Design the future.

John Wood Group PLC
Annual Report and
Financial Statements 2023

wood.

Remarkable people, trusted by clients to design, build and advance the world.

Our performance[1]

Revenue

$5,901m (2022: $5,469m) ▲ 8%

Adjusted EBITDA[2]

$423m (2022: $388m) ▲ 9%

Operating profit/(loss)

$38m (2022: $(565)m) N/A

Order book[3]

$6,269m (2022: $6,017m) ▲ 4%

Net debt excluding leases[4]

$694m (2022: $393m) ▲ 76%

Free cash flow[5]

$(265)m (2022: $(704)m) N/A

Notes to the performance highlights:

1. Metrics shown are for continuing operations. Percentage growth rates are calculated on rounded figures on this page. Growth rates shown at constant currency are calculated by comparing FY23 to FY22 re-presented at FY23 currency rates.

   Comparative information has been re-presented, due to the reclassification of Built Environment Consulting Saudi Arabia from discontinued into continuing operations following a decision not to dispose of that business, see note 7 to the financial statements.
2. Adjusted earnings before interest, tax, depreciation and amortisation. A reconciliation of adjusted EBITDA is shown in note 1 to the financial statements.
3. Order book comprises revenue that is supported by a signed contract or written purchase order for work secured under a single contract award or frame agreement. Multi-year agreements are recognised according to anticipated activity supported by purchase orders, customer plans or management estimates. Where contracts have optional extension periods, only the confirmed term is included. Order book disclosure is aligned with the IFRS definition of revenue and does not include Wood's proportional share of joint venture order book. Order book is presented as an indicator of the visibility of future revenue.
4. A reconciliation of net debt excluding leases to net debt including leases is shown in note 31 to the financial statements. We refer to net debt excluding leases throughout this report as net debt.
5. A reconciliation of free cash flow to our statutory cash flow statement is shown on page 38 of the financial review.

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Our markets

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Our culture

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View our report online
Use the link below to view our online report and download the full annual report and financial statements.

woodplc.com/ar23

View our sustainability report online
Use the link below to view our sustainability report online

woodplc.com/sustainability

View our investor hub
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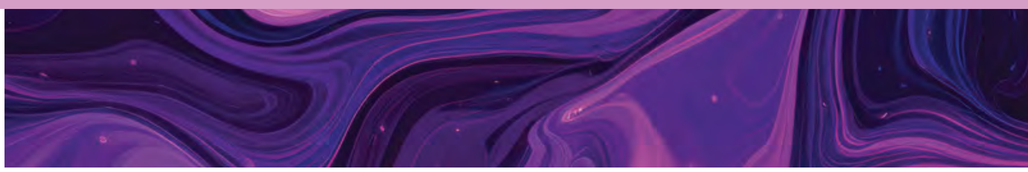
woodplc.com/investors

Highlights

Strategic progress and strong growth in the first year of our strategy.

Simplification to enhance strategic delivery.



Upgraded our outlook.

Delivered results in line with expectations

- Revenue growth across all business units
- Strong adjusted EBITDA growth

Continued momentum

- Fastest growth in Consulting and across sustainable solutions
- Order book up 4% to $6.3 billion, up 7% like-for-like
- Double-digit growth in our factored sales pipeline
- Improving pricing trends across pipeline, order book and in margin performance in 2023
- Adjusted operating cash flow improved to $194 million, up $260 million on last year

Growing our sustainable solutions business to $1.3 billion[2]

- Sustainable solutions revenue up 15% and represented 22% of Group revenue
- 43% of factored sales pipeline now in sustainable solutions

Focus on driving higher margins

- Through continued growth, evolving our business mix with faster growth in Consulting, improved pricing and taking action on cost

Simplification programme to drive efficiency

- Targeting annualised savings of around $60 million from 2025
- Initial focus on central costs, with benefit within FY24 expected to be around $10 million
- Will improve both adjusted EBITDA and EBIT margins, and future cash generation
- Cash costs to complete of c.$70 million over next 12 months, exceptional P&L charge in FY24

Aligning our portfolio with our strategy

- Sale process for EthosEnergy progressing well, smaller disposals expected to follow

Upgraded 2024 outlook

- Adjusted EBITDA growth towards the top end of mid to high single digit target (before disposals)
- Cash performance to continue to improve
- Net debt at December 2024 expected to be lower than December 2023 after the expected proceeds from planned disposals

Upgraded medium-term outlook

- The simplification programme is expected to add to our growth potential, leading to adjusted EBITDA growth in 2025 above our medium-term target
- We are on-track to deliver significant free cash flow in 2025, as previously guided

1. Excluding the Gulf of Mexico labour operations business sold in March 2023. Order book at constant currency.
2. Sustainable solutions consist of activities related to: renewable energy, hydrogen, carbon capture & storage, electrification and electricity transmission & distribution, LNG, waste to energy, sustainable fuels & feedstocks and recycling, processing of energy transition minerals, life sciences, and decarbonisation in oil & gas, refining & chemicals, minerals processing and other industrial processes. In the case of mixed scopes that include a decarbonisation element, for our pipeline disclosure we include the proportion of the opportunity that is related to those decarbonisation elements. For our revenue disclosure, we only include revenue if directly within sustainable solutions, with mixed scopes only included if 75% or more of the scope relates to decarbonisation.

At a glance

A global leader in consulting and engineering across energy and materials.

35k+ People

60+ Countries

100+ Years of history

Our vision

Deliver solutions that transform the world.

Our mission

Remarkable people, trusted by clients to design, build and advance the world.

Our values

Everything we do is with an unwavering commitment to what we believe in and how we behave:

Care **Commitment** **Courage**

Our behaviours

Listen up	Lift others up	Stand up
Team up	Speak up	Don't give up

To find out more visit: **woodplc.com/company/our-business**

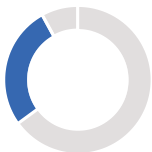
End markets:

65%
Energy

Oil & Gas | Hydrogen | Carbon Capture

Energy security: Delivering safe, reliable and affordable energy

Energy transition: Enabling a low carbon energy future

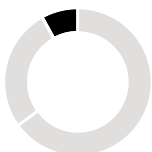


27%
Materials

Minerals | Chemicals | Life Sciences

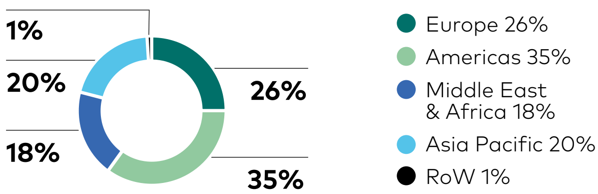
Raw materials demand: Sustainably deliver key energy transition minerals and chemicals

Life sciences growth: Advanced, scalable manufacturing post-pandemic



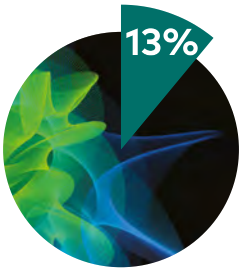
8%
Other

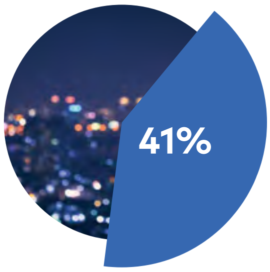
Geographic split, share of Group revenue

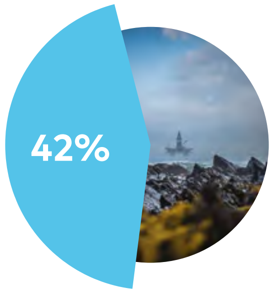


See more in Our markets section on page 12

How we are organised[1]:
% share of Group revenue







Consulting

A focused, premium consultancy adding value throughout our clients' investment lifecycle.

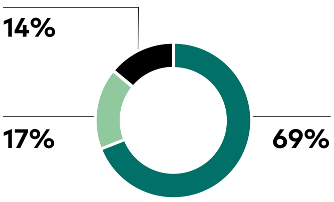
- Technical consulting
- Digital consulting
- Decarbonisation solutions

4,055
People

$739m
Revenue

$80m
Adjusted EBITDA

End markets by revenue



- Energy 69%
- Materials 17%
- Other 14%

Projects

Delivering solutions for complex, high-value capital investments.

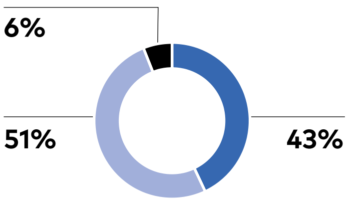
- Design: FEED, long-lead procurement
- Deliver: PMC, EPCm, detailed design, start-up
- Upgrades and expansions

13,549
People

$2,424m
Revenue

$177m
Adjusted EBITDA

End markets by revenue



- Energy 43%
- Materials 51%
- Other 6%

Operations

Provide essential services that keep the world's most critical industries performing.

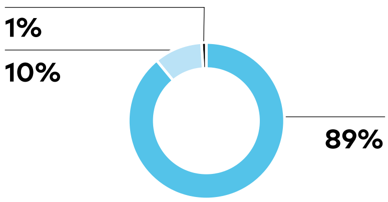
- Modifications
- Operations
- Maintenance
- Asset management

15,561
People

$2,482m
Revenue

$165m
Adjusted EBITDA

End markets by revenue



- Energy 89%
- Materials 10%
- Other 1%

(1) The Group also includes Investment Services (4%) that manages a number of legacy activities and liabilities, and includes our Turbines joint ventures. The most notable areas are activities in industrial power and heavy civil engineering.

Chair's statement

A successful first year of our new strategy.

Roy A Franklin
Chair

"I am pleased to say the team made significant progress in 2023, which is evident from the numbers we have reported."

Back in 2022, we embarked on a journey of transformation. The first steps included strengthening our balance sheet through a significant disposal, addressing legacy issues and appointing Ken Gilmartin as our new Chief Executive Officer (CEO). At our capital markets day in November 2022, we set out our new three-year profitable growth strategy to achieve our vision of a new Wood.

While there were distractions, such as Apollo Global Management's approaches in the first few months of the year, I am pleased to say the team made significant progress in 2023, which is evident from the numbers we have reported.

We delivered revenue and adjusted EBITDA growth, grew our pipeline and our order book. Highlights included double-digit growth across Consulting and sustainable solutions. Crucially, we remain well-placed across our focus markets which offer significant potential for the future growth of Wood.

We have now entered the second year of our strategy and Ken sets out his plans in more detail on page 08 of this report, including the simplification programme we have started to implement to streamline the business, reduce our cost base and improve margins. Launching this programme was a difficult decision to make, due to the impact on some of our people, however the Board agreed the end result of a leaner, more agile and efficient Wood will lead to long-term benefits for all stakeholders.

Roy Franklin meets with Wood's early career network in Houston, Texas.

Financial performance

Our revenue in 2023 of $5.9 billion was 8% higher than last year with good growth across all our business units. Our adjusted EBITDA grew by 9% to $423 million, with a margin of 7.2%.

Our statutory results show a loss in the period of $98 million. This reflects exceptional charges taken in the year, mostly relating to a business area we exited in 2022, as well as our relatively high level of interest and tax in this stage of our turnaround.

The outlook we have set out for 2024 and beyond shows a continued improvement in the financial health of the company, our earnings potential, and most importantly, our cash generation.

Changes to the Board

In August 2023, David Kemp advised the Board of his intention to retire as Chief Financial Officer (CFO). Following an extensive search process, Arvind Balan was appointed CFO in November 2023 and will join the Board in April 2024. Arvind brings deep industry experience in energy and engineering businesses, strong capital markets and operational experience, and a record of strategic financial leadership. On behalf of the Board and the company, I thank David for his years of service and wish him every success in the future.

In addition to the change in CFO, David Lockwood OBE joined the Board as a Non-Executive Director in March 2024. David brings significant experience of leading global engineering and technology companies, has led large-scale company transformations, and has consistently delivered value for shareholders in his career.

In December 2023, Jacqui Ferguson informed the Board that she will resign as a Non-Executive Director in May 2024 after our AGM to focus on her other non-executive roles. We thank Jacqui for her work over the years and wish her the best in her future endeavours.

Cash recovery and capital allocation

Our priority remains to return to generating sustainable free cash flow and, with continued growth of operating cash and the falling away of significant exceptional drags, we expect to generate significant free cash flow from 2025.

Furthermore, the strategic actions we are taking in 2024 will improve the cash generation of the Group and provide increased flexibility in our capital allocation policy over time.

Looking ahead

Wood is well on its path to becoming a stronger company and we are taking the necessary steps to continue the progress that has already been made. The work that Wood does and the people we employ are critical to the needs of our clients and society. I am excited about the role Wood has to play in designing the future.

On behalf of the Board and the Company, I thank you for your continued support.

Roy A Franklin
Chair

Chief Executive review

Strong growth in first year of new strategy, upgrading outlook.

Strong growth in the first year of our growth strategy

Revenue growth across all businesses

Group revenue of $5.9 billion was broadly in line with our guidance, up 8% on last year (up 9% at constant currency) with growth across all of our business units, led by Consulting. This growth shows the demand that is in our markets for the consulting and engineering services we provide. Around a third of our revenue growth reflected increased pass-through activity, for which we earn little or no margin.

Strong adjusted EBITDA growth

Our adjusted EBITDA of $423 million was up 9% on last year, and up 11% at constant currency, reflecting the strong revenue growth combined with an improved margin of 7.2%. This margin performance reflects an improved business mix, as we shift our business model more and more towards consulting and engineering services, and improved pricing across our business. The margin performance included the increased opex investments we made to drive future growth, and the dilutive impact of the increased pass-through revenue.

Our adjusted EBIT was up 4% on last year at $185 million, reflecting the growth in adjusted EBITDA offset by higher lease depreciation and software amortisation. Our adjusted diluted EPS was 2.3 cents, an improvement on (3.1)c in 2022, reflecting the higher adjusted EBIT and lower finance costs. Despite an improvement in the year, our adjusted tax rate remains high and this is covered in detail in the Financial Review on page 36.

Statutory results

Operating profit in the year was $38 million compared to an operating loss of $565 million in 2022, which was impacted by goodwill and intangible impairments of $542 million.

Operating profit included $77 million of exceptional items. These included $5 million of costs related to the unsolicited bids from Apollo Global Management, which were booked in the first half of the year, and the movement in our asbestos liability. Also included is a $45 million charge in relation to the Power and Industrials EPC business which we closed in 2022. The charge includes a receivable write down booked in the first half as well as a provision taken in the second half of the year relating to an arbitration claim against Wood. Further details are included in the Financial Review on pages 34 to 35.

The loss for the period was $105 million, mainly reflecting the low level of statutory operating profit offset by finance costs and tax. Our basic earnings per share was (16.1) cents (FY22: (52.4) cents).

"We made significant progress in the first year of our three-year profitable growth strategy. The focus in year one was to return to growth and deliver results in line with our guidance. We achieved strong growth in adjusted EBITDA and improved our margin, both of which exceeded our expectations at the start of the year."

Ken Gilmartin
Chief Executive

Cash performance reflects our turnaround journey

As expected, we saw a significant improvement in our adjusted operating cash flow to $194 million. This year-on-year improvement of $260 million was driven by higher adjusted EBITDA and a much-improved working capital performance.

Our free cash outflow of $265 million includes $145 million of outflows related to exceptional cash items.

Looking ahead, we continue to expect to grow operating cash at a rate above the growth in adjusted EBITDA while also reducing the exceptional cash outflows. Operating cash generation will be further strengthened by the actions we are taking on cost and portfolio, and we expect to generate significant free cash flow from 2025.

Business momentum

We continue to see good momentum across our business. Our order book of $6.3 billion was up 7% on a like-for-like basis while we saw double-digit growth in our factored sales pipeline. Our headcount grew by 1% excluding the Gulf of Mexico business.

Encouragingly, we continue to see improvements in pricing. The price of work in both our pipeline and order book improved throughout 2023 and better pricing was a key driver of margin expansion in the year.

Delivering on our profitable growth strategy in 2023

We set out our profitable growth strategy in November 2022 and we are delivering on each of the three pillars: inspired culture, performance excellence, and profitable growth.

1) Delivering an inspired culture

An inspired culture is about creating a great place to work. During 2023 we put a real focus on culture and improving employee engagement. We were pleased to see a vastly improved employee net promoter score in our mid-year survey and a lower level of employee turnover in professional roles across the Group. Improving leadership diversity is a key part of our inspired culture pillar, with a target of 40% female representation amongst our senior leaders by 2030. We have now reached 35%, an improvement on 32% at December 2022.

2) Delivering performance excellence

Performance excellence is about being results-focused and delivering across all of the business. Our order book growth highlights the work done across all business units to win new work while maintaining the bidding discipline crucial to our strategy. Encouragingly, we have also delivered improvements in pricing across the business. We are pleased to have grown our sustainable solutions business again, now to around $1.3 billion of revenue, and representing 43% of our pipeline. Our Global Execution Centre is a critical part of delivering performance excellence for our clients and we now have over 2,000 employees working in our centre in India.

3) Delivering profitable growth

Delivering profitable growth is about building a higher-grade business. We grew adjusted EBITDA by 9% in the year despite higher pass-through activity and the opex investments we made for growth. This shows the pricing benefits starting to come through along with improved operational delivery. Delivering profitable growth will lead to significant cash flow generation over time. In 2023 we delivered a substantial improvement in our operating cash flow as we continued our cash recovery journey.

We have the right business model in place

We are now a services-led business with the majority of our contracts cost reimbursable (c.80% of revenue) and the remainder mostly fixed price services (c.20% of revenue). This contract mix represents our risk-appetite following our strategic move away from LSTK activity.

Our markets are attractive

The energy and materials markets offer significant growth opportunities for Wood. We are focused on:

- Large markets with solid growth – Oil & Gas and Chemicals
- Small markets today with substantial growth potential – Hydrogen and Carbon Capture
- Large markets where we can significantly grow our share – Minerals and Life Sciences

Together, these six focus markets offer an addressable market of c.$240 billion in 2026. We expect to outperform market growth through continued market leadership, winning share and a shift in our business mix over time.

Chief Executive review continued

Ken Gilmartin leads an employee townhall at our Global Headquarters in Aberdeen, UK.

Winning work across our markets

During 2023, we continued to win work across all of our markets, helped by client demands for solutions that address energy security, energy transition and sustainable materials.

Significant contract wins across **Energy** in the year included:

- New global framework agreement with Shell
- Detailed engineering design for Woodside's Trion project in the Gulf of Mexico
- New strategic partnership with Harbour Energy, with contracts worth around $330 million
- c.$250 million contract extension in Southeast Asia for operations and brownfield engineering services

Significant contract wins in the year in **Materials** included:

- Collaboration agreement with OMV for the licensing of its ReOil® plastic recycling technology
- $50 million capital project delivery partner contract from GSK in the USA
- FEED and EPCm for Europe's largest high purity manganese processing facility

Our pipeline continues to grow across both energy and materials, and shows the diversification of the future Group, with 34% of the pipeline in materials and 64% in energy.

Growing our Consulting business

Our higher-margin Consulting business saw the strongest growth across the business in 2023, following a reorganisation at the start of the year and increased opex investments to drive growth. Consulting operates across all of our end markets, addressing client challenges across energy, materials and industrial digitalisation and decarbonisation. In 2023, Consulting had sustainable solutions revenue of c.$225 million, helped by our solutions across hydrogen and carbon capture which together saw nearly 1,000 pieces of work awarded in 2023.

Growing our sustainable business

Wood is an enabler of net zero, providing solutions across decarbonisation, energy transition and materials for a net zero world. We generated around $1.3 billion of sustainable solutions revenue in 2023, up 15% on last year. Sustainable solutions now represent 22% of revenue and 43% of our factored sales pipeline.

In addition to the excellent progress we are making on growing our sustainable solutions business, we continue to deliver against our ESG strategy. We reduced our scope 1 & 2 carbon emissions by 71%, ahead of our 2030 target of a 40% reduction from our 2019 baseline, and we continued to progress leadership diversity. Our progress across ESG was once again reflected in our MSCI AA rating, awarded for the ninth consecutive year, and the maintenance of our top quartile ranking against peers.

Simplification to enhance our strategic delivery

To build on the progress made in the first year of our three-year strategy, we have launched a simplification programme to enhance our strategic delivery and support margin expansion.

Driving margin expansion

We will drive higher margins, both adjusted EBITDA and EBIT, through:

- **Continued growth** – continuing to deliver scale benefits as we grow
- **Evolution of our business mix** – continued shift to services-led model and higher growth in Consulting
- **Improved pricing** – reflecting the selectivity of work and the significant demand for our expertise
- **Taking action on cost** – simplification programme to create a leaner and more efficient Wood

Simplification programme

We have set out a simplification programme to help us deliver higher margins while remaining focused on business growth. This programme will:

- **Right-size our central functions** – by putting greater ownership and accountability for functional activities into the business units, and reducing the number of central function roles
- **Simplify the way we work** – by reducing complexity in our functional structure, processes and procedures, and expanding our shared services model
- **Deliver IT savings** – building on the cost savings announced previously
- **Reduce property costs** – cost savings announced previously that will reduce our property portfolio

This programme is expected to generate annualised savings of around $60 million from 2025, with a benefit in FY24 of around $10 million. The costs to achieve this programme are expected to be around $70 million with an exceptional item to be recognised in our first half results. The cash impact is expected to be around $50 million in FY24, weighted to the first half, and around $20 million in FY25.

Aligning our portfolio with our strategy

We continue to evaluate our portfolio and identified certain businesses deemed non-core to our strategic growth and priorities. The largest of which is EthosEnergy, a joint venture within Investment Services. We announced in January 2024 that we had started the sales process for EthosEnergy and have made good progress to date. We are also actively exploring options for a number of other small businesses in our portfolio.

Upgraded 2024 outlook

Adjusted EBITDA is expected to grow towards the top end of our mid to high single digit medium term target, before the impact of disposals. Our adjusted EBITDA margin is expected to expand in 2024, driven by topline growth, an evolving business mix and improved pricing, plus the c.$10 million in-year benefits of our simplification programme.

Performance in 2024 will be weighted to the second half, reflecting the typical seasonality of our business and the phasing of the in-year benefit of the simplification programme.

Our cash performance is expected to continue to improve with operating cash growing at a faster rate than adjusted EBITDA. This will help deliver positive free cash flow before exceptional cash flows. These exceptional cash flows are expected to be around $120 million and will be weighted to the first half. They now include c.$50 million related to the delivery of the simplification programme.

Net debt at December 2024 is expected to be lower than December 2023 after the expected proceeds from planned disposals.

Upgraded medium-term outlook

The simplification programme is expected to add to our growth potential, leading to adjusted EBITDA growth in 2025 above our medium-term target. We will continue to expand our adjusted EBITDA margin and that benefit will translate into our EBIT margins and support a significant increase in our earnings per share over the medium term.

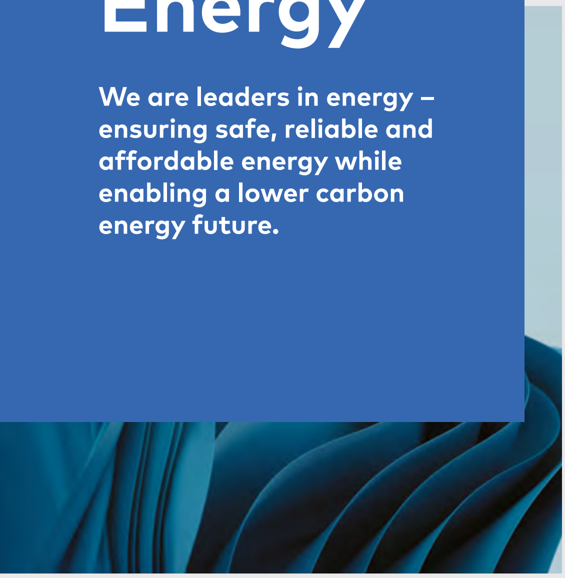
We are on-track to deliver significant free cash flow in 2025, as previously guided. Our sustainable free cash flow generation from 2025, combined with proceeds from disposals, will provide increased flexibility in our capital allocation policy.

Executive Management Team changes

Marla Storm joined Wood in January 2024 as Chief Human Resources Officer (CHRO), replacing Lesley Birse who has retired. Michael Rasmuson joined Wood in January 2024 as Group General Counsel, replacing Martin McIntyre, who will remain as Company Secretary until a successor for this role is appointed. Arvind Balan will join as CFO in April 2024, replacing David Kemp who will retire. Marla and Michael are based in Texas, USA, and Arvind will be based in London, UK.

Our markets

We operate across:



Energy

We are leaders in energy – ensuring safe, reliable and affordable energy while enabling a lower carbon energy future.

Oil & Gas[1]

Our focus is on onshore and offshore production, gas processing and pipelines where our clients continue to invest in new and ageing assets, often to improve efficiency and reduce emissions.

Hydrogen

Our focus is on low carbon hydrogen production in the belief that it will be a key part of the energy mix by 2050. We expect increased spend for new-build and retrofit facilities further incentivised by the US Inflation Reduction Act.

Carbon Capture

Our core focus in the short term is on capturing carbon from oil and gas and petrochemical facilities as well as supporting carbon dioxide distribution and storage. In the medium term we see opportunities to apply this expertise at scale to iron, steel, cement and waste facilities. We also see longer-term emerging opportunities to apply our expertise to iron, steel, cement and waste facilities.

Materials

We are leaders in materials processing and production, applying circular economy practices to deliver critical materials sustainably and responsibly as we strive for net zero.

Minerals

Our focus is primarily on minerals for net zero and the clean energy transition for example; copper, nickel and lithium.

Chemicals[1]

Our focus is on prioritising complex integrated petrochemicals facilities and selected specialty chemicals. The specialty chemicals market is growing due to the focus on eco-friendly products and advanced materials.

Life Sciences

Our focus is on on-shoring trends, particularly in North America where our strong engineering and major project delivery capability coupled with digital solutions offers a differentiated approach.

Our cross cutting drivers:

CO_2

Decarbonisation

Speed, scale and smart solutions are all required to deliver a net zero future. Decarbonisation is key to addressing climate risks and building a more sustainable world. It's also important to our clients and presents a tremendous growth opportunity for Wood.

Market drivers	Addressable market (2026)[2]	Market CAGR: 2023-2026[3]
Energy security Energy decarbonisation Robust commodity prices	$129bn	0%
Energy transition Supportive policy Technology advancement	$7bn	52%
Transition to net zero Improving economics Supportive policy	$4bn	6%
Transition to net zero Supportive policy Technology advancement	$23bn	7%
Consumer demand Circular initiatives Transition to net zero	$52bn	2%
Consumer demand On-shoring commitments Ageing populations	$27bn	5%

Changes to market outlook in 2023

- Lower growth in Oil and Gas following a very strong 2023
- Oil and Gas push to decarbonise existing assets and focus on energy security
- Inflation Reduction Act (IRA) in the US driving increased investment in clean energy
- Strong demand for sustainable minerals & metals driven by net-zero targets and materials needed for energy transition
- Drive towards safer chemicals for sustainability
- Increased on/near shoring of critical life sciences facilities

Digitalisation

As consultants and engineers armed with data, technology and digital solutions, we work independently to offer something our consulting and technology competitors don't: decades of experience in designing and building our clients' assets, and decades of integrating digital solutions.

1. Oil & Gas refers to upstream and midstream. Chemicals excludes refining
2. Addressable market sizes estimated using secondary sources
3. Market CAGR assumptions shown are nominal growth rates based on a range of global inflation assumptions from 0% to 2.5%

Our sustainable solutions

We offer a range of sustainable solutions across both the **Energy and Materials** markets.

Energy

Energy transition

Hydrogen

What we do

Our work with developers:
We provide hydrogen developers with solutions that support the economic production and transport of low-carbon hydrogen.

Our proprietary technology:
We offer technology solutions that enable clients to produce hydrogen from fossil fuels in a cost-effective manner, while minimising CO2 emissions.

Example projects

Blue hydrogen:
- Centrica, UK

Green hydrogen:
- CIP, Catalina project, Spain
- H2med pipeline, Spain & France

Carbon capture

What we do
We bring technical and commercial solutions that enable clients to safely capture CO2, transport and permanently store it, or unlock value by re-using it for alternative purposes.

Example projects

Capture:
- Storegga, Acorn, UK

Transport & Storage:
- Pathways Alliance, Canada

Power

Electrification
Battery storage

What we do
Wood has a history of study and design work for clean power generation and has performed projects for various forms of energy storage, including battery energy storage, compressed air energy storage, thermal energy storage, and liquid air energy storage.

Example projects

Electrification:
- OGCI, refinery study, UK
- Petrobras offshore electrification study, Brazil

Battery storage:
- CIP, Coalburn project, UK (500MW+ BESS)
- Waste heat recovery project for power generation
- Detailed design for biomass power generation facility

Renewable energy

What we do
We provide advisory, project development, and project execution services for wind, solar, and energy storage projects, having stopped EPC renewables work in Projects.

Example projects
- Owner's engineer for battery energy storage project, CIP Coalburn
- Construction management services for onshore wind project, Aer Solier, Vermio
- Lender's technical advisor for offshore wind projects, CIP, Vineyard Wind

LNG

What we do
We have broad experience in gas monetisation, the delivery of world-class LNG projects, optimisation consulting as well as ongoing asset management, maintenance and operations. This is a relatively small part of our energy offering.

Example projects
- Cameron LNG, expansion project, US

Decarbonisation across all markets

Around $1.3 billion revenue in 2023, up 15%

Revenue share of Group

Pipeline share of Group

Materials

Sustainable materials

Minerals processing

Energy transition materials

What we do

Supporting mining clients, our focus is on minerals supply for net zero and the clean energy transition for example: copper, nickel and lithium. We have a passion for driving forward minerals and metals projects that are critical to our future and delivering them safely, cost-efficiently and responsibly.

Example projects

- Euro Manganese, Czech Republic
- Teck Resources Carbon Capture, Canada
- Arcadium Lithium, Argentina

Waste to energy

What we do

Our expertise creating waste to energy solutions ranges from small commercial heat generation to large industrial heat and power plants that process a wide range of feedstock to materials that would traditionally have been treated as waste.

Example projects

- Afri-Link and BERUDA, Cameroon
- Cuantec, UK

Materials recycling

What we do

With a strong belief that an effective circular economy can help to further the pursuit of net zero, Wood is working with our clients to deliver innovative, commercially attractive materials recycling solutions with a focus on plastics and waste to energy projects.

Example projects

- OMV, Plastics recycling agreement, Austria

Sustainable fuel/feedstocks

What we do

We deliver solutions enabling the development of sustainable fuels and materials through the application of low carbon processes and utilisation of sustainable feedstocks.

Example projects

Sustainable fuels:

- Renewable Energy Group biodiesel, US
- Preem, Sweden
- EPRI, SAF production cost and performance study

Life Sciences

Life sciences

What we do

At Wood, we help our clients accelerate the design, construction and qualification of their complex facilities. We apply expertise and solutions to deliver high-performing and sustainable projects.

Example projects

- GSK, US
- Pfizer, US
- Australian Institute for Infectious Diseases, Australia

Decarbonisation across all markets

Our strategy

The markets we choose to operate in give us significant potential for growth. We anticipate our addressable markets to be around $240 billion in 2026[1].

Our selective and focused approach:

Market attractiveness

Where we play:
We target large markets where we can achieve good margins and where we have strong client relationships to accelerate growth.

Our ability to win

Where we play:
We target markets where we hold a leading position based on core capabilities, an ability to scale talent and a strong geographic footprint.

Contracting dynamics

Where we play:
We target projects that meet our preferred low risk profile and preferred contracting model. We no longer pursue lump sum turnkey projects and have exited large-scale EPC projects.

Delivered across three pillars:

Profitable growth

A higher grade business
Growth in priority markets and geographies focusing on low project risk, high quality earnings and sustainable free cash flow.

Inspired culture

Creating a great place to work
Investing in creating a great place to work. This means prioritising employee wellbeing, doing the right thing, putting sustainability at the heart of our business and empowering each other to design the future.

Performance excellence

Results focused and delivering for clients
Focused on delivering for our clients. Maintaining the highest level of ethical standards and the best quality as we deliver innovative, sustainable and reliable solutions to solve complex problems for our clients.

Our focus:

c.$240bn

2026 total addressable market in core geographies[1]

Large markets with solid growth

Oil & Gas
Delivering energy security

Chemicals
Rising global demand

Large markets where we will significantly grow our share

Minerals
Delivering energy security

Life Sciences
Rising global demand

Small markets with substantial growth

Hydrogen
Enabling energy transition

Carbon Capture
Enabling energy transition

See more in Our markets section on page 12

Based on our strong competitive positions across our markets:

Outstanding global expertise

>35,000 people

World class subject matter experts and engineers.

Long-term client relationships

>90% repeat business

Decades long relationships with major clients including Exxon, Chevron, Shell, BP, Dow, GSK.

Highly valued by clients

20% ↑ NPS[2]

NPS 20% higher than market average[2]
Ranked first amongst nine closest peers.

Top global engineering firm

ENR top 10 global[3]

Top five ENR design rankings: North America, Petroleum, Industrial and Manufacturing.

Delivering our medium-term targets:

Adjusted EBITDA to grow at mid to high single digit CAGR over the medium term, with momentum building over time as our strategy delivers

Generate **sustainable free cash flow**

See our progress in the CEO review report on page 8

1. Addressable market sizes estimated using secondary sources
2. Net Promoter Score (NPS) is a customer loyalty and satisfaction measurement taken from asking customers how likely they are to recommend your product or service to others on a scale of 0-10. 2022 data
3. Based on 2022 contractor and design firm revenue from general building as reported in ENR's (Engineering News-Record) surveys of leading contractors and design firms. www.enr.com

Our strategy continued

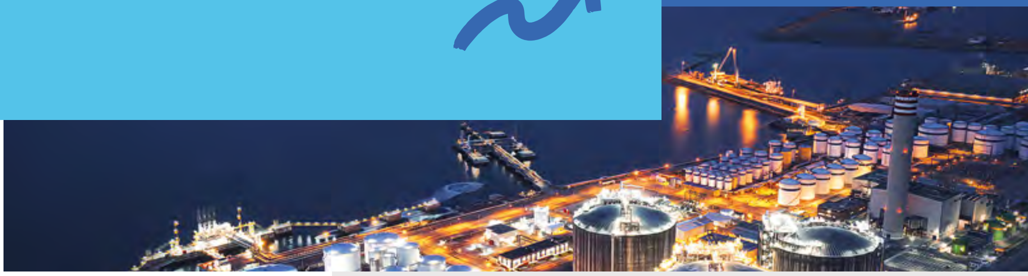
Progress against our strategy

We made good progress against our strategy in 2023 across all three pillars.

See more in Our markets section on page 12

Our pillars:

Profitable growth



Performance excellence

Inspired culture

See more in Chief Executive review on page 08

Medium-term targets:

- Adjusted EBITDA mid to high single digit CAGR
- Strong operating cash flow
- Return to positive free cash flow
- Focus on reimbursable contracts

2023 progress:

- Adjusted EBITDA up 11%[1]
- Significant improvement in operating cash flow

Future focus:

- Deliver adjusted EBITDA growth at upper end of medium-term target
- Simplification programme to support margin expansion
- Positive cash before exceptionals

Medium-term targets:

- Grow order book
- Increase use of Global Execution Centres (GEC)
- Consistent Project outcomes
- Increase % sustainable solutions

2023 progress:

- Order book up 7%[2]
- GEC headcount over 2,000
- Sustainable solutions up 15%, now 43% of pipeline

Future focus:

- Continued focus and discipline in where we bid
- Further GEC growth
- Continue to grow sustainable solutions

Medium-term targets:

- Improve employee engagement
- Lower voluntary turnover
- Reduce recordable safety incidents
- 40% leadership female by 2030

2023 progress:

- Higher employee NPS
- Lower voluntary turnover across professional roles
- 35% leadership female (vs. 32% at Dec 2022)

Future focus:

- Continual focus on safety
- Enhance employee experience
- Further increase diversity
- Continue SME recruitment

1. At constant currency
2. At constant currency and excludes Gulf of Mexico labour operations business sold in March 2023

Our business model

We create value by delivering differentiated consultancy and engineering solutions across the energy and materials markets.

Our relationships and resources

Outstanding talent

Talented, flexible and motivated workforce.

Read more on page 64

Financial investment

Cash generation allows us to invest in the business, people and systems.

Read more in our Financial review on page 32

Long-term client relationships

Decades-long trusted client relationships with the firms who invest in critical infrastructure.

Robust governance

Robust risk governance and operations assurance policies and processes.

Read more in our risks section on page 83

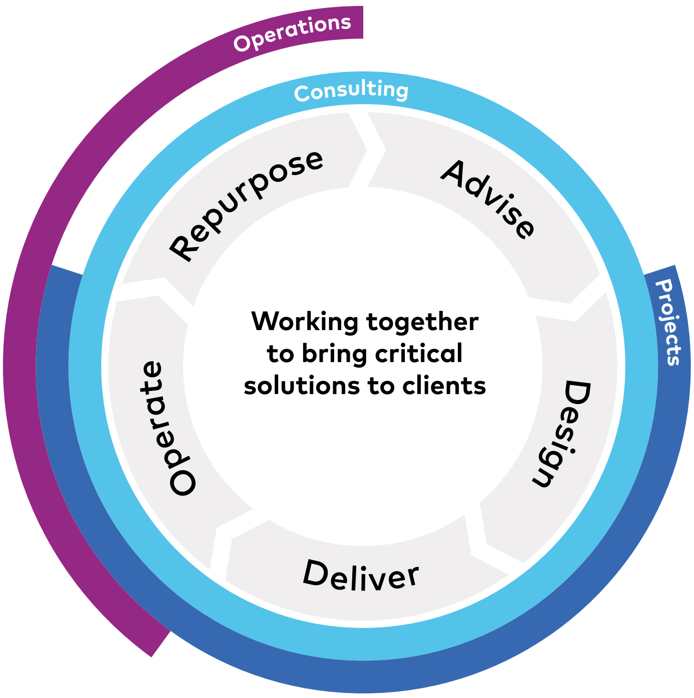
Highly valued by clients

Rated at top of closest peers.[1]

1. Wood Core Industries Survey (N=250) and Key Markets Survey (N=250). Expert interviews conducted by independent consultant conducted in 2022

What we do

We are an engineering and consultancy business providing solutions to clients across the lifecycle of their projects.



How we work with our clients

One of our key strengths is our ability to form long-term, strategic partnerships with our clients, in some cases we have been working together for multiple decades.

Our contractual engagements vary from short-term consultancy lasting a few weeks, to long-term frame agreements lasting multiple years. Typically our contracts are split into two broad categories:

- Cost reimbursable
- Fixed price services

Advise
- Feasibility studies
- Concept design
- Pre-FEED
- Strategy planning

Design
- FEED
- Detailed design
- Owner's engineer

Deliver
- PMC (Project Management Consultancy)
- EPCm (Engineering, Procurement and Construction management)
- Commissioning

Operate
- Maintenance
- Modifications
- Brownfield engineering
- Asset management
- Asset optimisation

Repurpose
- Life extension
- Asset repositioning
- Decommissioning

Read more about strong competitive positions across our markets on page 12

How our contract size and length vary across business units:

	Average contract length	Average contract size
Consulting	c. 3 months	<$150k
Projects	c. 12 months	c. $10m
Operations	c. 3 years	c. $100m
Group total	c. 1 year	c. $10m

The Group no longer enters into largescale lump sum EPC contracts or lump sum turn key contracts.

The value we generate

For investors and lenders
- Profitable growth and cash generation
- Target total shareholder returns

For our people
- Rewarding careers and employee retention
- A workplace where different backgrounds, experience and expertise are welcomed and celebrated

For our clients
- Best-in-class, consistent delivery
- Leading technical services delivering smarter, more sustainable solutions
- Track record of delivering industry-leading projects
- NPS 20% higher than market average and key competitors (2022 data)

For communities
- Significant contribution to local employment and communities
- Employee matched funding & community support

For suppliers
- A responsible, collaborative partner

Environmental stakeholders
- Gross carbon reduction
- Enabling our clients to decarbonise and transition away from fossil fuels

Read about how we engage with our stakeholders on page 110

Laying the groundwork for critical hydrogen infrastructure

Wood is working with gas distribution company, SGN, to accelerate plans for key hydrogen transmission infrastructure in Scotland and southern England that supports the UK's commitment to net zero by 2050.

Wood is delivering three pre-FEED studies to determine the route and design of new dedicated hydrogen pipelines and associated transmission infrastructure. The proposed concept also repurposes existing natural gas infrastructure, which will link hydrogen producers with energy users seeking to use hydrogen to lower their carbon emissions.

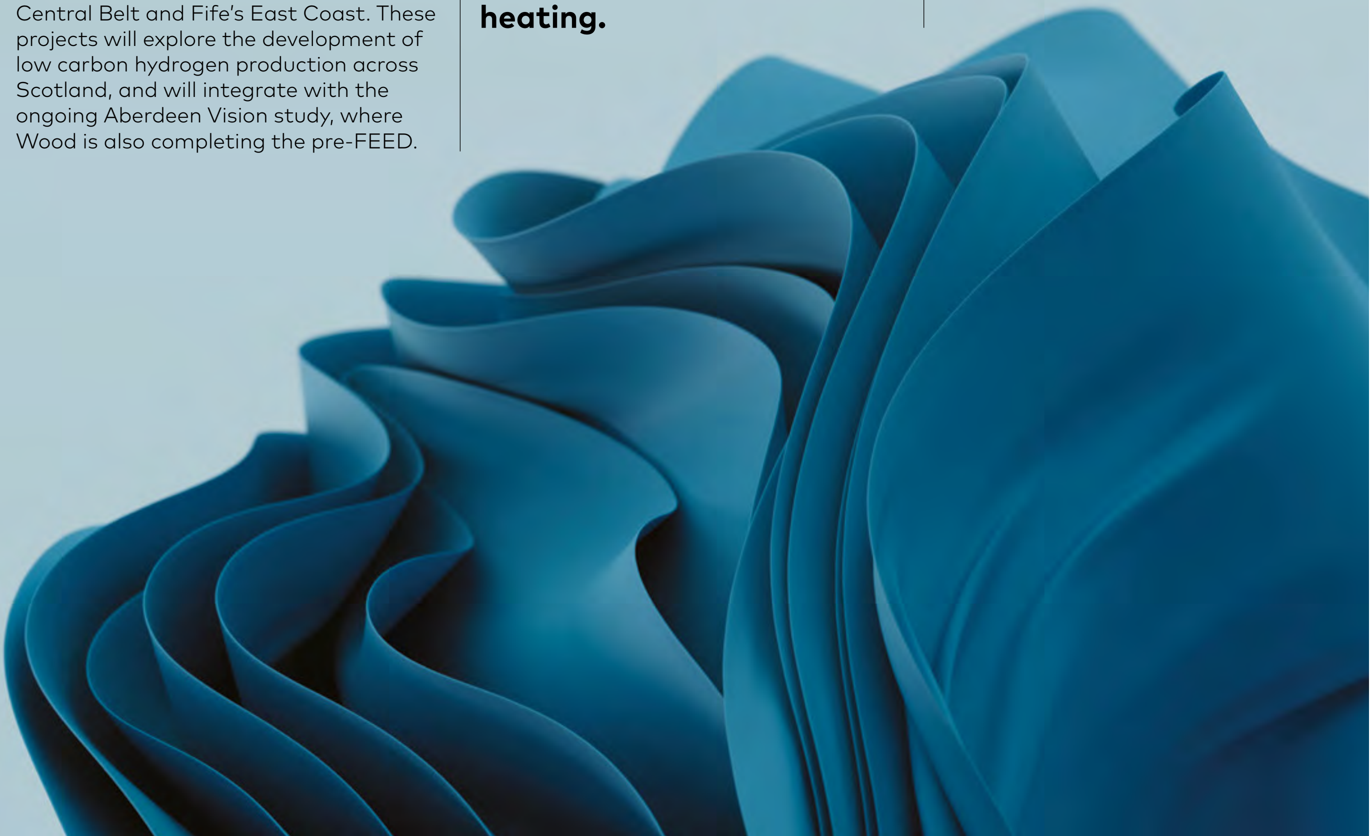
The H2 Caledonia project combines two pre-FEED projects in Scotland's Central Belt and Fife's East Coast. These projects will explore the development of low carbon hydrogen production across Scotland, and will integrate with the ongoing Aberdeen Vision study, where Wood is also completing the pre-FEED.

In central southern England, the H2 Connect project will develop an optimal design to connect a hydrogen network in the area.

The project will focus on the development of hydrogen infrastructure and imports in the Southampton/Solent region, and future expansion plans for hydrogen production and storage.

World's first green hydrogen gas grid delivering 100% renewably-generated hydrogen for domestic heating.

Click here
to find out more



Trusted technical partner to energy leaders

Wood and Harbour Energy (Harbour), the UK's largest oil and gas producer, entered into a strategic partnership for UK North Sea operations in 2023, agreeing a new master services agreement and associated contracts valued at around $330 million.

Under this new agreement, Wood is providing engineering, procurement and construction and operations and maintenance services, including digital and decarbonisation solutions, for several of Harbour's offshore assets critical to UK energy security.

The strategic partnership will run for an initial term of five years, with five one-year extension options covering Harbour's operated assets, including its J-Area, Greater Britannia Area, Solan and AELE (Armada, Everest, Lomond and Erskine) hubs.

Designing and managing the complexity of energy infrastructure while at the same time seeking to minimise associated emissions, Wood's role as a trusted technical partner to the energy companies of the future is evident through this agreement.

This partnership is supporting the employment of hundreds of people from Wood's Operations business in Aberdeen and offshore across the two EPC and O&M contracts, with further recruitment expected in 2024.

This agreement builds upon Wood's longstanding working relationship with Harbour, having worked on the operator's North Sea assets for more than 50 years.

50+

year client relationship

Click here
to find out more

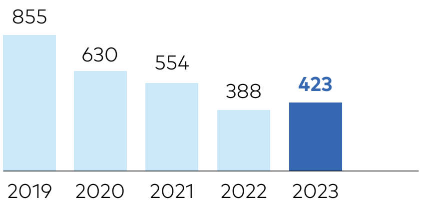
Key performance indicators

Measuring our performance

To help the Group assess its performance, our Executive Leadership Team sets targets and monitors and assesses performance against these targets on a regular basis.

Financial:

Adjusted EBITDA[1]
$m



Adjusted earnings before interest, tax, depreciation and amortisation. A reconciliation of adjusted EBITDA is shown in note 1 to the financial statements.

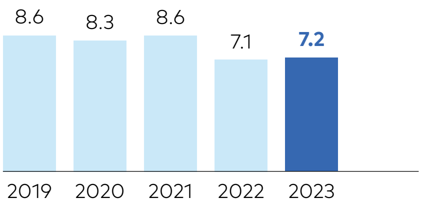
2023 performance: Adjusted EBITDA was 9% higher than last year, up 11% at constant currency. We saw good growth across Consulting, Projects, Operations and Investment Services.

Target: To grow at mid to high single digit CAGR, momentum building as our strategy delivers.

1. 2022/23 reflect continuing group

For more information on our financial performance see page 32

Adjusted EBITDA margin[1]
%

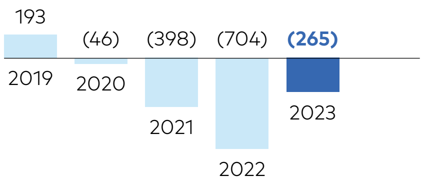


Adjusted EBITDA as a percentage of revenue.

2023 performance: Adjusted EBITDA margin of 7.2% compared to 7.1% last year. This includes an increase in Operations margin from 6.1% to 6.7%, partially offset by a lower margin in Consulting that includes the impact from exiting work in Russia.

Target: To expand margins in the medium term.

Free cash flow
$m



Free cash flow is defined as all cash flows before acquisitions, disposals and dividends. It includes all mandatory payments the Group makes, such as interest and tax, and all exceptional cash flows. It excludes the impacts of IFRS 16 (Leases) accounting. A reconciliation of free cash flow to our statutory cash flow is shown on page 38 of the financial review.

2023 performance: Free cash flow of $(265) million includes a working capital outflow of $54 million and exceptional cash costs of $145 million.

Target: To generate sustainable free cash flow.

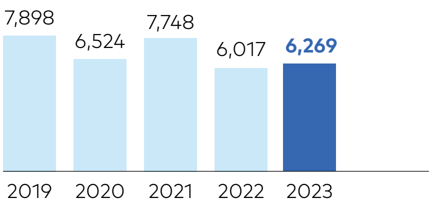
Linking our KPIs to our strategy

These are the three strategic pillars of our focus to meet the needs of three important stakeholder groups – our employees, our clients and our shareholders.

Profitable growth
Performance excellence
Inspired culture

Financial:

Order book[1]
$m

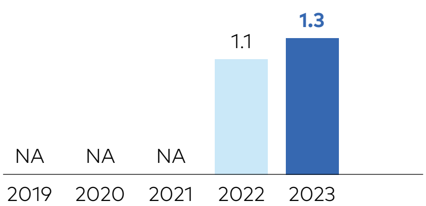


Order book is presented as an indicator of the visibility of future revenue, showing the orders the Group has to deliver in future periods. Order book comprises revenue that is supported by a signed contract or written purchase order for work secured under a single contract award or frame agreements. It does not include Wood's proportional share of JV order book.

2023 performance: Up 5% at constant currency, with strong order book growth in Consulting and Operations. Lower order book in Projects reflecting weakness in minerals and move away from largescale EPC in renewables and chemicals.

Target: To grow our order book each year.

Revenue from sustainable solutions
$bn



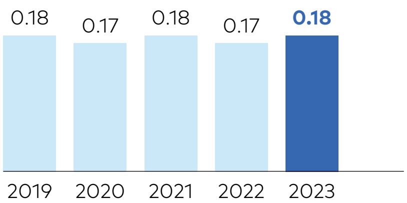
Measure of sustainable solutions as a proportion of total revenue. Sustainable solutions consist of activities related to decarbonisation activity, renewable energy, hydrogen, carbon capture & storage, power & electrification, battery storage and LNG. In the case of mixed scopes including a decarbonisation element, these are only included in sustainable solutions if 75% or more of the scope relates to that element.

2023 performance: In 2023, around $1.3bn of Group revenue came from sustainable solutions, representing about 22% of Group revenue. This is the second year we have measured this metric.

Target: To grow our revenue from sustainable solutions, and increase as a share of Group revenue.

Safety:

Total recordable incident rate (TRIR)
per 200,000 work hours



We continued to monitor performance using traditional safety metrics to compare data with previous years.

Total recordable incident rate is the total of lost time incidents, restricted work cases and medical treatment cases per 200,000 exposure hours. Performance is based on a rolling 12-month frequency rate and is inclusive of contractors working under Wood's management system.

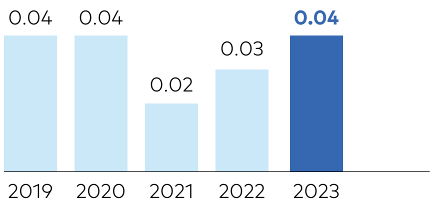
2023 performance: TRIR performance declined marginally in 2023 with our TRIR increasing to 0.18 from 0.17 in 2022.

Fatality & Permanent Impairment (FPI)

In 2023 our target was to have zero incidents that resulted in fatality or permanent impairment.

2023 performance: We had one FPI in the year. Sadly, one of our colleagues lost their life in a work-related incident, at a power plant in Kentucky in the United States.

Lost time incident rate (LTIR)
per 200,000 work hours



LTIR measures lost time incidents per 200,000 exposure hours and is inclusive of contractors working under Woods management system.

2023 performance: In 2023 we saw an increase in the number of incidents that required our people to have time off work as a result of their injuries, As a result, our LTIR marginally increased to 0.04 from 0.03.

For more information on our safety performance see page 78

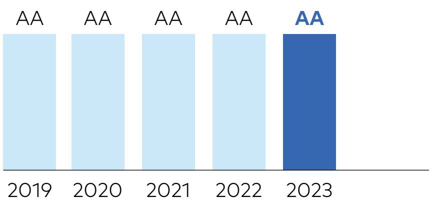
Key performance indicators continued

Measuring our sustainability performance

Our goal is to be leaders in our field in environmental, social and governance (ESG) matters and sustainability. To assess our performance in addressing the matters that are most important to our business and key stakeholders, our leadership team sets targets, aligned to the UN Sustainable Development Goals and regularly monitors progress towards these targets.

Delivering our purpose:

ESG ratings (MSCI)



ESG ratings are a measure of our governance of risks related to matters such as climate change, human rights and corruption. Achieving top quartile ESG ratings increases confidence in Wood's investment proposition, supporting our growth.

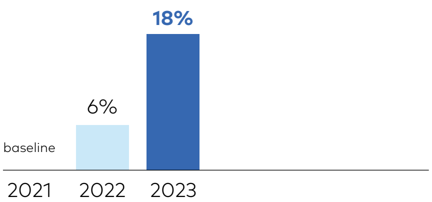
2023 performance: Awarded AA Leader rating from MSCI in 2022 for a ninth consecutive year, within the top 25% for Energy, Equipment and Services.

Target: To be consistently ranked in the Top Quartile ESG investment ratings within our sector group by 2025.

Status: On track

Read more on pages 44-45

Client support aligned to energy transition & sustainable materials



Cumulative revenue growth from sustainable solutions in energy transition and sustainable materials markets, from a 2021 baseline. Sustainable solutions are as defined in note 9 of the financial review on page 41.

2023 performance: 18% cumulative growth in sustainable solutions revenue compared to our 2021 baseline.

Target: To double revenue from sustainable solutions in energy transition and sustainable materials markets by 2030, from a 2021 baseline.

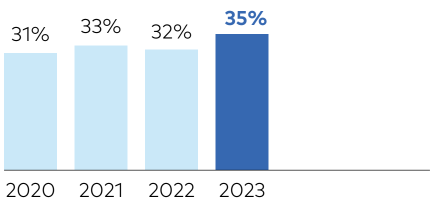
Status: On track

Read more on pages 44-45

Link to SDGs

Developing an inclusive & diverse workforce:

Diversity in leadership roles



Percentage of senior leadership roles held by females. Driving greater balance across our leadership enables better diversity in our decision making, greater engagement and improved retention in our workforce, more innovation and better financial results.

2023 performance: 35% of female leaders in our organisation, up from 32% in 2022.

Target: To improve gender balance with 40% female representation in senior leadership roles by 2030.

Status: On track

Read more on pages 44-45 and 69

This target is included within our long-term incentive plan, read more on pages 135 and 151

Link to SDGs

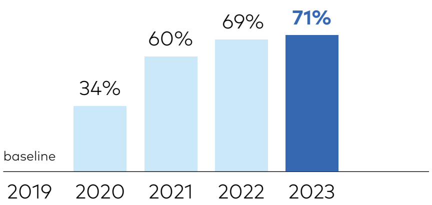
Linking our KPIs to our strategy

These are the three strategic pillars of our focus to meet the needs of three important stakeholder groups – our employees, our clients and our shareholders.

Profitable growth Performance excellence Inspired culture

Managing our environmental impact:

Scope 1&2 emissions reduction



Measure of the absolute reduction in scope 1 and 2 Greenhouse Gas (GHG) emissions reduction from a 2019 baseline.

2023 performance: Following the sale of our Built Environment Consulting business in September 2022 we revised our 2019 baseline figure in accordance with the GHG Protocol. In 2023 we achieved a 71% reduction in scope 1 and 2 GHG emissions compared to our updated 2019 baseline, which is an 9% reduction compared to the prior year.

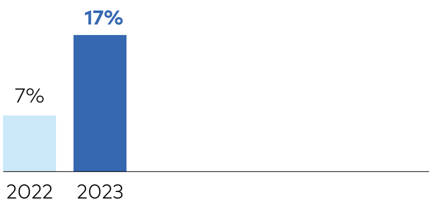
Target: 40% reduction in scope 1 and 2 GHG emissions by 2030, compared to a 2019 baseline.

Status: Ahead

Read more on page 59

This targets is included within our long-term incentive plan, read more on pages 135 and 151

Plastics elimination



Number of Wood offices that have eliminated single use plastics.

2023 performance: 17% of Wood offices have been assessed as single use plastic-free.

Target: To ensure all Wood offices are single use plastic-free by 2025.

Status: Area for increased focus in 2024

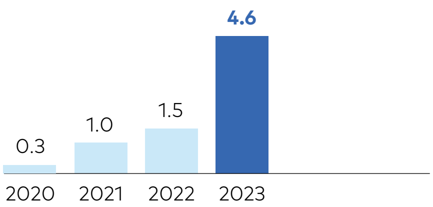
Read more on pages 44-45 and 62

Link to SDGs

12 Responsible consumption and production | 13 Climate action | 14 Life below water

Positively impacting communities:

Global Cause contributions
$m cumulative contributions



Value of time, energy and resources contributed towards our Global Cause of education to date. Giving our energy, expertise and funding helps to enable the growth and sustainability of our communities and increases workforce engagement.

2023 performance: To date, we have contributed $4.6m, representing 46% of our 2030 target. This includes seed funding awards, employee matched funding, direct financial and resource donations and volunteering time.

Target: To contribute $10 million to our Global Cause by giving our time, energy, resources and funding by 2030.

Status: On track

Read more on pages 44-45 and, 71-72

Link to SDGs

4 Quality education

Embedding fair working practices:

Labour suppliers signed up to Building Responsibly

Percentage of labour suppliers and total suppliers signed up to the Building Responsibly Principles. Embedding the Building Responsibly principles in our supply chain ensures we create ethical partnerships that protect worker welfare and helps to reduce our exposure to potential human rights violations.

2023 performance: 73% of labour suppliers are now signed up to the Building Responsibly Principles.

Target: 100% of Wood labour suppliers sign up and comply with the Building Responsibly Principles by 2025.

Status: On track

Total suppliers signed up to Building Responsibly

2023 performance: 22% of our total supply chain are now signed up to the Building Responsibly Principles.

Target: 100% of our suppliers have Building Responsibly Principles embedded into their supply chains by 2030.

Status: On track

Read more on pages 44-45, 69 and 115

Link to SDGs

8 Decent work and economic growth | 16 Peace, justice and strong institutions

Segmental review

Consulting

Azad Hessamodini
Executive President, Consulting

Technical and digital advisory business adding value throughout our clients' investment lifecycle.

Revenue

$739m (2022: $652m) ▲ 13.3%

Adjusted EBITDA

$80m (2022: $76m) ▲ 4.4%

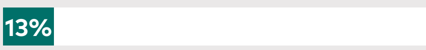
Adjusted EBITDA margin

10.8% (2022: 11.7%) ▼ (0.9)ppts

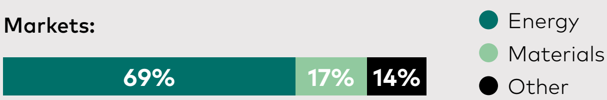
Order book

$529m (2022: $476m) ▲ 11.1%

% of Group revenue:



Markets:



Our Consulting business provides technical consulting, digital consulting, and energy asset development. It also provides decarbonisation and digital solutions that open opportunities across our other business units.

Revenue of $739 million was 13% higher than last year, with strong growth across both technical consulting and digital consulting in both our energy and materials markets.

Adjusted EBITDA of $80 million was 4% higher than last year and 6% higher on a constant currency basis, reflecting the revenue growth offset by a lower margin. The lower adjusted EBITDA margin of 10.8% partly reflects the exit of high-margin work in Russia in 2022, as well as the opex investments we made to secure future growth.

The order book at 31 December 2023 was $529 million, up 11% on last year.

Operational review

Consulting completed an internal restructure at the start of 2023 and made significant opex investments to better align with the growth trends across technical consulting, digital consulting and decarbonisation.

Across our markets, Consulting saw double-digit growth across both energy and materials and 47% growth in sustainable solutions, helped by demand for our renewables and decarbonisation consulting solutions.

Key awards in the period across Consulting included:

- Feasibility study in Europe looking at converting natural gas pipelines for hydrogen transportation
- Supporting Chevron Renewable Energy Group's Biorefinery
- Pre-FEED work on SGN's high pressure hydrogen pipelines

Sustainable solutions revenue was c.$225 million, up 47% and represented around 30% of Consulting revenue.

Outlook for 2024

Following the opex investments made in 2023, we expect Consulting to have the strongest adjusted EBITDA growth in the Group, supported by good revenue growth and an expansion in margin, weighted to the second half as performance and pricing benefits ramp up.

Projects

Craig Shanaghey
Executive President, Projects

Delivering solutions for complex, high-value capital investments.

Revenue
$2,424m (2022: $2,211m) ▲ 9.6%

Adjusted EBITDA
$177m (2022: $169m) ▲ 5.0%

Adjusted EBITDA margin
7.3% (2022: 7.6%) ▼ (0.3)ppts

Order book
$2,026m (2022: $2,081m) ▼ (2.6)%

% of Group revenue:
41%

Markets:
43% Energy
51% Materials
6% Other

Our Projects business mainly provides complex engineering design and project management across energy and materials markets including oil and gas, chemicals, metals and minerals and life sciences.

Revenue of $2,424 million was 10% higher than last year. The business saw strong growth across oil and gas and chemicals offsetting the run-down of our LSTK and large-scale EPC activities and lower revenue in minerals. Over half of the revenue growth came from the increase in pass-through revenue.

Adjusted EBITDA of $177 million was 5% higher than last year. This reflected the revenue increase combined with a lower margin of 7.3%. The lower margin includes the impact of higher pass-through revenue, for which we receive nil or a small margin, and increased opex investments made in the year.

The order book at 31 December 2023 was $2,026 million, down 3% on last year reflecting our shift away from LSTK and largescale EPC, and lower orders in our minerals business.

Operational review

The strategic move away from LSTK and largescale EPC is now complete and is reflected in the lower headcount. We continue to grow our services-led business model across energy and materials.

Business growth was balanced across both energy and materials market. Key awards in the period included:

- Collaboration agreement with OMV for the licensing of its ReOil® plastic recycling technology
- FEEDs for ADNOC's and QatarEnergy's gas facilities in the Middle East
- Detailed engineering design for Woodside's Trion project in the Gulf of Mexico
- Significant life sciences engineering contract in the USA with GSK worth c.$50 million
- Brownfield engineering contract to help produce active pharmaceutical ingredients in Europe
- Supporting one of the world's largest offshore clean power projects in Germany

Sustainable solutions revenue was c.$730 million, up 10% and represented c.30% of Projects revenue despite a reduction in loss-making LSTK activity in renewables.

Outlook for 2024

We expect moderate revenue and adjusted EBITDA growth, weighted to the second half given the phasing of new orders and our continued shift away from LSTK and largescale EPC work. Our adjusted EBITDA margin is expected to expand as the year progresses.

Segmental review continued

Operations

Steve Nicol
Executive President, Operations

Essential services keeping the world's critical industries performing.

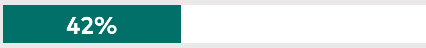
Revenue
$2,482m (2022: $2,407m) ▲ **3.1%**

Adjusted EBITDA
$165m (2022: $148m) ▲ **11.9%**

Adjusted EBITDA margin
6.7% (2022: 6.1%) ▲ **0.5ppts**

Order book
$3,605m (2022: $3,295m) ▲ **9.4%**

% of Group revenue:



Markets:

Our Operations business manages and optimises our customers' assets including decarbonisation, maintenance, modifications, brownfield engineering, and asset management through to decommissioning.

Revenue of $2,482 million was 3% higher than last year, and 4% higher at constant currency. This reflects continued increases in activity levels in oil and gas across Europe, the Middle East and Asia-Pacific. Revenue growth also includes an increased level of pass-through revenue and the impact of the sale of the Gulf of Mexico labour operations business in the period.

Adjusted EBITDA of $165 million was 12% higher than last year, and 16% higher at constant currency, reflecting the revenue growth and an increased margin of 6.7%. This margin increase, despite higher pass-through revenue, mainly reflects improved overall contract performance and some improved pricing.

The order book at 31 December 2023 was $3,605 million, 9% higher than last year and reflects the expected strong final quarter for bookings. Excluding the Gulf of Mexico offshore labour operations business, the order book was up 15% at constant currency.

Operational review

Operations continued to benefit from higher activity levels across geographies. Key awards in 2023 included:

- New strategic partnership with Harbour Energy for its UK North Sea operations, with associated contracts for five years (with five one-year extensions) worth around $330 million
- c.$250 million contract extension in SE Asia for operations and brownfield engineering services
- Brownfield modifications for bp's Murlach development in the North Sea
- Brownfield EPCm contract with Woodside in Australia
- Two-year operations contract extension with Equinor in the Mariner field in the North Sea

Sustainable solutions revenue was c.$260 million, up 15% and representing around 11% of Operations revenue.

Outlook for 2024

We expect moderate revenue and adjusted EBITDA growth throughout the year.

Investment Services

Our Investment Services business unit manages a number of legacy activities and includes our Turbines joint ventures. The most notable areas are activities in industrial power and heavy civil engineering.

Revenue of $255 million was 28% higher than last year. This growth primarily reflects strong activity growth in our heavy civils business and the transfer of a facilities business into Investment Services in 2023 from Projects.

Adjusted EBITDA of $77 million mostly represents the share of results from our Turbines joint ventures of $65 million, up significantly on last year with a strong performance across both EthosEnergy and RWG. Excluding these Turbine JVs, adjusted EBITDA was down significantly.

The order book at 31 December 2023 was $109 million, down 34% on last year.

Outlook for 2024

We expect the contribution from Investment Services to be broadly flat in 2024, with the performance of our Turbine JVs weighted to the second half as is typical in these businesses.

Revenue

$255m (2022: $199m) ▲ **28.4%**

Adjusted EBITDA

$77m (2022: $69m) ▲ **11.2%**

Adjusted EBITDA margin

30.2% (2022: 34.9%) ▼ **(4.7)ppts**

Order book

$109m (2022: $164m) ▼ **(33.6)%**

Central Costs

Central costs, not allocated to business units, increased slightly to $76 million, with cost reductions mostly offsetting inflationary pressures.

Outlook for 2024

We expect to see a reduction in central costs of around $10 million from the benefits of our simplification programme.

Adjusted EBITDA[3]

$(76)m (2022: $(74)m) ▼ **(3.7)%**

Ensuring energy security while enabling the energy transition

Wood was awarded a multi-year enterprise framework agreement to continue to provide services to Shell's global projects in 2023. Building on Wood's 70-year relationship with Shell, the companies have worked on numerous major and complex projects spanning across more than 20 countries.

Bringing specialist consulting, engineering, procurement and project management expertise to Shell's greenfield and brownfield projects, Wood will continue to support projects that ensure energy security and enable energy transition projects focused on carbon capture, low-carbon fuels and hydrogen. Wood will deploy expertise in decarbonisation, digitalisation and asset life extension to enhance Shell assets worldwide.

Under this three-year framework, with options for two one-year extensions, services will be provided by Wood's consulting and engineering teams in Europe, North America, Latin America, South-East Asia, Australia and the Middle East.

Click here
to find out more

Financial review

Delivered strong growth.

David Kemp
CFO

"We delivered growth across all business units and an improved margin performance. Looking ahead to 2024, adjusted EBITDA is expected to grow towards the top end of our mid to high single digit medium term target, before the impact of disposals. Our adjusted EBITDA margin is expected to expand in 2024, driven by topline growth, an evolving business mix and improved pricing, plus the in-year benefits of our simplification programme."

Trading performance

Trading performance is presented on the basis used by management to run the business with adjusted EBITDA including the contribution from joint ventures. Revenue does not include any contribution from joint ventures. A reconciliation of adjusted EBITDA and adjusted EBIT to operating profit is included below. A calculation of adjusted diluted EPS is shown on page 33.

	2023 $m	2022 (re-presented) $m
Continuing operations		
Revenue	**5,900.7**	5,469.3
Adjusted EBITDA[1]	**422.7**	388.2
Adjusted EBITDA margin %	***7.2%***	*7.1%*
Depreciation (PPE)	**(26.2)**	(29.3)
Depreciation on right of use asset (IFRS 16)	**(103.1)**	(90.5)
Impairment of joint venture investments and property, plant and equipment	**(1.8)**	(2.4)
Amortisation – software and system development	**(106.6)**	(89.0)
Adjusted EBIT	**185.0**	177.0
Adjusted EBIT margin %	***3.1%***	*3.2%*
Amortisation – intangible assets from acquisitions	**(54.5)**	(64.4)
Tax and interest charges on joint ventures	**(16.3)**	(14.3)
Exceptional items	**(76.7)**	(121.2)
Impairment of goodwill and intangible assets	**-**	(542.3)
Operating profit/(loss)	**37.5**	(565.2)
Net finance expense	**(81.5)**	(109.8)
Interest charge on lease liability	**(18.7)**	(16.4)
Loss before taxation from continuing operations	**(62.7)**	(691.4)
Tax charge on continuing operations	**(65.0)**	(10.9)
Loss for the year from continuing operations	**(127.7)**	(702.3)
Profit from discontinued operations, net of tax	**22.5**	350.6
Loss for the period	**(105.2)**	(351.7)
Non-controlling interest	**(5.5)**	(4.6)
Loss attributable to owners of parent	**(110.7)**	(356.3)
Number of shares (basic)	**685.9**	680.4
Basic loss per share	**(16.1)**	(52.4)

In the table above depreciation and amortisation include the contribution from joint ventures.

Built Environment Consulting (sold in September 2022) is classified as a discontinued operation and its results are included within "Total Group" measures. Continuing operations excludes its results. The comparative information has been re-presented due to the reclassification of Built Environment Consulting Saudi Arabia from discontinued into continuing operations. This relates to the sale of a subsidiary, previously classified as held for sale, which did not complete during 2023 and will now be retained by the Group. The revenue of this business for the year ended 31 December 2022 was $27.1 million and Adjusted EBITDA was $3.1 million.

Revenue was up 8% on 2022 to $5,900.7 million with good growth across all business units. Adjusted EBITDA increased by $34.5 million to $422.7 million primarily due to the higher revenue and helped by a slightly higher margin of 7.2% as operational performance and improved pricing offset investments in operating costs.

Adjusted EBIT increased by $8.0 million with higher adjusted EBITDA partly offset by higher depreciation of right of use assets, and a higher software amortisation charge reflecting the increased software spend across the Group in recent years.

Operating profit of $37.5 million (2022: loss $565.2 million) has improved mainly due to lower exceptional items of $76.7 million (2022: $121.2 million) and no impairment charge (2022: $542.3 million) being recognised on goodwill and intangible assets. The $22.5 million profit from discontinued operations, net of tax includes the final proceeds from the Built Environment Consulting business following agreement of the completion balance sheet between the Group and WSP. The increase in the tax charge to $65.0 million (2022: $10.9 million) is primarily driven by actuarial movements in the UK pension scheme.

The review of our trading performance is contained within the Chief Executive Review on pages 8 to 11.

Reconciliation of Adjusted EBIT to Adjusted diluted EPS

	2023 $m	2022 (*re-presented) $m
Adjusted EBIT	**185.0**	177.0
Tax and interest charges on joint ventures	**(16.3)**	(14.3)
Adjusted net finance expense	**(70.4)**	(103.9)
Interest charge on lease liability	***(18.7)***	*(16.4)*
Adjusted profit before tax	**79.6**	42.4
Adjusted tax charge	**(58.3)**	(59.2)
Adjusted (loss)/profit from discontinued operations, net of tax	**(10.2)**	60.2
Adjusted profit for the period	**11.1**	43.4
Non-controlling interest	**(5.5)**	(4.6)
Adjusted earnings	**5.6**	38.8
Number of shares (m) – diluted	**685.9**	680.4
Adjusted diluted EPS (cents)[2]	**0.8**	5.7
Adjusted diluted EPS (cents) continuing operations[2]	**2.3**	(3.1)

See notes on pages 40 and 41

Reconciliation to GAAP measures

	2023 $m	2022 (*re-presented) $m
Loss before tax from continuing operations	**(62.7)**	(691.4)
Impairment of goodwill and intangible assets	**-**	542.3
Exceptional items	**76.7**	121.2
Exceptional items – net finance expense	**11.1**	5.9
Amortisation -intangible assets from acquisitions	**54.5**	64.4
Adjusted profit before tax	**79.6**	42.4
Taxation	**65.0**	10.9
Tax in relation to acquisition amortisation	**3.7**	11.9
Tax on exceptional items	**(10.4)**	36.4
Adjusted tax charge	**58.3**	59.2
Profit from discontinued operations, net of tax	**22.5**	350.6
Discontinued operations, gain on disposal	**(37.7)**	(297.1)
Discontinued items, exceptional items	**5.0**	6.7
Adjusted (loss)/profit from discontinued operations, net of tax	**(10.2)**	60.2

Financial review continued

The reconciliation from adjusted EBIT of $185.0 million (2022: $177.0 million) to adjusted earnings of $5.6 million (2022: $38.8 million) has been provided to show a clear reconciliation to adjusted diluted EPS, which is a key performance measure of the Group. The reconciliation to GAAP measures highlights that the adjusted measures remove exceptional items, the exceptional items on discontinued operations and the associated tax charges on the basis that these are disclosed separately due to their size and nature to enable a full understanding of the Group's performance. Please refer to commentary on exceptional items and associated tax charges on pages 34 and 35. Amortisation on intangible assets from acquisitions and the associated tax credit has been excluded to allow a more useful comparison to Wood's peer group.

Amortisation, depreciation and other impairments for continuing operations

Total amortisation for 2023 was $161.1 million (2022: $153.4 million), all of which relates to the continuing Group. The total amortisation charge includes $54.5 million of amortisation of intangibles recognised on the acquisition of Amec Foster Wheeler ("AFW") (2022: $63.5 million). Amortisation in respect of software and development costs was $106.6 million (2022: $89.0 million) and this largely relates to engineering software and ERP system development. Included in the amortisation charge for the year is $1.4 million (2022: $1.5 million) in respect of joint ventures.

The total depreciation charge in 2023 amounted to $129.3 million (2022: $119.8 million) and includes depreciation on right of use assets of $103.1 million (2022: $90.5 million). Included in the depreciation charge for the year is $13.1 million (2022: $12.3 million) in respect of joint ventures.

Net finance expense and debt

	2023 $m	2022 $m
Interest on bank borrowings	**59.4**	47.2
Interest on US Private Placement debt	**16.6**	40.3
Discounting relating to asbestos, deferred consideration and other liabilities	**12.3**	6.8
Other interest, fees and charges	**12.6**	22.4
Total finance expense excluding joint ventures and interest charge on lease liability	**100.9**	116.7
Finance income relating to defined benefit pension schemes	**(18.3)**	(2.4)
Other finance income	**(1.1)**	(4.5)
Net finance expense	**81.5**	109.8
Interest charge on lease liability	**18.7**	16.4
Net finance charges in respect of joint ventures	**6.5**	4.4
Net finance expense including joint ventures and interest charge on lease liability	**106.7**	130.6

Interest on bank borrowings of $59.4 million (2022: $47.2 million) primarily relates to interest charged on borrowings under the $1.2 billion Revolving Credit Facility ('RCF') which matures in October 2026 and the United Kingdom Export Facility ('UKEF') term loan which was repaid in December 2023 and replaced with a $200.0 million term loan facility maturing in October 2026. Despite the reduction in average net debt during the period, there was a $12.2 million increase in interest on bank borrowings. The increase in the interest expense is primarily driven by higher interest rates in 2023 compared with 2022. The higher interest rate is primarily driven by higher base rates throughout 2023 partially offset by the impact of a lower margin in 2023, caused by the reduction in the net debt to adjusted EBITDA covenant from December 2022.

The interest charge on US Private Placement debt decreased by $23.7 million to $16.6 million primarily due to the total repayment of around $450 million to the USPP noteholders during the second half of 2022, being the early settlement of notes following the disposal of the Built Environment Consulting business. The Group had $352.5 million (2022: $352.0 million) of unsecured loan notes outstanding at 31 December 2023, maturing between 2024 and 2031 with around 75% due in 2025 or later.

Other interest, fees and charges amount to $12.6 million (2022: $22.4 million) and principally relates to the interest on other facilities of $8.4 million, including the receivables factoring facilities and amortisation of bank facility costs of $4.2 million (2022: $10.5 million). The reduction of $9.8 million in other interest, fees and charges is primarily due to lower bank facility costs due to one off, non-cash charges incurred in 2022 as a result of the partial early repayments of the UKEF and USPP facilities.

In total, the Group had undrawn facilities of $902.1 million as at 31 December 2023, of which $843.1 million related to the revolving credit facility.

The Group recognised interest costs in relation to lease liabilities of $18.7 million (2022: $16.4 million) which relates to the unwinding of discount on the lease liability.

Included within the discounting balance of $12.3 million (2022: $6.8 million) is the unwinding of discount on the asbestos provision of $11.1 million (2022: $5.9 million).

Net debt excluding leases to adjusted EBITDA (excluding the impact of IFRS 16) at 31 December was 2.08 times on a covenant basis (2022: 1.3 times) against our covenants of 3.5 times. This is calculated pre IFRS 16 as our covenants are calculated on a frozen GAAP basis, see note 4 on page 40.

Interest cover (see note 5 on page 41) was 4.0 times on a covenant basis (2022: 4.2 times) against our covenant of 3.5 times.

Exceptional items

	2023 $m	2022 $m
Power and Industrial EPC losses	**45.1**	25.0
Impairment of goodwill and intangible assets	**-**	542.3
Apollo related costs	**4.8**	-
Redundancy, restructuring and integration costs	**-**	30.1
Investigation support costs and provisions	**(2.6)**	(4.2)
Enterprise settlement	**-**	35.6
Asbestos yield curve, costs and charges	**29.4**	21.5
Russia exit costs and charges	**-**	13.2
Exceptional items included in continuing operations, before interest and tax	**76.7**	663.5
Unwinding of discount on asbestos provision	**11.1**	5.9
Tax (credit)/charge in relation to exceptional items	**(0.2)**	5.2
Release of uncertain tax provision	**(7.4)**	-
Derecognition/(recognition) of deferred tax assets due to UK pension actuarial movements	**18.0**	(41.6)
Continuing exceptional items, net of interest and tax	**98.2**	633.0

Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance.

Power and Industrial EPC losses

The Group made a strategic decision in 2021 to exit certain business segments within the Power and Industrials sub business group. Following that decision, we ceased to operate in the large-scale EPC or lump sum turnkey business segment.

The costs of exiting that business and any subsequent costs related to the wind down of contracts in that business, to the extent they are material in size, have been treated as exceptional on the basis that they relate to a segment in which the Group no longer operates.

In the first half of 2023 the Group recorded a non-cash exceptional charge of $20.4 million relating to a write down of receivable balances arising from activity in the Power and Industrial EPC business. The Group had expected to recover these balances, but these have since been disputed.

In the second half of 2023, a former client raised an arbitration claim against the Group in respect of alleged damages and costs arising from a legacy Power and Industrial contract. Following evaluation of the claim, the Group has recognised a provision of $23.0 million with a charge to exceptional items, representing our assessment of probable outflows arising from the matter.

During the year additional costs relating to the discontinued business of $1.7 million were recorded as an exceptional charge. This follows previous write downs made during 2022 of $25.0 million, including a revenue reversal of $8.0 million which represents the impact of a reduction in total value of the contract and is in relation to revenue recognised in prior years.

Apollo related costs

The Group incurred $4.8 million in relation to legal and advisor costs arising from Apollo's preliminary approach to potentially acquire the ordinary share capital of the Group, which did not ultimately lead to an offer.

Investigation support costs and provisions

The regulatory investigations were all closed out during 2021 and the agreed settlements were materially in line with the provision made in 2020. The $2.6m credit relates to the release of provisions made for additional legal and other costs which were ultimately not needed.

Asbestos

All asbestos costs have been treated as exceptional on the basis that movements in the provision are non-trading and can be large and driven by market conditions which are out with the Group's control. Excluding these charges from the trading results improves the understandability of the underlying trading performance of the Group.

The charge before interest and tax of $29.4 million (2022: $21.5 million) in 2023 comprises a $34.2 million charge (2022: $52.8 million) based on an updated actuarial review reflecting the best estimate for recent claims experience and $5.4 million (2022: $4.3 million) of costs in relation to managing the claims. These are offset by a credit of $10.0m which relates to the collection of insurance proceeds from an insolvent insurer and a yield curve credit of $0.2 million (2022: $35.6 million). The lower yield curve credit recognised in 2023 is principally due to the 27 year blended curve rate of 3.64% not being materially different to the 30 year flat rate of 3.97% in 2022.

Interest costs of $11.1 million which relate to the unwinding of discount on the asbestos provision over time are shown as exceptional (2022: $5.9 million).

Redundancy, restructuring and integration costs

No costs were incurred in 2023. In the prior year, $30.1 million was incurred in relation to redundancy and restructuring activities.

Enterprise settlement

In the prior year, the Enterprise claim was concluded, with the amount settled being in excess of the amount provided for. The charge in the prior year was classed as an exceptional both by its nature (historic litigation settlement) and by size.

Tax

An exceptional tax charge of $10.4 million (2022: $36.4 million credit) has been recorded during the period. It consists of a $0.2 million tax credit on exceptional items (2022: $5.2 million charge), a $7.4 million credit in relation to the release of an uncertain tax provision created through exceptional items on the disposal of the Well Support business in 2011, offset by an exceptional charge of $18.0 million (2022: $41.6 million credit) recognised due to the actuarial loss in relation to the UK defined benefit pension scheme. As deferred tax liabilities support the recognition of deferred tax assets, the reduction of $18.0 million of deferred tax assets has been charged through exceptional items based on its size.

Financial review continued

Taxation

The effective tax rate on profit before tax, exceptional items and amortisation and including Wood's share of joint venture profit on a proportionally consolidated basis is set out below, together with a reconciliation to the tax charge in the income statement.

	2023 $m	2022 (re-presented) $m
Loss from continuing operations before tax	**(62.7)**	(691.4)
(Loss)/profit from discontinued operations, net of tax and before exceptional items	**(10.2)**	60.2
Tax charge in relation to joint ventures (note 13)	**9.8**	9.9
Amortisation (note 10)	**159.7**	151.9
Exceptional items (continuing operations)	**87.8**	669.4
Tax charge in relation to discontinued operations (note 7)	**-**	7.9
Profit before tax, exceptional items and amortisation	**184.4**	207.9
Effective tax rate on total operations (excluding tax on exceptional items and amortisation)	**35.63%**	36.84%
Tax charge (excluding tax on exceptional items and amortisation)	**65.7**	76.6
Tax charge in relation to joint ventures	**(9.8)**	(9.9)
Tax (credit)/charge in relation to exceptional items (continuing operations)	**(7.6)**	5.2
Derecogniton/(recognition) of deferred tax assets due to UK pension actuarial movements	**18.0**	(41.6)
Tax credit in relation to amortisation	**(1.3)**	(11.5)
Tax charge on discontinued operations	**-**	(7.9)
Tax charge from continuing operations per the income statement	**65.0**	10.9

The effective tax rate reflects the rate of tax applicable in the jurisdictions in which the Group operates and is adjusted for permanent differences between accounting and taxable profit and the recognition of deferred tax assets. Key adjustments impacting on the rate in 2023 are withholding taxes suffered on which full double tax relief is not available, deferred tax not recognised primarily in relation to interest expenses not deductible in the current year, less the release of uncertain tax provisions reflecting the positive outcomes in relation to specific risks.

In addition to the effective tax rate, the total tax charge in the income statement reflects the impact of exceptional items and amortisation which by their nature tend to be expenses that are more likely to be not deductible than those incurred in ongoing trading profits. The income statement tax charge excludes tax in relation to joint ventures. The increase in the tax charge in 2023 is largely a result of the exceptional tax charge of $18.0 million (2022: $41.6 million credit) on deferred tax assets as a result of actuarial movements on the UK pension scheme.

Adjusted tax charge

As noted on page 33 our adjusted tax charge was $58.3 million (2022: $59.2 million), representing an adjusted effective tax rate of 73%. This was lower than the adjusted rate of 140% in 2022, principally due to the significant reduction in net finance costs in the year. Our adjusted tax rate remained relatively high however, representing a range of factors including the geographical mix of profits and losses across the Group, restrictions on the deductibility of interest, withholding taxes on income in certain jurisdictions and limits on the recognition of deferred tax assets in the UK and US due to losses in these countries.

Earnings per share

The calculation of basic earnings per share is based on the earnings attributable to owners of the parent divided by the weighted average number of ordinary shares in issue during the year excluding shares held by the Group's employee share trusts. For the calculation of adjusted diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of dilutive potential ordinary shares, only when there is a profit per share. Adjusted diluted earnings per share is disclosed to show the results excluding the impact of exceptional items and amortisation related to acquisitions, net of tax.

For the year ended 31 December 2023, the Group reported a basic loss (2022: loss) per ordinary share, therefore the effect of dilutive ordinary shares are excluded (2022: excluded) in the calculation of diluted earnings per share. Where profits have been made when disaggregating discontinued and continuing operations, the calculation of diluted earnings per share was performed on the same basis as the whole Group.

	2023			2022		
	Continuing operations $m	**Discontinued operations $m**	**Total $m**	Continuing operations (re-presented) $m	Discontinued operations (re-presented) $m	Total (re-presented) $m
(Losses)/earnings attributable to equity shareholders (basic pre-exceptional)	**(35.0)**	**(10.2)**	**(45.2)**	(73.9)	60.2	(13.7)
Exceptional items, net of tax	**(98.2)**	**32.7**	**(65.5)**	(633.0)	290.4	(342.6)
(Losses)/earnings attributable to equity shareholders (basic)	**(133.2)**	**22.5**	**(110.7)**	(706.9)	350.6	(356.3)
Number of shares (basic)	**685.9**	**685.9**	**685.9**	680.4	680.4	680.4
Number of shares (diluted)	**685.9**	**685.9**	**685.9**	680.4	680.4	680.4
Basic earnings per share (cents)	**(19.4)**	**3.3**	**(16.1)**	(103.9)	51.5	(52.4)
Diluted earnings per share (cents)	**(19.4)**	**3.3**	**(16.1)**	(103.9)	51.5	(52.4)
(Losses)/earnings attributable to equity shareholders (diluted)	**(133.2)**	**22.5**	**(110.7)**	(706.9)	350.6	(356.3)
Exceptional items, net of tax	**98.2**	**(32.7)**	**65.5**	633.0	(290.4)	342.6
Amortisation of intangibles on acquisition, net of tax	**50.8**	**–**	**50.8**	52.5	–	52.5
Earnings/(losses) attributable to equity shareholders (adjusted diluted)	**15.8**	**(10.2)**	**5.6**	(21.4)	60.2	38.8
Earnings/(losses) attributable to equity shareholders (adjusted basic)	**15.8**	**(10.2)**	**5.6**	(21.4)	60.2	38.8
Number of shares (diluted)	**685.9**	**685.9**	**685.9**	680.4	680.4	680.4
Number of shares (basic)	**685.9**	**685.9**	**685.9**	680.4	680.4	680.4
Adjusted diluted (cents)	**2.3**	**(1.5)**	**0.8**	(3.1)	8.8	5.7
Adjusted basic (cents)	**2.3**	**(1.5)**	**0.8**	(3.1)	8.8	5.7

Basic loss per share for the year was 16.1 cents (2022: 52.4 cents). The reduction in loss per share is driven by lower exceptional items, net of tax in the continuing Group. The adjusted earnings per share was 0.8 cents (2022: 5.7 cents). The decline in the year mainly reflects the absence of Built Environment Consulting. This measure excludes exceptional items, amortisation of acquired intangibles and all related tax charges and credits. A reconciliation of adjusted EBIT to adjusted EPS is shown on page 33.

Capital allocation

We look to manage our target leverage over the medium term within a range of around 0.5 to 1.5 times net debt (excluding leases) to adjusted EBITDA (pre-IFRS 16). Beyond this, we consider how best to create value for our shareholders from dividends, share buybacks or attractive acquisitions.

Financial review continued

Cash flow and net debt

The cash flow for the year is set out below and includes both continuing and discontinued operations:

	Excluding leases 2023 $m	**Impact of leases 2023 $m**	**Total 2023 $m**	Excluding leases 2022 $m	Impact of leases 2022 $m	Total 2022 $m
Adjusted EBITDA	**301.4**	**111.1**	**412.5**	**337.0**	**121.0**	**458.0**
Less JV EBITDA	(66.4)	(7.2)	(73.6)	(50.8)	(7.7)	(58.5)
JV Dividends	15.6	–	15.6	30.1	–	30.1
Adjusted decrease in provisions (note 6)	(22.1)	–	(22.1)	(43.7)	–	(43.7)
Other	18.7	(1.7)	17.0	28.1	–	28.1
Adjusted cash flow generated from operations pre working capital	**247.2**	**102.2**	**349.4**	**300.7**	**113.3**	**414.0**
Adjusted increase in receivables	(67.7)	–	(67.7)	(97.5)	–	(97.5)
Adjusted increase/(decrease) in payables (note 6)	12.7	–	12.7	(267.6)	–	(267.6)
Decrease/(increase) in inventory	1.5	–	1.5	(1.6)	–	(1.6)
Adjusted working capital movements	**(53.5)**	**–**	**(53.5)**	**(366.7)**	**–**	**(366.7)**
Adjusted cash generated/(outflow) from operations (note 6)	**193.7**	**102.2**	**295.9**	**(66.0)**	**113.3**	**47.3**
Purchase of property, plant and equipment	(18.8)	–	(18.8)	(27.6)	–	(27.6)
Proceeds from sale of property, plant and equipment	8.2	–	8.2	7.1	–	7.1
Purchase of intangible assets	(126.4)	–	(126.4)	(109.2)	–	(109.2)
Interest received	1.1	–	1.1	4.5	–	4.5
Interest paid	(81.7)	–	(81.7)	(98.1)	–	(98.1)
Tax paid	(97.7)	–	(97.7)	(81.9)	–	(81.9)
Non-cash movement in leases	–	(160.9)	(160.9)	–	(41.7)	(41.7)
Other	1.4	–	1.4	(14.2)	(6.3)	(20.5)
Free cash flow (excluding exceptionals)	**(120.2)**	**(58.7)**	**(178.9)**	**(385.4)**	**65.3**	**(320.1)**
Cash exceptionals	(145.0)	11.1	(133.9)	(318.8)	14.6	(304.2)
Free cash flow	**(265.2)**	**(47.6)**	**(312.8)**	**(704.2)**	**79.9**	**(624.3)**
FX movements on cash and debt facilities	(12.6)	(10.3)	(22.9)	(25.4)	27.0	1.6
Divestments	(22.5)	–	(22.5)	1,729.4	–	1,729.4
(Increase)/decrease in net debt	**(300.3)**	**(57.9)**	**(358.2)**	**999.8**	**106.9**	**1,106.7**
Opening net debt	**(393.2)**	**(342.9)**	**(736.1)**	**(1,393.0)**	**(449.8)**	**(1,842.8)**
Closing net debt	**(693.5)**	**(400.8)**	**(1,094.3)**	**(393.2)**	**(342.9)**	**(736.1)**

Closing net debt at 31 December 2023 including leases was $1,094.3 million (2022: $736.1 million). Included within closing net debt is the IFRS 16 lease liability which is the net present value of the lease payments that are not paid at the commencement date of the lease and subsequently increased by the interest cost and reduced by the lease payment made. The lease liability as at 31 December 2023 was $400.8 million (2022: $342.9 million), with the increase primarily relating to a new office campus in Reading, UK that replaced a previous location. All covenants on the debt facilities are measured on a pre-IFRS 16 basis.

Closing net debt excluding leases as at 31 December 2023 was $693.5 million (2022: $393.2 million). The monthly average net debt excluding leases in 2023 was $846.4 million (2022: $1,489.1 million). The cash balance and undrawn portion of the Group's committed banking facilities can fluctuate throughout the year. Around the covenant remeasurement dates of 30 June and 31 December the Group's net debt excluding leases is typically lower than the monthly averages due mainly to a strong focus on collection of receipts from customers.

Cash generated from operations pre-working capital reduced by $64.6 million to $349.4 million from $414.0 million in the year to December 2023 reflecting increased EBITDA from continuing operations more than offset by EBITDA from the business sold in 2022. It includes a decrease in provisions of $22.1 million which is mainly explained by utilisations of the provision in the year. New provisions created through EBITDA were largely offset by releases to EBITDA. The releases in 2023 are driven by the Group concluding on a number of historic project related and insurance provisions which are no longer considered necessary following resolution of the disputes or the underlying risk. New provisions primarily relate to insurance, various individually immaterial project provisions and a litigation provision relating to a discontinued business. The other movement of $17.0 million (2022: $28.1 million) is principally comprised of non-cash movements through EBITDA including share-based charges of $19.6 million (2022: $20.7 million), FX movements of $3.1 million (2022: $8.1 million) and non-cash gains on disposal of the Gulf of Mexico assets, right of use assets and property, plant and equipment of $2.0 million, $1.7 million and $2.6 million respectively.

There was a working capital outflow of $53.5 million (2022: $366.7 million). The outflow in receivables of $67.7 million was driven by an increase to revenue in 2023 and higher closing days sales outstanding ("DSO") leading to higher trade receivables and gross amounts due from customers. The trade and other payables balance is broadly consistent with 2022, resulting in a working capital inflow in the year of $12.7 million.

The Group has receivables financing facilities totalling $200.0 million. The amount utilised at 31 December 2023 was $198.2 million (2022: $200.0 million). The facilities are non-recourse to the Group and are not included in our net debt.

Cash exceptionals including lease movements reduced by $170.3 million to $133.9 million as the Group continues to reduce its exposure to legacy contracts. Payments made during 2023 mainly relate to the settlement of known legal claims and asbestos payments. These include the historic SFO investigation payments of $38 million which were provided for in 2020 and net asbestos payments of around $40 million. The remaining cash exceptionals mainly relates to the legacy Aegis contract of $27 million and other legacy contracts of around $12 million.

The other reduction in net debt of $1.4 million (2022: increase of $20.5 million) is principally comprised of the movements in accrued bank interest and prepaid debt facility costs which are included within net debt.

The free cash outflow of $312.8 million (2022: $624.3 million) was lower than in 2022, largely due to the $170.3 million improvement in cash exceptionals and improved working capital performance of $313.2 million. This was offset mainly by an increase in the non-cash movement in leases totalling $160.9 million (2022: $41.7 million) driven by significant lease renewals in the year, an increase of $17.2 million related to the purchase of intangible assets, including software and investment in ERP improvements throughout the Group and an increase in tax paid of $15.8 million following conclusion of a number of uncertain tax provisions.

A net cash outflow from divestments of $22.5 million includes final proceeds from the disposal of the Built Environment Consulting ($27.1 million) and proceeds from the sale of the Gulf of Mexico business ($17.5 million). These are offset by taxes paid on the Built Environment Consulting disposal of $65.0 million and professional costs incurred on the disposal of Built Environment Consulting of $2.1 million.

