

wood.



John Wood Group PLC
Annual Report and Accounts 2019

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Strategic report

Our operations, strategy and business model and how we have performed during 2019

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 View and download our Annual Report online:
woodplc.com/ar19

Wood is a global leader in consulting, projects and operations solutions in energy and the built environment. We operate in more than 60 countries, employing around 55,000 people, with revenues of around \$10 billion.

woodplc.com

Highlights

Earnings growth, margin improvement and strong cash generation. Portfolio optimisation supports strategic positioning for opportunities in energy transition and sustainable infrastructure.

Revenue¹

\$9,890m

(2018: \$10,014m)

▼ 1.2%

Adjusted EBITDA¹²

\$855m

(2018: \$694m)

movement: n/a²

Adjusted EBITDA margin

8.6%

(2018: 6.9%)

movement: n/a²

Adjusted EBITDA (on a like for like basis)³

\$704m

(2018: \$668m)

▲ 5.4%

Adjusted EBITDA margin (on a like for like basis)³

7.1%

(2018: 6.7%)

▲ 0.4%

Operating profit before exceptional items¹

\$411m

(2018: \$357m)

▲ 15.1%

Operating profit

\$303m

(2018: \$165m)

▲ 83.6%

Profit/(loss) for the period

\$73m

(2018: \$(8)m)

movement: n/a

Basic EPS

10.7 cents

(2018: (1.3) cents)

movement: n/a

Adjusted diluted EPS¹

46.0 cents

(2018: 46.6 cents)

▼ 1.3%

Total dividend

35.3 cents

(2018: 35.0 cents)

▲ 0.9%

Net debt excluding leases⁴

\$1,424m

(2018: \$1,513m)

▼ 5.9%

Order book⁵

\$7,898m

(2018: \$8,524m)

▼ 7.3%

Financial performance

- Revenue of \$9.9bn reflects generally robust activity across energy and built environment markets
- Adjusted EBITDA of \$855m and operating profit before exceptionals of \$411m in line with guidance and expectations
- Growth in like for like adjusted EBITDA³ of 5%; led by ASEAAA and E&IS and the delivery of cost synergies of c\$60m
- Profit for the period of \$73m benefitting from significant reduction in exceptional items (net of tax) from \$183m to \$127m. Exceptional costs include a \$46m provision in respect of certain regulatory investigation settlements
- Adjusted diluted earnings per share (AEPS) of 46.0c down 1.3%
- Strong cash conversion of 96% reduced net debt excluding leases to \$1.42bn (2018: \$1.51bn). (Net debt excluding leases : adjusted EBITDA pre IFRS 16 of 2.0x⁶)
- Disposal of nuclear and industrial services businesses completed in Q1 2020 generated proceeds of c\$430m delivering target leverage of 1.5x on a proforma basis⁶
- Proposed final dividend of 23.9c, total dividend of 35.3c up 1% in line with progressive dividend policy

Outlook for 2020

- Order book of \$7.9bn⁵ reflects our short cycle model, the work off of legacy fixed price work as the portfolio is de-risked and enhanced tender governance. Current visibility typical for this point in the year with c60% of forecast revenue covered by order book, of which c75% is reimbursable
- Existing forecasts and order book support modest underlying revenue growth and growth in underlying EBITDA, underpinned by margin improvements, as set out in our January trading update
- Existing forecast for cash generation in 2020 anticipates lower provisions movements, and reductions in known exceptional items and capex. Timing of any settlement of regulatory items is uncertain although it is possible that it could be in 2020. Benefit of maintained focus on working capital management likely to be more than offset by current expectation of an unwind of advances on EPC projects received in 2019
- Recent impacts of Covid-19, the substantial reduction in oil price and actions we will take to mitigate not reflected in existing forecasts; too early to quantify. No material impact to date from Covid-19. Proven track record of leveraging our flexible, asset light model in response to changing market conditions and over the last 5 years we have diversified end markets; upstream/midstream oil and gas represents only 35% of revenue
- Looking further ahead, well positioned for growth opportunities presented by trends in energy transition and sustainable infrastructure, with a unique range of capabilities and breadth of clients and markets

See detailed footnotes on page 17

At a glance

Wood is a global leader in consulting, projects and operations solutions in energy and the built environment.

Our consultancy offering provides innovative solutions needed to solve our clients' biggest challenges. Our value-added projects and operations offerings help unlock and de-risk client projects, increase production, improve efficiency, reduce costs and extend asset life.

60+
countries

400+
offices

160+
year history

c\$10bn
revenue

55,000+
employees

Our service defined operating model

We have an optimised operating model that is service defined. We deliver three principal services:

- Consulting
- Projects
- Operations

Across two broad end markets:

- Energy
- Built environment

We believe this service defined operating model is highly efficient, aligns to our clients' requirements and provides significant opportunities for pull-through sales and cross selling.

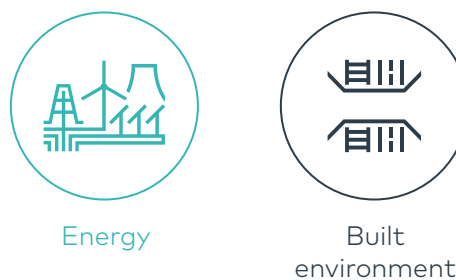
Internally we are aligned into two broad reporting business groupings. Our projects and operations service lines are managed in **Asset Solutions** and our consulting offering is managed in **Technical Consulting Solutions**.

Find out more about our business at: woodplc.com/ataglance

Three service lines:



Two end markets:



End market breakdown:



Energy: c85%

- Upstream/midstream c35%
- Downstream & chemicals c25%
- Other energy c25%

Built environment: c15%

Find out more about our markets at: woodplc.com/sectors

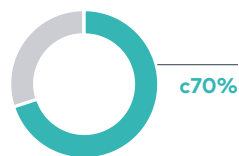
Our organisational structure

Asset Solutions (AS)

Provides projects and operations services across the life cycle ranging from initial feasibility and design, through construction, operation, maintenance and decommissioning. AS is split into two regional business groupings; Americas (ASA) and Europe, Africa, Asia & Australia (ASEAAA).

Revenue:

\$7.0 bn



Key services:

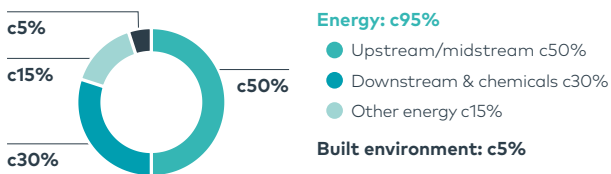
Projects

- Project management & delivery
- Engineering design
- Construction

Operations

- Asset optimisation
- Modifications
- Maintenance

End market breakdown:



ASA

Read more on page 18

Revenue

\$3.9 bn

Service breakdown



● Projects ● Operations

ASEAAA

Read more on page 19

Revenue

\$3.1 bn

Service breakdown

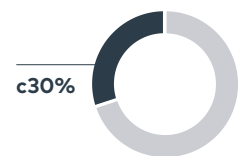


Technical Consulting Solutions (TCS)

Providing the innovative thinking and delivery excellence needed to maximise value at every stage of the asset life cycle. In Q4 2019 our Specialist Technical Solutions (STS) and Environment & Infrastructure Solutions (E&IS) business units were combined to create TCS.

Revenue:

\$2.8 bn

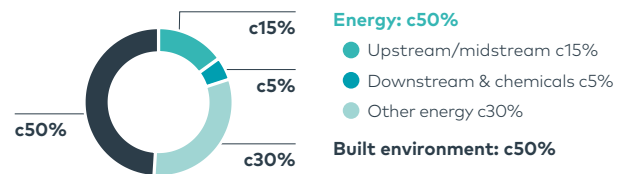


Key services:

Consulting

- Specialist engineering
- Infrastructure development
- Environmental consulting

End market breakdown:



TCS

Read more on page 20

Revenue

\$2.8 bn

Service breakdown



● Consulting

Our business model

We create value by delivering differentiated consulting, projects and operations solutions throughout the asset life cycle in energy and the built environment. Our clearly defined purpose and strategy, underpinned by our culture, is fundamental to sustaining value over the longer-term.

Inputs

Performance driven and innovative solutions

Talented, flexible and motivated workforce

 See page 38

Operating structure optimised for sustainability, cross-service line opportunities and future growth

 See page 02

Efficient capital structure and allocation

Flexible commercial model with a balanced risk appetite

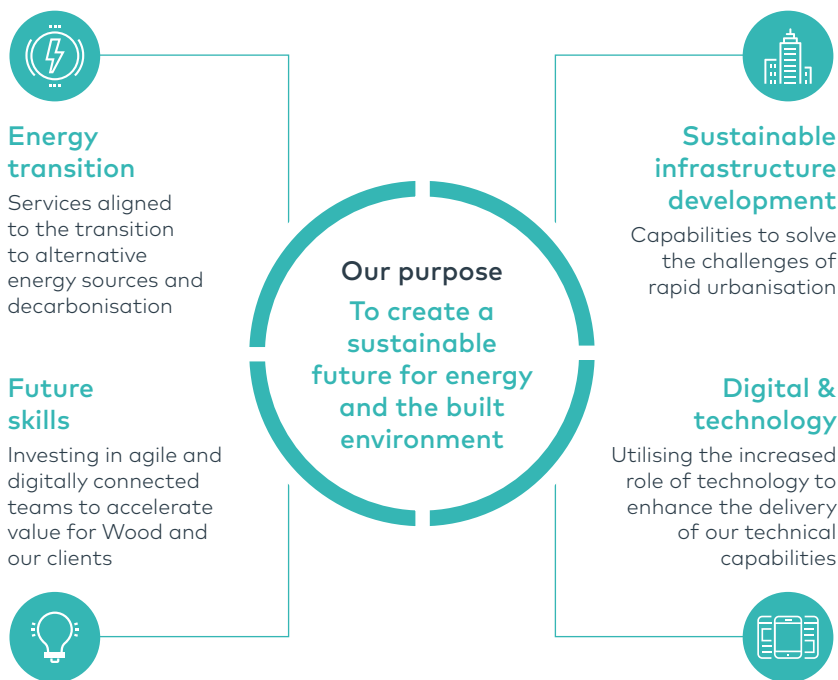
Robust risk governance and operations assurance policies and processes

Sustainability strategy aligned with UN goals

 See page 15

Our strategy is to create a premium, differentiated, higher margin consulting, projects and operations solutions business

Four primary trends shape our markets and drive our strategy. Our capabilities are levered to structural growth in energy transition and sustainable infrastructure and aligned to the increasing role of digital & technology and the requirement to develop the necessary future skills.



Our five medium-term priorities:

- 1 **Targeting margin improvement** to accelerate growth
- 2 **Optimise and standardise** service delivery model to achieve exceptional execution
- 3 **Rationalisation and positioning of portfolio** to optimise our service and market mix aligned to our strategic objectives
- 4 **Technology differentiation** through internal R&D, strategic partnerships and scaleable solutions
- 5 **Improved risk/reward** on contracts in line with balanced risk appetite

Our culture

Our vision

Inspire with ingenuity,
partner with agility,
create new possibilities...

Our values

Care
Commitment
Courage

Our behaviours

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

 To find out more visit:
woodplc.com/values

Creating value through our differentiated model

Our strategic enablers:



Agile teams

We deploy our most talented people with agility to deliver the right solutions now and in the future. Our ability to adapt keeps us relevant and offers great opportunities for our people.



Exceptional execution

We are differentiated by our shared commitment to consistently delivering exceptional outcomes that add value and build trust. We have around 90% repeat business and have developed leading market positions from our long track record of delivering safe and best in class projects.



Commercial acumen

We employ an asset light, flexible model allowing us to respond quickly to changes in market conditions and allocate capital where it impacts most. Our contracting structures are largely reimbursable with a range of specific contracting structures to align with client needs within our measured risk appetite. We have a broad client base with a wide mix across sectors giving us low client dependency.



Technological advantage

We deliver greater efficiencies and create new solutions through combining our unique know-how with leading-edge, enabling technology. We provide solutions to some of the world's most complex projects and draw on our extensive expertise and know how to bring new perspectives on the challenges these projects present.

Value outputs

For investors

- Share price appreciation and progressive dividend policy
- Reduced cyclicality through broad industry exposure

Total dividend

35.3 cents per share

For employees

Rewarding careers and focus on retention

Employees

55,000+

 Read more on page **38**

For clients

- Delivery of predictable project outcomes
- Global reach with balanced portfolio of long-term partner relationships with clients
- Leading technical services and smarter, more sustainable solutions
- Track record on industry leading projects

For communities

Significant contribution to local employment and communities

Employee fundraising matched

c£200,000

 Read more on page **42**

Innovative solutions for the energy transition



Energy transition

Conceptual engineering for a carbon capture, transport and storage project



In 2019 we were awarded a multi-million dollar contract by Oil and Gas Climate Initiative (OGCI) to provide conceptual engineering for its gas power and industrial carbon capture conceptual design work.

OGCI is a voluntary CEO-led initiative made up of 13 oil and gas companies, taking practical actions on climate change by investing in technologies and processes that have the potential to significantly reduce greenhouse gas emissions. This project aims to be the first full-chain carbon capture, transport and storage project in the UK, and once complete, will establish best practice for carbon capture within the UK's highest CO2 emitting industries.

Our scope covers complete engineering and concept design work for a full-scale 750MW gas power plant with carbon capture of over 90% of emissions. We are drawing on our over 15 years' experience in carbon capture and storage projects for clients and leading industry bodies whilst leveraging our global expertise in consulting, process technology, pipelines and capital projects.

Being at the forefront of this industry-led project demonstrates our ongoing commitment to mitigating climate change and strengthens our position as a leader in energy transition, from generation, storage, transmission, delivery, consumption, to related environmental and social impacts.

Key facts:

1st
project of its kind in the UK

90%+
carbon emissions capture

13
oil & gas majors investing in the initiative



Sustainable
infrastructure
development

Assessing the environmental and sustainability aspects of major infrastructure projects



Wood has provided environmental consultancy solutions related to the proposed expansion of Heathrow Airport, currently one of the UK's largest infrastructure projects. Once the expansion of the airport is complete, it will be capable of serving 260,000 additional flights and an extra 50 million passengers per annum.

Our scope includes assessing the environmental impacts of the expansion on noise pollution, air quality, waste generation and groundwater, whilst also improving the operational efficiency of the airport. Over the course of the project, we will deliver engineering surveys that will assess more than 1,000 individual locations, as well as provide river and flood engineering and airfield drainage.

Our services are focused on ensuring that the design, build and operation of the airport can be executed in the most environmentally sustainable way. Our capabilities, experience and solution-based approach to solving complex environmental challenges give us a leading position to support major transport infrastructure projects of this nature.

Key facts:

Largest environmental project in the UK

1,000

individual locations for environmental assessment

£211bn

estimated economic benefit

Effective engagement with our stakeholders

In order to successfully deliver our strategy and create value for our stakeholders it is important to understand what matters to them.

Understanding our stakeholders will only be achieved by building strong, constructive relationships and through regular engagement. We welcome the different perspectives our diverse stakeholders, who often represent competing interests, bring to our decision making at both executive and Board level.



Employees

Our employees are fundamental to the delivery of Wood's services and therefore to the long-term success of the business. It is important to develop our employees and keep them engaged and motivated. We engage with our workforce so that we can understand and address areas where we need to improve to ensure we deliver rewarding careers and retain our talented people.

How we engage

We discuss our workforce engagement activities on page 38.

Areas of engagement and outcomes

The Company has an all employee global survey to ask what we do well and what could be done better.

The Company has established a Listening Group Network (LGN) with meetings, attended by non-executive directors and members of the Executive Leadership Team (ELT), held throughout the year.

Employee survey and Listening Group Network

Feedback from the employee survey and views from the LGN are reported to the Board to ensure their perspective is heard; strengthening the 'employee voice' in the boardroom, with any actions implemented to address the points raised. More information describing the LGN and outcomes can be found on page 39.

Board engagement with leaders & high potential employees

The Board holds dinners with members of the wider leadership team, beyond ELT level, as well as with high performing employees. These sessions allow the Board to understand the views of and issues faced by the leadership team so that they can be factored into the Board's decision making. Meeting with high performing employees provides the opportunity to engage with employees on the issues that matter to them whilst also giving the Board oversight of the talent pipeline for the purposes of senior management succession planning.

Divestment of the nuclear business

During the sale of the nuclear business the Board recognised that careful communication with employees was very important. Employees who were potentially directly affected were kept informed through staff briefings in all nuclear offices. To ensure the wider workforce was informed and to manage the impact on Wood's culture, a dedicated intranet page was created and regularly updated with Q&A and other documents and guidance.



Clients

The Company's long-term success is underpinned by our clients and the delivery of predictable project outcomes that are aligned to our clients' requirements. To deliver a great service, we listen to our clients to make sure we are leveraging our scale, global reach and technical depth.

How we engage

Client engagements are managed through our structured Client Management Framework (CMF) by dedicated account managers with specific account planning and objectives. The Chief Executive, members of the ELT and other senior leaders participate in annual client executive steering/sponsor sessions.

Our primary focus is:

- Safe and predictable outcomes
- Enduring relationships underpinned with trust and performance
- Delivering sustainable and digitally enabled solutions

Areas of engagement and outcomes

Client engagement sessions cover a broad range of topics such as: safety, delivery performance, update on strategic themes, leadership and portfolio updates, long-term project review, and exploring opportunities to jointly raise delivery outcomes and co-create value add solutions. These engagements are a unique opportunity for Wood to listen to clients and vice versa.

Client feedback helps us to continually improve our performance. The insight from client engagement helps to inform Company operational, business development and long-term strategic direction.

Divestment of the nuclear business

During the sale of the nuclear business and the creation of TCS, clients were kept informed and concerns were fed back to the leadership for consideration.



Investors & Lenders

It is important that our investors have confidence in the Company, how it is managed, and in its strategic objectives, to ensure that we have a stable, long-term shareholder base. By providing updates on our strategy and performance we can aid investor understanding and gain an insight to 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 programme led by the Chief Executive and Group CFO and supported by the Investor Relations team. Our main engagement activities include:

- Meetings with investors around the interim and full year results
- Investor roadshows
- Investor days and presentations
- Ad hoc calls or meetings with investors
- Meetings with the Chair of the Board around the AGM
- Meetings with Chairs of the Committees of the Board, particularly the Chair of the Remuneration Committee

With our lenders a mixture of formal and informal meetings and presentations are held. Key topics include financial performance, strategy and risk management. Lenders are kept up to date with financial performance and have the opportunity to ask further questions.

Areas of engagement and outcomes

In addition to routine engagement on financial performance, strategy delivery and governance, during 2019 we undertook engagement with investors on certain specific matters as detailed below together with the resulting outcomes and actions.

Capital markets presentation

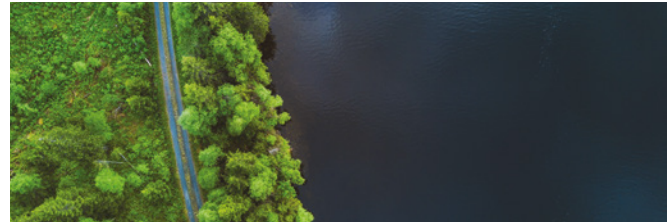
We gave a presentation to investors and analysts on Wood's strategic direction over the medium-term and the macro trends and key growth drivers in its addressable markets that will shape the business, together with the Company's financial priorities. Investors have an understanding of Wood's clear strategic direction and growth drivers in the medium-term together with the Group's capital allocation priorities and earnings growth target.

Chair succession planning

Investors expressed interest in the succession plans following changes to the Governance Code that requires that the Chair's tenure does not exceed 9 years. Investors' views were considered, from these discussions and following a review of internal and external candidates, the Nomination Committee determined that an internal appointment would be in the best interests of the Company.

Director remuneration

In May 2019 the Chair of the Board and the Chair of the Remuneration Committee engaged with investors on the application of the remuneration policy, particularly in relation to the proposal to award LTIPs at exceptional levels in 2019. In response to investor feedback the Remuneration Committee took the decision to cancel LTIP awards at exceptional levels and revert to previous participation levels.



Environment

Further information on our environmental performance and ongoing strategy is contained in our annual sustainability report which is available at: woodplc.com/sustainability

Managing, protecting and enhancing our environment is imperative to the sustainability of our business and the standards we set and help shape the performance, profitability and the reputation of the Company.

How we engage

We engage with regulatory and industry bodies, shareholders, banks & lenders, and clients. Our integrated HSSEA management system provides the framework for how we manage environmental risks and how we align our business to ISO14001:2015.

Areas of engagement and outcomes

We engage with regulators throughout the jurisdictions we operate in to ensure a close working relationship on our projects related to operational permits and licences, greenhouse gas emissions, discharges and waste management. Engagement ensures best practice and learning is shared and embedded into the projects we undertake.

We participate in the annual voluntary Carbon Disclosure Project (CDP) questionnaire. Our involvement in the scheme allows us to benchmark our performance against that of our industry peers and global business community.

We continue to partner with 100 Resilient Cities (100RC), a global programme aimed at providing urban centres around the world with access to innovative tools that allow them to better plan for potentially destructive weather events. Through our work with 100RC we have been able to provide safe and sustainable project solutions around the globe that not only secure work contracts but provide a platform to best utilise our sustainability and climate resilience expertise.



Community

Our activities put us at the heart of local communities and we recognise that by actively supporting our local communities we:

- Develop closer ties based on mutual respect, trust and understanding
- Bring long-term sustainability to the locations where we do business
- Form lasting relationships with local communities

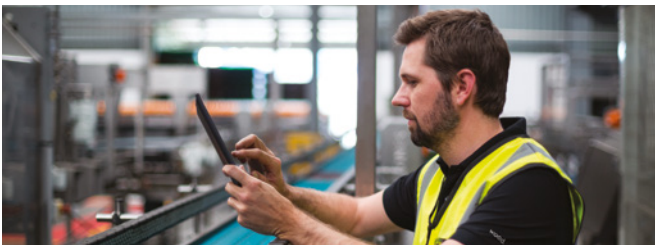
How we engage

We have taken a three-tiered approach to community engagement:

1. Supporting employee personal choice charities
2. Uniting our business behind one global cause that demonstrates we are stronger together
3. Volunteering to support our communities at a local level

Areas of engagement and outcomes

We recognise that our employees are best placed to understand the needs of the communities we operate in and we support their volunteering efforts to benefit local communities. Details on the outcome of community activities are on pages 42 to 44.



Suppliers

Our suppliers are fundamental to our ability to deliver services to our clients safely, on time, within budget and to the quality standards we and our clients expect.

How we engage

Relationships with suppliers are developed at all levels within the organisation through daily business activities and regular meetings, however we engage in Supplier Relationship Management (SRM) with our strategic suppliers.

Areas of engagement and outcomes

We review a number of KPIs/performance measures (e.g. HSSE incidents, quality, delivery, spend) as well as utilising due diligence to identify risks and work with our suppliers to close any gaps. We discuss matters including performance issues, training and innovations and upcoming projects to help us align business goals. In 2020, our environmental incident reporting system will include additional fields to gather information on equipment failure to allow issues to be addressed with suppliers.



Pension plans: Current & 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.

In the UK, the Trustee of the pension plan is responsible for engagement with members. In the USA and Canada the Benefits Committee is responsible for engagement with members through the centralised Benefit Department.

How we engage

In the UK, USA and Canada 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.

In the UK, we have member nominated trustees who represent current, deferred and retired members. These are voted on by participants in the pension plan. The company also has company nominated trustees. The Trustee is responsible for detailed communications with its members. The company works with the Trustee to ensure communications are appropriate and relevant. In the USA and Canada we have 401k committees who meet quarterly.

The Company is responsible for engaging with the 401k committees and UK Trustee on company matters which may impact the retirement plans e.g. financial performance and structural changes.

Areas of engagement and outcomes

Issues raised by the Trustee and Committees are carefully considered by the executive leadership and referred to the Board as appropriate. This ensures better understanding and alignment of Company and Trustee/committee objectives. The Trustee and the 401k committees are proactively updated by the Company on company performance.


The UK pension Trustee was consulted during the negotiations for the sale of the nuclear business in the UK to assess the impact on the Company's ability to support the defined benefit plan. This resulted in additional contingent protection being put in place.

UK employees moved into a merged defined contribution plan in April 2019 with lower charges and improved administration to harmonise UK defined contribution pension provision.

Our principal decisions

We define principal decisions as both those that are material to the Group but also those that are significant to any of our key stakeholder groups.

Understanding what matters to our stakeholders is an important part of our planning and decision making and we consider these stakeholder priorities alongside our own assessments. In making the following principal decisions the Board considered the outcome from its stakeholder engagement as well as the need to maintain a reputation for high standards of business conduct and the need to act fairly between members as a whole.

 For details how we establish and define our key stakeholders groups see pages **08 to 09**

Dividend Policy and Payment

The Board considers the dividend to be an important component of shareholder return and as such has a progressive policy which takes into account future cashflows and earnings. The dividend policy was discussed at Board meetings throughout the year and regular shareholder engagement was undertaken.

The Board is cognisant that dividend policy decisions can have an impact on the future prospects of the business and the Board considered the likely long-term consequences of the policy. Meeting shareholder dividend expectations is a high priority as it supports the business growth strategy.

For the year 2019, and in accordance with the dividend policy, an interim dividend of 11.4 cents per share was paid in September 2019 and the Board has recommended a final payment for the year of 23.9 cents per share. This results in a total distribution of 35.3 cents compared to 35.0 cents in 2018.

Creation of Technical Consulting Solutions division

In support of Wood's medium-term strategy to create a higher margin consulting, projects and operations solutions company, the Board determined that combining the E&IS and STS business units would better position Wood's premium margin, high value consulting offering with clients. We announced the creation of Technical Consulting Solutions (TCS) in November 2019 which combines these business units.

In its decision making the Board considered the impact of this on external stakeholders. It was clear that client requirements are evolving and the Board considered that the creation of TCS would benefit clients as they increasingly look to work with consultants and advisors who bring innovation to their capital projects and management of their operational assets.

The Board also concluded that the creation of TCS could generate improved returns for investors due to increased opportunities for cross selling of Wood's services and the delivery of greater efficiency and approximately \$30m of cost synergies expected to be delivered over two years from the formation.

The formation of TCS was widely communicated across the workforce with dedicated space on the staff intranet with Q&A documents, ensuring all employees were aware of the reasons for and benefits of the combination. Post-implementation, the staff intranet was kept updated with further information and guidance. Any short-term negative impacts were mitigated by careful internal and external design planning for the change with good communications and cooperation easing the transition.

Divestment of nuclear business

In August 2019 we announced the sale of our nuclear business, conditional upon, among other things, Competition and Markets Authority clearance. The decision to divest the nuclear business was taken after careful consideration of the best way to support its clients and stakeholders over the long-term, whilst aligning to Wood's medium-term strategic priorities and delivering a significant step towards achieving our target leverage policy.

The Board determined that the sale of the nuclear business would promote the long-term success of the Group as a whole and would accelerate progress towards target leverage of 1.5x net debt to adjusted EBITDA.

Furthermore, the Board believes divesting the nuclear business to a purchaser who is committed to investing in its business assets, infrastructure, and employees would be in the best interests of the nuclear business.

The possibility of divestments generally and their potential to accelerate achievement of the Group's target leverage policy had been highlighted in updates to and discussions with investors and was met with general support.

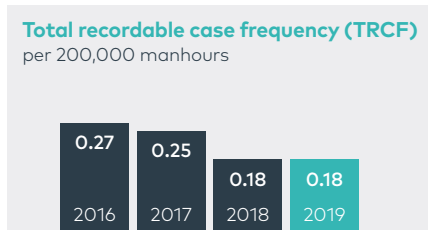
Staff briefings were held in all nuclear offices, led by a member of the wider leadership team and a dedicated page was created on the staff intranet with Q&A, documents and guidance. This page was updated regularly to ensure employees are aware of the potential impact of the disposal. Careful planning and communication to employees was also important for managing the impact on Wood's culture.

Clients were consulted and kept informed and concerns were fed back to the leadership team.

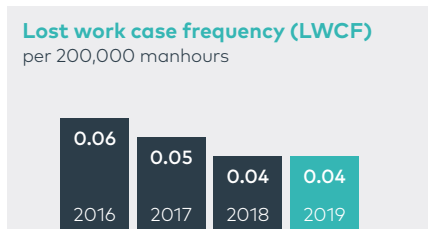
Key performance indicators

To help the Group assess its performance, our leadership team sets KPI targets and monitors and assesses performance against these targets on a regular basis.

Safety:



We aim to deliver the highest standards of health and safety. Total recordable case frequency is the total of lost work cases, restricted work cases and medical treatment cases, per 200,000 man hours.

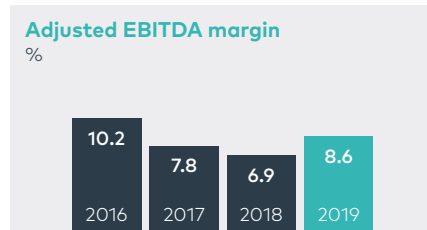


Lost work case frequency measures lost work cases per 200,000 man hours.

Our TRCF and LWCF performance remained in line with 2018 against the backdrop of an increase in the proportion of total manhours from field and craft operations which have greater exposure to hazard. In addition, total injuries reduced by 109 cases overall.

For more information on our safety performance see pages **27 to 28**

Financial*:



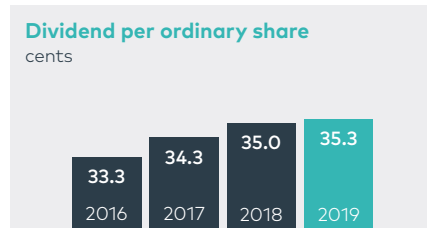
Adjusted EBITDA margin demonstrates our ability to convert revenue into profit before exceptional items. In line with the simplification of our reporting metrics adjusted EBITDA replaces adjusted EBITA as our profit KPI. Prior year comparatives have been restated to reflect the new measure.

Adjusted EBITDA margin increased in the year due to the positive impact of IFRS 16 together with the benefit of cost synergy delivery and organic growth which was partly offset by cost overruns on projects in ASA and increased costs related to asbestos and foreign exchange.



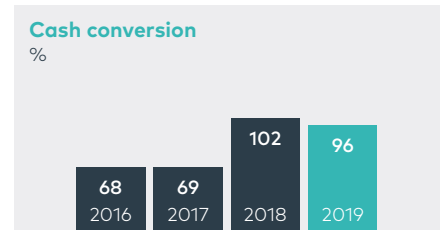
Adjusted diluted EPS represents earnings before exceptional items and amortisation relating to acquisitions, net of tax, divided by the weighted average number of shares during the year.

AEPS reduced slightly in the year due to small increases in finance costs and software amortisation.



The share of AEPS distributed to shareholders. Dividend per share increased by 1% in line with our progressive dividend policy, which takes into account cash flows and earnings.

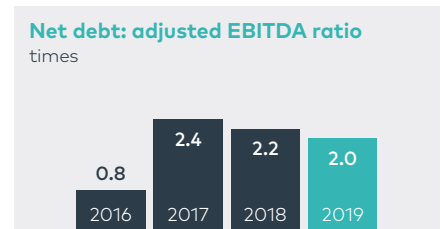
*Financial KPIs include a full year contribution from Amec Foster Wheeler (AFW) in 2018 and in 2017 include the contribution from AFW for the period 6 October to 31 December 2017.



The cash conversion ratio is post working capital cash flow divided by adjusted EBITDA. This measures our ability to convert underlying earnings into cash.

Although slightly lower than 2018, cash conversion was strong in 2019 at 96% driven by a working capital inflow, which reflects our continued focus on working capital initiatives, the benefit of advance payments relating to ASA and a reduction in exceptional costs.

For further detail on the factors that can affect cash conversion see page **24**



The net debt: adjusted EBITDA ratio measures our ability to service our debt. For the purposes of the ratio net debt is stated excluding liabilities related to leases (including those recognised under IFRS 16). Adjusted EBITDA is stated before the impact of IFRS 16.

The net debt to adjusted EBITDA ratio reduced in the year as a result of strong cash performance. The disposals of our nuclear and industrial services businesses in Q1 2020 have accelerated our progress towards our target leverage of 1.5x. Adjusting for the disposals, on a proforma, pre-IFRS 16 basis we have now achieved our target leverage.

For more information on our financial performance see pages **21 to 25**

Chair's statement



Roy A Franklin Chair

"In 2019 the Board oversaw the development of a strategy to create a premium, differentiated, higher margin business aligned to emerging trends in energy transition and sustainable infrastructure."

Wood began the new strategic cycle in 2019 with a strong operational platform positioned with the right capabilities and end market exposures. The Board oversaw the development of a strategy which will run to 2023 to unlock and deliver longer term growth from a premium, differentiated, higher margin business aligned with the emerging trends in energy transition and sustainable infrastructure. The strategy was rolled out in the fourth quarter through extensive internal communication and a capital markets event.

During the year the Board supported the executive and leadership team as they delivered against the commitment to further deleverage the business. Significant work was also undertaken to optimise Wood's operating model, creating a dedicated consulting offering in TCS and agreeing the disposal of Wood's nuclear and industrial services activities both of which completed in the first quarter of 2020.

The full year results reflect the strong operational and financial focus of the leadership team. Adjusted EBITDA grew 5% on a like for like basis. Strong operational cash generation delivered a reduction in net debt and supported a small increase in the dividend.

Wood remains committed to its progressive dividend policy which takes into account future cashflows and earnings. This is a key foundation of the Wood investment case which has been sustained through the challenging conditions in our core markets over the last few years. The Board has recommended a final dividend of 23.9 cents per share, which makes a total distribution for the year of 35.3 cents, representing an increase of 1% on the total distribution for 2018.

In a world where environmental concerns have moved swiftly to the top of the global agenda, the future will be very different from the past. Wood's sustainability strategy is fundamental to the long-term success of the business and is aligned to the UN Sustainable Development Goals. In addition, decisive action taken over recent years has ensured Wood is well placed to be part of the solution to these challenges with a business strategy focused on helping to secure the energy transition and deliver sustainable infrastructure solutions. This will be supported by a continued focus on margin improvement, execution excellence and portfolio optimisation in 2020. Looking further ahead, there is a positive medium term outlook for Wood's end markets and the Board is confident in the leadership teams' ability to deliver organic and acquisition led growth.

Roy A Franklin
Chair

Chief Executive review



Robin Watson Chief Executive

"In 2019 we delivered earnings growth, margin improvement and strong cash generation which resulted in a reduction in net debt. Our strategy has driven decisive action to align Wood with the significant growth opportunities in energy transition and sustainable infrastructure and we made good progress on portfolio optimisation and the repositioning of our consulting, project and operations service offering in 2019. The disposal of our nuclear and industrial services businesses generated proceeds of c\$430m in Q1 2020 and accelerated progress to target leverage. We are confident that from this foundation we are building a differentiated, premium, higher margin business, supported by a continued focus on margin improvement, execution excellence and portfolio optimisation."

Robin Watson
Chief Executive

Overview

During 2019 we retained our strong strategic and financial focus. This is reflected in the progress made on optimising our operating platform while delivering earnings growth, EBITDA margin improvement and strong cash generation. We also outlined a strategy to create a premium, differentiated, higher margin business with an enduring market position aligned to the opportunities presented by energy transition and sustainable infrastructure. This strategy will run to 2023 and builds on actions taken over the last four years to position Wood as a flexible, asset light business with the right mix of capability and end market exposure ahead of a significant generational change. We have already made good progress against our strategic objectives with the delivery of margin improvement, progress on portfolio optimisation and a reduction in our project risk profile whilst also taking steps to deliver further efficiency savings. We are entering 2020 with a unique range of capabilities and an optimal service offering in consulting, projects and operations in energy and the built environment.

Financial delivery: earnings growth, margin improvement and cash generation

In the last strategic cycle we laid strong financial foundations as we improved project risk governance, delivered synergies, reduced the level of exceptional costs and structurally improved working capital management.

Our 2019 full year results reflect this focus and agility, demonstrating adjusted EBITDA growth of 5% and 40 bps adjusted EBITDA margin improvement, both on a like for like basis, good growth in operating profit which is up 15% and strong operational cash generation.

We increased the dividend by 1% in line with our progressive dividend policy and delivered a reduction in net debt excluding leases of \$89m, further strengthening our balance sheet.

Future Ready Now: creating a premium, differentiated, higher margin business

We have redefined the shape of our business for the opportunities presented by the emerging trends in energy transition and sustainable infrastructure.

In the fourth quarter of 2019, we brought together the capabilities of STS and E&IS into a more efficient, global, industry leading consulting offering. Technical Consulting Solutions (TCS) is a premium EBITDA margin business with significant cross selling opportunities and delivers consulting-led solutions against a backdrop of increasing environmental focus, the evolving energy transition, and public demand for sustainable infrastructure. The combination will also deliver operational efficiencies of over \$30m within two years of the formation of TCS.

The disposals of our nuclear and industrial services activities, completed in early 2020, reflect our focus on differentiated, higher margin activities with compelling structural growth potential. Net proceeds of c\$430m were received in Q1 2020 and accelerate our progress towards our target leverage. Net debt excluding leases to adjusted EBITDA pre IFRS 16 is c1.5x on a proforma basis.

Improved safety performance and focus on sustainability

Our focus on safety is paramount and we maintained our strong performance in 2019, with Total Recordable Case Frequency (TRCF) and Lost Work Case Frequency (LWCF) both in line with 2018.

Sustainability is at the heart of our approach to running our business and executing our projects. We are a signatory to the U.N's Sustainable Development Goals (SDGs), actively tracking our performance against them and consider our strategy and service offering as an important enabler for the energy transition and to meet the UN's targets on climate change.

Priorities for 2020: Margin improvement, execution excellence, portfolio optimisation & sustainability strategy

My leadership team has four principal areas of focus in 2020 aligned with our strategic priorities:

Portfolio optimisation:

We will continue to refine our operating model and dispose of activities which do not meet our benchmarks on profitability or strategic fit. This process will support future investment as we look to rebuild our bolt-on M&A opportunity pipeline in 2020 with a principal focus on our consulting activities in the built environment.

Margin improvement:

To achieve our strategic goal of 100bps margin improvement by 2023, compared to the 2019 margin of 8.6%, we are working on a number of initiatives. These include further efficiency and cost reduction measures including synergies relating to the formation of TCS, continued emphasis on risk governance to secure work at the right margin, remaining commercially versatile whilst also better leveraging our differentiation and technological advantage to ensure we are appropriately rewarded for the value we create.

Execution excellence:

Achieving consistent, predictable, best in class delivery across all projects is key to maintaining long term business and delivering lower earnings volatility. We start from a strong position in a number of areas with an opportunity to replicate delivery excellence across our business. Our unique heritage gives us broad capabilities and a strong track record. Building on this by working with our technology partners to create the best support eco-system whilst further differentiating our offering will also support our margin improvement strategy.

Sustainability strategy:

We have identified clear areas of focus including safety performance, environmental improvements and maintaining appropriate governance standards. Aligned to these areas we are working towards a number of objectives to deliver measurable improvements in our sustainability performance including reducing high potential safety incidents, reducing carbon emissions, ensuring a leading position in working conditions and delivering active diversity and inclusion programmes.

In summary, we have an enduring and differentiated investment platform based on an asset light, cash generative model which is supported by a commercially versatile approach and a measured risk appetite. The flexibility in our operating model enables us to react quickly to changing market conditions. We have experienced no material impact to date from Covid-19 and the broader impact of this, and the substantial reduction in oil price, on clients' existing and new projects is as yet uncertain. As such, it is too early to quantify the potential impacts and also actions we will take to mitigate them. We have a proven track record of leveraging our flexible, asset light model in response to changing market conditions. In addition, over the last five years the Group has diversified its end markets such that upstream/midstream oil and gas represents only 35% of revenue.

We are strategically positioned for a new future with the capabilities to help secure the energy transition and deliver sustainable infrastructure solutions. We have leading market positions that enable us to deliver the solutions necessary to solve some of the world's biggest challenges. With this model we are able to attract premium work, at the right margin, allowing us to enhance our profitability and grow; making for an even more attractive investment proposition.

Business review

Revenue¹

\$9,890m (2018: \$10,014m) ▼ 1.2%

Adjusted EBITDA^{1,2}

\$855m (2018: \$694m) movement: n/a²

Adjusted EBITDA margin

8.6% (2018: 6.9%) movement: n/a²

Adjusted EBITDA (on a like for like basis)³

\$704m (2018: \$668m) ▲ 5.4%

Adjusted EBITDA margin (on a like for like basis)³

7.1% (2018: 6.7%) ▲ 0.4%

Operating profit before exceptional items¹

\$411m (2018: \$357m) ▲ 15.1%

Operating profit

\$303m (2018: \$165m) ▲ 83.6%

Profit/(loss) for the period

\$73m (2018: \$(8)m) movement: n/a

Basic EPS

10.7 cents (2018: (1.3) cents) movement: n/a

Adjusted diluted EPS¹

46.0 cents (2018: 46.6 cents) ▼ 1.3%

Total dividend

35.3 cents (2018: 35.0 cents) ▲ 0.9%

Net debt excluding leases⁴

\$1,424m (2018: \$1,513m) ▼ 5.9%

Order book⁵

\$7,898m (2018: \$8,524m) ▼ 7.3%

Trading performance

Our 2019 full year results demonstrate earnings growth, adjusted EBITDA margin improvement and strong operational cash generation, resulting in a reduction in net debt.

Revenue of \$9.9bn reflected generally robust activity across energy and built environment markets with growth in ASA and solid activity levels in built environment markets in E&S within TCS offset by lower revenues in ASEAAA and reduced STS activity in TCS.

Adjusted EBITDA of \$855m includes the positive impact of \$151m from the adoption of IFRS 16 in 2019. Like for like adjusted EBITDA³, adjusted for disposals executed in 2019, was up 5.4% from \$668m to \$704m. This included the delivery of cost synergies of \$60m and organic growth of around \$55m led by ASEAAA and E&S. This was partly offset by cost overruns of \$53m on projects in ASA and increased costs of \$26m relating to asbestos and foreign exchange.

Operating profit before exceptional items of \$411m is stated after depreciation of \$182m of which \$128m relates to the adoption of IFRS 16, and amortisation of \$244m (2018: \$249m).

Profit for the period of \$73m includes the impact of significantly reduced exceptional costs net of tax of \$127m (2018: \$183m). These include \$42m of restructuring and integration costs and a \$46m provision in respect of regulatory investigation settlements.

Final dividend

Our progressive dividend policy takes into account future cashflows and earnings. The Board has recommended a final dividend of 23.9 cents per share, which makes a total distribution for the year of 35.3 cents, representing an increase of 1% on the total distribution for 2018. Dividend cover is 1.3 times (2018: 1.3x) and we expect to build dividend cover over the medium term.

Net debt and cashflow

Net debt excluding leases reduced to \$1.42bn at 31 December 2019. This compares to net debt excluding leases at 31 December 2018 of \$1.51bn and \$1.77bn at 30 June 2019. The ratio of net debt excluding leases to adjusted EBITDA (pre IFRS 16) at 31 December 2019 was 2.0x (31 December 2018: 2.2x).

Our strong focus on operating cashflow delivered better than anticipated cash generation in the second half of the year despite significant expenditure on legacy projects.

A working capital inflow in 2019 of \$204m (2018: \$291m), together with a reduction in exceptional costs to \$74m (2018: \$142m) contributed to cash generation from operations (excluding the impact of leases) of \$591m. Cash conversion, calculated as cash generated from operations (excluding the impact of leases) as a percentage of adjusted EBITDA (excluding JVs), was 96%, significantly ahead of our guidance of 80-85%. This includes the impact of improved cash collection \$156m, a \$128m cash inflow from advanced payments primarily relating to the Americas and the effect of the receivables facility which was drawn at \$198m (30 June 2019: \$192m and 31 December 2018: \$154m).

We have made excellent progress with our portfolio optimisation strategy as we focus on premium, differentiated, higher margin activities. In Q1 2020 we completed the disposals of our industrial services and nuclear businesses, generating c\$430m in proceeds. This follows other recent successful asset disposals including the Terra Nova Technologies (TNT) materials handling business in May 2019 for a consideration of \$43m. We are active on other sales processes. The disposals have accelerated our progress towards our target leverage. Adjusting for the disposals, on a proforma, pre-IFRS 16 basis we have now achieved our target leverage of 1.5x adjusted EBITDA.

Order book

We have made significant progress on improving the quality of our order book and consistently applying our measured risk appetite. Order book at 31 December 2019 was \$7.9bn (December 2018: \$8.5bn), this excludes amounts related to the industrial services and nuclear businesses disposed in Q1 2020. Order book at 31 December 2018 has been restated on the same basis and also excludes amounts related to TNT and the AFW power machinery businesses, both disposed in 2019. Around 75% of order book is reimbursable (December 2018: 71%).

