presently payable by him or her in respect of that share have been paid.

102. If any votes are counted which ought not to have been counted, or might have been rejected, the error shall not vitiate the result of the voting unless it is pointed out at the same meeting, or at any adjournment of the meeting, and, in the opinion of the chair of the meeting, it is of sufficient magnitude to vitiate the result of the voting.

103. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting or poll at which the vote objected to is tendered. Every vote not disallowed at such meeting shall be valid and every vote not counted which ought to have been counted shall be disregarded. Any objection made in due time shall be referred to the chair of the meeting whose decision shall be final and conclusive.

104. On a poll, a member entitled to more than one vote need not, if he or she votes, use all his or her votes or cast all the votes he or she uses in the same way.

PROXIES AND CORPORATE REPRESENTATIVES

105. The appointment of a proxy shall be made in writing and shall be in any usual form or in any other form which the Board may approve. Subject thereto, the appointment of a proxy may be:

(a) in hard copy form; or

(b) in electronic form, to the electronic address provided by the Company for this purpose.

106. The appointment of a proxy, whether made in hard copy form or in electronic form, shall be executed in such manner as may be approved by or on behalf of the Company from time to time. Subject thereto, the appointment of a proxy shall be executed by the appointor or any person duly authorised by the appointor or, if the appointor is a corporation, executed by a duly authorised person or under its common seal or in any other manner authorised by its constitution.

107. The Board may, if it thinks fit, but subject to the provisions of the Companies Law, at the Company's expense send hard copy forms of proxy for use at the meeting and issue invitations in electronic form to appoint a proxy in relation to the meeting in such form as may be approved by the Board. The appointment of a proxy shall not preclude a member from attending and voting in person at the meeting or poll concerned. A member may appoint more than one proxy to attend on the same occasion, provided that each such proxy is appointed to exercise the rights attached to a different share or shares held by that member.

108. Without prejudice to Article 78(b) or to the second sentence of Article 87, the appointment of a proxy shall:

(a) if in hard copy form, be delivered by hand or by post to the office or such other place as may be specified by or on behalf of the Company for that purpose:

(i) in the notice convening the meeting; or

(ii) in any form of proxy sent by or on behalf of the Company in relation to the meeting,

not less than 48 hours before the time appointed for holding the meeting or adjourned meeting (or any postponed time appointed for holding the meeting pursuant to Article 78) at which the person named in the appointment proposes to vote; or

(b) if in electronic form, be received at any address to which the appointment of a proxy may be sent by electronic means pursuant to the provisions of the Companies Law or these Articles or to any other address specified by or on behalf of the Company for the purpose of receiving the appointment of a proxy in electronic form:

(i) in the notice convening the meeting; or

(ii) in any form of proxy sent by or on behalf of the Company in relation to the meeting; or

(iii) in any invitation to appoint a proxy issued by the Company in relation to the meeting; or

(iv) on a website that is maintained by or on behalf of the Company and identifies the Company; or

(v) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting (or any postponed time appointed for holding the meeting pursuant to Article 78) at which the person named in the appointment proposes to vote; or

(c) in either case, where a poll is taken more than 48 hours after it is demanded, be delivered or received as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or

(d) if in hard copy form, where a poll is not taken forthwith but is taken not more than 48 hours after it was demanded, be delivered at the meeting at which the poll was demanded to the chair of the meeting or to the secretary or to any director.

In calculating the periods mentioned in this Article, the Board may specify, in any case, that no account shall be taken of any part of a day that is not a working day.

109. Subject to the provisions of the Companies Law, where the appointment of a proxy is expressed to have been or purports to have been made, sent or supplied by a person on behalf of the holder of a share:

(a) the Company may treat the appointment as sufficient evidence of the authority of that person to make, send or supply the appointment on behalf of that holder; and

(b) that holder shall, if requested by or on behalf of the Company at any time, send or procure the sending of reasonable evidence of the authority under which the appointment has been made, sent or supplied (which may include a copy of such authority certified notarially or in some other way approved by the Board), to such address and by such time as may be specified in the request and, if the request is not complied with in any respect, the appointment may be treated as invalid.

110. A proxy appointment which is not delivered or received in accordance with Article 108 shall be invalid. When two or more valid proxy appointments are delivered or received in respect of the same share for use at the same meeting, the one that was last delivered or received shall be treated as replacing or revoking the others as regards that share, provided that if the Company determines that it has insufficient evidence to decide whether or not a proxy appointment is in respect of the same share, it shall be entitled to determine which proxy appointment (if any) is to be treated as valid. Subject to the

Companies Law, the Company may determine at its discretion when a proxy appointment shall be treated as delivered or received for the purposes of these Articles.

111. A proxy appointment shall be deemed to entitle the proxy to exercise all or any of the appointing member's rights to attend and to speak and vote at a meeting of the Company in respect of the shares to which the proxy appointment relates. The proxy appointment shall, unless it provides to the contrary, be valid for any adjournment of the meeting as well as for the meeting to which it relates.

112. The Company shall not be required to check whether a proxy or corporate representative votes in accordance with any instructions given by the member by whom he or she is appointed. Any failure to vote as instructed shall not invalidate the proceedings on the resolution.

113. Any corporation which is a member of the Company (in this Article the grantor) may, by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or at any separate meeting of the holders of any class of shares. A director, the secretary or other person authorised for the purpose by the secretary may require all or any of such persons to produce a certified copy of the resolution of authorisation before permitting him or her to exercise his or her powers. Such person is entitled to exercise (on behalf of the grantor) the same powers as the grantor could exercise if it were an individual member of the Company.

114. The termination of the authority of a person to act as a proxy or duly authorised representative of a corporation does not affect:

(a) whether he or she counts in deciding whether there is a quorum at a meeting;

(b) the validity of a poll demanded by him or her at a meeting; or

(c) the validity of a vote given by that person,

unless notice of the termination was either delivered or received as mentioned in the following sentence at least 24 hours before the start of the relevant meeting or adjourned meeting or (in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll. Such notice of termination shall be either by means of a document in hard copy form delivered to the office or to such other place as may be specified by or on behalf of the Company in accordance with Article 108(a) or in electronic form received at the address specified by or on behalf of the Company in accordance with Article 108(b), regardless of whether any relevant proxy appointment was effected in hard copy form or in electronic form.

NUMBER OF DIRECTORS

115. Unless otherwise determined by ordinary resolution, the number of directors (other than alternate directors) shall be not less than two but shall not be subject to any maximum in number.

APPOINTMENT AND RETIREMENT OF DIRECTORS

116. At every annual general meeting one-third of the directors at the date of the notice convening the annual general meeting or, if their number is not three or a multiple of three, the number nearest to one-third shall retire from office; but if any director has at the start of the annual general meeting been in office for three years or more since his or her last appointment or re-appointment, he or she shall retire at that annual general meeting.

117. Subject to the provisions of the Companies Law and these Articles, the directors to retire by rotation shall be, first, those who wish to retire and not be re-appointed to office and, second, those who have been longest in office since their last appointment or re-appointment. As between persons who became or were last re-appointed directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. The directors to retire on each occasion (both as to number and identity) shall be determined by the composition of the Board at the date of the notice convening the annual general meeting. No director shall be required to retire or be relieved from retiring or be retired by reason of any change in the number or identity of the directors after the date of the notice but before the close of the meeting.

118. If the Company does not fill the vacancy at the meeting at which a director retires by rotation or otherwise, the retiring director shall, if willing to act, be deemed to have been re-appointed unless at the meeting it is resolved not to fill the vacancy or unless a resolution for the re-appointment of the director is put to the meeting and lost. If a retiring director is re-appointed he or she is treated as having remained a director continuously.

119. No person other than a retiring director shall be appointed a director at any general meeting unless:

(a) he or she is recommended by the Board; or

(b) not less than seven nor more than 21 days before the date appointed for the meeting, notice by a member qualified to vote at the meeting (not being the person to be proposed) has been received by the Company of the intention to propose that person for appointment stating the particulars which would, if he or she were so appointed, be required to be included in the Company's register of directors, together with notice by that person of his or her willingness to be appointed.

120. If, notwithstanding Articles 116 and 117, all directors retire at an annual general meeting and:

(a) any resolution or resolutions for the appointment or re-appointment of the persons eligible for appointment or re-appointment as directors are put to the annual general meeting and lost, and

(b) at the end of that meeting the number of directors is fewer than any minimum number of directors required under Article 116,

all retiring directors who stood for re-appointment at that meeting (the ***Retiring Directors***) shall be deemed to have been re-appointed as directors and shall remain in office, but the Retiring Directors may only:

(i) act for the purpose of filling vacancies and convening general meetings of the Company; and

(ii) perform such duties as are appropriate to maintain the Company as a going concern and to comply with the Company's legal and regulatory obligations,

but not for any other purpose.

121. Where Article 120 applies, the Retiring Directors shall convene a general meeting as soon as reasonably practicable following the annual general meeting referred to in Article 121, and they shall retire from office at that meeting. If at the end of any meeting convened under this Article the number of directors is fewer than any minimum number of directors required under Article 116, the provisions of Article 121 and this Article shall also apply to that meeting.

122. Except as otherwise authorised by the Companies Law, a motion for the appointment of two or more persons as directors by a single resolution shall not be made unless a resolution that it should be so made has first been agreed to by the meeting without any vote being given against it.

123. Subject as aforesaid, the Company may by ordinary resolution appoint a person who is willing to act to be a director either to fill a vacancy or as an additional director and may also determine the rotation in which any additional directors are to retire. The appointment of a person to fill a vacancy or as an additional director shall take effect from the end of the meeting.

124. The Board may appoint a person who is willing to act to be a director, either to fill a vacancy or as an additional director and in either case whether or not for a fixed term. Irrespective of the terms of his or her appointment, a director so appointed shall hold office only until the next following annual general meeting and shall not be taken into account in determining the directors who are to retire by rotation at the meeting. If not re-appointed at such annual general meeting, he or she shall vacate office at its conclusion.

125. A director who retires at an annual general meeting may, if willing to act, be re-appointed. If he or she is not re-appointed, he or she shall (unless Article 121 applies) retain office until the meeting appoints someone in his or her place, or if it does not do so, until the end of the meeting.

126. A director shall not be required to hold any shares in the capital of the Company by way of qualification.

ALTERNATE DIRECTORS

127. Any director (other than an alternate director) may appoint any other director, or any other person approved by resolution of the Board and willing to act, to be an alternate director and may remove from office an alternate director so appointed by him or her.

128. An alternate director shall be entitled to receive notice of all meetings of the Board and of all meetings of committees of the Board of which his or her appointor is a member, to attend and vote at any such meeting at which his or her appointor is not personally present, and generally to perform all the functions of his or her appointor (except as regards power to appoint an alternate) as a director in his or her absence.

129. A director or any other person may act as alternate director to represent more than one director, and an alternate director shall be entitled at meetings of the Board or any committee of the Board to one vote for every director whom he or she represents (and who is not present) in addition to his or her own vote (if any) as a director, but he or she shall count as only one for the purpose of determining whether a quorum is present.

130. An alternate director may be repaid by the Company such expenses as might properly have been repaid to him or her if he or she had been a director but shall not be entitled to receive any remuneration from the Company in respect of his or her services as an alternate director except such part (if any) of the remuneration otherwise payable to his or her appointor as such appointor may by notice to the Company from time to time direct. An alternate director shall be entitled to be indemnified by the Company to the same extent as if he or she were a director.

131. An alternate director shall cease to be an alternate director:

(a) if his or her appointor ceases to be a director; but, if a director retires by rotation or otherwise but is re-appointed or deemed to have been re-appointed at the meeting at which he or she retires, any appointment of an alternate director made by him or her which was in force immediately prior to his or her retirement shall continue after his or her re-appointment; or

(b) on the happening of any event which, if he or she were a director, would cause him or her to vacate his or her office as director; or

(c) if he or she resigns his or her office by notice to the Company.

132. Any appointment or removal of an alternate director shall be by notice to the Company by the director making or revoking the appointment and shall take effect in accordance with the terms of the notice (subject to any approval required by Article 127) on receipt of such notice by the Company which shall be in hard copy form or in electronic form sent to such address (if any) for the time being specified by or on behalf of the Company for that purpose.

133. Except as otherwise expressly provided in these Articles, an alternate director shall be deemed for all purposes to be a director. Accordingly, except where the context otherwise requires, a reference to a director shall be deemed to include a reference to an alternate director. An alternate director shall alone be responsible for his or her own acts and defaults and he or she shall not be deemed to be the agent of the director appointing him or her.

