Remuneration

Remuneration Committee

Jeremy Wilson Chair, Remuneration Committee

The Committee continue to ensure our people policies, practices and processes are fair, support diversity and inclusion and our approach to executive compensation remains considered and proactive.

Committee meetings in 2019

Jan 19	Feb 19	Mar 19	Apr 19	May 19	Jun 19	Jul 19	Aug 19	Sep 19	Oct 19	Nov 19	Dec 19
	●	●		●			●			●	

Membership and responsibilities

During 2019, the Remuneration Committee comprised the following independent Non-Executive Directors: Jeremy Wilson (Chair), Mary Shafer-Malicki, Jacqui Ferguson who replaced Jann Brown from 1 September. Where appropriate, the Committee receives input from the Chair of the Board, Chief Executive, CFO, Executive President of People & Organisation and the Head of Compensation & Benefits, who also acts as Secretary to the Committee.

Read the Remuneration Committee Charter at:
woodplc.com/remcommittee

Main responsibilities

The Remuneration Committee advises the Board on executive remuneration and sets the remuneration packages of each of the executive directors within the approved policy. The Committee has a written charter, which is reviewed annually and is publicly available on the company website. The Committee monitors the ongoing appropriateness and relevance of the remuneration policy and its application ensuring alignment of incentives and rewards with the wider workforce, global remuneration trends and culture at Wood.

The aim of the Committee is to establish an overall remuneration structure which:

- Promotes the long-term success of the company and delivers the strategy
- Reflects a balance of fixed and variable pay, with the intent of creating a competitive total remuneration package that supports the attraction and retention of executive directors
- Ensures appropriate alignment between incentivised performance and the interests of shareholders

In setting remuneration policy, the Committee considers the relevant provisions of the UK Corporate Governance Code, relevant regulations enacted under the Companies Act 2006 and shareholder views through consultation.

Our principles

Alignment with strategy, culture and delivery of shareholder value – ensuring the remuneration policy and principles support the needs of our business over the next few years, our strategy and creating long-term value for our shareholders. We link pay to performance by ensuring there is a strong alignment with the organisations short and long-term objectives, and the prevailing company culture.

Simplicity and balance – our remuneration should effectively support attraction, motivation and retention, as well as being easily understood by all stakeholders. We aim to provide an appropriate balance between fixed and variable pay, with the following main components: base pay; benefits and pension; annual bonus plan; long-term incentive plan; and the employee share plan. Our arrangements should be clear, transparent and aligned to those of the wider workforce.

Internally fair, externally competitive – ensuring executive directors' remuneration reflect wider workforce arrangements including base salary increases. We use external data to inform our thinking and ensure remuneration decisions support attraction, retention and incentivisation of our executive directors and broader leadership team.

Stakeholder engagement – the Committee is mindful of stakeholder expectations in respect of executive pay and actively takes this into account when developing remuneration arrangements.

Shareholder consultation

As a minimum, the Committee engages annually with significant shareholders and voting agencies via written correspondence and offers the opportunity to meet with the Chair of the Committee. The Committee views these meetings as an opportunity to ensure the directors' remuneration policy and application continues to be aligned with shareholder views, with shareholder feedback used to inform the Committee decision making process. The Committee ensures that appropriate and meaningful shareholder consultation will take place in advance of any material change being proposed to the directors' remuneration policy.

A summary of any such consultation and the Committee's response to substantive points raised will be included in the relevant section of the annual report on directors' remuneration. In addition, the Committee receives input on broader shareholder views through Remuneration Committee advisors.

The Committee is thankful for the time and considerations conveyed by all of our stakeholders and trusts that the proposed changes to the policy demonstrate we have listened to feedback and have balanced several requirements.

Workforce engagement

The Committee will continue its focus on broader workforce engagement in 2020 and beyond, ensuring that remuneration decisions are aligned and underpinned by data on the composition, remuneration, engagement, retention and diversity of the workforce. We have also been mindful to consider feedback from the wider workforce for the first time, through our employee Listening Group Network.

Advice provided (including internal teams)

During the year, the Committee took advice from Deloitte LLP, who was retained as external advisor to the Committee. Deloitte adhered to the Remuneration Consultants Groups' Code of Conduct. Deloitte received £89,299 for the provision of services to the Committee during the year. These fees consisted of core services (where the cost was agreed in advance) and additional services (which were charged on a time and materials basis). As well as advising the Remuneration Committee, Deloitte provided other services in 2019, predominately related to tax compliance and advisory, systems consultancy and immigration advice. The Committee has reviewed the remuneration advice provided by Deloitte during the year and is comfortable that it has been objective and independent. The Committee has reviewed the potential for conflicts of interest and judged that there were appropriate safeguards against such conflicts.

Committee meetings summary

The Committee met five times to discuss remuneration issues and the operation of the directors' remuneration policy. There was full Committee attendance at each of these meetings. The Committee has a regular schedule of agenda items in addition to other matters. The following matters were considered during the year:

February

- Update on outcomes and arrangements for Annual Bonus Plan (ABP) & Long Term Incentive Plan (LTIP) close out for 2018

March

- Executive director, ELT & Company Secretary 2019 remuneration review approval
- Target setting for ABP 2019 and LTIP performance period 2019-2021
- Agreed final outcomes for ABP 2018, 2019 delivery milestones (and other performance measures already agreed) and deferred payments from 2016
- Agreed LTIP outcomes for 2016-2018 performance period and discretionary award outcomes, 2019-2022 arrangements and deferred awards from performance period 2014-2016
- Review and approval of 2018 Directors' Remuneration Report
- Employee share plan 2019 enrolment statistics and impact on share capital
- Additional items: proposed remuneration policy review approach; incentive plans summary; approval of the Chair of the Board's expenses; gender pay gap reporting update; harmonisation project update

May

- AGM preparation
- Executive remuneration landscape, review of independent advice, feedback from executive directors and confirm approach to 2020 policy update
- Additional items: Incentive plans summary; LTIP grant update

August

- Remuneration policy 2020 renewal, considering shareholder engagement feedback, external environment including US focus, proposals from executive directors and management, agreed approach including shareholder and voting agency consultation
- Proposal for 2020 Employee Share Plan
- Additional items: remuneration proposals and termination for business unit CEO movements; remuneration arrangements for Chair of John Wood Group PLC; effectiveness review of Committee; incentive plans summary; use of Executive Share Option Scheme (ESOS) as incentive plan and Annual Salary Review global update

November

- Review of proposed remuneration policy 2020, consider updates incorporating voting agency guidelines, enhancements to the annual report on directors' remuneration, shareholder and employee engagement
- Reviewed ABP projected outcomes 2019 and 2020 arrangements
- Annual salary review 2020 summary and proposals for executive directors, ELT and company secretary
- Review Committee charter and objectives and proposal for 2020 objectives
- Additional items: remuneration review Chair of Board; variable reward divestment of nuclear business; ELT transfers and associated remuneration; harmonisation overview; workforce disclosure initiative; gender pay reporting update; global reward policy; review and approval former Chair of Board expenses; incentive plans summary; annual rolling agenda for Committee meetings

Statement of shareholder voting

The Committee encourages shareholder engagement. Where there are a substantial number of votes against any resolution on directors' remuneration, the Committee will seek to understand the reasons for any such vote and will detail here any actions in response to it. In line with the corporate governance code, where there are 20% or more votes against remuneration resolutions, the Committee will support the Board in consultation and actions to understand shareholder views.

In 2019, remuneration resolutions received 81.78% votes in favour at the annual general meeting in May 2019. We believe these results were impacted by the proposal to increase LTIP awards to the exceptional levels of 250% for the chief executive and 200% for the CFO. As a result of consultation with and feedback from shareholders, this proposal was withdrawn, and participation levels reverted to the previous amounts. Due to the timing of the decision, several of our shareholders were unable to change their voting decision but indicated during engagement meetings that they would have voted in favour had they been able to do so. The discretion for the Remuneration Committee to increase the maximum level of LTIP awards, in exceptional circumstances, has been removed from our revised policy.

The following table sets out the 2019 AGM voting in respect of our remuneration matters:

Item	For (a)	Against	Number witheld (b)
Advisory vote on the 2018 annual report on remuneration (2019 AGM)	456,721,589 (81.78%)	101,740,458 (18.22%)	5,204,342

Notes to the Statement of shareholding voting

a. Discretionary votes have been added to "For" votes.

b. A vote abstained is not a vote in law and is not counted in the calculation of the percentage of votes "For" or "Against" a resolution.

Remuneration contents

***Audited**

Unless otherwise noted, the remaining sections of the annual report on directors remuneration are not subject to audit.

Letter from the Chair

Dear Shareholder

I am pleased to present the remuneration report for the year ending 31 December 2019, on behalf of the Board and as Chair of the Remuneration Committee. This includes our proposed revised directors' remuneration policy, and its associated future application, which we will be seeking your support for at the 2020 Annual General Meeting. The purpose of this report is to set out the remuneration of executive directors demonstrating alignment to remuneration arrangements for the wider workforce, company culture and shareholder value creation through the delivery of the short and long-term strategic objectives of the Company.

This year we engaged with shareholders and proxy agencies and with our remuneration consultants, Deloitte, to review the existing policy and propose changes where appropriate. We believe our revised policy is fit for purpose, though we will continue to monitor the risk of peers in the US and Australia recruiting key employees based on materially higher overall remuneration packages, which are characteristic of these markets.

Robin Watson and David Kemp continue to lead our team to deliver against a clear set of demanding financial and operational objectives, against a challenging macro environment and political uncertainty. The Board believes Wood is well placed to deliver longer term growth and value for our shareholders. The remuneration policy is designed to ensure fair and competitive executive director remuneration, ensuring their contribution to Wood reflects our values and culture, balancing long-term alignment with our shareholders' interests.

2019 context

In 2019 the Committee has continued to enhance our engagement activities with the wider workforce to ensure our people policies, practices and processes are fair, support diversity and inclusion and our approach remains considered and proactive. Details about our activities can be found within this report and we look forward to further engagement with our global workforce during 2020.

The remuneration resolutions received 82% of votes in favour at the AGM in May 2019. We believe these results were impacted by the proposal to increase LTIP awards to the exceptional levels of 250% for the Chief Executive and 200% for the CFO. As a result of feedback from some shareholders and the voting institutions, this proposal was withdrawn, and participation levels reverted to the previous levels.

Due to the timing of the decision, several shareholders were unable to change their voting decision but indicated during engagement meetings that they would have voted in favour had they been able to do so. We were also appreciative that ISS and Glass Lewis changed their recommendation from "against" to "for".

The Committee has continued to pay close attention to the executive remuneration environment including the impact of the changes to the corporate governance code ensuring we continue to make remuneration decisions that reflect the needs of the business and which remain in line with the Remuneration Committee's key principles outlined in page 72.

Policy review

In 2019 we undertook a full review of the remuneration arrangements for executive directors in preparation for our third shareholder vote on policy at the 2020 AGM. We have been cognisant of the political environment including the enhanced requirements of the Corporate Governance Code and those of the voting institutions. We proactively engaged with our key investors at the early stages of our review, meeting with shareholders representing circa 34% of the shareholder base in the summer of 2019, to consider how we enhance our remuneration arrangements to further align to their interests.

We were particularly interested in gathering views on alternative proposals for long term incentivisation and whether to continue with the existing LTIP model or introduce restricted stock only, or a combination of both. Having listened to the feedback, we have decided to retain the LTIP model, ensuring performance measures remain stretching and within management control.

We continue to be mindful of our responsibility for fair and transparent spend on reward, putting the wellbeing of our people at the heart of delivering our strategic objectives, and ensuring that our executive directors' remuneration is aligned with the wider workforce in the country where they are based. In the global market in which Wood operates, the Committee is aware of the remuneration challenges and imbalances, particularly between the United Kingdom, which has greater corporate governance requirements, and the USA, which typically offers significantly greater variable reward opportunities, including substantial restricted stock awards. This is a concern as 50% of Wood's revenues are in the Americas and we see the USA as a major source of executive talent – both in terms of attraction and potential loss.

Proposed changes to the policy

We believe the proposed policy changes are well aligned with feedback received as part of our shareholder engagement. They also meet the Committee's remuneration principles whilst offering a degree of flexibility to adapt to changing business needs and performance:

- As we stated in the 2018 Directors' Remuneration Report, the maximum pension opportunity for any new executive director will be aligned to the levels for the wider workforce in their country of employment. Existing executive directors will continue to participate at a maximum of 15% of salary under their current arrangements. From 1 January 2022 the maximum company pension contributions for all executive directors will reduce to the rate in place for the wider workforce in the country in which they are employed, currently 9% in the UK.
- The shareholding requirement for the Chief Executive will be increased to 250% of base salary, from 200%; the requirement for the other executive directors will be increased to 200% of base salary, from 100%.
- We are introducing a post cessation shareholding requirement with 100% of shareholding requirements to be held for one year following cessation of employment, reducing to 50% in the second year following cessation of employment. This requirement will apply to shares received from share awards granted from 2020 onwards.
- We are enhancing and simplifying the definition of shareholding. Executive directors are required to hold shares in John Wood Group PLC, with the value of those shares expressed as a percentage of salary. The holding will be built up from after-tax share awards which are not subject to any further performance conditions and those matched via the employee share plan, if applicable. Until shareholding requirements are satisfied, executive directors are not generally permitted to sell any shares in the Company unless to cover tax.
- Life assurance will be provided to the Chief Executive at the rate of four times annual base salary, in line with that of the wider workforce. Previously it was provided up to the greater of £2,500,000 or four times annual base salary.
- We have removed the Committee's discretion to award up to 250% of base salary in exceptional circumstances but retain the LTIP as a key long-term incentive with maximum opportunity at 200% of base salary.
- We have maintained the discretion to reduce or cancel awards, in line with malus and clawback provisions and the ability to adjust performance targets, if more appropriate and they are not materially easier to satisfy.