The reduction in order book of 7% reflects the work off of legacy fixed price contracts as we de-risk our portfolio, our enhanced tender governance and our short cycle model. This reduction is most evident in Asset Solutions Americas where we are working off larger downstream & chemicals projects.

With c\$5.8bn of order book to be delivered in 2020, c60% of forecast 2020 revenues are secured. This is typical for our short cycle business model and is slightly ahead of prior year.

Update on regulatory investigations

Discussions concerning possible resolutions of the investigations by the authorities in the US, Brazil and Scotland have progressed to the point where the Group believes that it is likely to be able to settle the relevant matters with these authorities at an aggregate cost of approximately \$46m. This amount is reflected as a provision in the financial statements as described in note 20. The Group could also face further potential civil and criminal consequences in relation to the investigation by the SFO.

Outlook for 2020

Current visibility is typical for this point in the year with 60% of 2020 forecast revenue supported by order book. Existing forecasts and order book support modest underlying revenue growth and growth in underlying EBITDA, underpinned by margin improvements, as set out in our January trading update.

The recent impacts of Covid-19, the substantial reduction in oil price and actions we will take to mitigate are not reflected in existing forecasts as it is too early to quantify. We have experienced no material impact to date from Covid-19. We have proven track record of leveraging our flexible, asset light model in response to changing market conditions. In addition, over the last five years the Group has diversified its end markets such that upstream/midstream oil and gas represents only 35% of revenue.

Our existing forecast for cash generation in 2020 anticipates lower provisions movements, and reductions in known exceptional items and capex. The timing of any settlement of regulatory items is uncertain although it is possible that it could be in 2020. The benefit of our maintained focus on working capital management is likely to be more than offset by our current expectation of an unwind of advances on EPC projects received in 2019. These forecasts do not reflect the recent impacts of Covid-19, the substantial reduction in oil price and actions we will take to mitigate.

Looking further ahead, with a unique range of capabilities and breadth of clients and markets, we are well positioned for growth opportunities presented by trends in energy transition and sustainable infrastructure.

Footnotes:

1. Wood's primary reporting metrics are revenue, aligned with the IFRS definition, and operating profit (pre-exceptional items) which is closely aligned with the IFRS definition but excludes the impact of exceptional items which by their nature are non-recurring items that might otherwise distort underlying operating profit.

Adjusted EBITDA (pre-exceptional items, including Wood's share of joint venture EBITDA) is adopted as an additional non-statutory /'non-GAAP' measure of profit. This is presented at the Group and Business Unit level to report underlying financial performance and facilitate comparison with peers. 2019 adjusted EBITDA includes adjusted EBITDA from our nuclear business and our industrial services business, the disposals of which completed in Q1 2020. Adjusted EBITDA includes the impact of IFRS 16 Leases (see note 2).

Adjusted Diluted EPS is also presented, defined as "earnings before exceptional items and amortisation relating to acquisitions, net of tax, divided by the weighted average number of ordinary shares in issue during the period".

2. Adjusted EBITDA includes the impact of IFRS 16 Leases, which became effective on 1 January 2019. The most significant change for Wood is the accounting for property leases. Rental charges that were previously recorded in operating costs in respect of these leases are now replaced with depreciation and an interest charge. We have chosen to apply the modified retrospective approach on adoption of IFRS 16 and, using this approach, there is no restatement of 2018 comparatives in 2019. The movements between 2019 metrics and 2018 comparatives that have not been restated are shown as not applicable (n/a).

The adoption of IFRS 16 increases 2019 adjusted EBITDA by \$151m. A lease liability of \$574m is recorded on the balance sheet at 31 December 2019. All financing covenants are set on a frozen GAAP basis and are not impacted by the adoption of the standard.

3. Adjusted EBITDA on a like for like basis is calculated as adjusted EBITDA less the adjusted EBITDA from disposals executed in the current year, and is presented as a measure of underlying business performance excluding businesses disposed. In 2019 executed disposals consisted of TNT, the legacy AFW power machinery businesses, our joint venture interests in Voreas and other infrastructure assets. These disposals accounted for \$20m of revenue in 2019 (2018: \$76m) and adjusted EBITDA of \$nil (2018: \$26m). As IFRS 16 has been adopted with no restatement of 2018 comparatives, adjusted EBITDA on a like for like basis also excludes the impact of IFRS 16 in 2019. A reconciliation of adjusted EBITDA and adjusted EBITDA on a like for like basis to operating profit (pre-exceptional items) is shown in note 1 to the financial statements.

4. Net debt excluding leases is total group borrowings, offset by cash and cash equivalents. Borrowings comprise loans drawn on the Group's revolving credit facility, term loans, overdrafts and unsecured senior loan notes issued in the US private placement market. Borrowings do not include obligations relating to leases. Cash and cash equivalents include cash at bank and in hand and short term bank deposits. Borrowings, cash and cash equivalents contained within assets classified as held for sale are also included in net debt. Net debt excluding leases is presented as it is closely aligned to the measure used in our financing covenants.

5. 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. Work under multi-year agreements is recognised in order book according to anticipated activity supported by purchase orders, client 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 at 31 December 2019 excludes the order book of the nuclear and industrial services businesses disposed. For comparability, the order book at 31 December 2018 has been restated to exclude the order book of the nuclear and industrial services businesses as well as the TNT and AFW power machinery businesses disposed in 2019. Order book is presented as an indicator of the visibility of future revenue.

6. The net debt: adjusted EBITDA ratio is calculated on the existing basis prior to the adoption of IFRS 16 in 2019 and is based on net debt excluding leases. References to the ratio on a proforma basis deduct the proceeds from the disposal of the nuclear and industrial services businesses of c\$430m from net debt and also deducts from adjusted EBITDA the 2019 adjusted EBITDA attributable to those businesses of \$49m. The proforma basis is considered to be a useful additional indication of the underlying financial leverage in the business.

7. Company compiled, publicly available consensus comprises 10 analysts who have published estimates since our January 2020 trading update and includes forecasts that reflect both changes to our reporting metrics and the impact of IFRS 16: Credit Suisse, Exane BNP Paribas, Canaccord Genuity, Goldman Sachs, Bank of America Merrill Lynch, Morgan Stanley, Citigroup, Kepler Cheuvreux, Numis and HSBC.

Consensus 2019 adjusted EBITDA is \$854m (range: \$847m-\$860m), consensus operating profit (pre-exceptional items) is \$426m (range: \$382m-\$496m) and consensus AEPS is 47.0c (range: 40.0c-51.9c).

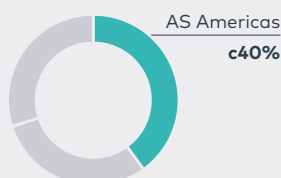
Consensus 2020 adjusted EBITDA is \$895m (range: \$854m-\$925m), consensus operating profit (pre-exceptional items) is \$475m (range: \$440m-\$511m) and consensus AEPS is 55.1c (range: 51.8c-58.2c). It should be noted that the impact of the disposal of the industrial services business announced in February is not fully reflected in 2020 consensus.

Segmental review

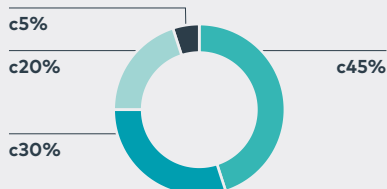
Asset Solutions Americas

Revenue was up on 2018, benefitting from increased capital projects activity in midstream and downstream & chemicals, which was partly offset by lower activity in renewables/other energy.

% of Revenue:



Markets:



Energy: c95%

- Upstream/midstream c45%
- Downstream & chemicals c30%
- Other energy c20%

Built environment: c5%

Adjusted EBITDA of \$238m includes a \$39m impact from the adoption of IFRS 16. Adjusted EBITDA on a like for like basis was down 12%. Strong earnings growth in downstream & chemicals capital projects and the benefit of final close out on a number of projects was more than offset by cost overruns of \$53m and a slowdown in activity in US shale in H2.

Outlook

Order book is \$2.5bn with c60% of 2020 revenue secured. Order book is down 15% compared to December 2018 reflecting the work off of larger downstream & chemicals capital projects and the application of our more measured risk appetite on new bids.

Our existing forecasts, which do not reflect the impacts of Covid-19, the recent fall in oil price and actions we will take to mitigate, anticipate capital discipline remaining evident in the Americas across onshore, midstream and offshore. Activity in downstream & chemicals is expected to remain robust while the outlook for solar and wind is positive. Margin improvement initiatives including our focus on improved execution to address cost overruns experienced in 2019, will benefit adjusted EBITDA.

Revenue¹

\$3,894m

(2018: \$3,668m) ▲ 6.2%

Adjusted EBITDA^{1,2}

\$238m

(2018: \$227m) movement: n/a

Adjusted EBITDA margin

6.1%

(2018: 6.2%) movement: n/a

Adjusted EBITDA (on a like for like basis)³

\$199m

(2018: \$227m) ▼ 12.3%

Adjusted EBITDA margin (on a like for like basis)

5.1%

(2018: 6.2%) ▼ 1.1%

People

16,300

(2018: 16,900) ▼ 3.6%

Order book⁵

\$2,468m

(2018: \$2,915m) ▼ 15.3%

Asset Solutions Europe, Africa, Asia & Australia

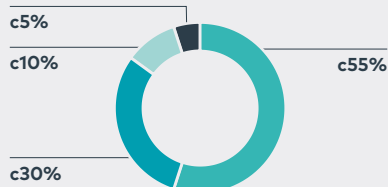
Revenue was down around 4%. We saw growth in operations solutions work in Asia Pacific and the Middle East, and relatively robust activity in Europe. This was offset by lower procurement revenues in capital projects.

% of Revenue:



ASEAAA
c30%

Markets:



Energy: c95%

- Upstream/midstream c55%
- Downstream & chemicals c30%
- Other energy c10%

Built environment: c5%

Adjusted EBITDA of \$353m includes a \$59m impact from the adoption of IFRS 16. Strong growth in adjusted EBITDA on a like for like basis of 14% reflects excellent execution across the portfolio and growth in operations work in Asia Pacific and the Middle East. Capital projects remained robust, with reduced levels of low margin procurement activity contributing to higher achieved margins. Adjusted EBITDA on a like for like basis in Turbine Joint ventures also improved.

Outlook

Order book of \$3.7bn excludes the contribution from the industrial services business disposed in February 2020. Around 60% of 2020 revenue is secured. Order book reflects work off in operations solutions work in the Middle East, offset by new downstream & chemicals project awards in Asia Pacific. The industrial services business, disposed in Q1 2020, generated c\$175m revenue and contributed adjusted EBITDA (including IFRS 16) of c\$15m in 2019.

Our existing forecasts, which do not reflect the impacts of Covid-19, the recent fall in oil price and actions we will take to mitigate, anticipate increased activity in 2020 led by capital projects; driven by early stage FEED work and increased downstream & chemicals work in Asia Pacific. We also expect increased operations activity in the Middle East with clients including Exxon and BP, and also in the UK as upstream spending increases from low levels.

Revenue¹

\$3,148m

(2018: \$3,283m) ▼ 4.1%

Adjusted EBITDA^{1,2}

\$353m

(2018: \$258m) movement: n/a

Adjusted EBITDA margin

11.2%

(2018: 7.9%) movement: n/a

Adjusted EBITDA (on a like for like basis)³

\$294m

(2018: \$258m) ▲ 14.0%

Adjusted EBITDA margin (on a like for like basis)

9.3%

(2018: 7.9%) ▲ 1.4%

People

23,900

(2018: 24,400) ▼ 2.0%

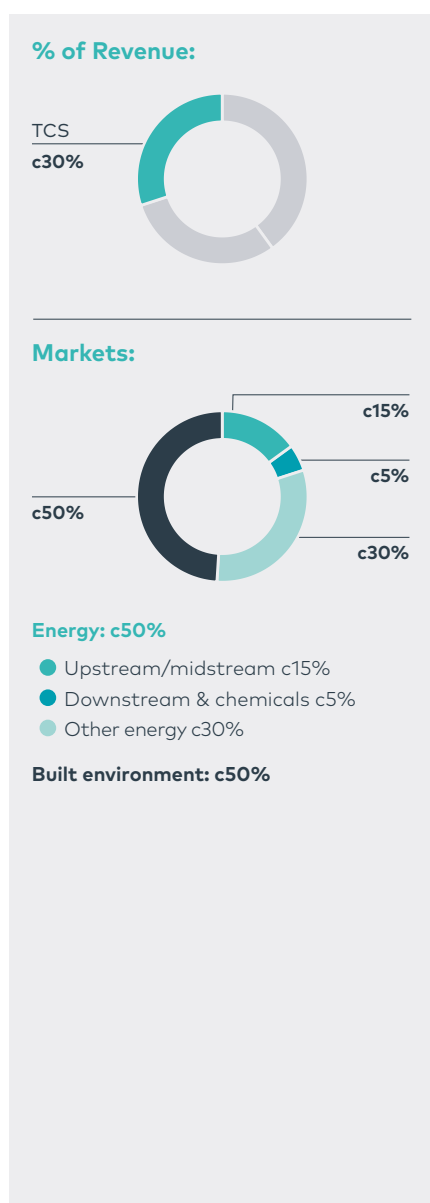
Order book⁵

\$3,709m

(2018: \$3,729m) ▼ 0.5%

Technical Consulting Solutions

The formation of TCS in the fourth quarter brought together the capabilities of Specialist Technical Solutions (STS) and Environment and Infrastructure Solutions (E&IS) into a more efficient global and industry leading consulting offering.



Revenue in E&IS was in line with 2018. In STS, revenue was down on 2018 reflecting lower volumes in the automation service line.

Adjusted EBITDA includes a \$53m impact from the adoption of IFRS 16. Adjusted EBITDA margin on a like for like basis for TCS is up 0.6% on 2018, benefitting from improved execution in E&IS, margin improvement initiatives and changes in sales mix as the TCO automation contract rolls off.

Outlook

Order book of \$1.6bn excludes the contribution to order book from the nuclear business disposed in March 2020 and TNT disposed in 2019. Around 55% of 2020 revenue is secured. Order book is down 9% on prior year reflecting the work off of the TCO automation contract and a number of larger contracts in E&IS. The nuclear business, disposed in March 2020, generated revenue of c\$300m and contributed adjusted EBITDA (including IFRS 16) of c\$30m in 2019.

Whilst our existing forecasts do not reflect the impacts of Covid-19, the recent fall in oil price and actions we will take to mitigate, TCS has a broad end market exposure with only c15% in upstream/midstream oil and gas. Existing forecasts anticipate the impact of the change in sales mix in automation towards lower volume higher margin work as the TCO project rolls off and the benefit of margin improvement initiatives including synergies from the formation of TCS.

Revenue¹

\$2,779m

(2018: \$2,913m) ▼ 4.6%

Adjusted EBITDA^{1,2}

\$300m

(2018: \$248m) movement: n/a

Adjusted EBITDA margin

10.8%

(2018: 8.5%) movement: n/a

Adjusted EBITDA (on a like for like basis)³

\$246m

(2018: \$241m) ▲ 2.1%

Adjusted EBITDA margin (on a like for like basis)

8.9%

(2018: 8.5%) ▲ 0.4%

People

15,400

(2018: 15,300) ▲ 0.7%

Order book⁵

\$1,640m

(2018: \$1,803m) ▼ 9.0%

Investment Services

A number of legacy AFW activities and liabilities are managed in Investment Services including activities of the Industrial Power and Machinery business. Investment Services generated revenue of \$69m (2018: \$150m) and adjusted EBITDA of \$36m (2018: \$36m). On a like for like basis, revenue was \$67m (2018: \$136m). Adjusted EBITDA on a like for like basis was \$36m (2018: \$17m), which includes the close out of a number of legacy liabilities.

Financial review



David Kemp CFO

"Financial performance in 2019 reflects earnings growth, margin improvement and strong cash generation."

Trading performance

Trading performance is presented based on the basis used by management to run the business with adjusted EBITDA including the contribution from joint ventures. A reconciliation of operating profit to adjusted EBITDA is included in note 1 to the financial statements.

	2019 \$m	2018 \$m
Revenue	9,890.4	10,014.4
Adjusted EBITDA¹	855.4	693.8
Adjusted EBITDA margin %	8.6%	6.9%
Depreciation (pre-IFRS 16)	(53.6)	(63.9)
Depreciation (IFRS 16)	(128.4)	-
Amortisation - software and system development	(99.5)	(84.3)
Amortisation - intangible assets from acquisitions	(144.2)	(164.5)
Adjusted EBIT	429.7	381.1
Tax and interest charges on joint ventures included within operating profit but not in adjusted EBITDA	(18.7)	(24.5)
Operating profit before exceptional items	411.0	356.6
Exceptional items	(107.6)	(191.3)
Operating profit	303.4	165.3
Net finance expense	(126.5)	(111.8)
IFRS 16 interest charge	(28.2)	-
Profit before tax	148.7	53.5
Taxation	(75.9)	(61.1)
Profit/(loss) for the period	72.8	(7.6)
Basic EPS (cents)	10.7c	(1.3)c
Adjusted diluted EPS (cents)²	46.0c	46.6c

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

The increase in adjusted EBITDA of \$161.6m to \$855.4m is largely the result of the transition to IFRS 16 on 1 January 2019, which has resulted in rental costs totalling \$151.0m being replaced by depreciation expense of \$128.4m and interest of \$28.9m (of which \$0.7m is reflected within tax and interest charges on joint ventures) and improved trading.

The review of our trading performance is contained within the Chief Executive review.

Amortisation

Total amortisation for 2019 of \$243.7m (2018: \$248.8m) includes \$123.4m for Amec Foster Wheeler (AFW) (2018: \$126.4m) and \$20.8m (2018: \$38.1m) of amortisation relating to intangible assets arising from prior year acquisitions. Amortisation in respect of software and development costs was \$99.5m (2018: \$84.3m) and this largely relates to engineering software and ERP system development. Included in the amortisation charge for the year above is \$1.3m (2018: \$2.5m) in respect of joint ventures.

Net finance expense and debt

Net finance expense is analysed below.

	2019 \$m	2018 \$m
Interest on bank borrowings	63.0	67.8
Interest on US Private Placement debt	28.5	14.1
Discounting relating to asbestos, deferred consideration and other liabilities	12.3	15.3
IFRS 16 Interest	28.2	-
Other interest, fees and charges	32.3	19.9
Net finance charges in respect of joint ventures	5.9	8.1
Total finance expense including joint ventures	170.2	125.2
Finance income relating to defined benefit pension schemes	(5.7)	(0.5)
Other finance income	(3.9)	(4.8)
Net finance expense including joint ventures	160.6	119.9

Interest cover⁴ was 5.6 times (2018: 6.2 times).

At 31 December 2019 total bank borrowings amounted to \$997.6m, including term loans of \$397.6m and \$600.0m of drawdowns under the Group's \$1.75bn Revolving Credit Facility. A further \$235.8m of funding is available under the Group's other short-term facilities. In total the Group has undrawn facilities of \$1,386.0m at 31 December. \$297.6m of the term loan is repayable in October 2020 and \$100.0m in May 2022. The \$297.6m term loan repayable in October 2020 was repaid in February 2020 following the proceeds raised by the disposal of the industrial services business and the receipt of the new bilateral loan facilities. These subsequent events are disclosed in note 36 to the financial statements.

The Group also has \$879.9m of unsecured loan notes issued in the US private placement market which mature at varying dates between 2021 and 2031. Interest is payable at an average rate of 4.31% on these loan notes.

Following transition to IFRS 16, the Group recognised interest costs of \$28.2m in 2019, which relates to the unwinding of discount on the IFRS 16 lease liability.

Net debt excluding leases to adjusted EBITDA (excluding impact of IFRS 16) at 31 December was 2.0 times (2018: 2.2 times) against our covenant of 3.5 times. The Group remains committed to achieving its targeted leverage policy of net debt to adjusted EBITDA of 1.5 times.

Exceptional items

	2019 \$m	2018 \$m
Loss on divestment of business	9.4	-
Redundancy, restructuring and integration costs	41.7	71.7
Arbitration settlement provision	-	10.4
EthosEnergy impairment and other write offs	-	51.0
Investigation support costs and provisions	56.5	26.3
Guaranteed Minimum Pension equalisation	-	31.9
	107.6	191.3
Tax on exceptional items	19.5	(8.5)
Continuing exceptional items, net of tax	127.1	182.8

In 2019, the Group disposed of Terra Nova Technologies and the net loss on sale (after allocating goodwill) of \$9.4m has been included in exceptional items.

Redundancy, restructuring and integration costs of \$41.7m (2018: \$71.7m) have been incurred during the year. The total includes \$11.8m (2018: \$41.8m) of integration costs in relation to the acquisition of AFW and are incurred in order to generate efficiency savings with the enlarged business and are expected to largely cease in 2020. In addition, \$26.1m (2018: \$23.8m) of redundancy and restructuring costs were incurred, mainly in relation to the formation of TCS and \$5.8m (2018: \$6.1m) of costs relating to onerous property contracts, of which \$2.8m has been recognised as an impairment charge against the IFRS 16 right of use asset. The total also includes \$1.3m of charges related to joint ventures and a \$3.3m gain with respect to the assignation of a lease contract to an external party.

Investigation support costs of \$10.5m (2018: \$26.3m) have been incurred during the year in relation to ongoing investigations by the US Securities and Exchange Commission (SEC), the US Department of Justice (DOJ) and UK Serious Fraud Office (SFO). During the year discussions concerning possible resolutions of the investigations by the authorities in the US, Brazil and Scotland have progressed to the point where the Group believes that it is likely to be able to settle the relevant matters with these authorities at an aggregate cost of \$46.0m, which is reflected as a provision in the financial statements as described in note 20. As set out in note 33, AFW made a disclosure to the SFO about these matters and, since April 2017, in connection with the SFO's investigation into Unaoil, the SFO has required AFW to produce information relating to any relationship of AFW with Unaoil and certain other third parties. As it is not possible to make a reliable estimate of the liability that may arise, no provision has been made for this element of the investigation. See note 33 for full details.

An exceptional tax charge of \$19.5m has been recorded in 2019 reflecting the write off of irrecoverable tax balances relating to joint ventures.

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.

	2019 \$m	2018 \$m
Profit from continuing operations before tax, exceptional items and amortisation	512.8	510.0
Effective tax rate on continuing operations (excluding tax on exceptional items and amortisation)	23.89%	22.90%
Tax charge (excluding tax on exceptional items and amortisation)	122.5	116.8
Tax charge in relation to joint ventures	(12.8)	(16.4)
Tax charge/(credit) in relation to exceptional items	19.5	(8.5)
Tax credit in relation to amortisation	(53.3)	(30.8)
Tax charge per income statement	75.9	61.1

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 2019 are restrictions on the deductibility of interest in the UK and branch and withholding tax in excess of double tax relief, offset by increased deferred tax asset recognition, primarily in the US, and the release of provisions in relation to uncertain tax positions. Despite challenges in relation to interest deductibility and the US legislation around base erosion, we currently anticipate a rate of 23-24% in 2020.

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.

Earnings per share (EPS)

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. 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.

	2019			2018		
	Earnings attributable to owners of the parent \$m	Number of shares m	EPS cents	Earnings/(losses) attributable to owners of the parent \$m	Number of shares m	EPS cents
Basic	72.0	670.9	10.7	(8.9)	669.6	(1.3)
Effect of dilutive ordinary shares	-	15.8	(0.2)	-	13.4	-
Diluted	72.0	686.7	10.5	(8.9)	683.0	(1.3)
Exceptional items, net of tax	127.1	-	18.5	182.8	-	26.8
Amortisation related to acquisitions, net of tax	117.1	-	17.0	144.1	-	21.1
Adjusted diluted	316.2	686.7	46.0	318.0	683.0	46.6

Basic EPS for the year was 10.7 cents per share (2018: (1.3) cents). The profit for the year attributable to owners of the parent of \$72.0m is higher than the \$8.9m loss reported in 2018 due to increased operating profit partially offset by higher interest costs.

Dividend

The Wood progressive dividend policy is a key element of our investment case. Progressive means that the interim and final dividend will increase each year in absolute terms, taking into account future cash flows and earnings. Given that the rate of dividend increase in recent years has been higher than the growth in profit, it is anticipated that the rate in growth of dividend in the medium term will be modest and lower than the rate of growth of profits.

The recommendation to pay a dividend is discussed at the main Board twice a year and in March 2020 the Board recommended a final dividend of 23.9 cents per share, which makes a total distribution for the year of 35.3 cents, an increase of 1%. The final dividend will be paid on 15 May 2020 to all shareholders on the register at the close of business on 17 April 2020. When determining the level of dividend the Board considers the amount of currently distributable reserves as well as the Group's ability to generate cash, the optimal leverage, planned disposals or acquisitions, commitments to other stakeholders such as lenders, pension schemes and tax authorities, and the size of non-operating outflows such as restructuring costs or legal settlements.

At 31 December the Group's parent company John Wood Group PLC has distributable reserves which would be sufficient to cover the 2019 full year dividend approximately 1.7 times. As previously stated our preferred level of leverage is a net debt to adjusted EBITDA of around 1.5 times. At 31 December 2019 our actual net debt to adjusted EBITDA was 2.0 times.

The key risks associated with the dividend are the ability of the group to continue to generate sufficient cash which could be negatively impacted by the crystallisation of one or more of the Group's principal risks. To the extent that these result in a material unexpected cash outflow, and take the Group to an unacceptable level of leverage, the Board may decide to reduce or suspend the dividend.

Cash flow and net debt

The cash flow for the year is set out below:

	Total cash flow 2019 \$m	Leases 2019 \$m	Cash flow excluding leases 2019 \$m	2018 \$m
Adjusted EBITDA	855.4	151.0	704.4	693.8
Less JV EBITDA and add back JV dividends	(37.7)	(6.1)	(31.6)	(44.8)
Decrease in provisions	(216.1)	-	(216.1)	(144.1)
Other	3.9	-	3.9	(28.8)
Cash flow generated from operations pre working capital	605.5	144.9	460.6	476.1
Decrease in receivables	200.2	-	200.2	88.9
(Decrease)/increase in payables	(132.5)	(11.5)	(121.0)	248.7
Increase/(decrease) in advance payments	127.9	-	127.9	(46.5)
(Increase)/decrease in inventory	(2.8)	-	(2.8)	0.1
Working capital movements	192.8	(11.5)	204.3	291.2
Cash exceptionals	(52.1)	22.3	(74.4)	(142.0)
Cash generated from operations	746.2	155.7	590.5	625.3
Divestments/ acquisitions	43.1	-	43.1	3.4
Capex and intangibles	(127.2)	-	(127.2)	(87.5)
Free cash flow	662.1	155.7	506.4	541.2
Tax, interest, dividends and other	(407.2)	10.0	(417.2)	(443.3)
Non-cash movement in leases	(136.0)	(136.0)	-	-
Decrease in net debt	118.9	29.7	89.2	97.9
Opening net debt	(2,117.2)	(604.0)	(1,513.2)	(1,646.1)
Leases	-	-	-	35.0
Closing net debt	(1,998.3)	(574.3)	(1,424.0)	(1,513.2)

Closing net debt at 31 December 2019 including leases was \$1,998.3m (2018: \$1,548.2m). The \$604.0m opening lease liability included in the table above, includes the lease liability of \$569.0m recognised on transition to IFRS 16 and existing finance leases of \$35.0m. Net debt excluding leases at 31 December 2019 was \$1,424.0m (2018: \$1,513.2m) which excluded the impact of the adoption of IFRS 16.

Cash generated from operations pre-working capital increased by \$129.4m to \$605.5m primarily as a result of the transition to IFRS 16, whereby rental cash flows have now been reclassified to financing activities and improved trading, partially offset by an increase in provisions movements.

Working capital movements reduced by \$98.4m to \$192.8m and is primarily due to the timing of payments to suppliers in 2019 compared with 2018. The cash inflow from payables in 2018 was \$248.7m and arose due to a change in the payment terms to 60 days, which aligns with the payment terms of our clients. The cash inflow from trade receivables was driven by improvement in DSO to 56 days compared with 64 days in 2018 and increased utilisation of the receivables financing facility by \$44m to \$198m. In addition, the Group received a significant advance from a client in the Americas.

Payments for capex and intangible assets were \$127.2m (2018: \$87.5m) and included software licences and expenditure on ERP systems across the Group. The increase is mainly due to additional software licenses that were purchased by the Group and the timing of certain capex payments.

Cash from divestments of \$43.1m mainly relates to the disposal of the Group's interests in TNT.

Cash conversion, calculated as cash generated from operations as a percentage of adjusted EBITDA (less JV EBITDA) reduced slightly to 96% (2018: 102%).

Sources and uses of cash

The increase in cash generated from operations in 2019 to \$746.2m from \$625.3m was primarily due to the transition to IFRS 16, whereby the cash outflows associated with rental costs are now shown in financing activities, and improved trading. The Group also had lower cash outflows associated with exceptional items as the integration costs associated with the AFW reduced in 2019. These favourable variances were partially offset by a lower working capital inflow in 2019 compared with 2018. There are a number of risks associated with net cash flow from operations, including:

- Market risks, such as variability in commodity prices which impacts on activities by our clients;
- Project risks, which include delays and disputes which can influence our ability to collect cash from our clients; and
- Other risks, including the actions of governments and other third parties which can affect our ability to service our increasingly global client base.

The Group remain committed to a strong balance sheet. Our uses of cash include:

- Servicing and repayment of our debt facilities;
- Maintenance of our progressive dividend policy;
- Organic capex; and
- Acquisitions.

Summary balance sheet

	Dec 2019 \$m	Dec 2018 \$m
Goodwill and intangible assets	6,299.0	6,656.7
Right of use assets	417.9	-
Other non-current assets	964.8	1,063.9
Trade and other receivables	2,306.0	2,555.7
Net held for sale assets and liabilities	412.9	31.6
Trade and other payables	(2,619.6)	(2,526.1)
Net debt excluding leases	(1,424.0)	(1,513.2)
Lease liabilities	(574.3)	(35.0)
Provisions	(792.2)	(991.2)
Other net liabilities	(544.9)	(632.6)
Net assets	4,445.6	4,609.8
Net current (liabilities)/assets	(242.0)	162.6

At 31 December 2019, the Group had net current liabilities of \$242.0m and this is largely due to term loans of \$297.6m falling due in October 2020 and which are, therefore, classed as current liabilities. In February 2020, the Group completed the disposal of the industrial services business which reduced short term debt by \$111.0m and secured additional bilateral loan facilities of \$200.0m which mature between September 2021 and May 2022.

These subsequent events are disclosed in note 36 to the financial statements and confirmed that the net current liability position shown above was a temporary situation.

Goodwill and intangible assets include \$4,645.0m (2018: \$4,766.7m) of goodwill and intangibles relating to the acquisition of AFW. This has decreased during the year primarily because of the classification of the nuclear business as held for sale during 2019 and the amortisation of intangible assets.

Right of use assets and lease liabilities were recognised as a result of the adoption of IFRS 16 and amount to \$417.9m and \$540.9m respectively. Lease liabilities also include \$33.4m of leases previously classified as finance leases.

The reduction in trade receivables is due to improved cash collection during the year and reduced activity in December 2019 compared with December 2018.

Net held for sale assets and liabilities includes \$518.9m of assets held for sale (including cash of \$54.9m) and current liabilities include \$106.0m of liabilities held for sale in respect of the nuclear and industrial services businesses and a non-core joint venture. The Group completed the disposals of the nuclear business in March 2020 and the industrial services business in February 2020. The disposal of the non-core joint venture is expected to happen during the first half of 2020.

Trade and other payables has increased by \$93.5m since 2018 and this is partly due to an increase in gross amounts due to customers of \$73m which has increased due to a significant advance received in respect of a major contract which was ongoing during the year.

The provisions balance reduced by \$199.0m to \$792.2m. The reduction in provisions was driven by utilisations and releases totalling \$282.6m and was offset by an income statement charge of \$106.6m. Provisions utilised during the year amounted to \$181.5m, which mainly related to asbestos and Aegis. Provisions released to the income statement amounted to \$101.1m and was mainly related to a number of historic project related provisions. The income statement charge of \$106.6m mainly related to investigations by the authorities in the US, Brazil and Scotland and have progressed to the point where the Group believes that it is likely to be able to settle the relevant matters with these authorities at an aggregate cost of \$46.0m and this is reflected as a provision at 31 December 2019. Achieving resolution of the relevant matters will involve negotiations with five authorities in three separate jurisdictions, and accordingly there is no certainty that resolution will be reached with any or all of those authorities or that the aggregate settlement amount will not exceed the amount of the provision. The expected movement related to provisions in 2020 is approximately \$100m.

Contract assets and liabilities

	Dec 2019 \$m	Dec 2018 \$m
Trade receivables	943.5	1,287.1
Amounts due from customers	962.8	935.1
Amounts due to customers	(480.5)	(407.5)
	1,425.8	1,814.7

The reduction in trade receivables is due to improved cash collection during the year and reduced activity in December 2019 compared with December 2018. The movement in gross amounts due to customers is mainly explained by a significant advance received in respect of a major contract which was ongoing during the year.

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 2019 was as follows:

\$m	Year 1	Year 2	Total
Revenue	3,791.9	2,300.0	6,091.9

The order book reported on page 01 of \$7.9bn includes contracted work under multi-year arrangements and is recognised according to anticipated activity supported by client activity and management estimates. The \$6.1bn reported above has been adjusted to reflect contracted work supported by a contract and approved purchase order.

Asbestos related obligations

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 United States. At 31 December 2019, the Group has net asbestos related liabilities of \$379.6m (2018: \$398.1m).

The Group expects to have net cash outflows of around \$36m as a result of asbestos liability indemnity and defence payments in excess of insurance proceeds during 2020. The estimate assumes no additional settlements with insurance companies and no elections to fund additional payments. 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.

The Group's adjusted EBITDA is stated after deducting costs relating to asbestos including administration costs, movements in the liability as a result of changes in assumptions and changes in the discount rate.

Full details of asbestos liabilities are provided in note 20 to the Group financial statements.

Pensions

The Group operates a number of defined benefit pension schemes in the UK and US and a number of defined contribution plans. At 31 December 2019, the schemes had a net surplus of \$241.0m (2018: \$242.7m). In assessing the potential liabilities, judgement is required to determine the assumptions for inflation, discount rate and member longevity. The assumptions at 31 December 2019 showed a reduction in the discount rate which results in higher scheme liabilities and lower RPI inflation rates. Full details of pension assets and liabilities are provided in note 32 to the Group financial statements.

At 31 December 2018, the largest schemes were the Amec Foster Wheeler Pension Plan ('AFW Pension Plan') and the John Wood Group PLC Retirement Benefit Scheme ('JWG PLC RBS') in the UK and the Foster Wheeler Inc SERP and the Foster Wheeler Inc Pension Plan for Certain Employees (FW Inc PPCE) in the US. In March 2019, the JWG PLC RBS merged with the AFW Pension Plan (now known as the Wood Pension Plan ('WPP')).

Contingent liabilities

Details of the Group's contingent liabilities are set out in note 33 to the Group financial statements.

Divestments

During 2019, the Group disposed of its investment in TNT. TNT was part of the STS business unit (which is now part of the TCS business unit) and the loss on the disposal is disclosed in exceptional items.

At 31 December 2019, the Group has treated the assets and liabilities of its nuclear and industrial services businesses as held for sale as these businesses were sold in the first quarter of 2020. In addition, the Group's investment in a non-core joint venture is included in assets held for sale as the Group expects to dispose of its investment in the first half of 2020.

New accounting standards

The new accounting standard on leases, IFRS 16 became effective on 1 January 2019. Under IFRS 16, the Group is required to recognise 'right of use' assets and lease liabilities in respect of its operating leases for property, vehicles, plant and equipment. The application of IFRS 16 has resulted in an increased depreciation charge and higher financing costs in the income statement with an overall increase in operating profit.

A summary of the impact of IFRS 16 on the financial statements is set out below:

On transition	\$m
Right of use asset recognised	450.6
Deferred tax asset recognised	5.2
Lease liabilities recognised	(569.0)
Onerous lease provisions adjustment	17.7
Onerous lease liabilities (included within other non-current liabilities)	61.2
Trade and other payables – accruals	8.3
Trade and other receivables – prepayments	(7.9)
Opening reduction to retained earnings	(33.9)
2019 income statement impact (excluding joint ventures)	
Reduction in operating lease costs	144.9
Increased depreciation	(123.0)
Increased interest expense	(28.2)
Reduced interest on discounting of onerous lease provision	2.2
Reduction in profit before tax	(4.1)

Footnotes to the Financial Review

- Adjusted EBITDA represents operating profit of \$303.4m (2018: \$165.3m) before the deduction of depreciation of \$182.0m (2018: \$63.9m), amortisation of \$243.7m (2018: \$248.8m), exceptional items of \$107.6m (2018: \$191.3m) and joint venture interest and tax of \$18.7m (2018: \$24.5m) and is provided as it is a key unit of measurement used by the Group in the management of its business.
- Adjusted diluted earnings per share (AEPS) is calculated by dividing earnings 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 adjusted to assume conversion of all potentially dilutive ordinary shares.
- Number of people includes both employees and contractors at 31 December 2019.
- Interest cover is adjusted EBITDA excluding IFRS 16 of \$704.4m (2018: \$693.8m) divided by the net finance expense, which excludes net finance expense from joint ventures of \$5.9m (2018: \$8.1m) and the impact of IFRS 16 of \$28.2m.

Building a sustainable business

Our strategy is aligned to the rapid evolution to a healthier planet and sustainability is embedded at the heart of what we do in order to secure our long-term future as a successful business.

Our culture, underpinned by our vision, values and behaviours, ensures that economic, social and environmental considerations are built into our daily decision making in order to create sustainable value for our clients, employees, society and the environment.

Directors' duties in accordance with s172(1) Companies Act 2006

Our approach to performance by the directors of their statutory duties and our application of s172(1) Companies Act 2006 can be found throughout this annual report:

Statement of compliance	54
Engagement with:	
Employees	08, 38 to 39, 52
Clients	08, 52
Investors & Lenders	09, 60
Pensions	10
Community	10, 42 to 44
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Principal decisions	11


Non-financial information disclosures

The information required to be contained in the non-financial reporting statement under section 414CA and 414CB Companies Act 2006 is contained in the strategic report as set out in the table below:


Environmental matters	32 to 36
Employees	38 to 41
Human rights	40
Social matters	42 to 44
Anti-corruption & anti-bribery	30 to 31

 Read our 2019 Sustainability Report at: woodplc.com/sustainability


Health, safety, security & ethics

 For more information see pages **27 to 31**

Environment

 For more information see pages **32 to 37**

Society

 For more information see pages **38 to 44**

Health, safety, security & ethics

Our relentless focus on safety remains our top priority. Our people are our most valuable resource and we are committed to making sure everyone goes home safely at the end of every working day.

The Safety, Assurance and Business Ethics Committee (SABE) is responsible for overseeing Wood's management of health, safety, security and environment (HSSE) and business ethics issues. This section of the report should be read in conjunction with the report from the SABE Chair on page 64.

In 2019 we built on the consistent Health, Safety, Security and Environment Assurance (HSSEA) framework developed in 2018. Our core objective has been to embed our new suite of tools, processes and procedures across our business to further strengthen our HSSEA culture.

Implementation of our Safety Shield initiative, rolled out in Q1, was central to our 2019 plan together with a focus on further aligning critical risks with industry standards and best practices.

Our specific objectives in 2019 were to:

- Implement the Safety Shield
- Focus on critical risks
- Streamline HSSEA Management Systems
- Drive robust assurance

Implementing the Safety Shield

The Safety Shield builds on our values of care, commitment and courage and asks our employees to have the commitment to prepare correctly, the care to engage with the safety requirements of a task and the courage to intervene if they see something unsafe. Rolled out in Q1 2019, the Safety Shield is a concept that is unique to Wood that combines our existing safety programmes into one standard that is simple, understandable across countries and cultures, and aligns to client and industry standards.

Our work in 2019 focused on embedding the Safety Shield across the business and this started with the global annual 'Safe Start' programme; designed to welcome our people back to work with a dedicated focus on safety. The programme starts in January and continues throughout the year and is our opportunity to focus on key areas such as reinforcing our Life Saving Rules and focusing on our critical risks. It is a multimedia based campaign including town hall meetings, tool box talks and e-learning opportunities and is designed to encompass all employees across our business.

Through our safety management systems we identified a need to focus more effort on training our frontline staff to use the tools within the Safety Shield, such as Life Saving Rules, hazard & risk principles and change management processes, to enable them to make effective interventions. In response, we developed a training programme which was deployed in Q2 2019 through six train-the-trainer events held across the globe.

We now have around 100 'Safety Shield for Supervisors' course trainers leading courses within their business unit and geographical areas. We will continue the roll out of this training into 2020. In Q4 2019 we also developed a 'Safety Shield for everyone' computer based training course for roll out Q1 2020. The course builds on the toolbox talks and town hall events held during the year and is designed to reinforce the responsibility for safety of everyone at Wood, build a foundation of HSSE understanding and align global HSSE expectations.

This year we launched our Inspire Awards and challenged our business to recognise and reward inspiring behaviours that demonstrate our vision, values and behaviours in action. The Safety Shield Inspire Award generated 186 entries from across the business showcasing examples of exceptional safety performance and we used these inspiring stories in our safety communications across the business. The winning entry was Daniel Frakes whose courage to intervene and stop a job saved a contractor from serious, and potentially fatal, harm. To recognise and celebrate great safety practice more regularly throughout the year we have also introduced a monthly Safety Shield reward programme in Q3 2019. Each winner is recognised by their senior management, is entered onto a roll of honour and receives a Safety Shield winner pin. The recognition of safety best practice within our workforce plays an important role in developing and sustaining our safety culture across Wood.



wood.
Safety Shield
Prepare. Engage. Intervene.

Courage to Intervene

Daniel Frakes, a field technician in our Americas business was the winner of our 2019 Safety Shield Inspire Award. Daniel took quick action to save the life of a contractor's employee while observing some trench work. He spoke up and convinced the contractor to move its employee out of the area when he spotted cracks indicating an impending collapse. Just moments later, a large section of concrete fell into the trench. Had it not been for Daniel's intervention, the individual could have been seriously injured or killed. Daniel's conduct demonstrated both our Safety Shield and values in action. It takes courage to speak up and intervene when things look wrong and this is a safety behaviour that is essential to keeping Wood's projects safe.

Focus on critical risks

Wood Life Saving Rules (LSRs) require workers to prepare and engage management system elements and behaviours designed to mitigate risks for commonly encountered hazards. These rules are a vital tool for managing critical risk and failure to obey Wood's LSRs may result in termination of employment. In January 2019 we aligned the LSRs with the International Oil and Gas Producers (IOGP) nine refreshed LSRs which are used by a number of our clients and peers. While these were not substantially different to Wood's rules, implementing the refreshed LSRs allowed our teams worldwide to reinforce the fundamental expectations of every Wood employee in terms of how we manage critical risks.

Through analysis of our recordable and high potential incidents over the last three years Wood has identified four critical risk areas aligned to our LSRs:

- Driving
- Dropped objects
- Working at height
- Energy isolation

These critical risks are those most commonly encountered across our business giving rise to high potential for near miss and serious injury. We have developed focused tools, training and educational packs designed to bring a more consistent approach to the way we manage these risks across Wood and we are taking actions to mitigate them.

IOGP Life Saving Rules

The image displays nine circular icons representing IOGP Life Saving Rules. Each icon is accompanied by a text label below it. The rules are: Bypassing Safety Controls (two people, one with a power button), Confined Space (person in a tank), Driving (person at a wheel), Energy Isolation (lightning bolt with a lock), Hot Work (flame), Line of Fire (person with a tool near a fire), Safe Mechanical Lifting (person with a crane), Work Authorisation (person with a clipboard), and Working at Height (person on a ladder).

We have been investing significantly in 'In Vehicle Monitoring Systems' (IVMS) in our Americas based fleet where we have the highest rates of driving related incidents and we are trialling technologies such as ground penetrating radar in our construction business where we have higher rates of underground pipe/cable strikes. We will continue to analyse performance against our critical risks throughout 2020. In particular our focus will be on assurance and continued leadership engagement and accountability for managing these risks.