Operating cash conversion, before capital expenditure, calculated as cash generated from operations as a percentage of adjusted EBITDA (less JV EBITDA) increased to 87.3% (2022: 11.8%) primarily due to improved working capital performance.

Summary balance sheet

	2023 $m	2022 $m
Goodwill and intangible assets	**4,319.0**	4,309.1
Right of use assets	**355.9**	276.0
Other non-current assets	**913.9**	918.0
Trade and other receivables	**1,554.4**	1,545.0
Net held for sale assets and liabilities (excluding cash)	**-**	0.4
Trade and other payables	**(1,706.7)**	(1,687.6)
Net debt excluding leases	**(693.5)**	(393.2)
Lease liabilities	**(400.8)**	(342.9)
Asbestos related litigation	**(306.5)**	(311.4)
Provisions	**(135.3)**	(148.3)
Other net liabilities	**(258.5)**	(435.6)
Net assets	**3,641.9**	3,729.5
Net current liabilities	**(207.0)**	(235.0)

At 31 December 2023, the Group had net current liabilities of $207.0 million (2022: $235.0 million).

Goodwill and intangible assets amount to $4,319.0 million (2022: $4,309.1 million) and principally comprises of goodwill and intangibles relating to acquisitions. The increase of $9.9 million comprises of software additions of $131.0 million and FX movements of $53.6 million offset by amortisation charges of $159.7 million and $15.0 million of goodwill disposed following sale of Gulf of Mexico assets.

Right of use assets and lease liabilities amount to $355.9 million (2022: $276.0 million) and $400.8 million (2022: $342.9 million) respectively. The increase in both the right of use asset and lease liability primarily relates to a new office campus in Reading, UK contributing to around $68 million and $64 million respectively.

Trade and other receivables increased to $1,554.4 million reflecting the increased revenues compared with 2022 and a higher DSO. Trade and other payables increased to $1,706.7 million also reflecting the increasing activity levels and follows the normalisation of the balance as at December 2022.

Largely as a result of the acquisition of AFW, the Group is subject to claims by individuals who allege that they have suffered personal injury from exposure to asbestos primarily in connection with equipment allegedly manufactured by certain subsidiaries during the 1970s or earlier. The overwhelming majority of claims that have been made and are expected to be made are in the USA. The asbestos related litigation provision amounts to $306.5 million (2022: $311.4 million).

The net asbestos liability at 31 December 2023 amounted to $328.1 million (2022: $335.4 million) and comprised $306.5 million in provisions (2022: $311.4 million) and $50.4 million in trade and other payables (2022: $59.5 million) less $23.2 million in long term receivables (2022: $24.4 million) and $5.6 million in trade and other receivables (2022: $11.1 million).

The Group expects to have net cash outflows of approximately $35 million as a result of asbestos liability indemnity and defence payments in excess of insurance proceeds during 2024. The Group has worked with its independent asbestos valuation experts to estimate the amount of asbestos related indemnity and defence costs at each year end based on a forecast to 2050.

Other provisions as at December 2023 were $135.3 million (2022: $148.3 million) and comprise project related provisions of $42.2 million (2022: $63.3 million), insurance provisions of $40.7 million (2022: $46.2 million), property provisions of $27.4 million (2022: $26.0 million) and litigation related provisions of $25.0 million (2022: $12.8 million).

Full details of provisions are provided in notes 21 and 22 to the Group financial statements.

Financial review continued

Pensions

The Group operates a number of defined benefit pension schemes in the UK and US, alongside a number of defined contribution plans. At 31 December 2023, the UK defined benefit pension plan had a surplus of $391.9 million (2022: $432.4 million) and other schemes had deficits totalling $80.1 million (2022: $73.2 million).

The Group's largest pension scheme, the UK Pension Plan, has total scheme assets of $2,822.5 million (2022: $2,690.1 million) and pension scheme obligations of $2,430.6 million (2022: $2,257.7 million) and is therefore 116% (2022: 119%) funded on an IAS 19 basis. There was an increase in scheme liabilities arising from a lower discount rate used in the actuarial assumptions, which is partially offset by an increase in scheme assets.

In assessing the potential liabilities, judgement is required to determine the assumptions for inflation, discount rate and member longevity. The assumptions at 31 December 2023 showed a small reduction in the discount rate which results in higher scheme liabilities resulting in an overall decrease to the surplus compared to December 2022. Full details of pension assets and liabilities are provided in note 33 to the Group financial statements.

The UK defined benefit pension plan was estimated to have a surplus on a Technical Provisions basis at the last triennial valuation date which was 31 March 2023 subject to finalisation of the valuation during 2024. The Group is currently working closely with the Trustee to agree a preferred direction regarding the future of the plan. Options being assessed include moving to a buy-in insured basis and eventual buy-out with a third party as soon as is reasonably practical, or to continue to run the WPP on for a limited number of years to potentially generate further surplus. Any surplus could benefit both the Group and pension members, ensuring that appropriate safeguards for both the funding position and members' interests are taken into account at all times.

Contingent liabilities

Details of the Group's contingent liabilities are set out in note 34 to the financial statements.

Divestments

The final proceeds from the disposal of the Built Environmental Consulting business were agreed during 2023 upon agreement of the completion balance sheet between the Group and WSP. This has resulted in an additional gain of $31.0 million, comprising largely of $27.1 million of cash proceeds and the release of completion accruals being recognised in discontinued operations.

Notes

1. A reconciliation of operating loss to adjusted EBITDA is presented in table below and is a key unit of measurement used by the Group in the management of its business.

	2023 $m	2022 $m
Operating profit/(loss) per income statement	**37.5**	(565.2)
Share of joint venture finance expense and tax (note 13)	**16.3**	14.3
Exceptional items (note 5)	**76.7**	663.5
Amortisation (including joint ventures)	**161.1**	153.4
Depreciation (including joint ventures)	**26.2**	29.3
Depreciation of right of use assets	**103.1**	90.5
Impairment of PP&E and joint venture investments	**1.8**	2.4
Adjusted EBITDA (continuing operations)	**422.7**	388.2
Discontinued operation		
Operating (loss)/profit (discontinued)	**(15.2)**	63.1
Exceptional items (note 7)	**5.0**	6.7
Adjusted EBITDA (discontinued operation)	**(10.2)**	69.8
Total Group Adjusted EBITDA	**412.5**	458.0

2. Adjusted diluted earnings per share ("AEPS") is calculated by dividing earnings attributable to owners before exceptional items and amortisation relating to acquisitions, net of tax, by the weighted average number of ordinary shares in issue during the period, excluding shares held by the Group's employee share ownership trusts and is adjusted to assume conversion of all potentially dilutive ordinary shares. AEPS on continuing operations excludes the adjusted loss from discontinued operations, net of tax of $10.2 million (2022: profit of $60.2 million). In 2023, AEPS was not adjusted to assume conversion of all potentially dilutive ordinary shares because the unadjusted result is a loss.
3. Number of people includes both employees and contractors at 31 December 2023.
4. Net debt to adjusted EBITDA cover on a covenant basis is presented in the table below:

	2023 $m	2022 $m
Net debt excluding lease liabilities (reported basis) (note 31)	**693.5**	393.2
Covenant adjustments	**17.7**	16.2
Net debt (covenant basis)	**711.2**	409.4
Adjusted EBITDA (covenant basis)	**341.2**	315.1
Net debt to adjusted EBITDA (covenant basis) – times	**2.08**	1.30

Adjusted EBITDA (covenant basis) is on a rolling 12 month period and excludes adjusted EBITDA from the discontinued operation and the impact of applying IFRS 16. The funding agreements require that covenants are calculated by applying IAS 17 rather than IFRS 16. The covenant adjustment to net debt relates to finance leases which would be on the balance sheet if applying IAS 17. Note: the covenant basis shown above refers to the measure as calculated for our RCF. The measure used for our USPP senior loan notes is not materially different from the covenant measure shown above.

5. Interest cover on a covenant and reported basis is presented in the table below:

	2023 $m	2022 $m
Net finance expense	**81.5**	109.8
Covenant adjustments	**(1.2)**	(4.8)
Non-recurring net finance expense	**(1.9)**	(37.5)
Net finance expense (covenant basis)	**78.4**	67.5
Adjusted EBITA (covenant basis)	**315.0**	285.9
Interest cover (covenant basis) – times	**4.0**	4.2

The difference between adjusted EBITDA (covenant basis) and adjusted EBITA (covenant basis) is $26.2million (2022: $29.2 million) and is mainly explained by 12-month rolling pre-IFRS 16 depreciation charges of $26.2 million (2022: $29.3 million).

6. Reconciliation to GAAP measures between consolidated cash flow statement and cash flow and net debt reconciliation

	2023 $m	2022 $m
Decrease in provisions	**(91.0)**	(123.1)
Prior year cash exceptionals	**68.9**	79.4
Adjusted movement in provisions	**(22.1)**	(43.7)
Increase in receivables	**(77.5)**	(97.5)
Carrying value of business disposed (operating activity)	**9.8**	-
Adjusted increase in receivables	**(67.7)**	(97.5)
Decrease in payables	**(54.4)**	(398.9)
Prior year cash exceptionals	**67.1**	131.3
Adjusted increase/(decrease) in payables	**12.7**	(267.6)
Tax paid	**(97.7)**	(103.9)
Tax paid on disposal of business	**-**	22.0
Adjusted tax paid	**(97.7)**	(81.9)
Disposal of businesses (net of cash disposed and tax paid)	**(22.5)**	1,751.4
Tax paid on disposal of business	**-**	(22.0)
Divestments	**(22.5)**	1,729.4
Proceeds from disposal of investments in joint ventures	**15.9**	-
Proceeds on disposal of business (operating activity)	**(15.9)**	-
Adjusted disposal of investments in joint ventures	**-**	-
Adjusted cash generated from operations	**295.9**	47.3
Cash exceptionals	**(133.9)**	(304.2)
Proceeds on disposal of business (operating activity)	**(15.9)**	-
Cash generated from/(used in) operations	**146.1**	(256.9)
Proceeds on disposal of business (operating activity)	**15.9**	-
Purchase of property, plant and equipment	**(18.8)**	(27.6)
Proceeds from sale of property, plant and equipment	**8.2**	7.1
Purchase of intangible assets	**(126.4)**	(109.2)
Interest received	**1.1**	4.5
Interest paid	**(81.7)**	(98.1)
Tax paid	**(97.7)**	(81.9)
Non-cash movement in leases	**(160.9)**	(41.7)
Other	**1.4**	(20.5)
Free cash flow	**(312.8)**	(624.3)

Decreases in provisions, receivables and payables, cash generated from operations and tax paid have been adjusted to show exceptional items separately, to present significant items separately from the rest of the cash flow either by virtue of size or nature and reflects how the Group evaluates cash performance of the business.

Prior year cash exceptionals is defined as cash payments made in the current period in respect of amounts provided for in prior periods.

The proceeds on disposal of business represents the sale of a joint venture contained within Investment Services. Management consider this as part of Investment Services trading activity and therefore is included within adjusted cash generated from operations.

7. Constant currency references. Growth rates shown at constant currency are calculated by comparing FY23 to FY22 restated at FY23 currency rates. This additional disclosure is made to help users better understand the growth of our businesses.
8. Adjusted EBITDA margin and adjusted EBIT margin. Adjusted EBITDA margin is adjusted EBITDA shown as a percentage of revenue. Adjusted EBIT margin is adjusted EBIT shown as a percentage of revenue. These measures are used by management to measure the performance of businesses, and are part of our medium term targets.
9. Revenue from sustainable solutions. Estimated share of FY23 revenue as defined by Wood. This figure is referred to across this document. Sustainable solutions consist of activities related to: renewable energy, hydrogen, carbon capture & storage, electrification and electricity transmission & distribution, LNG, waste to energy, sustainable fuels & feedstocks and recycling, processing of energy transition minerals, life sciences, and decarbonisation in oil & gas, refining & chemicals, minerals processing and other industrial processes. In the case of mixed scopes including a decarbonisation element, these are only included in sustainable solutions if 75% or more of the scope relates to that element, in which case the total revenue is recorded in sustainable solutions.

Designing the path to net zero

Wood is performing engineering services for a significant carbon capture and storage (CCS) pipeline project involving Canada's six largest oil sands producers. The contract, awarded by the Pathways Alliance, supports the engineering and design of an approximately 400-kilometre main transportation line and laterals linking multiple oil sands facilities with a subsurface carbon sequestration hub. The distribution system, along with the required metering and booster stations, will gather and transport up to 40 Mt/year of carbon dioxide from more than 20 oil sands facilities by 2050.

The transportation pipeline system with varying diameters is a key component of the Pathways Alliance foundational project that is expected to reduce emissions by 10 to 12 million tonnes annually by 2030, about half of the Alliance's 22 million tonne goal by the end of this decade.

Established in 2021, the Pathways Alliance operates about 95% of Canada's oil sands production and is working, with the support of the Canadian and Alberta governments, to achieve the goal of net zero greenhouse gas emissions from oil sands production by 2050.

Click here
to find out more

400km

carbon dioxide pipeline in Canada

40 million

tonnes carbon dioxide transported annually

20+

oil sands facilities by 2050

Sustaining global biopharma's production of critical specialty medicines

In 2023, Wood won an award valued around $50m from GSK for a US capital project to sustain the global biopharma's production of critical specialty medicines. As the capital project delivery partner, Wood is providing engineering, procurement, construction management and validation enhancement services for GSK's global production facility in Rockville, Maryland.

Wood's three-year contract is supporting GSK's production of innovative specialty medicines for the US and globally as part of GSK's plan to develop the site with the latest state-of-the-art scientific research technology and equipment.

Wood's track record executing design and capital project solutions for GSK facilities in the UK over the last decade led to the award. Under the partnership, Wood's growing Life Sciences team in the US is leading project delivery, applying proven global capital programme management processes and expertise to deliver an advanced facility of the highest quality and safety standards.

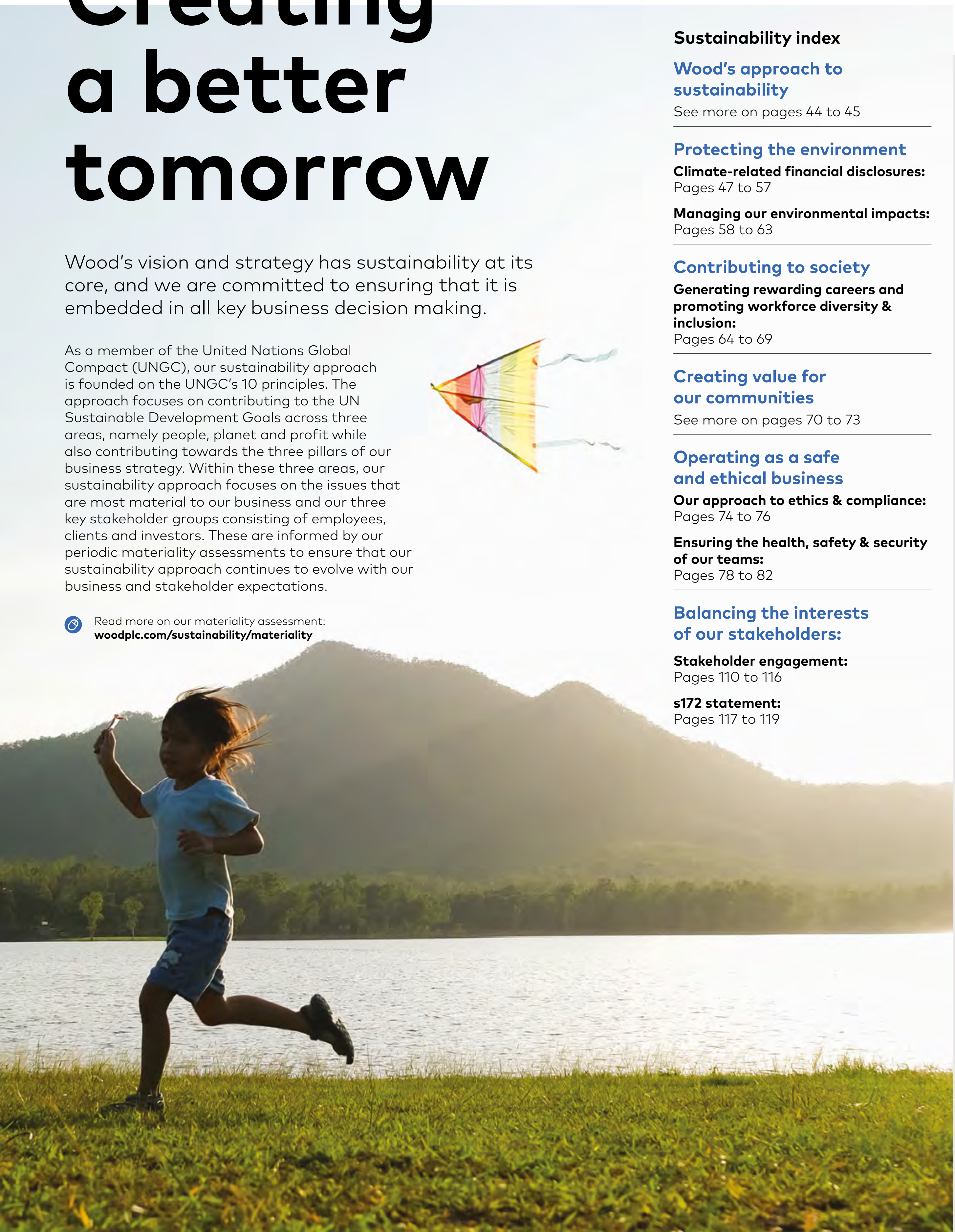
"The need to develop and manufacture specialty medicines critical to human health has never been greater."

Ken Gilmartin, Chief Executive of Wood

Click here
to find out more

Sustainability

Creating a better tomorrow



Wood's vision and strategy has sustainability at its core, and we are committed to ensuring that it is embedded in all key business decision making.

As a member of the United Nations Global Compact (UNGC), our sustainability approach is founded on the UNGC's 10 principles. The approach focuses on contributing to the UN Sustainable Development Goals across three areas, namely people, planet and profit while also contributing towards the three pillars of our business strategy. Within these three areas, our sustainability approach focuses on the issues that are most material to our business and our three key stakeholder groups consisting of employees, clients and investors. These are informed by our periodic materiality assessments to ensure that our sustainability approach continues to evolve with our business and stakeholder expectations.

Read more on our materiality assessment:
woodplc.com/sustainability/materiality

Sustainability index

Our vision:

Deliver solutions that transform the world

Strategic pillars:

Profitable growth

Inspired culture

Performance excellence

Our sustainability goals:

People

- To improve gender balance with 40% female representation in senior leadership roles by 2030
- 100% of Wood labour suppliers sign up and comply with the Building Responsibly Principles by 2025
- 100% of our suppliers have Building Responsibly Principles embedded into their supply chains by 2030
- To contribute $10 million to our Global Cause by giving our time, energy, resources and funding by 2030

SDG alignment:

Planet

- 40% reduction in scope 1 and 2 GHG emissions by 2030, compared to a 2019 baseline
- To ensure all Wood offices are single use plastic-free by 2025

SDG alignment:

Profit

- To double revenue from sustainable solutions in energy transition and sustainable materials markets by 2030, from a 2021 baseline
- To be consistently ranked in the top quartile ESG investment ratings within our sector group by 2025

SDG alignment:

All information related to our sustainability programme is available on our website: **woodplc.com/sustainability**

In 2023, John Wood Group PLC received a rating of AA (on a scale of AAA-CCC) in the MSCI ESG Ratings assessment.

Sustainability continued

Non-financial and sustainability information statement

In accordance with sections 414CA and 414CB of the Companies Act 2006, the following constitutes Wood's Non-financial and Sustainability Information statement.

The 'Detailed disclosure' provides references to where the information can be found that is relevant for the understanding of our business in relation to the matters listed as well as the due diligence implemented in pursuance of our policies and the outcomes of those policies. Certain information is incorporated by reference, as listed in the table below. All references are to locations in this Annual Report and Accounts unless otherwise specified.

Non-financial and sustainability matters	Policies & standards governing our approach	Detailed disclosure
Environmental	• HSSES policy • Environmental management standards • Supplier code of conduct	Environment, pages 58 to 63 TCFD report, pages 47 to 57 Stakeholder engagement, pages 110 to 116
Employees	• Code of conduct • Human rights policy • Equal opportunities policy • Harassment policy • HSSES policy • Diversity, equity & inclusion policy	People, pages 64 to 69 Health, safety & security, pages 78 to 82 Gender pay gap report on woodplc.com Directors' report, pages 153 to 156 Directors' remuneration report, pages 136 to 152 Stakeholder engagement, pages 110 to 116
Social matters	• Community investment policy • Supplier code of conduct • Tax strategy	Community, pages 70 to 73 Stakeholder engagement, pages 110 to 116
Human Rights	• Human rights policy • Supplier code of conduct • Diversity, equity & inclusion policy • Data protection policy	People, pages 64 to 69 Ethics & compliance, pages 74 to 76 Modern slavery & human trafficking statement on woodplc.com Human rights page on woodplc.com
Anti-corruption & anti-bribery matters	• Code of conduct • Supplier code of conduct • Anti-bribery and anti-corruption policy • Ethics reporting & anti-retaliation policy • Commercial intermediary policy • Conflicts of interest policy • Competition law compliance policy • Sanctions, export controls and anti-boycotts policy • Gifts & hospitality policy	Ethics & compliance, pages 74 to 76
Climate-related financial disclosures		TCFD report, pages 47 to 57
Additional disclosures including: • Business model • Non-financial KPIs • Principal risks and impact on business activity		Business model, page 20 Non-financial KPIs, pages 26 to 27, 81, 61 and 69 Principal risks & management of principal risks, pages 83 to 90

Task Force on Climate-related Financial Disclosures (TCFD) Report 2023

Wood is adapting to climate change opportunities, delivering solutions for a net-zero world, and addressing the risks and impacts in our business.

Compliance with TCFD

TCFD recommendations

Our disclosures are consistent with the TCFD Recommendations and Recommended Disclosures, including section C of the 2021 TCFD Annex entitled 'Guidance for All Sectors'. We are fully compliant with 10 of the 11 recommended disclosures.

Opposite is a summary of the status of our compliance, together with page references in this report where the relevant disclosures can be found.

In addition, where relevant we provide the expected time horizon to achieve full compliance for any disclosure that we require more time to implement.

Companies Act 2006

Our disclosures also meet the requirements of section 414CB of the Companies Act 2006.

	Status	Page
Governance		
Describe the board's oversight of climate-related risks and opportunities	Compliant	48
Describe management's role in assessing and managing climate-related risks and opportunities	Compliant	49
Strategy		
Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	Compliant	50 to 51
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	Compliant	52 to 53
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario[1]	Partially compliant	53
Risk management		
Describe the organisation's processes for identifying and assessing climate-related risks	Compliant	54-55
Describe the organisation's processes for managing climate-related risks	Compliant	54-55
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Compliant	54-55
Metrics and targets		
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Compliant	56 to 57
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Compliant	56 to 57
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Compliant	56 to 57

Footnotes:

1. Although qualitative scenario planning has previously been undertaken, to ensure full compliance we commenced a process during 2023 to refresh our scenario planning taking into account climate-related scenarios, specifically including a 2°C or lower scenario and setting out our key assumptions. We expect to complete our scenario planning in 2024 and whilst our refreshed 2023-2025 strategy will form the foundation of the analysis, the outputs will help to inform our view for future strategic cycles.

Sustainability continued

Governance

Board oversight of climate-related risks and opportunities

At Wood, the Board as a whole has accountability for sustainability matters, including those related to climate. A review of Wood's sustainability strategy and performance, including performance against climate targets, is undertaken by the Board annually. However, to ensure sufficient and more frequent oversight of Wood's sustainability strategy and performance it has delegated certain responsibilities to a Safety and Sustainability Committee.

The Safety and Sustainability Committee is chaired by a non-executive director and meets four times per year, reporting to the Board after each meeting on matters discussed and recommendations. The Committee's responsibilities include reviewing and making recommendations on:

- the effectiveness of management's plans on environment and climate action, including the setting, disclosing and achievement of targets
- the progress against priorities and objectives including compliance with public commitments on sustainability matters, responding to sustainability risks
- the adequacy and effectiveness of the assurance programme for health, safety, security and environment (HSSE) and sustainability
- the expertise and appropriateness of the structure of the HSSE and Sustainability function throughout the group
- the status, suitability and effectiveness of Board and senior management knowledge, training and education to affect the necessary competence to meet its HSSE and Sustainability obligations and oversight

Wood has unique consulting and engineering skills that are critical to solving the global challenges of decarbonisation and energy transition, as well as energy security. Through oversight for the overarching business strategy, the Board considers Wood's climate-related opportunities and climate-related impacts on the sustainability of the business model. It does this by assessing the key market drivers and uncertainties for market development, key clients and competitors across each of Wood's focus geographies, Wood's historical track record of performance, major risks to delivery and how they will be mitigated. The Board increases its understanding of climate-related opportunities through supporting global initiatives on climate advocacy such the UN Global Sustainable Development Goals (SDGs).

The Board has responsibility for establishing procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives" (its "risk appetite"); performing a robust assessment of the principal and emerging risks; and monitoring and reviewing the risk management and internal control systems. The Board is assisted in this assessment by the Audit, Risk and Ethics Committee and the Safety and Sustainability Committee, who are delegated responsibility for various aspects of risk, internal control and assurance.

Climate-related risks are considered as part of the overall process for managing principal and emerging risks, with principal and emerging risks being reviewed by the Board twice per year.

This process includes a cross-check against the principal and emerging risks identified by Wood's peer group which helps to inform the Board's mid-year discussion on risk. In addition, at the half-year and year-end, a series of one-to-one interviews are carried out by the President – Group Audit & Risk and the Group Risk Vice President with each of the non-executive directors to understand their perception of emerging risks, including those from climate-related matters.

In addition to the responsibilities delegated to the Safety and Safety Committee and the assistance provided by the Safety and Sustainability and Audit Risk and Ethics committees to the Board in its assessment of risks, further Board oversight for climate-related matters is undertaken by the following Board committees:

Audit, Risk and Ethics Committee

- monitoring the integrity of Wood's financial statements and strategic report, including climate-related disclosures
- reviewing the internal audit programme and ensuring the internal audit plan is aligned to the principal risks of the business which include climate-related impacts (see 'Risk Management' on page 54)

Remuneration Committee

Supporting delivery of the sustainability strategy, including climate-related objectives, through incorporation of environment, social and governance (ESG) targets in leadership team bonus schemes and long-term incentive plans.

Management's role in assessing and managing climate-related risks and opportunities

During 2023, the Executive President of Business Sustainability & Assurance, as a member of the Executive Leadership Team (ELT) oversaw the delivery of the sustainability strategy and had overall accountability for climate-related actions and risk management[1]. The Safety & Sustainability Committee forms the main channel of communication between management and the Board. The Executive President of Business Sustainability & Assurance attended these Committee meetings to provide regular reports on progress, including updates on progress against our climate-related targets.

During 2023, the President of Sustainability reported to the Executive President of Business Sustainability & Assurance[1] and was responsible for the development, execution and monitoring of the sustainability strategy, including any climate-related actions and targets.

The President of Sustainability also oversaw the Environment, Social and Governance (ESG) risk management framework which includes a climate change risk register.

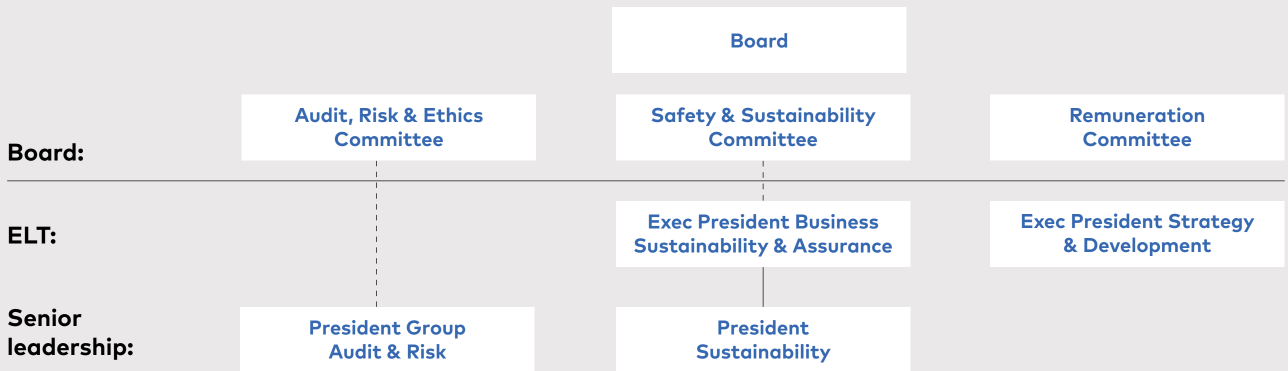
Wood's Growth & Development (G&D) function is responsible for business development, including building on growth opportunities in energy transition and decarbonisation which have climate-change as a key driver. The President of Sustainability collaborates closely with Wood's G&D function to enhance Wood's ability to compete and secure work in this space, and oversees the reporting against our target of doubling client support aligned to the energy transition by 2030.

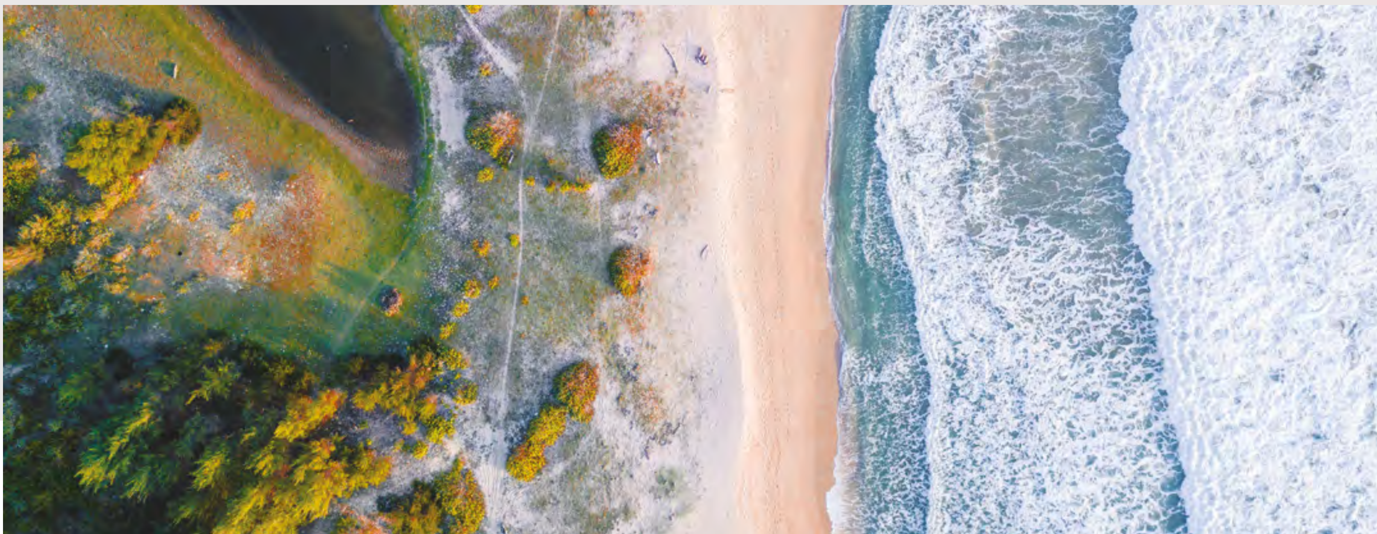
Given the diverse nature of climate-related impacts and their potential to generate risks and opportunities throughout Wood's business, the wider ELT also has responsibility for assessing and managing the impacts. Consideration of climate-related matters is given at a business unit (BU) level through Quarterly Business Reviews (QBRs).

The QBRs are chaired by the Chief Executive Officer (CEO) with attendance by the Chief Financial Officer (CFO), other ELT members and Business Unit (BU) leadership teams. During the QBRs, BU risk registers are reviewed as well as progress against BU execution plans and internal metrics and targets related to the delivery of Wood's strategy. See 'Strategy' and 'Risk Management' sections on pages 50-55 for further details on how climate-related matters impact Wood's strategy and risks. The meetings provide the Executive President - Business Sustainability & Assurance with insight into the operational and commercial activities of the business providing an opportunity to identify any activities that could be inconsistent with our climate commitments.

1. This structure will be reviewed following the changes to the ELT in 2024 as set out on page 98.

Climate governance





Sustainability continued

Strategy

Climate-related risks and opportunities

As an engineering and consulting company, Wood operates across two end markets; Energy and Materials. Our strategic focus is aligned to the key growth trends of energy transition, energy security, sustainable materials, circular economy, decarbonisation and digitalisation. As such, climate-related matters are a core consideration of our strategy and we recognise the potential for climate-related risks and opportunities to impact on our business.

In 2019, as part of our strategic planning process, we undertook qualitative scenario planning which explored the pace and depth of the low-carbon energy transition required to meet Paris Agreement targets. The scenario planning assessed two focal questions which considered the climate-related impacts on the key drivers of our strategy at that time. Those key drivers were energy transition and the development of sustainable infrastructure.

In September 2022, Wood completed the sale of its Built Environment Consulting business which was aligned to market drivers related to the development of sustainable infrastructure. Following the sale, we updated our strategy for the 2023-2025 cycle and this was set out in a capital markets day on 29 November 2022. As noted above, climate-related matters including energy transition and decarbonisation are core to our current strategy and therefore the energy transition focal question of our 2019 scenario planning remains relevant. In alignment with the scenario planning and strategy roll out, we have continued to assess the risks and opportunities throughout our strategic cycle to 2023. As noted on page 53, we intend to refresh our scenario planning analysis in 2024.

For the energy transition focal question, our assessment explored two major uncertainties resulting in two scenarios to test the resilience of our strategy in order to:

- Ensure our business is financially resilient across a range of market scenarios with respect to the pace, scope and scale of energy transition changes
- Enable our business model resources to be optimised in response to specific short to near-term market and geographical opportunities
- Support our clients with differentiated service offerings, engineering solutions and delivery capabilities to help them meet their individual climate-related net-zero targets

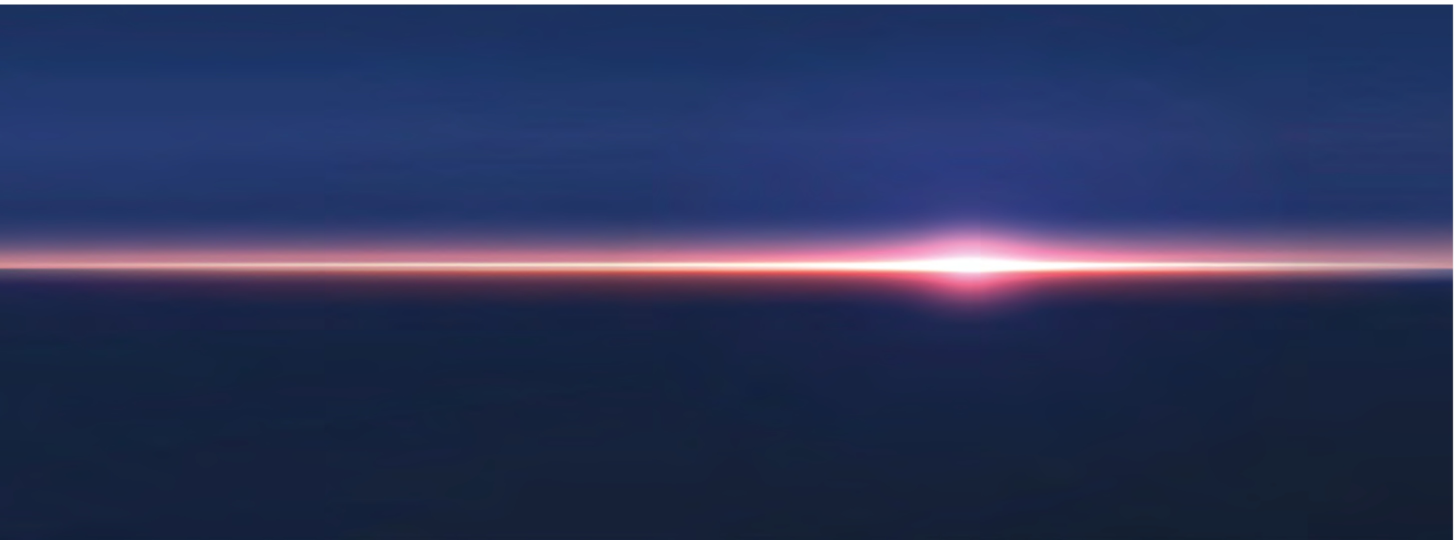
Energy Transition focal question:
To what extent will energy source provision, distribution and demand change in the world over the next 15 years?

Uncertainties:
- Degree of alignment across key stakeholders, i.e. social, government, investors and businesses
- Rate of innovation and the adoption of renewable and low carbon energy

As result of these assessments, we identified a comprehensive list of risks and opportunities in our climate change risk register. From this list, we identified the climate-related risks and opportunities that are likely to have the most significant potential effects on our business, strategy and financial planning. Further detail on our process to determine the impact of climate-related considerations on our business risks is included in 'Risk Management' on page 54.

Our assessments considered climate-related risks and opportunities over short, medium and long-term time horizons. We define these time horizons as follows:

- **Short-term: Between 0 and 3 years**
  We review climate-related risk on an annual basis and therefore consider 0 to 3 years to be a suitable short-term assessment period. This aligns with our going concern assessment period. This covers a period of at least 12 months from the date of approval of the financial statements, but, in order to sign off on the going concern ability of the Group, the directors consider the financial forecasts out to 31 December 2025.
- **Medium-term: Between 3 and 5 years**
  In line with our overall business strategic cycle, sales pipeline and contracting periods, and Wood's sustainability materiality assessment cycle, we define medium-term as between 3 and 5 years. This aligns to the assessment period utilised for Wood's viability statement which assesses the Group's viability over a period of three years and models the impacts of risks over a five-year period.
- **Long-term: Between 5 and 30 years**
  Long-term considers periods beyond our strategic cycle and extends up to 30 years to account for known historic climate events and the likelihood of future occurrence, as well as applying current scientific knowledge to understand longer term impacts of climate change. Factors considered include, but are not limited to, international agreements to limit warming, longer term government policy, advances in technology and innovation, as well as physical climate scenarios.



	Category	Status	Business impact
Opportunities			
Increased client scope for energy transition and decarbonisation services. The measurement of this opportunity is reflected in our target of doubling of client support aligned to energy transition and sustainable materials, see 'Metrics & targets' on page 56.	Opportunity – Markets, products & services	Short, medium & long	The current global aim of attaining a maximum of 1.5ºC of warming requires investment in energy transition and efficiency and decarbonisation and this provides Wood with opportunities to deliver growth in these areas and diversify our client portfolio. This opportunity is likely to have a group-wide impact with the most significant impacts in our major service lines of Renewables, Hydrogen & Carbon Capture; Minerals Processing & Life Sciences; and Power, as well as in decarbonisation activity across all service lines.
Increased access to capital and/or improved cost of capital. The measurement of this opportunity is reflected in our target of top quartile ESG ratings, see 'Metrics & targets' on page 56.	Opportunity - Markets	Short, medium & long	The increasing adoption of the Principles of Responsible Investment and incorporation of climate change considerations into capital allocation decisions provides an opportunity for Wood to maintain and potentially increase its access to sources of capital as a result of its strategy aligned to delivering solutions for a net-zero future and appropriate management of its own ESG risks. Further, this alignment could enable Wood to access more competitive lending rates and insurance costs.
Risks			
Undertaking high carbon projects that are inconsistent with key elements of Wood's strategy focused on positioning to support clients in their pursuit of net-zero and decarbonisation. This is recognised in our principal risk Strategic Delivery, see 'Risk management' on page 54.	Transition risk – Market & reputation	Short, medium & long	Undertaking high carbon projects may result in a loss of investor confidence and exposure to investor and lender exclusion policies for high carbon activities, impacting Wood's access to capital. This risk is likely to have a group-wide impact
Energy transition and sustainable materials markets do not generate sufficient revenues required to meet targets and/or Wood does not have the ability to attract or retain the appropriately skilled workforce. This is recognised in our principal risk Strategic Delivery, see 'Risk management' on page 54.	Transition risk - Market	Short & medium	Failure to keep pace with client demands and competitive forces in energy transition, including decarbonisation, and sustainable materials and/or inability to attract or retain the appropriately skilled workforce may impact on Wood's competitive position resulting in an inability to compete for energy transition and sustainable materials work effectively. This risk is likely to have a group-wide impact with the most significant impact in our major service lines of Renewables, Hydrogen & Carbon Capture; Minerals Processing & Life Sciences; and Power, as well as in decarbonisation activity across all service lines.
Failure to meet carbon targets through lack of engagement, investment and/or accountability, resulting in Wood being unable to effect behavioural change. This is recognised in our principal risk ESG Strategy & Performance, see 'Risk management' on page 54.	Transition risk – Policy & legal, reputation	Medium & long	Failure to effect the behavioural change required to meet our carbon target may give rise to risks of environmental harm and loss of stakeholder confidence. Our commitment to reduce scope 1 and 2 emissions by 40% by 2030 is underpinned by a strategic delivery plan. The key elements of the plan include group wide actions, such as transitioning to renewable/green energy tariffs and driving carbon efficiency improvements in our real estate portfolio, as well as localised carbon reduction programmes for each business unit.
Failure to align to the expected net-zero pathway and lack of credible climate transition plan. This is recognised in our principal risk ESG Strategy & Performance, see 'Risk management' on page 54.	Transition risk – reputation	Short, medium & long	A poorly constructed and/or articulated business response to climate-related impacts and opportunities may give rise to the risk that Wood's contribution to the energy transition and decarbonisation is not recognised and instead Wood is regarded as a net contributor to climate change. This could result in shareholder pressure, having a group-wide impact.
Investors and other financial stakeholders developing and implementing net-zero strategies which include reducing exposure to certain sectors or activities. This is recognised in our principal risk ESG Strategy & Performance, see 'Risk management' on page 54.	Transition risk – reputation	Short, medium & long	Investors, lenders and insurers implementing their own net-zero strategies may impose exclusions policies to reduce their exposure to high carbon sectors and activities, such as those related to fossil fuels. There is a risk that certain scopes of Wood's current operations fall within these exclusions reducing our access to capital and insurance coverage, This risk is likely to have a group-wide impact with the most significant impact on our major service lines of Oil & Gas and Refining & Chemicals.

Details of adaptation and mitigation activities undertaken to address climate risk and any changes from the prior year are set out in section 'Risk management' on page 54.

Sustainability continued

Strategy continued

The table on page 51 sets out the climate-related risks and opportunities that are the most significant for our business in terms of likelihood and potential impact. We maintain a comprehensive climate risk register that considers:

- Policy & legal transition risks, including the risks of increased carbon management obligations, government policy restricting fossil fuel- related activities and exposure to climate litigation.
- Market-related transition risks, including the impact of clients divesting of fossil-fuel related assets
- Acute and chronic physical risks, including the impact of changing precipitation and increasing extreme variability in weather resulting in disruption to operations and increased insurance costs or reduced access to insurance

Whilst we consider that these risks currently have a lower overall risk rating than those in the table above, many of them are contributing factors to other Principal risks faced by the group. For example, the impact of physical risks are incorporated in our Project Execution principal risk. Our climate risk register is regularly reviewed to monitor changes in the likelihood and severity of potential impacts of climate-related risks and also to identify new or emerging risks.

Impact on businesses, strategy & financial planning

Impact on strategy

The analysis used to develop our strategy for 2023-2025 incorporated consideration of high-level climate-related risks and opportunities. Together with our previous scenario planning analysis this has informed our strategic planning during 2023 and has guided:

- our focus on growth markets in energy transition and sustainable materials and growth drivers from decarbonisation and digiatlisation across all our markets
- our actions to ensure we have the appropriate management and teams in place and we form strategic partnerships to develop the solutions required to respond to climate change.

Through these strategic actions we aim to ensure that Wood benefits from opportunities in increased client scope for energy transition, sustainable materials and decarbonisation services as well as manage the risks of not meeting our revenue generation targets and our ability to attract and retain the skilled workforce to enable us to compete effectively for energy transition and decarbonisation work.

Wood has a flexible business model and a long track record of evolving to position our capabilities and technical expertise to take advantage of growth trends and changes in our markets. As part of our strategic process we carry out a comprehensive strategy review every three years and establish strategic direction at a high enough level to enable agile leadership adjustments leveraging our flexible model, over the strategy horizon to account for evolution in climate-related risks and opportunities in our markets.

Our principal risk of Strategic Delivery recognises the potential market and reputational impacts of undertaking high carbon projects that are inconsistent with Wood's positioning to support clients in their pursuit of net-zero and decarbonisation. Our strategic actions throughout 2023 focusing on growth opportunities from energy transition, sustainable materials and decarbonisation have significantly mitigated this risk and as a result, reducing carbon intensity is a feature of many of the contracts we are delivering today. Whilst Wood has declined a small number of certain high-carbon scopes of work, to further improve governance in this area we recognise the need for an enterprise-wide method to assess projects for consistency with our strategic approach.

As part of our corporate development process, we continually evaluate our business and consider the investment opportunities to accelerate delivery against our strategy. In considering such investment opportunities we apply a tailored diligence approach that takes into consideration the totality of the business across climate change risks. As climate-related impacts are a key driver of conditions in our market and of client requirements, our processes are agile and robust enough to determine the materiality of climate risks in all transactions. Following a review of our business portfolio, we completed the sale of our offshore labour supply operations in the Gulf of Mexico in March 2023. This divestment reflects Wood's actions to selectively high grade the Group's portfolio and invest in the markets and solutions where we expect the strongest profitable growth. The relative size of our business portfolio related to fossil fuels was, amongst others, a consideration in selecting this business for divestment.

Impact on our own operations

In addition to our business strategy aligned to enabling our clients to transition to a low carbon economy, our sustainability strategy contains the plans required for our own transition.

In March 2021 we committed to reducing our scope 1 and 2 carbon emissions by 40% by 2030, from a 2019 baseline of 145,083 tonnes CO2e. In announcing the target the Chief Executive also set out Wood's commitment to achieving net-zero by 2050 or sooner. We consider that our 2030 target and ongoing delivery against it are important first steps that will enable us to establish a net-zero target in the longer term and define the decarbonisation plans beyond 2030 that will be required to meet it. Our approach to this will also be guided by our preparations for disclosing our climate transition plan in accordance with the guidance issued in late 2023 by the UK Transition Plan Taskforce.

Our scope 1 and 2 emissions reduction target is the driver for group-wide strategic actions. Of the total Scope 1 and 2 baseline emissions, 36% arise from purchased electrical energy, 52% from fleet transport and 12% from combustion of fossil fuels predominantly for heating purposes. Therefore, our plans to achieve our carbon emissions reduction target are focused on principle strategic levers to address the areas where Wood has both significant emissions signatures and exercises operational control to change or eliminate them. Our initial focus to meet the first milestone, a 40% reduction, centres around:

- **Real Estate occupancy efficiency**

The procurement of new facilities and offices is influenced by sustainability and climate-related criteria enabling evolutionary improvements to the real estate portfolio. Wood continues to implement hybrid working opportunities for office-based employees which allows us to be more efficient in the sizing of the physical space Wood occupies.

During 2023 we undertook energy audits across our European portfolio as part of our compliance with Energy Savings Opportunity Scheme (ESOS) which will give us a good overview on where further effort can be targeted and allow us to develop our action plans to reduce energy use and emissions.

- **Renewable energy procurement**

We are taking action to switch our energy procurement to certified renewable energy sources. By the end of 2023, 43% of our total purchased electricity was from certified renewable sources. This is down from 2022 due to a site moving outside of our operational control which was a large renewable energy user, however, we are focused on increasing this to around 60%.

See pages 57 and 59 for details of our progress towards our scope 1 and 2 emissions reduction target.

Impact on business & financial planning

The material impacts of climate-related issues on our business are set out in the table on page 51. The following sets out the impacts on our financial planning.

Wood participates in a number of markets where climate considerations may affect demand for our services, including Hydrogen, Carbon Capture, Oil & Gas, Chemicals, Minerals and Power. We factor this into our revenue forecasting by analysing addressable markets and prospective growth rates over time. During the process to update our strategy for the 2023-2025 strategic cycle, we engaged with external industry consultants and clients to inform our planning which considered movements of our markets inclusive of climate-related impacts. This data along with a sales pipeline that tracks opportunities aligned to our capabilities and strategy, form the basis of our financial modelling.

Climate-related issues also impact our financial planning when making decisions on our sources of borrowing. Our strategy and capabilities aligned to the energy transition have, to date, provided us with the opportunity to access wider sources of borrowing including sustainability linked facilities. As a result, during 2023 Wood had a balanced portfolio of debt facilities which included a five-year committed sustainable revolving credit facility and a UK government backed loan linked to energy transition. It should be noted that the latter was repaid in December 2023.

Climate-related issues are not currently a significant feature of budgeting for operating costs. Costs of managing carbon emissions are incorporated into our operational and functional budgeting process, e.g. procurement of energy efficient real estate and maintenance of carbon reporting software. Whilst there is potential for elements of our carbon reduction strategy to result in incremental costs, such as switching to the procurement of energy from renewable sources, these are not considered to be significant and the actions to date have been relatively low cost or cost neutral. Our insurance costs reflect the impacts of physical climate-related risks. They also reflect transitional risks and opportunities, to the extent that our overall insurance risk profile is influenced by market and reputational considerations driven by changes in our strategy and demand for our services due to climate-related factors. Whilst we are seeing insurers begin to include coverage for matters such as regulatory investigations related to climate-related disclosures this has not impacted on insurance costs. Therefore, to date, the effect of climate-related matters on our insurance costs have been more influenced by macro global insurance market factors than by Wood specific climate risk factors.

The area where climate-related issues could impact on the Group's assets and liabilities is on goodwill and other intangible assets which are tested for impairment on an annual basis by comparing the carrying value of the assets to the value in use calculations, which are underpinned by the financial forecasts approved by the Board. As highlighted above, climate considerations may impact demand for our services and therefore either increase or reduce future cash flows of the Group, affecting the value of goodwill. Energy transition and decarbonisation trends represent significant growth drivers for the Group which is well placed to benefit from significant levels of investment required by our clients to achieve net-zero. Oil & Gas markets continue to generate significant value for the Group in the short-term due to the global focus on energy security, whilst in the medium to long-term we expect a shifting demand in Oil & Gas markets towards decarbonising operations. The relative sizes of the markets and the influence of climate-related matters on the rates of growth in both our energy transition related and fossil fuel related activities could influence the valuation of goodwill.

In 2023, energy security was a key driver of revenue growth but we are seeing increased focus on decarbonising oil and gas activities and the transition to cleaner fuels. As such climate-related opportunities contributed to good growth in our services related to decarbonisation and hydrogen. Going forward we expect the impact of climate-related matters to drive further growth in our energy transition and sustainable materials markets. In 2023, the impact of climate-related matters on assets and liabilities were considered, amongst many other factors, in the overall market growth rates forecast in the annual impairment review of goodwill and other intangibles. Further information on the impairment review is contained in note 10 to the 2023 financial statements.

Building climate resilience into our business model & strategy

Wood is a provider of consultancy and engineering solutions to clients in energy and materials markets and across the full lifecycle of their projects. We have a flexible business model that leverages the expertise of our talented and flexible workforce, our global scale and decades-long client relationships to respond to market opportunities. We have a long track-record of evolving to position our capabilities and technical expertise to take advantage of emerging growth trends.

In its long history Wood has transitioned from ship repair and marine engineering operations, to the North Sea and then global oilfield services and now a global engineering and consultancy company. This flexibility ensures that our business model and strategy is resilient to climate-related impacts in our markets, enabling Wood to benefit from opportunities from growth trends in energy transition and decarbonisation, and also resilient to climate-related risks as recognised in our principal risk of Strategic Delivery.

We are committed to the ongoing assessment of the resilience of our strategy in different climate-related scenarios. Following the sale of our Built Environment Consulting business we developed our updated strategy for the cycle from 2023 to 2025. In developing our strategy, high-level climate-related risks and opportunities were considered.

Whilst the energy transition aspects of our 2019 qualitative scenario planning remain relevant for our current strategy, during 2023 we commenced a process focused on refreshing our scenario planning with a view to taking into account different climate-related scenarios including a 2°C or lower scenario. We expect the refresh of our scenario planning to be completed in 2024.

Read more on our business model on pages 20 to 21 and our strategy on pages 16 to 19.

Sustainability continued

Risk management

Our overall risk management framework integrating climate-related risk assessment

Wood's process for identifying, assessing and responding to climate-related risks and opportunities is incorporated within our enterprise-wide risk management process and framework. This framework feeds into our principal risks and uncertainties reviewed by the Board and the ELT. The Wood Risk Management Framework is designed to comply with the UK Corporate Governance Code and align with ISO 31000 principles.

Our group risk management standard is the formal overarching risk management process within Wood that complements current policies and processes across the Group. The purpose of the standard is to:

- Ensure there is a formal, structured and consistent risk management process across Wood
- Identify, mitigate, and manage risks that occur
- Provide visibility and demonstrable governance over business risks to inform leadership

Our risk framework starts with the analysis of our business and the external environment within which we operate to ensure our approach to assessing risk is current, and that our risk culture can evolve and adapt to the everchanging risk landscape. A bottom-up and top-down approach is followed to facilitate the risk management process within the organisation as laid out in the group risk management framework shown below.

Our enterprise risk management system (BRisk) enhances governance and oversight of the control environment and is an important tool in delivering Wood's risk management strategy.

Risk registers are developed at an individual contract or project level and captured in our project risk management system (ProRisk). These are then escalated to the business grouping (BG) and captured in the Corporate Risk Management system (BRisk) and rolled up into business unit (BU) risk registers, which are reviewed respectively by the BG and BU Leadership Teams every quarter. The physical risks associated with climate change, such as abnormal temperatures and weather, are considered in the contract/project risk registers. Depending on the materiality, these may then be reflected within the Project Execution principal risk at a BG and BU level.

The BU risk registers are subsequently reviewed as part of the Quarterly Business Reviews which are chaired by the CEO with attendance by the CFO, the other members of the ELT and the respective BU Leadership Team.

Group level functional risk registers are also maintained with the functional leadership teams reviewing these risk registers twice a year. Group level climate change risks are considered through the climate and ESG risk registers which are overseen by the Business Sustainability & Assurance group function.

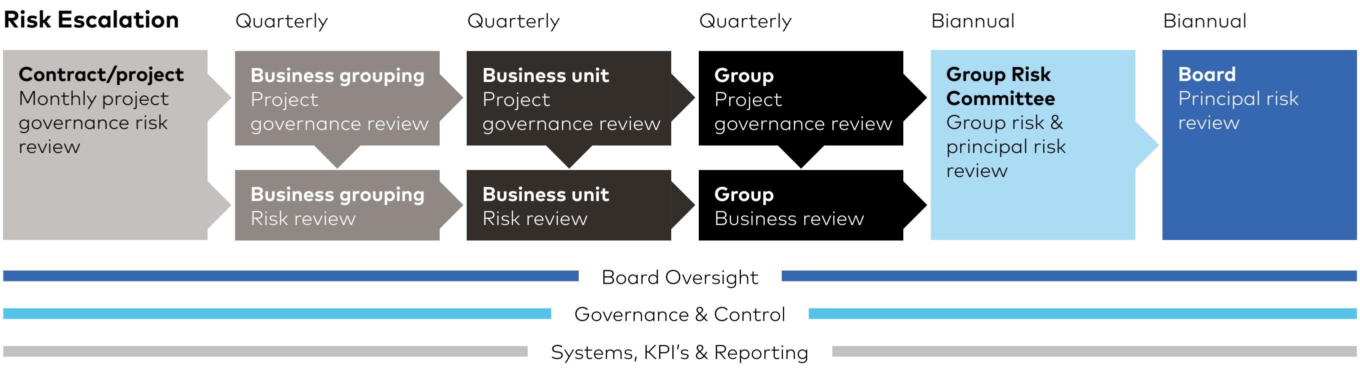
Business unit and functional risk registers are then aggregated into a group risk register which is reviewed at least twice per year by the Group Risk Committee (GRC), which is attended by the CEO, CFO, and all other members of the ELT. This ensures that the principal risks, including climate-related impacts, are identified, agreed, appropriately measured and effectively controlled, while also monitoring emerging risks. The output of the GRC reviews is a summary of the principal risks which is formally reviewed and challenged by the Board twice per year.

Wood's Risk Management Framework includes a focus on identifying and assessing potential emerging risks, including those related to climate matters. Emerging risks are identified throughout the year via the business grouping, business unit and functional risk processes, and escalated and discussed during the GRC and further escalated to the Board as required. This process follows the Group risk management framework, which applies to all risks. As noted on page 48, a cross-check is also undertaken against the principal and emerging risks identified by Wood's peer group which helps to inform the mid-year Board discussion on risk. At the half-year and at the year-end, a series of one-to-one interviews are carried out by the President – Group Audit & Risk and the Group Risk VP with each of the non-executive directors to understand their perception of emerging risks. The outputs of these one-to-one interviews are fed into the twice yearly GRC and Board risk sessions.

Managing climate-related risks

As noted on page 48, climate-related risks are considered as part of the overall process for managing principal and emerging risks which includes consideration of both existing and emerging regulatory requirements. From our analysis, climate change risk is not considered to be a standalone principal risk given its diverse nature but regarded as a contributing factor to other principal risks. As such, the prioritisation and materiality of climate-related risks is considered as part of the overall materiality assessment of principal risks for the Group.

Group risk framework



Principal risks are those considered to be the most material from a financial perspective. The assessment of materiality of principal risks is completed by the ELT during the GRC. This is further challenged and assessed by the Board during the Board risk sessions.

Further detail on this process is set out on page 83 of our 2023 annual report.

Reflecting the importance of climate-related risks, the impact of the various aspects of climate-related risk for Wood are reviewed as an integral part of our risk management framework.

Wood considers the major impacts of climate-related issues to be on the key elements our strategy aligned to energy transition, decarbonisation and sustainable materials, and therefore feeds into the Strategic Delivery principal risk. Climate-related matters are also reflected in our ESG Strategy & Performance principal risk which considers the risks related to the effectiveness of our ESG strategy to address, amongst others, our environmental responsibilities including climate change.

Our Project Execution risk considers any material climate-related risks that impact on our ability to successfully execute projects safely, to the expected quality, on time and within budget. Localised events arising from physical climate-related risks such as those from abnormal temperatures and weather are reflected in project risk registers, which map back to the Project Execution principal risk at a business group and business unit level, depending on the materiality.

The table below sets out our principal risks that are impacted by climate-related matters and the mitigations, monitoring and assurance in place to address those risks.

The table also includes any changes to mitigations from the prior year to show the evolution in our approach to managing such risks.

Regular oversight of these risks at the GRC, Safety & Sustainability Committee and Board risk sessions ensures the content of the related principal risks remains focused on our perception of climate-related risk on the business. The Wood risk management framework provides a process for all associated risks to be governed by these oversight committees where the associated risks, plans and KPIs are reported and reviewed. The framework and process to identify principal risks also includes the establishment of mitigation, monitoring and assurance processes to ensure the risks are appropriately managed on an on-going basis.

Principal risk:

Strategic Delivery

Lack of ability to deliver on the new strategy by effectively addressing the external and internal risks associated with the strategic plan to 2025.

Mitigation, monitoring & assurance

- Strategic review of our portfolio and identified priority markets with external consultants and internal experts to refine our focus
- Strategic risks analysed and appropriate mitigation actions put in place
- Company level metrics/targets set and cascaded into business units with execution plans to achieve our strategy
- Quarterly Business Review (QBR) process implemented across the Executive Leadership Team (ELT) to measure progress both from a business and functional perspective against targets within the strategy

Changes to mitigations/adaptations compared to prior year: No change

Principal risk:

ESG strategy and performance

Our ESG strategy and performance does not effectively address our environmental, social and governance responsibilities, including in relation to climate change and regulatory obligations, leading to our business becoming an unattractive investment proposition for our employees, investors, lenders, communities, and other stakeholders.

Mitigation, monitoring & assurance

- Existing policies, procedures, management structures and Board oversight covering compliance with the key components of ESG
- Monitoring of compliance and reporting in line with the UK Corporate Governance Code, covering governance responsibilities, with oversight provided by the Audit, Risk & Ethics Committee and the Board
- Integrated ESG risk management within company risk management framework
- Safety & Sustainability Committee includes oversight of sustainability aspects with additional review by the full Board on an annual basis
- Sustainability targets agreed with the Board and plans in place for target achievement
- ESG metrics included within management incentive schemes
- External verification of certain key ESG performance data (e.g. carbon emissions)
- Active monitoring and engagement of stakeholders

Changes to mitigations/adaptations compared to prior year: More frequent monitoring of stakeholder expectations/ policies on ESG matters

Principal risk:

Project Execution

Failure to successfully execute projects safely and to expected quality, on time and within budget.

Mitigation, monitoring & assurance

- Start up, project management, technical and resourcing execution plans for key projects supported by monitoring and reporting
- Strategic Projects team assists in start-up phase of key projects and embed learnings from previous projects
- Tender governance processes including Tender Review Committee at Group level and BU levels in line with established Delegation of Authority
- Financial Management Framework in place to ensure disciplined contract compliance, including variation orders and contractual requirements, at all phases of the project
- Quarterly Business Reviews of BUs & Top 10 Projects, chaired by the CEO and attended by the CFO and BU Executive Presidents
- Operational Excellence functions in each of the BUs supporting consistent project delivery through focus on common operating model, standardised delivery applications and project management academy

Changes to mitigations/adaptations compared to prior year: No change

The above is a summary of our principal risks and mitigations as they relate to climate-related matters. Refer to pages 87 to 90 of the 2023 annual report for a full discussion of principal risks and mitigations.

Sustainability continued

Metrics & targets

Responding to the challenges of our changing climate by delivering engineering solutions to provide access to energy and to transition to a low carbon future are a core part of Wood's purpose and strategy. At the same time, we recognise the need to manage our own environmental impact.

To measure our climate-related opportunities and ensure accountability for our climate-related impacts, our Board endorsed the targets set out below. These targets form part of our wider sustainability strategy and are aligned to the UN Sustainable Development Goals.

Measuring climate-related opportunities and risks

In line with the key elements of our strategy aligned to energy transition, decarbonisation and sustainable materials and the climate-related impacts reflected in our Strategic Delivery principal risk, our key metric for measuring climate-related opportunities is the revenue derived from our sustainable solutions. These include solutions that help to mitigate the impacts of climate change such as renewable energy, alternative fuels, circular economy processes, processing of energy transition materials and decarbonising existing energy assets and operations. Our target is to double client support aligned to the energy transition and sustainable materials by 2030.

As demonstrated by our principal risk of ESG Strategy & Performance, we also recognise that our approach to climate-related matters forms a key part of our ESG investment ratings and as such we utilise those ratings as another metric of our performance. Our target is to be consistently ranked in the top quartile within our sector by 2025.

To measure our performance in reducing our own climate impacts we have established two targets. Firstly, to reduce scope 1 and 2 carbon emissions and performance against this target is embedded in the long-term incentive plans of our executive directors. Our second target is to reduce consumption of single use plastics in our offices.

In respect of our scope 1 and 2 emissions reduction target, whilst we see the setting of internal carbon prices as a significant aspect of our carbon reduction strategy this is an area that requires more time to implement. In particular, following the sale of our Built Environment Consulting business and as required by the Greenhouse Gas Protocol, we undertook an exercise in 2023 to re-baseline our scope 1 and 2 carbon emissions for the purposes of our metric and target to exclude the emissions from the disposed business. During 2024 our focus will be on utilising the revised emissions to establish a baseline amount of emissions for each of our business units to set carbon budgets. We believe that this approach will provide us with the appropriate platform to establish internal carbon prices in the longer-term.

To reflect the importance of our ESG and sustainability programme, a range of ESG targets are incorporated in the application of our remuneration policies for the leadership team and wider workforce. In respect of climate-related metrics, for the 2021, 2022 and 2023 long-term incentive awards, a specific climate-related performance measure related to achieving our target of 40% reduction in scope 1 and 2 carbon emissions by 2030 was introduced for awards made to executive directors and the Executive Leadership Team. This performance measure is worth 5% of the total award and performance is assessed over a three-year period. To enhance the rigour in which performance is reviewed, and avoiding reward for failure, the Remuneration Committee of the Board utilises the discretionary matrix when assessing bonus and long-term incentive plan outcomes in addition to the formulaic outcomes which considers any year-on-year changes, market conditions and relevant environmental, social and governance (ESG) matters.

More details on specific measures and disclosed 2023 outcomes can be found on page 142 in our 2023 annual report.

Our Aim	Target	Metric
To be trusted by clients to design, build and advance the world through our vision to deliver solutions that transform the world	Doubling client support aligned to energy transition and sustainable materials by 2030	Revenue from sustainable solutions which includes revenue from climate-related opportunities
	Consistently ranked in the Top Quartile ESG investment ratings within our sector group by 2025	MSCI rating and industry/peer group ranking
To take responsibility for the impact of the work we do and how we deliver it on the planet we share	To reduce Wood's scope 1 and 2 carbon emissions by 40% by 2030 on our journey towards net-zero	Absolute reduction in scope 1 and 2 carbon emissions from a baseline of 145,083 tonnes CO_2e in 2019
	To ensure all Wood offices are single use plastic free by 2025	Percentage of offices single use plastic free

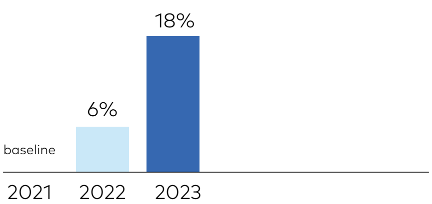
Client support aligned to energy transition & sustainable materials

Following the roll-out of our revised strategy in late 2022, we undertook an exercise to develop a taxonomy to categorise our revenue portfolio and identify revenues from our sustainable solutions.

Our sustainable solutions consist of a wide range of climate-related activities including services related to renewable energy, hydrogen, carbon capture & storage, electrification and electricity transmission & distribution, LNG, waste to energy, sustainable fuels & feedstocks and recycling, processing of energy transition minerals and decarbonisation in oil & gas, refining & chemicals and minerals processing. We also include revenue from our life sciences service line to recognise its alignment to the UN Sustainable Development goal of ensuring good health and wellbeing.

Our target is to double revenue from sustainable solutions in energy transition and sustainable materials markets by 2030, from a 2021 baseline. In 2023, our cumulative growth in sustainable solutions revenue was 18%.

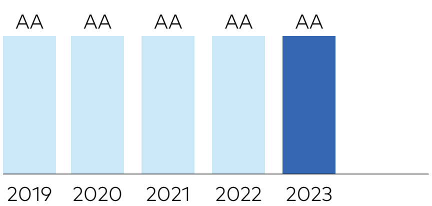
Client support aligned to energy transition & sustainable materials



MSCI rating and peer group ranking

Since the introduction of our target in 2020, Wood's ESG performance has consistently been ranked by MSCI as in the top quartile compared to our industry peers. Wood has maintained an AA Leader rating from MSCI for at least 9 consecutive years.

ESG ratings



Single use plastic (SUP) consumption

In 2022, we commenced a process to assess SUP consumption in our offices to attribute a rating according to plastic usage. By the end of 2023, 70% of our offices, had been assessed. Currently, 17% are SUP free and 45% are substantially SUP free. Progress is slower than anticipated due to challenges in eliminating certain items, however, we are placing a greater focus on SUP in 2024 to accelerate progress and ensure delivery of our target by the end of 2025.

Greenhouse gas (GHG) emissions

Our methodology for calculating GHG emissions is set out on page 59 of the annual report. Our 2023 carbon emissions data was externally verified by an independent third party in line with the requirements of ISO 14064-3. The sale of our Built Environment Consulting business completed in late September 2022 represented a significant change to Wood's carbon emissions profile and, following guidelines set down in the GHG Protocol we carried out an exercise to re-baseline Wood's carbon footprint. Prior to the re-baseline exercise our global scope 1 and 2 market-based emissions were 173,585 tonnes CO2e and energy consumption used to calculate these emissions was 582,771 MWh. Our revised scope 1 and 2 emissions for the baseline year of 2019 are 145,083 tonnes CO2e and our reductions against the baseline are shown in the chart below.

In 2023, we achieved an 8% reduction in absolute scope 1 and 2 emissions (market-based) compared to the prior year which has been achieved through:

- A continued focus on consolidating and increasing energy efficiency in our real estate portfolio
- Lower on-site fuel usage as certain major lump sum contracts completed and were not replaced in line with our preferred contracting structure.

To date we have achieved a 71% reduction from our 2019 baseline, compared to our goal of 40% reduction in scope 1 and 2 emissions by 2030. This reduction has been achieved without the use of carbon offsets. The focus of our carbon reduction strategy is on effecting behavioural change to reduce our emission, as such offsets do not currently form part of our strategy but we may need to consider their use in the future for a small but hard to abate portion of our emissions profile.

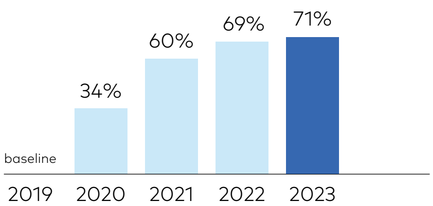
As we move into a growth phase this reduction in scope 1 and 2 emissions will potentially reverse to a certain extent as greater activity at project site level may result in additional onsite fuel usage and associated travel.

We recognise that scope 3 forms the largest part of our total emissions. We commenced reporting of scope 3 in 2021 to provide greater transparency over the drivers of these emissions. This has allowed us to initiate foundations that will in the future help us to address our scope 3 footprint.

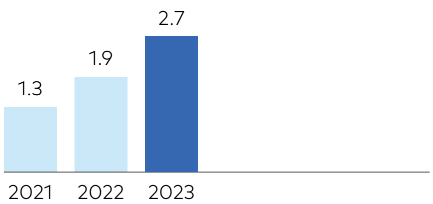
By its nature, the calculation of scope 3 emissions relies on a significant amount of estimated data. The rise in our scope 3 emissions in 2023 was largely driven by an increase in purchased goods and services related to increased activity and increasing accuracy in our data as our approach continues to mature.

Further information on our GHG emissions including, methodology and reporting boundaries and intensity ratios is available on page 59 of our 2023 annual report.

Scope 1 and 2 emissions reduction



Scope 3 emissions million tonnes CO2e



Sustainability continued

Environment

The nature of Wood's activities gives rise to many environmental impacts, the management of which is strategically important to the success of the company.

Our strategy is founded on capitalising on opportunities from trends driven by environmental considerations, to grow our revenue from energy transition, decarbonisation and sustainable materials services. In addition, in recognition that securing the supply of affordable energy is a key consideration while the world transitions to a lower carbon energy system, our strategy also focuses on energy security market drivers for our oil and gas services which have the potential to generate environmental impacts. As such, our environmental approach relies on our delivery of innovative solutions to support the net-zero agenda, combined with world-class environmental management in our operations as we deliver across our many and diverse projects.

Wood is a signatory to the UN Global Compact. Our environmental approach is informed by our voluntary commitment to integrate the Global Compact's environmental principles into the heart of our business:

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Environmental impacts

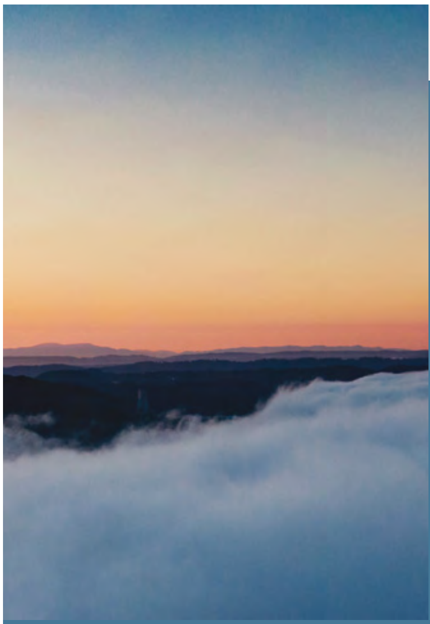
Impacts are determined through analysis of Wood's material issues, the risk they pose to our business and potential financial implications together with reputational impacts the issue may have on Wood via our key stakeholders.

Our materiality assessment is available on our website:
woodplc.com/sustainability/materiality

The following sets out the key environmental impacts and risks that are material at a Group level, our policies and procedures for managing them and the outcomes of those policies. It should be noted that environmental impacts can vary across our diverse range of site-based projects and according to Wood's role and contractual sphere of influence.

Further detailed information about our approach to environmental management at an operational level can be found on our Sustainability hub:
woodplc.com/sustainability

Our HSSES policy sets out our commitment to the environment and is supported by our global HSSE and sustainability management system. Effective management of Wood's strategic environmental impacts has the potential to reduce risk to profitability and increase Wood's ability to generate value for its stakeholders.



Climate change

Failure to implement a comprehensive process to identify, assess and co-ordinate risks associated with the climate change agenda could have a material impact on Wood's ability to deliver value to its shareholders. Our TCFD report on pages 47 to 57 provides detailed disclosures of Wood's risks and opportunities from climate-related matters and how we govern, manage and measure those. In this section we have focused on the climate impacts on how we operate including our approach to reducing our carbon emissions, adapting our operations to net-zero and increasing resilience to physical climate risks.

Climate change sub-risks
Scope 1 and 2 emissions (operational decarbonisation)
Scope 3 emissions (indirect decarbonisation)
Business resilience (physical implication of warming climate)
Legal compliance (TCFD disclosures, see pages 47 to 57)

Scope 1 and 2 Emissions

We are committed to reducing operational CO2e related emissions across our portfolio and have adopted a milestone target, developed in line with the requirements detailed by the Science Based Target initiative in place at the time of setting our target. Our goal is to reduce emissions by 40% from our 2019 baseline by 2030. In announcing the target, the Chief Executive at the time also set out Wood's commitment to achieving net-zero by 2050 or sooner. We consider that our 2030 target and ongoing delivery against it are important first steps on our journey to net-zero that will enable us to establish a net-zero target in the longer term.

Operational emission sources have been consistently identified, quantified and collated in the company emissions inventory and a target delivery plan for emissions reduction developed and integrated into our overall business approach. As noted on page 57, our 2019 baseline figure was restated to reflect the sale of our Built Environment Consulting business in September 2022, which accounted for 28,502 tonnes of scope 1 and 2 emissions (market-based) in the baseline year.

During 2023 we continued to reduce emissions beyond the 2030 target and Wood's footprint for the 12 months to 30 September 2023 of 41,821 tonnes of CO2e is now 71% below the rebaselined 2019 benchmark. There has been an 8% reduction in scope 1 and 2 emissions (market based) in the period, achieved through:

- A continued focus on consolidating and increasing energy efficiency in our real estate portfolio
- Lower on-site fuel usage as certain major lump sum contracts completed and were not replaced in line with our preferred contracting structure.

Carbon performance

Total global greenhouse gas (GHG) emissions and energy use for Wood for the period 01 October 2022 to 30 September 2023:

41,821
tonnes of CO2e

A total split of emissions is shown in the table below.

Global GHG emissions and energy use data for period 1 October 2022 to 30 September 2023

	2022-23		2021-22		2020-21		2018-19 (Baseline year)	
Emissions from:	**Wood UK Emissions**	**Wood Global Emissions**	Wood UK Emissions	Wood Global Emissions	Wood UK Emissions	Wood Global Emissions	Wood UK Emissions	Wood Global Emissions
Activities for which the Company own or control including combustion of fuel & operation of facilities (Scope 1)/tCO2e	2,291	26,612	2,977	28,268	3,745	35,845	10,182	70,775
Purchase of electricity, heat, steam and cooling purchased for own use (Scope 2, location-based)/tCO2e	3,437	21,061	12,467	33,349	16,904	39,004	28,109	80,287
Purchase of electricity, heat, steam and cooling purchased for own use (Scope 2, market-based)/tCO2e	206	15,209	387	17,420	3,926	22,710	22,107	74,308
Total gross Scope 1 and 2 emissions (location-based)/tCO2e	5,728	47,673	15,444	61,617	20,649	74,849	38,291	151,062
Total gross Scope 1 and 2 emissions (market-based)/tCO2e	2,497	41,821	3,364	45,688[2]	7,671	58,555[1]	32,289	145,083
Energy consumption used to calculate above emissions (MWh)	28,210	172,078	73,237	231,130[2]	91,315	281,387[1]	149,619	493,319
Company's chosen intensity ratio: tCO2e (gross Scope 1 + 2) (location-based) / $100,000 revenue	0.72	0.81	2.11	1.13	2.94	1.44	3.58	1.75
Company's chosen intensity ratio: tCO2e (gross Scope 1 + 2) (market-based) / $100,000 revenue	0.31	0.71	0.46	0.84	1.09	1.12	3.02	1.68
Total Scope 3 emissions/tCO2e	**n/a**	**2,725,184**	n/a	1,942,128	n/a	1,289,485	–	–

GHG Emissions Methodology

Wood has adopted an operational control approach to boundary setting as described in the GHG Protocol and all data relating to our target is given using the market-based methodology of calculation. We have used accepted methods of calculation based on the WRI Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition). National conversion factor guidelines (e.g. Environmental Protection Agency, Environment Canada, DEFRA) have been utilised where appropriate. 2023 conversion factors have been utilised throughout the 2023 reporting period.

Wood has elected to report emissions data for the period 1 October to 30 September rather than align to our financial year and has done so consistently since 2017. In order to report on a financial year basis would necessitate the reliance on a significant amount of estimated data, particularly to calculate Q4 emissions, which would impact on the quality of the data that is used to inform our actions to drive down emissions. As such, we consider that utilising a reporting period of 12 months to 30 September significantly enhances the accuracy of our emissions reporting which in turn increases the quality of the information used in decision-making on actions to reduce our emissions.

Wood's chosen intensity ratio is calculated based on revenue as revenue represents a key measure of our economic output and business success and is a metric that has a high degree of accuracy. The alternative measure would be headcount; however, this was not selected due to the potential for issues in boundary setting and variability, particulary around the impact of contractors and sub-contractors.

Scope 3 categories material to Wood – Purchased Goods and Services; Capital Goods; Fuel and Energy Related Activities; Upstream Transportation and Distribution; Waste Generated in Operations; Business Travel; Employee Commuting (including emissions relating to our employees working from home); and until 2022, Downstream Leased Assets.

Notes:

1. Prior to the re-baseline exercise our 2020-2021 global scope 1 and 2 market-based emissions were 75,629 tonnes CO2e and energy consumption used to calculate these emissions was 345,537 MWh.
2. Prior to the re-baseline exercise our 2021-2022 global scope 1 and 2 market-based emissions were 60,611 tonnes CO2e and energy consumption used to calculate these emissions was 289,639 MWh.

Sustainability continued

Scope 3 emissions
Indirect emissions represent 98% of the total company footprint. These sources of emissions are more complex to characterise, are based on GHG Protocol estimation methods and are not within Wood's direct sphere of influence; therefore, they are more difficult to control. However, we are taking some high-level actions to address our scope 3 emissions:

- We provide our people with a number of resources to help them make more sustainable choices. For example, our 'Guide to taking climate action and reducing your impact' provides employees with advice on how to reduce their carbon footprint, both at work and home, and our global travel standard requires consideration to be given to environmental factors when making business travel decisions
- We provide carbon training to our suppliers and the supplier support hub on our website contains resources to educate our suppliers on our expectations on key matters such as carbon, as well as key policies, documents and targeted training

Resilience
Oscillations in global weather patterns have led to a more volatile climate with increasing flood, drought and storm conditions; storms are frequently more violent than in the previous decade. Weather patterns are less predictable. Ensuring that Wood has effective Crisis Management and Business Continuity planning in place in critical locations is essential.

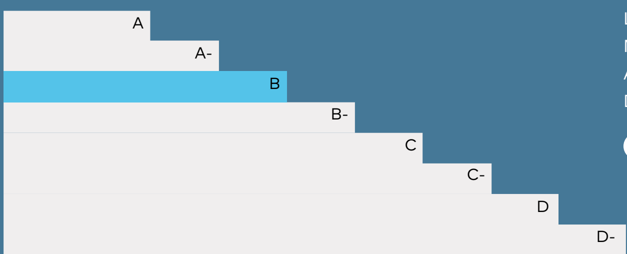
Wood has a comprehensive Crisis & Emergency Management (C&EM) structure in place and through this continually improves its resilience to such events. This structure involves policy, guidance and training in the management of such events at all levels, from the tactical to strategic, as well as more focused efforts in particular areas of identified risk. Wood established, for example, a North American Hurricane Preparedness Team to ensure the business is effectively prepared to manage the impact of hurricanes heading for North American coastlines where Wood operates.

In the year, Wood strengthened its crisis management through refreshed leadership training, including all three business unit leadership teams receiving incident management training. Having an effective and co-ordinated response to climate-related incident events reduces risk to Wood employees and assets, and ensures timely steps are taken to assure business continuity.

Adaptation towards net-zero
Wood continues to drive accountability for carbon through its business processes and management system targeting the greatest emission sources. We engage with internal and external stakeholders to discuss their role in reduction, improve awareness and work towards the integration of carbon related priorities into their activities and operations. Integration of climate as an essential part of our business management processes is a central tenet in evolving towards a net-zero business in-line with the commitment made to achieve net-zero by 2050 or sooner.

During 2023 and working in conjunction with third party suppliers, Wood's Real Estate Management team has sourced locations and facilities to include efficiency, transportation links and building management systems which support Wood's commitment.

To show our ongoing support for the global efforts to achieve net-zero, we participate in the annual voluntary Carbon Disclosure Project (CDP) questionnaire. Following our submission in 2023 we were awarded a disclosure score of 'B' for the fourth consecutive year.



Leadership (A/A-): Implementing current best practices
Management (B/B-): Taking coordinated action on climate issues
Awareness (C/C-): Knowledge of impacts on, and of, climate issues
Disclosure (D/D-): Transparent about climate issues

Further information on CDP and access to our annual response is available at: **www.cdp.net/en/scores**

Environmental compliance

Wood is committed to act in an environmentally responsible manner through identifying environmental risks, preventing pollution, taking responsible steps to mitigate and minimise impacts and continually improve environmental management. The business works in multiple jurisdictions and on varied scopes of work meaning there are multiple impacts to manage as well as regulatory regimes to comply with. We are often obliged to work within the client's environmental management system (EMS) and/or permits and licences.

Pollution prevention

To meet our commitments in such a diverse environmental impact landscape, the business operates an environmental management system (EMS) based on a framework approach. The EMS is aligned to ISO 14001 and forms an integral part of Wood's integrated HSSE and sustainability management system, supported by the HSSES Policy and Code of Conduct. Wood's policy commitments are enacted through the Environmental Standards, a consistent framework covering environmental preparedness, prevention and management.

Wood's environmental standards set out minimum requirements to ensure environmental risks are identified and managed appropriately, whilst proactively reducing impacts on the environment from our operations. Wood's minimum requirements include, but are not limited to

- Understanding and complying with all legal, environmental regulatory requirements and ensuring the appropriate permissions/licences are in place before operations commence.
- Establishing a formal process for assessing the significance of environmental aspects identified.
- Implementing control measures to eliminate or reduce environmental risks and impacts to an acceptable level and mitigate or prevent the disturbance of flora, fauna, and community, or damage of cultural heritage.
- Assessing environmental conditions associated with a site before receiving any land or signing facility leases.
- Setting environmental objectives, targets and indicators to facilitate continual improvement in environmental performance.
- Providing our workforce and relevant third parties with appropriate awareness training to enable the effective management of environmental impacts.
- Ensuring that environmental good practice and learnings from environmental incidents and non-conformances are shared across the business.
- Evaluating performance and progress against objectives on a regular basis.
- Ensuring third parties work in line with our environmental standards and take all measures to protect our reputation and performance.

Environmental training is an essential tool for Wood to mitigate its environmental impacts. We are developing an environmental training programme, to be rolled out in 2024, that will equip employees with the knowledge and skills necessary to understand and address environmental issues. This will contribute to fostering a culture of risk awareness and preparedness, and will help minimise our exposure to potential liabilities.

ISO 14001:2015

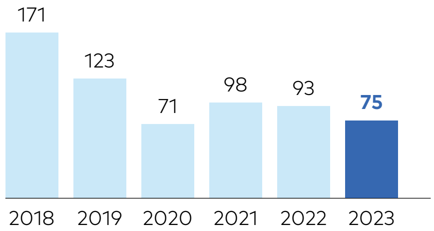
Certification to ISO14001:2015 is a business decision based on a cost/benefit analysis. For example, clients may require a certification in order to qualify for tendering. Wood has a consolidated certification through Lloyds Register which covers approximately 38% of our business by headcount. Those areas not covered by our certification must comply with Wood's minimum environmental standards which, although not certified, have been developed to meet the requirements of the ISO 14001:2015 standard.

During the year, Wood's certification auditors recorded 6 minor non-conformances. These were related to environmental aspects and impact identification and the implementation of elements of the environmental management system. Wood has put in place a suite of corrective actions which will be actioned and embedded over the course of 2024.

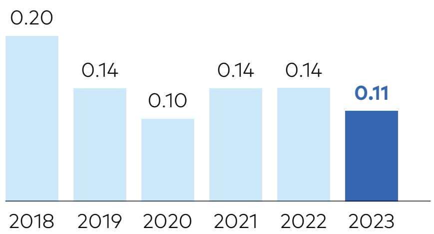
Environmental incidents

During the year, Wood recorded 75 environmental incidents; these were all low actual impact and low potential impact. Incidents are investigated to ascertain root cause enabling mitigation steps to be taken. Consistent with 2022, the most common cause of environmental incidents reported was due to failure of operating equipment or machinery (49%) with hydraulic oil being the most common cause of contamination. In total, 223 litres of hydrocarbon were released as a result of these incidents with minimal environmental impact. We have seen a decrease in hose failures in 2023 in some parts of the business driven by a reduction in onsite working hours.

Number of environmental incidents



Environmental incident frequency rate
per 200,000 work hours



Sustainability continued

Regulatory compliance
There have been zero environmental regulatory prosecutions against the Company in 2023, however, there has been one regulatory action. On 26 October 2023, at a UK Overhead Lines Project, there was unauthorised ground disturbance outside a Scheduled Monument Consent to work. Wood advised the regulator and a Notice to Halt was issued by Historic Environment Scotland.

2023	Incident number
Prosecution	**0**
Citation / Notice	**1**
Permit / Licence contravention (self-reported)	**0**

Overall, the number and frequency of environmental incidents has decreased compared to the prior year as a result of a number of factors, including the operation of our environmental policies.

Resource Management

Procurement of both goods and services are governed by Wood's supply chain approach inclusive of the Supplier Code of Conduct. The Supplier Code of Conduct sets out Wood's supplier pre-qualification assessment which includes environmental impact screening and standard supplier obligations inclusive of environmental management requirements. This helps us to reduce our exposure to environmental risks within our supply chain.

Sustainable procurement
As part of our focus on continuous improvement in supply chain, a gap analysis has been undertaken against the international standard for sustainable procurement ISO20400:2017. The assessment will support the ongoing improvement and evolution of Wood's supply chain processes inclusive of addressing environmental impacts.

Wood recognises that, like many organisations, we will need to evolve our processes to respond to the recommendations of the Taskforce on Nature Related Financial Disclosures since there is potential for significant impacts within our supply base. For example, these impacts could be related to raw materials supply, timber products and land utilisation.

Circular economy
During 2023, Wood published to the business a Sustainability Code of Practice, designed to support global Sustainable Development Goals (SDGs) and our own sustainability targets, including our target to eliminate single-use plastics (SUP). The document translates concepts of sustainability and the circular economy into practical project-based steps, including how to address waste streams and, in particular, the elimination of SUP.

Wood has targeted the elimination of SUP at our Wood-managed locations by 2025, and as at 31 December 2023, 17% of our locations have been declared SUP-free. This is slower progress than expected as we had hoped to have more than 50% of locations SUP-free. Many locations have significantly reduced SUP, but a number have encountered challenges in eliminating one or two key products, such as plastic milk bottles and personal water bottles. However, with the support of Wood's leadership we are placing a greater focus on SUP in 2024 to accelerate progress and assure delivery of our target by the end of 2025.

Contaminated land
As detailed in note 22 (Provisions) to the financial statements, Wood currently owns or operates or has in the past owned or operated industrial facilities the property on which those facilities are or were situated, as a result of current or former operations, is likely to be affected by hazardous substances. Wood has a small number of legacy contaminated land sites of which active management is ongoing, including a former Foster Wheeler manufacturing site which closed in 1981 located in Pennsylvania, US. Wood has been managing a Trichloroethylene (TCE) plume associated with the manufacturing process at this site. Monitoring during the year continues to show the plume concentrations continuing to reduce, and the site clean-up is now complete. The remaining pump and treat of groundwater will remain in place and Wood will continue to work with the Environmental Protection Agency until TCE levels fall within acceptable levels.

Our environmental specialists work closely with Real Estate and within the business units to ensure effective due diligence is undertaken on location acquisition and disposals and to ensure potential contamination issues are identified and remediated appropriately to prevent legacy liabilities associated with Wood's operations. Wood's Environmental Standards set out minimum standards for the management of polluting materials, waste, discharges and spill response to prevent future operational contamination incidents.

Governance & risk management

To ensure effective governance and oversight of environmental matters Wood has established the following:

Role in environmental impact management	
Safety and Sustainability Committee of the Board	Ensures that Wood has implemented processes with appropriate resource to effectively identify, manage and control material environmental issues. Refer to the Safety and Sustainability Committee report on pages 128 to 129.
Business Sustainability & Assurance Executive President	Sets and develops environmental policy and advises the Executive Leadership Team on strategic environmental related matters.
Business Unit Health, Safety, Security, Environmental and Sustainability Presidents	Ensure the effective implementation of the company environmental standards and EMS compliance.

The Business Sustainability & Assurance Executive President has established a HSSE and Sustainability Leadership Team comprising of the Business Sustainability & Assurance Executive President, President of HSSE Services, President of Quality, President of Supply Chain and President of Sustainability. The President of HSSE Services, in collaboration with members of the team, sets out our environmental policy and standards and performance metrics. Performance is reviewed at the leadership forums not less than monthly and a quarterly report, inclusive of environmental performance data, is submitted to the Board. The Safety and Sustainability Committee review performance data and is responsible for interrogating environmental performance and considering the effectiveness of corrective actions at quarterly Board meetings.

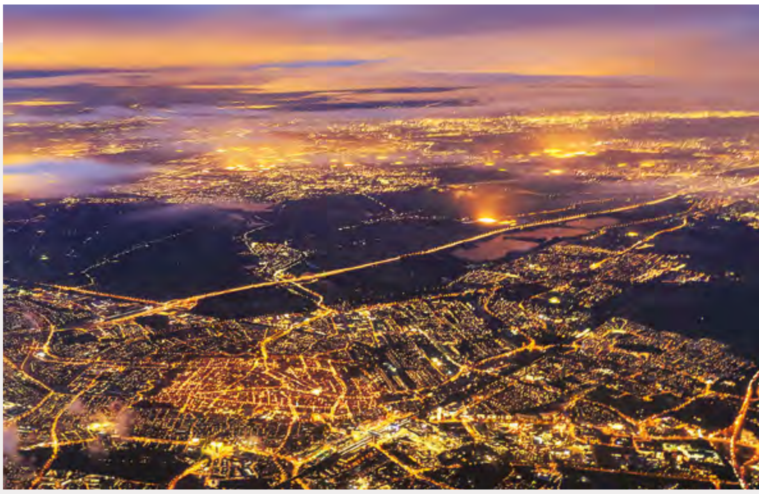
Risk management

Wood's process for identifying, assessing and responding to environmental risks and is incorporated within our enterprise-wide risk management process and framework as detailed on pages 83. This framework feeds into our principal risks and uncertainties reviewed by the Board and the GRC. Environmental and climate-related impacts are reflected in several of our principal risks, in particular, Major Incident (HSSE), Strategic Delivery and ESG Strategy & Performance. More details on the mitigation, monitoring and assurance of principal risks are set out on pages 83 to 90.

Read our HSSES Policy Statement:
woodplc.com/hssepolicy

Read our Supply Chain Code of Conduct:
woodplc.com/scm

Reducing international carbon emissions



In the US, the Inflation Reduction Act (IRA) means US producers can receive $85 per ton of CO_2 captured which exceeds the cost of CO_2 capture. Regulation coming into play like the IRA is one of the reasons there is an increasing demand to design carbon capture and storage hubs.

From the US Gulf Coast of Louisiana and the oil sands of Canada, to the Persian Gulf coast of Saudi Arabia, Wood's experts are advising and engineering the design and digitalisation of hundreds of carbon capture projects.

Wood has completed more than 200 carbon capture and storage (CCS) studies, which accounts for around one-third of the total carbon-capture projects taking place around the world.

Wood's top five clients have committed to invest over $100 billion in decarbonising their assets.

200+

CCS studies completed

Click here to find out more

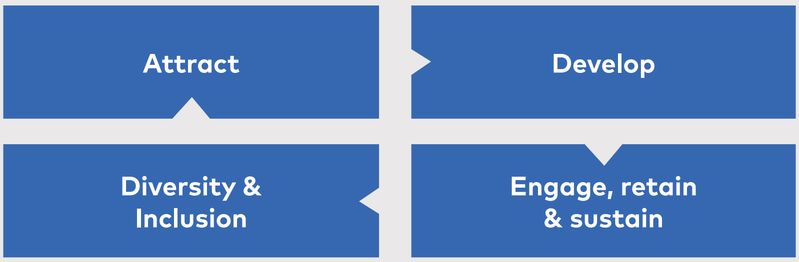
Sustainability continued

People

Our success is determined by Wood's remarkable people delivering on our strategy as we design the future.

Our growth this year is a sign of positive momentum, thanks to the commitment, care, strength, passion, and skillset of our teams. We want to ensure all our people go home safely every day and remain focused on building an inspired culture, delivering performance excellence for our clients, and ensuring profitable, sustainable growth.

Our people strategy is simple: we will attract, develop, engage, retain, and sustain our global talent to ensure Wood is a great place to work. The 2023 highlights of people activities are summarised opposite, and we are immensely proud of the progress made.