POWERS OF BOARD

134. Subject to the provisions of the Companies Law and these Articles and to any directions given by special resolution, the business of the Company shall be managed by the Board which may exercise all the powers of the Company, including without limitation the power to dispose of all or any part of the undertaking of the Company. No alteration of the Articles and no such direction shall invalidate any prior act of the Board which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this Article shall not be limited by any special power given to the Board by these Articles. A meeting of the Board at which a quorum is present may exercise all powers exercisable by the Board.

135. The Board may exercise the voting power conferred by the shares in any body corporate held or owned by the Company in such manner in all respects as it thinks fit (including without limitation the exercise of that power in favour of any resolution appointing its members or any of them directors of such body corporate, or voting or providing for the payment of remuneration to the directors of such body corporate).

DELEGATION OF POWERS OF THE BOARD

136. The Board may delegate any of its powers to any committee consisting of one or more persons (who need not be directors). The Board may also delegate to any person (who need not be a director) such of its powers as the Board considers desirable to be exercised by him or her. Any such delegation shall, in the absence of express provision to the contrary in the terms of delegation, be deemed to include authority to sub-delegate to one or more persons (whether or not directors, and whether or not acting as a committee) all or any of the powers delegated and may be made subject to such conditions as the Board may specify, and may be revoked or altered. Subject to any conditions imposed by the Board, the proceedings of a committee with two or more members shall be governed by these Articles regulating the proceedings of directors so far as they are capable of applying.

137. The Board may establish local or divisional boards or agencies for managing any of the affairs of the Company and may appoint any persons (who need not be directors) to be members of the local or divisional boards, or any managers or agents, and may fix their remuneration. The Board may delegate to any local or divisional board, manager or agent any of the powers, authorities and discretions vested in or exercisable by the Board, with power to sub-delegate, and may authorise the members of any local or divisional board, or any of them, to fill any vacancies and to act notwithstanding vacancies. Any appointment or delegation made pursuant to this Article may be made on such terms and subject to such conditions as the Board may decide. The Board may remove any person

so appointed and may revoke or vary the delegation but no person dealing in good faith and without notice of the revocation or variation shall be affected by it.

138. The Board may establish one or more administrative committees, not being committees of the Board, consisting of one or more persons (who need not be directors) for the purposes of exercising any administrative functions of the Company. The provisions of Articles 136 and 137 shall not apply to any administrative committee so established, and the terms of reference of any such administrative committee shall be as determined by, and the proceedings of any such administrative committee shall be undertaken in accordance with any regulations established by, the Board.

139. The Board may, by power of attorney or otherwise, appoint any person (whether or not a director) to be the agent of the Company for such purposes, with such powers, authorities and discretions (not exceeding those vested in the Board) and on such conditions as the Board determines, including without limitation authority for the agent to delegate all or any of his or her powers, authorities and discretions, and may revoke or vary such delegation.

140. The Board may appoint any person to any office or employment having a designation or title including the word "director" or attach to any existing office or employment with the Company such a designation or title and may terminate any such appointment or the use of any such designation or title. The inclusion of the word "director" in the designation or title of any such office or employment shall not imply that the holder is a director of the Company, and the holder shall not thereby be empowered in any respect to act as, or be deemed to be, a director of the Company for any of the purposes of these Articles.

BORROWING POWERS OF THE BOARD

141. Subject to legislation and these Articles, the Board can exercise all of the Company's powers relating to borrowing money, giving security over all or any of the Company's business and activities, property, assets (present and future) and uncalled capital, and issuing debentures and other securities.

142. The Board will limit the Company's Net Borrowings (as that term is defined in Article 143) and, so far as it is able, that of the Company's subsidiary undertakings. Together the Company and its subsidiary undertakings are known as the Group. The Board will not allow the Net Borrowings of the Group to exceed two times the Group's Adjusted Capital and Reserves (as that term is defined in Article 147) unless the members have passed an ordinary resolution allowing it. Any borrowings owed by one member of the Group to another will not be taken into account unless specifically provided for in this Article.

143. For the purposes of Article 142, ***Net Borrowings*** means Gross Borrowings less Cash (as those terms are defined in Articles 144 and 145 respectively).

144. For the purposes of Article 143, the Group's ***Gross Borrowings*** will include all borrowings and in addition:

(a) the principal amount of any money borrowed in which no member of the Group has a beneficial interest but for which the payment or repayment is guaranteed by a member of the Group;

(b) the principal amount outstanding of any debentures (whether secured or unsecured) issued by any Group member in which no member of the Group has a beneficial interest in the principal, regardless of whether some or all of it is or was issued for a consideration other than cash; and

(c) the amount outstanding under any acceptance credits opened for any member of the Group which are acceptance credits which are not acceptances of trade bills for the purchases of goods in the ordinary course of business,

but will specifically exclude:

(d) any fixed or minimum premium which is payable on final repayment of any borrowing (or deemed borrowing) other than a premium payable on the redemption of deep-discount bonds;

(e) amounts borrowed to repay all or part of other borrowings of any member of the Group within six months during that six month period;

(f) amounts which are due or become due under any leases or leasing arrangements;

(g) a proportion of money borrowed by a subsidiary undertaking which is not fully owned by the Company. The proportion excluded will be equivalent to the percentage share of the equity share capital of the borrower which is not held, directly or indirectly, by the Company; and

(h) all amounts borrowed to the extent that they are used in the ordinary course of business to make loans to third parties where those loans are directly or indirectly secured against real property or an interest in real property.

145. For the purposes of Article 143, ***Cash*** will include cash at the bank, cash in hand or cash on deposit and any marketable instruments in which the Group's funds are invested and any other items to be treated as cash in accordance with the generally accepted accounting principles used by the Group in the preparation of its most recent consolidated audited accounts, but excluding any funds held for the purposes described in Article 144(e).

146. Any foreign currency amounts will be translated into the functional currency used by the Group in its most recent consolidated audited accounts when calculating Net Borrowings. When setting the exchange rate the Board will use the rate of exchange in London on any convenient day not more than seven days before the day on which the calculation is made. However, the Board can use the rate of exchange in London six months before the calculation date if such calculation means that the total amount of

borrowings is less. The rate of exchange used for both of these calculations is the middle market rate on the relevant day at the close of business in London.

147. The Company's ***Adjusted Capital and Reserves*** will be established by starting with amounts taken from the Group's latest audited consolidated balance sheet (such amounts being those described in Article 148) and then making the adjustments set out in Article 149.

148. For the purposes of establishing the Company's Adjusted Capital and Reserves in accordance with Article 147, the amounts taken from the Group's latest audited consolidated balance sheet shall consist of:

(a) the amount paid up on the Company's issued share capital; and

(b) the amount of the Group's consolidated capital and revenue reserves (including any share premium account, capital redemption reserve, any surplus arising on a revaluation of assets and the balance on the Group's consolidated profit and loss account and other reserves),

(except in each case to the extent that deductions or adjustments have already been made).

149. For the purposes of establishing the Company's Adjusted Capital and Reserves in accordance with Article 147, the total amount taken from the Group's latest consolidated balance sheet (in accordance with Article 148) shall then be adjusted as may be appropriate to take account of:

(a) any change in the amount paid up on the Company's issued share capital, or the amount of the Group's consolidated capital and revenue reserves since the date of the Group's latest audited consolidated balance sheet;

(b) any distributions (other than normal preference dividends and interim dividends paid in each case out of profits earned since the date of the latest audited consolidated balance sheet) in cash or non-cash made, recommended or declared from the capital and revenue reserves or profit and loss account since the date of the latest audited consolidated balance sheet and for which no provision was made in that balance sheet; and

(c) anything else which the Board and the auditors consider should be reflected,

(except to the extent that deductions or adjustments have already been made).

150. For the purposes of Article 149, shares which are allotted will be treated as issued; shares called up or payable within six months will be treated as already paid; and where any share issue for cash has been unconditionally underwritten but not yet paid up, the proceeds of the issue will be treated as having been paid and the shares will be treated as having been issued if the moneys are due within six months of allotment.

151. A certificate from the auditors relating to the amount of the Adjusted Capital and Reserves will be conclusive and binding on all concerned. The Board can rely on an estimate of the Adjusted Capital and Reserves made in good faith and, if as a result the borrowing limit is inadvertently exceeded, then the excess can be disregarded for three months after the Board learns that the limit has been exceeded.

152. No person dealing with the Company or any of its subsidiary undertakings need be concerned whether the borrowing limit is observed. Borrowings incurred or security given in breach of the borrowing limit will not be invalid or ineffective unless the lender or the recipient of the security had express notice, when the borrowings were incurred or the security given, that the limit had been or would as a result be breached.

Disqualification and removal of directors

153. A person ceases to be a director as soon as:

(a) that person ceases to be a director by virtue of any provision of the Companies Law or is prohibited from being a director by law;

(b) a bankruptcy order is made against that person;

(c) a composition is made with that person's creditors generally in satisfaction of that person's debts;

(d) a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;

(e) notification is received by the Company from the director that the director is resigning or retiring from office, and such resignation or retirement has taken effect in accordance with its terms, or his or her office as a director is vacated pursuant to Article 124;

(f) that person has been absent for more than six consecutive months without permission of the Board from meetings of the Board held during that period and his or her alternate director (if any) has not attended in his or her place during that period and the Board resolves that his or her office be vacated; or

(g) that person receives notice signed by not less than three quarters of the other directors stating that that person should cease to be a director. In calculating the number of directors who are required to give such notice to the director, (i) an alternate director appointed by him or her acting in his or her capacity as such shall be excluded; and (ii) a director and any alternate director appointed by him or her and acting in his or her capacity as such shall constitute a single director for this purpose, so that notice by either shall be sufficient.

154. The Company may by ordinary resolution remove any director from office (notwithstanding any provision of these Articles or of any agreement between the Company and such director, but without prejudice to any claim he or she may have for damages for breach of any such agreement). No special notice need be given of any resolution to remove a director in accordance with this Article and no director proposed to be removed in accordance with this Article has any special right to protest against his or her removal. The Company may, by ordinary resolution, appoint another person in place of a director removed from office in accordance with this Article. Any person so appointed shall, for the purpose of determining the time at which he or she or any other director is to retire by rotation, be treated as if he or she had become a director on the day on which the director in whose place he or she is appointed was last elected a director. In default of such appointment the vacancy arising on the removal of a director from office may be filled as a casual vacancy.

155. When a director stops being a director for any reason, he or she will automatically stop being a member of any Board committee or sub-committee which he or she was previously a member of.

156. The provisions contained in sections 215 to 221 of the Act in relation to payments made to directors (or a person connected to such directors) for loss of office (and the circumstances in which such payments would require the approval of members) shall apply to the Company and the Company shall comply with such provisions as if it were a company incorporated in the United Kingdom to which such provisions apply, notwithstanding sections 217(4)(a), 218(4)(a), and 219(6)(a) of such provisions.

NON-EXECUTIVE DIRECTORS

157. Subject to the provisions of the Companies Law, the Board may enter into, vary and terminate an agreement or arrangement with any director who does not hold executive office for the provision of his or her services to the Company. Subject to Articles 158 and 159, any such agreement or arrangement may be made on such terms as the Board determines.

158. The ordinary remuneration of the directors who do not hold executive office for their services (excluding amounts payable under any other provision of these Articles) shall not exceed in aggregate £1,500,000 per annum or such higher amount as the Company may from time to time by ordinary resolution determine. Subject thereto, each such director shall be paid a fee for their services (which shall be deemed to accrue from day to day) at such rate as may from time to time be determined by the Board.

159. Any director who does not hold executive office and who performs special services which in the opinion of the Board are outside the scope of the ordinary duties of a director, may (without prejudice to the provisions of Article 158) be paid such extra remuneration by way of additional fee, salary, commission or otherwise as the Board may determine.

DIRECTORS' EXPENSES

160. The directors may be paid all travelling, hotel, and other expenses properly incurred by them in connection with their attendance at meetings of the Board or committees of the Board, general meetings or separate meetings of the holders of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties.

EXECUTIVE DIRECTORS

161. Subject to the provisions of the Companies Law, the Board may appoint one or more of its body to be the holder of any executive office (except that of auditor) in the Company and may enter into an agreement or arrangement with any such director for his or her employment by the Company or for the provision by him or her of any services outside the scope of the ordinary duties of a director. Any such appointment, agreement or arrangement may be made on such terms, including, without limitation, terms as to remuneration, as the Board determines. The Board may revoke or vary any such appointment but without prejudice to any rights or claims which the person whose appointment is revoked or varied may have against the Company because of the revocation or variation.

162. Any appointment of a director to an executive office shall terminate if he or she ceases to be a director but without prejudice to any rights or claims which he or she may have against the Company by reason of such cessation. A director appointed to an executive office shall not cease to be a director merely because his or her appointment to such executive office terminates.