Streamlining HSSEA Management System

Our management system is essential to safe and efficient delivery. We have streamlined our key management systems by retiring legacy systems and launching consistent Wood standards and programmes such as the Safety Shield, LSRs and our safety observation and reporting tools. Our ISO certifications have been consolidated from 17 service providers to a single global provider and work completed to transition all Wood ISO 14001, 9001 and 45001 certifications to the new global provider. The initial consolidation of our management system removed 10% of documents from our system that were either duplicate or non-value adding content. In addition a new and consistent action tracking system has been developed and went live at the end of 2019. This gives Wood full visibility of all assurance activities and the status of associated actions and has allowed decommissioning of over 40 assurance and action tracking systems across the business.

Driving robust assurance

In 2019, we continued to focus on bringing greater structure and discipline to project execution through the deployment of consistent assurance processes. This is essential in assuring the safety of our work and driving out potential errors and incidents in project delivery. During the year the Operations Assurance team carried out a risk-based schedule of assurance visits across the business conducting a total of 20 audits resulting in 170 actions. Improving project execution will be a key focus in 2020 and the assurance audits have generated learnings that Wood can use to achieve this.

Safety performance

During the year we saw an increase in the proportion of total manhours from field and craft operations which have greater exposure to hazard. Against this backdrop our performance remained in line with 2018 in terms of LWCF and TRCF. In addition we have reduced total injuries by 109 cases overall.

Our incident management system allows each business user to 'deep dive' into performance and analyse down to the project level enabling greater understanding behind the causes of incidents. Analysis of the information in our incident management system identified that the main root causes of incidents relate to risk management and risk assessment at the point of exposure to hazard at the work site. As a result we developed a specific risk management module in the Safety Shield for Supervisor course.

Lost work case frequency (LWCF)
per 200,000 manhours



Total recordable case frequency (TRCF)
per 200,000 manhours



Focus on security



Wood operates in a number of countries with complex or challenging security risk environments.

Group Security form part of Group HSSEA and are responsible for providing both forward-looking strategic risk advice to leadership teams, as well as the security risk mitigation requirements for bids, travellers, offices or projects in areas where crime, terrorism or social and political instability concerns feature. Each Business Unit is partnered with a designated Security Director, who in turn is supported by a network of Regional Security Managers providing specific geographical expertise. Group Security receives external support from Control Risks and IHS Markit in the form of data and analytics to help inform the assessment of risks. In addition International SOS provides global physical, medical and security support to Wood employees while travelling. The team's aim is to enable the business to operate safely all over the world and does so by focusing on four key areas: ongoing political risk monitoring; project and operational security advice, planning and assurance; travel security; and crisis management.

Having implemented a new travel management system last year, our focus in 2019 was on driving consistency and compliance with the new systems and processes, as well as increasing the availability of technology enabled tools to assist our employees while travelling. Our travel safety security programme received positive recognition in being shortlisted for the International Duty of Care Awards.

We continue to monitor our operational security risks, and in 2019 the application of our Security Risk Assessment Methodology has improved the consistency and standards of security at project sites globally. In 2020 we will enhance this with an assurance program to ensure compliance with our Group Security Standard. In addition, security considerations are now formally included in our bid processes meaning that security risks and mitigations are considered earlier in the tender process.

Crisis and incident management were also a key area of focus in 2019 to ensure the business is positioned to plan and respond to risks at strategic, operational and tactical levels. The Crisis & Emergency Management Director worked with the ELT to develop crisis management plans and with BU leadership teams to develop incident management plans. A number of training exercises were held to ensure familiarity with these plans amongst those key leaders and to test our responses. We also rolled out a family liaison training course which was developed in-house and delivered in Houston, Aberdeen, Abu Dhabi, Thailand and Singapore. The course provides training for those staff responsible for communicating with families affected by incidents at work and will continue to be delivered on a rolling basis into 2020.

In 2020 we will build upon achievements in 2019 through focus on four key areas: assuring compliance with key security processes; further development of Wood's emergency management capability; development and implementation of a Business Continuity Standard, and establishing strong and visible leadership accountability for security in the Business Units.

Ethics & Compliance



Our commitment to sustaining a visible, continually improving ethical culture remained strong throughout 2019.

Leaders across the organisation play a key role in delivering Wood's Ethics & Compliance (E&C) programme by emphasising ethical behaviour to our workforce and embedding Wood's E&C policies and procedures into our operations. In 2019, operational leaders across the business sponsored campaigns to raise awareness of behavioural expectations.

The importance of doing the right thing is reinforced in our Code of Conduct which sets clear expectations for ethical business practices and guides employees how to respond if faced with ethical decisions. It also provides several "speak up resources" and encourages employees to report anything they feel does not reflect our values, our policies or the law. A number of E&C training and communication initiatives, including leadership webinars and face to face engagement sessions, both for targeted populations and the wider workforce, were used to further embed key concepts from the Code of Conduct, the importance of speaking up and Wood's zero-tolerance policy on retaliation.

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
- Commercial Intermediaries
- Competition Law
- Conflicts of Interest
- Data Protection, including Breach Response
- Ethics Reporting and Anti-Retaliation
- Ethics Investigations
- Gifts and Hospitality
- Sanctions, Export Controls and Anti-Boycotts

Compliance with the Code of Conduct 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 the business relationship.



 Our Code of Conduct: woodplc.com/ethics

Ethical culture

An Ethical Culture Survey was conducted with input gathered from a sampling of staff across the globe. When assessed against an industry benchmark maintained by the specialist survey provider, the results compared favourably for Wood with respect to observing misconduct and perceiving pressure and a positive perception of the behaviour of supervisors and co-workers. Opportunities for improvement include raising awareness of Wood's non-retaliation policy and greater awareness of disciplinary action. The results of the survey will be used to inform future training and communication efforts.

Training

Our annual mandatory Code of Conduct computer-based training launched to approximately 43,000 office-based employees in 2019. The training was focused on IT security, our IT Acceptable Use Policy, and anti-bribery and anti-corruption. Approximately 14,000 site-based employees were required to receive face-to-face ethics training facilitated through group discussions. Site-based sessions focused on "own your signature" or record integrity, avoiding conflicts of interest and protecting client assets.

Code of Conduct training

c43,000

employees covered by online training

We supplemented our annual training with risk-based training and communication efforts for targeted populations such as data privacy, managing confidential information, and E&C webinars tailored for senior leaders. Additionally, anti-harassment training was launched to approximately 9,000 US-based employees in 2019 and further anti-harassment training is planned for 2020 in other geographies. Our training and communications efforts are a fundamental component of the E&C programme and help reinforce a strong ethical culture throughout Wood.

Managing cases

We maintain a confidential Ethics Helpline operated by an independent third-party where anyone can raise a concern or report a suspected violation of our policies, procedures or the law. Reporters may elect to remain anonymous.

During 2019, a total of 139 concerns were received through the Helpline and internal channels. All concerns are reviewed and necessary disciplinary and/or remedial action is taken as appropriate. Of the 33 allegations which were substantiated after review, 13 resulted in termination of employment for serious violations of company policy.

When reporters raise allegations of E&C misconduct, we continue to see people preferring to utilise internal reporting channels rather than opting for the external Helpline. We view this as an indicator of trust in the organisation and encourage employees to use their direct supervisors as a first point of contact to report any concerns that they may have.

Third parties

In 2019 we placed renewed focus on our management of third parties such as commercial intermediaries, suppliers and joint ventures. A key part of this was taking steps to reduce the risk posed to Wood by commercial intermediaries which included taking the policy decision not to engage any new sales agents other than those required by law. We maintain a global register of all active commercial intermediaries. During the year we achieved a significant overall reduction in the number of active commercial intermediary relationships. Our active population of sales agents and national sponsors reduced by more than half, to just five by the end of the year. The total number of active commercial intermediaries on our register, including processing consultants, reduced by approximately 50% to 61 by the end of 2019.

50%

reduction in total commercial intermediaries

Throughout 2019 we continued to cooperate with and assist the relevant authorities in relation to their investigations into the historical use of agents and other matters. During the year investigations by the authorities in the US, Brazil and Scotland progressed to the point where the Group believes it is likely to be able to settle the relevant matters with these authorities and a provision has been made in respect of those matters.

The Group could also face further potential civil and criminal consequences in relation to the investigation by the SFO. See notes 20 and 33 to the Financial Statements for further details.

To minimise the risk from interactions with third parties, we have due diligence requirements in place for onboarding employees, evaluating merger & acquisition targets, appointing resellers and engaging outside legal counsel in addition to the processes for commercial intermediaries. Further guidance for other third-party relationships will be developed in 2020.

 Our Supply Chain Code of Conduct: woodplc.com/scm

Anti-Bribery and Anti-Corruption programme (ABAC)

In 2019, we partnered with Deloitte to assess the adequacy of Wood's current ABAC programme and related controls and to benchmark against those of similar organisations. The programme, which is ongoing, included a survey in 2019 to gather insight into leadership perceptions followed by several interviews with leaders in the UK and USA. Site visits are due to follow in areas where heightened risks of bribery and corruption may be present in order to evaluate application of the programme controls at a local level. We anticipate this work to conclude during 2020.

US Administrative Agreement

Throughout 2019 we continued to meet the commitments required by our Administrative Agreement with the US Environmental Protection Agency and Department of the Interior, which resulted from regulatory settlements in Wood Group's Gulf of Mexico business. The Agreement concluded in Q1 2020 and with the commitment of our leadership team it has allowed many sustainable improvements to be made to our E&C programme, HSSEA practices and Gulf of Mexico operations over its three year term.

During 2019 Wood continued to cooperate with the Independent Monitors who are tasked with overseeing compliance with the Agreement and in 2019 the Independent Monitors again certified that Wood remained compliant with the obligations of the Administrative Agreement.

Data privacy and protection

Our data privacy and protection programme, led by our Group Data Protection Officer, continued to drive improvements to how we manage personal data. This year we implemented a new data privacy impact assessment and mapping tool to automate the process of evaluating and reporting on the privacy implications of our various systems which contain personal data. The tool and the accompanying training and policy amendments help proactively mitigate data privacy risks in the early stages of projects or implementation of systems. More than 450 employees who may be in positions handling personal data attended training and awareness sessions related to privacy.

Additionally, an IT security training module was launched across the organisation. A network of Data Protection Ambassadors (DPAs) is in place to help raise awareness of privacy principles throughout the business. The DPAs received regular communications and a survey was undertaken to identify actions to enhance the network's effectiveness. In 2020, we plan to further engage DPAs through bi-monthly training and information sessions. To supplement the training, communications were issued to the workforce throughout the year about several data privacy matters to help increase awareness.

Wood records its data incidents which continue to be mostly low-level impact and attributable to inadequate data handling processes. Learnings from incidents are applied through the circulation of privacy moments, process improvements and training directed to affected segments of the business, areas in our operations which may pose a risk of similar recurrence, and our network of DPAs. Rights requests were processed throughout the year under strict protocols to ensure they were completed accurately and within the required and legally justifiable timescales.

In 2020 Wood will maintain its data privacy and protection programme while integrating requirements from new laws in California and Brazil to build global iterative improvements.

Environment

At Wood we aim to minimise our impact on the environment and seek to contribute positively towards the global sustainability of the planet we all share. Good environmental management is not only the right thing to do, but makes business sense in protecting our people, the business and the locations we operate in. Managing our environmental risks is imperative to the sustainability of our business and the standards we set and maintain help shape the performance, profitability and the reputation of Wood.

Our HSSE Policy sets out Wood's commitment to the environment and is supported by our integrated HSSEA management system. This provides the framework for how we manage environmental risks and we align our business to ISO14001:2015, ensuring we monitor and deliver continuous improvement in our environmental performance.

We focus on three key areas:

Managing environmental risk


Managing our environmental risks appropriately ensures the business can retain its social licence to operate and preserve our reputation as a business that operates responsibly.

Reducing our environmental impact

We strive to leave behind a positive legacy wherever we operate. We assess and manage our operations to help reduce, mitigate and minimise our impact on the environment.

Raising environmental awareness and competence amongst employees

It is vital that our employees understand why we care about the environment and why it is important to our business.

 Further information on our environmental performance and ongoing strategy is contained in our annual sustainability report which is available at: woodplc.com/sustainability

Managing our risks

Having a thorough understanding of our operational environmental risks is vital to ensure these are mitigated and managed effectively. Following on from the publication in 2018 of Wood's environmental standards, in 2019 our focus shifted towards embedding these across our global business. The standards underpin our HSSEA management system and detail the minimum requirements for managing environmental risks and ensure a consistent approach to environmental management.

Environmental performance

Following the alignment of the Wood Group and AFW businesses onto one global reporting system, from 2019 onwards we are able to provide combined environmental incident reporting for Wood. This provides greater detail on our environmental performance and insight into how Wood manages environmental risk.

We record all environmental incidents and near misses globally through monthly and quarterly management reports. This ensures senior leadership and the Board have visibility over environmental performance and enables corrective actions and preventative measures to be taken.

The number of environmental incidents in 2019 reduced by 28% compared to the previous year. All incidents reported were minor in nature with no major incidents recorded. The most common cause of incidents in 2019 was a number of unrelated minor hydraulic hose line leak events. As a preventative action incidents were reviewed regularly throughout the year for patterns of occurrence. This led to the issue of global guidance on how to identify the signs of a likely hose failure and how to prevent further incidents from occurring. In 2020 additional fields will be added to our incident reporting system to gather more in-depth information into all plant or equipment that result in failure, to allow for pro-active steps to be taken with our suppliers.

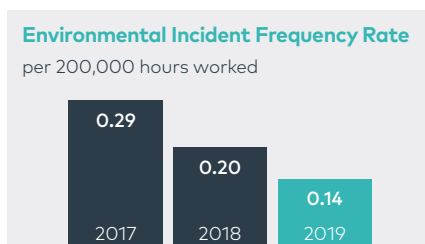
As well as a reduction in environmental incidents, we have also seen a reduction of 30% in our environmental frequency rate, over the three-year reporting period.

28%

reduction in environmental incidents

30%

reduction in environmental frequency rate



Reducing our impact

We care about the legacy we leave behind as a result of our operations. As a responsible business, Wood strives to eliminate or reduce as far as possible, any negative environmental impacts likely to result from our operations.

Carbon performance

Our carbon footprint and how we manage that within our business is vital to realising our own, as well as global, carbon reduction objectives. We recognise the role Wood plays in helping the global economy reduce its carbon footprint and realise the importance of having a targeted focus to achieve this. As part of our three-year strategy to fully align the carbon reporting of Wood Group and AFW by 2020, this year we focused on establishing 2019 as the base year for combined reporting. This will provide the baseline to set group wide targets which is a priority for Wood and one of our key sustainability focus areas. We undertook a number of actions to achieve this in 2019 which included:

- Rolling out an aligned carbon reporting process for the business
- Combining Wood Group and AFW's reporting systems to provide a singular platform for periodic data collection
- Communicating our carbon strategy throughout the organisation to enable the business to adapt and implement the required changes

To align our reporting processes, our Wood Carbon Reporting and Accounting Standard, prepared in line with the principles of the Greenhouse Gas Protocol, was released in 2018 and rolled out across our business in 2019.

This provides a standardised approach to ensuring Wood's carbon reporting is comparable on a like for like basis, year on year across the business, to allow appropriate discharge of legal and voluntary reporting requirements.

As a result our 2018-19 reporting is now presented on a combined basis for the first time, giving insight into our global emissions footprint as Wood. In 2020, we will commence the process to establish targets in accordance with the Science Based Targets Initiative (SBTI). The SBTI is a collaboration between CDP, the United Nations Global Compact (UNGC), World Resources Institute (WRI), and the World Wide Fund for Nature (WWF) that independently assesses and approves companies' targets. Undertaking this process will allow Wood to publish targets in line with global carbon reduction targets.

Total global GHG emissions data for Wood for the period 01 October 2018 to 30 September 2019:

564,965

Tonnes of CO₂e

A total split of emissions is shown in the table below. The emissions stated include one owned power plant in Martinez, California, which makes up 68% of the total 2018/19 emissions. There has been a 24% increase in global emissions, mainly attributable to the change in the reporting boundary for the legacy Wood Group business to operational control, in line with our planned integration efforts and strategy, as explained in our GHG Emissions methodology opposite.

GHG Emissions Methodology

Following the acquisition of AFW in 2017, our expanded portfolio resulted in an increase in our energy and GHG emissions reporting over the significance threshold, resulting in a required recalculation of our base year emissions reporting. In this context, and in line with World Resource Institute GHG Protocol and our internal policies and integration efforts, we introduced several changes to our reporting methodology in 2017 with further alignment taking place in 2018 and 2019.

Change in reporting period – As part of our integration process we changed our reporting period in 2017 from calendar year to reporting period 1 October - 30 September in order to align with AFW internal emissions reporting. This approach reduces reliance on estimation to increase the accuracy of reporting.

Reporting boundaries – For the current reporting period we moved our reporting boundary to operational control, to align reporting for the legacy Wood Group and AFW businesses. Due to different data collection processes undertaken by both businesses historically, data for the comparison year (2017-18) is presented in line with the historic frameworks under which Wood Group reported on a financial basis and AFW an operational basis.

We have used accepted methods of calculation based on the WRI Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition). We have used national conversion factor guidelines (e.g. Environmental Protection Agency, Environment Canada, DEFRA) where appropriate.

Global GHG emissions and energy use data for period 1st October 2018 to 30 September 2019


Emissions from:	Current reporting year 2018-19		Comparison reporting year 2017-18			
	Wood (combined WG and AFW) UK	Wood (combined WG and AFW) Global	WG		AFW	
			UK	Global	UK	Global
Activities for which the company own or control including combustion of fuel & operation of facilities (Scope 1) / tCO ₂ e	6,432	463,462	2,893	19,621	2,711	396,017
Purchase of electricity, heat, steam and cooling purchased for own use (Scope 2, location- based) / tCO ₂ e	26,338	101,503	5,784	2,174	5,118	39,595
Total gross Scope 1 & Scope 2 emissions / tCO ₂ e	32,770	564,965	8,677	21,795	7,829	435,612
Energy consumption used to calculate above emissions (MWh)	109,660	294,766	19,556	86,824	27,190	139,934
Company's chosen intensity ratio: tCO ₂ e (gross Scope 1 + 2) / \$100,000 revenue	2.83	5.71	1.29	0.41	1.07	7.61

Advancing energy efficiency

Throughout 2019 we continued to rationalise our global real estate portfolio, as well as taking steps to identify opportunities to implement energy efficiency measures. As part of our compliance with Article 8 of the European Union's Energy Efficiency Directive (EU EED), Wood chose to conduct an audit to assess the major sources of our energy consumption. The outcome of this audit has been shared with senior leadership within Wood, in particular our internal Real Estate function, which in turn reports directly to the ELT. In 2020, the learnings from the audit will be used to identify and implement energy efficiencies across the wider Wood portfolio.

Our activities to improve energy efficiency in 2019 included:


- Trials on physical work space management with plans for case studies to be developed in 2020. These will focus on the density of occupation of Wood office space and the potential for increased remote and home working
- An energy reduction project undertaken at our Houston campus (our largest office location globally) focusing on:
 - Optimisation of building automation system controls, widely used to auto regulate the energy consumption of a building, in particular heating and cooling equipment
 - Installation of lighting controls, such as timers, photocells, occupancy sensors or a combination, dependent on the requirements of the specific location
 - Replacing electric motors for equipment such as cooling towers, air handlers, ventilation supplies and exhaust fans with variable frequency drives to both upgrade existing equipment and provide increased energy efficiency
- Installation of LED lighting retrofit throughout the campus

 Further information on energy efficiency measures can be found in our annual CDP submission, available at: www.cdp.net/en/scores

Climate change risks and opportunities


At Wood, we recognise the unprecedented challenge the world faces today to tackle the effects of climate change. With an ever-increasing demand for energy, seeking ways to limit resulting carbon emissions is a global priority to ensure a sustainable future for our planet.


We support global efforts to tackle climate change and the United Nations Paris Agreement on Climate Change seeking to limit global warming this century to well below 2 degrees above pre-industrial levels. To demonstrate our commitment, Wood participates voluntarily in the annual Carbon Disclosure Project (CDP) questionnaire. The CDP is an independent, not-for-profit organisation and the largest published registry of corporate GHG emissions in the world. Our involvement in the scheme allows us to demonstrate Wood's resilience to climate related risk, the opportunities we see arising from climate change issues and the structure in place to ensure governance in this area. Fully aligned to the Task Force for Climate Related Financial Disclosures (TCFD), our CDP submission also allows us to benchmark performance against our industry peers and global business community. In 2019, we submitted our second submission to CDP Climate Change as Wood, building upon a long history of participation in the scheme.

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

At Wood, we believe we play a vital role in managing our impact on the environment and are working with our clients, supply chain and the wider industry to bring sustainable solutions to climate change issues. Our assessment of climate change risk and our actions to mitigate are set out in our strategic risk discussion covering Environment, Social and Governance (ESG) matters on page 48.

Whilst we recognise the risks associated with climate change we also see significant opportunities from our strategy that is aligned to the trends of energy transition and sustainable infrastructure. We are already delivering projects that are focused on enabling the transition to a low carbon economy and developing sustainable infrastructure solutions that are resilient to climate change events, for example, we are providing services for one of the largest solar PV plant of its kind in the Netherlands and collaborating on a feasibility study for the use of hydrogen powered ferries on passenger routes in Scotland (read more on page 35).

 Further information on our strategy aligned to energy transition can be accessed at woodplc.com/cmd19

 For details of our business model that is well positioned for opportunities in energy transition see pages **04 to 05**


Energy transition and sustainable infrastructure

At Wood, we seek to play a leading role in the global energy transition to renewable and sustainable energy sources. We combine our technical expertise with innovation to deliver a range of solutions, from advancing sustainable, clean energy sources to driving improved efficiencies from existing energy sources. We are also actively collaborating with industry and government bodies in this area.

As well as looking at our own resilience to climate change, we believe our expertise and experience in climate resilience, sustainability and infrastructure can help cities around the world better deliver on the UN Sustainable Development Goals (SDGs); building projects that meet ever growing social, environmental and economic demands, and future challenges.

In 2019, through key resilience partnerships with 100 Resilient Cities (100RC) and the United Nations Global Compact Cities Programme, we are able to best align our project work to help to advance the UN SDGs, and provide scaleable, sustainable solutions to help build resilience in cities and communities.

 Further information on our partnerships with 100RC and the UNGC Cities Programme is contained within our annual sustainability report which is available at: woodplc.com/sustainability

 Read more about the energy transition at: woodplc.com/energy-transition



Provision of owner's engineer services for one of the largest of its kind solar PV plant in the Netherlands

During 2019 we completed work on Shell's first solar PV plant, located at the Shell Nederland Chemie Moerdijk Chemical Facility in the Netherlands. The plant consists of 76,000 solar photovoltaic panels, one of the largest facilities of its kind in the Netherlands, generating power for the onsite chemical facility.

Throughout the pre-construction and construction phases of the project we acted as owner's engineer, providing the technical procurement expertise for Shell through the drafting and tendering of the engineering, procurement & construction (EPC) and operation & maintenance (O&M) contracts, construction monitoring, commissioning, performance testing and completion verification.



Energy
transition

This project is an example of Wood's capabilities to support our client's objectives to improve utilisation, energy efficiency and reduce the carbon intensity of their operations. Our expertise in the delivery of large-scale projects, engineering and technical services across energy and industrial sectors underpins our key strengths in supporting clients through the energy transition.

Key facts:

76,000

solar panels

Largest solar plant of its kind in the Netherlands

Reducing carbon intensity of chemical production



Unlocking the full potential of hydrogen

As well as being the most common element in our atmosphere, hydrogen has the highest energy content of any fuel we use today and yet, after combustion, it has zero emissions or pollutants. This offers the potential to decarbonise several sectors.

Working with the Scottish Government and other industry partners, Wood collaborated on a feasibility study for the creation of 'Green' hydrogen from renewable resources, and its electrification for use in the transport industry. As part of the Scottish Western Isles Ferry Transport Using Hydrogen (SWIFTH2) project, Wood helped to assess the feasibility of deploying hydrogen-powered passenger ferries on nine ferry routes serving the Western Isles and West Coast of Scotland. Various aspects including locally available renewable energy resource, planning constraints, challenges associated with the production of hydrogen, and the refuelling requirements of each ferry route were studied. The potential emissions savings from the replacement of the Barra to Eriskay and Stornoway to Ullapool routes with hydrogen vessels is estimated to be around 676 and 21,815 tonnes of carbon dioxide equivalent per annum respectively, a combined equivalent of taking nearly 5,000 cars off the road each year.

As well as helping to advance the use of hydrogen as part of the energy transition, this particular example also showcases the real potential in helping governments meet carbon targets and the Paris Agreement's commitment of reducing CO₂ emissions by 60% by 2050.

Raising awareness and competence

At Wood, we believe it is vital that our employees understand why we care about the environment, why it is important to our business and their role in making informed decisions in their day to day activities.

In 2019, we continued to observe and promote internationally recognised days to raise our employees' awareness of areas of global interest and concern, including Earth Day in April and World Environment Day in June. A key area of focus in 2019 was on reducing single use plastics throughout Wood. Our internal working group in this area developed and rolled out various awareness campaigns throughout the year and the work of this group led to the launch of our guidance document 'A guide to reducing single use plastics' during our annual sustainability week celebrations. The guidance is structured around the 4-Rs principle, Reduce, Reuse, Replace and Recycle and follows the waste hierarchy to help promote awareness around managing our use of plastics and the potential options to reduce usage, both in the workplace and at home. As we move into 2020, this working group will focus on the publication of internal targets on plastic to help mitigate and reduce our reliance on single use plastic.



Improving transport resilience

In 2019, Wood was appointed by the World Bank to assess the potential of using alternate forms of transport including rail and inland waterways for freight movements in the Western Balkans. In the Western Balkans region, most freight is currently transported via roads that are susceptible to climatic events, resulting in delays at crossings. As well as industrial output, communities in the region are also increasingly reliant on this transport network to carry out their daily activities.

Our delivery team blends specialist skills from Wood's climate resilience, transport, economics and geographic information system (GIS) mapping teams. Alongside consultation with local freight associations, Wood's scope is to undertake a financial and socio-economic environmental feasibility assessment of several inter-modal terminal investments.

This assignment builds on an existing study that Wood is carrying out on behalf of the World Bank, that considers the impact and severity of climatic events and natural disasters on the resilience of the strategic road network in Albania, Bosnia & Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia.

The outputs from the project are being used to inform policy and decision-makers on the key priority roads that require further resilience investment.



Showcasing ecological innovation

Wood is proud to have been part of the Rt. Hon. Herb Gray Parkway project in Ontario, Canada, managing the Species at Risk (SAR) program delivery. Situated in the Canadian municipalities of Windsor, LaSalle, and Tecumseh, the 11 kilometre, \$1.4 billion highway infrastructure project is focused on improving the movement of people and goods through Canada's busiest trade corridor with the US. One of the unique aspects of the project is its three large eco passages, allowing wildlife to cross between two natural areas that had been separated by road development since the 1920s. In addition the project included the creation of more than 17 kilometres of trails set within more than 120 hectares (300 acres) of green space situated alongside the two highway extensions and across the 11 tunnel tops.

This project highlights our sustainable infrastructure capabilities. Wood managed all environmental aspects of the parkway project, including: SAR salvage that included more than 200,000 plants; snake tracking with radio telemetry; monitoring during construction; site restoration management; baseline and construction monitoring under SAR permitting compliance; and sustainability planning.

Highlights of the project included the use of innovative techniques to increase habitat diversity including the demolition of a housing development to create a new tallgrass prairie that repurposed house foundations to create overwintering areas for snakes.

Currently, Wood is providing environmental management for the operations maintenance and repair phase of the project. In 2020, we will complete a decade of permit-based wildlife monitoring, with final reporting set for 2021.

Find out more at: [woodplc.news/parkway](https://www.woodplc.news/parkway)

Delivering sustainable infrastructure solutions



Design of groundwater treatment systems in the United States

In 2019, as part of our ongoing scope to support the US Air Force with the remediation of a former air force base in New Hampshire, we developed two innovative water treatment systems.

This included the world's first regenerable resin system for Per- and Polyfluoroalkyl Substances (PFAS) treatment, to protect public drinking water supply wells. PFAS is a growing environmental concern due to the potential negative impact to human health. Our scope included studies, design and implementation of systems to treat groundwater contaminated with PFAS primarily from foam used in fire extinguishers on the former fire training ground.

This project demonstrates our capability in investigating, assessing, and implementing PFAS remediation projects, enabling clients to achieve site closure at the lowest lifecycle cost and return their property to positive future use.

Key facts:

>100m

gallons of water treated to non-detect levels

1st

regenerable resin water treatment system in the world



Sustainable infrastructure development

Society

People

Employee engagement has been at the heart of our people activities during 2019 and a key focus of our leaders and Board members. We have continued to build on our successes from 2018 to embed an enduring, sustainable and meaningful culture that is focused on inclusivity.

Employee engagement

The Board plays an important role in establishing and promoting the company's values and culture. In July 2018 we launched Wood's first global employee engagement survey, sponsored by Thomas Botts (non-executive director). We asked our people what they feel we do well and what they believe we should be doing better. The survey acts as a mechanism for the Board to measure culture in a consistent manner, taking into account feedback from our global workforce. In 2018 our engagement score was 7.1 (0.4 below the industry benchmark); this improved to 7.2 in November 2019, (0.1 above the industry benchmark). During the same time span, we have also improved our employee net promoter score which is a key indicator of cultural health across Wood. As a result of our employee feedback, during 2019 we have acted on the top recommendations which were to:

Invest more in:

- Leadership development
- Simplifying processes and removing internal competition
- Education about our business and capabilities
- Technology and equipment

And to create:

- Visible career paths
- Increased employee involvement and recognition
- Transparency on terms and conditions, including flexible working

In response to this we have undertaken a range of actions.

Leadership development

- Delivered our Frontline Leaders programme to 3,000 of our leaders. The programme encourages participation, collaboration and raising self-awareness allowing participants to shape and develop their leadership style. It has strengthened our leadership capability and contributed to maintaining our safety performance by giving our people tools and techniques to accelerate their own development and the development of others.
- Provided coaching support to our leaders to support them in having effective, authentic conversations with their people about careers, development and performance.
- Launched a careers portal where toolkits, learning and guidance is available for all of our people to enable them to drive their own career.
- Finalised the development of a mentoring application tool to match mentors with those seeking support in the wider business.

Simplifying processes

- Reduced the number of entities across Wood to simplify our global structure and remove internal barriers to collaborative working. In 2019 we started with 1,060 entities and will have reduced this by approximately 400 by the end of 2019. Our end target is to reduce the number of entities to 250 by 2022.
- Continued to simplify our processes through the roll out of Oracle People, our global HR information system replacing over 66 other systems previously in use. This has now been implemented in most of the UK, US and Canada, bringing efficiency and consistency to the way we manage our people processes. Oracle People enables real time and accurate reporting allowing strategic decisions to be made in support of our business. By the end of 2020 approximately 70% of our population will be included.

Education about our business and capabilities

Reorganised internally to create a new marketing & communications (marcomms) function. Part of marcomms' focus has been to enhance internal communications, ensuring our people are aware of the full range of Wood's capabilities and can engage confidently with existing and potential clients. We have improved the communication of our business and financial performance in a number of ways. Robin Watson delivered a series of strategy roll out sessions in August across our global operations; and our executive leadership team and their direct reports hold regular town halls and deliver global engagement calls. In addition, our employees receive Wood News which features global and local information relevant to our people and financial updates delivered by David Kemp, following market updates.

Technology and equipment

As part of our focus to ensure consistency in our IT infrastructure we have invested in our IT infrastructure we have invested in network equipment and IT hardware during the year having deployed approximately 22,000 new laptop/desktops and rolled out Office365 and Windows 10 to more than 21,000 people.

Visible career paths

Developed a global job framework to provide a consistent, structured and simplified approach to understanding jobs across our business, to support business flexibility and agility. This combined with the transparency of all vacancies globally in our recruitment system, iCIMS, enables our people to own their career opportunities in Wood. In 2019 we focused on rolling out the job framework for our support functions and in 2020 we will finalise the job framework for our technical roles.



Increased employee involvement and recognition

Our Listening Group Networks (LGN) provide two-way communication and feedback channels between groups of employees representing every location, hosted by the ELT and members of the Board. The LGN's objective is to enable all Wood employees, regardless of their role or location, to connect and be engaged in the wider Wood community. Calls take place bi-monthly and give the non-executive directors participating in the LGN calls the opportunity to gather the views of our workforce, strengthening the "employee voice" in the boardroom, and enabling the Board to better understand, monitor and assess the culture across the organisation.

During 2019 we carried out six calls, on topics including business strategy, employee networks, IT service provision and well-being. The Board and ELT welcome the opportunity this direct engagement offers them and ensure that all views are respected, listened to and acted upon. As an example, feedback from the calls led to a "deep-dive" review of the quality of IT services across the business.

In addition, the Board continues to carry out workforce engagement activities including involvement in hosting talent breakfasts or lunches and town halls and mentoring between non-executive directors and middle managers.

We further supported and involved our workforce via our employee networks which are facilitated through Yammer, launched in December 2018, enabling our people to be able to reach out and collaborate with one another across the world. The established networks involve more than 4,500 people on topics such as LGBT+; gender balance; carer responsibilities; armed forces; and developing professionals. Each network is sponsored by a member of the ELT or their direct reports, who actively participate and champion specific projects such as the development of a global carers blueprint to support our people who are balancing work and carer responsibilities.

We held our second global leadership conference at the end of September in Edinburgh to communicate and engage on our strategy with our top 200 leaders. The key theme was to deliver peak performance in response to opportunities from the key trends for our business.



One of our proudest achievements during 2019 was the launch of our Inspire Awards recognising the incredible efforts our people have made in support of Wood's values – courage, commitment and care.

Taking place over nine months, we received 1,700 nominations from 40 countries. The winning example which best represented Wood values in action was Gagandeep Singh, from our global shared services team in Gurgaon, India, who is doing extraordinary things to improve the life chances for the next generation. Over the past six years he has supplied 20,000 books which have benefited 6,000 under-privileged children in 70 schools and universities, across 23 cities in India and China.

1,700
nominations received

40
countries

Transparency on terms and conditions

Our global project to harmonise employee terms, conditions, benefits and policies has been delivered to around 70% of the population in 2019, including Australia, Canada, UK and USA.

The key aims of this project are to ensure we are internally fair; colleagues in the same location, in aligned roles should have the same terms, conditions, benefits and policies; whilst continuing to ensure our remuneration policies are externally competitive. The project has delivered numerous achievements. In the UK we have reduced 22 sets of terms and conditions to one, enhanced maternity, paternity and parental benefits and introduced flexible working practices that support our business, clients and our people, for all onshore, office-based employees. In the USA we have introduced our flexible insured benefits platform to all our workforce, enhancing the offering to our site-based teams.

70%

of employees on harmonised terms and conditions

We have introduced a global Employee Assistance Program (EAP) in support of Wood's wellbeing strategy. Being part of the Wood family means our workforce is part of a team that cares about their wellbeing; cares that they have someone who listens; cares that they have all the support they need to succeed; and cares about them and their loved ones. Employee wellness plays a key role in maintaining a culture where our people enjoy coming to work and fosters collaboration, ideation, innovation and growth which are vital to powering our strategy.

The EAP offers a range of support and independent counselling services to employees and their immediate family members. It can help employees tackle all types of problems, be it personal or work related, from simple issues that are encountered in daily life to more complex and challenging personal and emotional difficulties.




In 2020, we will launch our global wellbeing framework which supports activities to create the best working environment. It will focus on six key pillars which Wood considers important; emotional, physical, social, financial, career and environmental health.

Assessing our culture

Having a strong culture is fundamental to everything we do. As a people business, our culture focuses on creating a working environment where our people enjoy coming to work every day and our clients want to work with us. It is underpinned by our vision, values and behaviours which help create our culture by setting the tone and giving us one common set of principles.

The Board regards the employee engagement score as a measure of the effectiveness of our culture and we continue to monitor our employee engagement and culture via quarterly "Pulse" surveys, with the results communicated to the Board. These involve over 1,700 employees, randomly selected across our global business, asked the same questions over the course of the four surveys. The key engagement question, which is a measure of our cultural health, "how likely are you to recommend Wood as a place to work?" is always asked. Since the global survey in August 2018 we have improved our engagement score from 7.1 to 7.2, (0.1 above the current industry benchmark). We are particularly proud of the improvement in demonstrating care for our people, both from a line manager and corporate perspective. Feedback also shows that we have significantly improved development and career support; fair reward for our people; and providing them with the materials and equipment to carry out jobs effectively. The full survey, involving all our people, will take place in summer 2020.

We continue to monitor compliance against our global people policies; Human Rights, Equal Opportunities, Diversity & Inclusion (D&I) and Anti-Slavery and Human Trafficking. This is done via internal audits carried out by our People & Organisation (P&O) business teams. Any breaches and actions taken or proposed actions are discussed at monthly P&O leadership team meetings in order to ensure best practice can be shared and lessons learned. In addition, during 2019 we have focussed on delivery against our global D&I action plan.

-  Our Human Rights policy is available at: woodplc.com/humanrights
-  Our Equal Opportunities policy is available at: woodplc.com/equal
-  Our Modern Slavery policy is available at: woodplc.com/modernslavery

External engagement

In 2019 we again participated in the Workforce Disclosure Initiative (WDI) report. The WDI is a collaborative project designed to help companies improve their workforce reporting by disclosing standardised and comparable workforce information. It provides a framework for investors and companies to work together to build understanding and improve policies and practices on a range of workforce-related topics. The long-term goal of the WDI is to improve the quality of jobs in the operations and supply chains of listed companies across the world. As of June 2019, the WDI is supported by over 125 investor signatories with over \$13.5 trillion in assets under management. Our 2019 disclosure score was 54% which is above the average for all companies (40%) and the country average (43%) and is in line with our sector average. We were particularly encouraged with our ratings regarding our workers' rights, including those within our supply chain, and look forward to working closely with the WDI in 2020 to continue to enhance our disclosure and working environment for all of our workforce.

We participated in the Hampton Alexander review, achieving 16.9% female leaders at ELT and their direct reports level. Although it was reported that we had 25% at Board level, had the dates for both leaders and Board members been the same, we would have had 33% (this is because the review gathers Board data in October, but leadership level data in July); from 1 March 2020 we returned to 33% female at Board level.

Diversity and inclusion

At Wood our commitment to diversity and inclusion is part of the way we do business and is fundamental to our efforts in creating a great working environment and culture where we respect the variety of cultures, backgrounds and perspectives in Wood. We want our people to feel involved, respected, valued, trusted, connected and empowered. It not only benefits our people, but all of our stakeholders. Whilst embracing diversity and creating an inclusive working environment is implicit in our values and behaviours; there are some great examples of D&I activities already taking place in Wood which gives us a solid foundation to build on. We want our commitment to D&I to be clear and understood by all our people, so we created an action plan for 2019 with the aim to drive sustainable change and accelerate our progress across Wood.

-  Our Diversity policy is available at: woodplc.com/diversitypolicy

In 2019 we focused on D&I in business processes, engagement, measurement and communication and have:

- Implemented meaningful changes to key people processes by prioritising reviews on flexible working, talent identification, selection and development and family leave. In 2020 we will increase our capability to collect (on a voluntary basis) diversity data from our people, in line with Oracle People deployment, whilst also complying with legal requirements to improve our overall understanding of the diversity profile in Wood and how representative it is.
- Expanded and embedded our employee networks globally ensuring each is sponsored by a member of our ELT.
- Established a global diversity and inclusion community of practice which will report progress and provide feedback to our Culture Club. The Culture Club is a multi-disciplinary, global team established to ensure the intent of our values and behaviours are embedded into all ways of working.
- Provided leaders with awareness training on Wood's expectations around diversity and inclusion; we will expand this during 2020, including awareness of unconscious bias.
- Measured success via employee engagement Pulse surveys, promoted events linked to D&I and celebrated our communities and local traditions.

We continue to be proud in demonstrating our support for the armed forces and in 2019 achieved gold employer recognition status from the UK Ministry of Defence. Wood recognises the value serving personnel, reservists, veterans and military families bring to our business and have an inclusive and active Armed Forces Network Group sponsored by senior leaders, seeking to support the employment of veterans.

We remain committed to quarterly reviews of the gender make-up of our leadership and management teams, as well as the organisation overall. This allows us to focus on ensuring we have a broader succession plan in place, particularly in the technical and operations areas of Wood, and reflects our desire to ensure a broad range of backgrounds, experience and thought leadership. In 2020 we will have D&I targets to improve conscious inclusion and gender balance across Wood with additional local targets in place, where appropriate, to support the enhancement of diversity within our teams, including leadership.

Gender pay

Our gender pay report for 2019 has continued to evolve as we rationalise UK employing entities. Although this makes year on year comparison difficult, we have increased the number of entities voluntarily reported, from four to seven, in line with our focus on improving pay transparency, supported by systems integration. The overall average pay gap for Wood is 23.3%. This has increased from 2018 due to the sale of Wood Group Industrial Services Limited, prior to our report being finalised; this company was predominantly made up of lower paid male workers which previously reduced our overall pay gap. In line with previous years' reporting, the explanation for our gap continues to be related to gender distribution across occupations and job levels; this is consistent across all entities and our industry peers. Full details can be found on the Government website, categorised by industry sector as determined by the Office of National Statistics (ONS), or on the company website. In Wood diversity and inclusion remains fundamental to our efforts to create a great working environment and effective culture.

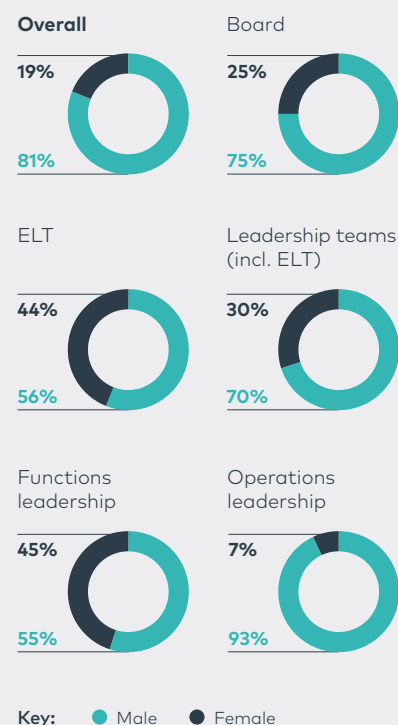
 Our Gender Pay Gap report is available at: woodplc.com/genderpay

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person.

Where existing employees become disabled, it is the company 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.

Wood gender split at 31 December 2019



Note:

Chief Executive and Group CFO are included in the ELT gender split.

Functions leadership includes the three levels of leadership below ELT in Finance & Administration, Strategy & Development, People & Organisation and HSSEA.

Operations leadership consists of the three levels of leadership below ELT not included in functions leadership.

Following the resignation of Jann Brown and Linda Adamany during 2019, the Board composition at 31 December 2019 was 75% male and 25% female compared to 60% male and 40% in 2018. We continue to proactively review the composition of the Board to ensure diversity together with the appropriate blend of skills and experience and are delighted that Birgitte Brinch Madsen joined the Board on 1 March 2020, taking our Board level percentage to 33% female.

Community

At Wood, we are committed to the communities we share and to creating a sustainable future that aims to address both local and global challenges. We recognise that to create sustainable value, we must engage with government, local communities and other organisations on the issues that affect our responsibility to respect, nurture and empower the people and locations impacted by our business.

Our approach

Wood's community investment programme focuses not just on the financial support our business can offer, but the time, skills and resources we can utilise to benefit the communities we share. With a diverse and global employee base, our community investment programme focuses on supporting our employees' actions in the communities we are a part of. We take an inclusive approach, engaging with our employees on the issues most important to them and their insights on the key challenges in the locations we operate.

The programme is governed by our Community Investment Committee which is chaired by the Global Sustainability Manager and is supported by a sustainability champion from each of our business units. The committee reports through our HSSEA function to the ELT, providing oversight of the committee's activities. The community investment programme focuses on three key elements; employee matched funding, our chosen global cause and volunteering activities.

Employee Matched Funding

Every day, across our global business, people are showing commitment and courage to care for the communities we live and work in.

We believe these actions should be recognised and our employee matched funding programme helps us to achieve this. Supporting employee fundraising efforts for personal choice charities, Wood's matched funding programme matches up to 100% of the amounts raised by employees, up to a specified limit. This initiative is the foundation of our community investment programme and we believe this method of charitable funding engages the maximum number of employees in a meaningful and tangible way across our organisation.

Now in its second year of operation, engagement with the programme continues to increase. In 2019, the community fund received 257 applications, with a mixture of individual and group fundraising efforts, benefiting 146 charitable organisations worldwide. From sponsored abseils, to marathons and open water endurance swims, our people continue to demonstrate our values of Care, Courage and Commitment through their generosity and commitment to giving back to their communities.

