Letter from the Chair of the Board

Roy A Franklin Chair

"In 2019 the Board oversaw the development of Wood's strategy ensuring it is consistent with the Company's purpose to create a sustainable future for energy and the built environment. Maintaining Wood's strong and clearly defined culture will play an essential role in delivery of the strategy and a key focus of the Board was continuing our programme of active employee engagement which has enabled the culture to be monitored and assessed throughout the year."

Dear shareholder

I am delighted to have been appointed as Chair of the Wood Board in 2019, following Ian Marchant's departure in line with the requirements of the 2018 UK Corporate Governance Code related to Chair tenure. Ian provided an outstanding contribution to Wood during a period of transformational change.

In 2019, Robin and his Executive Leadership Team were successful in building on the strong financial foundations laid in the last strategic cycle to deliver earnings growth, adjusted EBITDA margin improvement and strong operational cash generation. During the year, they also actively managed the business portfolio to align to the emerging trends in energy transition and sustainable infrastructure.

During 2019, the Board oversaw the development of Wood's strategy for the new strategic cycle, ensuring that it is consistent with the Company's purpose to create a sustainable future for energy and the built environment. The Board is confident that the strategy to create a premium differentiated, higher margin consulting, projects and operations solutions business will promote Wood's long-term success. We believe it will create value for shareholders, provide rewarding careers for employees and have benefits for wider stakeholders including the communities and environments Wood operates in.

As a Board, we recognise our responsibilities to have regard to the interests of our stakeholders and to balance their interests in the decision making process. As required by s414CZA of the Companies Act 2006, we have included a s172(1) statement on page 54 and further details of engagement with key stakeholders can be found on pages 08 to 11.

Employee engagement has been a key area of focus. In order to monitor and assess Wood's corporate culture, members of the Board continued their participation in the global Listening Group Network calls in 2019. The Board's involvement helps to significantly strengthen the "employee voice" at Board level as we gain valuable insight and direction from the views of our workforce. The Board supplemented this with other employee engagement activities including mentoring and interactions with our identified top talent, town hall engagement and also consideration of the quarterly employee "Pulse" survey results.

In 2019, our continued focus on safety was reinforced by the implementation of our Safety Shield initiative which helped to maintain a strong safety performance. The Safety, Assurance and Business Ethics Committee also continued monitoring compliance with the Administrative Agreement entered into in respect of events in the Gulf of Mexico in prior years. The Board is pleased that reporting on compliance with the terms of the Agreement, which concluded in Q1 2020, has highlighted no areas of non-compliance. In addition to the routine review by the Committee of ongoing investigations, the Investigations Oversight Committee focused on monitoring the ongoing investigations into the historical use of agents.

The Nomination Committee focused on succession planning, Board and committee composition and the independence and effectiveness of the Board in 2019. Three non-executive directors resigned during the year; Ian Marchant, Jann Brown and Linda Adamany. On their resignations on 1 September 2019, Ian also stepped down as Chair of the Board and Jann as Chair of the Audit Committee. The Committee undertook an external selection process, with the assistance of search consultants, to replace Ian and Jann that was focused on ensuring an appropriate balance of skills, knowledge and experience and diversity on the Board. I was appointed as Chair on 1 September 2019. Adrian Marsh was appointed as a non-executive director on 10 May 2019 and succeeded Jann as the Chair of the Audit Committee on 1 September 2019. Adrian brings strong financial, strategic and commercial expertise to the Board. The decision was taken to appoint an additional non-executive director and Birgitte Brinch Madsen joined the Board on 1 March 2020. Birgitte brings extensive, global experience of engineering and consulting projects in both the energy sector and the built environment.

In line with the requirements of the 2018 UK Corporate Governance Code, the Nomination Committee has commenced a selection process, using external search consultants, to identify a suitable replacement for Jeremy Wilson who will have served on the Board for nine years in 2020. This process is ongoing but the Committee expect to make a suitable appointment shortly.

During the year, the Audit Committee focused on the Group's application of accounting policies and on the areas of judgement and estimation as well as adoption of IFRS 16 "Leases". The primary areas of judgement and estimation considered by the Committee included impairment reviews, tax balances, significant fixed price or lump sum contracts and provisions. The Committee also considered the accounting and disclosure requirements associated with the ongoing investigations by the SEC, DOJ, SFO and other relevant authorities.

In 2018, the Committee approved a proposal to simplify Wood's principal reporting measures to align more fully with IFRS definitions of revenue and profit. After obtaining feedback from shareholders and analysts operating profit was adopted as our primary reporting measure for reporting periods ending on 30 June 2019 onwards and two additional, non-statutory measures were adopted; Adjusted EBITDA (including joint venture profit) and Adjusted Diluted EPS (adjusted for amortisation from acquisitions only). The Board is comfortable that these alternative profit measures (APMs) add to stakeholders understanding of our financial performance and do not detract from the fair, balanced and understandable presentation of our results. The financial year ended 31 December 2018 was the first year that KPMG had audited the Group. During 2019 the Committee assessed the effectiveness of the transition to KPMG and concluded that the audit process was operating effectively.

The Remuneration Committee undertook a review of our remuneration policy and the process included active engagement with our shareholders and proxy agencies seeking and acting on feedback on the proposed policy changes and application. Throughout the process, consideration was given to alignment to short and long-term strategic business objectives, remuneration arrangements for the wider workforce, company culture and the delivery of shareholder value. The Committee has continued to pay close attention to the executive remuneration environment and the views of our shareholders whilst continuing to make remuneration decisions that reflect the needs of the business and which remain in line with our remuneration principles. In May 2019, in response to shareholder feedback, the Committee took the decision to cancel the proposed LTIP awards at exceptional levels for executive directors, instead reverting to previous participation levels.

In 2019 we continued to enhance our engagement activities with leadership and the wider workforce to ensure our people policies, practices and processes are fair and support diversity and inclusion and that our approach remains considered and proactive.

The Board participated in a Board evaluation process externally facilitated by Lintstock. The evaluation process enables the Board to ensure that the principles of the UK Corporate Governance Code on the role and effectiveness of the Board are satisfied. Four priorities for the Board were identified; strategy, meeting management & site visits, Board succession & composition and talent & management succession. The Board has undertaken activities throughout the year to address these areas including reviewing Group strategy and undertaking site visits and meetings with management. In light of the changes to the Board, the composition of the Board Committees were reviewed and the Board reviewed senior management succession plans.

Your Board recognises the excellent work of Robin, David and the Executive Leadership Team in delivering earnings growth, adjusted EBITDA margin improvement and strong operational cash generation in 2019.

I am confident that Wood is well positioned for the future with its strategy that is aligned to the emerging trends in energy transition and sustainable infrastructure and I believe that the Board has the appropriate skills to support the delivery of the strategy and for effective decision making to promote Wood's long-term success.

Roy A Franklin
Chair

Directors' report

The directors submit their report together with the audited financial statements of the Group for the year ended 31 December 2019.

Further relevant information

Information relevant to and forming part of the directors' report is to be found in the following sections of the annual report:

The Group consolidated income statement for the year is set out on page 110.

Going concern

In applying the going concern basis for preparing the financial statements, the directors have considered the Group objectives and strategy, its risks and uncertainties in achieving those objectives and reviewed business performance. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Dividend

An interim dividend of 11.4 cents per share was paid on 26 September 2019 for the year ended 31 December 2019. The directors have recommended a final dividend of 23.9 cents per share to be paid on 15 May 2020.

The full year dividend will therefore be 35.3 cents per share.

Corporate governance arrangements

The Board remains fully committed to maintaining high standards of corporate governance and complies with the 2018 UK Corporate Governance Code issued by the Financial Reporting Council (the Governance Code). The Board believes that this is key to overall performance and integrity and is consistent with our shared values.

The Board also believes that good corporate governance extends beyond regulatory compliance and consistently monitors developments in best practice, including guidance published by investor groups.

The Governance section of the annual report explains how the Group has applied the principles of the Governance Code with its shareholders and other key stakeholders. Further information on engagement with stakeholders and the Board's application of s172 of the Companies Act 2006 can be found on pages 08 to 11.

A copy of the Governance Code is available at www.frc.org.uk. The directors consider that the Group has, throughout 2019, fully complied with the provisions of the Governance Code.

Company culture

During the year the Board has carried out certain activities to assess the effectiveness of Wood's culture as set out on page 40. The Board is satisfied that the culture is operating effectively.

Employee engagement

Ensuring strong employee engagement has been a key Board activity throughout the year. The Board has determined to use a combination of methods to gather the views of the workforce, thereby strengthening "the employee voice" in the boardroom, rather than specifically adopt one of the three methods set out in the Code, as the Board believes this is more effective and representative of Wood's global, diverse workforce.

We carry out meaningful, regular dialogue with the workforce, with the aim of increasing visibility and gaining greater insights into the culture, activities and experiences of the people in our business. Jeremy Wilson, chair of the Remuneration Committee, is responsible for reviewing wider workforce remuneration matters, and Thomas Botts is the sponsor of the employee engagement survey. Other examples of workforce engagement activities carried out by Board members include hosting talent breakfasts and lunches and town halls; participating in the Listening Group Network which involved employees from all our global locations; establishing mentoring with middle managers; visiting regional and overseas sites; and global leadership financial performance updates. We discuss our workforce engagement activities on pages 38 to 40.

Business relationships with suppliers and clients

Relationships with suppliers and clients are developed at all levels through daily business activities allowing us to gain an understanding of their views and priorities.

Executive and business unit leaders hold regular meetings with suppliers to discuss matters including performance issues, innovations and upcoming projects.

Client engagements are managed through our structured Client Management Framework enabling active executive and business unit leadership participation in strategic level and key client meetings. The insight from these meetings helps to inform operational, business development and long-term strategic direction.

Details of the Group's engagement activities with clients and suppliers during the year are provided in the Strategic Report on pages 08 and 10 respectively.

Fair, balanced and understandable

The Board considers that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

In reaching this assessment, the Board was assisted by the Chair, Senior Independent Director and the Chair of the Audit Committee who engaged directly with company management during the planning, drafting and review stages of the annual report and were provided with draft materials for review and comment as the document progressed. This facilitated a good level of understanding of the process of compilation and assurance over the information contained within the annual report. The Board subsequently considered the annual report and accounts as a whole and discussed the report's tone, balance, and language at the March 2020 Board meeting.

Risk management and internal control

The Board has overall responsibility for the Group's systems of internal control and risk management which is fundamental to the achievement of the Group's strategic objectives.