163. The emoluments of any director holding executive office for his or her services as such shall be determined by the Board, and may be of any description, including without limitation admission to, or continuance of, membership of any scheme (including any share acquisition scheme) or fund instituted or established or financed or contributed to by the Company for the provision of pensions, life assurance or other benefits for employees or their dependants, or the payment of a pension or other benefits to him or her or his or her dependants on or after retirement or death, apart from membership of any such scheme or fund.

DIRECTORS' INTERESTS

164. A Director must avoid a situation in which he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company. This duty is not infringed if the matter has been authorised by the Directors. The Board may authorise any matter proposed to it in accordance with these Articles which would, if not so authorised, involve a breach of duty by a director as described above, including, without limitation, any matter which relates to a situation in which a director has, or can have, an interest which conflicts, or possibly may conflict, with the interests of the Company. Any such authorisation will be effective only if:

(a) any requirement as to quorum at the meeting at which the matter is considered is met without counting the director in question or any other interested director; and

(b) the matter was agreed to without their voting or would have been agreed to if their votes had not been counted.

The Board may (whether at the time of the giving of the authorisation or subsequently) make any such authorisation subject to any limits or conditions it expressly imposes but such authorisation is otherwise given to the fullest extent permitted. The Board may vary or terminate any such authorisation at any time.

For the purposes of the Articles, a conflict of interest includes a conflict of interest and duty and a conflict of duties, and interest includes both direct and indirect interests.

165. Provided that he or she has disclosed to the Board the nature and extent of his or her interest which he or she is required to disclose pursuant to Article 75 of the Companies Law and these Articles a director notwithstanding his or her office:

(a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;

(b) may act by himself or herself or his or her firm in a professional capacity for the Company (otherwise than as auditor) and he or she or his or her firm shall be entitled to remuneration for professional services as if he or she were not a director; and

(c) may be a director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate:

(i) in which the Company is (directly or indirectly) interested as member or otherwise; or

(ii) with which he or she has such a relationship at the request or direction of the Company.

166. A director shall not, by reason of his or her office, be accountable to the Company for any remuneration or other benefit which he or she derives from any office or employment or from any transaction or arrangement or from any interest in any body corporate:

(a) the acceptance, entry into or existence of which has been approved by the Board pursuant to Article 164 (subject, in any such case, to any limits or conditions to which such approval was subject); or

(b) which he or she is permitted to hold or enter into by virtue of paragraph (a), (b) or (c) of Article 165;

nor shall the receipt of any such remuneration or other benefit constitute a breach of his or her duties as a director of the Company.

167. Any disclosure required by Article 165 may be made at a meeting of the Board, by notice in writing or by general notice or otherwise in accordance with Article 75 of the Companies Law. A declaration in relation to an interest of which the director is not aware, or where the director is not aware of the transaction or arrangement in question, is not required. For this purpose, a director is treated as being aware of matters of which he or she ought reasonably to be aware.

168. A director shall be under no duty to the Company with respect to any information which he or she obtains or has obtained otherwise than as a director of the Company and in respect of which he or she owes a duty of confidentiality to another person. However, to the extent that his or her relationship with that other person gives rise to a conflict of interest or possible conflict of interest, this Article applies only if the existence of that relationship has been approved by the Board pursuant to Article 164. In particular, the director shall not be in breach of the general duties he or she owes to the Company because he or she fails:

(a) to disclose any such information to the Board or to any director or other officer or employee of the Company; and/or

(b) to use or apply any such information in performing his or her duties as a director of the Company.

169. Where the existence of a director's relationship with another person has been approved by the Board pursuant to Article 164 and his or her relationship with that person gives rise to a conflict of interest or possible conflict of interest, the director shall not be in breach of the general duties he or she owes to the Company because he:

(a) absents himself or herself from meetings of the Board at which any matter relating to the conflict of interest or possible conflict of interest will or may be discussed or from the discussion of any such matter at a meeting or otherwise; and/or

(b) makes arrangements not to receive documents and information relating to any matter which gives rise to the conflict of interest or possible conflict of interest sent or supplied by the Company and/or for such documents and information to be received and read by a professional adviser,

for so long as he or she reasonably believes such conflict of interest or possible conflict of interest subsists.

170. The provisions of Articles 168 and 169 are without prejudice to any equitable principle or rule of law which may excuse the director from:

(a) disclosing information, in circumstances where disclosure would otherwise be required under these Articles; or

(b) attending meetings or discussions or receiving documents and information as referred to in Article 169, in circumstances where such attendance or receiving such documents and information would otherwise be required under these Articles or the law.

GRATUITIES, PENSIONS AND INSURANCE

171. The Board may (by establishment of, or maintenance of, schemes or otherwise) provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any past or present director or employee of the Company or any of its subsidiary undertakings or any body corporate associated with, or any business acquired by, any of them, and for any member of his or her family (including a spouse, a civil partner, a former spouse and a former civil partner) or any person who is or was dependent on him, and may (as well before as after he or she ceases to hold such office or employment) contribute to any fund and pay premiums for the purchase or provision of any such benefit.

172. Without prejudice to the provisions of Article 247, the Board may exercise all the powers of the Company to purchase and maintain insurance for or for the benefit of any person who is or was:

(a) a director, officer, employee or auditor of the Company or any body which is or was the holding company or subsidiary undertaking of the Company, or in which the Company or such holding company or subsidiary undertaking has or had any interest (whether direct or indirect) or with which the Company or such holding company or subsidiary undertaking is or was in any way allied or associated; or

(b) a trustee of any pension fund in which employees of the Company or any other body referred to in paragraph (a) of this Article are or have been interested,

including without limitation insurance against any liability incurred by such person in respect of any act or omission in the actual or purported execution or discharge of his or her duties or in the exercise or purported exercise of his or her powers or otherwise in relation to his or her duties, powers or offices in relation to the relevant body or fund.

173. No director or former director shall be accountable to the Company or the members for any benefit provided pursuant to these Articles. The receipt of any such benefit shall not disqualify any person from being or becoming a director of the Company.

174. The Board is hereby authorised to make such provision as may seem appropriate for the benefit of any persons employed or formerly employed by the Company or any of its subsidiary undertakings in connection with the cessation or the transfer of the whole or part of the undertaking of the Company or any subsidiary undertaking. Any such provision shall be made by a resolution of the Board in accordance with section 247 of the Act as if the Company were a company incorporated in the United Kingdom to which such provisions apply.

PROCEEDINGS OF THE BOARD

175. Subject to the provisions of these Articles, the Board may regulate its proceedings as it thinks fit. A director may, and the secretary at the request of a director shall, call a meeting of the Board by giving notice of the meeting to each director. Notice of a Board meeting shall be deemed to be given to a director if it is given to him or her personally or by word of mouth or sent in hard copy form to him or her at his or her last known address or such other address (if any) as may for the time being be specified by him or her or on his or her behalf to the Company for that purpose, or sent in electronic form to such address (if any) for the time being specified by him or her or on his or her behalf to the Company for that purpose. A director may also request the Board that notices of Board meetings shall be sent in hard copy form or in electronic form to any temporary address for the time being specified by him or her or on his or her behalf to the Company for that purpose, but if no such request is made to the Board, it shall not be necessary to send notice of a Board meeting to any director who is for the time being absent from the usual address specified to the Company for the purpose of providing notices to that director. No account is to be taken of directors absent from the usual address specified to the Company for the purpose of providing notices to that director when considering the adequacy of the period of notice of the meeting. Questions arising at a meeting shall be decided by a majority of votes. In the case of an equality of votes, the chair of the Board shall have a second or casting vote. Any director may waive notice of a meeting and any such waiver may be retrospective. Any notice pursuant to this Article need not be in writing if the Board so determines and any such determination may be retrospective.

176. The quorum for the transaction of the business of the Board may be fixed by the Board and unless so fixed at any other number shall be two. A person who holds office only as an alternate director may, if his or her appointor is not present, be counted in the quorum. Any director who ceases to be a director at a Board meeting may continue to be present and to act as a director and be counted in the quorum until the termination of the Board meeting if no director objects.

177. The continuing directors or a sole continuing director may, unless Article 121 applies, act notwithstanding any vacancies in their number, but if the number of directors is less than the number fixed as the quorum the continuing directors or director may act only for the purpose of filling vacancies or of calling a general meeting.

178. The Board may appoint one of their number to be the chair, and one of their number to be the deputy chair, of the Board and may at any time remove either of them from such office. Unless he or she is unwilling to do so, the director appointed as chair, or in his or her stead the director appointed as deputy chair, shall preside at every meeting of the Board at which he or she is present. If there is no director holding either of those offices, or if neither the chair nor the deputy chair is willing to preside or neither of them is present within ten minutes after the time appointed for the meeting, the directors present may appoint one of their number to be chair of the meeting.

179. All acts done by a meeting of the Board, or of a committee of the Board, or by a person acting as a director or alternate director, shall, notwithstanding that it be afterwards discovered that there was a defect in the appointment of any director or any

member of the committee or alternate director or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a director or, as the case may be, an alternate director and had been entitled to vote.

180. A resolution in writing agreed to by all the directors entitled to receive notice of a meeting of the Board or of a committee of the Board (not being less than the number of directors required to form a quorum of the Board) shall be as valid and effectual as if it had been passed at a meeting of the Board or (as the case may be) a committee of the Board duly convened and held. For this purpose:

(a) a director signifies his or her agreement to a proposed written resolution when the Company receives from him or her a document indicating his or her agreement to the resolution authenticated in the manner permitted by the Act for a document in the relevant form (as if the Company were a company incorporated in the United Kingdom to which such provisions apply);

(b) the director may send the document in hard copy form or in electronic form to such address (if any) for the time being specified by the Company for that purpose;

(c) if an alternate director signifies his or her agreement to the proposed written resolution, his or her appointor need not also signify his or her agreement; and

(d) if a director signifies his or her agreement to the proposed written resolution, an alternate director appointed by him or her need not also signify his or her agreement in that capacity.

181. Without prejudice to the first sentence of Article 175, all or any of the persons entitled to be present at a meeting of the Board or of a committee of the Board shall be deemed to be present for all purposes if each is able (directly or by electronic communication) to speak to and be heard by all those present or deemed to be present simultaneously. A director so deemed to be present shall be entitled to vote and be counted in a quorum accordingly. Such a meeting shall be deemed to take place where it is convened to be held or (if no director is present in that place) where the largest group of those participating is assembled, or, if there is no such group, where the chair of the meeting is. The word meeting in these Articles shall be construed accordingly.

182. Except as otherwise provided by these Articles, a director shall not vote at a meeting of the Board or a committee of the Board on any resolution of the Board concerning a matter in which he or she has an interest (other than by virtue of his or her interests in shares or debentures or other securities of, or otherwise in or through, the Company) which can reasonably be regarded as likely to give rise to a conflict with the interests of the Company, unless his or her interest arises only because the resolution concerns one or more of the following matters:

(a) the giving of a guarantee, security or indemnity in respect of money lent or obligations incurred by him or her or any other person at the request of or for the benefit of, the Company or any of its subsidiary undertakings;

(b) the giving of a guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which the director has assumed responsibility (in whole or part and whether alone or jointly with others) under a guarantee or indemnity or by the giving of security;

(c) a contract, arrangement, transaction or proposal concerning an offer of shares, debentures or other securities of the Company or any of its subsidiary undertakings for subscription or purchase, in which offer he or she is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he or she is to participate;

(d) a contract, arrangement, transaction or proposal concerning any other body corporate in which he or she or any person connected with him or her is interested, directly or indirectly, and whether as an officer, member, creditor or otherwise, if he or she and any persons connected with him or her do not to his or her knowledge hold an interest (as that term is used in sections 820 to 825 of the Act) representing one per cent. or more of either any class of the equity share capital (excluding any shares of that class held as treasury shares) of such body corporate (or any other body corporate through which his or her interest is derived) or of the voting rights available to members of the relevant body corporate (any such interest being deemed for the purpose of this Article to be likely to give rise to a conflict with the interests of the Company in all circumstances);

(e) a contract, arrangement, transaction or proposal for the benefit of employees of the Company or of any of its subsidiary undertakings which does not award him or her any privilege or benefit not generally accorded to the employees to whom the arrangement relates; and

(f) a contract, arrangement, transaction or proposal concerning any insurance which the Company is empowered to purchase or maintain for, or for the benefit of, any directors of the Company or for persons who include directors of the Company.

For the purposes of this Article, in relation to an alternate director, an interest of his or her appointor shall be treated as an interest of the alternate director without prejudice to any interest which the alternate director has otherwise.

183. The Company may by ordinary resolution suspend or relax to any extent, either generally or in respect of any particular matter, any provision of these Articles prohibiting a director from voting at a meeting of the Board or of a committee of the Board.