2019 by the numbers:

257
matched funding applications

£254,432
employee fund raising efforts matched with **£204,459** by Wood

146
charitable organisations supported

13,862
hours volunteered by **9,152** employees



Building hope one brick at a time

In 2019, a number of our employee matched funding applicants chose to support Sue Ryder's appeal to extend their neurological care centre in Aberdeen. Sue Ryder provides 24/7 care for people with life-limiting neurological conditions. During 2019, Wood began a year-long campaign to support the charity and set an ambitious target to raise £100,000.

Helping to build a brighter future for people living with neurological conditions, our people have walked, run, cycled and even abseiled and Wood has been proud to support these individual and group efforts through our matched funding programme.

£100,000
fundraising target

Our Global Cause

As well as supporting employee personal choice charities, we recognise the importance of providing strategic direction to Wood's community investment programme. Uniting our business behind a single cause enables Wood to demonstrate our strength together and our measurable impact in the communities we operate in, whilst also aligning our efforts to the global agenda on sustainable development. As part of our commitment to the United Nations Global Compact and advancement of the United Nations Sustainable Development Goals (SDGs), in 2018 we surveyed our global employee base who selected quality education as Wood's global cause.

In 2019, our business unit sustainability champions helped to create a framework for supporting our global cause. In developing the framework five key areas related to quality education were selected that will be used in the business to monitor and report the impact of our efforts. The five key areas are;

- Supporting youth education
- Investing in our own people
- Improving access to quality education
- Building professional relations
- Providing a safe and healthy learning environment.

As part of our annual Sustainability Week, in 2019 we launched our first annual challenge on education. This initiative was open to all employees and challenged them to submit proposals, within the categories of our global cause framework, to receive seed funding to benefit an education project in their local area.

We received proposals from across our business for a mixture of local and global projects for implementation over the course of the year ahead. These projects cover a wide range of aspects from working with local government and universities to aid local employment and youth education to helping children in poverty gain the nutrition required to fuel their education. In 2020, each successful application will be given the opportunity to communicate their efforts to our global employee base to highlight the tangible progress in support of our global cause.

The world needs engineers, designers, and scientists to help solve the world's biggest challenges. As a responsible employer, we recognise that investing in and inspiring the next generation is hugely important when addressing the Science, Technology, Engineering & Maths (STEM) skills shortage not only for Wood, but for wider society and global sustainability. STEM activities form an important part of our global cause framework and are a continued focus for Wood.



Dream Learn Work

Wood has been a partner of the Brazil based non-profit organisation Dream Learn Work for over three years. Founded in 2007, the organisation's mission is two-fold: helping young people from low socio-economic backgrounds and helping Brazil to develop and educate skilled candidates. In 2019, Wood welcomed two groups of young people to our Rio de Janeiro office as well as our work site in Macae, to learn about Wood, the oil & gas industry and the current job market. At Wood, we believe supporting youth education and early access to the corporate environment is important for future skills development and employment.



Imagine it. Invent it.

Wood received recognition in 2019 from the International Association of Business Communicators (IABC), being awarded the Atlanta Golden Flame Award for our comprehensive STEM social media campaign called "Imagine it. Invent it."

The campaign was developed to attract the next generation of brilliant thinkers in our industry, empower young people to imagine a world without limits and build the future, as well as provide resources for our brightest people to drive STEM education forward.

More information on the campaign can be found on our website: woodplc.com/sustainability



Volunteering our time

Demonstrating our values in action, our people go above and beyond to volunteer their time for causes close to their hearts and to help communities in need.

Environmental engineers from our Portland, Maine office are working with Engineers Without Borders to design and implement a water distribution system in El Progreso, Ecuador. Access to a safe water supply is a critical issue for the local community. Our dedicated engineers helped drive efforts to construct a new water distribution system for the community, through detailed piping design, project reporting and three planned implementation trips to bring these plans to action. The new water system will reduce the risk of water-borne illness and time that residents spend obtaining water for their homes and will pipe clean water to each household that is registered with the Water Board in Ecuador.

In 2019 we launched our Inspire Awards which recognise the efforts of our people in support of Wood's values. Gagandeep Singh won the People's Choice award for his volunteer work to help improve the life chances of the next generation. Gagandeep spends roughly 10 hours of his own time each week teaching English and communication skills in a local university. Through launching his 'Connecting the Dots' initiative, Gagandeep has helped to support countless, less privileged students with their additional educational needs and has helped supply books to underprivileged children in India and China.



People's Choice award winner Gagandeep Singh



Engineers Without Borders



Sustainable communities

We believe our passionate people and collective global community of subject matter experts gives us a leading position in helping communities become sustainable, future ready and resilient to the challenges of tomorrow and in particular, climate change.

At Wood, we harness cutting-edge technologies to upgrade and expand water infrastructure, ensuring that it can withstand future environmental stresses, to help communities establish and maintain a supply of water for the long-term. In a water-scarce community in India we developed a recycling system to help mitigate the challenges caused by the generation of wastewater and other pollutants. Our team developed an innovative approach to biological nutrient removal in combination with ultrafiltration membranes and reverse osmosis to design a recycling system with more than 92% water recovery, exceeding quality requirements and allowing an increase in production of portable water for reuse.

In 2019, Wood signed its second generation Innovate Reconciliation Action Plan (RAP) with Reconciliation Australia, a non-government, not-for-profit foundation established to promote a continuing national focus for reconciliation between Indigenous people and the wider Australian community.

The RAP programme provides a framework for organisations to support the national reconciliation movement. Our 2019 – 2021 RAP builds upon the foundations and progress of our 2015 RAP and its commitment to listening and working collaboratively with Aboriginal and Torres Strait Islander peoples, with a focus on creating a sustainable future. As well as establishing new connections in the community, this renewed agreement will build on our already successful partnerships and programmes focused on providing equal opportunities in education to support indigenous and marginalised groups including; the Girl's Academy, Role Models and Leaders Australia's programme, Career Trackers, Clontarf Foundation and Red Dust.

Whether through providing financial support, volunteering our time or utilising our knowledge and skills, Wood and our people continue to stand up in support of the communities we share and demonstrate our values in action. In 2019 we have provided meaningful support that enables our communities to grow sustainably and flourish. This support will continue in 2020 with a focus on further support for Wood's Global Cause and encouraging wider engagement across Wood with our ongoing employee matched funding programme.

Principal risks and uncertainties


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

Risk management

The Board is responsible for:

- Identifying the nature and extent of the emerging and principal risks faced
- Determining the extent of those risks it is willing to take in achieving its strategic objectives (its "risk appetite")
- Performing a robust assessment of those risks
- Monitoring and reviewing the risk management and internal control systems, and providing oversight of the processes that management follows

The Board is assisted in this assessment by the Audit Committee and the Safety, Assurance and Business Ethics Committee, who are delegated responsibility for various aspects of risk, internal control and assurance.

 For more information on the effectiveness of internal control systems see page 53

Risk management process

A bottom up and top down approach to identifying risks operates within the organisation as laid out in the group risk management framework. Risk registers are developed at an individual contract or project level, escalated to the Business Grouping (BG) risk registers, and rolled up into Business Unit (BU) risk registers, which are reviewed respectively by the BG and BU Leadership Teams every quarter. The Chief Executive and the Group CFO subsequently review the BU risk registers as part of the quarterly BU Project and Risk Review meetings. Group level functional risk registers are also maintained with the functional leadership teams reviewing these risk registers twice a year.

Emerging risks are identified throughout the year via the BU and functional risk processes and escalated to the ELT as part of their monthly meetings, discussed during the Group Risk Committee and further escalated to the Board as required. This process follows the group risk management framework, which applies to all risks. Each of the non-executive directors provides their perception of emerging risks, and a cross-check against the principal and emerging risks identified by Wood's peer group is also undertaken, both of which inform the mid-year Board discussion on risk.

The aggregation of the individual risk registers into a Group risk register was reviewed twice during the year by the Group Risk Committee, which is attended by the full ELT and the General Counsel, to ensure that the material risks for the Group are appropriately measured and managed. The overall focus of the Group Risk Committee meetings was on ensuring that all of the principal risks for Wood were identified and appropriately mitigated.

After the Group Risk Committee reviews, the summary of principal risks are formally reviewed by the Board twice a year.

The principal risks considered by the Board in March 2020 are set out in the table on pages 48 and 49.

Robust assessment of principal and emerging risks

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

During the mid-year Group Risk Committee, a deep dive into the controls over the project execution risk was carried out and was subsequently discussed by the Board. This included a gap analysis to ensure appropriate control coverage within the execution excellence programme.

In 2018, whilst the main changes to integrate AFW were complete several projects continued into 2019. These formed our integration PLUS programme and in 2019 the Board continued to receive regular updates on the PLUS programme to ensure visibility and rigour on the process, risks, and controls in place. Two of the non-executive directors, Jacqui Ferguson and Thomas Botts, provided additional governance and challenge to the PLUS programme team throughout the process. The monitoring of the PLUS programme continued with reports to every Board meeting on progress and key risks, in addition to detailed reports on cost synergy delivery provided at each Audit Committee meeting. Separate risk registers were maintained for each of the major integration projects and the key risks from these were aggregated into an overall PLUS programme risk register, which was maintained throughout 2019. The risks associated with continuing change initiatives such as the roll out of Oracle ERP across the Group are now managed via the relevant functional risk registers as part of business as usual. Accordingly, the principal risk related to delivery of the PLUS programme, which was included in the 2018 annual report, was formally closed at the year-end Group Risk Committee with final updates being provided to the Board meeting in March 2020.

As an output of the Group risk management process, emerging risks related to climate change were identified at both the 2018 year-end and 2019 mid-year Group Risk Committee and Board risk sessions. At the end of 2018, climate change was not considered to be a principal risk. Due to the rapidly changing external environment, it was agreed to examine this area in more detail in 2019. This was taken forward to a climate change risk workshop facilitated by Group Risk including representatives from sustainability, environment, HSSE, supply chain, commercial, insurance, investor relations, treasury, strategy, security, real estate, travel, and legal. The year-end Group Risk Committee and Board risk session considered the output of the climate change risk workshop, and the resulting new principal risk was defined as failure to meet our ESG responsibilities, as included in the risk table.

Wood has regularly monitored and assessed the legal, financial, commercial and operational effects of Brexit throughout the year, particularly focusing on the planned exit dates and following the UK General Election. Brexit has never been perceived as a principal risk area for Wood, and the risk impact decreases with the sale of the nuclear business and the sale of our UK and Ireland focused industrial services business, both in Q1 2020. The majority of Wood's business is external to the EU. UK / EU cross trade represents less than 1% of Group revenue and the majority of the Group's revenue is non Sterling. During 2019, a business impact assessment was performed again, using the assumption of a no deal Brexit, in the run up to planned exit dates, to identify localised areas potentially impacted by Brexit that are being managed throughout the Group. These include critical spare levels being increased on a small number of UK projects and external advice being obtained to assist in supporting the small number of employees that are impacted. A final Brexit readiness session was held prior to 31 January 2020, to ensure that all previously identified risks were being appropriately mitigated. The Brexit risk was reviewed again during the Group Risk Committee in January 2020 and the Board in March 2020, and this reconfirmed that Brexit is not considered to be a principal risk. The Brexit risk will continue to be monitored as the transition period progresses.

The recent COVID-19 outbreak has been considered as part of the Major Incident principal risk as a significant HSSE event. In response, each of the BUs has completed business impact assessments, which have then been brought together in a group-wide risk workshop. A Pandemic Preparedness Team has been created to ensure that the business is prepared to manage the evolving impact of COVID-19, and to monitor official guidance. The risk assessment and response for COVID-19 has been discussed and agreed by the ELT and the Board in March 2020.

Risk appetite

The Group's risk appetite is defined by six broad risk appetite statements that cover the principal risks. These were revisited at the August Board meeting to ensure that the current list of principal risks were adequately covered by the risk appetite statements.

The Group's risk appetite is taken into account when setting the nature and extent 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 was put in place in 2018, which sets out the risk appetite for certain fixed price or lump sum (and other high risk) contracts and outlines ten criteria to assess contract opportunities. Clear criteria exist for approval of these type of contracts by the Tender Review Committee. The process for ongoing monitoring of fixed price and high risk contracts includes quarterly BU Project and Risk Review meetings attended by the Chief Executive and Group CFO, which follow similar reviews at business grouping level.

Group risk management standard

A Group risk management standard was developed in 2018 and fully rolled out in 2019 detailing the Wood risk management framework and process, which codifies existing practice. The 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


During the second half of 2019, work has also been ongoing to develop a project risk management standard to align existing practices across the Group. This development has been carried out as part of an overall initiative on execution excellence, which sets out a more consistent approach to overall project governance. The project risk management standard is a subsidiary document to the Group risk management standard and will be rolled out in early 2020.

Monitoring the risk management and internal control systems and processes

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

To ensure that responsibilities for risk and assurance were clear within the committee structure, each principal risk and area of risk is assigned to either the Board or one of the Board committees. This is revisited on an annual basis at a meeting with relevant members of the ELT and the Board.

Overall the control environment was considered to be operating effectively. Ongoing improvements are planned in certain key areas in 2020 including the roll out of various initiatives on project execution excellence and a continued focus on aligning back office internal controls as the Oracle ERP and financial shared services are further rolled out. Details of the status of financial and IT internal controls are included in the Audit Committee report on page 70.

 For more information on the internal control environment see page 53

Going concern

The Directors have a reasonable expectation that the Group will be able to operate within the level of available facilities and cash for the foreseeable future and accordingly believe that it is appropriate to prepare the financial statements on a going concern basis. In assessing the basis of preparation of the financial statements for the year ended 31 December 2019, the Directors have considered the principles of the Financial Reporting Council's 'The UK Corporate Governance Code 2018' (the Governance Code), provision 30; namely assessing the applicability of the going concern basis, the review period and disclosures.

The Directors have undertaken a rigorous assessment of going concern and liquidity including financial forecasts, for a period of 12 months from the date of approval of these financial statements, that reflect reasonable possible downsides.

In order to satisfy themselves that the Group has adequate resources for the future, the Directors have reviewed the existing debt levels, the committed funding and liquidity positions under debt covenants, and the Group's ability to generate cash from trading activities. The Group's principal debt facilities comprise a \$297.6m term loan repayable in October 2020, a \$1,750.0m revolving credit facility maturing in 2022, \$300.0m of bilateral term loans maturing between September 2021 and May 2022 (of which \$200.0m was put in place in January 2020) and \$879.9m of US private placement debt repayable in various tranches between 2021 and 2031.

At 31 December 2019, the Group had net current liabilities of \$242.0m and this is largely due to term loans of \$297.6m falling due in October 2020 being classed as current liabilities. The cash flow forecasts show that the Group will have sufficient funds to meet its liabilities as they fall due. The \$297.6m term loan repayable in October 2020 was reduced by \$111.0m following the disposal of the industrial services business in February 2020 and the remaining balance was repaid following receipt of the \$200.0m bilateral loan facilities. The nuclear disposal will generate an additional cash inflow of around £241m (\$319m). As highlighted in note 30, management have reclassified these businesses as held for sale given that it expects a deal to sell these businesses to be concluded within 12 months of the balance sheet date.

At 31 December 2019, the Group had headroom of \$1,156.7m under its main facilities and in addition had \$229.3m of other undrawn borrowing facilities. In undertaking their going concern review the Directors have considered the business plans which provide financial projections through to the end of March 2021.

Consequently, 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.

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 2022 and modelled the impact of the risks over a five year period to 31 December 2024.

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 at March 2020, the Group has in place a package of multi-currency revolving facilities incorporating a \$1.75bn revolving credit facility (expiring in May 2022), three term loans totalling \$0.3bn (expiring between October 2021 and May 2022) and US private placement (USPP) debt of \$0.9bn (which have a mix of between 1-12 year maturity dates with 87% expiring after 2022). These are set out in note 17 to the Group financial statements.

In making their assessment of a three-year period the directors have assumed that the \$2.2bn of debt facilities (comprising of the term loans, the revolving credit facility and a portion of the US private placement) which expires within the 3-year period is renewed or replaced and the other current committed financing remains available. The directors believe that it is reasonable to assume that the debt facilities will be renewed or replaced either in full or in part, well in advance of the expiry date.

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 48 to 49, these included, individually and in combination, failure to complete the divestment of the nuclear business, 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 on bonuses and capex, reduction in dividend and 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 2022.

Analysis of principal risks

Strategic

Market expectation for sustainable growth V ▶

Risk profile

The business fails to grow in line with capital market expectations and fails to address energy transition and sustainable infrastructure.

Mitigation, monitoring and assurance

- Deployment of win plan process and training across business development community to identify and align win themes, differentiators, and Wood's value proposition
- Continual review and trending of opportunity pipeline in consolidated CRM system
- Screening process to identify and review business development opportunities to prioritise the opportunities to pursue and to identify revenue synergies prior to receipt of the tender
- BU Strategy & Development Quarterly Review Meetings (QRMs) attended by the Chief Executive and Group CFO
- Scenario analysis on energy transition and sustainable Infrastructure to inform group strategy
- Periodic performance assessments and rationalisation of our portfolio

Failure to meet our ESG responsibilities *

Risk profile

Not meeting our environmental, social and governance (ESG) responsibilities leads to the business becoming an unattractive investment proposition.

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 Committee and Board
- Strategy paper on the value of sustainability, covering environmental and social responsibilities, presented to the ELT
- Work ongoing to finalise and ratify voluntary ESG targets for the business
- Proposal agreed to extend remit of SABE Committee to include Board oversight of sustainability aspects
- Safety performance is a long-standing component of bonus schemes

Deleveraging V ▼

Risk profile

Delay in achieving our 0.5-1.5 times net debt: adjusted EBITDA target. Achieving this will require cash generation to repay debt, the completion of strategic disposals, and profit generation. The risk has decreased with the sale of the nuclear and industrial services businesses in Q1 2020.

Mitigation, monitoring and assurance

- Target business cash performance and ongoing monitoring via a Group-wide cash campaign
- Implementation of a short-term cash flow forecasting tool for ASA, to be rolled out to ASEAAA and TCS in 2020
- Monthly BU and ELT reviews of debt and cash performance and Board reviews
- Designated process for governance of capital expenditure on fixed assets and integration PLUS programmes
- Established processes for monitoring of working capital
- Target improvement in day sales outstanding
- Credit policy in place with monthly reporting process
- Monthly monitoring and reporting of aged debt including any unbilled amounts
- Identification and sale of non-core assets including the sale of the nuclear and industrial services businesses in Q1 2020

Commercial and Operations

Contracting V ▼

Risk profile

Weaknesses in the contract bidding and award process, inappropriate pricing, misalignment of contract terms, or failure to comply with contractual conditions could lead to reputational damage, or poor financial performance. This risk has decreased due to more consistent application of governance processes.

Mitigation, monitoring and assurance

- Updated contracting policy and associated approvals process
- Tender governance process including tender review committee
- Focus on overall lump sum profile
- Increased focus on lump sum contracts via quarterly project reviews
- Introduction of lump sum (and other high risk) contracts policy providing additional control over the pursuit of lump sum contracts
- Introduction of commercial intervention team in order to strengthen in-house claims capability and provide input on effective project commercial set up

Project execution V ▶

Risk profile

Ineffective project start-up, new country entry or 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
- Group strategic projects team assist 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
- Project governance standard with cascading project reviews including quarterly BU Project and Risk Review meetings attended by the Chief Executive and Group CFO
- Execution excellence programme supporting consistent project delivery through on common operating model, standardised delivery applications and project management academy

Attract, retain, deploy and assure competency of critical staff ▶

Risk profile

Failure to attract, retain, deploy and assure the competency of critical staff to key projects, which would lead to insufficient capability and leadership to deliver growth.

Mitigation, monitoring and assurance

- End-to-end recruitment platform, iCIMS, across Wood to optimise internal and external recruitment activities
- Critical Position Resourcing reviews used at BU level to highlight key vacancies and establish pipelines for future demand
- Succession planning exercise carried out across the Group with development plans in place for high performing employees
- Employee engagement survey completed with follow-up focus groups and action plans developed to address key themes

Health, Safety, Security & Environment (HSSE)

Major incident V ▶

Risk profile

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

Mitigation, monitoring and assurance

- HSSEA Framework Standard setting out clear standards for HSSEA management across Wood aligned to ISO standards
- Consolidation and simplification of HSSEA management system elements through the deployment of Wood's Safety Shield
- Clear and enforced Life Saving Rules covering critical risks underpinning safe working processes and clear safe working behaviours in the Wood's Safety Essentials
- Live incident monitoring/reporting/alerting/management through our Corporate Analysis and Incident Reporting System (CAIRS)
- Group Incident Review Panels for breaches of Life Saving Rules, high potential and high severity incidents
- Group Operations Assurance team focused on Technical, Quality and HSSE areas and assurance against standards
- Review of safety performance by ELT and the Board

Technology

Cyber security V ▶

Risk profile

Impact on the confidentiality, integrity or availability of Wood or client data 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
- Delivery of a maturing Information Security Management Framework that combines technical and process controls with colleague awareness
- Consolidated IT security policy/standards and Acceptable Use policy
- Utilisation of next generation perimeter security and advance detection capability
- Improved cyber security incident & event management, including a "phishing" alarm in the Group email system
- Security Operations Centre enabling 24/7 detect and respond capability
- Expansion of cyber awareness and education programme
- ELT monthly reporting and Board review
- Crisis management exercise completed with ELT focused on a cyber incident

Compliance and Litigation

Major regulatory investigation V ▶

Risk profile

Regulatory investigation or proceedings resulting from non-compliance with applicable legislation, including ongoing investigations into the historic use of agents and in relation to Unaoil, 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
- Assurance framework across technical and non-technical business processes
- Robust compliance programme including our Code of Conduct and specific requirements around the appointment and management of commercial intermediaries. In 2019, achieved a reduction in active sales agents and national sponsors and a reduction in total commercial intermediaries
- Group Legal and Group Compliance teams provide support and guidance to the business

Litigation V ▶

Risk profile

Legal action can result from a major incident, a major regulatory investigation, contracting issues, or project execution. 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 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
- Regular review of significant and pending litigation with the Board, Chief Executive, Group CFO, and BU leadership

Data protection and privacy V ▶

Risk profile

Failure to ensure ongoing compliance to the EU General Data Protection Regulation (GDPR) and other data protection regulations.

Mitigation, monitoring and assurance

- Ongoing Data Privacy programme delivering improvements to enable the business to identify, assess and maintain compliance with GDPR and other international data privacy regulations
- Dedicated Data Privacy team with Group Data Protection Officer (DPO) in place
- Data Protection steering committee with representation from key functions and Data Privacy network identified and regularly informed
- Data protection system which contains processing and assessment information in compliance with GDPR

Board assessment of change in risk from 2018:

▲ Risk has increased since 2018 ▶ No change in risk since 2018 ▼ Risk has decreased since 2018

V Considered as part of viability assessment * New

Letter from the Chair of the Board



Roy A Franklin Chair

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

Dear shareholder

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Roy A Franklin
Chair

Directors' report

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

Further relevant information

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

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

Going concern

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

Dividend

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

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

Corporate governance arrangements

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

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

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

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

Company culture

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

Employee engagement

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

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

Business relationships with suppliers and clients

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

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

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

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

Fair, balanced and understandable

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

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

Risk management and internal control

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

Risk management

The Board has established an ongoing process for identifying, evaluating and managing the principal and emerging risks faced by the Group that has been in place for the year under review and up to the date of approval of this annual report. The process is regularly reviewed by the Board and is in accordance with the 2018 edition of the UK Corporate Governance Code. The Group, for the purposes of applying the Governance Code, comprises John Wood Group PLC and its subsidiaries¹.

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

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

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

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

• Internal control structure

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

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

• Ongoing monitoring of internal control systems

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

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

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

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

• Information and communication

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

Statutory disclosures

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

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

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

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

- Overseen the development of a strategy aligned to the emerging trends in our core markets, particularly energy transition and the increasing demand for sustainable infrastructure. The Board considers that the strategy will have a long-term beneficial impact on the Company, its employees and shareholders; is aligned to the needs of our clients and will have benefits for the environment and communities;
- Recognised that our employees know our business and have a wide range of views and experience. Our employees, and their motivation and retention, are fundamental to the delivery of our strategy. The health, safety and well-being of our employees is one of our primary considerations in the way we do business (see page 08). Ensuring strong employee engagement has been a key Board activity throughout the year;

- Engaged in extensive engagement with clients, enabling us to gain an understanding of their views and priorities. We also aim to act responsibly and fairly in how we engage with our suppliers (see page 10); and our credit investors (see page 09); all of whom are integral to the successful delivery of our strategy;
- Taken into account the impact of the company's operations on the environment and the communities we operate in (see pages 09 and 10).

Profit forecast

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

Disclosures under Listing Rule 9.8.4R

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

Political donations

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

Share capital and rights

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

Acquisitions and purchases of own shares

During the year ended 31 December 2019:

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

Post balance sheet events

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

Research and development activity

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

Appointment/removal and powers of directors

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


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

Indemnity of officers

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

Approval of the directors' report

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



Martin McIntyre
Company Secretary

Footnotes

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

Directors' responsibilities

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

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

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

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

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

The directors are also responsible for:

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

Directors' responsibility statement

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

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

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

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

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



Robin Watson
Chief Executive



David Kemp
Chief Financial Officer

Board of Directors



1. Roy A Franklin

Chair

Appointed: 2017
Chair since September 2019.

Contribution to the Company

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

Experience

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

N

2. Robin Watson

Chief Executive

Appointed: 2013
Group Chief Executive since January 2016.

Contribution to the Company

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

Experience

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

3. David Kemp

Chief Financial Officer

Appointed: 2015

Contribution to the Company

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

Experience

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

4. Jeremy Wilson

A N R

Non-executive and Senior Independent Director

Appointed: 2011

Contribution to the Company

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

Experience

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

5. Mary Shafer-Malicki

A N R

Non-executive Director

Appointed: 2012

Contribution to the Company

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

Experience

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

6. Thomas Botts

N S

Non-executive Director

Appointed: 2013

Contribution to the Company

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

Experience

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

7. Jacqui Ferguson

A N R

Non-executive Director

Appointed: 2016

Contribution to the Company

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

Experience

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

8. Adrian Marsh

A N S

Non-executive Director

Appointed: 2019

Contribution to the Company

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

Experience

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

9. Birgitte Brinch Madsen

N S

Non-executive Director

Appointed: 2020

Contribution to the Company

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

Experience

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

*Image © Søren Svendsen, M&L

Previous directors

Ian Marchant

Appointed: 2006

Non-executive director, Chair of the Board and Chair of the Nomination Committee. Resigned September 2019.

Jann Brown

Appointed: 2014

Non-executive director, Chair of the Audit Committee and member of the Remuneration and Nomination Committees. Resigned September 2019.

Linda Adamany

Appointed: 2017

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

Key to Committee membership

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

Corporate governance

Role of the Board and Committees

Board

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

Safety, Assurance & Business Ethics Committee

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

 Read more on page 64

Nomination Committee

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

 Read more on page 66

Audit Committee

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

 Read more on page 68

Remuneration Committee

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

 Read more on page 72

Executive Leadership Team

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

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



Dave Stewart
CEO
Asset Solutions
EAAA



Stephanie Cox
CEO
Asset Solutions
Americas



Joe Sczurko
CEO
Technical
Consulting
Solutions



Ann Massey
President
Corporate
Development



Sue MacDonald
Executive
President
People &
Organisation



Nina Schofield
Executive
President
HSSEA



Andrew Stewart
Executive
President
Strategy &
Development

Investigations Oversight Committee

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

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

ELT changes:

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

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

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

Board composition

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

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

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

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

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

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

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

 For brief biographies of the directors see pages 56 to 57

Board independence

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

Board re-election

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

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

Conflicts of interest

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

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

Board evaluation

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

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

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

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

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

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

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

Board development

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

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

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

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

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

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

Engagement with shareholders

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

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

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

Shareholder engagement focused on alternative proposals for long-term incentivisation and whether to continue with the existing LTIP model or introduce restricted stock only, or a combination of both. Taking into account investor feedback as well as the enhanced requirements of the Corporate Governance Code, the proposed Policy retains the LTIP model, ensuring performance measures remain stretching and within management control.

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



Governance in action

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

Major shareholdings

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

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

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

Board programme & agenda

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

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

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

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

Board and Committee attendance 2019

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

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

● ● ● ● ●												
Jan 19	Feb 19	Mar 19	Apr 19	May 19	Jun 19	Jul 19	Aug 19	Sep 19	Oct 19	Nov 19	Dec 19	
				Board	Safety, Assurance & Business Ethics Committee	Nomination Committee	Audit Committee					Remuneration Committee
				Ian Marchant*	4/4		2/2					
				Robin Watson	5/5							
				David Kemp	5/5							
				Linda Adamany**	1/1	1/1	1/1	2/2				
				Thomas Botts	5/5	4/4	3/3					
				Jann Brown*	4/4		2/2	4/4	4/4			
				Jacqui Ferguson	5/5	1/1	3/3	5/5			2/2	
				Roy Franklin	5/5	3/3	3/3	4/4				
				Adrian Marsh***	3/3	2/2	1/1	2/2				
				Mary Shafer-Malicki	5/5			3/3	2/2			5/5
				Jeremy Wilson	5/5			3/3	5/5			5/5

* Ian Marchant and Jann Brown resigned on 1 September 2019

** Linda Adamany resigned 1 May 2019

*** Adrian Marsh was appointed on 10 May 2019

Board programme & agenda

Strategy

Activity

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

Outcome/progress:

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

Safety, Assurance and Business Ethics

Activity

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

Outcome/progress:

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

Review of financial results

Activity

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

Outcome/progress:

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

Review of Dividend Policy

Activity

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

Outcome/progress:

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

Risk management and internal control

Activity

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

Outcome/progress:

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

Governance

Activity

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

Outcome/progress:

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

People and succession planning

Activity

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

Outcome/progress:

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

Board engagement with shareholders and other stakeholders

Activity

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

Outcome/progress:

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

Safety, Assurance & Business Ethics Committee



Thomas Botts Chair, Safety, Assurance & Business Ethics Committee

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

Committee meetings in 2019



Membership and responsibilities

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

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

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

Main responsibilities:

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

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

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

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

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

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

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

Nomination Committee



Roy A Franklin Chair, Nomination Committee

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

Committee meetings in 2019



Membership and responsibilities

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

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

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

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

Main responsibilities:

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

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

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

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

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

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

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

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

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

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

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

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

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

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


Diversity

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

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

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

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

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

Wood is committed to remaining an equal opportunities employer.

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

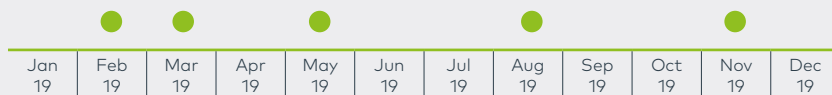
Audit Committee



Adrian Marsh Chair, Audit Committee

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

Committee meetings in 2019



Membership and responsibilities

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

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

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

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

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

Main responsibilities:

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

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

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

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

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

February

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

March

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

May

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

August

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

November

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

During the year the Committee focused on the following areas:

Financial reporting and significant accounting issues

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

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

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

Impairment reviews

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

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

Current and deferred tax balances

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

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

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

Review of significant contracts

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

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

Review of provisions

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

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

Reporting measures

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

Regulatory investigations

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

Synergies

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

FRC review of Financial Statements

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

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

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

Internal financial control

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

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

IT security review

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

Internal audit

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

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

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

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

External audit

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

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

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

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

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

Appointment and independence

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

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

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

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

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

Non-audit services

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

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

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

Committee evaluation

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

Overall the Committee was considered to be operating effectively.

Remuneration

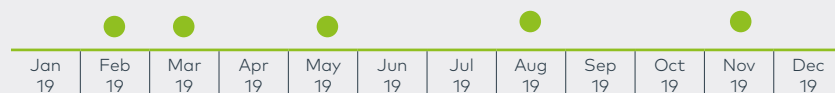
Remuneration Committee



Jeremy Wilson Chair, Remuneration Committee

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

Committee meetings in 2019



Membership and responsibilities

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

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

Main responsibilities

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

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

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

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

Our principles

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

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

Internally fair, externally competitive

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

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

Shareholder consultation

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

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

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

Workforce engagement

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

Advice provided (including internal teams)

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

Committee meetings summary

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

February

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

March

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

May

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

August

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

November

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

Statement of shareholder voting

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

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

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

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

Notes to the Statement of shareholding voting

- a. Discretionary votes have been added to "For" votes.
- b. A vote abstained is not a vote in law and is not counted in the calculation of the percentage of votes "For" or "Against" a resolution.

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*Audited

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

Letter from the Chair

Dear Shareholder

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

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

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

2019 context

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

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

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

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

Policy review

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

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

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

Proposed changes to the policy

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

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

Shareholding requirements

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

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

Remuneration and performance outcomes for 2019

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

Annual bonus plan

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

LTIP

Performance measures for LTIP performance period 2017-2019 were based on relative Total Shareholder Return (TSR) and Earnings Per Share (EPS) weighted 50% for each measure.

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

Proposed policy application for 2020

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

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

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

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

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

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

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

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

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



Jeremy Wilson
Chair, Remuneration Committee

Directors' remuneration policy 2020

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

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

Introduction


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


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

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

Scope of the Remuneration Committee

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

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

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

Committee decision making process


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

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

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

Consideration of employment conditions elsewhere in the organisation

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

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

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

Changes to policy

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

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

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

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

Future policy table for executive directors

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

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

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

Shareholding guidelines	To ensure that executive directors' interests and individual wealth are aligned with those of shareholders over a long-term performance period.	Operation
		Executive directors are required to hold shares in John Wood Group PLC, with the value of those shares expressed as a percentage of salary. The holding will be built up from shares purchased from their own resources and after-tax share awards held personally or in a nominee account which are not subject to any further performance conditions, including those matched via the employee share plan.
		Until shareholding requirements are satisfied, executive directors are not permitted to sell any shares in John Wood Group PLC unless to cover tax liabilities.
		The holding does not include shares held by connected persons.
		Post cessation shareholding requirements.
	Executive directors are required to hold shares in John Wood Group PLC post cessation of employment to the value of 100% of shareholding guidelines for the first year, reducing to 50% in the second year. Post cessation shareholding provisions will apply to shares which are granted from 1 January 2020 onwards.	
	The Committee will have the discretion to reduce or waive the requirements in certain circumstances such as death or where personal circumstances are materially changed.	
		Requirement
		The shareholding guidelines are as follows:
		<ul style="list-style-type: none"> • Chief Executive: 250% of base salary • Other executive directors: 200% of base salary
		Performance metrics
		n/a

Notes to the policy report for executive directors:

Committee discretion

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

Commitments entered into prior to policy effective date

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

Change of control

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

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

External appointments

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

Service contracts, notice and payment for loss of office

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

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

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

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

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

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

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

Cessation payments and scenarios

Annual bonus

Good leaver

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

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

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

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

Other leaver

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

Long term incentives

Good leaver

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

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

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

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

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

Other leaver

All outstanding awards lapse.

Employee Share Plan

Good leaver

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

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

Other leaver

All matching shares will lapse.

Base salary, pension and benefits

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

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

Recruitment & Promotion Policy

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

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

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

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

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

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

Future policy table

Purpose and link to strategic objectives of the organisation

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

Fees and remuneration

Operation

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

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

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

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

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

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

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

Maximum opportunity

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

Performance metrics

None.

Service contracts, notice and payment for loss of office

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

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

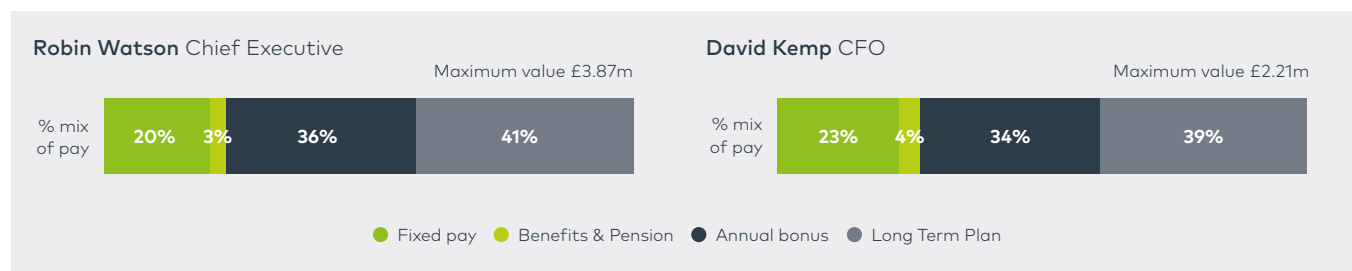
The non-executive director letters of engagement are available for inspection at the organisation's registered office.

Illustrations of future application of remuneration policy

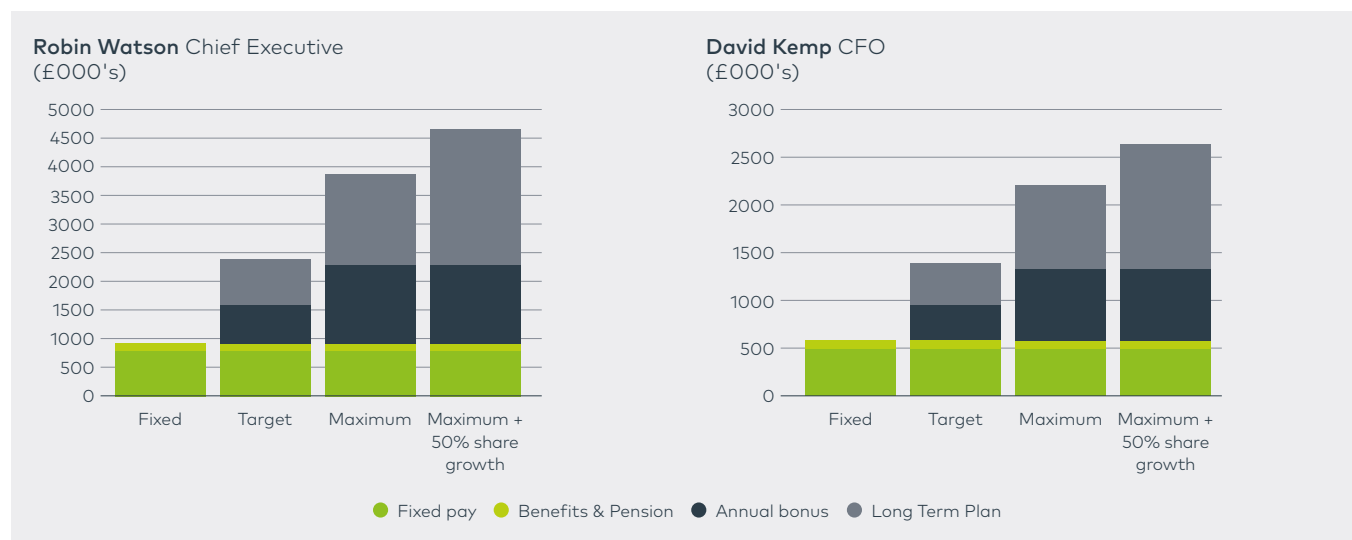
As detailed in the future policy table, a significant proportion of remuneration for executive directors is linked to variable pay opportunity, particularly at maximum performance levels, through the short-term Annual Bonus Plan (ABP) and the Long Term Incentive Plan (LTIP), with the intention to ensure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

Pay mix chart

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



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



Notes to the illustrations of future application of remuneration policy

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

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

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

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

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

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

Annual report on directors' remuneration

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

Remuneration in context

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

 Read our reward policy at: woodplc.com/rewardpolicy

Listening to our workforce

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

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

Workforce share ownership

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

Benefits and retirement plans

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

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

Salary reviews

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

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

Bonus

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

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

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

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

Long term incentive plan

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

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

Remuneration policy

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

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

Single figure of remuneration for each executive director

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

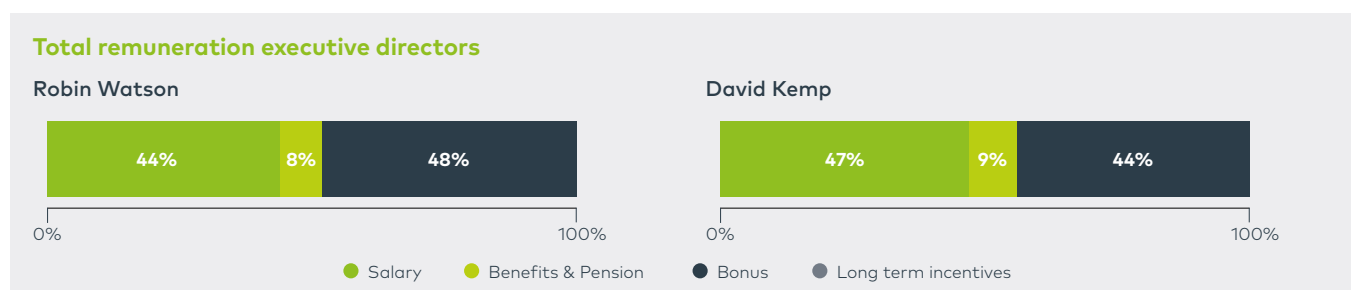
	Year	Salary ^(a)	Benefits ^(b)	Bonus ^(c)	Long term incentives ^(d)	Pension related benefits ^(e)	Total	Total Fixed Remuneration	Total Variable Remuneration
Robin Watson	2019	£750	£14	£814	£0	£112	£1,690	£876	£814
	2018	£690	£14	£1,068	£0	£104	£1,875	£807	£1,068
David Kemp	2019	£475	£14	£442	£0	£71	£1,002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

Notes to the single figure of remuneration

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

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

The aggregate amount of Company contributions to directors' pension schemes is £39,983.



Pension benefits

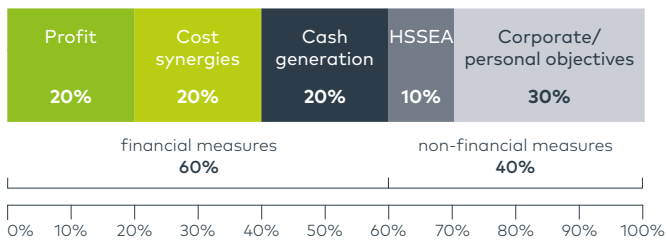
In line with the directors' remuneration policy, executive directors can choose to participate in the relevant local defined contribution pension arrangement or receive a cash allowance in lieu of pension, or a combination thereof. In line with our current remuneration policy and existing arrangements,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

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

Bonus

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

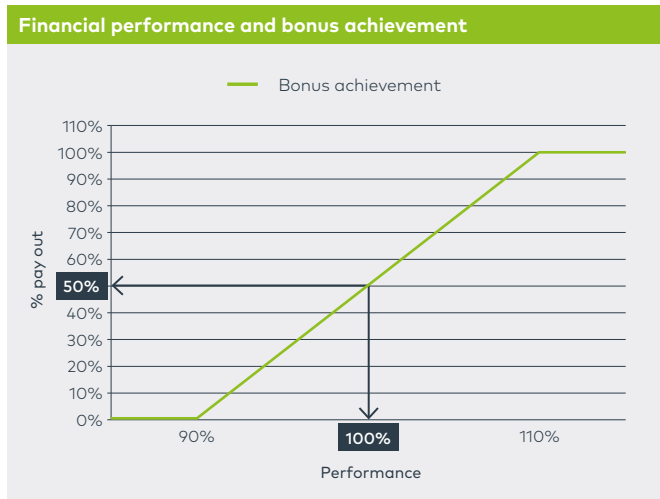
Relative weighting (% of bonus maximum opportunity)



Financial measures and outcomes

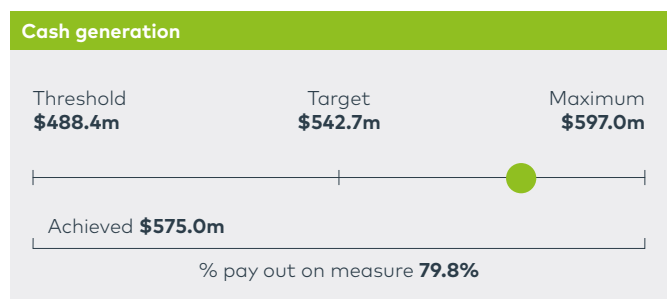
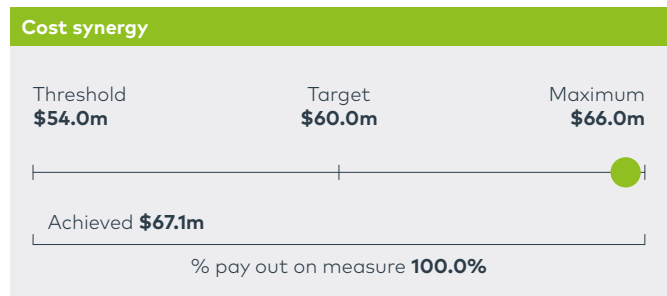
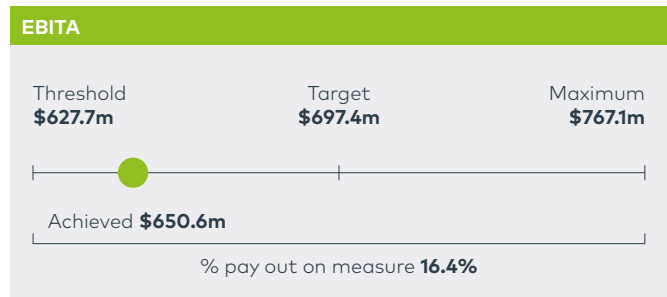
Financial measures consisted of EBITA as a measure of profit, a 2019 cost synergy target and a cash generation measure. Threshold performance is 90% of the target set, and maximum bonus is achieved when results exceed 110% of target.