Risk management

The Board has established an ongoing process for identifying, evaluating and managing the principal and emerging risks faced by the Group that has been in place for the year under review and up to the date of approval of this annual report. The process is regularly reviewed by the Board and is in accordance with the 2018 edition of the UK Corporate Governance Code. The Group, for the purposes of applying the Governance Code, comprises John Wood Group PLC and its subsidiaries[1].

A new Group risk management standard was implemented in 2019 to codify existing risk management practice and to drive consistency across the Group. For further details on the principal risks and uncertainties faced by the Group along with associated mitigations, monitoring, assurance and the approach to emerging risks, please refer to pages 48 to 49.

Any system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The key elements of the ongoing procedures, which the directors have established to review the effectiveness of the system of internal control on an annual basis, are listed below.

As a result of these ongoing procedures the Board's assessment was that the overall internal control environment was operating effectively, with some areas for improvement noted, please refer to page 70.

- **Internal control structure**

The Group has a clear organisational structure for the control and monitoring of its businesses, including defined lines of responsibility through the organisation up to Board level and delegations of authority in place. The Group has issued policies which define the standards of business conduct and include Accounting; Contract Risk Management and Review; Health, Safety, Security and Environment; and Business Ethics. A Group Business Ethics helpline, operated by an independent third party, is in place to enable staff and third parties to raise concerns in confidence about possible non-compliance with the Group's Code of Conduct.

For more information on Business Ethics see pages 30 to 31.

- **Ongoing monitoring of internal control systems**

The Board has agreed certain reporting procedures to monitor key risk areas on an ongoing basis, including safety, legal and financial matters. Our internal controls and risk management systems in relation to the preparation of the financial statements focus on: correct application of our accounting policies; review of the primary areas of judgement and estimation for 2019; review of the Internal Financial Controls Assessment; consideration on whether indicators of impairment existed and results of any impairment reviews; judgements underpinning the calculations for current and deferred tax including uncertain tax positions; review of significant contracts; and review of provisions. The Audit Committee has been delegated the responsibility to review the effectiveness of the financial and IT internal control systems implemented by management.

The Safety, Assurance and Business Ethics Committee has been delegated responsibility for the effectiveness of the Group's safety policies and systems and has responsibility for ethical and compliance issues.

The Board and its committees are assisted by the internal audit function, the HSSEA function (including ethics & compliance and operations assurance) and, where appropriate, the external auditors. Where the internal or external auditors identify any significant deficiencies in the financial or IT internal control systems, a plan of action is agreed to remedy these and progress against them is tracked and reported with updates provided to the Audit Committee as necessary.

The Audit Committee receives regular updates concerning ongoing audits. Details of audit updates received by the Committee in 2019 are set out on page 71. The Chairs of the Audit Committee and the Safety, Assurance and Business Ethics Committee report regularly to the Board on their discussions.

- **Information and communication**

The Group has a comprehensive system for reporting performance to the Board. This includes monthly and quarterly reports. The quarterly reports include a detailed financial review against budgets and latest forecasts. The Executive Leadership Team also receives detailed monthly financial reports and meets on a monthly basis to discuss financial performance and other operational matters. In addition, each business unit holds quarterly review meetings and quarterly project & risk review meetings, both of which involve the Chief Executive and the Chief Financial Officer.

Statutory disclosures

Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006.

It is the intention of the Board to behave responsibly toward our shareholders, and other stakeholders, as a whole and treat them fairly and equally so they too may benefit from the successful delivery of our strategy; and to ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours (see pages 08 to 11). The Board considers that by having regard to the interests of each of our stakeholders the Company's strong reputation will be maintained and enhanced.

The directors believe that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have had regard to (among other matters) the matters set out in section 172(a) – (f) of the Companies Act 2006. The information on page 11 describes how the Board's principal decisions taken during the year ended 31 December 2019 have had regard to those matters and forms part of the directors' statement required under section 414 CZA of that Act.

In particular, by reference to the update to our strategy that is aligned to our purpose to create a sustainable future for energy and the built environment, the Board has:

- Overseen the development of a strategy aligned to the emerging trends in our core markets, particularly energy transition and the increasing demand for sustainable infrastructure. The Board considers that the strategy will have a long-term beneficial impact on the Company, its employees and shareholders; is aligned to the needs of our clients and will have benefits for the environment and communities;
- Recognised that our employees know our business and have a wide range of views and experience. Our employees, and their motivation and retention, are fundamental to the delivery of our strategy. The health, safety and well-being of our employees is one of our primary considerations in the way we do business (see page 08). Ensuring strong employee engagement has been a key Board activity throughout the year;
- Engaged in extensive engagement with clients, enabling us to gain an understanding of their views and priorities. We also aim to act responsibly and fairly in how we engage with our suppliers (see page 10); and our credit investors (see page 09); all of whom are integral to the successful delivery of our strategy;
- Taken into account the impact of the company's operations on the environment and the communities we operate in (see pages 09 and 10).

Profit forecast

In its trading update on 16 January 2020, Wood made the following statement which is regarded as a profit forecast for the purposes of the Financial Conduct Authority's Listing Rule 9.2.18: "Including the impact of IFRS 16, full year adjusted EBITDA will be around $850m to $860m and operating profit before exceptionals will be around $410m to $420m, in line with current market expectations." Full year adjusted EBITDA was $855m and operating profit before exceptionals was $411m.

Disclosures under Listing Rule 9.8.4R

Disclosures in relation to listing rule LR 9.8.4R where applicable are included in note 22 to the financial statements in relation to Long Term Incentive Plans.

Political donations

During the year ended 31 December 2019, no political donations were made and no political expenditure was incurred, as defined in Part 14 of the Companies Act 2006.

Share capital and rights

As at the date of this report, the Company's issued share capital, quoted on the London Stock Exchange, consisted of 684,939,369 ordinary shares, each carrying one vote. The total voting rights at the date of this report are accordingly 684,939,369. There are no shares carrying special rights or restrictions on voting rights. There are no restrictions on the transfer of ordinary shares in the capital of the Company other than certain restrictions which may, from time to time, be imposed by law, for example, insider trading regulations. The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and/or voting rights. Details of significant direct or indirect holders of securities in the Company can be found on page 61 of this report. The John Wood Group PLC Employee Share Trust holds shares to meet its obligations under the Company's employee share plans and rights in respect of those shares are not directly exerciseable by employees. The Trust refrains from exercising its voting rights.

Acquisitions and purchases of own shares

During the year ended 31 December 2019:

- The Company made no acquisitions of its own shares; and
- The shareholder resolution passed at the 2019 annual general meeting authorising the company to purchase its own shares up to a maximum number of 68,153,937 ordinary shares has not been used

Post balance sheet events

Important post balance sheet events are detailed in the notes to the financial statements.

Research and development activity

We have substantial industry know-how that is shared across the business and we work with clients to create innovative solutions. We have active research and development projects in areas such as software development, process design, power plant design, clean energy and we utilise the outcomes to improve current process and practice as appropriate.

Appointment/removal and powers of directors

The rules governing appointment and removal of directors and directors powers are detailed in the Company's Articles of Association, adopted on 10 May 2017, as filed with the Registrar of Companies. Amendment to the Articles of Association can be made by member special resolution at a general meeting of the Company.

Our Articles of Association are available at:
beta.companieshouse.gov.uk/company/SC036219/filing-history

Indemnity of officers

Under Article 135 of the Articles, the Company may indemnify any director or former director against any liability, subject to the provisions of the Companies Acts. Under the authority conferred by Article 135, the Company has granted indemnities to the directors of the Company. The indemnities do not apply to any claim which arises out of fraud, default, negligence or breach of fiduciary duty or trust by the indemnified person. In addition, the Company may purchase and maintain for any director or other officer, insurance against any liability. The Company maintains appropriate insurance cover against legal action brought against its directors and officers and the directors and officers of its subsidiaries.

Approval of the directors' report

The strategic report set out on pages 01 to 49 and the directors' report set out on pages 52 to 54 were approved by the Board on 5 March 2020 and have been signed by the Company Secretary on behalf of the Board.

Martin McIntyre
Company Secretary

Footnotes

1. Subsidiaries are those entities which are under Group management and control as detailed in note 37 to the Financial Statements.

Directors' responsibilities

The following statement, which should be read in conjunction with the directors' report and statement of Auditor's responsibilities set out on page 108 describes the responsibilities of the directors with respect to the financial statements.

The directors are responsible for preparing the annual report, the annual report on directors' remuneration and the financial statements of the Group and the Company in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU). The Company financial statements are prepared in accordance with FRS 101 "Reduced Disclosure Framework".

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of their profit or loss for that period. In preparing each of the Group and Company financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable, relevant and reliable;
- State that the Group financial statements have been prepared in accordance with IFRSs as issued by the IASB and as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- Assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless it is intended to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so;

The directors are also responsible for:

- Keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements and the annual report on directors' remuneration comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation;
- Such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- Taking reasonable steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities;
- Preparing a strategic report, directors' report, annual report on directors' remuneration and Corporate Governance statement that complies with applicable law and regulations; and
- The maintenance and integrity of the corporate and financial information contained on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement

The directors confirm that, to the best of their knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- The strategic report and directors' report include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the significant risks and uncertainties that they face; and

The directors consider the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders and other stakeholders to assess the Group's position and performance, business model and strategy.

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware. Each director has taken all reasonable steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. Relevant information is defined as 'information needed by the Company's auditors in connection with preparing their report.

This responsibility statement was approved by the Board of Directors on 5 March 2020 and is signed on its behalf by:

Robin Watson
Chief Executive

David Kemp
Chief Financial Officer

Board of Directors

1. Roy A Franklin

N

Chair

Appointed: 2017
Chair since September 2019.

Contribution to the Company
Roy brings to the Board more than 46 years experience as a senior executive in the oil & gas industry and he has extensive experience in chairing boards of listed companies. He has an outstanding track record and has demonstrated relevant and valuable leadership, steering the Board's focus and discussions.

Experience
Roy is currently chairman of Premier Oil plc. He is also chairman of privately-held companies Cuadrilla Resources Ltd and Energean Israel Ltd and a member of the advisory board of Kerogen Capital LLC. Roy initially spent 18 years at BP, latterly as head of M&A, BP Exploration, after which he was group MD of Clyde Petroleum and then CEO of Paladin Resources until its acquisition by Talisman Energy in 2005. Since then Roy has served on a number of international energy boards in non-executive roles, including Amec Foster Wheeler plc. Until July 2016 he was chairman of the Keller Group PLC, and until June 2019 he was deputy chairman of Equinor A/S.