Strategic pillars:

Profitable growth

Inspired culture

Performance excellence

Cross cutting drivers:

Decarbonisation

Digitalisation

2023 highlights

Attract
- Over 1 million followers on LinkedIn
- Employee benefits enhanced in Australia & Canada; India & UAE pending
- Increased gender diversity in leadership to 35%
- New global recruitment system implemented

Develop
- Re-energised employee performance and development processes
- Launch of My Path – accessible and relevant online learning
- Wood leadership programmes delivered to over 600 leaders
- 780 global graduates enrolled on business skils programmes
- Focused development of high potentials, identified successors & early careers

Engage, retain & sustain
- Employee engagement increased with eNPS up to +28 from +15
- Board and ELT employee engagement via Leadership Listening Sessions, reward focus groups and town halls
- Global leadership conference and Inspire Awards ceremony
- Internal marketplace – Raise Your Hand campaigns
- Global reward engagement driving pay equity
- Reduced professional voluntary turnover to 13.7%

Diversity & Inclusion
- Diversity & Inclusion focus including Best Energy Workplace at ALLY Energy GRIT Awards
- Increased participation in seven employee-led networks, and launch of Women at Wood movement
- Voluntary ethnicity self-disclosure in Australia, UK and US

Attract

Wood is a people business with a strong global brand, attracting the best talent. Our employee value proposition supports the incredible efforts of our global resourcing team with an average time of 33 days to offer, down from 35 in 2022. We continue to focus on internally redeploying our talent, ensuring transfer of critical skills, and enabling development. In support of this we implemented an "internal marketplace" approach increasing visibility of career opportunities for our people and offering them the opportunity to 'raise their hand' to ensure we have the right skills at the right time, ready to deliver to our clients. We have also implemented a new global recruitment system for 97% of our population, which provides a seamless interface with our HRIS (Human Resources Information System) and will enhance our ability to engage with internal and external candidates.

Our focus on investing for the future through graduate recruitment remains paramount. During the year, we recruited over 900 graduates and enrolled 780 on our global graduate business skills programmes, which ran in March and October. The aim of the programme is to support graduates with the transition from campus to corporate, creating the opportunity for them to learn, connect and grow by building the key capabilities required to drive their careers and the business forward. Feedback from the graduate population has been positive, with 87% satisfied or very satisfied with the programme. Our ambitions in 2024 and beyond are to continue to increase our graduate intake.

Our hiring practices ensure we follow through on our diversity, inclusion and equal opportunities commitments and employ local nationals wherever possible in the communities we serve to enhance our culture. We seek to treat all people fairly, with dignity and respect and consider applications from all levels of ability and areas of society, being mindful of reasonable adjustments which may need to be considered. Our culture of care and employee wellbeing are at the heart of all we do, and we continue to partner with The Living Wage Foundation as a Real Living Wage employer in the UK.

We provide competitive, fair, and transparent reward, which is free from bias, globally. Our leaders ensure our equitable practices are applied and we provide them with toolkits and training to enable them to communicate openly with their people. Numerous engagements on pay, benefits, retirement, and incentives took place during the year, with feedback acted on, including:

- Changes to our annual bonus plan structure for c. 1,200 participants, aligning it to delivery of the strategy, with regular updates on performance ensuring motivation and engagement are maintained with a focus on rewarding our employees for delivering our financial and ESG targets
- For those senior leaders participating in long term incentive plans, we carried out detailed engagement to enable them to understand their role in delivering long term sustainable outcomes for the business, our investors, our people, and those communities we support
- Engagement with employees in the US on the attractiveness of the Employee Share Plan (ESP) and whether to consider implementing a new plan format, following approval by shareholders at the AGM. These engagements will lead to us enhancing awareness and understanding of the current plan and providing additional support around the enrolment window
- Enhancing insured benefits, paid time off and retirement provisions in Canada
- Enhancing retirement arrangements and reducing associated costs for employees; enhancing carer and indigenous cultural periods of leave in Australia
- Review of benefits, terms and conditions in India and the UAE which will lead to improvements being implemented in 2024
- Age-specific awareness training for UK retirement plans, to ensure our people focus on their future financial wellbeing.

1 million
followers on LinkedIn

35%
Leadership gender diversity

Sustainability continued

Develop

In Wood, we thrive on developing our internal talent – our learning and development focus develops capability and performance in roles and identifies requirements to support and deliver our future success. Key highlights from 2023 include:

- 130 business and interpersonal skills training sessions delivered to almost 8,000 learners across the globe, with the most popular sessions focusing on building resilience, effective presentations, leading through change, and networking skills
- Our flagship 'Stepping into Leadership' programme develops key leadership skills for those employees who have recently moved, or are about to move, into their first leadership role, with 352 participants during the year
- The 'Leading Beyond' programme targeted at senior leaders to enhance the leadership capabilities required to deliver on our strategy through being inclusive, engaging our people, and strengthening the inspired culture at Wood. It supports our leaders to drive performance excellence and unlock growth enablers to transform the culture and drive profitable growth
- Our mentoring app continues to gain followers, with 476 mentors and 906 mentees now registered, resulting in over 319 matches. The app enables widespread access to mentoring for our employees and works by providing mentees with a list of suggested mentors based on their profiles. Mentees review the profiles of the suggested mentors and send a request for mentoring directly through the app
- We re-energised our approach to performance development by introducing more frequent and valuable check-in conversations between managers and their employees, and greater functionality in our HRIS to record discussions and actions. Employees and managers are encouraged to have regular conversations on performance against objectives, and career development to support greater engagement, organisational performance, and understanding from employees how their role contributes to the overall strategy
- We utilised our HRIS to support talent and succession planning, and enable data driven people decisions, with an increased understanding of the talent within the organisation, and over 10,000 talent profiles uploaded
- 'My Path', our new global careers and development hub launched, supporting employees and managers in learning and career management needs. The hub hosts technical, business skills, and leadership development tools and resources, and links to our internal career site to support individuals looking for their next opportunity
- To enable high potential employees to gain a better understanding of their strengths and development priorities we held an 'Accelerated Development' programme which helps build a sense of belonging and connectiveness to support them to reach their potential
- Strengthened succession pipeline for leadership roles with a targeted focus on developing key successors through regular career conversations, targeted development planning, internal moves and promotions, and mentoring support
- Team effectiveness workshops to strengthen collaborative relationships and drive sustainable improvements and results
- The Project Management Academy (PMA) reached an audience of over 8,000 attendees in 2023, delivering courses on topics such as Scope and Change Management, Budget and Cost Management, Schedule Management, and Project Risk and Contingency Management. The PMA supports our performance excellence strategic pillar by providing tools that identify competence assessment gaps that allow leadership to focus on the individual needs of their team members and enhance their career development

8,000
attendees in Project Management Academy

10,000
talent profiles uploaded to HRIS

900
graduates recruited globally

Engage, retain, and sustain

We continue to build on our engagement framework to ensure we are continuously connecting with our people, listening to their feedback, and taking actions to deliver our inspired culture. In June we carried out an employee engagement "pulse plus" survey, asking ten questions to measure engagement, development, alignment to and understanding of strategy, wellbeing, and line management care.

Over 58% of our global population responded to the survey, an increase of 25% on the previous survey; and our employee net promotor score (eNPS), a key indicator of employee engagement, increased from +15 to +28. As always, the Board seeks regular information on employee engagement, and results are shared with them to enable them to continue to measure and monitor the effectiveness of our culture; challenge management on where improvements need to be made; and formulate topics for discussion and deeper feedback with the wider workforce via our Leadership Listening Sessions (previously called Listening Group Networks).

The Leadership Listening Sessions are hosted by Board members and the ELT and are open to all employees; an overview of the eight sessions conducted during the year can be found below. In addition to these, members of the remuneration committee engaged with employees on pay equity; Canadian insured benefits, retirement, and paid time off; and variable reward plans.

More details are on page 136 of the remuneration report.

115%

Increase in employee engagement (eNPS up to +28 from +15)

Topic	Themes from discussions in leadership listening sessions	Outcomes
Performance Excellence	• Strategy: help employees understand more how their role supports delivery of the strategy • Systems & Processes: simplified, consistent systems and processes will drive value. • Wellbeing: new Wellbeing Network is an opportunity to improve ways of working at Wood. • Celebrating and Rewarding Success: continue to encourage celebrating success across teams.	• Line managers to use results from employee engagement survey to implement actions on areas to maintain, improve, stop and establish. • Wellbeing Network established to collaborate with our six other D&I employee networks. Network will highlight local wellbeing champions, promote Living Well at Wood, employee assistance programme and accompanying training webinars along with HHSES. • Expansion of Inspire Awards to include eight awards. More than 700 employees received spot recognition bonuses. • Race and Ethnicity Network highlighted local cultural celebrations.
Inspired Culture	• Culture and Leadership: leadership visits to offices and sites are valued by employees and provide opportunity for further 2-way engagement. • Trust: trust in our strategy and leadership is critical to have a truly inspired culture. • Transformation: we are on a journey and should celebrate progress to date.	• Increased number of leadership visits to offices and sites, including townhalls and "meet the ELT" sessions. • Weekly wins celebrated and employees regularly updated on strategic progress. • Increased eNPS (employee net promoter score) and participation in global employee survey shows that trust is growing in Wood, the strategy and leadership.
Profitable Growth	• Collaboration & Networking: continue to enhance networking across all employees at Wood. • One Wood. One Strategy: leaders to emphasize 'One Wood' and enable more collaboration across BUs and functional areas. • Time: enhanced systems, processes and admin solutions will enable an inspired culture with reduced silos, increased performance excellence and profitable growth.	• Employee networks continue to strengthen and sponsored by senior leaders. • First Diversity & Inclusion Week sponsored by Executive Leadership Team to share key messaging and encourage involvement in networks. • Review of IT systems to identify improvements and collaborative ways of working.
A year in review	• Diversity & Inclusion: continued focus on action plans with metrics, data, and accountability, supported by network activity. • Engagement: transparent communications and in-person engagement continues to build trust and should remain a focus. • Strategy: employees feel more connected with the Strategy, with further simplification required in 2024. • Leadership: continue to develop leaders to be accountable and flexible.	• Significant progress in female leadership gender diversity from 32% at end 2022 to 35% at end 2023. • Women of Wood movement launched with three initial regional chapters (England, Middle East, and Australia) to provide platform to amplify and understand barriers, opportunities and solutions for women working at Wood. Sponsored by senior leaders. • Enhanced Indigenous Cultural leave for employees in Australia. • Engagement enhanced with senior leaders to share 2023 D&I achievements and collaborate on plans for 2024. • Introduction of aggregated ethnicity pay reporting for eligible countries in global HRIS. • Regular strategic updates.

Sustainability continued

We continue to celebrate success. In the fifth year of our Inspire Awards, which recognise outstanding employee contribution across our business, we took the opportunity to revise the categories to align with our strategic pillars and included two new categories, Successful Sustainability, and the Nina Schofield Award, which celebrates a remarkable employee in memory of our beloved colleague who sadly died in 2022. Over 1,600 nominations were received from across our global business, with a diverse judging panel responsible for selecting finalists. We also celebrated more than 700 employees receiving spot bonuses in recognition of their achievements during the year, with additional local celebrations in place.

One year on from the launch of our strategy, 200 of our global leaders met, with a further 350 joining online, for the W Conference 2023 – Wood's annual leadership conference, with the theme of "Design the future: make it matter, make it now". Over the course of two days, our leaders gathered insights from keynote speakers and panel discussions, participated in breakouts, and got to know each other better as we discussed and aligned on our deliverables and growth priorities going into 2024.

We aim to create the best working environment, with a culture where our people are highly engaged, respected, feel supported, and where differences are valued. Our inclusive employee networks support this and enable our people to celebrate their diversity, connect, learn, and share feedback to enable us to continually improve.

Key network activities in 2023 included:

- Wellbeing: to support our six wellbeing pillars (physical, emotional, financial, social, career and environmental), the network provides a space for employees to come together to learn, share and collaborate on all aspects of wellbeing including best practice, engagement campaigns and training events. We recruited 3 network co-chairs in Australia, UK and EMEA with plans in place to recruit a fourth in the Americas. Additional support provided for employees includes the implementation of a menopause toolkit to support our female employees and provide broader education and awareness; a Wellbeing Day for employees in Australia; and enhanced education and engagement on the global employee assistance programme, resulting in increased support and usage
- Armed Forces Network (AFN): with more than 190 members in Australia, Scandinavia, the UK, and US, the network seeks to support veterans, reservists, and family members, as well as involving allies and supporters. Plans for 2024 include increased communications of the network and collaboration with other employee networks and skills
- Developing Professional Network (DPN): this community, in partnership with the early careers team, provides a platform for employees to learn more about Wood, their colleagues and themselves, and promotes the development and connectivity of tomorrow's leaders, while positively contributing to community programs and Wood's culture
- Equal Footing Network: brings together women and allies from across the company to spotlight barriers and solutions for gender equity and equality at Wood
- Race and Ethnicity (WREN): this fast-growing network of more than 700 colleagues seeks to build awareness of the lived experience of Black, Indigenous, and people of colour (BIPOC), encourage people to speak up against racism and discrimination, and create a safe space to connect, learn, and advance ethnic diversity and inclusion. During the year, WREN held sessions to mark UK and US Black History months, partnered with Black Girls Do Engineering, shared ideas for increasing ethnicity self-reporting in, the UK, USA and Australia, and encouraged local office catering facilities to celebrate religious festivals such as Diwali
- STEAM (science, technology, engineering, arts, and math): seeks to inspire future generations by attending careers fairs to promote careers in STEAM and collaborating with the DPN
- Pride: celebrates and supports the voices, culture, and rights of the LGBTQ+ community and creates an environment where people can live proudly as themselves by listening, learning, and speaking out against any inequality among us

Our continued focus on the employee experience at Wood has led to a reduction in our professional voluntary turnover, now at 13.7%, down from 16% in 2022.

13.7%
professional voluntary turnover reduced to 13.7%

1,600
nominations for Inspire Awards

700
employees recognised with spot bonuses

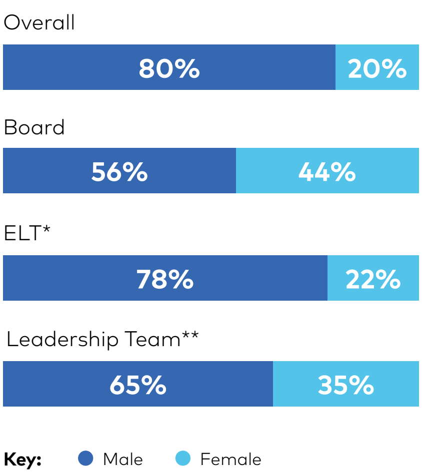
Diversity & Inclusion

The markets in which Wood operates attract a significantly higher percentage of males due to the predominately technical focus of the roles in office, site, and offshore locations. We support the recommendations of the FTSE Women Leaders Review on gender balance and the Parker Review on ethnic diversity. Refer to Nomination Committee on page 122.

As a global organisation we aim to ensure we are inclusive to all nationalities across our employee population. Whilst we have not set a target on ethnic diversity in senior management to date, we are actively encouraging employees to self-disclose ethnicity in our HR system to help us monitor our progress in improving diversity across Wood, and set an appropriate target in the future.

We commit to driving greater diversity in our business with the aim of having at least 40% females in leadership roles three levels below the Executive Leadership Team (ELT) by 2030. The Board remains committed to developing diverse talent for succession and leadership positions in support of creating an inspired culture. On 31 December 2023, globally we had 35% female leaders (an increase from 32% at the end of 2022), with a continued focus on developing female Profit and Loss (P&L) leaders across Wood. In the Operations business unit, we have increased female leadership from 25% to 31%; in Projects from 16% to 17%; and in Consulting from 21% to 32%. Gender balance in our Early Careers population is also increasing with 30% of our graduate intake now female. The FTSE Women Leaders Review report, measuring female leadership representation in the FTSE 350 for Board, ELT, and direct reports, published in February 2024, showed that Wood has maintained its Board gender diversity commitment, with 44.4% of our Board and 28.1% of the ELT and their direct reports represented by women. Refer to FCA Diversity Disclosure Table on pg 123.

Gender split at 31 December 2023.



*inclusive of the executive directors
**inclusive of three levels of leadership below ELT

The 2023 UK gender pay gap covered five entities and 4,864 employees, with details provided at www.woodplc.com and on the Government website, categorized by the industry sector, as determined by the Office of National Statistics. In summary between 2022 and 2023 the overall mean pay gap reduced to 23.3% from 26.0%, the median pay gap reduced to 31.1% from 32.8%; and the mean bonus gap reduced to 13.2% from 44.2%, the median bonus gap reduced to -0.7% from 32.5%. We continue to focus on pay equity, with fairness of pay for those carrying out the same job, in the same location, with the same skills and experience, regardless of diversity.

We remain committed to our diversity, equity 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 amplify our diverse workforce, creating an inclusive organisation. We strengthened and demonstrated our commitment in this area by:

- Hiring indigenous DE&I coordinators in Australia and Canada
- Partnering with third parties to share best practice with peers in the sector and other industries including ALLY Energy (USA), Society of Women Engineers (USA), RoboGirls (Australia), Dress for Success (Australia), Powerful Women (UK) and AFBE-UK (UK)
- Winning the Best Place to Work at the 2023 Ally Energy GRIT Awards
- Collaborating with the Association for Black and Minority Ethnic Engineers (UK) to support the business case for voluntary ethnicity self-disclosure for colleagues in Australia, the UK, and US, with plans to expand in 2024 to align with Parker Review requirements
- Launching the Women of Wood movement with ELT sponsorship. This movement brings together female employees in-person at a local level to discuss solutions and mitigate barriers to amplifying our current and future female talent at Wood. Local chapters are now established in Australia, the Middle East (covering Iraq, KSA, Kuwait, Qatar, and the UAE), and the UK, with plans to progress into Southern Europe, India, and the Americas in 2024. The Chapters collaborate with our networks, and themes shared with the ELT and Board
- Implementing a menopause toolkit to support our female employees' wellbeing, and enhance education on this topic
- Ensuring all our training, promotion and career development processes are in place for all our employees to access, regardless of their race, ethnicity, nationality, religion, gender, sexual orientation, age, or disability. supporting applications made by people with disabilities, and making reasonable adjustments to their environment where possible, to create a workplace that suits their needs. If any employee becomes disabled during their time with us, we will re-train and/or make reasonable adjustments to the work environment where possible, to maintain employment
- Annually reviewing our global policies relating to human rights, equal opportunities, harassment, diversity, equity & Inclusion, and modern slavery and human trafficking, which can be found at www.woodplc.com Our Sustainability Report highlights our commitment to upholding the Universal Declaration of Human Rights and we know the protection and enhancement of human rights is fundamental to a sustainable business; see more information at www.woodplc.com/modernslavery

Human Rights

Respecting our people, and those we work with, remains fundamental to building a culture that encourages people to join and stay with our organisation. We have built strong people-related policies around internationally recognised fundamental human rights, publicly supporting the adoption of these rights through our Human Rights policy, available at woodplc.com/sustainability/people/human-rights. During 2023 we rolled out our Sustainability Code of Practice, which incorporates a systematic approach to the identification, adoption and assurance of worker welfare principles at our project sites. Our HR leaders undertook training in these principles, and their role in safeguarding against modern slavery and human trafficking. We also continued our focus on embedding fair working practices in our supply chain with 73% of our labour suppliers now signed up to the Building Responsibly principles which seek to promote the rights and welfare of workers in the engineering and construction industries.

Sustainability continued

Community

By thinking globally and acting locally, Wood seeks to ensure that we leave a positive imprint on the communities we operate in. Our approach seeks to create shared value by aligning business goals with local stakeholder needs.
Our values, to demonstrate care, courage and commitment, are the foundation for building trusted, long-lasting relationships in our communities to create sustainable growth.

As a community partner we commit to:

Understand:
- Our community impact and opportunities
- Our key stakeholders
- Local heritage and context around human rights

Engage:
- With key stakeholders and develop, where possible, local procurement plans
- With clear communication including methods of reporting
- On local development and investment plans

Review:
- The effectiveness of plans and community perception
- How we review and respond to community incidents
- How we benchmark our performance, monitor and evaluate

Positively impacting our communities

We are committed to making a positive impact in the locations where we operate. Community impact assessments form part of the social assessments undertaken at the project planning stage and largely sit outside Wood's sphere of influence. However, we recognise that there can still be opportunities for Wood to make a difference during the project execution phase.

To enable this, in 2023 we rolled out our Sustainability Code of Practice (SCoP), which is a tool designed to facilitate the consideration of practical steps that should be considered on projects across key focus areas supporting Wood's sustainability goals. The SCoP is embedded as a requirement in our project start-up standard and the community investment element requires projects to:

- Support and encourage a 'good neighbour' policy at the site by being respectful and mindful of how Wood conducts business in the locality (noise, behaviour, litter, etc.)
- Assess ways the project could drive a positive legacy of benefit through engagement with the local community and engage the workforce in community investment activities. This could take the form of adopting a local charitable cause or building local amenities
- Encourage learning and engagement opportunities for community members, such as apprenticeships, school visits or provision of learning materials

While our influence on community matters at a site level is relatively limited we see huge opportunities to create a positive impact through our group-wide Community Investment programme. The focus of the programme is to encourage and support our employees to engage and be active within their communities to drive positive change. We believe that this also brings important benefits for our business. It can help our people to feel part of a purposeful organisation, increasing employee engagement levels, and can help to develop our reputation as an employer of choice as through our work in areas of education we are potentially interacting with employees of the future.

Read more about our community investment programme on our webpage at: **woodplc.com/sustainability/people/community-investment**

Our approach

Wood's Community Investment programme aims to inspire and support our employees around the world to 'show up' and 'lift up' the communities where we work. The three strategic pillars of our Community Investment programme are:

- Employee Matched Funding - Wood matches employees fundraising efforts for charities of the employee's choice up to a specified limit
- Volunteering – Giving our time, expertise and resources to support causes that are important to our people and the communities they are a part of
- Global Cause – In addition to supporting the wide variety of causes selected by our employees, we also encourage our teams to unite to fundraise and volunteer for initiatives that support our Global Cause. Our community investment target focuses on the contributions made to our global cause, demonstrating the power of our collective efforts

Our contributions to the communities we live and work in captures the time, expertise and resources to measure our impact.

Employee matched funding

Wood's central charitable fund aimed at matching employee fundraising efforts for personal choice charities.

Our Global Cause

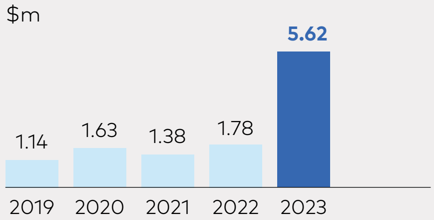
Chosen by our employees and aligned to UN SDG4 and Quality Education, our Global Cause unites our people around a single cause.

Volunteering

Volunteering our time, knowledge and expertise to show up in our communities and demonstrate commitment.

Total charitable donations*

$m



Progress towards our goal to contribute **$10 million** to our Global Cause by giving our time, energy, resources and funding by 2030.

Global Cause donations to date*

$4.6m

% of 2030 target achieved:

46%

*Includes direct monetary donations, the value of resources donated and the monetised value of volunteering time. Global cause donations relate to purely educational causes as Wood's current global cause.

Governance

Wood's community investment strategy is managed by our Community Investment Committee. The Committee oversees each element of the programme through monthly Committee approval sessions, chaired by the Group Sustainability Manager with representation from each of our business units. In 2023, the Vice President of Inclusion and Diversity and Vice President of Occupational Health joined the Committee to strengthen the links between our community investment programme and inclusion and diversity and employee wellbeing.

Supporting a culture aligned with our values, our community outreach continues to enable our people to come together and positively impact local communities, on the issues material to those communities and demonstrate the good our programme can deliver.

To demonstrate commitment from the top and set clear expectations for our teams around the world, we strengthened our existing community investment governance with the publication of a global community investment policy signed by the Executive President of Business Sustainability & Assurance.

In addition to the introduction of a new policy, a revised overarching Community Investment Manual was issued to provide our teams with more detailed guidance on our approach to community investment in Wood.

In addition to governance updates, some key committee highlights from 2023 include:

- **Committee** - To assist with raising awareness of our community investment programme and encouraging participation throughout our organisation, we strengthened BU representation on the committee with the addition of newly appointed BU Global Sustainability Directors. This was further supported by three new committee members bringing fresh ideas and leadership to our community activities
- **Communication** - The introduction of a new, internal quarterly Sustainability Newsletter with a heavy focus on our community investment activities has allowed us to increase awareness across the business and inspire local action in support of our target
- **Recognition** - In addition to our Sustainability Champion category in our company annual Inspire awards, we have also introduced a quarterly sustainability action spotlight for community activities
- **Global Cause** - Since 2019, our Global Cause as chosen by our employees has been in support of Education. This year we canvassed our employees to determine if this was still the cause of choice, and results showed that it was still the preferred area of focus for 2024 and beyond

Sustainability continued

Global Cause - Education

As part of our sustainability strategy, Wood has committed to giving our time, resources and funding to contribute $10 million to our Global Cause by 2030, from a 2020 baseline. We encourage our employees to contribute to our Global Cause all year round. However, once a year we hold our annual Global Cause Challenge to inspire our people to get involved with causes that support our Global Cause and to celebrate their efforts. The challenge allows employees to submit applications in support of educational initiatives around the world and winning applications receive funding from Wood.

Since launching in 2019, Wood's Global Cause, as chosen by our employees, has been in support of UN SDG No. 4 Quality of Education and 2023 was our most successful year yet, seeing more than double the annual Global Cause Challenge applications than typically received in previous years.

Our target is to raise $10 million for our Global Cause by 2030 and since the inception of our Global Cause target, Wood has supported at least 17 countries with more than $4.6 million towards educational initiatives around the world, representing 46% of our target. In 2023, we contributed approximately $3.1 million which includes our efforts during the year as well as the impact of improvements in our internal reporting. These improvements have enabled us to identify and report certain contractual contributions applied towards supporting education in some of the countries we operate in and in 2023 we have reflected the amounts contributed towards those initiatives in total to date.

Having canvassed our employees to confirm 'education' is still their cause of choice, we expect to see the continued passion of our teams gain momentum. propelling us further towards our $10 million by 2030 target in 2024.

$3.1m

in contributions during 2023

An educational lifeline for Aboriginal people in Australia

Aiming to help close the educational gap between Aboriginal and non-Aboriginal Australians, The Wuyagiba Study Hub, remotely located 622 miles from Darwin, Australia, serves local students with a custom-made 10 week programme of pre-university courses which would otherwise be unattainable due to factors such as living in remote locations, tradition and strong family ties.

School attendance in remote Aboriginal communities is poor due to geographical isolation, poverty, as well as language and cultural differences. As a result, opportunities to access university education are further limited. The western concept of education is very different from an Aboriginal standpoint, so leaving home and community to study thousands of miles away in an unfamiliar city and unfamiliar university environment can be a daunting and overwhelming barrier for many.

The courses delivered focus on preparing students for university and also focus on cultural subjects. Since 2018, around 20 students a year have embarked on university education with the first student graduating in 2023. The funding from Wood's annual Global Cause Challenge has gone towards transport infrastructure upgrades to improve the provision of supplies, emergency medical care and transport to the study hub. In addition, part of the funds were used to support the expansion of the study hub to other remote Aboriginal communities nearby.

20

students a year have embarked on university education with the first student graduating in 2023

Music to our ears in Colombia

Our Colombia team is truly remarkable. They won a first place award for Volunteering and Inclusive Social Investment in the 2023 Ecopetrol Iconic Contractor Awards.

This award was in recognition of Wood's community impact through their local community project 'Musica para Ver & Becas Tokando' which was sponsored with funding from Wood, contributing to our Global Cause of Education. The Musica Para Ver & Becas Tokando project supports local children and young people challenged with limited vision and blindness, promoting the development of their cognitive and motor skills, using braille and musicography as unique strategies for social inclusion. Nearly 500 children and young people have benefitted from this project in 2023.

500

children and young people have benefitted from this project in 2023

Volunteering

Wood recognises the importance of supporting our people to connect with their communities and each other. We celebrate the volunteering efforts of our teams and individuals giving their time and expertise to their local communities. 2023 saw a continued push from our teams around the world, volunteering 11,905 hours to tackle a wide range of social and environmental issues.

11,905

hours of volunteering from teams around the world

Food for the soul in India

In support of UN SDG 2.0 Zero Hunger, for the second year running, Pankaj Gandi together with 90 Wood team members based in India, along with support from their families participated in a project known as Foodie Angel 2.0 where they volunteered 790 hours of their time to prepare and distribute food boxes to 2024 underprivileged families and homeless people in slum areas of Gurgaon and Delhi. This heartwarming project was an inspiring example of how Wood employees show up and lift up some of the most disadvantaged people in their local communities.

790

hours of their time to prepare and distribute food boxes to 2024 underprivileged families

Scouting for the next generation of engineers in Aberdeenshire

Mark Birmingham was one of our first employees to receive our quarterly Sustainability Action Spotlight award for his work with the Magnetic North Explorer Scout Unit and Science, Technology, Engineering & Mathematics (STEM) outreach to local primary school children. Volunteering 250 hours of his time in the name of UN SDG 4.0 Quality Education, Mark's community involvement has inspired more than 150 children through STEM outreach activities, speaking to primary children about his own education and engineering career in oil and gas and his weekly programme of activities helping scouts aged between 14-18 years to develop their life skills and explore new activities in preparation for the next stage of their life.

250

hours of volunteering

150

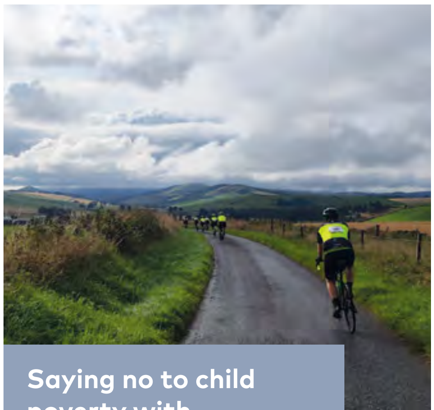
children reached through STEM outreach activites

Employee matched funding

Employee Matched Funding allows Wood to support our employee fundraising efforts for causes close to their hearts in their local communities by matching their fundraising up to a specified limit. Building on the success of 2022, in 2023 we received many matched funding applications with $391,359 raised as a combination of employee and Wood funding, supporting a number of charitable organisations.

$391,359

in fundraising and matched donations



Saying no to child poverty with AberNecessities

In Aberdeen, UK, Wood is supporting local charity AberNecessities and UN SDG 1.0 No Poverty. Employees submitted a number of matched funding applications in support of their fundraising efforts for AberNecessities which included activities such as participating in the London Marathon, Mini Golf Masters Challenge, a handbag sale and a 100-mile cycle for Ride the North.

It is estimated that more than 21% of children in Aberdeen are living in poverty and AberNecessities seeks to meet the basic needs of children to offer them the best start in life. Their support reaches disadvantaged families with the essential and basic necessities that no child should go without. Wood's Employee Matched Funding donation of £10,000 goes towards support such as the provision of maternity bundles for mother and baby, to nappies, formula, milk, toys and equipment for children aged 0-18 years old.

£10,000

Employee matched funding donation

Sustainability continued

Ethics and Compliance

Our commitment to sustaining a visible, continually improving ethical culture continued to be strong throughout 2023.

Leaders across the organisation play a key role in delivering Wood's Ethics and Compliance (E&C) programme by emphasising ethical behaviour to our workforce and supporting those Speaking Up.

Our Code of Conduct (the Code) continues to be the foundation of the E&C programme, promulgating the importance of doing the right thing, setting clear expectations for ethical business practices and providing guidance to employees on how to respond if faced with ethical decisions. It also sets out our Speak Up resources and requires employees to report anything they feel does not reflect our values, our policies or the law. We actively create an environment where our employees feel empowered to speak up and Wood does not allow acts of retaliation against any person who, acting in good faith, reports suspected misconduct or participates in an investigation.

The Code of Conduct is supported by a suite of global E&C policies and procedures, available in multiple languages, covering the following:

- Anti-Bribery and Anti-Corruption (ABAC)
- Commercial Intermediaries
- Competition Law
- Conflicts of Interest (COI)
- Data Protection, including Breach Response
- Ethics Investigations
- Ethics Reporting and Anti-Retaliation
- Gifts and Hospitality (G&H)
- Sanctions, Export Controls and Anti-Boycotts

Wood is committed to undertaking an annual review of its E&C policies and procedures to ensure they remain effective, considering: (i) changes in laws, regulations and guidance from regulators; (ii) changes in Wood's risk exposure; and (iii) lessons learnt from investigations or assurance activities.

Compliance with the Code and supporting policies and procedures is mandatory for all directors, officers and employees as well as contractors, consultants, representatives, intermediaries and agents retained by Wood. Any reports of non-compliance are investigated and appropriate action taken, up to and including termination of employment and/or business relationships.

E&C sits within the Legal, Ethics and Compliance function (LEC), and the Chief Ethics and Compliance Officer reports to the General Counsel. E&C continues to take a risk-based approach to strengthening governance and carrying out key priorities. In 2023, we focused on the following key areas:

1. ABAC Programme
2. Sanctions
3. Data privacy
4. Improving training and communications

The ABAC Programme

Wood continued to operate under its three-year deferred prosecution agreements with the Serious Fraud Office (SFO) in the UK and the Department of Justice (DOJ), and submitted its second annual report to the SFO and DOJ in June 2023 as scheduled. The three year terms of both deferred prosecution agreements are scheduled to complete in H2 2024. The Comptroller General's Office (CGU) in Brazil also provided final confirmation that Wood had complied with the commitments required by the 18-month leniency agreements with the Ministério Público Federal (MPF), the CGU and the Solicitor General (AGU) in Brazil (which concluded in September 2022).

Wood's ABAC Programme remains the vehicle by which we meet our commitments under the deferred prosecution agreements. The ABAC Programme has: (i) strategic goals; (ii) related workstreams; and (iii) appropriate senior-level governance. Areas of focus in 2023 were tone from the top, training & communications, and management of third-party risk.

Our Code of Conduct is available at: **woodplc.com/ethics**

Our Supply Chain Code of Conduct is available at: **woodplc.com/scm**

At the end of 2022, Wood committed under the Inspired Culture pillar of its corporate strategy to increase its ABAC maturity from a 3 (Defined) to a 4 (Advanced) by the end of 2025, with a first-year targeted increase in maturity to 3.3 by the end of 2023. We further developed our maturity methodology and models, linking these to ABAC Programme delivery. Our approach was verified by an external third-party review and we met our maturity target of 3.3 by the end of 2023. The target increase by the end of 2024 is 3.6.

Third parties

Consistent with efforts over the past several years, we maintained our focus on management of third parties. As regards Commercial Intermediaries (CIs), Wood continues to prohibit, as a matter of policy, the engagement of sales agents and we only engage national sponsors where required by law. During 2023, we launched our Global Commercial Intermediary Procedure, which supports our drive to use Global CIs wherever possible to reduce our overall number of CIs, delivered bespoke CI training to HR colleagues and launched a Commercial Intermediary dashboard. The dashboard is accessible by all employees and is updated in real-time. Increased governance and assurance continued throughout 2023 including a review of certain short-term visa providers.

Management of other third-party risk, and in particular joint venture risk, is a key focus of the ABAC Programme, and further progress has been made in this area in 2023. In collaboration with Legal and Commercial, we completed our review of existing incorporated JV partners, agreeing a pre-mitigation risk rating for each JV partner and mandated action as necessary to manage E&C risk.

We have made good progress on the development of an ABAC Stage 1 Scorecard for assessing ABAC risks associated with clients and projects which will launch in early 2024. This will continue to be an area of focus over the next year.

Ethical culture

Leadership must be visibly committed to the highest standards for business conduct, demonstrating compliance with the Code and our values through their words and actions. The E&C team partners with leaders to further embed ethics throughout the organisation and the ELT and other senior leaders are subject to Tone from the Top KPIs. The Chief Ethics and Compliance Officer meets regularly with the CEO and the Audit, Risk & Ethics Committee (AREC) to provide updates on the status of the programme. Throughout the year, leadership reinforces E&C messaging by engaging with employees on various ethics and compliance topics including but not limited to anti-bribery/corruption, Speaking Up, non-retaliation, conflicts of interest and commercial intermediaries.

Wood has designated key leaders as Ethics Responsible Officers (ROs) to promote the Code and related ethics and compliance policies and procedures, as well as to support E&C initiatives. In addition to attending the Business Ethics Forum, throughout 2023, ROs continued to support: ABAC Programme working groups and provided steering committee business representation; the Joint Venture Governance Programme; E&C in building relationships within their respective businesses; investigations; and the use of Ethics Moments in team meetings. Also, ROs provided feedback to E&C on policy and processes, as well as ensured completion within their teams of mandatory E&C training.

Wood strives to gauge ethical culture by partnering with a third-party to conduct an annual anonymous survey of employees in specific geographic regions to gather critical feedback on the strength of our culture. In 2023, the survey was distributed to over 9,200 employees in Europe, the Middle East and Africa. E&C shares high-level results with leadership to help improve the culture and direct future training, engagement and communication efforts.

Ethics and Compliance training and communications

Training has always been a key element in promoting Wood's culture and ensuring employees understand how to Do the Right Thing. Wood drives Company values through a multi-layered risk-based ethics and compliance training and communications plan that promotes accountability, leadership, honesty and integrity in support of creating sustainable growth and value.

To maximise effectiveness, Wood develops its ethics and compliance training and communications plan on an annual basis. The plan incorporates a variety of approaches, including live webinars, computer-based training and microlearning videos, as well as communication channels, such as email newsletters, internal social media and a dedicated intranet page regularly refreshed with updated resources. The plan is reviewed by E&C leadership on a monthly basis for accountability and adaptability to readjust priorities depending on internal and external circumstances.

In 2023, mandatory computer-based training on G&H and COI was assigned to more than 5,000 individuals who are most exposed to those risks in their work at Wood. The training module was customised with a short video introduction from the Chief Ethics and Compliance Officer and real-life Wood scenarios, making the content more relatable to Wood employees. One hundred per cent completion was attained.

Sustainability continued

Managing cases

Wood values a culture of openness and accountability where employees and third-party business partners Speak Up to seek guidance on ethical or compliance issues and to report any known or suspected unethical, illegal or suspicious activity or concerns that the Code of Conduct is not being followed.

We encourage employees to use their line manager as a first point of contact to report ethics and compliance concerns, with additional Speak Up resources available, including another manager, HR or Legal. As such, many matters are managed without E&C intervention. However, employees may also contact E&C directly or use the Ethics Helpline, which is operated by an independent third party and allows anyone to raise a concern or report a suspected violation of our policies, procedures or the law.

Reporters can make reports by telephone or online and may elect to remain anonymous. On a quarterly basis, AREC is provided a summary of the use of E&C Speak Up resources, as well as an update on initiatives to further promote the Speak Up culture.

During 2023, E&C received a total of 141 concerns through the Ethics Helpline and internal channels. All concerns are reviewed and necessary disciplinary action and/or remedial action is taken as appropriate. Of the 26 allegations that were substantiated after review or investigation, five terminations of employment for violations of Company policy resulted.

Trade compliance

Building on the sanctions risk assessment completed in 2022, we have developed a risk-based sanctions due diligence and approval process to focus attention on prospects that pose the greatest sanctions risk. Once approved, clients and other related parties will be continuously monitored using a proprietary restricted party screening and monitoring tool to allow timely intervention when necessary. Integration of the new process with existing workflows is continuing with expected completion in H1 2024.

We have seen a steady increase in the volume and complexity of sanctions and export control queries from the business and have recruited an additional trade compliance lawyer to meet that demand and support our trade compliance initiatives.

Data privacy and protection

Wood's Privacy team underwent a successful transition and integration of a new team over the course of 2023.

In response to an independent audit in 2022, Wood Privacy developed and implemented a risk categorisation and monitoring process for suppliers within our privacy assessment process. Improvements have also been made in the risk categorisation of data privacy incidents and the role assignation and classification of data privacy training within our people systems. Wood Privacy will continue to drive improvements in these areas in 2024 – 2025.

New data privacy laws are being introduced across the globe on a regular basis and Wood Privacy continues to monitor these new privacy laws and conduct gap analysis as required to ensure Wood's global compliance. Wood continued to receive a limited number of individual rights requests some of which were now made outside of Europe, reflecting the expansion of privacy laws across the globe.

Data privacy incidents continue to have a low-level impact, mainly occurring within Wood and covering simple data entry errors, including incorrect email recipients. Incidents investigated by Wood Privacy also included a small number of ransomware attacks on suppliers, reflective of the increase in cyber security events witnessed across the globe. Wood Privacy works in close collaboration with Wood Information Security to manage incidents with suppliers and monitor trends both internal and external to Wood. The increase in supplier targeted attacks demonstrates the importance of supplier risk categorisation within privacy assessments as referred to above, in particular as privacy assessments become a more common requirement across the globe as global data privacy laws mature and align with Europe.

Paving the way for more sustainable operations

Wood is in the detail design phase of supporting Teck Resources Limited (Teck) in piloting a new carbon capture plant at the Teck smelter in Trail, British Columbia. This first-of-its-kind solution for capturing carbon from sulfide ores in the smelting process is paving the way for more sustainable operations in the steel and mining industries across the world and supporting Teck in meeting their net-zero commitment by 2050.

Teck's smelter and refining complex in Trail is one of the world's largest integrated zinc and lead operations, producing a variety of specialty metals, chemicals and fertiliser products. The pilot will be installed to capture carbon dioxide from one part of the operation to assess the technical and economic viability of the selected technology in this environment.

With a long history of supporting Teck's operations in Trail and over 40 years of expertise in carbon capture utilisation and storage lifecycle solutions, Wood completed carbon capture technology assessments and pre-scoping and feasibility studies for the installation and integration of the pilot plant at the Trail site, as well as supported Teck in the procurement of the pilot plant.

In 2023, Wood worked closely with the pilot plant vendor and Teck in completing the engineering and detailed design for the tie-in of the pilot plant.

Click here
to find out more

Investing in local people and capabilities around the world

Wood was awarded a two-year contract extension by Brunei Shell Petroleum (BSP), Brunei's largest energy producer, to focus on the continued rejuvenation of BSP's offshore energy asset portfolio to maximise production capacity and efficiency.

The scope of the contract includes brownfield engineering, procurement, construction and commissioning services, as well as the management of its offshore marine fleet. The work Wood is undertaking is expected to help maximise the production capacity of the assets.

Employing around 1,500 skilled employees under the contract, 65% of which are local to Brunei, Wood is committed to investing in local people and capabilities through the Wawasan Brunei 2035 programme to advance employment and skills of the country's national workforce.

The extension to February 2026 means Wood will deliver a range of services across 20 of BSP's offshore installations. The contract is being delivered by Wood's teams in Brunei from the company's main location in Kuala Belait and offshore, supported by the Manila, Philippines office.

65%

skilled employees local to Brunei

"This extension shows progress on our strategy, which focuses on reimbursable projects and complex work in critical industries. It is also testament to our track record of performance excellence, safe operations and innovative technical expertise."

Ken Gilmartin, Chief Executive of Wood

Click here
to find out more

Sustainability continued

Health, safety & security

Wood is committed to providing a healthy and safe working environment for all our people and our values of care, courage and commitment are embedded in the Shield. Ensuring we protect our company, communities, colleagues and ourselves by upholding the Shield is fundamental in all we do, through the simple and consistent application of Prepare, Engage and Intervene.

Health and safety

The Shield is our overarching health and safety programme that aligns with our company values by asking our employees to have the commitment to prepare for challenges we may face in our daily work, the care to engage with what is required of us in our roles, look out for one another and be accountable, and have the courage to intervene when appropriate to do so, taking action to protect ourselves and those around us.

We deeply regret that in 2023 one of our colleagues lost their life on a power plant in Kentucky, in the United States. An investigation team led by a senior leader was deployed to investigate the incident. Wood's leadership ensured that the employees family and team mates were supported immediately, and our thoughts remain with the family and friends of our colleague.

Continuous improvement planning

Continuously improving the health and safety of our operations is one of the fundamental objectives of our approach.

The three focus areas of our 2023 improvement plan aligned with Woods strategy:

Inspired culture

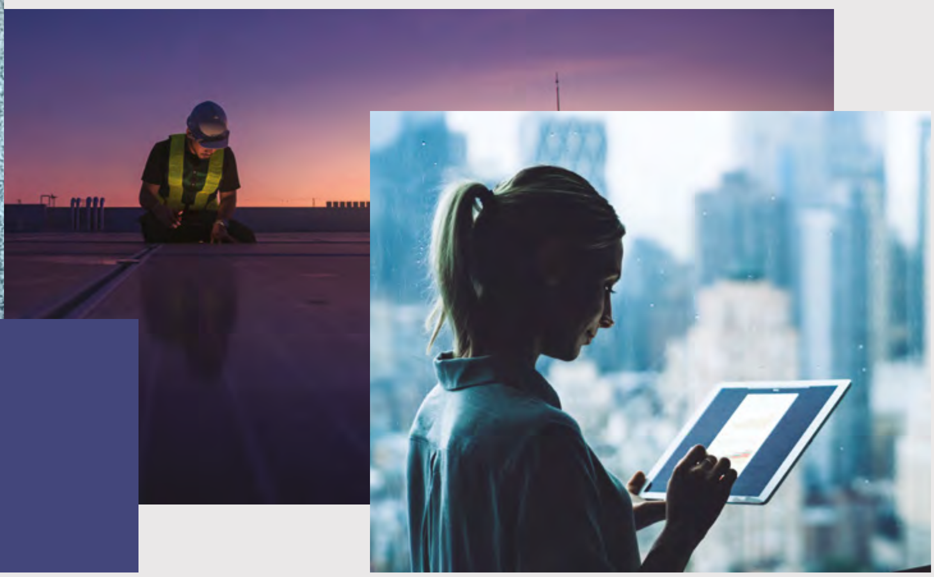
Where everyone aspires to excellence, is empowered to act, armed with skills, knowledge and autonomy to make a difference to deliver on our commitments

Performance excellence

Consistent enterprise-wide management of key risks reinforced by curious, engaged leaders

Profitable growth

Promoting growth through active loss prevention, digitalisation and predictive intervention



Prepare
Engage
Intervene

These focus areas are underpinned by a yearly plan of actions aligned with our global safety targets. Our improvement plan focused on the following:

Fatality and Permanent Impairment

Development of the Fatality and Permanent Impairment (FPI) Prevention Programme, supporting the cultural transformation required to make a step change improvement in protecting our people. The FPI working group engaged the expertise of dss, industry specialists, creating a robust programme that identifies FPI risk situations and ensures critical controls are present and verified. Stakeholder engagement has been undertaken with the Board, Leadership teams and via our Global Learning Call. Pilot projects were selected across all business units, in all regions to receive the initial roll out. Feedback so far has been positive and once full feedback has been gathered, the programme will be refined.

Focusing on our critical risks enables us to manage our project risk profile at a site level. These risks are included in the Project risk registers (ProRisk). These then link into our functional risk registers which are housed in our Corporate Risk Management System called BRisk in line with our Risk Management standard. These are linked to our principle risks and further detail on this process is set out on page 83 of our annual report.

Training

Wood's Health and Safety training vision is dedicated and committed to excellence in the offering of training and educational opportunities for the workforce. Health and safety training is a vital element to ensure our people go home safely each and every day. We have a suite of 40+ instructor-led, virtual and online courses that range from the Global HSSE Induction to Health Protection webinars, to Life Saving Rules, to the recently added Fatality and Permanent Impairment (FPI) prevention programme.

In 2023, almost 4,000 employees participated in the instructor led sessions and over 16,000 completing the online e-learning offerings. Training is offered in multiple languages to meet the demands of the business.

The desired outcome of the delivery of all training programmes is to help provide the foundation for a safe, productive, and attractive working environment, thereby supporting the concept of developing, enhancing, and advancing the skills, knowledge, and desire of the workforce.

Leadership engagement

We are enhancing effective Leadership Engagement by developing a new version of the Leadership Engagement Guidance and offering training to leaders on how to get the most out of engaging with teams. Improvements include the digital capture of engagements via the ShieldEd application.

Risk profiling

A project risk profiling tool has been developed to support the management of risk across our organisation. Assessments were completed across the business and the creation of a dashboard allows business units to analyse their results and inform assurance plans and initiatives appropriately.

Digitalisation

Wood's digitalisation journey has continued to improve along the data maturity curve by enhancing smart automation and providing digitally connected solutions. Digitalisation is a key enabler to support Wood in reducing incidents, bringing ,more efficiency into the organisation and driving out risks in our business. Significant improvements have been made including the provision of dashboards showing real time data, further development of the ShieldEd application and online tools to connect and leverage data, enabling our people to make smart safety a reality.

Management system

Implementation of the revitalised Management System, including the translation of key procedures, has been successfully integrated. Currently, 44% of employees are covered by OHSAS 18001 or ISO 45001 certification. Wood's management system is structured to encompass all aspects of these standards, ensuring that all employees operate within a system designed to comply with them.

Contractor selection

An ISNetworld working group comprising cross-functional team members came together to develop a standardised prequalification approach while aligning the Contractor Scorecard with Wood's Enterprise-level prequalification requirements that came into effect in August 2023. The objective was to standardise our contractor management guidelines to ensure that suitable and competent contractors are approved and selected based on the risk and type of activity. This was formed to streamline Wood's contractors ISN accounts and sites that are aligned to our business and jurisdictional structure.

The advantages of restructuring our contractors' accounts and sites include establishing clear accountabilities, ensuring active engagement of contractors, and providing a consistent risk avoidance processes and practices to eliminate HSSE related incidents and accidents among contractors. The Contractor Scorecard is fully aligned with Wood's HSSE Working with Contractors Procedure which details the 7-gate process (planning, pre-qualification, selection, pre-mobilisation, mobilisation, performance oversight and engagement, and demobilisation and closeout) which is designed to improve the overall management of contractors for the lifetime of their contract.

Sustainability continued

Mental health and wellbeing

Caring for our people is one of the core values we have at Wood. It is this commitment that drives our ongoing focus to apply the best available approaches to mental health and wellbeing to benefit our whole Wood community. Our global Mental Wellness plan, launched last year, has progressed throughout 2023.

Our Senior Leadership, led by our CEO, have encouraged open conversations about our mental health, in addition to empowering colleagues to prioritise their mental health and wellbeing.

We have informed the business of the success of our delivery of our Mental Wellness plan through monthly reporting to our ELT and quarterly reporting to our Board. We have not only reported attendance at training and percentage trained, but where data is available such as in the UK, have been monitoring the impact of our strategy on mental health absences too.

We have delivered specifically developed training to over 2,000 of our line managers and supervisors to not only enable better recognition and allow for earlier intervention and support, but also really look at how we can address the factors that may contribute to poor mental health.

2,000
line managers have taken part in training

We have continued to deliver training to everyone to raise awareness in support of our inspired culture where mental health stigma is consistently challenged and reduced. In 2023, more than 1,700 of our colleagues have taken part.

1,700
colleagues have taken part in training

We have expanded our network of global mental Wellbeing Champions by 40%, both onshore and offshore, who not only proactively help raise awareness about mental health and the wellbeing pillars we have put in place at Wood but listen to our people and direct those seeking help to local support services as necessary.

40%
increase to our network of global mental Wellbeing Champions

We have provided regular training sessions to our global mental Wellbeing Champions with ongoing support and communication.

Access to mental health support has also been extended to all Wood employee families through our global Employee Assistance Programme.

Our HSE (Health, Safety and Environment) management system documents have been reviewed and updated to reflect our priorities, helping us to improve the quality of our measures across all our business units by setting a common framework. This includes the use of adjustments during the recruitment process, as well as the provision of reasonable adjustments when required to support those with poor mental health.

Our Wellbeing platform, Living Well at Wood, has been refreshed to clarify the impact that financial wellbeing, as well as career wellbeing, has on our overall mental health, and to allow better articulation of the various activities that support good work when at Wood.

To emphase the importance of how physical wellbeing enhances our mental wellbeing, for the third consecutive year, we have run our Around Wood in 30 Days challenge. This global challenge, which encourages employees to team up and exercise their way around the virtual world, has gone from strength to strength with more teams participating in 2023 reflecting the appetite for global interaction and engagement.

Following on from our collaboration with Jacobs in 2022 on World Mental Health Day, Wood has continued to demonstrate its commitment to supporting mental health in the workplace by contributing to the development of the International Association for Drilling Contractors North Sea Chapter Mental Health and Wellbeing Charter. This Charter is crucial to initiating industry-wide cultural change in the North Sea, laying out real, tangible, and measurable steps to make a long-term difference for our sector. Wood has contributed to the Charter's 'Changing Minds; Saving Lives' white paper, which outlined a holistic approach to resetting mental health in the energy sector. This white paper signalled the beginning of the Charter's journey and with buy-in and through-line support, we will continue to maintain pace.

We continue to adapt to our new hybrid way of working, listening to our Wellbeing network as well as other Listening Group Networks which has helped us challenge and shape how we can be our best at work by creating a working environment that allows everyone to be at their best.

In 2023, to better represent the diversity and needs of our colleagues, a subgroup of the Wellbeing network was created to support those who are peri menopausal or menopausal.

In addition to providing a safe environment for those experiencing symptoms or challenges, or even just wanting to learn more, World Menopause Day in 2023 saw Wood formally launch its menopause guidance to the global business. The guidance is not just aimed at those going through menopause, but also with those who play a supporting role whether in the workplace or at home. Wood recognise that these are just first steps and there is more to do.

As our Mental Wellness plan evolves, we aim to continue to engage in meaningful conversations with our employees about all that impacts their mental health and wellbeing and remain committed to being an organisation that not only cares about our employees wellbeing, but cares that they have the support they need to succeed.

Health and safety performance

We established both leading and lagging safety targets at the beginning of the year, aligned to our 2023 improvement plan:

- Zero Fatality and Permanent Impairment (FPI) Actual Injury Incidents – incidents that result in fatality, life threatening or life altering injury or illness
- Leadership engagement events – focused on safety visits and engagements by senior managers

FPI incidents

Wood is committed to driving continuous improvement in the relentless pursuit to keep its people safe. Adopting an FPI mindset underscores our responsibility to create a safe working environment and prevent FPI incidents.

The shift to measuring FPI actual and potential incidents at Wood represents the start of a cultural transformation to strengthen our safety culture and ensure our time and effort is spent on analysis of the areas we know have greater FPI potential and risk. Identifying, investigating and analysing FPI incidents demonstrates Wood's commitment to its values and reduces the direct and indirect impact of these types of incidents. It allows a deeper dive into the causes to enable a better understanding of what is required to prevent reoccurrence.

Leadership Engagements

Target No. in 2023	Actual No. in 2023	% vs Target
4,867	6,857	141%

Effective management of Woods' HSSE performance depends significantly on leadership and personal accountability. When leaders are committed, engaged and proactive in risk management, it sets a positive example for the rest of the organisation. We prioritise demonstrating genuine leadership that is visible to all and believe this is the crucial difference between an exemplary and great safety performance. Our actions, not just words, show our employees that we genuinely care about their wellbeing.

The commitment from our leaders resulted in the number of engagements achieved greatly exceeding those planned for the year, with 6,857 carried out. These engagements, whether in the office, on site or virtual, help build relationships, establish trust, demonstrate commitment to safe, compliant and reliable outcomes, and provide an opportunity to recognise a job well done.

HEART

HEART (Harm Elimination and Recognition Tracker) continues to be our behaviour-based safety observation programme and is a key system in our business enabling our teams, partners, clients and contractors to proactively identify hazards and effectively intervene when they consider safety is being compromised. The programme also encourages the recognition of safe behaviours in an effort to foster safe working practices. Over 60,000 HEART observations were made and recorded in 2023. Many of our projects require observations to be recorded in client systems, so this number is far greater in reality. We are working to enable the incorporation of these into HEART to enhance analysis and risk management.

Total recordable incident rate (TRIR)

We continue to monitor and report on traditional metrics in line with industry standards and include both employees and contractors in our data.

TRIR performance declined marginally in 2023 with our TRIR increasing to 0.18, from 0.17 in 2022.

The most common cause of recordable injury was contact with tools, equipment or machinery, (18%) closely followed by manual handing (13%).

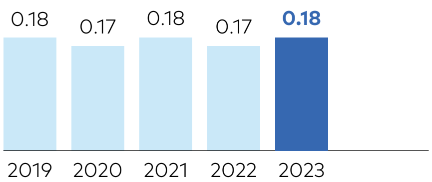
Lost time incidence rate (LTIR)

In 2023, we saw an increase in the number of incidents that required our people to have time off work as a result of their injuries. As a result, our LTIR marginally increased to 0.04, from 0.03.

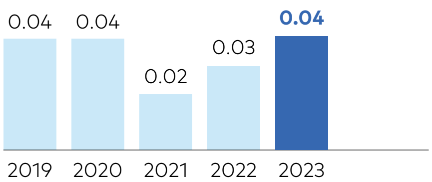
The most common work activities undertaken at the time an LTI occurred was maintenance, production operations and operating equipment and machinery. Similarly to the collective recordable incidents, risk management issues were the most common root cause, with inadequate hazard identification and inadequate identification of controls featuring most often. All incidents were investigated, and corrective and preventative action plans established to prevent reoccurrence.

As part of our annual planning process which includes review of all our incidents, assurance activities and analysis of our leading indicators, we are confident in the direction we are taking with FPI, which in addition to giving us another lens on our incidents also ensures that we are honing in on our critical risk areas and working towards ensuring safe predictable delivery, whilst building on and maintaining established safety processes and management.

Total recordable incident rate (TRIR)
per 200,000 exposure hours



Lost time incident rate (LTIR)
per 200,000 exposure hours



Sustainability continued

Focus on Security

Wood has interests in various countries with complex or challenging security risk environments and maintains a global footprint and supply chain. Group Security's overarching and unifying aim is to enable the Company to safely win and deliver work all over the world, driving the Company's resilience, and ensuring business can continue even as security, political, or social developments threaten disruption. The team therefore advises on bids, project security risk mitigation requirements, travel considerations, and gives forward-looking strategic risk advice to leadership teams. This, in addition to being responsible for the overarching governance of the crisis, emergency and business continuity management framework.

2023 saw the function reorient to align with the Company's refreshed three-pillar strategy. The Company's need to deploy personnel into environments of varying security risk requires a capacity to robustly provide for their safety whilst at work and swiftly return them to their home nations as circumstances dictate.

Group Security's work therefore directly supports the inspired culture objective in ensuring work locations are safe and remain so, as well as providing the expertise and resources to extract personnel where security or medical needs dictate.

The lean nature of the team's composition embodies the objective of performance excellence as, despite its size, the function's comprehensive reach spans from support at the strategic level of the Executive Leadership Team, through business unit and business grouping levels, and into our offices and sites across the planet. In its interactions at bid stage, the function pursues the objective of profitable growth by protecting margins through identifying security costs at the bid stage and ensuring they are included in bids. It also fosters competition amongst security services providers so as to achieve cost reductions where possible. This is complemented by the function's work on improving Wood's resilience so as to ensure that business can continue as quickly as possible, and costs can be minimised, as disruptions manifest around our operations.

The function continues to provide a geopolitical advisory capacity across the business. This capacity has frequently proven valuable at numerous levels of the business as global geopolitical changes instigate upheaval at regional and country-levels; by providing forward-looking advice on these changes and potential scenarios at all levels, the function has been able to promote both agility and resilience across Wood.

Award-winning safety performance

Wood has been working on the Chemical & Refining Integrated Singapore Project Existing Site (CRISP ES), one of the major parts of ExxonMobil's multi-billion investment in Singapore, for more than five years. Safely delivering industry leading projects is the foundation of ExxonMobil's Global Project organisation and a core objective for Wood's project teams.

At the end of 2023, Wood's CRISP ES team was honoured with the ExxonMobil Global Project's President's Safety, Security, Health and Environment (SSH&E) Award for the third year in a row. This award recognises projects, teams and individuals who have demonstrated outstanding SSH&E leadership, dedication and results.

The CRISP ES project team completed many of its planned activities, including the turnaround, ahead of schedule, but most importantly, as of the end of 2023, the team achieved more than 16 million worked hours without any life altering injuries.

In addition to this award, the CRISP ES project team received the Safety & Health Award Recognition for Projects (SHARP) from the Singapore Workplace Safety and Health Council & Ministry of Manpower and were recognised within the Company as the winner of the Wood Inspire Award for Exceptional Team Performance.

16 million

worked hours without life-altering injuries

Principal risks and uncertainties

Managing our risks

The principal risks identified that face the Group are set out in this section. During the year, the Board has carried out a robust assessment of these principal risks as well as emerging risks and has monitored the Group's risk management and internal control systems.

Risk management

Risk management is an integral part of sound management practice and an essential element of good corporate governance. It improves decision making, enhances strategic outcomes and accountability whilst promoting a risk aware culture within Wood.

The Board is responsible for:

- Establishing procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the Group is willing to take to achieve its long-term objectives
- Carrying out a robust assessment of the Group's emerging and principal risks
- Monitoring the Group's risk management and internal control systems and carrying out a review of their effectiveness

The Board is assisted in this assessment by the Audit, Risk & Ethics (ARE) Committee (formerly known as the Audit Committee) and the Safety and Sustainability (S&S) Committee (formerly known as the Safety, Sustainability, Assurance and Business Ethics Committee), who are delegated responsibility for various aspects of risk, internal control, and assurance.

Group risk management framework

The Wood risk management framework is designed to comply with the 2018 UK Corporate Governance Code and align with ISO 31000 principles.

The Group risk management standard is the formal overarching risk management process within Wood that complements current policies and processes across the Group. The purpose of the standard is to:

- Ensure there is a formal, structured and consistent risk management process across Wood
- Identify, mitigate, and manage risks that occur
- Provide visibility over business risks to inform leadership

A bottom up and top down approach is followed to facilitate the risk management process within the organisation as laid out in the Group risk management framework. Risk registers are developed at an individual contract or project level and captured in our project risk management system (ProRisk). These risks are then escalated into the business grouping (BG) and captured into the corporate risk management system (BRisk) and rolled up into business unit (BU) risk registers, which are reviewed respectively by the BG and BU Leadership teams every quarter.

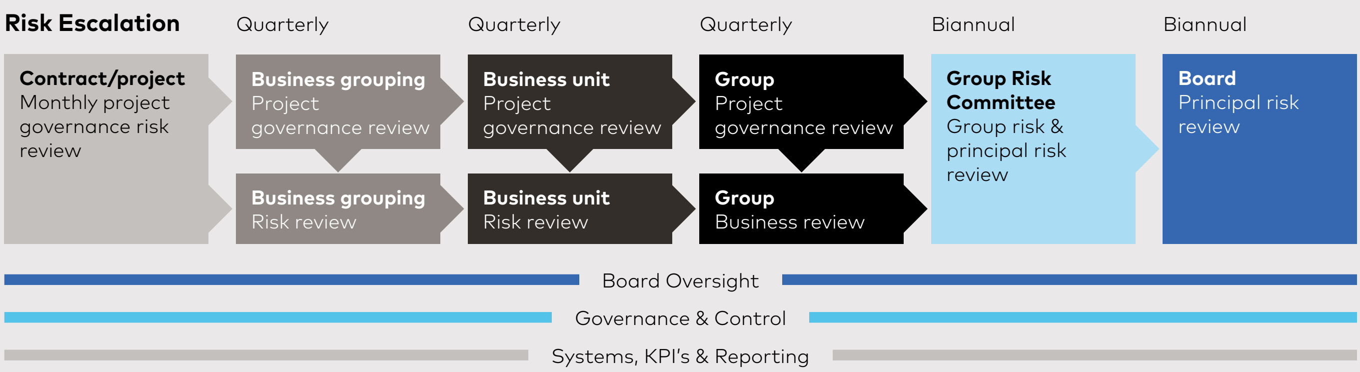
The BU risk registers are subsequently reviewed as part of the BU Quarterly Business Reviews which are chaired by the CEO with attendance by the CFO, the other members of the ELT and the respective BU Leadership team members.

Group level functional risk registers are also maintained, with the functional leadership teams reviewing these risk registers twice a year, and an ELT review at least annually as part of the Quarterly Functional Review.

The aggregation of the individual risk registers into a Group risk register was reviewed three times during the year by the Group Risk Committee (GRC), which is attended by the CEO, CFO, and all other members of the Executive Leadership Team (ELT) to ensure that the material risks for the Group are appropriately measured and managed. The GRC is facilitated by the President - Group Audit & Risk and the Group Risk VP. The overall focus of the GRC meetings is to ensure that the principal risks for Wood are identified, agreed, measured, and effectively controlled, while monitoring emerging risks.

After the GRC meetings, the summary of principal risks is formally reviewed and challenged by the Board twice a year.

Group risk framework



Principal risks and uncertainties continued

During 2023, a number of system related initiatives and improvements were conducted to enhance the way risk is captured, monitored, assessed and managed. These included:

- Continued embedding and maturement of risk management systems through training and awareness
- Further development and refinement of risk management tools to assist in reporting, including automation of the risk and control KPIs
- Rollout of systems to audit and assurance teams to enhance proactive governance of the risk and control environment
- Deepened integration with ESG risk management

Robust assessment of principal and emerging risks

The Board has carried out a robust assessment of the principal risks facing the business on a biannual basis. To support this, the Board and its committees received regular reports from key functions such as safety, sustainability, legal, ethics & compliance, commercial, finance, tax & treasury, IT, group audit & risk, and HR, along with operational reports from the BUs, which include key risks, information on compliance with controls and reports on assurance activities where applicable.

Changes to the principal risks in 2023

#	Risk Title	Trend				
		2019	2020	2021	2022	2023
1	ESG strategy & performance	New	No change	No change	No change	No change
2	Project execution	No change	No change	No change	No change	No change
3	Contracting risk	Decrease	No change	No change	No change	No change
4	Major incident	No change	No change	No change	No change	No change
5	Major investigation	No change	No change	Decrease	No change	No change
6	Cyber security	No change	No change	No change	No change	No change
7	Sustainable cash generation	n/a	n/a	n/a	New	No change
8	Major litigation	No change	No change	No change	No change	No change
9	Failure to retain and attract critical staff	No change	No change	No change	Increase	Decrease
10	Strategic delivery	n/a	n/a	n/a	New	Decrease

Changes to the principal risks: Increase Decrease No change New

ESG and sustainability

ESG and sustainability are transversal risks that can be found across our business, and over the last year, Wood's response to climate change obligations and ESG matters has developed and matured by aligning to the Company's revised strategy and the management of ESG risk.

All ESG risks are maintained within our corporate risk management system and map back to our principal risk of ESG strategy and performance to ensure adequate oversight and governance in identifying, managing, and reporting such risks, mitigations, and control effectiveness.

Emerging risks

Wood's risk management framework includes a focus on identifying and assessing potential emerging risks. Emerging risks are identified throughout the year via the BG, BU and functional risk processes, escalated and discussed during the GRC and further escalated to the Board as required.

This process follows the Group risk management framework, which applies to all risks. A cross-check is also undertaken against the principal and emerging risks identified by Wood's peer group which helps to inform the mid-year Board discussion on risk. At the half-year and at the year-end, a series of interviews were carried out by the President – Group Audit & Risk and the Group Risk VP with each of the non-executive directors to understand their perception of the principal and emerging risks. The outputs of these interviews were then fed into the half-year and year-end GRC and the Board risk sessions.

Emerging Risk	Description	Principal Risk Mapping
Geopolitical situation in the Middle East	Ongoing geopolitical uncertainties in the Middle East could impact the safe, on-time and on-budget delivery of projects in the wider Wood portfolio, due to increased security risk in the region and potential supply chain disruption. The business continues to monitor the geopolitical landscape in the region and to address potential impacts on project delivery. The Middle East is also a key growth area within the Group's strategy.	Project execution Contracting Major incident Cyber security Sustainable cash generation Strategic delivery
Disruption from Artificial Intelligence (AI)	The business recognises and continues to monitor the rapid advancements in the AI field and sees these developments as a gateway to enhance and increase current client offerings, rather than a threat to our existing business model. Current AI offerings such as maintAI and the future applications of AI technologies within our business, present opportunities for growth.	Project execution Contracting Cyber security Strategic delivery
Climate change and extreme weather	Climate change and extreme weather risk scenarios are an integral part of individual project risk management. From analysis, climate change risk was not considered to be a standalone principal risk, but to be a significant contributing factor to other principal risks. The impact of climate change is reflected in the strategy to address energy transition.	ESG strategy and performance Project execution Contracting Major Incident Strategic delivery

Risk appetite

The Group's risk appetite is defined by six broad risk appetite statements to ensure the current list of principal risks are adequately covered by the risk appetite statements. The Group's risk appetite is considered when setting the nature, extent and effectiveness of the key control mechanisms in place and the level of assurance activity required for each risk. A framework around the application of the Group's risk appetite to contracting models sets out the risk appetite for certain fixed price or lump sum (and other high risk) contracts. Clear criteria exist for approval of these types of contracts by the Tender Review Committee and the process has been modified to reflect the Group's step away from lump sum turnkey and large scale EPC projects. The process for ongoing monitoring of fixed price and high-risk contracts continues to include quarterly BU project governance meetings attended by the CEO, CFO and the BU Executive Presidents.

Monitoring the risk management and internal control systems and processes

The Board receives bi-annual updates on the key controls in place in relation to each of the principal risks, the level of independent assurance activity carried out, and management's assessment of the effectiveness of the controls. As part of this monitoring, the Board ensures that corrective action is taken where necessary.

To ensure that responsibilities for risk and assurance are clear with the committee structure, each principal risk and area of risk is assigned to either the Board or one of the Board committees.

Accountability for managing risk is embedded into our business as described under the Group risk management framework section. Each BU, BG, and function has responsibility for undertaking regular risk assessments, monitoring risk, and requires senior management to attest the control effectiveness of their risks as part of their ongoing accountabilities.

The Board's assessment of the internal control environment, as informed by Group Audit & Risk, is effective, with some areas where improvement is needed. Particular areas of focus are simplification of the overall internal control environment across functional areas, increased levels of risk-based BU assurance being carried out and actioned, to drive improvements in the application of key operational controls, and more rigorous monitoring and application of project controls/project governance at the project/BG/BU level.

Going concern

The directors have undertaken a rigorous assessment of going concern and liquidity over a period of at least 12 months from the date of approval of these financial statements (the going concern period), which includes financial forecasts up to the end of 2025 to reflect severe, but plausible scenarios. The directors have considered as part of this assessment the impact of the events that happened post balance sheet date and up to the date of issue of these financial statements.

To satisfy themselves that the Group have adequate resources for the going concern assessment period, the directors have reviewed the Group's existing debt levels, the forecast compliance with debt covenants, and the Group's ability to generate cash from trading activities. As of 31 December 2023, the Group's principal debt facilities comprise a $1,200.0m revolving credit facility maturing in October 2026; a $200.0m term loan which matures in October 2026 and $352.5m of US private placement debt repayable in various tranches between July 2024 and July 2031, with around 75% due after the end of 2025. The weighted average maturity of the Group's debt profile has been extended as a result of a new term loan being put in place which replaced an existing facility of the same value and that was due to mature in September 2024.

Details of the status of internal controls are included in the Audit, Risk & Ethics Committee report on pages 124 to 127.

Principal risks and uncertainties continued

Going concern (continued)

At 31 December 2023, the Group had headroom of $843.1m under its principal debt facilities and a further $59.8m of other undrawn borrowing facilities. The Group also expects to have sufficient levels of headroom in the severe but plausible downside scenarios modelled.

At 31 December 2023, the Group had net current liabilities of $207.0m (2022: $235.0m).

The directors have considered a range of scenarios on the Group's future financial performance and cash flows. These scenarios reflect our outlook for the energy and materials end markets. Energy includes oil and gas and the Group forecasts growth in this area is underpinned by increased focus on energy security and decarbonisation of operations. During 2023, for example, the Group secured a new long-term strategic partnership around the management of UK North Sea Operations and deployed the Group's expertise in decarbonisation, digitalisation and asset life extension to enhance an international energy company's global portfolio of assets. Materials includes minerals, chemicals and life sciences which are underpinned by growing populations and global net zero ambitions. The order book gives significant coverage over 2024 and 2025 revenues. Further, the order book is 86% reimbursable which reflects the lower risk profile of the Group's forecast cash flows over the going concern period.

The directors have also considered severe, but plausible, downside scenarios which reflect material reductions in 2024 and 2025 revenue of 7% and 5% respectively and reductions of 1% in gross margin percentage from the base, board approved, scenario. The directors believe that the additional reductions represent a severe, but plausible, downside case. This could result from a worsening economic climate which could lead to unexpected deferrals or cancellations of contracts by our clients. In each of the scenarios modelled, the financial covenants were passed with significant facility headroom remaining available. The interest cover covenant has increased levels of headroom after adjusting for the non-recurring interest related to facilities repaid and cancelled within the 12-month period up to 31 December 2023.

The directors included the impact of the removal of the receivables financing facilities (which are not committed) of $200m in the base scenario and the impact of additional adverse movements in working capital as additional, more severe, downside scenarios. The Group still had sufficient headroom to meet its liabilities as they fall due with these additional sensitivities.

Consequently, the directors are confident that the Group and company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Viability statement

In accordance with provision 31 of the Governance Code the directors have assessed the Group's viability over a three-year period to 31 December 2026 and modelled the impacts of the risks over a five-year period to 31 December 2028.

The process of establishing the period over which the Group's viability has been assessed is subjective and considers a range of factors, all of which are indicative of slightly different time frames.

In making their assessment the directors have considered these factors both individually and in aggregate and have decided that, on balance, three years was the most appropriate period.

As of 31 December 2023, the Group's principal debt facilities comprise a $1,200.0m revolving credit facility maturing in October 2026; a $200.0m term loan which matures in October 2026 and $352.5m of US private placement debt repayable in various tranches between July 2024 and July 2031, with around 75% due after the end of 2025. The $200m term loan maturing in October 2026 replaced the outgoing UKEF facility which was due to mature in September 2024. The committed long-term financing together with factors such as the Group's asset light and flexible business model, the Group's strategic and planning cycle and the visibility of operational backlog led the directors to select a period of three years to assess the Group's viability.

In order to make this assessment, the Board considered the current trading position and reviewed a number of future scenarios which stress-tested the viability of the business in severe but plausible scenarios. These scenarios considered the potential financial and operational impacts of the Group's principal risks and uncertainties arising and the degree of effectiveness of mitigating actions. As indicated in the table on pages 87 to 90 these included, individually and in combination, multi-year reductions in demand, project execution and contracting risk, revenue growth risk, the impact of a catastrophic safety or cyber security incident, the fines and damage sustained by an ethical, regulatory or data breach or a substantial litigation. Based on the modelling performed, the Board's assessment was that the strength of our balance sheet, the flexibility of our business model and the mitigating actions available meant that in all plausible scenarios considered the business would continue to be viable for at least three years. Mitigating actions would include reduction of discretionary spend including bonuses, capex reduction or further disposals.

Based on this assessment, the directors have a reasonable expectation that the Group will be able to continue in operation and meet all its liabilities as they fall due up to 31 December 2026.

Analysis of principal risks

Strategic

Strategic delivery

V B ▼

Risk profile

Lack of ability to deliver on the new strategy by effectively addressing the external and internal risks associated with the strategic plan to 2025.

Mitigation, monitoring and assurance

- Strategic review of our portfolio identified priority markets with external consultants and internal experts to refine our focus
- Strategic risks associated with the strategy are analysed and have appropriate mitigation actions in place
- Company-level metrics/targets are cascaded and embedded into the BUs with execution plans to achieve the strategy
- Quarterly Business Review (QBR) and Quarterly Functional Review (QFR) process in place across the ELT to measure progress both from a business and functional perspective against the targets within the strategy

ESG strategy & performance

S ▶

Risk profile

Our ESG strategy and performance does not effectively address our environmental, social and governance responsibilities, including in relation to climate change and regulatory obligations, leading to our business becoming an unattractive investment proposition for our employees, investors, lenders, communities, and other stakeholders.

Mitigation, monitoring and assurance

- Existing policies, procedures, management structures and Board oversight covering compliance with the key components of ESG
- Monitoring of compliance and reporting in line with the UK Corporate Governance Code, covering governance responsibilities, with oversight provided by the Audit, Risk & Ethics Committee and the Board
- Integrated ESG risk management within risk management framework
- Safety & Sustainability Committee includes oversight of sustainability aspects with additional review by the full Board on an annual basis
- Sustainability targets agreed with the Board; plans in place for target achievement
- ESG metrics included within Management incentive schemes
- External verification of certain key ESG performance data (e.g. carbon emissions)
- Active monitoring and engagement of stakeholders

Sustainable cash generation

V A ▶

Risk profile

Challenges in generating sustainable free cash flow lead to inability to support future investment in the business and to be an attractive proposition for shareholders and debt providers.

Mitigation, monitoring and assurance

- Simplification programme to enhance Group profitability
- Lower contract risk appetite to improve consistency of returns
- Monthly BU and ELT reviews of debt and cash performance and Board reviews against budget/forecast
- Short-term cash flow forecasting tool embedded within the business with monthly reviews
- Weekly monitoring of Group net debt
- Designated process for governance of capital expenditure
- Established processes for monitoring of working capital including Quarterly Business Reviews where accounts receivable and days sales outstanding are monitored
- Targeted improvement in day sales outstanding
- Credit policy in place with monthly reporting process
- Monthly monitoring and reporting of aged debt including any unbilled amounts
- Management of cash outflows from non-trading financial liabilities

Board assessment of change in risk from 2022:

▲ Increase ▶ No change ▼ Decrease
V Considered as part of viability assessment * New

Responsibility:

B Board A Audit, Risk & Ethics N Nomination
R Remuneration S Safety & Sustainability

Principal risks and uncertainties continued

Commercial and Operations

Contracting

Risk profile

Weaknesses in the contract bidding and award process, inappropriate pricing, query of contract terms, challenging client behaviour, or failure to comply with contractual conditions could lead to reputational damage, and/or poor financial performance.

Mitigation, monitoring and assurance

- Contracting policy and associated approvals process
- Tender governance process including Tender Review Committee
- Quarterly Business Reviews of BUs & Top 10 Projects, chaired by the CEO and attended by the CFO and BU Executive Presidents, including focus on lump sum contracts
- Contracts policies providing additional control over the pursuit of lump sum contracts
- Commercial intervention team in place to strengthen in-house claims capability and provide input on effective project commercial set up

Failure to retain and attract critical staff

Risk profile

Problems in attracting and retaining critical staff could lead to insufficient capability and leadership to meet our strategic objectives, and not being seen as an employer of choice.

Mitigation, monitoring and assurance

- End-to-end recruitment platform, across Wood to optimise internal and external recruitment activities, and ensure the right person, right place, right time
- Critical Position Resourcing reviews used at BU level to highlight key vacancies and establish pipelines for future demand
- Succession planning in place for management and leadership positions with development plans in place for high-performing employees
- Employee engagement survey carried out during 2023 to assess progress against the employee engagement framework with follow-up focus groups and action plans developed to address key themes
- Focus from ELT on addressing specific retention challenges
- Focus on activities to provide greater career progression which is the main reason cited for leaving – introduction of My Path and Raise your Hand, re-energised Performance Management process

Project execution

Risk profile

Failure to successfully execute projects safely and to expected quality, on time and within budget.

Mitigation, monitoring and assurance

- Start up, project management, technical and resourcing execution plans for key projects supported by monitoring and reporting
- Strategic Projects team assists in start-up phase of key projects and embed learnings from previous projects
- Tender governance processes including Tender Review Committee at Group level and BU levels in line with established Delegation of Authority
- Financial Management Framework in place to ensure disciplined contract compliance, including variation orders and contractual requirements, at all phases of the project
- Quarterly Business Reviews of BUs & Quarterly Project Governance Review of Top 10 Projects, chaired by the CEO and attended by the CFO and BU Executive Presidents
- Operational Excellence functions in each of the BUs supporting consistent project delivery through focus on common operating model, standardised delivery applications and project management academy

Health, Safety, Security & Environment (HSSE)

Major incident

Risk profile

Significant HSSE event (including a pandemic) leading to a major incident resulting in multiple loss of life, significant harm (including financial), damage to the environment and damage to our reputation.

Mitigation, monitoring and assurance

- HSSES Framework setting out clear standards for HSSES management across Wood aligned to ISO standards
- Quarterly Business Reviews chaired by the CEO and attended by the Executive Leadership Team
- Business Continuity and Emergency Response Plans deployed
- Active reporting and investigation of incidents to track and trend within the operating environment
- Comprehensive assurance plans deployed across the Company
- Safety and Sustainability Committee provides Board oversight of HSSE performance and preparedness for major incidents
- Documented accountability at all levels in the Company
- Effective deployment of HSSE resources

Technology

Cyber security

Risk profile

Impact on the confidentiality, integrity and/or availability of Wood or client data and/or disruption to Wood business operations through malicious activity, unauthorised access, cyber-attack and/or physical or environmental event.

Mitigation, monitoring and assurance

- Dedicated security, governance, risk and compliance team led by Chief Information Security Officer (CISO)
- Mature Information Security Management Framework that combines technical and process controls with a group-wide programme of colleague awareness
- Comprehensive IT security policy/standards and procedures
- Extensive threat hunt and intelligence gathering capability
- Utilisation of next generation perimeter security and best-in-class end point detection and protection capability
- Mature cyber security incident and event management
- Security Operations Centre enabling 24/7 detect and respond capability
- Mandatory cyber awareness training and Group wide continuous cyber education programme
- Monthly reporting to the ELT; quarterly reporting to the Audit, Risk & Ethics Committee and the Board with an annual review by the Audit, Risk & Ethics Committee

Principal risks and uncertainties continued

Compliance and Litigation

Major investigations

V A

Risk profile

Regulatory investigation or proceedings resulting from non-compliance with applicable legislation, which could lead to consequences, including financial exposure, penalties and reputational damage.

Mitigation, monitoring and assurance

- Suite of Wood policies that mandate compliance with applicable laws and policies
- Dedicated Ethics Responsible Officers across the business with increased engagement and training provided from the Group Legal, Ethics and Compliance team
- Anti-Bribery and Anti-Corruption (ABAC) programme with dedicated project manager, Executive Sponsor, and regular reporting to the Audit, Risk & Ethics Committee
- Robust compliance programme including our Code of Conduct and specific requirements around the appointment and management of commercial intermediaries
- Targeted programme of ethics and compliance training
- Group Legal, Ethics and Compliance team provides support and guidance to the business

Major litigation

V B

Risk profile

Legal action can result from a major incident, a major regulatory investigation, contracting issues, project execution or employee-related claims. Failure to manage litigation can lead to increased claims, damages, fines and penalties.

Mitigation, monitoring and assurance

- Controls over major incident, major regulatory investigation, contracting, and project execution risks
- Policies for management of litigation
- Group Legal, Ethics and Compliance team with experience in litigation supported by external specialist lawyers, where necessary
- Group Litigation report provided to the ELT on a monthly basis and to the Board on a quarterly basis
- Enhanced governance on major cases with senior executive and business unit leadership
- Identification of lessons learned arising from litigation and training in key areas

Governance at a glance

The UK Corporate Governance Code 2018: How we comply

The long-term success of our Group is deeply rooted in our commitment to exceptional corporate governance standards. The Board continues to shape its approach through the application of the UK Corporate Governance Code 2018 (Governance Code).

We view corporate governance not merely as a set of guidelines, but as a powerful tool that instils confidence in our stakeholders about our performance delivery. It forms the bedrock of our long-term sustainable success.

The Board reviews its governance procedures to maintain proper control and accountability. Proper control, accountability and compliance with the Governance Code flow through the Group as a whole and the directors consider that the Group has fully complied with the provisions of the Governance Code throughout 2023.

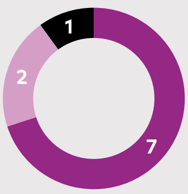
Our Board is committed to maintaining transparency in its reporting. The table to the right details where in this report information can be found on how we have applied the principles of the Governance Code throughout the year.

The complete text of the Governance Code can be found on the Financial Reporting Council's website (www.frc.org.uk).

The Board has applied the Governance Code Principles (A to R) as follows:

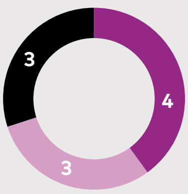
Board composition as at 26 March 2024*

Board balance



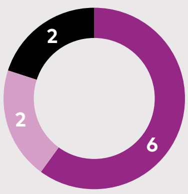
- Independent Non-Executive Directors
- Executive Directors
- Chair

Length of tenure



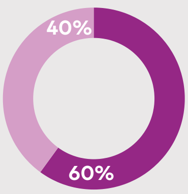
- 0-3 years
- 3-6 years
- 6+ years

Nationality



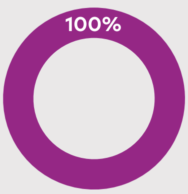
- UK
- US
- Other

Gender diversity+



- Male
- Female

Ethnic diversity+



- White 100%
- Ethnically diverse

+ Further information on Diversity & Inclusion can be found on page 122.

* These figures will change following the upcoming retirement of David Kemp and Jacqui Ferguson, and the appointment of Arvind Balan.

Board meetings held in 2023

10

Overall attendance

100%

Member	Attendance
Roy Franklin	10/10
Ken Gilmartin	10/10
David Kemp	10/10
Nigel Mills	10/10
Jacqui Ferguson	10/10
Birgitte Brinch Madsen	10/10
Susan Steele	10/10
Adrian Marsh	10/10
Brenda Reichelderfer	10/10

Letter from the Chair of the Board

Delivering on our strategic objectives

Roy A Franklin Chair

Dear Shareholder

Welcome to the Governance section of our 2023 Annual report and financial statements. This year has been transformative for the Company, marked by the implementation of our new growth strategy. As we navigated this pivotal period, the Board has provided strategic oversight, ensuring that key decisions align with our long-term objectives and the interests of our shareholders and wider stakeholders. Our commitment to robust corporate governance has underpinned our actions, reinforcing our dedication to transparency, accountability, and integrity.

Safety

The safety and wellbeing of our people is Wood's priority and a primary measure of successful delivery. It is therefore, with great sadness, that we must report a fatality during 2023 which took place in one of our US-based businesses. We extend our sincere condolences to our employee's family, friends, and colleagues. An extensive investigation has been carried out to establish root causes and organisational learnings from this tragic event. The Board, the Safety & Sustainability Committee and the Executive Leadership Team are committed to driving a world-class safety culture and demonstrate this by continuously considering industry best practice and introducing measures such as Wood's Fatality and Permanent Impairment (FPI) programme to support our pursuit of safety in performance excellence. The Board was consulted on the development of the FPI programme which is central to Wood's serious incident improvement plan for delivering a safer business. The Board will continue to monitor, challenge, and analyse Wood's safety performance.

Driving growth with a strong culture

Our continued success relies on governance standards that support all our operations. A healthy corporate culture is the cornerstone of effective governance. Our values of care, commitment, and courage foster a strong culture of integrity within the Company. The Board builds upon this foundation, ensuring we have efficient systems and processes to manage risks from our operations and the broader economic landscape, while continually striving to enhance our business practices. Our governance framework empowers the Board to make decisions in a responsible manner. More information on our governance framework can be found on pages 100 and 101 and on how the Board assesses and monitors culture on page 105.

Board oversight of the new strategy

In late 2022, we embarked on a new strategic journey, focusing on targeted growth in specific priority markets across energy and materials. The Board has been instrumental in overseeing the successful implementation and delivery of this strategy, receiving regular updates on progress at every Board meeting with performance reporting aligned to the three strategic pillars. Our full-year results have demonstrated a strong start to strategic delivery, with strong growth in revenue and adjusted EBITDA. We have made significant strides in our key growth markets, with sustainable solutions revenue growing by 15% to $1.3 billion.

The definition of sustainable solutions can be found on page 14.

Board Changes

We announced in August 2023 that our Chief Financial Officer (CFO), David Kemp, intended to retire in 2024. David has provided over ten years of dedicated service to Wood, including eight years as CFO. His tenure was marked by remarkable contributions and challenges, including his pivotal role in transforming our business from a predominantly oil and gas services company to the diversified entity we are today.

A rigorous process was initiated promptly to appoint his successor, ensuring a smooth transition and continuity in our financial leadership. We were pleased to announce the appointment of Arvind Balan as the new CFO, effective from 15 April 2024. Arvind brings with him a wealth of experience from his previous roles, including his tenure as the CFO of the Civil Aerospace business of Rolls-Royce. More details on the appointment process can be found at the Nomination Committee Report on page 120.

The Board is confident that Arvind's appointment will further strengthen our financial leadership and contribute to our ongoing growth and transformation. We extend our deepest gratitude to David for his invaluable contributions and wish him all the best for his future. At the same time, we look forward to welcoming Arvind and are excited about the fresh perspectives he will bring to our leadership team.

In March 2024, David Lockwood was appointed to the Board as a Non-Executive Director.

David brings over 35 years of experience from across global engineering and technology companies. He is currently Chief Executive Officer (CEO) of Babcock International Group PLC, a FTSE 250 aerospace and defence company, a position he has held since September 2020.

I am delighted to welcome David to the Board. He is an innovative leader who has led large-scale company transformations and consistently delivered value for shareholders, making him a strong addition to the Board.

Further details on David's appointment can be found on page 121.

Sustainability

The Board has accountability for sustainability matters. Although certain responsibilities are delegated to the Safety & Sustainability Committee, I along with the CEO and all Non-Executive Directors, attended all the Safety & Sustainability Committee meetings during 2023. This approach reflects the importance of sustainability matters and the Board's commitment to overseeing them. Through attendance at the Committee meetings, the Board oversaw key developments related to Wood's sustainability approaches. To ensure Wood's approach is evolving and maturing in line with the developing legal landscape of climate change demands, the Board was consulted on how Wood is preparing for matters such as UK's Transition Plan Taskforce framework and the European Corporate Sustainability Reporting Directive.

Throughout the year, the Board reviewed performance trends of the Health, Safety and Environment programme. The Board also continued its ongoing monitoring and reviewing of progress towards Wood's sustainability targets, ensuring appropriate action is being taken on the sustainability matters that are significant to Wood's success, material to its key stakeholders and contribute to the objectives of the UN Sustainable Development goals.

Stakeholder Engagement

We continued to prioritise our engagement with stakeholders, recognising the unique relationship each group has with the Company. The Board played a crucial role in ensuring effective communication and engagement with these groups. We believe that understanding and addressing the needs and areas of focus of our stakeholders is fundamental to our success. Further information on how we, as a Board, have fulfilled our duties to our stakeholders under s172 of the Companies Act 2006 can be found on page 117. Details of how we engaged with our different groups of stakeholders during 2023 can be found on pages 110 to 116.

Key areas of stakeholder engagement outside our regular engagement plans included significant engagement with shareholders, employees and clients in relation to the approach from Apollo Global Management, Inc. and engagement, led by the Chair of the Remuneration Committee, with shareholders following the vote of 77% in favour of the Remuneration Report at the Company's 2023 AGM, more details of this engagement and how it helped to shape subsequent action by the Board can be found on pages 118 and 119 respectively.

We remain committed to maintaining strong relationships with all our stakeholders, and the Board will continue to play an active role in facilitating this engagement.

Looking forward to 2024

As we look forward to continued growth in 2024, I want to thank all our colleagues at Wood for living our values and their commitment to delivering the new strategy. I look forward to the year ahead with confidence.

Roy A Franklin
Chair

Board of Directors

Chair

Roy A Franklin OBE (N)

Chair and Non-Executive Director

Appointed: 2017
Chair since September 2019

Contribution to the Company
Roy brings to the Board more than 50 years' experience in the oil and gas industry including strong strategic and operational expertise and extensive experience in chairing boards of listed companies. Such combined knowledge enables him to steer the Board's focus, promoting open and productive debate and contributes to the Board's practical understanding of good governance. He has an outstanding track record and has demonstrated consistent and valuable leadership.

Experience
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. Roy has served on a number of international energy boards including Equinor ASA (as Deputy Chair), Santos Ltd, OMV, Energean plc and Premier Oil (as Chair) as well as Amec Foster Wheeler until its acquisition by the Company in October 2017.

External appointments
Director of Kosmos Energy Ltd.

Committee membership
Chair of the Nomination Committee.

Executive Directors

Ken Gilmartin

Chief Executive Officer (CEO)

Appointed: 2022

Contribution to the Company
Ken was appointed as CEO in July 2022, having joined the Company in September 2021 to take on the role of Chief Operating Officer.

Ken brings a wealth of industry experience and excellent strategic and leadership skills to Wood and is focused on building on the Company's strong foundations to capture growth opportunities across energy security, energy transition and sustainable materials, and deliver value for shareholders over the medium term.

Experience
Ken began his professional career over 25 years ago in civil engineering with Deutsche Bahn and prior to joining Wood, spent 15 years at Jacobs where he held a variety of operational and project leadership roles including Executive Vice President of the People & Places solutions business where he held operational responsibility for more than half of Jacobs' overall business portfolio. Throughout his career Ken has worked internationally including leading the delivery of major programmes across multiple sectors in Europe, Asia, North America, and the Middle East region.

David Kemp

Chief Financial Officer (CFO)

Appointed: 2015

Retiring: 2024

Contribution to the Company
David is an experienced CFO with a significant track record of building financial discipline, driving growth and margin improvement and delivering excellence. His extensive knowledge of the debt and equity markets and the wider financial and service sectors is vital to the Company's objectives of resilience and a strong balance sheet.

Experience
David was appointed as CFO in 2015 and in August 2023 he announced his intention to retire as CFO in 2024. David was previously CFO of Wood Group's PSN division and a director and governor of Albyn School Limited.

Prior to joining Wood, he served in executive roles at Trap Oil Group, Technip, Simmons & Company International and Hess Corporation, working across Finance, M&A and Operations.

David is a member of the Institute of Chartered Accountants of Scotland and has an honours degree in accountancy.

External appointments
Non-Executive Director and Audit Committee Chair of Craneware plc.

Key to Committee membership

A Audit, Risk & Ethics   N Nomination   R Remuneration   S Safety & Sustainability   ● Chair

Non-Executive Directors

Nigel Mills

A N R

Non-Executive and
Senior Independent Director

Appointed: 2020

Contribution to the Company
Nigel has extensive financial, commercial and investor relations skills, having advised some of the UK's largest companies across a broad range of end markets. His strong strategic financial experience ensures he is well-equipped to provide sound advice together with independent challenge to the Board. His contribution strengthens the Board's discussions and is invaluable as Wood strives for long-term growth.

Experience
Nigel's executive career was in investment banking, as Chair of Corporate Broking at Citi and CEO at Hoare Govett.

External appointments
Senior Independent Director of Greggs plc and Persimmon Plc and a board member of QC Holdings Limited, The Queen's Club Limited, and QC Ground Limited.