184. Where proposals are under consideration concerning the appointment (including without limitation fixing or varying the terms of appointment) of two or more directors to offices or employments with the Company or any body corporate in which the Company is interested, the proposals may be divided and considered in relation to each director

separately. In such cases each of the directors concerned shall be entitled to vote in respect of each resolution except that concerning his or her own appointment.

185. If a question arises at a meeting of the Board or of a committee of the Board as to the entitlement of a director to vote, the question may, before the conclusion of the meeting, be referred to the chair of the meeting and his or her ruling in relation to any director other than himself or herself shall be final and conclusive except in a case where the nature or extent of the interests of the director concerned have not been fairly disclosed. If any such question arises in respect of the chair of the meeting, it shall be decided by resolution of the Board (on which the chair shall not vote) and such resolution will be final and conclusive except in a case where the nature and extent of the interests of the chair have not been fairly disclosed.

SECRETARY

186. Subject to the provisions of the Companies Law, the secretary shall be appointed by the Board for such term, at such remuneration and on such conditions as it may think fit. Any secretary so appointed may be removed by the Board, but without prejudice to any claim for damages for breach of any contract of service between him or her and the Company.

MINUTES

187. The Board shall cause minutes to be recorded for the purpose of:

(a) all appointments of officers made by the Board; and

(b) all proceedings at meetings of the Company, the holders of any class of shares in the capital of the Company, the Board and committees of the Board, including the names of the directors present at each such meeting.

188. Any such minutes, if purporting to be authenticated by the chair of the meeting to which they relate or of the next meeting, shall be sufficient evidence of the proceedings at the meeting without any further proof of the facts stated in them.

THE SEAL

189. The seal shall only be used by the authority of a resolution of the Board. The Board may determine who shall sign any document executed under the seal. If they do not, it shall be signed by at least one director and the secretary or by at least two directors. Any document may be executed under the seal by impressing the seal by mechanical means or by printing the seal or a facsimile of it on the document or by applying the seal or a facsimile of it by any other means to the document. A document executed, with the authority of a resolution of the Board, in any manner permitted by the Companies Law and expressed (in whatever form of words) to be executed by the Company has the same effect as if executed under the seal.

190. The Board may by resolution determine either generally or in any particular case that any certificate for shares or debentures or representing any other form of security may have any signature affixed to it by some mechanical or electronic means, or printed on it or, in the case of a certificate executed under the seal, need not bear any signature.

REGISTERS

191. Subject to the provisions of the Companies Law and the Regulations, the Company may keep an overseas or local or other register in any place, and the Board may make, amend and revoke any regulations it thinks fit about the keeping of that register.

192. Any director or the secretary or any other person appointed by the Board for the purpose shall have power to authenticate and certify as true copies of and extracts from:

(a) any document comprising or affecting the constitution of the Company, whether in hard copy form or electronic form;

(b) any resolution passed by the Company, the holders of any class of shares in the capital of the Company, the Board or any committee of the Board, whether in hard copy form or electronic form; and

(c) any book, record and document relating to the business of the Company, whether in hard copy form or electronic form (including without limitation the accounts).

If certified in this way, a document purporting to be a copy of a resolution, or the minutes or an extract from the minutes of a meeting of the Company, the holders of any class of shares in the capital of the Company, the Board or a committee of the Board, whether in hard copy form or electronic form, shall be conclusive evidence in favour of all persons dealing with the Company in reliance on it or them that the resolution was duly passed or that the minutes are, or the extract from the minutes is, a true and accurate record of proceedings at a duly constituted meeting.

DIVIDENDS

193. Subject to the provisions of the Companies Law, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Board.

194. Subject to the provisions of the Companies Law, the Board may pay interim dividends if it appears to the Board that they are justified by the financial position of the Company. If the share capital is divided into different classes, the Board may:

(a) pay interim dividends on shares which confer deferred or non-preferred rights with regard to dividends as well as on shares which confer preferential rights with regard to dividends, but no interim dividend shall be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear; and

(b) pay at intervals settled by it any dividend payable at a fixed rate if it appears to the Board that the profits available for distribution justify the payment.

If the Board acts in good faith it shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.

195. Dividends may be declared and paid in any currency or currencies that the Board shall determine. The Board may also determine the exchange rate and the relevant date for determining the value of the dividend in any currency.

196. Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid; but no amount paid on a share in advance of the date on which a call is payable shall be treated for the purpose of this Article as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid; but, if any share is allotted or issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.

197. A general meeting declaring a dividend may, on the recommendation of the Board, by ordinary resolution direct that it shall be satisfied wholly or partly by the distribution of assets, including without limitation paid up shares or debentures of another body corporate. The Board may make any arrangements it thinks fit to settle any difficulty arising in connection with the distribution, including, without limitation, (a) the fixing of the value for distribution of any assets, (b) the payment of cash to any member on the basis of that value in order to adjust the rights of members, and (c) the vesting of any asset in a trustee.

198. The Board may, if authorised by an ordinary resolution of the Company offer any holder of shares the right to elect to receive shares, credited as fully paid, instead of cash in respect of the whole (or some part, to be determined by the Board) of all or any dividend specified by the ordinary resolution. The offer shall be on the terms and conditions and be made in the manner specified in Article 199 or, subject to those provisions, specified in the ordinary resolution.

199. The following provisions shall apply to the ordinary resolution referred to in Article 198 above and any offer made pursuant to it and Article 198.

(a) The ordinary resolution may specify a particular dividend, or may specify all or any dividends declared within a specified period.

(b) Each holder of shares shall be entitled to that number of new shares as are together as nearly as possible equal in value to (but not greater than) the cash amount (disregarding any tax credit) of the dividend that such holder elects to forgo (each a ***new share***). For this purpose, the value of each new share shall be:

(i) equal to the average quotation for the Company's ordinary shares, that is, the average of the middle market quotations for those shares on the London Stock Exchange plc, as derived from the Official List, on the day on which such shares are first quoted ex the relevant dividend and the four subsequent dealing days; or

(ii) calculated in any other manner specified by the ordinary resolution, but shall never be less than the par value of the new share.

(c) A certificate or report by the auditors as to the value of a new share in respect of any dividend shall be conclusive evidence of that value.

(d) On or as soon as practicable after announcing that any dividend is to be declared or recommended, the Board, if it intends to offer an election in respect of that dividend, shall also announce that intention. If, after determining the basis of allotment, the Board decides to proceed with the offer, it shall notify the holders of shares of the terms and conditions of the right of election offered to them, specifying the procedure to be followed and place at which, and the latest time by which, elections or notices amending or terminating existing elections must be delivered in order to be effective.

(e) The Board shall not proceed with any election unless the Board has sufficient authority to allot shares and sufficient reserves or funds that may be appropriated to give effect to it after the basis of allotment is determined.

(f) The Board may exclude from any offer any holders of shares where the Board believes the making of the offer to them would or might involve the contravention of the laws of any territory or that for any other reason the offer should not be made to them.

(g) The dividend (or that part of the dividend in respect of which a right of election has been offered) shall not be payable in cash on shares in respect of which an election has been made (the ***elected shares***) and instead such number of new shares shall be allotted to each holder of elected shares as is arrived at on the basis stated in paragraph (b) of this Article. For that purpose the Board shall appropriate out of any amount for the time being standing to the credit of any reserve or fund (including without limitation the profit and loss account), a sum equal to the aggregate nominal amount of the new shares to be allotted and apply it in paying up in full the appropriate number of new shares for allotment and distribution to each holder of elected shares as is arrived at on the basis stated in paragraph (b) of this Article.

(h) The new shares when allotted shall rank equally in all respects with the fully paid shares of the same class then in issue except that they shall not be entitled to participate in the relevant dividend.

(i) No fraction of a share shall be allotted. The Board may make such provision as it thinks fit for any fractional entitlements including, without limitation, payment in

cash to holders in respect of their fractional entitlements, provision for the accrual, retention or accumulation of all or part of the benefit of fractional entitlements to or by the Company or to or by or on behalf of any holder or the application of any accrual, retention or accumulation to the allotment of fully paid shares to any holder.

(j) The Board may do all acts and things it considers necessary or expedient to give effect to the allotment and issue of any share pursuant to this Article or otherwise in connection with any offer made pursuant to this Article and may authorise any person, acting on behalf of the holders concerned, to enter into an agreement with the Company providing for such allotment or issue and incidental matters. Any agreement made under such authority shall be effective and binding on all concerned.

(k) The Board may, at its discretion, amend, suspend or terminate any offer pursuant to this Article.

200. The Board may deduct from any dividend or other moneys payable to any member in respect of a share any moneys presently payable by him or her to the Company in respect of that share. Where a person is entitled by transmission to a share, the Board may retain any dividend payable in respect of that share until that person (or that person's transferee) becomes the holder of that share.

201. Any dividend or other moneys payable in respect of a share may be paid:

(a) in cash; or

(b) by cheque or warrant made payable to or to the order of the holder or person entitled to payment; or

(c) by any direct debit, bank or other funds transfer system to the holder or person entitled to payment or, if practicable, to a person designated by notice to the Company by the holder or person entitled to payment; or

(d) by any other method approved by the Board and agreed (in such form as the Company thinks appropriate) by the holder or person entitled to payment including without limitation in respect of an uncertificated share by means of the relevant system (subject to the facilities and requirements of the relevant system).

202. If two or more persons are registered as joint holders of any share, or are entitled by transmission jointly to a share, the Company may:

(a) pay any dividend or other moneys payable in respect of the share to any one of them and any one of them may give effectual receipt for that payment; and

(b) for the purpose of Article 201, rely in relation to the share on the written direction, designation or agreement of, or notice to the Company by, any one of them.

203. A cheque or warrant may be sent by post:

(a) where a share is held by a sole holder, to the registered address of the holder of the share; or

(b) if two or more persons are the holders, to the registered address of the person who is first named in the register; or

(c) if a person is entitled by transmission to the share, as if it were a notice to be sent under Article 222; or

(d) in any case, to such person and to such address as the person entitled to payment may direct by notice to the Company.

204. Payment of a cheque or warrant by the bank on which it was drawn or the transfer of funds by the bank instructed to make the transfer or, in respect of an uncertificated share, the making of payment in accordance with the facilities and requirements of the relevant system (which, if the relevant system is CREST, may include the sending by the Company or by any person on its behalf of an instruction to the Operator of the relevant system to credit the cash memorandum account of the holder or joint holders or, if permitted by the Company, of such person as the holder or joint holders may in writing direct) shall be a good discharge to the Company. Every cheque or warrant sent or transfer of funds made by the relevant bank or system in accordance with these Articles shall be at the risk of the holder or person entitled. The Company shall have no responsibility for any sums lost or delayed in the course of payment by any method used by the Company in accordance with Article 201.

205. No dividend or other moneys payable in respect of a share shall bear interest against the Company unless otherwise provided by the rights attached to the share.

206. Any dividend which has remained unclaimed for 12 years from the date when it became due for payment shall, if the Board so resolves, be forfeited and cease to remain owing by the Company. The payment of any unclaimed dividend or other moneys payable in respect of a share may (but need not) be paid by the Company into an account separate from the Company's own account. Such payment shall not constitute the Company a trustee in respect of it. The Company shall be entitled to cease sending dividend warrants and cheques by post or otherwise to a member if those instruments have been returned undelivered to, or left uncashed by, that member on at least two consecutive occasions, or, following one such occasion, reasonable enquiries have failed to establish the member's new address. The entitlement conferred on the Company by this Article in respect of any member shall cease if the member claims a dividend or cashes a dividend warrant or cheque.

CAPITALISATION OF PROFITS AND RESERVES

207. The Board may with the authority of an ordinary resolution of the Company:

(a) subject to the provisions of this Article, resolve to capitalise any undistributed profits of the Company not required for paying any preferential dividend (whether

or not they are available for distribution) or any sum standing to the credit of any reserve or other fund, including without limitation the Company's share premium account and capital redemption reserve, if any;

(b) appropriate the sum resolved to be capitalised to the members or any class of members on the record date specified in the relevant resolution who would have been entitled to it if it were distributed by way of dividend and in the same proportions;

(c) apply that sum on their behalf either in or towards paying up the amounts, if any, for the time being unpaid on any shares held by them respectively, or in paying up in full shares, debentures or other obligations of the Company of a nominal amount equal to that sum but the share premium account, the capital redemption reserve, and any profits which are not available for distribution may, for the purposes of this Article, only be applied in paying up shares to be allotted to members credited as fully paid;

(d) allot the shares, debentures or other obligations credited as fully paid to those members, or as they may direct, in those proportions, or partly in one way and partly in the other;

(e) where shares or debentures become, or would otherwise become, distributable under this Article in fractions, make such provision as they think fit for any fractional entitlements including without limitation authorising their sale and transfer to any person, resolving that the distribution be made as nearly as practicable in the correct proportion but not exactly so, ignoring fractions altogether or resolving that cash payments be made to any members in order to adjust the rights of all parties;

(f) authorise any person to enter into an agreement with the Company on behalf of all the members concerned providing for either:

(i) the allotment to the members respectively, credited as fully paid, of any shares, debentures or other obligations to which they are entitled on the capitalisation; or

(ii) the payment up by the Company on behalf of the members of the amounts, or any part of the amounts, remaining unpaid on their existing shares by the application of their respective proportions of the sum resolved to be capitalised,

and any agreement made under that authority shall be binding on all such members;

(g) generally do all acts and things required to give effect to the ordinary resolution; and

(h) for the purposes of this Article, unless the relevant resolution provides otherwise, if the Company holds treasury shares of the relevant class at the record date

specified in the relevant resolution, it shall be treated as if it were entitled to receive the dividends in respect of those treasury shares which would have been payable if those treasury shares had been held by a person other than the Company.