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



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

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



Non-financial performance measures and outcomes

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

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

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

Corporate and individual performance objectives

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

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

Corporate performance objectives	Achievements
Positioning Wood for sustainable growth and delivering phase 2 of integration. Overall business positioning for 2020 budget earnings to be greater than the 2019 out-turn earnings.	<p>Phase 2 integration programme delivery to schedule:</p> <ul style="list-style-type: none"> • Planned synergies were delivered through our PLUS programme, restructure of Technical Consulting Solutions (TCS) and associated phase 1 synergies. • In 2019 revenue was down on 2018 with upward trajectory in earnings. Delivered earnings growth on 2018, despite market challenges and delivery performance in some parts of the business. Focus on active leadership and intervention by way of financial performance mitigation and protection. • Budget for 2020 reflects growth on 2019 and aligns the business for the earnings growth objective.
Deliver deleveraging plan to take Wood within 0.5 – 1.5 (net debt to EBITDA) range within 2019. Continue to strengthen the balance sheet through 2019, compared to 2018 year-end position.	<p>Deleveraging plan established and monitored through 2019 and on track;</p> <ul style="list-style-type: none"> • Disposals completed to plan; TNT, wind assets and nuclear business • Deleveraging anticipated to be c.1.5x Net debt: EBITDA by results time. • Balance sheet improved and exceptionals reduced.
Continue to enhance leadership effectiveness, not only of the ELT, but throughout Wood. Demonstrate continuous improvement through ELT development programme.	<p>Continued investment in the ELT effectiveness programme which included:</p> <ul style="list-style-type: none"> • Active 121 coaching for all ELT members and ELT team coaching (52 hours of direct 121 coaching investment). • Continuous improvement and investment of 5 dedicated days of team development (facilitated support). • Team health (Team Dialogue Inventory method used) improvement of 15% as verified by an independent 3rd party. • Personal direct coaching investment of quarterly and ad-hoc coach access (c30 hours). • Active coaching programme for the direct reports of the ELT across the business (25 plenary days and 80 hours of 121 coaching).

Individual performance objectives		
Executive director	Objectives	Achievements
Robin Watson	Organisational transition: develop the organisation structure to reflect emerging themes, opportunities and challenges of the new competitive business environment. Ensure active management of succession plans, including identification and development of hi-potential talent across the company.	Organisational transformation activities in 2019; <ul style="list-style-type: none"> Establishment of the Technical Consulting Solutions BU (TCS) Executive enhancement including recruitment of Stephanie Cox into ASA, the promotion of Joe Sczurko and the redeployment of Andrew Stewart Succession plans strong and reviewed quarterly ELT gender balance at 50% - the highest ever in Wood history Hi-potential and emergent management programmes ongoing; succession strengthening across the business into the next cycle of development, acceleration and investment
	Provide mechanisms for delivering against the company strategy and demonstrate continued tactical progress. This will include delivery against the BU and functional tactical programmes.	Strategic framing for the new cycle completed and Board approved; <ul style="list-style-type: none"> Clear focus on growth markets Delivery of the scenario analysis underpinning the strategic direction and cycle Organisational structure changed to unlock strategic leverage Clear 'Strategy On A Page' and aligned BU plans Functional tactical plans approved with the Board, aligned to business priorities
	Active and strategic engagement across our key client grouping and significant investors: fully embed the client relationship management tools and maintain the opportunity pipeline; sustain the opportunity pipeline at circa 12 months' work (or more) through 2019; actively engage with the investor community; and complete a capital markets day/ business deep dives in 2019, aligned to the investor relations plan.	Client relationship management and framework enhanced in 2019; reconfiguring relationships reflecting the more balanced client structure. <p>Opportunity pipeline;</p> <ul style="list-style-type: none"> Overall opportunity pipeline maintained at c\$60bn in 2019; go/get at \$13bn Win rate maintained throughout 2019 between average c43% Backlog maintained and entering 2020 with 47% secured going into 2020; pipeline reflects c12 months look-ahead <p>IR investment with executive directors high;</p> <ul style="list-style-type: none"> CMD completed in Q4 2019; sell-side interfaces and investments made Hedge fund plenary completed in year Extensive executive director one-to-one interfaces with key investors (c60+ meetings/calls)
	Consolidation of marketing and communications strategy and delivery of 2019 corporate affairs programme, including active engagement of partners in our communities, business networks, media and governments.	MarComms function fully established and embedded within the Strategy & Development (S&D) function <p>Strategic narrative developed and brand repositioning implemented in 2019 in 'redefining' Wood;</p> <ul style="list-style-type: none"> Established the brand across energy transition; active & effective 'thought leadership' programme Active social media campaigning and re-positioning Innovation agenda implemented and digitally enabled (e.g. Co-Lab leverage) <p>Corporate affairs successes include;</p> <ul style="list-style-type: none"> Business in the Scottish parliament; chamber speech with First Minister DiT engagement throughout 2019 (active overseas / UK Government positioning); OE / ADIPEC and OTC positioning Media and business editor engagement with PR Investment Advisors (Citigate) Active academic engagement (RGU, Strathclyde University and Heriot Watt Business School) STEM programme; Scottish Enterprise Energy Transition Programme <p>Community and social responsibility achievements;</p> <ul style="list-style-type: none"> Education investment of c\$300K across the globe in 2020 (common global charity theme) Active re-engagement with the Polar Academy and the Scottish Space School
	Lead a programme of active leadership and delivery in the safety and ethics arena. Deliver the company risk management programme and maintain SABE and Investigations Oversight Committee (IOC) effectiveness; this will be measured by Board feedback process.	Risk management has been enhanced further in 2019 and is now an embedded part of global governance. <p>SABE has enhanced significantly, with oversight of safety, security, health, ethics & compliance, operational assurance as well as BU performance and delivery;</p> <ul style="list-style-type: none"> SEC/DOJ and COPFS cases managed effectively and Board appraised of improving situation Repositioned Wood with SFO with all active cases well managed <p>ISO certification achievement, with Lloyds Register (LR) continued certification to ISO 9001, 14001 and 18001/45001.</p> <p>Operational assurance has been effective for much of the business; but execution issues in part of ASA were enduring and unacceptable.</p>
	Champion digitalisation and technology enhancement strategy across Wood.	D&T embedded within the business (S&D function) <ul style="list-style-type: none"> Established a clear route to funding and prioritisation of digital work-fronts High-grading of skills and optimised investment of budget Co-Lab launch and use has been a significant milestone in the delivery of the D&T agenda <p>Practical D&T offerings to clients already piloted successfully and earning money / winning work (e.g. E-Working, VR, wearable technologies and the E-Worker)</p>

Individual performance objectives

Executive director	Objectives	Achievements
David Kemp	Lead focus on balance sheet strengthening and deleveraging: control, monitor, review and amend as necessary the Wood plans, focusing on cost control, working capital management and asset disposal.	<p>Further deleveraging to 2.0x with strong focus on working capital throughout year:</p> <ul style="list-style-type: none"> • Approximately \$200m of cash generated through working capital in 2019, although 1st half performance disappointing • Engagement plan with leadership throughout year and • Short term forecasting system implemented in US <p>Three disposals matured in 2019 for 2020 completing including nuclear and industrial services businesses. On proforma basis 1.5x will be achieved with three disposals. EBITDA margin increased in group to 8.6%.</p> <p>Preparation work for 2020 including Q4 profitability and cost study to drive margin together with supporting development of implementation plan and financial strategy developed focussing on margin.</p>
	Refinance \$1bn term loan which expires Oct 2020.	<p>Refinancing plan executed:</p> <ul style="list-style-type: none"> • USPP raising c\$500m • Term loan extensions \$300m
	Deliver 2019 F&A integration plan and associated synergies, including ERP and shared services. Monitor and drive achievement of Wood 2019 synergies.	All F&A synergies delivered with total Group wide synergies of c\$60m
	Enhance investor understanding by completing further deep dives; developing Wood investment case and strategy; position and execute beyond deleveraging strategy; and ensure alignment with Wood's market positioning.	<p>Mixed success with investor programme:</p> <ul style="list-style-type: none"> • Successful strategy CMD including financial strategy within • Ongoing challenges with investors driven by business performance, short case, and perceived complexity of investment case • Steps taken to simplify business descriptors, markets, business measures
	Leadership of the ongoing regulatory investigations, with a focus on appropriate & timely functional advice; project management; cost containment; and cost efficiency to achieve an appropriate outcome for the business. Progress to be assessed at Board level.	Regulatory investigation with DOJ, SEC and COPFS progressing towards conclusion

Bonus award achievement summary

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

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

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

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

Robin Watson

Final bonus payment:

£813,750

Final award as % of salary: 108.5%

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

Final award as % of max bonus opportunity



David Kemp

Final bonus payment:

£441,750

Final award as % of salary: 93.0%

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

Final award as % of max bonus opportunity



Long term incentives – Long Term Incentive Plan (LTIP)

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

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

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

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

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

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

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

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

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

Long Term Incentive Plan interests awarded during the year

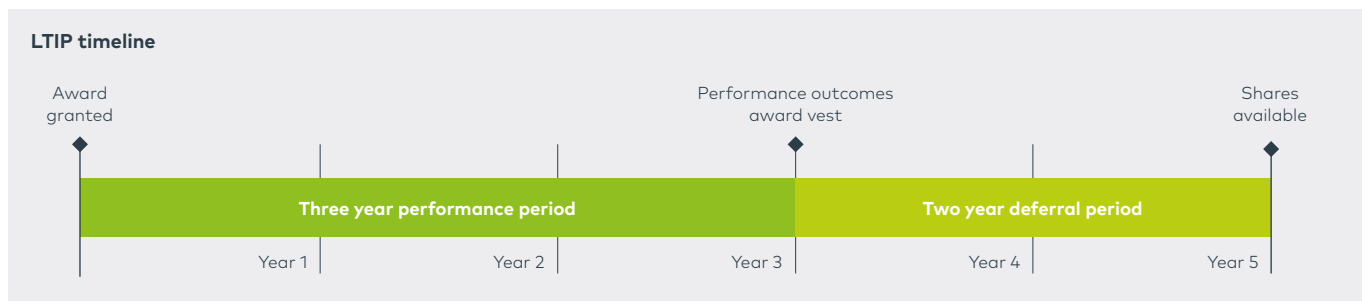
The following table sets out the awards made to each of the executive directors under the company's share based long term incentive arrangements for the performance period 2019-2021. Performance measures are based on relative TSR (50% weighting), gross margin improvement (25% weighting) and overhead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

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

Notes to share incentive plan interests awarded during the year

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

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



Payments to past directors

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

Payments for loss of office

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

Statement of directors' shareholding and share interests

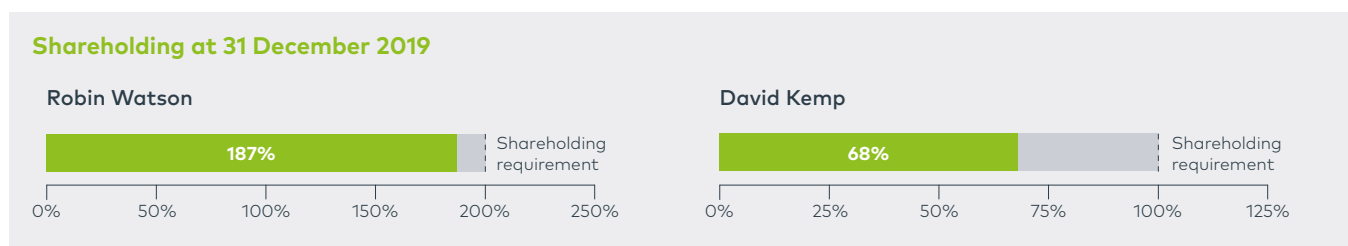
Shareholding guidelines were reviewed during the 2016 Directors' Remuneration Policy review and approved by shareholders at the 2017 AGM. During the 2019 review we proposed enhanced clarity and shareholding, which will be evident in next year's report. The current policy requires the Chief Executive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

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

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

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

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



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

Notes to shareholding guidelines achievement

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

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

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

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

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

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

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

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

Notes to incentive plan interests table

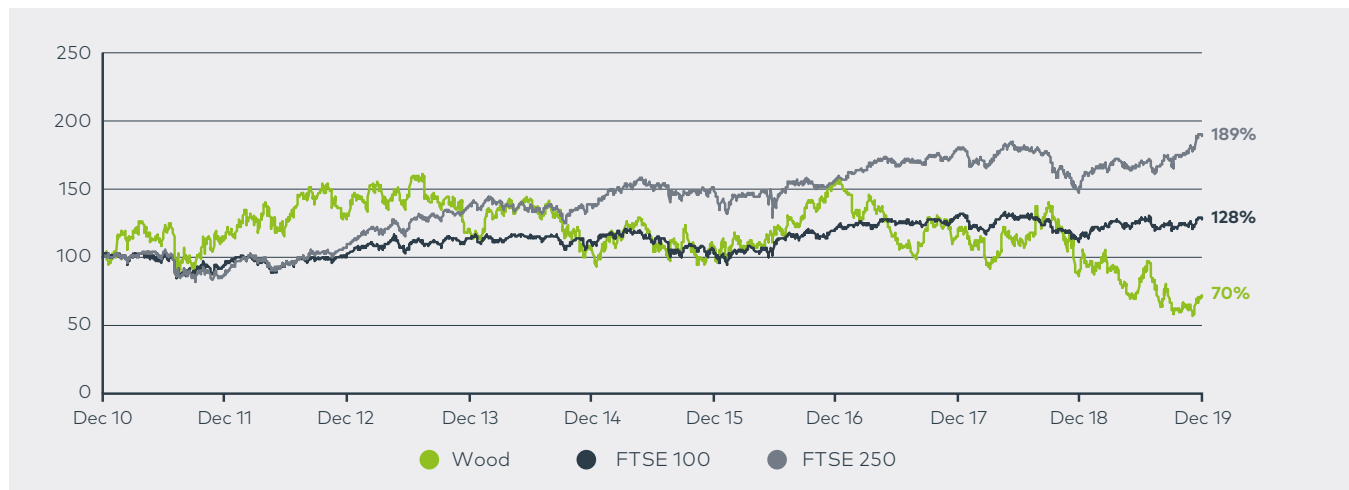
For performance periods commencing before 2017, dividends accrue on 100% of award; 80% is paid in March following the end of the performance period and 20% is deferred for two years. The deferred element may continue to attract dividends which will be reported in the relevant period. For performance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

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

TSR performance summary & chief executive remuneration

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

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



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

Chief Executive remuneration (£000's)											
Year	2010	2011	2012	2012	2013	2014	2015	2016	2017	2018	2019
Chief Executive	Allister Langlands	Allister Langlands	Allister Langlands	Bob Keiller	Bob Keiller	Bob Keiller	Bob Keiller	Robin Watson	Robin Watson	Robin Watson	Robin Watson
CEO single figure of total remuneration	£1,314	£3,338	£2,276	£199	£1,624	£1,330	£1,146	£1,179	£1,417	£1,875	£1,690
Annual bonus award as a % of maximum opportunity	84%	87%	76%	75%	60%	48%	37%	43%	59%	88%	62%
Long term incentive vesting rates as a % of maximum opportunity	23%	100%	100%	25%	79%	51%	16%	25%	11%	0%	0%

Notes to Chief Executive remuneration table

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

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

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

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

Percentage change in directors and employee remuneration

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

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

Notes to the percentage change in Chief Executive remuneration

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

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

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

Pay Ratio of Chief Executive

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

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

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

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

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

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

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

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

Relative importance of spend on pay

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

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

Statement of implementation of remuneration policy in the following financial year

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

Base salary

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

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

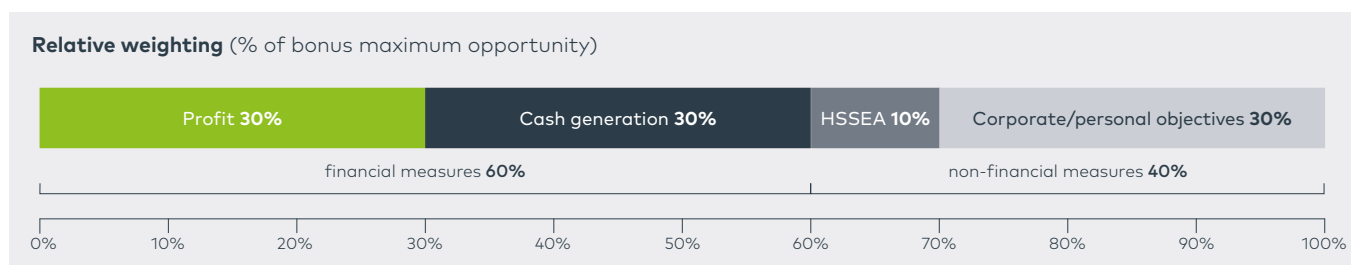
Executive Director	2019 annual base salary	Annual base salary with 2019 deferral	Deferred % increase	Annual base salary from 1 January 2020	% increase	Total % increase from 2019
Robin Watson	£750,000	£768,000	2.4%	£787,200	2.5%	4.9%
David Kemp	£475,000	£486,400	2.4%	£498,560	2.5%	4.9%

Benefits

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

Bonus

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



Financial measures

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

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

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

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

Non-financial measures

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

Corporate / personal objectives

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

Corporate objectives

Deleveraging and Synergy delivery: Take company within the 0.5 –1.5 (net debt to EBITDA) range within 2020. Complete the Class 1 Transaction delivery elements around both deleveraging and synergy delivery in 2020, aligned to the original 3-year transactional delivery objectives.

Executive Leadership Team (ELT) effectiveness: Assess and continuously improve ELT 'team health' in a measured manner (independently via coach feedback from the ELT development programme). Fully embed the new ELT members in new roles through 2020 to achieve the most effective ELT team dynamic for the company.

Personal objectives

Robin Watson

Deliver against the Group strategic cycle (2019 – 2023): Provide mechanisms for delivering against the Group strategy and demonstrate continued tactical progress aligned to the Capital Market Day commitments.

Deliver against key strategic priorities: margin improvement (2020 EBITDA % margin to be greater than 2019 EBITDA margin); execution excellence (standardised and improved project delivery outcomes); portfolio positioning and rationalisation (optimise service and market range); and delivery organisational change programme and succession plans.

ESG and Sustainability: Appropriate consideration of climate change as a business risk, broader ESG positioning of the business and development and delivery of the appropriate sustainability programme(s).

Active safety and ethics leadership: Continue to stimulate a programme of active leadership and delivery in the safety, case management and ethics arena.

David Kemp

Capital Structure: Deleveraging and refinancing to include completing disposals; maintain focus on working capital; ongoing review and analysis of Wood capital structure; and develop, agree and begin execution of a refinancing plan for Revolving Credit Facility.

Investor Engagement: Develop and implement ESG investor plan engaging external advisors and internal teams. Develop a share price improvement plan to identify and deliver new significant long-term and marginal investors including repositioning the Wood brand.

Support Margin Improvement Plan: Support and govern the delivery of Margin Improvement Plan including portfolio rationalisation, enhancing commercial support provided to significant projects and delivering F&A central savings plan.

Regulatory Investigations: Through governance structure, provide leadership to SFO, DOJ, SEC and COPFS Investigations.

Long Term Incentive Plan – LTIP

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

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

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

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

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

Pension

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

Shareholding requirements

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

Chair of the Board and non-executive directors

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

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

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

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

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

Changes to the Board during the year

Directors appointed

Adrian Marsh appointed to the board 10 May 2019.

Director changes within the board

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

Directors resigned

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

Non-executive directors agreements for service

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

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

Note:

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

Non-executive directors shareholdings

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

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

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

Fee structure

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

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

Financial statements

Group financial statements

The audited financial statements of Wood for the year ended 31 December 2019

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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 2019 which comprise the Consolidated income statement, the 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 110 to 123 and 186 to 189.

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 2019 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- 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 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

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 committee.

We were first appointed as auditor by the shareholders on 11 May 2018. The period of total uninterrupted engagement is for the two financial years ended 31 December 2019. 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		\$50m (2018: \$50m) 0.5% (2018: 0.5%) of revenue
Coverage		84% (2018:79%) of group revenue
Key audit matters		vs 2018
Recurring risks	The impact of uncertainties due to the UK exiting the European Union on our audit	◀▶
	Revenue recognition on fixed price contracts	◀▶
	Goodwill impairment	◀▶
	Investigations	◀▶
	Litigations and contingent liabilities	◀▶
	US asbestos related claims provision	◀▶
Parent Company recurring risk	Recoverability of Parent Company's investment in subsidiary	◀▶

2. Key audit matters: including our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, 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 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
<p>The impact of uncertainties due to the UK exiting the European Union on our audit</p> <p><i>Refer to page 45 (principal risks), page 47 (viability statement), page 46 (Strategy Report) and page 115 (financial disclosures).</i></p>	<p>Unprecedented levels of uncertainty:</p> <p>All audits assess and challenge the reasonableness of estimates, in particular as described in goodwill impairment below, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.</p> <p>In addition, we are required to consider the other information presented in the Annual Report including the principal risks disclosure and the viability statement and to consider the directors' statement 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.</p> <p>Brexit is one of the most significant economic events for the UK and its effects are subject to unprecedented levels of uncertainty of consequences, with the full range of possible effects unknown.</p> <p>Our response</p> <p>We developed a standardised firm-wide approach to the consideration of the uncertainties arising from Brexit in planning and performing our audits. Our procedures included:</p> <ul style="list-style-type: none"> • Our Brexit knowledge: We considered the directors' assessment of Brexit-related sources of risk for the Group's business and financial resources compared with our own understanding of the risks. We considered the directors' plans to take action to mitigate the risks. • Sensitivity analysis: When addressing goodwill impairment and other areas that depend on forecasts, we compared the directors' analysis to our assessment of the full range of reasonably possible scenarios resulting from Brexit uncertainty and, where forecast cash flows are required to be discounted, considered adjustments to discount rates for the level of remaining uncertainty. • Assessing transparency: As well as assessing individual disclosures as part of our procedures on goodwill impairment we considered all of the Brexit related disclosures together, including those in the strategic report, comparing the overall picture against our understanding of the risks. <p>Our results</p> <ul style="list-style-type: none"> • As reported under goodwill impairment, we found the resulting estimates and related disclosures of goodwill impairment and disclosures in relation to going concern to be acceptable. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.
<p>Revenue recognition on fixed price contracts</p> <p>(Revenue from lump sum contracts – \$2,922.9million, 2018: \$3,252.8 million)</p> <p><i>Refer to page 69 (Audit Committee Report), pages 118-119 (accounting policy) and page 126 (financial disclosures).</i></p>	<p>Subjective estimate:</p> <p>Long-term, fixed price contracts can include both complex technical and commercial requirements and last for a number of years. At each balance sheet date, estimates and assumptions involving a high degree of estimation uncertainty are required to:</p> <ul style="list-style-type: none"> • estimate the forecast costs to complete the contract, as revenue is recognised with reference to the percentage of costs incurred relative to total forecast costs on the contract; • incorporate an allowance for technical and commercial risks or customer claims or contract penalties; and • estimate the likelihood of the approval of contract variations for additional compensation. <p>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. The financial statements (note 2) disclose the estimations made by the Group.</p> <p>Our response</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> • Personnel interviews: we obtained an understanding of the performance and status of a risk based sample of contracts through discussion with operational and finance contract project teams to consider whether all relevant information was included in cost and revenue end forecasts. • Test of detail: for a risk based sample of contracts, we analysed correspondence with customers around variations and claims to challenge the estimates of claims and variations included in the forecast. • Test of detail: inspected a risk based sample of contracts for key financial clauses and correspondence with customers. We compared these to assumptions in the forecasts and challenged variances. • Test of detail: for a risk based sample of contracts the revenue and cost forecasts were considered and the estimates within the forecasts were challenged by considering the forecast amount of work still to be delivered against programme run rates. • Test of detail: for a risk based sample of contracts we reperformed the calculation of revenue based on percentage of completion. • Assessing transparency: Assessing the adequacy of the Group's disclosures about the degree of estimation involved in arriving at the estimated revenue. <p>Our results</p> <ul style="list-style-type: none"> • We considered the amount of revenue on fixed price contracts to be acceptable. (2018: acceptable)

2. Key audit matters: including our assessment of risks of material misstatement (continued)

The risk	Our response
<p>Goodwill impairment (Goodwill - \$5,208.9 million, 2018: \$5,399.3 million). <i>Refer to page 69 (Audit Committee Report), page 119 (accounting policy) and pages 133-134 (financial disclosures).</i></p>	<p>Forecast-based valuation: The Group estimates recoverable amounts based on value in use which requires significant estimation in forecasting future cash flows and determining discount rates. There was only limited headroom in the goodwill impairment tests for the Asset Solutions EAAA and Asset Solutions Americas Cash Generating Units due to the on going market conditions in the oil & gas industry making their impairment risk very sensitive to changes in the key assumptions of EBITDA growth and discount rate when assessing whether the group's goodwill balances are impaired. The effect of these matters is that, as part of our risk assessment, we determined that the value in use of goodwill 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 financial statements (note 9) disclose the sensitivity estimated by the Group.</p>
<p>Investigations (Provision held \$46 million, 2018: \$nil million) <i>Refer to page 70 (Audit Committee Report), page 121 (accounting policy) and pages 149-153 (financial disclosures).</i></p>	<p>Dispute outcome: The Group has made a number of disclosures to the US Securities and Exchange Commission (SEC), the US Department of Justice (DoJ), the UK Serious Fraud Office (SFO), the Crown Office and Procurator Fiscal Service (COPFS) in Scotland and the Brazilian Federal Prosecution Service and Office of the Comptroller General, and other regulators in relation to historic business practices and agreements with commercial intermediaries including Unaoil and possible bribery and corruption related offences. The effect of these matters is that, as part of our risk assessment, we determined that the contingent liabilities and provisions for investigations have 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 5, 20 and 33) disclose the estimations made by the Group.</p>

2. Key audit matters: including our assessment of risks of material misstatement (continued)

The risk	Our response
<p>Litigation and contingent liabilities (Certain amounts forming part of project related provisions – \$263.1 million, 2018: \$466.4 million) <i>Refer to page 69 (Audit Committee Report), page 121 (accounting policy) and pages 149-153, 170 (financial disclosures).</i></p>	<p>Dispute outcome: A number of significant customer claims are being litigated where the potential exposure could be high. We consider those with a potential exposure greater than \$25 million to be the most significant. The outcome of any such litigations is uncertain and any position taken by management involves significant judgements and estimates. The effect of these matters is that, as part of our risk assessment, we determined that the provisions and contingent liabilities for litigations 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 20 and 33) disclose the estimations made by the Group.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> • Enquiry of lawyers: on all significant legal cases, where available, we assessed correspondence with the Group's external lawyers in order to corroborate our understanding of these matters. • Personnel interviews: on all significant matters subject to litigation / 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 provided for or disclosed as a contingent liability. • Assessing provisions: where provisions were required we considered the documentation available, evaluated the assumptions used in determining the likely economic outflow and assessed the basis of management's estimate. • Assessing transparency: we assessed whether the Group's disclosures detailing significant legal proceedings adequately disclose the potential liabilities of the Group. <p>Our results</p> <ul style="list-style-type: none"> • We considered the level of provisioning and contingent liability disclosures for litigations to be acceptable. (2018: acceptable)
<p>US asbestos related claims provision (\$418.9 million, 2018: \$453.4 million) <i>Refer to page 69 (Audit Committee Report), pages 120 and 121 (accounting policy) and pages 149-152 (financial disclosures).</i></p>	<p>Subjective estimate: The amount of the US asbestos related litigation provision depends on a number of estimates, including the forecast number of open and future claims, the average cost per claim, the number of claims that result in no settlement and the discount rate applied to the forecast. There is a considerable amount of judgement required in setting the above assumptions and a small change in the assumptions and estimates may have a significant impact on the US asbestos related claims provision. The effect of these matters is that, as part of our risk assessment, we determined that estimate of the US asbestos related claims provision 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 20) disclose the sensitivity estimated by the Group.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> • Our actuarial expertise: we used our own US actuarial specialists to challenge key assumptions and estimates used in the calculation of the US asbestos related claims provision. The key assumptions and estimates we tested included the forecast number of open and future claims, the average cost per claim, and the discount rate. • Benchmarking assumptions: we performed a comparison of key assumptions against our own benchmark ranges which are derived from externally-available data. • Methodology choice: we used our own US actuarial specialists to assess the appropriateness and selection of the model used in the valuation, and develop our own model to estimate the liability range. • Test of detail: we evaluated the assumption for the average costs per claim against the recent history of claims settled. • Assessing valuer's credentials: we assessed the directors' external valuer's competence and independence. • Assessing transparency: we considered the adequacy of the Group's disclosure in respect of the US asbestos related claims provision and the assumptions used, which are set out in note 20 to the financial statements. <p>Our results</p> <ul style="list-style-type: none"> • We found the US asbestos related claims provision recognised to be acceptable. (2018: acceptable)
<p>Parent Company risk: Recoverability of parent company's investment in subsidiary (Investment in subsidiary - \$3,524.0 million, 2018: \$4,568.9 million) <i>Refer to page 69 (Audit Committee Report), page 188 (accounting policy) and page 190 (financial disclosures).</i></p>	<p>Low risk, high value: The carrying amount of the Parent Company's investment in subsidiary represents 34% of the Company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the Parent Company financial statements, this is considered to be the area that had the greatest effect on our overall Parent Company audit.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> • Test of detail: compared the carrying amount of the investment with the relevant subsidiary's draft balance sheet to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount. • Comparing valuations: for one investment where the carrying amount exceeded the net asset value, we compared the carrying amount of the investment with the expected value of the business based on a cash flow model, which calculated the estimated fair value of the investment. We challenged the key assumptions in the cash flow model with reference to the accuracy of historical forecasts, group specific factors and wider macro-environment conditions. <p>Our results</p> <ul style="list-style-type: none"> • We found the Company's assessment of the recoverability of the investment in subsidiary to be acceptable. (2018: acceptable)

We continue to perform procedures over Pension obligations and uncertain tax positions. However, we have not assessed these as some of the most significant risks in our current year audit, and therefore, they are 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 \$50 million (2018: \$50 million), determined with reference to a benchmark of Group revenue, of \$9,891.1 million (2018: \$10,014.4 million), of which it represents 0.5% (2018: 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.

Materiality for the Parent Company financial statements as a whole was set at \$30 million (2018: \$20 million), determined with reference to a benchmark of Company total assets, of which it represents 0.4% (2018: 0.3%).

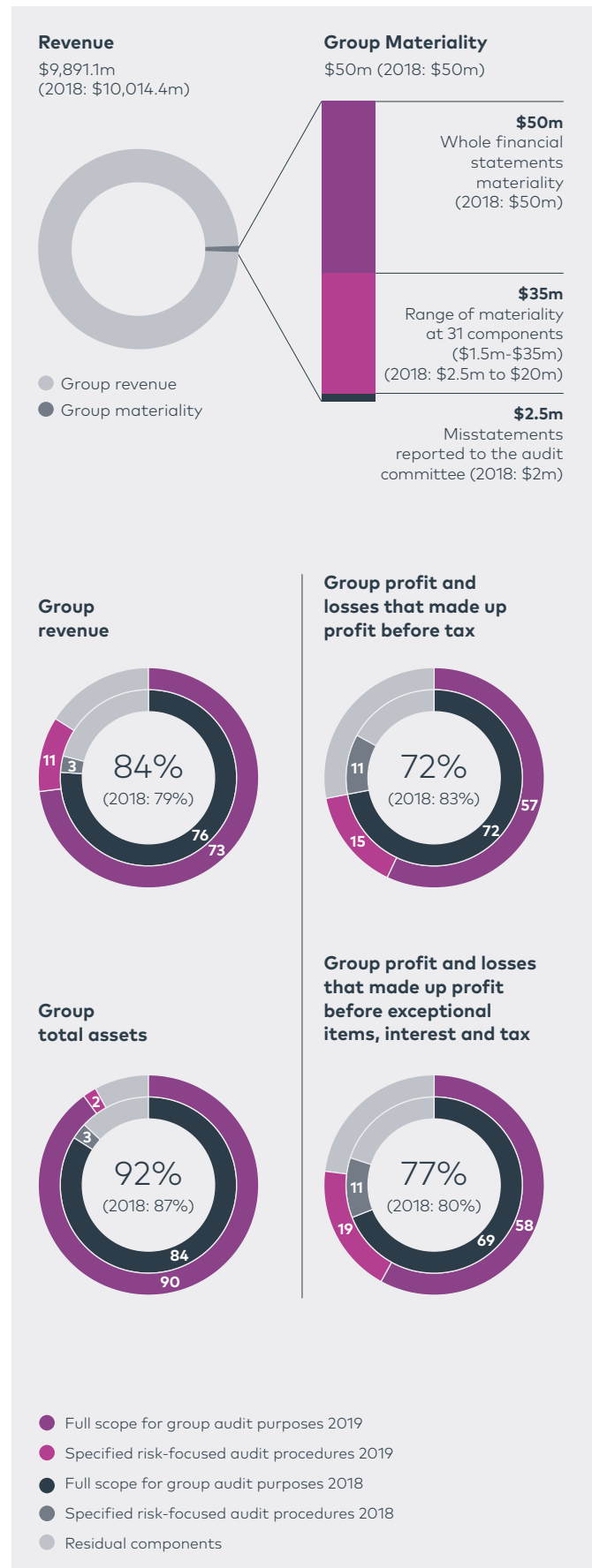
We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding \$2.5 million (2018: \$2 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

We subjected 15 (2018: 24) reporting components to full scope audits for group purposes and 13 (2018: 7) to specified risk-focused audit procedures over: revenue, cost of sales, trade payables and trade receivables (12 components (2018: 5)); cash (8 components (2018: 6)); accruals (7 components (2018: 4)); provisions (4 components (2018: 3)); administrative expenses (3 component (2018: 1)); prepayments (2 components (2018: 0)); other receivables (1 component (2018: 0)); bad debt provision (1 component (2018: 0)); other non-current liabilities (1 component (2018: 0)) and intangible assets (0 components (2018: 2)). The latter were not individually financially significant enough to require a full scope audit but were included in the scope of our group reporting work in order to provide further coverage over the Group's results.

The Group operates shared service centres, the outputs of which are included in the financial information of the reporting components they service and therefore they are not separate reporting components. One (2018: two) shared service centre was subject to specified risk-focused audit procedures, predominantly the testing of transaction processing controls. Additional procedures were performed at certain reporting components to address the audit risks not covered by the work performed over the shared service centres.

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.



3. Our application of materiality and an overview of the scope of our audit (continued)

The Group team instructed component auditors in fifteen (2018: fourteen) locations, 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 materialities, which ranged from \$1.5 million to \$35 million (2018: \$2.5 million to \$20 million), having regard to the mix of size and risk profile of the Group across the components. The work on 24 of the 28 (2018: 29 of the 31) reporting components was performed by component auditors and the rest, including the audit of the parent company, was performed by the Group team.

The Group team visited 8 of 15 (2018: 9 of 14) component locations in the United States, United Kingdom, Canada, Australia, and Singapore, to assess the audit risk and strategy. Telephone conference meetings were also held with these component auditors and all 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.

4. We have nothing to report on going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Company's and the Group'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").

Our responsibility is to conclude on the appropriateness of the directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. 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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and the Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's and Company's 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 Company's available financial resources over this period were:

- Project execution of the major complex contracts;
- The achievement of forecast Adjusted EBITDA growth;
- A material adverse outcome of regulatory investigations; and
- The impact from a material litigation.

As these were risks that could potentially cast significant doubt on the Group's and the Company's ability to continue as a going concern, we considered sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively and evaluated the achievability of the actions the Directors consider they would take to improve the position should the risks materialise. We also considered less predictable but realistic second order impacts, such as the impact of Brexit which could result in delay or reduction of investments in to the UK and lower growth in UK businesses.

Based on this work, we are required to report to you if:

- we have anything material to add or draw attention to in relation to the directors' statement on Page 115 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 a period of at least twelve months from the date of approval of the financial statements; or
- the related statement under the Listing Rules set out on page 46 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5. 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.

Annual report on directors' remuneration

In our opinion the part of the annual report on directors' remuneration to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the Viability Statement page 47 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 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.

Under the Listing Rules we are required to review the Principal Risks and Uncertainties. We have nothing to report in this respect.

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 judgments 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 report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and 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; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

6. 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 annual report on directors' remuneration 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.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 55, 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 other irregularities (see below), 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, other irregularities 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.

Irregularities – ability to detect

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), 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 to component audit teams of relevant laws and regulations identified at 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 and taxation legislation 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 or the loss of Group's licence to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, and employment law recognising the nature of the Group's activities. 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. Through these procedures, we became aware of actual or suspected non-compliance and considered the effect as part of our procedures on the related financial statement items. Further detail is set out in the key audit matter disclosures in section 2 of this report.

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 (irregularities) 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 irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

8. 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.

Catherine Burnet (Senior Statutory Auditor) for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
37 Albyn Place
Aberdeen
AB10 1JB

9 March 2020

Consolidated income statement

for the year to 31 December 2019

	Note	2019			2018		
		Pre-exceptional items \$m	Exceptional items \$m	Total \$m	Pre-exceptional items \$m	Exceptional items \$m	Total \$m
Revenue from continuing operations	1,2	9,890.4	-	9,890.4	10,014.4	-	10,014.4
Cost of sales		(8,768.5)	-	(8,768.5)	(8,820.6)	-	(8,820.6)
Gross profit		1,121.9	-	1,121.9	1,193.8	-	1,193.8
Administrative expenses	5	(760.4)	(106.3)	(866.7)	(881.2)	(140.3)	(1,021.5)
Impairment of investment in joint ventures	5,12	-	-	-	-	(41.4)	(41.4)
Share of post-tax profit/(loss) from joint ventures	5,12	49.5	(1.3)	48.2	44.0	(9.6)	34.4
Operating profit	1	411.0	(107.6)	303.4	356.6	(191.3)	165.3
Finance income	3	9.6	-	9.6	5.3	-	5.3
Finance expense	3	(164.3)	-	(164.3)	(117.1)	-	(117.1)
Profit/(loss) before taxation from continuing operations	4,5	256.3	(107.6)	148.7	244.8	(191.3)	53.5
Taxation	5,6	(56.4)	(19.5)	(75.9)	(69.6)	8.5	(61.1)
Profit/(loss) for the year from continuing operations		199.9	(127.1)	72.8	175.2	(182.8)	(7.6)
Profit/(loss) attributable to							
Owners of the parent		199.1	(127.1)	72.0	173.9	(182.8)	(8.9)
Non-controlling interests	28	0.8	-	0.8	1.3	-	1.3
		199.9	(127.1)	72.8	175.2	(182.8)	(7.6)
Earnings per share (expressed in cents per share)							
Basic	8			10.7			(1.3)
Diluted	8			10.5			(1.3)

The notes on pages 115 to 184 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income/expense

for the year to 31 December 2019

	Note	2019 \$m	2018 \$m
Profit/(loss) for the year		72.8	(7.6)
Other comprehensive (expense)/income			
<i>Items that will not be reclassified to profit or loss</i>			
Re-measurement (losses)/gains on retirement benefit obligations	32	(56.1)	118.0
Movement in deferred tax relating to retirement benefit obligations	6	6.8	(20.5)
Total items that will not be reclassified to profit or loss		(49.3)	97.5
<i>Items that may be reclassified subsequently to profit or loss</i>			
Cash flow hedges	27	(5.3)	(4.7)
Tax on derivative financial instruments	6	1.4	0.6
Exchange movements on retranslation of foreign operations	27,28	83.4	(237.7)
Total items that may be reclassified subsequently to profit or loss		79.5	(241.8)
Other comprehensive income/(expense) for the year, net of tax		30.2	(144.3)
Total comprehensive income/(expense) for the year		103.0	(151.9)
Total comprehensive income/(expense) for the year is attributable to:			
Owners of the parent		102.2	(152.0)
Non-controlling interests		0.8	0.1
		103.0	(151.9)

Total comprehensive income/(expense) for the year is attributable to continuing operations.

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.

The notes on pages 115 to 184 are an integral part of these consolidated financial statements.

Consolidated balance sheet

as at 31 December 2019

	Note	2019 \$m	2018 \$m
Assets			
Non-current assets			
Goodwill and other intangible assets	9	6,299.0	6,656.7
Property plant and equipment	10	164.3	198.5
Right of use assets	11	417.9	-
Investment in joint ventures	12	168.3	168.2
Other investments	12	81.4	76.4
Long term receivables	14	95.7	128.1
Retirement benefit scheme surplus	32	368.0	404.9
Deferred tax assets	21	87.1	87.8
		7,681.7	7,720.6
Current assets			
Inventories	13	14.5	13.7
Trade and other receivables	14	2,306.0	2,555.7
Financial assets	14	10.1	14.3
Income tax receivable		39.8	37.4
Assets held for sale	30	518.9	58.9
Cash and cash equivalents	15	1,847.0	1,352.7
		4,736.3	4,032.7
Total assets		12,418.0	11,753.3
Liabilities			
Current liabilities			
Borrowings	17	1,752.7	984.5
Trade and other payables	16	2,619.6	2,526.1
Income tax liabilities		199.5	197.9
Lease liabilities	11	159.9	-
Provisions	20	140.6	134.3
Liabilities held for sale	30	106.0	27.3
		4,978.3	3,870.1
Net current (liabilities)/assets		(242.0)	162.6
Non-current liabilities			
Borrowings	17	1,573.2	1,917.3
Deferred tax liabilities	21	88.4	112.6
Retirement benefit scheme deficit	32	127.0	162.2
Lease liabilities	11	414.4	-
Other non-current liabilities	18	139.5	224.4
Provisions	20	651.6	856.9
		2,994.1	3,273.4
Total liabilities		7,972.4	7,143.5
Net assets		4,445.6	4,609.8
Equity attributable to owners of the parent			
Share capital	23	40.9	40.7
Share premium	24	63.9	63.9
Retained earnings	25	1,827.7	1,806.7
Merger reserve	26	2,540.8	2,790.8
Other reserves	27	(33.2)	(111.3)
Total equity attributable to owners of the parent		4,440.1	4,590.8
Non-controlling interests	28	5.5	19.0
Total equity		4,445.6	4,609.8

The financial statements on pages 110 to 184 were approved by the board of directors on 9 March 2020 and signed on its behalf by:

Robin Watson, Director

David Kemp, Director

The notes on pages 115 to 184 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

for the year to 31 December 2019

	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 2018		40.5	63.9	1,935.2	2,790.8	129.9	4,960.3	11.7	4,972.0
(Loss)/profit for the year		-	-	(8.9)	-	-	(8.9)	1.3	(7.6)
Other comprehensive income/(expense):									
Re-measurement gains on retirement benefit scheme	32	-	-	118.0	-	-	118.0	-	118.0
Movement in deferred tax relating to retirement benefit scheme	6	-	-	(20.5)	-	-	(20.5)	-	(20.5)
Cash flow hedges	27	-	-	-	-	(4.7)	(4.7)	-	(4.7)
Tax on derivative financial instruments	6	-	-	0.6	-	-	0.6	-	0.6
Net exchange movements on retranslation of foreign operations	27/28	-	-	-	-	(236.5)	(236.5)	(1.2)	(237.7)
Total comprehensive income/(expense) for the year		-	-	89.2	-	(241.2)	(152.0)	0.1	(151.9)
Transactions with owners:									
Dividends paid	7/28	-	-	(231.0)	-	-	(231.0)	(5.9)	(236.9)
Credit relating to share based charges	22	-	-	18.7	-	-	18.7	-	18.7
Tax relating to share option schemes	6	-	-	(0.7)	-	-	(0.7)	-	(0.7)
Deferred tax impact of rate change in equity	6	-	-	1.8	-	-	1.8	-	1.8
Shares allocated to employee share trusts	25	0.2	-	(0.2)	-	-	-	-	-
Shares issued by employee share trusts to satisfy option exercises	25	-	-	1.7	-	-	1.7	-	1.7
Exchange movements in respect of shares held by employee share trusts	25	-	-	6.5	-	-	6.5	-	6.5
Transactions with non-controlling interests	25/28	-	-	(14.5)	-	-	(14.5)	13.1	(1.4)
At 31 December 2018		40.7	63.9	1,806.7	2,790.8	(111.3)	4,590.8	19.0	4,609.8
Adjustment on initial application of IFRS 16 (net of tax)		-	-	(33.9)	-	-	(33.9)	-	(33.9)
Adjusted balance at 1 January 2019		40.7	63.9	1,772.8	2,790.8	(111.3)	4,556.9	19.0	4,575.9
Profit for the year		-	-	72.0	-	-	72.0	0.8	72.8
Other comprehensive income/(expense):									
Re-measurement losses on retirement benefit scheme	32	-	-	(56.1)	-	-	(56.1)	-	(56.1)
Movement in deferred tax relating to retirement benefit scheme	6	-	-	6.8	-	-	6.8	-	6.8
Cash flow hedges	27	-	-	-	-	(5.3)	(5.3)	-	(5.3)
Tax on derivative financial instruments	6	-	-	1.4	-	-	1.4	-	1.4
Net exchange movements on retranslation of foreign operations	27/28	-	-	-	-	83.4	83.4	-	83.4
Total comprehensive income/(expense) for the year		-	-	24.1	-	78.1	102.2	0.8	103.0
Transactions with owners:									
Dividends paid	7/28	-	-	(235.5)	-	-	(235.5)	(1.2)	(236.7)
Credit relating to share based charges	22	-	-	23.4	-	-	23.4	-	23.4
Tax relating to share option schemes	6	-	-	(4.1)	-	-	(4.1)	-	(4.1)
Deferred tax impact of rate change in equity	6	-	-	0.3	-	-	0.3	-	0.3
Other tax movements in equity	6	-	-	0.7	-	-	0.7	-	0.7
Shares allocated to employee share trusts	25	0.2	-	(0.2)	-	-	-	-	-
Shares issued by employee share trusts to satisfy option exercises	25	-	-	0.4	-	-	0.4	-	0.4
Exchange movements in respect of shares held by employee share trusts	25	-	-	(4.2)	-	-	(4.2)	-	(4.2)
Transactions with non-controlling interests	25/28	-	-	-	-	-	-	(13.1)	(13.1)
Transfer from merger reserve to retained earnings	26	-	-	250.0	(250.0)	-	-	-	-
At 31 December 2019		40.9	63.9	1,827.7	2,540.8	(33.2)	4,440.1	5.5	4,445.6

The notes on pages 115 to 184 are an integral part of these consolidated financial statements.