Committee membership
A member of the Nomination, Audit, Risk & Ethics, and Remuneration Committees.

Jacqui Ferguson

A N R

Non-Executive Director

Appointed: 2016

Stepping down: May 2024

Contribution to the Company
Jacqui contributes to both strategic and operational matters with wide-ranging general management and non-executive experience. Her diverse industry experience and related technology expertise from multiple sectors including telecommunications, financial services, manufacturing, travel & transportation, energy and government are important elements enabling the Board to deliver its strategy and long-term growth.

Experience
Jacqui was previously a divisional CEO for a large global technology services business.

In December 2023, Jacqui announced her intention to step down as a Non-Executive director upon the conclusion of the Company's Annual General Meeting to be held in May 2024.

External appointments
Chair of Tesco Bank; Senior Independent Director of Croda International Plc and Deputy Chair of Engineering UK.

With effect from 1 January 2024, Jacqui was appointed as a Non-Executive Director of Softcat plc and National Grid plc. Jacqui is also appointed as Senior Independent Director of Softcat plc with effect from May 2024.

Committee membership
On 1 January 2024, Jacqui stepped down from her position as Chair but remains a member of the Remuneration Committee. Jacqui is also a member of the Nomination and Audit, Risk & Ethics Committees.

Birgitte Brinch Madsen

N S

Non-Executive Director

Appointed: 2020

Contribution to the Company
Birgitte has extensive, global experience of engineering and consulting projects in the energy and built environment sector. Her knowledge and understanding of green energy technologies add value as Wood continues to strengthen its expertise within renewable energy. Birgitte adds to the balance of skills and diversity of views on the Board.

Experience
Birgitte was previously Chair of Oreco and was a board member of Nordsøfonden and Nordsøenheden.

Birgitte has a Master of Economics and Finance from the University of Copenhagen.

External appointments
Chair of Milton Huse A/S, RUM A/S and DELPRO A/S & DELPRO WIND A/S; Deputy Chair of DEIF A/S and Danske Invest Funds (a single board appointment with oversight of five funds, two of which are publicly listed). Birgitte is a board member of Arkil Holding A/S and Hovedstadens Letbane I/S. Head of Audit of Metroselskabet I/S.

Committee membership
A member of the Nomination and Safety & Sustainability Committees.

Board of Directors continued

Non-Executive Directors

Susan Steele
A N S

Non-Executive Director

Appointed: 2021

Contribution to the Company
Susan has wide-ranging engineering and construction industry, programme management and supply chain performance experience. Her global expertise across a range of end markets significantly strengthens the Board.

Experience
Susan was a director of Harvard Bioscience, Inc. and Hill International, Inc. In October 2021, Susan was inducted into the National Academy of Construction, which recognises and honours individuals for their distinguished contribution to the industry and to share their expertise.

Susan has a Master of Business Administration from the University of Miami, FL, and a Bachelor of Science from Auburn University, AL and holds a Certified Director credential from the National Association of Corporate Directors.

External appointments
CEO of Steele & Partners.

Committee membership
Chair of the Safety & Sustainability Committee and a member of the Nomination and Audit, Risk & Ethics Committees.

Adrian Marsh
A N S

Non-Executive Director

Appointed: 2019

Contribution to the Company
Adrian has a wealth of financial expertise in large multinational companies. He has a proven track record in financial, strategic and commercial roles and brings substantial audit, risk and audit committee expertise to the Board.

Experience
Adrian resigned as Group Finance Director of DS Smith plc in June 2023. 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.

External appointments
Independent Non-Executive Director and Chair of Risk and Audit Committee of Co-operative Group Ltd and Grand Secretary of United Grand Lodge of England.

Committee membership
Chair of the Audit, Risk & Ethics Committee and a member of the Nomination and Safety & Sustainability Committees.

Brenda Reichelderfer
N R

Non-Executive Director

Appointed: 2021

Contribution to the Company
Brenda is an engineer with broad business leadership experience. She brings considerable global engineering and operational capability from multiple industries to the Board, together with valuable independent advice.

Experience
Brenda was previously a Non-Executive Director of Meggitt Aerospace plc and a member of the Board of Hermetic Solutions Group.

Brenda has a Bachelor of Science in electrical engineering from Ohio Northern University.

External appointments
Director of Moog, Inc. and Tribus Aerospace, Senior Independent Director & Compensation Chair of Federal Signal Corporation.

Committee membership
On 1 January 2024, Brenda was appointed Chair of the Remuneration Committee and she is a member of the Nomination Committee.

Key to Committee membership

A Audit, Risk & Ethics · N Nomination · R Remuneration · S Safety & Sustainability · ● Chair

Non-Executive Directors

David Lockwood OBE

Non-Executive Director

Appointed: 2024

Contribution to the Company
David brings over 35 years of experience from across global engineering and technology companies. He is currently CEO of Babcock International Group PLC, a FTSE 250 aerospace and defence company, a position he has held since September 2020.

Experience
David was previously CEO of Cobham plc, a British aerospace and defence company. Prior to that, he was CEO of Laird plc, a British technology company, from 2012 to 2016. David's career also includes senior management roles at BT Global Services, BAE Systems and Thales Corporation.

External appointments
CEO of Babcock International Group PLC.

Company Secretary

Martin J McIntyre

Company Secretary

Appointed: 2017

Martin worked in private practice with a Scottish law firm before joining Wood in 2000. He is licensed to practice law in both Scotland and Texas, and has held various roles in our legal team, including Group General Counsel from 2016 to 2023. He was appointed Company Secretary in 2017. In December 2023, it was announced that Martin was retiring from his position as Group General Counsel with effect from 2 January 2024, but would remain as Company Secretary pending the appointment of his successor.

Welcome to our new Chief Financial Officer who joins the Company on 15 April 2024

Arvind Balan

Chief Financial Officer

Appointed: 2024

Contribution to the Company
As announced by the Company Arvind has been appointed as CFO with effect from 15 April 2024.

Experience
Arvind has 23 years' experience across corporate strategy, M&A, managing investors, raising capital and in operational transformations. Arvind previously worked with industrial companies, such as ArcelorMittal, Shell, and most recently Rolls-Royce in a variety of CFO and functional finance roles. Arvind is a chartered accountant and has an MBA from the Indian Institute of Management.

Board changes

In August 2023, David Kemp announced his intention to retire as CFO and a member of the Board of Directors. David will resign as a director with effect from 14 April 2024 and will remain an employee of Wood for a period of time to facilitate an orderly transition.

In November 2023, it was announced that Arvind Balan is to be appointed as CFO and a member of the Board of Directors with effect from 15 April 2024.

In December 2023, Jacqui Ferguson announced her intention to resign as a Non-Executive Director upon conclusion of the Annual General Meeting to be held in May 2024 and on 1 January 2024, Jacqui stepped down as Chair of the Remuneration Committee.

In February 2024, it was announced that David Lockwood was to be appointed as a Non-Executive Director of the Board of Directors with effect from 12 March 2024.

Executive Leadership Team

Executive Leadership Team (ELT)

Ken Gilmartin
Chief Executive Officer

David Kemp
Chief Financial Officer

Azad Hessamodini
Executive President, Consulting

Craig Shanaghey
Executive President, Projects

Steve Nicol
Executive President, Operations

Marla Storm
Chief Human Resources Officer

Jennifer Richmond
Chief Strategy Officer

Michael Rasmuson
General Counsel

Executive Leadership Team (ELT)

The ELT operates under the authority of, and reports directly to, the Chief Executive Officer (CEO) and comprises the CEO, Chief Financial Officer (CFO), the Executive Presidents of our three business units (Consulting, Projects and Operations), and the executive leaders of our four Group functions, namely Business Sustainability & Assurance (formerly known as Health, Safety, Security, Environment & Sustainability), Human Resources, Strategy & Development, and Legal, Ethics and Compliance.

The ELT supports the CEO with the development and implementation of Group strategy and with the management of the business operations of the Group.

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

ELT changes

In August 2023, David Kemp announced his intention to retire as CFO and a member of the Board of Directors. David will resign as a director with effect from 14 April 2024 and will remain an employee of Wood for a period of time to facilitate an orderly transition.

In November 2023, it was announced that Arvind Balan is to be appointed as CFO and a member of the Board of Directors with effect from 15 April 2024.

The Company announced, in December 2023, the retirement of Lesley Birse as Executive President, Human Resources, and Martin McIntyre as General Counsel, together with the appointments of Marla Storm as Chief Human Resources Officer and Michael Rasmuson as General Counsel, all effective from 2 January 2024.

Mike Collins, Executive President of Business Sustainability & Assurance has stepped down with effect from 31 March 2024. Jennifer Richmond assumes responsibility for the function in addition to her existing responsibilities and was appointed Chief Strategy Officer with effect from the same date.

Building a circular economy solution

OMV, the integrated energy, fuels & feedstock and chemicals & materials company, developed the proprietary ReOil® technology to convert plastic waste into pyrolysis oil, a valuable resource primarily used to produce high-performing and sustainable plastics. ReOil offers an innovative solution to support the growth of plastic recycling – it is estimated that around 60% of plastics production will come from recycled feedstock by 2050.

In 2023, Wood and OMV agreed to bring ReOil jointly to the market, combining Wood's proprietary heater technology with OMV's chemical recycling process. This agreement will support significant advancements in chemical-based plastic recycling, helping to build a circular economy solution for end-of-life plastics that would otherwise be sent to landfill or waste incineration.

The companies have established a combined technology and engineering delivery team to support clients with the implementation of ReOil at their sites. In addition, Wood is working with ReOil licensees to provide full asset lifecycle support globally.

A ReOil pilot plant has been operating in the OMV refinery in Schwechat, Austria since 2018 and has processed end-of-life plastics for more than 22,000 hours to date. A 16,000 tons per year ReOil plant is currently in construction at the same site and Wood is working with OMV on the development of an industrial-scale plant with a capacity of 200,000 tons per year.

60%

of plastics production will come from recycled feedstock by 2050

200k

tons of plastics to be processed per year

Click here
to find out more

Governance Framework

Our governance framework includes the Company's articles of association, delegated authorities, committee charters and matters reserved to the Board which, taken together, provide robust controls that promote the success of the Company for the benefit of its stakeholders as a whole. More information on the division of responsibilities is set out on page 106.

Board of Directors

The Board is collectively responsible for the governance of the Company on behalf of shareholders and is accountable to them for the long-term success of the Group. The Board focuses its time and energy on strategy, succession planning, significant acquisitions and divestments, 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 its four main Board Committees – the Safety & Sustainability, Committee, the Nomination Committee, the Audit, Risk & Ethics Committee and the Remuneration Committee. The structure of the Board Committees is subject to ongoing review to ensure the highest standards of governance. The work of these Committees is supported by members of the ELT and other senior management.

Board Committees

Safety & Sustainability Committee

Is appointed by the Board to oversee the Group's management of Health, Safety, Security, Environment & Sustainability (HSSES), consistent with the Group's values, purpose and strategy.

Read more on pages 128 and 129

Nomination Committee

Leads the process for Board appointments, ensuring formal, rigorous and transparent procedures and making recommendations to the Board to ensure plans are in place for an orderly succession to both the Board and senior management positions and oversees the development of a diverse pipeline for succession.

Read more on pages 120 to 123

Audit, Risk & Ethics Committee

Responsible for various aspects of the Group's financial controls, financial reporting and external audit; the Group's Audit & Risk function including operational audit; the Group's risk management controls and processes; and the Group's management of its Ethics and Compliance programme.

Read more on pages 124 to 127

Remuneration Committee

Oversees and is responsible for various aspects of remuneration and benefits of the Chair, executive directors, members of the ELT and the Company Secretary.

Read more on pages 130 to 132

The Board believes good corporate governance is essential to ensuring our business is run in the right way, creating value for all our stakeholders. It is key to overall performance and integrity and is consistent with our shared values. Corporate governance extends beyond regulatory compliance and the directors consistently monitor developments in best practice, including guidance published by investor groups.

The directors use an electronic Board paper system which provides secure access to papers. The information provided to Board members is of sufficient depth to facilitate debate and to fully understand the content whilst remaining clear and concise.

If any director has concerns about the running of the Group or any proposed course of action, they are encouraged to express those concerns which will then be minuted. No such concerns were raised during 2023. All directors are entitled to take independent professional advice at the Group's expense and have access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are complied with. The Company Secretary provides advice and support to the Board.

Additional Committees established by the Board

Disclosure Committee

The Disclosure Committee ensures timely and accurate disclosure of all information required to meet the legal and regulatory obligations and requirements arising from the Company's listing on the London Stock Exchange.

In 2023, the Disclosure Committee met to consider the response to the unsolicited and conditional proposals received from Apollo Global Management, Inc., to acquire the entire issued and to be issued ordinary share capital of Wood.

The Committee comprises the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and the Company Secretary.

Standing Business Committee

The Standing Business Committee approves new or ongoing transactions that the Company requires to enter into on a day to day basis. The Committee has and may exercise all the powers of the Board, except as may be prohibited by law, with respect to all matters referred to in the Committee's Charter.

The Committee comprises the Chair, CEO and CFO plus such other persons as the Committee may co-opt from time to time for the purpose of assisting with all or part only of any business within the Committee's remit.

Defence Committee

The Defence Committee was constituted in January 2023 to assist the Board in its responsibilities by reviewing, monitoring and supporting the Company's response to an approach in respect of the possible acquisition of the entire issued share capital of the Company by Apollo Global Management, Inc.

The Committee comprises a minimum of five directors, consisting of the Chair of the Board, the CEO, the CFO, Adrian Marsh and Nigel Mills.

The Committee stood down in 2023.

Activities of the Board

Our Board is composed of highly skilled individuals who bring a range of skills and corporate experience to the boardroom (see pages 94 to 97).

The role of the Board is to lead and direct the Group, to promote its long-term sustainable success, generate value for shareholders and contribute to wider society.

The Board has a structured calendar for the year ensuring all relevant matters are considered and utilises its four principal committees to ensure sufficient time is allowed for discussion. At each Board meeting, sufficient time is set aside for the Committee Chairs to report on the contents of their discussions, put forward any recommendations to the Board which require approval and the actions taken. Board members are encouraged to attend all committee meetings.

Further information on the activities of the principal committees can be found on page 100).

The Board typically schedules four in-person meetings and three calls throughout the year.

During 2023, a total of ten Board meetings took place: four 'in-person' Board meetings (three held in the UK and one held in the US (Houston)) and six Board calls (all held via video conference). The additional meetings held in 2023 were dedicated to matters arising from the approach from Apollo Global Management, Inc.

The Chair, Chief Executive Officer (CEO) and Company Secretary meet in advance of each Board meeting to discuss and agree on the agenda for the next meeting, as well as discuss progress made on actions arising from the previous meeting. Board meeting agendas are aligned with the Board's annual programme. Following the Chair, CEO and Company Secretary's discussion, any additional topics are added to the relevant Board meeting agendas.

The following are covered as standing agenda items:

- Review of Governance and reports from the Safety & Sustainability, the Audit, Risk & Ethics, and the Remuneration Committees, and the CEO report
- Operations updates and functional updates from HSSES, HR, Strategy & Development, Legal, Ethics and Compliance, and Finance & Administration (including Investor Relations, IT, Tax & Treasury and Commercial)

The Board also receives presentations from management and discusses other matters.

Board and Committee attendance 2023

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 been agreed until the end of 2025.

Data is based on scheduled and additional meetings from 1 January – 31 December 2023 and shows 100% attendance by all members.

	Board	Safety & Sustainability Committee	Nomination Committee	Audit, Risk & Ethics Committee	Remuneration Committee
Roy Franklin	10/10	–	5/5	–	–
Ken Gilmartin	10/10	–	–	–	–
David Kemp	10/10	–	–	–	–
Nigel Mills	10/10	–	5/5	6/6	5/5
Jacqui Ferguson	10/10	–	5/5	6/6	5/5
Birgitte Brinch Madsen	10/10	4/4	5/5	–	–
Susan Steele	10/10	4/4	5/5	6/6	–
Adrian Marsh	10/10	4/4	5/5	6/6	–
Brenda Reichelderfer	10/10	–	5/5	–	5/5

Attendance at Board and Committee meetings is noted as the number of meetings attended out of the maximum number of meetings possible for that director to attend, so accounting for appointments and resignations part way through the year.

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

How Governance Supports Strategy

The Board continually assesses the flexibility and sustainability of our business model, monitoring and reviewing our strategy (including our purpose and strategic objectives), assessing and identifying changing or emerging risks that could impact on the Group in the short, medium and long-term.

Further information on the business model can be found on page 20.

Key Board Activities

The principal areas of Board focus during 2023 and stakeholder groups considered, are outlined below:

Strategy

- Progress with implementation of the refreshed strategy throughout the year
- Regular review of the Company's strategic KPIs
- Review of business portfolio optimisation and divestment activity
- The impact of artificial intelligence on the business
- Regular updates with advisers on the proposals from Apollo Global Management, Inc.
- IT infrastructure review and optimisation
- Real estate portfolio review and consolidation

Governance

- Director independence - each Non-Executive Director is considered independent
- Defence Planning Update with the Company's advisers
- Briefing on Board's duties and responsibilities in the context of a takeover
- Reviewed the Matters Reserved to the Board policy, Committee charters, and roles and responsibilities of the directors
- Reviewed and updated the directors' external appointments and conflicts of interest register
- Board evaluation and focus areas for 2024
- Regular review of the Company's principal and emerging risks

Safety & Sustainability

- The investigation and organisational learnings from a fatality which took place in one of our US-based businesses, including initiatives to improve safety culture
- Wood's Fatality and Permanent Impairment (FPI) programme to support our pursuit of safety in performance excellence
- Rationalisation of the Company's supply chain and related processes
- Approval of the Modern Slavery and Human Trafficking 2023 Statement
- Updates were received at each meeting on the activities of the Safety & Sustainability Committee
- Update on the Group's sustainability programme

Finance

- Updates were received at each meeting from the CFO, including reports of progress against forecast
- Review of preliminary results statement, Annual report and financial statements and half-year results
- Review of debt and cash performance, including progress against target leverage policy
- Updates were received at each meeting on the activities of the Audit, Risk & Ethics Committee
- Results announcements and trading updates
- Current and future dividend policy
- Review and approval of five year financial plan

People & Succession Planning

- Retirement planning of David Kemp. Search process (internal and external) for new CFO, concluding in the appointment of Arvind Balan
- Reviewed succession plans in place for the Board, ELT and other senior management positions in the Group taking into account the future strategy of the Company and the need for a focus on diversity

Board engagement with shareholders and other stakeholders

- Extensive engagement with shareholders in respect of the proposals from Apollo Management, Inc.
- Bi-annual presentation to Lenders by the CEO and the CFO
- Additional engagement with shareholders, following the AGM, regarding the Remuneration Report
- Regular reports received from the CFO on investor relations (IR) activities, including investor feedback and 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 received regular updates from the Executive President - HR on employee engagement

Key to Stakeholder groups

Employees | Investors & Lenders | Clients | Community | Environmental stakeholders

Suppliers | Retirement plans: current and deferred workforce and pensioners

Statement on 2023 Annual General Meeting Resolution Votes Against

In accordance with the UK Corporate Governance Code 2018, the Company provided an update to its shareholders as follows:

- Whilst the Board was pleased that all resolutions were carried, Resolution 2 regarding the Remuneration Report gained support of 76.98% in favour
- The Board is committed to open and transparent dialogue with shareholders
- The Company consulted with our top 30 investors prior to the AGM, and wrote to them on 11 May and again on 16 June immediately following the AGM with the offer of a meeting to understand their views regarding the Resolution
- Based on discussions with shareholders, and the recommendations from proxy advisors such as ISS, we understand that the primary reason some shareholders voted against the resolution was the level of achievement of personal and team objectives under the Annual Bonus Plan (ABP) for 2022 compared to financial results, which resulted in an overall outcome of 36% of maximum bonus
- As set out in correspondence with shareholders, the Board continues to believe that this outcome, based on contributions from performance against profit targets, health and safety targets and corporate/individual objectives, was a fair and appropriate outcome given the progress made in 2022 to reset the business and position Wood for growth
- Looking forward, as noted in the 2022 Annual report and financial statements, at the start of the year the Company made changes to the bonus structure for 2023 to increase the emphasis on financial performance from 60% to 90% weighting. This approach is aligned with the strategic focus for 2023
- The Board is grateful for the feedback from shareholders throughout this process and will continue an ongoing dialogue with shareholders to help inform future decisions on remuneration and other matters

Purpose, values and culture

The Board oversees the development of the Group's purpose, defining our values and strategy and monitoring and assessing culture, for the benefit of all stakeholders.

Our purpose informs the Group's strategic direction and how we deliver value for our stakeholders. Due to its importance, the Board periodically reassesses our purpose to ensure it continues to reflect the Board's strategy, values, and desired culture.

Our values reflect the qualities we embody and our underlying approach to doing business. Our values are embedded in our operational practices and the direct oversight and involvement of the executive directors.

Our culture has developed from our values and is considered a key strength of our business. The Board reinforces our culture and values through its decisions, strategy and conduct. The Board is satisfied that the culture is operating effectively.

Our values

Everything we do is with an unwavering commitment to what we believe in and how we behave:

Care

Working safely, with integrity, respecting and valuing each other and our communities

Commitment

Consistently delivering to all our stakeholders

Courage

Pushing the boundaries to create smarter, more sustainable solutions

Division of responsibilities

An effective Board requires the right mix of skills and experience. Our Board is a diverse and effective team focused on promoting the long-term success of the Group. An overview of the skills and experience of each of the directors is set out on pages 94 to 97.

Board roles

As agreed by the Board and in compliance with the UK Corporate Governance Code 2018 there is a clear separation of the roles of the Chair and the Chief Executive Officer (CEO).

The Chair is a non-executive director and is responsible for:

- The leadership of the Board, creating the conditions for overall Board and individual director effectiveness
- Providing coherent leadership consistent with the Group's vision and values, running the Board and setting its agenda, taking full account of all concerns of Board members, and ensuring there is a clear structure for, and the effective running of, Board Committees with appropriate terms of reference
- Ensuring effective communication with shareholders and other stakeholders and that the members of the Board are made aware of the views of major investors

The CEO is an executive director and is responsible for:

- Running the business of the Group in close collaboration with the Executive Leadership Team (ELT)
- Providing coherent leadership of the Group with the Chair consistent with the Group's vision and values, developing Group objectives and strategy for approval by the Board, effectively leading the executive directors in the day-to-day running of the Group's business and setting out the Group's culture, values and behaviours

The Senior Independent Director is responsible for:

- Acting as a sounding board for the Chair and providing support in the delivery of the Chair's objectives
- Assisting shareholders who have concerns that have not been resolved through discussion with the Chair or CEO
- Leading the evaluation of the Chair on behalf of the other directors

Non-executive directors have responsibility for:

- Bringing constructive, independent challenge and judgement to Board discussion. The Chair and the non-executive directors meet periodically without the executive directors present
- Ensuring they are free from any relationships or circumstances which are likely to affect the independence of their judgement. The Board regularly reviews the independence of non-executive directors

The Company Secretary is responsible for:

- Advising the Board on all governance matters
- Ensuring information flows within the Board and its Committees and between senior management and the non-executive directors
- Facilitating the induction of new directors and assisting with the ongoing training and development needs of Board members as required
- Facilitating an annual review of the effectiveness of the Board, Committees and individual directors

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

For brief biographies of the directors see pages 94 to 97.

Board independence

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

External commitments and conflicts of interest

The Board takes into account other commitments when considering anyone for appointment to the Board to satisfy itself that the individual can devote sufficient time to the Company and also to assess any potential conflicts of interest.

Workforce policies and practices

The Board and/or ELT review and approve all key policies and practices which could impact on our workforce and drive their behaviours. All policies support the Group's purpose and reflect our values and are published on the Group intranet.

As a business, we seek to conduct ourselves with honesty and integrity and believe that it is our duty to take appropriate measures to identify and remedy any malpractice within or affecting the Company. Our employees embrace our high standards of conduct and are encouraged to speak up if they witness any behaviour which falls short of those standards.

Mandatory training programmes are used to reinforce key ethics and compliance messages in areas such as anti-bribery and corruption, and conflicts of interest. All Board members and employees are required to notify the Company as soon as they become aware of a situation that could give rise to a conflict or potential conflict of interest.

Further details are provided on page 74.

Composition, succession & evaluation

Appointments to the Board

We ensure that appointments to our Board are made solely on merit with the overriding objective of ensuring the Board maintains the correct balance of skills, length of service and knowledge to successfully determine the Group's strategy.

Appointments are made based on the recommendation of the Nomination Committee with due consideration given to the benefits of diversity, including gender and ethnic diversity.

The Nomination Committee report on pages 120 to 123 provides further information on Board appointments, succession planning and diversity.

Board composition

The Board comprised nine directors during 2023, and in February 2024, the Company announced the appointment of David Lockwood as an additional Non-Executive Director.

The Board considers any recommendations made by the Nomination Committee with regard to Board composition and proposed appointments.

Non-executive directors comprised a majority of the Board (excluding the Chair) as recommended by the UK Corporate Governance Code 2018 (Governance Code).

Further details on director appointments and the role of the Nomination Committee are set out on page 120.

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.

At the start of any Board or Committee meeting, directors are required to declare any conflicts arising from agenda items scheduled for that particular meeting and not to take part in any discussion of that particular item.

Board re-election

All Board directors are required to offer themselves for re-election at the annual general meeting (AGM) of the Company. Any director appointed after the AGM must stand for election by shareholders at the next AGM. 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.

Chair's performance

The Chair's performance has been formally evaluated by the Non-Executive Directors, led by Nigel Mills, the Company's Senior Independent Director. Private discussions were held between the Senior Independent Director and each of the Non-Executive directors. The Non-Executive directors then met without the Chair to discuss his performance. The evaluation concluded that the Chair is well-qualified to lead the Board.

More information on Board Evaluation can be found on pages 108 to 109.

Committee evaluation

The reports on each of the Board Committees prepared as part of the externally-facilitated Board effectiveness review were circulated to the members of each of the respective Committees and subsequently discussed by those committees.

Further details of each of the Committee evaluations are set out on pages 121, 127, 129 and 132.

Board development

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

- Market backdrop and share price performance, valuation analysis on consensus and management forecasts, and potential third-party approaches and shareholder activism
- Board responsibilities under the Modern Slavery Act
- UK regulatory considerations; key features of the UK Takeover Code and the Board's responsibilities, including their fiduciary duties

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.

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

Composition, succession & evaluation continued

Sustainability of the Group's business model

The Board believes that Wood plays a vital role in addressing climate change through:

- Its strategy aligned to key growth trends in its energy and materials markets including energy transition, sustainable materials, circular economy and decarbonisation
- Its unique consulting and engineering skills that are critical to solving the global challenges of decarbonisation and energy transition
- The actions it is taking to minimise its own environmental footprint

Through oversight for the overarching business strategy, the Board considers Wood's climate-related opportunities and climate-related impacts on the sustainability of the business model. It does this by assessing the key market drivers and uncertainties for market development, key clients and competitors across each of Wood's focus geographies, Wood's historical track record of performance, major risks to delivery and how they will be mitigated. The Board increases its understanding of climate-related opportunities through supporting global initiatives on climate advocacy such as the UN Global Sustainable Development Goals (SDGs).

The Board considers that climate change is appropriately addressed as a contributing factor to other principal risks and that it is not necessary to identify it as a separate risk. The impacts of climate change on the resilience of our business model are reflected in two of our principal risks: ESG strategy and performance and Strategic Delivery.

In addition, our Project Execution risk considers any material climate-related physical risks that impact on our ability to successfully execute projects. The Group Risk Committee and the Board have continued to monitor climate change impacts through their oversight of the principal risks.

More information on the impact of climate-related matters, including the impacts on the resilience of Wood's business model and strategy, can be found in our climate-related financial disclosures on pages 47-57.

Engagement with shareholders

Our Investor Relations (IR) activities are led by the Chief Executive Officer (CEO) and Chief Financial Officer (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 CEO and CFO at least twice a year around the interim and full-year results announcements, and with the Chair around the Annual General Meeting.

The Chair also has regular calls with the Company's brokers to understand the views of shareholders and equity markets more broadly.

During 2023, engagement between significant shareholders and the Chair proceeded as normal, as well as increased engagement throughout the first few months of the year in relation to the Apollo proposal (see page 118) and the votes against the resolution regarding the Remuneration Report (see page 119). The engagement throughout the year focused on Wood's medium-term strategic objectives, operational and financial performance, balance sheet, and capital allocation.

Board Evaluation

The UK Corporate Governance Code 2018 requires regular board performance reviews to ensure effective leadership, direction, and control of the Company. These evaluations form the basis for continuous improvement and increased effectiveness of the Board.

The Company had utilised the services of the same external evaluation provider for the previous 6 years and in 2023, we embarked on a process to select a new external facilitator.

The selection process was rigorous and involved a detailed review of several providers. The Company Secretary received comprehensive proposals from each provider which were followed up with meetings with each of the providers, and the Chair then met with a shortlist of three external facilitators. Following an extensive review and interview process, a recommendation was made to the Board to appoint Clare Chalmers Limited.

Clare Chalmers Limited was chosen for their extensive experience, proven track record in board evaluations, and their alignment with our Company's values and objectives. We are confident that their appointment will bring valuable insights and contribute to the ongoing effectiveness of our Board.

2023 Board Evaluation Process

Step 1 – Scoping:

A scoping meeting between the Chair and Clare Chalmers Limited which included a briefing from and about the Company and what the Board is hoping to achieve from the Board Evaluation. Following this meeting, a framework interview agenda was created, tailored as agreed with the Chair, which was sent to all participants ahead of their meeting to allow them to prepare and to ensure a consistent approach.

Step 2 – Document review:

A selection of documents were reviewed, including Board and Committee papers, Matters Reserved for the Board, Committee Charters, the Annual report and financial statements, Board biographies, the Board Meeting Schedule, Skills Matrix, the outputs from the last Board evaluation, as well as notes from briefing calls with the Chair and Company Secretary.

Step 3 – Board observation:

Clare Chalmers Limited observed meetings of the Board and Nomination Committee on 20 September 2023.

Step 4 – Interviews:

Interviews were held with Board members and others who interact regularly with the Board and Committees.

Step 5 – Report:

A report was prepared, based on analysis of the views expressed by participants and findings from the document review and meeting observations. The report included suggestions and commentary based on this analysis, suggestions from participants, and Clare Chalmers Limited's ideas of pragmatic solutions or applicable good practice.

Step 6 – Report presented to the Board:

Clare Chalmers Limited presented the report to the Board at the November Board meeting, at which the Board had opportunity to discuss and reflect on the findings and recommendations, whilst providing constructive feedback on the process and outcomes. The Board agreed to focus on the recommendations for 2024.

Board Evaluation key actions in 2023 and recommendations for 2024

Actions taken in 2023

A thorough review and refresh of Board reporting and agendas, leading to more focused and concise Board papers. This also allowed more time for engagement with management and for the Board to provide support and challenge on key decisions.

The Board received regular reports throughout the year on progress with the implementation of the refreshed strategy from management, including progress against internal KPIs. This provided the Board with several opportunities to engage with management on the successes and challenges, and to provide support and constructive insight.

Extensive engagement with investors throughout the year as part of our annual programme, supplemented by increased focus on investor roadshows and attendance at investor conferences.

Recommendations for 2024

Decision Making - greater clarity on why matters are coming to the Board, whether that be for information, discussion and/or decisions, to ensure the Board's time and input is focused appropriately.

Strategy - focusing on checking in on progress against the strategy and considering recalibration of the strategy in response to market or other changes.

Performance - considering the impact of broader issues such as culture and future direction on performance.

Progress against these recommendations will be disclosed in the 2024 Annual report and financial statements.

Stakeholder engagement

The Board recognises that the medium - and long-term sustainability of the Company is linked to delivering value for our stakeholders. To successfully deliver our strategy and create value for our stakeholders, it is important to understand what matters to them.

Stakeholder:

Employees

Our success is determined by Wood's remarkable people delivering on our strategy as we design the future. Our growth this year is a sign of positive momentum and that is thanks to the commitment, care, strength, passion, and skillset of our teams.

We want to ensure all our people go home safely every day and remain focused on building an inspired culture, delivering performance excellence for our clients, and ensuring profitable, sustainable growth. Our people strategy is simple: we will attract, develop, engage, retain, and sustain our global talent to ensure Wood is a great place to work.

The 2023 highlights of people activities are summarised from page 64, and we are immensely proud of the progress made.

How we engage

The Board recognises the importance of strong employee engagement and considers that meaningful, regular dialogue with employees provides it with greater insights into the culture, activities, and experiences of the people in our business. Rather than adopting one of the three methods of employee engagement set out in the Governance Code, the Board uses a combination of methods, including global employee surveys and the Leadership Listening Sessions, which involve employees from around the world enabling the employee voice to be heard by the Board and Executive Leadership Team (ELT). The Board believes this is a more effective method of employee engagement and representative of Wood's global, diverse workforce. Refer to page 67 for the themes and outcomes of the 2023 Leadership Listening Sessions.

Areas of engagement and outcomes

The Board and ELT hosted eight Leadership Listening Sessions during the year. Open to all employees, the sessions provide the opportunity for the Board to understand and listen to feedback on strategy implementation, including inspired culture, delivery excellence and profitable growth, hear what is going well, and identify what improvements can be made. In addition, members of the remuneration committee hosted three reward engagement sessions focused on pay equity and Canadian health and welfare benefits, and the improvements that had been made as a result of employee feedback, such as equity reporting, employee training, reduced benefits costs and enhanced paid time off. More details, including key themes and outcomes, can be found on page 136.

Ken Gilmartin, Chief Executive Officer (CEO), and the ELT hosted numerous town halls across our global locations, as well as regular virtual events. These are always well attended and a fantastic opportunity for employees to meet with senior leadership, learn how the strategy is progressing, understand key work activities in the business units, and provide feedback. In addition, Ken regularly hosts Leaders Connect engagements, in person, and virtually, with around 900 of the top leaders in Wood; the Chief Financial Officer (CFO), provides bi-annual financial updates; the Executive President of Strategy and Development and the Executive President of Business Sustainability & Assurance, ensures an ongoing health and safety focus.

During the year, the Executive President of Strategy and Development implemented a weekly win update to all employees, as a result of feedback received; the business unit executive presidents and group functions held quarterly, focused meetings for their areas. The leadership conference in November also provided the opportunity to gather insights from keynote speakers and panel discussions, participate in breakouts and enable leaders to get to know each other better, discuss and align on deliverables and growth priorities going into 2024. The conference also included a dinner for our annual Inspire Awards, where we celebrated the fantastic achievements of our global workforce – see page 68 for more details.

Employee engagement surveys
Following the engagement survey at the end of 2022, focus groups were held across business units to provide leaders and the Board with detail of emerging themes and subsequent improvements being implemented. In June 2023 we held a global Pulse Plus engagement survey with 59% of our global workforce participating, increasing from 47% in the prior survey. We saw a significant increase in the employee net promoter score (eNPS), resulting in an increase from +15 to +28, and is a key indication of company culture. More details can be found on page 67.

Board engagement with leaders and high potential employees
The Board hosts informal lunches and dinners in different global locations with leaders and high potential employees. These provide the opportunity for the Board to understand the views of broader, and future, leadership and consider this feedback in Board decision making. Meeting with high-performing talent and future leaders provides the opportunity to engage on issues that matter to them and gives a detailed insight into the talent pipeline for leadership succession planning. Board members also continue to provide mentorship to selected leaders to support further progression.

How we engage with our stakeholders and the outcomes can be found below and the Board's key decisions can be found on page 118.

Stakeholder:

Investors & Lenders

It is important that our investors have confidence in the Company, how it is managed and in its strategic objectives, and how we will deliver value. Our investors are most interested in our markets, strategy, competitive advantages, operational and financial performance, balance sheet, capital allocation, sustainability solutions, and compliance with laws and regulations.

By providing updates on our strategy and performance we can aid investor understanding, and through regular interaction we gain an insight into their priorities. The Company's long-term success is also dependent on its good relationship with its lenders and their continued willingness to lend.

How we engage

We have an active investor relations (IR) programme led by the CEO, CFO and the IR team. Our main engagement activities include:

- Publication and presentation of financial results and trading updates
- Capital Markets Days
- Investor briefings and presentations
- Investor roadshows around financial results
- Investor meetings and roadshows throughout the year
- Attendance at investor conferences
- Obtaining feedback from investors regularly, both directly and through brokers
- Meetings with the Chair of the Board
- Meetings with Chairs of the Committees of the Board

A mixture of formal and informal meetings and presentations are held with our lenders. Key topics include financial performance, strategy and risk management. Presentations are given to our banks and US Private Placement Investors after the half-year and full-year results are announced to update them on financial performance and give them the opportunity to ask further questions.

Areas of engagement and outcomes

In addition to routine engagement on financial performance, strategy delivery and governance, we undertook engagement on certain specific matters in 2023 as outlined below.

Apollo Global Management approach

In the first half of 2023, the Board considered several proposals from Apollo Global Management, Inc. (Apollo) regarding a possible cash offer for the entire issued and to be issued share capital of the Company. The board, having weighed all relevant factors, particularly feedback received from shareholders, decided to engage with Apollo to see if a firm offer could be made on the same financial terms as the final proposal. Accordingly, and following discussions with our shareholders and lenders, the Board granted Apollo access to due diligence materials.

In taking this decision, the Board focused on delivering value for stakeholders and considered:

- Investors: regular engagement with investors, including discussions with the Chairman, CEO, CFO and IR team through virtual and physical meetings, letters and emails to ensure their feedback was considered throughout the decision-making process
- Lenders: keeping them informed throughout the process

Following the period of detailed engagement, Apollo announced that it did not intend to make an offer for Wood.

Stakeholder engagement continued

Stakeholder:

Clients

Continued growth in Wood's business is about capturing a larger share of our existing clients' spend by leveraging our relationships and expertise but also complementing that with the push to expand our client base and establish new relationships within our strategic markets.

To design the future, Wood continues to find solutions to the world's most critical challenges, we listen to our clients to make sure we are leveraging our capability, scale, global reach and leading solutions. Wood's clients expect a partner who not only takes on the complex projects but also innovates with digital and decarbonisation solutions, ultimately helping our clients achieve a more sustainable future.

How we engage

One of the keys to our success is building strong, successful client relationships to help us partner with our clients and collaborate to differentiate ourselves to win more work, at higher margins. Client engagements are managed through our structured Client Management Framework by dedicated account managers who are trusted advisers focused on growing our relationships with our clients with specific account planning and objectives as well as established growth targets. Consistent with our overall Client Management Framework, this is a collaborative process across Wood so that we bring all the capabilities of the Company to our clients.

Senior leadership meetings, annual sponsor meetings and other key connections with clients were conducted in 2023 both virtually and in person.

Our primary focus remains:

- Safe and best-in-class outcomes
- Enduring relationships underpinned by deep understanding of our clients' challenges, trust and performance
- Delivering sustainable and digitally-enabled solutions
- Utilising client feedback to support business growth and drive continuous improvement in our delivery

Areas of engagement and outcomes

Client engagement sessions via our CoLab facilities cover a broad range of topics such as: safety, delivery performance, sustainability topics, update on strategic themes, future client activity, exploring opportunities to jointly raise delivery outcomes and co-create value-added solutions. These engagements are an opportunity for Wood to listen to clients and vice versa. The resulting feedback helps us to continuously improve our performance. The insight from client engagement helps to inform company operational, business development and long-term strategic direction.

Wood engages with clients as a digital partner to deliver a unique value proposition that allows us to create unique solutions across all projects. We leverage our strong partnership networks, working independently with technology firms such as Honeywell, Microsoft, AVEVA, Aspentec and Cognite to provide and integrate a wide range of digital solutions spanning the full asset lifecycle, maximising performance and optimisation and enabling decarbonisatiom. Wood is using a combination of operational domain knowledge with artificial intelligence to optimise O&M spend, increase uptime and reduce maintenance backlog. maintAI is enabling Wood to do this faster and cheaper than using traditional maintenance optimisation techniques. (maintAI is a data-driven, outcome-based maintenance optimisation solution that combines artificial intelligence, expert technical skills and decades of asset knowledge to significantly optimise the maintenance activities, reduce asset operating costs, and improve reliability and production uptime at pace).

Wood is co-developing our digital twin offering with some of our key clients across the world and as a strategic partner, we utilise our domain expertise to build a true digital asset designed and developed with the end-user in mind. We are working with partners on solutions to create first-of-its-kind end market tools for emissions monitoring, carbon intensity and reduction, and developing a digital twin solution for renewable energy to enhance asset efficiency and maximise yields while minimising total expenditure. Wood also works with process technology partners to develop and commercialise game-changing technologies that address current market challenges:

Saudi Aramco Wood used its Digital Twin & Transformation frameworks to identify and rank 100+ opportunities during the pre-feed and feed phases of the Safaniyah and Manifa Project, enabling significant efficiencies and cost avoidances during the EPC phase.

Greenfield Project – Digital PMC - TPAO (Turkish Petroleum) Wood was the Digital PMC for the entire digital lifecycle. Optimising our approach in Pre-FEED and FEED in preparation for EPC, Wood successfully managed all the data and systems across four joint venture partnerships.

Greenfield Project – Digital Strategy & Roadmap Wood developed a digital strategy and roadmap for a chemicals producer, empowering them to become a global leader in applying digital solutions in the chemical industry.

Wood's digital twin solutions (ENVision) include providing governance and insight around GHG emissions by streamlining and automating diverse data sets to provide a clear, auditable and accurate view of emissions from any asset, organisation or city. These solutions help Wood's clients manage carbon and emissions data, perform regulatory calculations and reporting and allow KPI management providing an auditable record of data and optimisation. Wood has been deploying these solutions globally for mid- and large-scale chemical processing companies.

Stakeholder:

Community

At Wood, we seek to build trusted and long-lasting relationships with the communities that we live and work in to create a sustainable future for all.

Our community engagement actions are guided by our values of care, courage and commitment, and are focused on ensuring that we operate responsibly within those communities as well as leave a lasting legacy of making a positive impact. Through our engagement, we aim to address the issues that matter most to people, deliver value and improve lives.

How we engage

Our community investment programme provides the framework for community engagement consisting of:

- Matching our employees' fundraising efforts
- Strategically uniting our people around a single Global Cause
- Placing a focus on the actions we take through volunteering time, skills and expertise

In 2023, we rolled out our Sustainability Code of Practice which is a tool designed to facilitate the consideration of sustainability matters, including community aspects, at a project site level. The community aspects of the tool guide our teams to engage with the local community to ensure they operate as a good neighbour, assess ways the project could drive a positive legacy and encourage learning and engagement opportunities for the community.

Areas of engagement and outcomes

Our employees remain at the centre of our decision making on community investment. They are best placed to understand the needs of our communities. By consulting with our employees we seek to embed accountability for the actions we take, ensuring an inclusive approach to all that we do.

In 2023, as Team Wood, we contributed $5.6 million to good causes in our communities, through collective donations of time, money and resource. We continued to celebrate employee fundraising through our employee matched funding scheme, supporting many charitable or non-profit organisations closest to the hearts of our employees.

Our employees continued to demonstrate their support for our Global Cause of education and we have achieved just over 46% of our goal to raise $10 million by 2030. This includes the outcome of our annual Global Cause Challenge which takes place each year and enables our employees to submit applications to receive funding for education initiatives nominated by them. Through the 2023 annual Global Cause Challenge, Wood donated over $188k towards a further 23 employee-driven initiatives. The annual challenge has supported employee-chosen organisations in 17 countries to date, seeking to break down the barriers to education and deliver quality education for all.

Winning applications from our 2023 annual Global Cause Challenge were spread widely around the world and just a few of these are highlighted below:

- **Robogals across Australia** – Robogals seeks to drive gender equity in engineering and technology. Volunteers from the organisation run engineering and technology workshops free of charge that are aimed at helping young girls of primary to secondary age to explore interests in these areas and encourage self-confidence
- **Basrah Empowerment Project** – The second Iraq project of its kind, the Basrah chapter aims to support orphaned children in the region with education that they would not normally have access to
- **Adopting a South Africa Pre-School (ASAP)** – Funding from Wood helps to support ASAP's staffing requirements. Their staff work across six hubs preparing children for primary school across 172 pre-schools in underprivileged areas
- **Seva Bharati in India** – Global Challenge funding will support delivery of computer education courses for 100 children living in slum areas of Agra

Further details on the outcome of community activities are on pages 70 to 73.

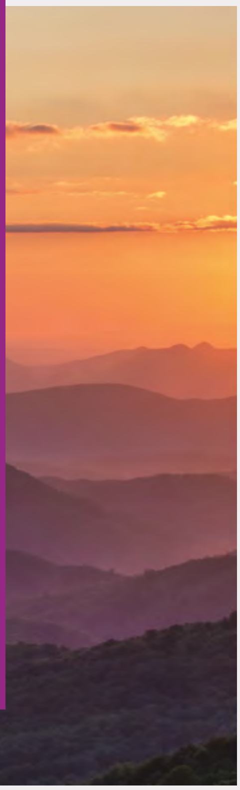
Stakeholder engagement continued

Stakeholder:

Environmental stakeholders

With 2023 global average daily temperatures the highest ever recorded and beyond the expectations of many climate scientists, the world is now close to missing the target of limiting global warming to 1.5 degrees C.

Against this backdrop, much of our environmental stakeholder engagement in 2023 related to climate change. Having a clear picture of our stakeholders' environmental concerns, priorities and opportunities is key to growing our business sustainably, whether this is understanding our clients' journeys towards 'Net-zero', the impact of climate transition on our investing community, implications of new regulations, or the priorities of our employees in talent attraction and retention.



How we engage

To reach our many and diverse environmental stakeholders, we have employed multiple techniques ranging from individual meetings, conferences and other in-person events to the use of social media tools to invite comment, discussion and debate. Our strategic engagement methods include:

- Industry environmental and sustainability forums (e.g. Carbon Capture and Storage Association)
- Government/public policy forums and meetings with Government teams
- Publication of benchmarking data (e.g. CDP, EcoVadis)
- Policy consultation (e.g. UK Hydrogen Allocation Round)
- Conferences and industry events (e.g. North Sea Transition Authority ESG Taskforce, Offshore Europe, COP28)
- Roundtables (e.g. insurance events)
- Employee engagement (e.g. Early Careers Network, Townhall events)
- Internal & External Social Media
- Meetings with Government teams
- Stakeholder meetings/briefings (e.g. investor and lender meetings)
- Client seminars (e.g. ESF Europe, ME-TECH

Areas of engagement and outcomes

With the IPCC and UN signalling a climate crisis, the key areas of engagement with environmental stakeholders during 2023 focused on the transition to 'Net-zero' and the physical and financial mechanisms required to effect it. The following provides highlights of just some of the areas covered:

Wood has responded to a range of consultations issued by the UK Government's Department for Energy Security and Net Zero (DESNZ), through which we have:

- Offered a perspective on the improvement of the proposed design for the UK's low-carbon hydrogen certification scheme
- Given views on how the second Hydrogen Allocation Round (HAR2) could be optimised to deliver on the government's 2030 production targets
- Shared views on how to improve the UK Industrial Energy Transformation Fund (IETF)

Wood's President of Decarbonisation was a key member of an industry and business forum advising UK's Secretary of State for Business and Trade on opportunities and areas of focus required to create a deliverable CCUS Supply Chain development strategy.

Wood has responded to EU consultations including providing our perspectives on the important role that CCS will play in driving industrial decarbonisation across Europe.

In the UK, Wood is an active participant in a number of industry forums:

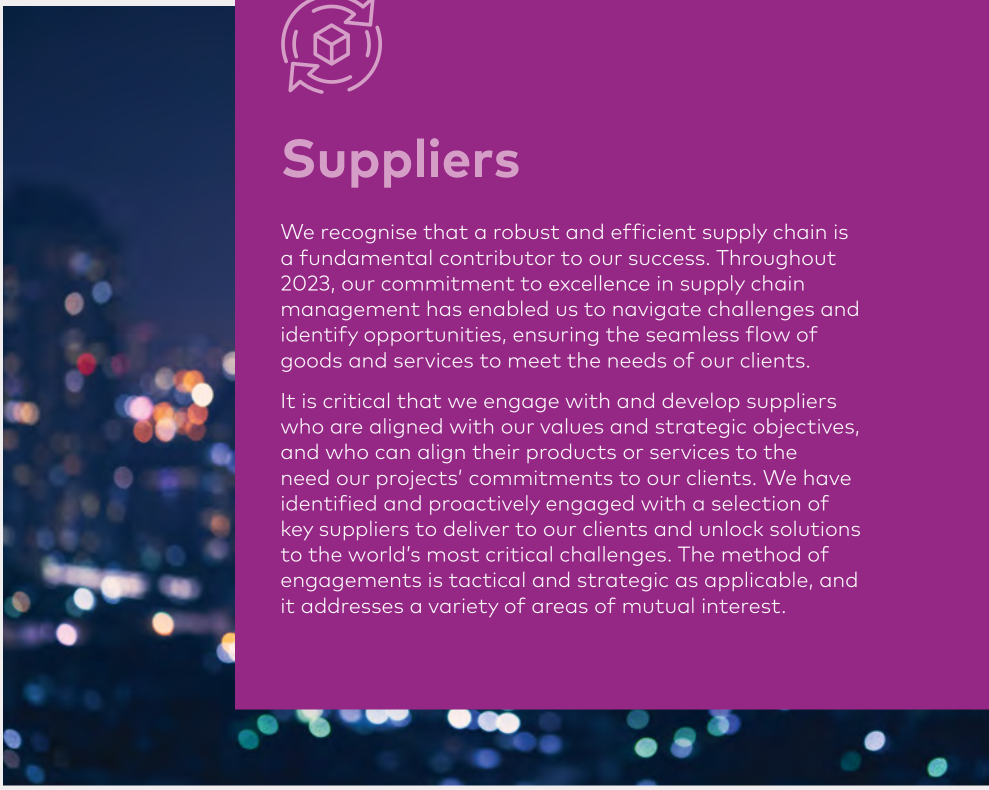
- We are a member of the Carbon Capture Storage Association (CCSA), with a senior manager on the Board and representation across two CCSA steering committees. We were also a member of the Hydrogen Council in 2023
- In January, our CEO delivered the keynote speech for the Prosper (formerly SCDI) annual member event
- We participated in the AWS ESG Energy Leaders Exchange where members explored climate change reporting, boundaries to scope 3, as well as trends in environmental data disclosure

These areas of environmental engagement are strategically important for Wood. They help to inform our decision-making processes, and allow us to participate in policy development as well as to align our service offerings through constructive engagement.

Further information on our environmental approach, performance and ongoing strategy is contained in our annual Sustainability Hub which is available at: **woodplc.com/sustainability**

Read more on our sustainability targets on pages 26 to 27.

Read more on our approach to environmental management on page 58.



Stakeholder:

Suppliers

We recognise that a robust and efficient supply chain is a fundamental contributor to our success. Throughout 2023, our commitment to excellence in supply chain management has enabled us to navigate challenges and identify opportunities, ensuring the seamless flow of goods and services to meet the needs of our clients.

It is critical that we engage with and develop suppliers who are aligned with our values and strategic objectives, and who can align their products or services to the need our projects' commitments to our clients. We have identified and proactively engaged with a selection of key suppliers to deliver to our clients and unlock solutions to the world's most critical challenges. The method of engagements is tactical and strategic as applicable, and it addresses a variety of areas of mutual interest.

How we engage

To ensure we meet both strategic objectives and commitments to our clients, we engage with our suppliers on a regular basis, and with frequency determined by execution standards and procedures. We employ a variety of methods ranging from face-to-face and online meetings, questionnaires, training, online communication, and external working groups. These engagements are undertaken by the supply chain management team and, where appropriate, other business stakeholders.

Areas of engagement and outcomes

Supplier Relationship Management (SRM)
At the heart of our supply chain success lies the strength of our relationships with suppliers. We believe in fostering long-term partnerships built on fairness, trust, transparency, and shared values. Our collaborative approach has not only enhanced the efficiency of our supply chain but has also allowed for agility in responding to changing market dynamics.

Through our SRM programme, we maintain open and transparent communication channels with a concentrated number of critically strategic suppliers. Regular meetings, feedback sessions, and joint planning efforts allow us to address challenges promptly and align on strategic objectives.

Key to this is all stakeholders aligning and recognising SRM as a strategic business change not just a supply chain initiative. We have worked closely with various stakeholders to develop processes, organisation people and systems to deliver on our objectives.

Market intelligence
We use Market intelligence data to provide a 360-degree view of suppliers, markets, industries, and relevant events that can open opportunities, provide early warnings to threats and risks, and highlight areas of concern. The signposts presented as an outcome of our intelligence, offer Wood more control over supply chain costs and availability, and on the reliability of delivery to our clients.

This data has benefited Wood as a company by enabling more informed decisions and providing the ability to react more quickly to client needs.

Project Delivery
As part of our project delivery commitments, we hold a variety of engagements with our suppliers. These meetings involve a range of stakeholders from within the project team and cover key aspects of delivery such as scope kick-off, progress meetings, inspections and expediting visits and are all key to ensure we are aligned to meet our client requirements.

Due diligence activities
We conduct due diligence activities on a selection of suppliers across a variety of ESG areas. A suite of training and questionnaires are issued to these suppliers to allow us to better understand the risk profile which they bring to Wood. We work with suppliers to close any gaps and implement improvements across Anti-Bribery and Corruption, Modern Slavery, and Building Responsibly Principles.

Digitalisation
In some instances we have worked with our suppliers to increase the use of system automation by implementing catalogues. This has helped make the process more efficient, improving user experience and improving communication.

It is a combination of the above and the dedication of our supply chain professionals, ensuring goods and services are delivered to the right place, at the right time and at the right cost to meet our clients' requirements. We manage and reduce our risk through market intelligence and due diligence activities. Our SRM work also drives maximum value from critical suppliers through strategic relationships and provides a basis for realising added value and competitive advantage.

Additional information can be found on our Supply Hub which is a platform within our website, for our suppliers to learn more:
woodplc.com/sustainability/profit/supplier-support-hub

Read our Supply Chain Code of Conduct:
woodplc.com/scm

Stakeholder engagement continued

Stakeholder:

Retirement plans: current and deferred workforce and pensioners

We are committed to offering our workforce suitable retirement plans, where appropriate. We engage with those who are currently employed to enable them to understand the range of offering and make the right choices; and for pensioners, or those with deferred pensions, we provide ongoing support and administration either through our in-house administration team, as in the UK, or via appointed external vendors.

In the UK, the Trustee of the pension plan is responsible for engagement with members. In the US and Canada, the Benefits Committee is responsible for engagement with members through the centralised benefits team. In Australia, the policy committee sets the engagement strategy with help from their advisers.

How we engage

In the UK, US, Canada and Australia, we proactively engage with new employees at the point of hire, detailing the retirement savings options available to them. Engagement is proactive via dedicated portals and onboarding processes, and also forms part of our financial wellbeing pillar. The Company is responsible for engaging regularly with the 401k and superannuation committees and UK Trustee on Company performance and matters which may impact the retirement plans, e.g. financial performance, ESG reporting requirements, and structural changes. Issues raised by the Trustee and committees are carefully considered by the ELT and referred to the Board as appropriate. This ensures a better understanding and alignment of Company and Trustee or committee objectives.

In the UK, we have member-nominated trustees who represent current, deferred, and retired members; these are selected by a Trustee selection committee. The Company also has Company-nominated trustees. The Trustee is responsible for detailed communications with its members and collaborates with the Company to ensure communications are appropriate and relevant. The UK Trustee board meets monthly.

Our 401k and retirement committees meet quarterly in the US, Canada, and annually in Australia to fulfil all fiduciary requirements and we proactively engage with employees along all phases of their retirement journey.

Areas of engagement and outcomes

- In the UK, the Pensions Administration team undertook significant additional engagement activities, as a result of feedback gained from the 2022 annual survey to defined contribution members. This included age-related webinars, improved newsletters, and enhancement of the online pension plan platform which provides information and pension fund access. The 2023 annual survey was responded to by 35% of members and the Trustee and Administration team will use the results to inform decision-making and consider further improvements during 2024 such as virtual pre-retirement seminars and 15-minute practical pension guides
- In Canada, we enhanced our plan design competitiveness and streamlined the structure, aligning better to employees' years of service; this is part of a 3-year strategy to support attraction and retention, and simplify our employee value proposition
- In Australia, we changed the superannuation provider resulting in better service, lower cost, and improved governance for fund members
- In the US, we improved our 401k employee engagement campaigns, which resulted in us being externally recognised in receiving three awards for excellence in marketing and communication

During 2023, members of management and the Chair received further communications from UK-based pensioners, who are former Foster Wheeler Pension Plan members, who have formed a group called FosPen (these members became part of the plan following the acquisition of Amec Foster Wheeler in 2017). These pensioners are from a group of approximately 2,000 pensioners who do not receive a contractual annual pension increase on an element of their pension, and therefore, the impact of inflation is eroding their benefit more significantly. The Company and Trustee ensure that pensioners are treated in accordance with the Trust Deed and Rules covering this element of the Plan, which state that pension increases are discretionary on pensions accrued pre-5 April 1997.

In terms of the overall funding of the Plan, Wood made an £8 million contribution to the Plan in 2021 and 2022 to help achieve the Trustee's technical provisions funding goal of Gilts plus 0.5%. In addition to this, as part of the 2020 valuation, Wood and the Trustees agreed to additional funding triggers, designed to ensure that existing benefits are secure. In June and December 2021, and June 2022, one of these triggers was activated and a further £36 million was paid to the Plan by Wood.

The current funding position of the Plan, on a technical provisions basis, is 108.3% (at 30 November 2023); on a gilts flat basis, the funding is approximately 102%. In 2023, the Plan was subject to the tri-annual evaluation process, with outcomes and the long-term strategy being discussed by the Trustees and Company, including consideration as to whether to apply discretion to any pensions accrued pre-5 April 1997. Final results are not yet available.

s172 statement

The Board, both as a collective and as individuals, are committed to acting in a manner that they believe, in good faith, will promote the long-term success of the Company for the benefit of its shareholders, while also considering the interests of all of its stakeholders.

Effective engagement with all of our stakeholders ensures we remain balanced in our decision-making. Our stakeholders' perspectives are taken into account by the Board in its decision-making. While we strive to generate positive outcomes for all stakeholders, there are instances where the Board must balance the competing priorities of different stakeholders.

Regular engagement with our stakeholders not only shapes our strategy but also informs our decisions, enabling us to deliver results and positive outcomes for all stakeholders.

Examples of some of the principal decisions that the Board has taken during the year and how s172 considerations have been factored into the Board's decision-making, are set out below.

Details of our key stakeholders and how the business and the Board have engaged with them are set out on pages 110 to 116.

This section, through to page 119, forms part of the s172 statement which can be found in the 'Creating a better tomorrow' section on page 44.

Key Stakeholders

- Employees
- Investors & Lenders
- Clients
- Community
- Environmental stakeholders
- Suppliers
- Retirement plans: current and deferred workforce and pensioners

How the Board fulfils its s172 duties

Setting Culture, Values, and Strategy:

The Board establishes the Company's culture, values, and strategic direction. This involves defining the Company's mission, vision, and values, and setting strategic objectives aligned with these principles.

Training on s172 Duties:

The Board members are provided with ongoing briefings at Board meetings to understand their duties under s172 of the Companies Act 2006. This includes understanding their responsibility to act in a way that promotes the success of the Company for the benefit of its members, while also considering the interests of other stakeholders.

Board Information/ Papers:

The Board reviews comprehensive papers and information relevant to their duties. This information helps the Board make informed decisions.

Engagement with Stakeholders:

The Board engages with stakeholders both directly and indirectly via the business and management. The aim is to understand the interests, concerns, and expectations of the stakeholders, which can then inform the Board's decision-making process.

Board Discussion and Decision:

After gathering all the necessary information, the Board discusses the various matters at hand. They consider the impact of potential decisions on the Company and its stakeholders. The Board then makes decisions that it believes will promote the long-term success of the Company.

s172 statement continued

Key decision 1:

Decision to engage with Apollo Global Management, Inc.

Stakeholders considered:

s172 criteria considered:
a, b, c, e and f*

In the first half of 2023, the Board considered several proposals from Apollo Global Management, Inc. ('Apollo') regarding a possible cash offer for the entire issued and to be issued share capital of the Company. The Board rejected several initial proposals from Apollo on the basis that they undervalued the business. However, on receipt of a final proposal the Board decided, having weighed all relevant factors, particularly feedback received from shareholders, that the Company should engage with Apollo to see if a firm offer could be made on the same financial terms as the final proposal. Accordingly, the Board granted Apollo access to due diligence materials.

The Board focused primarily on delivering value for our shareholders. In addition to this, the Board considers the potential impact on all stakeholders:

- Engaging with the Company's key investors to ensure their feedback was considered in the decision-making process
- Employees, keeping them informed throughout the public process to ensure transparency and alleviate concerns within the workforce
- Clients and suppliers, ensuring that clients and suppliers were confident that Wood would continue to deliver on its commitments throughout the process

Strategic actions supported by the Board:
The strategic actions supported by the Board to generate value for stakeholders were:

- Appointment of a committee of directors to oversee the proposals and decision-making process
- Stakeholder impacts were considered throughout the process
- Multiple meetings with shareholders to ensure their feedback was considered at every key stage of the process
- Ongoing engagement with the Company's brokers, advisers and management to ensure governance, oversight and control
- Prompt disclosure to the London Stock Exchange and financial markets
- Regular engagement with stakeholders throughout the process to ensure ongoing dialogue, feedback and assurance
- Throughout the process there was strong engagement and constructive debate among directors and management

Outcomes:
By implementing these strategic actions, the Company achieved, or aimed to achieve, the following outcomes:

- A decision by the Board to engage with Apollo to establish if a firm offer could be made on the same terms as the proposal
- Reassurance to investors, lenders, employees, clients and suppliers that Wood would continue to deliver on its strategic aims during a period of change and to minimise disruption and uncertainty
- Appropriate governance and oversight from the Board across the proposals, decision-making and diligence process, providing stakeholders with confidence and assurance

Following the period of detailed engagement, Apollo announced that it did not intend to make an offer for Wood.

Key decision 2:

Capital Allocation Policy

Stakeholders considered:

s172 criteria considered:
a, b, e and f*

The Board considered capital allocation, including a potential share buyback, in August 2023. Whilst a buyback would lead to a return of some value to shareholders, the Board was cognisant that the Company's leverage position remained outside the target range of 0.5 to 1.5 times leverage, with continued negative free cash flow and net debt forecast to increase during 2023. The Board considered several options, including committing to a share buyback in anticipation of future proceeds from the disposal of certain businesses and assets, but noted that whilst disposals would provide additional cash, leverage would remain outside the range of 0.5 to 1.5 times leverage as at December 2023 and there was a risk that disposals may not be executed. Taking into consideration each of these factors, the Board critically assessed the implications and decided not to proceed with a share buyback.

In taking this decision the Board was focused on the long-term consequences and had regard to the interests of the Company as a whole. The Board also had regard to the interests of:

- Investors by ensuring their views were sought and interests considered
- Employees, clients, lenders and suppliers by providing clarity on the Group's capital allocation policy and maintaining balance sheet strength

Strategic actions supported by the Board:
The strategic actions supported by the Board were:

- Engaging with the Company's brokers to ensure the decision was made with appropriate financial information and benchmarking data
- Ensuring investor views were sought and considered as part of the decision-making process

Outcomes:
By implementing these strategic actions, the Company achieved, or aims to achieve, the following outcomes:

- Maintained our primary focus on debt reduction while we are outside our leverage range
- Kept the potential for shareholder distributions in future years
- Maintaining investor, supplier, employee and client confidence in the management of the Company and its financial structure

Key decision 3:

Approval of the Remuneration Policy

Stakeholders considered:

s172 criteria considered:
a, b, e and f*

In 2023, the Board was required to put to shareholders a binding vote on an updated remuneration policy to comply with corporate governance requirements; the previous policy having been approved by shareholders in 2020. The Remuneration Committee initiated a review early in 2022 to enable appropriate time to be built in for stakeholder engagement and to consider feedback in determining proposed outcomes.

As part of the comprehensive review of the then-current policy, the Committee considered its alignment with the new strategy, the wider workforce, shareholders, and external best practice guidance published by our investors and advisory bodies. Whilst it was agreed that the majority of the existing policy remained appropriate to support the delivery of the new strategy, the Committee recognised the need to simplify language, align with prevailing market norms, and reflect, where appropriate, feedback provided by proxy voting agencies and Wood's key shareholders. The Board approved the new Remuneration Policy in March 2023.

Strategic actions supported by the Board:
The strategic actions supported by the Board were:

- As the policy impacts on the remuneration of executive directors, which flows through to that of the wider workforce, the Committee was mindful to listen to feedback from the Executive Leadership Team (ELT), global leaders and the broader employee population to ensure fairness of application. This was carried out via the Listening Group Networks in 2022 open to all employees, interactive engagement sessions with variable reward participants, and discussions with the ELT
- The Committee also undertook to engage with the top 30 shareholders and proxy voting agencies, writing to them in early December 2022, offering the opportunity to meet to discuss thinking and proposals further
- Feedback from colleagues and shareholders helped shape final proposals

Outcomes:
By implementing these strategic actions, the Company achieved, or aims to achieve, a Remuneration Policy which continues to support the delivery of the business strategy and the retention and motivation of executives in a global talent market, which is simpler and easier to understand for all stakeholders and which appropriately reflects market and best practice. The Company aimed to achieve this through the following changes:

- Enhanced post-cessation shareholding requirements from January 2023 onwards to ensure decisions taken by executives are in the best interests of stakeholders longer term. This decision aligns with feedback received from shareholders and proxy voting agencies.
- Alignment with the global reward policy, which ensures the wider workforce is provided with fair remuneration packages that are market competitive within each employee's country of employment and compliant with Wood's people policies and local legislative requirements. This policy is reviewed annually by leadership and provided to the Committee for oversight and sign-off
- Provide greater flexibility in setting the performance measures that be applied to the short-term incentive plan to support business priorities over the life of the Policy. This enabled the Board to incentivise the executive directors, ELT and global leaders aligned to the strategy, with a focus on financial measures in 2023 and 2024. This decision is directly aligned to shareholder feedback received regarding the 2022 short-term incentive plan, and feedback received from participants in the plan
- Alignment of good leaver application in long-term incentives to market practice, with the removal of 18-month qualifying service for good leavers. This is a fairer practice which is more aligned with market practice. These updated terms are reflected in The Wood Discretionary Share Plan (DSP) which was approved by shareholders at the 2023 AGM. The DSP replaces the Wood Long Term Plan which expired in May 2023.

s172 Criteria*

a.	The likely consequences of any decision in the long-term
b.	The interests of the Company's employees
c.	The need to foster business relationships with suppliers, clients and others
d.	The impact of the Company's operations on the community and the environment
e.	The desirability of the Company maintaining a reputation for high standards of business conduct
f.	The need to act fairly between members of the Company

Nomination Committee

"In 2023, the Committee focused on succession planning for the Board and senior management including, in particular, the appointment of a suitable candidate to replace the retiring Chief Financial Officer."

Roy A Franklin
Chair, Nomination Committee

Committee meetings held
5

Overall attendance
100%

Member	Attendance
Roy Franklin	5/5
Nigel Mills	5/5
Jacqui Ferguson	5/5
Birgitte Brinch Madsen	5/5
Susan Steele	5/5
Adrian Marsh	5/5
Brenda Reichelderfer	5/5

Membership

The Nomination Committee comprises the Chair and the independent Non-Executive Directors.

Read the Nomination Committee Charter at: **woodplc.com/nomcommittee**

Main responsibilities:

- Reviewing Board structure, size and composition and making recommendations to the Board with regard to necessary adjustments
- Nominating candidates for the approval of the Board
- Ensuring succession plans are in place for the Board and senior executive positions, and overseeing the development of a diverse pipeline for succession
- Monitoring non-executive director independence and external appointments

Work of the Nomination Committee

The purpose of the Committee is to lead the process for Board appointments, ensuring formal, rigorous, and transparent procedures and making recommendations to the Board to ensure plans are in place for an orderly succession to both the Board and senior management positions.

The Committee oversees the development of a robust Executive Leadership succession plan with a lens on creating a diverse pipeline of leadership talent.

The Committee also regularly reviews the composition of the Board committees and the independence of the non-executive directors.

The Committee held five formal meetings during 2023 with a focus on succession planning for the Board and senior management, including the appointment of a suitable candidate to replace the retiring Chief Financial Officer (CFO).

Executive Leadership succession

In August 2023, it was announced that David Kemp intended to retire as Executive Director and CFO. The Committee oversaw the process to appoint his successor which included a review of both internal and external candidates. Odgers Berndtson supported this process, which included a mapping exercise to identify relevant individuals, preparation of a shortlist, and interviews with the Chief Executive Officer (CEO) and members of the Committee. The process sought to identify an experienced and strategic CFO to act as both technical guarantor of financial information and a business partner and sounding board to the CEO. Odgers Berndtson has no other connection to the Company or any of the members of the Board.

Following this process, the Committee recommended to the Board the appointment of Arvind Balan as Executive Director and CFO with effect from 15 April 2024. David will resign as a director with effect from 14 April 2024 and will remain an employee of Wood for a period of time to facilitate an orderly transition.

The Committee also reviewed reports throughout 2023 on the Executive Leadership Team (ELT) and senior management succession planning, including with respect to the Company's progress against its Diversity & Inclusion goals and the Committee oversaw the Company's appointment, at the end of 2023, of Marla Storm, as Chief Human Resources Officer, and Michael Rasmuson, as General Counsel.

Board and Committee Composition and Succession Planning

During 2023, the Committee considered the composition of the Board and its Committees having regard to several factors:

- The retirement of Thomas Botts as a Non-Executive Director in 2022 (who had not been replaced)
- Succession planning for the Chair of the Remuneration Committee (considering that Jacqui Ferguson does not intend to stand for re-election as a Non-Executive Director at the Company's Annual General Meeting (AGM) in May 2024)
- Succession planning for my position as Chair of the Board (considering that my term as Chair would expire in October 2026, nine years after the Company's acquisition of Amec Foster Wheeler plc, when I was first appointed to the Board of the Company)
- The skillsets and experience of current Board members
- Efforts to ensure a diverse Board, including with respect to gender and ethnicity

The Committee has engaged Spencer Stuart to assist it with a search for two possible candidates for non-executive roles. They have helped the Committee to refine its specification for the roles and to identify suitable candidates. This process has resulted in the appointment of David Lockwood with effect from 12 March 2024, and the Board hopes to announce an additional appointment shortly. The Committee intends to review the composition of Board committees following such appointment.

In December, we announced that Jacqui Ferguson does not intend to stand for re-election at the AGM in May 2024.

Brenda Reichelderfer has been a member of the Remuneration Committee since 31 March 2021, and the Nomination Committee, having considered that she has the appropriate skills and experience, recommended to the Board that she be appointed to act as Chair of the Remuneration Committee. The Board approved that appointment.

Directors' Induction

In February 2024, the Company announced the appointment of David Lockwood as a Non-Executive Director. David received a comprehensive induction, including information about the Board, directors' duties, and the key activities of the Company and its business units.

Independence

The Committee also regularly reviews non-executive director independence. After careful consideration, the Committee confirmed that it regarded each non-executive director as independent for the purposes of the Governance Code. All non-executive directors are considered to be independent in character and judgement; with no relationships or circumstances which are likely to affect, or could appear to affect, their judgement.

External appointments

The Board requires all directors to declare any external appointments and has procedures in place to monitor and approve such appointments to ensure the director continues to devote sufficient time and commitment to the Company.

Further information on the Board's external appointments can be found on pages 94 to 97.

The following changes to external appointments occurred during 2023:

- Roy Franklin resigned as a director of Energean plc
- Nigel Mills was appointed as Senior Independent Director of Greggs plc, a company of which he was already a Non-Executive Director
- Jacqui Ferguson was appointed as Senior Independent Director of Croda International PLC, and chair of Tesco Bank, both companies of which she was already a Non-Executive Director. She was also appointed Non-Executive Director of Softcat plc and National Grid plc and she resigned as a member of the Advisory Board of Equans
- Adrian Marsh was appointed as Senior Independent Non-Executive Director and Chair of Risk and Audit Committee of the Co-Operative Group Ltd. Adrian resigned as Group Finance director of D S Smith plc
- Birgitte Brinch Madsen was appointed as Chair of both Milton Huse A/S and DELPRO A/S & DELPRO WIND A/S. Birgitte resigned as Chair of Oreco
- Susan Steele resigned as a Non-Executive Director of Hill International, Inc.

Effectiveness of the Committee

In the evaluation of the Committee during 2022, the performance of the Committee was rated positively overall and would be improved further over the coming year by focusing on succession planning, which is what the Committee has done during 2023. The Committee's effectiveness was reviewed again during 2023 as part of the Board's evaluation process which is described on pages 108 to 109.

The process included one-to-one discussions with each member of the Committee and with certain members of management and attendance, as an observer, at a meeting of the Committee. Once the review was complete, a report was delivered to the Committee both in writing and by an oral presentation, which was discussed at the Committee meeting in November. It was felt that the Committee was open and collaborative, and its effectiveness could be improved through more structure, with a clear schedule of matters to discuss through the year. It was also recommended to give further consideration to succession-planning and to develop and refine skills matrix as a tool to aid in that process. The Committee intends to adopt these recommendations during 2024 and believes that this will lead to a more robust and effective succession planning process.

Nomination Committee continued

Diversity & Inclusion

The Committee is conscious of the gender and ethnic diversity targets contained in the Listing Rules applicable to the Company for the year ended 31 December 2023 (which is our chosen reference date for the purpose of this report). The Committee is pleased to report that at the end of 2023 there were four female Board directors out of a total of nine directors, comprising 44% of the Board. As noted earlier, we have since appointed David Lockwood as a Non-Executive Director, and Jacqui Ferguson will resign as a director upon the conclusion of the AGM.

We did not meet the target that one of the senior Board positions (Chair, CEO, Senior Independent Director, and CFO) be held by a woman. Each position was held by an individual appointed following robust selection processes and with the appropriate skills and experience. The recruitment process for the CFO position, which took place during the year, included a consideration of gender diversity; however, the Committee believes that Arvind Balan is the best candidate for the role. The Committee remains committed to improving Diversity & Inclusion and will continue to take diversity into account when considering Board succession plans and future appointments.

The Committee also considers Diversity & Inclusion in relation to the composition of Board committees and notes that two of the committees – Remuneration and Safety & Sustainability - are chaired by women.

We also did not meet the target, at the end of the year, that one of our directors is from a minority ethnic background. As noted earlier, however, we announced in October the appointment of Arvind Balan with effect from 15 April 2024 and, accordingly, we expect to be in compliance with the target from then.

The Board and the Committee has also approved management's goals with respect to improvements in gender diversity throughout the wider leadership, received updates on progress throughout the year, and considered diversity in the context of ELT succession planning. Further information concerning the Company's diversity initiatives, and data on the gender diversity of the ELT and their direct reports can be found on page 69.

More information about our approach to the Parker Review's recommendations can also be found on page 69.

Wood is committed to its Diversity & Inclusion policy which encourages an inclusive environment where employees are involved, respected, connected, encouraged, cared for and welcomed. Differences underpin and create our diverse workforce, creating an inclusive organisation.

The Committee proactively seeks regular updates on and continues to monitor the implementation of our Diversity & Inclusion priorities, including:

- Improved gender and diversity representation in senior leadership roles and across the organisation
- Development of employee initiated and led Diversity & Inclusion networks to provide platforms for our employees to connect, learn, challenge and to share views. The networks provide a channel for employees to share and also to provide feedback on what Wood is doing well and to recommend improvements. Our employee networks are open to everyone in the Company's global community. Further information can be found on page 68

Our people are our most valuable resource, and creating an inclusive working environment where they enjoy coming to work is fundamental to achieving our strategy.

Wood is committed to remaining an equal opportunities employer.

As an inclusive and equal opportunities employer, Wood gives full consideration to applications for employment from all levels of ability where the requirements of the job can be adequately fulfilled by a person with impairment. Where existing employees become disabled, it is the Company's policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees wherever appropriate, as we would for any other employee.

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

Board and ELT Diversity as at 26 March 2024 *

Each of the members of the Board and the ELT responded on a voluntary basis to a diversity questionnaire.

	Number of Board members	Percentage of the Board	Number of senior positions on the Board	Number in executive management	Percentage of executive management
Gender diversity					
Men	6	60	4	7	78
Women	4	40	-	2	22
Other categories	-	-	-	-	-
Not disclosed/ prefer not to say	-	-	-	-	-
Ethnic diversity					
White British or other White	10	100	-	8	89
Mixed/multiple Ethnic Groups	-	-	-	-	-
Asian/Asian British	-	-	-	-	-
Black/African/ Caribbean/ Black British	-	-	-	-	-
Other ethnic group including Arab	-	-	-	1	11
Not specified/ prefer not to say	-	-	-	-	-

*These figures will change in light of the changes to the ELT detailed on page 98.

Audit, Risk & Ethics Committee

"The Group continues to make good progress in the evolution of its strong financial control environment and risk and ethics culture, with more standardised and consistent processes and a lower risk business model which supports more predictable business outcomes."

Adrian Marsh Chair, Audit, Risk & Ethics Committee

Committee meetings held

6

Overall attendance

100%

Member	Attendance
Adrian Marsh	6/6
Nigel Mills	6/6
Jacqui Ferguson	6/6
Susan Steele	6/6

Membership

Adrian Marsh chaired the Audit, Risk & Ethics (ARE) Committee throughout 2023. Adrian has recent and relevant financial expertise having been, until 30 June 2023, the Group Finance Director of DS Smith plc. Adrian is currently Chair of Audit and Risk Committee of Co-operative Group Ltd and Grand Secretary of the United Grand Lodge of England. Nigel Mills, Jacqui Ferguson and Susan Steele also served on the ARE Committee throughout the whole year. As Group Chair, Roy Franklin is not a member of the ARE Committee but attended all meetings in 2023 by invitation, and all other non-executive directors are welcome to attend any meeting. 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 annually, setting out its roles and responsibilities.

Read the Audit, Risk and Ethics 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 Group internal audit programme and results
- Review of the external audit relationship and provision of non-audit services
- Oversight of the Group's Ethics and Compliance programme
- Review of procedures for whistle-blowing and ensuring such arrangements support proportionate and independent investigation of such matters
- Oversight of the Group Audit & Risk function

The Committee met six times in 2023, three meetings were held in March 2023 and one each in May, August and November 2023. Two of the March meetings were held by video conference as it was considered the most efficient manner in which to carry out these meetings, but all other meetings in 2023 were held in person.

In addition to the members of the Committee, the CEO, CFO, Group Financial Controller, President - Group Audit & Risk, and the external auditors, KPMG, attended all Committee meetings. The Group General Counsel and Chief Ethics and Compliance Officer attended the second March, May, August and November meetings. During the year, other relevant people from the business presented to the Committee on the topics as set out below. The Chair of the Committee also held regular update calls with the CFO and President - Group Audit & Risk. The President - Group Audit & Risk, the Chief Ethics and Compliance Officer, 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.

KPMG continued as auditors of the Group, having been in place since 2018, and the Committee spent time with the auditors during the year understanding their audit approach, the key judgement areas and risks they identified and the outcomes of their work.

During the year, the following areas were discussed at the Committee meetings:

March (first meeting)

- Review of the material issues and key areas of accounting and tax judgement impacting the 2022 Group financial statements, including the classification of exceptional items, goodwill impairment reviews, the going concern assessment, dispensations from Group accounting policies, material provisions, uncertain tax positions and the accounting for significant contracts
- Update on KPMG's external audit status, independence and preliminary conclusions
- Approval of KPMG's non-audit fees
- Review of Group Audit & Risk reports and status

March (second meeting, in person)

- Close out of open matters discussed at the first March meeting
- Review of the draft 2022 Group financial statements and related disclosures, including assurance around ESG disclosures
- Review and approval of the 2022 Audit Committee Corporate Governance Report
- Status update on KPMG's 2022 external audit work and draft audit opinion, including discussion of their key findings and judgmental areas
- Review of the Group Audit & Risk annual summary for 2022 and the overall Internal Financial Controls assessment
- Review of the Group Ethics and Compliance Programme

March (third meeting)

- Final review and recommendation to the Board for approval of the 2022 Group financial statements and related disclosures, including the going concern and viability statements
- Final review of KPMG's 2022 external audit work and final audit opinion

May

- Review of significant accounting and tax matters
- IT security update with the Group Chief Information Officer (CIO) and Chief Information Security Officer (CISO)
- Review of Group Audit & Risk reports issued and status against the 2023 plan
- Review of the Group Ethics and Compliance programme
- Debrief of KPMG 2022 audit and review of their draft plan for 2023

August

- Review and recommendation to the Board of the 30 June 2023 Group interim financial statements including key accounting and tax judgements, going concern, goodwill impairment reviews, and classification of exceptional items
- Update on KPMG's 2023 interim financial statements external review, their review opinion and discussion of their key findings
- Review of Group Audit & Risk reports and status of 2023 plan
- Review of KPMG's draft full year 2023 audit scoping
- Review with Executive President - People and Organisation of an unsatisfactory Group Audit & Risk report and the changes made to address
- Effectiveness review of internal and external audit
- Review of the Group Ethics and Compliance programme
- IT security update

November

- Review of material upcoming year-end accounting judgements and estimates
- Review with President - Tax and Treasury on the impact of minimum tax rate legislation and an update on current tax exposures
- Approval of KPMG's 2023 external audit plan and approval of audit fees
- Status update on KPMG's pre year-end audit work and pre year-end planning
- Review of Group Audit & Risk reports issued and status update against the 2023 plan
- Review and approval of the draft 2023 Group Audit & Risk Plan
- Audit Committee evaluation
- Update of the status of UK Corporate Governance reforms and the preparatory work being carried out
- IT security update from the recently appointed new Group CIO
- Review of the Group Ethics and Compliance programme

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 in relation to significant accounting and tax matters. The primary areas of judgement and estimation considered by the Committee in relation to the 2023 financial statements and how they were addressed are outlined below.

Review of significant contracts

The Group executes certain 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 external auditors assessed this a key audit matter and the Committee received updates on related work undertaken by KPMG. The Committee reviewed and was satisfied with the accounting for significant lump sum projects in progress at the year-end and the material judgements and estimates taken by management in recognising profit or the quantification of known losses where these are probable. The Group decided to exit the market for lump sum turnkey projects in 2022 and that has reduced the level of risk in this area.

Goodwill impairment reviews

At both the half-year and the year-end, the Committee considered whether indicators of impairment of goodwill existed and the results of any related impairment reviews. At 30 June 2023, no indicators of impairment of goodwill were identified by management, therefore a detailed impairment review was not performed at that time. This included an assessment of the impact of the aborted takeover approach by Apollo in the first half of 2023.

At 31 December 2023, impairment reviews were carried out as required by Accounting Standards. The Committee's role is primarily to challenge the significant assumptions and estimates made by management to ensure that they are reasonable and appropriate and to consider the work done in these areas by KPMG, who identified this as a key audit matter. As a result of the testing, management concluded that the Goodwill balance was not impaired and no write down was necessary.

The Committee challenged and was satisfied with the assumptions and forecasts used and the results of the reviews, and with the sensitivities disclosed. The significant assumptions were around short and longer-term growth rates, including the impact of current markets, the impacts of energy transition on Wood's core markets and discount rates. Sensitivities related to these were performed, further details of which can be found in note 10 of the Group financial statements.

Audit, Risk & Ethics Committee continued

Review of provisions

The Committee considered the appropriateness, adequacy and consistency of approach to provisioning at the 30 June and 31 December balance sheet dates. All material provisions, including those made against uninsured legal claims, asbestos litigation and expected credit losses, are discussed and challenged. The Committee, taking into account the reports of the external auditors, concluded that the positions taken by management were appropriate.

Going concern

At both the half-year and the year-end, the Committee considered the appropriateness of the going concern basis of preparation and reviewed forecasts prepared by management covering a period of more than 12 months from the date of signing of the Group financial statements. The forecasts used were those approved by the Board and form part of the short- and medium-term planning for the Group. The Committee also reviewed the level of committed facilities available to the Group and compliance with the Group's borrowing covenants. The Committee was comfortable that the going concern basis remains appropriate.

Reporting measures

The Committee reviewed the interim and year-end annual reporting, including the use of alternative performance measures (APMs), such as adjusted EBITDA, on behalf of the Board. The Committee was comfortable that APMs add to stakeholders' understanding of our financial performance and do not detract from the fair, balanced and understandable presentation of our results. The Committee reviewed and challenged the inclusion of items as exceptional at both the year-end and half -year, with reference to the Group's policy in this area, and taking into account KPMG's view of normal custom and practice. The Committee was satisfied that the items noted were sufficiently material by nature or by size or a combination of both to require separate disclosure, and that all such items had been identified.

Review of pensions

The Committee reviewed the accounting for the Group's defined benefit obligations under IAS 19 Pensions at the half-year and year-end. The Committee reviewed the results of the actuarial review performed on behalf of management by a leading actuarial firm, with a focus on the key underlying assumptions as set out in note 34 to the financial statements. The Committee also considered the appropriateness of recognition of the pension asset under IAS 19. To help with this assessment the Committee received reports from KPMG who use in-house actuaries to review and challenge the assumptions made. The Committee was satisfied with all the assumptions, the disclosures made and the results of the reviews.

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 received a detailed written report on taxation matters at each meeting. Where necessary, the Committee considers advice received from professional advisory firms and concluded that the positions taken were appropriate. The Committee also received updates on work undertaken by KPMG in this area.

Internal financial control

The Board is ultimately responsible for the Group's system of internal control and for reviewing its effectiveness. The ARE Committee has been given the responsibility to review the effectiveness of the internal control systems implemented by management. This work was informed by regular updates from the President - Group Audit & Risk and the results of a detailed self-assessment process on financial and IT general controls undertaken across the Group. The external auditors also provide feedback on areas of financial and IT control which they wish to bring to the Committee's attention. The Board's assessment of the Group's internal control environment, as informed by Group Audit, is effective, with some areas where improvement is needed. Simplification of the overall internal control environment across functional areas, particularly engineering, project delivery and HSSES, is required with increased levels of risk-based BU assurance being carried out and actioned, to drive improvements in the application of key operational controls.

Other areas of focus are more rigorous monitoring and application of project controls and project governance at the project, BG and BU level, and greater consistency in the application of supply chain management across the BUs. Finally, the continued refinement and roll-out of the finance and HR operating models will ensure that roles and responsibilities are clearly understood in the Oracle / shared service environment.

IT security review

The responsibility for reviewing IT security is delegated to the ARE Committee. At the May and November Committee meetings, the Committee received a presentation from the CIO who provided a cyber security update which reflected an improving and maturing cyber readiness posture. In November 2023 a new Group CIO was appointed with suitable time allowed for hand over and transition.

The presentation also included the results of the annual cyber security assessment audit, independently carried out by Ernst & Young under the supervision of Group Audit & Risk. The audit provided the results of the assessment that was carried out during 2023 and noted that the maturity level had increased against a landscape of increasing cyber risk.

Group audit

Monitoring the activity of the Group Audit & Risk function is an agenda item at each Committee meeting. The President - Group 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 key findings from each of the internal audits, and an update on the status of actions agreed with management. A separate annual exercise 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.

The Group Audit & Risk team continue to be the one provider of independent audits across all the Group's principal risks, and as part of the annual audit planning process, audits are aligned to the principal risks as set out in the Principal risks and uncertainties section on page 87. In 2023, the internal audit plan continued to recognise the importance of ESG matters with audits focused on aspects of modern slavery, job equity, and the annual audit of the Group's variable people compensation elements.

Process audits included the HR and payroll processes on the Oracle platform, and the Global Execution Centre in Chennai, which carries out workshare engineering across the Group. The largest two remaining projects in the EPC Americas Engineering business, where no further projects have been bid since mid-2022, were also included in the audit plan. Other audits of key projects and locations covered multiple scope areas including financial controls, commercial controls, and project execution compliance.

During 2023, EY has continued to be the provider of strategic IT audits, under the supervision of the President - Group Audit & Risk. Any other internal audits that require specialist knowledge or language skills outside of the Group Audit & Risk team's abilities, are wholly or partly outsourced as appropriate. The Chair of the Committee and other Committee members hold private discussions with the President - Group Audit & Risk as necessary during the year outside the formal Committee process.

Ethics & Compliance

Ethics & Compliance is a standing item across the year for the Committee, with Ethics & Compliance discussed at one of the March meetings and each of the May, August and November meetings. The Chief Ethics and Compliance Officer and General Counsel attended each of those meetings and gave an update on the E&C programme, an overview of ongoing major cases and a Speak Up report of issues raised either to Ethics and Compliance directly or through the whistleblowing hotline. In addition, the Committee also focused on the Group's Anti-Bribery and Corruption programme, including Commercial Intermediaries and joint ventures, and the output from the 2023 ethical cultural survey. The Committee takes comfort from the internal processes that allow employees to raise concerns, as reflected in the Speak Up reports, and can, if considered appropriate, require further internal investigation or an external investigation to be conducted.

External audit

KPMG are the Group's auditor and were appointed in 2018 after a tender process. During 2023 the Committee assessed the effectiveness of 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 judgmental 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 reviewed 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. Paul Glendenning remained the KPMG lead partner for 2023 which was his third year as partner. An annual exercise to seek feedback from around the Group on the effectiveness of the external audit process was performed during the year and debrief meetings were held to ensure opportunities to improve the process were captured and incorporated into the 2023 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 noted, this is the current lead partner's third year. The Board approved the Committee's recommendation that KPMG be reappointed for the 2024 audit. Accordingly, a resolution proposing the appointment of KPMG as the Group's external auditor will be put to shareholders at the 2024 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 Competition and Markets Authority (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 Chair 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 2023 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.

FRC review of Financial Statements

In November 2023, the Group's financial statements for the year ended 31 December 2022 were subject to a review by the Financial Reporting Council's (FRC) Corporate Reporting Review team (CRRT). The response by the Group to the request for information was discussed with the Chair of the Audit, Risks and Ethics Committee, prior to responding to the FRC enquiry. The review by the FRC led to a prior year classification and presentational adjustment to total comprehensive expense, which was deemed not to be material by the directors on the basis it has no impact on key performance indicators, banking covenants, remuneration targets or any other key ratios, and was not subject to any further discussion elsewhere in the Annual Report.

The FRC has confirmed that the matter is now closed and the directors recognise that the FRC's review was based on the Group's Annual report and financial statements for the year ended 31 December 2022 and did not benefit from detailed knowledge of the Company's business or an understanding of the underlying transactions entered into. The FRC's role is not to verify information provided but to consider compliance with reporting requirements and based on the scope and inherent limitations of the review, provides no assurance that the 2022 Annual report and financial statements was correct in all material respects.

Safety & Sustainability Committee

"The role of the Safety & Sustainability Committee remains critical to business success by challenging and assuring progress and improvement in all aspects of safety and sustainability. In 2023, the Committee oversaw the expansion of the Fatality and Permanent Impairment (FPI) prevention programme as an agent for a step change in creating a safer business. It remains one of the business's key metrics and part of the annual bonus programme for senior management. As a Committee we have also endorsed the inclusion of sustainable revenue as part of Wood's key metrics, ensuring this is underpinned by a clear taxonomy. The Committee has also ensured that Wood is prepared properly to manage safety and sustainability risks now, and into the future."

Susan Steele Chair, Safety & Sustainability Committee

Committee meetings held

4

Overall attendance

100%

Member	Attendance
Susan Steele	4/4
Adrian Marsh	4/4
Birgitte Brinch Madsen	4/4

Membership

Susan Steele chaired the Safety & Sustainability Committee throughout 2023. She is a non-executive member of the Board and, having been an executive in the industry, has relevant experience in safety. Adrian Marsh and Birgitte Brinch Madsen also served on the Committee throughout the whole year. The Group Chair, Roy Franklin, and CEO, Ken Gilmartin, attended all meetings in 2023 by invitation.

In addition, all Wood's directors are invited to attend the Committee meetings. 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 annually, setting out its roles and responsibilities.

Read the Safety & Sustainability Committee Charter at:
woodplc.com/sandscommittee

Main responsibilities:

The Committee's main responsibilities include reviewing and making recommendations on:

- Health, Safety, Security & Environment (HSSE) and sustainability strategy and performance
- Effectiveness of the organisation's policies and systems and evidence of a prevalent safety culture and compliance with regulatory requirements
- Effectiveness of the Group's sustainability management approach, including risks and the setting and achievement of targets
- HSSE and leadership development throughout the Group, particularly in frontline operations
- Quality and integrity of reporting of HSSE and sustainability performance
- Preparedness for response to a major HSSE incident
- Process for and outcomes of investigations into major HSSE and sustainability incidents and the effectiveness with which recommendations are assimilated throughout the Group
- Expertise and appropriateness of the structure of the HSSE and sustainability function throughout the organisation
- Adequacy and effectiveness of the Assurance programmes for HSSE and sustainability
- Effectiveness of Board and senior management competency to meet its HSSE and sustainability obligations

In addition to meetings, in 2023 the Committee members received quarterly performance reports including status against key metrics, goals and indicators and specialist papers on focus areas materially important to Wood's safety and sustainability agenda. The Committee also engaged in discussions with subject matter experts.

Major incident management and learning

The Committee reviews all incidents resulting in work-related fatalities and permanent impairment suffered by Wood employees, or those managed by Wood, to ensure each incident is managed in accordance with Wood's standards, values and meets post-incident regulatory obligations. Following the fatal incident in January 2023 as referred to on page 78, the Committee received in-depth briefings from the Operation's business unit Executive President.

This included remediation plans to prevent recurrence. Committee members have monitored the progress of this matter and remedial actions at successive Committee meetings to the end of the year and will continue to monitor the effectiveness of remedial actions throughout 2024.

The Committee was consulted on the expansion of the FPI (formerly SIF) programme as this is a central tenet in Wood's serious incident improvement plan. Representatives from a specialist safety consultancy supporting the development of the programme, briefed the Committee on its development. The programme is based on in-depth, on-site analysis of physical, psychological and behavioural activity amongst project employees across a sample of worksites across the business. The Committee was keen to ensure best practices were considered and that the Company is benchmarked against industry standards as part of their FPI programme.

The Committee considers the FPI programme should act as an agent for a step change in creating a safer business. The Committee will continue to ensure that safety of the workforce remains a critical priority to the business and will closely monitor FPI trends as part of its role in scrutinising safety performance. FPI remains a key business metric which is embedded in the annual bonus programme for executive directors and senior management and the Committee was responsible for reviewing and approving performance against targets.