2. Robin Watson

Chief Executive

Appointed: 2013
Group Chief Executive since January 2016.

Contribution to the Company
Robin has extensive leadership and management experience, with a well-established track record of implementing strategic change and operational delivery. His contribution is highly relevant as we continue to re-position the business across the energy transition and deliver long-term growth, in a rapidly changing environment.

Experience
Robin was responsible for the creation of Wood when he led the acquisition of Amec Foster Wheeler in 2017. Robin has previously been Chief Operating Officer and an executive member of the Wood Group Board since January 2013 and CEO of Wood Group's PSN division since 2012. Prior to joining Wood Group in 2010, he worked for Petrofac and Mobil Oil in the UK and internationally. Robin has more than 35 years' engineering and industry experience being actively engaged with various industry and governmental representative bodies, as a past Board member of Oil & Gas UK and between 2011 and 2015, on the Scottish Business Board, a cross-industry advisory group to the UK government. Robin is a Chartered Mechanical Engineer, a Fellow of both the Institution of Mechanical Engineers and the Energy Institute. He holds a Masters of Business Administration (MBA) and an Honours Degree in Offshore & Mechanical Engineering. Robin is also a Visiting Professor at the Robert Gordon University.

3. David Kemp

Chief Financial Officer

Appointed: 2015

Contribution to the Company
David is an experienced CFO with extensive knowledge of the financial and service sectors, and has a strong track record of delivering excellence.

Experience
Group Chief Financial Officer (CFO) since May 2015 and was previously CFO of Wood Group PSN having joined Wood Group in 2013. David is currently a non-executive director of Craneware PLC and a director and governor of Albyn School Limited. Prior to joining Wood Group, he served in executive roles at Trap Oil Group, Technip, Simmons & Company International and Hess Corporation, working across Finance, M&A and Operations. He is a member of the Institute of Chartered Accountants of Scotland.

4. Jeremy Wilson
A N R

Non-executive and Senior Independent Director

Appointed: 2011

Contribution to the Company
Jeremy brings extensive strategic and corporate finance experience to the Company developed over a 30 year business career in investment banking where he was primarily focused on strategic advisory to the oil & gas sector including a number of debt and equity capital raisings and M&A transactions. This experience will be invaluable as we strive for long-term growth; aiding our dialogue with, and understanding of, our investors and access to capital.

Experience
Jeremy is a non-executive director of Tullow Oil plc. He is Chair of The Lakeland Climbing Centre and Lead Trustee of The Lakeland Climbing Foundation. Jeremy spent his career at J.P.Morgan, which he joined in 1987, until retiring in October 2013. He held a series of senior level positions there including Head of the European Mergers and Acquisitions Group, global co-head of the Natural Resources and Diversified Industrials Group and latterly Vice Chair of the Energy Group and was involved in a number of major oil & gas mergers over the years.

5. Mary Shafer-Malicki
A N R

Non-executive Director

Appointed: 2012

Contribution to the Company
Mary has substantial skills and experience from a number of executive leadership roles on public company boards in the international oil & gas and petrochemical industries. Her wide international expertise will help drive our strategy forward.

Experience
Mary is currently a non-executive director of McDermott International Inc, an independent director of QEP Resources Inc and is a former non-executive director of Ausenco Limited. She is a member of industry council at the University of Wyoming. Mary worked for Amoco and BP for 26 years, latterly as Senior Vice President and CEO for BP Angola, with previous appointments in Vietnam, Aberdeen, Holland and the US, principally in upstream activities.

6. Thomas Botts
N S

Non-executive Director

Appointed: 2013

Contribution to the Company
Thomas has almost four decades of international business and senior management experience. He has strong leadership skills and wide-ranging experience within the industry. His proven track record and performance makes him a valuable member of the Board.

Experience
Thomas is a non-executive director of EnPro Industries, is co-chair of the Governor's Task Force at the University of Wyoming, a director of the University of Wyoming Foundation and is a long-standing member of the Society of Petroleum Engineers. Thomas was formerly with Shell for 35 years, latterly as global head of Shell's manufacturing business.

7. Jacqui Ferguson
A N R

Non-executive Director

Appointed: 2016

Contribution to the Company
Jacqui contributes to both strategic and operational matters and her broad industry related technology experience from multiple sectors including telecommunications, financial services, manufacturing, travel & transportation, energy and government, brings a unique dimension to the Board.

Experience
Jacqui is currently a non-executive director of Tesco Bank and Croda International plc. She is a Trustee of Engineering UK, a founding member of the Scottish First Minister's Advisory Board for Women and Girls and a Fellow of the Institute of Engineering and Technology. Jacqui was previously Senior Vice President and General Manager of Hewlett Packard Enterprise Services in the UK and Ireland, Middle East, Mediterranean, Africa and Israel.

8. Adrian Marsh
A N S

Non-executive Director

Appointed: 2019

Contribution to the Company
Adrian has a depth of financial experience and a proven track record in financial, strategic and commercial roles. His background and contribution make him a highly valued member of the Board.

Experience
Adrian has been Group Finance Director of international packaging business, DS Smith plc since September 2013. He was previously Head of Tax, Treasury and Corporate Finance at Tesco plc and has also held divisional CFO positions at both AstraZeneca plc and Pilkington plc.

9. Birgitte Brinch Madsen
N S

Non-executive Director

Appointed: 2020

Contribution to the Company
Birgitte brings extensive, global experience of engineering and consulting projects in both the energy sector and the built environment. Her knowledge and understanding of green energy technologies will add real value as Wood continues to strengthen its digital expertise.

Experience
Birgitte is currently non-executive director of the Danish contracting company, Arkil Holding A/S, a position she has held since April 2019. She is also Non-Executive Director at the Danish fund companies Investeringsforeningen Danske Invest and Investeringsforeningen Danske Invest Select. Birgitte previously held executive positions as Chief Technical Officer with Maersk FPSO's, a Business Unit of international logistics company A.P. Moller – Maersk A/S, and as BU Director of the Energy and Industry business of the Danish international engineering consultancy COWI A/S. Birgitte holds a Masters in Economics and Finance from the University of Copenhagen.

*Image © Søren Svendsen, M&L

Previous directors

Ian Marchant
Appointed: 2006
Non-executive director, Chair of the Board and Chair of the Nomination Committee. Resigned September 2019.

Jann Brown
Appointed: 2014
Non-executive director, Chair of the Audit Committee and member of the Remuneration and Nomination Committees. Resigned September 2019.

Linda Adamany
Appointed: 2017
Non-executive director, member of the Audit, the Safety, Assurance & Business Ethics and the Nomination Committees. Resigned May 2019.

Key to Committee membership

- A Audit
- N Nomination
- R Remuneration
- S Safety, Assurance & Business Ethics
- ● Chair

Corporate governance

Role of the Board and Committees

Board

The Board focuses its time and energy on strategy, significant acquisitions and disposals, deleveraging, the annual budget and performance against it, monitoring and assessment of culture, monitoring the performance of the management team and risk management, specifically focusing on principal risks and the overall system of internal control. The Board has delegated some of its responsibilities to the Executive Leadership Team (ELT) and the Board Committees – the Safety, Assurance & Business Ethics Committee, the Nomination Committee, the Audit Committee and the Remuneration Committee.

Safety, Assurance & Business Ethics Committee

Responsible for the Group's safety strategy and performance and for ensuring compliance with laws and regulations including business ethics.

Read more on page **64**

Nomination Committee

Monitors and reviews the structure, size and composition of the Board, makes recommendations with regard to any changes and ensures Board succession plans are in place.

Read more on page **66**

Audit Committee

Responsible for compliance with financial reporting standards, consideration of the internal financial and IT control environment and the relationship with the external auditor.

Read more on page **68**

Remuneration Committee

Advises the Board on executive remuneration and sets the packages of each of the executive directors within the approved remuneration policy.

Read more on page **72**

Executive Leadership Team

The ELT operates under the authority of the Chief Executive and comprises the Group CFO plus the CEOs of our three business units and the leaders of our key functional areas: HSSEA; People & Organisation; Strategy & Development. They are responsible for delivering against the strategy approved by the Board.

Find out more about the ELT at:
woodplc.com/leaders

Dave Stewart
CEO
Asset Solutions
EAAA

Stephanie Cox
CEO
Asset Solutions
Americas

Joe Sczurko
CEO
Technical
Consulting
Solutions

Ann Massey
President
Corporate
Development

Sue MacDonald
Executive
President
People &
Organisation

Nina Schofield
Executive
President
HSSEA

Andrew Stewart
Executive
President
Strategy &
Development

Investigations Oversight Committee

In addition to the Committees above, the Board has established a separate, dedicated Investigations Oversight Committee to oversee and report to the Board on the ongoing investigations by the SEC, DOJ, SFO and other authorities in relation to investigations referred to in notes 20 and 33 to the financial statements. The Committee is only intended to be established for the duration of these investigations.

The Committee is chaired by Thomas Botts and both Roy Franklin and Adrian Marsh are Committee members the latter having been appointed to the Committee in November 2019. Linda Adamany was also a member until her resignation from the Board on 1 May 2019. Robin Watson and David Kemp also attend meetings of the Committee.

ELT changes:

We are delighted with the appointment of Stephanie Cox as CEO of Asset Solutions Americas in October 2019, succeeding Andrew Stewart who was appointed Executive President of Strategy & Development for the Group. Stephanie brings experience as an energy industry leader with a proven track record in leading high performing teams and diverse global businesses. She has previously held senior leadership positions in the US, France and Malaysia, growing diverse businesses and bringing technological advancement and continuous improvement to service delivery and we are confident she will help further establish and drive growth in our Americas business.

On 7 November 2019 we announced that our Specialist Technical Solutions and Environment & Infrastructure Solutions business units were combined to create Technical Consulting Solutions (TCS). By combining the high value, consulting led services of STS and E&IS we have created a multi-sector specialist consultant to provide innovative solutions and maximise value at every stage of the life cycle.

On creation of TCS, Joe Sczurko was appointed CEO of TCS, Ann Massey, former CEO of E&IS was appointed as President of Corporate Development and Bob MacDonald resigned as CEO of STS.

Board composition

The Board comprised ten directors for most of the year. Linda Adamany resigned as a director with effect from 1 May 2019, and Jann Brown and Ian Marchant both resigned with effect from 1 September 2019. Adrian Marsh was appointed as a non-executive director on 10 May 2019 and became Chair of the Audit Committee following Jann Brown's resignation. Roy Franklin replaced Ian Marchant as Chair of the Board on 1 September 2019.