Shareholding requirements

During investor engagement, shareholding achievement was discussed and it was highlighted that neither executive director has reached his required shareholding in John Wood Group PLC, reflecting their short term of office and that for a number of years the LTIP has resulted in minimal awards; we expect this to improve over the next few years with better company performance.

It is important to note that Robin Watson has proactively been working towards achieving his shareholding requirements and has paid over £540,000 from his own cash resources to meet the tax liability on vesting shares, although the Policy does allow him to sell shares to meet such liability (in line with typical market practice). In addition, both executive directors have elected to purchase shares via the Employee Share Plan (ESP), with both contributing 10% of their gross salary which is deducted from their monthly salary; Robin Watson has invested more than £132,000 and David Kemp more than £76,000. This clearly demonstrates their commitment to materially investing in the Company and aligning their interests with those of our shareholders.

Remuneration and performance outcomes for 2019

2019 proved to be another challenging year due to market conditions, in addition to wider political and economic uncertainty. Against this backdrop, Wood delivered growth in 2019 and financial performance was in line with expectations.

Annual bonus plan

As in previous years, the Committee considers the overall performance of the business as well as the individual performance of the executive directors. Bonus measures were split between financial, HSSEA and non-financial measures with a balance of 60%, 10% and 30% respectively; full detail of the targets and outcomes can be found on page 88 of the report. In summary, annual bonuses of 66.9% of maximum were achieved but on broader consideration of the overall shareholder experience and the decline in the share price during the year, the Remuneration Committee took the decision to reduce the final outcome to 62% of maximum.

LTIP

Performance measures for LTIP performance period 2017-2019 were based on relative Total Shareholder Return (TSR) and Earnings Per Share (EPS) weighted 50% for each measure. The EPS target was set at 44.8 cents at threshold and 74.8 cents at maximum; EPS achievement of 29.3 cents and did not meet threshold performance, resulting in zero award for this measure. The TSR performance was below 50th percentile resulting in zero award for this measure. Therefore, no award has been realised for the executive directors for the second year running. The fact that no LTIP will vest again in 2019 is extremely disappointing to the Committee, despite the positive strategic and operational progress achieved. With the benefit of hindsight, the Committee now realises that it underestimated the depth and length of the oil and gas downturn and set overly optimistic EPS targets back in 2017. Setting 3 year targets in volatile markets is an ongoing challenge.

Proposed policy application for 2020

The following section details the changes that we plan to make in implementing the proposed new policy in 2020.

Base salary – in January 2019 we increased salaries in line with our previous communications to you in 2017 and 2018. In addition we determined to apply a further 2.4%, which was the standard UK cost of living increase being given to our wider workforce in the UK in 2019; this would have increased Robin Watson's salary from £690,000 to £768,000 and David Kemp's from £450,000 to £486,400. However both executive directors decided to defer the 2.4% increase until 2020, so their salaries were increased to £750,000 for Robin Watson and £475,000 for David Kemp in 2019. This was supported by shareholders through the remuneration vote at the 2019 AGM.

The cost of living increase applied to our wider workforce in the UK for 2020 is 2.5% and the Committee has applied this to the base salaries of the executive directors in order to keep them at parity with the cost of living over the past 12 months. As a result, and including the increase deferred from 2019, Robin Watson's salary will increase to £787,200 and David Kemp's to £498,560.

Annual Bonus Plan –The maximum bonus opportunity for the Chief Executive will remain at 175% of base salary, and 150% of base salary for the CFO, less than the Policy maximum of 200% of base salary. Full details of the corporate and personal objectives, which account for 30% of the annual bonus opportunity, are contained on page 99. The other performance measures will be a measure of profit, accounting for 30% of the annual bonus opportunity; cash generation, also accounting for 30%; and HSSEA at 10%.

Long Term Plan – we will continue to anchor participation levels on 200% of salary for the Chief Executive and 175% for the CFO. However, having carefully considered the material reduction in the share price during 2019 and feedback received, the Committee has determined to apply one-off discretion and reduce the participation levels for 2020 by 15%; this results in a participation level of 170% of salary for the Chief Executive and 149% for the CFO. We will monitor share price performance during 2020 with a view to reinstating the previous participation levels of 200% and 175% of salary respectively in 2021.

As in previous years, and detailed in the proposed revised policy, these awards are not released until five years from grant in line with our focus on creating long-term value for shareholders by linking a significant portion of executive directors' remuneration to long-term performance. For the performance period commencing 2020 we will retain the same three performance measures as 2019, Relative TSR, Gross Margin Improvement and Overhead Percentage Improvement, which are well aligned to our strategy and shareholders' interests. The detail and threshold and maximum targets can be found on page 99.

I trust that in the report for 2019 we have clearly explained our application and intentions regarding future implementation of the directors' remuneration policy. I will step down from the Remuneration Committee Chair position following the AGM. Jacqui Ferguson will take on the Chair position thereafter and I wish her all the very best in her new role. I would like to thank all those who have been involved in the remuneration process over the years for their dedicated help and support.

These have been challenging times in setting executive remuneration. We want to ensure we motivate and retain the executive management at Wood, who we believe are of the highest calibre, whilst recognising a need for alignment with the shareholder experience. Finding that balance has not always been easy as so much has happened that has been beyond the control of management. Nonetheless we took the difficult decision to apply discretion in bonus payouts and LTIP grants this year to reduce the executive director packages. We believe we have achieved the right balance and look forward to your support on the relevant resolution.

Signed on behalf of the Board and as Chair of the Remuneration Committee.

Jeremy Wilson
Chair, Remuneration Committee

Directors' remuneration policy 2020

In accordance with section 439A of the Companies Act, this policy will be proposed as a binding resolution for approval at the AGM in 2020. It is intended that this policy will take effect from the date of the AGM, subject to shareholder approval. This policy will replace in full the policy set out in the 2016 annual report which was approved by shareholders at the 2017 AGM.

If approved, the Committee will put a revised policy to shareholders again no later than the AGM in 2023. If not approved, the Committee will present a revised policy for a further shareholder vote within twelve months.

Introduction

The objective of the remuneration policy is to provide a remuneration and benefits package that promotes the long-term success of the organisation and supports the strategy. It does this through a balance of fixed and variable pay, with the intent of creating a competitive total remuneration package which attracts and retains executives while creating an appropriate alignment between incentivising executive performance and the interests of stakeholders.

Executive directors' remuneration is made up of fixed and variable reward with the following components: base salary, benefits and pension, annual bonus plan (ABP), long term incentive plan (LTIP) and employee share plan (ESP). The future policy table on page 79 summarises the remuneration policy in relation to these components.

Full details of the application of this policy are contained in the annual report on directors' remuneration and the illustrations of future policy application are updated annually in the scenario charts on page 85.

Scope of the Remuneration Committee

Wood's Remuneration Committee has overall responsibility to the Board and other stakeholders to oversee and be responsible for all aspects of remuneration and benefits for the executive directors including the remuneration policy, ensuring appropriateness and governance. In addition, in line with the Corporate Governance Code, the Committee is also accountable for overseeing remuneration and benefits for members of the executive leadership team and the company secretary. The Committee achieves this by ensuring alignment of compensation philosophy, incentives and rewards with the wider workforce and prevailing culture at Wood.

Read the global reward policy which applies to all employees of Wood at:
woodplc.com/rewardpolicy

Read the Remuneration Committee Charter at:
woodplc.com/remcommittee

Committee decision making process

The Committee is mindful of shareholder expectations in respect of executive pay and proactively carried out extensive engagement with shareholders during 2019, incorporating feedback in the future policy proposals and application for 2020 and beyond. We have also been mindful to listen to the views of the wider workforce through our employee listening group network. In determining the remuneration policy, the Committee considered the relevant provisions of the UK Corporate Governance Code and guidelines produced by relevant advisory bodies such as the Investment Association. The Committee also received input from the Chair of the Board, the Chief Executive, Group CFO, Executive President of People & Organisation and the Head of Compensation & Benefits, while ensuring that conflicts of interest were suitably mitigated.

The policy for executive directors is also designed in line with the philosophy and principles that underpin remuneration throughout the organisation, with the policy for executive directors and senior leaders more heavily weighted towards variable pay than the wider workforce ensuring longer term alignment with shareholders.

The Committee will exercise discretion when determining the outcomes of short and long-term variable reward in addition to the formulaic outcomes considering any market conditions and relevant environmental, social and governance (ESG) matters. Such factors may include (but are not limited to); workplace fatalities and injuries, significant environmental incidents, large or serial fines or sanctions from regulatory bodies and/or significant legal judgements or settlements.

Consideration of employment conditions elsewhere in the organisation

The organisation's reward policy ensures the wider workforce is provided with remuneration packages that are market competitive within each employee's country of employment and are compliant with the organisation's equal opportunities policy and national legislative requirements. Remuneration differs based on location, role and job level within the organisation. Where appropriate, employees participate in the organisation's annual bonus and LTP arrangements, with maximum levels of participation being set by reference to their position in the organisation.

Read the global reward policy which applies to all employees of Wood at: **woodplc.com/rewardpolicy**

The Committee is respectful and thoughtful of pay and conditions within the organisation and is committed to aligning pay structure decisions for executive director remuneration to employees in the country where the executive director is based. The Committee also considers relevant information received from the Executive President of People and Organisation via employee feedback from the wider workforce.

Changes to policy

Although our existing policy is broadly fit for purpose, we have proposed some improvements and minor changes which continue to support and remain in line with our key remuneration principles as well as updated UK Corporate Governance legislation as follows:

- Introduction of post cessation shareholding requirements with 100% of shareholding requirements to be held for one year following cessation of employment, reducing to 50% in the second year following cessation of employment.
- As stated in the 2018 Directors' Remuneration Report, the maximum pension opportunity for new executive directors will be in line with the levels for the relevant workforce (i.e. the country in which the executive is primarily based). From 1 January 2022 the maximum employer pension contributions for all existing executive directors will reduce to that in place for the wider workforce in the country which they are employed; this is currently 9% in the UK.
- Shareholding requirements will increase for executive directors: the Chief Executive requirement will be increased to 250% of base salary, from 200%; the requirement for other executive directors will be increased to 200% of base salary, from 100%.
- Enhanced clarity on shareholding; holdings will be built up from purchased shares from own resources and after-tax share awards not subject to any further performance conditions and those matched via the employee share plan. Until shareholding requirements are satisfied, executive directors are not permitted to sell any shares in John Wood Group PLC unless to cover tax.
- Life assurance has been updated to provide cover of four times annual base salary for the Chief Executive, subject to the usual underwriting requirements; this is in line with the existing arrangements for the wider workforce in the UK.
- The Committee's discretion to award a Long-Term Plan (LTP) up to 250% of base salary in exceptional circumstances has been removed.
- The inclusion of Committee discretion over LTP vesting levels, in accordance with the UK Corporate Governance Code.

In addition to these proposed changes we have provided further clarity on the decision-making process in determining the Policy.

This Policy applies equally to any individual who is required to be treated as a director under the applicable regulations.

Future policy table for executive directors

Element	Purpose and link to strategic objectives of the organisation	Remuneration policy details
Salary	To provide an appropriate level of fixed salary to attract and retain executives with the qualities, skills and experience required to deliver our strategic objectives.	**Operation** Typically reviewed annually by the Committee, with any changes approved and effective from 1 January (although the Committee may make changes effective from any other date if it considers it appropriate). The Committee determines the appropriate level of base salary through consideration of: • the range of salary increases applying across the organisation; • the scale, scope and responsibility of the individual executive's role, including any changes in responsibility; • the skills, experience, development, contribution and performance of the individual in the role; • the salary of individuals undertaking similar roles in companies of comparable size and complexity around the world; • business performance and the wider market and economic conditions; and • growth and development of incumbents. Executive directors will typically be paid in the currency of their employment location. **Maximum opportunity** Annual increases will normally be in line with comparable increases across the wider workforce. Higher increases may be awarded, at the Committee's discretion, in certain circumstances through consideration of relevant factors. For example, where an executive director has been appointed to the Board at a low starting salary, larger increases may be awarded to move them closer to salaries paid to individuals undertaking similar roles in companies of comparable size and complexity, or other executive directors, as their experience develops. **Performance metrics** None.
Benefits	To provide fair and market competitive benefits which support the health and wellbeing of our executives to perform at their best.	**Operation** Benefits include car allowance, private medical insurance (or equivalent), income protection insurance (where applicable) and life assurance, in line with the wider workforce in the country of employment. Life assurance cover is provided of four times annual base salary; where cover of four times salary exceeds the maximum free cover limit as specified in the life assurance policy which may be amended from time to time, medical underwriting will be required and cover will be subject to insurer acceptance. The types of benefits provided are reviewed from time to time and may be adjusted by the Committee if deemed appropriate to ensure on-going competitiveness. Where executive directors are required to relocate or complete an international assignment due to business requirements, additional benefits such as relocation assistance or other expatriate benefits may be offered if considered appropriate. Benefits may vary according to local practice. **Maximum opportunity** Given the complexity of assessing the future monetary cost of some benefits, the Committee has not set an absolute limit on the value of benefits delivered but aims to ensure that the level of benefits provided remains appropriate and aligned to the wider workforce. **Performance metrics** None.