RECORD DATES

208. Notwithstanding any other provision of these Articles, the Company or the Board may:

(a) fix any date as the record date for any dividend, distribution, allotment or issue, which may be on or at any time before or after any date on which the dividend, distribution, allotment or issue is declared, paid or made;

(b) for the purpose of determining which persons are entitled to attend and vote at a general meeting of the Company, or a separate general meeting of the holders of any class of shares in the capital of the Company, and how many votes such persons may cast, specify in the notice of meeting a time, not more than 48 hours before the time fixed for the meeting (which, if the Board so specifies, shall be calculated taking no account of any part of a day that is not a working day), by which a person must be entered on the register in order to have the right to attend or vote at the meeting; changes to the register after the time specified by virtue of this Article shall be disregarded in determining the rights of any person to attend or vote at the meeting; and

(c) for the purpose of sending notices of general meetings of the Company, or separate general meetings of the holders of any class of shares in the capital of the Company, under these Articles, determine that persons entitled to receive such notices are those persons entered on the register at the close of business on a day determined by the Company or the Board, which day may not be more than 21 days before the day that notices of the meeting are sent.

ACCOUNTS

209. No member shall (as such) have any right to inspect any accounting records or other book or document of the Company except as conferred by statute or authorised by the Board or by ordinary resolution of the Company or order of a court of competent jurisdiction.

210. Subject to the Companies Law, a copy of the Company's annual accounts and reports for that financial year shall, at least 21 clear days before the date of the meeting at which copies of those documents are to be laid in accordance with the provisions of the Companies Law, be sent to every member and to every holder of the Company's debentures, and to every person who is entitled to receive notice of meetings from the Company under the provisions of the Companies Law or of these Articles or, in the case of joint holders of any share or debenture, to one of the joint holders. A copy need not be sent to a person for whom the Company does not have a current address.

211. Subject to the Companies Law, the requirements of Article 210 shall be deemed satisfied in relation to any person by sending to the person, instead of such copies, a summary financial statement derived from the Company's annual accounts and the directors' report, which shall be in the form and shall contain the information prescribed by the Companies Law and any regulations made under the Companies Law.

RESTRICTIONS ON POLITICAL DONATIONS

212. The Company may not make a political donation to a political party or other political organisation, or to an independent election candidate, or incur any political expenditure, unless such donation or expenditure is authorised by an ordinary resolution in accordance with Article 213 and is passed before the donation is made or the expenditure incurred.

213. A resolution conferring authorisation for the purposes of Article 212:

(a) may relate to the Company and/or one or more subsidiaries of the Company;

(b) may be expressed to relate to all companies that are subsidiaries of the Company at the time the resolution is passed or at any time during the period for which the resolution has effect (which shall be four years beginning with the date on which it is passed unless the directors determine that it is to have effect for a shorter period), without identifying them individually;

(c) may authorise donations or expenditure under one or more of the following heads: (i) donations to political parties or independent election candidates; (ii) donations to political organisations other than political parties; or (iii) political expenditure, and must specify the head(s) for each company to which it relates;

(d) must be expressed in general terms and must not purport to authorise particular donations or expenditure; and

(e) must authorise donation or expenditure up to a specified amount for each of the specific heads in the period for which the resolution has effect for each company to which it relates.

COMMUNICATIONS

214. Any notice to be sent to or by any person pursuant to these Articles (other than a notice calling a meeting of the Board) shall be in writing.

215. Subject to Article 214 and unless otherwise provided by these Articles, the Company shall send or supply a document or information that is required or authorised to be sent or supplied to a member or any other person by the Company by a provision of the Companies Law or pursuant to these Articles or to any other rules or regulations to which the Company may be subject in such form and by such means as it may in its absolute discretion determine.

216. Subject to Article 214 and unless otherwise provided by these Articles, a member or a person entitled by transmission to a share shall send a document or information pursuant to these Articles to the Company in such form and by such means as it may in its absolute discretion determine provided that:

(a) the determined form and means are permitted by the Companies Law for the purpose of sending or supplying a document or information of that type to a company pursuant to a provision of the Companies Law; and

(b) unless the Board otherwise permits, any applicable condition or limitation specified in the Companies Law or other applicable legislation, including without limitation as to the address to which the document or information may be sent, is satisfied.

Unless otherwise provided by these Articles or required by the Board and subject to applicable law, such document or information shall be authenticated in the manner specified by the Act for authentication of a document or information sent in the relevant form (as if the Company were a company incorporated in the United Kingdom to which such provisions apply).

217. In the case of joint holders of a share any document or information shall be sent to the joint holder whose name stands first in the register in respect of the joint holding and any document or information so sent shall be deemed for all purposes sent to all the joint holders.

218. A member whose registered address is not within the United Kingdom, an EEA State or Jersey (each a ***Relevant Territory***) and who sends to the Company an address within a Relevant Territory at which a document or information may be sent to him or her shall be entitled to have the document or information sent to him or her at that address (provided that, in the case of a document or information sent by electronic means, including without limitation any notification that the document or information is available on a website, the Company so agrees, which agreement the Company shall be entitled to withhold in its absolute discretion including, without limitation, in circumstances in which the Company considers that the sending of the document or information to such address using electronic means would or might infringe the laws of any other jurisdiction) but otherwise:

(a) no such member shall be entitled to receive any document or information from the Company; and

(b) without prejudice to the generality of the foregoing, any notice of a general meeting of the Company which is in fact sent or purports to be sent to such member shall be ignored for the purpose of determining the validity of the proceedings at such general meeting.

219. A member shall not be entitled to receive any document or information that is required or authorised to be sent or supplied to the member by the Company by a provision of the Companies Law or pursuant to these Articles or to any other rules or regulations to which the Company may be subject if documents or information sent or supplied to that member by post in accordance with the Articles have been returned undelivered to the Company:

(a) on at least two consecutive occasions; or

(b) on one occasion and reasonable enquiries have failed to establish the member's address.

Without prejudice to the generality of the foregoing, any notice of a general meeting of the Company which is in fact sent or purports to be sent to such member shall be ignored for the purpose of determining the validity of the proceedings at such general meeting. Subject to Article 218 above, a member to whom this Article applies shall become entitled to receive such documents or information when the member has given the Company an address to which they may be sent or supplied.

220. A member present, either in person or by proxy, at any meeting of the Company or of the holders of any class of shares in the capital of the Company shall be deemed to have been sent notice of the meeting and, where requisite, of the purposes for which it was called.

221. The Board may from time to time issue, endorse or adopt terms and conditions relating to the use of electronic means for the sending of notices, other documents and proxy appointments by the Company to members or persons entitled by transmission and by members or persons entitled by transmission to the Company.

222. A document or information may be sent or supplied by the Company to the person or persons entitled by transmission to a share by sending it in any manner the Company may choose authorised by these Articles for the sending of a document or information to a member, addressed to them by name, or by the title of representative of the deceased, or trustee of the bankrupt or by any similar description at the address (if any) as may be supplied for that purpose by or on behalf of the person or persons claiming to be so entitled. Until such an address has been supplied, a document or information may be sent in any manner in which it might have been sent if the death or bankruptcy or other event giving rise to the transmission had not occurred.

223. Every person who becomes entitled to a share shall be bound by any notice in respect of that share which, before his or her name is entered in the register, has been sent to a person from whom he or she derives his or her title, provided that no person who becomes entitled by transmission to a share shall be bound by any notice sent under Article 18 to a person from whom he or she derives his or her title.

224. Proof that a document or information was properly addressed, prepaid and posted shall be conclusive evidence that the document or information was sent. Proof that a document or information sent or supplied by electronic means was properly addressed shall be conclusive evidence that the document or information was sent or supplied. A document or information sent by the Company to a member by post shall be deemed to have been received:

(a) if sent by first class post or special delivery post or equivalent from an address in one country to another address in the same country, on the day following that on which the document or information was posted;

(b) if delivered personally to a member's registered postal address, on the day on which the document or information was delivered;

(c) if sent by second class mail, on the second day following that on which the document or information was posted;

(d) if sent by airmail from an address in a country to an address outside that country, on the second day following that on which the document or information was posted;

(e) if sent by the Company's internal post system, on the day following that on which the document or information was posted;

(f) if sent by some other method agreed between the Company and the member, when the agreed arrangements have been completed; and

(g) in any other case, on the second day following that on which the document or information was posted.

225. A document or information sent or supplied by the Company to a member in electronic form shall be deemed to have been received by the member at the time it is sent. Such a document or information shall be deemed received by the member at that time notwithstanding that the Company becomes aware that the member has failed to receive the relevant document or information for any reason and notwithstanding that the Company subsequently sends a hard copy of such document or information by post to the member.

226. A document or information sent or supplied by the Company to a member by means of a website shall be deemed to have been received by the member:

(a) when the document or information was first made available on the website; or

(b) if later, when the member is deemed by Article 224 or 225 to have received notice of the fact that the document or information was available on the website. Such a document or information shall be deemed received by the member on that day notwithstanding that the Company becomes aware that the member has failed to receive the relevant document or information for any reason and notwithstanding

that the Company subsequently sends a hard copy of such document or information by post to the member.

227. Subject to the Companies Law, if at any time the Company is unable effectively to convene a general meeting by notices sent through the post as a result of the suspension or curtailment of postal services, notice of general meeting may be sufficiently given by local advertisement. Any notice given by advertisement for the purpose of this Article shall be advertised in at least one newspaper having a national circulation. If advertised in more than one newspaper, the advertisements shall appear on the same date. Such notice shall be deemed to have been sent to all persons who are entitled to have notice of meetings sent to them on the day when the advertisement appears. In any such case, the Company shall send confirmatory copies of the notice by post, if at least seven days before the meeting the posting of notices again becomes practicable.

228. A notice, document or other information may be served, sent or supplied by the Company in electronic form to a member who has agreed or who has previously agreed with the Company or any member of the Company's group, at a time that member was a holder of shares in the Company or the relevant member of the Company's group (generally or specifically) that notices, documents or information can be sent or supplied to them in that form and has not revoked such agreement.

229. Where the notice, document or other information is served, sent or supplied by electronic means, it may only be served, sent or supplied to an address specified for that purpose by the intended recipient (generally or specifically). Where the notice, document or other information is sent or supplied in electronic form by hand or by post, it must be handed to the recipient or sent or supplied to an address to which it could be validly sent if it were in hard copy form.

230. A notice, document or other information may be served, sent or supplied by the Company to a member who has agreed (generally or specifically) or who has previously agreed with the Company or any member of the Company's group, at a time that member was a holder of shares in the Company or the relevant member of the Company's group, by being made available on a website, or pursuant to Article 231 below is deemed to have agreed, that notice, document or information can be sent or supplied to the member in that form and has not revoked such agreement.

231. If a member has been asked individually by the Company (or previously by any member of the Company's group as applicable) to agree that the Company may serve, send or supply notices, documents or other information generally, or specific notices, documents or other information to them by means of a website and the Company does not (or, as applicable, any member of the Company's group did not) receive a response within a period of 28 days beginning with the date on which the Company's (or any member of the Company's group) request was sent (or such longer period as the directors may specify (or, as the case may be, the directors of any member of the Company's group may have specified)), such member will be deemed to have agreed to receive such notice, documents or other information by means of a website in accordance with Article 230 (save in respect of any notices, documents or information that are required to be sent in

hard copy form pursuant to the Companies Law). A member can revoke any such deemed election in accordance with Article 235.

232. A notice, document or other information served, sent or supplied by means of a website must be made available in a form, and by a means, that the Company reasonably considers will enable the recipient: (i) to read it, and (ii) to retain a copy of it. For this purpose, a notice, document or other information can be read only if: (i) it can be read with the naked eye; or (ii) to the extent that it consists of images (for example photographs, pictures, maps, plans or drawings), it can be seen with the naked eye.