To reflect the broadening of our end market exposure and our positioning for emerging trends in energy and the built environment, the Board decided to appoint another non-executive director to broaden the Board's breadth of experience and diversity. Birgitte Brinch Madsen was appointed non-executive director with effect from 1 March 2020.

The Board considers any recommendations made by the Nomination Committee with regard to board composition and proposed appointments. For further details on director appointments and the role of the Nomination Committee please refer to page 66.

Non-executive directors comprised a majority of the Board (excluding the Chair) as recommended by the Governance Code.

A clear separation of the roles of the Chair and the Chief Executive has been agreed by the Board, in compliance with the Governance Code. The Chair is responsible for leadership of the Board and creating the conditions for overall Board and individual director effectiveness. He sets the agenda for and chairs Board meetings, ensures effective communication with shareholders and other stakeholders, and ensures that the members of the Board are made aware of the views of major investors.

The Chief Executive is responsible for the day to day management of the Group and implementation of the Group's strategy. He develops proposals for Board approval, and ensures that the flow of information to the Chair and to the Board is accurate, timely and clear. Members of the Executive Leadership Team report directly to the Chief Executive.

More information on the roles and responsibilities of the Chair, Chief Executive and the Senior Independent Director is available at: **woodplc.com/investors/roles-and-responsibilities**

For brief biographies of the directors see pages **56 to 57**

Board independence

After careful consideration, the Board considers that all of its non-executive directors are independent in character and judgement, and that there are no relationships or circumstances which are likely to affect, or could appear to affect, their judgement.

Board re-election

All Board directors are required to offer themselves for election or re-election at the annual general meeting of the company. As required by the Governance Code the papers accompanying the resolutions proposing their election or re-election set out specific reasons why their contribution is, and continues to be, important to the company's long-term sustainable success.

Jeremy Wilson has indicated his intention to resign as a director. In order to ensure an orderly transition he intends to remain in office until his successor has been appointed and shall seek re-election at the AGM. Therefore all directors are expected to seek election or re-election at this year's AGM.

Conflicts of interest

The Board requires directors to declare any appointments or other situations which would amount to a possible conflict of interest, including those resulting from significant shareholdings, and to ensure that the influence of third parties does not compromise or override independent judgement.

The Board has procedures in place to deal with and, if necessary, approve any such conflicts.

Board evaluation

During 2018 and 2019, Lintstock undertook an independent evaluation of the Board and of the Audit, Remuneration and Nomination Committees. For the 2018 review, meetings were held with all members of the Board individually and also with senior management, utilising an identical questionnaire at each meeting. Questionnaires only were utilised during the 2019 review.

Based on feedback from the 2018 review, there were four priorities for the Board: (a) strategy, (b) meeting management and site visits (c) Board succession and evolving composition and (d) talent and management succession.

Strategic planning was identified as a potential area of improvement although it was noted the organisation was actively in the process of developing its strategy following the integration of AFW. Strategic updates are provided to the Board by each business unit and a day of the November Board meeting was dedicated to discussing and reviewing Group strategy.

Subsequent to the recommendation that Board members would benefit from visiting sites on a more regular basis, to provide more direct exposure to local management and employees, site visits have been conducted by non-executive directors during the year and meetings with local management were held as part of the regular Board meeting calendar.

Board composition was rated highly overall but it was noted that Board's composition could be improved with a greater geographical diversity and breadth of professional backgrounds to reflect the broadening of the organisation's end markets and positioning for emerging trends in energy and the built environment. Board succession and composition is regularly reviewed by the Nomination Committee with appropriate recommendations to the Board.

The Board's oversight of processes for managing and developing talent was positively rated. Retaining key personnel was recognised as critical to the success of the business, with this area receiving increased focus. The review encouraged the progression of career paths across different parts of the organisation. Succession plans for senior management were reviewed by the Board at the November meeting.

During 2019, the Board and each of its committees undertook a further formal evaluation of their performance. The results of this evaluation were reviewed at the March 2020 Board meeting and a number of actions were recommended, including continued efforts to improve the diversity of the Board, develop a greater understanding of investor views and conduct in-depth reviews of specific risks as part of its risk review process.

Board development

The training and continuing professional development needs of directors are periodically discussed at Board meetings and during the year briefings were provided on issues relating to:

- Corporate governance including the directors obligations under s172 of the Companies Act 2006
- UK Takeover Code update including the directors fiduciary duties, company valuation and scenario planning in the event of potential third party approaches

Arrangements are in place for newly appointed directors to undertake an induction process designed to develop their knowledge and understanding of the Group's business. This includes meetings with senior management, visits to operating sites and discussion of relevant business issues.

The Company also contributed to the cost of an external training course on director duties for one director.

Upon their appointment, directors are advised of their legal and other duties and their obligations as directors of a listed company and under the Companies Act 2006.

The directors are entitled to take independent professional advice at the Group's expense and all directors have access to the services of the Company Secretary, who is responsible for ensuring that the Board's procedures are followed.

Engagement with shareholders

Our investor relations (IR) activities are led by the Chief Executive and Group CFO, supported by the IR team and other members of senior management as appropriate. We provide the opportunity for significant shareholders to meet with the Chief Executive and Group CFO at least twice a year around the interim and final results announcements and with the Chair around the Annual General Meeting. During 2019 more than 100 individual meeting and calls took place between investors and the IR team and/or the Chief Executive and CFO, in addition to periodical market updates and our annual and half-year results.

In May 2019 the Chair of the Board and the Chair of the Remuneration Committee acted on feedback from shareholders following engagement on the application of the remuneration policy, in particular in relation to the proposal to award LTIPs at exceptional levels in 2019.

We also engaged with shareholders on our proposed directors' remuneration policy, which is subject to shareholder approval at the 2020 AGM. During the year we undertook a full review of the remuneration arrangements for executive directors and proactively engaged with key investors at the early stages of our review, to consider ways to enhance our remuneration arrangements to align to their needs.

Shareholder engagement focused 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. Taking into account investor feedback as well as the enhanced requirements of the Corporate Governance Code, the proposed Policy retains the LTIP model, ensuring performance measures remain stretching and within management control.

In November 2019 the Company held a capital markets presentation, the purpose of which was to provide investors and analysts with an insight into Wood's strategic objectives over the medium-term and the macro trends and key growth drivers in markets that will shape the business.

Governance in action

As part of the November Board meeting, the Board visited our newly launched CoLab hub in Houston. CoLab is home to latest technologies from our people and partners and is designed in a way to facilitate creative thinking and creation of solutions. It provides a collaborative ecosystem for our people to come together with their colleagues, our clients and some of the world's leading technical experts, to solve some of the greatest challenges facing our industry today. During their tour of the facility, employee ideas and innovations were shared with the Board, showcasing technology advancements and demonstrating process developments that can enhance how we deliver to our clients.

Major shareholdings

The Company has been notified, in accordance with DTR 5, of the major shareholdings in the Company as of 31 December 2019, as shown in the table below.

No changes in the interests disclosed to the Company have been notified between 31 December 2019 and 9 March 2020.

Shareholders	No of shares	% of shares
Standard Life Aberdeen plc	41,038,067	5.99%
FIL Limited	39,740,952	5.80%
Mondrian Investment Partners Limited	34,380,848	5.02%
BlackRock, Inc.	34,333,505	5.01%
Franklin Templeton Institutional, LLC	33,950,724	4.96%
Artisan Partners Limited Partnership	33,601,505	4.91%
Ameriprise Financial	33,549,841	4.90%
Kiltearn Partners LLP	23,028,390	3.36%
APG Asset Management N.V	21,000,000	3.07%

Board and Committee attendance 2019

The Charters of the Board's Committees are available on Wood's website. Attendance by directors at the meetings of the Board and its Committees is summarised in the table below. The dates of future Board meetings have now been agreed until the end of 2022.

Read the Charters of the Board's Committees at:
woodplc.com/charters

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

	Board	Safety, Assurance & Business Ethics Committee	Nomination Committee	Audit Committee	Remuneration Committee
Ian Marchant*	4/4		2/2		
Robin Watson	5/5				
David Kemp	5/5				
Linda Adamany**	1/1	1/1	1/1	2/2	
Thomas Botts	5/5	4/4	3/3		
Jann Brown*	4/4		2/2	4/4	4/4
Jacqui Ferguson	5/5	1/1	3/3	5/5	2/2
Roy Franklin	5/5	3/3	3/3	4/4	
Adrian Marsh***	3/3	2/2	1/1	2/2	
Mary Shafer-Malicki	5/5		3/3	2/2	5/5
Jeremy Wilson	5/5		3/3	5/5	5/5

* Ian Marchant and Jann Brown resigned on 1 September 2019
** Linda Adamany resigned 1 May 2019
*** Adrian Marsh was appointed on 10 May 2019

Board programme & agenda

The Board typically schedules four face to face meetings and two calls on an annual basis. Following its evaluation, the Board has decided to add a call to the schedule to enable discussion, particularly regarding strategy.

Within the face to face meetings, the following are covered as standing agenda items:

- Review of Governance and reports from the Safety, Assurance & Business Ethics, Audit, and Remuneration Committees, and the Chief Executive report
- Operations updates and functional updates HSSEA, P&O, Strategy & Development and Finance & Administration (including Investor Relations, IT, Legal, Tax & Treasury and Commercial)

The Board also receives presentations from management and discusses other matters arising which are set out in the table on pages 62 and 63.