Consolidated cash flow statement

for the year to 31 December 2019

	Note	2019 \$m	2018 \$m
Cash generated from operations	29	746.2	625.3
Tax paid		(84.3)	(83.5)
Net cash generated from operating activities		661.9	541.8
Cash flows from investing activities			
Acquisition of subsidiaries (cash acquired less consideration paid)	30	(5.6)	(30.0)
Disposal of businesses (net of cash disposed)	30	43.1	33.4
Purchase of property plant and equipment	10	(52.0)	(34.2)
Proceeds from sale of property plant and equipment		19.4	5.0
Purchase of intangible assets	9	(94.6)	(58.3)
Interest received		3.9	4.8
Cash from short term investments and restricted cash	29	11.7	45.4
Investment in joint ventures	12	(0.8)	(3.2)
Repayment of loans from/(amounts advanced to) joint ventures		30.0	(5.2)
Net cash used in investing activities		(44.9)	(42.3)
Cash flows from financing activities			
Proceeds from short-term borrowings	29	770.9	448.9
Repayment of long-term borrowings	29	(348.2)	(407.8)
Payment of lease liabilities (2018: repayment of finance leases)	29	(165.6)	(14.7)
Proceeds from disposal of shares by employee share trusts	25	0.4	1.7
Interest paid		(121.2)	(101.5)
Dividends paid to shareholders	7	(235.5)	(231.0)
Dividends paid to non-controlling interests	28	(1.2)	(5.9)
Acquisition of non-controlling interests	28	-	(0.2)
Net cash used in financing activities		(100.4)	(310.5)
Net increase in cash and cash equivalents	29	516.6	189.0
Effect of exchange rate changes on cash and cash equivalents	29	8.4	(37.6)
Opening cash and cash equivalents		1,376.9	1,225.5
Closing cash and cash equivalents	15	1,901.9	1,376.9

Closing cash and cash equivalents includes \$54.9m (2018: \$24.2m) presented in assets held for sale on the Group balance sheet (see note 30).

The repayment of long-term borrowings of \$348.2m includes \$953.1m of repayments offset by proceeds from unsecured loan notes issued in the US Private Placement debt market of \$504.9m and \$100.0m of new bilateral loan facilities.

The notes on pages 115 to 184 are an integral part of these consolidated financial statements.

Notes to the financial statements

for the year ended 31 December 2019

General information

John Wood Group PLC, its subsidiaries and joint ventures, ('the Group') delivers comprehensive services to support its clients across the complete lifecycle of their assets, from concept to decommissioning, across a range of energy, industrial and utility 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 15 Justice Mill Lane, Aberdeen AB11 6EQ.

Accounting Policies

Basis of preparation

These financial statements have been prepared in accordance with IFRS and IFRIC interpretations adopted by the European Union ('EU') and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements are also in compliance with IFRS as issued by the International Accounting Standards Board. 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. This is the first set of the Group's financial statements in which IFRS 16 'Leases' has been applied. The impact of the application of this standard is set out on page 122.

Going concern

The Directors have a reasonable expectation that the Group will be able to operate within the level of available facilities and cash for the foreseeable future and accordingly believe that it is appropriate to prepare the financial statements on a going concern basis. In assessing the basis of preparation of the financial statements for the year ended 31 December 2019, the Directors have considered the principles of the Financial Reporting Council's 'The UK Corporate Governance Code 2018', provision 30; namely assessing the applicability of the going concern basis, the review period and disclosures.

The Directors have undertaken a rigorous assessment of going concern and liquidity including financial forecasts, for a period of 12 months from the date of approval of these financial statements, that reflect reasonable possible downsides. In order to satisfy themselves that the Group has adequate resources for the future, the Directors have reviewed the existing debt levels, the committed funding and liquidity positions under debt covenants, and the Group's ability to generate cash from trading activities. The Group's principal debt facilities comprise a \$297.6m term loan repayable in October 2020, a \$1,750.0m revolving credit facility maturing in 2022, \$300.0m of bilateral term loans maturing between September 2021 and May 2022 (of which \$200.0m was put in place in February 2020) and \$879.9m of US private placement debt repayable in various tranches between 2021 and 2031.

At 31 December 2019, the Group had net current liabilities of \$242.0m and this is largely due to term loans of \$297.6m falling due in October 2020 being classed as current liabilities. The cash flow forecasts show that the Group will have sufficient funds to meet its liabilities as they fall due. The \$297.6m term loan repayable in October 2020 was reduced by \$111.0m following the disposal of the Industrial Services business in February 2020 and the remaining balance was repaid following receipt of the new \$200.0m bilateral loan facilities entered into in February 2020. The nuclear disposal will generate an additional cash inflow of around £241m (\$319m) and the proceeds will be used to repay the term loan and other borrowings.

At 31 December 2019, the Group had headroom of \$1,156.7m under its main facilities and in addition had \$229.3m of other undrawn borrowing facilities. In undertaking their going concern review the Directors have considered the business plans which provide financial projections through to the end of March 2021.

Consequently, 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.

Significant accounting policies

The Group's significant accounting policies adopted in the preparation of these financial statements are set out below. With the exception of the application of IFRS 16 'Leases', which has been applied from 1 January 2019, 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) 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. 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. Pre-tax discount rates of between 11.3% and 12.1% have been used to discount the CGU cash flows and a terminal value is applied using long term growth rates of between 2% and 3%. A sensitivity analysis has been performed allowing for possible changes to the discount rate, the long-term growth rate and the short-term EBITDA growth rate.

The headroom on Asset Solutions EAAA based on the assumptions above was \$386.0m. A sensitivity analysis has been performed assuming the impact of reasonably possible changes to the assumptions used in the impairment review, which did not result in an impairment. A 1.3% reduction in the long-term growth rate would result in a reduction of the headroom to \$nil and a 1.2% increase in the discount rate would result in headroom of \$nil. A reasonably possible change in the short-term EBITDA growth rate did not result in an impairment.

The headroom on Asset Solutions Americas based on the assumptions above was \$353.0m. A sensitivity analysis has been performed assuming the impact of reasonably possible changes to the assumptions used in the impairment review, which did not result in an impairment. A 1.5% reduction in the long-term growth rate would result in a reduction of the headroom to \$nil and a 1.3% increase in the discount rate would result in headroom of \$nil. A reasonably possible change in the short-term EBITDA growth rate did not result in an impairment. See note 9 for further details.

(b) Income taxes (estimate)

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 21 for details.

(c) Retirement benefit schemes (estimate)

The Group operates a number of defined benefit pension schemes which are largely closed to future accrual. The value of the Group's retirement benefit schemes surplus/deficit is determined on an actuarial basis using a number of 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 32. 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. See note 32 for further details.

(d) 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%. Further details of the asbestos liabilities are provided in note 20 including a sensitivity analysis showing the impact of changes to the key assumptions.

Discussions concerning possible resolutions of the investigations by the authorities in the US, Brazil and Scotland have progressed to the point where the Group believes that it is likely to be able to settle the relevant matters with these authorities at an aggregate cost of \$46.0m and this is reflected as a provision at 31 December 2019. Achieving resolution of the relevant matters will involve negotiations with five authorities in three separate jurisdictions, and accordingly there is no certainty that resolution will be reached with any or all of those authorities or that the aggregate settlement amount will not exceed the amount of the provision.

This legacy AFW project involves the construction of various buildings to house the Aegis Ashore anti-missile defence facility for the United States Army Corps of Engineers. The project was around 80% complete by value at 31 December 2019 and 90% complete by physical progress and is expected to be operationally complete during the second half of 2020. Management's latest estimate is that the loss at completion will be \$113m representing the expected loss to complete less estimated revenue to be earned. A charge of \$10m was made to the income statement during 2019 in relation to this project and the full amount of this loss has been recognised to date. During the year provisions of \$41m were utilized and \$25m remains on the balance sheet at 31 December 2019. In reaching its assessment of this loss, management have made certain estimates and assumptions relating to the date of completion, productivity of workers on site and the costs to complete. If the actual outcome differs from these estimates and assumptions, the ultimate loss will be different. In addition, the Group's assessment of the ultimate loss includes change orders which have not been agreed with the client and management's assessment of liquidated damages and the current estimate is that these will not be settled until 2021 at the earliest. If the amounts agreed are different to the assumptions made, then the ultimate loss could be materially different.

The balance of project related provisions relates to a number of project provisions which are not individually material or significant.

(e) Revenue recognition on fixed price and long-term contracts (estimate)

The Group has a 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. Contract revenues are affected by uncertainties that depend on the outcome of future events.

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 lump sum or 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 client 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. The estimate could 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")

Management assess the value of revenue to be recognised at contract inception 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 initial assessment is reconsidered at each reporting date. The assessment is based on discussions with the client and a range of factors, including prior experience of the client and of similar contracts with other clients.

Liquidated damages ("LDs")

Management make an assessment of the value of LDs to be provided at contract inception 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 LD is subsequently resolved. This initial assessment is reconsidered at each reporting date. The assessment is based on a probabilistic estimate of the monetary amount of LDs payable which involves a number of management assumptions and judgements including discussions with the client, prior experience of the client, prior experience of similar contracts with other clients and other forms of documentary evidence. At 31 December 2019, the amount provided for Aegis LDs was \$16.0m (2018: \$15.0m) and this is included within provisions on the balance sheet. See note 20 for further details.

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.

(f) Lease liability (judgement)

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that includes renewal options. Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or terminated).

For leases of property, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate);

- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate);
- Otherwise the Group considers other factors including historical lease durations, the costs and business disruption to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or change in circumstances occurs, which affects this assessment and that is within the control of the lessee.

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 incremental borrowing rate ("IBR") is used. The IBR is obtained from various external financing sources and makes adjustments to reflect the terms of the lease and the type of asset leased.

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.

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:

	2019	2018
Average rate £1 = \$	1.2773	1.3345
Closing rate £1 = \$	1.3247	1.2736

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 client 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 client.

With regard to cost reimbursable projects and lump sum projects, further detail is provided below about the nature and timing of the satisfaction of performance obligations in contracts with clients, 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.

Lump sum or fixed price contracts

Revenue on fixed price or lump sum 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.

Revenue in respect of variations is recognised when the variation is approved by both parties to the contract. To the extent that a change in scope has been agreed but the corresponding change in price has not been agreed then revenue is recognised only to the extent that that it is highly probable that a significant reversal of revenue will not occur.

A claim is an amount that the contractor seeks to collect from the client as reimbursement for costs whose inclusion in the contract price is disputed, and may arise from, for example, delays caused by the client, errors in specification or design and disputed variations in contract work. Claims are also a source of variable consideration 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.

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 or regulatory costs or provisions, litigation settlements, 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).

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 7 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 20 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 and long leasehold buildings	25-50 years
Short leasehold buildings	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.

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 annual impairment reviews in respect of goodwill. 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 9 for further details of goodwill impairment testing and note 12 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 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 client 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 clients, 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 a non-recourse financing arrangement with one of its banks 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 14 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 through to 2050. 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.

Deferred and contingent consideration

Where deferred or contingent consideration is payable on the acquisition of a business based on an earn out arrangement, an estimate of the amount payable is made at the date of acquisition and reviewed regularly thereafter, with any change in the estimated liability being reflected in the income statement. Where the change in liability is considered material, it is disclosed as an exceptional item in the income statement. Where deferred consideration is payable after more than one year, the estimated liability is discounted using an appropriate rate of interest. Deferred consideration is initially recognised at fair value and subsequently measured at amortised cost. Contingent consideration is recognised at fair value.

Taxation

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 assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

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.

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.

This policy is applied to contracts entered into, on or after 1 January 2019. 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 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 the lease payment made. 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 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 significantly affect the amount of lease liabilities and right of use assets recognised.

The Group has elected not to recognise right of use assets and lease liabilities for leases of low value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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. The scheme trustees do not have unilateral power to wind up the scheme, therefore it is within the Group's control to gradually settle the scheme liabilities as per IFRIC 14.11 (b) until there are no members left. 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 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 management, are unlikely to succeed.

See note 20 for further details.

Possible but not probable liabilities are disclosed as contingent liabilities in note 33.

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.

Options are also awarded under the Group's Long Term Plan ('LTP') which is the incentive scheme in place for executive directors and certain senior executives. The charge for options awarded under the LTP is based on the fair value of those options 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.

The Group has an Employee Share Plan under which 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. A charge is calculated for the award of free shares and accrued over the vesting period with the corresponding credit taken to retained earnings.

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 26 for further information.

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. The Group's reportable segments are Asset Solutions Europe, Africa, Asia, Australia ('ASEAAA'), Assets Solutions Americas ('AS Americas'), Technical Consulting Solutions ("TCS") and Investment Services ("IS").

Asset Solutions is focused on increasing production, improving efficiency, reducing cost and extending asset life across industrial markets and provides initial design, construction, operations, maintenance and decommissioning services. TCS was formed from the combination of the Group's Specialist Technical Solutions ("STS") and Environmental and Infrastructure Solutions ("E&IS") business units on 1 October 2019. TCS is a single global, multi-sector specialist technical consultancy 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 prior to their eventual disposal.

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 in the UK, US and Canada. 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.

Disclosure of impact of new and future accounting standards

(a) Amended standards and interpretations

The following standards and interpretations apply for the first time to accounting periods commencing on or after 1 January 2019:

IFRS 16

Impact of application of IFRS 16

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right of use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The Group has assessed the impact that the initial application of IFRS 16 has on its consolidated financial statements, as described below.

The Group adopted IFRS 16 on 1 January 2019, using the modified retrospective approach. The cumulative effect of adopting IFRS 16 is recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. The Group has recognised new assets and liabilities for its operating leases of property, vehicles and other assets. The nature of expenses related to those leases has changed because the Group now recognises a depreciation charge for right of use assets and interest expense on lease liabilities. Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised. In addition, the Group will no longer recognise provisions for operating leases that it assesses to be onerous, and instead performs an impairment test on the right of use assets.

On transition to IFRS 16, the Group recognised additional right of use assets and additional liabilities, recognising the difference in retained earnings. The impact is summarised below:

At 1 January 2019	\$m
Right of use assets recognised	450.6
Deferred tax asset recognised	5.2
Lease liabilities recognised	(569.0)
Onerous lease provisions adjustment	17.7
Onerous lease liabilities (included within other non-current liabilities)	61.2
Trade and other payables – accruals	8.3
Trade and other receivables – prepayments	(7.9)
Opening reduction to retained earnings	(33.9)

Onerous lease provisions and liabilities as at 31 December 2018 were eliminated against right of use assets recognised on transition to IFRS 16 in line with the practical expedients noted below.

Depreciation and interest in 2019 have increased by \$128.4m (including joint venture depreciation of \$5.4m) and \$28.9m (including joint venture interest of \$0.7m) respectively, which is offset by a reduction in operating lease costs of \$151.0m (including joint venture operating lease costs of \$6.1m) and an unwinding of discounting charge of \$2.2m. Adjusted EBITDA has increased by \$151.0m (including joint venture EBITDA benefit of \$6.1m) and there is a reduction of \$4.1m in profit before tax.

When measuring liabilities for leases that were classified as operating leases, the Group discounted payments using its incremental borrowing rate as at 1 January 2019. The weighted average rate applied is 5.2%. Right of use assets were measured at their carrying amount as if IFRS 16 had been applied since commencement date, discounted at the Group's incremental borrowing rate at the date of initial application.

Reconciliation of lease liabilities recognised at 1 January 2019

	\$m
Operating lease commitment at 31 December 2018 as disclosed in the Group's consolidated financial statements	752.7
Impact of discounting	(123.3)
Commitment discounted using the incremental borrowing rate at 1 January 2019	629.4
Recognition exemption for leases of low value and short term assets	(35.9)
Recognition exemption for leases with less than 12 months of lease term at transition	(26.5)
Extension options reasonably expected to be exercised	2.0
Lease liabilities recognised at 1 January 2019	569.0

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- The Group has applied the exemption not to recognise right of use assets and liabilities for property leases with less than 12 months of lease term;
- The Group has applied the exemption not to recognise right of use assets and liabilities for long-term operating leases with a remaining lease term of 12 months as at 1 January 2019;
- The Group applies a single discount rate to a portfolio of leases with reasonably similar characteristics;
- The Group relies on previous assessments on whether leases are onerous;
- The Group has applied the exemption not to recognise right of use assets and liabilities for low value assets;
- The Group has excluded initial direct costs in measuring the right of use asset at the date of initial application; and
- The Group has used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Impact of application of IFRIC 23

The Group has adopted IFRIC 23 Uncertainty over Income Tax Treatments for the first time in 2019 which gives guidance on the accounting for uncertain tax provisions. The adoption of IFRIC 23 has not resulted in a material change in relation to provisions for tax uncertainties held by the Group.

All other amendments not yet effective and not included above are not material or applicable to the Group.

1 Segmental reporting

The Group operates through four segments, Asset Solutions EAAA (ASEAAA), Asset Solutions Americas (AS Americas), Technical Consulting Solutions (TCS) and Investment Services (IS). TCS was launched on 1 October 2019 and is a combination of Wood's Specialist Technical Solutions (STS) and Environmental and Infrastructure Solutions (E&IS) business units. The 2018 comparatives for TCS are the sum of the STS and E&IS segmental results. 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. From January 2019, revenue is reported on an equity accounting basis and consequently the 2018 revenue comparatives have been restated to exclude joint venture revenue.

The segment information provided to the Group's Chief Executive for the operating segments for the year ended 31 December 2019 includes the following:

Operating Segments	Revenue		Adjusted EBITDA ⁽¹⁾		Operating profit before exceptionals	
	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
	2019	2018	2019	2018	2019	2018
	\$m	\$m	\$m	\$m	\$m	\$m
Asset Solutions EAAA	3,147.6	3,283.1	352.7	257.7	164.7	129.6
Asset Solutions Americas	3,894.5	3,668.2	238.0	226.8	107.5	108.9
Technical Consulting Solutions	2,779.1	2,913.2	299.6	248.5	183.8	179.3
Investment Services	69.2	149.9	36.3	35.8	35.5	25.2
Central costs ⁽³⁾	-	-	(71.2)	(75.0)	(80.5)	(86.4)
Total	9,890.4	10,014.4	855.4	693.8	411.0	356.6
Exceptional items					(107.6)	(191.3)
Operating profit					303.4	165.3
Finance income					9.6	5.3
Finance expense					(164.3)	(117.1)
Profit before taxation from continuing operations					148.7	53.5
Taxation					(75.9)	(61.1)
Profit/(loss) for the year from continuing operations					72.8	(7.6)

Notes

1. A reconciliation of operating profit 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. Joint venture depreciation of \$12.5m (2018: \$12.3m) includes IFRS 16 depreciation of \$5.4m (2018: \$nil).
3. Central includes the costs of certain management personnel in both the UK and the US, along with an element of Group infrastructure costs.
4. Revenue arising from sales between segments is not material.
5. Following adoption of IFRS 16, Adjusted EBITDA and Operating profit before exceptionals have increased by \$144.9m (\$151.0m including joint ventures) and \$21.9m (\$22.6m including joint ventures) respectively due to a change in classification of costs.

Reconciliation of Alternative Performance Measures

	2019	2018
	\$m	\$m
Operating profit per income statement	303.4	165.3
Exceptional items (note 5)	107.6	191.3
Operating profit before exceptionals	411.0	356.6
Operating profit per income statement	303.4	165.3
Share of joint venture finance expense and tax (note 12)	18.7	24.5
Exceptional items (note 5)	107.6	191.3
Amortisation	243.7	248.8
Depreciation	53.6	63.9
IFRS 16 depreciation on right of use asset	128.4	-
Adjusted EBITDA	855.4	693.8
IAS 17 rental expense	(151.0)	-
EBITDA of disposed businesses	-	(26.0)
Adjusted EBITDA (on a like for like basis)	704.4	667.8

1 Segmental Reporting (continued)

Analysis of joint venture profits by segment

	Adjusted EBITDA ⁽¹⁾		Operating profit	
	Year ended 31 Dec 2019 \$m	Year ended 31 Dec 2018 \$m	Year ended 31 Dec 2019 \$m	Year ended 31 Dec 2018 \$m
Asset Solutions EAAA	74.7	54.5	60.1	32.8
Asset Solutions Americas	9.2	13.2	8.7	13.2
Technical Consulting Solutions	0.9	1.8	0.9	1.7
Investment Services	(2.8)	13.8	(2.8)	11.2
Total	82.0	83.3	66.9	58.9

Other segment items

	Asset Solutions EAAA \$m	Asset Solutions Americas \$m	Technical Consulting Solutions \$m	Investment Services \$m	Unallocated \$m	Total \$m
At 31 December 2019						
Capital expenditure						
PP&E	22.0	26.8	9.9	-	-	58.7
Intangible assets	52.3	32.0	11.2	-	1.7	97.2
Non-cash expense						
Depreciation	14.5	20.2	9.2	0.3	2.3	46.5
IFRS 16 depreciation on right of use asset	44.2	30.4	47.5	0.5	0.4	123.0
Amortisation	100.0	76.9	58.9	-	6.6	242.4
Exceptional items (non-cash element)	5.0	2.9	15.3	-	46.7	69.9

At 31 December 2018

Capital expenditure						
PP&E	13.6	15.6	5.8	0.5	1.5	37.0
Intangible assets	28.4	11.4	4.3	-	14.2	58.3
Non-cash expense						
Depreciation	16.2	22.0	9.6	1.7	2.1	51.6
Amortisation	85.9	92.0	59.1	-	9.3	246.3
Exceptional items (non-cash element)	44.6	11.2	4.0	6.8	40.4	107.0

The figures in the tables above are prepared on an equity accounting basis and therefore exclude the share of joint ventures.

Depreciation in respect of joint ventures totals \$7.1m (2018: \$12.3m), depreciation in respect of joint venture IFRS 16 right of use assets totals \$5.4m (2018: \$nil) and joint venture amortisation amounts to \$1.3m (2018: \$2.5m).

Geographical segments	Non-current assets		Continuing revenue	
	2019 \$m	2018 \$m	2019 \$m	2018 \$m
United Kingdom	1,136.1	1,226.7	1,156.2	1,327.2
United States of America	3,639.1	3,557.3	4,602.5	4,293.8
Canada	754.9	769.9	638.6	679.6
Australia	162.8	135.5	491.6	500.2
Kuwait	166.9	164.7	273.1	339.9
Kazakhstan	32.5	26.1	163.6	249.8
Saudi Arabia	98.8	84.7	235.7	193.2
Rest of the world	1,139.8	1,134.9	2,329.1	2,430.7
	7,130.9	7,099.8	9,890.4	10,014.4

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 by geographical segment is based on the location of the ultimate project. Revenue is attributable to the provision of services.

2 Revenue

In the following table, revenue is disaggregated by primary geographical market and major service line. The tables provided below analyse total revenue. The 2018 comparatives have been adjusted to exclude joint venture revenue and reflect minor changes in the Group structure.

Primary geographical market	AS EAAA	AS EAAA	AS	AS	TCS	TCS	IS	IS	Total	Total
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
USA	-	-	3,403.6	3,079.1	1,180.9	1,150.6	18.0	64.1	4,602.5	4,293.8
Europe	1,194.4	1,385.7	-	-	640.8	732.2	25.9	34.1	1,861.1	2,152.0
Rest of the world	1,953.2	1,897.4	490.9	589.1	957.4	1,030.4	25.3	51.7	3,426.8	3,568.6
Revenue	3,147.6	3,283.1	3,894.5	3,668.2	2,779.1	2,913.2	69.2	149.9	9,890.4	10,014.4
Major service lines										
Upstream/midstream	1,663.8	1,658.3	1,688.2	1,519.4	411.2	440.6	-	-	3,763.2	3,618.3
Downstream	935.4	1,116.6	1,197.1	904.1	138.7	150.5	-	-	2,271.2	2,171.2
Built Environment	-	-	-	-	1,394.4	1,405.8	-	-	1,394.4	1,405.8
Other energy	548.4	508.2	1,009.2	1,244.7	834.8	916.3	69.2	149.9	2,461.6	2,819.1
Revenue	3,147.6	3,283.1	3,894.5	3,668.2	2,779.1	2,913.2	69.2	149.9	9,890.4	10,014.4

The Group's revenue is largely derived from the provision of services over time.

Revenue in 2019 included \$6,967.5m (70%) (2018: \$6,761.6m, 68%) from reimbursable contracts and \$2,922.9m (30%) (2018: \$3,252.8m, 32%) from lump sum contracts. The calculation of revenue from lump sum contracts is based on estimates and the amount recognised could increase or decrease.

Contract assets and liabilities

The following table provides a summary of contract assets and liabilities arising from the Group's contracts with customers.

	2019	2018
	\$m	\$m
Trade receivables	943.5	1,287.1
Gross amounts due from customers	962.8	935.1
Gross amounts due to customers	(480.5)	(407.5)
	1,425.8	1,814.7

The contract asset 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.

The reduction in trade receivables is due to improved cash collection during the year and reduced activity in December 2019 compared with December 2018. The increase in gross amounts due to customers is due to a significant advance received in respect of a major contract which was ongoing during 2019.

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 is included within the 'Trade and other payables' heading in the Group balance sheet.

Revenue recognised in 2019 which was included in gross amounts due to customers at the beginning of the year of \$401.3m represents amounts included within contract liabilities at 1 January 2019. Revenue recognised from performance obligations satisfied in previous periods of \$24.9m represents revenue recognised in 2019 for performance obligations which were considered operationally complete at 31 December 2018.

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 2019 was as follows:

\$m	Year 1	Year 2	Total
Revenue	3,791.9	2,300.0	6,091.9

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 does not include any amounts of variable consideration which are constrained.

3 Finance expense/(income)

	2019 \$m	2018 \$m
Interest payable on senior loan notes	28.5	14.1
Interest payable on borrowings	63.0	67.8
Amortisation of bank facility fees	3.9	3.9
Unwinding of discount on deferred and contingent consideration liabilities (note 19)	0.4	1.0
Unwinding of discount on asbestos provision	9.7	9.7
Unwinding of discount on other liabilities	2.2	4.6
IFRS 16 interest (note 11)	28.2	-
Other interest expense	28.4	16.0
Finance expense – continuing operations	164.3	117.1
Interest receivable	(3.9)	(4.8)
Interest income – retirement benefit obligations (note 32)	(5.7)	(0.5)
Finance income	(9.6)	(5.3)
Finance expense – continuing operations – net	154.7	111.8

Net interest expense of \$5.9m (2018: \$8.1m) has been deducted in arriving at the share of post-tax profit from joint ventures. The unwinding of discount on the asbestos provision is \$9.7m per note 20 and includes the unwinding of discount on long-term asbestos receivables.

4 Profit before taxation

	2019 \$m	2018 \$m
The following items have been charged/(credited) in arriving at profit before taxation :		
Employee benefits expense (note 31)	4,441.9	4,558.2
Amortisation of intangible assets (note 9)	242.4	246.3
Depreciation of property plant and equipment (note 10)	46.5	51.6
Depreciation of right of use assets (note 11)	123.0	-
(Gain)/loss on disposal of property plant and equipment	(1.9)	1.4
Foreign exchange losses/(gains)	0.7	(11.7)

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.

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:

	2019 \$m	2018 \$m
Fees payable to the Group's auditors and its associate firms for		
Audit of parent company and consolidated financial statements	4.4	4.0
Audit of financial statements of subsidiaries of the company	2.3	3.0
Audit related assurance services	0.4	0.3
Tax and other services	0.1	0.1
	7.2	7.4

The ratio of audit related services to other non-audit services is 1.00 : 0.01.

5 Exceptional items

	2019 \$m	2018 \$m
Exceptional items included in continuing operations		
Loss on sale of core business (see note 30)	9.4	-
Redundancy, restructuring and integration costs	41.7	71.7
Arbitration settlement provision	-	10.4
Investigation support costs and provisions	56.5	26.3
GMP equalisation	-	31.9
Impairment of investment in EthosEnergy	-	41.4
Impairments recorded by EthosEnergy	-	9.6
	107.6	191.3
Tax charge/(credit)	19.5	(8.5)
	127.1	182.8

In the first half of 2019, the Group disposed of Terra Nova Technologies and the net loss on sale (after allocating goodwill) of \$9.4m has been included in exceptional items.

Redundancy, restructuring and integration costs of \$41.7m (2018: \$71.7m) have been incurred during the year. The total includes \$11.8m (2018: \$41.8m) of integration costs in relation to the acquisition of Amec Foster Wheeler and were incurred in order to generate efficiency savings with the enlarged business. These costs are expected to largely cease in 2020. In addition, \$26.1m (2018: \$23.8m) of additional redundancy and restructuring costs were incurred, mainly in relation to the formation of TCS and \$5.8m (2018: \$6.1m) of costs related to onerous property contracts, of which \$2.8m has been recognised as an impairment charge against the IFRS 16 right of use asset. The total also includes \$1.3m of charges relating to joint ventures and a \$3.3m gain with respect to the assignation of a lease contract to an external party.

Investigation support costs of \$10.5m (2018: \$26.3m) have been incurred during the year in relation to ongoing investigations by the US Securities and Exchange Commission, the US Department of Justice and UK Serious Fraud Office. During the year discussions concerning possible resolutions of the investigations by the authorities in the US, Brazil and Scotland have progressed to the point where the Group believes that it is likely to be able to settle the relevant matters with these authorities at an aggregate cost of \$46.0m, which is reflected as a provision in the financial statements as described in note 20. As set out in note 33, Amec Foster Wheeler made a disclosure to the UK Serious Fraud Office ("SFO") about these matters and, since April 2017, in connection with the SFO's investigation into Unaoil, the SFO has required Amec Foster Wheeler to produce information relating to any relationship of Amec Foster Wheeler with Unaoil and certain other third parties. As it is not possible to make a reliable estimate of the liability that may arise, no provision has been made for this element of the investigation. See note 33 for full details.

In 2018, a charge of \$10.4m was recorded in relation to a legacy contract carried out by the Group's Gas Turbine Services business prior to the formation of EthosEnergy. An arbitration hearing was held in relation to a dispute between the Group and a former subcontractor and this amount represents the additional provision required to cover the settlement and related legal costs, \$19.2m having been provided in prior years.

A court ruling passed in October 2018 provided clarity in respect of Guaranteed Minimum Pension ('GMP') equalisation in relation to UK defined benefit pension schemes. As a result, the Group allowed for GMP equalisation in determining its UK defined benefit scheme liabilities with the increase in liabilities arising of \$31.9m being recorded as an exceptional charge in 2018.

In 2018, the Group carried out an impairment review of its investment in the EthosEnergy joint venture. The recoverable amount of the investment, based on management's estimate of fair value less costs of disposal was lower than the book value and an impairment charge of \$41.4m was recorded in the income statement. During 2018, there was also an impairment recorded by EthosEnergy of \$9.6m and this included restructuring and redundancy costs and write downs in relation to one of its businesses.

An exceptional tax charge of \$19.5m has been recorded in 2019 reflecting the write off of irrecoverable tax balances relating to joint ventures.

The allocation of continuing exceptional items of \$107.6m by segment is as follows – AS EAAA \$12.5m, AS Americas \$7.8m, TCS \$22.6m, Central \$65.5m, partially offset by a small credit in Investment Services of \$0.8m.

6 Taxation

	2019 \$m	2018 \$m
Current tax		
Current year	100.4	120.4
Adjustment in respect of prior years	(11.3)	(11.9)
	89.1	108.5
Deferred tax		
Origination and reversal of temporary differences	(25.6)	(40.7)
Adjustment in respect of prior years	12.4	(6.7)
	(13.2)	(47.4)
Total tax charge	75.9	61.1
Comprising		
Tax on continuing operations before exceptional items	56.4	69.6
Tax on exceptional items in continuing operations	19.5	(8.5)
Total tax charge	75.9	61.1
	2019	2018
Tax (credited)/charged/ to other comprehensive income/expense	\$m	\$m
Deferred tax movement on retirement benefit liabilities	(6.8)	20.5
Tax on derivative financial instruments	(1.4)	(0.6)
Total (credited)/charged to other comprehensive income/expense	(8.2)	19.9
	2019	2018
Tax charged/(credited) to equity	\$m	\$m
Deferred tax relating to share option schemes	4.1	1.1
Current tax relating to share option schemes	-	(0.4)
Deferred tax impact of rate change	(0.3)	(1.8)
Other	(0.7)	-
Total charged/(credited) to equity	3.1	(1.1)

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)

	2019	2018
	\$m	\$m
Reconciliation of applicable tax charge at statutory rates to tax charge		
Profit before taxation from continuing operations (excluding profits from and impairment of joint ventures)	100.5	60.5
Applicable tax charge at statutory rates	15.1	10.5
Effects of:		
Non-deductible expenses	12.7	10.3
Non-taxable income	(2.1)	(1.9)
Non-deductible expenses - exceptional	27.9	2.2
Non-taxable income - exceptional	(1.5)	(1.0)
Benefit of financing structure	-	(10.8)
Deferred tax recognition:		
Recognition of deferred tax assets not previously recognised	(16.5)	(1.4)
Utilisation of tax assets not previously recognised	(29.7)	-
Current year deferred tax assets not recognised	31.9	40.4
Write off of previously recognised deferred tax assets	0.8	0.1
Irrecoverable withholding tax	18.7	29.0
Additional US taxes	9.8	5.0
CFC charges	2.2	4.1
Uncertain tax provisions	5.0	(5.8)
Uncertain tax provisions – prior year adjustments	(22.6)	(25.5)
Uncertain tax provisions – prior year adjustments - exceptional	(1.5)	(2.7)
Prior year adjustments	4.2	(4.3)
Prior year adjustments - exceptional	21.0	13.9
Impact of change in rates on deferred tax	0.5	(1.0)
Total tax charge	75.9	61.1

The weighted average of statutory tax rates was 15.0% in 2019 (2018: 17.4%).

The adjustments in respect of prior years' largely relates 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.

Net income tax liabilities in the Group balance sheet include \$149.7m (2018: \$176.9m) 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 (\$51.9m, 2018: \$54.7m), group financing (\$33.0m, of which \$11.6m relates to deferred tax, 2018: \$38.3m) and transfer pricing and tax residence (\$22.2m, 2018: \$26.5m). 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, \$71.2m are currently under audit by tax authorities and the provision reflects the maximum potential liability. The outcome of the audits will determine if there is a credit to taxation in 2020. Of the balance, \$12.4m will become statute barred for tax authority audit during 2020 if the tax authorities do not commence an audit.

6 Taxation (continued)

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 outline key factors that may impact on future tax charges:

From 1 January 2018 the US has introduced a charge in relation to transactions with group companies (Base Erosion Anti-abuse Tax "BEAT"). The rate of BEAT is currently 10%, from 1 January 2026 it will increase to 12.5%. In December 2019 the IRS issued proposed regulations which included the option of disclaiming for Federal tax purposes the expenses which give rise to the BEAT charge. We are assessing whether this would be a beneficial election factoring in the impact on Federal and state taxes.

As part of the US tax reform, a new charge on the profits of overseas subsidiaries of US entities was created called Global Intangible Low-Taxed Income tax (GILTI). This resulted in a tax charge in the current year. The Group is currently utilising brought forward tax losses against taxable income, as these losses are required to be used in advance of foreign tax credits. Once these losses are extinguished, the GILTI charge will no longer apply as there will be a Federal income tax charge on the profits of overseas subsidiaries which will be offset by foreign tax credits.

The UK Government included in their election manifesto the reversal of the enacted change in the UK corporation tax rate from 19% to 17% from 1 April 2020. UK deferred tax is currently calculated using the 17% rate. If the 2020 Finance Act changes the rate back to 19% from 1 April, the change in rate will be reflected in the 2020 financial statements.

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 Dividends

	2019 \$m	2018 \$m
Dividends on ordinary shares		
Final 2018 dividend paid: 23.7 cents per share (Final 2017: 23.2 cents)	159.0	155.3
Interim 2019 dividend paid: 11.4 cents per share (Interim 2018: 11.3 cents)	76.5	75.7
	235.5	231.0

The directors are proposing a final dividend in respect of the financial year ended 31 December 2019 of 23.9 cents per share. The final dividend will be paid on 15 May 2020 to shareholders who are on the register of members on 17 April 2020. The financial statements do not reflect the final dividend until approved by the shareholders, the payment of which will result in an estimated \$160.4m reduction in equity attributable to owners of the parent.

8 Earnings per share

	2019			2018		
	Earnings/(losses) attributable to owners of the parent \$m	Number of shares m	Earnings per share cents	Earnings/(losses) attributable to owners of the parent \$m	Number of shares m	Earnings per share cents
Basic pre-exceptional	199.1	670.9	29.7	173.9	669.6	26.0
Exceptional items, net of tax	(127.1)	-	(19.0)	(182.8)	-	(27.3)
Basic	72.0	670.9	10.7	(8.9)	669.6	(1.3)
Effect of dilutive ordinary shares	-	15.8	(0.2)	-	-	-
Diluted	72.0	686.7	10.5	(8.9)	669.6	(1.3)
Adjusted diluted earnings per share calculation						
Basic	72.0	670.9	10.7	(8.9)	669.6	(1.3)
Effect of dilutive ordinary shares	-	15.8	(0.2)	-	13.4	-
	72.0	686.7	10.5	(8.9)	683.0	(1.3)
Exceptional items, net of tax	127.1	-	18.5	182.8	-	26.8
Amortisation related to acquisitions, net of tax	117.1	-	17.0	144.1	-	21.1
Adjusted diluted	316.2	686.7	46.0	318.0	683.0	46.6
Adjusted basic	316.2	670.9	47.1	318.0	669.6	47.5

As the Group has reported a basic earnings (2018: loss) per ordinary share, any potential ordinary shares that are anti-dilutive are included (2018: excluded) in the calculation of diluted earnings per share. These options could potentially dilute earnings per share in future periods. As adjusted diluted earnings per share is a non-GAAP measure, the potential ordinary shares have not been excluded from this calculation.

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. 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. 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. The 2018 comparatives were amended as previously the add back in relation to amortisation included all intangibles, whereas now only includes amortisation related to acquisitions.

9 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 2019	5,399.3	303.7	867.8	182.2	674.2	7,427.2
Exchange movements	54.4	14.2	9.7	0.9	6.4	85.6
Additions	-	97.2	-	-	-	97.2
Disposals	-	(115.8)	(23.2)	-	-	(139.0)
Businesses divested (note 30)	(33.1)	(0.6)	-	-	(7.0)	(40.7)
Reclassified as held for sale (note 30)	(210.9)	(3.0)	(39.8)	-	(15.2)	(268.9)
Reclassification	-	7.8	-	-	-	7.8
At 31 December 2019	5,209.7	303.5	814.5	183.1	658.4	7,169.2
Amortisation and impairment						
At 1 January 2019	0.8	212.8	452.2	62.5	42.2	770.5
Exchange movements	-	10.6	7.2	(0.1)	0.5	18.2
Amortisation charge	-	98.2	62.9	47.4	33.9	242.4
Disposals	-	(115.8)	(23.2)	-	-	(139.0)
Businesses divested (note 30)	-	(0.5)	-	-	(0.5)	(1.0)
Reclassified as held for sale (note 30)	-	(2.1)	(17.5)	-	(1.3)	(20.9)
At 31 December 2019	0.8	203.2	481.6	109.8	74.8	870.2
Net book value at 31 December 2019	5,208.9	100.3	332.9	73.3	583.6	6,299.0
Cost						
At 1 January 2018	5,535.3	358.2	894.6	184.7	687.4	7,660.2
Exchange movements	(139.8)	(20.2)	(26.8)	(2.5)	(13.2)	(202.5)
Additions	-	58.3	-	-	-	58.3
Acquisitions	3.8	-	-	-	-	3.8
Disposals	-	(97.9)	-	-	-	(97.9)
Reclassification	-	5.3	-	-	-	5.3
At 31 December 2018	5,399.3	303.7	867.8	182.2	674.2	7,427.2
Amortisation and impairment						
At 1 January 2018	0.8	245.6	389.1	12.7	9.1	657.3
Exchange movements	-	(16.7)	(17.3)	(0.7)	(0.5)	(35.2)
Amortisation charge	-	81.8	80.4	50.5	33.6	246.3
Disposals	-	(97.9)	-	-	-	(97.9)
At 31 December 2018	0.8	212.8	452.2	62.5	42.2	770.5
Net book value at 31 December 2018	5,398.5	90.9	415.6	119.7	632.0	6,656.7

The carrying value of software held under deferred payment arrangements at 31 December 2019 was \$3.8m (2018: \$7.3m). There were no additions to software held under deferred payment arrangements during the year (2018: \$nil).

9 Goodwill and other intangible assets (continued)

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 1 October 2019 (the "test date"). The Group has four CGUs and Goodwill is monitored by management at CGU level (there is no goodwill attributable to the Investment Services business). The allocation of Goodwill by CGU as at the test date is shown in the table below. Goodwill and other intangible assets in respect of the nuclear and industrial services businesses have been classified as held for sale and so have been tested for impairment separately.

Value-in-use calculations have been prepared for each CGU using the cash flow projections included in the financial budgets prepared by management and approved by the Board for 2020. The budget is based on various assumptions including market outlook, resource utilisation, contract backlog, contract margins and assumed contract awards. The short-term EBITDA growth rate assumptions used in the 2019 impairment test were in the range of 7% to 15% in (2018: 2% to 19%).

The growth rates assumed from 2022 have also been used in the calculation of the terminal value. The growth rates used do not exceed the long-term average growth rates for the regions in which the CGUs operate and are 3% for EAAA (2018: 3%); 2% for ASA (2018: 2%); and 2.4% (2018: 2% - 3%) for TCS.