Health, Safety and Environmental Programme

At each Committee meeting the members of the Board received a comprehensive written performance report from the Business Sustainability & Assurance Executive President and the Committee members scrutinised the performance trends. Additionally, in the March meeting, the Business Sustainability & Assurance Executive President presented annual objectives and targets for the Committee's endorsement. The Committee considered and agreed that the annual objectives were appropriate to both risk and ambition of the business ensuring these were linked to incentive programmes.

Executive Presidents from all three business units were invited to brief the Committee on progress against Wood's strategic safety and sustainability objectives. Major incidents were also covered in the sessions. The Company has recognised the increasing risks around mental health and the Committee requested further details of Wood's response to these risks in order to provide oversight. Committee members were comprehensively briefed on Wood's Mental Wellness programme, psychological and mental health risks and opportunities and the role of mental health champions by Wood's Occupational Health doctor.

Sustainability & ESG

The Committee received quarterly progress reports on Wood's sustainability targets with analysis against target trajectories. The Committee was briefed on progress against Wood's sustainability goals and the plans in place to ensure that Wood meets its goals and objectives across the sustainability agenda. The Committee was briefed on the implementation of Wood's new project sustainability tool, the Sustainability Code of Practice, which has been designed to provide a clear line of sight and accountability between the Group's targets and its activities at a project or contract level. The Committee has also endorsed the inclusion of a sustainable revenue metric as part of Wood's key metrics ensuring this is underpinned by a clear taxonomy.

The Committee reviewed and renewed, with Board approval, Wood's Modern slavery and human trafficking statement and it issued in line with the requirement to publish a statement annually. The Committee was also briefed on Wood's involvement with the Building Responsibly organisation and implementation of the Worker Welfare principles through the supply chain. It was noted that progress has been made particularly in respect of engagement with Wood's labour suppliers which was seen as a key potential risk area.

The Board reviewed ratings by both MSCI and Sustainalytics, discussing the relevant strengths and weaknesses identified by these rating agencies and what, if any, further disclosures Wood should consider making. The Board noted that Wood's rating was comparatively strong against its peers in both the MSCI and Sustainalytics, remaining top quartile.

Climate change

The Committee oversaw the efforts Wood's has made to decarbonise its operations and exceed its target trajectory for scope 1 and 2 emissions reduction.

Time in the Committee was given to the developing legal landscape of climate change demands and how Wood was preparing for them, such as the work of the UK's Transition Plan Taskforce framework and the European Corporate Sustainability Reporting Directive. The Committee received a briefing on the timeline for implementation of upcoming regulations and the roadmap of measures the Company would be taking to prepare for them.

The Committee believes that the business is well prepared but will continue to assure that Wood remains ahead of this fast-developing area.

Environmental management

The effectiveness of Wood's environmental management was reviewed by the Committee during 2023. The Board received an overview of environmental performance, pollution sources and interventions. There had been no significant environmental incidents or significant regulatory action necessitating in-depth analysis by the Committee in 2023. The Committee was given an overview of the updated environmental management system and how this is evolving to cover biodiversity and potential capacity to evolve to cover expected future compliance obligations such as those expected to be driven in the longer-term by the recommendations of the Taskforce on Nature Related Disclosures.

The Committee was briefed on the management of legacy contaminated land, progress on clean-up during 2023 and regulatory compliance. The Committee was satisfied that legacy sites were being managed properly and remained in compliance with regulatory obligations.

Committee evaluation

In October, the Committee participated in an evaluation process as part of the annual Board evaluation externally facilitated by Clare Chalmers Limited. The review focused on the effectiveness of the Committee's meetings and processes and the performance of the Committee giving narrative on areas where improvement can be made.

It was noted that all participants acknowledged the importance of the Committee and the topics covered. The Committee was charged with remaining focused on the strategic priorities for safety and sustainability with less attention to operating details.

Read our Sustainability Report:
woodplc.com/company/sustainability

Read the Modern Slavery & Human Trafficking Statement:
woodplc.com/modernslavery

Remuneration Committee

"Our policy application in 2023 focuses on rewarding delivery of improved financial performance and delivery of our strategy."

Brenda Reichelderfer
Chair, Remuneration Committee

Committee meetings held
5

Overall attendance
100%

Member	Attendance
Brenda Reichelderfer	5/5
Nigel Mills	5/5
Jacqui Ferguson	5/5

Jacqui Ferguson chaired the Commitee during 2023, with Brenda Reichelderfer taking over as Committee Chair from 1 January 2024.

Remuneration contents

***Audited**
Unless otherwise noted, the remaining sections of the Annual Remuneration Report are not subject to audit.

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

Membership

During 2023, the Remuneration Committee membership comprised the non-executive directors: Jacqui Ferguson (Chair), Nigel Mills and Brenda Reichelderfer. Brenda Reichelderfer took over as Committee Chair from 1 January 2024. In addition, all non-executive directors were invited to attend the Remuneration Committee meetings to enable awareness of Committee activity. Members of the Committee are considered independent, and short biographies can be found on page 94.

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 Directors' Remuneration Policy (the Policy). The Committee has a written charter, which is reviewed annually and publicly available on the Company website.

The Committee monitors the ongoing appropriateness and relevance of the Policy and its application, ensuring alignment of incentives and rewards with the Company strategy, 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 supports delivery of our strategy
- Reflects a balance of fixed and variable reward, with the purpose of creating a competitive total remuneration package that supports the attraction and retention of executive directors and other senior executives
- Ensures a balance between incentivised performance and the interests of shareholders

In setting the Policy and its application, 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 Policy and principles support the needs of our business over the next few years, the delivery of our strategy and the creation of long-term value for our shareholders. We link pay to performance by ensuring there is a strong alignment with the organisation's short- and long-term objectives, and the prevailing company culture. Our shareholding requirements ensure executives remain aligned with the shareholder experience, including post-cessation of employment.

Stakeholder engagement

The Committee is mindful of shareholder and other stakeholder expectations in respect of executive pay and actively takes this into account when developing remuneration arrangements.

Simplicity and balance

Our remuneration effectively supports attraction and retention and is 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 (ABP); Long-term Incentive Plan (LTIP); and employee share plans. Our arrangements are clear, transparent and aligned with those of the wider workforce.

Internally fair, externally competitive

We ensure executive directors' remuneration reflects wider workforce arrangements, including base salary increases. We use external data to inform our thinking and ensure remuneration decisions support attraction, retention, incentivisation and reward of our executive directors and broader leadership team.

Discretion in decision making

When determining the outcomes of short and long-term variable reward, in addition to the formulaic outcomes, the Committee considers any year-on-year changes, market conditions, and relevant environmental, social and governance (ESG) matters. If the Committee considers that the formulaic outcome is not appropriate it has the flexibility to exercise discretion to adjust outcomes to take into account relevant factors. In exercising this judgment the factors that the Committee may consider 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 judgment or settlements.

To enhance the rigour with which performance is reviewed, the Committee utilises a discretionary matrix when assessing short-term (ABP) and long-term (LTIP) incentives outcomes.

As with all Committee decisions (in line with section 172 of the Companies Act 2006), we reflect on the experience of all stakeholders through the course of plan performance periods. A copy of the framework can be found at: **woodplc.com/discretionarymatrix**

Committee meetings in 2023 (detail)

During 2023, the Committee met five times to discuss remuneration issues and the operation of the Policy. An additional meeting was held in March to determine variable reward outcomes for 2022. Additional time during the March and May meetings was given to discussions arising as a result of the unsolicited approach by Apollo. There was full Committee attendance at each meeting as well as additional Board member attendance where appropriate. The Committee has a regular schedule of agenda items in addition to other matters. The following matters were considered during the year:

Matters considered	Feb	Mar	May	Aug	Nov
Policy application for year ahead: annual salary review – executive directors and Chair of Board, ensuring alignment with wider workforce	D				D
Short and long-term incentives: future year arrangements, performance measures for all plans, executive director participation levels, risks and impact of windfall gains	I	D			D
Review projected outcomes for previous performance periods for ABP and LTIP, including review of team and personal objectives	I	D			
Variable reward: ongoing review of performance against targets for executive directors and all participants	I	I	I	I	I
Chief Financial Officer (CFO) retirement arrangements					I
New CFO remuneration arrangements, including post employment shareholding				I	D
Review of shareholder feedback, post annual general meeting as a result of less than 80% vote for the annual remuneration report				I	
Preparation of annual remuneration report and sign off; determine stakeholder engagement	I	D			I
Annual general meeting preparation		I	D		
Review ELT and Company Secretary remuneration, including new appointments, discretionary awards, and annual review	D	I	D	D	D
ABP & LTIP: Deferred and/or discretionary awards review and approval	I	D			I
Wider workforce focus: overview on a range of matters, including reporting (pay equity and UK gender pay gap reporting), UK real living wage, wellbeing, share plans, benefits, pensions, spot bonus, annual salary review, employee engagement and reward engagement framework	I	I	I	I	I
Share dilution and management: discussion and approval			D	I	I
External market update from advisors, including update on investor guidelines; emerging legislation, best practices and current thinking	I		I	I	I
Committee performance, review effectiveness, charter, and objectives: review of current year and determination of following year					D

D Decision made
I Inform, discuss and planning

Remuneration Committee continued

Workforce engagement and remuneration

The aim of workforce engagement is to ensure that the workforce is listened to and considered as part of the remuneration process, ensuring that remuneration decisions are aligned with their experience and underpinned by feedback and data on the composition, remuneration, engagement, retention, and diversity of the workforce.

In 2023, the Committee continued to engage with employees globally by participating in board listening sessions with our people to support engagement and to provide an opportunity to our people to voice their opinions on the topics of pay equity, variable remuneration and benefit & retirement plans.

We also discussed and reviewed updates affecting the wider workforce at every Committee meeting, covering topics such as pay equity, employee share plans, gender & ethnicity pay reporting, insured benefits & retirement plans, and gender diversity. The Committee continued to receive regular updates from the Executive President of Human Resources (HR) and President of Reward & Mobility throughout the year on wider workforce remuneration matters, ensuring that broader reward practices are understood and aligned when setting executive remuneration. Further detail can be found on page 136.

Advice provided (including internal teams)

During the year, the Committee took advice from Deloitte LLP, who were retained as an external advisor to the Committee. Deloitte received £100,000 for the provision of services to the Committee during the year. These are charged on a time and materials basis.

The Committee considered the remuneration advice provided by Deloitte during the year and is comfortable that it has been objective and independent. Deloitte is a member of the Remuneration Consultant Group and adheres to the Group's Code of Conduct. The Committee has reviewed the potential for conflicts of interest and judged that there were appropriate safeguards against such conflicts. As well as advising the Committee, Deloitte provided other services in 2023, predominantly related to tax compliance and advisory-Where appropriate, the Committee also receives input from the Chair of the Board, CEO, CFO, Executive President of HR and the President of Reward & Mobility, who also acted as Secretary to the Committee. The Committee is comfortable that the Deloitte engagement partner and team that provides remuneration advice to the Committee does not have connections with the Company or its Directors that may impair their independence. These individuals may attend the Committee meetings but do not take part in discussions regarding their own compensation.

Committee evaluation

Clare Chalmers Limited undertook a review of the Committee during the year. The performance of the Committee continues to be positively rated overall. The Committee will focus on continued engagement with management and the wider workforce, to achieve the right balance between being supportive and appropriately challenging management to ensure accountability.

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 Policy, and application, continues to be aligned with shareholder views, with feedback used to inform the Committee's decision-making process.

The Committee ensures that appropriate and meaningful shareholder consultation takes place in advance of any material change being proposed to the 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 remuneration report. In addition, the Committee receives input on broader market insights and shareholder expectations through Committee advisors.

We have continued to proactively engage with and listen to our shareholders during the year where appropriate. The Committee, as always, is thankful for the time and considerations conveyed by our stakeholders and trusts that the proposed changes to, and application of the Policy detailed in this report demonstrate we continue to listen and act on any feedback.

Statement of shareholder voting

Where there are a substantial number of votes against any resolution on directors' remuneration, the Committee seeks 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 engaging with shareholders to understand their views regarding remuneration. The following table sets out the 2023 AGM voting in respect of our remuneration matters and voting outcome in respect of the 2023 Policy.

Item	AGM date	Vote For (including Discretionary)	Vote Against	Votes Withheld*
Advisory vote on the 2022 Remuneration Report	11 May 2023	355,501,006 (76.98%)	106,323,283 (23.02%)	2,988,807
Binding vote on the 2023 Directors' Remuneration Policy	11 May 2023	443,012,707 (95.38%)	21,459,521 (4.62%)	340,868

Notes to the statement of shareholding voting

* A vote withheld is not a vote in law and is not counted in the calculation of the percentage of votes 'For' or 'Against' a resolution.

As the advisory vote on the remuneration report received less than 80% in favour, following the AGM 2023, the Committee engaged further with shareholders to understand their views. Further details are provided in the letter from the Chair of the Committee.

Letter from the Chair of the Remuneration Committee

Dear Shareholder

I am pleased to present, as Remuneration Committee Chair, and on behalf of the Board, the annual report on remuneration for the year ending 31 December 2023 which has been approved by both the Remuneration Committee and the Board. I was appointed to the role of Chair from January 2024, succeeding Jacqui Ferguson who is in her 8th year on the Board and will not stand for re-election at the AGM in May 2024 and will subsequently retire from the Board. I'd first like to thank Jacqui for her many years of steadfast service on behalf of the stakeholders of Wood. Her tenure has ushered in many improvements to Wood's remuneration environment. I have been a member of the Committee since 31 March 2021. The purpose of this report is to set out the remuneration of the executive directors, demonstrating how their pay aligns with the remuneration arrangements for the wider workforce, enables the Company culture, supports delivery of shareholder value and demonstrates how pay structures are aligned with shareholder value.

As part of our normal three-year cycle, we updated our directors' remuneration policy in 2023 and were grateful for your support at the 2023 Annual General Meeting (AGM) where it received 95.4% in favour. Our remuneration report received 77% in favour. In compliance to the UK Corporate Governance Code, we subsequently wrote to our top 30 shareholders in May and June and offered additional meetings, with copies of the communications published on the Company's website. We believe the lower-than-normal outcome was influenced by ISS's recommendation to vote against the resolution due to the level of payout under the non-financial metrics for the annual bonus plan in 2022. We discussed with shareholders our view of the need to reward the mostly new leadership team for their strategy development work in 2022, which underpinned our improved performance. In addition, we had already put in place a bonus structure for 2023 to increase the financial performance weighting from 60% to 90%. This approach, which is aligned to our strategic focus of delivering profitable growth, was positively acknowledged by several shareholders.

We believe our track record shows the Committee continues to listen to feedback from investors and employees, whilst considering the impact on all stakeholders and protects the long-term best interests of the Company. We will continue to engage with shareholders as appropriate.

Workforce considerations

We continue to be mindful that reward reflects the wider stakeholder experience and balances the need for attraction, motivation, and retention. We also remain thoughtful of the particular challenges with regards to the cost of living for our employees, with ongoing support provided to our global workforce, including:

- Annual salary reviews
- Increased financial resilience resources provided online and via interactive engagement sessions
- Review of insured benefits costs for value enhancement opportunities
- Simplification and enhancement to retirement plans in Australia and Canada
- Review of employee insured benefits, terms and conditions in India and the UAE, to be implemented in 2024
- Wider engagement on our employee assistance program and wellbeing
- Increased engagement activities such as global town halls and leadership visits

Further details are provided in the people section of the annual report.

We have continued our focus on engaging with our global employees, on topics including:

- Reward equity, to enhance understanding and transparency
- Feedback on our annual bonus and long-term incentive plans
- Feedback on our Canadian insured benefits following changes to insured benefits and retirement plans, and enhancements to PTO (paid time off)

Employees were appreciative of the time provided to listen to their feedback and the improvements already made as a result of previous engagements. During the year we also discussed and reviewed updates on the wider workforce at every Committee meeting, covering topics such as pay equity, employee share plans, the cost of living response, retention, ethnicity pay reporting, benefits and retirement plans, parental leave, and gender diversity.

ESG considerations

Wood continues to focus on creating a diverse and inclusive workforce with female representation in senior leadership roles now at 35%, up from 32% in 2022. Management has focused on improving through an emphasis on P&L roles, promoting greater flexibility at work, ensuring future talent pipeline through early careers attraction activities, and sponsoring our new Women at Wood movement. We are on target to achieve our disclosed ambition of 40% of leadership roles being held by females by 2030. We were delighted to see Wood progress in the FTSE Women Leaders review with 44.4% of our Board and 28% of our combined executive committee and direct reports represented by women. Continued focus has also been evident with our inclusive networks, promoting diversity, with each group sponsored by a member of the Executive Leadership team. Of particular note is WREN, (Wood's Race & Ethnicity Network) which now boasts over 700 members and being named as Best Energy Workplace at the Ally Energy GRIT Awards in Houston. Further information on our continued progress and actions taken can be found in our People section on page 67

We were pleased to be recognised for our approach to governance by being finalists in the Chartered Governance Institute for UK and Ireland (CGIUK) in the category of best remuneration report for the FTSE 250. Judges recognised the level of transparency provided in our report, along with the alignment of the policy to organisational culture.

Sadly, we tragically lost one of our colleagues in January 2023, who died while working at a site in Louisville, Kentucky. Our commitment is for every employee to go home safely every day, and our local teams continue to focus on providing a safe working environment. In support of this focus, management led safety engagements resulting in 1,400 leaders exceeding the annual target. During the year, the wellbeing network was also reinvigorated with global co-chairs put in place. In recognition of this fatality from a remuneration perspective, there will be a zero outcome for the Fatality and Permanent Impairment (FPI) element of the 2023 annual bonus plan. The safety and wellbeing of our people and their families remains paramount.

Letter from the Chair of the Remuneration Committee continued

Remuneration and performance outcomes for 2023

The application of the Remuneration Policy in 2023 continued to focus management on achieving long-term value for the business with a sharpened focus on financial delivery. Assurance of achievements against targets has been carried out by internal audit, validated independently by the Safety & Sustainability and Audit Committees, with a further external audit carried out by KPMG, following the end of the financial year.

Annual Bonus Plan Outcome

In 2023 management focused on the delivery of the new strategy and continuing to de-risk the business. Much positive progress has been made, with an emphasis on delivering stronger EBITDA and growth. Whilst it is disappointing that cash generation has not achieved its target, improvement is being made to strengthen the balance sheet.

To ensure a like-for-like comparison, EBITDA targets were adjusted to reflect the divestment of the Gulf of Mexico business in March 2023 and to include the performance of the retained Saudi Arabian Built Environment Consulting business that was not included as part of the original target setting process. The Committee is satisfied that the adjustment to the targets is fair and reasonable and that the revised targets are of commensurate stretch to the original targets. These targets are detailed in full on page 141 in line with our usual practice of disclosing targets retrospectively.

In determining the bonus outcome, the Committee considers the formulaic outcome along with the experience of wider stakeholders as detailed under the discretionary matrix, which acts as a framework for the Committee to consider a broader set of factors important to key stakeholders. As detailed earlier, due to the tragic fatality, no bonus will be paid under the FPI performance measure, accounting for 2.5% of the annual bonus. In total, more than 6,500 leadership safety engagements were carried out during the year. The Committee considered that it remained appropriate to reward the achievement as efforts in this area are critical to support keeping our people safe and learning from incidents. This portion of the bonus paid out at 100% of maximum.

As a result of the Committee's deliberations, it has determined to award a bonus of 41.6% of maximum for both Ken Gilmartin, CEO and David Kemp, CFO. We believe the bonus outcomes reflect the performance of management and the progress made in the delivery of the strategy, leading to a healthier financial and a more sustainable backlog of future work.

Long Term Incentive (LTIP) Plan Outcome

Performance measures for LTIP 2021-2023 were relative Total Shareholder Return (TSR), against a select group of peer companies, at a 50% weighting; EBITDA margin growth at 30% weighting; revenue growth at 10% weighting; and 10% on ESG measures, equally split between carbon emission reductions and improvement of women in leadership roles, respectively. Targets were disclosed to shareholders at the time of grant. As disclosed last year to ensure a like-for-like comparison between the performance assessed and the targets set, targets were adjusted as a result of the sale of the Built Environment Consulting business. The Committee is satisfied that the adjustment to the targets is fair and reasonable and that the revised targets are of commensurate stretch to the original targets; updated targets were also provided for LTIP 2022-2024. No other changes have been made to performance measures or targets.

Wood did not achieve any award under the TSR, EBITDA or revenue measures, but ESG measures were achieved in full reflecting our progress in these areas, resulting in a total award of 10% of maximum. Carbon emissions reduction was 71% compared to 2019 reflecting actions we took, including; consolidating and increasing energy efficiency by switching to renewable energy tariffs, the sale of the Martinez power plant in 2022, and lower on-site fuel usage at major project sites. This resulted in exceeding the maximum target set. Women represented 35% of leadership roles for 2023 exceeding the maximum target set, reflecting our strong progress in improving our gender diversity. We believe this fairly reflects the experience of our shareholders during this time.

This results in a conditional award of 27,506 shares for David, 100% of which is subject to a holding period until 2026. As disclosed at the time of his appointment as part of buy arrangements with his previous employer, Ken was provided with a minimum guaranteed outcome of $900,000 gross for this plan, as such 10% of the award will vest in shares, with 80% being available in April 2024 and remainder held until April 2026 with the balance in value being paid in cash. These arrangements were agreed when Ken joined the Company in 2021 as the COO prior to his appointment as CEO and to the Board. Ken has determined to use this payment to increase his shareholding in Wood which, along with other market purchases carried out in 2023, has increased his share ownership to an equivalent of 155% of his salary. This ongoing personal investment continues to demonstrate his commitment to the Company and focus on delivery of the strategic targets.

CFO transition

In August 2023, we announced David's intention to retire. David will remain as CFO until 14 April 2024 when his successor Arvind Balan joins the Company. David's leaving arrangements will be disclosed in due course.

Arvind's remuneration arrangements have been set in accordance with the Remuneration Policy. His salary has been set at £550,000 and he will be eligible for our standard benefits, including employer's pension contributions, (or a fixed cash allowance in place of such contribution) of 9% of salary, aligned with the arrangements for the wider workforce in the UK. He will receive a gross allowance of up to £60,000, against receipts, to support with relocation within the UK. The Committee determined that it was appropriate to set his maximum annual bonus opportunity at 170% of base salary and his maximum LTIP opportunity at 185% of base salary to better reflect the scope and responsibility of the role. Buyout arrangements to mirror his previous employer's bonus and long-term incentive plans have been put in place and are detailed on page 143 of the report.

Proposed policy application for 2024

Full details of our proposed implementation of the Directors' Remuneration Policy for 2024 can be found on pages 150-151

Salary and benefits

In January 2024, we increased the base salary for both executive directors by 4%, aligned with that of the wider workforce in the UK. This increases Ken's base salary to £803,400, from £772,500, and David's to £547,409 from £526,355. The Committee considered that it was appropriate to increase David's salary given that he will remain with the business for most of 2024. As noted above Arvind's base salary will be £550,000 from the date of his appointment. There is no change to benefits provided since our last report. As disclosed in previous annual reports and Policy, executive directors' pension contributions are aligned to those of the wider workforce in the United Kingdom at 9%.

Annual Bonus Plan

For 2024, the maximum bonus opportunity for Ken will remain at 175% of base salary, and 150% of base salary for David, which remains below the Policy maximum of 200% of base salary. David will be eligible to participate pro rata to his leaving date. Arvind, who joins Wood as CFO on 15 April 2024 will participate at a maximum of 170% of base salary. Arvind's annual bonus for 2024 will not be pro-rated in lieu of a buy-out of the potential bonus that he forfeited on leaving his current employer.

We will continue to apply broadly the same bonus structure as in 2023, with a 90% weighting on financial measures to directly incentivise the delivery of profitable growth over the year ahead, with EBITDA at 40%; cash generation at 40%; revenue backlog at 10% and an ESG framework at 10%, maintaining the enhanced emphasis on financial performance whilst remaining focused on safety and retention of our people. For 2024, the cash generation measure will be based on operating cash flow. The Committee considered that it was appropriate to incentivise management to continue to drive cash from operations, as this is considered to be critical to the long-term strength of the business.

Long Term Incentive Plan

We will retain the same performance measures and weightings for the 2024-2026 plan, focused on profitable growth and strengthening the alignment between executives and the experience of our shareholders: 60% EBITDA; 30% relative TSR sector peer group; and an ESG framework weighted at 10%, capturing progress against both carbon emission reduction targets and leadership gender diversity targets. These measures align our key strategic priorities with value generation for our shareholders and continue to support our sustainability plan. Full details, along with the threshold and maximum targets, can be found on page 151.

We will continue to anchor participation levels on 200% of salary for Ken; David will not be eligible to participate in this plan due to his planned retirement in 2024, and Arvind will participate at 185% of salary. Arvind's LTIP for 2024 will not be pro-rated in lieu of a buy-out of the potential bonus that he forfeited on leaving his previous employer. As in previous years, and detailed in the Policy, awards will be released no earlier than five years from grant, further aligning shareholder and executive interests.

Looking ahead

I trust that in the report for 2023 we have clearly explained our application of the existing Directors' Remuneration Policy and demonstrated that remuneration is aligned to our strategic pillars of profitable growth, performance excellence and creating an inspired culture. I look forward to your support on the relevant resolutions at the AGM. Signed on behalf of the Board and as Chair of the Remuneration Committee.

Brenda Reichelderfer
Chair, Remuneration Committee

Alignment to strategic pillars	Annual bonus plan					Long term incentive plan				Underpins	Other	
	EBITDA (40%)	Revenue backlog (10%)	Cash generation (40%)	Safety (5%)	Voluntary employee turnover (5%)	TSR (30%)	EBITDA (60%)	Carbon emission reductions (5%)	Improvement in leadership gender diversity (5%)	Discretionary matrix	Holding periods	Shareholding
Profitable Growth A higher grade business portfolio	●	●	●			●	●			●	●	●
Inspired Culture Creating a great place to work				●	●			●	●	●	●	
Performance Excellence Results focused and delivering for clients		●		●	●	●	●	●	●	●		

Workforce reward

Transparent engagement with our people

As we design the future, Wood's remarkable people are responsible for delivering our strategy. In support of our people strategy, to attract, develop engage, retain and sustain our global talent to ensure Wood is a great place to work, we are committed to providing our people with transparent, internally fair, and externally competitive reward in return for their contribution to Wood's success, whilst ensuring that we are responsible with our spend on reward. By rewarding our employees fairly, we will create an inspired culture that allows our employees to thrive without the fear of pay discrimination, allowing them to perform to the best of their ability. Engagement and actions taken throughout the year include:

Focus Groups

Leadership listened to the feedback from numerous focus groups, and considered actions, resulting in the following highlights:

- In Canada, we have enhanced health and wellness benefits by reducing long-term disability premiums, increased coverage in our dental plan, improved mental health support and implemented a new musculoskeletal solution to address physical health issues for families. We have streamlined our retirement savings plan contribution structure to enhance plan design competitiveness and improved our paid time off policy to drive attraction and retention, by offering additional time off.
- In Australia, we recognised our employees were looking for greater flexibility with leave. We have therefore increased provisions for Indigenous cultural and family leave; implemented reproductive health and wellbeing leave; and extended leave provisions for those experiencing domestic violence.
- In India, we conducted a comprehensive review of how remuneration is structured. Changes will be implemented in 2024 resulting in tax advantages for our people and access to additional benefits.
- In the UAE, our extensive review will result in greater alignment across our business in 2024, ensuring fair application of reward and market competitiveness.
- We engaged with participants in our variable reward plans to enhance communications, increase understanding and focus on deliverables.
- We listened to feedback from colleagues in the US on our employee share plan and our proposal to implement an alternative plan. We heard that they wanted to retain the current plan but receive additional support and communications to understand the plan more.
- Remuneration Committee members participated in additional focus groups on pay equity to learn more about engagement activities and how they can continue to improve to aid transparency and increase understanding. They also took the opportunity to provide an overview of how they make decisions on executive pay, aligned to practices in place for the wider workforce.

Education and engagement

More than 700 leaders participated in reward engagement sessions covering job grading, salary bands, pay equity, spot bonuses and how to have impactful conversations with their people on reward, ensuring employees understand their pay and benefits. To support them, we introduced enhanced pay equity reporting providing analysis at country, functional, business unit and business grouping level on the overall pay equity landscape; providing gender breakdown by country and length of service analysis. This reporting enables a targeted approach to ensure we are paying our people fairly. We also provided reward awareness sessions to employees, covering a range of topics including how pay decisions are made, an overview of our job frameworks and associated career paths, and what benefits, insured and otherwise, are available to them.

Throughout 2023, we engaged with members of our retirement plans:

- In the UK, we held dedicated sessions for our employees aged fifty-five and over, targeting pre-retirement conversations; webinars for our younger people, focusing on the importance of saving for the future; a summer newsletter to over 18,000 of our plan members; and continued enhancement of the online platform toolkit.
- In the US and Canada, we enhanced our communications approach to provide personalised communications and provide right-time messaging based on age and retirement readiness. Our targeted employee engagement campaigns were externally recognised and received three awards for excellence in marketing and communication.
- In Australia, we reviewed the provisions of our superannuation plan, resulting in a change of provider, leading to better service, lower cost and improved governance for fund members.

Wellbeing

We continued to promote the value of our global Employee Assistance Programme (EAP) which supports the six pillars of our Living Well at Wood strategy – see page 80. It provides our employees, and their families, with 24/7 support, 365 days of the year, and provides access to practical information and counselling on a range of useful resources including how to improve financial resilience, reassess priorities and build stronger foundations, budget, plan, and where to seek additional support in times of difficulty. During the year, we enhanced our EAP provisions in the UK with a new health and wellbeing app.

Annual salary review

Towards the end of 2023, we completed our annual salary review process for eligible employees with an effective date of 1 January 2024. Individual budgets were applied in over 40 countries, considering inflation projections, market movement predictions, economic outlook, business performance, industry and client considerations; attraction; retention and adjustments following pay equity reviews. In the UK, US, Canada, and Australia the annual salary review budget was 4%. Line managers engaged with their teams before the end of the year, supporting household budgeting and providing greater certainty for 2024.

UK pay focus

The markets in which Wood operates attracts a significantly higher percentage of males due to the predominantly technical focus of the roles in office, site, and offshore locations. Our focus on fair pay for those carrying out the same job, in the same location, with the same skills and experience, regardless of diversity, will have a long-term positive impact in addressing the gender pay gap. Our commitment aims to increase the number of female leaders in senior leadership and technical positions at Wood through continuing to work towards a gender balance of 40% female representation in leadership by 2030; at the end of 2023, we had increased to 35%, up from 32% in 2022. Details of actions we are taking to support our commitments can be found on page 67 and within our UK gender pay gap report, which is published on our website.

More information on the details can be found in our People section on pages 64-69.

UK gender pay gap report

Between 2022 and 2023, our UK mean Gender Pay Gap (GPG) for hourly rate of pay reduced from 26.0% to 23.3%; our mean bonus gap reduced from 44.2% to 13.2%, and the median bonus gap between females and males reduced to -0.7%. Although year on year comparison is challenging due to the operation of salary sacrifice benefits and other pay arrangements, we remain confident that our pay practices are free from bias and any gap is a result of the gender distribution across roles and not an equal pay issue.

Wood remains an accredited Real Living Wage employer, and we chose to apply the 2023 increase ahead of the deadline to support our people over the winter period.

Employees at snapshot date

4,864

Mean gap/median gap pay

23.3% mean

31.1% median

Gender balance

78% male

22% female

Mean gap/median gap bonus

13.2% mean

-0.7% median

More information on our gender pay gap results can be found in our People section on pages 64-69

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

Pay ratio of CEO

The base pay ratio of the CEO continues to reflect the Company's internally fair approach to pay through aligned and consistent frameworks. Total pay across the wider workforce is consistent with externally competitive remuneration required for the professional workforce, which Wood employs, assisting with an above average UK pay ratio with the median salary in 2023 being £67,840.

11:1

CEO pay ratio

Sharing success

We want our people to benefit from the collective success of Wood and be recognised for their efforts, and commitment in delivering our strategy.

Our employee share plans, the Employee Share Plan (ESP) and the Share Incentive Plan (SIP) for the UK workforce, offer the opportunity for employees in 18 countries to own a stake in the future of Wood and benefit from matching shares and dividends.

Our spot bonus plan provided awards totalling circa $1.3 million to over 730 employees during the year, in recognition of their outstanding contributions to Wood. Details of how we further celebrate achievements can be found in our People section on pages 64-69

Summary of 2023 share plans enrolment:

24,084
eligible employees

18
countries

9
languages of inclusive communications and materials

2,410
enrolled (10% of total eligible)

74%
re-enrolment from 2022

Workforce reward continued

Alignment to the workforce

The objective of the Policy is to set all components of remuneration, maximum awards, and performance measurement, which provide a compensation package promoting the long-term success of the business and delivery of the strategy.

This table provides a summary of executive directors' remuneration outlined in our Policy and alignment to the wider workforce. The Policy with updated scenario charts can be found at **woodplc.com/rempolicy**

Element and purpose of executive director remuneration	Alignment with workforce
Salary To provide an appropriate level of fixed salary to attract and retain executives with the qualities, skills and experience required to deliver our strategy.	The process of setting and annually reviewing salaries against market information, mindful of individual contribution, is the same for all employees including executive directors. Salaries are paid either cumulatively by hours worked or on a fixed instalment basis.
Benefits To provide fair and market competitive benefits which support the health and wellbeing of our executives to perform at their best. Employee share plans give our people the opportunity to benefit from the success to which their performance and commitment contributes.	All employees are provided with benefits which are competitive in the location they are employed. In the UK, this includes private medical insurance, income protection insurance (where applicable), transportation allowance (based on job level) and life assurance. Where applicable, employees are offered the ability to choose additional benefits to suit their lifestyle and circumstances. Employee share plans are open to all eligible employees across the organisation. Employees may choose to 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 an employee's salary. Depending on country eligibility, employees may join the Employee Share Plan (ESP) and/or Share Incentive Plan (SIP).
Retirement related benefits To support the long-term financial wellbeing and future stability of our executives in return for their commitment in delivering our strategic objectives.	Employees receive retirement plan contributions typical of the markets in which they are employed. In the UK, executive directors are aligned to the wider workforce with a maximum of 9% employer contribution.
Short-term incentives 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.	The Annual Bonus Plan (ABP) provides a reward for senior employees critical to future success and who are in a position that can materially influence the success of Wood. Participation levels are based on the job which an individual carries out linked to a global framework. ABP is based on the same structure and performance targets aligned to strategy throughout the organisation. Executive directors and the ELT receive 75% of any award earned in cash, with the remainder deferred into a share-based award for a further two years. Other participants are paid fully in cash. ABP participation typically applies to circa 3.3% of the global employee population.
Long-term incentives 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.	Designed to incentivise senior leaders in delivering business performance over the longer-term. For executive directors and the ELT, the Long-Term Incentive Plan (LTIP), a performance-based plan, provides an opportunity to earn an award, in the form of conditional shares, subject to remaining in employment. Measures are linked to long-term creation of shareholder value. For other senior leaders a time-vested restricted stock model ensures alignment of variable pay in the form of shares, consistent with global markets in which we operate. Participation levels are based on the job which an individual carries out, linked to a global framework. Long-term incentive participation typically applies to circa 0.7% of the global employee population.
Shareholding requirements To ensure that executive directors' interests and individual wealth are aligned with those of shareholders over a long-term performance period.	Shareholding requirements apply to executive directors only, including the requirement to hold shares post-employment.

Remuneration Policy

The Remuneration policy was reviewed and approved by shareholders at the 2023 AGM and took effect from that date. The Committee undertook shareholder consultation to ensure views were understood and listened to. The objective of the remuneration policy is to set the criteria for all components of executive remuneration, including award levels and performance measures. The aim is to provide a compensation package incentivising the long-term success of Wood. We achieve this through a mix of fixed and variable pay, with the intent of providing a competitive total reward package that attracts and retains executives, aligned to our strategy of incentivising executive leaders and the interests of our shareholders. A revised policy will be put to shareholders again no later than the AGM in 2026.

In reviewing our Policy and its application, the Committee was 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 decisions regarding remuneration targets and outcomes in our annual report on directors' remuneration. We carry out regular stakeholder 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 Board engagement sessions.
Simplicity	Our performance measures for short- and long-term incentives are simple and aligned to our stakeholders, with the operation, targets and outcomes fully disclosed in the annual report each year. Where possible we communicate future performance measures and targets, such as in our long-term incentives, but in certain areas, such as short-term incentives, are unable to, due to commercial sensitivity. Participants are provided with engaging supporting documentation to ensure understanding, with regular updates provided during each performance period, to drive positive behaviours and business performance in line with our business goals.
Proportionality	As defined in our 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 Policy. This is further demonstrated in our 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 ensure, that rewards are not excessive compared to Company results and stakeholder experience. We review our performance measures and targets of our incentive plans to ensure they do not lead to excessive risks or 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 and clawback provisions safeguard the Company against future risk in relation to our short- and long-term incentive plans.

The Directors' Remuneration Policy with updated scenario charts to reflect our proposed application of the Policy for 2024 can be found at: **woodplc.com/rempolicy**

Executive directors' remuneration

Single figure of remuneration*

The following table sets out the single figure of remuneration received or receivable (£000's) in the year for each of the executive directors for time in role. No remuneration for executive directors was waived during the year.

	Year	Salary [(a)]	Benefits [(b)]	Bonus	Long-term incentives [(c)]	Other [(d)]	Pension related benefits [(e)]	Total	Total fixed remuneration	Total variable remuneration
Executive directors										
Ken Gilmartin	**2023**	**£773**	**£141**	**£562**	**£31**	**£675**	**£60**	**£2,242**	**£973**	**£1,268**
Ken Gilmartin	2022	£375	£68	£238	£0	£243	£34	£958	£477	£481
David Kemp	**2023**	**£526**	**£14**	**£328**	**£41**	**£0**	**£47**	**£956**	**£587**	**£369**
David Kemp	2022	£511	£14	£276	£0	£0	£46	£847	£571	£276

Notes to the single figure of remuneration

a. Salary received during the year.

b. Taxable benefits received during the year. These include transport allowance and private medical cover. For Ken this also includes a payment of £100,000 made in two payments of £50,000 in January and August 2023 for relocation costs. Ken also received medical coverage for his dependants whilst they remain in the US to facilitate his relocation; this has been included using a conversion rate of 1 GBP = 1.2749 USD.

c. The share price used to calculate the LTIP value is £1.489, the 3 month average share price to the end of the performance period. The share price at grant was £3.17; the value shown is not as a result of share price growth. Bonus and long-term incentive outcomes are described in the following sections.

d. Long-term incentive payment to Ken Gilmartin formed part of the guaranteed buy-out arrangements when he joined Wood as Chief Operating Officer (COO) in 2021, prior to his qualifying service as an executive director. The conversion rate used was 1 GBP = 1.2749 USD

e. Pension figure reflects cash value of defined contribution pension contribution or cash alternative, as detailed in the next section. The aggregate amount of executive directors' remuneration (salary, benefits including cash pension allowances; and bonus and long-term incentives) is £3,197,765. The aggregate amount of Company contributions to executive directors' pension schemes was £107,352.

Pension benefits

In line with the 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 policy and aligned with the wider workforce, payment may be up to 9% of base salary in the UK. Since April 2023, both Ken Gilmartin and David Kemp receive a fixed employer contribution of £10,000 per annum and the remaining balance to the 9% is paid as a cash allowance. Prior to April 2023, Ken Gilmartin received 9% of base salary in defined pension contributions; David Kemp chose to receive his full pension entitlement as a cash allowance.

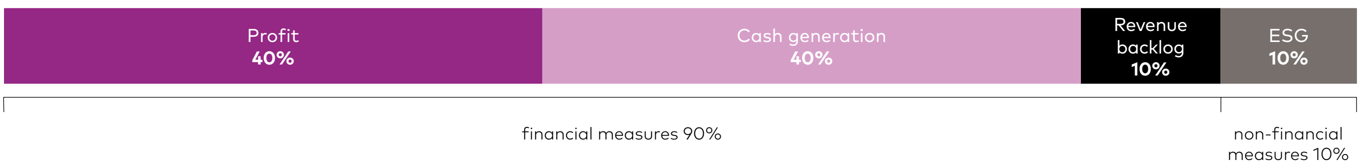
Normal retirement age specified in the pension plan rules is 65 years. There are no additional benefits that become receivable in the event of early retirement.

Bonus

For 2023, the maximum bonus opportunity was 175% of base salary for Ken, and 150% for David. Bonus measures were split between financial and ESG measures with a balance of 90% and 10% respectively. Financial measures were further split into three measures – a 40% measure of profit, a 40% measure for cash generation and a 10% measure of revenue backlog as illustrated in the chart below.

To assure achievement outcomes against targets within variable incentives, performance is considered and approved by the Safety & Sustainability Committee, with a further external independent audit carried out following the end of the financial year as appropriate.

Relative weighting (% of bonus maximum opportunity)



Bonus award achievement summary

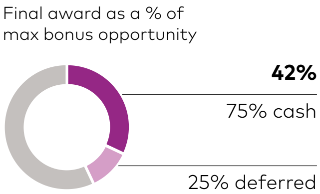
The charts below provide a summary of the overall bonus achievement for each of the executive directors:

Ken Gilmartin

Final bonus payment:

£561,865

Final award as % of salary:
73%

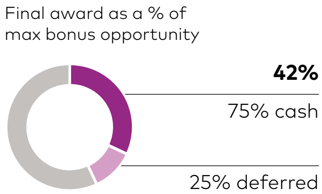


David Kemp

Final bonus payment:

£328,145

Final award as % of salary:
62%



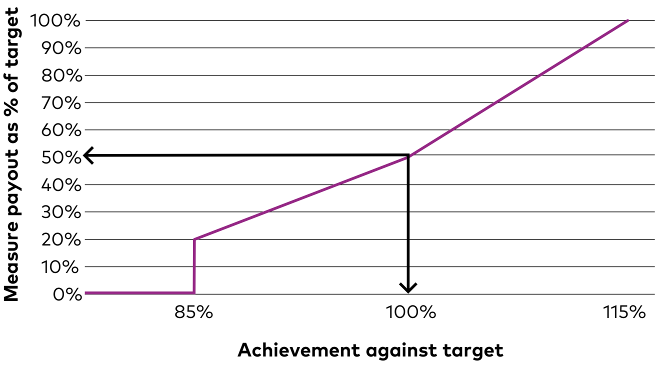
75% of the award will be paid in cash, with the remaining 25% deferred into a conditional award of nil-cost shares for a further two years with continued employment a requirement to receive the deferred award, other than for those classified as good leavers as detailed in our Policy. Our malus and clawback provisions safeguard the Company against future risk in relation to this award.

Financial measures and outcomes

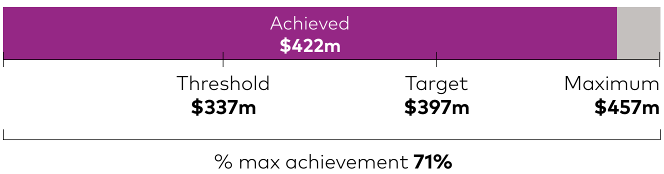
Financial measures for the bonus year which ended 31 December 2023 consisted of:

- Profit target – we used (Earnings Before Interest, Taxes, Depreciation and Amortisation) as our measure of success.
- A cash generation target – measured on free cash flow
- Growth - measured through revenue backlog additions

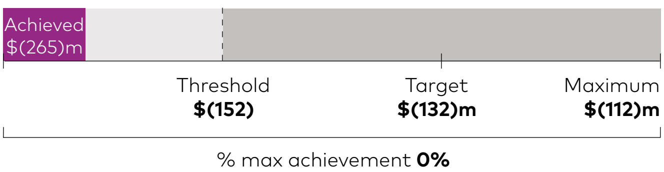
Threshold performance for 2023 was 85% of target, with maximum bonus achieved when results exceed 115% of target. Upon achieving threshold performance, 20% of the maximum bonus is paid; if target performance is met, 50% of the maximum bonus opportunity is paid; 100% is payable for reaching maximum performance. 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:



EBITDA



Cash generation



Note: Illustrations not to scale

ESG measures and outcomes

ESG measures accounted for a total of 10% of the maximum bonus opportunity and consisted of three Key Performance Indicators (KPIs). Weighted as followed:

- 2.5% Fatality and Permanent impairment (FPI)
- 2.5% Delivery against leadership safety engagement
- 5% Improvement in voluntary professional employee turnover

To provide assurance of achievement outcomes against targets, performance is considered and approved by the Safety & Sustainability Committee.

For leadership safety engagement and voluntary professional turnover, threshold performance was set at 85% of target, with maximum bonus achieved upon when results exceed 115% of target. Upon achieving threshold performance, 20% of the maximum bonus is paid; if target performance is met, 50% of the maximum 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.

For Fatality and Permanent impairment, no bonus will be payable for this portion if the target of zero is not met.

Measure	Target & payment	Achieved
Fatality & Permanent impairment (FPI)	Zero FPI	Due to a tragic fatality in January 2023, no payment will be made
Delivery against leadership safety engagement	Complete 4,915 safety leadership safety engagements.	100% payable 6,587 leadership safety engagements completed
Improvement in voluntary professional employee turnover	Voluntary turnover to be 15%.	82% payable 13.7% achieved

Use of discretion

Using the discretionary decision matrix for guidance, the Committee consider the experience of all stakeholders during the performance period, including customers, investors, suppliers, and the wider workforce, supported by reports from audit and the Safety & Sustainability Committee. The Committee chose not to apply discretion to the outcome of the annual bonus award for 2023.

A full copy of the discretionary decision matrix can be found at: **woodplc.com/discretionarymatrix**

Executive directors' remuneration continued

Long-term incentives – Long Term Incentive Plan (LTIP 2021-2023)

The figures set out in the single figure of remuneration table are related to the performance period which ended on 31 December 2023. The participation level for Ken was 125% (based on his previous role as COO, and awarded as part of his buy-out arrangements upon joining, with a guaranteed minimum payout of $900,000); and for David it was 175%. To provide assurance of achievement outcomes against targets within variable incentives, performance is considered and approved by Internal Audit and the Safety & Sustainability Committee, with a further external independent audit carried out following the end of the financial year as appropriate. For the TSR and ESG performance measures, upon reaching the threshold, 25% of the relevant measure becomes payable; and on reaching the maximum, 100% of the relevant measure becomes payable. For EBITDA margin percentage improvement and revenue growth, 10% of that element of the award becomes payable on reaching threshold and 100% is payable on reaching maximum performance.

For achievement between threshold and maximum, the allocation is on a straight-line basis. No award is made for less than threshold performance. The targets for LTIP 2021-2023, including the weightings of the performance measures and the extent to which they were achieved, are set out in the table below.

As disclosed last year to ensure a like for like comparison between the performance assessed and the targets set, targets were adjusted as a result of the sale of the Built Environment Consulting business. The Committee is satisfied that the adjustment to the targets is fair and reasonable and that the revised targets are of commensurate stretch to the original targets.

Measure	Weighting	Threshold	Maximum	Achieved	Award %
TSR[a]	50%	50th percentile	75th percentile	Below 25th percentile	0%
EBITDA margin percentage improvement	30%	7.8%	9%	7.1%	0%
Revenue growth ($bn)	10%	$6.4bn	$7.2bn	$6bn	0%
Carbon Emission Reduction	5%	19%	31%	71%	5%
Leadership gender diversity	5%	32%	34%	35%	5%

Notes

a. 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's position in this group used to measure success.

TSR peer group companies

The TSR peer group for the performance period comprised the following companies – Aker Solutions, Fluor, Hunting, KBR, Maire Tecnimont, Petrofac, Saipem, SBM Offshore, SNC Lavalin, Technip Energies, TechnipFMC, Tecnicas Reunidas, and Worley. As communicated in last year's report, the TSR peer group was adjusted following the sale of Built Environment Consulting in 2022 with the removal of Jacobs, WSP, Stantec, Tetratech and Aecom. Maire Technimont and Tecnicas Reunidas were added due to energy focus.

The Committee applies the following approach when the TSR peer group is impacted by acquisition or other corporate activities during the performance period – 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.

LTIP award achievement summary

TSR performance was below median against the comparator group was therefore below threshold performance and therefore no portion of the award related to these elements (50% of maximum) will vest. Performance under EBITDA margin improvement and revenue growth did not achieve threshold performance, therefore no portion of the award related to these measures will vest (40% of maximum). Wood achieved two of the performance measures, carbon emissions reductions and leadership gender diversity, and this has been independently assured. Carbon emissions reduction was 71% compared to 2019 reflecting the actions we took to reduce carbon emissions across our real estate portfolio by switching to renewable energy tariffs, the sale of the Martinez power plant in 2022, and lower on-site fuel usage at major project sites. Women represented 35% of leadership roles for 2023 reflecting our strong progress in improving our gender diversity. Having considered the discretionary matrix, there will be no use of discretion and 10% of the award will vest.

Ken Gilmartin participated in LTIP 2021-2023 subject to performance, but with a fixed minimum vesting value of $900,000 as part of his buy-out arrangements upon joining Wood in 2021, prior to his qualifying service as an executive director. Ken will receive 20,901 shares vesting from the LTIP award which will be delivered 80% in April 2024 and 20% in April 2026. He will receive the balance of the amount of $860,323 (£674,816) in cash. Ken intends to use this cash payment to further invest in Wood shares to enhance his long-term alignment with shareholders.

The discretionary decision matrix can be found at **woodplc.com/discretionarymatrix**

Leaving arrangements for David Kemp

As announced in November 2023, David will step down from the position of CFO and the board on 14 April 2024, with his remuneration arrangements in connection with this stepping down complying with the Policy. David's leaving arrangements will be disclosed in due course.

Joining arrangement Arvind Balan

Arvind Balan will be appointed CFO, and a member of the Board, from 15 April 2024. He will receive the following remuneration, which is fully compliant with the Remuneration Policy:

- Base salary of £550,000. Arvind's base salary was set just more than 4% higher than David's base salary for 2023, which reflects the level of salary increase received for UK employees with 2024.
- Pension contributions (or a fixed cash allowance in place of such contribution) of up to 9% of base salary, in line with the maximum pension rate applicable to the wider workforce in the United Kingdom.
- Participation in the short-term incentive plan, with a maximum opportunity of 170% of base salary. This is in lieu of buying out any equivalent award for 2024 from his previous employer.
- Eligibility to participate in Wood's Long Term Incentive Plan with a maximum opportunity of 185% of base salary, subject to the rules and limits of the plan and performance conditions being met which will be set in line with the Policy.
- Taking into account Arvind's commencement date and in lieu of a direct buy-out of his forfeited 2024 bonus and long-term incentive award, he will be eligible to participate in Wood's 2024 incentives with no time pro-rating.
- Incentive opportunities have been set slightly higher than for the previous incumbent but are still below those for the CEO and are within the limits of the shareholder approved Directors' Remuneration Policy. The Committee considered that it was appropriate to increase the incentive opportunities to attract a candidate of Arvind's quality and experience and to incentivise him to deliver Company performance.
- Annual transport allowance of £12,360.
- Insured benefits, aligned to the UK workforce, including eligibility for group income protection insurance, private medical insurance, and life assurance of four times base salary (subject to underwriting).
- To support with relocation, a gross allowance of £60,000, against receipts.

To compensate Arvind for incentive arrangements that will be forfeited on leaving his previous employer, and as permitted under the Policy, he will be receive certain buy-out awards. These buy-out awards have been structured on a 'like-for-like' basis with remuneration forfeited and will be of equivalent value and vest on a similar timeline to the original awards. The following buy-out arrangements will be awarded:

- 2023 Annual Bonus: the amount of any bonus which is due by, but not paid by, his previous employer for 2023. 50% of the amount will be paid in cash in April 2024, and 50% will be deferred into conditional awards over shares, vesting March 2025. This award will not be subject to shareholding requirements.
- Share plans:
  - 2021 LTIP Award – To compensate him for 415,000 restricted shares (with no performance conditions) (value c.£1.6m) in his previous employer, in respect of the 2021 LTIP that were due to vest in March 2024, an award of Wood restricted shares vesting April 2024. This award will not be subject to shareholding requirements or performance conditions.
  - 2022 LTIP Award - To compensate him for 460,000 restricted shares (with no performance conditions) (value c£1.8m) in his previous employer, in respect of the 2022 LTIP that were due to vest in March 2025, an award of Wood restricted shares will be granted, vesting March 2025. This award will not be subject to shareholding requirements or performance conditions.
  - 2023 LTIP Award - In lieu of the 420,000 shares (subject to performance conditions) (value c.£1.6m) in his previous employer, Arvind will receive an award of comparable value to the forfeited award which will vest subject to the achievement of the same performance conditions as those that apply to the Wood's 2023-2025 LTIP. This award will vest in March 2026, with a holding period until March 2028, and be subject to shareholding requirements and performance conditions.
- For determining the number of shares awarded under each of the share awards above, the average share price for Arvind's former employer and Wood over the two weeks prior to 15 April 2024 will be used to calculate the number of Wood shares to be awarded.
- Relocation: in the event Arvind is required to repay relocation payment to his previous employer, he will receive a payment from the company in the first month of employment of up to £50,000 gross; this will be subject to clawback if he leaves employment with Wood within two years of his commencement date, 15 April 2024

Executive directors' remuneration continued

Share based interests awarded during the year*

The following table sets out the awards made to executive directors under LTIP for the performance period 2023-2025 as detailed in our previous report. As disclosed in last year's report and in line with our Policy, performance measures are based on relative TSR (30% weighting), EBITDA (60% weighting) and an ESG framework (10% weighting). For all measures, 25% becomes payable on reaching threshold; and for all measures 100% becomes payable on reaching maximum. These awards will continue to be monitored for windfall gains and the Committee can apply discretion as appropriate at the end of the performance cycle, informed by the discretionary decision matrix.

Ken's participation was anchored at 200% of his base salary and David's participation level was anchored at 175% of his base salary. However, having carefully considered the material reduction in the share price during 2022 and feedback received, the Committee reduced the participation level of Ken and David to 170% and 149%, respectively for 2023.

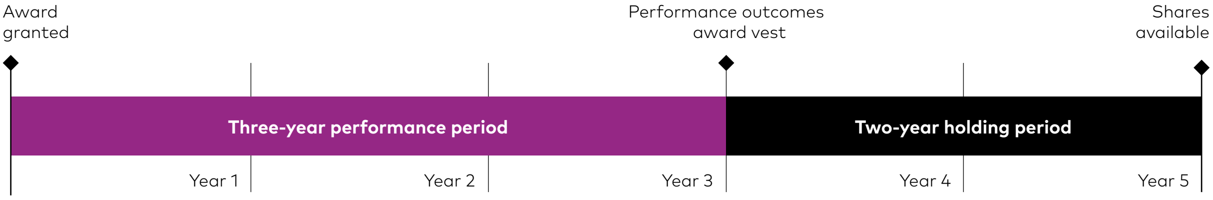
Executive director	Type of award	Participation level	Salary relevant to performance cycle	Face value of award	Performance period	Holding period for 100% of award	Dividends
Ken Gilmartin	Conditional award of shares awarded under the LTP rules	170%	£772,500	£1,313,250	1 Jan 2023 - 31 Dec 2025	Two years from vesting	Dividend equivalents are paid on the vesting date based on the number of vested shares at the end of the performance period
David Kemp	Conditional award of shares awarded under the LTP rules	149%	£526,355	£784,269	1 Jan 2023 - 31 Dec 2025	Two years from vesting	Dividend equivalents are paid on the vesting date based on the number of vested shares at the end of the performance period

Notes

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 £1.3158 as at 1 January 2023.

Performance is measured over a period of three financial years, with 100% of any award deferred for a period of two years following the end of the performance period. This timeline for executive director awards is demonstrated below:

LTIP timeline



Statement of directors' shareholding and share interests

Share interests summary*

The table below sets out the total number of shares held by each executive director as at 31 December 2023, with and without performance conditions; the declaration includes shares held by connected persons as defined for the purposes of section 96B (2) of the Financial Services and Markets Act 2000. Where applicable, the figures include interest in retained long-term plan awards. Changes in the shareholding of directors between 31 December 2023 and 28 March 2024 are related to permitted purchases under the Wood employee share plans. Ken acquired an additional 12,860 during this period. 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.

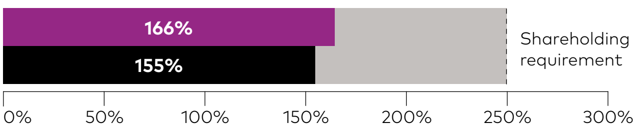
			Unvested share awards		
Beneficial interest	Shares owned outright as at 1 January 2023	Shares owned outright as at 31 December 2023	Share interests without performance conditions	Share interests with performance conditions	Vested unexercised
Executive directors					
Ken Gilmartin	309,000	697,206	93,859	1,499,925	–
David Kemp	168,968	217,783	131,434	1,251,124	65,091

Shareholding requirements

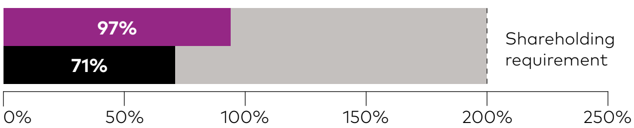
The revised Policy approved at our 2023 AGM made no changes to the requirement for the CEO to hold shares valued at 250% of base salary and the other executive directors to hold shares valued at 200% of base salary. There is no time period in which they must achieve the requirement. The extent to which each director met the shareholding guidelines as at 31 December 2023 is shown in the chart and tables below shown as two separate calculations (neither include shares held by connected persons as per shareholding requirements detailed in our Policy):

- Calculation 1: Shareholding and shares not subject to any further performance conditions but may be subject to other conditions such as continued employment
- Calculation 2: Shareholding not subject to any further performance or other conditions

Ken Gilmartin



David Kemp



● Calculation 1 ● Calculation 2

Notes to shareholding guidelines achievement

Shareholding is calculated using the closing mid-market share price on 31 December 2023 of £1.72 and base salary levels at the same date. For the purposes of calculation 1, a 50% reduction has been applied (on the assumption of a "sell to cover" at point of exercise) to account for any tax liabilities on awards.

Although neither executive director has reached their required shareholding, this reflects that the LTIP performance has resulted in minimal outcomes over recent years, compounded by the fall in share price and Ken's recent appointment to the role of CEO. To assist in achieving the shareholding requirement, Ken and David continued to purchase shares over and above any awards earned during his employment via the Wood Employee Share Plans. During the course of the 2023, Ken and David contributed £64,750 and £38,709, respectively. Ken has also paid approximately £74,500 to date from his own cash resources to meet the tax liability on vesting shares over the last two years to ensure that he maximises his alignment with shareholder interests, although the Policy does allow him to sell shares to meet such liability. Additionally, Ken purchased an additional 300,000 shares during 2023 from his own resources to assist in building his shareholding further.

Executive directors' remuneration continued

Share interests table*

Details of executive directors' interests in long-term incentive and bonus plans as at 31 December 2023; all interests are awarded as share options or conditional share awards:

	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 2023	Granted in 2023	Exercised in 2023	Lapsed in 2023	Dividends awarded as additional share options	Number as at 31 December 2023
Ken Gilmartin											
LTIP	2020 – 2022	N	Mar 2025	-	–	187,771	-	-	187,771	-	-
LTIP	2021 – 2023	Y	Mar 2026	-	–	209,018	-	-	-	-	209,018
LTIP	2022 – 2024	Y	Mar 2027	-	–	292,845	-	-	-	-	292,845
LTIP	2023 – 2025	Y	Mar 2028	-	-	-	998,062	-	-	-	998,062
ABP 2022	18 Apr 2023	N	Mar 2025	-	-	-	74,756	-	-	-	74,756
Discretionary Award	30 Sept 2021	N	Sept 2023	-	£1.58	50,000	-	50,000	-	-	-
					Total	**739,634**	**1,072,818**	**50,000**	**187,771**	**-**	**1,574,681**
David Kemp											
LTIP	2018 – 2020	N	Mar 2023	-	–	65,091	-	-	-	-	65,091
LTIP	2019 – 2021	N	Mar 2024	-	–	38,898	-	-	-	-	38,898
LTIP	2020 – 2022	Y	Mar 2025	-	–	203,893	-	-	203,893	-	-
LTIP	2021 – 2023	Y	Mar 2026	-	–	275,061	-	-	-	-	275,061
LTIP	2022 – 2024	Y	Mar 2027	-	–	380,024	-	-	-	-	380,024
LTIP	2023 - 2025	Y	Mar 2028	-	-	-	596,039	-	-	-	596,039
ABP 2019	01 Mar 2020	N	Mar 2022	-	£1.35	30,312	-	30,312	-	-	-
ABP 2021	28 Apr 2022	N	Mar 2024	-	-	14,888	-	-	-	-	14,888
ABP 2022	18 Apr 2023	N	Mar 2025	-	–	-	52,349	-	-	-	52,349,
					Total	**1,008,167**	**648,388**	**30,312**	**203,893**	**-**	**1,422,350**
Total for all executive directors						**1,747,801**	**1,721,206**	**80,312**	**391,664**	**-**	**2,997,031**

Notes to incentive plan interests table

For 2019-2021 and LTIP 2021-2023, awards vest and are available after a two-year deferral period. For all awards, dividends accrue on 100% of the final award, where applicable. There has been no change to the exercise price or date of vesting of shares as outlined in this table. Awards under LTIP 2021-2023 for Ken Gilmartin, which was made before his promotion to CEO, will vest on the basis of 80% of the award being available in March 2024 with the remaining 20% deferred for two year until March 2026.

Pay ratio of CEO

The CEO pay ratio is calculated at the 25th, 50th and 75th percentiles for total pay and benefits for all UK employees for the relevant financial year on the same basis as the single figure table. Option B (utilising gender pay gap data as at 5 April 2023) is used to identify best equivalents for the calculation as it includes all UK employees. It is the most appropriate method of calculation due to our various pay structures and employee groups which exist across our UK organisation. We believe that the best equivalents are representative P25, P50 and P75 employees and their remuneration is consistent with that of the wider workforce

The CEO pay has been adjusted to not include one off relocation arrangements to provide meaningful comparison. 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 included for maximum clarity. The Committee believes that the pay ratio results reflect the Company's internally fair approach to pay through aligned and consistent frameworks. The total pay across the wider workforce is consistent with externally competitive remuneration required for the professional workforce which Wood employs, assisting with an above average pay ratio. We continue to monitor year-on-year changes to the pay ratio as they continue to fluctuate with the evolution of our workforce through integration, divestment, and acquisitive growth. We are confident the pay ratio remains relatively static reflective of aligned remuneration application between executive directors and our wider workforce.

			Ratio of CEO pay to employee pay					
			25th percentile		Median		75th percentile	
Year	**Method**		**Ratio**	**Value (000s)**	**Ratio**	**Value (000s)**	**Ratio**	**Value (000s)**
2023	Option B	Salary	16:1	£48	11:1	£68	9:1	£86
		Total Pay	41:1	£52	29:1	£75	21:1	£99
2022	Option B	Salary	18:1	£42	12:1	£62	10:1	£75
		Total pay	28:1	£47	19:1	£68	14:1	£93
2021	Option B	Salary	19:1	£41	13:1	£62	11:1	£70
		Total pay	28:1	£45	18:1	£68	15:1	£86
2020	Option B	Salary	19:1	£38	14:1	£54	11:1	£68
		Total pay	29:1	£42	18:1	£66	15:1	£80
2019	Option C	Salary	24:1	£32	18:1	£42	13:1	£59
		Total pay	48:1	£35	36:1	£46	25:1	£68
2018	Option C	Salary	20:1	£34	14:1	£49	11:1	£64
		Total pay	50:1	£38	35:1	£53	26:1	£71

Notes

We reported our CEO 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. In 2019 our calculations included all full pay relevant UK employees in line with Gender Pay Gap calculations. From 2020, our calculations are based on only our Gender Pay Gap report data using the Option B calculation method.

TSR performance summary & CEO 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.

The total remuneration for the CEO 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.

CEO remuneration (£000)

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2022	2023
CEO	Bob Keiller	Bob Keiller	Bob Keiller	Robin Watson	Robin Watson	Robin Watson	Robin Watson	Robin Watson	Robin Watson	Ken Gilmartin	Ken Gilmartin
CEO single figure of total remuneration (£'000)	£1,330	£1,146	£1,179	£1,417	£1,875	£1,690	£1,214	£1,260	£1,063	£958	£2,265
Annual bonus award as a % of maximum opportunity	48%	37%	43%	59%	88%	62%	0%	14%	36%	36%	42%
Long-term incentive vesting as a % of maximum opportunity	51%	16%	25%	11%	0%	0%	50%	25%	0%	–	10%

Notes to CEO remuneration table

Ken Gilmartin was appointed as CEO on 1 July 2022. Long-term incentives vesting during the year were awarded during his time as Chief Operating Officer and vested based on Group performance and the terms of his buy-out arrangement upon joining Wood in 2021, prior to his qualifying service as an executive director (see page 142 for details).

Executive directors' remuneration continued

Percentage change remuneration of all directors and all employees

In line with The Companies Regulations 2022, (Directors' Remuneration Policy and Directors' Remuneration Report), the below table illustrates the percentage change in remuneration for the CEO, CFO and non-executive directors as per the single figures reported each year, and all other employees within the Group. This table will accumulate over a five-year rolling period and excludes long-term incentives and pension in line with the regulations.

Executive directors' salaries were increased by a lower percentage than the wider workforce from 1 January 2023. Change in employee benefits is related to the sale of the Built Environment Consulting business in 2022, but there has been no change to Company funded benefit provision in line with executive directors.

The changes to non-executive directors fees are in line with the proposed increases effective 1 January 2023 as disclosed in our 2022 report.

For further commentary on year-on-year changes, refer to previous annual remuneration report disclosures.

Year-on-year change (%)		2019 – 2020			2020 – 2021			2021 – 2022			2022 – 2023		
		Salary	Benefits	Bonus	Salary	Benefits	Bonus	Salary	Benefits	Bonus	Salary	Benefits	Bonus
All employees		–1%	7%	–100%	3%	16%	100%	0%	0%	105%	6%	-22%	38%
Executive directors	Ken Gilmartin	-	-	-	-	-	-	-	-	-	3%	107%	136%
	David Kemp	–3%	0%	–100%	8%	0%	100%	3%	0%	145%	3%	0%	19%
Non-executive directors	Roy Franklin	47%	-	-	7%	-	-	3%	-	-	2%	-	-
	Birgitte Brinch Madsen	-	-	-	24%	-	-	3%	-	-	2.5%	-	-
	Jacqueline Ferguson	0%	-	-	15%	-	-	3%	-	-	2%	-	-
	Adrian Marsh	36%	-	-	8%	-	-	3%	-	-	2%	-	-
	Nigel Mills	-	-	-	42%	-	-	3%	-	-	2%	-	-
	Brenda Reichelderfer	-	-	-	-	-	-	36%	-	-	2.2%	-	-
	Susan Steele	-	-	-	-	-	-	49%	-	-	9.8%	-	-

Notes to the percentage change in CEO remuneration

Salary and benefits percentage change for all employees is calculated on a per capita basis using total annual spend (excl. executive directors and bonus values)/ average number of employees in the year as disclosed in Note 32 of the financial statements.

Bonus is calculated as the average award paid to all participants of the Annual Bonus Plan.

In line with regulations, pensions and long-term incentives are not required to be included in this table.

Non-executive directors do not receive benefits or bonuses.

The percentage increase in executive director salary and non-executive director fees reported between 2020-2021 reflects the reinstatement of the voluntary 10% reduction with effect from 1 January 2021.

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. The figures displayed in this table are impacted by movements in the number of employees each year.

	2023 ($m)	2022 ($m)	Difference ($m)	% change
Remuneration paid to or received by all employees	2,714.8	3,130.0	-415.20	-13.27%
Distributions to shareholders by way of dividend and share buyback	–	–	–	–

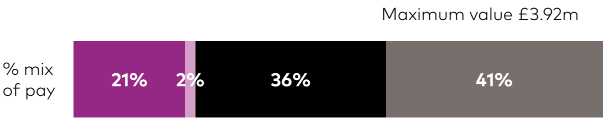
Illustrations of future application of Policy

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- and long-term incentives, with the intention to ensure a greater link between Company performance and individual reward.

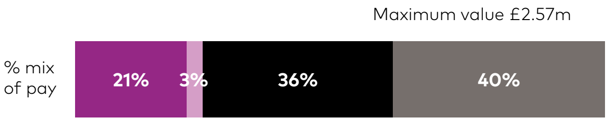
Pay mix chart

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.

Ken Gilmartin CEO



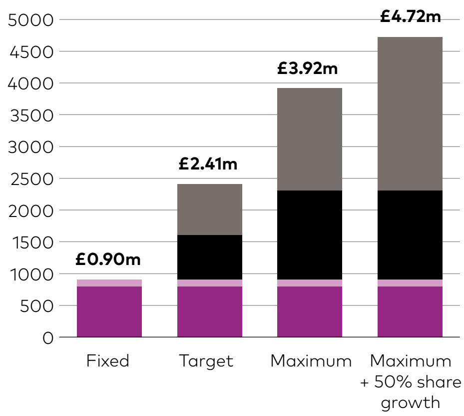
Arvind Balan CFO



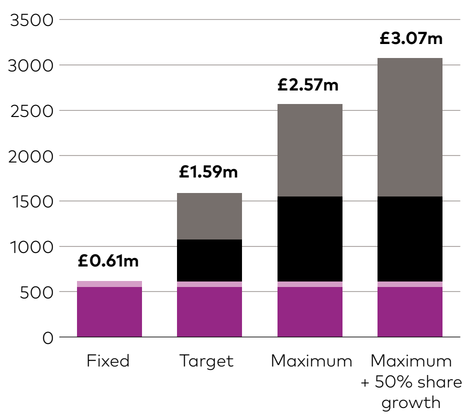
● Fixed pay ● Benefits & Pension ● Short-term incentives ● Long-term incentives

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.

Ken Gilmartin CEO
(£000's)



Arvind Balan CFO
(£000's)



● Fixed pay ● Benefits & Pension ● Short-term incentives ● Long-term incentives

Notes to the illustrations of future application of Policy

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

- Fixed pay is the salary at 1 January 2024 for Ken and as at 15 April 2024 for Arvind.
- Benefits; for Ken is the last known figure as set out in the single figure of remuneration table for 2023 calculated on an annualised basis, minus the £100,000 relocation payment. For Arvind the benefit calculation is the standard benefits aligned to the wider workforce - private medical and car allowance.
- Pension related benefits are based on 9% of the base salary, covering defined contribution pension or cash allowance in lieu of pension
- Short-term incentives is the annual bonus plan (ABP) and is based on the proposed application of the Policy for 2024 and the base salary. The illustrations above reflect maximum potential opportunity as a percentage of base salary; 175% for the CEO and 170% for the CFO
- Long-term incentives includes the Long Term Incentive Plan (LTIP) awards. The illustrations above reflect the Policy maximum of 200% of base salary. For clarity, any dividend accrual has been excluded from the charts above.

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

Target – It has been assumed that short-term incentives have met target levels, which results in payout at 50% of maximum and that long-term incentive performance is such that awards have vested at 50%.

Maximum performance – It has been assumed that short-term incentives have met maximum levels and that long-term incentive 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 long-term incentive awards.

Executive directors' remuneration continued

Statement of implementation of Policy in the following financial year

This section provides an overview of how the Committee will implement the Policy in 2024. In determining the Policy application, the Committee has complied with Provision 40 disclosures within the UK Corporate Governance Code as outlined earlier in the report.

A full copy of the Remuneration Policy can be found at: **woodplc.com/rempolicy**

Salary

Base salaries for Ken and David will increase by 4%;. Ken's annual salary will be £803,400; and David's will be £547,409 from 1 January 2024, which is aligned to the wider workforce increase of 4%. Arvind commences employment on 15 April 2024 and shall receive a base salary of £550,000.

Benefits

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

Ken will continue to receive additional US benefits for his dependents as part of his relocation arrangement.

All executive directors will be eligible to participate in the employee share plans, with contributions of up to 10% of, gross salary, subject to plan rules. David will remain eligible for the duration of his employment. Arvind will be eligible to join following three months of employment.

Arvind will also receive a gross relocation allowance (subject to receipts) of £60,000 to support relocation.

Pension related benefits

Executive directors pension benefits are aligned to their country of employment. In the UK, this is 9%, aligned with the wider workforce.

Short-term incentives

The annual bonus plan (ABP) for 2024 will provide a maximum opportunity of base salary, for each executive director in 2024 as stated.

For David Kemp, any bonus will be pro-rated to the duration of tenure during 2024.

- 175% for the position as CEO: Ken Gilmartin
- 170% for the position as CFO: Arvind Balan
- 150% for the position as CFO: David Kemp

The 2024 ABP will be measured against a mix of financial and ESG performance measures

- 90% Financial measures that will be weighted as follows:
  - 40% EBITDA
  - 40% cash generation
  - 10% Revenue backlog additions
- 10% ESG Measures
  - 5% Voluntary turnover
  - 2.5% Safety leadership engagement
  - 2.5% Fatality & Permanent Impairment (FPI)

Achievement of the safety measures will be overseen by the Safety & Sustainability Committee.

As in prior years, assurance of achievements against measures will be carried out by internal audit and validated by the Safety & Sustainability Committee and external auditors as appropriate.

For 2024, the cash generation measure will be based on operating cash flow. The Committee considered that it was appropriate to incentivise management to continue to drive cash from operations as this is considered to be critical to the long-term strength of the business.

The Committee set the targets for the annual bonus plan for the year ending 31 December 2024 at its meeting in March 2024. 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.

David Kemp will continue to be eligible for a 2024 annual bonus for his period of employment to cessation of employment based on a maximum bonus opportunity of 150% of base salary.

Long-term incentives (LTI)

The LTI plan for 2024 will provide a participation percentage of base salary, for each executive director in 2024 as stated.

- 200% for the position as CEO: Ken Gilmartin
- 185% for role the position as CFO: Arvind Balan

The LTI for 2024 will consist of the following performance measures:

Performance Measure	Weighting %	Targets Threshold	Maximum
EBITDA	60%	$525m	$644m
TSR	30%	50th percentile	75th percentile
Carbon emission reduction	5%	50%	75%
Improvement in leadership gender diversity	5%	35%	37%

Our ESG measures align closely with our long-term sustainability goals to reduce our carbon emissions (scope 1 and 2) by 40% building on progress made to date, and to achieve our target of 40% female gender representation by 2030.

The bespoke TSR peer group will be Aker Solutions, Fluor, Hunting, KBR, Maire Tecnimont, Petrofac, Saipem, SBM Offshore, SNC Lavalin, Technip Energies, TechnipFMCm Tecnicas Reunidas and Worley.

No award will be made for less than threshold performance; 25% becomes payable on reaching threshold and 100% is payable on reaching maximum performance. As in prior years, assurance of achievements against measures will be carried out by internal audit and validated by the Safety & Sustainability Committee and external auditors, as appropriate.

The Committee is mindful and will monitor these awards for windfall gains over the vesting period, and continue to make use of the discretionary matrix in line with stakeholder experience, as appropriate.

Shareholding requirements

As detailed in line our Policy, shareholding requirements are 250% for the CEO and 200% for all other executives.

Chair of the Board and non-executive directors

Single figure of remuneration*

In line with our 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, CEO 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, and membership, of certain Board Committees as outlined in our fee structure table. 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.

	Year	Total fees (£'000)
Roy Franklin	**2023**	**£292.7**
	2022	£287.0
Birgitte Brinch Madsen	**2023**	**£59.6**
	2022	£58.5
Jacqui Ferguson	**2023**	**£70.2**
	2022	£68.8
Adrian Marsh	**2023**	**£70.2**
	2022	£68.8
Nigel Mills	**2023**	**£70.2**
	2022	£68.8
Brenda Reichelderfer	**2023**	**£59.6**
	2022	£58.5
Susan Steele	**2023**	**£70.2**
	2022	£63.9
Thomas Botts (to 22 June 2022)	2022	£32.9

Note: Fees include base fee and additional Committee fees in line with our fee structure and are calculated pro-rata based on the time in the role. Non-executive directors do not receive any taxable benefits which require to be reported.

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 2023, including those held by connected persons. As at the date of this report, there have been no other changes to non-executive director shareholding detailed below since 31 December 2023.

	Shares owned outright as at 1 January 2023	Shares owned outright as at 31 December 2023
Roy Franklin	37,000	74,000
Birgitte Brinch Madsen	5,000	5,000
Jacqui Ferguson	20,084	27,194
Adrian Marsh	27,000	27,000
Nigel Mills	7,341	7,341
Brenda Reichelderfer	15,000	15,000
Susan Steele	8,500	21,500

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 (AGM). The table below details the terms for current directors between the 2022 AGM and expiry of the current term of their agreements if applicable.

	Date of Appointment	Notice period	Current term expiry
Roy Franklin	06 October 2017	90 days	No fixed expiry
Birgitte Brinch Madsen	01 March 2020	90 days	No fixed expiry
Jacqui Ferguson	01 December 2016	90 days	No fixed expiry
Adrian Marsh	10 May 2019	90 days	No fixed expiry
Nigel Mills	01 May 2020	90 days	No fixed expiry
Brenda Reichelderfer	31 March 2021	90 days	31 March 2024
Susan Steele	31 March 2021	90 days	31 March 2024

Fee structure

The Chair and non-executive director fee structure for 2023 and 2024 are set out below. Following market benchmarking analysis the Board and Committee determined the Chair fee would increase by 4%, non-executive directors, fees by 4% and additional fees would increase by 19%, effective 1 January 2024. Fees will be reviewed again for 2025 during the annual process. The fee structure reflects the time commitment of Committee responsibilities and ensures we continue to attract and retain from a diverse range of backgrounds.

	2023 fees per annum	2024 fees per annum
Chair of the Board annual fee	£292,740	£304,450
Annual non-executive director fee inclusive of all Committee attendance	£59,670	£62,050
Additional annual fee for Senior Independent Director	£10,500	£12,500
Additional annual fee for Audit, Risk & Ethics/Remuneration/Safety & Sustainability Chairs	£10,500	£12,500

Changes during the year

Directors appointed
David Lockwood was appointed to the Board on 12 March 2024.

Director changes
There were no changes to non-executive directors during the year.

Directors resigned
There were no resignations of non-executive directors during the year. As announced on 11 December 2023, Jacqui Ferguson will step down as a member of the Board following the conclusion at the AGM in May 2024.

Directors' report

The directors submit their report together with the audited financial statements of the Group for the year ended 31 December 2023.

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

The Group consolidated income statement for the year is set out on page 168.

Going concern

In applying the going concern basis for preparing the financial statements, the directors have considered the Group's objectives and strategy, the 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.

More information on Going concern can be found on page 85.

Dividend

Due to the cash performance of the Group, the Board gave priority to maintaining a strong balance sheet and decided not to propose a final dividend in relation to the year ending 31 December 2023. No final dividend was declared in relation to the year ending 31 December 2022, therefore no dividend was paid to shareholders during 2023.

The Board recognises the importance of dividends to shareholders and will consider its approach to dividends in 2024 and beyond, alongside other capital allocation options.

Directors' report continued

Statutory disclosures

Statement by the directors in performance of their statutory duties in accordance with s172 Companies Act 2006 can be found on page 117.

Disclosures under Listing Rule 9.8.4R

Disclosures in relation to listing rule LR 9.8.4R where applicable are included in note 24 to the financial statements in relation to long-term incentive plans.

Energy usage and carbon emissions

We recognise the impact of energy use and carbon emissions on climate change and are committed to minimising our environmental footprint.

The Company's approach to governance, mitigation, monitoring and assurance of climate change-related risk is set out on pages 47 to 57 and details of the actions the Company is taking to manage and minimise our impact are set out on pages 59 and 60.

Detailed information on our energy usage in line with the Streamlined Energy & Carbon Reporting framework (SECR), is set out on page 59.

Political donations

During the year ended 31 December 2023, no political donations were made and no political expenditure was incurred, as defined in Part 14 of the Companies Act 2006. No donation, contribution or expenditure was made to any non-UK political party during the year.

Charitable donations

The employee-matched funding initiative supports employee fundraising efforts for employee personal choice charities, with Wood matching up to 100% of the amounts raised by employees, up to a specified limit. This initiative is the foundation of our charitable donation programme.

More information on employee-matched funding can be found on page 73.

Articles of Association

The Company's Articles of Association may only be amended by special resolution at a General Meeting of shareholders and are filed with the Registrar of Companies.

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 691,839,369 ordinary shares, each carrying one vote. The total voting rights at the date of this report are accordingly 691,839,369. No person has any special rights of control over the Company's share capital and there are no shares carrying special rights or restrictions on voting rights. All issued shares are fully paid.

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 155.

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 exercisable by employees. The Trust refrains from exercising its voting rights.

Acquisitions and purchases of own shares

Subject to applicable law and the Company's Articles of Association, the directors may exercise all powers of the Company to authorise the issue and/or market purchase of the Company's shares, subject to an appropriate authority being given to the directors by shareholders in a General Meeting and any conditions attaching to such authority.

At the 2023 annual general meeting, shareholders passed a resolution authorising the Company to purchase its own shares up to a maximum number of 69,183,936 ordinary shares. During the year ended 31 December 2023, the Company made no acquisitions of its own shares and the authority granted by this resolution has not been used.

Post-balance sheet events

Important post-balance sheet events are detailed in the notes to the financial statements. See Note 37 for further details.

Research and development activity

Wood has 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, clean energy, digital and decarbonisation, and we utilise the outcomes to improve current processes and practices as appropriate.

Appointment, retirement and removal of directors

The rules governing appointment, retirement and removal of directors are detailed in the Articles of Association.

A director may be appointed by an ordinary resolution of shareholders in a General Meeting following nomination by the Board or a member (or members) entitled to vote at such a meeting. The directors may appoint a director during any year provided that the individual stands for election by shareholders at the next annual general meeting.

Our Articles of Association are available at:
woodplc.com/articlesofassociation

Powers of directors

Subject to applicable law and the Company's Articles of Association, the directors may exercise all powers of the Company.

Indemnity of officers

Under Article 137 of the Articles, the Company may indemnify any director or former director against any liability, subject to the provisions of the Companies Act. Under the authority conferred by Article 137, 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.

Substantial shareholdings

The table below shows the holdings of major shareholders in the Company's issued ordinary share capital, as at 31 December 2023, as notified and disclosed to the Company in accordance with the Disclosure Guidance and Transparency Rules.

Shareholders	No of shares	% of shares[1]
FIL Limited	72,582,002	10.49%
FMR LLC	67,315,371	9.73%
Liontrust Investment Partners LLP	41,452,814	5.99%
abrdn plc	34,373,800	4.99%
Pzena Investment Management, Inc.	34,507,237	4.98%
Franklin Templeton Institutional, LLC	33,950,724	4.90%
Schroder Plc	33,900,442	4.90%
Ameriprise Financial	33,776,060	4.88%
Artisan Partners Limited Partnership	33,601,505	4.85%
Kiltearn Partners LLP	23,028,390	3.32%

1. Percentages provided were correct at the dates of notification.

The following changes in the interests disclosed to the Company have been notified between 31 December 2023 and 26 March 2024:

- On 16 January 2024, FIL Limited disclosed its percentage interest in the ordinary share capital of the Company was 11.01% (76,175,141 ordinary shares)
- On 30 January 2024, FIL Limited disclosed its percentage interest in the ordinary share capital of the Company was 10.89% (75,372,110 ordinary shares)
- On 5 March 2024, FIL Limited disclosed its percentage interest in the ordinary share capital of the Company was 11.07% (76,573,250 ordinary shares)

Approval of the directors' report

The strategic report set out on pages 01 to 90 and the directors' report set out on pages 153 to 156, were approved by the Board on 28 March 2024 and have been signed by the Company Secretary on behalf of the Board.

Martin J McIntyre
Company Secretary

Directors' report continued

Directors' responsibilities

The following statement, which should be read in conjunction with the directors' report and statement of the Auditor's responsibilities set out on page 167, describes the responsibilities of the directors with respect to the financial statements.

The directors are responsible for preparing the Annual report and financial statements, 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 UK-adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements on the same basis. In addition, the Group financial statements are required under the UK Disclosure Guidance and Transparency Rules to be prepared in accordance with UK-adopted international accounting standards.

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
- State whether they have been prepared in accordance with UK-adopted international accounting standards
- Assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern
- 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
- make judgements and estimates that are reasonable, relevant, reliable and prudent

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
- Implementing such internal controls as they determine are 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
- Ensuring the maintenance and integrity of the corporate and financial information included 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 principal risks and uncertainties that they face
- 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 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 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 28 March 2024 and is signed on its behalf by:

Ken Gilmartin
Chief Executive Officer

David Kemp
Chief Financial Officer

Financial statements

Group financial statements
The audited financial statements of Wood for the year ended 31 December 2023.

Company financial statements

Independent auditor's report

to the members of John Wood Group PLC

1. Our opinion is unmodified

We have audited the financial statements of John Wood Group Plc ("the Company") for the year ended 31 December 2023 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income/Expense, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement, the Company Balance Sheet, the Company Statement of Changes in Equity and the related notes, including the accounting policies on pages 175 to 183.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2023 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit, risk and ethics committee.

We were first appointed as auditor by the shareholders on 11 May 2018. The period of total uninterrupted engagement is for the six financial years ended 31 December 2023. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality: group financial statements as a whole	$30m (2022: $30m) 0.5% (2022: 0.5%) of revenue	
Coverage	79% (2022: 79%) of group revenue	
Key audit matters		**vs 2022**
Recurring risks	Goodwill impairment relating to Projects CGU	◄►
	Revenue recognition on fixed price contracts	▼
New risk	Litigation and contract related provisions and contingent liabilities	▲
Parent Company recurring risk	Recoverability of Parent Company's investment in subsidiary	◄►

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Goodwill impairment relating to Projects CGU (Goodwill relating to Projects CGU - $2,195.7 million; 2022: $2,280.8 million). (Goodwill impairment relating to Projects - $nil; 2022: $nil). *Refer to pages 124 to 127 (Audit, Risk and Ethics Committee Report), pages 175 to 183 (accounting policies) and Note 10 (financial disclosures).*	**Forecast-based assessment:** The Group estimates recoverable amounts based on value in use which requires significant estimation in forecasting future cash flows and determining growth rates and discount rates. Global market conditions continue to be challenging which is impacting the global economy. This includes increases in the risk free rate and rising prices, which result in higher discount rates and may impact the margins of the group. The effect of these matters is that, as part of our risk assessment, we determined that the value in use of goodwill relating to the Projects cash generating unit ('CGU') has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole and possibly many times that amount. The financial statements (Note 10) disclose the sensitivity estimated by the Group.	Our procedures included: • **Assessing methodology:** we assessed whether the principles and integrity of the cash flow model are in accordance with applicable standards. • **Historical comparisons:** we assessed the ability of the Group to forecast accurately, by comparing prior period forecasts of revenue growth assumptions to the actual outcomes. • **Benchmark assumptions:** we challenged the revenue and long-term growth rate assumptions used in the value in use calculations by comparing the Group's assumptions of growth against external data (such as GDP and industry sector forecasts (including current market expectations of the impact of climate where available)). • **Our valuation expertise:** we challenged the assumptions used by the Group in the calculation of the discount rates by involving our own valuation specialist to assist us in assessing the discount rate assumptions applied. • **Sensitivity analysis:** we performed our own sensitivity analysis including a reasonably possible reduction in forecast cash flows, alternative higher discount rate assumption and lower revenue growth to assess the level of sensitivity to these assumptions. • **Assessing transparency:** we assessed whether the Group's disclosures, relating to the sensitivity of the outcome of the impairment assessment to a reasonably possible adverse change in the discount rate, revenue growth rate and long-term growth rate, reflected the risks inherent in the recoverable amount of goodwill. We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed substantive procedures described. **Our results** • We found the Group's conclusion that there is no impairment of goodwill to be acceptable (2022: We found the carrying amounts of goodwill relating to the Projects CGU to be acceptable).

Independent auditor's report continued

2. Key audit matters: our assessment of risks of material misstatement (continued)

	The risk	Our response
Revenue recognition on fixed price contracts (Revenue from lump sum contracts - $1,195.3 million; 2022: $1,179.8 million) *Refer to pages 124 to 127 (Audit, Risk and Ethics Committee Report), pages 175 to 183 (accounting policies) and note 2 (financial disclosures).*	**Subjective estimate:** Fixed price ("lump sum") contracts include both complex technical and commercial requirements and may last for a number of years. Recognition of revenue and profit on such contracts relies on: • estimating the forecast costs to complete the contract, as revenue is recognised with reference to the percentage of costs incurred relative to forecast total costs on the contract; • incorporating an allowance in the assessment of contract revenue and costs for technical and commercial risks arising either from customer claims or contract penalties (liquidated damages); • estimating the amount of variation orders that can be claimed under the existing contracts and the proportion of these that satisfy the highly probable revenue recognition criteria for variable consideration, as well as determining whether the company has an enforceable right to payment; and • appropriately identifying, estimating and providing for loss making contracts. The estimates above impacted revenue for the period, receivables and contract assets, contract liabilities and provisions, including those from onerous contracts. Our view is that the risk has slightly reduced in the current year as the group is entering into fewer large fixed price contracts and continues to settle legacy matters and due to the fact that the Aegis Poland contract (by far the group's largest fixed price contract) is physically complete and has moved into the settlement phase. The effect of these matters is that, as part of our risk assessment, we determined that revenue from fixed price contracts has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole and possibly many times that amount. This includes the Aegis Poland contract, which has the single greatest effect on the estimate. The financial statements (Page 176 and Note 2) disclose the estimations made by the Group. Professional standards require us to make a rebuttable presumption that the fraud risk associated with revenue recognition is a significant risk. The incentive/pressures on management to achieve bonus targets and/or market consensus increase the risk of fraudulent revenue recognition. The opportunity is considered to apply to these long term fixed price contracts, given the factors noted above	We focused our work on a number of contracts where we consider there to be the highest degree of management judgment or estimation and designed specific procedures targeted at addressing the associated risks. Our procedures included: • **Historical comparisons:** we assessed the Group's ability to accurately forecast end of life contract margins by comparing the previous estimates of forecast total costs and variable consideration to final outcomes. • **Personnel interviews:** we obtained an understanding of the performance and status of selected contracts, including Aegis, through discussions with operational and finance contract project teams and both the Group's internal and external counsel where applicable, to consider whether relevant information was included in cost and revenue forecasts. • **Test of detail:** for selected contracts in litigation or pre-litigation, including Aegis, we inspected representation letters from external legal counsel to assess whether this corroborates or contradicts the Group's position. We performed further inquiries of the Group's external counsel to scrutinise the assessment of customer claims. • **Test of detail:** for selected contracts, including Aegis, we inspected the contracts and correspondence with customers to verify that where variation orders led to recognition of revenue these were either due to contract modifications that were determined to be approved, or variable consideration that was included in the existing contracts and considered to be highly probable. • **Test of detail:** inspected selected contracts for key financial clauses, such as liquidated damages, and correspondence with customers. We assessed whether such clauses were appropriately reflected in the revenue amounts recognised for each contract and challenged where different. • **Our project expertise:** we challenged the appropriateness of cumulative revenue and provisions recognised in relation to the Aegis contract by utilising our own Project specialists to identify the risks and opportunities associated with the contract and develop a range of possible contract out-turns. • **Test of detail:** for selected contracts, we reperformed the calculation of revenue based on percentage of completion, with reference to costs incurred. • **Site visits:** for a selected contract where physical progress could be observed, we performed an in-person site visit to inspect the physical progress on site and identify areas of complexity through observation and discussion with site personnel. • **Assessing transparency:** we assessed the adequacy of the Group's disclosures about the degree of estimation involved in arriving at the estimated revenue. We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed substantive procedures described. **Our results** • We considered the amount of revenue recognised on fixed price contracts to be acceptable. (2022: acceptable)

2. Key audit matters: our assessment of risks of material misstatement (continued)

	The risk	Our response
Litigation and contract related provisions and contingent liabilities (Certain amounts forming part of Litigation related provisions – \$25.0 million, 2022: \$12.8 million and certain amounts forming part of Project related provisions - \$42.2m, 2022: \$63.3m, as disclosed in note 22) *Refer to pages 124 to 127 (Audit, Risk and Ethics Committee Report), pages 175 to 183 (accounting policies) and notes 22 and 34 (financial disclosures).*	**Omitted exposures** In the normal course of business, potential exposures may arise from certain forms of adversarial claims proceedings, including litigation, arbitration or other forms of customer contractual disputes in respect of work carried out on customer projects or as a subcontractor to others. The uncertainties in line with IAS 37 are the determination of the probability of economic outflow and the assessment of the extent to which such outflow can be reliably measured, based on the information available to the Group. **Dispute outcome** The amounts involved are potentially significant, and the application of accounting standards to determine the amount, if any, to be provided as a liability, is inherently subjective. A number of significant customer claims exist, where the potential exposure could be material. We consider those with a potential exposure greater than \$20 million to be the most significant. The outcome of any such claims is uncertain and any position taken by management typically involves significant judgements and estimates. The degree of estimation is generally dependent on the extent of information available at a point in time and many complex matters may require several years to be resolved. Ultimate resolution may be via negotiated settlement between the parties or formal process, such as mediation, arbitration or litigation. The effect of these matters is that, as part of our risk assessment, we determined that the provisions and contingent liabilities for such forms of claims has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (notes 22 and 34) disclose the estimations made by the Group.	**Our procedures included:** • **Enquiry of lawyers:** On all significant litigation cases and other higher risk legal cases to which counsel is appointed, we performed an assessment of correspondence with the group's external counsel accompanied by discussions and formal confirmations from that counsel in order to corroborate our understanding of these matters. • **Assessment of Lawyers:** For each scoped matter where enquiries of external counsel was performed, the audit team performed a detailed assessment of the competence and objectivity of external counsel by inspecting their terms of engagement, qualifications and credentials. • **Personnel interviews:** on all significant matters subject to adversarial proceedings, we discussed the status of those matters with internal counsel and considered the documentation available to support the assessment as to whether the matter should be recognised as a provision or disclosed as a contingent liability. • **Completeness and Accuracy:** we tested the completeness and accuracy of the Global Litigations Report and Pre-litigation report by identifying litigations from our board minute review, component audit team reporting, enquiries with external counsel and verifying that these matters were captured in the aforementioned reports. • **Assessing provisions:** where provisions were required we considered the case specific documentation (such as contracts, claim letters, expert reports) or other forms of evidence available (such as legal counsel representations), evaluated the assumptions used in determining the likely economic outflow (such as the probability of settlement or the outcome of certain legal principles) and assessed the basis of management's estimate based on that evidence. • **Our project expertise:** for contract claims where we considered it appropriate, we engaged our projects analysis specialists to support our review of the claim documentation, identify the risks and opportunities associated with the dispute and assess the adequacy of the provision. • **Historical comparisons:** We compared the value of settlement of historical litigations and contract related cases with similar fact patterns to assess the Group's estimate of provisions. • **Tests of detail:** We also tested settlements exceeding \$5m following the period end to ensure these are appropriately accounted for as at the balance sheet date. • **Assessing transparency:** we assessed whether the Group's disclosures detailing significant adversarial claims adequately disclose the potential liabilities of the Group, including the determination of matters that are contingent liabilities and the extent of specific disclosure required. We performed the tests above rather than seeking to rely on any of the group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed substantive procedures described. **Our results** • We considered the provision recognised, and the contingent liability disclosures made, to be acceptable (2022: acceptable)

Independent auditor's report continued

2. Key audit matters: our assessment of risks of material misstatement (continued)

	The risk	Our response
Parent Company risk: **Recoverability of Parent Company's investment in subsidiary** (Investment in subsidiary - $4,410.7 million; 2022: $4,391.1 million). (Investment in subsidiary impairment - $nil; 2022: $nil). *Refer to pages 124 to 127 (Audit, Risk and Ethics Committee Report), pages 175 to 183 (accounting policies) and Note 1 of the Company financial statements (financial disclosures).*	**Forecast-based assessment:** The carrying amount of the Parent Company's investment in subsidiary represents 50% of the Company's total assets. Due to its materiality, in the context of the Parent Company financial statements, this is considered to be the area that had the greatest overall effect on our Parent Company audit. Global market conditions continue to be challenging which is impacting the global economy. This includes increases in the risk free rate and rising prices, which result in higher discount rates and may impact the margins of the group. The market capitalisation of the group continues to be significantly below the carrying value of net assets. The effect of these matters is that, as part of our risk assessment, we determined that the recoverable amount of the parent company's investment in subsidiary has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The parent company financial statements (Note 1) disclose the sensitivity estimated by the company.	**Our procedures included:** • **Comparing valuations:** we compared the carrying amount of the investment with the recoverable amount of the investment. The recoverable amount of the investment was derived from the net present value of relevant cash flows of the parent company's subsidiaries adjusted for the fair value of debt and other surplus assets and liabilities held by subsidiaries of the parent company. Our audit procedures over the net present value of relevant cash flows of the parent company's subsidiaries included those performed in the group Goodwill key audit matter above. We assessed the appropriateness of the adjustments made relating to the fair value of debt and other surplus assets and liabilities held by subsidiaries of the parent company. • **Assessing transparency:** we assessed whether the Group's disclosures, relating to the sensitivity of the outcome of the impairment assessment to a reasonably possible adverse change in the discount rate, revenue growth rate and long-term growth rate, reflected the risks inherent in the recoverable amount of the Parent Company's investment in subsidiary. We performed the tests above rather than seeking to rely on any of the Parent Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed substantive procedures described. **Our results** • We found the carrying amount of the investment in subsidiary, with no impairment, to be acceptable. (2022: We found the carrying amount of the investment in subsidiary, with no impairment, to be acceptable).