Board programme & agenda

Strategy

Activity

- Wood strategy was reviewed and discussed at each meeting. A full day was set aside as part of the November board meeting dedicated to strategy and succession planning
- Individual strategy updates were received from each business unit

Outcome/progress:

- The Board received presentations on strategy at each of its meetings. The continuous process for developing strategy was reviewed and time was aside at the March and November Board meetings for more in-depth review. Areas raised for further consideration included margins determination, model for growth and continuing strengths/weaknesses in the oil & gas market
- Members of the Board also reviewed the strategic material in the Capital Markets presentation in November
- Work on several projects during 2019 which form the integration PLUS programme
- The Board held its August meeting at its offices in Reading, UK and its November meeting at its offices in Houston, USA. These meetings provided the opportunity for discussions with local management and other employees
- Review and contribution to scenario planning

Safety, Assurance and Business Ethics

Activity

- Updates were received at each meeting on the activities of the Safety, Assurance & Business Ethics Committee
- Reports were received directly from the Chief Executive and senior management at each meeting on specific compliance related matters
- Continued oversight of the legacy investigations referred to in notes 20 and 33 to the financial statements through receipt of reports from the dedicated Investigations Oversight Committee

Outcome/progress:

- Continued monitoring of the Gulf of Mexico regulatory compliance plan and actions to ensure compliance with the Administrative Agreement and prevent recurrence
- New Safety Shield programme launched in January 2019
- Inclusion of a Sustainable Development Strategy in the Safety, Assurance & Business Ethics Committee Terms of Reference, together with implementation of a Sustainability Tracker to measure progress toward sustainability goals

Review of financial results

Activity

- Review of monthly management accounts, preliminary results statement, annual report and half year report
- Review of debt and cash performance, including progress against target leverage policy
- Updates were received at each meeting on the activities of the Audit Committee

Outcome/progress:

- Reports reviewed, challenged and approved for release
- Debt and cash performance reviewed and challenged
- The Audit Committee reported on matters including: internal audit activity; financial results and independence of the external auditor

Review of Dividend Policy

Activity

- Reviewed and discussed the dividend policy and the payment of dividends for the year

Outcome/progress:

- The Board received reports from the Group CFO in March and August concerning the dividend policy and amounts to be paid during 2019

Risk management and internal control

Activity

- Review of Group's risk management and internal control systems, including the Group's register of principal and emerging risks and associated controls and assurance provision
- Review and challenge of management's conclusions on the effectiveness of internal controls
- The approach to identifying and assessing emerging risks was reviewed against the revised guidance in the Corporate Governance Code
- Review of governance and management of risks related to commercial projects
- Review of risks associated with climate change and review of other emerging risks
- Discussion on Financial Reporting Council (FRC) guidance on Brexit

Outcome/progress:

- Updated principal risks included in annual and half year reports
- Overall the internal controls were agreed to have operating effectively during the year with some areas for improvement identified, particularly related to project execution excellence and aligning back office internal controls
- Emerging risks were appropriately identified and considered via the risk management framework
- Climate change risks were discussed and a new principal risk was defined as failure to meet our ESG responsibilities (see page 48)
- Brexit was not considered to be a principal risk

Governance

Activity

- Reviewed and approved updates to the Matters Reserved to the Board policy and the Remuneration and Nomination committees charters
- Reviewed the impact of changes to Governance Code including the directors obligations under s172 of the Companies Act 2006
- Observations and recommendations from Board effectiveness review were considered

Outcome/progress:

- Updated Matters Reserved to the Board and the Remuneration and Nomination committees charters were approved
- Updated Committee charters published
- The Board is considering recommendations for improvement noted from the Board evaluation process
- The Board reviewed its obligations under s172 and were satisfied they had been met during the year
- Members of the Board conducted visits to two business locations during the year and met with local management at several locations

People and succession planning

Activity

- Reviewed succession plans in place for the ELT and other senior management positions in the Group
- Reviewed staff turnover and retention
- Reviewed the Gender Pay Gap report
- Further employee engagement

Outcome/progress:

- The Board noted improvement in the succession planning process for senior executives, and key areas where succession plans require to be strengthened. The Board also challenged the diversity of the succession pipeline
- Actions to address staff turnover included targeting approx. 800 supervisors for retention
- The Gender Pay Gap report indicated a favourable position in comparison to other companies
- Board participation in six Listening Group Network calls on topics including business strategy, employee networks, IT service provision and well-being and other engagement activities including town halls

Board engagement with shareholders and other stakeholders

Activity

- The Board seeks to understand the views of shareholders and other stakeholders and take these into account where appropriate
- Regular reports received from the Group CFO on IR activities, supplemented by analysis provided by our brokers
- The Chair, Senior Independent Director and the Chair of the Remuneration Committee make themselves available to meet with key shareholders
- The Board reviewed its obligations under the Governance Code for meaningful engagement with its stakeholders, including the workforce

Outcome/progress:

- We provide the opportunity for significant shareholders to meet with the Chief Executive and Group CFO at least twice a year around the interim and final results announcements
- During the year the opportunity to meet with the Chair was offered to significant shareholders; in addition, they were given the opportunity to meet with the Chair of the Remuneration Committee
- In preparation for remuneration policy renewal in 2020, members of the Remuneration Committee and the Chair of the Board met with significant shareholders to gather feedback and input
- The Chief Executive and CFO delivered a capital markets presentation to analysts and investors
- Employee networks were established in line with our commitment to keep listening to our workforce with a non-executive director actively participating in each session with feedback being delivered to the Board

Safety, Assurance & Business Ethics Committee

Thomas Botts Chair, Safety, Assurance & Business Ethics Committee

The Safety, Assurance and Business Ethics Committee is responsible for overseeing the Group's management of Health, Safety, Security, Environmental (HSSE) and regulatory compliance & Business Ethics matters, in line with the Group's policies and values commitment.

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

In 2019 the Committee attendees comprised Thomas Botts, Chair, Roy Franklin, Linda Adamany and Jacqui Ferguson. In May 2019 Linda Adamany stepped down from the Committee following her resignation as non-executive director and Jacqui Ferguson also stepped down from the Committee. Subsequent to his appointment as Group Chair, Roy Franklin stepped down from the Committee in September. Adrian Marsh and Birgitte Brinch Madsen joined the Committee in May 2019 and March 2020 respectively following their appointments as non-executive directors. The Chief Executive, Executive President of HSSEA and the Chief Ethics and Compliance Officer were also in attendance.

The Committee meets four times a year and has written terms of reference (which are available on the Group's website) setting out its responsibilities.

Read the Safety, Assurance & Business Ethics Committee charter at:
woodplc.com/sabecommittee

Main responsibilities:

- HSSE, Assurance and Business Ethics strategy and performance
- Effectiveness of the organisation's policies and systems and evidence of a prevalent safety and ethical culture
- HSSE and Business Ethics leadership development throughout the Group, particularly in frontline operations
- Quality and integrity of the organisation's internal and external reporting of HSSE and Business Ethics performance and issues
- Preparedness for response to a major HSSE incident or ethics non compliance
- The process for and outcomes of investigations into major HSSE and Business Ethics incidents and the effectiveness with which recommendations are assimilated throughout the Group
- The expertise and appropriateness of the structure of the HSSEA and Compliance function throughout the organisation
- Oversight of any ongoing regulatory investigations and the associated case management

The primary focus of the Committee is to ensure that risks associated with issues relating to HSSE and Business Ethics are understood and managed and oversight is provided to systems and assurance activities in place to minimise the occurrence of major events.

In 2019, the Committee was also focused on any residual HSSEA or Business Ethics Risks associated with the integration PLUS programme which concluded in the year. This included the continued oversight of new policies or programmes such as the integrated Code of Conduct, the Commercial Intermediaries project and Safety Shield. During the year, the Committee was joined by the CEOs from each of the three Business Units who provided an overview on the key risks, mitigations and HSSEA improvement plans in their respective areas.

The Committee ensures a higher level of governance for matters concerning major regulatory investigations or significant breaches of a compliance nature. In 2017, the company entered into an Administrative Agreement with the U.S. Department of the Interior and U.S. Environmental Protection Agency, which resulted from regulatory settlements in Wood Group's Gulf of Mexico business. The Committee ensured continued oversight of compliance with the requirements of the agreement through scrutiny of the arrangements and actions taken and oversight of the associated performance dashboard and metrics. In 2019, a key focus of the Committee was reviewing implementation of the Agreement actions as they extended to the AFW businesses, in particular the parts of the business working on US Federal Government contracts. Wood has continued to be under the review of an independent Monitor who assesses and reports on compliance with the terms of the agreement. Wood is required to submit two semi-Annual Reports of Compliance in accordance with the Agreement, which concluded in February of 2020, and no areas of non-compliance have been identified.

In addition to the normal routine SABE review of ongoing investigations, an Investigation Oversight Committee was established in May 2017. This was put in place to provide additional governance on matters that have the potential to incur serious criminal sanctions or cause significant and lasting reputational harm to Wood. The Committee, chaired by Thomas Botts, provides independent oversight of the risk analysis, mitigation and response of the business in connection with the ongoing investigations by the relevant authorities into the historical use of agents.

Internal controls over project execution were recognised as an area for improvement and the Operations Assurance (OA) function was formed in 2018 to review project and contract compliance with HSSE, Technical and Quality policies and standards, as well as client specific, legal and regulatory requirements. The OA function continued a programme of reviews in 2019 in accordance with the OA Standard which sets out a number of key assurance elements for the delivery of our operations including Leadership & Governance, Risk Management and Management of Change. The Committee has visibility over the function's schedule of reviews and provided oversight of the programme, key emerging themes, organisational learnings identified and the timely close out of assurance actions.

Looking ahead, in addition to the responsibilities detailed in the existing charter, in 2020 the Committee will provide oversight on Wood's Sustainable Development approach and progress. They will review and make recommendations to the Board regarding the suitability of and progress against Wood's sustainability related targets; the suitability of Wood's Modern Slavery & Human Trafficking Statement in pursuance of Wood's legal obligations under the Modern Slavery Act 2015; and the suitability and sufficiency of Wood's Sustainability Report in terms of materiality.

Nomination Committee

Roy A Franklin Chair, Nomination Committee

In 2019, the Committee focused on succession planning, Board and committee membership, the independence of non-executive directors and the effectiveness of the Board and its leadership. A new independent Chair and a new non-executive director were appointed in 2019.

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

The Nomination Committee comprises the Chair and the independent non-executive directors.

Adrian Marsh and Birgitte Brinch Madsen were appointed to the Committee in May 2019 and March 2020 respectively. Linda Adamany stepped down from the Committee in May 2019 and Jann Brown and Ian Marchant stepped down in September 2019 following their respective resignations as non-executive directors.

The Committee meets at least once a year. It operates within a written charter setting out its roles and responsibilities.

Read the Nomination Committee charter at:
woodplc.com/nomcommittee

Main responsibilities:

- Reviewing Board structure, size and composition
- Reviewing the effectiveness of the Board and its leadership
- Making recommendations to the Board with regard to any changes
- Identifying and nominating candidates for the approval of the Board
- Filling Board vacancies
- Ensuring succession plans are in place for the Board and senior management

The Nomination Committee aims to promote high standards of corporate governance by applying the 2018 UK Corporate Governance Code.

The Committee monitors and reviews the structure, size and composition of the Board, makes recommendations with regard to any changes and ensures Board succession plans are in place. The Committee ensures that the balance of skills, knowledge and experience of the Board both now and in the future promotes long-term value for shareholders and other stakeholders.