The cash flows have been discounted using discount rates appropriate for each CGU, and these rates are reviewed annually. The pre-tax rates used for the 2019 review are as follows: 11.3% for Asset Solutions EAAA (2018: 11.4%), 11.5% for Asset Solutions Americas (2018: 11.6%) and 12.1% (2018: 11.4% - 11.8%) for Technical Consulting Solutions (the equivalent post-tax rates are 9.4%, 9.4%, 10.0% respectively) (2018: 9.5%, 9.5% and 9.25% -10% respectively) and were derived from the Group WACC calculation with specific adjustments for CGU specific risks including country risk premiums.

The carrying value of the goodwill for each CGU as at the test date is shown in the table below. No goodwill has been written off during the current or prior year.

Cash Generating Unit	Goodwill carrying value (\$m)
Asset Solutions EAAA	2,005.3
Asset Solutions Americas	1,800.6
Technical Consulting Solutions	1,308.9

The headroom on Asset Solutions EAAA based on the assumptions above was \$386m. A sensitivity analysis has been performed assuming the impact of reasonably possible changes to the assumptions used in the impairment review, which did not result in an impairment. A 1.3% reduction in the long-term growth rate would result in a reduction of the headroom to \$nil and a 1.2% increase in the discount rate would result in headroom of \$nil. A reasonably possible change in the short-term EBITDA growth rate did not result in an impairment.

The headroom on Asset Solutions Americas based on the assumptions above was \$353m. A sensitivity analysis has been performed assuming the impact of reasonably possible changes to the assumptions used in the impairment review, which did not result in an impairment. A 1.5% reduction in the long-term growth rate would result in a reduction of the headroom to \$nil and a 1.3% increase in the discount rate would result in headroom of \$nil. A reasonably possible change in the short-term EBITDA growth rate did not result in an impairment.

Reasonably possible changes in the critical assumptions did not identify any potential impairments.

Intangible assets arising on acquisition include the valuation of customer contracts and relationships, order backlog and brands recognised on business combinations. As part of the annual impairment review, Group management has assessed whether there were any impairment triggers and none were identified.

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 is being amortised over periods of 2 to 5 years. Brands recognised relate entirely to the acquisition of AFW and are being amortised over a 20 year period.

Software and development costs includes internally generated assets with a net book value of \$18.2m at 31 December 2019 (2018: \$18.0m). \$10.4m (2018: \$6.5m) 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.

Goodwill of \$244.0m was allocated to businesses disposed of during the year (\$33.1m) and businesses classified as held for sale at the year end (\$210.9m). Other intangibles with a total book value of \$43.7m were allocated to the businesses disposed of during the year (\$6.6m) and businesses classified as held for sale (\$37.1m).

10 Property plant and equipment

	Land and Buildings \$m	Plant and equipment \$m	Total \$m
Cost			
At 1 January 2019	104.4	241.1	345.5
Exchange movements	1.9	4.6	6.5
Additions	7.9	50.8	58.7
Disposals	(15.7)	(48.5)	(64.2)
Transferred to held for sale (note 30)	(0.9)	(66.9)	(67.8)
Reclassifications	(6.4)	6.4	-
At 31 December 2019	91.2	187.5	278.7
Accumulated depreciation and impairment			
At 1 January 2019	37.5	109.5	147.0
Exchange movements	2.0	4.0	6.0
Charge for the year	10.5	36.0	46.5
Disposals	(13.3)	(33.4)	(46.7)
Transferred to held for sale (note 30)	(0.9)	(37.5)	(38.4)
Reclassifications	0.9	(0.9)	-
At 31 December 2019	36.7	77.7	114.4
Net book value at 31 December 2019	54.5	109.8	164.3
Cost			
At 1 January 2018	123.6	266.4	390.0
Exchange movements	(4.6)	(15.4)	(20.0)
Additions	6.9	30.1	37.0
Acquisitions	-	0.6	0.6
Disposals	(8.9)	(36.9)	(45.8)
Reclassifications	(4.5)	4.5	-
Transferred to held for sale	(8.1)	(8.2)	(16.3)
At 31 December 2018	104.4	241.1	345.5
Accumulated depreciation and impairment			
At 1 January 2018	37.1	119.4	156.5
Exchange movements	(2.9)	(12.0)	(14.9)
Charge for the year	13.6	38.0	51.6
Disposals	(7.0)	(32.4)	(39.4)
Impairment	0.7	-	0.7
Transferred to held for sale	(4.0)	(3.5)	(7.5)
At 31 December 2018	37.5	109.5	147.0
Net book value at 31 December 2018	66.9	131.6	198.5

The net book value of Land and Buildings includes \$30.6m (2018: \$41.3m) of Long Leasehold and Freehold property and \$23.9m (2018: \$25.6m) of Short Leasehold property. There were no material amounts in assets under construction at 31 December 2019.

11 Leases

	Land and Buildings \$m	Plant and equipment \$m	Total \$m
Right of use assets			
Net book value			
At 1 January 2019	427.5	23.1	450.6
Exchange movements	1.4	0.1	1.5
Additions	103.2	17.4	120.6
Incentives received	(9.0)	-	(9.0)
Disposals	(12.3)	-	(12.3)
Classification as held for sale (note 30)	(7.7)	-	(7.7)
Impairment	(2.8)	-	(2.8)
Depreciation of right of use assets	(101.1)	(21.9)	(123.0)
At 31 December 2019	399.2	18.7	417.9
Lease liabilities			
At 1 January 2019	545.9	23.1	569.0
Exchange movements	1.4	0.1	1.5
Additions	103.2	17.4	120.6
Disposals	(15.6)	-	(15.6)
Classification as held for sale (note 30)	(7.2)	-	(7.2)
Interest expense related to lease liabilities	26.6	1.6	28.2
Repayment of lease liabilities	(134.4)	(21.2)	(155.6)
At 31 December 2019	519.9	21.0	540.9

The Group has finance leases liabilities totalling \$33.4m in addition to the IFRS 16 lease liabilities in respect of leases previously classified as operating leases under IAS 17. A maturity analysis of the Group's total lease liability is shown below:

	\$m
Current lease liability	159.9
Non-current lease liability	414.4
At 31 December 2019	574.3

The following table shows the breakdown of lease expense between amounts charged to operating profit and amounts charged to finance costs.

	\$m
Depreciation charge for right of use assets	
Property	101.1
Plant and equipment	21.9
Short term and low value lease expense	10.7
Charged to operating profit	133.7
Interest expense related to lease liabilities	28.2
Charge to profit/(loss) before taxation for leases	161.9

The short term and low value lease expense of \$10.7m has been included in cash flow from operating activities. The Group leases various properties, plant and equipment throughout the world. The majority of the lease liability relates to properties with leases generally entered into for fixed periods of up to three 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. Previously, leases of property, plant and equipment were classified as either finance or operating leases. From 1 January 2019, leases are recognised as a right of use asset and corresponding liability, once the asset is available for use by the Group.

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 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").

11 Leases (continued)

The lease liability is subsequently increased by the interest cost on the lease liability and reduced by the lease payment made. 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 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 significantly affect the amount of lease liabilities and right of use assets recognised.

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.

12 Investment in joint ventures

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 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 based 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%)	
	2019 \$m	2018 \$m	2019 \$m	2018 \$m
Non-current assets	138.7	180.2	53.4	42.8
Current assets	548.9	631.2	123.4	137.5
Current liabilities	(334.3)	(355.7)	(61.1)	(63.6)
Non-current liabilities	(93.0)	(29.4)	(3.3)	(3.1)
Net assets	260.3	426.3	112.4	113.6
Wood Group share	132.8	217.4	56.2	56.8
Impairments and other adjustments	(94.4)	(188.4)	-	-
Wood Group investment	38.4	29.0	56.2	56.8
Revenue	946.3	904.5	215.1	222.8
Cost of sales	(810.1)	(794.6)	(153.7)	(158.7)
Administrative expenses	(102.2)	(95.6)	(31.0)	(33.0)
Exceptional items	(2.6)	(19.0)	-	-
Operating profit/(loss)	31.4	(4.7)	30.4	31.1
Finance (expense)/income	(10.8)	(5.7)	(0.4)	0.2
Profit/(loss) before tax	20.6	(10.4)	30.0	31.3
Tax	(2.2)	(2.3)	(6.0)	(6.4)
Post-tax profit/(loss) from joint ventures	18.4	(12.7)	24.0	24.9
Wood Group share	9.4	(6.5)	12.0	12.5

Cash and cash equivalents amounted to \$63.0m (2018: \$50.2m) and \$1.7m (2018: \$2.2m) for EthosEnergy and RWG respectively.

Depreciation amounted to \$4.6m (2018: \$11.4m) and \$2.0m (2018: \$1.3m) for EthosEnergy and RWG respectively.

Amortisation amounted to \$nil (2018: \$1.5m) and \$2.6m (2018: \$2.6m) for EthosEnergy and RWG respectively.

EthosEnergy's net borrowings, at 31 December 2019 amounted to \$92.7m (2018: \$110.6m).

RWG had net borrowings at 31 December 2019 of \$4.3m (2018: \$2.4m).

The aggregate carrying amount of the Group's other equity accounted joint ventures, which individually are not material, amounted to \$73.7m at 31 December 2019 (2018: \$82.4m).

12 Investment in joint ventures (continued)

The Group's share of its joint venture income and expenses is shown below.

	2019 \$m	2018 \$m
Revenue	1,106.8	1,021.6
Cost of sales	(947.4)	(873.3)
Administrative expenses	(91.2)	(79.8)
Exceptional items	(1.3)	(9.6)
Operating profit	66.9	58.9
Net finance expense	(5.9)	(8.1)
Profit before tax	61.0	50.8
Tax	(12.8)	(16.4)
Share of post-tax profit from joint ventures	48.2	34.4

The movement in investment in joint ventures is shown below.

	\$m
At 1 January 2019	168.2
Exchange movements on retranslation of net assets	2.7
Additional investment in joint ventures	0.8
Share of profit after tax	48.2
Impairment of investments	(1.3)
Dividends received	(43.0)
Reclassification of amounts due from joint ventures	54.5
Transferred to assets held for sale (note 30)	(61.8)
At 31 December 2019	168.3

The Group is in the process of disposing of an investment in a non-core joint venture and as a result the investment balance at 31 December 2019 of \$61.8m has been transferred to assets held for sale as the Group expects to dispose of its investment in the first half of 2020.

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.

The \$54.5m reclassified in the table above relates to the offset of a credit balance in investment in joint ventures against amounts that had previously been recognised as receivable from joint ventures. The reclassification has no impact on the income statement or the cash flow statement and no effect on net assets.

A full list of subsidiary and joint venture entities is included in note 37.

Other investments

Other investments include \$81.4m (2018: \$76.4m) relating to the US SERP referred to in note 32. 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 18).

13 Inventories

	2019 \$m	2018 \$m
Materials	3.5	4.3
Work in progress	1.4	3.7
Finished goods and goods for resale	9.6	5.7
	14.5	13.7

14 Trade and other receivables

	2019 \$m	2018 \$m
Trade receivables	1,034.6	1,391.9
Less: provision for impairment of trade receivables	(91.1)	(104.8)
Trade receivables – net	943.5	1,287.1
Gross amounts due from customers	962.8	935.1
Prepayments	161.1	157.2
Amounts due from joint ventures	26.9	97.2
Asbestos related insurance recoveries	16.2	16.3
Research and development credits	94.1	-
Other receivables	101.4	62.8
Trade and other receivables – current	2,306.0	2,555.7
Long term receivables – asbestos related insurance recoveries	75.1	90.2
Long term receivables – other	20.6	37.9
Total receivables	2,401.7	2,683.8

As at 31 December 2019 the Group had received \$198.4m (2018: \$153.5m) of cash relating to a non-recourse financing arrangement with one of its banks. An equivalent amount of trade receivables was derecognised on receipt of the cash.

Research and development credits are presented separately at 31 December 2019. In previous periods, R&D credits were presented in a combination of tax receivable, prepayments and other receivable accounts.

Financial assets

	2019 \$m	2018 \$m
Restricted cash	-	11.7
Derivative financial instruments (note 19)	10.1	2.6
	10.1	14.3

The restricted cash held at 31 December 2018 was cash that was subject to an attachment order. The restricted cash balance was included in the Group's net debt figure (see note 29).

14 Trade and other receivables (continued)

The Group's trade receivables balance is shown in the table below.

	Trade receivables - Gross \$m	Provision for impairment \$m	Trade receivables - Net \$m	Receivable days
31 December 2019				
Asset Solutions EAAA	349.9	(41.6)	308.3	70
Asset Solutions Americas	282.6	(14.8)	267.8	22
Technical Consulting Solutions	361.8	(15.9)	345.9	82
Investment Services	40.3	(18.8)	21.5	87
Total Group	1,034.6	(91.1)	943.5	56
31 December 2018				
Asset Solutions EAAA	470.4	(50.3)	420.1	67
Asset Solutions Americas	396.1	(21.9)	374.2	45
Technical Consulting Solutions	461.5	(15.3)	446.2	78
Investment Services	63.9	(17.3)	46.6	177
Total Group	1,391.9	(104.8)	1,287.1	64

Receivable days are calculated by allocating the closing trade receivables balance to current and prior period revenue. A receivable days calculation of 56 indicates that closing trade receivables represent the most recent 56 days of revenue.

A provision for the impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the terms of the original receivables.

The ageing of the provision for impairment of trade receivables is as follows:

	2019 \$m	2018 \$m
Up to 3 months	1.4	2.1
Over 3 months	89.7	102.7
	91.1	104.8

14 Trade and other receivables (continued)

The movement on the provision for impairment of trade receivables is as follows:

	Asset Solutions EAAA \$m	Asset Solutions Americas \$m	Technical Consulting Solutions \$m	Investment Services \$m	Total \$m
2019					
At 1 January	50.3	21.9	15.4	17.2	104.8
Exchange movements	(0.3)	0.2	0.2	-	0.1
Provided during year	3.4	10.3	5.9	10.8	30.4
Utilised during year	(5.7)	(9.6)	(4.2)	-	(19.5)
Released during year	(5.1)	(8.0)	(1.3)	(9.2)	(23.6)
Reclassified to held for sale	(1.0)	-	(0.1)	-	(1.1)
At 31 December	41.6	14.8	15.9	18.8	91.1
2018					
At 1 January	48.7	24.7	17.0	2.6	93.0
Exchange movements	(2.5)	-	-	-	(2.5)
Provided during year	4.9	6.3	4.4	17.7	33.3
Released during year	(0.8)	(9.1)	(6.0)	(3.1)	(19.0)
At 31 December	50.3	21.9	15.4	17.2	104.8

The other classes within trade and other receivables do not contain impaired assets.

Included within gross trade receivables of \$1,034.6m above (2018: \$1,391.9m) and gross amounts due from customers of \$962.8m (2018: \$935.1m) are contract assets of \$300.8m (2018: \$449.6m) 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:

	2019 \$m	2018 \$m
Up to 3 months overdue	153.3	197.9
Over 3 months overdue	147.5	251.7
	300.8	449.6

The above analysis excludes retentions relating to contracts in progress of \$121.8m (2018: \$104.5m).

15 Cash and cash equivalents

	2019 \$m	2018 \$m
Cash at bank and in hand	1,836.9	1,335.2
Short-term bank deposits	10.1	17.5
	1,847.0	1,352.7

Cash at bank and in hand at 31 December 2019 includes \$1,448.6m (2018: \$942.0m) 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.

Cash of \$54.9m is included in assets held for sale (see note 30).

The effective interest rate on short-term deposits at 31 December 2019 was 1.5% and these deposits have an average maturity of 6 days.

16 Trade and other payables

	2019 \$m	2018 \$m
Trade payables	1,016.5	1,050.3
Gross amounts due to customers	480.5	407.5
Other tax and social security payable	53.6	71.8
Accruals	642.9	567.4
Deferred and contingent consideration (note 19)	20.0	21.8
Finance leases	-	9.8
Derivative financial instruments	3.9	7.2
Amounts due to joint ventures	4.4	3.1
Asbestos related payables	52.0	51.2
Other payables	345.8	336.0
	2,619.6	2,526.1

Gross amounts due to customers included above represent payments on account received in excess of amounts due from customers on fixed price contracts. The increase in gross amounts due to customers is mainly explained by a significant advance received in respect of a major contract which was ongoing during 2019.

Accruals includes amounts due to suppliers and sub-contractors that have not yet been invoiced, unpaid wages, salaries and bonuses.

Deferred and contingent consideration represents amounts payable on acquisitions made by the Group. The amount included in the table above is expected to be paid within one year from the balance sheet date.

Finance leases are now included in the leases liability (note 11).

Other payables includes project related and other liabilities.

17 Borrowings

	2019 \$m	2018 \$m
Bank loans and overdrafts due within one year or on demand		
Unsecured	1,752.7	984.5
Non-current bank loans		
Unsecured	693.3	1,542.3
Senior loan notes		
Unsecured	879.9	375.0
Total non-current borrowings	1,573.2	1,917.3

Borrowings of \$1,448.6m (2018: \$942.0m) 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. The increase in these borrowings and the \$297.6m term loan now falling due in October 2020 are the principal causes of the increase in current borrowings.

Bank overdrafts are denominated in a number of currencies and bear interest based on LIBOR or the relevant foreign currency equivalent.

The Group had total facilities of \$3,263.3m as at 31 December 2019, which comprised a 5 year \$1,750.0m revolving credit facility maturing in May 2022, \$879.9m of senior loan notes in the US private placement market with varying maturities, a \$297.6m 3 year term loan maturing in October 2020, \$235.8m of other banking facilities and a new \$100.0m bilateral term loan maturing in May 2022.

In February 2020, the Group negotiated a further \$200.0m of bilateral term loans, which will be used to partially settle the 3 year term loan maturing in October 2020.

Of the non-current borrowings of \$1,573.2m, \$19.9m is denominated in sterling with the balance in US dollars.

17 Borrowings (continued)

The Group's principal borrowing facilities at 31 December 2019 are set out in the table below.

Facility	Total available \$m	Drawn at 31 December 2019 \$m	Undrawn at 31 December 2019 \$m	Repayable
Term loan	297.6	297.6	-	October 2020
Term loan	100.0	100.0	-	May 2022
Bilateral facility	1,750.0	600.0	1,150.0	May 2022
Senior loan notes	879.9	879.9	-	Various dates
Other facilities	235.8	6.5	229.3	Various dates
Unamortised fees	-	(6.7)	6.7	N/A
	3,263.3	1,877.3	1,386.0	

The above table excludes borrowings of \$1,448.6m that are part of the Group's cash pooling arrangements.

The Group has \$879.9m (2018: \$375.0m) of unsecured senior loan notes issued in the US private placement market. The notes mature at varying dates between 2021 and 2031 as shown in the table below. Interest is payable at an average rate of 4.31% (2018: \$3.74%).

Repayable	2019 \$m	2018 \$m
August 2021	30.0	30.0
November 2021	47.0	47.0
July 2022	35.0	-
July 2024	25.0	-
August 2024	120.0	120.0
November 2024	50.0	50.0
July 2026	126.9	-
August 2026	128.0	128.0
February 2027	40.0	-
February 2029	100.0	-
July 2029	129.5	-
July 2031	48.5	-
	879.9	375.0

The effective interest rates on the Group's bank loans and overdrafts at the balance sheet date were as follows:

	2019 %	2018 %
US dollar	2.60	3.57
Sterling	2.24	2.09
Euro	1.15	1.15
Australian dollar	1.70	2.36

17 Borrowings (continued)

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2019 \$m	2018 \$m
US Dollar	2,655.9	2,177.2
Sterling	505.7	625.9
Euro	20.4	51.0
Australian dollar	127.0	35.8
Other	16.9	11.9
	3,325.9	2,901.8

The Group is required to issue tender bonds, performance bonds, retention bonds, advance payment bonds and standby letters of credit to certain customers. At 31 December 2019, the Group's bank facilities relating to the issue of bonds, guarantees and letters of credit amounted to \$1,921.4m (2018: \$1,901.4m). At 31 December 2019, these facilities were 55% utilised (2018: 46%).

Borrowing facilities

The Group has the following undrawn borrowing facilities available at 31 December:

	2019 \$m	2018 \$m
Expiring within one year	229.3	162.2
Expiring between two and five years	1,156.7	1,091.4
	1,386.0	1,253.6

All undrawn borrowing facilities are floating rate facilities. The facilities expiring within one year are annual facilities subject to review at various dates during 2020. The Group was in compliance with its bank covenants throughout the year.

18 Other non-current liabilities

	2019 \$m	2018 \$m
Deferred and contingent consideration (note 19)	-	4.8
Finance leases	-	25.2
Derivative financial instruments	10.5	-
Other payables	129.0	194.4
	139.5	224.4

Deferred and contingent consideration represents amounts payable on acquisitions made by the Group.

Other payables include \$81.4m (2018: \$76.4m) relating to the US SERP pension arrangement referred to in note 32 and unfavourable leases of \$9.8m (2018: \$70.7m). Prior to 2019, unfavourable leases were initially measured at fair value and were amortised over the life of the lease and presented as other payables. At 1 January 2019 unfavourable lease liabilities were offset against the right of use asset recognised on transition to IFRS 16. Unfavourable lease liabilities at 31 December 2019 represent non-lease components, such as facilities costs which are not included within the IFRS 16 lease liability.

19 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.

	2019 Notional contract amount \$m	2018 Notional contract amount \$m	2019 Carrying amount and fair value \$m	2018 Carrying amount and fair value \$m
Current assets	117.5	37.7	3.6	0.5
Current liabilities	(47.0)	(50.3)	(0.8)	(2.0)

A net foreign exchange gain of \$1.9m (2018: loss \$1.4m) was recognised in the hedging reserve as a result of fair value movements on forward contracts and currency swaps designated as cash flow hedges.

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.

	2019 Notional contract amount \$m	2018 Notional contract amount \$m	2019 Carrying amount and fair value \$m	2018 Carrying amount and fair value \$m
Current assets	654.2	236.4	6.5	2.1
Current liabilities	(196.1)	(160.4)	(3.1)	(1.9)

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 5%. 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.

19 Financial instruments (continued)

(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 and then uses interest rate swaps to generate the desired interest profile and to manage the Group's exposure to interest rate fluctuations. At 31 December 2019, 34% (2018: 21%) of the Group's borrowings were at fixed rates after taking account of interest rate swaps. 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, deposit cash with a financial institution with a credit rating of 'A' or better.

Hedging of interest rate risk – cash flow hedges

The notional contract amount, carrying amount and fair value of interest rate swaps designated as cash flow hedges at the balance sheet date are shown in the table below.

	2019 Hedged amount \$m	2018 Hedged amount \$m	2019 Carrying amount and fair value \$m	2018 Carrying amount and fair value \$m
Interest rate swaps	250.0	250.0	(10.5)	(3.3)

A net foreign exchange loss of \$7.2m (2018: \$3.3m) was recognised in the hedging reserve as a result of fair value movements on interest rate swaps designated as cash flow hedges.

If average interest rates had been 1% higher or lower during 2019 (2018: 1%), post-tax profit for the year would have been \$10.6m lower or higher respectively (2018: \$13.9m). 1% 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. 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 clients 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 clients 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 clients are typically large companies which have strong credit ratings assigned by international credit rating agencies. Where a client 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 has a broad client base and management believe that no further credit risk provision is required in excess of the provision for impairment of trade receivables.

Management review trade receivables based on receivable days calculations to assess performance. A table showing trade receivables and receivable days is provided in note 14. 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 2019 was \$1,901.9m (2018: \$1,388.6m). 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 'A' or better where possible. 100% of cash held on deposit at 31 December 2019 was held with such institutions.

(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 \$1,386.0m undrawn portion of the Group's committed banking facilities. The 2019 average net debt (excluding leases) was \$1,932.3m.

19 Financial instruments (continued)

The cash balance and undrawn portion of the Group's committed banking facilities can fluctuate throughout the year. The final 2018 dividend of \$159.0m was paid to shareholders in May 2019 and the 2019 interim dividend of \$76.5m was paid in September 2019 and these typically represent the Group's peak drawdown months. At both these points the Group was within its committed facility levels. Around the covenant remeasurement dates of 30 June and 31 December the Group's net debt is typically lower than these peaks due to a combination of factors including a strong focus on collection of receipts from clients and the timing of payments to suppliers. 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 2019, 90% (2018: 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 a 5 year \$1,750.0m revolving credit facility maturing in May 2022, a \$297.6m 3 year term loan maturing in October 2020 and a new \$100.0m bilateral term loan maturing in May 2022. The \$297.6m term loan repayable in October 2020 was reduced by \$111.0m following the disposal of the Industrial Services business in February 2020 and the remaining balance was repaid following receipt of the new \$200.0m bilateral loan facilities entered into in February 2020. The nuclear disposal, which completed in March 2020 generated an additional cash inflow of around \$319.0m.

The Group has \$879.9m of unsecured senior loan notes issued in the US private placement market. The notes mature in various tranches between August 2021 and 2031.

(d) Capital risk

The Group seeks to maintain an optimal capital structure by monitoring its ratio of net debt to EBITDA, its interest cover and its gearing ratio.

The ratio of net debt to Adjusted EBITDA at 31 December 2019 was 2.0 times (2018: 2.2 times). This ratio is calculated by dividing net debt before leases by Adjusted EBITDA, excluding the impact of IFRS 16.

Interest cover is calculated by dividing adjusted EBITDA, excluding the impact of IFRS 16, by net finance expense and was 5.6 times for the year ended 31 December 2019 (2018: 6.2 times).

Gearing is calculated by dividing net debt, before leases, by equity attributable to owners of the parent. Gearing at 31 December 2019 was 32.1% (2018: 33.0%).

Deferred and contingent consideration

Deferred and contingent consideration is payable on the acquisition of businesses based on earn out arrangements and is initially recognised at fair value. The amount payable is dependent on the post-acquisition profits of the acquired entities and the provision made is based on the Group's estimate of the likely profits of those entities based on the relevant Acquisition Approval Paper submitted to the Group Board. Where actual profits are higher or lower than the Group's estimate and the amount of contingent consideration payable is consequently different to the amount estimated then the variance is charged or credited to the income statement. Where deferred and contingent consideration is payable after more than one year the estimated liability is discounted using an appropriate rate of interest. The fair value of contingent consideration is not based on observable market data and as such the valuation method is classified as level 3 in the fair value hierarchy. The process for valuation is consistently applied to all acquisitions.

The table below presents the changes in level 3 financial instruments during the year:

Contingent consideration arising from business combinations	2019 \$m	2018 \$m
At 1 January	26.6	61.2
Exchange movements	0.5	(1.0)
Interest relating to discounting of contingent consideration	0.4	1.0
Payments during the year	(5.6)	(36.8)
Amounts (released)/charged to the income statement	(1.9)	2.2
At 31 December	20.0	26.6

19 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.

	Less than 1 year \$m	Between 1 and 2 years \$m	Between 2 and 5 years \$m	Over 5 years \$m
At 31 December 2019				
Borrowings	1,821.3	137.9	1,039.9	659.4
Trade and other payables	2,566.0	-	-	-
Lease liabilities	161.0	131.2	204.3	122.4
Other non-current liabilities	-	47.6	91.9	-
At 31 December 2018				
Borrowings	1,053.7	958.2	805.6	316.2
Trade and other payables	2,454.3	-	-	-
Other non-current liabilities	-	150.9	76.4	-

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 2019 was \$689.4m (book value \$693.3m) (2018: \$1,560.7m, book value \$1,542.3m). The fair value of the US Private Placement debt at 31 December 2019 was \$883.7m (book value \$879.9m) (2018: \$366.9m, book value \$375.0m).

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 2019 and 31 December 2018, there were no transfers into or out of level 2 fair value measurements.

20 Provisions

	Asbestos related litigation \$m	Insurance and property \$m	Litigation related provisions \$m	Project related provisions \$m	Total \$m
At 1 January 2019	453.4	71.2	91.1	375.5	991.2
Adjustment on initial application of IFRS 16	-	(17.7)	-	-	(17.7)
Adjusted opening balance	453.4	53.5	91.1	375.5	973.5
Reclassifications	-	65.8	(4.0)	(69.1)	(7.3)
Utilised	(49.9)	(10.9)	(11.2)	(109.5)	(181.5)
Charge to income statement	18.3	14.7	46.0	27.6	106.6
Released to income statement	(4.9)	(14.4)	(10.1)	(71.7)	(101.1)
Reclassified to held for sale	-	-	-	(3.0)	(3.0)
Exchange movements	2.0	1.5	-	1.5	5.0
At 31 December 2019	418.9	110.2	111.8	151.3	792.2
Presented as					
Current	-	11.3	57.0	72.3	140.6
Non-current	418.9	98.9	54.8	79.0	651.6

The opening insurance and property provision balance has been restated to reflect onerous lease provisions of \$17.7m which were set against the opening right of use asset recognised on transition to IFRS 16.

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.

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.

Some of Amec Foster Wheeler US subsidiaries are named as defendants in numerous lawsuits and out-of-court administrative claims pending in the US in which the plaintiffs claim damages for alleged bodily injury or death arising from exposure to asbestos in connection with work performed, or heat exchange devices assembled, installed and/or sold, by these entities. 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 the Group 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

20 Provisions (continued)

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 2019 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.

Asbestos related liabilities and assets recognised on the Group's balance sheet are as follows:

	2019			2018		
	US \$m	UK \$m	Total \$m	US \$m	UK \$m	Total \$m
Asbestos related provision						
Gross provision	485.8	59.2	545.0	543.3	61.7	605.0
Effect of discounting	(74.1)	-	(74.1)	(100.4)	-	(100.4)
Net provision	411.7	59.2	470.9	442.9	61.7	504.6
Insurance recoveries						
Gross recoveries	(38.4)	(54.5)	(92.9)	(52.2)	(57.2)	(109.4)
Effect of discounting	1.6	-	1.6	2.9	-	2.9
Net recoveries	(36.8)	(54.5)	(91.3)	(49.3)	(57.2)	(106.5)
Net asbestos related liabilities	374.9	4.7	379.6	393.6	4.5	398.1
<i>Presented in accounts as follows</i>						
Provisions – non-current			418.9			453.4
Trade and other payables			52.0			51.2
Trade and other receivables			(16.2)			(16.3)
Long term receivables			(75.1)			(90.2)
			379.6			398.1

In connection with updating the estimated asbestos liability and related assets, a net interest charge of \$9.7m for the time value of money and a yield curve charge in EBITDA of \$8.9m for a reduction in the US Federal funds rate in 2019 have been recorded.

A summary of the Group's US asbestos claim activity is shown in the table below:

Number of open claims	2019	2018
	Number	Number
At 1 January	64,370	70,120
New claims	2,760	2,700
Claims resolved	(5,060)	(8,450)
At 31 December	62,070	64,370
Claims not valued in liability	(47,280)	(50,160)
Open claims valued in liability at 31 December	14,790	14,210

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.

20 Provisions (continued)

Based on its review of 2019 activity, the Group's advisors recommended changes to the current forecast to include adjustments for payments made in 2019 (\$49.9m), adjustments to update risk premium assumptions and adjustments to reflect the impact of discounting. In 2019, the liability for asbestos indemnity and defence costs to 2050 was calculated at gross nominal amount of \$545.0m (present value \$470.9m), 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

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 period from 2009 to 2019, the average combined indemnity and defence cost per resolved claim has been approximately \$5k. The average cost per resolved claim is increasing and management believe it will continue to increase in the future. 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 Group's asbestos-related assets have been discounted at an appropriate rate of interest.

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	60-70
25% change in forecasted number of new claims	55-65
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 the 30 year US Treasury Bond rate to discount its asbestos liabilities. The table below sets out the annual charge associated with a 30 year rate alongside the charge that would have arisen had a 10 or a 20 year rate been used.

Duration	Rate as at 31 December 2019	Annual charge to EBITDA
		\$m
10 year	1.92%	22.5
20 year	2.25%	12.9
30 year	2.39%	8.9

A change of 0.1% in the 30 year US federal funds rate would give rise to a change to the income statement charge/credit of approximately \$3m.

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.

20 Provisions (continued)

The table below summarises the US asbestos-related net cash impact for indemnity and defence costs and collection of insurance proceeds:

	2019 \$m	2018 \$m
Asbestos litigation, defence and case resolution payments	49.9	46.6
Insurance proceeds	(14.3)	(14.6)
Net asbestos related payments	35.6	32.0

The Group expects to have a net cash outflow of around \$36.0m as a result of asbestos liability indemnity and defence payments in excess of insurance proceeds during 2020. This estimate assumes no settlements with insurance companies and no elections by the Group to fund additional payments. As the Group continues to collect cash from insurance settlements, the asbestos-related insurance receivable recorded on our consolidated balance sheet will continue to decrease.

The Group has discounted the expected future cash flows with respect to the asbestos related liabilities and the expected insurance recoveries using discount rates determined by reference to appropriate risk free market interest rates.

Insurance and property provisions

The Group has liabilities in relation to its captive insurance companies and for property dilapidations.

The Group currently has two captive insurance companies, Garlan Insurance Limited which is active and is based in Guernsey and Atlantic Services Limited which is dormant and is based in Bermuda. These companies provide or provided insurance solely to other Group companies and do not provide any insurance to third parties. The provisions recorded by the insurance captives 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.

In prior years the provisions relating to Garlan Insurance Limited were included in accruals and they have been moved to provisions during 2019 to ensure consistency of treatment.

Property dilapidations relate to the cost of restoring leased property back into its original, pre-let condition.

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 settlement will be required.

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 materially from the amounts that are recognised in the financial statements. Litigation related provisions include contingent liabilities acquired with Amec Foster Wheeler, which were originally measured at fair value on acquisition. These liabilities continue to be recognised until the liability is settled, cancelled or expired at the higher of the fair value initially recorded or the amount recognised in accordance with IAS 37.

Chemical Plant Litigation in the United States

In 2013, one of Amec Foster Wheeler plc's subsidiaries contracted to engineer, procure and construct a chemical plant for a client in Texas. In December 2015 the client partially terminated the contract and in September 2016, terminated the remainder of the contract and commenced a lawsuit in Texas against the subsidiary and also Amec Foster Wheeler plc, seeking damages for breach of contract and warranty, gross negligence, and fraud. The claim amount is unspecified but the client alleges that the projected cost for the assigned scope of work is approximately \$800 million above the alleged estimate and that the subsidiary's delays have caused it to suffer continuing monthly damages of \$25 million due to the alleged late completion of the facility and resultant delay to the client's ability to sell the expected products from the facility. We understand that the facility was completed mechanically in late 2017 and began commercial operation in early 2018. The client seeks recovery of actual and punitive damages, as well as the disgorgement of the full project fixed fee paid to the subsidiary (approximately \$66.5 million).

The Group believes that the claims lack legal and factual merit but provided for an amount representing the fair value of the exposure upon acquisition of Amec Foster Wheeler. The estimate that the subsidiary provided was in connection with the client's initial request for a lump sum bid and highly conditioned. The contract that was ultimately signed, and which governs the dispute, is a reimbursable cost plus fixed fee contract, with no guaranteed price or schedule, wherein the client assumed joint responsibility for management of the work and development of the project schedule. Liability for consequential damages is barred, except in the case of wilful misconduct. Except for gross negligence, wilful misconduct, and warranty claims, overall liability is capped at 10 percent of the contract price (or approximately \$100 million). The Group has denied the claims and intend to vigorously defend the lawsuit. It has also interposed a counterclaim in an amount to be determined. The lawsuit is in the early stages of proceedings and it would be premature to predict the ultimate outcome of the matter. As at 31 December 2019 the Group has a provision of \$56m (2018: \$67m). This includes \$29m included as a fair value adjustment on the acquisition of Amec Foster Wheeler.

20 Provisions (continued)

Investigations

The Group has received voluntary requests for information from, and continues to cooperate with, the US Securities and Exchange Commission ("SEC") and the US Department of Justice ("DOJ") in connection with their ongoing investigations into Amec Foster Wheeler in relation to Unaoil and the historical use of agents and certain other business counterparties by Amec Foster Wheeler and its legacy companies in various jurisdictions.

Independently, the Group has conducted an internal investigation into the historical engagement of Unaoil by legacy Wood Group companies, reviewing information available to the Group in this context. This internal investigation confirmed that a legacy Wood Group joint venture engaged Unaoil and that the joint venture made payments to Unaoil under agency agreements. In September 2017, the Group informed the Crown Office and Procurator Fiscal Service ("COPFS"), the relevant authority in Scotland, of the findings of this internal investigation. The Group has since taken steps to conclude its investigation of these matters and has now submitted its report on possible bribery and corruption offences to the COPFS. These matters are now being considered by Scotland's Civil Recovery Unit as part of the self-reporting initiative applicable to Scotland.

Discussions concerning possible resolutions of the investigations by the authorities in the US, Brazil and Scotland have progressed to the point where the Group believes that it is likely to be able to settle the relevant matters with these authorities at an aggregate cost of \$46.0m and this is reflected as a provision at 31 December 2019. Achieving resolution of the relevant matters will involve negotiations with five authorities in three separate jurisdictions, and accordingly there is no certainty that resolution will be reached with any or all of those authorities or that the aggregate settlement amount will not exceed the amount of the provision.

As set out in note 33, Amec Foster Wheeler made a disclosure to the UK Serious Fraud Office ("SFO") about these matters and, since April 2017, in connection with the SFO's investigation into Unaoil, the SFO has required Amec Foster Wheeler to produce information relating to any relationship of Amec Foster Wheeler with Unaoil and certain other third parties. As it is not possible to make a reliable estimate of the liability that may arise, no provision has been made for this element of the investigation.

Project related provisions

The Group has numerous provisions relating to the projects it undertakes for its clients. 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. During the year \$69.1m of project accruals were reclassified to accruals which the Group considered to be a more appropriate classification as the level of uncertainty over timing and amount is less uncertain than for a provision.

Aegis Poland

This legacy AFW project involves the construction of various buildings to house the Aegis Ashore anti-missile defence facility for the United States Army Corps of Engineers. The project was around 80% complete by value at 31 December 2019 and 90% complete by physical progress and is expected to be operationally complete during the second half of 2020. Management's latest estimate is that the loss at completion will be \$113m representing the expected loss to complete less estimated revenue to be earned. A charge of \$10m was made to the income statement during 2019 in relation to this project and the full amount of this loss has been recognised to date. During the year provisions of \$41m were utilised and \$25m remains on the balance sheet at 31 December 2019. In reaching its assessment of this loss, management have made certain estimates and assumptions relating to the date of completion, productivity of workers on site and the costs to complete. If the actual outcome differs from these estimates and assumptions, the ultimate loss will be different. In addition, the Group's assessment of the ultimate loss includes change orders which have not been agreed with the client and management's assessment of liquidated damages and the current estimate is that these will not be settled until 2021 at the earliest. If the amounts agreed are different to the assumptions made, then the ultimate loss could be materially different.

The balance of project related provisions relates to a number of provisions which are not individually material or significant.

Other project related provisions

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.

The Group has also received and may continue to receive claims pursuant to indemnity obligations from the present owners of facilities we have transferred, which may require us to incur costs for investigation and/or remediation. As at 31 December 2019, the Group held provisions totaling \$29m for the estimated future environmental clean-up costs in relation to industrial facilities that it no longer operates. Whilst the timing of the related cash flows is typically uncertain, the Group expects that certain of its remediation obligations may continue for up to 60 years.

As described in note 33, 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. The Group had recognised legacy provisions which comprised many individually immaterial provisions relating to a large number of contracts and exposures. The Group manages its exposure to these liabilities within Investment Services. During the year legacy provisions were utilised or released as claims were closed out or due to the expiry of indemnity time periods where no claims had been received, meaning that the likelihood of an outflow was no longer probable.

21 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 UK rate of corporation tax, currently 19%, will reduce to 17% in April 2020. The Group has provided deferred tax in relation to UK companies at 17% (2018: 18%). The movement on the deferred tax account is shown below:

(Asset)/liability	As at 1 January 2019 As restated \$m	Income statement \$m	OCI \$m	Other \$m	As at 31 December 2019 \$m
Accelerated capital allowances	14.2	(11.2)	(0.8)	2.3	4.5
Intangibles	284.6	(6.7)	2.4	(6.9)	273.4
Pension	66.8	(1.1)	(4.6)	-	61.1
Share based charges	(13.7)	3.5	4.0	-	(6.2)
Other temporary differences	4.0	0.3	(0.4)	(1.0)	2.9
Provisions	(198.8)	71.0	(0.1)	(4.9)	(132.8)
Unremitted earnings	42.5	(1.7)	1.0	-	41.8
Tax credits	(1.5)	1.5	-	0.8	0.8
Deferred interest deduction	(17.0)	(24.8)	(0.9)	-	(42.7)
Losses	(161.5)	(44.0)	(1.5)	5.5	(201.5)
Total	19.6	(13.2)	(0.9)	(4.2)	1.3

Other temporary differences include the \$5.2m deferred tax asset that was recognised on transition to IFRS 16. The \$4.2m other movement includes the \$4.0m that was reclassified to held for sale.

(Asset)/liability	As at 1 January 2018 \$m	Income statement \$m	OCI \$m	Other \$m	As at 31 December 2018 \$m
Accelerated capital allowances	10.7	2.2	1.2	0.1	14.2
Intangibles	307.7	(16.5)	(6.2)	(0.4)	284.6
Pension	52.3	(1.1)	15.5	0.1	66.8
Share based charges	(13.6)	(3.3)	1.3	1.9	(13.7)
Other temporary differences	7.8	5.0	(5.5)	1.9	9.2
Provisions	(213.1)	12.0	4.1	(1.8)	(198.8)
Unremitted earnings	48.1	(3.5)	(2.1)	-	42.5
Tax credits	(27.2)	0.5	0.1	25.1	(1.5)
Deferred interest deduction	(0.3)	(17.2)	0.5	-	(17.0)
Losses	(140.1)	(25.5)	4.1	-	(161.5)
Total	32.3	(47.4)	13.0	26.9	24.8

Deferred tax is presented in the financial statements as follows:

	2019 \$m	2018 \$m
Deferred tax assets	(87.1)	(87.8)
Deferred tax liabilities	88.4	112.6
Net deferred tax liability	1.3	24.8

21 Deferred tax (continued)

No deferred tax liability has been recognised in respect of \$20,543.5m (2018: \$22,052.9m) 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 \$28.3m (2018: \$22.7m).

Under current legislation, earnings remitted to the UK from subsidiaries located in EEA countries are exempt from tax. Uncertainty over the outcome of Brexit could result in existing tax treaty rates being applied which would result in an estimated increase to the unrecognised deferred tax liability of \$5.0m.

The deferred tax balances are analysed below.

31 December 2019

	Accelerated capital allowances \$m	Intangibles \$m	Pension \$m	Share based charges \$m	Other temporary differences \$m	Provisions \$m	Unremitted earnings \$m	Tax credits \$m	Deferred interest deduction \$m	Losses \$m	Netting \$m	Total \$m
Deferred tax assets	(36.6)	(105.8)	(1.4)	(6.2)	(16.3)	(132.8)	-	-	(42.7)	(201.5)	456.2	(87.1)
Deferred tax liabilities	41.1	379.2	62.5	-	19.2	-	41.8	0.8	-	-	(456.2)	88.4
Net	4.5	273.4	61.1	(6.2)	2.9	(132.8)	41.8	0.8	(42.7)	(201.5)	-	1.3

31 December 2018

	Accelerated capital allowances \$m	Intangibles \$m	Pension \$m	Share based charges \$m	Other temporary differences \$m	Provisions \$m	Unremitted earnings \$m	Tax credits \$m	Deferred interest deduction \$m	Losses \$m	Netting \$m	Total \$m
Deferred tax assets	(30.2)	(129.6)	(6.7)	(13.7)	(12.4)	(198.8)	-	(1.5)	(17.0)	(161.5)	483.6	(87.8)
Deferred tax liabilities	44.4	414.2	73.5	-	21.6	-	42.5	-	-	-	(483.6)	112.6
Net	14.2	284.6	66.8	(13.7)	9.2	(198.8)	42.5	(1.5)	(17.0)	(161.5)	-	24.8

The expiry dates of unrecognised gross deferred tax assets carried forward are as follows:

	Tax losses \$m	Deductible temporary differences \$m	Total \$m
31 December 2019			
Expiring within 5 years	1,867.4	100.2	1,967.6
Expiring within 6-10 years	19.1	86.1	105.2
Expiring within 11-20 years	31.0	-	31.0
Unlimited	5,481.6	1,213.1	6,694.7
	7,399.1	1,399.4	8,798.5

	Tax losses \$m	Deductible temporary differences \$m	Total \$m
31 December 2018			
Expiring within 5 years	1,795.3	101.2	1,896.5
Expiring within 6-10 years	19.1	85.7	104.8
Expiring within 11-20 years	30.9	-	30.9
Unlimited	5,904.5	893.6	6,798.1
	7,749.8	1,080.5	8,830.3

22 Share based charges

The Group currently has a number of share schemes that give rise to equity settled share based charges. These are the Executive Share Option Scheme ('ESOS'), the Long Term Plan ('LTP') and the Employee Share Plan. The charge to operating profit for these schemes for the year amounted to \$23.4m (2018: \$18.7m) and is included in administrative expenses with the corresponding credit included in retained earnings.