Pension related benefits	To support the long-term financial wellbeing and future stability of our executives in return for their commitment to delivering our strategic objectives.	**Operation** Executive directors can choose to participate in the relevant local defined contribution pension arrangement (or equivalent) or receive a cash allowance in lieu of pension, or a combination thereof. Executive directors in post at policy implementation date will continue to receive up to 15% of salary until 1 January 2022 when they will align with the workforce in which they are based. For newly appointed executive directors, payment limits will be in line with the levels for the relevant workforce (e.g. the country in which the executive is primarily based). **Maximum opportunity** In line with pension arrangements for the wider workforce in the country in which the executive is employed for newly appointed executive directors. The Committee has agreed to retain existing arrangements of 15% of base salary for existing executive directors at the time of policy review. In 2022, the maximum employer pension contributions for all executive directors will reduce to that in place for the wider workforce in which the executive is primarily based. **Performance metrics** None.
Annual Bonus Plan (ABP)	To incentivise executives to deliver strategic business priorities for the financial year with compulsory deferred payment designed to provide additional alignment with stakeholders and reinforce retention.	**Operation** Bonuses are awarded annually based on performance in the relevant financial year. The performance measures which apply to the ABP are chosen by the Committee at the start of the year to ensure the organisation is focused on its short-term strategic objectives and cultural alignment. The Committee sets threshold, target and maximum, and determines the appropriate weighting, for each of the financial measures. Stretch objectives are set in relation to the non-financial element of the plan and will typically be a combination of corporate and personal objectives with the aim of delivering value to shareholders and achieving the business strategy. Objectives and outcomes against them will be disclosed in the annual report on directors' remuneration for the relevant reporting period. At the end of the year, the Committee reviews actual performance against the relevant measures. Assessment of non-financial objectives is based on demonstrable evidence of achievement during the year. The Committee is able to adjust the outcome at its discretion to ensure it is fair and appropriate, taking into account the overall performance of the organisation. Achievement of bonus, including the use of discretion, will be disclosed in the following year's report as appropriate. At least 25% of the value of any bonus earned is subject to deferral for a further period of at least two years and, subject to legal restrictions or adverse tax consequences, will be awarded as a nil cost share-based award. Dividend equivalent payments will be accrued on shares comprising the deferred bonus award prior to vesting and will be paid out (in shares) proportionately with the award. In exceptional circumstances, such as where there are regulatory restrictions on the delivery of shares, the Committee may decide to settle deferred awards in cash. The vesting of any deferred bonus may be reduced or cancelled, in line with malus provisions, and is subject to clawback provisions at the absolute discretion of the Committee, as detailed in the malus and clawback policy. Malus and clawback provisions can be operated in circumstances which include but are not limited to: material misstatement of the Group's financial results; a material failure of risk management by the Group; corporate failure; serious reputational damage to the Group; serious breach of health and safety standards; or serious misconduct or fraud by the executive. For awards granted prior to the adoption of this Policy, legacy malus and clawback provisions will apply. **Maximum opportunity** The maximum opportunity will not exceed 200% of base salary in respect of any financial year. **Performance metrics** At least 50% of the maximum potential bonus is based on financial measures with the remainder being based on non-financial measures. The balance between financial and non-financial measures is reviewed annually and may be adjusted by the Committee, if deemed appropriate, to ensure alignment with overall organisation's objectives; consideration will be given but not limited to business context, internal factors, external environment and market consensus. Non-financial objectives are measured annually against agreed corporate and/or personal objectives. Typically, these will include objectives linked to safety and assurance and the organisation's strategic framework and priorities. For financial measures, threshold performance must be met before any award is paid, with 100% payable for maximum performance. 50% will be awarded for achievement of target and a proportionate award is calculated for performance between threshold and target, and between target and maximum.

Long Term Plan (LTP)	To reward and retain executives while aligning their interests with those of stakeholders by incentivising performance over the longer term. Performance measures are linked to longer term creation of shareholder value.	**Operation** The Long Term Incentive Plan (LTIP) operates under the rules of the John Wood Group PLC Long Term Plan (LTP) and is the organisation's current long term incentive plan for senior leaders, including executive directors, and is based on a rolling performance period of at least three years. Executive directors may be granted conditional share awards or nil cost options over shares in John Wood Group PLC at the start of the performance period (or in the case of a new appointment, at the earliest opportunity deemed appropriate by the Committee). Performance is measured over a period of at least three financial years, at which point shares vest. For executive directors, the vesting of 100% of any award is typically deferred for at least two years following the end of the performance period, unless the Committee determines otherwise. The Committee is able to adjust the vesting outcome for awards granted from 2020 onwards at its discretion to ensure it is fair and appropriate, taking into account the overall performance of the organisation. Unless the Committee determines otherwise, the number of shares subject to award will be increased to reflect the value of dividends that would have been paid on the award between grant and vesting, assuming reinvestment of the dividends as shares on such basis as the Committee determines. For nil-cost options, no shares will be awarded in lieu of dividends post-vesting (i.e. between vesting and exercise). The vesting of any award may be reduced or cancelled, in line with malus provisions, and is subject to clawback provisions at the absolute discretion of the Committee, as detailed in the malus and clawback policy. Malus and clawback provisions can be operated in circumstances including, but not limited to: a material misstatement of the Group's financial results; a material failure of risk management by the Group; corporate failure; serious reputational damage to the Group; a serious breach of health and safety standards; or serious misconduct or fraud by the executive. Clawback will cease to apply on the sixth-year anniversary of the first day of the relevant performance period. For awards granted prior to the adoption of this Policy, legacy malus and clawback provisions will apply. **Maximum opportunity** The maximum opportunity will not exceed 200% of base salary in respect of any financial year of the organisation. Where a salary is materially amended during the performance period, the Committee may adjust the number of shares under award to reflect the salary change. **Performance metrics** Awards made to the executive directors vest based on performance against a combination of performance measures. At least 25% of the award will be based on relative total shareholder return (TSR) and a portion of the remainder will be based on financial measures. The Committee will consider a combination of performance measures to ensure appropriate balance and delivering value to shareholders at the commencement of each performance period; consideration will be given but not limited to business context, internal factors, external environment and market consensus. During the course of a performance period, the Committee has the discretion to adjust the performance targets when it considers an amended target would be more appropriate and not materially easier to satisfy. For threshold levels of performance, a minimum of 25% of the award vests, increasing on a straight-line basis to 100% of the award for maximum performance.
Employee Share Plan (ESP)	To give our people the opportunity to benefit from the success to which their performance and commitment contributes.	**Operation** Executive directors can participate in the Employee Share Plan (ESP) on the same terms as other employees, and in line with the rules of the Plan as applied. The ESP is open to eligible employees across the organisation. It gives participants the opportunity to purchase or receive matching shares in John Wood Group PLC. The matching share ratio is determined annually up to a maximum of one matching share in John Wood Group PLC for every share purchased under the ESP. Matching shares are granted in the form of conditional share awards and will vest at the end of a holding period which will be at least two years, provided the participant continues to hold the related purchased shares throughout this period. Matching share awards may also be settled in cash. Eligible employees may choose to enroll annually. The Committee may at any time determine that a participant will receive an amount (in cash and/or additional shares) equal in value to any dividends that would have been paid on the matching shares between the date of grant and their vesting date. This assumes reinvestment of the dividends on shares on such basis as the Committee determines. The rules of the plan were approved by shareholders at the 2015 AGM and may be amended in accordance with their terms. **Maximum opportunity** Employees may contribute up to 10% of gross salary subject to plan rules, or such lower amount as the Committee may determine, which is deducted in regular pay periods from the salary. **Performance metrics** None.

Shareholding guidelines	To ensure that executive directors' interests and individual wealth are aligned with those of shareholders over a long-term performance period.	**Operation** Executive directors are required to hold shares in John Wood Group PLC, with the value of those shares expressed as a percentage of salary. The holding will be built up from shares purchased from their own resources and after-tax share awards held personally or in a nominee account which are not subject to any further performance conditions, including those matched via the employee share plan. Until shareholding requirements are satisfied, executive directors are not permitted to sell any shares in John Wood Group PLC unless to cover tax liabilities. The holding does not include shares held by connected persons. Post cessation shareholding requirements. Executive directors are required to hold shares in John Wood Group PLC post cessation of employment to the value of 100% of shareholding guidelines for the first year, reducing to 50% in the second year. Post cessation shareholding provisions will apply to shares which are granted from 1 January 2020 onwards. The Committee will have the discretion to reduce or waive the requirements in certain circumstances such as death or where personal circumstances are materially changed. **Requirement** The shareholding guidelines are as follows: • Chief Executive: 250% of base salary • Other executive directors: 200% of base salary **Performance metrics** n/a

Notes to the policy report for executive directors:

Committee discretion

During the course of a performance period, the Committee has the discretion to adjust the achievement levels required to ensure the performance targets remain effective, whilst ensuring new levels remain demanding and achievable as those first set.
The Committee will exercise discretion when determining the outcomes of short and long-term variable reward in addition to the formulaic outcomes, considering any market conditions and any relevant environmental, social and governance (ESG) matters. Such factors may include (but are not limited to); workplace fatalities and injuries, significant environmental incidents, large or serial fines or sanctions from regulatory bodies and/or significant legal judgements or settlements.

Commitments entered into prior to policy effective date

The Committee reserves the right to make any remuneration payments and payments for loss of office, including exercising any discretions available to it in connection with such payments, notwithstanding that they are not in line with the Policy set out above, where the terms of the payment were agreed (i) before the Policy contained in this report came into effect, provided that the terms of payment were consistent with any applicable shareholder approved remuneration policy in force at the time they were agreed or were otherwise approved by shareholders; or (ii) at a time when the relevant individual was not a director of the organisation (or other person to whom the policy set out above applies) and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a director or such other person of the organisation. For these purposes, payments include the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are deemed to be agreed and in line with policy at the time the award is granted.

Change of control

In the event of a change of control, vesting of awards (shares and/or cash) depends on the extent to which financial and/or non-financial performance measures have been met at that time. LTIP awards (other than awards in their deferral period) will be pro-rated for time, but time pro-rating may be disapplied if the Committee considers it appropriate. In the event John Wood Group PLC is wound up or if there is a demerger, delisting, special dividend or other event that may materially affect the current or future value of shares, the Committee may determine that awards may vest depending on the extent to which performance conditions have been met at that time in accordance with the associated plan rules. Alternatively, the Committee may adjust the number of shares subject to an award.

The Committee may determine the extent to which matching shares under the Employee Share Plan may vest in the event of a change of control, a demerger, delisting, special dividend or other event that may materially affect the current or future value of shares. The Committee may adjust the number of matching shares in the event of any variation of share capital, demerger, delisting, special dividend, rights issue or other event which may affect the current or future value.

External appointments

The executive directors are permitted, with Board approval and subject to corporate governance guidelines, to undertake external duties provided there is no conflict of interest and the Remuneration Committee determines they are still able to operate effectively in role. The executive director will keep any fees associated with external appointments.

Service contracts, notice and payment for loss of office

The current service contract effective dates are shown below. It is our policy for all executive directors to have service contracts which can be terminated by the director or by the organisation with 12 months' notice; this length of notice period has been determined as necessary to ensure appropriate succession can be planned and managed.

Executive director	Current contract date	Contract duration
Robin Watson	1 January 2016	No fixed end date
David Kemp	13 May 2015	No fixed end date

None of the service contracts provide for predetermined amounts of compensation to be paid in the event of early termination and there are no further obligations contained within the executive directors' service contracts which could give rise to any remuneration payment which has not already been disclosed in this remuneration policy.

The executive director service contracts are available for inspection at the organisation's registered office.

Executive directors' contracts allow for termination with contractual notice from the organisation or termination with a payment in lieu of notice, at the Committee's discretion. The Company also reserves the right to place executive directors on garden leave during their notice period.

The Committee, at its discretion, has the flexibility to apply good leaver status to each different element of payment for executive directors outlined in the policy table below and illustrates payment due when leaving as any other leaver.

The Committee reserves the right to make any other payments in connection with an executive director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of a settlement of any claim arising in connection with the cessation of a director's office or employment. The Committee may also make a payment in respect of outplacement costs and reasonable legal fees.

Cessation payments and scenarios

Annual bonus

Good leaver
For reason of injury, disability, ill-health, retirement, sale of employing entity out of the organisation and in such circumstances as the Committee may determine otherwise:

Paid up to the date of leaving based on completed months worked in the year with payment made on normal payment date once plan outcomes are known.

Any deferred award from previous years which have not yet vested will vest at the normal vesting date for such deferrals. The Committee may determine, in its absolute discretion, that awards could vest as soon as practicable following cessation.

On death, an immediate payment may be made to the estate and/or designated beneficiary at the discretion of the Committee, taking into account performance and the proportion of the relevant bonus year served. Deferred bonus amounts will vest in full at the time of death.

Other leaver
No entitlement to any award for the current year and forfeit of any deferred awards from previous years not yet paid.

Long term incentives

Good leaver
For reason of injury, disability, ill-health, death, sale of employing company or business or, for any other reason determined by the Committee the following shall apply:

Where the executive director has completed the required period of service set by the Committee (normally 18 months from the start of the performance period) then awards will typically vest on a proportionate basis. The Committee may determine, in its absolute discretion, that awards could vest as soon as practicable following cessation.

The number of shares that vest in these circumstances shall be determined by the Committee taking into account the extent to which the performance conditions have been satisfied and, unless the Committee determines otherwise, the period of time elapsed since grant.