The Committee oversees the development of a diverse pipeline for Board and senior management succession, regularly reviewing roles and positions and the need to accelerate succession diversity. The Board meets with members of the wider leadership team as well as high performing employees giving the Board an overview of the talent pipeline. In 2019 the Committee focused on succession planning, Board and committee membership, the independence of the non-executive directors and the effectiveness of the Board and its leadership.

In 2019 Korn Ferry, a global organisational consulting firm that has assisted Wood in the past on recruitment for Board and senior level positions, was engaged to assist in the recruitment of non-executive directors. Korn Ferry provide no other services to Wood and we consider it independent of the Company and the Board. The Committee also engaged Heidrick & Struggles, external search consultants, to undertake a selection process to identify a suitable replacement for Jeremy Wilson as non-executive director and Senior Independent Director as he will have served on the Board for nine years in 2020. We consider Heidrick & Struggles to be independent of the Company and the Board.

The Committee met in March 2019 to discuss Board changes and the process for the appointment of a new Audit Committee chair following Jann Brown's indication of her intention to resign. Led by Ian Marchant, the Committee engaged Korn Ferry, to undertake an external search with an emphasis on candidates who were currently, or had very recently been, a Finance Director of a public company with relevant experience. Korn Ferry provided a list of potential candidates to the Committee who subsequently identified a short list.

Interviews were undertaken and after consideration the Committee noted the particular skills and strong financial expertise of Adrian Marsh, who is also Finance Director of a public company, and recommended his appointment which was subsequently unanimously approved by the Board. Adrian was appointed as a non-executive director on 10 May 2019 and Chair of the Audit Committee following Jann Brown's resignation on 1 September 2019.

The Committee met in May 2019 to confirm Board Chair succession plans. Following Ian Marchant's indication of his intention to resign as a director and Chair, the process for identifying a new Board Chair had been delegated to a sub-committee of the Nomination Committee, led by Jeremy Wilson. Roy Franklin had indicated his interest as a potential candidate for the role and, accordingly, did not participate as a member of the sub-committee. The sub-committee subsequently engaged Korn Ferry, with an appropriate appointment specification, to undertake an external search and identify suitable candidates. The sub-committee reviewed the resulting potential candidates and met with Roy Franklin. Following discussions and having regard to a number of factors including the importance of continuity, the sub-committee recommended to the Board that Roy Franklin should be appointed to succeed Ian Marchant as Board Chair and Chair of the Nomination Committee both with effect from 1 September 2019. Roy reduced his other board commitments when he resigned as deputy chair of Equinor ASA on 30 June 2019. The Board also confirmed the appointment of Jeremy Wilson as Senior Independent Director with effect from 1 September 2019.

The Nomination Committee also reviewed non-executive director independence and confirmed that it regarded each non-executive director as independent for the purposes of the Governance Code. The Committee considered and recommended changes to the composition of various Board committees following the appointment of Adrian Marsh and the resignation of Linda Adamany and the proposed resignations of Jann Brown and Ian Marchant.

The Committee met in November 2019 to discuss the Group's Board and senior management succession plan, including diversity.

The Committee engaged Korn Ferry as search consultants to recruit another non-executive director, the selection criteria were agreed with a preference for candidates from outside the UK and US and for gender diversity and ideally with relevant experience in the areas of energy and the built environment. The search process was completed and the Nomination Committee reviewed a list of potential candidates and met with a number of them. The Committee noted the appropriate blend of skills and experience of Birgitte Brinch Madsen, a Danish national, particularly with regard to her global experience of engineering and consulting projects in both energy and the built environment and her knowledge and understanding of green energy technologies, and unanimously recommended to the Board her appointment as a non-executive director with effect from 1 March 2020.

The Committee also engaged Heidrick & Struggles, external search consultants, to undertake a selection process to identify a suitable replacement for Jeremy Wilson as non-executive director and Senior Independent Director. In order to facilitate an orderly transition, Jeremy will remain as a non-executive director and Senior Independent Director until his successor has been appointed. This process is ongoing but the Committee expect to confirm a suitable appointment shortly. The selection criteria include a requirement for candidates to have strong and relevant UK PLC Board experience and who can contribute strong knowledge of capital markets.

An independent evaluation of the Board was undertaken by Lintstock, the outcomes of which can be found on page 59, with meetings held with all members of the board individually and also with senior management and utilising an identical questionnaire at each meeting.

Lintstock also undertook a review of the Nomination Committee, meeting with its members individually. Whilst the review of the Committee was positive overall, it was noted that a more regularised cycle of meetings, supported by an annual cycle of matters to be considered, would be beneficial, enabling the Committee to give a more proactive and structured assessment of Board composition and succession priorities at both board and senior management level. Diversity identification and development was also identified as a key focus for the Committee.

Diversity

Wood is committed to its Diversity and Inclusion policy which encourages an inclusive environment where employees are involved, respected, connected, encouraged, cared for and welcomed. Differences such as life experiences, gender, sexual orientation, marital or civil partner status, gender reassignment, race, religion or belief, colour, nationality, ethnic or national origin, disability, age, and upbringing underpin and create our diverse workforce, creating an inclusive organisation.

The Board and the Committee proactively seeks regular updates on Wood's strategy for diversity and inclusion and is encouraged by the commitments being made for 2020 and beyond, particularly with regards to setting targets to increase inclusion and improve gender balance across the organisation, as set out on pages 40 to 41.

The Committee remains cognisant of the Governance Code's requirement to pay due regard to the benefits of diversity, including gender, when considering appointments to the Board and to senior management positions. Our people are our most valuable resource and creating an inclusive working environment where our people enjoy coming to work is fundamental to achieving our strategy. More information on Wood's approach to diversity and inclusion and enhancements we have made for the ongoing operation of our policy can be found on page 41.

The resignation of Linda Adamany and Jann Brown as non-executive directors resulted in the number of female members of the Board falling below the Board's preferred minimum of one third for part of the year. However, the appointment of Birgitte Brinch Madsen as an additional non-executive director means that, as well as enhancing the blend of skills and experience of the Board, with effect from 1 March 2020 one-third of the Board members will be female.

For details of the gender balance of the Board, ELT and leadership teams see page **41**

Wood is committed to remaining an equal opportunities employer.

Read our Diversity & Inclusion policy at: **woodplc.com/diversitypolicy**

Audit Committee

Adrian Marsh Chair, Audit Committee

During 2019 the Group continued to build on the significant progress made in prior years on the standardisation of financial systems, processes and controls and the Committee has ensured a high level of financial governance.

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

In May 2019 Adrian Marsh joined the Audit Committee following his appointment as a non-executive director and after a handover from Jann Brown, who stood down as a Director in September 2019, Adrian took over as Chair of the Committee. Adrian has recent and relevant financial expertise and is currently Group Finance Director of DS Smith PLC.

Jeremy Wilson and Jacqui Ferguson served on the audit committee throughout the year while Mary Shafer-Malicki joined the committee in August following the resignation of Linda Adamany from the Board. In September Roy Franklin was appointed Group Chair and therefore stepped down from the Audit Committee.

The Chair of the Committee reports to each Board meeting on the activity of the Committee.

The Committee has a written charter which is reviewed on an annual basis, setting out its roles and responsibilities.

Read the Audit Committee Charter at:
woodplc.com/auditcommittee

Main responsibilities:

- Compliance with financial reporting standards and relevant financial reporting requirements
- Consideration of the financial and IT internal control environment
- Consideration of the internal audit programme and results
- Review of the external audit relationship and provision of non-audit services

The Committee met five times in 2019. In addition to the members of the Committee, the Group CFO, the Group Financial Controller, the Group Head of Internal Audit & Risk and the external auditors attended all Audit Committee meetings. The Group Chair is invited to attend all meetings and did so during the period.

During the year other relevant people from the business presented to the Committee on the topics as noted below. The Group Head of Internal Audit & Risk and the external auditors have the right of direct access to the Chair of the Committee at all times and to meet the Committee without management present.

2018 was the first year that KPMG had audited the Group and the Committee spent time with the new auditors understanding their audit approach, the challenges faced in their first year of audit for Wood and the outcomes of their work.

During the year the following areas were discussed at the Committee meetings.

February

- Review of the material issues impacting the 2018 Group financial statements including the finalisation of the acquisition accounting for AFW, key areas of accounting and tax judgement, the impact of implementation of IFRS 15, goodwill impairment reviews and exceptional items
- Update on KPMG audit status, independence and conclusions to date
- Review of KPMG's Audit Quality Framework
- Approval of KPMG non-audit fees
- Review of internal audit reports and status
- Review of distributable dividends

March

- Review and recommendation to the Board of the final Group financial statements and related disclosures including the 'Fair, Balanced & Understandable' review
- Review and recommendation to the Board of the going concern and the viability statements
- Review of KPMG's 2018 external audit work and audit opinion, including discussion of their key findings and judgemental areas
- Review and approval of the 2018 Audit Committee Corporate Governance Report
- Review of the internal audit annual summary for 2018 and the Internal Financial Controls Assessment
- Preliminary assessment of external audit effectiveness
- Review of internal audit status reports
- Integration PLUS and synergy update

May

- Presentation from the Group Head of Tax on key tax issues
- Financial Governance update by the CFO of ASEAAA
- Finance strategy and integration PLUS and synergy review with the Group F&A Development Director
- Update on IT security status and improvement plans from the Chief Information Officer and Chief Information Security Officer
- Approval of the IT internal audit plan for 2019
- Review of internal audit reports and status
- Effectiveness review of internal and external audit
- Review of KPMGs preliminary audit plan for 2019

August

- Review of the 30 June 2019 Group interim financial statements including key accounting and tax judgements, going concern and IFRS 16 implementation and exceptional items
- Update on KPMG's 2019 interim financial statements external review findings, review opinion and discussion of their key judgemental areas and findings
- Review of internal audit themes and insights report
- Review of internal audit reports and status
- Integration PLUS and synergy and IT security updates

November

- Review of upcoming year end accounting judgements and issues
- Review of internal audit report covering execution challenges on certain projects with responsible management
- Presentation by the CFO of ASA on the application of the Group finance operating model in the ASA BU
- Review of annual FRC letter to Audit Committee Chairs
- Status update on KPMG interim audit work and year end planning
- Approval of KPMG's final 2019 external audit plan and audit fees
- Review and approval of 2020 Internal Audit Plan
- Review of internal audit reports and status
- Audit Committee evaluation
- Integration PLUS and synergy and IT security updates

During the year the Committee focused on the following areas:

Financial reporting and significant accounting issues

The Committee focused on the application of our accounting policies and on the areas of judgement and estimation, as well as adoption of IFRS 16 'Leases'.