233. If a notice, document or other information is served, sent or supplied by means of a website, the Company must notify the intended recipient of: (i) the presence of the notice, document or other information on the website; (ii) the address of the website; (iii) place on the website where it may be accessed; and (iv) how to access the notice, document or information. The document or information is taken to be sent on the date on which the notification required by this Article 233 is sent or if later, the date on which the document or information first appeared on the website after that notification is sent.

234. Any notice, document or other information made available on a website will be maintained on the website for the period of at least 28 days beginning with the date on which notification is received or deemed received under Article 226 above, or such shorter period as may be required by law or any regulation or rule to which the Company is subject. A failure to make a notice, document or other information available on a website throughout the period mentioned in this Article 234 shall be disregarded if: (i) it is made available on the website for part of that period; and (ii) the failure to make it available throughout that period is wholly attributable to circumstances that it would not be reasonable for the Company to prevent or avoid.

235. Any amendment or revocation of a notification given to the Company or agreement (or deemed agreement) under Articles 228 to 234 shall only take effect if in writing, signed (or authenticated by electronic means) by the member and on actual receipt by the Company thereof.

236. Communications sent to the Company by electronic means shall not be treated as received by the Company if it is rejected by computer virus protection arrangements.

237. Where these Articles require or permit a notice or other document to be authenticated by a person by electronic means, to be valid it must incorporate the electronic signature or personal identification details of that person, in such form as the directors may approve, or be accompanied by such other evidence as the directors may require to satisfy themselves that the document is genuine.

238. Where a member of the Company has received a document or information from the Company otherwise than in hard copy form, he or she is entitled to require the Company to send to him or her a version of the document or information in hard copy form within 21 days of the Company receiving the request.

DESTRUCTION OF DOCUMENTS

239. The Company shall be entitled to destroy:

(a) all instruments of transfer of shares which have been registered, and all other documents on the basis of which any entry is made in the register, at any time after the expiration of six years from the date of registration;

(b) all dividend mandates, variations or cancellations of dividend mandates, and notifications of change of address at any time after the expiration of two years from the date of recording;

(c) all share certificates which have been cancelled at any time after the expiration of one year from the date of the cancellation;

(d) all paid dividend warrants and cheques at any time after the expiration of one year from the date of actual payment;

(e) all proxy appointments which have been used for the purpose of a poll at any time after the expiration of one year from the date of use; and

(f) all proxy appointments which have not been used for the purpose of a poll at any time after one month from the end of the meeting to which the proxy appointment relates and at which no poll was demanded.

240. It shall conclusively be presumed in favour of the Company that:

(a) every entry in the register purporting to have been made on the basis of an instrument of transfer or other document destroyed in accordance with Article 239 was duly and properly made;

(b) every instrument of transfer destroyed in accordance with Article 239 was a valid and effective instrument duly and properly registered;

(c) every share certificate destroyed in accordance with Article 239 was a valid and effective certificate duly and properly cancelled; and

(d) every other document destroyed in accordance with Article 239 was a valid and effective document in accordance with its recorded particulars in the books or records of the Company,

but:

(e) the provisions of this Article and Article 239 apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties) to which the document might be relevant;

(f) nothing in this Article or Article 239 shall be construed as imposing on the Company any liability in respect of the destruction of any document earlier than

the time specified in Article 239 or in any other circumstances which would not attach to the Company in the absence of this Article or Article 239; and

(g) any reference in this Article or Article 239 to the destruction of any document includes a reference to its disposal in any manner.

UNTRACED MEMBERS

241. The Company shall be entitled to sell, at the best price reasonably obtainable, the shares of a member or the shares to which a person is entitled by transmission if:

(a) during the period of 12 years before the date of the notice referred to in paragraph (b) of this Article (the ***relevant period***) at least three dividends in respect of the shares in question have been declared and all dividend warrants and cheques which have been sent in the manner authorised by these Articles in respect of the shares in question have remained uncashed;

(b) the Company shall as soon as practicable after expiry of the relevant period have sent a notice of its intention to sell the shares to such member's or other person's last known address. Before sending any such notice, the Company shall have made reasonable enquiries to establish the address of the member or person entitled, engaging, if considered appropriate, a professional asset reunification company or tracing agent; and

(c) during the relevant period and the period of three months following the date of the notice referred to in paragraph (b) of this Article the Company has received no indication either of the whereabouts or of the existence of such member or person.

242. To give effect to any sale pursuant to Article 241, the Board may:

(a) where the shares are held in certificated form, authorise any person (and the relevant transferring member hereby appoints such person) to execute an instrument of transfer of the shares to, or in accordance with the directions of, the buyer; or

(b) where the shares are held in uncertificated form, do all acts and things it considers necessary or expedient to effect the transfer of the shares to, or in accordance with the directions of, the buyer.

243. An instrument of transfer executed by that person in accordance with Article 242(a) shall be as effective as if it had been executed by the holder of, or person entitled by transmission to, the shares. An exercise by the Company of its powers in accordance with Article 242(a) shall be as effective as if exercised by the registered holder of or person entitled by transmission to the shares. The transferee shall not be bound to see to the application of the purchase money, and his or her title to the shares shall not be affected by any irregularity in, or invalidity of, the proceedings in reference to the sale.

244. The net proceeds of sale shall belong to the Company which shall be obliged to account to the former member or other person previously entitled for an amount equal to the proceeds. The Company shall enter the name of such former member or other person in the books of the Company as a creditor for that amount. In relation to the debt, no trust is created and no interest is payable. The Company shall not be required to account for any money earned on the net proceeds of sale, which may be used in the Company's business or invested in such a way as the Board from time to time thinks fit.

WINDING UP

245. If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by law:

(a) divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members;

(b) vest the whole or any part of the assets in trustees for the benefit of the members; and

(c) determine the scope and terms of those trusts,

but no member shall be compelled to accept any asset on which there is a liability.

246. The power of sale of a liquidator shall include a power to sell wholly or partially for shares or debentures or other obligations of another body corporate, either then already constituted or about to be constituted for the purpose of carrying out the sale.

Indemnity

247. Subject to the provisions of the Companies Law, but without prejudice to any indemnity to which the person concerned may otherwise be entitled, every director or other officer of the Company (other than any person (whether an officer or not) engaged by the Company as auditor) shall be indemnified out of the assets of the Company against any liability incurred by him or her for negligence, default, breach of duty, breach of trust or otherwise in relation to the affairs of the Company, provided that this Article shall be deemed not to provide for, or entitle any such person to, indemnification to the extent that it would cause this Article, or any element of it, to be treated as void under the Companies Law or otherwise unlawful under the Companies Law.

ARRANGEMENTS IN RESPECT OF THE LISTING OF THE SHARES IN THE UNITED STATES OF AMERICA

248. Subject to Article 249, immediately upon the effectiveness of the listing of the shares of the Company on either the New York Stock Exchange or the Nasdaq Stock Market (as the Board shall determine) (the ***US Listing***), the legal title to each share in the Company that was in issue immediately prior to the US Listing shall be automatically transferred (without any further action by the member of the Company who held such share immediately prior to the US Listing (the ***Relevant Member***) or the Company) to Cede & Co., which will be the registered holder of such share, as nominee of The Depository Trust Company (***DTC***), to be held on behalf of Computershare Trust Company N.A. (or such other person as the Board may nominate) (the ***DI Custodian***), as custodian for Computershare Investor Services PLC (or such other person as the Board may nominate) (the ***DI Depositary***), which shall hold its interest in such share on trust as bare trustee under English law for the Relevant Member, against the issue to such Relevant Member of a depositary interest representing one share in the Company (a ***Depositary Interest***) under the arrangements described in the shareholder circular published by the Company in relation to the US Listing dated 1 July 2020 (the ***Circular***) and the Relevant Member will be bound by the terms and conditions of the DI Deed (as defined in the Circular) made by the DI Depositary concerning the Depositary Interests.

249. Article 248 will not apply in respect of shares in the Company held by a Relevant Member in certificated form immediately prior to the US Listing. Instead the Relevant Member shall be entered as the registered holder of such shares through DTC's Direct Registration System immediately upon the effectiveness of the US Listing.

250. Nothing in Articles 248 and 249 shall apply to shares that are in issue immediately prior to the US Listing and that are held by JPMorgan Chase Bank, N.A. (the ***ADR Depositary***), in its capacity as depositary of shares in connection with the Company's ADR facility that is in operation immediately prior to the US Listing. Instead, immediately upon the effectiveness of the US Listing, the legal title to such shares in the Company shall be transferred as follows: (i) subject to, and in exchange for, the cancellation of all ADSs held by Cede & Co. (as nominee for DTC) immediately prior to the US Listing, Cede & Co. (as nominee of DTC) will receive, and be registered as the holder of, such number of shares in the Company as is equal to the number of shares which such ADSs represent, to be held on behalf of the DTC participants that (immediately prior to the US Listing) held interests in ADSs through DTC; and (ii) subject to, and in exchange for, the cancellation of all ADSs held by each other registered holder immediately prior to the US Listing, without any action being required on the part of each other registered holder, each such other registered holder will receive, and be registered on the transfer books of the Company as the holder of, such number of shares in the Company as is equal to the number of shares which such ADSs represent, provided that in the case of both (i) and (ii) above, (A) registered holders whose holding of ADSs cannot be exchanged for an exact number of shares in the Company (and who would otherwise be left with a fractional entitlement) will not be allocated fractions of shares in the Company and (B) instead, the fractions of shares will be aggregated and the whole number of shares represented thereby will be sold by Computershare Trust Company

N.A. (or such other person as the Board may appoint), as the Company's transfer agent, in the open market with the net cash proceeds from the sale thereof being distributed to any registered holders entitled thereto.

251. All preferences and elections of Relevant Members holding their shares in certificated form relating to the payment currency policy of dividends which are in force immediately prior to the US Listing (including, without limitation, preferences to receive dividends in accordance with the Company's default payment currency for dividends at such time) will be continued after the US Listing becomes effective unless and until varied or revoked by such Relevant Member at any time thereafter.

252. The Company may appoint any person as attorney and/or agent for the Relevant Member to execute and deliver as transferor a form of register removal, transfer or instructions of transfer on behalf of the Relevant Member (or any subsequent holder or any nominee of such Relevant Member or any such subsequent holder) in favour of Cede & Co., as nominee of DTC, and do all such other things and execute and deliver all such documents as may in the opinion of the Company or any attorney and/or agent appointed by it be necessary or desirable to give effect to the arrangements described in Articles 248 to 251.

CONTENTS

CLAUSE PAGE

PRELIMINARY	1
SHARE CAPITAL AND LIMITED LIABILITY	5
LISTING RULES AND DISCLOSURE AND TRANSPARENCY RULES	10
VARIATION OF RIGHTS	17
SHARE CERTIFICATES	18
LIEN	18
CALLS ON SHARES	19
FORFEITURES AND SURRENDER	20
TRANSFER OF SHARES	21
TRANSMISSION OF SHARES	22
ALTERATION OF SHARE CAPITAL	23
GENERAL MEETINGS	24
NOTICE OF GENERAL MEETINGS	25
PROCEEDINGS AT GENERAL MEETINGS	29
VOTES OF MEMBERS	33
PROXIES AND CORPORATE REPRESENTATIVES	35
NUMBER OF DIRECTORS	37
APPOINTMENT AND RETIREMENT OF DIRECTORS	38
ALTERNATE DIRECTORS	40
POWERS OF THE BOARD	41
DELEGATION OF POWERS OF THE BOARD	41
BORROWING POWERS OF THE BOARD	42
DISQUALIFICATION AND REMOVAL OF DIRECTORS	45
NON-EXECUTIVE DIRECTORS	46
DIRECTORS' EXPENSES	47
EXECUTIVE DIRECTORS	47
DIRECTORS' INTERESTS	47
GRATUITIES, PENSIONS AND INSURANCE	50
PROCEEDINGS OF THE BOARD	51
SECRETARY	54
MINUTES	54
THE SEAL	54
REGISTERS	55
DIVIDENDS	55
CAPITALISATION OF PROFITS AND RESERVES	59
RECORD DATES	61
ACCOUNTS	61
RESTRICTIONS ON POLITICAL DONATIONS	62
COMMUNICATIONS	62
DESTRUCTION OF DOCUMENTS	68
UNTRACED MEMBERS	69
WINDING UP	70
INDEMNITY	70
ARRANGEMENTS IN RESPECT OF THE LISTING OF THE SHARES IN THE UNITED STATES OF AMERICA	71

Exhibit 2.1

DESCRIPTION OF SECURITIES REGISTERED UNDER SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

The following is a summary of the rights of the ordinary shares of 10 pence each (the "**Ordinary Shares**") of Ferguson plc (the "**Company**", "**we**", "**us**" or "**our**"), which is the only class of securities of the Company registered under Section 12 of the Securities Exchange Act of 1934, as amended.