The Committee may determine different arrangements to take effect of any local tax or legal requirements.

On death, where the executive has completed the required qualifying period of service set by the Committee (normally 18 months from the start of the performance period), unvested awards will vest to the extent determined by the Committee taking into account the extent to which performance conditions have been satisfied and, if the Committee considers it appropriate, the period that has elapsed since grant.

Other leaver
All outstanding awards lapse.

Employee Share Plan

Good leaver
For reason of injury, disability, ill-health, sale of employing company or business or, for any other reason determined by the Committee, the Committee will determine the number of matching shares that will vest.

On death, the holding period will be deemed to end on the date of death. Matching shares will vest over such number of shares as the Board may determine. A transfer will be made to the estate and/or designated beneficiary at the discretion of the Committee, as soon as reasonably practicable.

Other leaver
All matching shares will lapse.

Base salary, pension and benefits

Paid up to the date of leaving, including any untaken holidays or, subject to mitigation, payment in lieu of notice where the organisation considers it inappropriate for a departing executive director to work the required notice period.

Disbursements such as legal costs and outplacement fees may be considered.

Recruitment & Promotion Policy

The Committee's approach where the organisation appoints a new executive or non-executive director is typically to align the remuneration package with the terms of the remuneration policy laid out in the relevant tables of this report.

In the event of internal promotion to the Board, any commitments made before promotion will continue to be honoured under this policy, even if they would not otherwise be consistent with the policy prevailing when the commitment is fulfilled.

As far as possible, the Committee will seek to structure all awards in line with the stated remuneration policy. To facilitate external recruitment, the Committee may make one-off awards to compensate variable pay or contractual rights which an individual would forfeit on leaving their current employer. Any such buy-out would, where possible, be on a comparable basis and would consider value, performance targets, the likelihood of those targets being met and vesting periods. In considering its approach, the Committee will give due regard to all relevant factors, including quantum, the nature of remuneration and the jurisdiction from which the candidate was recruited.

Excluding the value of any potential buy-out, the maximum value of variable remuneration offered at recruitment to any new executive director will be 400% of base salary. This is within the maximum amounts currently laid out in the policy table of this report.

Shareholders will be provided with full details including the rationale for the arrangements in the relevant annual report on directors' remuneration. For the recruitment of Chair and non-executive directors, remuneration would be provided in line with the existing fee structure.

Remuneration policy for the Chair of the Board and non-executive directors

Future policy table

Purpose and link to strategic objectives of the organisation

To attract and retain individuals with the qualities, skills and experience required to provide a positive contribution to the Board and to deliver our strategic objectives.

Fees and remuneration

Operation

Remuneration is in the form of fees, payable monthly for the position of Chair, or quarterly for all other positions.

The Chair receives an all-inclusive remuneration package which is reviewed annually by the Committee, which makes a recommendation to the Board, with changes ordinarily effective from 1 January.

Non-executive directors receive a base fee in relation to their role. The remuneration of the non-executive directors is reviewed annually by the Chair, Chief Executive and Company Secretary, who make a recommendation to the Board, with changes ordinarily effective from 1 January. Additional fees may be paid for related duties, for example the senior independent directorship and for chairing, membership and attendance of certain Board Committees.

Fees are set by the Board at a level considered appropriate to attract and retain the calibre of individual required but avoiding paying more than necessary for this purpose.

Fee levels are typically set taking into account the expected commitment levels and the skills and experience of the individual; and the fee levels paid to individuals undertaking similar roles in companies of comparable size and complexity.

Non-executive directors can elect to be paid in any currency at the time of appointment; this will typically be in either pounds sterling or in US dollars at the applicable exchange rate at the time of payment. Payments may be made in the form of either cash or shares as elected by the non-executive director.

Non-executive directors are reimbursed all necessary and reasonable expenses incurred in the performance of their duties and any tax thereon.

Maximum opportunity

No prescribed maximum for Chair or non-executive directors' remuneration, although an aggregate maximum for non-executive directors' remuneration of £1,000,000 is included in the Articles of Association.

Performance metrics

None.

Service contracts, notice and payment for loss of office

Non-executive directors have each entered into letters of engagement addressing remuneration, services to be provided, conflicts of interest and confidentiality. The letters of engagement do not have fixed terms to be paid and are terminable with up to 90 days' written notice.

None of the letters of engagement provide for predetermined amounts of compensation in the event of early termination and there are no further obligations contained within the letters of engagement which could give rise to any remuneration payment or loss of office payment which has not already been disclosed in this remuneration policy.

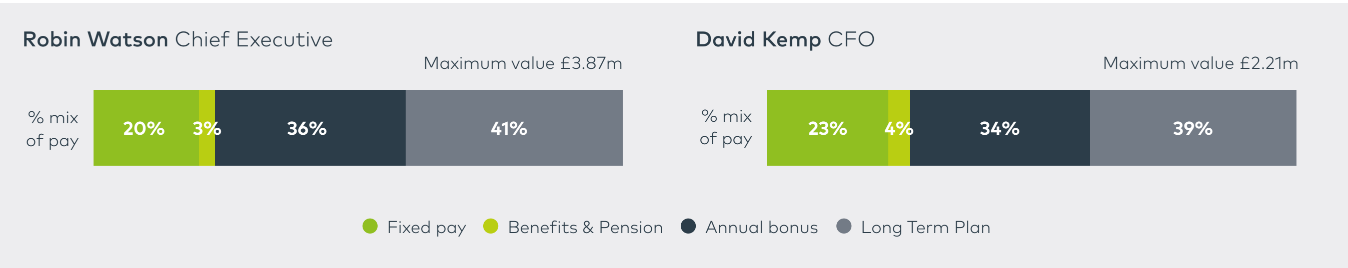
The non-executive director letters of engagement are available for inspection at the organisation's registered office.

Illustrations of future application of remuneration policy

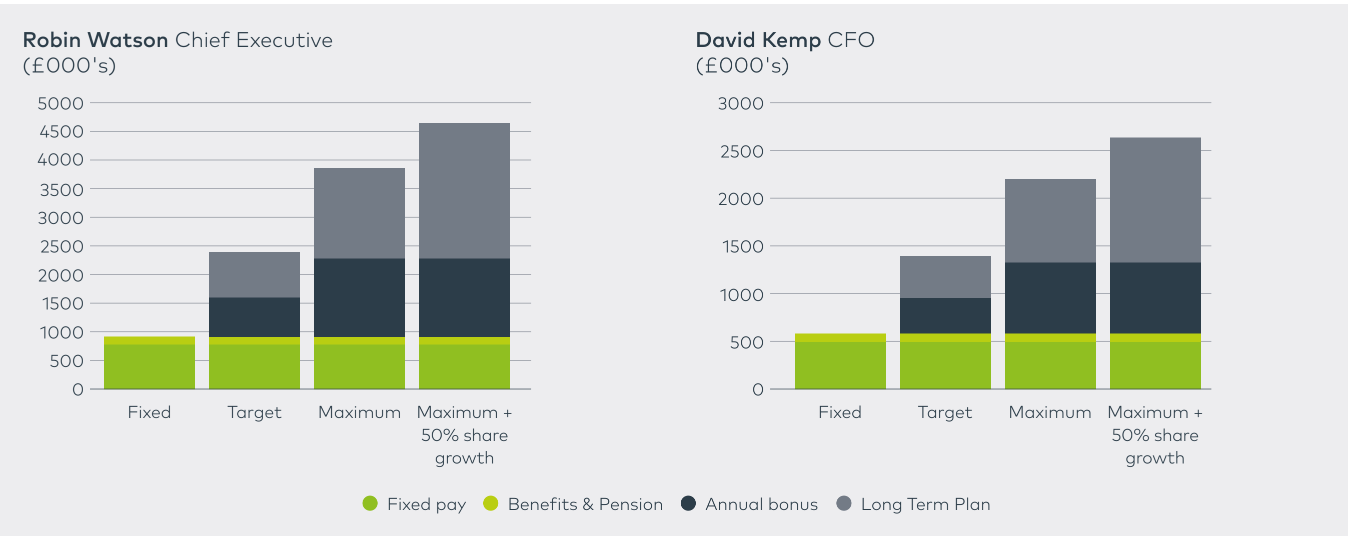
As detailed in the future policy table, a significant proportion of remuneration for executive directors is linked to variable pay opportunity, particularly at maximum performance levels, through the short-term Annual Bonus Plan (ABP) and the Long Term Incentive Plan (LTIP), with the intention to ensure greater link between company performance and individual reward.

Pay mix chart

The below charts illustrate the percentage mix of fixed and variable pay elements for executive directors based on maximum variable reward outcomes. The total value displayed for each executive director is an illustration of the maximum proposed future policy application as further detailed below.



The charts below provide an indication of the level of remuneration, as a value, which could be received by each executive director under the remuneration policy as a fixed value, target and maximum performance, as well as an illustration of maximum plus 50% share price growth. These charts are for illustrative purposes only and actual outcomes may differ from those shown. The notes that follow the charts lay out the basis of the calculation and assumptions used to compile them.



Notes to the illustrations of future application of remuneration policy

In all scenarios, fixed remuneration comprises base salary, benefits and pension. The figures used in preparing the charts are as follows:

- Salary is the salary as at 1 January2020
- Benefits is the last known figure as set out in the single figure of remuneration table for 2019
- Pension related benefits - for defined contribution pension or cash allowance in lieu of pension, the figure is based on 15% of the base salary
- Bonus - includes short term incentives and is based on the application of the policy for 2020 and the base salary. The illustrations above reflect maximum potential opportunity as a percentage of base salary; 175% for the Chief Executive and 150% for the CFO.
- Long term plan - includes long-term incentives and is based on the application of the policy for 2020 and the base salary. The illustrations above reflect maximum potential opportunity as a percentage of base salary; 200% for the Chief Executive and 175% for the CFO. For reasons of clarity, any dividend accrual has been excluded from the charts above. In 2020 a one off reduction to the LTIP awards has been applied resulting in 170% for the Chief Executive and 149% for the CFO which has not been included in the charts above. Further details can be found on page 99 of the annual report.

Fixed - It been assumed that each executive director receives his base salary, benefits and pension related benefits only, there are no element of variable reward included.

Target - It has been assumed that annual bonus awards have been made at target levels, which results in payout at 50% and that LTIP performance is such that awards have vested at 50%.

Maximum performance - It has been assumed that annual bonus awards have been made at maximum levels and that LTIP performance is such that awards have vested at maximum level.

Maximum performance plus 50% share price growth - the same assumptions as the 'maximum performance' scenario have been used. The additional impact of share price growth of 50% has been applied to maximum LTP awards.

Annual report on directors' remuneration

This section contains the Board's report to shareholders on directors' remuneration for year ending December 2019.

Remuneration in context

How we reward our people for their contribution to Wood reflects our values and culture. Our reward policy sets out our approach to fair and proportionate remuneration for all our people, which both compensates and incentivises performance and behaviours aligned to the achievement of Wood's strategic objectives. The Committee has oversight of and regularly monitors wider reward practices and proposals across the global workforce, helping to inform our decision making on executive director pay.

Read our reward policy at:
woodplc.com/rewardpolicy

Listening to our workforce

We regularly monitor and measure employee satisfaction and progress against our reward policy via employee engagement surveys and continually strive for increased transparency and openness through communication and two-way engagement with our people and other stakeholders. We were pleased to note that our global reward score of 6.3 is 0.3 above our industry benchmark; this is highest in countries where we harmonised employee terms, conditions, benefits and policies, and expect this score to continue to improve during 2020 as we continue with the harmonisation project.

Remuneration Committee members attended Listening Group Network (LGN) calls throughout the year, and although not specifically focused on remuneration matters, this provided insight into employee views and the opportunity for two-way communication which were considered during decision making on remuneration matters. During 2020, we will continue to enhance our engagement through a range of activities including further explanation of executive remuneration at our LGN calls.

Workforce share ownership

We provide an employee share plan, available to the majority of our people, which provides a share-match (subject to conditions). This gives our people the opportunity to own a stake in the company's future, and to benefit from the success to which their performance and commitment contributes. We aim to operate the plan in every country in which we have employees. Some locations are not feasible due to local legislation and taxation requirements. In 2019 we operated the plan in 17 countries, with 39,000 employees eligible; 9.1% chose to enrol in the plan.

Benefits and retirement plans

We provide suitable benefits and retirement plans which are inclusive; in line with local market practice and support the wellbeing of our people. Where possible, we aim to offer flexibility to meet the needs of our diverse workforce. These plans are reviewed from time to time and may be adjusted as appropriate to ensure they remain competitive, aligned with our culture and values, and supported by business performance. Insured benefits offered to our executive directors are the same as the those applied to the general workforce in the country of employment. As part of our ongoing integration activities, employee terms, conditions, benefits and policies were harmonised and aligned in our key populated countries of Australia, Canada, UK and USA resulting in enhanced parental/caring provisions for many of our people, and in the UK, reduced the number of onshore terms and conditions from twenty-two variations to one.

As stated within this report and the remuneration policy, the maximum pension opportunity for any new executive directors will be aligned to the levels for the wider workforce in their country of employment. Existing executive directors will continue to participate at maximum of 15% of salary under their current arrangements until 2022 when the maximum company pension contributions for all executive directors will reduce to that in place for the wider workforce in the UK; this is currently 9%.

Salary reviews

We pay competitively, based on internal fairness and external benchmarking. We use job evaluation and salary benchmarking to establish appropriate pay ranges for roles. When determining individual salaries, we also consider the skills, experience, contribution, performance and behaviours of the individual in the role.