Goodwill impairment

We continue to perform procedures over goodwill impairment relating to Operations. However, in the current year, reasonable possible changes in the discount rate, long term growth rate and revenue growth rate would not result in an impairment and therefore we have not assessed the impairment risk relating to the Operations cash generating unit as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

US asbestos related provisions

We continue to perform procedures over US asbestos related provisions. However, relative to the other key audit matters identified in this report, the matter did not have the most significant impact on the overall audit strategy and allocation of audit resources and therefore we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at $30m (2022: $30m), determined with reference to a benchmark of Group revenue from continuing operations, of $5,900.7m, of which it represents 0.5% (2022: 0.5%). We consider Group revenue to be the most appropriate benchmark as it provides a more stable measure year on year than Group profit before tax. This is consistent with 2022.

Materiality for the parent Company financial statements as a whole was set at $29m (2022: $29m), determined with reference to a benchmark of Company total assets, of which it represents 0.4% (2022: 0.4%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2022: 75%) of materiality for the financial statements as a whole, which equates to $22.5m (2022: $22.5m) for the Group and $21.75m (2022: $21.75m) for the parent Company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

3. Our application of materiality and an overview of the scope of our audit (continued)

We agreed to report to the Audit, Risk and Ethics Committee any corrected or uncorrected identified misstatements exceeding $1.5m (2022: $1.5m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 24 (2022: 23) reporting components, we subjected 6 (2022: 6) to full scope audits for group purposes and 18 (2022: 17) to specified risk-focused audit procedures. The components for which we performed work other than audits for group reporting purposes were not individually significant but were included in the scope of our group reporting work in order to provide further coverage over the group's results. We subjected 16 (2022: 13) components to specified risk-focused audit procedures over: revenue and trade receivables; cost of sales (17 components (2022: 13)); gross amounts due from customers (14 components (2022: 13)); trade payables (11 components (2022: 9)); cash (15 components (2022: 15)); accruals and deferred income (13 components (2022: 11)); provisions (3 components (2022: 3)); administrative expenses (5 components (2022: 4); prepayments (2 components (2022: 1)); other receivables (6 components (2022: 2)); amortisation (0 components (2022: 1)); and profit from discontinued operations, net of tax (nil components (2022: 1)).

The group operates 1 shared service centre in India, the outputs of which are included in the financial information of the reporting components it services and therefore it is not a separate reporting component. This service centre is subject to specified risk-focussed audit procedures, predominantly the testing of transaction processing and controls.

The components within the scope of our work accounted for the percentages illustrated opposite.

For the residual components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back.

The Group team approved the component materiality's, which ranged from $1.7m to $14m (2022: $2.7m to $18m), having regard to the mix of size and risk profile of the Group across the components.

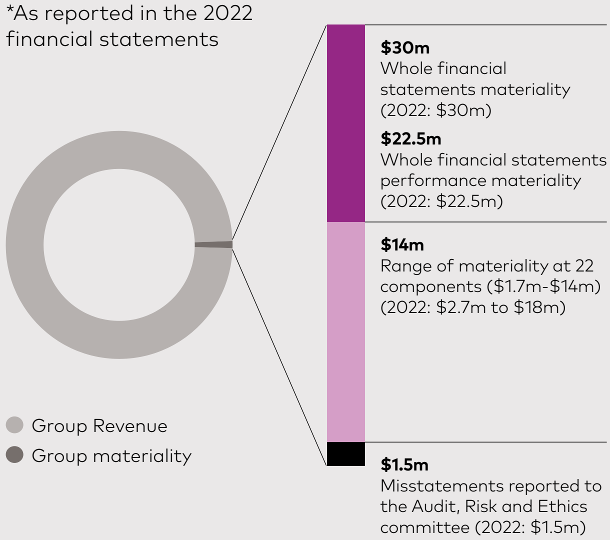
The work on 20 of the 24 components (2022: 21 of the 23 Components) was performed by the component auditors and the rest, including the audit of the parent company, was performed by the Group team.

The Group team visited 4 (2022: 3) component locations in the United States of America, Italy and the United Kingdom (2022: the United States of America and the United Kingdom), to assess the audit risk and strategy. Video and telephone conference meetings were also held with these component auditors and others that were not physically visited. At these visits and meetings, the findings reported to the Group team were discussed in more detail, and any further work required by the Group team was then performed by the component auditor.

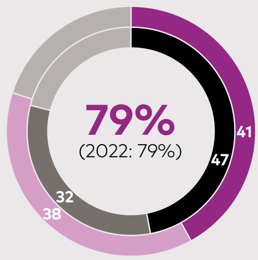
The scope of the audit work performed was predominately substantive as we placed limited reliance upon the Group's internal control over financial reporting.

Revenue
$5,900.7m (2022*: $5,432.2m)
*As reported in the 2022 financial statements

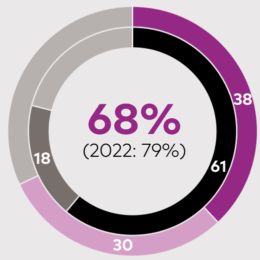
Group materiality
$30m (2022: $30m)



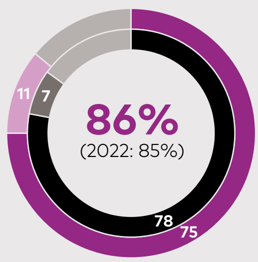
Group revenue



Total profits and losses that made up group loss before tax



Group total assets



- Full scope for group audit purposes 2023
- Specified risk-focused audit procedures 2023
- Full scope for group audit purposes 2022
- Specified risk-focused audit procedures 2022
- Residual components

Independent auditor's report continued

4. The impact of climate change on our audit

In planning our audit, we have considered the potential impact of climate change on the Group's business and its financial statements.

The Group has set out its commitments on climate change to reduce scope 1 and 2 carbon emissions by 40% by 2030.

Climate change impacts the Group in a variety of ways creating both risks and opportunities to the group. The opportunities include potential for capitalising on the growth in markets arising from energy transition. The risks include demand uncertainty relating to the market's response to climate issues, the pattern of energy transition, and the group's ability to respond to this.

As part of our audit we have made enquiries of management to understand the extent of the potential impact of climate change risk on the Group's financial statements. We have performed a risk assessment of how the impact of climate change may affect the financial statements and our audit. Our risk assessment focused on the risk climate change may pose to the determination of future cash flows used in assessments such as impairment. We held discussions with our own climate change professionals to challenge our risk assessment.

On the basis of our risk assessment, we determined that goodwill impairment is the area which will be the most impacted area of our audit.

As explained in Note 10 of the financial statements, in preparing the value-in-use calculations, management has projected growth in the Cash Generating Unit ("CGU") based on the assumptions of increase in market share in future climate related projects. Our audit response to the goodwill impairment key audit matter includes specific procedures to address the risks arising from climate change. Please refer to that key audit matter response for further details. In our response we explain how we have challenged management's growth assumptions by comparing them against external data and performing sensitivity analysis of the carrying amount to the growth assumptions. Taking into account our risk assessment procedures and the relatively short-term nature of other assets we have not identified any other key audit matters relating to climate change.

We read the disclosure of climate related information in the front half of the annual report and considered consistency with the financial statements and our audit knowledge.

5. Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and the Company's available financial resources and metrics relevant to debt covenants over this period were worsening economic conditions which could lead to unexpected deferrals or cancellations of contracts by customers, higher interest rates or a combination of these.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the directors' sensitivities over the level of available financial resources and covenant thresholds indicated by the Group's financial forecasts taking account of severe, but plausible adverse effects that could arise from these risks individually and collectively.

Our procedures also included:

- Inspecting the Revolving Credit Facility Agreement (the "RCF Agreement"), the term loan agreement and the US private placement loan note agreements, evaluating if there were any restrictions in the use of the funds. We inspected these agreements to understand the terms, including assessing the definitions of covenant metrics such as Adjusted EBITA and Net Interest Charges and whether the forecasts used for the purpose of assessing compliance with covenants appropriately reflected those definitions. We reperformed calculations for key financial covenants at each test date falling into the going concern assessment period, in order to test the expected compliance with these covenants and mathematical accuracy of the Directors' calculations.
- Assessing the ability of the Group to forecast accurately, by comparing budgets to historical results for key metrics. We challenged the current forecast assumptions by reference to the findings from the above and assessed whether they reflected market forecasts and the Group's strategy.
- Evaluating whether the key assumptions over revenue growth, Adjusted EBITA and Adjusted EBITDA margin are realistic, achievable and consistent with the external and internal environment and other matters identified in the audit.

We considered whether the going concern disclosure on page 175 of the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks, dependencies and related sensitivities.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the directors' statement on page 175 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period, and we found the going concern disclosure on page 175 to be acceptable; and
- the related statement under the Listing Rules set out on pages 85 and 86 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

6. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the Audit Risk and Ethics committee, internal audit, the ethics and compliance team, the internal legal team, external law firms and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, Audit Risk and Ethics committee, Remuneration committee, Nomination committee and Safety Assurance and Business Ethics committee minutes.
- Considering remuneration incentive schemes and performance targets for management and directors including the annual bonus plan and long-term incentive plan.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Our forensic specialists assisted us in identifying key fraud risks. This included holding a discussion with the engagement partner, engagement manager and engagement quality control reviewer, and assisting with designing and executing relevant audit procedures to respond to the identified fraud risks.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group audit team to component audit teams of relevant fraud risks identified at the Group level and request to component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at the Group level.

As required by auditing standards, and taking into account possible pressures to meet profit targets and external debt covenant thresholds, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular over fixed price contracts where there is increased judgement in determining key metrics impacting revenue recognition and the risk of bias in accounting estimates and judgements such as goodwill impairment assumptions.

We did not identify any additional fraud risks.

Further detail in respect of revenue recognition on fixed price contracts is set out in the key audit matter disclosures in section 2 of this report.

We performed procedures including:

- Identifying journal entries and other adjustments to test at Group-level and for all in-scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those containing key words which may indicate a high risk, those posted to unusual accounts and all material post-close journal entries.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias, including assessing revenue recognition on fixed price contracts for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group audit team to component audit teams of relevant laws and regulations identified at the Group level, and a request for component auditors to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation, and pensions legislation in respect of defined benefit pension schemes and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery and anti-corruption, money laundering legislation, employment law and social security legislation, contract legislation, Foreign Corrupt Practices Act, environmental protection legislation, federal acquisition regulations and certain aspects of company legislation recognising the nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

For the asbestos related litigation and contingent liability matters discussed in notes 21 and 34, we assessed disclosures against our understanding gained through the audit procedures performed including inspection of legal correspondence.

We discussed with the Audit, Risk and Ethics committee matters related to actual or suspected breaches of laws or regulations, for which disclosure is not necessary, and considered any implications for our audit.

Independent auditor's report continued

6. Fraud and breaches of laws and regulations – ability to detect (continued)

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

7. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and Directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the Viability statement page 86 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Analysis of Principal Risks disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the directors' explanation in the Viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the Viability statement, set out on page 86 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Risk and Ethics Committee, including the significant issues that the Audit Risk and Ethics Committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in this respect.

8. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 156, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at **www.frc.org.uk/auditorsresponsibilities.**

The Company is required to include these financial statements in an annual financial report prepared under Disclosure Guidance and Transparency Rule 4.1.17R and 4.1.18R. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

10. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Glendenning (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
1 Marischal Square
Broad Street
Aberdeen
AB10 1DD

28 March 2024

Consolidated income statement

for the year ended 31 December 2023

	Note	2023 Pre–exceptional items $m	2023 Exceptional items $m	2023 Total $m	2022 (re-presented*) Pre–exceptional items $m	2022 (re-presented*) Exceptional items $m	2022 (re-presented*) Total $m
Continuing operations							
Revenue	**1,2,5**	**5,900.7**	**-**	**5,900.7**	5,469.3	(8.0)	5,461.3
Cost of sales	**5**	**(5,191.1)**	**(24.7)**	**(5,215.8)**	(4,800.6)	(17.0)	(4,817.6)
Gross profit		**709.6**	**(24.7)**	**684.9**	668.7	(25.0)	643.7
Administrative expenses	**5**	**(614.4)**	**(31.6)**	**(646.0)**	(600.8)	(96.2)	(697.0)
Impairment loss on trade receivables and contract assets		**(23.8)**	**(20.4)**	**(44.2)**	-	-	-
Impairment of goodwill and intangible assets	**5**	**-**	**-**	**-**	-	(542.3)	(542.3)
Share of post-tax profit from joint ventures	**13**	**42.8**	**-**	**42.8**	30.4	-	30.4
Operating profit/(loss)		**114.2**	**(76.7)**	**37.5**	98.3	(663.5)	(565.2)
Finance income	**3**	**19.4**	**-**	**19.4**	6.9	-	6.9
Finance expense	**3,5**	**(108.5)**	**(11.1)**	**(119.6)**	(127.2)	(5.9)	(133.1)
Profit/(loss) before taxation from continuing operations	**4,5**	**25.1**	**(87.8)**	**(62.7)**	(22.0)	(669.4)	(691.4)
Taxation	**5,6**	**(54.6)**	**(10.4)**	**(65.0)**	(47.3)	36.4	(10.9)
Loss for the year from continuing operations		**(29.5)**	**(98.2)**	**(127.7)**	(69.3)	(633.0)	(702.3)
Discontinued operations							
(Loss)/profit from discontinued operations, net of tax	**7**	**(10.2)**	**32.7**	**22.5**	60.2	290.4	350.6
Loss for the period		**(39.7)**	**(65.5)**	**(105.2)**	(9.1)	(342.6)	(351.7)
(Loss)/profit attributable to							
Owners of the parent		**(45.2)**	**(65.5)**	**(110.7)**	(13.7)	(342.6)	(356.3)
Non-controlling interests	**30**	**5.5**	**–**	**5.5**	4.6	–	4.6
		(39.7)	**(65.5)**	**(105.2)**	(9.1)	(342.6)	(351.7)
Earnings per share (expressed in cents per share)							
Basic	**9**			**(16.1)**			(52.4)
Diluted	**9**			**(16.1)**			(52.4)
Earnings per share – continuing operations (expressed in cents per share)							
Basic	**9**			**(19.4)**			(103.9)
Diluted	**9**			**(19.4)**			(103.9)

The notes on pages 175 to 244 are an integral part of these consolidated financial statements.

* The comparative information has been re-presented in line with the requirements of IFRS 5, paragraph 36, due to the reclassification of Built Environment Consulting Saudi Arabia from discontinued into continuing operations following a decision not to dispose of that business (note 7).

Consolidated statement of comprehensive income/expense

for the year ended 31 December 2023

	Note	2023 $m	2022 *restated $m
Loss for the year		**(105.2)**	(351.7)
Other comprehensive (expense)/income from continuing operations			
Items that will not be reclassified to profit or loss			
Re-measurement (losses)/gains on retirement benefit obligations	**33**	**(82.2)**	168.0
Movement in deferred tax relating to retirement benefit obligations	**6**	**18.0**	(41.6)
Total items that will not be reclassified to profit or loss		**(64.2)**	126.4
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges	**29**	**3.8**	5.1
Tax on derivative financial instruments	**6**	**(0.4)**	(1.7)
Exchange movements on retranslation of foreign operations	**29**	**58.2**	(165.1)
Total items that may be reclassified subsequently to profit or loss		**61.6**	(161.7)
Other comprehensive expense from continuing operations for the year, net of tax		**(2.6)**	(35.3)
Other comprehensive (expense)/income from discontinued operations			
Re-measurement gains on retirement benefit schemes	**33**	**-**	2.9
Net exchange movements on disposal of foreign currency operations*		**-**	54.5
Exchange movements on retranslation of foreign operations	**29**	**-**	(57.9)
Other comprehensive expense from discontinued operations for the year, net of tax		**-**	(0.5)
Total comprehensive expense for the year		**(107.8)**	(387.5)
Total comprehensive expense for the year is attributable to:			
Owners of the parent		**(113.3)**	(392.1)
Non-controlling interests		**5.5**	4.6
		(107.8)	(387.5)

Exchange movements on the retranslation of foreign operations could be subsequently reclassified to profit or loss in the event of the disposal of a business.

* Based on the requirements of IAS 1 Presentation of Financial Statements, the net exchange movements on disposal of foreign currency operations of $54.5m should have been deducted from the statement of comprehensive income and expense for the year ending 31 December 2022, and the prior year comparative has been adjusted to reflect this. This matter came to the attention of the directors following the Financial Reporting Council's Corporate Reporting Review Team ("FRC") enquiry, as described in more detail in the Audit, Risks and Ethics Committee report on page 127. The reclassification adjustment had no impact on loss for the year, cash flows or any of the balance sheet captions in the current or prior period.

The notes on pages 175 to 244 are an integral part of these consolidated financial statements.

Consolidated balance sheet

as at 31 December 2023

	Note	2023 $m	2022 $m
Assets			
Non-current assets			
Goodwill and other intangible assets	10	4,319.0	4,309.1
Property plant and equipment	11	65.3	82.4
Right of use assets	12	355.9	276.0
Investment in joint ventures	13	178.1	156.5
Other investments	13	51.3	56.0
Long term receivables	15	184.2	129.5
Retirement benefit scheme surplus	33	391.9	432.4
Deferred tax assets	23	43.1	61.2
		5,588.8	5,503.1
Current assets			
Inventories	14	16.3	11.1
Trade and other receivables	15	1,554.4	1,545.0
Financial assets	15	9.2	10.8
Income tax receivable		57.9	40.7
Assets held for sale		-	21.0
Cash and cash equivalents	16	434.0	536.7
		2,071.8	2,165.3
Total assets		7,660.6	7,668.4
Liabilities			
Current liabilities			
Borrowings	18	315.3	345.9
Trade and other payables	17	1,706.7	1,687.6
Income tax liabilities		115.8	218.1
Lease liabilities	12	83.4	83.2
Provisions	22	57.6	44.9
Liabilities held for sale		-	20.6
		2,278.8	2,400.3
Net current liabilities		(207.0)	(235.0)
Non-current liabilities			
Borrowings	18	812.2	584.0
Deferred tax liabilities	23	76.6	100.1
Retirement benefit scheme deficit	33	80.1	73.2
Lease liabilities	12	317.4	259.7
Other non-current liabilities	19	69.4	106.8
Asbestos related litigation	21	306.5	311.4
Provisions	22	77.7	103.4
		1,739.9	1,538.6
Total liabilities		4,018.7	3,938.9
Net assets		3,641.9	3,729.5
Equity attributable to owners of the parent			
Share capital	25	41.3	41.3
Share premium	26	63.9	63.9
Retained earnings	27	1,312.9	1,224.4
Merger reserve	28	2,298.8	2,540.8
Other reserves	29	(80.4)	(142.4)
Total equity attributable to owners of the parent		3,636.5	3,728.0
Non-controlling interests	30	5.4	1.5
Total equity		3,641.9	3,729.5

The financial statements on pages 168 to 244 were approved by the board of directors on 28 March 2024 and signed on its behalf by:

Ken Gilmartin, Director   David Kemp, Director

The notes on pages 175 to 244 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

for the year ended 31 December 2023

*restated	Note	Share capital $m	Share premium $m	Retained earnings $m	Merger reserve $m	Other reserves $m	Equity attributable to owners of the parent $m	Non–controlling interests $m	Total equity $m
At 1 January 2022		**41.3**	**63.9**	**1,415.0**	**2,540.8**	**21.0**	**4,082.0**	**3.3**	**4,085.3**
(Loss)/Profit for the year		–	–	(356.3)	–	–	**(356.3)**	4.6	**(351.7)**
Other comprehensive income/(expense):									
Re-measurement gains on retirement benefit schemes	**33**	–	–	168.0	–	–	**168.0**	–	**168.0**
Re-measurement gains on retirement benefit schemes (discontinued)	**33**	–	–	2.9	–	–	**2.9**	–	**2.9**
Movement in deferred tax relating to retirement benefit schemes	**6**	–	–	(41.6)	–	–	**(41.6)**	–	**(41.6)**
Cash flow hedges	**29**	–	–	–	–	5.1	**5.1**	–	**5.1**
Tax on derivative financial instruments	**6**	–	–	(1.7)	–	–	**(1.7)**	–	**(1.7)**
Net exchange movements on retranslation of foreign operations	**29**	–	–	–	–	(165.1)	**(165.1)**	–	**(165.1)**
Net exchange movements on disposal of foreign currency operations*	**29**	–	–	–	–	54.5	**54.5**	–	**54.5**
Net exchange movements on retranslation of foreign operations (discontinued)	**29**	–	–	–	–	(57.9)	**(57.9)**	–	**(57.9)**
Total comprehensive (expense)/income for the year*		**–**	**–**	**(228.7)**	**–**	**(163.4)**	**(392.1)**	**4.6**	**(387.5)**
Transactions with owners:									
Dividends paid	**8,30**	–	–	–	–	–	**–**	(1.1)	**(1.1)**
Credit relating to share based charges	**24**	–	–	20.7	–	–	**20.7**	–	**20.7**
Deferred tax impact of rate change in equity	**6**	–	–	(0.8)	–	–	**(0.8)**	–	**(0.8)**
Other tax movements in equity	**6**	–	–	(1.3)	–	–	**(1.3)**	–	**(1.3)**
Exchange movements in respect of shares held by employee share trusts	**27**	–	–	12.5	–	–	**12.5**	–	**12.5**
Purchase of company shares by employee share trust for the Share Incentive Plan (SIP)	**27**	–	–	1.7	–	–	**1.7**	–	**1.7**
Transactions with non-controlling interests	**30**	–	–	5.3	–	–	**5.3**	(5.3)	**-**
At 31 December 2022		**41.3**	**63.9**	**1,224.4**	**2,540.8**	**(142.4)**	**3,728.0**	**1.5**	**3,729.5**

* Based on the requirements of IAS 1 Presentation of Financial Statements, the net exchange movements on disposal of foreign currency operations of $54.5m should have been deducted from the statement of comprehensive income and expense for the year ending 31 December 2022. Within the Consolidated statement of changes in equity, the $54.5m was previously presented as a transaction with owners and so has been reclassified to total comprehensive income and expense. This matter came to the attention of the directors following the Financial Reporting Council's Corporate Reporting Review Team ("FRC") enquiry, as described in more detail in the Audit, Risks and Ethics Committee report on page 127. The reclassification adjustment had no impact on loss for the year, cash flows or any of the balance sheet captions in the current or prior period.

Consolidated statement of changes in equity continued

for the year ended 31 December 2023

	Note	Share capital $m	Share premium $m	Retained earnings $m	Merger reserve $m	Other reserves $m	Equity attributable to owners of the parent $m	Non-controlling interests $m	Total equity $m
At 1 January 2023		41.3	63.9	1,224.4	2,540.8	(142.4)	**3,728.0**	1.5	**3,729.5**
(Loss)/Profit for the year		–	–	(110.7)	–	–	**(110.7)**	5.5	**(105.2)**
Other comprehensive income/(expense):									
Re-measurement losses on retirement benefit schemes	**33**	–	–	(82.2)	–	–	**(82.2)**	–	**(82.2)**
Movement in deferred tax relating to retirement benefit schemes	**6**	–	–	18.0	–	–	**18.0**	–	**18.0**
Cash flow hedges	**29**	–	–	–	–	3.8	**3.8**	–	**3.8**
Tax on derivative financial instruments	**6**	–	–	(0.4)	–	–	**(0.4)**	–	**(0.4)**
Net exchange movements on retranslation of foreign operations	**29**	–	–	–	–	58.2	**58.2**	–	**58.2**
Total comprehensive (expense)/income for the year			**–**	**(175.3)**	**–**	**62.0**	**(113.3)**	**5.5**	**(107.8)**
Transactions with owners:									
Dividends paid	**8,30**	–	–	–	–	–	**–**	(1.6)	**(1.6)**
Credit relating to share based charges	**24**	–	–	19.6	–	–	**19.6**	–	**19.6**
Deferred tax impact of rate change in equity	**6**	–	–	0.7	–	–	**0.7**	–	**0.7**
Other tax movements in equity	**6**	–	–	(0.1)	–	–	**(0.1)**	–	**(0.1)**
Purchase of company shares by employee share trust for the Share Incentive Plan (SIP)	**27**	–	–	1.6	–	–	**1.6**	–	**1.6**
Transfer from merger reserve to retained earnings	**28**	–	–	242.0	(242.0)	–	**–**	–	**–**
At 31 December 2023		**41.3**	**63.9**	**1,312.9**	**2,298.8**	**(80.4)**	**3,636.5**	**5.4**	**3,641.9**

During 2023, John Wood Group Holdings Limited paid $242.0m to John Wood Group PLC in a partial settlement of the promissory note, which was put in place during 2019. The repayment represented qualifying consideration and as a result the Company transferred an equivalent portion of the merger reserve to retained earnings.

Other reserves include the capital redemption reserve, capital reduction reserve, currency translation reserve and the hedging reserve.

The notes on pages 175 to 244 are an integral part of these consolidated financial statements.

Consolidated cash flow statement

for the year ended 31 December 2023

	Note	2023 $m	2022 $m
Reconciliation of loss to cash generated from operations:			
Loss for the period		**(105.2)**	(351.7)
Adjustments:			
Depreciation	**11**	**21.0**	25.2
Depreciation on right of use assets	**12**	**95.2**	82.3
Gain on disposal of leases		**(1.7)**	–
Gain on disposal of property plant and equipment	**4**	**(2.6)**	(1.6)
Impairment of goodwill and intangible assets	**10**	**–**	542.3
Impairment of property, plant and equipment	**11**	**1.8**	0.4
Impairment of joint ventures	**13**	**–**	2.0
Gain on disposal of investment in joint ventures	**13**	**(6.2)**	–
Amortisation of intangible assets	**10**	**159.7**	151.9
Share of post-tax profit from joint ventures	**13**	**(42.8)**	(30.4)
Gain on disposal of business		**(33.0)**	(514.5)
Net finance costs	**3**	**100.2**	127.9
Share based charges	**24**	**19.6**	20.7
Decrease in provisions and employee benefits		**(91.0)**	(123.1)
Dividends from joint ventures	**13**	**15.6**	30.1
Other exceptional items – non-cash impact	**1**	**84.5**	35.3
Tax charge	**6**	**58.3**	236.2
Changes in working capital (excluding effect of acquisition and divestment of subsidiaries)			
Decrease/(increase) in inventories		**1.5**	(1.6)
Increase in receivables		**(77.5)**	(97.5)
Decrease in payables		**(54.4)**	(398.9)
Exchange movements		**3.1**	8.1
Cash generated from/(used in) operations		**146.1**	(256.9)
Tax paid		**(97.7)**	(103.9)
Net cash generated from /(used in) operating activities		**48.4**	(360.8)

Consolidated cash flow statement continued

for the year ended 31 December 2023

	Note	2023 $m	2022 $m
Cash flows from investing activities			
Disposal of businesses (net of cash disposed and tax paid)		**(22.5)**	1,751.4
Proceeds from disposal of investment in joint ventures	**13**	**15.9**	–
Purchase of property plant and equipment	**11**	**(18.8)**	(27.6)
Proceeds from sale of property plant and equipment		**8.2**	7.1
Purchase of intangible assets	**10**	**(126.4)**	(109.2)
Interest received	**3**	**1.1**	4.5
Net cash (used in)/ generated from investing activities		**(142.5)**	1,626.2
Cash flows from financing activities			
Repayment of short-term borrowings	**31**	**(133.5)**	(35.0)
Proceeds from short-term borrowings	**31**	**–**	88.0
Proceeds from long term borrowings	**31**	**515.0**	–
Repayment of long-term borrowings	**31**	**(200.0)**	(1,039.1)
Payment of lease liabilities	**31**	**(113.3)**	(121.6)
Proceeds from SIP shares	**27**	**1.6**	1.7
Interest paid		**(81.7)**	(98.1)
Dividends paid to non-controlling interests	**30**	**(1.6)**	(1.1)
Net cash used in financing activities		**(13.5)**	(1,205.2)
Net (decrease)/increase in cash and cash equivalents	**31**	**(107.6)**	60.2
Effect of exchange rate changes on cash and cash equivalents	**31**	**4.9**	(26.5)
Opening cash and cash equivalents		**536.7**	503.0
Closing cash and cash equivalents	**16**	**434.0**	536.7

Cash at bank and in hand at 31 December 2023 includes $127.7m (2022: $328.4m) that is part of the Group's cash pooling arrangements. For internal reporting and for the purposes of the calculation of interest by the bank, this amount is netted with short-term overdrafts. However, in preparing these financial statements, the Group is required to gross up both its cash and short-term borrowings figures by this amount. Movement in short-term overdrafts are presented as part of the cash flows from financing activities as the overdraft facilities form part of the Group's financing.

The proceeds from long-term borrowings of $515.0m reflects the increased utilisation of the long-term revolving credit facility and the new $200.0m term loan which was issued in December 2023. The new term loan of $200.0m led to the early repayment of the UKEF loan.

Payment of lease liabilities includes the cash payments for the principal portion of lease payments of $94.6m (2022: $103.7m) and for the interest portion of $18.7m (2022: $17.9m). The classification of interest paid within financing activities is in line with the Group accounting policy.

The Group has elected to present a cash flow statement that includes an analysis of all cash flows in total, including both continuing and discontinued operations. Amounts related to the discontinued operation by operating, investing and financing activities are disclosed in note 7.

Included in the disposal of businesses are proceeds received of $27.1m relating to the sale of Built Environment Consulting and $17.5m on the Gulf of Mexico asset sale, offset by $65.0m of tax paid and $2.1m professional fees.

The notes on pages 175 to 244 are an integral part of these consolidated financial statements.

Notes to the financial statements

for the year ended 31 December 2023

General information

John Wood Group PLC, its subsidiaries and joint ventures, ('the Group') delivers comprehensive services to support its customers across the complete lifecycle of their assets, from concept to decommissioning, across a range of energy and materials markets. Details of the Group's activities during the year are provided in the Strategic Report. John Wood Group PLC is a public limited company, incorporated and domiciled in the United Kingdom and listed on the London Stock Exchange. Copies of the Group financial statements are available from the Company's registered office at Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen AB12 3LE.

Accounting Policies

Basis of preparation

These financial statements have been prepared in accordance with UK-adopted international accounting standards. The Group financial statements have been prepared on a going concern basis under the historical cost convention as modified by the revaluation of financial assets and liabilities at fair value through the income statement. The financial statements are presented in US dollars and all values are rounded to the nearest $0.1m, unless otherwise stated.

Going concern

The directors have undertaken a rigorous assessment of going concern and liquidity over a period of at least 12 months from the date of approval of these financial statements (the going concern period), which includes financial forecasts up to the end of 2025 to reflect severe, but plausible scenarios. The directors have considered as part of this assessment the impact of the events that happened post balance sheet date and up to the date of issue of these financial statements.

To satisfy themselves that the Group has adequate resources for the going concern assessment period, the directors have reviewed the Group's existing debt levels, the forecast compliance with debt covenants, and the Group's ability to generate cash from trading activities. As of 31 December 2023, the Group's principal debt facilities comprise a $1,200.0m revolving credit facility maturing in October 2026; a $200.0m term loan which matures in October 2026 and $352.5m of US private placement debt repayable in various tranches between July 2024 and July 2031, with around 75% due after the end of 2025. The weighted average maturity of the Group's debt profile has been extended as a result of a new term loan being put in place which replaced an existing facility of the same value and that was due to mature in September 2024. At 31 December 2023, the Group had headroom of $843.1m under its principal debt facilities and a further $59.8m of other undrawn borrowing facilities. The Group also expects to have sufficient levels of headroom in the severe but plausible downside scenarios modelled.

At 31 December 2023, the Group had net current liabilities of $207.0m (2022: $235.0m).

The directors have considered a range of scenarios on the Group's future financial performance and cash flows. These scenarios reflect our outlook for the energy and materials end markets. Energy includes oil and gas and the Group forecasts growth in this area underpinned by increased focus on energy security and decarbonisation of operations. During 2023, for example, the Group secured a new long-term strategic partnership around the management of UK North Sea Operations and deployed the Group's expertise in decarbonisation, digitalisation and asset life extension to enhance an international energy company's global portfolio of assets. Materials includes minerals, chemicals and life sciences which are underpinned by growing populations and global net zero ambitions.

The order book gives significant coverage over 2024 and 2025 revenues. Further, the order book is 86% reimbursable which reflects the lower risk profile of the Group's forecast cash flows over the going concern period.

The directors have also considered severe, but plausible, downside scenarios which reflect material reductions in 2024 and 2025 revenue of 7% and 5% respectively and reductions of 1% in gross margin percentage from the base, board approved, scenario. The directors believe that the additional reductions represent a severe, but plausible, downside case. This could result from a worsening economic climate which could lead to unexpected deferrals or cancellations of contracts by our clients. In each of the scenarios modelled, the financial covenants were passed with significant facility headroom remaining available. The interest cover covenant has increased levels of headroom after adjusting for the non-recurring interest related to facilities repaid and cancelled within the 12-month period up to 31 December 2023. The directors included the impact of the removal of the receivables financing facilities (which are not committed) of $200m in the base scenario and the impact of additional adverse movements in working capital as additional, more severe, downside scenarios. The Group still had sufficient headroom to meet its liabilities as they fall due with these additional sensitivities.

Consequently, the directors are confident that the Group and company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Significant accounting policies

The Group's significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

Critical accounting judgements and estimates

The preparation of the financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. These estimates and judgements are based on management's best knowledge of the amount, event or actions and actual results ultimately may differ from those estimates. Group management believe that the estimates and assumptions listed below have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities.

(a) Revenue recognition on fixed price and long-term contracts (estimate)

The Group has a large number of fixed price long-term contracts which are accounted for in accordance with IFRS 15 and require estimates to be made for contract revenue. Fixed price contracts revenue from continuing operations amounted to $1,195.3m in 2023 (2022: $1,179.8m), and is comprised of several hundred relatively low value contracts which are ongoing at any one point in time and these often span reporting periods and include small short duration consultancy contracts. They are all at varying stages of completion and carry their own unique risks. Hence, with the exception of the Aegis contract, which is described further in note 2, it is impracticable to provide any meaningful disclosure on the key sensitivities that would impact on revenue recognition, such as those outlined below.

Notes to the financial statements continued

Uncertainties include the estimation of:

Forecast costs to complete the contract

At the end of the reporting period the Group is required to estimate costs to complete on fixed price contracts based on the work to be performed after the reporting date, which may span more than one reporting period. This involves an objective evaluation of project progress against the delivery schedule, evaluation of the work to be performed and the associated costs to fully deliver the contract to the customer and contingencies. These factors are affected by a variety of uncertainties that depend on the outcome of future events, and so often need to be revised as events unfold, and therefore it is not practically possible to present these sensitivities which will be different across a large number of relatively low value contracts. The estimates from these contracts, in aggregate, could nevertheless have a possible material impact on revenue, cost of sales, gross amounts due to customers and gross amounts due from customers.

Recognition of revenue from variation orders ("VOs")

As contracts progress management may deem that the company is entitled to VOs increasing the contract price under the existing contracts (variable considerations). In some instances, changes to the scope or requirements of a project equate to changing the contract in a way that entitles the Company to additional consideration (contract modifications).

Where VOs are linked to variable consideration management estimate the value of revenue to be recognised such that it is considered highly probable that a significant reversal in the amount of cumulative revenue recognised to date will not occur when the uncertainty associated with the VO is subsequently resolved. This assessment is reconsidered at each reporting date. The assessment is based on discussions with the customer and a range of factors, including contractual entitlement, prior experience of the customer and of similar contracts with other customers.

Where VOs are linked to contract modifications, management recognise associated revenue when such modifications are approved and when the company has an enforceable right to payment. In cases where the price has not been agreed, management estimate the value of revenue to be recognised such that it is considered highly probable that a significant reversal in the amount of cumulative revenue recognised to date will not occur when the final price for the contract modification has been agreed. The Group has governance processes in place, whereby unapproved variation orders in excess of $5m require approval by senior management. As at the year end, there were two unapproved variation orders totalling $17m which were approved under this process. Revenue recognised in 2023 and 2022 associated with unapproved variation orders was immaterial.

On the Aegis contract, management deem that the Company is entitled to variable consideration under the existing contractual arrangements. Only the proportion of this deemed entitlement that is assessed as highly probable is recognised as part of the revenue calculation. The assessment of the proportion of the deemed entitlement to VOs that is considered to be highly probable is a judgement made by management in consultation with internal and external experts. The amount of the accumulated recognised VOs in relation to the Aegis contract is material.

Liquidated damages ("LDs")

LDs are designated damages (negative variable considerations) that are paid by the defaulting party in the event that certain contractual requirements are not met. Management make an assessment of the value of LDs to be provided at the reporting date such that it is considered highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the LDs is subsequently resolved. This initial assessment is reconsidered at each reporting date. The assessment is based on a best estimate of the monetary amount of LDs payable which involves a number of management assumptions and judgements including discussions with the customer, contractual entitlement, prior experience of the customer, prior experience of similar contracts with other customers and other forms of documentary evidence. Other than the Aegis contract, there were no other individually material contractual liquidated damages as at the year ended 31 December 2023. On Aegis, given the delay in achieving completion, there is potential under the contract for LDs to be material, although we believe that we have strong arguments for extension of time and dispute how the damages are being applied. As at 31 December 2023 management has assessed the extent to which LDs are likely to apply and these have been deducted from cumulative revenue recognised. Refer to note 2 for further details of this contract.

Estimates are updated regularly, and significant changes are highlighted through established internal review procedures. The contract reviews focus on the timing and recognition of revenue including income from incentive payments, scope variations and claims.

See note 2 for further details.

(b) Impairment of goodwill (estimate)

The Group carries out impairment reviews whenever events or changes in circumstance indicate that the carrying value of goodwill may not be recoverable. In addition, the Group carries out an annual impairment review. Management expectations are formed in line with performance to date and experience, as well as available external market data.

An impairment loss is recognised when the recoverable amount of goodwill is less than the carrying amount. The impairment tests are carried out by CGU ('Cash Generating Unit') and reflect the latest Group budgets and forecasts as approved by the Board. The budgets and forecasts are based on various assumptions relating to the Group's businesses including assumptions relating to market outlook, resource utilisation, contract awards and contract margins. The outlook for the Group is discussed in the Chief Executive's Review. The discount rate, revenue CAGR and long term growth rates are critical assumptions. Pre-tax discount rates of between 10.8% and 12.3% have been used to discount the CGU cash flows and a terminal value is applied using long term growth rates of 2.4%. The revenue CAGR assumption ranges from 8.3% to 13.4%. A sensitivity analysis has been performed allowing for possible changes to the key assumptions used in the impairment model.

See note 10 for further details.

(c) Provisions and contingent liabilities (judgement and estimate)

The Group records provisions where it has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the obligation can be made. Where the outcome is less than probable, but more than remote, or a reliable estimate cannot be made, no provision is recorded but a contingent liability is disclosed in the financial statements, if material. The recording of provisions is an area which requires the exercise of management judgement relating to the nature, timing and probability of the liability and typically the Group's balance sheet includes contract provisions and provisions for pending legal issues.

As a result of the acquisition of Amec Foster Wheeler ("AFW") in 2017, the Group has acquired a significant asbestos related liability. Some of AFW's legacy US and UK subsidiaries are defendants in asbestos related lawsuits and there are out of court informal claims pending in both jurisdictions. Plaintiffs claim damages for personal injury alleged to have arisen from exposure to the use of asbestos in connection with work allegedly performed by subsidiary companies in the 1970s and earlier. The provision for asbestos liabilities is the Group's best estimate of the obligation required to settle claims up until 2050. Group policy is to record annual changes to the underlying gross estimates where they move by more than 5%.

The critical assumptions applied in determining the asbestos provision include: indemnity settlement amount, forecasted number of new claims, estimated defence costs and the discount rate. The Group uses a blended yield curve rate to discount its asbestos liabilities. This rate is matched to the expected duration of the liabilities and the rate used at the end of December 2023 is 3.64%.

The Group's subsidiaries have been effective in managing the asbestos litigation, in part, because the Group has access to historical project documents and other business records going back more than 50 years, allowing it to defend itself by determining if the claimants were present at the location of the alleged asbestos exposure and, if so, the timing and extent of their presence.

The Group has recorded a $29.4m exceptional charge with respect to the asbestos liability in the period and is principally as a result of an updated actuarial review which updated the best estimate for recent claims experience and latest projections. Further details of the asbestos liabilities are provided in note 21 including a sensitivity analysis showing the impact of changes to the key assumptions.

(d) Retirement benefit schemes (estimate)

The value of the Group's retirement benefit schemes' surplus/deficit is determined on an actuarial basis using several assumptions. Changes in these assumptions will impact the carrying value of the surplus/deficit. A sensitivity analysis showing the impact of changes to these assumptions is provided in note 33. The principal assumptions that impact the carrying value are the discount rate, the inflation rate and life expectancy. The Group determines the appropriate assumptions to be used in the actuarial valuations at the end of each financial year following consultation with the retirement benefit schemes' actuaries. In determining the discount rate, consideration is given to the interest rates of high-quality corporate bonds in the currency in which the benefits will be paid and that have terms to maturity similar to those of the related retirement benefit obligation. The inflation rate is derived from the yield curve used in deriving the discount rate and adjusted by an agreed risk premium.

Assumptions regarding future mortality are based on published statistics and the latest available mortality tables. The Group, in conjunction with the schemes' actuaries, continues to monitor the impact of the Covid-19 pandemic on mortality data. The tax rate applied to the surplus of the UK scheme is 25%, on the basis that there is no expectation that the manner of any future recovery would be in the form of a refund, which would be taxed at 35%. Following the Authorised Surplus Payments Charge (Variation of Rate) Order 2024, the tax rate of 35% will be reduced to 25% from 6 April 2024. As at the balance sheet date, there are no plans to request a refund and other avenues are being explored to use the surplus. The technical surplus is not as large as the IAS 19 surplus and so there is a lower limit to what could be accessed in any event.

The majority of pension scheme assets have quoted prices in active markets. Scheme assets are revalued at least once per annum to reflect their fair value. Fair value is based on market price information. If this is not available, the most recent transaction price, revenue or earnings-based valuations using unobservable inputs may be used for level 3 investments in the fair value hierarchy.

Further details of the assumptions and measurements outlined can be seen in note 33.

Basis of consolidation

The Group financial statements are the result of the consolidation of the financial statements of the Group's subsidiary undertakings from the date of acquisition or up until the date of divestment as appropriate. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All Group companies apply the Group's accounting policies and prepare financial statements to 31 December. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

Joint ventures and joint operations

A joint venture is a type of joint arrangement where the parties to the arrangement share rights to its net assets. A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed arrangement which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

The Group's interests in joint ventures are accounted for using equity accounting. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture from the acquisition date. The results of the joint ventures are included in the consolidated financial statements from the date the joint control commences until the date that it ceases. The Group includes its share of joint venture profit on the line 'Share of post-tax profit from joint ventures' in the Group income statement and its share of joint venture net assets in the 'investment in joint ventures' line in the Group balance sheet.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The Group accounts for joint operations by recognising the appropriate proportional share of revenue, expenses, assets and liabilities.

Notes to the financial statements continued

Presentational currency

The Group's earnings stream is primarily US dollars and the Group therefore uses the US dollar as its presentational currency.

The following exchange rates have been used in the preparation of these financial statements:

	2023	2022
Average rate £1 = $	**1.2425**	1.2324
Closing rate £1 = $	**1.2749**	1.2029

Foreign currencies

In each individual entity, transactions in foreign currencies are translated into the relevant functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the balance sheet date. Any exchange differences are taken to the income statement.

Income statements of entities whose functional currency is not the US dollar are translated into US dollars at average rates of exchange for the period and assets and liabilities are translated into US dollars at the rates of exchange ruling at the balance sheet date. Exchange differences arising on translation of net assets in such entities held at the beginning of the year, together with those differences resulting from the restatement of profits and losses from average to year end rates, are taken to the currency translation reserve.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate ruling at the balance sheet date with any exchange differences taken to the currency translation reserve.

Foreign currency differences are recognised in Other Comprehensive Income ("OCI") and accumulated in the translation reserve, except to the extent that the translation difference is allocated to Non-Controlling Interests ("NCI").

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to the foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss. The directors consider it appropriate to record sterling denominated equity share capital in the financial statements of John Wood Group PLC at the exchange rate ruling on the date it was raised.

Revenue recognition

Revenue comprises the fair value of the consideration specified in a contract with a customer and is stated net of sales taxes (such as VAT) and discounts. The Group recognises revenue when it transfers control over a good or service to a customer.

With regard to cost reimbursable projects and fixed price contracts, further detail is provided below about the nature and timing of the satisfaction of performance obligations in contracts with customers, including payment terms and the related revenue recognition policies.

Cost reimbursable projects

Revenue is recognised over time as the services are provided based on contractual rates per man hour in respect of multi-year service contracts. The amount of variable revenue related to the achievement of key performance indicators (KPIs) is estimated at the start of the contract, but any revenue recognised is constrained to the extent that it is highly probable there will not be a significant reversal in future periods.

Fixed price contacts

Revenue on fixed price contracts for services, construction contracts and fixed price long-term service agreements is recognised over time according to the stage of completion reached in the contract by measuring the proportion of costs incurred for work performed to total estimated costs. Margin is only recognised when the outcome of the contract can be measured reliably.

Contract modifications are generally not distinct from those in the original contract due to the significant integration service provided in the context of the contract and are priced according to the same standalone selling prices of the original contract. Therefore, modifications are accounted for as a modification of the existing contract and performance obligations with a cumulative catch-up adjustment recognised within revenue.

Management assess the value of revenue to be recognised in respect of variation orders based on the considerations described in the critical accounting judgements and estimates section above in the paragraph regarding recognition of revenue from variation orders ("VOs").

A claim is an amount that the contractor seeks to collect from the customer as reimbursement for costs whose inclusion in the contract price is disputed, and may arise from, for example, delays caused by the customer, errors in specification or design and disputed variations in contract work. Claims are also usually variable considerations and are included in contract revenue only to the extent that it is highly probable that a significant reversal of revenue will not occur. Appropriate legal advice is taken in advance of any material revenue being recognised in respect of claims.

The related contract costs are recognised in the income statement when incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately.

The Group's payment terms state that all invoices are generally payable within 30 days.

Details of the services provided by the Group are provided under the 'Segmental Reporting' heading.

Contract balances

A contract asset includes gross amounts due from customers which reflects work completed for the client which has not yet been billed at the reporting date. Gross amounts due from customers reflects revenue recognised on the contract according to the stage of completion, less any progress payments received, and amounts are transferred to trade receivables when the right to consideration becomes unconditional. Contract assets are adjusted for any expected credit loss allowance considering the probability of default by the counterparty.

Contract liabilities include gross amounts due to customers and primarily relate to advance consideration received from customers, for which revenue is recognised over time.

Exceptional items

Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance. Transactions which may give rise to material exceptional items include gains and losses on divestment of businesses; write downs or impairments of assets including goodwill; restructuring and redundancy costs or provisions; litigation or regulatory settlements; asbestos related income or charges; tax provisions or payments; provisions for onerous contracts and acquisition and divestment costs. The tax impact on these transactions is shown separately in the exceptional items note to the financial statements (note 5).

Restructuring and redundancy costs or provisions will include those costs associated with major Board approved programmes which will deliver longer term benefits to the Group. If this involves closure of a material office, discrete operating unit or service line the exceptional cost will include redundancy and severance of impacted employees, onerous contract provisions, the write off any unrecoverable net assets and any reversals in future periods. Provisions for restructuring will be recognised in line with the policy on Provisions below.

Finance expense/income

Interest income and expense is recorded in the income statement in the period to which it relates. Arrangement fees and expenses in respect of the Group's debt facilities are amortised over the period which the Group expects the facility to be in place. Interest relating to the unwinding of discount on deferred and contingent consideration, IFRS 16 lease liabilities and asbestos liabilities is included in finance expense. Interest expense and interest income on scheme assets relating to the Group's retirement benefit schemes are also included in finance income/expense. See note 3 for further details.

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

Dividends payable

Dividends to the Group's shareholders are recognised as a liability in the period in which the dividends are approved by shareholders. Interim dividends are recognised when paid. See note 8 for further details.

Business combinations

The Group accounts for business combinations using the acquisition method of accounting when control is transferred to the Group. The consideration transferred is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Intangible assets arising on business combinations are tested for impairment when indicators of impairment exist. Acquisition costs are expensed and included in administrative expenses in the income statement.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets acquired. Goodwill is carried at cost less accumulated impairment losses. Goodwill is not amortised.

Intangible assets

Intangible assets are carried at cost less accumulated amortisation. Intangible assets are recognised if it is probable that there will be future economic benefits attributable to the asset, the cost of the asset can be measured reliably, the asset is separately identifiable and there is control over the use of the asset. Where the Group acquires a business, intangible assets on acquisition are identified and evaluated to determine the carrying value on the acquisition balance sheet. Intangible assets are amortised over their estimated useful lives on a straight-line basis, as follows:

Software	3-5 years
Development costs and licenses	3-5 years

Intangible assets on acquisition

Customer contracts and relationships	5-13 years
Order backlog	2-5 years
Brands	16 years

Property plant and equipment

Property plant and equipment (PP&E) is stated at cost less accumulated depreciation and impairment. No depreciation is charged with respect to freehold land and assets in the course of construction.

Depreciation is calculated using the straight-line method over the following estimated useful lives of the assets:

Freehold buildings	25-50 years
Leasehold improvements	period of lease
Plant and equipment	3-10 years

When estimating the useful life of an asset group, the principal factors the Group takes into account are the durability of the assets, the intensity at which the assets are expected to be used and the expected rate of technological developments. Asset lives and residual values are assessed at each balance sheet date.

Refer to the Leases policy for the Group's policy with respect to the right of use assets.

Notes to the financial statements continued

Impairment

The Group performs impairment reviews in respect of PP&E, investment in joint ventures and intangible assets whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. In addition, the Group carries out impairment reviews in respect of goodwill, at least annually. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than its carrying amount.

Impairment losses are recognised in profit or loss. They are allocated to first reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis.

For the purposes of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units ("CGUs"). Goodwill arising from a business combination is allocated to the appropriate CGU or groups of CGUs that are expected to benefit from the synergies of the combination. The CGUs are aligned to the structure the Group uses to manage its business. Cash flows are discounted in determining the value in use.

See note 10 for further details of goodwill impairment testing and note 13 for details of impairment of investment in joint ventures.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and other short-term bank deposits with original maturities of three months or less. Bank overdrafts are included within borrowings in current liabilities. The Group presents balances that are part of a pooling arrangement with no right of offset on a gross basis in both cash and short-term borrowings.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are typically classified as Held to Collect.

The Group recognises loss allowances for Expected Credit Losses ('ECLs') on trade receivables and gross amounts due from customers, measured at an amount equal to lifetime ECLs. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes a customer being in significant financial difficulty or a breach of contract such as a default. The gross carrying amount of a financial asset is written off when the Group has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

The Group has non-recourse financing arrangements in which funds are received in relation to trade receivable balances before the due date for payment. Trade receivables are derecognised on receipt of the payment from the bank. See note 15 for further details.

Asbestos related receivables

Asbestos related receivables represents management's best estimate of insurance recoveries relating to liabilities for pending and estimated future asbestos claims. They are only recognised when it is virtually certain that the claim will be paid. Asbestos related assets under executed settlement agreements with insurers due in the next 12 months are recorded within Trade and other receivables and beyond 12 months are recorded within Long term receivables. The Group's asbestos related assets have been discounted using an appropriate rate of interest.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method.

Taxation

Tax provisions are based on management's interpretation of country specific tax law and the likelihood of settlement. This involves a significant amount of judgement as tax legislation can be complex and open to different interpretation. Management uses in-house tax experts, professional firms and previous experience when assessing tax risks. When actual liabilities differ from the provisions, adjustments are made which can have a material impact on the Group's tax charge for the year.

Deferred tax asset recognition is based on two factors. Firstly, deferred tax liabilities in the same jurisdiction as assets that are legally capable of being offset and the timing of the reversal of the asset and liability would enable the deduction from the asset to be utilised against the taxable income from the liability. Secondly, forecast profits support the recognition of deferred tax assets not otherwise supported by deferred tax liabilities. Management uses in-house tax experts to determine the forecast period to support recognition, this is considered by jurisdiction or entity dependent on the tax laws of the jurisdiction. If actual results differ from the forecasts the impact of not being able to utilise the expected amount of deferred tax assets can have a material impact on the Group's tax charge for the year.

See note 6 and 23 for details.

The tax charge represents the sum of tax currently payable and deferred tax. Tax currently payable is based on the taxable profit for the year. Taxable profit differs from the profit reported in the income statement due to items that are not taxable or deductible in any period and also due to items that are taxable or deductible in a different period. The Group's liability for current tax is calculated using tax rates enacted or substantively enacted at the balance sheet date.

Tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity as appropriate.

A current tax provision is recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. In line with IFRIC 23, depending on the circumstances, the provision is either the single most likely outcome, or a probability weighted average of all potential outcomes.

The provision incorporates tax and penalties where appropriate. Separate provisions for interest are also recorded. Interest in respect of the tax provisions is not included in the tax charge, but disclosed within profit before tax.

Deferred tax is provided, using the full liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The principal temporary differences arise from depreciation on PP&E, tax losses carried forward and, in relation to acquisitions, the difference between the fair values of the net assets acquired and their tax base. Tax rates enacted, or substantively enacted, at the balance sheet date are used to determine deferred tax.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and it is intended that they will be settled on a net basis.

The Group has applied the exception in the Amendments to IAS 12 issued in May 2023 and has neither recognised nor disclosed information about deferred tax assets or liabilities relating to Pillar Two income taxes.

Accounting for derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date the contract is entered into and are subsequently re-measured at fair value. Where hedging is to be undertaken, the Group documents the relationship between the hedging instrument and the hedged item at the inception of the transaction, as well as the risk management objective and strategy for undertaking the hedge transaction. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of the hedged items.

Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable outputs and minimise the use of unobservable outputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The fair value of interest rate swaps is calculated as the present value of their estimated future cash flows. The fair value of forward foreign exchange contracts is determined using forward foreign exchange market rates at the balance sheet date. The fair values of all derivative financial instruments are verified by comparison to valuations provided by financial institutions.

The carrying values of trade receivables and payables approximate to their fair values.

The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control or use an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an asset, the Group uses the definition of a lease in IFRS 16.

The Group recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

The Group leases real estate, including land, buildings and warehouses, machinery/equipment, vehicles and IT equipment. The right of use assets generate cash flows as part of the cash generating units disclosed in note 10. The majority of the lease liability relates to real estate with leases generally entered into for fixed periods of up to five years, unless of strategic importance to the Group. Some leases have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets are not used as security for borrowing purposes.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate ("IBR") and is subsequently increased by the interest cost on the lease liability and reduced by repayments. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the assessment of whether an extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the Group's IBR is used. The IBR is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that includes renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which may affect the amount of lease liabilities and right of use assets recognised.

Notes to the financial statements continued

The Group applies the practical expedient for short-term leases in which a lessee is permitted to make an accounting policy election not to recognise lease assets and lease liabilities for leases with a term of 12 months or less and do not include an option to purchase the underlying asset. Lease costs of short-term leases are recognised on a straight-line basis over the term of the lease term and disclosed within the consolidated financial statements. The Group believes short-term lease commitments are not materially different than the short-term lease cost for the period.

Retirement benefit scheme surplus/deficit

The Group operates a number of defined benefit and defined contribution pension schemes. The surplus or deficit recognised in respect of the defined benefit schemes represents the difference between the present value of the defined benefit obligations and the fair value of the scheme assets. The assets of these schemes are held in separate trustee administered funds. The schemes are largely closed to future accrual.

The defined benefit schemes' assets are measured using fair values. Pension scheme liabilities are measured annually by an independent actuary using the projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the Group's defined benefit schemes expected to arise from employee service in the period is charged to operating profit. The interest income on scheme assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are netted and included in finance income/expense. Re-measurement gains and losses are recognised in the statement of comprehensive income in full in the period in which they occur. The defined benefit schemes surplus or deficit is recognised in full and presented on the face of the Group balance sheet.

Group management consider it appropriate to recognise the IAS 19 surplus in the Wood Pension Plan as the rules governing the scheme provide an unconditional right to a refund assuming the gradual settlement of the scheme's liabilities over time until there are no members left, as per IFRIC 14.11 (b). On a winding up scenario, any surplus would be returned to the Group.

The Group's contributions to defined contribution schemes are charged to the income statement in the period to which the contributions relate.

The Group operates a Supplemental Executive Retirement Plan (SERP) pension arrangement in the US for certain employees. Contributions are paid into a separate investment vehicle and invested in a portfolio of US funds that are recognised by the Group in other investments with a corresponding liability in other non-current liabilities. Investments are carried at fair value. The fair value of listed equity investments and mutual funds is based on quoted market prices and so the fair value measurement can be categorised in Level 1 of the fair value hierarchy.

Provisions

Provisions are recognised where the Group is deemed to have a legal or constructive obligation, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate of the obligation can be made. Where amounts provided are payable after more than one year the estimated liability is discounted using an appropriate rate of interest.

The Group has taken internal and external advice in considering known and reasonably likely legal claims made by or against the Group. It carefully assesses the likelihood of success of a claim or action. Appropriate provisions are made for legal claims or actions against the Group on the basis of likely outcome, but no provisions are made for those which, in the view of the directors, are less than probable or for which no amount can be reliably measured.

See note 22 for further details.

Where the outcome is less than probable, but more than remote or a reliable estimate cannot be made, no provision is recorded but a contingent liability is disclosed in the financial statements, if material.

Share based charges relating to employee share schemes

The Group has recorded share based charges in relation to a number of employee share schemes.

Charges are recorded in the income statement as an employee benefit expense for the fair value of share options (as at the grant date) expected to be exercised under the Executive Share Option Schemes ('ESOS'). Amounts are accrued over the vesting period with the corresponding credit recorded in retained earnings.

Awards are allocated under the Group's Long Term Plan ('LTP') or the new Discretionary Share Plan ('DSP') which are the incentive plans in place for executive directors and certain senior executives. The charge for awards granted under the LTP/DSP are based on the fair value of those awards at the grant date, spread over the vesting period. The corresponding credit is recorded in retained earnings. For awards that have a market related performance measure, the fair value of the market related element is calculated using a Monte Carlo simulation model.

Employees may also be granted non-performance awards either in the form of conditional share awards or share options. These awards typically have a three year vesting period.

The Group has an Employee Share Plan ('ESP') under which employees contribute regular monthly amounts of up to a maximum of 10% of their gross salary which are used to purchase shares over a one year period. At the end of the year the participating employees are awarded one free share for every two shares purchased providing they remain in employment for a further year. A charge is calculated for the award of free shares and accrued over the vesting period with the corresponding credit taken to retained earnings.

Under the plan the Group also has a UK Share Incentive Plan ('SIP'), which is recognised by HM Revenue and Customs, employees contribute regular monthly amounts of up to £150 per month to purchase shares. The participating employees are awarded one free share for every two purchased, provided that they hold the purchased shares for 3 years and remain in employment.

Share capital

John Wood Group PLC has one class of ordinary shares and these are classified as equity. Dividends on ordinary shares are not recognised as a liability or charged to equity until they have been approved by shareholders.

The Group is deemed to have control of the assets, liabilities, income and costs of its employee share trusts, therefore they have been consolidated in the financial statements of the Group. Shares acquired by and disposed of by the employee share trusts are recorded at cost. The cost of shares held by the employee share trusts is deducted from equity.

Merger reserve

Where an acquisition qualifies for merger relief under Section 612 of the Companies Act 2006, the premium arising on the issue of shares to fund the acquisition is credited to a merger reserve. See note 28 for further information.

Discontinued operations

The Group classified its Built Environment Consulting business as a discontinued operation for the reporting period ending 31 December 2022. A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative income statement and statement of comprehensive income are presented as if the operation had been discontinued from the start of the comparative period. Classification as held for sale was from 1 January 2022 and in September 2022, the sale of this business was completed. Details are outlined in note 7.

Segmental reporting

The Group has determined that its operating segments are based on management reports reviewed by the Chief Operating Decision Maker ('CODM'), the Group's Chief Executive. Our financial reporting segments reflect our current operating model which consists of Projects, Operations, Consulting and Investment Services ("IVS"). Projects is focused on providing front-end engineering services, procurement and project management. Our Operations segment focuses on improving operational efficiency by providing maintenance, modification and operation services. Consulting is a multi-sector specialist technical consultancy division providing innovative thinking needed to maximise value at every stage of the asset life cycle. Investment Services manages a range of legacy or non-core businesses and investments with a view to generating value via remediation and restructuring.

The comparative information has been re-presented due to the reclassification of Built Environment Consulting Saudi Arabia from discontinued into continuing operations. This relates to the sale of a subsidiary, previously classified as held for sale, which did not complete during 2023 and will now be retained by the Group.

The Chief Executive measures the operating performance of these segments using 'Adjusted EBITDA' (Earnings before interest, tax, depreciation and amortisation). Operating segments are reported in a manner consistent with the internal management reports provided to the Chief Executive who is responsible for allocating resources and assessing performance of the operating segments.

Assets and liabilities held for sale

Disposal groups are classified as assets and liabilities held for sale if it is highly probable that they will be recovered primarily through sale rather than continuing use. Disposal groups are measured at the lower of carrying value and fair value less costs to sell and their assets and liabilities are presented separately from other assets and liabilities on the balance sheet.

Research and development government credits

The Group claims research and development government credits predominantly in the UK, US, Canada and Australia. These credits are similar in nature to grants and are offset against the related expenditure category in the income statement. The credits are recognised when there is reasonable assurance that they will be received, which in some cases can be some time after the original expense is incurred.

Government grants

The Group recognises a government grant when it has reasonable assurance that it will comply with the relevant conditions and that the grant will be received. This may be a judgemental matter, particularly when governments are introducing new programmes that may require new legislation, or for which there is little established practice for assessing whether the conditions to receive a grant are met. If the conditions are met, then the Group recognises government grants as a credit in profit or loss in line with its recognition of the expenses that the grants are intended to compensate.

The Disclosure of impact of new and future accounting standards

Standards issued but not yet effective

The Group is required to comply with the requirements of IFRS 17 *Insurance Contracts* for reporting periods beginning on or after 1 January 2023. The new accounting standard sets out the requirements that the Group should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. The Group has undertaken an assessment of its insurance contracts including those held under its captive insurance company, Garlan Insurance Limited. The impact of the accounting standard does not have any material impact on the Group financial statements.

The Group has early adopted the amendments to IAS 1 – *Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants* which are required to be effective from 1 January 2024. The impact of the amendments does not have any material impact on the Group financial statements.

Amendments to other existing standards do not have a material impact on the financial statements.

Notes to the financial statements continued

1 Segmental reporting

During the year, the Group monitored activity and performance through four operating segments; Projects, Operations, Consulting and Investment Services ('IVS') plus the legacy Built Environment Consulting segment (divested in September 2022).

Under IFRS 11 'Joint arrangements', the Group is required to account for joint ventures using equity accounting. Adjusted EBITDA as shown in the table below includes our share of joint venture profits and excludes exceptional items, which is consistent with the way management review the performance of the business units. Joint venture results are reported on an equity accounting basis and therefore revenue figures exclude joint venture revenue.

The segment information provided to the Group's Chief Executive for the reportable operating segments for the year ended 31 December 2023 includes the following:

	Revenue (3)		Adjusted EBITDA(1)		Operating profit/(loss)	
Reportable operating segments	**2023 $m**	2022 $m	**2023 $m**	2022 $m	**2023 $m**	2022 $m
Projects	**2,424.2**	2,211.2	**177.2**	168.7	**11.2**	(125.3)
Operations	**2,482.2**	2,406.9	**165.2**	147.6	**88.0**	(344.3)
Consulting (re-presented) (4)	**739.1**	652.4	**79.5**	76.2	**50.4**	(3.1)
Built Environment Consulting (discontinued) (4)	**–**	854.0	**(10.2)**	69.8	**(15.2)**	63.1
Investment Services	**255.2**	198.8	**77.1**	69.3	**23.0**	46.2
Central costs (2)	**–**	–	**(76.3)**	(73.6)	**(135.1)**	(138.7)
Total Group	**5,900.7**	6,323.3	**412.5**	458.0	**22.3**	(502.1)
Elimination of discontinued operation (4)	**–**	(854.0)	**10.2**	(69.8)	**15.2**	(63.1)
Total (continuing operations)	**5,900.7**	5,469.3	**422.7**	388.2	**37.5**	(565.2)
Finance income					**19.4**	6.9
Finance expense					**(119.6)**	(133.1)
Loss before taxation from continuing operations					**(62.7)**	(691.4)
Taxation					**(65.0)**	(10.9)
Loss for the year from continuing operations					**(127.7)**	(702.3)
Profit from discontinued operation, net of tax					**22.5**	350.6
Loss for the year					**(105.2)**	(351.7)

Notes

1. A reconciliation of operating profit/(loss) to Adjusted EBITDA is provided in the table below. Adjusted EBITDA is provided as it is a unit of measurement used by the Group in the management of its business. Adjusted EBITDA is stated before exceptional items (see note 5).
2. Central includes the costs of certain Group management personnel, along with an element of Group infrastructure costs.
3. Revenue arising from sales between segments is not material, and does not include the impact of the exceptional item disclosed on the face of the income statement of $nil (2022: $8.0m) which is in respect of the Projects operating segment.
4. The comparative periods have been re-presented due to a reclassification of a business operation from discontinued into continuing operations for the year ended 31 December 2023 (see note 7). The revenue of this business for the period to 31 December 2022 was $27.1m and Adjusted EBITDA was $3.1m.

Reconciliation of Alternative Performance Measures	**2023 $m**	2022 (re-presented) $m
Operating profit/(loss) per income statement	**37.5**	(565.2)
Share of joint venture finance expense and tax (note 13)	**16.3**	14.3
Exceptional items (note 5)	**76.7**	663.5
Amortisation (including joint ventures)	**161.1**	153.4
Depreciation (including joint ventures)	**26.2**	29.3
Depreciation of right of use assets	**103.1**	90.5
Impairment of joint venture investments and PPE	**1.8**	2.4
Adjusted EBITDA (continuing operations)	**422.7**	388.2
Discontinued operation		
Operating (loss)/profit (discontinued)	**(15.2)**	63.1
Exceptional items	**5.0**	6.7
Adjusted EBITDA (discontinued operation)	**(10.2)**	69.8
Total Group Adjusted EBITDA	**412.5**	458.0

Upon classification as a discontinued operation and held for sale on 1 January 2022, the Built Environment Consulting disposal group was not depreciated or amortised in line with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

1 Segmental reporting (continued)

Analysis of joint venture profits by segment	Adjusted EBITDA(1) 2023 $m	Adjusted EBITDA(1) 2022 $m	Operating profit 2023 $m	Operating profit 2022 $m
Projects	**3.4**	3.9	**3.1**	3.5
Operations	**13.0**	15.2	**11.3**	13.0
Investment Services	**57.2**	39.4	**44.7**	28.2
Total	**73.6**	58.5	**59.1**	44.7

The main joint ventures contributing to Adjusted EBITDA and Operating Profit within the Investment Services segment are EthosEnergy and RWG. The results of these joint ventures are disclosed further in note 13.

Other segment items

At 31 December 2023	Projects $m	Operations $m	Consulting $m	Built Environment Consulting $m	Investment Services $m	Unallocated $m	Total $m
Capital expenditure							
PP&E	**6.5**	**6.0**	**2.5**	**–**	**4.3**	**1.2**	**20.5**
Intangible assets	**47.2**	**55.6**	**20.4**	**–**	**1.9**	**5.9**	**131.0**
Non-cash expense							
Depreciation	**6.9**	**6.0**	**1.3**	**–**	**2.4**	**4.4**	**21.0**
Depreciation of right of use assets	**33.3**	**25.0**	**8.6**	**–**	**15.2**	**13.1**	**95.2**
Amortisation	**81.7**	**41.1**	**19.2**	**–**	**–**	**17.7**	**159.7**
Exceptional items (non-cash element)	**43.4**	**–**	**–**	**5.0**	**–**	**36.1**	**84.5**

At 31 December 2022	Projects $m	Operations $m	Consulting $m	Built Environment Consulting $m	Investment Services $m	Unallocated $m	Total $m
Capital expenditure							
PP&E	7.3	11.6	1.3	3.1	3.2	1.1	27.6
Intangible assets	43.3	49.5	18.2	0.2	–	4.7	115.9
Non-cash expense							
Depreciation	8.7	10.3	1.0	–	1.1	4.1	25.2
Depreciation of right of use assets	34.4	17.5	8.3	–	10.6	11.5	82.3
Amortisation	77.7	36.7	27.5	–	–	10.0	151.9
Impairment of intangible assets	113.3	396.3	32.7	–	–	–	542.3
Exceptional items (non-cash element)	14.3	–	1.8	–	–	19.2	35.3

The figures in the tables above exclude the share of joint ventures.

Depreciation in respect of joint ventures totals $5.2m (2022: $4.1m), depreciation in respect of joint venture right of use assets totals $7.9m (2022: $8.2m) and joint venture amortisation amounts to $1.4m (2022: $1.5m).

Non-cash exceptionals of $84.5m (2022: $35.3m) primarily comprises $43.4m relating to the Power and Industrial EPC charges, $38.4m of asbestos charges and the disposal of the built environment business has led to a R&D tax credit being determined to be unrecoverable in the foreseeable future, and a non-cash charge of $5.0m has been recognised in addition to the charge previously recognised in 2022, following the filing of the relevant 2022 tax returns. Further detail of these charges is outlined in notes 5 and 7.

Geographical segments	Non-current assets 2023 $m	Non-current assets 2022 $m	Revenue (continuing operations) 2023 $m	Revenue (continuing operations) 2022 $m
United States of America	**2,037.7**	2,082.2	**1,402.1**	1,423.5
United Kingdom	**949.4**	803.4	**792.7**	731.5
Canada	**439.6**	436.8	**379.6**	383.2
Australia	**147.9**	150.3	**330.1**	331.9
Singapore	**93.6**	96.6	**301.1**	109.0
Norway	**103.0**	103.2	**283.2**	342.3
Brunei	**8.8**	10.2	**255.6**	232.9
Saudi Arabia	**101.7**	102.6	**245.7**	214.6
Iraq	**0.8**	0.4	**235.1**	197.5
South Africa	**4.1**	2.0	**151.7**	102.8
Papua New Guinea	**–**	–	**153.2**	125.9
Rest of the world	**1,083.0**	1,092.3	**1,370.6**	1,274.2
Total	**4,969.6**	4,880.0	**5,900.7**	5,469.3

Non-current assets includes goodwill and other intangible assets, property plant and equipment, right of use assets, investment in joint ventures and other investments. Revenue in the table above analyses total revenue and in 2022 does not reflect the $8.0m exceptional item as disclosed on the Income Statement.

Notes to the financial statements continued

2 Revenue

Revenue by geographical segment is based on the location of the ultimate project. Revenue is attributable to the provision of services.

In the following table, revenue is disaggregated by primary geographical market and major service line. The tables provided below analyses total revenue excluding our share of joint venture revenue.

Primary geographical market	**Projects 2023 $m**	Projects 2022 (re-presented) $m	**Operations 2023 $m**	Operations 2022 $m	**Consulting 2023 $m**	Consulting 2022 (re-presented) $m	**IVS 2023 $m**	IVS 2022 $m	**Total 2023 $m**	Total 2022 (re-presented) $m
USA	**535.5**	593.7	**387.9**	457.5	**274.0**	233.3	**204.7**	139.0	**1,402.1**	1,423.5
Europe	**407.4**	379.1	**843.2**	820.4	**202.0**	188.2	**8.0**	27.5	**1,460.6**	1,415.2
Rest of the world	**1,481.3**	1,238.4	**1,251.1**	1,129.0	**263.1**	230.9	**42.5**	32.3	**3,038.0**	2,630.6
Revenue	**2,424.2**	2,211.2	**2,482.2**	2,406.9	**739.1**	652.4	**255.2**	198.8	**5,900.7**	5,469.3
Major service lines										
Energy										
Oil & Gas	**902.9**	694.7	**2,095.2**	1,989.7	**357.1**	316.6	**18.3**	18.7	**3,373.5**	3,019.7
Power, Renewables, Hydrogen and Carbon Capture	**144.2**	157.5	**112.6**	122.1	**151.3**	85.5	**55.5**	44.0	**463.6**	409.1
Materials										
Refining & chemicals	**881.9**	801.3	**237.4**	224.9	**96.8**	62.5	**–**	–	**1,216.1**	1,088.7
Minerals Processing and Life Sciences	**357.0**	417.4	**18.6**	19.5	**28.5**	43.9	**–**	–	**404.1**	480.8
Other										
Built Environment	**9.7**	5.4	**14.2**	44.2	**2.1**	37.3	**166.2**	136.1	**192.2**	223.0
Industrial Processes and other	**128.5**	134.9	**4.2**	6.5	**103.3**	106.6	**15.2**	–	**251.2**	248.0
Revenue	**2,424.2**	2,211.2	**2,482.2**	2,406.9	**739.1**	652.4	**255.2**	198.8	**5,900.7**	5,469.3
Sustainable solutions	**727.8**	664.2	**263.6**	228.7	**226.9**	154.8	**55.6**	62.7	**1,273.9**	1,110.4

The comparative periods have been re-presented due to a reclassification of a business operation from discontinued into continuing operations for the year ended 31 December 2023 (see note 7). The revenue of this business for the period to 31 December 2022 was $27.1m.

The Group's revenue is largely derived from the provision of services over time.

Sustainable solutions consist of activities related to renewable energy, hydrogen, carbon capture & storage, electrification and electricity transmission & distribution, LNG, waste to energy, sustainable fuels & feedstocks and recycling, processing of energy transition minerals, life sciences, decarbonisation in oil & gas, refining & chemicals, minerals processing and other industrial processes. In the case of mixed scopes including a decarbonisation element, these are only included in sustainable solutions if 75% or more of the scope relates to that element, in which case the total revenue is recorded in sustainable solutions. Sustainable solutions with respect to the discontinued operation have not been captured.

Revenue from continuing operations in 2023 included $4,705.4m (80%) (2022: $4,289.5m, 78%) from reimbursable contracts and $1,195.3m (20%) (2022: $1,179.8m, 22%) from fixed price contracts. The calculation of revenue from lump sum contracts is based on estimates and the amount recognised could increase or decrease.

	Continuing operations		**Discontinued operations**		**Total**	
	2023 $m	2022 (re-presented) $m	**2023 $m**	2022 (re-presented) $m	**2023 $m**	2022 $m
Total revenue	**5,900.7**	5,469.3	**–**	854.0	**5,900.7**	6,323.3

Total revenue in 2022 does not reflect the $8.0m exceptional item as disclosed on the Income Statement. This exceptional item related to the Projects business unit.

Contract balances

The following table provides a summary of receivables, contract assets and liabilities arising from the Group's contracts with customers.

	2023 $m	2022 $m
Trade receivables	**729.5**	679.6
Non-current contract assets	**153.7**	97.0
Gross amounts due from customers	**522.9**	556.9
Gross amounts due to customers	**(99.0)**	(113.0)
	1,307.1	1,220.5

2 Revenue (continued)

The contract balances include amounts the Group has invoiced to customers (trade receivables) as well as amounts where the Group has the right to receive consideration for work completed which has not been billed at the reporting date (gross amounts due from customers). Gross amounts due from customers are transferred to trade receivables when the rights become unconditional which usually occurs when the customer is invoiced. Gross amounts due to customers primarily relates to advance consideration received from customers, for which revenue is recognised over time.

Non-current contract assets of $153.7m (2022: $97.0m) includes $81.2m (2022: $72.9m) of gross amounts due from customers and $15.5m (2022: $1.4m) of trade receivables in relation to the Aegis contract as at 31 December 2023. See further details on this contract below. The increase in the non-current contract assets is mainly as a result of reclassifications from current to non-current and the Aegis contract completion in the year. The Group has classified certain receivable balances, including Aegis as non-current due to the element of uncertainty surrounding the timing of the receipt of these balances. Provisions held in relation to the Aegis contract are not material.

Trade receivables and gross amounts due from customers are included within the 'Trade and other receivables' heading in the Group balance sheet. Gross amounts due to customers are included within the 'Trade and other payables' heading in the Group balance sheet.

Revenue recognised in 2023 which was included in gross amounts due to customers and deferred income at the beginning of the year of $127.0m represents amounts included within contract liabilities, including $20.6m previously disclosed within held for sale liabilities at 1 January 2023. Revenue recognised from performance obligations satisfied in previous periods of $6.6m represents revenue recognised in 2023 for performance obligations which were considered operationally complete at 31 December 2022.

Aegis Poland

This legacy AFW project involved the construction of various buildings to house the Aegis Ashore anti-missile defence facility for the United States Army Corps of Engineers ("USACE"). Wood's construction scope is now complete and the facilities were formally handed over to USACE in July 2023. The corresponding warranty period for facilities will end at various points through to July 2024. There has been no change in management's assessment of the loss at completion which remains at $222m. The full amount of this loss has been recognised to date. The Group's assessment of the ultimate loss includes change orders which have not been approved by the customer. As at 31 December 2023, $186m of certified claims had been submitted to our client, and we continue to progress further claims which could be material. The revenue recognised is estimated based on the amount that is deemed to be highly probable to be recovered. That estimation is made considering the risks and likelihood of recovery of change orders. The Group's assessment of liquidated damages also involves an expectation of relief from possible obligations linked to delays on the contract. These liquidated damages and relief assumptions are estimates prepared in conjunction with the change orders estimates noted above. Disclosure of the value of liquidated damages included in the loss at completion is not disclosed as the directors believe that this would be seriously prejudicial while commercial settlement negotiations are ongoing. The range of possible outcomes in respect to the change orders that are highly likely to be recoverable and the liquidated damages for which a relief will be obtained is material. The Group has classified the receivable balances as non-current, due to the element of uncertainty surrounding the timing of the receipt of these balances. The ultimate loss also includes the Group's assessment of the total legal costs necessary to achieve recovery of the amounts believed to be recoverable and defend our position on liquidated damages. At this point in time this is an estimate based on a weighted average of several possible outcomes and the actual costs could be materially higher or lower depending on actual route to settlement. If the amounts agreed are different to the assumptions made, then the ultimate loss could be materially different. In reaching its assessment of this loss, management have made certain estimates and assumptions relating to the date of completion and recovery of costs from USACE. If the actual outcome differs from these estimates and assumptions, the ultimate loss will be different.

Transaction price allocated to the remaining performance obligations

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2023 was as follows:

$m	Year 1	Year 2	**Total**
Revenue	3,497.3	2,140.2	**5,637.5**

The Group has not adopted the practical expedients permitted by IFRS 15, therefore all contracts which have an original expected duration of one year or less have been included in the table above. The estimate of the transaction price represents contractually agreed backlog and does not include any amounts of variable consideration which are constrained. The Group continues to move into a reimbursable contract model, moving away from turnkey lump sum contracts which are inherently riskier. 86% of future performance obligations relate to reimbursable contracts and the remainder to fixed price.

Notes to the financial statements continued

3 Finance expense/(income)

	2023 $m	2022 $m
Interest payable on senior loan notes	**16.6**	40.3
Interest payable on borrowings	**59.4**	47.2
Amortisation of bank facility fees	**4.2**	10.5
Unwinding of discount on other liabilities	**1.2**	0.9
Lease interest (note 12)	**18.7**	16.4
Other interest expense	**8.4**	11.9
Finance expense – continuing operations (pre-exceptional items)	**108.5**	127.2
Unwinding of discount on asbestos provision (note 5)	**11.1**	5.9
Finance expense – total	**119.6**	133.1
Interest receivable	**(1.1)**	(4.5)
Interest income – retirement benefit obligations (note 33)	**(18.3)**	(2.4)
Finance income	**(19.4)**	(6.9)
Finance expense – total – net	**100.2**	126.2

Net interest expense of $6.5m (2022: $4.4m) has been deducted in arriving at the share of post-tax profit from joint ventures. The unwinding of discount on the asbestos provision is $11.1m (2022: $5.9m) and includes the unwinding of discount on long-term asbestos receivables (note 21). This is presented within exceptional items in line with the Group's accounting policies.

4 Profit before taxation

	2023 $m	2022 $m
The following items have been charged/(credited) in arriving at profit before taxation:		
Employee benefits expense (note 32)	**2,714.8**	3,130.0
Amortisation of intangible assets (note 10)	**159.7**	151.9
Depreciation of property plant and equipment (note 11)	**21.0**	25.2
Depreciation of right of use assets (note 12)	**95.2**	82.3
Gain on disposal of property plant and equipment	**(2.6)**	(1.6)
Impairment of intangible assets	**–**	542.3
Foreign exchange losses	**1.0**	4.2

Depreciation of property plant and equipment is included in cost of sales or administrative expenses in the income statement. Amortisation of intangible assets is included in administrative expenses in the income statement.

An impairment charge of $542.3m was recorded in the prior year against intangible assets and related to goodwill, brands and customer relationships.

Services provided by the Group's auditors and associate firms

During the year the Group obtained the following services from its auditors, KPMG and associate firms at costs as detailed below:

	2023 $m	2022 $m
Fees payable to the Group's auditors and its associate firms for		
Audit of parent company and consolidated financial statements	**7.5**	8.7
Audit of financial statements of subsidiaries of the Company	**2.7**	2.4
Total statutory audit fees	**10.2**	11.1
Fees payable to the Group's auditor for the audit on non-statutory financial statements	**–**	0.6
Audit related assurance services	**0.5**	0.5
Other assurance services	**–**	1.4
Tax and other services	**–**	–
	10.7	13.6

The fees of $8.7m disclosed for 'Audit of parent company and consolidated financial statements' in 2022 include $1.8m relating to audit work performed in respect of the 2021 consolidated financial statements.

Fees payable to the Group's auditor for the audit of non-statutory financial statements in 2022 relate to the audit of carve-out financial statements of Built Environment Consulting.

Other assurance services in 2022 are Reporting Accountant services performed by KPMG in relation to the Built Environment Consulting disposal.

5 Exceptional items

	2023 $m	2022 $m
Exceptional items included in continuing operations		
Power and Industrial EPC losses	**45.1**	25.0
Impairment of goodwill and intangible assets (note 10)	**–**	542.3
Apollo related costs	**4.8**	–
Redundancy, restructuring and integration costs	**–**	30.1
Investigation support costs and provisions	**(2.6)**	(4.2)
Enterprise settlement	**–**	35.6
Asbestos yield curve, costs and charges	**29.4**	21.5
Russia exit costs and charges	**–**	13.2
Exceptional items included in continuing operations, before interest and tax	**76.7**	663.5
Unwinding of discount on asbestos provision	**11.1**	5.9
Tax (credit)/charge in relation to exceptional items	**(0.2)**	5.2
Release of uncertain tax provision	**(7.4)**	–
Derecognition/(recognition) of deferred tax assets due to UK pension actuarial movements	**18.0**	(41.6)
Exceptional items included in continuing operations, net of interest and tax	**98.2**	633.0

Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance.

Power and Industrial EPC losses

The Group made a strategic decision in 2021 to exit certain business segments within the Power and Industrials sub business group. Following that decision, we ceased to operate in the large-scale or lump sum turnkey business segment.

The costs of exiting that business and any subsequent costs related to the wind down of contracts in that business, to the extent they are material in size, have been treated as exceptional on the basis that they relate to a segment in which the Group no longer operates.

In the first half of 2023 the Group recorded a non-cash exceptional charge of $20.4m relating to a write down of receivable balances arising from activity in the Power and Industrial EPC business. The Group had expected to recover these balances, but these have since been disputed.

In the second half of 2023, a former client raised an arbitration claim against the Group in respect of alleged damages and costs arising from a legacy Power and Industrial contract. Following evaluation of the claim, the Group has recognised a provision of $23.0m with a charge to exceptional items, representing our assessment of probable outflows arising from the matter.

During the year additional costs relating to the discontinued business of $1.7m were recorded as an exceptional charge. This follows previous write downs made during 2022 of $25.0m, including a revenue reversal of $8.0m which represents the impact of a reduction in total value of the contract and is in relation to revenue recognised in prior years.

Apollo related costs

The Group incurred $4.8m in relation to legal and advisor costs arising from Apollo's preliminary approach to potentially acquire the ordinary share capital of the Group, which did not ultimately lead to an offer.

Investigation support costs and provisions

The regulatory investigations were all closed out during 2021 and the agreed settlements were materially in line with the provision made in 2020. The $2.6m credit relates to the release of provisions made for additional legal and other costs which were ultimately not needed.

Asbestos

All asbestos costs have been treated as exceptional on the basis that movements in the provision are non-trading and can be large and driven by market conditions which are out with the Group's control. Excluding these amounts from the trading results improves the understandability of the underlying trading performance of the Group.

The $29.4m charge (2022: $21.5m) principally comprises a $34.2m charge (2022: $52.8m) in the period that was a result of an updated actuarial review which updated the best estimate for recent claims experience and $5.4m (2022: $4.3m) of costs in relation to managing the claims. These are offset by a credit of $10.0m which relates to the collection of insurance proceeds from an insolvent insurer and a yield curve credit of $0.2m (2022: $35.6m). The lower yield curve credit recognised in 2023 is principally due to the 27 year blended yield curve rate of 3.64% not being materially different to the 30 year flat rate of 3.97% in 2022.

$11.1m of interest costs which relate to the unwinding of discount on the asbestos provision are also shown as exceptional (2022: $5.9m).

Notes to the financial statements continued

5 Exceptional items (continued)

Redundancy, restructuring and integration costs

No costs were incurred in 2023. In the prior year, $30.1m was incurred in relation to redundancy and restructuring activities.

Enterprise settlement

In the prior year, the Enterprise claim was concluded, with the amount settled being in excess of the amount provided for. The charge in the prior year was classed as an exceptional both by its nature (historic litigation settlement) and by size.

Tax

An exceptional tax charge of $10.4m (2022: $36.4m credit) has been recorded during the period. It consists of a tax credit of $0.2m on exceptional items (2022: $5.2m charge), a $7.4m credit in relation to the release of an uncertain tax provision created through exceptional items on the disposal of the Well Support business in 2011, offset by an exceptional charge of $18.0m (2022: $41.6m credit) recognised due to the actuarial loss in relation to the UK defined benefit pension scheme. As deferred tax liabilities support the recognition of deferred tax assets, the reduction of $18.0m of deferred tax assets have been recognised through exceptional items based on its size.

6 Taxation

	2023 $m	2022 $m
Current tax		
Current year	**86.1**	188.5
Adjustment in respect of prior years	**(38.3)**	(14.8)
	47.8	173.7
Deferred tax		
Origination and reversal of temporary differences	**17.0**	62.7
Adjustment in respect of prior years	**(6.5)**	(0.2)
	10.5	62.5
Total tax charge	**58.3**	236.2
Comprising		
Tax on continuing operations before exceptional items	**54.6**	47.3
Tax (credit)/charge in relation to exceptional items (note 5)	**(7.6)**	5.2
Derecognition/(recognition) of deferred tax assets due to UK pension actuarial movements (note 5)	**18.0**	(41.6)
Tax on discontinued operations	**(6.7)**	225.3
Total tax charge	**58.3**	236.2

Tax (credited)/charged to other comprehensive income/expense	**2023 $m**	2022 $m
Deferred tax movement on retirement benefit liabilities	**(18.0)**	41.6
Tax on derivative financial instruments	**0.4**	1.7
Total (credited)/charged to other comprehensive income/expense	**(17.6)**	43.3

Tax (credited)/charged to equity	**2023 $m**	2022 $m
Deferred tax impact of rate change	**(0.7)**	0.8
Other	**0.1**	1.3
Total (credited)/charged to equity	**(0.6)**	2.1

Tax payments differ from the current tax charge primarily due to the time lag between tax charge and payments in most jurisdictions and movements in uncertain tax provisions differing from the timing of any related payments.

6 Taxation (continued)

Reconciliation of applicable tax charge at statutory rates to tax charge	**2023 $m**	2022 $m
Loss before taxation from continuing operations	**(62.7)**	(691.4)
(Loss)/profit before taxation from discontinued operations (note 7)	**(15.2)**	61.4
Gain on sale of discontinued operation (note 7)	**31.0**	514.5
Less: Share of post-tax profit from joint ventures (note 13)	**(42.8)**	(30.4)
Loss before taxation from total operations (excluding profits from joint ventures)	**(89.7)**	(145.9)
Applicable tax charge at statutory rates	**(1.4)**	36.5
Effects of:		
Non-deductible expenses	**18.7**	8.2
Non-taxable income	**–**	(1.0)
Non-deductible expenses – exceptional	**4.1**	332.8
Non-taxable income – exceptional	**(9.9)**	(0.3)
Deferred tax recognition:		
Recognition of deferred tax assets not previously recognised	**(5.5)**	(4.3)
Utilisation of tax assets not previously recognised	**(3.4)**	(12.4)
Current year deferred tax assets not recognised	**62.0**	37.7
Write off of previously recognised deferred tax assets	**2.2**	5.2
Derecognition/(recognition) due to UK pension actuarial movements	**18.0**	(41.6)
Utilisation of unrecognised deferred tax assets due to the Built Environment Consulting disposal	**–**	(145.5)
Irrecoverable withholding tax	**14.3**	20.4
US Base Erosion and Anti-abuse Tax	**–**	6.7
CFC charges	**5.7**	2.3
Uncertain tax provisions	**(0.4)**	7.5
Uncertain tax provisions - exceptional	**0.6**	–
Uncertain tax provisions prior year adjustments	**(10.6)**	(26.7)
Uncertain tax provisions prior year adjustments – exceptional	**(7.4)**	1.5
Prior year adjustments	**(14.4)**	7.7
Prior year adjustments – exceptional	**(11.2)**	2.5
Impact of change in rates on deferred tax	**(3.1)**	(1.0)
Total tax charge	**58.3**	236.2
Comprising		
Tax charge on continuing operations	**65.0**	10.9
Tax (credit)/charge on discontinued operations	**(6.7)**	225.3
Total tax charge	**58.3**	236.2

The weighted average of statutory tax rates is 1.5% in 2023 (2022: (25.0%)). The low tax rate reflects an overall loss, however profits in jurisdictions with higher tax rates outweigh those at lower tax rates such that there is a small net tax amount at the Group weighted average tax level.

The adjustments in respect of prior years largely relate to the release of uncertain tax positions as the final outcome on certain issues was agreed with tax authorities during the year or the statute of limitations for audit by the tax authorities expiring without challenge, and amendments in respect of the US following more detailed analysis as part of the tax return work. The most significant uncertain tax position release elements relate to the release of legacy Well Support business related provisions of $7.4m within exceptional items and final assessments received without a penalty which had previously been provided for of $7.0m. US related prior year adjustments are a credit of $15.9m and relate to technical areas of the tax return around the availability of losses due to change of ownership rules, the apportionment of profits between states factoring in the Built Environment disposal and a full analysis of the level of Base Erosion and Anti-Abuse tax payable.

During the year, the UK defined benefit pension fund asset on the Wood Pension Plan decreased due to actuarial losses of $82.8m, resulting in the associated deferred tax liability decreasing, with a credit shown in Other Comprehensive Income. The deferred tax liability supports the recognition of deferred tax assets, and as a result $18.0m (2022: $41.6m additional recognition) has been derecognised and a corresponding debit recognised in the profit and loss account. Consistent with the prior year, this has been recognised as an exceptional item.