This description is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to our Memorandum and Articles of Association (the "**Articles**"), as amended, which are filed as Exhibit 1.1 to the Annual Report on Form 20-F of which this Exhibit 2.1 is a part.

As of the date of this report, our authorized share capital consisted of 500,000,000 ordinary shares of 10 pence each. 232,171,182 shares were issued, of which 9,860,875 were held as treasury shares and 832,020 were held in two employee benefit trusts.

All of the allotted and issued Ordinary Shares are registered shares and are fully paid or credited as fully paid.

Basic Rights of our Shares

Subject to the provisions of the Companies (Jersey) Law 1991, as amended (the "**Jersey Companies Law**") relating to authority to allot, pre-emption rights or otherwise and to any resolution of the Company in a general meeting passed pursuant to those provisions and any provision of the Articles, all unissued shares for the time being in the capital of the Company are at the disposal of the Board. The Board may allot such shares on any terms and conditions, grant options over them, offer them for sale or otherwise dispose of them in any other way. The Board may issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or the holder on such terms as provided by the Articles subject to the provisions of Jersey Companies Law.

There are no restrictions on the transfer of shares by a shareholder under the Articles or Jersey Companies Law although the board of directors can impose restrictions (including on certain transfers) for failure to comply with a disclosure notice (see "*Disclosure of Shareholdings*" below).

Voting Rights

Subject to any rights or restrictions as to voting attached to any shares, on a show of hands, every member present in person or (subject to certain conditions) by proxy shall have one vote, and, on a poll, every member present in person or by proxy has one vote for every share of which he or she is the holder.

If at the time of any general meeting or class meeting, a member owes the Company any money in relation to his or her share, he or she will not be entitled to vote that share (either in person or by proxy) or exercise any other right attached to that share at that general meeting or class meeting. A member may not (amongst other things) exercise voting rights in the Company in respect of shares which are the subject of a restriction notice served after failure to provide the Company with information concerning interests in certain shares required to be provided by the Company, in accordance with the Articles.

All Non-Executive Directors are appointed for terms of between one and three years. Under the United Kingdom Corporate Governance Code, all directors are subject to a vote for re-election each year at the Annual General Meeting.

Dividends and other distributions

Subject to the provisions of Jersey Companies Law, the members may, by ordinary resolution, declare dividends, but no dividend shall exceed the amount recommended by the Board. Subject to the provisions of Jersey Companies Law, the Board may pay interim dividends if it appears to the Board that it is justified by the financial position of the Company.

Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid. All dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during the whole period in respect of which the dividend is paid. Any amount paid on a share in advance of the date on which a call is payable will not be treated as paid up for these purposes.

The Company does not have to pay interest on any dividend or other money due to a member in respect of his or her shares, unless the rights of the share state otherwise. If a dividend or other money payable in respect of a share remains unclaimed for 12 years from the date it was declared or became due for payment, the Board can pass a resolution to forfeit the payment and the member will lose the right to the dividend.

If recommended by the Board, members can pass an ordinary resolution to direct that a dividend will be satisfied in whole or in part by distributing assets instead of cash. This includes, amongst other things, paid up shares or debentures of another company. The Board can make any arrangements it wishes to settle any difficulties which may arise in connection with the distribution, including for example (i) the valuation of the assets, or (ii) the payment of cash to any member on the basis of that value in order to adjust the rights of members, and (iii) the transfer of any asset to a trustee. The Board may, if authorized by an ordinary resolution of the Company, offer members the right to elect to receive shares by way of scrip dividend (which are credited as fully paid) instead of cash in respect of some or all of their dividend.

Lien and Forfeiture

The Company has the right to any unpaid money on a partly paid share. This covers any money which is owed to the Company by the member, where the money has been called for or is payable under the terms on which the share was issued. The Company has the right to sell any partly paid share if a member fails to pay any money due on the partly paid share within 14 clear days of notice of the amount of money owed being given to the holder of the share or to the person entitled to the share by transmission.

The Board can call at any time on members on one or more occasions to pay any money which they owe to the Company on a share, provided that there must be at least one month between the payment dates of two consecutive calls and that the call is made in accordance with the Articles and the terms of allotment of the relevant share. Members must be given at least one month's notice of a requirement to pay and the notice must state when and where the payment is to be made. If a member does not pay the money due under a call or any instalment of a call by the due date, he or she must pay interest on the amount due from the due date until it is actually paid. If the terms of any allotment of any share require money to be paid when the share is allotted or on a fixed date, the amount payable will be treated in the same way as if a valid call had been made for that money the same date the money is due. If the money is not paid, the provisions of the Articles relating to calls and forfeiture will apply as if the member had been notified of a valid call for that amount on that date.

Ownership of Shares by Non-UK Persons

There are no provisions in the Articles that restrict non-UK residents or overseas shareholders from holding shares or from exercising voting rights attaching to shares.

Pre-emption Rights

If the Company issues certain specific kinds of additional securities, current members will generally have pre-emption rights to those securities on a pro rata basis. Pre-emption rights are transferable during the subscription period relating to a particular offering. The members may, by way of special resolution, grant authority to the Board to allot shares as if the pre-emption rights did not apply.

Liquidation Rights

If the Company is wound up, the liquidator can, with the approval of a special resolution passed by the members and any other sanction required by Jersey Companies Law, divide some or all of the Company's assets among the members. The liquidator may determine the value of such assets and how they are to be divided between the members.

Disclosure of Shareholdings

Pursuant to the Articles, the provisions of chapter five of the United Kingdom Disclosure Guidance and Transparency Rules are deemed to be incorporated by reference in the Articles as if the Company were a UK issuer. Accordingly, the Articles require members to notify the Company if the voting rights attached to shares held by them (subject to some exceptions) reach, exceed or fall below 3% and each 1% threshold thereafter up to 100%. In addition, pursuant to the Articles, the Company may also send a notice to any person whom it knows or believes to be interested in its shares, requiring such person to confirm whether he or she has such an interest and, if so, details of that interest. Under the Articles, if a member fails to supply the information requested in the notice or provides information that is materially inaccurate, the Board may serve a restriction notice on such person stating amongst other things that the member may not attend or vote at any general meeting or class meeting in respect of some or all of his or her shares.

Rights to Share in the Company's Profits

If authorized by ordinary resolution of the members, the Board can pass a resolution to capitalize any undistributed profits (unless required for paying a preferential dividend) or other sum in any reserve or fund. The amount capitalized must be distributed to the members or holders of shares of any class on the record date as if it were distributed by way of dividend.

Changes in capital and allotment of securities

The Company, may, by special resolution of its shareholders, alter its Memorandum of Association to increase or reduce the number of shares that it is authorized to issue, to consolidate all or any of its shares (whether issued or not) into fewer shares or to divide all or any of our shares (whether issued or not) into more shares, in each case in compliance with the Jersey Companies Law. The Articles specify that a special resolution of the Company is required to be passed by three-fourths of the shareholders who (being entitled to do so) vote in person, or by proxy.

Subject to the provisions of the Jersey Companies Law, the board has the discretion to issue authorized but unissued shares.

Variation of Rights

Subject to the provisions of Jersey Companies Law, rights attached to any class of shares in the capital of the Company may be varied or abrogated either with the written consent of the holders of at least three quarters in nominal value of the issued shares of the class, or with the sanction of a special resolution passed at a separate class meeting of the class of members affected. While the Company's shares are divided into different classes, the rights of a share will be treated as varied if either (i) the capital paid up on that share or class of shares is reduced (unless this results from the Company buying back or redeeming its own shares), or (ii) another share is allotted which has (a) priority for payment of a dividend, (b) priority on a return of capital or (c) voting rights more favorable than those attached to that share or class of shares.

Change of Control

There are no provisions in the Articles which would have an effect of delaying, deferring or preventing a change in the control of the Company.

Other Jersey, Channel Islands Law Considerations

Purchase or redemption of own shares

The Company may not buy back or redeem its shares unless its directors who are to authorize the buy back or redemption have made a statutory solvency statement that, immediately following the date on which the buy back or redemption is proposed, the Company will be able to discharge its liabilities as they fall due and, having regard to prescribed factors, the Company will be able to continue to carry on business and discharge its liabilities as they fall due for the 12 months immediately following the date on which the buy back or redemption is proposed (or until the company is dissolved on a solvent basis, if earlier).

If the above conditions are met, the Company may purchase shares in the manner described below.

It may purchase on a stock exchange its own fully paid shares pursuant to a special resolution of its shareholders. The resolution authorizing the purchase must specify:

- the maximum number of shares to be purchased;
- the maximum and minimum prices which may be paid; and
- a date, not being later than 18 months after the passing of the resolution, on which the authority to purchase is to expire.

It may purchase its own fully paid shares otherwise than on a stock exchange pursuant to a special resolution of its shareholders but only if the purchase is made on the terms of a written purchase contract which has been approved by an ordinary resolution of its shareholders. The shareholder from whom the Company proposes to purchase or redeem shares is not entitled to take part in such shareholder vote in respect of the shares to be purchased.

The Company may fund a redemption or purchase of its own shares from any source. The Company cannot purchase its shares if, as a result of such purchase, only redeemable shares would remain in issue.

If authorized by a resolution of its shareholders, any shares that it redeems or purchases may be held by the Company as treasury shares. Any shares held by the Company as treasury shares may be cancelled, sold, transferred for the purposes of or under an employee share scheme or held without cancelling, selling or transferring them. Shares redeemed or purchased by the Company are cancelled where the Company has not been authorized to hold these as treasury shares.

Mandatory Bids

The United Kingdom City Code on takeovers and mergers (the "**City Code**") applies to the Company. Under the City Code, if an acquisition of an interest in the Company's ordinary shares were to increase the aggregate holding of an acquirer and its "concert parties" to an interest in the Company's ordinary shares carrying 30% or more of the voting rights in the Company, the acquirer and, depending upon the circumstance, its concert parties, would be required (except with the consent of the UK Takeover Panel) to make an offer in cash (or accompanied by a cash alternative) for the outstanding ordinary shares in the Company at a price not less than the highest price paid for any interest in the Company's ordinary shares by the acquirer or its concert parties during the 12 months prior to the announcement of the offer. A similar obligation to make such a mandatory offer would also arise on the acquisition of the Company's ordinary shares by a person (together with its concert parties) interested in the Company's ordinary shares carrying between 30% and 50% of the voting rights in the Company if the effect of such acquisition were to increase the percentage of shares carrying voting rights in which he or she is interested.

Squeeze-Out and Sell-Out

Jersey Companies Law provides that where a person (the "**Offeror**") makes a takeover offer to acquire all of the shares (or all of the shares of any class) in a Jersey company (other than any shares already held by the Offeror at the date of the offer), if the Offeror has by virtue of acceptances of the offer acquired or contracted to acquire not less than 90% in nominal value of the shares (or class of shares) to which the offer relates, the Offeror may (subject to the requirements of Jersey Companies Law), by notice to the holders of the shares (or class of shares) to which the offer relates which the Offeror has not already acquired or contracted to acquire, compulsorily acquire those shares. A holder of any shares who receives a notice of compulsory acquisition may (within six weeks from the date on which such notice was given) apply to the Royal Court of Jersey for an order that the Offeror not be entitled and bound to purchase the holder's shares or that the Offeror purchase the holder's shares on terms different to those of the offer.

Where before the end of the period within which the takeover offer can be accepted, the Offeror has by virtue of acceptances of the offer acquired or contracted to acquire not less than 90% in nominal value of all of the shares (or all of the shares of a particular class) of the Jersey company, the holder of any such shares (or class of shares) who has not accepted the offer may, by written notice to the Offeror, require the Offeror to acquire the holder's shares. The Offeror shall (subject to the requirements of Jersey Companies Law) be entitled and bound to acquire the holder's shares on the terms of the offer or on such other terms as may be agreed. Where a holder gives the Offeror a notice of compulsory acquisition, each of the Offeror and the holder of the shares is entitled to apply to the Royal Court for an order that the terms on which the Offeror is entitled and bound to acquire the holder's shares shall be such as the court thinks fit.