We review salaries annually through the Annual Salary Review (ASR) process. As well as individual performance, the ASR process considers business performance and the wider market and economic conditions. Taking these factors into account the company will decide whether ASR adjustments will apply. We apply the same principles to our executive directors and members of the executive leadership team and the Company Secretary.

Bonus

We use bonuses where appropriate to incentivise and reward performance, where this aligns with Wood values and behaviours. The link between bonuses, the delivery of strategy and the performance of the company is clear.

We may invite leaders within Wood to participate in the annual bonus plan (ABP), with participation linked to job role. The plan incentivises leaders to deliver strategic business priorities for the financial year, with bonuses awarded annually based on financial, Health, Safety, Security, Environment and Assurance (HSSEA) and corporate and individual performance objectives. 2,200 employees participated in the ABP in 2019, which is 3.8% of our global workforce.

We may operate local bonus plans to incentivise performance on certain projects. The purpose, timeline and measures of any such plans must be documented and approved in line with Delegation of Authority (DoA) and by the compensation and benefits team.

We encourage managers to recognise good performance regularly through positive feedback, career development opportunities and; local and company-wide awards. Managers are also empowered to propose a spot bonus to recognise outstanding performance over and above what is expected of the job role, subject to local procedures and approval in line with DoA. Financial and HSSEA performance measures are typically aligned across the participating workforce, although executive directors are measured on overall company results.

Long term incentive plan

We may invite a small number of key, influential leaders and executive directors at Wood to participate in a long term plan, with participation linked to their job role. Long term plans will typically give the potential to receive share awards after a vesting period of 3-5 years from award, subject to meeting predetermined long-term strategic business objectives which create shareholder value. We aim to reward leaders for their contribution to long term business performance and further align their interests with those of our shareholders. 423 leaders were granted conditional awards in 2019, circa 1.1% of the global workforce.

The outcome of the 2016-2018 long-term incentive plan resulted in no award being realised for the executive directors in 2019, however the Committee supported Robin Watson's request to apply a discretionary award to key leaders (including the Executive Leadership Team) in recognition of the achievements made, particularly with regards to the integration of the two legacy businesses. This award will be realised in March 2020.

Remuneration policy

In reviewing our remuneration policy and its application, the Committee were mindful to consider the following areas as required under the UK Corporate Governance Code and believe that we have fully considered each as described below:

Clarity	We fully disclose our remuneration decision making, targets and outcomes in our annual report on directors' remuneration. We carry out regular shareholder engagement throughout the year as necessary. Our wider workforce remuneration arrangements focus on ensuring we are internally fair, whilst remaining externally competitive. We are improving transparency of our remuneration and seek to gain feedback from our global workforce via our employee engagement surveys and Listening Group Network.
Simplicity	Our performance measures for our long and short term incentives are simple and aligned to our stakeholders. The operation, targets and outcomes are fully disclosed in the annual report each year. Where possible we communicate future performance measures and targets, such as in our long-term incentive plan, but in certain areas, such as annual bonus, are unable to do so due to commercial sensitivity. Participants are provided with engaging supporting documentation to ensure understanding, with regular updates provided during the course of each performance period, to drive positive behaviours and business performance.
Proportionality	As defined in our remuneration policy, total remuneration is more heavily weighted towards variable pay linked to company-wide performance and stakeholder experience. Individual performance is aligned with delivering the long-term strategy. The Committee reserves the right to apply discretion to ensure that poor performance is not rewarded; outcomes may be adjusted to reflect stakeholders experience.
Predictability	The Committee discloses and explains all relevant limits and discretions allowed under the terms of the remuneration policy. This is further demonstrated in the remuneration report each year.
Alignment to culture	Incentive plans are linked to business strategy, overall performance and growth through a mix of financial and non-financial targets. They reward those who exemplify behaviours which align to our purpose, culture and values, aiding delivery our strategy.
Risk	Governance of our remuneration arrangements ensures that rewards are not excessive compared to company results and stakeholder experience. We review our performance measures and targets used in our incentive plans to ensure they do not lead to excessive risks and poor behaviours. The Committee monitors the overall performance of executive directors and assesses the overall outcome of performance in the relevant financial year. Our enhanced malus & clawback provisions safeguard the company against future risk in relation to our long and short term incentive plans which applies to awards from 2020.

Single figure of remuneration for each executive director

The following table sets out the single figure of remuneration received or receivable (£000's) for each of the executive directors.

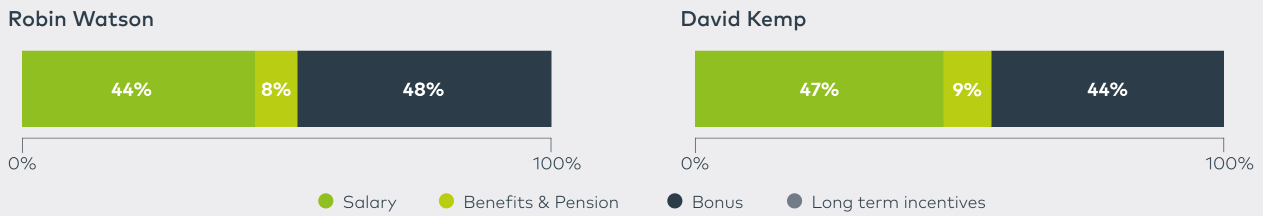
	Year	Salary (a)	Benefits (b)	Bonus (c)	Long term incentives (d)	Pension related benefits (e)	Total	Total Fixed Remuneration	Total Variable Remuneration
Robin Watson	**2019**	**£750**	**£14**	**£814**	**£0**	**£112**	**£1,690**	**£876**	**£814**
	2018	£690	£14	£1,068	£0	£104	£1,875	£807	£1,068
David Kemp	**2019**	**£475**	**£14**	**£442**	**£0**	**£71**	**£1,002**	**£560**	**£442**
	2018	£450	£14	£597	£0	£68	£1,128	£532	£597

Notes to the single figure of remuneration

a. Salary received during the year.
b. Taxable benefits received during the year. These include transportation allowance and private medical cover as applicable.
c. Bonus awarded in relation to the year, inclusive of all amounts subject to further deferral. No amount of this award is attributable to share price appreciation.
d. There were no long-term incentives paid because the performance threshold was not achieved for performance periods ending on 31 December 2019.
e. Pension figure reflects cash value of defined contribution pension contribution or cash alternative. Further detail in relation to individual pension arrangements is provided in the next section.

The aggregate amount of directors' remuneration (salary, benefits including cash pension allowances plus bonus) is £2,691,276.
The aggregate amount of Company contributions to directors' pension schemes is £39,983.

Total remuneration executive directors



Pension benefits

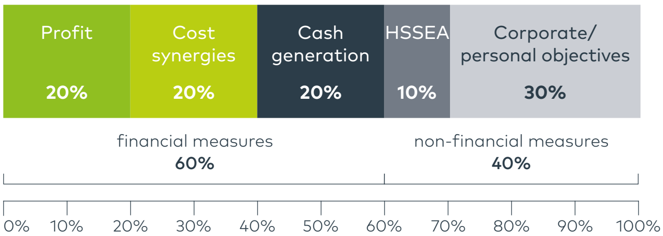
In line with the directors' remuneration policy, executive directors can choose to participate in the relevant local defined contribution pension arrangement or receive a cash allowance in lieu of pension, or a combination thereof. In line with our current remuneration policy and existing arrangements, payment may be up to 15% of base salary, this compares with 9% for onshore, office-based employees in the UK from April 2019. Robin Watson split his pension benefits with 65% as cash allowance and the remainder as defined pensions contributions; David Kemp chose to receive his full pension entitlement as a cash allowance.

Normal retirement age specified in the pension scheme rules is 65 years. There are no additional benefits that become receivable in the event of early retirement.

Bonus

For 2019, the maximum bonus opportunity was 175% of base salary for the Chief Executive and 150% for the CFO. Bonus measures were split between financial, HSSEA and corporate or individual performance objectives with a balance of 60%, 10% and 30% respectively. Financial measures were further split into three measures – a measure of profit; a cost synergy target and a measure of cash generation - equally weighted at 20% as illustrated in the chart below:

Relative weighting (% of bonus maximum opportunity)

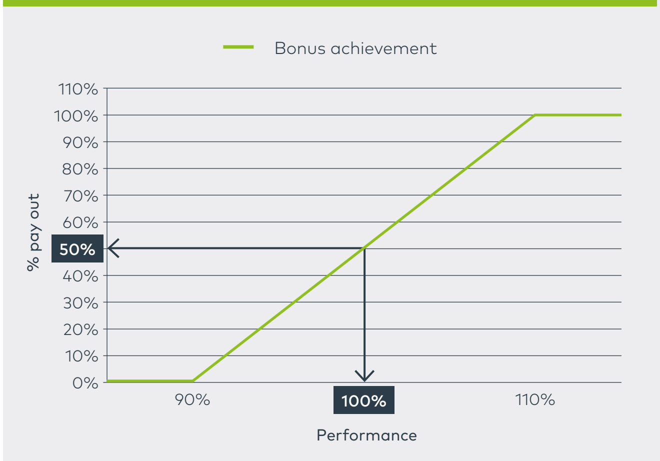


Financial measures and outcomes

Financial measures consisted of EBITA as a measure of profit, a 2019 cost synergy target and a cash generation measure. Threshold performance is 90% of the target set, and maximum bonus is achieved when results exceed 110% of target.

Threshold performance must be met before any award is paid for each element; if target performance is met, 50% of the potential bonus opportunity is paid; 100% is payable for reaching maximum performance. Performance between threshold and target and between target and maximum will result in a proportionate award calculated on a straight-line basis as illustrated in the following graph.

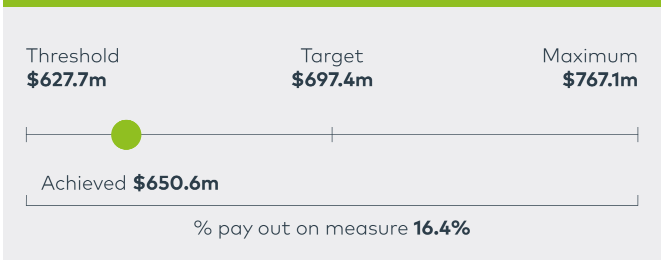
Financial performance and bonus achievement



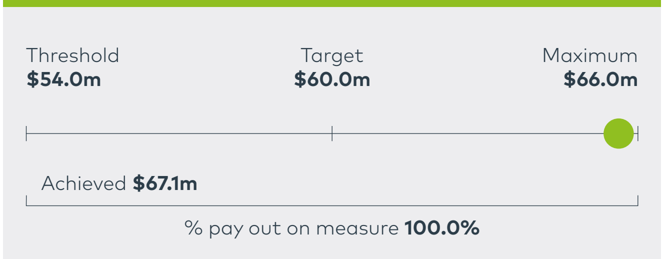
A summary of the financial targets for the bonus year ended 31 December 2019, and the extent to which they were achieved, are described and set out in the table below.

- EBITA (Earnings Before Interest, Taxes and Amortisation) was the measure of profit with a target of $697.4m (EBITA target); this achieved 93.3% to target, resulting in a pay-out of 16.4% of maximum for this measure.
- The cost synergy target for the purposes of ABP calculation was calculated with reference to the consolidated business unit budgeted cost savings for 2019. The target set for 2019 was $60.0m; this achieved 111.8% to target, resulting in maximum pay out for this measure.
- The cash generation target was based on pre-tax cash flows before exceptional items. The target set for 2019 was $542.7m; this achieved 105.9% to target resulting in a payout of 79.8% of maximum for this measure.

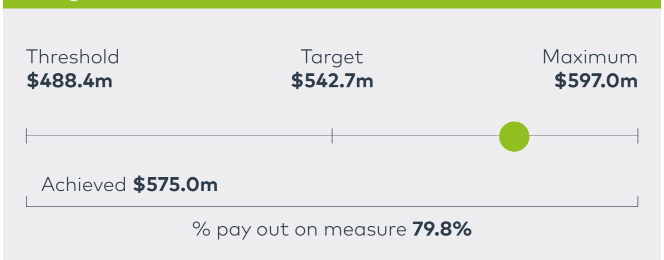
EBITA



Cost synergy



Cash generation



Non-financial performance measures and outcomes

HSSEA: Safety and assurance remains top priority and underpins the sustainability of our business, HSSEA measures account for a total 10% of the maximum bonus opportunity and relate directly to three Key Performance Indicators, equally weighted:

- Total Recordable Case Frequency (TRCF - the total of lost work cases, restricted work case and medical treatment cases per 200,000 man hours), with the aim of improving by 10%. Performance between 0% and 10% will result in a proportionate payment; for example, a 5% improvement will result in 1.67% being paid.
- Close out of assurance actions: overdue assurance actions less than, or equal to, one month: if this KPI is achieved, then 3.33% will be paid; if it is not, no payment will be made.
- Leadership engagement sessions: if this KPI is achieved, then 3.33% will be paid; if it is not, no payment will be made.

Performance is tracked via the HSSEA global dashboard. Performance achievement is considered and approved by the Safety, Assurance and Business Ethics Committee. In 2019, targets for close out of assurance actions and leadership engagement sessions were met, therefore payout was achieved for these measures. As the target for TRCF was not met, no payout was achieved for this measure. This resulted in a total 66.67% payout of maximum HSSEA bonus opportunity.