Notes to the financial statements continued

6 Taxation (continued)

Net income tax liabilities in the Group balance sheet include $87.1m (2022: $108.0m) relating to uncertain tax positions where management has had to exercise judgement in determining the most likely outcome in respect of the relevant issue. The larger amounts relate to recoverability of withholding taxes ($38.0m, 2022: $36.4m), group financing ($25.7m, 2022: $25.2m) and transfer pricing and tax residence ($9.4m, 2022: $9.6m). Where the final outcome on these issues differs to the amounts provided, the Group's tax charge will be impacted.

Of the uncertain tax positions, $80.4m are currently under audit by tax authorities and the provision reflects the maximum potential liability reflecting the outcome of the audits being either no liability or the full risk being challenged. The outcome of the audits will determine if there is a credit to taxation in 2024. The remaining $6.7m comprises uncertain tax positions not yet under audit, none of which are individually material. Of the $6.7m, $0.9m will become statute barred for tax authority audit during 2024 if the tax authorities do not commence an audit.

Factors affecting the tax charge in future years

There are a number of factors that may affect the Group's future tax charge including the resolution of open issues with the tax authorities, corporate acquisitions and disposals, the use of brought forward losses and changes in tax legislation and rates. The following outlines key factors that may impact on future tax charges.

On 8 October 2021, 136 countries signed up to the OECDs Inclusive Framework (Pillar II). This includes an agreement for a minimum level of tax of 15% which applies to the Group from 1 January 2024. Based on the 2023 results and an analysis of the jurisdictions to which a Pillar II charge may apply, the anticipated range of the additional charge is between $1m and $4m depending on the outcome of technical uncertainties on which guidance has yet to be provided by the OECD. The Jurisdictions Pillar II will have the greatest impact in relation to are the UAE and the captive insurance company incorporated in Guernsey but UK tax resident.

During 2022, the actuarial loss in relation to the UK pension fund has resulted in a derecognition of deferred tax assets as less can now be supported by the deferred tax liability related to the pensions asset. Whilst the movement in the deferred tax liability is taken to Other Comprehensive Income, the additional recognition of assets is taken to the Income Statement. The future tax charge will therefore be impacted by movements in the pension asset valuation with actuarial gains increasing deferred tax asset recognition and actuarial losses decreasing recognition. The deferred tax liability in relation to the UK pension fund at 31 December 2023 is $100.8m.

The UK Government announced in its budget on 3 March 2021, a rise in the rate of Corporation Tax from 19% to 25% from 1 April 2023. The increase is reflected in deferred tax in the accounts, however there is no impact as deferred tax assets are only recognised to the extent there are deferred tax liabilities in the UK. We anticipate the tax charge and cash tax payable is likely to increase from the 2024 year end onwards as a result of the rate rise to full calendar years from then on.

Tax Policy

The Group is committed to complying with all relevant tax laws, rules, regulations and reporting and disclosure requirements wherever it operates. All tax planning undertaken is consistent with the Group's overall strategy and approach to risk. The Group aims to use incentives and reliefs to minimise the tax cost of conducting business but will not use them for purposes which are knowingly contradictory to the intent of the legislation. A full copy of the Group's tax strategy can be found on the Group's website at www.woodplc.com

7 Discontinued operation

In September 2022, the Group announced it had completed an agreement to sell the Built Environment Consulting business, which is included within the Built Environment Consulting operating segment. The Built Environment Consulting business was classified as a discontinued operation from 1 January 2022, at which point the conditions under IFRS 5 were met. The Group income statement and statement of comprehensive income were re-presented to show the discontinued operation separately from continuing operations.

As per the terms of the agreement, the Group had a residual element of the transaction classified as held for sale in the 2022 Annual Report. The sale of the remaining underlying subsidiary, residing in Saudi Arabia, did not complete during 2023 and will now be retained by the Group. The results in the comparative periods arising from discontinued operations have been re-presented in the table below, with the performance of this subsidiary now showing within the Group income statement as part of continuing operations. This restatement is in accordance with the requirements of IFRS 5 paragraph 36. The revenue and profit before tax associated with this subsidiary in 2022 was $27.1m and $3.1m respectively.

(i) Results of discontinued operation

	Note	2023 $m	2022 (re-presented) $m
External revenue		–	854.0
Cost of sales		**(10.2)**	(735.8)
Gross (loss)/profit		**(10.2)**	118.2
Administrative expenses		–	(48.4)
Exceptional items – administrative expenses		**(5.0)**	(6.7)
Operating (loss)/profit		**(15.2)**	63.1
Finance expense		–	(1.7)
(Loss)/profit before tax		**(15.2)**	61.4
Taxation		–	(7.9)
Results from operating activities, net of tax		**(15.2)**	53.5
Gain on sale of discontinued operation		**31.0**	514.5
Income tax on gain on sale of discontinued operation (exceptional)		**6.7**	(217.4)
Profit from discontinued operation, net of tax		**22.5**	350.6
Earnings per share (cents)			
Basic	9	**3.3**	51.5
Diluted	9	**3.3**	51.5

The profit from the discontinued operation, net of tax of $22.5m (2022: $350.6m) is attributable entirely to the owners of the Company. Cost of sales of $10.2m relates to contract costs incurred in respect of the Built Environment Consulting business prior to its sale that were not known at the time of the disposal and should have been accrued in that business in the prior year. As the adjustment is not material the prior year comparatives have not been restated and the charge included in 2023.

The final proceeds from the disposal of the Built Environmental Consulting business were agreed during 2023 upon agreement of the completion balance sheet between the Group and WSP. This has resulted in an additional gain of $31.0m, comprising $27.1m of cash proceeds and the release of completion accruals, being recognised in discontinued operations.

The disposal of the built environment business has led to a R&D tax credit being determined to be unrecoverable in the foreseeable future, and a charge of $5.0m has been recognised in addition to the charge previously recognised in 2022, following the filing of the relevant 2022 tax returns.

(ii) Cash flows from/(used in) discontinued operation

	Note	2023 $m	2022 $m
Net cash used in operating activities		–	(6.0)
Net cash (used in)/generated from investing activities		**(40.0)**	1,748.4
Net cash flows for the period		**(40.0)**	1,742.4

Notes to the financial statements continued

8 Dividends

No decision has been taken to resume the dividend and this will be kept under review by the directors. Any decision to resume payment of a dividend will consider the Group's future profitability and cash requirements.

9 Earnings per share

	2023			2022		
	(Losses)/earnings attributable to owners of the parent $m	Number of shares m	Earnings/ (losses) per share cents	Earnings/(losses) attributable to owners of the parent $m	Number of shares m	Earnings/ (losses) per share cents
Basic pre-exceptional	**(45.2)**	**685.9**	**(6.6)**	(13.7)	680.4	(2.0)
Exceptional items, net of tax	**(65.5)**	**–**	**(9.5)**	(342.6)	–	(50.4)
Basic	**(110.7)**	**685.9**	**(16.1)**	(356.3)	680.4	(52.4)
Diluted	**(110.7)**	**685.9**	**(16.1)**	(356.3)	680.4	(52.4)
Adjusted diluted earnings per share calculation						
Basic	**(110.7)**	**685.9**	**(16.1)**	(356.3)	680.4	(52.4)
Exceptional items, net of tax	**65.5**	**–**	**9.5**	342.6	–	50.4
Amortisation related to acquisitions, net of tax	**50.8**	**–**	**7.4**	52.5	–	7.7
Adjusted diluted	**5.6**	**685.9**	**0.8**	38.8	680.4	5.7
Adjusted basic	**5.6**	**685.9**	**0.8**	38.8	680.4	5.7

9 Earnings per share (continued)

i) (Losses)/earnings attributable to equity shareholders

	2023			2022		
	Continuing operations $m	**Discontinued operations $m**	**Total $m**	Continuing operations (re-presented) $m	Discontinued operations (re-presented) $m	Total (re-presented) $m
(Losses)/earnings attributable to equity shareholders (basic pre-exceptional)	**(35.0)**	**(10.2)**	**(45.2)**	(73.9)	60.2	(13.7)
Exceptional items, net of tax	**(98.2)**	**32.7**	**(65.5)**	(633.0)	290.4	(342.6)
(Losses)/earnings attributable to equity shareholders	**(133.2)**	**22.5**	**(110.7)**	(706.9)	350.6	(356.3)
Number of shares (basic)	**685.9**	**685.9**	**685.9**	680.4	680.4	680.4
Number of shares (diluted)	**685.9**	**685.9**	**685.9**	680.4	680.4	680.4
Basic earnings per share (cents)	**(19.4)**	**3.3**	**(16.1)**	(103.9)	51.5	(52.4)
Diluted earnings per share (cents)	**(19.4)**	**3.3**	**(16.1)**	(103.9)	51.5	(52.4)

	2023			2022		
	Continuing operations $m	**Discontinued operations $m**	**Total $m**	Continuing operations (re-presented) $m	Discontinued operations (re-presented) $m	Total (re-presented) $m
(Losses)/earnings attributable to equity shareholders	**(133.2)**	**22.5**	**(110.7)**	(706.9)	350.6	(356.3)
Exceptional items, net of tax	**98.2**	**(32.7)**	**65.5**	633.0	(290.4)	342.6
Amortisation of intangibles on acquisition, net of tax	**50.8**	**-**	**50.8**	52.5	–	52.5
(Losses)/earnings attributable to equity shareholders (adjusted diluted)	**15.8**	**(10.2)**	**5.6**	(21.4)	60.2	38.8
(Losses)/earnings attributable to equity shareholders (adjusted basic)	**15.8**	**(10.2)**	**5.6**	(21.4)	60.2	38.8
Number of shares (diluted)	**685.9**	**685.9**	**685.9**	680.4	680.4	680.4
Number of shares (basic)	**685.9**	**685.9**	**685.9**	680.4	680.4	680.4
Adjusted diluted (cents)	**2.3**	**(1.5)**	**0.8**	(3.1)	8.8	5.7
Adjusted basic (cents)	**2.3**	**(1.5)**	**0.8**	(3.1)	8.8	5.7

The calculation of basic earnings per share is based on the earnings attributable to owners of the parent divided by the weighted average number of ordinary shares in issue during the year excluding shares held by the Group's employee share trusts. For the calculation of diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of dilutive potential ordinary shares, only when there is a profit per share. The Group's dilutive ordinary shares comprise share options granted to employees under Executive Share Option Schemes, shares and share options awarded under the Group's Long-Term Plan and shares awarded under the Group's Employee Share Plan and Share Incentive Plan. Adjusted basic and adjusted diluted earnings per share are disclosed to show the results excluding the impact of exceptional items and amortisation related to acquisitions, net of tax.

For the year ended 31 December 2023, the Group reported a basic loss (2022: loss) per ordinary share, therefore the effect of dilutive ordinary shares are excluded (2022: excluded) in the calculation of diluted earnings per share. Where profits have been made when disaggregating discontinued and continuing operations, the calculation of diluted earnings per share was performed on the same basis as the whole Group. Had the result been a profit, an additional 22.0m of dilutive potential shares would have been used in the calculation of diluted EPS metrics, which would have reduced the adjusted diluted EPS by 0.01 cents.

Notes to the financial statements continued

10 Goodwill and other intangible assets

	Goodwill $m	Software and development costs $m	Customer contracts and relationships $m	Order backlog $m	Brands $m	Total $m
Cost						
At 1 January 2023	4,277.4	343.2	656.1	157.0	479.4	5,913.1
Exchange movements	49.4	24.1	4.8	1.2	5.4	84.9
Additions	–	131.0	–	–	–	131.0
Disposals	–	(2.1)	–	–	–	(2.1)
Businesses divested	(15.0)	–	–	–	–	(15.0)
At 31 December 2023	**4,311.8**	**496.2**	**660.9**	**158.2**	**484.8**	**6,111.9**
Amortisation and impairment						
At 1 January 2023	488.8	239.4	547.7	157.0	171.1	1,604.0
Exchange movements	6.5	19.0	2.8	1.2	1.8	31.3
Amortisation charge	–	105.2	26.3	–	28.2	159.7
Disposals	–	(2.1)	–	–	–	(2.1)
At 31 December 2023	**495.3**	**361.5**	**576.8**	**158.2**	**201.1**	**1,792.9**
Net book value at 31 December 2023	**3,816.5**	**134.7**	**84.1**	–	**283.7**	**4,319.0**
Cost						
At 1 January 2022	5,226.2	288.8	815.7	183.9	661.0	7,175.6
Exchange movements	(173.2)	(40.3)	(21.8)	(2.8)	(13.3)	(251.4)
Additions	–	115.9	–	–	–	115.9
Disposals	–	(3.4)	–	–	–	(3.4)
Businesses divested	(775.6)	(17.8)	(137.8)	(24.1)	(168.3)	(1,123.6)
At 31 December 2022	**4,277.4**	**343.2**	**656.1**	**157.0**	**479.4**	**5,913.1**
Amortisation and impairment						
At 1 January 2022	0.8	205.7	581.2	171.7	140.9	1,100.3
Exchange movements	(5.2)	(33.4)	(15.8)	(2.5)	(3.0)	(59.9)
Amortisation charge	–	87.5	28.4	11.9	24.1	151.9
Impairment	493.2	–	4.2	–	44.9	542.3
Disposals	–	(3.4)	–	–	–	(3.4)
Businesses divested	–	(17.0)	(50.3)	(24.1)	(35.8)	(127.2)
At 31 December 2022	**488.8**	**239.4**	**547.7**	**157.0**	**171.1**	**1,604.0**
Net book value at 31 December 2022	**3,788.6**	**103.8**	**108.4**	**–**	**308.3**	**4,309.1**

10 Goodwill and other intangible assets (continued)

General

In accordance with IAS 36 'Impairment of assets', goodwill was tested for impairment during the year. The impairment tests were carried out by Cash Generating Unit ('CGU') as at 31 December 2023 (the "test date"). The Group has five CGUs and Goodwill is monitored by management at CGU level. The allocation of Goodwill by CGU as at the test date is shown in the table below.

The carrying value of the goodwill for each CGU as at the test date is shown in the table below.

Cash Generating Unit	**Goodwill carrying value 2023 Test date $m**	Goodwill carrying value 2022 Test date $m
Projects	**2,195.7**	2,280.8
Operations	**1,231.2**	1,594.8
Consulting	**356.4**	372.4
Kelchner	**16.9**	16.9
Swaggart	**16.3**	16.3

Basis for determining recoverable amount

The recoverable amount was determined by preparing value-in-use calculations prepared for each CGU using the cash flow projections included in the financial forecasts prepared by management and approved by the Board for the period 2024 through to 2028. Management have updated the forecasts which were underpinned by the new strategy announced in November 2022 based on an updated assessment of market outlook; growth in market share; resource utilisation; contract backlog; contract margins; assumed contract awards based on the current pipeline; and actual performance in 2023. The key market drivers, within energy, include energy security driven by the ongoing conflict in Ukraine and supporting energy transition in our focus markets. Our materials growth drivers are also underpinned by transition to net zero, as well as increased consumer demand driven by population growth and higher standards of living.

The projected growth in the CGUs is underpinned by the Group's strategy to fully capitalise on the engineering capabilities of each of the CGUs to help our clients move to net zero through energy transition and decarbonisation. In addition to applying decarbonization capabilities within each CGU across each of the growth markets, digitization is another key driver which is expected to draw demand for the digital tools, products and capabilities offered by the Consulting CGU. During 2023 each of the CGUs have had significant contract wins in energy transition and decarbonisation and are therefore well placed to benefit from significant levels of investment required by our clients to achieve net zero. The Group have also considered that there are risks associated with energy transition, including energy transition and industrial decarbonisation markets not generating sufficient revenues to meet targets, which may also impact the Group's ability to attract or retain the appropriately skilled workforce which could prevent the Group from competing for work in this space. However, offsetting this risk is the large near-term addressable market focused on energy security within oil and gas along with the desire of those clients to pursue net-zero and decarbonization efforts. These projects are supporting the energy security agenda as major economies aim to reduce their dependency on Russian oil and gas, whilst also ensuring affordable energy for consumers.

Critical assumptions

The revenue CAGR for each of the CGUs ranges from 8.3% to 13.4% (2022: 4.8% to 14.2%). The Projects revenue CAGR includes growth from its Middle East region, process and chemicals sector and minerals and processing sectors. Projects is expected to leverage from its existing engineering capabilities and client relationships to grow its market share in the minerals sectors, whilst population growth is expected to underpin growth in the process and chemicals sector. The Projects Middle East business is underpinned by the Group's deep history in that region. If this growth does not materialise, there is a risk of an impairment in the Projects CGU.

The Operations revenue CAGR includes growth from the oil and gas sector in Europe and the Middle East and is underpinned by a global focus on energy security and supporting the energy transition. Operations have secured a number of contract awards with large, multinational energy companies during 2023, and this is reflected in a higher orderbook as at 31 December 2023 compared with 31 December 2022. Reasonably possible changes in the critical assumptions used in the Operations impairment test did not result in an impairment.

The terminal growth rates assumed from 2028 do not exceed the long-term average historical growth rates for the regions and sectors in which the CGUs operate. The Group is well placed to benefit from the significant long term growth opportunities from Energy Transition, which has been considered in determining long term growth rates. Management reviewed independent forecasts which set out the long-term investment required in order to achieve net zero. This long-term annual growth was then applied to each of the CGUs based on current activity levels. Accordingly, the long-term growth rates assumed in the model are 2.4% for Operations (2022: 2.4%); 2.4% for Projects (2022: 2.4%); and 2.4% (2022: 2.4%) for Consulting.

Notes to the financial statements continued

10 Goodwill and other intangible assets (continued)

The cash flows have been discounted using discount rates appropriate for each CGU, and these rates are reviewed for each impairment review performed. The discount rate is a critical assumption in the impairment test and the significant volatility in financial markets has led to an increase in the discount rate. The Group have considered the additional specific risks related to each business such as country risk and forecasting risk. The Group have considered the ongoing conflict in Israel on its operations in the Middle East as part of its assessment of country risk premium. The pre-tax rates used for the 2023 review are tabulated as follows and were derived from the Group WACC calculation with specific adjustments for CGU specific risks including country risk premiums.

The discount rates tabulated below reflect the view that the cash flows have been risk adjusted in 2023, whereas risk adjustments were reflected in the discount rate in 2022. The 2023 pre-tax discount rates, with risk reflected in the discount rate would have been 13.1% for Projects, 13.7% for Operations, 12.3% for Consulting, 12.9% for Kelchner and 13.1% for Swaggart.

Cash Generating Unit	**Pre–tax discount rate 2023 %**	Pre–tax discount rate 2022 %	**Post–tax discount rate 2023 %**	Post–tax discount rate 2022 %
Projects	**12.0**	**13.2**	**10.3**	11.0
Operations	**12.3**	**12.9**	**10.5**	10.5
Consulting	**12.0**	**12.2**	**10.3**	9.9
Kelchner	**10.8**	**12.4**	**9.4**	10.4
Swaggart	**11.0**	**12.8**	**9.4**	10.4

Sensitivity analysis

In order to reduce headroom to $nil in 2023, the post-tax discount rate would need to increase to:

Cash Generating Unit	%
Projects	10.7
Operations	13.0
Consulting	16.8
Kelchner	20.0
Swaggart	17.4

The headroom for Projects was $112m based on the assumptions described above. The key assumptions used in the impairment model for the CGU include discount rate, long term growth rate and revenue growth. There are reasonably possible changes in assumptions that would result in an impairment for Projects. If the post-tax discount rate was 1.0% higher for Projects, the impairment would be $171m. A 1.2% reduction in revenue CAGR over the forecast period would reduce headroom to $nil and a 0.5% reduction in the long-term growth rate would also reduce headroom to $nil.

Reasonably possible changes in the assumptions used in the impairment tests in the other CGUs did not result in an impairment.

Group test

The carrying values of the corporate assets that were not allocated to the above cash generating units above were $111.8m (2022: $73.2m) and were tested for impairment at the group level, taking into account the estimates and assumptions discussed above in respect of the Group's cash generating units. The Group post tax discount rate was 9.6% (pre-tax 11.2%) and a terminal growth rate of 2.4% was applied to the forecast consolidated cash flows of the Group, including the unallocated central costs. The recoverable amount of the Group at the test date was $4,767m. The Group post-tax discount rate would need to be 0.5% higher to reduce the headroom to $nil.

Intangibles

Customer relationships relate mainly to the acquisition of Amec Foster Wheeler in 2017 and are being amortised over periods of 5 to 13 years. Order backlog relates entirely to the acquisition of AFW and was being amortised over periods of 2 to 5 years and has fully amortised. Brands recognised relate entirely to the acquisition of AFW and the remaining carrying value is being amortised over a period of 11 years.

Software and development costs includes internally generated assets with a net book value of $47.5m at 31 December 2023 (2022: $36.9m). $18.7m (2022: $19.9m) of internally generated intangibles is included in additions in the year.

The software disposals relate to the write off of fully depreciated assets that are no longer in use.

11 Property plant and equipment

	Land and Buildings $m	Plant and equipment $m	Total $m
Cost			
At 1 January 2023	51.6	79.3	130.9
Exchange movements	1.9	4.1	6.0
Additions	2.7	17.8	20.5
Disposals	(17.4)	(25.7)	(43.1)
Reclassifications	-	(14.8)	(14.8)
At 31 December 2023	**38.8**	**60.7**	**99.5**
Accumulated depreciation and impairment			
At 1 January 2023	28.5	20.0	48.5
Exchange movements	0.9	3.3	4.2
Charge for the year	5.1	15.9	21.0
Disposals	(12.1)	(25.4)	(37.5)
Impairment	1.1	0.7	1.8
Reclassifications	-	(3.8)	(3.8)
At 31 December 2023	**23.5**	**10.7**	**34.2**
Net book value at 31 December 2023	**15.3**	**50.0**	**65.3**
Cost			
At 1 January 2022	86.7	115.7	202.4
Exchange movements	(5.3)	(10.9)	(16.2)
Additions	1.5	26.1	27.6
Disposals	(11.0)	(21.7)	(32.7)
Businesses divested (note 7)	(22.1)	(28.1)	(50.2)
Reclassifications	1.8	(1.8)	–
At 31 December 2022	**51.6**	**79.3**	**130.9**
Accumulated depreciation and impairment			
At 1 January 2022	50.5	49.7	100.2
Exchange movements	(3.5)	(11.4)	(14.9)
Charge for the year	5.5	19.7	25.2
Disposals	(7.5)	(19.4)	(26.9)
Businesses divested (note 7)	(18.3)	(17.2)	(35.5)
Reclassifications	1.8	(1.8)	–
Impairment	–	0.4	0.4
At 31 December 2022	**28.5**	**20.0**	**48.5**
Net book value at 31 December 2022	**23.1**	**59.3**	**82.4**

The net book value of Land and Buildings includes $7.9m (2022: $14.0m) of Long Leasehold and Freehold property and $7.4m (2022: $9.1m) of Short Leasehold property. There were no material amounts in assets under construction at 31 December 2023.

During the year there were finance lease assets with a net book value of $11.5m transferred from Plant and Equipment to Right of Use Assets.

Notes to the financial statements continued

12 Leases

Right of use assets	Land and Buildings $m	Plant and equipment $m	Total $m
Net book value			
At 1 January 2023	249.5	26.5	276.0
Exchange movements	10.3	0.8	11.1
Additions	121.2	35.0	156.2
Disposals	(2.8)	(0.9)	(3.7)
Reclassifications	-	11.5	11.5
Depreciation of right of use assets	(61.4)	(33.8)	(95.2)
At 31 December 2023	**316.8**	**39.1**	**355.9**

Lease liabilities	
At 1 January 2023	342.9
Exchange movements	10.3
Additions	147.6
Disposals	(5.4)
Interest expense related to lease liabilities	18.7
Repayment of lease liabilities	(113.3)
At 31 December 2023	**400.8**

Right of use assets			
Net book value			
At 1 January 2022	316.6	39.5	356.1
Exchange movements	(17.5)	(2.1)	(19.6)
Additions	67.8	27.0	94.8
Disposals	(1.5)	–	(1.5)
Businesses divested (note 7)	(53.7)	(17.8)	(71.5)
Depreciation of right of use assets	(62.2)	(20.1)	(82.3)
At 31 December 2022	**249.5**	**26.5**	**276.0**

Lease liabilities	
At 1 January 2022	449.8
Exchange movements	(27.0)
Additions	91.9
Disposals	(5.4)
Businesses divested (note 7)	(62.7)
Interest expense related to lease liabilities	17.9
Repayment of lease liabilities	(121.6)
At 31 December 2022	**342.9**

Included in the above, the Group has finance leases liabilities totalling $17.7m (2022: $16.2m) in addition to the IFRS 16 lease liabilities in respect of leases previously classified as operating leases under IAS 17.

12 Leases (continued)

A maturity analysis of the Group's total lease liability is shown below:

	2023 $m	2022 $m
Current lease liability	**83.4**	83.2
Non-current lease liability	**317.4**	259.7
Total lease liability	**400.8**	342.9

The following table shows the breakdown of lease expense between amounts charged to operating profit and amounts charged to finance costs.

	$m	$m
Depreciation charge for right of use assets		
Property	**61.4**	62.2
Plant and equipment	**33.8**	20.1
Charged to operating profit	**95.2**	82.3
Interest expense related to lease liabilities	**18.7**	17.9
Charge to profit/(loss) before taxation for leases	**113.9**	100.2

Notes to the financial statements continued

13 Investment in joint ventures and other investments

The Group operates a number of joint ventures companies, the most significant of which are its turbine JV's, EthosEnergy Group Limited and RWG (Repair & Overhauls) Limited. The Group considers these to be joint arrangements on the basis that two or more parties have joint control, which is defined as the contractually agreed sharing of control and exists only when decisions about the relevant activities of the joint arrangement require the unanimous consent of the parties sharing control. The Group has a 51% shareholding in EthosEnergy, a provider of rotating equipment services and solutions to the power, oil and gas and industrial markets. EthosEnergy is domiciled and headquartered in Aberdeen, Scotland. The Group has a 50% shareholding in RWG, a provider of repair and overhaul services to the oil and gas, power generation and marine propulsion industries. RWG is based in Aberdeen, Scotland.

The assets, liabilities, income and expenses of the EthosEnergy and RWG are shown below. The financial information below has been extracted from the management accounts for these entities.

	EthosEnergy (100%)		RWG (100%)	
	2023 $m	2022 $m	**2023 $m**	2022 $m
Non-current assets	**145.7**	137.9	**58.7**	57.9
Current assets	**534.7**	520.7	**160.8**	141.4
Current liabilities	**(353.8)**	(347.7)	**(78.5)**	(74.6)
Non-current liabilities	**(65.7)**	(78.7)	**(2.7)**	(7.7)
Net assets	**260.9**	232.2	**138.3**	117.0
Wood Group share	**133.1**	118.4	**69.2**	58.5
Accumulated impairments and other adjustments	**(65.9)**	(65.9)	**-**	–
Wood Group investment	**67.2**	52.5	**69.2**	58.5
Revenue	**861.0**	824.8	**253.4**	234.3
Cost of sales	**(726.2)**	(721.5)	**(181.6)**	(169.8)
Administrative expenses	**(86.9)**	(80.5)	**(31.1)**	(31.2)
Exceptional items	**-**	–	**-**	–
Operating profit	**47.9**	22.8	**40.7**	33.3
Finance expense	**(11.7)**	(7.5)	**(1.0)**	(0.8)
Profit before tax	**36.2**	15.3	**39.7**	32.5
Tax	**(5.9)**	(6.4)	**(7.1)**	(6.5)
Post-tax profit from joint ventures	**30.3**	8.9	**32.6**	26.0
Wood Group share	**15.5**	4.5	**16.3**	13.0

Cash and cash equivalents amounted to $30.8m (2022: $48.2m) and $3.2m (2022: $13.9m) for EthosEnergy and RWG respectively.

Depreciation amounted to $17.0m (2022: $29.0m) and $4.6m (2022: $9.2m) for EthosEnergy and RWG respectively.

Amortisation amounted to $1.0m (2022: $0.9m) and $1.9m (2022: $2.1m) for EthosEnergy and RWG respectively.

EthosEnergy's net debt at 31 December 2023 amounted to $75.9m (2022: $85.7m).

RWG had net debt at 31 December 2023 of $0.5m (2022: $5.1m net cash).

The aggregate carrying amount of the Group's other equity accounted joint ventures, which individually are not material, amounted to $41.7m at 31 December 2023 (2022: $45.5m).

13 Investment in joint ventures and other investments (continued)

The Group's share of its joint venture income and expenses is shown below:

	2023 $m	2022 $m
Revenue	**733.5**	754.7
Cost of sales	**(602.5)**	(641.8)
Administrative expenses	**(71.9)**	(68.2)
Operating profit	**59.1**	44.7
Net finance expense	**(6.5)**	(4.4)
Profit before tax	**52.6**	40.3
Tax	**(9.8)**	(9.9)
Share of post-tax profit from joint ventures	**42.8**	30.4

The movement in investment in joint ventures is shown below:

	2023 $m	2022 $m
At 1 January	**156.5**	169.7
Exchange movements on retranslation of net assets	**3.9**	(11.9)
Share of profit after tax	**42.8**	30.4
Dividends received	**(15.6)**	(30.1)
Impairment of joint ventures	**–**	(2.0)
Additions	**0.2**	0.4
Disposals	**(9.7)**	–
At 31 December	**178.1**	156.5

The joint ventures have no significant contingent liabilities to which the Group is exposed, nor has the Group any significant contingent liabilities in relation to its interest in the joint ventures other than those decribed in note 34.

A full list of subsidiary and joint venture entities is included in note 38.

Other investments

Other investments of $51.3m (2022: $56.0m) relates to the US SERP defined contribution scheme referred to in note 33. The SERP invests in a mixture of equities, bonds and money market funds as part of a pension arrangement for US based employees. The liabilities of the SERP are included in non-current liabilities (see note 19).

Notes to the financial statements continued

14 Inventories

	2023 $m	2022 $m
Materials	**7.8**	3.1
Finished goods and goods for resale	**8.5**	8.0
	16.3	11.1

15 Trade and other receivables

	2023 $m	2022 $m
Trade receivables	**805.4**	744.6
Less: provision for impairment of trade receivables	**(75.9)**	(65.0)
Trade receivables – net	**729.5**	679.6
Gross amounts due from customers	**522.9**	556.9
Prepayments	**76.3**	84.6
Amounts due from joint ventures	**9.8**	8.9
Asbestos related insurance recoveries	**5.6**	11.1
Research and development credits	**26.9**	24.7
Other receivables	**183.4**	179.2
Trade and other receivables – current	**1,554.4**	1,545.0
Long term receivables – asbestos related insurance recoveries	**23.2**	24.4
Long term receivables – other	**161.0**	105.1
Total receivables	**1,738.6**	1,674.5

As at 31 December 2023, the Group had received $198.2m (2022: $200.0m) of cash relating to non-recourse financing arrangements. An equivalent amount of trade receivables was derecognised on receipt of the cash. At 31 December 2023, $111.7m (2022: $113.6m) had been received from customers in the normal course of business in relation to the same amounts received from the factors. This $111.7m (2022: $113.6m) is due to be paid over to the factors and is included in trade payables. The impact of both the cash received from the facility and the cash received from customers is included within cash generated from operations.

Included within other long-term receivables of $161.0m (2022: $105.1m) are contract assets of $96.7m (2022: $74.3m) in relation to the Aegis contract.

Financial assets

	2023 $m	2022 $m
Derivative financial instruments (note 20)	**9.2**	10.8
	9.2	10.8

15 Trade and other receivables (continued)

The Group's trade receivables balance is shown in the table below.

31 December 2023	**Trade receivables – Gross $m**	**Provision for impairment $m**	**Trade receivables – Net $m**	**Receivable days**
Projects	**420.5**	**(40.4)**	**380.1**	**93**
Operations	**218.7**	**(4.7)**	**214.0**	**49**
Consulting	**96.2**	**(5.2)**	**91.0**	**51**
Investment Services	**70.0**	**(25.6)**	**44.4**	**131**
Total Group	**805.4**	**(75.9)**	**729.5**	**75**

31 December 2022	Trade receivables – Gross $m	Provision for impairment $m	Trade receivables – Net $m	Receivable days
Projects	371.1	(40.4)	330.7	76
Operations	197.4	(5.3)	192.1	42
Consulting	105.1	(3.8)	101.3	75
Investment Services	71.0	(15.5)	55.5	73
Total Group	744.6	(65.0)	679.6	67

Receivable days are calculated by allocating the closing trade receivables and gross amounts due from customers balances to current revenue. A receivable days calculation of 75 indicates that closing trade receivables represent on average the most recent 75 days of revenue.

Receivable days for Investment Services has been adjusted to exclude the impact of the Aegis project for both 2023 and 2022. The Total Group Receivable days reflects all Group activity including Aegis.

The ageing of the provision for impairment of trade receivables is as follows:

	2023 $m	2022 $m
Up to 3 months	**0.2**	2.6
Over 3 months	**75.7**	62.4
	75.9	65.0

Notes to the financial statements continued

15 Trade and other receivables (continued)

The movement on the provision for impairment of trade receivables is as follows:

2023	Projects $m	Operations $m	Consulting $m	Built Environment Consulting $m	Investment Services $m	Total $m
At 1 January	**40.4**	**5.3**	**3.8**	**–**	**15.5**	**65.0**
Exchange movements	**1.0**	**(0.1)**	**0.2**	**–**	**0.1**	**1.2**
Reclassed during year	**(20.7)**	**–**	**1.7**	**–**	**–**	**(19.0)**
Provided during year	**20.0**	**1.5**	**0.4**	**–**	**18.2**	**40.1**
Utilised during year	**(0.3)**	**(0.6)**	**–**	**–**	**(6.8)**	**(7.7)**
Released during year	**–**	**(1.4)**	**(0.9)**	**–**	**(1.4)**	**(3.7)**
At 31 December	**40.4**	**4.7**	**5.2**	**–**	**25.6**	**75.9**

2022						
At 1 January	43.7	8.2	3.7	5.1	15.2	75.9
Exchange movements	(2.7)	(0.1)	0.1	–	(0.6)	(3.3)
Disposed during year	–	–	–	(4.1)	–	(4.1)
Reclassed during year	(0.1)	0.2	(0.9)	-	0.1	(0.7)
Provided during year	4.2	0.7	1.6	(0.2)	1.5	7.8
Utilised during year	(3.5)	(3.3)	(0.2)	–	–	(7.0)
Released during year	(1.2)	(0.4)	(0.5)	(0.8)	(0.7)	(3.6)
At 31 December	40.4	5.3	3.8	–	15.5	65.0

Other receivables of $183.4m includes an impairment charge of $2.3m against a foreign VAT receivable. The other classes within trade and other receivables do not contain impaired assets. Of the $40.1m provided during the year, $23.8m remains subject to enforcement activity.

The total expected credit loss was $44.2m in 2023 and includes a $20.4m exceptional charge in relation to a receivable balance within the Power and industrial EPC business, see note 5 for further details. The remaining balance of $23.8m principally arose within the Projects business unit.

Included within gross trade receivables of $805.4m above (2022: $744.6m) and gross amounts due from customers of $522.9m (2022: $556.9m) are contract assets of $299.2m (2022: $244.6m) which were past due. These relate to customers for whom there is no recent history or expectation of default. The ageing analysis of these contract assets is as follows:

	2023 $m	2022 $m
Up to 3 months overdue	**149.0**	117.9
Over 3 months overdue	**150.2**	126.7
	299.2	244.6

The above analysis excludes retentions relating to contracts in progress of $64.5m (2022: $67.2m).

16 Cash and cash equivalents

	2023 $m	2022 $m
Cash at bank and in hand	**356.2**	521.7
Short-term bank deposits	**28.4**	–
Restricted cash	**49.4**	15.0
	434.0	536.7

Cash at bank and in hand at 31 December 2023 includes $127.7m (2022: $328.4m) that is part of the Group's cash pooling arrangements and both cash and borrowings are grossed up by this amount in the financial statements.

The effective interest rate on short-term deposits at 31 December 2023 was 6.65% (2022: nil%) and these deposits have no maturity date.

The restricted cash balance comprises $38.1m (2022: not considered restricted) of cash held in Equatorial Guinea where the Group are seeking Central Bank approval in order to repatriate cash from a subsidiary via dividends or intercompany loans. A further $9.3m (2022: $10.0m) of cash is held in jurisdictions where there is insufficient liquidity in the local market to allow for immediate repatriation. The remaining $2.0m (2022: $5.0m) relates to balances held within Russia that are impacted by the sanctions associated with Russia's invasion of Ukraine. Management considers it appropriate to include the restricted cash balance in the Group's net debt figure on the basis that it meets the definition of cash, albeit is not readily available to the Group.

17 Trade and other payables

	2023 $m	2022 $m
Trade payables	**639.2**	550.6
Gross amounts due to customers	**99.0**	113.0
Other tax and social security payable	**57.2**	58.2
Accruals	**570.2**	637.0
Derivative financial instruments	**3.4**	10.8
Amounts due to joint ventures	**12.1**	0.3
Asbestos related payables	**50.4**	59.5
Other payables	**275.2**	258.2
	1,706.7	1,687.6

Trade payables includes $111.7m (2022: $113.6m) relating to cash received from customers which is due to be paid over to the bank.

Gross amounts due to customers included above represent payments on account received in excess of amounts due from customers on fixed price contracts.

Accruals includes amounts due to suppliers and sub-contractors that have not yet been invoiced, unpaid wages, salaries and bonuses.

Other payables includes project related and other liabilities which include the amounts due under the investigation which was concluded in 2021. At 31 December 2023 there is one remaining payment in relation to the investigation of $35.6m which was paid in January 2024.

18 Borrowings

	2023 $m	2022 $m
Bank loans and overdrafts due within one year or on demand		
Unsecured	**225.7**	345.9
Senior loan notes		
Unsecured	**89.6**	–
Total current borrowings	**315.3**	345.9
Non-current bank loans		
Unsecured	**549.3**	232.0
Senior loan notes		
Unsecured	**262.9**	352.0
Total non-current borrowings	**812.2**	584.0

Borrowings of $127.7m (2022: $328.4m) that are part of the Group's cash pooling arrangements, and are netted against cash for internal reporting purposes, are grossed up in the short-term borrowings figure above.

Bank overdrafts are denominated in a number of currencies and bear interest based on the Bank of England base rate or the relevant foreign currency equivalent.

Following the disposal of the Built Environment Consulting business in September 2022, the Group repaid $400.0m of the $600.0m term loan and agreed the early repayment of the US Private Placement loan notes totalling $416.3m. The Group had total facilities of $1,901.9m as at 31 December 2023, which comprises of a $200.0m term loan maturing in October 2026, $1,200.0m of Revolving Credit Facility maturing in October 2026, $352.5m of senior loan notes in the US private placement market with varying maturities and $149.4m of other banking facilities.

Of the non-current borrowings of $812.2m, $366.5m is denominated in sterling and the balance in US dollars.

As noted in the Basis of Preparation, based on the latest forecasts approved by the directors, the Group expect to pass the covenant requirements during the forecast period, including in the severe but plausible downside scenario. Given that the June and December 2023 covenants were passed, all debts under the RCF facility were disclosed as non-current.

Notes to the financial statements continued

18 Borrowings (continued)

The Group's principal borrowing facilities at 31 December 2023 are set out in the table below.

Facility	Total available $m	Drawn at 31 December 2023 $m	Undrawn at 31 December 2023 $m	Repayable
Term loan	**200.0**	**200.0**	**–**	October 2026
Revolving credit facility	**1,200.0**	**356.9**	**843.1**	October 2026
Senior loan notes	**352.5**	**352.5**	**–**	Various dates
Other facilities	**149.4**	**89.6**	**59.8**	Various dates
Accrued interest	**–**	**8.4**	**(8.4)**	N/A
Unamortised fees	**–**	**(7.6)**	**7.6**	N/A
	1,901.9	**999.8**	**902.1**	

The above table excludes borrowings of $127.7m that are part of the Group's cash pooling arrangements and are offset by equivalent cash balances.

The Group has $352.5m (2022: $352.0m) of unsecured senior loan notes issued in the US private placement market. The notes mature at varying dates between 2024 and 2031 as shown in the table below. Interest is payable at an average rate of 4.58% (2022: 4.58%).

Repayable	2023 $m	2022 $m
July 2024	**11.5**	11.5
August 2024	**55.1**	55.1
November 2024	**23.0**	23.0
July 2026	**57.9**	57.4
August 2026	**58.8**	58.8
February 2027	**18.4**	18.4
February 2029	**46.0**	46.0
July 2029	**59.5**	59.5
July 2031	**22.3**	22.3
	352.5	352.0

The effective interest rates on the Group's bank loans and overdrafts at the balance sheet date were as follows:

	2023 %	2022 %
US dollar	**7.07**	4.79
Sterling	**6.67**	5.09
Euro	**4.95**	3.02

The carrying amounts of the Group's borrowings, including those held within pooling arrangements, are denominated in the following currencies:

	2023 $m	2022 $m
US Dollar	**658.7**	611.6
Sterling	**371.8**	176.7
Euro	**67.0**	120.0
Other	**30.0**	21.6
	1,127.5	929.9

The Group is required to issue tender bonds, performance bonds, retention bonds, advance payment bonds and standby letters of credit to certain customers. Management have assessed that the possibility of these being triggered is remote. At 31 December 2023, the Group's bank facilities relating to the issue of bonds, guarantees and letters of credit amounted to $1,230.9m (2022: $1,244.2m). At 31 December 2023, these facilities were 58% utilised (2022: 61%).

18 Borrowings (continued)

Borrowing facilities

The Group has the following undrawn borrowing facilities available at 31 December:

	2023 $m	2022 $m
Expiring within one year	**59.8**	109.7
Expiring between one and two years	**-**	–
Expiring between two and five years	**842.3**	1,155.7
	902.1	1,265.4

All undrawn borrowing facilities are floating rate facilities. The facilities expiring within one year are annual facilities subject to review at various dates during 2024. The Group was in compliance with its bank covenants throughout the year.

A reconciliation of movements of borrowings and lease liabilities to cash flows arising from financing activities is presented in the table below.

	Short term borrowings $m	Long term borrowings $m	Lease liabilities $m	Total $m
Balance 1 January 2023	**345.9**	**584.0**	**342.9**	**1,272.8**
Changes from financing cash flows				
Repayments of long-term borrowings	**–**	**(200.0)**	**–**	**(200.0)**
Repayments of short-term borrowings	**(133.5)**	**–**	**–**	**(133.5)**
Proceeds from long-term borrowings	**–**	**515.0**	**–**	**515.0**
Payment of lease liabilities (note 12)	**–**	**–**	**(113.3)**	**(113.3)**
Total changes from financing activities	**(133.5)**	**315.0**	**(113.3)**	**68.2**
Effects of changes in foreign exchange rates (note 31)	**17.1**	**0.4**	**10.3**	**27.8**
Other changes				
New leases (note 12)	**–**	**–**	**142.2**	**142.2**
Reclassification of senior loan notes	**89.6**	**(89.6)**	**–**	**–**
Interest expense	**–**	**81.7**	**18.7**	**100.4**
Interest paid	**–**	**(81.7)**	**–**	**(81.7)**
Other movements	**(3.8)**	**2.4**	**–**	**(1.4)**
Total liability other changes	**85.8**	**(87.2)**	**160.9**	**159.5**
Balance at 31 December 2023	**315.3**	**812.2**	**400.8**	**1,528.3**

	Short term borrowings $m	Long term borrowings $m	Lease liabilities $m	Total $m
Balance 1 January 2022	281.9	1,614.1	449.8	2,345.8
Changes from financing cash flows				
Repayment of long-term borrowings	–	(1,039.1)	–	(1,039.1)
Repayment of short-term borrowings	(35.0)	–	–	(35.0)
Proceeds from short-term borrowings	88.0	–	–	88.0
Payment of lease liabilities (note 12)	–	–	(121.6)	(121.6)
Total changes from financing activities	53.0	(1,039.1)	(121.6)	(1,107.7)
Effects of changes in foreign exchange rates (note 31)	(1.2)	0.1	(27.0)	(28.1)
Other changes				
New leases (note 12)	–	–	23.8	23.8
Interest expense	–	98.1	17.9	116.0
Interest paid	–	(98.1)	–	(98.1)
Other movements	12.2	8.9	–	21.1
Total liability other changes	12.2	8.9	41.7	62.8
Balance at 31 December 2022	345.9	584.0	342.9	1,272.8

Notes to the financial statements continued

19 Other non-current liabilities

	2023 $m	2022 $m
Other payables	**69.4**	106.8
	69.4	106.8

Other payables include $51.3m (2022: $55.6m) relating to the US SERP pension arrangement referred to in note 33 and unfavourable leases of $nil (2022: $3.3m). The SERP payables are offset by investments of $51.3m which are included in note 13. Unfavourable lease liabilities represent non-lease components, such as facilities costs which are not included within the IFRS 16 lease liability.

20 Financial instruments

The Group's activities give rise to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy is to hedge exposures wherever practicable in order to minimise any potential adverse impact on the Group's financial performance.

Risk management is carried out by the Group Treasury department in line with the Group's Treasury policies. Group Treasury, together with the Group's business units identify, evaluate and where appropriate, hedge financial risks. The Group's Treasury policies cover specific areas, such as foreign exchange risk, interest rate risk, use of derivative financial instruments and investment of excess cash.

Where the Board considers that a material element of the Group's profits and net assets are exposed to a country in which there is significant geo-political uncertainty a strategy is agreed to ensure that the risk is minimised.

(a) Market risk

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currencies. The Group has subsidiary companies whose revenue and expenses are denominated in currencies other than the US dollar. Where possible, the Group's policy is to eliminate all significant currency exposures at the time of the transaction by using financial instruments such as forward currency contracts. Changes in the forward contract fair values are booked through the income statement, except where hedge accounting is used in which case the change in fair value is recorded in equity.

Hedging of foreign currency exchange risk – cash flow hedges

The notional contract amount, carrying amount and fair values of forward contracts and currency swaps designated as cash flow hedges at the balance sheet date are shown in the table below.

	2023 Notional contract amount $m	2022 Notional contract amount $m	2023 Carrying amount and fair value $m	2022 Carrying amount and fair value $m
Current assets	**136.1**	144.9	**2.1**	2.1
Current liabilities	**(42.1)**	(180.7)	**(0.9)**	(4.8)

A net foreign exchange gain of $3.8m (2022: loss $3.0m) was recognised in the hedging reserve as a result of fair value movements on forward contracts and currency swaps designated as cash flow hedges.

20 Financial instruments (continued)

Hedging of foreign currency exchange risk – fair value through income statement

The notional contract amount, carrying amount and fair value of all other forward contracts and currency swaps at the balance sheet date are shown in the table below.

	2023 Notional contract amount $m	2022 Notional contract amount $m	**2023 Carrying amount and fair value $m**	2022 Carrying amount and fair value $m
Current assets	**930.1**	990.4	**7.1**	8.7
Current liabilities	**(443.4)**	(337.8)	**(2.5)**	(6.0)

The Group's largest foreign exchange risk relates to movements in the sterling/US dollar exchange rate. Movements in the sterling/US dollar rate can impact the translation of sterling profit earned in the UK and the translation of sterling denominated net assets. A weakening of the pound has a negative impact on translation of UK companies' profits and net assets. Sterling denominated trading profits in the UK are offset by the Group's corporate overhead and a 10% change in the sterling/dollar rate would result in a change to Adjusted EBITDA of less than 1%. A 10% change in the sterling/dollar rate would impact net assets by less than 1%. 10% has been used in these calculations as it represents a reasonable possible change in the sterling/US dollar exchange rate. The Group also has foreign exchange risk in relation a number of other currencies, such as the Australian dollar, the Canadian dollar and the Euro.

(ii) Interest rate risk

The Group finances its operations through a mixture of retained profits and debt. The Group borrows in the desired currencies at a mixture of fixed and floating rates of interest to manage the Group's exposure to interest rate fluctuations. At 31 December 2023, 30% (2022: 53%) of the Group's borrowings were at fixed rates. The Group is also exposed to interest rate risk on cash held on deposit. The Group's policy is to maximise the return on cash deposits and where possible and deposit cash with a financial institution with a credit rating of BBB+ or better.

If average interest rates had been 2% higher or lower during 2023 (2022: 2%), post-tax profit for the year would have been $10.3m lower or higher respectively (2022: $5.8m). 2% has been used in this calculation as it represents a reasonable possible change in interest rates.

(iii) Price risk

The Group is not exposed to any significant price risk in relation to its financial instruments.

(b) Credit risk

The Group's credit risk primarily relates to its trade receivables. The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 6 months past due and considers a financial asset to be in default when the financial asset is more than 12 months past due. Responsibility for managing credit risk lies within the businesses with support being provided by Group and divisional management where appropriate.

The credit risk associated with customers is considered as part of each tender review process and is addressed initially through contract payment terms. Trade finance instruments such as letters of credit, bonds, guarantees and credit insurance are used to manage credit risk where appropriate. Credit control practices are applied thereafter during the project execution phase. A right to interest and suspension is normally sought in all contracts. There is significant management focus on customers that are classified as high risk in the current challenging market although the Group had no material write offs in the year.

The Group's major customers are typically large companies which have strong credit ratings assigned by international credit rating agencies. Where a customer does not have sufficiently strong credit ratings, alternative forms of security such as the trade finance instruments referred to above may be obtained.

The Group uses the simplified provision matrix when calculating expected credit losses on financial assets. The provision matrix is based on historical default rates and is adjusted for forward looking estimates. The historical default rate is determined by comparing actual contract write offs against revenue recognised over each of the prior five years. The average write off over the historical period can be applied to current year revenue. The forward-looking assessment also considers post-year end cash collection, country risk scoring, customer disputes and specific financial uncertainties.

Management review trade receivables based on receivable days calculations to assess performance. A table showing trade receivables and receivable days is provided in note 15. Receivable days calculations are not provided on non-trade receivables as management do not believe that this information is a relevant metric.

The maximum credit risk exposure on cash and cash equivalents and bank deposits (more than three months) at 31 December 2023 was $434.0m (2022: $536.7m). The Group treasury department monitors counterparty exposure on a global basis to avoid any over exposure to any one counterparty. The Group's policy is to deposit cash at institutions with a credit rating of at least BBB+. 100% of cash held on deposit at 31 December 2023 was held with such institutions.

Notes to the financial statements continued

20 Financial instruments (continued)

(c) Liquidity risk

The Group's policy is to ensure the availability of an appropriate amount of funding to meet both current and future forecast requirements consistent with the Group's budget and strategic plans. The Group will finance operations and growth from its existing cash resources and the $902.1m undrawn portion of the Group's committed banking facilities. The 2023 average net debt (excluding leases) was $846.4m (2022: $1,489.1m). The cash balance and undrawn portion of the Group's committed banking facilities can fluctuate throughout the year. Around the covenant remeasurement dates of 30 June and 31 December the Group's net debt is typically lower than these averages due to a combination of factors including a strong focus on collection of receipts from customers. Although revenue is typically weighted towards the second half of the year it is usually higher in June than in December, which means the level of working capital required is typically higher at the end of June and net debt is typically lower by the end of December.

At 31 December 2023, 100% (2022: 100%) of the Group's principal borrowing facilities (including senior loan notes) were due to mature in more than one year. Based on the Group's latest forecasts the Group has sufficient funding in place to meet its future obligations.

The Group's total bank facilities comprise of a $200.0m term loan maturing in October 2026 and a $1,200.0m revolving credit facility which matures in October 2026. The revolving credit facility includes KPIs linked to growing revenues related to energy transition and sustainable infrastructure and reducing scope 1 and 2 carbon emissions.

The Group has $352.5m of unsecured senior loan notes issued in the US private placement market. The notes mature in various tranches between July 2024 and 2031.

(d) Capital risk

The Group seeks to maintain an optimal capital structure by monitoring its ratio of net debt to adjusted EBITDA, its interest cover and its gearing ratio.

The ratio of net debt to Adjusted EBITDA at 31 December 2023 was 2.08 times (2022: 1.3 times). This ratio is calculated by dividing net debt before leases by Adjusted EBITDA on a frozen GAAP basis which excludes the impact of IFRS 16.

Interest cover is calculated by dividing Adjusted EBITA, excluding the impact of IFRS 16, by net recurring finance expense and was 4.0 times for the year ended 31 December 2023 (2022: 4.2 times).

Gearing is calculated by dividing net debt, before leases, by equity attributable to owners of the parent. Gearing at 31 December 2023 was 19.1% (2022: 10.5%).

20 Financial instruments (continued)

Financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows which are not usually closed out before contractual maturity.

At 31 December 2023	Less than 1 year $m	Between 1 and 2 years $m	Between 2 and 5 years $m	Over 5 years $m
Borrowings	**365.2**	**55.6**	**855.9**	**24.0**
Trade and other payables	**1,706.7**	**–**	**–**	**–**
Lease liabilities	**104.1**	**74.4**	**138.9**	**228.3**
Other non-current liabilities	**–**	**17.7**	**51.7**	**–**
At 31 December 2022				
Borrowings	361.2	116.2	431.2	132.7
Trade and other payables	1,628.7	–	–	–
Lease liabilities	107.0	80.5	123.6	145.2
Other non-current liabilities	–	51.2	55.6	–

Fair value of non-derivative financial assets and financial liabilities

The fair value of short-term borrowings, trade and other payables, trade and other receivables, financial assets, short-term deposits and cash at bank and in hand approximates to the carrying amount because of the short maturity of interest rates in respect of these instruments.

The fair value of non-current bank borrowings as at 31 December 2023 was $256.0m (book value $242.9m) (2022: $231.1m, book value $244.3m). The fair value of the US Private Placement debt at 31 December 2023 was $360.3m (book value $352.5m) (2022: $358.1m, book value $352.0m).

Fair values (excluding the fair value of assets and liabilities classified as held for sale) are determined using observable market prices (level 2 as defined by IFRS 13 'Fair Value Measurement') as follows:

- The fair value of forward foreign exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate.
- The fair value of interest rate swaps is estimated by discounting estimated future cash flows based on the terms and maturity of each contract and using market rates.

All derivative fair values are verified by comparison to valuations provided by the derivative counterparty banks.

The Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. During the year ended 31 December 2023 and 31 December 2022, there were no transfers into or out of level 2 fair value measurements.

Notes to the financial statements continued

21 Asbestos related litigation

2023

	$m
At 1 January 2023	311.4
Reclassifications	9.5
Utilised	(58.4)
Charge to income statement	45.1
Release of provisions	(2.6)
Exchange movements	1.5
At 31 December 2023	**306.5**
Presented as	
Current	–
Non-current	306.5

2022

At 1 January 2022	342.1
Reclassifications	(5.6)
Utilised	(44.1)
Charge to income statement	59.6
Release of provisions	(37.0)
Exchange movements	(3.6)
At 31 December 2022	**311.4**
Presented as	
Current	–
Non-current	311.4

Asbestos related litigation

The Group assumed the majority of its asbestos-related liabilities when it acquired Amec Foster Wheeler in October 2017. Whilst some of the asbestos claims have been and are expected to be made in the United Kingdom, the overwhelming majority have been and are expected to be made in the United States.

Some of Amec Foster Wheeler's US subsidiaries are defendants in numerous asbestos-related lawsuits and out-of-court informal claims pending. Plaintiffs claim damages for personal injury alleged to have arisen from exposure to, or use of, asbestos in connection with work allegedly performed during the 1970s and earlier. The estimates and averages presented have been calculated on the basis of the historical US asbestos claims since the initiation of claims filed against these entities.

The number and cost of current and future asbestos claims in the US could be substantially higher than estimated and the timing of payment of claims could be sooner than estimated, which could adversely affect the Group's financial position, its results and its cash flows.

The Group expects these subsidiaries to be named as defendants in similar suits and that new claims will be filed in the future. For purposes of these financial statements, management have estimated the indemnity and defence costs to be incurred in resolving pending and forecasted claims through to 2050. Although we believe that these estimates are reasonable, the actual number of future claims brought against these subsidiaries and the cost of resolving these claims could be higher.

Some of the factors that may result in the costs of asbestos claims being higher than the current estimates include:

- an increase in the rate at which new claims are filed and an increase in the number of new claimants
- increases in legal fees or other defence costs associated with asbestos claims
- increases in indemnity payments, decreases in the proportion of claims dismissed with zero payment and payments being required to be made sooner than expected

The Group has worked with its advisors with respect to projecting asbestos liabilities and to estimate the amount of asbestos-related indemnity and defence costs at each year-end through to 2050. Each year the Group records its estimated asbestos liability at a level consistent with the advisors' reasonable best estimate. The Group's advisors perform a quarterly and annual review of asbestos indemnity payments, defence costs and claims activity and compare them to the forecast prepared at the previous year-end. Based on its review, they may recommend that the assumptions used to estimate future asbestos liabilities are updated, as appropriate.

The total liability recorded in the Group's balance sheet at 31 December 2023 is based on estimated indemnity and defence costs expected to be incurred to 2050. Management believe that any new claims filed after 2050 will be minimal.

21 Asbestos related litigation (continued)

Asbestos related liabilities and assets recognised on the Group's balance sheet are as follows:

	2023			2022		
	US $m	**UK $m**	**Total $m**	US $m	UK $m	Total $m
Asbestos related provision						
Gross provision	**409.5**	**31.1**	**440.6**	425.4	32.5	457.9
Effect of discounting	**(83.8)**	**–**	**(83.8)**	(87.0)	–	(87.0)
Net provision	**325.7**	**31.1**	**356.8**	338.4	32.5	370.9
Insurance recoveries						
Gross recoveries	**–**	**(28.7)**	**(28.7)**	(6.0)	(29.5)	(35.5)
Effect of discounting	**–**	**–**	**–**	–	–	–
Net recoveries	**–**	**(28.7)**	**(28.7)**	(6.0)	(29.5)	(35.5)
Net asbestos related liabilities	**325.7**	**2.4**	**328.1**	332.4	3.0	335.4
Presented in accounts as follows						
Provisions – non-current			**306.5**			311.4
Trade and other payables			**50.4**			59.5
Trade and other receivables			**(5.6)**			(11.1)
Long term receivables			**(23.2)**			(24.4)
			328.1			335.4

The gross US asbestos related provision of $409.5m (2022: $425.4m) includes $23.3m (2022: $35.4m) relating to agreed settlements which have not been paid at 31 December 2023. The remaining $386.2m (2022: $390.0m) represents the gross US asbestos related provision which is discounted to a net present value of $302.4m (2022: $303.0m).

A net interest charge of $11.1m (2022: $5.9m) representing the unwinding of the discount over time and a yield curve credit of $0.2m (2022: $35.6m) are included within exceptional items since the movements in the provision are non-trading, can be large and are driven by market conditions which are out with the Group's control.

An additional $34.2m has been charged to the income statement in the year, reflecting future actuarial adjustments in the overall plan estimates. The increase to the estimates are driven by a higher number of filings compared to the underlying actuarial model, an increased number of settlements at higher settlement values and updated future inflation rates. A further credit or income of $10.0m has been recorded to the income statement in the year as a result of collecting insurance proceeds from an insolvent insurer, not previously recognised.

A summary of the Group's US asbestos claim activity is shown in the table below:

Number of open claims	**2023 Number**	2022 Number
At 1 January	**57,200**	57,490
New claims	**2,410**	2,330
Claims resolved	**(5,640)**	(2,620)
At 31 December	**53,970**	57,200
Claims not valued in liability	**(38,900)**	(42,170)
Open claims valued in liability at 31 December	**15,070**	15,030

Claims not valued in the liability include claims on certain inactive court dockets, claims over six years old that are considered abandoned and certain other items.

Based on 2023 activity, the Group's current forecast liabilities have been adjusted for payments made in 2023 of $58.4m and to reflect the impact of discounting.

In 2023, the liability for asbestos indemnity and defence costs to 2050 was calculated at a gross nominal amount of $440.6m (present value $356.8m), which brought the liability to a level consistent with our advisor's reasonable best estimate. The total asbestos-related liabilities are comprised of estimates for liabilities relating to open (outstanding) claims being valued and the liability for future unasserted claims to 2050.

The estimate takes account of the following information and/or assumptions:

- number of open claims
- forecasted number of future claims
- estimated average cost per claim by disease type – mesothelioma, lung cancer and non-malignancies

Notes to the financial statements continued

21 Asbestos related litigation (continued)

The total estimated liability, which has been discounted for the time value of money, includes both the estimate of forecasted indemnity amounts and forecasted defence costs. Total defence costs and indemnity liability payments are estimated to be incurred through to 2050. The Group believes that it is likely that there will be some claims filed after 2050, however these are projected to be minimal.

In the last 5 years from 2019 to 2023, the US average combined indemnity and defence cost per resolved claim has been approximately $10k. The average cost per resolved claim is increasing and management believe it will continue to increase in the future as the Group continues to resolve the current and estimated future claims inventory. A sensitivity analysis on average indemnity settlement and defence costs is included in the table below.

Asbestos related receivables represents management's best estimate of insurance recoveries relating to liabilities for pending and estimated future asbestos claims through to 2050. The receivables are only recognised when it is virtually certain that the claim will be paid.

The following table sets out the sensitivities associated with a change in certain estimates used in relation to the US asbestos-related liabilities:

Assumption	Impact on asbestos liabilities (range) $m
25% change in average indemnity settlement amount	50–60
25% change in forecasted number of new claims	50–60
25% change in estimated defence costs	40–50

In addition to the above, the impact on the income statement in the year is sensitive to changes in the discount rate used to calculate the time value of money.

The Group has used a 27-year blended yield curve rate, based on US Treasury strip rates, to discount its asbestos liabilities. The rate as at 31 December 2023 is 3.64% (2022: 3.97% using a 30-year US Treasury Bond rate). A change of 0.1% in the 27-year blended yield curve rate would give rise to a change to the income statement charge/credit of approximately $1.7m.

The Group's subsidiaries have been effective in managing the asbestos litigation, in part, because the Group has access to historical project documents and other business records going back more than 50 years, allowing it to defend itself by determining if the claimants were present at the location of the alleged asbestos exposure and, if so, the timing and extent of their presence. In addition, the Group has identified and validated insurance policies issued since 1952 and has consistently and vigorously defended claims that are without merit and settled meritorious claims for reasonable amounts.

The table below summarises the asbestos-related net cash impact for indemnity and defence costs and collection of insurance proceeds:

	2023 $m	2022 $m
Asbestos litigation, defence and case resolution payments	**58.4**	44.1
Insurance proceeds	**(16.4)**	(7.7)
Net asbestos related payments	**42.0**	36.4

The Group expects to have a net cash outflow of approximately $35m as a result of asbestos liability indemnity and defence payments in excess of insurance proceeds during 2024. This estimate assumes no elections by the Group to fund additional payments. The Group has discounted the expected future cash flows with respect to the asbestos related liabilities using the blended yield curve rates.

22 Provisions

2023	Insurance $m	Property $m	Litigation related provisions $m	Project related provisions $m	Total $m
At 1 January 2023	46.2	26.0	12.8	63.3	148.3
Reclassifications	1.3	–	–	–	1.3
Utilised	–	(0.4)	(11.2)	(17.0)	(28.6)
Charge to income statement	12.4	2.9	23.0	13.0	51.3
Release of provisions	(19.2)	(1.7)	–	(18.4)	(39.3)
Exchange movements	–	0.6	0.4	1.3	2.3
At 31 December 2023	**40.7**	**27.4**	**25.0**	**42.2**	**135.3**
Presented as					
Current	–	7.4	23.0	27.2	57.6
Non-current	40.7	20.0	2.0	15.0	77.7

2022	Insurance $m	Property $m	Litigation related provisions $m	Project related provisions $m	Total $m
At 1 January 2022	55.2	32.4	93.3	112.2	293.1
Reclassifications	1.3	–	1.1	4.5	6.9
Utilised	–	(3.2)	(88.5)	(45.5)	(137.2)
Divestments	–	–	–	(0.7)	(0.7)
Charge to income statement	17.4	0.4	10.0	15.3	43.1
Release of provisions	(27.7)	(2.3)	(2.5)	(18.1)	(50.6)
Exchange movements	–	(1.3)	(0.6)	(4.4)	(6.3)
At 31 December 2022	**46.2**	**26.0**	**12.8**	**63.3**	**148.3**
Presented as					
Current	–	3.3	11.0	30.6	44.9
Non-current	46.2	22.7	1.8	32.7	103.4

Insurance provisions

The Group has liabilities in relation to its captive insurance companies of $40.7m (2022: $46.2m).

The Group currently has one captive insurance company, Garlan Insurance Limited, which is active and is registered in Guernsey with tax domicile in the UK. The company provides insurance solely to other Group companies and does not provide any insurance to third parties. The provisions recorded represent amounts payable to external parties in respect of claims, the value of which is based on actuarial reports which assess the likelihood and value of these claims. These are reassessed annually, with movements in claim reserves being recorded in the income statement.

Property provisions

Property provisions total $27.4m (2022: $26.0m). Property provisions mainly comprise of dilapidations relating to the cost of restoring leased property back into its original, pre-let condition. The estimate of costs is the greatest area of uncertainty and the timing of future cash outflows is linked to the term dates of numerous individual leases.

Litigation related provisions

The Group is party to litigation involving clients and sub-contractors arising from its contracting activities. Management has taken internal and external legal advice in considering known or reasonably likely legal claims and actions by and against the Group. Where a known or likely claim or action is identified, management carefully assesses the likelihood of success of the claim or action. A provision is recognised only in respect of those claims or actions where management consider it is probable that a cash outflow will be required.

Notes to the financial statements continued

22 Provisions (continued)

Provision is made for management's best estimate of the likely settlement costs and/or damages to be awarded for those claims and actions that management considers are likely to be successful. Due to the inherent commercial, legal and technical uncertainties in estimating project claims, the amounts ultimately paid or realised by the Group could differ from the amounts that are recognised in the financial statements.

In the second half of 2023, and as noted in note 5, a third party raised an arbitration claim against the Group in respect of alleged damages and costs arising from a fixed price contract in the discontinued Power and Industrial EPC business. Management have recognised a provision of $23.0m as an exceptional charge, representing their assessment of probable outflows arising from the matter.

Investigations

At 31 December 2023, the Group continues to recognise the final instalment of outstanding penalties of $35.6m (2022: $37.3m) within Trade and other payables. The final instalment was paid in January 2024.

Project related provisions

The Group has numerous provisions relating to the projects it undertakes for its customers. The value of these provisions relies on specific judgements in areas such as the estimate of future costs or the outcome of disputes and litigation. Whether or not each of these provisions will be required, the exact amount that will require to be paid and the timing of any payment will depend on the actual outcomes. The balance is made up of a large number of provisions, which are not individually material or significant.

Certain of the jurisdictions in which the Group operates, in particular the US and the EU, have environmental laws under which current and past owners or operators of property may be jointly and severally liable for the costs of removal or remediation of toxic or hazardous substances on or under their property, regardless of whether such materials were released in violation of law and whether the operator or owner knew of, or was responsible for, the presence of such substances. Largely as a consequence of the acquisition of Amec Foster Wheeler, the Group currently owns and operates, or owned and operated, industrial facilities. It is likely that, as a result of the Group's current or former operations, hazardous substances have affected the property on which those facilities are or were situated.

As described in note 34, the Group agreed to indemnify certain third parties relating to businesses and/or assets that were previously owned by the Group and were sold to them. These principally relate to businesses that were sold by Amec Foster Wheeler prior to its acquisition by the Group.

23 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using the tax rate applicable to the territory in which the asset or liability has arisen. The Group has provided deferred tax in relation to UK companies at 25% (2022: 25%). The movement on the deferred tax account is shown below:

	Re-presented As at 1 January 2023 $m	Income statement $m	OCI $m	Other $m	As at 31 December 2023 $m
Accelerated capital allowances	(31.5)	(2.6)	(1.8)	–	(35.9)
Intangibles	179.8	(4.7)	3.1	–	178.2
Pension	106.8	4.1	(11.8)	–	99.1
Share based charges	(1.4)	(0.3)	-	–	(1.7)
Other temporary differences	8.4	(2.4)	(3.3)	(0.6)	2.1
Provisions	(47.7)	13.7	(1.0)	–	(35.0)
Unremitted earnings	23.5	2.7	0.4	–	26.6
Deferred interest deduction	–	(3.8)	(0.2)	–	(4.0)
Tax credits	–	(0.2)	–	0.2	–
Losses	(199.0)	4.0	0.7	(1.6)	(195.9)
Total	**38.9**	**10.5**	**(13.9)**	**(2.0)**	**33.5**

(Asset)/liability	As at 1 January 2022 $m	Income statement $m	OCI $m	Other $m	Disposals $m	Re-presented As at 31 December 2022 $m
Accelerated capital allowances	(26.8)	(7.1)	2.4	–	–	(31.5)
Intangibles	240.3	1.2	(4.5)	–	(57.2)	179.8
Pension	63.6	10.0	33.2	–	–	106.8
Share based charges	(2.3)	0.9	–	–	–	(1.4)
Other temporary differences	(3.3)	7.5	4.6	(0.4)	–	8.4
Provisions	(50.7)	0.8	1.8	–	0.4	(47.7)
Unremitted earnings	21.7	3.1	(1.3)	–	–	23.5
Deferred interest deduction	(54.2)	54.2	–	–	–	–
Tax credits	–	1.5	–	(1.5)	–	–
Losses	(191.5)	(9.6)	1.9	(0.1)	0.3	(199.0)
Total	**(3.2)**	**62.5**	**38.1**	**(2.0)**	**(56.5)**	**38.9**

Deferred tax is presented in the financial statements as follows:

	2023 $m	2022 $m
Deferred tax assets	**(43.1)**	(61.2)
Deferred tax liabilities	**76.6**	100.1
Net deferred tax (asset)/liability	**33.5**	38.9

No deferred tax liability has been recognised in respect of $20,776.0m (2022: $21,722.0m) of unremitted reserves of subsidiaries because the Group is in a position to control the timing of the reversal of the temporary difference and it is not probable that such differences will reverse in the foreseeable future. The amount of unrecognised deferred tax liabilities in respect of these unremitted reserves is estimated to be $49.4m (2022: $61.8m).

Notes to the financial statements continued

23 Deferred tax (continued)

The deferred tax balances are analysed below.

31 December 2023

	Accelerated capital allowances $m	Intangibles $m	Pension $m	Share based charges $m	Other temporary differences $m	Provisions $m	Unremitted earnings $m	Deferred interest deduction $m	Losses $m	Netting $m	Total $m
Deferred tax assets	(49.6)	–	(1.8)	(1.7)	(1.5)	(35.0)	–	(4.0)	(195.9)	246.4	(43.1)
Deferred tax liabilities	13.7	178.2	100.9	–	3.6	–	26.6	–	–	(246.4)	76.6
Net	**(35.9)**	**178.2**	**99.1**	**(1.7)**	**2.1**	**(35.0)**	**26.6**	**(4.0)**	**(195.9)**	**–**	**33.5**

The prior year allocation of deferred tax has been reviewed and items previously classified as other temporary differences have been reallocated into categories that provide improved disclosure of what they relate to. Other temporary differences primarily relate to differences between IFRS and local GAAP accounts and temporary differences related to leases.

Included in the $195.9m (2022: $199.0m) of deferred tax assets in respect of losses is an amount of $104.5m (2022: $97.4m) relating to the UK tax group which has sufficient deferred tax liabilities to offset, and $84.4m (2022: $91.3m) relating to the US tax group of which no asset (2022: no asset) is recognised based on forecast profits of the US business, the balance is supported by deferred tax liabilities.

31 December 2022

	Accelerated capital allowances $m	Intangibles $m	Pension $m	Share based charges $m	Other temporary differences $m	Provisions $m	Unremitted earnings $m	Deferred interest deduction $m	Losses $m	Netting $m	Total $m
Deferred tax assets	(61.7)	-	(1.3)	(1.4)	(4.0)	(47.7)	–	–	(199.0)	253.9	(61.2)
Deferred tax liabilities	30.2	179.8	108.1	–	12.4	–	23.5	–	–	(253.9)	100.1
Net	**(31.5)**	**179.8**	**106.8**	**(1.4)**	**8.4**	**(47.7)**	**23.5**	**–**	**(199.0)**	**–**	**38.9**

The expiry dates of unrecognised gross deferred tax assets carried forward are as follows:

31 December 2023	Tax losses $m	Deductible temporary differences $m	Total $m
Expiring within 5 years	711.0	123.1	834.1
Expiring within 6-10 years	19.6	–	19.6
Expiring within 11-20 years	170.1	–	170.1
Unlimited	7,047.3	1,511.7	8,559.0
	7,948.0	**1,634.8**	**9,582.8**

31 December 2022	Tax losses $m	Deductible temporary differences $m	Total $m
Expiring within 5 years	695.3	131.9	827.2
Expiring within 6-10 years	32.0	7.5	39.5
Expiring within 11-20 years	137.7	–	137.7
Unlimited	7,046.9	1,177.8	8,224.7
	7,911.9	**1,317.2**	**9,229.1**

24 Share based charges

The Group currently has a number of share plans that give rise to equity settled share based charges. These are the Executive Share Option Scheme ('ESOS'), the Long Term Plan ('LTP'), the Employee Share Plan ('ESP') and the Share Incentive Plan ('SIP'). The charge to operating profit for these plans for the year amounted to $19.6m (2022: $20.7m) and is included in administrative expenses with the corresponding credit included in retained earnings.

Long Term Plan and Discretionary Share plan

The Group's Long-Term Plan ('LTP') was introduced in 2013. The plan was replaced at the Group's Annual General Meeting in 2023 with the new Discretionary Share Plan ("DSP"). There are two distinct awards made under the DSP, performance-based awards to the executive leadership team made based on achievement of performance measures and non-performance awards to senior management either in the form of conditional share awards or nil cost share options.

The performance measures relevant to active cycles are total shareholder return, EBITDA margin, revenue growth, EBITDA and ESG targets including reducing carbon emissions and leadership gender diversity. Participants may be granted conditional share awards or nil cost options at the start of the cycle. Where performance applies, this is measured over a three year period and up to 80% of an award may vest based on the performance over that period. The vesting of at least 20% of any award is normally deferred for a further period of at least two years.

Employees may also be granted non-performance awards either in the form of conditional share awards or share options. These awards typically have a three-year vesting period. From 2022, a large portion of senior management who were previously eligible for the performance-based element of the LTP were instead awarded these non-performance awards.

Performance based awards

Details of the LTP awards are set out in the table below. The charge for market related performance targets has been calculated using a Monte Carlo simulation model taking account of share price volatility against peer group companies, risk free rate of return, dividend yield and the expected lifetime of the award. Further details of the LTP are provided in the Directors' Remuneration Report.

Cycle	Performance period	Fair value of award	Awards outstanding 31 December 2023	Awards outstanding 31 December 2022
11	2018-20	£6.67	**130,233**	405,899
12	2019-21	£5.69	**227,146**	257,082
13	2020-22	£3.64	**-**	6,987,812
14	2021-23	£3.17	**7,048,776**	7,634,392
15	2022-24	£1.88	**1,354,999**	1,647,844
16	2023-25	£1.32	**3,567,754**	–
			12,328,908	16,933,029

3,567,754 awards were made during the year, 299,928 awards were exercised during the year and 7,871,947 awards lapsed or were cancelled due to performance targets not being achieved.

The awards outstanding under cycle 11 and 12 represent 100% of the deferred award for directors and 20% of the award for all other participants at vesting which is deferred for two years. Zero awards remain outstanding under cycle 13 as performance measures were missed. Awards under cycle 15 and 16 were granted to directors and the executive leadership team only, with other senior management receiving non-performance LTP awards.

Further details on the LTP are provided in the Directors' Remuneration Report.

ESOS

For the purposes of calculating the fair value of the share options, a Black-Scholes option pricing model has been used. Based on past experience, it has been assumed that options will be exercised, on average, six months after the earliest exercise date, which is four years after grant date, and a lapse rate of 25% has been assumed. The share price volatility used in the calculation of 40% is based on the actual volatility of the Group's shares as well as that of comparable companies. The risk-free rate of return is based on the implied yield available on zero coupon gilts with a term remaining equal to the expected lifetime of the options at the date of grant.

Notes to the financial statements continued

24 Share based charges (continued)

Share awards

A summary of the basis for the charge for ESOS and LTP options is set out below together with the number of awards granted, exercised and lapsed during the year.

	ESOS		LTP and deferred bonus	
	2023	2022	**2023**	2022
Number of participants	**156**	218	**261**	349
Lapse rate	**25%**	25%	**10%**	10%
Risk free rate of return on grants during year	**N/A**	N/A	**3.69%**	0.43%
Share price volatility	**40%**	40%	**40%**	40%
Dividend yield on grants during year	**N/A**	N/A	**0%**	0%
Fair value of options granted during year	**N/A**	N/A	**£1.41-£2.25**	£1.91–£2.39
Weighted average remaining contractual life	**0.3 years**	0.7 years	**1.8 years**	2.2 years
Options outstanding 1 January	**995,000**	1,540,288	**8,254,534**	3,284,268
Options granted during the year	**–**	–	**7,942,031**	7,673,780
Options exercised during the year	**–**	–	**(1,406,735)**	(1,456,502)
Options lapsed during the year	**(545,500)**	(545,288)	**(1,189,312)**	(1,247,012)
Dividends accrued on options	**–**	–	**–**	–
Options outstanding 31 December	**449500**	995,000	**13,600,518**	8,254,534
No. of options exercisable at 31 December	**449,500**	995,000	**597,733**	296,531
Weighted average share price of options exercised during year	**N/A**	N/A	**£1.85**	£1.58

Executive Share Option Schemes

The following options to subscribe for new or existing shares were outstanding at 31 December:

	Number of ordinary shares under option			
Year of Grant	**2023**	2022	**Exercise price (per share)**	**Exercise period**
2012	**–**	–	680½p	2016–2022
2013	**–**	518,500	845⅓p	2017–2023
2014	**449,500**	476,500	767⅔p	2018–2024
	449,500	995,000		

Share options are granted at an exercise price equal to the average mid-market price of the shares on the three days prior to the date of grant.

24 Share based charges (continued)

Nil value share awards

The following options granted under the Group's LTP/DSP were outstanding at 31 December:

	Number of ordinary shares under option			
Year of Grant	**2023**	2022	**Exercise price (per share)**	**Exercise period**
2018	**–**	79,348	0.00p	2022-2023
2020	**–**	227,183	0.00p	2022-2023
2020	**5,000**	5,000	0.00p	2023-2024
2021	**627,000**	1,544,000	0.00p	2025-2026
2022	**83,222**	101,337	0.00p	2024-2025
2022	**880,000**	900,000	0.00p	2025-2026
2022	**4,606,367**	5,397,666	0.00p	2025
2023	**465,634**	–	0.00p	2025-2026
2023	**6,933,295**	–	0.00p	2026
	13,600,518	8,254,534		

Awards are granted under the Group's LTP/DSP at nil value. There are no performance criteria relating to the exercise of the options. Further details on the LTP/DSP are provided in the Directors' Remuneration Report.

Employee share plan

The Group introduced the ESP in 2016. Under the plan employees contribute regular monthly amounts which are used to purchase shares over a one-year period. At the end of the year, the participating employees are awarded one free share for every two shares purchased, providing they remain in employment for a further year. During 2023, 2,192,616 shares were awarded in relation to the ESP, of which 599,218 and 1,593,398 shares related to the 2022/23 and 2023/24 schemes respectively.

Share incentive plan

The Group introduced the SIP in 2021 for UK employees. Under the plan, which is recognised by HM Revenue and Customs, employees contribute regular monthly amounts of up to £150 per month to purchase shares. The participating employees are awarded one free share for every two purchased, provided that they hold the purchased shares for 3 years and remain in employment. During 2023, 845,381 partnership shares and 422,563 matching shares were awarded.

25 Share capital

Ordinary shares of 4²⁄₇ pence each (2022: 4²⁄₇ pence)		**2023**		2022
Authorised, issued and fully paid	**shares**	**$m**	shares	$m
At 1 January and 31 December	**691,839,369**	**41.3**	691,839,369	**41.3**

Holders of ordinary shares are entitled to receive any dividends declared by the Company and are entitled to vote at general meetings of the Company.

Notes to the financial statements continued

26 Share premium

	2023 $m	2022 $m
At 1 January and 31 December	**63.9**	63.9

The shares allocated to the trust during the year were issued at 4²⁄₇ pence (2022: 4²⁄₇ pence).

27 Retained earnings

	2023 $m	2022 $m
At 1 January	**1,224.4**	1,415.0
Loss for the year attributable to owners of the parent	**(110.7)**	(356.3)
Credit relating to share based charges (note 24)	**19.6**	20.7
Re-measurement (loss)/gain on retirement benefit liabilities (note 33)	**(82.2)**	170.9
Movement in deferred tax relating to retirement benefit liabilities	**18.0**	(41.6)
Deferred tax impact of rate change in equity	**0.7**	(0.8)
Tax on derivative financial instruments	**(0.4)**	(1.7)
Other tax movements in equity	**(0.1)**	(1.3)
Exchange movements in respect of shares held by employee share trusts	**–**	12.5
Purchase of shares by employee share trusts for the Share Incentive Plan (SIP)	**1.6**	1.7
Transfer from merger reserve	**242.0**	–
Transactions with non-controlling interests	**–**	5.3
At 31 December	**1,312.9**	1,224.4

Retained earnings are stated after deducting the investment in own shares held by employee share trusts. No options have been granted over shares held by the employee share trusts (2022: nil).

Shares held by employee share trusts

	2023		2022	
	Shares	**$m**	Shares	$m
Balance 1 January	**8,442,031**	**99.4**	14,358,014	111.9
Shares issued to satisfy option exercises	**(1,406,735)**	**–**	(1,456,502)	–
Shares issued to satisfy awards under Long Term Incentive Plan	**(299,928)**	**–**	(1,438,398)	–
Shares issued to satisfy awards under Employee Share Plan	**(1,114,466)**	**–**	(1,984,772)	–
Shares issued to satisfy awards under Share Incentive Plan	**(1,267,944)**	**–**	(1,036,311)	–
Other share transactions	**–**	**–**	–	–
Exchange movement	**–**	**–**	–	(12.5)
Balance 31 December	**4,352,958**	**99.4**	8,442,031	99.4

Shares acquired by the employee share trusts are purchased in the open market using funds provided by John Wood Group PLC to meet obligations under the Employee Share Option Schemes and LTP. Shares are allocated to the employee share trusts in order to satisfy future option exercises at various prices.

The costs of funding and administering the trusts are charged to the income statement in the period to which they relate. The market value of the shares at 31 December 2023 was $9.5m (2022: $13.7m) based on the closing share price of £1.72 (2022: £1.35) and closing exchange rate of 1.2749 (2022: 1.2029). The employee share trusts have waived their rights to receipt of dividends on ordinary shares.

28 Merger reserve

	2023 $m	2022 $m
At 1 January	**2,540.8**	2,540.8
Transfer to retained earnings	**(242.0)**	–
At 31 December	**2,298.8**	2,540.8

On 6 October 2017, 294,510,217 new shares were issued in relation to the acquisition of Amec Foster Wheeler Group. As the acquisition resulted in the Group securing 90% of Amec Foster Wheeler's share capital, the acquisition qualified for merger relief under section 612 of the Companies Act 2006 and the premium arising on the issue of the shares was credited to a merger reserve rather than the share premium account.

In November 2019, John Wood Group PLC (the Company) sold its investment in Amec Foster Wheeler Limited and other subsidiaries to another subsidiary company, John Wood Group Holdings Limited for $2,815.2m in exchange for a promissory note. To the extent that the promissory note is settled by qualifying consideration, the related portion of the merger reserve is considered realised and becomes available for distribution.

In 2023, John Wood Group Holdings Limited paid $242.0m to John Wood Group PLC in a partial settlement of the promissory note. The repayment represented qualifying consideration and as a result the Company transferred an equivalent portion of the merger reserve to retained earnings.

29 Other reserves

	Capital reduction reserve $m	**Capital redemption reserve $m**	**Currency translation reserve $m**	**Hedging reserve $m**	**Total $m**
At 1 January 2022	88.1	439.7	(497.0)	(9.8)	21.0
Cash flow hedges	–	–	–	5.1	5.1
Exchange movement on retranslation of foreign operations	–	–	(223.0)	–	(223.0)
Exchange movement on disposal of foreign operations	–	–	54.5	–	54.5
At 31 December 2022	**88.1**	**439.7**	**(665.5)**	**(4.7)**	**(142.4)**
Cash flow hedges	–	–	–	3.8	3.8
Exchange movement on retranslation of foreign operations	–	–	58.2	–	58.2
Exchange movement on disposal of foreign operations	–	–	–	–	–
At 31 December 2023	**88.1**	**439.7**	**(607.3)**	**(0.9)**	**(80.4)**

The capital reduction reserve was created subsequent to the Group's IPO in 2002 and is a distributable reserve.

The capital redemption reserve was created following a share issue that formed part of a return of cash to shareholders in 2011. This is not a distributable reserve.

The currency translation reserve relates to the retranslation of foreign currency net assets on consolidation. This was reset to zero on transition to IFRS at 1 January 2004. The movement during the year relates to the retranslation of foreign operations, including goodwill and intangible assets recognised on acquisition.

The hedging reserve relates to the accounting for derivative financial instruments under IFRS 9. Fair value gains and losses in respect of effective cash flow hedges are recognised in the hedging reserve.

30 Non-controlling interests

	2023 $m	2022 $m
At 1 January	**1.5**	3.3
Share of profit for the year	**5.5**	4.6
Dividends paid to non-controlling interests	**(1.6)**	(1.1)
Transactions with non-controlling interests	–	(5.3)
At 31 December	**5.4**	1.5

Notes to the financial statements continued

31 Analysis of net debt

2023	At 1 January 2023 $m	Cash flow $m	Other $m	Exchange movements $m	At 31 December 2023 $m
Short term borrowings	(345.9)	133.5	(85.8)	(17.1)	(315.3)
Long term borrowings	(584.0)	(315.0)	87.2	(0.4)	(812.2)
	(929.9)	(181.5)	1.4	(17.5)	(1,127.5)
Cash and cash equivalents	536.7	(107.6)	-	4.9	434.0
Net debt excluding leases	**(393.2)**	**(289.1)**	**1.4**	**(12.6)**	**(693.5)**
Leases	(342.9)	113.3	(160.9)	(10.3)	(400.8)
Net debt including leases	**(736.1)**	**(175.8)**	**(159.5)**	**(22.9)**	**(1,094.3)**

2022	At 1 January 2022 $m	Cash flow $m	Other $m	Exchange movements $m	At 31 December 2022 $m
Short term borrowings	(281.9)	(53.0)	(12.2)	1.2	(345.9)
Long term borrowings	(1,614.1)	1,039.1	(8.9)	(0.1)	(584.0)
	(1,896.0)	986.1	(21.1)	1.1	(929.9)
Cash and cash equivalents	503.0	60.2	–	(26.5)	536.7
Net debt excluding leases	**(1,393.0)**	**1,046.3**	**(21.1)**	**(25.4)**	**(393.2)**
Leases	(449.8)	121.6	(41.7)	27.0	(342.9)
Net debt including leases	**(1,842.8)**	**1,167.9**	**(62.8)**	**1.6**	**(736.1)**

Cash at bank and in hand at 31 December 2023 includes $127.7m (2022: $328.4m) that is part of the Group's cash pooling arrangements. For internal reporting and the calculation of interest, this amount is netted with short-term overdrafts and is presented as a net figure on the Group's balance sheet. In preparing these financial statements, the Group is required to gross up both its cash and short-term borrowings figures by this amount.

Cash and cash equivalents of $434.0m (2022: $536.7m) includes restricted cash of $49.4m (2022: $15.0m). The restricted cash balance comprises $38.1m (2022: not considered restricted) of cash held in Equatorial Guinea where the Group are seeking Central Bank approval in order to repatriate cash from a subsidiary via dividends or intercompany loans. A further $9.3m (2022: $10.0m) of cash is held in jurisdictions where there is insufficient liquidity in the local market to allow for immediate repatriation. The remaining $2.0m (2022: $5.0m) relates to balances held within Russia that are impacted by the sanctions associated with Russia's invasion of Ukraine. Management considers it appropriate to include the restricted cash balance in the Group's net debt figure on the basis that it meets the definition of cash, albeit is not readily available to the Group.

The lease liability at 31 December 2023 is made up of non-current leases of $317.4m (2022: $259.7m) and current leases of $83.4m (2022: $83.2m).

The other movements of $159.5m (2022: $62.8m) in the above table represents new leases entered into of $142.2m (2022: $23.8m), interest expense of $18.7m (2022: $17.9m), amortisation of bank facility fees of $2.4m (2022: $8.9m) and accrued interest on loan notes of $3.8m (2022: $12.2m). In addition, senior loan notes amounting to $89.6m were reclassified from long term borrowings to short term as they fall due within the next 12 months.

As at 31 December 2023, the Group had received $198.2m (2022: $200.0m) of cash relating to non-recourse financing arrangements. An equivalent amount of trade receivables was derecognised on receipt of the cash. At 31 December 2023, $111.7m (2022: $113.6m) had been received from customers in the normal course of business in relation to the same amounts received from the factors. This $111.7m (2022: $113.6m) is due to be paid over to the factors and is included in trade payables. The impact of both the cash received from the facility and the cash received from customers is included within cash generated from operations.

32 Employees and directors

Employee benefits expense	2023 $m	2022 $m
Wages and salaries	**2,414.3**	2,808.0
Social security costs	**180.6**	196.1
Pension costs – defined benefit schemes (note 33)	**2.9**	1.7
Pension costs – defined contribution schemes (note 33)	**97.4**	103.5
Share based charges (note 24)	**19.6**	20.7
	2,714.8	3,130.0

Average monthly number of employees (including executive directors)	2023 No.	2022 No.
By geographical area:		
UK	**4,928**	5,601
US	**6,443**	9,128
Rest of the World	**20,701**	20,721
	32,072	35,450

The average number of employees excludes contractors and employees of joint venture companies.

Key management compensation	2023 $m	2022 $m
Salaries and short-term employee benefits	**9.0**	13.9
Amounts receivable under long-term incentive schemes	**0.8**	0.7
Social security costs	**0.8**	1.0
Post-employment benefits	**0.2**	0.3
Share based charges	**2.5**	3.6
Termination benefits	**-**	0.9
	13.3	20.4

Key management compensation represents the charge to the income statement in respect of the remuneration of the Group board and Group Executive Leadership Team ('ELT') members. At 31 December 2023, key management held 0.2% of the voting rights of the company.

Directors	2023 $m	2022 $m
Aggregate emoluments	**3.6**	3.8
Aggregate amounts receivable under long-term incentive schemes	**0.3**	0.3
Aggregate gains made on the exercise of share options	**0.1**	0.3
Share based charges	**1.1**	1.6
	5.1	6.0

At 31 December 2023, two directors (2022: one) had retirement benefits accruing under a defined contribution pension plan and no directors (2022: none) had benefits accruing under a defined benefit pension scheme. Further details of directors' emoluments are provided in the Directors' Remuneration Report.

Notes to the financial statements continued

33 Retirement benefit schemes

The Group operates a number of defined benefit pension schemes which are largely closed to future accrual. The assets of the defined benefits schemes are held separately from those of the Group, being invested with independent investment companies in trustee administered funds. The trustees of the pension schemes are required by law to act in the best interests of the scheme participants and are responsible for setting certain policies (such as investment, contribution and indexation policies) for the schemes.

At 31 December 2023, the largest schemes by gross obligation are the Wood Pension Plan ('WPP') in the UK, the Foster Wheeler Inc Salaried Employees Pension Plan ('FW Inc SEPP') in the US and the Foster Wheeler Inc Pension Plan for Certain Employees ('FW Inc PPCE') in the US. These pension plans provide certain former employees with leaving service benefits that are generally based on service and salary.

The scheme valuations are based on the membership data contained within the triennial valuation of Wood Pension Plan as at 31 March 2023, and the valuation of the Foster Wheeler Inc SEPP/PPCE as at 1 January 2023. The scheme valuations have been updated by the schemes' actuaries for the requirement to assess the present value of the liabilities of the schemes as at 31 December 2023. The assets of the schemes are stated at their aggregate market value as at 31 December 2023. It is expected that the Group will make funding and expense contributions to these pension plans totalling $6.9m in the calendar year 2024 (nil in 2023) in line with the funding requirements agreed for the plans.

The actuarial valuation method is prescribed by the IAS 19 accounting standard and uses discount rates determined by the yields on high quality, AA rated, bonds at the measurement date. Conversely, each pension scheme is subject to a separate technical provisions or funding basis valuation which is considered to be more prudent than the IAS 19 methodology. Under IAS 19, the Wood Pension Plan is 116% funded on 31 December 2023 compared to 109% funded on the technical provisions basis.

Management have considered the requirements of IFRIC 14, 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' and consider it is appropriate to recognise the IAS 19 surplus in the Wood Pension Plan. The rules governing these schemes provide an unconditional right to a refund assuming the gradual settlement of the scheme's liabilities over time until all members have left the schemes. The requirements of IFRIC 14 also mean there is no requirement to recognise any additional liabilities in relation to deficit funding requirements. At the balance sheet date, there are no plans to exercise the unconditional right to a refund and other assets are being explored to use the surplus, and therefore the tax rate applied to the surplus of the UK scheme is 25%.

Scheme membership at the date of the most recent scheme census was as follows:

	2023 Wood Pension Plan	**2023 FW Inc SEPP**	**2023 FW Inc PPCE**	2022 Wood Pension Plan	2022 FW Inc SEPP	2022 FW Inc PPCE
Active members	**303**	**30**	**22**	494	44	28
Deferred members	**7,190**	**734**	**266**	8,313	622	437
Pensioner members	**10,178**	**2,245**	**833**	10,149	2,233	871

Active members includes deferred members still employed but not actively contributing to the scheme.

The principal assumptions made by the actuaries at the balance sheet date were:

	2023 Wood Pension Plan %	**2023 FW Inc SEPP %**	**2023 FW Inc PPCE %**	2022 Wood Pension Plan %	2022 FW Inc SEPP %	2022 FW Inc PPCE %
Discount rate	**4.8**	**4.9**	**4.9**	5.0	5.2	5.2
Rate of increase in pensions in payment and deferred pensions	**2.8**	**N/A**	**N/A**	2.8	N/A	N/A
Rate of retail price index inflation	**3.0**	**N/A**	**N/A**	3.1	N/A	N/A
Rate of consumer price index inflation	**2.6**	**N/A**	**N/A**	2.6	N/A	N/A

The assumptions on the FW Inc SEPP and FW Inc PPCE in the above table are not applicable since there are no post-retirement increases or cost of living adjustments provided in these plans. With no cost of living adjustments, there are no underlying retail price index or consumer price index assumptions to consider.