The Group adopted IFRS 16 from 1 January 2019. The impact of transition to IFRS 16 is set out in the accounting policies section of the Group Financial Statements. The Audit Committee reviewed the implementation of this standard in 2019 and is comfortable that it has been adopted satisfactorily.

The primary areas of judgement and estimation considered by the Committee in relation to the 2019 financial statements and how they were addressed are outlined below.

Impairment reviews

At both the half year and the year end, the Committee considered whether indicators of impairment existed and the results of any related impairment reviews. Annual reviews are carried out in relation to goodwill with the Committee's role being primarily to challenge the significant assumptions and estimates made to ensure that they are appropriate and review the work done in these areas by KPMG.

The Committee challenged and was satisfied with the assumptions and the results of the reviews, and with the sensitivities disclosed. The assumptions were around growth rates (short and longer-term) and discount rates and sensitivities related to these were performed, further details of which can be found in note 9 of the Group Financial Statements.

Current and deferred tax balances

The Group operates in a number of different tax regimes and a range of judgements underpin the calculations for both current and deferred tax, including uncertain tax positions.

In the Income Statement, these can have an impact on both the tax charge and the operating profit. The Committee receives a detailed written report on taxation matters at each meeting. The key current issues facing the Group were discussed directly with the Group Head of Tax at the May meeting.

Where necessary, the Committee considers advice received from professional advisory firms and concluded that the positions taken were appropriate. This was also recognised by KPMG as an area of higher audit risk and the Committee received updates on work undertaken by them.

Review of significant contracts

The Group executes a number of contracts on a fixed price or lump sum basis. Such contracts inherently involve a greater degree of estimation and judgement than is typically the case in reimbursable contracts. The Committee reviewed and was satisfied with the accounting for significant lump sum projects in progress at the year-end and the material judgements taken by management in recognising profit or the quantification of known losses where these are probable.

The external auditors assessed this as an area of focus and the Committee received updates on related work undertaken by KPMG.

Review of provisions

The Committee considers the appropriateness, adequacy and consistency of approach to provisioning at each meeting. All material provisions, including those made against uninsured legal claims, asbestos litigation, pensions and doubtful debts, are discussed and challenged.

The Committee, taking into account the reports of the external auditors, concluded that the positions taken by management were appropriate.

Reporting measures

In late 2018 the Committee approved a proposal from management to simplify our principal reporting measures to align more fully with IFRS definitions of revenue and profit, subject to feedback being sought from key shareholders and analysts, and this was carried out in Q1 2019. As a result, for reporting periods ending on 30 June 2019 onwards our primary reporting measure was operating profit before exceptional items. We also have two additional, non-statutory measures; Adjusted EBITDA (including joint venture profit) and Adjusted Diluted EPS (adjusted for amortisation from acquisitions only). The Board is comfortable that these APMs add to stakeholders understanding of our financial performance and do not detract from the fair, balanced and understandable presentation of our results.

Regulatory investigations

Governance around regulatory investigations involving the Group is provided by the Investigations Oversight Committee and is not within the scope of the Audit Committee, however throughout the year the Committee considered the accounting and disclosure requirements associated with these investigations. At the 2018 year end and June 2019 half year, the Committee agreed with management that the investigations were not sufficiently advanced enough to allow a reliable estimate of any potential liability to be made against any of the investigations, therefore full disclosure was made in the contingent liability note to the financial statements. During late 2019 and early 2020, discussions concerning potential resolutions of the investigations by the US Department of Justice, US Securities and Exchange Commission, the Brazilian authorities and the Crown Office and Procurator Fiscal Service in Scotland had progressed to the point where management believed that it is likely to be able to settle the relevant matters with these authorities at an aggregate cost of $46m. The Audit Committee agreed with this assessment and this amount was reflected as a provision in the 2019 financial statements as described in note 20 Provisions. The Committee discussed the continuing investigation by the Serious Fraud Office with management and agreed that this remains at a stage where an assessment of the outcome cannot be reliably made and therefore no provision has been made. Disclosure as a contingent liability remains as set out in note 33 to the financial statements.

Synergies

Throughout the year the Audit Committee received regular reports on the status of the integration PLUS programme and progress against our synergy targets. This included a presentation from the Group F&A Development Director at the May meeting where the latest synergy numbers along with the key risks to delivery of stated targets were discussed.

FRC review of Financial Statements

In December 2018 we received a letter from the Financial Reporting Council (FRC) notifying us that our Annual Report and accounts for the year ending 31 December 2017 had been selected for routine review and the FRC asked for clarification or further information on a number of areas. A response was prepared by management with input from the Audit Committee and our outgoing and incoming external auditors and this allowed the FRC to successfully close out their review in May 2019.

No changes were required to the 2017 annual report and accounts. Some suggested disclosure enhancements around the prominence of alternative profit measures and increased sensitivity disclosure related to asbestos liabilities were incorporated into the 2018 annual report and accounts.

It should be noted that the FRC review was based on the annual report and accounts and did not benefit from detailed understanding of the underlying transactions entered into. It is, however, conducted by staff of the FRC who have an understanding of the relevant legal and accounting framework. The FRC provides no assurance that the report and accounts are correct in all material respects; the FRCs role is not to verify the information provided but to consider compliance with reporting requirements. The FRC accepts no liability for reliance on their review by the company or any third party, including but not limited to investors and shareholders.

Internal financial control

The Board is ultimately responsible for the Group's system of internal control and for reviewing its effectiveness. The Audit Committee has been given the responsibility to review the effectiveness of the financial and IT internal control systems implemented by management. This work is informed by regular updates from the Group Head of Internal Audit & Risk and the results of various self-assessment processes undertaken across the Group. External audit also provide feedback on areas of financial or IT control which they wish to bring to the Committee's attention.

The Board's assessment of the Group's internal financial and IT control environment, as informed by internal audit, is effective, with some areas where improvement is needed. Particular areas for focus are the controls around the continued transition of processes into consolidated finance and P&O shared service centres, improvements in the supply chain process under the supervision of a new Global Director of Supply Chain, and the monitoring and project controls over a small number of higher risk contracts. These areas are being prioritised by the Group. The project to establish a common ERP and shared service platform has made good progress with the majority of the legacy AFW UK, US, and Canadian operations now transitioned, but there is still work to be done before this will complete for the Group.

IT security review

The responsibility for reviewing IT security is delegated to the Audit Committee. During 2019, the Committee received a presentation from the Group Chief Information Officer and Chief Information Security Officer. The IT audit provider (EY under the supervision of the Group Head of Internal Audit & Risk) also attended this meeting and presented the results of the annual cyber security assessment audit. This provided an update to the assessment that was carried out during 2018 and the maturity level had increased against a landscape of increasing cyber risk.

Internal audit

Monitoring the activity of the Group Internal Audit function is an agenda item at each Committee meeting. The Group Head of Internal Audit & Risk attended all meetings. Each year, the Committee agrees the plan to be carried out and receives regular updates on progress against this plan, including a summary of the key findings from each of the internal audits, and an update on the status of actions agreed with management. A separate annual report on key themes and insights from the internal audit work was also considered by the Committee, including comparing the key themes to the prior year.

During 2019, EY have continued to be the provider of strategic IT internal audits, under the supervision of the Group Head of Internal Audit & Risk. Other internal audits that require specialist knowledge such as GDPR, or language skills outside of the internal audit team's abilities, also involved team members seconded from EY, Deloitte, or PwC.

The Group Head of Internal Audit & Risk is also responsible for the corporate risk management process. The Committee does not consider this to give rise to any conflict of interest and are satisfied with the safeguards in place.

The Chair of the Committee and other Committee members hold private discussions with the Group Head of Internal Audit & Risk as necessary during the year outside the formal Committee process.

External audit

In compliance with the provisions of the UK Competition & Markets Authority (CMA) Order the Audit Committee decided to conduct a tender for the audit during 2016, from which KPMG were selected to replace PwC as Group auditor.

To allow a transition of non-audit services currently performed by firms tendering for the audit, and to coincide with the planned lead partner rotation, it was agreed that the appointment would take effect for the audit of the year ending 31 December 2018.

During 2019 the Committee assessed the effectiveness of the transition to the new audit firm and the outcomes of the audit process through consideration of the reporting received from KPMG at the half year and the year end, the robustness of the external auditors' handling of key judgemental areas and the quality of the external auditors' interaction with, and reporting to, the Committee. As a result of the assessment the Committee concluded that the audit process was operating effectively.

The Committee also reviews the standing, experience and tenure of the external audit lead partner, the arrangements for ensuring the independence and objectivity of the external auditors and the nature and level of non-audit services provided.

In addition, an annual exercise to seek feedback from around the Group on the effectiveness of the external audit process was performed and detailed debrief meetings were held to ensure opportunities to improve the process were captured and incorporated into the 2019 external audit plan.

Appointment and independence

The Committee has overall responsibility for ensuring that the external auditors' independence and objectivity is not compromised.

The Committee considers the appointment of the external auditor each year and assesses their independence on an ongoing basis. During the year the Committee received confirmation from the external auditors regarding their independence.

In accordance with UK regulations and to help ensure independence, the auditors adhere to a rotation policy based on Auditing Practices Board standards that require the Group audit partner to rotate every five years. As 2019 is KPMG's second year as external auditor, it is also the second year that Catherine Burnet of KPMG, the current lead audit partner, has been involved in the audit of the Group.

The Board approved the Committee's recommendation that KPMG be reappointed for the 2020 audit. Accordingly, a resolution proposing the appointment of KPMG as the Group's external auditor will be put to shareholders at the 2020 AGM. There are no contractual obligations that restrict the Group's choice of external auditors.

The company confirms that it complied with the provisions of the CMA Order for the financial year under review.

Non-audit services

One of the key risks to external auditor independence is the provision of non-audit services by the external auditor. The Group's policy in this area, which is set out in the Audit Committee's terms of reference, is clear.

The Committee considers and approves fees in respect of non-audit services provided by the external auditors in accordance with policy and the cost of non-audit services provided in 2019 is reported in note 4 to the financial statements.

In the opinion of the Committee, the provision of these non-audit services did not impair KPMG's independence.

Committee evaluation

The Committee's activities formed part of the review of Board and Committee effectiveness performed in the year.

Overall the Committee was considered to be operating effectively.

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

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.