Corporate and individual performance objectives

Stretching objectives relating to corporate and personal objectives focused on the delivery of strategic plans weighted as 30% bonus opportunity. Achievement of objectives is considered by the Chair of the Board and the Remuneration Committee as part of the annual review process. Measurement against each of the objectives is based on tangible performance outcomes and demonstrable evidence of achievement during the year.

Overall achievement of corporate and personal objectives as agreed by the Committee for the bonus year ended 31 December 2019 is 70% for Robin Watson and is 70% for David Kemp. This is summarised in the following tables:

Corporate performance objectives	Achievements
Positioning Wood for sustainable growth and delivering phase 2 of integration. Overall business positioning for 2020 budget earnings to be greater than the 2019 out-turn earnings.	Phase 2 integration programme delivery to schedule: • Planned synergies were delivered through our PLUS programme, restructure of Technical Consulting Solutions (TCS) and associated phase 1 synergies. • In 2019 revenue was down on 2018 with upward trajectory in earnings. Delivered earnings growth on 2018, despite market challenges and delivery performance in some parts of the business. Focus on active leadership and intervention by way of financial performance mitigation and protection. • Budget for 2020 reflects growth on 2019 and aligns the business for the earnings growth objective.
Deliver deleveraging plan to take Wood within 0.5 – 1.5 (net debt to EBITDA) range within 2019. Continue to strengthen the balance sheet through 2019, compared to 2018 year-end position.	Deleveraging plan established and monitored through 2019 and on track; • Disposals completed to plan; TNT, wind assets and nuclear business • Deleveraging anticipated to be c.1.5x Net debt: EBITDA by results time. • Balance sheet improved and exceptionals reduced.
Continue to enhance leadership effectiveness, not only of the ELT, but throughout Wood. Demonstrate continuous improvement through ELT development programme.	Continued investment in the ELT effectiveness programme which included: • Active 121 coaching for all ELT members and ELT team coaching (52 hours of direct 121 coaching investment). • Continuous improvement and investment of 5 dedicated days of team development (facilitated support). • Team health (Team Dialogue Inventory method used) improvement of 15% as verified by an independent 3rd party. • Personal direct coaching investment of quarterly and ad-hoc coach access (c30 hours). • Active coaching programme for the direct reports of the ELT across the business (25 plenary days and 80 hours of 121 coaching).

Individual performance objectives

Executive director	Objectives	Achievements
Robin Watson	Organisational transition: develop the organisation structure to reflect emerging themes, opportunities and challenges of the new competitive business environment. Ensure active management of succession plans, including identification and development of hi-potential talent across the company.	Organisational transformation activities in 2019; • Establishment of the Technical Consulting Solutions BU (TCS) • Executive enhancement including recruitment of Stephanie Cox into ASA, the promotion of Joe Sczurko and the redeployment of Andrew Stewart • Succession plans strong and reviewed quarterly • ELT gender balance at 50% - the highest ever in Wood history Hi-potential and emergent management programmes ongoing; succession strengthening across the business into the next cycle of development, acceleration and investment
	Provide mechanisms for delivering against the company strategy and demonstrate continued tactical progress. This will include delivery against the BU and functional tactical programmes.	Strategic framing for the new cycle completed and Board approved; • Clear focus on growth markets • Delivery of the scenario analysis underpinning the strategic direction and cycle • Organisational structure changed to unlock strategic leverage • Clear 'Strategy On A Page' and aligned BU plans • Functional tactical plans approved with the Board, aligned to business priorities
	Active and strategic engagement across our key client grouping and significant investors: fully embed the client relationship management tools and maintain the opportunity pipeline; sustain the opportunity pipeline at circa 12 months' work (or more) through 2019; actively engage with the investor community; and complete a capital markets day/ business deep dives in 2019, aligned to the investor relations plan.	Client relationship management and framework enhanced in 2019; reconfiguring relationships reflecting the more balanced client structure. Opportunity pipeline; • Overall opportunity pipeline maintained at c$60bn in 2019; go/get at $13bn • Win rate maintained throughout 2019 between average c43% • Backlog maintained and entering 2020 with 47% secured going into 2020; pipeline reflects c12 months look-ahead IR investment with executive directors high; • CMD completed in Q4 2019; sell-side interfaces and investments made • Hedge fund plenary completed in year • Extensive executive director one-to-one interfaces with key investors (c60+ meetings/calls)
	Consolidation of marketing and communications strategy and delivery of 2019 corporate affairs programme, including active engagement of partners in our communities, business networks, media and governments.	MarComms function fully established and embedded within the Strategy & Development (S&D) function Strategic narrative developed and brand repositioning implemented in 2019 in 'redefining' Wood; • Established the brand across energy transition; active & effective 'thought leadership' programme • Active social media campaigning and re-positioning • Innovation agenda implemented and digitally enabled (e.g. Co-Lab leverage) Corporate affairs successes include; • Business in the Scottish parliament; chamber speech with First Minister • DiT engagement throughout 2019 (active overseas / UK Government positioning); • OE / ADIPEC and OTC positioning • Media and business editor engagement with PR Investment Advisors (Citigate) • Active academic engagement (RGU, Strathclyde University and Heriot Watt Business School) • STEM programme; Scottish Enterprise Energy Transition Programme Community and social responsibility achievements; • Education investment of c$300K across the globe in 2020 (common global charity theme) • Active re-engagement with the Polar Academy and the Scottish Space School
	Lead a programme of active leadership and delivery in the safety and ethics arena. Deliver the company risk management programme and maintain SABE and Investigations Oversight Committee (IOC) effectiveness; this will be measured by Board feedback process.	Risk management has been enhanced further in 2019 and is now an embedded part of global governance. SABE has enhanced significantly, with oversight of safety, security, health, ethics & compliance, operational assurance as well as BU performance and delivery; • SEC/DOJ and COPFS cases managed effectively and Board appraised of improving situation • Repositioned Wood with SFO with all active cases well managed ISO certification achievement, with Lloyds Register (LR) continued certification to ISO 9001, 14001 and 18001/45001. Operational assurance has been effective for much of the business; but execution issues in part of ASA were enduring and unacceptable.
	Champion digitalisation and technology enhancement strategy across Wood.	D&T embedded within the business (S&D function) • Established a clear route to funding and prioritisation of digital work-fronts • High-grading of skills and optimised investment of budget • Co-Lab launch and use has been a significant milestone in the delivery of the D&T agenda Practical D&T offerings to clients already piloted successfully and earning money / winning work (e.g. E-Working, VR, wearable technologies and the E-Worker)

Individual performance objectives		
Executive director	**Objectives**	**Achievements**
David Kemp	Lead focus on balance sheet strengthening and deleveraging: control, monitor, review and amend as necessary the Wood plans, focusing on cost control, working capital management and asset disposal.	Further deleveraging to 2.0x with strong focus on working capital throughout year: • Approximately $200m of cash generated through working capital in 2019, although 1st half performance disappointing • Engagement plan with leadership throughout year and • Short term forecasting system implemented in US Three disposals matured in 2019 for 2020 completing including nuclear and industrial services businesses. On proforma basis 1.5x will be achieved with three disposals. EBITDA margin increased in group to 8.6%. Preparation work for 2020 including Q4 profitability and cost study to drive margin together with supporting development of implementation plan and financial strategy developed focussing on margin.
	Refinance $1bn term loan which expires Oct 2020.	Refinancing plan executed: • USPP raising c$500m • Term loan extensions $300m
	Deliver 2019 F&A integration plan and associated synergies, including ERP and shared services. Monitor and drive achievement of Wood 2019 synergies.	All F&A synergies delivered with total Group wide synergies of c$60m
	Enhance investor understanding by completing further deep dives; developing Wood investment case and strategy; position and execute beyond deleveraging strategy; and ensure alignment with Wood's market positioning.	Mixed success with investor programme: • Successful strategy CMD including financial strategy within • Ongoing challenges with investors driven by business performance, short case, and perceived complexity of investment case • Steps taken to simplify business descriptors, markets, business measures
	Leadership of the ongoing regulatory investigations, with a focus on appropriate & timely functional advice; project management; cost containment; and cost efficiency to achieve an appropriate outcome for the business. Progress to be assessed at Board level.	Regulatory investigation with DOJ, SEC and COPFS progressing towards conclusion

Bonus award achievement summary

The table below provides a summary of the formulaic overall bonus achievement for each of the executive directors:

	Financial award - 60%	Non-financial award - 40%		
Executive director	% achieved	Corporate & Personal % achieved	HSSEA% achieved	Total bonus % achievement result
Robin Watson	39.2%	21.0%	6.7%	66.9%
David Kemp	39.2%	21.0%	6.7%	66.9%

75% of any award will be paid in cash in March following the end of the performance year, with the remaining 25% deferred into nil cost share options for a further two years with continued employment a requirement to receive the deferred payment, other than for those classified as good leavers as detailed in our remuneration policy.

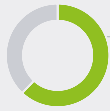
The total overall percentage achievement for Robin Watson was 66.9% and for David Kemp 66.9% of maximum opportunity. After careful consideration and in line with the shareholder experience and share price performance in the past 12 months, the committee have chosen to apply their discretion to reduce the payout to 62.0% overall achievement for both Robin and David.

Robin Watson

Final award as % of max bonus opportunity

Final bonus payment:

£813,750



Final award as % of salary: 108.5%

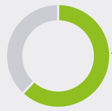
(Original payment amount £878,164; 117.1% of salary)

David Kemp

Final award as % of max bonus opportunity

Final bonus payment:

£441,750



Final award as % of salary: 93.0%

(Original payment amount £476,718; 100.4% of salary)

Long term incentives – Long Term Incentive Plan (LTIP)

The figures set out in the single figure of remuneration table are related to awards under LTIP 2017-2019, which ended at 31 December 2019. Maximum awards and LTIP measures under the performance period were as per the table below:

		Performance Measures split	
Name	Participation Level	TSR	EPS
Robin Watson	200%	50%	50%
David Kemp	160%	50%	50%

For each performance measure as detailed in the table below, upon reaching the threshold 25% of the relevant measure become payable; and on reaching the maximum, 100% of the relevant measure becomes payable. For achievement between threshold and maximum, the allocation is on a straight line basis.

Total Shareholder Return (TSR) is a measure of the growth in John Wood Group PLC (JWG) share price plus dividends and other shareholder returns over the period; performance is measured relative to a peer group of comparative companies. Each company is ranked and JWG position in this group is taken as a measure of success. The TSR peer group for 2017 – 2019 LTIP performance period comprised the following companies – Aker Solutions, Amec Foster Wheeler, Cape, Chicago Bridge & Iron Company, Fluor, Hunting, Jacobs Engineering, KBR, McDermott, Petrofac, Saipem, SBM Offshore, Technip, Weir Group, Worley Parsons and WS Atkins.

The TSR peer group was considered by the Committee as a result of acquisition activity within the peer group with the following rationale applied: if a company has been in the peer group for more than half the performance period then this company will be retained in the peer group, adjusting to the end of the period for the movement in the acquiror's share price. If a company has not been in for half of the performance period, then it will be removed and not replaced. As a result, Amec Foster Wheeler, Chicago Bridge & Iron Company, Cape and WS Atkins were removed.

Earnings Per Share (EPS) is defined as earnings before exceptional items, net of tax, divided by the weighted average number of ordinary shares in issue during the period. Earnings are stated post tax, interest, minority interests and amortisation. EPS is determined using actual foreign exchange rates. No adjustment is made to reflect changes in currency from the date the targets are set.

The targets for LTIP 2017-2019, and the extent to which they were achieved, are set out in the table below.

Financial measures	Threshold	Maximum	Achieved	Award %
TSR	50th percentile	75th percentile	Below 50th percentile	nil
EPS	44.8 cents	74.8 cents	29.3 cents	nil

Details relating to 2018 bonus and long term incentive awards can be found in the 2018 Annual Report: **woodplc.com/ar18**

Long Term Incentive Plan interests awarded during the year

The following table sets out the awards made to each of the executive directors under the company's share based long term incentive arrangements for the performance period 2019-2021. Performance measures are based on relative TSR (50% weighting), gross margin improvement (25% weighting) and overhead percentage improvement (25% weighting). For all measures, 25% becomes payable on reaching threshold; 100% becomes payable on reaching maximum.

Share incentive plan interests awarded during the year

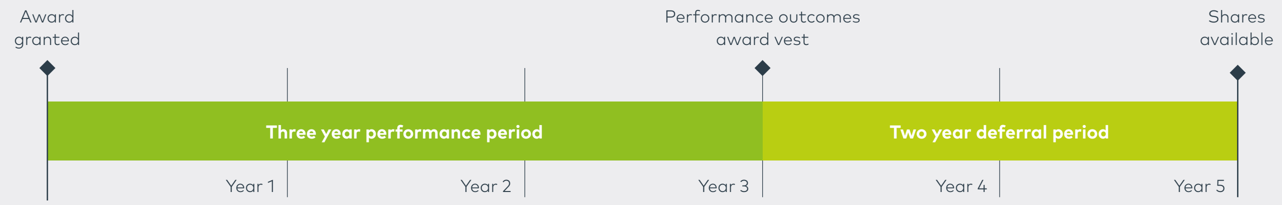
Executive director	Type of award	Participation Level	Salary relevant to performance cycle	Face value of the award [a]	Percentage vesting at threshold	Performance period	Holding period for 100% of award	Targets
Robin Watson	Conditional award of shares awarded under the LTP	200%	£750,000	£1,499,999	25%	1 Jan 2019 – 31 Dec 2021	Two years from vesting	TSR threshold is set at 50th percentile with maximum at 75th percentile; the gross margin improvement threshold is to achieve 9% growth from 2018-2021, maximum is set at 19% growth; overhead percentage improvement threshold is to achieve 12.3% at threshold and 11.9% at maximum in 2021.
David Kemp		175%	£475,000	£831,247				

Notes to share incentive plan interests awarded during the year

a. The awards above were granted as conditional share awards based on base salary x participation level, calculated using the 20 days trading average of £5.6902 as at 1 January 2019.