The mortality assumptions used to determine pension liabilities in the main schemes at 31 December 2023 were as follows –

Scheme	**Mortality assumption**
Wood Pension Plan	**Base table** Non-pensioners: Males: 102% of S3PMA Females: 104% of S3PFA_M Pensioners: Males: 97% of S3PMA Females: 99% of S3PFA_M **Future improvements** Scheme specific table with CMI 2022 (Sk =7.0) projections and a long-term rate of improvement of 1.25% pa, initial addition ("A" parameter) of 0.3, 25% weight on 2022 data and no weight on 2020 and 2021 data
FW Inc SEPP and FW Inc PPCE	Pri-2012 Employee and Annuitant tables for males and females with generational projection using Scale MP-2021 with no collar adjustments and Pri-2012 Contingent Annuitant mortality for spouses and beneficiaries with generational projection using Scale MP-2021 with no collar adjustments

33 Retirement benefit schemes (continued)

The mortality assumption uses data appropriate to each of the Group's schemes adjusted to allow for expected future improvements in mortality using the latest projections. Assumptions regarding future mortality are based on published statistics and the latest available mortality tables. In relation to the Wood Pension Plan, the Group has reflected the latest available data on the mortality characteristics of plan members following a mortality study undertaken since the prior year-end. The Group has also adopted the CMI_2022 model for projecting future improvements in life expectancy with the following parameters: s-kappa of 7.0, no weight to 2020 and 2021 death data and 25% weight to 2022 death data and an initial addition parameter of 0.3. The impact of adopting this revised mortality assumption, compared to the assumption adopted for the prior year, is around a 3% reduction in the value of the defined benefit obligation. In setting the assumptions, the Group has also reflected the results of a separate demographic study which assessed the proportion of plan members who are expected to have an eligible dependant and the likely age difference of any dependant. The impact of adopting these revised assumptions is around 2.3% increase in the value of the defined benefit obligation compared to the prior year.

For the schemes referred to above the assumed life expectancies are shown in the following table:

	2023 Wood Pension Plan	**2023 FW Inc SEPP**	**2023 FW Inc PPCE**	2022 Wood Pension Plan	2022 FW Inc SEPP	2022 FW Inc PPCE
Life expectancy at age 65 of male aged 45	**22.9**	**22.2**	**22.2**	23.8	22.1	22.1
Life expectancy at age 65 of male aged 65	**22.0**	**20.7**	**20.7**	22.5	20.6	20.6
Life expectancy at age 65 of female aged 45	**24.8**	**24.1**	**24.1**	25.5	24.0	24.0
Life expectancy at age 65 of female aged 65	**23.7**	**22.6**	**22.6**	24.0	22.6	22.6

The amounts recognised in the income statement are as follows:

	2023 $m	2022 $m
Current service cost	**2.9**	1.7
Past service credit	**–**	–
Total expense included within operating profit	**2.9**	1.7

Interest cost	**126.7**	78.0
Interest income on scheme assets	**(145.0)**	(80.4)
Total included within finance income	**(18.3)**	(2.4)

The amounts recognised in the balance sheet are determined as follows:

	2023 $m	2022 $m
Present value of funded obligations	**(2,707.3)**	(2,533.0)
Fair value of scheme assets	**3,019.1**	2,892.2
Net surplus	**311.8**	359.2

Changes in the present value of the defined benefit liability are as follows:

	2023 $m	2022 $m
Present value of funded obligations at 1 January	**2,533.0**	4,626.6
Current service cost	**2.9**	1.7
Interest cost	**126.7**	78.0
Re-measurements:		
- actuarial losses/(gains) arising from changes in financial assumptions	**48.1**	(1,544.5)
- actuarial gains arising from changes in demographic assumptions	**(16.9)**	(31.4)
- actuarial losses arising from changes in experience	**41.6**	72.0
Benefits paid	**(164.4)**	(177.3)
Decrease due to divestments	**-**	(58.7)
Exchange movements	**136.3**	(433.4)
Present value of funded obligations at 31 December	**2,707.3**	2,533.0

Notes to the financial statements continued

33 Retirement benefit schemes (continued)

Changes in the fair value of scheme assets are as follows:

	2023 $m	2022 $m
Fair value of scheme assets at 1 January	**2,892.2**	4,811.5
Interest income on scheme assets	**145.0**	80.4
Contributions	**3.1**	42.5
Benefits paid	**(164.4)**	(177.3)
Re-measurement losses on scheme assets	**(9.4)**	(1,333.0)
Expenses paid	**(7.6)**	(7.4)
Decrease due to divestments	**-**	(55.9)
Exchange movements	**160.2**	(468.6)
Fair value of scheme assets at 31 December	**3,019.1**	2,892.2

Analysis of the movement in the balance sheet surplus:

	2023 $m	2022 $m
Surplus at 1 January	**359.2**	184.9
Current service cost	**(2.9)**	(1.7)
Finance income	**18.3**	2.4
Contributions	**3.1**	42.5
Re-measurement (losses)/gains recognised in the year	**(82.2)**	170.9
Expenses paid	**(7.6)**	(7.4)
Increase due to divestments (note 7)	**-**	2.8
Exchange movements	**23.9**	(35.2)
Surplus at 31 December	**311.8**	359.2

The increased surplus due to divestments of $2.8m in 2022 relates to sale of a net pension liability on a small US scheme. This forms part of the disposal of the Built Environment Consulting business outlined in note 7.

The net surplus at 31 December is presented in the Group balance sheet as follows:

	2023 $m	2022 $m
Wood Pension Plan	**391.9**	**432.4**
Retirement benefit scheme surplus	**391.9**	**432.4**
Foster Wheeler Inc SEPP/PPCE	**(52.5)**	**(49.4)**
All other schemes	**(27.6)**	**(23.8)**
Retirement benefit scheme deficit	**(80.1)**	**(73.2)**
Net surplus	**311.8**	**359.2**

33 Retirement benefit schemes (continued)

For the principal schemes the defined benefit obligation can be allocated to the plan participants as follows:

	2023 Wood Pension Plan %	**2023 FW Inc SEPP %**	**2023 FW Inc PPCE %**	2022 Wood Pension Plan %	2022 FW Inc SEPP %	2022 FW Inc PPCE %
Active members	**3.9**	**2.4**	**1.6**	5.6	3.5	1.7
Deferred members	**32.9**	**24.6**	**12.8**	38.5	23.1	12.9
Pensioner members	**63.2**	**73.0**	**85.6**	55.9	73.4	85.4

The weighted average duration of the defined benefit obligation is as follows:

	2023 Wood Pension Plan years	**2023 FW Inc SEPP years**	**2023 FW Inc PPCE years**	2022 Wood Pension Plan years	2022 FW Inc SEPP years	2022 FW Inc PPCE years
Duration of defined benefit obligation	**13.0**	**8.1**	**7.3**	13.0	8.1	7.3

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2023 Wood Pension Plan $m	**2023 FW Inc SEPP $m**	**2023 FW Inc PPCE $m**	2022 Wood Pension Plan $m	2022 FW Inc SEPP $m	2022 FW Inc PPCE $m	**2023 Quoted on active market %**	2022 Quoted on active market %
Equities	**5.2**	**26.2**	**53.1**	10.6	31.1	62.4	**89.8**	93.8
Property[a]	**34.0**	**-**	**-**	75.7	-	-	**–**	–
Bonds (including gilts)	**1,398.2**	**39.8**	**48.5**	1,254.7	37.2	44.3	**100.0**	100.0
Liability-Driven Investments (LDIs)	**1,554.5**	**-**	**-**	1,456.3	-	-	**100.0**	100.0
Cash	**101.9**	**0.9**	**1.7**	124.3	0.8	1.7	**100.0**	100.0
Liquidity funds	**14.8**	**-**	**-**	248.6	-	-	**100.0**	100.0
Derivatives[b]	**(286.0)**	**-**	**-**	(480.1)	-	-	**–**	–
Investment funds	**-**	**3.7**	**7.6**	-	3.3	6.8	**100.0**	100.0
	2,822.6	**70.6**	**110.9**	2,690.1	72.4	115.2	**n/a**	n/a

Notes

a. Property assets are valued based on an analysis of recent market transactions supported by market knowledge derived from third-party, independent valuation experts

b. Derivatives are mainly related to repurchase agreements used to fund liability driven investments

As at 31 December 2023, 108.2% (2022: 113.7%) of total scheme assets in the principal schemes have quoted prices in active markets.

The Plan has a target allocation of 50% of investments held in cashflow-matching assets, with the remaining 50% allocated to liability-matching assets, designed to partially offset the movements in the Plan's liabilities caused by movements in interest rates and inflation. This asset split reflects the Trustee's current view of the most appropriate investments balancing risk/reward characteristics of the funds the Plan is invested in. During the accounting period the Plan has continued the process of selling down the growth assets in the portfolio.

As a result, the value of the property portfolio has declined over the reporting period. This was partly due to two properties being sold during 2023, totalling £23.9 million disposal proceeds alongside valuation reductions across the property portfolio driven by a combination of wider property market valuations weakening as well as property specific factors in the portfolio.

The reduction in the cash allocation over the 12 months to 31 December 2023 is predominantly down to the cash and cash equivalents balance within the BlackRock LDI mandate. In Q4 2022 the LDI mandate was recapitalised following the UK governments "mini budget" and the gilts crisis that followed and this resulted in a higher than usual cash balance in the LDI mandate at 31 December 2022. This cash balance has been invested into gilts and other hedging instruments during 2023 reducing the allocation.

The majority of the change in the value of the derivatives allocation can be attributed to a change in the allocation to gilt repos in the LDI mandate. The remainder of the change is the result of derivatives exposure at the buy and maintain credit managers who use derivatives to hedge currency risk. As currency pairs fluctuate, the market value of derivatives within these mandates will also fluctuate.

The Trustee's policy and beliefs in relation to ESG factors for the Plan are set out in the Statement of Investment Principles. The Trustee also undertake TCFD reporting annually, which assesses the climate impact of the Plan's portfolio as well as the potential risks that differing climate change scenarios may pose to the Plan over differing time horizons. Individual investment manager ESG ratings are reviewed in detail annually and the Trustees discuss ESG related issues when meeting with the Plan's investment managers.

The Group seeks to fund its pension plans to ensure that all benefits can be paid as and when they fall due. The Group is in the process of finalising the 31 March 2023 valuation, but due to the significant surplus, no contribution will be likely.

The US plans are funded to ensure that statutory obligations are met and contributions are generally payable to at least minimum funding requirements.

Notes to the financial statements continued

33 Retirement benefit schemes (continued)

Scheme risks

The retirement benefit schemes are exposed to a number of risks, the most significant of which are –

Volatility

The defined benefit obligation is measured with reference to corporate bond yields and if scheme assets underperform relative to this yield, this will create a deficit, all other things being equal. The scheme investments are well diversified such that the failure of a single investment would not have a material impact on the overall level of assets.

The schemes hold various liability driven investments comprising physical gilts, swap and leveraged gilt exposures to provide asset protection against interest and inflation factors inherent in their liability valuations. Collateral buffers have been further strengthened by de-risking steps taken to disinvest from equities and it is believed the WPP has sufficient collateral to withstand a sizable level of movement in interest rates. Of the scheme's liabilities 105.2% are currently hedged against interest rates and 103.7% against inflation rate risk.

Changes in bond yields

A decrease in corporate bond yields will increase the defined benefit obligation. This would however be offset to some extent by a corresponding increase in the value of the scheme's bond asset holdings.

Inflation risk

The majority of benefits in deferment and in payment are linked to price inflation so higher actual inflation and higher assumed inflation will increase the defined benefit obligation.

Life expectancy

The defined benefit obligation is generally made up of benefits payable for life and so increases to members' life expectancies will increase the defined benefit obligation, all other things being equal.

Sensitivity of the retirement benefit obligation

The impact of changes to the key assumptions on the retirement benefit obligation is shown below. The sensitivity is based on a change in an assumption whilst holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the pension obligation recognised in the Group balance sheet.

Approximate increase/(decrease) on scheme liabilities	**Wood Pension Plan 2023 $m**	Wood Pension Plan 2022 $m	**FW Inc SEPP 2023 $m**	FW Inc SEPP 2022 $m	**FW Inc PPCE 2023 $m**	FW Inc PPCE 2022 $m
Discount rate						
Plus 0.5%	**(146.6)**	(134.0)	**(3.2)**	(3.2)	**(5.2)**	(5.4)
Minus 0.5%	**163.0**	151.5	**3.5**	3.5	**5.6**	5.7
Inflation						
Plus 0.1%	**15.0**	13.3	**N/A**	N/A	**N/A**	N/A
Minus 0.1%	**(14.9)**	(13.2)	**N/A**	N/A	**N/A**	N/A
Life expectancy						
Plus 1 year	**86.5**	75.5	**3.0**	2.9	**6.2**	6.1
Minus 1 year	**(87.0)**	(73.6)	**(3.0)**	(2.9)	**(6.1)**	(6.0)

The sensitivity analysis covering the impact of reasonably plausible movements in pension assumptions are included in the above table. The 0.5% sensitivity applied is considered to be sufficient on the basis of minimal movements between 2023 and 2022 on the interest rates of high-quality corporate bonds in the currency in which the benefits will be paid and that have terms to maturity similar to those of the related retirement benefit obligation. The discount rate sensitivities can be extrapolated downwards and upwards to broadly calculate the impact of a 0.25% and 1% discount rate movement respectively.

Defined contribution plans

Pension costs for defined contribution plans were as follows:

	2023 $m	2022 $m
Defined contribution plans	**97.4**	103.5

There were no material contributions outstanding at 31 December 2023 in respect of defined contribution plans.

The Group operates a Supplemental Executive Retirement Plan (SERP) pension arrangement in the US for certain employees. During the year, the Group made contributions of $0.1m (2022: $0.1m) to the arrangement. Contributions are invested in a portfolio of US funds and the fair value of the funds at the balance sheet date are recognised by the Group in other investments. Investments held by the Group at 31 December amounted to $51.7m (2022: $55.6m) and will be used to pay benefits when employees retire. The corresponding liability is recorded in other non-current liabilities.

34 Contingent liabilities

General

A contingent liability is a potentially material present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Cross guarantees

At the balance sheet date, the Group had cross guarantees extended to its principal bankers and surety providers in respect of sums advanced to subsidiaries and certain joint ventures. A liability will only occur in the event of a default by a subsidiary or certain joint ventures on its obligations.

Legal claims

From time to time, the Group is notified of claims in respect of work carried out on customer projects or as subcontractor to others. For a number of these claims the potential exposure is material. Where management believes we are in a strong position to defend these claims no provision is made, such that no economic outflow is probable. This includes a civil administrative determination, made by the Contraloría General de la República de Colombia against two Amec Foster Wheeler subsidiaries, along with 22 others, in relation to work carried out for Refineria de Cartagena, S.A ("Reficar") between 2009 and 2016. We are continuing to vigorously challenge this determination and we are confident in our ability to prevail. This also includes commercial disputes which arise predominantly within our Projects business, some of which may evolve within the next 12 months and these will be reassessed in future periods as the Group engages in defences to the claims.

At any point in time there are a number of claims where it is too early to assess the merit of the claim, and hence it is not possible to make a reliable estimate of the potential financial impact. In performing this assessment, the directors considered the nature of existing litigations or claims, the progress of matters, existing law and precedent, the opinions and views of legal counsel and other advisors, the Group's experience in similar cases (where applicable) and other facts available to the Group at the time of assessment. The director's assessment of these factors may change over time as individual litigations or claims progress.

The group carries insurance coverage and in the event of future economic outflow arising with respect to any of these contingencies, an element of reimbursement may occur, subject to any excess or other policy restrictions and limits.

Investigations

Following the settlement of the various regulatory investigations in 2021, it remains possible that there may be other adverse consequences for the Group's business including actions by authorities in other jurisdictions. At this time, these consequences appear unlikely and therefore no provision has made in respect of them in the financial statements.

Employment claims

The Group received assessments from HMRC into the historical application of employer's National Insurance Contributions to workers on the UK Continental Shelf. The assessments have been appealed and our case is stayed for a fixed period. We believe it is more likely than not that we will be able to defend this challenge and therefore as a result do not expect that it is probable a liability will arise. The maximum potential exposure to the Group in relation to tax and interest should we be unsuccessful in our position is approximately $32.5m.

Indemnities and retained obligations

The Group has agreed to indemnify certain third parties relating to businesses and/or assets that were previously owned by the Group and were sold to them. Such indemnifications relate primarily to breach of covenants, breach of representations and warranties, as well as potential exposure for retained liabilities, environmental matters and third party claims for activities conducted by the Group prior to the sale of such businesses and/or assets. We have established provisions for those indemnities in respect of which we consider it probable that there will be a successful claim, to the extent such claim is quantifiable. The Group sold its Built Environment Consulting business to WSP in late 2022 and the share purchase agreement provided an indemnity for losses on three specified contracts. No provisions were considered necessary for these contracts as at 31 December 2023.

Tax planning

HMRC have challenged the deductibility of certain interest expenses in relation to loans from Irish resident finance companies to the UK. The tax treatment of the Irish finance companies under the UK controlled foreign company regime was previously considered as part of the EU State Aid, but no state aid was found to apply. A significant amount of contemporaneous documentation has been provided to HMRC regarding the transition from a previous finance company structure in the Netherlands, and subsequent funding of acquisitions via the Irish companies. HMRC continue with their enquiries. We believe that the interest deductions have been appropriately taken in line with tax legislation and guidance and therefore do not expect any outflow as a result, however we continue to monitor case law in the area and will consider the challenges of HMRC when raised. The maximum potential exposure to the Group including interest in relation to the interest deductions is approximately $39.5m and in the event of any amount ultimately being payable there is no prospect of any reimbursement.

35 Capital and other financial commitments

	2023 $m	2022 $m
Contracts placed for future capital expenditure not provided in the financial statements	**102.3**	74.8

The capital expenditure above relates to software costs which will be included within intangible asset additions when incurred.

Notes to the financial statements continued

36 Related party transactions

The following transactions were carried out with the Group's joint ventures. These transactions comprise sales and purchases of goods and services and funding provided in the ordinary course of business. The receivables include loans to joint venture companies.

	2023 $m	2022 $m
Sale of goods and services to joint ventures	**3.6**	12.2
Purchase of goods and services from joint ventures	**0.6**	4.3
Receivables from joint ventures	**9.8**	8.9
Payables to joint ventures	**12.1**	0.3

Compensation of key management personnel includes salaries, non-cash benefits and contributions to post retirement benefits schemes disclosed in note 32.

The Group operates a number of defined benefit pension arrangements and seeks to fund these arrangements to ensure that all benefits can be paid as and when they fall due. The Group has an agreed schedule of contributions with the UK plan's trustees where amounts payable by the Group are dependent on the funding level of the respective scheme. The US plans are funded to ensure that statutory obligations are met and contributions are generally payable to at least minimum funding requirements. Note 33 sets out details of the Group's pension obligations under these arrangements.

37 Post balance sheet events

The directors have reviewed the position of the Group, up to the date authorised for issue of these financial statements and have not identified any events arising after the reporting period which require disclosure.

38 Subsidiaries, joint ventures and other related undertakings

The Group's subsidiary and joint venture undertakings at 31 December 2023 are listed below. All subsidiaries are fully consolidated in the financial statements. Ownership interests noted in the table reflect holdings of ordinary shares.

Subsidiaries

Company Name	**Registered Address**	**Ownership Interest %**
Algeria		
SARL Wood Group Algeria	Regus Algeria, Tour Nord, Centre Commercial et Administratif de Bab Ezzouar,, Quartier d'affaires de Bab Ezzouar, Algeria Properties	100
Wood Group Somias SPA	PO Box 67, Elmalaha Road (Route des Salines), Elbouni, Annaba, Algeria	55
Angola		
Production Services Network Angola Limitada	RuaKima Kienda, Edificio SGEP, 2nd Floor, Apartment 16, Boavista District, Ingombota, Luanda, Angola	49*
Wood Group Kianda Limitada	No 201, Rua Engenheiro Armindo de Andrade,Bairro Miramar, Simbizanga, Luanda, Angola	41*
Argentina		
Foster Wheeler E&C Argentina S.A.	Paraguay 1866, Buenos Aires, Argentina	100
ISI Mustang (Argentina) S.A.	Pedro Molina 714, Provincia de Mendoza, Ciudad de Mendoza, Argentina	100
Wood Solar Argentina S.A.U.	Tucuman 1 Floor 4, Buenos Aires, Argentina	100
Wood Wind Argentina S.A.U.	Tucuman 1 Floor 4, Buenos Aires, Argentina	100
Australia		
Amec Foster Wheeler Australia Pty Ltd	Level 1, 240 St Georges Terrace, Perth, WA 6000, Australia	100
Aus-Ops Pty Ltd	Level 1, 240 St Georges Terrace, Perth, WA 6000, Australia	100
Innofield Services Pty Ltd	Level 1, 240 St Georges Terrace, Perth, WA 6000, Australia	100
RIDER HUNT INTERNATIONAL (AUSTRALIA) PTY LTD	Level 3, 171 Collins Street, Melbourne, VIC 3000, Australia	100
SVT Holdings Pty Ltd	Level 1, 240 St Georges Terrace, Perth, WA 6000, Australia	100
Wood Australia Architecture Pty Ltd	Level 1, 240 St Georges Terrace, Perth, WA 6000, Australia	100
Wood Australia Pty Ltd	Level 3, 171 Collins Street ,Melbourne, VIC, 3000, Australia	100
Wood Field Services Pty Ltd	Level 3, 171 Collins Street ,Melbourne, VIC, 3000, Australia	100
Wood Group Australia PTY Ltd	Level 1, 240 St Georges Terrace, Perth, WA 6000, Australia	100
Wood Group Kenny Australia Pty Ltd	Level 1, 240 St Georges Terrace, Perth, WA 6000, Australia	100
Azerbaijan		
AMEC Limited Liability Company	37 Khojali Street, Baku, AZ1025, Azerbaijan	100
Wood Group PSN Azerbaijan LLC	Khojali Avenue,Building 37, Khatal District, Baku, AZ1025, Azerbaijan	100
Bermuda		
Foster Wheeler Ltd.	Clarendon House, 2 Church Street, Hamilton, HM-11, Bermuda	100
FW Management Operations, Ltd.	Clarendon House, 2 Church Street, Hamilton HM CX, Bermuda	100

38 Subsidiaries, joint ventures and other related undertakings (continued)

Subsidiaries

Company Name	**Registered Address**	**Ownership Interest %**
Brazil		
Amec Foster Wheeler America Latina, Ltda.	Rua Evaristo da Veiga No. 65, Salas 1101, 1201 e 1202 do Sector 1, Edificio Passeio Corporate, Centro, Rio de Janeiro, CEP 20.031-040, Brazil	100
Amec Foster Wheeler Brasil S.A.	Avenida das Americas, n 3.434, Bloco 2, salas 307 e 308, Centro Empresarial Mario Henrique Simonsen, Barra da Tijuca, CEP 22.640-102, Brazil	100
AMEC Petroleo e Gas Ltda.	Avenida das Americas, n 3.434, Bloco 2, salas 307 e 308, Centro Empresarial Mario Henrique Simonsen, Barra da Tijuca, CEP 22.640-102, Brazil	100
AMEC Projetos e Consultoria Ltda	Rua Professor Moraes No. 476, Loja 5, Sobreloja, Bairro Funcionarios, Belo Horizonte, Minas Gerais, 30150-370, Brazil	100
FW Industrial Power Brazil Ltda	Alameda Santos, 1293, Room 63, Cerqueira César, Sao Paulo, 01419-002, Brazil	100
Santos Barbosa Tecnica Comercio e Servicos Ltda.	Estrada Sao Jose do Mutum, 301 - Imboassica, Cidade de Macae, Rio de Janeiro, CEP 27973-030, Brazil	100
Wood Group Engineering and Production Facilities Brasil Ltda.	Rua Ministro Salgado Filho,119, Cavaleiros, Cidade de Macae,CEP 27920-210, Estado do Rio de Janeiro	100
Wood Group Kenny do Brasil Servicos de Engenharia Ltda.	Rua Sete de Setembro, 54 - 4 andares, Centro, Rio de Janeiro - RJ, CEP 20050-009, Brazil	100
Brunei Darussalam		
Amec Foster Wheeler (B) SDN BHD	Unit No.s 406A-410A, Wisma Jaya, Jalan Pemancha, Bandar Seri Begawan BS8811, Brunei Darussalam	100
Bulgaria		
AMEC Minproc Bulgaria EOOD	7th Floor, 9-11 Maria Louisa Blvd, Vazrazhdane District, Sofia 1301, Bulgaria	100
Cameroon		
Amec Foster Wheeler Cameroun SARL	Cap Limboh, Limbe, BP1280, Cameroon	100
Canada		
2292127 Alberta Ltd.	1900, 520 - 3rd Ave. S.W., Calgary, AB, T2P 0R3, Canada	100
Amec Foster Wheeler Canada Ltd.	Borden Ladner Gervais LLP, Centennial Place, East Tower, 1900, 520 - 3rd Ave. S.W., Calgary, AB, T2P 0R3, Canada	100
Rider Hunt International (Alberta) Inc.	900 AMEC Place, 801-6th Avenue S.W., Calgary, AB, T2P 3W3, Canada	100
Wood Canada Limited	1900, 520 - 3rd Avenue SW, Calgary, AB, T2P 0R3, Canada	100
Wood Group Asset Integrity Solutions, Inc.	1900, 520 - 3rd Avenue SW, Calgary, AB, T2P 0R3, Canada	100
Wood Group Canada, Inc.	Borden Ladner Gervais LLP, Centennial Place, East Tower, 1900, 520 - 3rd Ave. S.W., Calgary, AB, T2P 0R3, Canada	100
Wood Solar Canada Ltd.	1900, 520 - 3rd Ave. S.W., Calgary, AB, T2P 0R3, Canada	100
Wood Wind Canada Ltd.	1900, 520 - 3rd Ave. S.W., Calgary, AB, T2P 0R3, Canada	100
Cayman Islands		
FW Chile Holdings Ltd.	Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, George Town, KY1-1111	100
Wood Group O&M International, Ltd.	Sterling Trust (Cayman) Limited, Whitehall House, 238 North Church Street, George Town, KY1-1102, Cayman Islands	100
Chile		
Amec Foster Wheeler Talcahuano, Operaciónes y Mantenciones Limitada	Camino A Ramuntcho 3230, Sector 4 Esquinas, Talcahuano, Chile	100
ISI Mustang Chile SpA	Calle Providencia 337, off. 7, Comuna de Providencia, Santiago, Chile	100
Wood Chile Limitada	Avenida Presidente Riesco 5335, piso 8, Las Condes, Chile	100
Wood Ingenieria y Consultoria Chile Limitada	Avenida Larrain 5862, Piso 11, La Reina, Santiago, 7870154, Chile	100
China		
Liaoning Province Pharmaceutical Planning and Designing Institution Co. Ltd.	3rd Floor, Gate 4, 153-10 Chuangxin Road, Hunnan District, Shenyang, Liaoning Province, China	100
Shenyang Dongyu Youan Pharmaceutical Technology Co. Ltd.	Gate 2, 8# Wulihe Street, Heping District, Shenyang, Liaoning Province, China	76
Colombia		
Wood Engineering & Consultancy Colombia S.A.S.	Carrera 11 A No. 96-51 5th floor, Bogota D.C., Colombia	100
Cyprus		
WGPS International Limited	Elenion Building, 2nd Floor, 5 Themistocles Street, CY-1066 Nicosia,CY-1310 Nicosia, PO Box 25549, Cyprus	100
Wood Group Angola Limited	Elenion Building, 2nd Floor, 5 Themistocles Street, CY-1066 Nicosia,CY-1310 Nicosia, PO Box 25549, Cyprus	100
Wood Group Equatorial Guinea Limited	Elenion Building, 2nd Floor, 5 Themistocles Street, CY-1066 Nicosia,CY-1310 Nicosia, PO Box 25549, Cyprus	100
Democratic Republic of Congo		
MDM Engineering SPRL	32 Avenue 3Z, Commune de Kasuku, Ville de Kindu, Democratic Republic of Congo	100
Egypt		
Foster Wheeler Petroleum Services S.A.E.	Al-Amerya General Free Zone, Alexandria, Egypt	100
Equatorial Guinea		
Baker Energy International Equatorial Guinea S.A.	Bioko, Island Region, Malabo	65
Hexagon Sociedad Anonima con Consejo de Administracion	c/o Solege, Calle Kenia S/N, Malabo, Equatorial Guinea	65

Notes to the financial statements continued

38 Subsidiaries, joint ventures and other related undertakings (continued)

Subsidiaries

Company Name	Registered Address	Ownership Interest %
France		
Amec Foster Wheeler France S.A.	14, Place de la Coupole, Charenton-le-Pont, France, 94220	100
Wood Group Engineering Services (France) SAS	6Pl de la Madeleine, 75008, Paris, France	100
Wood Group France SAS	108 rue de Longchamp 75116 Paris	100
Gabon		
Production Services Network Gabon SARL	1.149, Republic Boulevard, CEDAM Building, 6th Floor, Bali - Douala, Douala, PO Box 3586, Cameroon	100
Germany		
Bauunternehmung Kittelberger GmbH i.L.	Liebigstr. 1-3, Kaiserslautern, 67661, Germany	100
KIG Immobilien Beteiligungsgesellschaft mbH	Hammstrasse 6, 04129 Leipzig, Germany	100
KIG Immobiliengesellschaft mbH & Co. KG	Hammstrasse 6, 04129 Leipzig, Germany	100
Wood E&IS (Renewables) GmbH	Zippelhaus 4, 20457 Hamburg, Germany	100
Ghana		
Amec Foster Wheeler Operations Ghana Limited	House Number 4, Momotse Avenue, Behind All Saints Anglican Church, Adabraka, PO Box GP 1632, Accra, Greater Accra, Ghana	100
Wood & BBS Ghana Ltd	No 4 Momotsa Avenue, Behind All Saints Anglican Church, Adabraka, Accra, Ghana	80
Wood Group Ghana Limited	20 Jones Nelson Road, Adabraka, Accra, Ghana	49*
Greece		
Amec Foster Wheeler Hellas Engineering and Construction Societe Anonyme	15 Meandrou Street, Athens, 115 28, Greece	100
Guatemala		
AMEC Guatemala Engineering and Consulting, Sociedad Anonima	Ciudad Guatemala, Guatemala	100
Guernsey		
AMEC Operations Limited	22 Havilland Street, St Peter Port, GY1 2QB, Guernsey	100
Garlan Insurance Limited	PO Box 33, Maison Trinity, Trinity Square, St Peter Port, GY1 4AT, Guernsey	100
Wood Group Offshore Services Limited	PO Box 119 Martello Court, Admiral Park, St Peter Port, Guernsey, GY1 3HB, Guernsey	100
Wood USA Holdings Limited	22 Havilland Street, St Peter Port, GY1 2QB, Guernsey	100
Hong Kong		
AMEC Asia Pacific Limited	3806, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong	99
India		
Ingenious Process Solutions Private Limited	307, Atlanta Estate, 3rd Floor, Hanuman Tekdil Road Vitbhatti, Off. W.E. Highway, Goregaon (East) Mumbai MH 400063	100
Mustang Engineering India Private Limited	6th Floor, Zenith Building, Ascendas IT Park, CSIR Road, Taramani, Chennai 600 113, India	100
Wood India Engineering & Projects Private Limited	6th Floor, Zenith Building, Ascendas IT Park, CSIR Road, Taramani, Chennai 600 113, India	100
Wood Group Kenny India Private Limited	15th Floor Tower-B, Building No. 5, DLF Cyber City, ,HR, Phase III Gurgaon Gurgaon, 122002, India	100
Wood Group PSN India Private Limited	5th Floor, Zenith Building, Ascendas IT Park, CSIR Road, Taramani, Chennai, 600113, India	100
Indonesia		
PT AGRA Monenco	c/o 2020 Winston Park Drive, Suite 700, Oakville, ON, L6H 6X7, Canada	100
PT Amec Foster Wheeler Indonesia	Perkantoran Pulo mas Blok VII No. 2, Jl Perintis Kemerdekaan, Pulo Gadung, Jakarta, Timur, Indonesia	55
PT Australian Skills Training	Green Town Warehouse No. 2, Bengkong-Batam-Indonesia, Indonesia	95
PT Foster Wheeler O&G Indonesia	Perkantoran Pulo mas Blok VII No.2, Jl. Perintis Kemerdekaan, Pulo Gadung, Jakarta Timur 13260, Indonesia	90
PT Harding Lawson Indonesia	c/o 2020 Winston Park Drive, Suite 700, Oakville, ON, L6H 6X7, Canada	95
PT Simons International Indonesia	c/o 2020 Winston Park Drive, Suite 7000, Oakville, Ontario, Canada	100
PT Wood Group Indonesia	Gedung Perkantoran Prudential Centre, Kota Kasablanka, Lantai 22, Unit A, J1, Cassablanca Kav, 88 Kel. Menteng Dalam, Kec.Tebet, Kota Adm, Jarkarta Selantan, DKI Jarkarta, Malaysia	90
Iran		
Foster Wheeler Adibi Engineering	9th Floor Aluminumm Building, Avenue Shah, Tehran	45
Wood Group Iran - Qeshm Company (pjs)	No 2564, Hafez Street, Toola Industrial Park,Qeshm Island, Annaba, Iran	97
Iraq		
Ghabet El Iraq for General Contracting and Engineering Services, Engineering Consultancy (LLC)	Suite 24, Building 106,St 19, Sec 213, Al-Kindi St, Al-Haritheeya Qts, Baghdad, Iraq	100
Touchstone General Contracting, Engineering Consultancy and Project Management LLC	Flat no. 23A, 3rd Floor, near Kahramana Square Anbar Building, District no. 903, Hay Al Karada, Baghdad, Iraq	100
Ireland		
Wood Group Kenny Ireland Limited	Second Floor, Blocks 4 and 5, Galway Technology Park, Parkmore, Galway, Ireland	100

38 Subsidiaries, joint ventures and other related undertakings (continued)

Subsidiaries

Company Name	Registered Address	Ownership Interest %
Italy		
Concetto Green S.r.l	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Concettorinnovabile s.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
ForEarth S.r.l	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Geo Rinnovabile S.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Green2dream s.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Green2grid S.r.l	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Greendream1 S.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Greendream2 S.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
HWF S.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Hybrid Energy S.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Newagro s.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Oro Rinnovabile s.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Orosolare s.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Res4green s.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Res4planet S.r.l	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Res4power s.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Resergy S.r.l	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Transizione s.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Transizioneverde s.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Tre Rinnovabili S.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Versogreen s.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Wood Italiana S.r.l.	Via S. Caboto 15, Corsico, 20094, Italy	100
Wood Solare Italia S.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Jamaica		
Monenco Jamaica Limited	c/o 2020 Winston Park Drive, Suite 700, Oakville, ON, L6H 6X7, Canada	100
Jersey		
RHI Talent UK Limited	28 Esplanade, St Helier, JE2 3QA, Jersey	100
Wood Group Engineering Services (Middle East) Limited	28 Esplanade, St Helier, JE2 3QA, Jersey	100
Wood Group Production Facilities Limited	28 Esplanade, St Helier, JE2 3QA, Jersey	100
Kazakhstan		
AMEC Limited Liability Partnership	46 Satpayev St., Atyrau City, Atyrau Oblast, 060011, Kazakhstan	100
Foster Wheeler Kazakhstan LLP	app. 27, h. 64, Bostandykskiy district, Abaya Ave., Almaty City, Kazakhstan	100
QED International (Kazakhstan) Limited Liability Partnership	46 Satpayev St., Atyrau City, Atyrau Oblast, 060011, Kazakhstan	100
Wood Group Kazakhstan LLP	Satpayev str. 46, Atyrau, 060011, Kazakhstan	100
Kuwait		
AMEC Kuwait Project Management and Contracting Company W.L.L.	2nd Floor, Al Mutawa Building, Ahmed Al Jaber Street, Sharq, Kuwait City	49*
Luxembourg		
Financial Services S.à r.l.	15, Boulevard Friedrich Wilhelm Raiffeisen, L-2411, Luxembourg	100
FW Investment Holdings S.à r.l.	15, Boulevard Friedrich Wilhelm Raiffeisen, L-2411, Luxembourg	100
Malaysia		
Amec Foster Wheeler OPE Sdn. Bhd.	Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1, Leboh Ampang, Kuala Lumpur, 50100, Malaysia	100
BMA Engineering SDN. BHD.	Unit C-12-4, Level 12, Block C, Megan Avenue II, Wilayah Persekutuan,Wilayah Persekutuan, Kuala Lumpur, 50450, Malaysia	100
Foster Wheeler (Malaysia) Sdn. Bhd.	Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1, Leboh Ampang, Kuala Lumpur, 50100, Malaysia	100
Foster Wheeler E&C (Malaysia) Sdn. Bhd.	Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1, Leboh Ampang, Kuala Lumpur, 50100, Malaysia	70
Rider Hunt International (Malaysia) Sdn Bhd	Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, Kuala Lumpur, 50490, Malaysia	100
Wood Group Kenny Sdn Bhd	c/o Securities Services (Holdings) Sdn Bhd, level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, ,Kuala Lumpur, Damansara Town Centre, Damansa, 50490, Malaysia	25*
Wood Group Mustang (M) Sdn. Bhd.	Level 7, Menara Milenium,Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights,Wilayah Persekutuan,Wilayah Persekutuan, Kuala Lumpur, 50490, Malaysia	100
Mauritius		
MDM Engineering Investments Ltd	1st Floor, Felix House, 24 Dr Joseph Street, Port Louis, Mauritius	100
MDM Engineering Projects Ltd	1st Floor, Felix House, 24 Dr Joseph Street, Port Louis, Mauritius	100
P.E. Consultants, Inc.	c/o First Island Trust Company Ltd, Suite 308, St. James Court, St. Denis Street, Port Louis, Mauritius	100
QED International Ltd	c/o Ocorian Corporate Services (Mauritius) Limited, 6th Floor, Tower A, 1 CyberCity, Ebene, 72201, Mauritius	100

Notes to the financial statements continued

38 Subsidiaries, joint ventures and other related undertakings (continued)

Subsidiaries

Company Name	Registered Address	Ownership Interest %
Mexico		
AGRA Ambiental S.A. de C.V.	c/o 2020 Winston Park Drive, Suite 700, Oakville, ON, L6H 6X7, Canada	100
Amec Foster Wheeler Energia Mexico S. de R.L. de C.V.	Av. Vasconcelos 453, Colonia del Valle 66220 Nuevo Leon, Monterrey (Estados Unidos de México), Mexico	100
Amec Foster Wheeler Mexico, S.A. de C.V.	David Alfaro Siqueiros No.104, Piso 2, Colonia Valle Oriente, San Pedro Garza Garcia, Nuevo Leon, C.P. 66269, Mexico	100
CEC Controls Automatizacion S. de R.L. de C.V.	Libramiento Carr. Silao-León #201, Esq. Prolongación Bailleres, Col. Progreso Silao, Guanajuato, CP. 36135, Mexico	100
Foster Wheeler Constructors de Mexico S. de R.L. de C.V.	699 15th Street, 6th Avenue, Agua Prieta, Sonora, Mexico	80
Global Mining Projects and Engineering, S.A. de C.V.	Calle Coronado 124, Zona Centro, Chihuahau, Chihuahau, 31000, Mexico	100
Harding Lawson de Mexico S.A. de C.V.	Edificio Omega, Campos Eliseos 345, floors 2, 3 & 11, Chapultepec Polanco 11560 Mexico, D.F.	100
ISI Mustang Servicios de Ingenieria de Mexico, S de R.L. De C.V.	HOMERO 1804 PISO 11,COL. LOS MORALES - DELEGACION MIGUEL HIDALGO, Distrito Federal, Mexico City, C.P. 11540, Mexico	100
Wood Group de Mexico S.A. de C.V.	Insurgentes Sur #619 piso 10, Colonia Napoles, Municipio Benito Juarez, between Calle Vermont and Calle Yosemite, Mexico City, 03810, Mexico	100
Wood Group Management Services de Mexico, S.A. de C.V.	Blvd. Manuel Avila Camacho 40 - 1801, Lomas de Cahpultepec, Delgacion Miguel Hidalgo, Mexico, D.F. 11000	100
Mongolia		
AMEC LLC	Mongol TV Tower-1005, Chinggis Avenue, Sukhbaatar District, 1st khoroo, Ulaanbaatar, Mongolia	100
Mozambique		
Amec Foster Wheeler Mozambique Limitada	Mocambique, Maputo Cidade, Distrito Urbano 1, Bairro Sommerschield II, Av. Julius Nyerere, nº 3412, Maputo, Mozambique	100
Wood Group Mozambique, Limitada	73 Rua Jose Sidumo, Bairro da Polana, Maputo, Mozambique	100
Netherlands		
AMEC GRD SA B.V.	Meander 251, Arnhem, 6825 MC, Netherlands	100
AMEC Holland B.V.	EDGE Amsterdam West, Basisweg 10, 1043 AP, Amsterdam, Netherlands	100
AMEC Investments B.V.	EDGE Amsterdam West, Basisweg 10, 1043 AP, Amsterdam, Netherlands	100
Foster Wheeler Continental B.V.	Naritaweg 165, 1043 BW Amsterdam, Netherlands	100
Foster Wheeler Europe B.V.	Naritaweg 165, 1043 BW Amsterdam, Netherlands	100
John Wood Group B.V.	C/O Centralis Netherlands BV, Zuidplein 126, WTC, Toren H 15e, Amsterdam, 1077XV, Netherlands	100
John Wood Group Holdings BV	C/O Centralis Netherlands BV, Zuidplein 126, WTC, Toren H 15e, Amsterdam, 1077XV, Netherlands	100
New Zealand		
M&O Pacific Limited	26 Manadon Street, Spotswood, New Plymouth, 4310, New Zealand	100
Nigeria		
AMEC Contractors (W/A) Limited	13A AJ Marinho Drive, Victoria Island, Lagos, Nigeria	100
AMEC King Wilkinson (Nigeria) Limited	No 3, Hospital Road, PO Box 9289, Lagos, Nigeria	100
AMEC Offshore (Nigeria) Limited	18th Floor, Western House, 8/10 Broad street, Lagos, Nigeria	75
Foster Wheeler (Nigeria) Limited	1 Murtala Muhammed Drive, (Formerly Bank Road), Ikoyi, Lagos, Nigeria	100
Foster Wheeler Environmental Company Nigeria Limited	c/o Nwokedi & Co., 21 Ajasa Street, Onikan, Nigeria	87
JWG Nigeria Limited	13 Sumbo Jibowu Street, Ikoyi, Lagos, Nigeria	100
Overseas Technical Services Nigeria Limited	No 13 Sumbo Jibowu Street, Ikoyi, Lagos, Nigeria	93
Norway		
Wood Group Norway AS	Fokserodveien 12, Sandefjord, 3241, Norway	100
Oman		
Wood Engineering Consultancy LLC	PO Box 1469, Postal Code 133, Al-Khuwair, Sultanate of Oman	60
Wood LLC	Bldg No. 89, Way No. 6605, Al Oman Street, Ghala Industrial Area, P.O. Box 293, Al Khuwair, PC 133, Oman	70
Papua New Guinea		
Wood Engineering PNG Ltd	Deloitte Touche Tohmatsu, Level 9, Deloitte Haus, Macgregor Street, Section 8, Allotment 19, Port Moresby, National Capital District, Papua New Guinea	100
Wood Group PNG Limited	Dentons PNG, Level 5, Bsp Haus, Harbour City, Port Moreseby,Papau New Guinea, National Capital District, Papua New Guinea	100
Peru		
Wood Group Peru S.A.C.	Av. de la Floresta 407, 5th Floor, San Borja, Lima, Peru	100
Philippines		
Foster Wheeler (Philippines) Corporation	U-7A, 7/F PDCP Bank Centre,V.A. Rufino St. Corner L.P. Leviste St., Salcedo Village, Makati City, PH, 1227	100
Production Services Network Holdings Corp.	585 ME National Road HW, Barangay Alangilan, Batangas City, Batangas, Philippines	100
PSN Production Services Network Philippines Corp	12th Floor, Net One Center,26th Street Corner, 3rd Avenue, Crescent Park West,Taguig, Metro Manilla, Bonifacio Global City, 1634, Philippines	100
Poland		
Amec Foster Wheeler Consulting Poland Sp. z o.o.	ul. Chmielna 132/134, Warsaw, 00-805, Poland	100
Portugal		
Amec Foster Wheeler (Portugal) Lda	Avenida Barbosa du Bocage 113-4, Lisboa, 1050-031, Portugal	100

38 Subsidiaries, joint ventures and other related undertakings (continued)

Subsidiaries

Company Name	Registered Address	Ownership Interest %
Qatar		
Production Services Network Qatar LLC	PO Box 2515, Doha, Qatar	49*
Romania		
AMEC Operations S.R.L	Rooms 1 and 2, 2nd Floor, No. 59 Strada Grigore Alexandrescu, Sector 1, Bucharest 010623, Romania	100
Russia		
OOO Amec Foster Wheeler	Office E-100, Park Place, 113/1, Leninsky Prospekt, 117198, Moscow, Russian Federation 113/1, Leninsky Prospekt, 117198, Moscow, Russian Federation	100
Production Services Network Eurasia LLC	2-6 Floors,88 Amurskaya, Yuzhno-Sakhalinsk, 693020, Russian Federation	100
Production Services Network Sakhalin LLC	2-6 Floors,88 Amurskaya, Yuzhno-Sakhalinsk, 693020, Russian Federation	99
Saudi Arabia		
Amec Foster Wheeler Energy and Partners Engineering Company	Majd Business Center, Tower B, P.O. Box 30920, King Faisal Road, Al-Khobar, 31952, Saudi Arabia	75
Mustang and Faisal Jamil Al-Hejailan Consulting Engineering Company	PO Box 9175, Almalaz, Salahuddin Alayoubi Street, Riyadh, 11413, Saudi Arabia	70
Mustang Saudi Arabia Co. Ltd.	King Fahad Road, Rakah, Po Box 8145, Al-Khobar, 34225, Saudi Arabia	100
Wood Group ESP Saudi Arabia Limited	PO Box 1280, Al-Khobar	51
Singapore		
Amec Foster Wheeler Asia Pacific Pte. Ltd.	One Marina Boulevard #28-00, Singapore, 018989, Singapore	100
AMEC Global Resources Pte Limited	991E Alexandra Road, #01 - 25, 119973, Singapore	100
Foster Wheeler Eastern Private Limited	1 Marina Boulevard, #28-00, Singapore 018989	100
OPE O&G Asia Pacific Pte. Ltd.	1 Marina Boulevard, #28-00, One Marina Boulevard, 018989, Singapore	100
Rider Hunt International (Singapore) Pte Limited	24 Raffles Place, #24-03 Clifford Centre, Singapore, 048621	100
Simons Pacific Services Pte Ltd.	8 Marina Boulevard #05-02, Marina Bay Financial Centre, Singapore, 018981, Singapore	100
Wood Group International Services Pte. Ltd.	991E Alexandra Road, #01 - 25, 119973, Singapore	100
Slovakia		
The Automated Technology Group (Slovakia) s.r.o.	c/o, Kinstellar s.r.o., Hviezdoslavovo nám 13, Bratislava, 811 02, Slovakia	100
South Africa		
Amec Foster Wheeler Properties (Pty) Limited	Waterfall Corporate Campus, Building 6, 74 Waterfall Drive Waterval City, Gauteng, 2090, South Africa	100
AMEC Minproc (Proprietary) Limited	2 Eglin Road, Sunninghill, 2157, South Africa	100
Wood Minerals and Metals Africa (Pty) Ltd	Building Number 2 - Silverstream Business Park, 10 Muswell Road South, Bryanston, Gauteng, 2021	100
Rider Hunt International South Africa (Pty) Ltd	Building No. 2, Silver Stream Business Park, No. 10 Muswell Road South, Bryanston, South Africa	83
Wood BEE Holdings (Proprietary) Ltd	Waterfall Corporate Campus, Building 6, 74 Waterfall Drive Waterval City, Gauteng, 2090, South Africa	58
Wood Mining South Africa (Pty) Ltd	Building No. 2, Silver Stream Business Park, 10 Muswell Road South, Bryanston, Gauteng, 2021, South Africa	100
Wood South Africa (PTY) Ltd	Waterfall Corporate Campus, Building 6, 74 Waterfall Drive Waterval City, Gauteng, 2090, South Africa	70
South Korea		
AMEC Korea Limited	KG Tower 5F, 92 Tongil-ro, Jung-gu, Seoul 04517, Korea	100
Spain		
Amec Foster Wheeler Energia, S.L.U.	Calle Gabriel Garcia Marquez, no 2, Parque Empresarial Madrid, Las Rozas, 28232 Las Rozas, Madrid, Spain	100
Wood Iberia S.L.U.	Calle Gabriel Garcia Marquez, no 2, Parque Empresarial Madrid - Las Rozas, 28230 Las Rozas, Madrid, Spain	100
Switzerland		
A-FW International Investments GmbH	c/o Intertrust Services (Schweiz) AG, Alpenstrasse 15, 6300, Zug, Zug, Switzerland	100
Wood Engineering AG	Lohweg 6, 4054 Basel, Switzerland	100
Tanzania		
MDM Projects-Tanzania Limited	Plot No. 483, Garden Road, Mikocheni Ward, Kinondoni District, Dar es Salaam, 14112, Tanzania, the United Republic of	100
Thailand		
Amec Foster Wheeler Holding (Thailand) Limited	1st Floor Talaythong Tower, 53 Moo 9, Sukhumvit Road, Thungsukla, Sriracha, Chonburi, 20230, Thailand	100
Foster Wheeler (Thailand) Limited	53 Talaythong Tower, 1st Floor, Moo 9, Sukhumvit Road, Tambol Tungsukhla, Amphur Sriracha, Chonburi, 20230, Thailand	100
Trinidad and Tobago		
Wood Group Trinidad & Tobago Limited	18 Scott Bushe Street, Port of Spain, Trinidad and Tobago	100
Turkey		
Amec Foster Wheeler Bimas Birlesik Insaat ve Muhendislik A.S.	Kucukbakkalkoy Mah, Çardak Sok, No.1A Plaza, 34750 Atasehir, Istanbul, Turkey	100
Uganda		
Wood Group PSN Uganda Limited	KAA House, Plot 41,Nakasero Road, PO Box 9566, Kampala, Uganda	100
Ukraine		
Wood Ukraine LLC	Room 398, Building 26, Obolonskyi Avenue, Kyiv City, 04205, Ukraine	100
United Arab Emirates		
Production Services Network Emirates LLC	Unit 1301-CI Tower, Level 13, Al Bateen Street, Khalidiya, Abu Dhabi, PO Box 105828	49*
PSN Overseas Holding Company Limited	The MAZE Tower, 15th Floor, Sheikh Zayed Road, PO Box 9275, Dubai, United Arab Emirates	100

Notes to the financial statements continued

38 Subsidiaries, joint ventures and other related undertakings (continued)

Subsidiaries

Company Name	Registered Address	Ownership Interest %
United Kingdom		
AFW Finance 2 Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC (F.C.G.) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC (MH1992) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC (MHL) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC (WSL) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC BKW Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Bravo Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Building Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Capital Projects Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Civil Engineering Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler (Holdings) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler Earth and Environmental (UK) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler Energy Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler Finance Asia Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler Finance Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler Group Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler International Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Investments Europe Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Offshore Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Process and Energy Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Project Investments Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Services Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Trustees Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC USA Holdings Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Wind Developments Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Automated Technology Group Holdings Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
East Mediterranean Energy Services Limited	c/o Ledingham Chalmers LLP, 3rd Floor, 68-70 George Street, Edinburgh, EH2 2LR, United Kingdom	100
Foster Wheeler (G.B.) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Foster Wheeler (London) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Foster Wheeler (Process Plants) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Foster Wheeler E&C Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Foster Wheeler Environmental (UK) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Foster Wheeler Europe	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Foster Wheeler UK Investments Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Foster Wheeler World Services Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
FW Investments Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
HFA Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Integrated Maintenance Services Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
James Scott Limited	Ground Floor, 15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland	100
John Wood Group Holdings Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
JWG Investments Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
JWGUSA Holdings Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Kelwat Investments Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Metal and Pipeline Endurance Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Mustang Engineering Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Press Construction Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Process Plants Suppliers Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Production Services Network (UK) Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Production Services Network Bangladesh Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
PSJ Fabrications Ltd	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
PSN (Angola) Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
PSN (Philippines) Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
PSN Asia Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
PSN Overseas Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100

38 Subsidiaries, joint ventures and other related undertakings (continued)

Subsidiaries

Company Name	Registered Address	Ownership Interest %
QED International (UK) Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Rider Hunt International Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Sandiway Solutions (No 3) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
SgurrEnergy Limited	St Vincent Plaza, 319 St Vincent Street, Glasgow, G2 5LP, Scotland, United Kingdom	100
The Automated Technology Group Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
WGPSN (Holdings) Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
WGPSN Eurasia Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Wood (Indonesia) Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Wood and Company Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Wood Finance UK Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Wood Group Algeria Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Wood Group Algiers Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Wood Group Annaba Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Wood Group Arzew Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Wood Group Engineering & Operations Support Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Wood Group Engineering (North Sea) Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Wood Group Hassi Messaoud Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Wood Group Holdings (International) Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Wood Group Investments Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Wood Group Kenny Corporate Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Wood Group Kenny Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Wood Group Kenny UK Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Wood Group Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Wood Group Power Investments Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Wood Group Production Services UK Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Wood Group UK Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Wood Group/OTS Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Wood International Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Wood Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Wood Pensions Trustee Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Wood Transmission and Distribution Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Wood UK Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
United States		
4900 Singleton, L.P.	400 North St. Paul, Dallas, TX, 75201	100
AMEC Construction Management, Inc.	United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	100
Amec Foster Wheeler Arabia Ltd.	3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	100
Amec Foster Wheeler Environmental Equipment Company, Inc.	3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	100
Amec Foster Wheeler Industrial Power Company, Inc.	3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	100
Amec Foster Wheeler Martinez, Inc.	United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	100
Amec Foster Wheeler North America Corp.	United Agent Group Inc., 3411 Silverside Road, Tatnall Bldg. #104, Wilmington, DE, 19810, United States	100
Amec Foster Wheeler Power Systems, Inc.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Amec Foster Wheeler USA Corporation	United Agent Group Inc., 3411 Silverside Road, Tatnall Bldg. #104, Wilmington, DE, 19810, United States	100
AMEC Holdings, Inc.	United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	100
AMEC North Carolina, Inc.	225, Hillsborough Street, Raleigh, NC, 27603, United States	100

Notes to the financial statements continued

38 Subsidiaries, joint ventures and other related undertakings (continued)

Subsidiaries

Company Name	Registered Address	Ownership Interest %
AMEC Oil & Gas World Services, Inc.	United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	100
Barsotti's Inc.	Perryville Corporate Park, 53 Frontage Road, PO Box 9000, Hampton, NJ, 08827-90000	100
BMA Solutions Inc.	United Agent Group Inc., 3411 Silverside Road, Tatnall Bldg. #104, Wilmington, DE, 19810, United States	100
C E C Controls Company, Inc.	United Agent Group Inc., 28175 Haggerty RoadD, Novi, MI, 48377, United States	100
Cape Software, Inc.	United Agent Group, 2425 W Loop South #200, Houston, TX, 77027, United States	100
Ceres Solar 1, LLC	8275 South Eastern Avenue #200, Las Vegas, Clark County, NV, 89123, United States	100
Ceres Solar 2, LLC	8275 South Eastern Avenue #200, Las Vegas, Clark County, NV, 89123, United States	100
Ceres Solar 3, LLC	8275 South Eastern Avenue #200, Las Vegas, Clark County, NV, 89123, United States	100
Equipment Consultants, Inc.	Corporation Trust Company, 1209 Orange Street, Wilmington, DE, 19801	100
Energy Transition Developments LLC	5444 Westheimer #1000, Houston, Harris County, TX, 77056, United States	100
Energy Transition Ventures 1 LLC	5444 Westheimer #1000, Houston, Harris County, TX, 77056, United States	100
Energy Transition Ventures 2 LLC	5444 Westheimer #1000, Houston, Harris County, TX, 77056, United States	100
Energy Transition Ventures 3 LLC	5444 Westheimer #1000, Houston, Harris County, TX, 77056, United States	100
Energy Transition Ventures 4 LLC	5444 Westheimer #1000, Houston, Harris County, TX, 77056, United States	100
Energy Transition Ventures 5 LLC	5444 Westheimer #1000, Houston, Harris County, TX, 77056, United States	100
Wood Contract Services LLC	17325 Park Row, Suite 500, Houston, TX, 77084, United States	100
Foster Wheeler Energy Corporation	5444 Westheimer #1000, Houston, Harris County, TX, 77056, United States	100
Foster Wheeler Environmental Corporation	5444 Westheimer #1000, Houston, Harris County, TX, 77056, United States	100
Foster Wheeler Inc.	United Agent Group Inc., 3411 Silverside Road, Tatnall Bldg. #104, Wilmington, DE, 19810, United States	100
Foster Wheeler Intercontinental Corporation	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Foster Wheeler International LLC	United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	100
Foster Wheeler LLC	United Agent Group Inc., 3411 Silverside Road, Tatnall Bldg. #104, Wilmington, DE, 19810, United States	100
Foster Wheeler Realty Services, Inc.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Ingenious Inc.	United Agent Group, 2425 W Loop South #200, Houston, TX, 77027, United States	100
ISI Group, L.L.C.	United Agent Group, 2425 W Loop South #200, Houston, TX, 77027, United States	100
JWGUSA Holdings, Inc.	United Agent Group Inc., 3411 Silverside Road, Tatnall Bldg. #104, Wilmington, DE, 19810, United States	100
Kelchner, Inc.	United Agent Group Inc., 119 E. Court Street, Cincinnati, OH, 45202, United States	100
MACTEC E&C International, Inc.	United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	100
Martinez Cogen Limited Partnership	United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	99
Mustang International, Inc.	5444 Westheimer #1000, Houston, Harris County, TX, 77056, United States	100
Process Consultants, Inc.	United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	100
RHI Talent USA Inc.	United Agent Group Inc., 8275 South Eastern Av., #200, Las Vegas, NV, 89123, United States	100
Rider Hunt International (USA) Inc.	United Agent Group, 2425 W Loop South #200, Houston, TX, 77027, United States	100
Swaggart Brothers, Inc.	United Agent Group Inc., 5708 S.E. 136th Avenue, #2, Portland, OR, 97236, United States	100
Swaggart Logging & Excavation LLC	United Agent Group Inc., 5708 S.E. 136th Avenue, #2, Portland, OR, 97236, United States	100
Thelco Co.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Wood Group Alaska, LLC	United Agent Group Inc., 3411 Silverside Road, Tatnall Bldg. #104, Wilmington, DE, 19810, United States	100
Wood Group PSN, Inc.	United Agent Group Inc., 8275 South Eastern Av., #200, Las Vegas, NV, 89123, United States	100
Wood Group Support Services, Inc.	United Agent Group Inc., 8275 South Eastern Av., #200, Las Vegas, NV, 89123, United States	100
Wood Group US Holdings, Inc.	3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	100
Wood Group USA, Inc.	5444 Westheimer #1000, Houston, Harris County, TX, 77056, United States	100
Wood Programs, Inc.	2475 Northwinds Parkway, #200-260, Alpharetta, GA, 30009, United States	100
Uzbekistan		
Wood Energy Solutions LLC	Sulton Darvoza Business Center, 38/1 Shakhrisabz Street, Tashkent, 100060, Uzbekistan	100
Vanuatu		
O.T.S. Finance and Management Limited	Law Partners House, Rue Pasteur, Port Vila, Vanuatu	100
Overseas Technical Service International Limited	Law Partners House, Rue Pasteur, Port Vila, Vanuatu	100
Venezuela		
Amec Foster Wheeler Venezuela, C.A.	Avenida Francisco de Miranda, Torre Cavendes, Piso 9, Ofic 903, Caracas, Venezuela	100

* Companies consolidated for accounting purposes as subsidiaries on the basis of control. There is no material impact on the financial statements of the judgements applied in assessing the basis of control for these entities.

** The Group does not have a direct shareholding in these entities but considers them to be under group control.

38 Subsidiaries, joint ventures and other related undertakings (continued)

Joint Ventures

Company Name	Registered Address	Ownership Interest %
Australia		
Clough AMEC Pty Ltd1	Level 6, QV1 Building, 250 St Georges Terrace, Perth, WA, 6000, Australia	50
Azerbaijan		
Socar-Foster Wheeler Engineering LLC	88A Zardaby Avenue,Baku, Azerbaijan	35
Brunei Darussalam		
TendrillWood Sdn Bhd	Lot 29 & 30, Tapak Perindustrian Sungai Bera, Kampong Sungai Bera, Seria, Belait, KB1933, Brunei Darussalam	75
Canada		
ABV Consultants Ltd1	Suite 2300, Bentall 5, 550 Burrard Street, Vancouver, BC, V6C 2B5, Canada	50
AMEC Black & McDonald Limited1	60 Cutler Avenue, Dartmouth, NS, B3B 0J6, Canada	50
ODL Canada Limited	689 Water Street, Newfoundland, St. John's, NL, A1E 1B5, Canada	50
Teshmont Consultants Inc.	1190 Waverley Street, Winnipeg, MB, R3T 0P4, Canada	50
Vista Mustang JV	Suite B12, 6020 2nd Street S. E., Calgary, AB, T2H 2L8, Canada	50
Chile		
Consorcio AMEC CADE / PSI Consultores Limitada	Av. Jose Domingo, Canas No 2640, Nunoa, Santiago, 7750164, Chile	50
Consorcio Consultor Cade Zañartu Limitada	Seminario 714, Ñuñoa, Santiago de Chile	50
Consorcio Consultor Systra / Cade Idepe / Geoconsult Limitada	Av. Jose Domingo, Canas No 2640, Nunoa, Santiago, 7750164, Chile	40
Consorcio de Ingenieria Geoconsult Cade Idepe Limitada	Av. Jose Domingo, Canas No 2640, Nunoa, Santiago, 7750164, Chile	50
Consorcio de Ingeniería Systra Cade Limitada	Av. Jose Domingo, Canas No 2640, Nunoa, Santiago, 7750164, Chile	50
Consorcio de Ingenieria Transporte Systra Cade Idepe Consultores Limitada	Jose Domingo Cañas 2640, Ñuñoa, Santiago Chile	50
Construcciòn e Ingenierìa Chile FI Limitada	Avenida Andrés Bello 2711, Piso 22 - Comuna Las Condens, Santiago, Chile	50
China		
Wood Zone Co., Ltd	No. 143 Jinyi Road, Jinshan District, Shanghai, 200540, China	50
Cyprus		
Wood Group – CCC Limited	Elenion Building, 2nd Floor, 5 Themistocles Street, CY-1066 Nicosia,CY-1310 Nicosia, PO Box 25549, Cyprus	50
Kazakhstan		
WOOD KSS JSC	Satpayev str. 46, Atyrau, 060011, Kazakhstan	50
Mexico		
AFWA DUBA Salina Cruz, S. de R.L. de C.V.	Carlos Salazar, #2333, Colonia Obrera, Monterrey, Nuevo Leon, Mexico	50
Grupo Industrial de Ingenieria Ecologica III HLA & Iconsa S.A. de C.V.	Edificio Omega, Campos Eliseos 345, floors 2, 3 & 11, Chapultepec Polanco 11560 Mexico, D.F.	51
Mustang Diavaz, S.A.P.I. de C.V.	Av. Revolucion 468, Col. San Pedro de los Pinos Mexico, D.F., 03800, Mexico	50
Northam Conip Consorcio, S.A. de C.V.	David Alfaro Siqueiros 104 piso 2, Col. Valle Oriente, San Pedro Garza Garcia, Nuevo Leon, CP. 66269, Mexico	50
Malaysia		
ICE Wood Sdn. Bhd.	Level 7, Menara Milenium,Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, Wilayah Persekutuan, Wilayah Persekutuan, Kuala Lumpur, 50490, Malaysia	49
Netherlands		
Wood Group Azerbaijan B.V.	C/O Centralis Netherlands BV, Zuidplein 126, WTC, Toren H 15e, Amsterdam, 1077XV, Netherlands	51
New Zealand		
Wood Beca Limited	Ground Floor, Beca House, 21 Pitt Street, Auckland, 1010, New Zealand	50
Oman		
AMEC Al Turki LLC	c/o Al Alawi, Mansoor Jamal & Co., Barristers & Legal Consultants, Muscat International Centre, Mezzanine Floor, Muttrah Business District, P.O. Box 686 Ruwi, Oman	35
Qatar		
Wood Black Cat LLC	5th Floor Al Aqaria Tower, Building No. 34, Museum Street, Old Salata Area, Street 970, Zone 18, P.O Box No. 24523 Doha, Qatar	49
Saudi Arabia		
AMEC BKW Arabia Limited1	Al Rushaid Petroleum Investment Co. Building, Prince Hamoud Street, PO Box 31685 – Al Khobar 31952, Saudi Arabia	50
Spain		
Insolux Monenco Medio Ambiente S.A.	Calle Juan Bravo, 3-C, Madrid, 28006, Spain	49
Trinidad and Tobago		
Massy Wood Group Ltd.	4th Floor, 6A Queens Park West, Victoria Avenue, Port of Spain, Trinidad and Tobago	50
United Kingdom		
ACM Health Solutions Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England, United Kingdom	33
Ethos Energy Group Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	51
RWG (Repair & Overhauls) Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	50
South Kensington Developments Limited	Ground Floor T3 Trinity Park, Bickenhill Lane, Birmingham, B37 7ES, United Kingdom	50

[1] Entities are consolidated as joint operations on the basis of control.
In addition to the subsidiaries listed above, the Group has a number of overseas branches.
Details of the direct subsidiaries of John Wood Group PLC are provided in note 1 to the parent company financial statements.

Notes to the financial statements continued

38 Subsidiaries, joint ventures and other related undertakings (continued)

The Group will be exempting the following companies from an audit in 2023 under Section 479A of the Companies Act 2006. All of these companies are fully consolidated in the Group Financial Statements.

AFW Finance 2 Limited (Registered number 09861575)
AME Building Limited (Registered number 165287)
AMEC (F.C.G) Limited (Registered number 148585)
AMEC (MH1992) Limited (Registered number 222870)
AMEC (MHL) Limited (Registered number 713103)
AMEC (WSL) Limited Registered number 514311)
AMEC BKW Limited (Registered number 169831)
AMEC Bravo Limited (Registered number 6206015)
AMEC Capital Projects Limited (Registered number 2804109)
AMEC Civil Engineering Limited (Registered number 1265199)
Amec Foster Wheeler (Holdings) Limited (Registered number 00163609)
Amec Foster Wheeler Earth and Environmental (UK) Limited (Registered number 4987981)
Amec Foster Wheeler Energy Limited (Registered number 1361134)
Amec Foster Wheeler Finance Asia Limited (Registered number 6205760)
Amec Foster Wheeler Finance Limited (Registered number 1332332)
Amec Foster Wheeler Group Limited (Registered number 4612748)
Amec Foster Wheeler International Limited (Registered number 3203966)
AMEC Investments Europe Limited (Registered number 3704533)
AMEC Offshore Limited (Registered number 1054207)
AMEC Process and Energy Limited Registered number 2028340)
AMEC Project Investments Limited (Registered number 2619408)
AMEC Services Limited (Registered number 2804093)
AMEC Trustees Limited (Registered number 2830098)
Amec USA Holdings Limited (Registered number 4041261)
Amec Wind Developments Limited (Registered number 8781332)
Automated Technology Group Holdings Limited (Registered number 07871655)
East Mediterranean Energy Services Limited (Registered number SC505318)
Foster Wheeler (G.B.) Limited (Registered number 745470)
Foster Wheeler (London) Limited (Registered number 887857)
Foster Wheeler (Process Plants) Limited (Registered number 1184855)
Foster Wheeler E&C Limited (Registered number 2247293)
Foster Wheeler Environmental (UK) Limited (Registered number 1657494)
Foster Wheeler Europe (Registered number 04127813)
Foster Wheeler UK Investments Limited (Registered number SC649888)
Foster Wheeler World Services Limited (Registered number 1439353)
FW Investments Limited (Registered number 6933416)
HFA Limited (Registered number SC129298)
Integrated Maintenance Services Limited (Registered number 3665766)
James Scott Limited (Registered number SC35281)
John Wood Group Holdings Limited (Registered number SC642609)
JWG Investments Limited (Registered number SC484872)
JWGUSA Holdings Limited (Registered number SC178512)
Kelwat Investments Limited (Registered number SC203212)
Metal and Pipeline Endurance Limited (Registered number 534109)
Mustang Engineering Limited (Registered number SC273548)
Press Construction Limited (Registered number 471400)
Process Plants Suppliers Limited (Registered number 957881)
Production Services Network (UK) Limited (Registered number SC293004)
Production Services Network Bangladesh Limited (Registered number 02214332)
PSJ Fabrications Ltd (Registered number 01205595)
PSN (Angola) Limited (Register number SC311500)
PSN (Philippines) Limited (Registered number SC345547)
PSN Asia Limited (Registered number SC317111)
PSN Overseas Limited (Registered number SC319469)
QED International (UK) Limited (Registered number SC106477)
Rider Hunt International Limited (Register number 02305615)
Sandiway Solutions (No 3) Limited (Registered number 5318249)
SgurrEnergy Limited (Registered number SC245814)
The Automated Technology Group Limited (Registered number 03109235)
WGPSN (Holdings) Limited (Registered number SC288570)
WGPSN Eurasia Limited (Registered number SC470501)
Wood (Indonesia) Limited (Registered number SC693591)
Wood and Company Limited (Registered number 01580678)
Wood Group Algeria Limited (Registered number SC299843)
Wood Group Algiers Limited (Registered number SC299845)
Wood Group Annaba Limited (Registered number SC299848)
Wood Group Arzew Limited (Registered number SC299850)
Wood Group Engineering (North Sea) Limited (Registered number SC030715)
Wood Group Engineering & Operations Support Limited (Registered number SC159149)
Wood Group Hassi Messaoud Limited (Registered number SC299851)
Wood Group Holdings (International) Limited (Register number SC169712)
Wood Group Investments Limited (Registered number SC301983)
Wood Group Kenny Corporate Limited (Registered number SC147353)
Wood Group Kenny Limited (Registered number 1398385)
Wood Group Kenny UK Limited (Registered number 2331383)
Wood Group Power Investments Limited (Registered number SC454342)
Wood Group Production Services UK Limited (Registered number SC278252)
Wood Group/OTS Limited (Registered number 1579234)
Wood International Limited (Registered number 10517856)
Wood Limited (Registered number 9861563)
Wood Finance UK Limited (Registered number 03725076)
Wood Pensions Trustee Limited (Registered number 1889899)
Wood Transmission and Distribution Limited (Registered number 11829648)
Wood UK Limited (Registered number 3863449)

Company financial statements

Company financial statements

Company balance sheet

As at 31 December 2023

	Note	2023 $m	2022 *restated $m
Non-current assets			
Investments	1	**4,410.7**	4,391.1
Long term receivables	2	**3,061.7**	2,565.2
		7,472.4	6,956.3
Current assets			
Trade and other receivables	3	**324.4**	1,189.3
Income tax receivable		**7.5**	5.7
Cash and cash equivalents	4	**11.7**	24.8
		343.6	1,219.8
Current liabilities			
Borrowings	5	**257.4**	234.9
Trade and other payables	6	**2,112.3**	3,646.8
		2,369.7	3,881.7
Net current liabilities		**(2,026.1)**	(2,661.9)
Non-current liabilities			
Borrowings	5	**812.2**	584.0
Other non-current liabilities	7	**1,034.8**	131.7
		1,847.0	715.7
Net assets		**3,599.3**	3,578.7
Equity			
Share capital	9	**41.3**	41.3
Share premium	10	**63.9**	63.9
Retained earnings	11	**657.1**	394.5
Merger reserve	12	**2,298.8**	2,540.8
Other reserves	13	**538.2**	538.2
Total equity		**3,599.3**	3,578.7

As permitted by Section 408 (3) of the Companies Act 2006, no profit and loss account of the Company is presented. The profit for the financial year of the Company was $4.2m (2022: $54.7m loss (restated)).

* Refer to page 250 for further details on the prior period restatement.

The financial statements on pages 246 to 254 were approved by the board of directors on 28 March 2024, and signed on its behalf by:

Ken Gilmartin, Director David Kemp, Director

Company Registration Number: SC036219

Statement of changes in equity

For the year ended 31 December 2023

	Share capital $m	Share premium $m	Retained earnings $m	Merger reserve $m	Other reserves $m	Total equity $m
At 1 January 2022	41.3	63.9	416.6	2,540.8	538.2	3,600.8
Loss for the year (*restated)	–	–	(54.7)	–	–	(54.7)
Total comprehensive loss for the year (*restated)	**–**	**–**	**(54.7)**	**–**	**–**	**(54.7)**
Transactions with owners:						
Credit relating to share based charges	–	–	20.7	–	–	20.7
Purchase of company shares by employee share trust for the share incentive plan (SIP)	–	–	1.7	–	–	1.7
Foreign exchange movements on employee share trusts	–	–	10.2	–	–	10.2
At 31 December 2022 (*restated)	**41.3**	**63.9**	**394.5**	**2,540.8**	**538.2**	**3,578.7**
Profit for the year	–	–	4.2	–	–	4.2
Total comprehensive profit for the year	**–**	**–**	**4.2**	**–**	**–**	**4.2**
Transactions with owners:						
Credit relating to share based charges	–	–	19.6	–	–	19.6
Purchase of company shares by employee share trust for the share incentive plan (SIP)	–	–	1.6	–	–	1.6
Foreign exchange movements on employee share trusts	–	–	(4.8)	–	–	(4.8)
Transfer from merger reserve to retained earnings	–	–	242.0	(242.0)	–	–
At 31 December 2023	**41.3**	**63.9**	**657.1**	**2,298.8**	**538.2**	**3,599.3**

During 2023, John Wood Group Holdings Limited paid $242.0m to John Wood Group PLC in a partial settlement of the promissory note, which was put in place during 2019. The repayment represented qualifying consideration and as a result the Company transferred an equivalent portion of the merger reserve to retained earnings.

* Refer to page 250 for further details on the prior period restatement.

Notes to the Company financial statements

For the year ended 31 December 2023

General information

John Wood Group PLC is a public limited company, incorporated and domiciled in the United Kingdom and listed on the London Stock Exchange. The Company's registered address is Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE.

Summary of significant accounting policies

The principal accounting policies, which have been applied in the preparation of the Company financial statements, are set out below. These policies have been consistently applied to all the years presented.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards ("UK-adopted IFRS") in conformity with the requirements of the Companies Act 2006 but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company is a qualifying entity for the purposes of FRS 101.

The application of FRS 101 has enabled the Company to take advantage of certain disclosure exemptions that would have been required had the Company adopted International Financial Reporting Standards in full. The only such exemptions that the directors consider to be significant are:

- no detailed disclosures in relation to financial instruments;
- no cash flow statement;
- no disclosure of related party transactions with wholly owned subsidiaries;
- no statement regarding the potential impact of forthcoming changes in financial reporting standards;
- no disclosure of "key management compensation" for key management other than the directors; and
- no disclosures relating to the Company's policy on capital management;
- no detailed disclosure in relation to share based payments.

Where required, equivalent disclosures are given in the consolidated financial statements of John Wood Group PLC.

The financial statements are presented in US dollars and all values are rounded to the nearest $0.1m except where otherwise indicated.

The financial position of the Company is shown in the balance sheet on page 246. Note 8 includes the Company's objectives, policies and processes for managing its financial risks, details of its financial instruments and hedging activities, and its exposures to interest rate risk and liquidity risk. The Company adopts the going concern basis of accounting in preparing these financial statements.

In accordance with Section 408(3) of the Companies Act (2006), the Company is exempt from the requirement to present its own income statement. The amount of the profit for the year is disclosed in the statement of changes in equity.

Going concern

At 31 December 2023, the Company had net current liabilities of $2,026.1m. The Company has control over the timing of repayment of current liabilities due to Group undertakings amounting to $2,005.7m. As a result of this, and the matters included in the consolidated financial statements on going concern, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Reporting currency

The Company's transactions are primarily US dollar denominated and the functional currency is the US dollar.

The following sterling to US dollar exchange rates have been used in the preparation of these financial statements:

	2023	2022
Average rate £1=$	**1.2425**	1.2324
Closing rate £1=$	**1.2749**	1.2029

Investments in subsidiaries

Investments are measured initially at cost, including transaction costs. Investments in the Company balance sheet are presented at cost less any provision for impairment.

Impairment of assets

At each balance sheet date, the Company reviews the carrying amounts of its investments to assess whether there is an indication that those assets may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised immediately in the income statement.

The Company recognises loss allowances for Expected Credit Losses ('ECLs') on loans and receivables measured at an amount equal to lifetime ECLs. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired include a customer being in significant financial difficulty or a breach of contract such as a default. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currencies at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the balance sheet dates or at a contractual rate, if applicable, and any exchange differences are taken to the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The directors consider it appropriate to record sterling denominated equity share capital and share premium in the financial statements of John Wood Group PLC at the exchange rate ruling on the date it was raised.

Financial instruments

The accounting policy for financial instruments is consistent with the Group accounting policy as presented in the notes to the Group financial statements. The Company's financial risk management policy is consistent with the Group's financial risk management policy outlined in note 20 to the Group financial statements.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be in the scope of IFRS 9 and accounts for them as such. Financial guarantee contracts issued are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 (see 1.5(iv)) and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

Employee share trusts

The Company is deemed to have control of the assets, liabilities, income and costs of its employee share trusts. They have therefore been included in the financial statements of the Company. The cost of shares held by the employee share trusts is deducted from equity.

Share based charges

The Company has a number of share schemes as detailed in the Group accounting policies and note 24 to the Group financial statements. Details relating to the calculation of share based charges are provided in note 24 to the Group financial statements. In respect of the Company, the charge is shown as an increase in the Company's investments, as the employees to which the charge relates are employed by subsidiary companies.

Dividends

Dividends to the Group's shareholders are recognised as a liability in the period in which the dividends are approved by shareholders. Dividend income is credited to the income statement when the dividend has been approved by the board of directors of the subsidiary company making the payment.

Trade receivables

Trade receivables are recognised initially at fair value less an allowance for any amounts estimated to be uncollectable. An estimate for doubtful debts is made when there is objective evidence that the collection of the debt is no longer probable.

Interest-bearing loans and borrowings

All interest-bearing loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. Borrowing costs are expensed through the income statement.

De-recognition of financial assets and liabilities

A financial asset is derecognised where the rights to receive cash flows from the asset have expired. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Taxation

The tax expense in the income statement represents the sum of taxes currently payable and deferred taxes. The tax currently payable is based on taxable profit for the year and the Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible.

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised only to the extent that it is probable that a taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised. Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates and tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

Tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise, tax is recognised in the income statement.

Judgements and key sources of estimation or uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of investments and receivables from Group companies (estimate)

The Company assesses whether there are any indicators of impairment of investments or receivables from Group companies at each reporting date. Investments and receivables from Group companies are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Details of impairments of investments recorded during the year and the carrying value of investments are contained in note 1.

Notes to the Company financial statements continued

Prior period restatement

In 2022, an impairment charge of $517.5m was recorded against the investment in John Wood Group Holdings Limited. As noted in the prior year disclosure an adjustment of $511.4m was applied to the Group's value in use, in respect of debt and debt like items which are not included in the impairment model. The $511.4m adjustment included the consolidated Group net debt (borrowings less cash and cash equivalents) of $393.2m, of which $794.1m related to John Wood Group PLC. Therefore, from the perspective of the John Wood Group Holdings Limited investment, a negative net debt (borrowings less cash and cash equivalents) adjustment of $400.9m should have been applied which would have resulted in an increase to the recoverable amount of the investment of $794.1m. Under the terms of IAS 8, the directors have elected to restate the comparatives with regard to this error.

Under the terms of IAS 8, the directors have elected to restate the comparatives with regard to this adjustment. Consequently, the prior year comparatives have been restated to fully reverse the impairment charge of $517.5m recognised in the prior year.

	2022 $m	Prior period restatement $m	2022 $m
Investments	**3,873.6**	517.5	4,391.1
Comprehensive loss	**572.2**	(517.5)	54.7

Net assets and total equity are restated from $3,061.2m to $3,578.7m and retained earnings is restated from ($123.0m) to $394.5m.

Disclosure impact of new and future accounting standards

The Company is required to comply with the requirements of IFRS 17 *Insurance Contracts* for reporting periods beginning on or after 1 January 2023. The new accounting standard sets out the requirements that the Company should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. The Company has undertaken an assessment of its arrangements with wholly owned subsidiaries, as described in note 14, and has concluded that IFRS 17 Insurance Contracts does not have any material impact on the financial statements.

1 Investments

	2023 $m	2022 *restated $m
Cost		
At 1 January	**4,391.1**	4,370.4
Additions	**19.6**	20.7
At 31 December	**4,410.7**	4,391.1
Impairment		
At 1 January and 31 December	**–**	–
Net book value		
At 31 December	**4,410.7**	4,391.1

* Refer to page 250 for further details on the prior period restatement.

During the year, the Company contributed $19.6m (2022: $20.7m) of share based charges against John Wood Group Holdings Ltd.

The Directors performed an assessment of the carrying value of the investment in John Wood Group Holdings Limited as at 31 December 2023. A value in use calculation was performed for the Group using cash flow projections prepared by management and approved by the Board for the period 2024 through to 2028. The assumptions underpinning the forecasts and impairment model are discussed in note 10 of the Group financial statements.

The Group post-tax discount rate was 9.6% (2022: 9.7%) (pre-tax 11.2%) (2022: 11.5%) and a terminal growth rate of 2.4% (2022: 2.4%) was applied to the forecast consolidated cash flows of the Group. The recoverable amount of the Group at the test date was $4,767m (2022: $4,373m) based on the assumptions described above and note 10 of the Group financial statements. An adjustment of ($30.2m) (2022: $294.5m (restated)) was made to the recoverable amount reflecting the fair value of debt and surplus assets and liabilities held by John Wood Group Holdings Limited and subsidiaries.

A 1% increase in the post-tax discount rate would result in an impairment of $271.9m. A 1% reduction in the long-term growth rate would result in an impairment of $133.9m. A 1% reduction in the revenue CAGR would reduce headroom to $64.1m.

The Company's direct subsidiaries at 31 December 2023 are listed below. Ownership interests reflect holdings of ordinary shares.

Details of other related undertakings are provided in note 38 to the Group financial statements.

Name of subsidiary	Country of incorporation or registration	Registered address
John Wood Group Holdings Limited	UK	Sir Ian Wood House, Aberdeen

The Company owns 100% of all of the subsidiaries listed above.

2 Long term receivables

	2023 $m	2022 $m
Loans to Group undertakings	**3,061.7**	2,565.2

The long-term loan receivable at 31 December 2023 includes the promissory note of $2,323.2m (2022: $2,565.2m), which related to the transfer of the Company's investment in Amec Foster Wheeler Limited to John Wood Group Holdings Limited in exchange for a promissory note during 2019. During 2023, John Wood Group Holdings Limited paid $242.0m to John Wood Group PLC in a partial settlement of the promissory note. The repayment represented qualifying consideration and as a result the Company transferred an equivalent portion of the merger reserve to retained earnings. The loan is due to be paid by November 2024, however management do not expect to realise the assets within twelve months after the reporting period.

3 Trade and other receivables

	2023 $m	2022 $m
Loans to Group undertakings	**46.8**	985.2
Trade receivables – Group undertakings	**269.3**	191.8
Other receivables	**1.2**	6.3
Prepayments and accrued income	**7.1**	6.0
	324.4	1,189.3

Interest on loans to Group undertakings is charged at market rates. At 31 December 2023, $45.7m (2022: $45.7m) of the amounts owed by Group companies were impaired. These amounts relate to balances due from Group companies from whom there is no expectation of payment.

The ageing of these amounts is as follows:

	2023 $m	2022 $m
Over 3 months	**45.7**	45.7

The movement on the provision for impairment is as follows:

	2023 $m	2022 $m
At 1 January and 31 December	**45.7**	45.7

The Company had $230.5m (2022: $84.2m) of outstanding balances that were past due but not impaired at either 31 December 2023 or 31 December 2022. The other classes within receivables do not contain impaired assets.

The ageing of these amounts is as follows:

	2023 $m	2022 $m
Under 3 months	**38.8**	11.3
Over 3 months	**191.7**	72.9
	230.5	84.2

4 Cash and cash equivalents

	2023 $m	2022 $m
Cash and cash equivalents	**11.7**	24.8

Notes to the Company financial statements continued

5 Borrowings

	2023 $m	2022 $m
Current borrowings		
Bank overdrafts	**167.8**	234.9
Senior loan notes	**89.6**	–
	257.4	234.9
Non-current borrowings		
Bank loans	**549.3**	232.0
Senior loan notes	**262.9**	352.0
	812.2	584.0

The bank overdrafts relate to the Group's cash pooling arrangements and are largely denominated in US dollars and pounds sterling. At 31 December 2023 interest on US dollar overdrafts was payable at 6.48% (2022: 5.48%) and on sterling overdrafts at 6.40% (2022: 4.63%).

Bank loans are unsecured and bear interest based on the Bank of England base rate or foreign currency equivalent. At 31 December 2023, bank loans included $190.4m of US dollar loans and $366.5m of GBP loans. Interest was payable at 7.4% (2022: 6.4%) on the US dollar loans and 6.71% (2022: 6.42%) on the GBP loans. Non-current bank loans are stated net of unamortised fees totalling $7.6m (2022: $10.0m).

In December 2023, the Company secured a new term loan of $200.0m which matures in October 2026. The term loan was used to pay down a former facility of the same value.

The Company has $352.5m (2022: $352.0m) of unsecured senior notes in the US private placement market maturing between 2024 and 2031 at an average fixed rate of 4.58% (2022: 4.58%). These notes are largely US dollar denominated. $127.8m (2022: $127.8m) of the notes are repayable after more than 5 years.

6 Trade and other payables

	2023 $m	2022 $m
Loans from Group undertakings	**2,005.7**	3,560.4
Trade payables – Group undertakings	**98.6**	61.9
Other creditors	**2.0**	6.3
Accruals	**6.0**	18.2
	2,112.3	3,646.8

Interest on loans from Group undertakings is payable at market rates.

Loans from Group undertakings reflect amounts which are repayable on demand or are due within the next 12 months. The decrease in the current year is due to the extension of the maturity date on one loan as detailed in note 7.

7 Other non-current liabilities

	2023 $m	2022 $m
Amounts due to Group undertakings	**1,034.8**	131.7

The amounts due to Group undertakings are inter-company loans with varying maturities greater than 1 year. Interest on these loans is charged at market rates.

The increase in amounts due to group undertakings in 2023 is primarily the result of the extension of the maturity date on one loan amounting to $1,034.8 million which is now due to be paid by May 2028.

8 Financial instruments

Financial risk factors

The Company's activities give rise to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk. The Company's overall risk management strategy is to hedge exposures wherever practicable in order to minimise any potential adverse impact on the Company's financial performance.

Risk management is carried out by the Group Treasury department in line with the Group's Treasury policies which are approved by the Board of Directors. Group Treasury identify, evaluate and where appropriate, hedge financial risks. The Group Treasury policies cover specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investment of excess cash.

(a) Market risk

(i) Foreign exchange risk

The Company is exposed to foreign exchange risk arising from various currencies. Where possible the Company's policy is to eliminate all significant currency exposures at the time of the transaction by using financial instruments such as forward currency contracts. Changes in the forward contract fair values are recorded in the income statement.

(ii) Interest rate risk

The Company finances its operations through a mixture of retained profits and debt. The Company borrows in the desired currencies at a mixture of fixed and floating rates of interest to generate the desired interest profile and to manage the Company's exposure to interest rate fluctuations. At 31 December 2023, 38.7% (2022: 52.6%) of the Company's borrowings were at fixed rates.

The Company is also exposed to interest rate risk on cash held on deposit. The Company's policy is to maximise the return on cash deposits whilst ensuring that cash is deposited with a financial institution with a credit rating of at least BBB+.

(iii) Price risk

The Company is not exposed to any significant price risk in relation to its financial instruments.

(b) Credit risk

The Company's credit risk primarily relates to its inter-company loans and inter-company receivables. Management believe that no further risk provision is required in excess of the current provision for impairment.

The Company also has credit risk in relation to cash balances or cash held on deposit. The Company's policy is to deposit cash at institutions with a credit rating of at least BBB+.

(c) Liquidity risk

With regard to liquidity, the Company's policy is to ensure continuity of funding. At 31 December 2023, 77% (2022: 73%) of the Company's borrowings (including bank overdrafts) were due to mature in more than one year. Based on the current outlook the Company has sufficient funding in place to meet its future obligations.

(d) Capital risk

The Company's capital risk is determined by that of the Group. See note 20 to the Group financial statements.

9 Share capital

	2023 $m	2022 $m
Issued and fully paid		
691,839,369 (2022: 691,839,369) ordinary shares of $4\frac{2}{7}$ p each	**41.3**	41.3

The additional information required in relation to share capital is given in note 25 to the Group financial statements.

10 Share premium

	2023 $m	2022 $m
At 1 January and 31 December	**63.9**	63.9

The shares allocated to the trust during the year were issued at par value, $4\frac{2}{7}$ pence (2022: $4\frac{2}{7}$ pence) and consequently there was no credit to the share premium account.

Notes to the Company financial statements continued

11 Retained earnings (*restated)

Retained earnings are stated after deducting the investment in own shares held by employee share trusts. Investments in own shares represents the cost of 4,352,958 (2022: 8,442,031) of the Company's ordinary shares totalling $99.4m (2022: $99.4m).

The Company's profit for the financial year was $4.2m (2022: $54.7m loss (restated)).

The Company does not have any employees other than the directors of the Company. Details of the directors' remuneration are provided in the Directors' Remuneration Report in the Group financial statements. Details of dividends paid and proposed are provided in note 8 to the Group financial statements. Further details of share based charges are provided in note 24 to the Group financial statements.

* Refer to page 250 for further details on the prior period restatement.

12 Merger reserve

	2023 $m	2022 $m
At 1 January	**2,540.8**	2,540.8
Transfer to retained earnings	**(242.0)**	–
At 31 December	**2,298.8**	2,540.8

In October 2017, 294,510,217 new shares were issued in relation to the acquisition of Amec Foster Wheeler Limited and $2,790.8m was credited to the merger reserve. The merger reserve was initially considered unrealised on the basis it was represented by the investment in Amec Foster Wheeler Limited and did not meet the definition of qualifying consideration under Tech 02/17BL Guidance on realised and distributable profits under the Companies Act 2006.

In November 2019, the Company sold its investment in Amec Foster Wheeler Limited to John Wood Group Holdings Limited for $2,815.2m in exchange for a promissory note. To the extent that the promissory note is settled by qualifying consideration, the related portion of the merger reserve is considered realised and becomes available for distribution.

During 2023, John Wood Group Holdings Limited paid $242.0m to John Wood Group PLC in a partial settlement of the promissory note. The repayment represented qualifying consideration and as a result the Company transferred an equivalent portion of the merger reserve to retained earnings.

13 Other reserves

	Capital reduction reserve $m	Capital redemption reserve $m	Hedging reserve $m	Total $m
At 1 January 2022, 31 December 2022 and 31 December 2023	**88.1**	**439.7**	**10.4**	**538.2**

No movements in other reserves have occurred during 2022 or 2023.

The capital reduction reserve was created following the Initial Public Offering in 2002 and is a distributable reserve. The capital redemption reserve was created in 2011 as part of a return of cash to shareholders and is not a distributable reserve.

14 Financial guarantee contracts and contingent liabilities

Where the Company enters into financial guarantee contracts in respect of its subsidiary companies they are accounted for under IFRS 9. The Company issues financial guarantee contracts to its subsidiaries regarding drawdowns in the Revolving Credit Facility (RCF). There were no financial guarantee contracts issued at year-end.

At 31 December 2023, the Company had outstanding guarantees for performance bonds and contracting arrangements given on behalf of its subsidiaries amounting to $617.6m (2022: $658.0m).

Five year summary (unaudited)

	2023 $m	2022 (re-presented) $m	2021 $m	2020 $m	2019 $m
Revenue	**5,900.7**	**5,469.3**	**5,237.7**	**7,564.3**	**9,890.4**
Adjusted EBITDA	**422.7**	**388.2**	**404.3**	**630.4**	**855.4**
Depreciation (including joint ventures)	(129.3)	(119.8)	(121.0)	(180.0)	(182.0)
Amortisation (including joint ventures)	(161.1)	(153.4)	(169.1)	(227.7)	(243.7)
Non-recurring items (including joint ventures)	(78.5)	(665.9)	(161.0)	(247.3)	(107.6)
Net finance expense (including joint ventures)	(106.7)	(130.6)	(113.5)	(119.2)	(160.6)
(Loss)/profit before taxation (including joint ventures)	**(52.9)**	**(681.5)**	**(160.3)**	**(143.8)**	**161.5**
Taxation (including joint ventures)	(74.8)	(20.8)	(53.2)	(84.3)	(88.7)
(Loss)/profit for the year	**(127.7)**	**(702.3)**	**(213.5)**	**(228.1)**	**72.8**
Equity attributable to owners of the parent	**3,636.5**	**3,728.0**	**4,082.0**	**4,170.0**	**4,418.8**
Net debt excluding leases	**693.5**	**393.2**	**1,393.0**	**1,014.3**	**1,424.0**
Net debt/adjusted EBITDA	**2.08**	**1.3**	**3.3**	**2.1**	**2.0**
Gearing ratio	**19.1%**	**10.5%**	**34.1%**	**24.3%**	**32.1%**
Interest cover	**4.0**	**4.2**	**4.5**	**5.5**	**5.6**
Diluted earnings per share (cents)	**(16.1)**	**(52.4)**	**(20.6)**	**(34.1)**	**10.5**
Adjusted diluted earnings per share (cents)	**0.8**	**5.7**	**17.5**	**23.2**	**46.0**
Dividend per share (cents)	**–**	**–**	**–**	**–**	**35.3**
Dividend cover	**–**	**–**	**–**	**–**	**1.3**

* The comparative information has been re-presented due to a reclassification of a business operation from discontinued into continuing operations for the year outlined in note 7 of the financial statements.

Figures leading to the loss for the 2023, 2022 and 2021 periods include continuing operations only

Information for shareholders

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Company Solicitors
Slaughter and May

Financial calendar

Results announced	26 March 2024
Annual General Meeting	9 May 2024

The Group's Investor Relations website can be accessed at:

woodplc.com/investors

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