Differences in Corporate Law between United States (Delaware) and Jersey, Channel Islands

Set forth below is a comparison of certain shareholder rights and corporate governance matters under Delaware law and Jersey law:

Corporate Law Issue	Delaware Law	Jersey Law
Special Meetings of Shareholders	Shareholders generally do not have the right to call meetings of shareholders unless that right is granted in the certificate of incorporation or by-laws. However, if a corporation fails to hold its annual meeting within a period of 30 days after the date designated for the annual meeting, or if no date has been designated for a period of 13 months after its last annual meeting, the Delaware Court of Chancery may order a meeting to be held upon the application of a shareholder.	Shareholders holding 10% or more of a Jersey company's voting rights and entitled to vote at the relevant meeting may legally require our directors to call a meeting of shareholders. The Jersey Financial Services Commission ("JFSC"), may, at the request of any officer, secretary or shareholder, call or direct the calling of an annual general meeting. Failure to call an annual general meeting in accordance with the requirements of the Jersey Companies Law is a criminal offence on the part of a Jersey company and its directors and secretary.
Interested Director Transactions	Interested director transactions are permissible and may not be legally voided if: • either a majority of disinterested directors, or a majority in interest of holders of shares of the corporation's capital stock entitled to vote upon the matter, approves the transaction upon disclosure of all material facts; or • the transaction is determined to have been fair as to the corporation as of the time it is authorized, approved or ratified by the board of directors, a committee thereof or the shareholders.	An interested director must disclose to the company the nature and extent of any interest in a transaction with the company, or one of its subsidiaries, which to a material extent conflicts or may conflict with the interests of the company and of which the director is aware. Failure to disclose an interest entitles the company or a shareholder to apply to the court for an order setting aside the transaction concerned and directing that the director account to the company for any profit. A transaction is not voidable and a director is not accountable notwithstanding a failure to disclose an interest if the transaction is confirmed by special resolution and the nature and extent of the director's interest in the transaction are disclosed in reasonable detail in the notice calling the meeting at which the resolution is passed. Although it may still order that a director account for any profit, a court will not set aside a transaction unless it is satisfied that the interests of third parties who have acted in good faith would not thereby be unfairly prejudiced and the transaction was not reasonable and fair in the interests of the company at the time it was entered into. Our Articles set out a limited number of transactions and matters in which a director may be interested and in which he or she may vote and be counted in the quorum in relation to a resolution on the matter.
Cumulative Voting	The certificate of incorporation of a Delaware corporation may provide that shareholders of any class or classes or of any series may vote cumulatively either at all elections or at elections under specified circumstances.	There are no provisions in the Jersey Companies Law relating to cumulative voting.

Approval of Corporate Matters by Written Consent	Unless otherwise specified in a corporation's certificate of incorporation, shareholders may take action permitted to be taken at an annual or special meeting, without a meeting, notice or a vote, if consents, in writing, setting forth the action, are signed by shareholders with not less than the minimum number of votes that would be necessary to authorize the action at a meeting. All consents must be dated and are only effective if the requisite signatures are collected within 60 days of the earliest dated consent delivered.	If permitted by the articles of association of a company, a written consent signed and passed by the specified majority of members may affect any matter that otherwise may be brought before a shareholders' meeting, except for the removal of a company's auditors. Such consent shall be deemed effective when the instrument, or the last of several instruments, is signed by the specified majority of members or on such later date as is specified in the resolution. *Our Articles do not contain provisions regarding shareholder resolutions in writing.*
Business Combinations	With certain exceptions, a merger, consolidation or sale of all or substantially all of the assets of a Delaware corporation must be approved by the board of directors and a majority of the outstanding shares entitled to vote thereon.	A sale or disposal of all or substantially all the assets of a Jersey company must be approved by the board of directors and, only if the articles of association of the company require, by the shareholders in a general meeting. A merger involving a Jersey company must be generally documented in a merger agreement which must be approved by special resolution of that company. *In the case of a merger requiring approval by special resolution, our Articles specify that a special resolution of the Company must be passed by three-fourths of the shareholders who (being entitled to do so) vote in person, or by proxy. The Articles do not contain provisions regarding shareholder resolutions in writing. Further, in certain scenarios, the UK listing rules to which we are subject also require shareholder approval for dispositions and business combination transactions.* In the case of a merger requiring approval by special resolution, our Articles specify that a special resolution of the Company must be passed by three-fourths of the shareholders who (being entitled to do so) vote in person, or by proxy. The Articles do not contain provisions regarding shareholder resolutions in writing. Further, in certain scenarios, the UK listing rules to which we are subject also require shareholder approval for dispositions and business combination transactions.

Limitations on Director's Liability and Indemnification of Directors and Officers	A Delaware corporation may indemnify a director or officer of the corporation against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in defence of an action, suit or proceeding by reason of his or her position if (i) the director or officer acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation and (ii) with respect to any criminal action or proceeding, the director or officer had no reasonable cause to believe his or her conduct was unlawful.	The Jersey Companies Law does not contain any provision permitting Jersey companies to limit the liabilities of directors for breach of fiduciary duty. However, a Jersey company may exempt from liability, and indemnify directors and officers, for liabilities: • incurred in defending any civil or criminal legal proceedings where: - judgment is given in the person's favour or the person is acquitted; - the proceedings are discontinued other than by reason of such person (or someone on their behalf) giving some benefit or suffering some detriment; or - the proceedings are settled on terms that such person (or someone on their behalf) gives some benefit or suffers some detriment but in the opinion of a majority of the disinterested directors, the person was substantially successful on the merits in the person's resistance to the proceedings; • incurred to anyone other than to the company if the person acted in good faith with a view to the best interests of the company; • incurred in connection with an application made to the court for relief from liability for negligence, default, breach of duty or breach of trust under Article 212 of the Jersey Companies Law in which relief is granted to the person by the court; or • incurred in a case in which the company normally maintains insurance for persons other than directors. Our Articles provide that the Company is required to indemnify every director or other officer of the Company (other than any person (whether an officer or not) engaged by the Company as auditor) out of its assets against any liability incurred by him or her for negligence, default, breach of duty, breach of trust or otherwise in relation to the affairs of the Company. The extent of such indemnities shall be limited in accordance with the provisions of the Jersey Companies Law.
Appraisal Rights	A shareholder of a Delaware corporation participating in certain major corporate transactions may, under certain circumstances, be entitled to appraisal rights under which the shareholder may receive cash in the amount of the fair value of the shares held by that shareholder (as determined by a court) in lieu of the consideration the shareholder would otherwise receive in the transaction.	There are no appraisal rights under the Jersey Companies Law.

Shareholder Suits	Class actions and derivative actions generally are available to the shareholders of a Delaware corporation for, among other things, breach of fiduciary duty, corporate waste and actions not taken in accordance with applicable law. In such actions, the court has discretion to permit the winning party to recover attorneys' fees incurred in connection with such action.	Under Article 141 of the Jersey Companies Law, a shareholder may apply to court for relief on the ground that the conduct of a company's affairs, including a proposed or actual act or omission by a company, is "unfairly prejudicial" to the interests of shareholders generally or of some part of shareholders, including at least the shareholder making the application. There may also be customary law personal actions available to shareholders. Under Article 143 of the Jersey Companies Law (which sets out the types of relief a court may grant in relation to an action brought under Article 141 of the Jersey Companies Law), the court may make an order regulating the affairs of a company, requiring a company to refrain from doing or continuing to do an act complained of, authorizing civil proceedings and providing for the purchase of shares by a company or by any of its other shareholders.
Inspection of Books and Records	All shareholders of a Delaware corporation have the right, upon written demand, to inspect or obtain copies of the corporation's shares ledger and its other books and records for any purpose reasonably related to such person's interest as a shareholder.	The register of shareholders and books containing the minutes of general meetings or of meetings of any class of shareholders of a Jersey company must during business hours be open to the inspection of a shareholder of the company without charge. The register of directors and secretaries must during business hours (subject to such reasonable restrictions as the company may by its articles of association or in general meeting impose, but so that not less than two hours in each business day be allowed for inspection) be open to the inspection of a shareholder or director of the company without charge.
Amendments to Charter	Amendments to the certificate of incorporation of a Delaware corporation require the affirmative vote of the holders of a majority of the outstanding shares entitled to vote thereon or such greater vote as is provided for in the certificate of incorporation. A provision in the certificate of incorporation requiring the vote of a greater number or proportion of the directors or of the holders of any class of shares than is required by Delaware corporate law may not be amended, altered or repealed except by such greater vote.	The memorandum of association and the articles of association of a Jersey company may only be amended by special resolution (being a two-thirds majority if the articles of association of the company do not specify a greater majority) passed by shareholders in general meeting or by written resolution signed by all the shareholders entitled to vote. *Our Articles specify that a special resolution of the Company is required to be passed by three-fourths of the shareholders who (being entitled to do so) vote in person, or by proxy. The Articles do not contain provisions regarding shareholder resolutions in writing.* Our Articles specify that a special resolution of the Company is required to be passed by three-fourths of the shareholders who (being entitled to do so) vote in person, or by proxy. The Articles do not contain provisions regarding shareholder resolutions in writing.

Blank Check Preferred Stock/ Shares	Under Delaware law, the certificate of incorporation of a corporation may give the board of directors the right to issue new classes of preferred shares with voting, conversion dividend distribution, and other rights to be determined by the board of directors at the time of issuance, which could prevent a takeover attempt and thereby preclude shareholders from realizing a potential premium over the market value of their shares. In addition, Delaware law does not prohibit a corporation from adopting a shareholder rights plan, or "poison pill," which could prevent a takeover attempt and also preclude shareholders from realizing a potential premium over the market value of their shares.	The City Code requires a target company shareholders' consent in general meeting before the target company can take any action (other than seeking alternative bids) that may result in the frustration of a takeover bid. Moreover, the City Code provides that the board of directors of an offeree company must act in the interests of the company as a whole and must not deny the holders of securities the opportunity to decide on merits of a takeover bid.
Distributions and Dividends: Repurchases and Redemptions	Under Delaware law, subject to any restrictions contained in the certificate of incorporation, a corporation may pay dividends out of capital surplus or, if there is no surplus, out of net profits for the current and/or the preceding fiscal year in which the dividend is declared, as long as the amount of capital of the corporation following the declaration and payment of the dividend is not less than the aggregate amount of the capital represented by issued and outstanding shares having a preference upon the distribution of assets. Surplus is defined in Delaware law as the excess of the net assets over capital, as such capital may be adjusted by the board of directors. A Delaware corporation may purchase or redeem shares of any class except when its capital is impaired or would be impaired by the purchase or redemption, and it may not purchase, for more than the price at which they may be redeemed, any of its shares which are redeemable at the option of corporation. A corporation may, however, purchase or redeem out of capital shares that are entitled upon any distribution of its assets to preference over another class or series of its shares if the shares are to be retired and the capital reduced.	Under Jersey Companies Law, a Jersey company may make a distribution at any time and out of any source provided that the directors the company who authorize the distribution make an immediate and 12 month forward looking cash-flow solvency statement. Likewise, authorizing directors must also make a solvency statement in the event of redeeming or purchasing the company's shares. A description of Repurchase and Redemptions provisions under Jersey Companies Law is set out above under the heading "*Other Jersey, Channel Islands Law Considerations—Purchase or redemption of own shares*."

Exhibit 8.1

Significant Subsidiaries as at July 31, 2021

Name	Jurisdiction of Incorporation or Organization
Ferguson Enterprises, LLC	United States
Ferguson Finance (Switzerland) AG	Switzerland
Ferguson Group Holdco Limited	England and Wales
Ferguson Holdings Limited	Jersey
Ferguson Holdings (Switzerland) AG	Switzerland
Ferguson Overseas Limited	England and Wales
Ferguson Swiss Holdings Limited	England and Wales
Ferguson UK Holdings Limited	England and Wales
Ferguson U.S. Holdings, Inc.	United States

Exhibit 12.1

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Kevin Murphy, certify that:

1. I have reviewed this annual report on Form 20-F of Ferguson plc (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. [Intentionally omitted];

    c. Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: September 28, 2021

By: /s/ Kevin Murphy
Kevin Murphy
Group Chief Executive

Exhibit 12.2

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, William Brundage, certify that:

1. I have reviewed this annual report on Form 20-F of Ferguson plc (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. [Intentionally omitted];

    c. Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: September 28, 2021

By: /s/ William Brundage
William Brundage
Group Chief Financial Officer

Exhibit 13.1

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of Ferguson plc (the "Company"), does hereby certify, to such officer's knowledge, that:

The Annual Report on Form 20-F for the fiscal year ended July 31, 2021 (the "Form 20-F") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 28, 2021

By: /s/ Kevin Murphy
Kevin Murphy
Group Chief Executive

Exhibit 13.2

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of Ferguson plc (the "Company"), does hereby certify, to such officer's knowledge, that:

The Annual Report on Form 20-F for the fiscal year ended July 31, 2021 (the "Form 20-F") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 28, 2021

By: /s/ William Brundage
William Brundage
Group Chief Financial Officer

Exhibit 15.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-253988 on Form S-8 of our report dated September 28, 2021, relating to the financial statements of Ferguson plc appearing in this Annual Report on Form 20-F for the year ended July 31, 2021.

/s/ Deloitte LLP

London, United Kingdom

September 28, 2021