Performance is measured over a period of three financial years and for awards granted from 2017 onwards, 100% of any award is deferred for a period of two years following the end of the performance period. This timeline is demonstrated below:

LTIP timeline



Payments to past directors

For the year ending December 2019, there were no payments made to past directors which require disclosure and have not already been disclosed in previous Directors' Remuneration Reports.

Payments for loss of office

There were no payments made for loss of office to any director during 2019.

Statement of directors' shareholding and share interests

Shareholding guidelines were reviewed during the 2016 Directors' Remuneration Policy review and approved by shareholders at the 2017 AGM. During the 2019 review we proposed enhanced clarity and shareholding, which will be evident in next year's report. The current policy requires the Chief Executive to hold shares valued at 200% of base salary and the other executive directors to hold shares valued at 100% of base salary. The holding does not include shares held by connected persons.

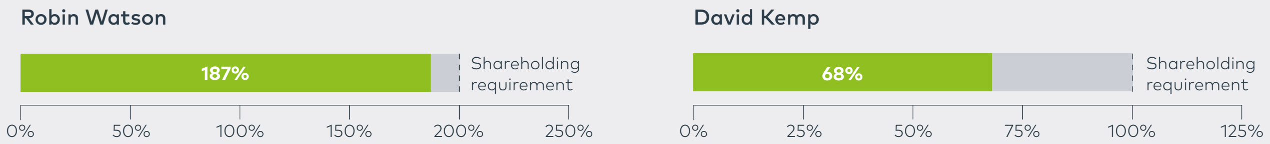
The holding will be built up from after tax share awards not subject to any further performance conditions but may be subject to deferral and those purchased or matched via the employee share plan.

The interests of the directors in shares of the company are stated as at 31 December 2019. Changes in the shareholding of directors between 31 December 2019 and 9 March 2020 are related to permitted purchases under the Wood Employee Share Plan. Robin Watson and David Kemp acquired an additional 3,097 and 1,961 shares respectively.

Although neither executive director has reached their required shareholding, this reflects that the LTIP has paid out to only a minimal degree in recent years. In order to increase our executive directors alignment with shareholder interests and accelerate reaching shareholding requirements, Robin Watson has paid over £540,000 from his own cash resources to meet the tax liability on vesting shares, although the policy does allow him to sell shares to meet such liability. In addition, both executive directors committed to purchasing shares over and above any awards earned during their employment via the Employee Share Plan (ESP), with both contributing 10% of their gross salary which is deducted from the net monthly salary. As at 31 December 2019 Robin invested more than £132,000, with a further £12,500 committed until the end of this ESP period; and David Kemp more than £76,000, with a further £7,900 committed.

The extent to which each director met the shareholding guidelines is shown in the chart and tables below:

Shareholding at 31 December 2019



Executive Director	Shareholding at 31 December 2019 (not including connected persons)	Shareholding guideline met at 31 December 2019
Robin Watson	351,436	Accumulating
David Kemp	81,576	Accumulating

Notes to shareholding guidelines achievement

Shareholding is calculated using the closing mid-market share price on 31 December 2019 of £3.985 and base salary levels at the same date.

For the purposes of calculation, 50% reduction has been applied as appropriate (on the assumption of a sell to cover at point of exercise) to account for any tax liabilities on awards not subject to any further performance conditions but subject to deferral.

A summary of directors' share interests and incentive plan interests are provided in the following two tables. The first table details directors' interests in the ordinary shares of the company at 31 December 2019 with and without performance conditions; declaration includes shares held by connected persons as defined for the purposes of section 96B (2) of the Financial Services and Markets Act 2000. The second table details directors' interests in long term share incentive plans at 31 December 2019.

Executive directors' interests in the ordinary shares of the company at 31 December 2019.

Beneficial interest	Shares owned outright as at 1 January 2019	Shares owned outright as at 31 December 2019	Interests in share incentive plans, awarded without performance conditions at 31 December 2019	Interests in share incentive plans, awarded subject to performance conditions at 31 December 2019
Robin Watson	252,808	320,061	73,135	610,999
David Kemp	40,802	61,499	40,154	337,204

None of the executive directors had a material interest in any contract, other than a service contract, with the company or any of its subsidiary undertakings. At the date of this report the interests of the directors in the shares of the company remain as stated. Where applicable the December 2019 figures include interest in retained long term plan awards.

Details of directors' interests in long term incentive and bonus plans at 31 December 2019; all interests are awarded as share options:

	Date of award/ performance period	Performance conditions Y/N	Earliest exercise date	Exercise price per share	Market value at date of exercise per share £	Number as at 1 Jan 2019	Granted in 2019	Exercised in 2019	Lapsed in 2019	Dividends awarded as additional share options	Number as at 31 December 2019
Robin Watson											
LTP	2014 - 2016	N	March 2017	0	4.10	3,556	–	3,816	–	260	–
LTP	2015 - 2017	N	March 2018	0	–	2,857	–	–	–	–	2,857
LTP	2016 - 2018	N	March 2019	0	–	154,593	–	–	154,593	–	–
LTP	2017 - 2019	Y	March 2022	0	–	140,523	–	–	–	–	140,523
LTP	2018 - 2020	Y	March 2023	0	–	206,865	–	–	–	–	206,865
LTP	2019 - 2021	Y	March 2024	0	–	–	263,611	–	–	–	263,611
ABP 2016	01 March 2017	N	March 2019	0	4.09	18,709	–	20,074	–	1,365	–
ABP 2017	01 March 2018	N	March 2020	0	–	23,356	–	–	–	–	23,356
ABP 2018	01 March 2019	N	March 2021	0	–	–	46,922	–	–	–	46,922
					Total	**550,459**	**310,533**	**23,890**	**154,593**	**1,625**	**684,134**
David Kemp											
LTP	2014 - 2016	N	March 2017	0	3.21	1,837	–	1,972	–	135	–
LTP	2015 - 2017	N	March 2018	0	–	1,779	–	–	–	–	1,779
LTP	2016 - 2018	N	March 2019	0	–	83,738	–	–	83,738	–	–
LTP	2017 - 2019	Y	March 2022	0	–	73,072	–	–	–	–	73,072
LTP	2018 - 2020	Y	March 2023	0	–	118,048	–	–	–	–	118,048
LTP	2019 - 2021	Y	March 2024	0	–	–	146,084	–	–	–	146,084
ABP 2016	01 March 2017	N	March 2019	0	3.21	12,161	–	13,048	–	887	–
ABP 2017	01 March 2018	N	March 2020	0	–	12,145	–	–	–	–	12,145
ABP 2018	01 March 2019	N	March 2021	0	–	–	26,230	–	–	–	26,230
					Total	**302,780**	**172,314**	**15,020**	**83,738**	**1,022**	**377,358**
Total for all Executive Directors						**853,239**	**482,847**	**38,910**	**238,331**	**2,647**	**1,061,492**

Notes to incentive plan interests table

For performance periods commencing before 2017, dividends accrue on 100% of award; 80% is paid in March following the end of the performance period and 20% is deferred for two years. The deferred element may continue to attract dividends which will be reported in the relevant period. For performance periods commencing 2017 onwards, 100% of the award vests and is available to exercise after a two-year deferral period; dividends accrue on 100% of the final award.

LTP awards for the 2017-2019 performance period lapsed at the time of publication, further details can be found on page 92.

TSR performance summary & chief executive remuneration

In accordance with the reporting regulations the TSR performance summary is maintained at a 10 year disclosure period.

As the company is included in the UK FTSE 250 index but has been included in the FTSE 100 index for part of the period under review, both the UK FTSE 250 and UK FTSE 100 indices are shown, by way of providing a reasonable TSR comparison. The graph below compares the TSR on a holding of shares in John Wood Group PLC with the TSR on a holding of shares in the companies in the UK FTSE 250 and 100 indices for the last ten financial years, 2010 to 2019.

The total remuneration for the Chief Executive over the same period as the TSR performance graph detailed is listed in the following table. This table includes details of the annual bonus received in each year as a percentage of the maximum opportunity that was available, as well as the long-term incentives which vested in each year as a percentage of the maximum number of shares that could have been received.

Chief Executive remuneration (£000's)

Year	2010	2011	2012	2012	2013	2014	2015	2016	2017	2018	2019
Chief Executive	Allister Langlands	Allister Langlands	Allister Langlands	Bob Keiller	Bob Keiller	Bob Keiller	Bob Keiller	Robin Watson	Robin Watson	Robin Watson	Robin Watson
CEO single figure of total remuneration	£1,314	£3,338	£2,276	£199	£1,624	£1,330	£1,146	£1,179	£1,417	£1,875	£1,690
Annual bonus award as a % of maximum opportunity	84%	87%	76%	75%	60%	48%	37%	43%	59%	88%	62%
Long term incentive vesting rates as a % of maximum opportunity	23%	100%	100%	25%	79%	51%	16%	25%	11%	0%	0%

Notes to Chief Executive remuneration table

Allister Langlands was appointed Chair on 1 November 2012. His remuneration for 2012 related to his time as Group CEO only.

Bob Keiller was appointed Group CEO on 1 November 2012. His remuneration for 2012 reflected his remuneration from appointment as Group CEO only. Long term incentives vesting during the year were awarded during his time as Wood Group PSN CEO and vested based on performance targets linked to performance of that division.

Robin Watson was appointed as Chief Executive on 1 January 2016. Long term incentives vesting during the year were awarded during his time as Wood Group PSN CEO and vested based on performance targets linked to performance of that division.

In 2019 the actual amount received by Robin Watson reflects the discretionary reduction applied. The original Chief Executive single figure of total remuneration value based on 66.9% bonus achievement would have been £878,164.

Percentage change in directors and employee remuneration

The following table provides a summary of the increases in remuneration for the Chief Executive as compared with the average increase for all other UK based employees in the company. Given the wide variation in inflation rates across the various geographies in which the company operates, the comparator group used is UK based employees, which constituted approximately 20% of all employees globally.

	Salary/fees	Benefits	Bonus
Chief Executive	8.7%	-1.62%	-23.8%
Average increase of all other UK employees	2.5%	-3.77%	-8.6%

Notes to the percentage change in Chief Executive remuneration

Salary increase is the average increase received by UK based employees during the formal annual salary review process in 2019.

Benefits are based on a sample employee receiving taxable employee benefits which includes transportation allowance and private family medical. The reduction reflects both a reduction in our benefit premiums and removal of company funded dental insurance in April 2019 for our Chief Executive and the wider workforce.

The bonus increase is based on average bonus award as a percentage of salary for those participating in the annual bonus plan.

Pay Ratio of Chief Executive

The Chief Executive pay ratio is calculated at the 25th, 50th and 75th percentiles for total pay and benefits for all UK employees as stipulated by the regulations. We reported our Chief Executive pay ratio for the first time in our 2018 annual report using pay data for employees in our integrated systems which represented 64% of all UK employees. This year our calculations include all UK employees.

Our 2019 ratio's have been calculated using option C under the regulations, for which we have used a modified version of our gender pay gap data as at 5th April 2019. We have chosen to use Option C due to the complexity of our payroll systems as a result of our acquisitive history. As we continue to simplify our systems we may take the opportunity to adopt a different method for future reporting years. As outlined in our 2019 gender pay gap report Wood's entity structure remains complex, for the purposes of executive pay ratio reporting indicative "best equivalent" employees were identified through a combination of the data collated and contained within our gender pay gap report and calculations using the same methodology from those entities not required to report their gender pay gap.

Read our full gender pay gap report at: **woodplc.com/genderpay**

The Wood Group Industrial Services Ltd entity was not included in the identification of "best equivalent employees" on the basis that the total pay and benefits information is no longer obtainable following the sale of the entity at the time of reporting calculations.

The results in the tables below were calculated using the total pay and benefits for the relevant financial year on the same basis as the single figure table. Figures are adjusted accordingly (such as pension contributions) to ensure best representation of full time equivalent (FTE) employees for the purposes of calculation. Salary and total pay values are also included to ensure maximum clarity. We believe that the best equivalents are reasonably representative P25, P50 and P75 employees as we have captured all UK employees data in our calculations and their remuneration is consistent with that of the wider workforce.

The Remuneration Committee believe that the pay ratio results reflect the Company's internally fair approach to pay through aligned and consistent frameworks. We further believe that the total pay of the wider workforce is consistent with externally competitive remuneration required for the skilled professional workforce which Wood employs, assisting with an above average pay ratio. Although salary ratio is higher in 2019 than in 2018, the total pay value has reduced in the 25th and 75th percentiles. We believe the 2019 data is more reflective of our workforce as it now includes all UK employees (in 2018 we only reported 64%).

Year	Method		25th percentile	50th percentile	75th percentile
2019	Option C	Salary	24:1	18:1	13:1
		Total pay	48:1	36:1	25:1
2018	Option C	Salary	20:1	14:1	11:1
		Total pay	50:1	35:1	26:1

Pay (£000's)		CEO	25th percentile	50th percentile	75th percentile
2019	Salary	£750	£32	£42	£59
	Total Pay	£1,690	£35	£46	£68
2018	Salary	£690	£34	£49	£64
	Total Pay	£1,875	£38	£53	£71

Relative importance of spend on pay

The table below is provided to assist shareholders in assessing the relative importance of the company's spend on pay. It contains details of the remuneration paid to or received by all employees of the company as well as the value of distributions to shareholders by way of dividends and share buyback over the previous two years.