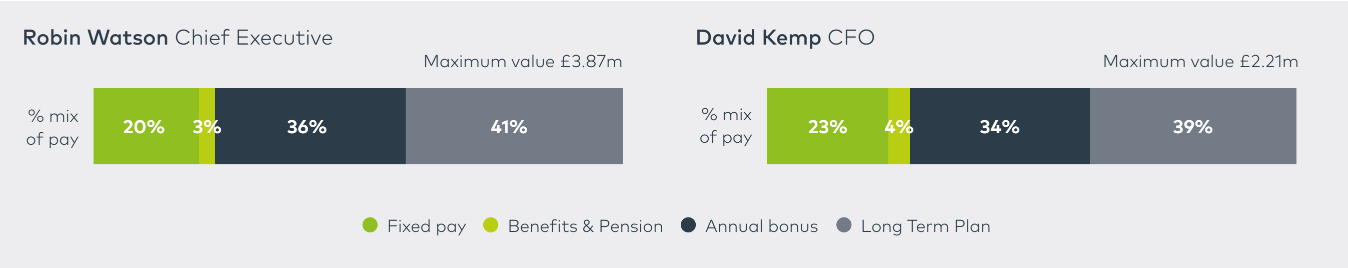
The non-executive director letters of engagement are available for inspection at the organisation's registered office.

Illustrations of future application of remuneration policy

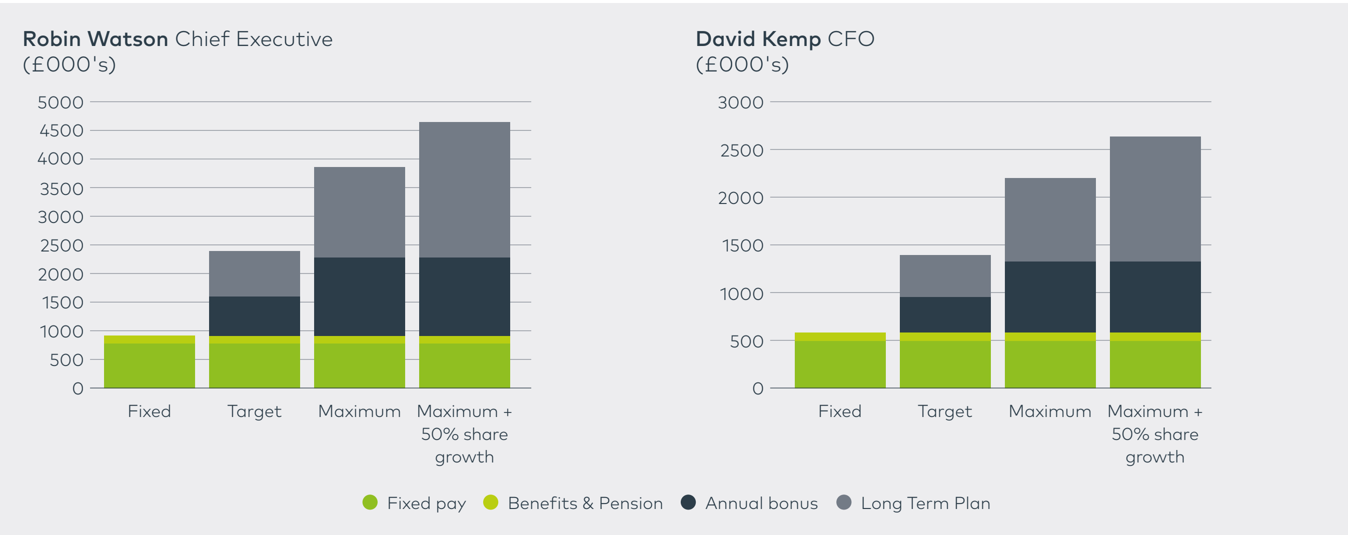
As detailed in the future policy table, a significant proportion of remuneration for executive directors is linked to variable pay opportunity, particularly at maximum performance levels, through the short-term Annual Bonus Plan (ABP) and the Long Term Incentive Plan (LTIP), with the intention to ensure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

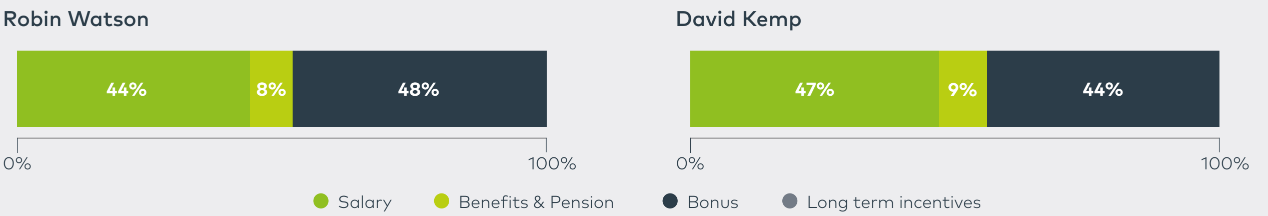
Notes to the single figure of remuneration

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

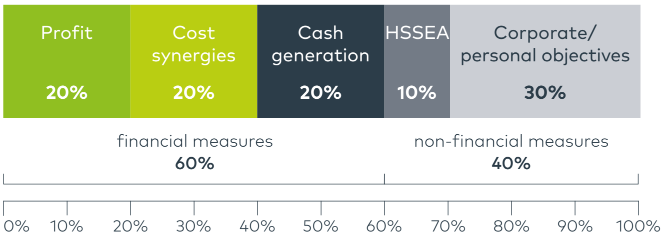
In line with the directors' remuneration policy, executive directors can choose to participate in the relevant local defined contribution pension arrangement or receive a cash allowance in lieu of pension, or a combination thereof. In line with our current remuneration policy and existing arrangements, 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)

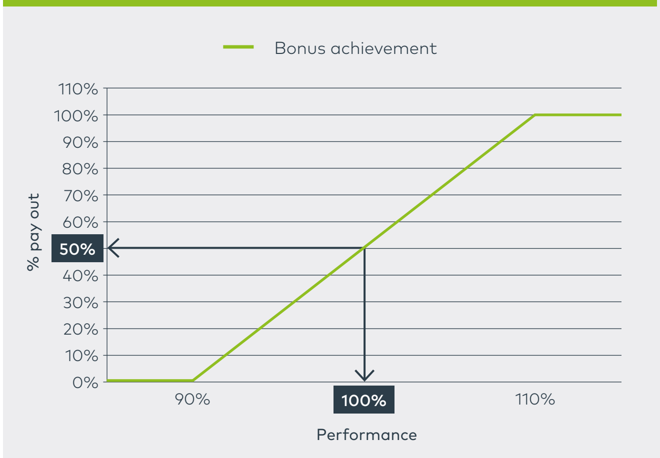


Financial measures and outcomes

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

Threshold	Target	Maximum
$627.7m	**$697.4m**	**$767.1m**

Achieved **$650.6m**

% pay out on measure **16.4%**

Cost synergy

Threshold	Target	Maximum
$54.0m	**$60.0m**	**$66.0m**

Achieved **$67.1m**

% pay out on measure **100.0%**

Cash generation

Threshold	Target	Maximum
$488.4m	**$542.7m**	**$597.0m**

Achieved **$575.0m**

% pay out on measure **79.8%**

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

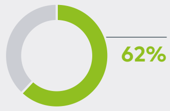
Final bonus payment:

£813,750

Final award as % of salary: 108.5%

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

Final award as % of max bonus opportunity



David Kemp

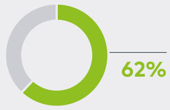
Final bonus payment:

£441,750

Final award as % of salary: 93.0%

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

Final award as % of max bonus opportunity



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

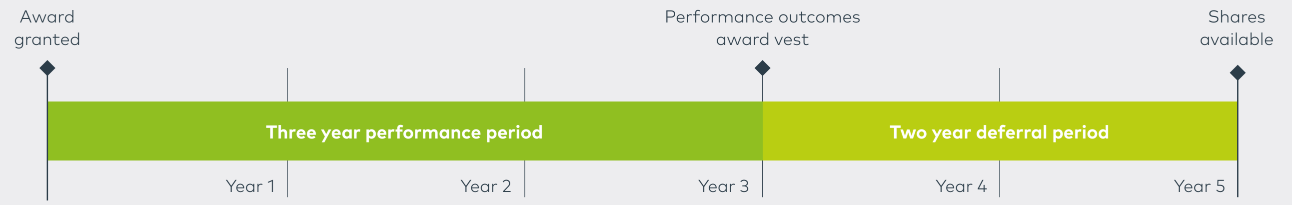
Executive director	Type of award	Participation Level	Salary relevant to performance cycle	Face value of the award [a]	Percentage vesting at threshold	Performance period	Holding period for 100% of award	Targets
Robin Watson	Conditional award of shares awarded under the LTP	200%	£750,000	£1,499,999	25%	1 Jan 2019 – 31 Dec 2021	Two years from vesting	TSR threshold is set at 50^{th} percentile with maximum at 75^{th} 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.

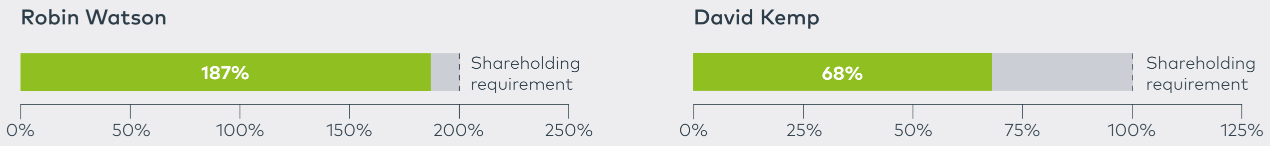
The holding will be built up from after tax share awards not subject to any further performance conditions but may be subject to deferral and those purchased or matched via the employee share plan.

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%

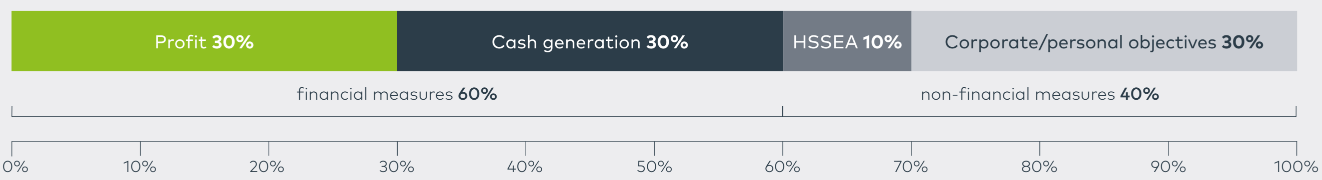
Benefits

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