Item	2018 ($m)	2019 ($m)	Difference ($m)	% change
Remuneration paid to or received by all employees	4,558.2	4,441.9	-116.3	-2.5%
Distributions to shareholders by way of dividends and share buyback	231.0	235.5	4.5	1.9%

Statement of implementation of remuneration policy in the following financial year

This section provides an overview of how the Committee will implement the remuneration policy in 2020 and is subject to an advisory vote at the 2020 AGM.

Base salary

As described in the letter from the Chair of the Committee and disclosed in last year's report, we proposed to apply a further 2.4% increase in 2019 to the executive directors, which was the standard UK increase given to our UK workforce. Both executive directors decided to defer the increase until 2020; this would have increased Robin Watson's salary from £690, 000 to £768,000 and David Kemp's from £450,000 to £486,400.

We will apply an increase of 2.5% to the deferred base salary in line with the standard increase given our wider UK workforce. From 1 January 2020 the Chief Executive's base salary will increase to £787,200 and the CFO to £498,560.

Executive Director	2019 annual base salary	Annual base salary with 2019 deferral	Deferred % increase	Annual base salary from 1 January 2020	% increase	Total % increase from 2019
Robin Watson	£750,000	£768,000	2.4%	£787,200	2.5%	4.9%
David Kemp	£475,000	£486,400	2.4%	£498,560	2.5%	4.9%

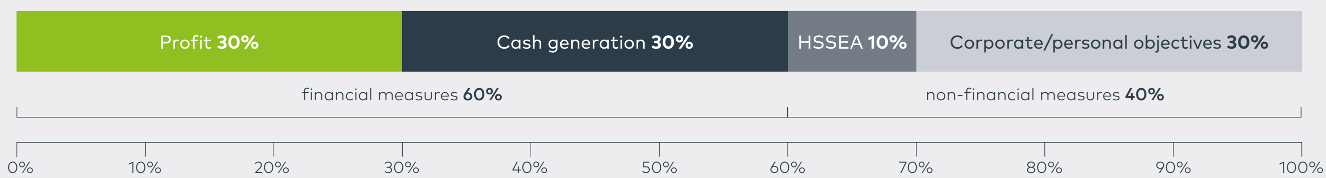
Benefits

The executive directors will continue to participate in existing benefit arrangements in line with the agreed remuneration policy.

Bonus

The 2020 annual bonus opportunities for the executive directors will remain as 175% for the Chief Executive and 150% for the CFO. Consistent with previous years, bonus measures will be split between financial, HSSEA and non-financial measures with a balance of 60%, 10% and 30% respectively as illustrated in the chart below.

Relative weighting (% of bonus maximum opportunity)



Financial measures

For 2020, the financial measures and weighting will be; EBITDA (as a measure of profit), weighted at 30% of maximum bonus and cash generation measure, weighted at 30% of maximum bonus. For profit and cash generation measures, threshold performance will be 90% of the target set, and maximum bonus is achieved when results exceed 110% of target.

Threshold performance must be met before any of that element of the award is paid; if target performance is met, 50% of the potential bonus opportunity is paid; 100% is payable for reaching maximum performance. Performance between threshold and target and between target and maximum will result in a proportionate award calculated on a straight-line basis.

The Committee has set the targets for the annual bonus plan for the year ending 31 December 2020 at its meeting in March 2020. It is the opinion of the Committee that these are commercially sensitive and in line with previous practice, the details of annual bonus targets and the extent to which the targets are met will be disclosed in detail retrospectively in next year's report.

75% of any award will be paid in cash in the March following the end of the performance year, with the remaining 25% deferred into nil cost share based awards for a further two years.

Non-financial measures

Safety and assurance remains Wood's top priority and underpins the sustainability of our business. HSSEA measures total 10% of bonus opportunity and relate directly to three Key Performance Indicator's, equally weighted; HSSEA improvement targets, measured using Total Recordable Case Frequency (TRCF), close out of assurance actions and leadership engagement sessions. Performance is tracked via the HSSEA global dashboard.

Corporate / personal objectives

Non-financial measures relating to corporate/personal objectives, weighted as 30% of bonus opportunity are summarised in the tables below. These are considered stretching objectives, with tangible performance outcomes focused on the delivery of strategic plans. Detailed disclosure of performance against objectives will be contained in next year's annual report on directors' remuneration.

Corporate objectives
Deleveraging and Synergy delivery: Take company within the 0.5 –1.5 (net debt to EBITDA) range within 2020. Complete the Class 1 Transaction delivery elements around both deleveraging and synergy delivery in 2020, aligned to the original 3-year transactional delivery objectives.
Executive Leadership Team (ELT) effectiveness: Assess and continuously improve ELT 'team health' in a measured manner (independently via coach feedback from the ELT development programme). Fully embed the new ELT members in new roles through 2020 to achieve the most effective ELT team dynamic for the company.

Personal objectives
Robin Watson
Deliver against the Group strategic cycle (2019 – 2023): Provide mechanisms for delivering against the Group strategy and demonstrate continued tactical progress aligned to the Capital Market Day commitments.
Deliver against key strategic priorities: margin improvement (2020 EBITDA % margin to be greater than 2019 EBITDA margin); execution excellence (standardised and improved project delivery outcomes); portfolio positioning and rationalisation (optimise service and market range); and delivery organisational change programme and succession plans.
ESG and Sustainability: Appropriate consideration of climate change as a business risk, broader ESG positioning of the business and development and delivery of the appropriate sustainability programme(s).
Active safety and ethics leadership: Continue to stimulate a programme of active leadership and delivery in the safety, case management and ethics arena.
David Kemp
Capital Structure: Deleveraging and refinancing to include completing disposals; maintain focus on working capital; ongoing review and analysis of Wood capital structure; and develop, agree and begin execution of a refinancing plan for Revolving Credit Facility.
Investor Engagement: Develop and implement ESG investor plan engaging external advisors and internal teams. Develop a share price improvement plan to identify and deliver new significant long-term and marginal investors including repositioning the Wood brand.
Support Margin Improvement Plan: Support and govern the delivery of Margin Improvement Plan including portfolio rationalisation, enhancing commercial support provided to significant projects and delivering F&A central savings plan.
Regulatory Investigations: Through governance structure, provide leadership to SFO, DOJ, SEC and COPFS Investigations.

Long Term Incentive Plan – LTIP

As described in the letter from the Chair of the Committee, current participation levels of 200% of salary for the Chief Executive and 175% for the CFO will be retained. However, having carefully considered the shareholder experience during 2019 and feedback received, the Committee has determined to apply discretion and reduce the participation levels for the 2020-2022 performance period by 15%, in line with a 30% reduction in share price over the last twelve months. This will result in participation level of 170% of salary for the Chief Executive and 149% for the CFO. We will monitor share price performance during 2020 with a view to reinstating the previous participation levels of 200% and 175% of salary respectively in 2021. The number of shares granted will be based, as usual, on the 20 days trading average price as at 1 January 2020.

For the performance period commencing 2020, the performance measures will be relative TSR, gross margin improvement and overhead percentage improvement. Margin growth and costs are key strategic priorities for us and are aligned with value generation for our shareholders. The weightings and targets for each of these measures are as follows:

Performance Measure	Weighting %	Targets	
		Threshold	Maximum
TSR	50%	50th percentile	75th percentile
Gross Margin Improvement (growth from 2019 to 2022)	25%	9.0%	19.0%
Overhead Percentage Improvement (reduction from 10.8% in 2019)	25%	10.3%	9.8%

No award will be made for less than threshold performance; 25% becomes payable on reaching threshold and 100% is payable on reaching maximum performance.

The TSR peer group was reviewed by the Committee and remains unchanged from last year. The peer group for 2020 will be as follows: Aecom, Aker Solutions, Fluor, Hunting, Jacobs Engineering, KBR, McDermott, Petrofac, Saipem, SBM Offshore, SNC Lavalin, Stantec, Technip FMC, Tetratech, The Weir Group, Worley Parsons and WSP.

Pension

The executive directors will continue to participate in existing pension arrangements in line with the policy. Any new executive directors will participate in pension arrangements aligned to their country of employment, currently 9% for UK onshore, office-based employees.

Shareholding requirements

In line with our updated remuneration policy, the shareholding requirements will increase to 250% for the Chief Executive and 200% for all other executives from 2020.

Chair of the Board and non-executive directors

Total single figure remuneration for Chair of the Board and non-executive directors

In line with our remuneration policy, non-executive directors receive a base fee in relation to their role. The remuneration of the non-executive directors is reviewed annually by the Chair, Chief Executive and Company Secretary, who make a recommendation to the Board, with changes ordinarily effective from 1 January. Additional fees may be paid for related duties including the senior independent directorship and for chairing, membership and attendance of certain Board Committees.

The following table sets out the total single figure of remuneration for the Chair and each of the non-executive directors in the financial year. Fees are pro-rata where there was a change of appointment during year, details of changes are outlined on page 57.

	Year	Total Fees (£'000)
Roy Franklin	**2019**	**£138.4**
	2018	£60.5
Adrian Marsh	**2019**	**£39.8**
	2018	n/a
Thomas Botts	**2019**	**£67.0**
	2018	£60.5
Jeremy Wilson	**2019**	**£70.3**
	2018	£60.5
Jaqueline Ferguson	**2019**	**£57.0**
	2018	£55.5
Mary Shafer-Malicki	**2019**	**£57.0**
	2018	£55.5
Ian Marchant (to 1 Sep 2019)	**2019**	**£186.7**
	2018	£275.0
Jann Brown (to 1 Sep 2019)	**2019**	**£44.9**
	2018	£60.5
Linda Adamany (to 1 May 2019)	**2019**	**£24.1**
	2018	£72.6
Ian McHoul (to 5 April 2018)	**2019**	**n/a**
	2018	£14.6
Richard Howson (to 17 January 2018)	**2019**	**n/a**
	2018	£2.6

Note: Fees include base fee and an additional committee fees in line with our fee structure and are calculated pro-rata based on the time in the role. Linda Adamany's fee included an uplift as a non-UK based non-executive director, as part of the AFW transaction. Non executive directors do not receive any taxable benefits which require to be reported.

Changes to the Board during the year

Directors appointed

Adrian Marsh appointed to the board 10 May 2019.

Director changes within the board

Roy Franklin was appointed Chair of the Board on 1 September 2019, Jeremy Wilson replaced Roy as Senior Independent Director on 1 September 2019. Adrian Marsh was appointed as Chair of the Audit Committee from 1 September 2019.

Directors resigned

Linda Adamany resigned from the board 1 May 2019 and Jann Brown resigned effective 1 September 2019. Ian Marchant resigned as a director and Chair of the Board effective 1 September 2019.

Non-executive directors agreements for service

Non-executive directors and the Chair have an agreement for service with an initial three year term, at the end of which a rolling agreement takes effect with no fixed expiry date. The agreement for service can be terminated by either party giving 90 days notice. Non-executive directors and the Chair are subject to annual re-election (or election for new appointments) at the Annual General Meeting. The table below details the terms for current directors between the 2020 AGM and expiry of the current term of their agreements if applicable.

	Date of appointment	Notice period	Current term expiry
Roy Franklin [(a)]	6 October 2017	90 days	1 September 2022
Adrian Marsh	10 May 2019	90 days	10 May 2022
Thomas Botts	8 January 2013	90 days	No fixed expiry
Jeremy Wilson	1 August 2011	90 days	No fixed expiry
Jacqueline Ferguson	1 December 2016	90 days	No fixed expiry
Mary Shafer-Malicki	1 June 2012	90 days	No fixed expiry
Birgitte Brinch Madsen	1 March 2020	90 days	1 March 2023

Note:

a. Roy Franklin's agreement for service was extended for a new three year term beginning 1st September 2019 further to his appointment as Chair.

Non-executive directors shareholdings

Non-executive directors are not permitted to participate in any of the Company's incentive arrangements. The table below details the shareholding of the non-executive directors as at 31 December 2019 who served on the board during the financial year, including those held by connected persons.

Beneficial interest	Shares owned outright as at 1 January 2019	Shares owned outright as at 31 December 2019
Roy Franklin	6,000	15,000
Adrian Marsh	–	2,000
Thomas Botts	8,500	8,500
Jeremy Wilson	10,000	20,000
Jacqueline Ferguson	552	2,498
Mary Shafer-Malicki	3,450	3,450
Ian Marchant	22,777	–
Jann Brown	17,764	–
Linda Adamany	2,325	–

Adrian Marsh sold 2,000 shares on 13 February 2020.

Fee structure

The Chair and non-executive director fee structure for 2020 is set out below. A competitive review was carried out during 2019 and the Board had proposed to make adjustments for non-executive fees from 1 January 2020 increasing base and additional fees by 2.5%; in line with the wider UK workforce. At the March 2020 Board meeting, the non-executive directors declined this increase. Fees will be reviewed again in 2020 during the annual process. The Committee believe that fee structure reflects the time commitment of committee responsibilities and ensure we continue to attract and retain from a diverse range of backgrounds.

	2019 fees per annum	2020 fees per annum
Chair of the Board annual fee	£280,000	£280,000
Annual Non-executive director fee inclusive of all committee attendance	£57, 000	£57, 000
Additional fee for senior independent director	£10,000	£10,000
Additional fee for Audit / Remuneration / Safety, Assurance & Business Ethics Chairs	£10,000	£10,000