Long Term Plan

The Group's Long Term Plan ('LTP') was introduced in 2013. There are two distinct awards made under the LTP. Awards to senior management are made based on achievement of performance measures, these being total shareholder return, adjusted diluted earnings per share, synergies, gross margin and overhead improvement. Participants may be granted conditional share awards or nil cost options at the start of the cycle. Performance 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. Nil value share options may also be awarded under the LTP.

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 annual report on directors' remuneration.

Cycle	Performance period	Fair value of award	Awards outstanding 31 December 2019	Awards outstanding 31 December 2018
6	2013-15	£7.53	-	3,136
7	2014-16	£7.26	20,028	93,275
8	2015-17	£5.95	43,215	79,594
9	2016-18	£5.82	-	2,543,147
10	2017-19	£8.54	1,826,743	2,004,407
11	2018-20	£6.67	3,914,888	4,427,002
12	2019-21	£5.69	6,148,563	-
			11,953,437	9,150,561

6,368,176 awards were made during the year, 6,751 awards accrued in respect of dividends, 114,024 awards were exercised during the year and 3,458,027 awards lapsed or were cancelled due to performance targets not being achieved.

In addition to the awards above, 765,227 (2018: 846,106) options are outstanding at 31 December 2019 in respect of awards made under the Amec Foster Wheeler Long Term Incentive Plan. These awards were converted to Wood Group awards following the acquisition of Amec Foster Wheeler on 6 October 2017. The fair value of these awards is £7.00.

The awards outstanding under cycles 7 and 8 represent 20% of the award at vesting which is deferred for two years.

Further details on the LTP are provided in the annual report on directors' remuneration.

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.

22 Share based charges (continued)

Share options

A summary of the basis for the charge for ESOS and LTP options is set out below together with the number of options granted, exercised and lapsed during the year.

	ESOS		LTP	
	2019	2018	2019	2018
Number of participants	400	438	374	104
Lapse rate	25%	25%	10-20%	10-20%
Risk free rate of return on grants during year	N/A	N/A	0.32%-0.70%	0.71%-1.05%
Share price volatility	40%	40%	40%	40%
Dividend yield on grants during year	N/A	N/A	5.23%-7.16%	3.91%
Fair value of options granted during year	N/A	N/A	£3.12-£5.05	£4.59-£6.32
Weighted average remaining contractual life	3.0 years	3.8 years	2.1 years	2.7 years
Options outstanding 1 January	2,604,860	3,026,273	1,659,534	2,036,053
Options granted during the year	-	-	1,067,183	506,206
Options exercised during the year	(113,650)	(263,922)	(490,050)	(864,278)
Options lapsed during the year	(174,145)	(157,491)	(150,028)	(35,394)
Dividends accrued on options	-	-	13,561	16,947
Options outstanding 31 December	2,317,065	2,604,860	2,100,200	1,659,534
No. of options exercisable at 31 December	2,317,065	2,604,860	21,868	85,108
Weighted average share price of options exercised during year	£5.35	£6.79	£4.38	£6.44

Executive Share Option Schemes

The following options to subscribe for new or existing shares were outstanding at 31 December:

Year of Grant	Number of ordinary shares under option		Exercise price (per share)	Exercise period
	2019	2018		
2009	-	137,250	222p	2013-2019
2010	178,053	179,953	377½p	2014-2020
2011	229,135	234,135	529½p	2015-2021
2012	437,377	459,803	680½p	2016-2022
2013	758,500	823,500	845½p	2017-2023
2014	714,000	770,219	767½p	2018-2024
	2,317,065	2,604,860		

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.

22 Share based charges (continued)

Nil value share options

The following options granted under the Group's LTP were outstanding at 31 December:

Year of Grant	Number of ordinary shares under option		Exercise price (per share)	Exercise period
	2019	2018		
2014	-	74,242	0.00p	2018-2019
2015	15,000	140,000	0.00p	2019-2020
2016	-	10,866	0.00p	2018-2019
2016	170,000	225,000	0.00p	2020-2021
2017	6,868	190,303	0.00p	2019-2020
2017	434,374	512,917	0.00p	2021-2022
2018	201,742	221,236	0.00p	2020-2021
2018	254,970	284,970	0.00p	2022-2023
2019	354,161	-	0.00p	2020-2021
2019	653,085	-	0.00p	2021-2022
2019	10,000	-	0.00p	2023-2024
	2,100,200	1,659,534		

Options are granted under the Group's LTP at nil value. There are no performance criteria relating to the exercise of the options. Further details on the LTP are provided in the annual report on directors' remuneration.

Employee share plan

The Group introduced an Employee Share Plan 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 2019, 182,820 shares were awarded in relation to the second year of the plan and it is anticipated that 406,970 shares in relation to the third year will be awarded in April 2020.

Amec Foster Wheeler also had an Employee Share Plan. Awards under this scheme were converted to Wood Group awards following the acquisition on 6 October 2017. At 31 December 2019, 396 (2018: 551,274) options were outstanding under this scheme.

23 Share capital

Ordinary shares of 4 ² / ₇ pence each (2018: 4 ² / ₇ pence)	2019		2018	
Issued and fully paid	shares	\$m	shares	\$m
At 1 January	681,539,369	40.7	677,692,296	40.5
Allocation of new shares to employee share trusts	3,400,000	0.2	3,800,000	0.2
Shares issued to satisfy option exercises	-	-	47,073	-
At 31 December	684,939,369	40.9	681,539,369	40.7

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.

24 Share premium

	2019	2018
	\$m	\$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 (2018: 4²/₇ pence).

25 Retained earnings

	2019 \$m	2018 \$m
At 1 January	1,806.7	1,935.2
Adjustment on initial application of IFRS 16 (net of tax)	(33.9)	-
Adjusted opening balance	1,772.8	1,935.2
Profit/(loss) for the year attributable to owners of the parent	72.0	(8.9)
Dividends paid (note 7)	(235.5)	(231.0)
Credit relating to share based charges (note 22)	23.4	18.7
Re-measurement (loss)/gain on retirement benefit liabilities (note 32)	(56.1)	118.0
Movement in deferred tax relating to retirement benefit liabilities	6.8	(20.5)
Shares allocated to employee share trusts	(0.2)	(0.2)
Shares disposed of by employee share trusts	0.4	1.7
Tax relating to share option schemes	(4.1)	(0.7)
Deferred tax impact of rate change in equity	0.3	1.8
Tax on derivative financial instruments	1.4	0.6
Other tax movements in equity	0.7	-
Exchange movements in respect of shares held by employee share trusts	(4.2)	6.5
Transactions with non-controlling interests (note 28)	-	(14.5)
Transfer from merger reserve (note 26)	250.0	-
At 31 December	1,827.7	1,806.7

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 (2018: nil).

Refer to the IFRS 16 transition note in Accounting Policies for further detail on the \$33.9m opening adjustment to the retained earnings balance.

Shares held by employee share trusts

	2019		2018	
	Shares	\$m	Shares	\$m
Balance 1 January	11,197,394	105.1	9,107,787	113.1
New shares allocated	3,400,000	0.2	3,800,000	0.2
Shares issued to satisfy option exercises	(603,700)	(0.4)	(1,198,360)	(1.7)
Shares issued to satisfy awards under Long Term Incentive Plan	(114,024)	-	(345,067)	-
Shares issued to satisfy awards under Employee Share Plan	(182,820)	-	(163,961)	-
Other share transactions	(17,936)	-	(3,005)	-
Exchange movement	-	4.2	-	(6.5)
Balance 31 December	13,678,914	109.1	11,197,394	105.1

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 2019 was \$72.2m (2018: \$72.2m) based on the closing share price of £3.98 (2018: £5.06) and closing exchange rate of 1.3247 (2018: 1.2736). The employee share trusts have waived their rights to receipt of dividends on ordinary shares.

26 Merger reserve

	2019 \$m	2018 \$m
At 1 January	2,790.8	2,790.8
Transfer to retained earnings	(250.0)	-
At 31 December	2,540.8	2,790.8

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. In December 2019, John Wood Group Holdings Limited paid \$250.0m to the Company in partial settlement of the promissory note. The repayment represents qualifying consideration and as a result the Company transferred an equivalent portion of the merger reserve to retained earnings.

27 Other reserves

	Capital reduction reserve \$m	Capital redemption reserve \$m	Currency translation reserve \$m	Hedging reserve \$m	Total \$m
At 1 January 2018	88.1	439.7	(398.2)	0.3	129.9
Cash flow hedges	-	-	-	(4.7)	(4.7)
Exchange movement on retranslation of foreign operations	-	-	(236.5)	-	(236.5)
At 31 December 2018	88.1	439.7	(634.7)	(4.4)	(111.3)
Cash flow hedges	-	-	-	(5.3)	(5.3)
Exchange movement on retranslation of foreign operations	-	-	83.4	-	83.4
At 31 December 2019	88.1	439.7	(551.3)	(9.7)	(33.2)

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.

28 Non-controlling interests

	2019 \$m	2018 \$m
At 1 January	19.0	11.7
Exchange movements	-	(1.2)
Share of profit for the year	0.8	1.3
Dividends paid to non-controlling interests	(1.2)	(5.9)
Transactions with non-controlling interests	(13.1)	13.1
At 31 December	5.5	19.0

Transactions with non-controlling interests largely relate to the disposal of Amec Foster Wheeler Power Machinery Company Limited (see note 30).

29 Cash generated from operations

	Note	2019 \$m	2018 \$m
Reconciliation of operating profit to cash generated from operations:			
Operating profit from continuing operations		303.4	165.3
Less share of post-tax profit from joint ventures		(48.2)	(34.4)
		255.2	130.9
Adjustments for:			
Depreciation	10	46.5	51.6
Depreciation on right of use assets	11	123.0	-
(Gain)/loss on disposal of property plant and equipment	4	(1.9)	1.4
Gain on disposal of investment in joint ventures	30	(3.6)	(15.3)
Impairment of property plant and equipment	10	-	0.7
Amortisation of intangible assets	9	242.4	246.3
Share based charges	22	23.4	18.7
Decrease in provisions	20	(216.1)	(182.8)
Dividends from joint ventures	12	43.0	38.5
Exceptional items – non-cash impact	1	69.9	107.0
Changes in working capital (excluding effect of acquisition and divestment of subsidiaries)			
(Increase)/decrease in inventories		(2.8)	0.1
Decrease in receivables		200.2	88.9
(Decrease)/increase in payables		(19.1)	173.6
Exchange movements		(13.9)	(34.3)
Cash generated from operations		746.2	625.3

Analysis of net debt

	At 1 January 2019 \$m	Cash flow \$m	Other \$m	Exchange movements \$m	At 31 December 2019 \$m
2019					
Short term borrowings	(984.5)	(770.9)	-	2.7	(1,752.7)
Long term borrowings	(1,917.3)	348.2	(3.9)	(0.2)	(1,573.2)
	(2,901.8)	(422.7)	(3.9)	2.5	(3,325.9)
Cash and cash equivalents	1,352.7	485.9	-	8.4	1,847.0
Cash included in assets held for sale (see note 30)	24.2	30.7	-	-	54.9
Restricted cash	11.7	(11.7)	-	-	-
Net debt excluding leases	(1,513.2)	82.2	(3.9)	10.9	(1,424.0)
Leases	(604.0)	165.6	(136.0)	0.1	(574.3)
Net debt including leases	(2,117.2)	247.8	(139.9)	11.0	(1,998.3)

The opening lease liability of \$604.0m reflects the IFRS 16 liability recognised on transition of \$569.0m and leases previously classified as finance leases of \$35.0m. The cash outflow of \$165.6m in respect of leases includes lease rentals in respect of IFRS 16 leases of \$155.6m (note 11) and \$10.0m in respect of existing finance leases.

29 Cash generated from operations (continued)

The increase in amounts drawn under the cash pools and the \$297.6m term loan now falling due in October 2020 are the principal causes of the increase in current borrowings.

2018	At 1 January 2018 \$m	Cash flow \$m	Exchange movements \$m	Other \$m	At 31 December 2018 \$m
Short-term borrowings	(543.2)	(448.9)	7.6	-	(984.5)
Long-term borrowings	(2,336.1)	407.8	0.4	10.6	(1,917.3)
	(2,879.3)	(41.1)	8.0	10.6	(2,901.8)
Cash and cash equivalents	1,225.5	164.8	(37.6)	-	1,352.7
Cash included in assets held for sale (note 30)	-	24.2	-	-	24.2
Restricted cash	26.5	(14.8)	-	-	11.7
Bank deposits (more than three months)	31.2	(30.6)	(0.6)	-	-
Net debt excluding leases	(1,596.1)	102.5	(30.2)	10.6	(1,513.2)
Leases	(50.0)	14.7	0.3	-	(35.0)
Net debt including leases	(1,646.1)	117.2	(29.9)	10.6	(1,548.2)

30 Acquisitions and divestments

Contingent consideration payments of \$5.6m were made during the year in respect of acquisitions made in prior periods. Total deferred and contingent consideration outstanding at 31 December 2019 amounted to \$20.0m (2018: \$26.6m). See note 19 for further details.

Divestments

During 2019 the Group disposed of Terra Nova Technologies. The assets and liabilities disposed of are set out in the table below:

	\$m
Intangible assets	39.7
Investment in joint ventures	1.5
Trade and other receivables	22.1
Trade and other payables	(16.1)
Net assets disposed	47.2
Cash received	(44.4)
Disposal costs	6.6
Loss on disposal (see note 5)	9.4

During the first half of 2019, the Group also disposed of its investments in the Amec Foster Wheeler Power Machinery Company Limited, Centro Energia Teverola S.r.l and Centro Energia Ferrara S.r.l. Disposal proceeds for these divestments, net of cash disposed amounted to \$0.4m and a gain on sale of \$3.6m was recorded in the income statement. The net profit on these disposals is included in the Group's operating profit before exceptional items, as the Group considers the restructuring and subsequent sale of non-core businesses within Investment Services to be part of its normal activities.

30 Acquisitions and divestments (continued)

The cash inflow in respect of these disposals is analysed below.

	\$m
Gross proceeds received	44.8
Disposal costs paid	(1.7)
Cash inflow	43.1

Assets and liabilities held for sale

Amounts categorised as held for sale include the assets and liabilities of TCS's nuclear business, the assets and liabilities of Wood Group Industrial Services and the Group's investment in a non-core joint venture.

In March 2020, the Group completed the sale of its nuclear business to a subsidiary of Jacobs for a net cash consideration of around £241m (\$319m). The transaction was announced in August 2019 and therefore the assets and liabilities of the nuclear business are included as held for sale as at 31 December 2019.

At 31 December 2019, the Group were in advanced discussions to dispose of Wood Group Industrial Services Limited. In February 2020, the Group announced the disposal for an initial consideration of £84m (\$111m) and the assets and liabilities of that business are also included as held for sale at 31 December 2019.

The Group is also in the process of disposing of its 50% shareholding in non-core joint venture and its investment at 31 December 2019 has been included in assets held for sale.

The composition of assets and liabilities held for sale on the balance sheet is set out below.

Assets held for sale	\$m
Intangible assets	248.0
Property, plant and equipment	29.4
Right of use assets	7.7
Investment in joint ventures	61.8
Inventories	0.6
Trade and other receivables	116.5
Cash and cash equivalents	54.9
	518.9
Liabilities held for sale	\$m
Trade and other payables	91.7
Income tax liabilities	0.1
Deferred tax	4.0
Lease liabilities	7.2
Provisions	3.0
	106.0

The 2019 results for the businesses classified as held for sale are summarised in the table below:

	\$m
Revenue	475.9
Operating profit	44.3
Profit before tax	39.5
Profit after tax	37.6

31 Employees and directors

Employee benefits expense	2019 \$m	2018 \$m
Wages and salaries	3,959.2	4,032.6
Social security costs	317.1	358.5
Pension costs – defined benefit schemes (note 32)	1.0	1.5
Pension costs – defined contribution schemes (note 32)	141.2	146.9
Share based charges (note 22)	23.4	18.7
	4,441.9	4,558.2

Average monthly number of employees (including executive directors)	2019 No.	2018 No.
By geographical area:		
UK	10,106	10,538
US	17,586	18,682
Rest of the World	23,250	20,824
	50,942	50,044

The average number of employees excludes contractors and employees of joint venture companies.

Key management compensation	2019 \$m	2018 \$m
Salaries and short-term employee benefits	9.7	8.5
Amounts receivable under long-term incentive schemes	1.1	2.1
Social security costs	1.2	1.2
Post-employment benefits	0.1	0.2
Share based charges	3.7	2.9
	15.8	14.9

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 2019, key management held 0.1% of the voting rights of the company.

Directors	2019 \$m	2018 \$m
Aggregate emoluments	3.8	3.5
Aggregate amounts receivable under long-term incentive schemes	0.4	0.8
Aggregate gains made on the exercise of share options	0.2	0.4
Share based charges	1.3	1.1
	5.7	5.8

At 31 December 2019, two directors (2018: two) had retirement benefits accruing under a defined contribution pension plan and no directors (2018: none) had benefits accruing under a defined benefit pension scheme. Further details of directors' emoluments are provided in the annual report on directors' remuneration.

32 Retirement benefit schemes

The Group operates a number of defined benefit pension schemes. 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. These schemes are largely closed to future accrual.

At 31 December 2018, the largest schemes were the Amec Foster Wheeler Pension Plan ('AFW Pension Plan') and the John Wood Group PLC Retirement Benefit Scheme ('JWG PLC RBS') in the UK and the Foster Wheeler Inc SERP and the Foster Wheeler Inc Pension Plan for Certain Employees (FW Inc PPCE) in the US. In March 2019, the JWG PLC RBS merged with the AFW Pension Plan (now known as the Wood Pension Plan ('WPP')).

The scheme valuations used are based on the valuation of Amec Foster Wheeler Pension Plan as at 31 March 2017, the valuation of the John Wood Group PLC Retirement Benefit Scheme as at 5 April 2016 and the valuation of the Foster Wheeler Inc SERP/PPCE as at 1 January 2017. 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 2019. The assets of the schemes are stated at their aggregate market value as at 31 December 2019.

Group 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 as 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.

Scheme membership at the date of the most recent scheme census was as follows:

	2019 Wood Pension Plan	2019 FW Inc SERP	2019 FW Inc PPCE	2018 JWG PLC RBS	2018 AFW Pension Plan	2018 FW Inc SERP	2018 FW Inc PPCE
Active members	1,741	69	59	-	1,741	90	81
Deferred members	8,787	528	718	762	8,025	549	740
Pensioner members	9,922	2,403	812	376	9,546	2,453	777

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:

	2019 Wood Pension Plan %	2019 FW Inc SERP %	2019 FW Inc PPCE %	2018 JWG PLC RBS %	2018 AFW Pension Plan %	2018 FW Inc SERP %	2018 FW Inc PPCE %
Discount rate	2.1	3.0	3.0	2.9	2.9	4.1	4.1
Rate of increase in pensions in payment and deferred pensions	2.6	N/A	N/A	3.0	2.8	N/A	N/A
Rate of retail price index inflation	2.7	N/A	N/A	3.1	3.1	N/A	N/A
Rate of consumer price index inflation	2.2	N/A	N/A	2.1	N/A	N/A	N/A

As a result of the Chancellor of the Exchequer announcing plans to bring RPI in line with CPIH (CPI with an allowance for housing) between 2025 and 2030, the basis for the RPI assumption has changed at 31 December 2019. The expectation is that the gap between CPI and RPI will close in the future and that is reflected in the 2019 assumption.

32 Retirement benefit schemes (continued)

The mortality assumptions used to determine pension liabilities in the main schemes at 31 December 2019 were as follows:

Scheme	Mortality assumption
Wood Pension Plan	Scheme specific table with CMI 2018 projections and a long-term rate of improvement of 1.25% pa
FW Inc SERP and FW Inc PPCE	Pri-2012 Employee and Annuitant tables for males and females with generational projection using Scale MMP-2019 with no collar adjustments

The mortality tables use data appropriate to each of the Group's schemes adjusted to allow for expected future improvements in mortality using the latest projections.

For the schemes referred to above the assumed life expectancies are shown in the following table:

	2019 Wood Pension Plan	2019 FW Inc SERP	2019 FW Inc PPCE	2018 JWG PLC RBS	2018 AFW Pension Plan	2018 FW Inc SERP	2018 FW Inc PPCE
Life expectancy at age 65 of male aged 45	23.7	21.6	21.6	23.6	23.9	22.2	21.8
Life expectancy at age 65 of male aged 65	22.4	20.4	20.4	22.2	22.6	20.6	20.5
Life expectancy at age 65 of female aged 45	25.4	23.5	23.5	25.7	25.6	24.1	23.6
Life expectancy at age 65 of female aged 65	23.9	22.3	22.3	24.2	24.1	22.5	22.4

The amounts recognised in the income statement are as follows:

	2019 \$m	2018 \$m
Current service cost	1.0	1.5
Past service (credit)/cost	(22.8)	25.2
Total (income)/expense included within operating profit	(21.8)	26.7

	2019 \$m	2018 \$m
Interest cost	112.0	109.4
Interest income on scheme assets	(117.7)	(109.9)
Total included within finance income	(5.7)	(0.5)

The amounts recognised in the balance sheet are determined as follows:

	2019 \$m	2018 \$m
Present value of funded obligations	(4,233.7)	(3,808.1)
Fair value of scheme assets	4,474.7	4,050.8
Net surplus	241.0	242.7

32 Retirement benefit schemes (continued)

Changes in the present value of the defined benefit liability are as follows:

	2019 \$m	2018 \$m
Present value of funded obligations at 1 January	3,808.1	4,354.9
Current service cost	1.0	1.5
Past service (credit)/cost	(22.8)	25.2
Interest cost	112.0	109.4
Contributions	-	2.1
Re-measurements:		
- actuarial losses/(gains) arising from changes in financial assumptions	415.8	(234.0)
- actuarial gains arising from changes in demographic assumptions	(35.4)	(21.6)
- actuarial losses arising from changes in experience	4.0	12.6
Benefits paid	(192.8)	(227.5)
Exchange movements	143.8	(214.5)
Present value of funded obligations at 31 December	4,233.7	3,808.1

Changes in the fair value of scheme assets are as follows:

	2019 \$m	2018 \$m
Fair value of scheme assets at 1 January	4,050.8	4,522.6
Interest income on scheme assets	117.7	109.9
Contributions	16.9	14.5
Benefits paid	(192.8)	(226.3)
Re-measurement gain/(loss) on scheme assets	328.3	(125.0)
Expenses paid	(9.3)	(6.2)
Exchange movements	163.1	(238.7)
Fair value of scheme assets at 31 December	4,474.7	4,050.8

Analysis of the movement in the balance sheet surplus:

	2019 \$m	2018 \$m
Surplus at 1 January	242.7	167.7
Current service cost	(1.0)	(1.5)
Past service credit/(cost)	22.8	(25.2)
Finance income	5.7	0.5
Contributions	16.9	12.4
Re-measurement (losses)/gains recognised in the year	(56.1)	118.0
Benefits paid	-	1.2
Expenses paid	(9.3)	(6.2)
Exchange movements	19.3	(24.2)
Surplus at 31 December	241.0	242.7

32 Retirement benefit schemes (continued)

The past service credit in 2019 relates to the Foster Wheeler Inc Post Retirement Health and Life Insurance Plan, a defined benefit scheme which the Group acquired as part of the AFW acquisition in 2017.

The past service cost in 2018 included \$31.9m relating to the impact of GMP equalisation on the JWG PLC Retirement Benefit Scheme and the AFW Pension Plan less a \$6.7m past service credit in respect of the Foster Wheeler Inc Pension Plan.

The net surplus/(deficit) at 31 December is presented in the Group balance sheet as follows:

	2019 \$m	2018 \$m
JWG PLC Retirement Benefit Scheme	-	35.5
Wood Pension Plan	368.0	369.4
Retirement benefit scheme surplus	368.0	404.9
Foster Wheeler Inc SERP/PPCE	(86.0)	(91.9)
All other schemes	(41.0)	(70.3)
Retirement benefit scheme deficit	(127.0)	(162.2)
Net surplus	241.0	242.7

For the principal schemes the defined benefit obligation can be allocated to the plan participants as follows:

	2019 Wood Pension Plan %	2019 FW Inc SERP %	2019 FW Inc PPCE %	2018 JWG PLC RBS %	2018 AFW Pension Plan %	2018 FW Inc SERP %	2018 FW Inc PPCE %
Active members	13.3	5.2	3.4	-	12.6	5.8	4.9
Deferred members	38.6	18.1	19.4	74.0	32.5	16.2	19.5
Pensioner members	48.1	76.7	77.2	26.0	54.9	78.0	75.6

The weighted average duration of the defined benefit obligation is as follows:

	2019 Wood Pension Plan years	2019 FW Inc SERP years	2019 FW Inc PPCE years	2018 JWG PLC RBS years	2018 AFW Pension Plan years	2018 FW Inc SERP years	2018 FW Inc PPCE years
Duration of defined benefit obligation	16.9	9.1	9.3	19.4	17.2	8.7	9.0

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2019 Wood Pension Plan %	2019 FW Inc SERP %	2019 FW Inc PPCE %	2018 JWG PLC RBS %	2018 AFW Pension Plan %	2018 FW Inc SERP %	2018 FW Inc PPCE %
Equities	14.3	60.0	60.0	62.9	12.7	60.0	60.0
Property	7.5	-	-	8.0	8.4	-	-
Bonds (including gilts)	73.0	40.0	40.0	11.3	75.4	40.0	40.0
Liability driven investments	-	-	-	11.9	-	-	-
Cash	4.4	-	-	3.6	3.0	-	-
Other	0.8	-	-	2.3	0.5	-	-
	100.0	100.0	100.0	100.0	100.0	100.0	100.0

32 Retirement benefit schemes (continued)

A large proportion of equities, bonds, cash and liability driven investments have quoted prices in active markets.

The Group seeks to fund its pension plans to ensure that all benefits can be paid as and when they fall due. It has agreed schedules of contributions with the UK plans' trustees and the amounts payable are dependent on the funding level of the respective plans. The US plans are funded to ensure that statutory obligations are met and contributions are generally payable to at least minimum funding requirements.

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.

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.

	Wood Pension Plan 2019 \$m	JWG PLC RBS 2018 \$m	AFW Pension Plan 2018 \$m	FW Inc SERP 2019 \$m	FW Inc SERP 2018 \$m	FW Inc PPCE 2019 \$m	FW Inc PPCE 2018 \$m
Approximate impact on scheme liabilities							
Discount rate							
Plus 0.1%	(63.1)	(3.8)	(53.7)	(0.9)	(0.9)	(2.0)	(1.8)
Minus 0.1%	64.7	4.0	55.0	0.9	0.9	2.0	1.9
Inflation							
Plus 0.1%	37.9	3.0	32.2	N/A	N/A	N/A	N/A
Minus 0.1%	(37.4)	(2.9)	(31.9)	N/A	N/A	N/A	N/A
Life expectancy							
Plus 1 year	154.4	5.4	112.1	4.1	3.7	8.7	7.5
Minus 1 year	(152.0)	(5.5)	(111.2)	(4.1)	(3.7)	(8.7)	(7.5)

The sensitivity analysis covering the impact of increases in pensions is included in the inflation sensitivity in the above table.

The contributions expected to be paid during the financial year ending 31 December 2020 amount to \$34.9m (2018: \$17.8m).

Defined contribution plans

Pension costs for defined contribution plans were as follows:

	2019 \$m	2018 \$m
Defined contribution plans	141.2	146.9

There were no material contributions outstanding at 31 December 2019 in respect of defined contribution plans.

The Group operates a SERP pension arrangement in the US for certain employees. During the year, the Group made contributions of \$0.4m (2018: \$0.4m) 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 \$81.4m (2018: \$76.4m) and will be used to pay benefits when employees retire. The corresponding liability is recorded in other non-current liabilities.

33 Contingent liabilities

Cross guarantees

At the balance sheet date, the Group had cross guarantees without limit extended to its principal bankers in respect of sums advanced to subsidiaries.

Legal Claims

From time to time, the Group is notified of claims in respect of work carried out. 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. 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.

Employment claims

The Group is aware of challenges to historic employment practices which may have an impact on the Group. This includes a challenge by HMRC into the historic application of employer's National Insurance Contributions to workers on the UK Continental Shelf. We believe that we are in a strong position to defend this challenge and that our technical position is robust, therefore as a result we do not expect that it is probable that a liability will arise and no provision has been made. The maximum potential exposure to the Group in relation to tax and interest should we be unsuccessful in our position, is around \$27.0m.

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. We do not expect indemnities or retained obligations for which a provision has not been established to have a material impact on the Group's financial position, results of operations or cash flows.

Investigations

The Group has received voluntary requests for information from, and continues to cooperate with, the US Securities and Exchange Commission ("SEC") and the US Department of Justice ("DOJ") in connection with their ongoing investigations into Amec Foster Wheeler in relation to Unaoil and the historical use of agents and certain other business counterparties by Amec Foster Wheeler and its legacy companies in various jurisdictions.

Amec Foster Wheeler made a disclosure to the UK Serious Fraud Office ("SFO") about these matters and, since April 2017, in connection with the SFO's investigation into Unaoil, the SFO has required Amec Foster Wheeler to produce information relating to any relationship of Amec Foster Wheeler with Unaoil and certain other third parties.

In July 2017, the SFO opened an investigation into Amec Foster Wheeler predecessor companies and associated persons. The investigation focuses on the historical use of agents and certain other business counterparties and possible bribery and corruption and related offences in various jurisdictions. The Group is co-operating with and assisting the SFO in relation to this investigation. Notifications of certain matters within the above investigations have also been made to the relevant authorities in Brazil (namely, the Federal Prosecution Service and the Office of the Comptroller General).

Independently, the Group has conducted an internal investigation into the historical engagement of Unaoil by legacy Wood Group companies, reviewing information available to the Group in this context. This internal investigation confirmed that a legacy Wood Group joint venture engaged Unaoil and that the joint venture made payments to Unaoil under agency agreements. In September 2017, the Group informed the Crown Office and Procurator Fiscal Service ("COPFS"), the relevant authority in Scotland, of the findings of this internal investigation. The Group has since taken steps to conclude its investigation of these matters and has submitted its report on possible bribery and corruption offences to COPFS. These matters are now being considered by Scotland's Civil Recovery Unit as part of the self-reporting initiative applicable to Scotland.

Discussions concerning possible resolutions of the investigations by the authorities in the US, Brazil and Scotland have progressed to the point where the Group believes that it is likely to be able to settle the relevant matters with these authorities at an aggregate cost of approximately \$46.0m, which is reflected as a provision in the financial statements as described in note 20. Achieving resolution of the relevant investigations will involve negotiations with five authorities in three separate jurisdictions, and accordingly there is no certainty that resolution will be reached with any or all of those authorities or that the aggregate settlement amount will not exceed the amount of the provision.

The Group could also face further potential civil and criminal consequences in relation to the investigation by the SFO described above. At this time, it is not possible to make a reliable estimate of the expected financial effect that may arise in relation to the SFO's investigation, and therefore no provision has been made for it in the financial statements.

In addition, depending on the outcome of the various investigations described above, it is possible that there may be other adverse consequences for the Group's business (including financial penalties and restrictions from participating in public contracts). At this time, these cannot be reliably estimated, and therefore no provision has made in respect of them in the financial statements.

Tax planning

Recent changes to the tax environment, including the OECD's project around Base Erosion and Profit Shifting have brought into question tax planning previously undertaken by multinational entities. There have been several recent high profile tax cases against tax authorities and large groups. The European Commission continues formal investigations to examine whether decisions by the tax authorities in certain European countries comply with European Union rules and has issued judgements in some cases which are being contested by the groups and the countries affected. The Group is monitoring the outcome of these cases in order to understand whether there is any risk to the Group.

Specifically, the EC issued its decision regarding the UK Controlled Foreign Companies (CFC) rules and whether a financing exemption constituted state aid in April. The decision found that in certain circumstances the financing exemption constituted state aid. This is being contested by the UK Government and a number of groups as to whether the technical basis for the decision is correct. The application of the decision is also judgemental and there is no consensus regarding how it should be applied. Based on the Group's current assessment of such issues and the Group's specific circumstances, it is not currently considered probable that there will be an outflow in respect of these issues and no provision has been made in the financial statements. The maximum potential exposure to the Group of the EC CFC challenge, including interest, is around \$66.0m.

34 Capital and other financial commitments

	2019 \$m	2018 \$m
Contracts placed for future capital expenditure not provided in the financial statements	1.7	8.3

The capital expenditure above relates to property plant and equipment.

35 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.

	2019 \$m	2018 \$m
Sale of goods and services to joint ventures	43.1	60.5
Purchase of goods and services from joint ventures	8.8	13.5
Receivables from joint ventures	26.9	97.2
Payables to joint ventures	4.4	3.1

In addition, the Group made \$17.1m (2018: \$15.2m) of sales to a joint venture which acts only as a transactional entity between the Group and the Group's end customer (at nil gain or loss) and does not trade independently.

Key management compensation is disclosed in note 31.

The Group paid a fee of £15,000 per annum to Dunelm Energy, a company in which Ian Marchant, the former Group Chairman, had an interest, during the period in which he was in office.

36 Post balance sheet events

In February 2020, the Group secured an additional \$200.0m of bilateral term loans, \$100.0m of which matures in September 2021 (the bank has the option to extend until May 2022) and \$100.0m of which matures in May 2022.

In February 2020, the Group disposed of Wood Group Industrial Services for an initial consideration of £84.0m (\$111.0m). The accounting for the disposal will be presented in the 2020 interim financial statements. The proceeds received were used to part repay the term loan that matures in October 2020.

In March 2020, the Group disposed of the nuclear business for net proceeds of around £241.0m (\$319.0m) which will be used to repay the term loan and other borrowings.

37 Subsidiaries and joint ventures

The Group's subsidiary and joint venture undertakings at 31 December 2019 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	Cite Zone Industrielle BP 504, Hassi Messaoud, Algeria	100
Wood Group Somias SPA	PO Box 67, Elmalaha Road (Route des Salines), Elbouni, Annaba, Algeria	55
Angola		
Production Services Network Angola Limited	RuaKima Kienda, Edificio SGEF, 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		
AGRA Argentina S.A.	25 de Mayo 596, piso 8°, C1002ABL, Buenos Aires, Argentina	100
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 Australia Finance Company Pty Ltd	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia	100
Amec Foster Wheeler Australia Holding Company Pty Ltd	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia	100
Amec Foster Wheeler Australia Pty Ltd	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia	100
Amec Foster Wheeler Engineering Holdings Pty Ltd	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia	100
Amec Foster Wheeler Engineering Pty Ltd	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia	100
Amec Foster Wheeler Zektin Architecture Pty Ltd	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia	100
Aus-Ops Pty Ltd	Wood Group House, Level 1, 432 Murray Street, Perth, WA 6000, Australia	100
GRD Investments Pty Ltd	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia	100
GRD Pty Limited	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia	100
Innofield Services Pty Ltd	Wood Group House, 432 Murray Street, Perth, WA 6000, Australia	100
Mustang Engineering Pty. Ltd.	Wood Group House, Level 6, 432 Murray Street, Perth, WA 6000, Australia	100
Rider Hunt International (Australia) Pty Ltd	Wood Group House, Level 1, 432 Murray Street, Perth, WA 6000, Australia	100
S2V Consulting Pty Ltd	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia	100
SVT Holdings Pty Ltd	Wood Group House, Level 6, 432 Murray Street, Perth, WA 6000, Australia	100
WGPSN Queensland Pty Ltd	Level 20, 127 Creek Street, Brisbane, Queensland, 4000, Australia	100
Wood Group Australia PTY Ltd	Wood Group House, Level 6, 432 Murray Street, Perth, WA 6000, Australia	100
Wood Group Kenny Australia Pty Ltd	Wood Group House, Level 6, 432 Murray Street, Perth, WA 6000, Australia	100
Wood Australia Pty Ltd	Level 3, 171 Collins Street, Melbourne, VIC, 3000, Australia	100
Wood Mineral Conveyors Pty Ltd	Level 7, 197 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
Bahamas		
Montreal Engineering (Overseas) Limited	c/o 2020 Winston Park Drive, Suite 7000, Oakville, Ontario, Canada	100
Bermuda		
AMEC (Bermuda) Limited	Canon's Court, 22 Victoria Street, (PO Box HM 1179), Hamilton, HM EX, Bermuda	100
Atlantic Services Limited	Canon's Court, 22 Victoria Street, (PO Box HM 1179), Hamilton, HM EX, Bermuda	100
Foster Wheeler Ltd.	Clarendon House, 2 Church Street, Hamilton, HM-11, Bermuda	100
FW Management Operations, Ltd.	Clarendon House, 2 Church Street, P.O. Box HM 1022, Hamilton HM CX, Bermuda	100
Brazil		
AMEC do Brasil Participações Ltda.	Rua Quitanda 50, 15th floor, Centro, Rio de Janeiro, CEP 20011-030, Brazil	100
Amec Foster Wheeler America Latina, Ltda.	Centro Empresarial Ribeirao Office Tower, Av. Braz Olaia Acosta, 727 - 18 andar - Sl. 1810, Cep. 14026-404 - Jd. California, Ribeirao Preto, Sao Paulo, Brazil	100
Amec Foster Wheeler Brasil S.A.	R. Nilo Pecanha, n.º 50, Sala 2912, Centro, Rio de Janeiro, 20020-100, Brazil	100
AMEC Petroleo e Gas Ltda.	Rua Quitanda 50, 15th floor, Centro, Rio de Janeiro, CEP 20011-030, 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
British Virgin Islands		
MDM Engineering Group Limited	Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands	100
Wood Group PDE Limited	Geneva Place, 2nd Floor, 333 Waterfront Drive, PO Box 3339, Road Town, Tortola, British Virgin Islands	100

Brunei Darussalam		
AmeC Foster Wheeler (B) SDN BHD	Unit No.s 406A-410A, Wisma Jaya, Jalan Pemancha, Bandar Seri Begawan BS8811, Brunei Darussalam	99
Bulgaria		
AMEC Minproc Bulgaria EOOD	7th Floor, 9-11 Maria Louisa Blvd, Vazrazhdane District, Sofia 1301, Bulgaria	100
Cameroon		
AmeC Foster Wheeler Cameroon SARL	Cap Limboh, Limbe, BP1280, Cameroon	100
Canada		
AmeC Foster Wheeler Canada Ltd.	900 AMEC Place, 801-6th Avenue S.W., Calgary, AB, T2P 3W3, Canada	100
AMEC South America Limited	2020 Winston Park Drive, Suite 700, Oakville, ON, L6H 6X7, Canada	100
MASA Ventures Limited	900 AMEC Place, 801-6th Avenue S.W., Calgary, AB, T2P 3W3, Canada	100
Rider Hunt International (Alberta) Inc.	900 AMEC Place, 801-6th Avenue S.W., Calgary, AB, T2P 3W3, Canada	100
Wood Architectural Services Ltd.	133 Crosbie Road, St. John's, NL, A1B 1H3, Canada	0*
Wood Canada Limited	2020 Winston Park Drive, Suite 700, Oakville, ON, L6H 6X7, Canada	100
Wood Geomatics Limited	900 AMEC Place, 801-6th Avenue S.W., Calgary, AB, T2P 3W3, Canada	100
Wood Group Asset Integrity Solutions, Inc.	Borden Ladner Gervais LLP, Centennial Place, East Tower, 1900, 520 - 3rd Ave. S.W., 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 Group Kenny Canada Ltd.	Borden Ladner Gervais LLP, Centennial Place, East Tower, 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 CADE Ingeniería y Desarrollo De Proyectos Limitada	Av. Jose Domingo, Canas No 2640, Nunoa, Santiago, 7750164, Chile	100
AmeC Foster Wheeler International Ingeniería y Construcción Limitada	Av. Apoquindo 3846, piso 15, Las Condes, Santiago, 7550123, Chile	100
AmeC Foster Wheeler Talcahuano, Operaciones 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
China		
AmeC Foster Wheeler Engineering & Construction Design (Shanghai) Co., Ltd.	Room 401, Floor 4, No. 120 Qixia Road, Pudong New Area, Shanghai, China	100
AmeC Foster Wheeler Engineering & Consulting (Shanghai) Co., Ltd	Room 204, Building 1, No. 1287, Shangcheng Road, Pudong New District, Shanghai	100
Feng Neng Sgurr (Beijing) Renewable Energy Technology Co. Ltd	1217, No 5 Dongzhimen South Avenue, Dongcheng, China	100
Grenland Group (China) Limited	Room D2, 6th Floor, No 2446, Jin Qiao Road, Shanghai, Pudong, China	100
Colombia		
Procesos y Disenos Energeticos S.A.S.	Carrera 11 A No. 96-51 5th floor, Bogota D.C., Colombia	100
Curacao		
Harwat International Finance Corporation N.V.	Curado Trust, Penstraat 35, P.O. Box 4888, Curacao	100
Cyprus		
AMEC Overseas (Cyprus) Limited	1, Lampousas Street, 1095 Nicosia, Cyprus	100
J P Kenny Overseas Limited	Themistokli Dervi, 5, Elenion Building, 2nd Floor, P.C. 1005, Nicosia, Cyprus	100
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
Czech Republic		
AmeC Foster Wheeler s.r.o.	Krenova 58, Brno, 60200, Czech Republic	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
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	60 rue de La Chaussee d'Antin, 75009, Paris, France	100
Wood Nuclear France SAS	Immeuble Horizon Sainte Victoire, Bâtiment A, 970 rue René Descartes, 13857 Aix-en-Provence cedex 3, France	100

Gabon		
Production Services Network Gabon SARL	Place of Independence, En face de la BVMAC, Libreville, BP 922, Gabon	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&S GmbH	Weserstrasse 4, Frankfurt am Main, 60329, Germany	100
Ghana		
Amec Foster Wheeler Operations Ghana Limited	3rd Floor Teachers Hall Complex, Education Loop, Off Barnes Road, PO Box 1632, Accra, Ghana	100
MDM Projects - Ghana Limited	2nd Floor Cedar House, 13 Samora Machel Road, Asylum Down, Accram, Ghana	100
Wood & BBS Ghana Limited	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*
Gibraltar		
Foster Wheeler (Gibraltar) Holdings Limited	Suite 1, Burns House, 19 Town Range, Gibraltar	100
Greece		
Amec Foster Wheeler Hellas Engineering and Construction Societe Anonyme	21 Elvetias Street, (First Floor), Agia Paraskevi, 153 42, 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	5008, 50th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong	100
AMEC Engineering Limited	5008, 50th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong	100
SgurrEnergy Hong Kong Limited	26/F Beautiful Group Tower, 77 Connaught Road Central, Hong Kong	100
Hungary		
FW Hungary Licensing Limited Liability Company	Krisztina korut 2-4. I. em. 17, Budapest, Hungary, 1122	100
India		
Amec Foster Wheeler India Private Limited	6th Floor, Zenith Building, Ascendas IT Park, CSIR Road, Taramani, Chennai 600 113, India	100
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	R9, F -3 RD W: B, P-214, B- Wing, Laxmikant Apartment, Sitaram Keer Marg, Mahim, Mumbai, 400016, 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	Floor 15, Building No 5, Tower B, Cyber Terraces, DLF Cyber City, Phase III, Haryana, Gurgaon - 122002, 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	85
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	100
PT Simons International Indonesia	c/o 2020 Winston Park Drive, Suite 7000, Oakville, Ontario, Canada	100
PT Wood Group Indonesia	Office 88 Tower, 20th - H Floor, Jl. Casablanca Kav 88, South Jakarta, Jakarta, 12870, Indonesia	90
Iran		
Foster Wheeler Adibi Engineering	9th Floor Aluminum 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
Wood Group, LLC	Shoresh, Hadid and Khashab St., Kurdistan, Erbil, Iraq	100
Ireland		
JWG Ireland CAD Unlimited Company	Second Floor, Blocks 4 and 5, Galway Technology Park, Parkmore, Galway, Ireland	100
JWG Ireland NOK Unlimited Company	Second Floor, Blocks 4 and 5, Galway Technology Park, Parkmore, Galway, Ireland	100
JWG Ireland USD 2 Unlimited Company	Second Floor, Blocks 4 and 5, Galway Technology Park, Parkmore, Galway, Ireland	100
JWG Ireland USD 3 Unlimited Company	Second Floor, Blocks 4 and 5, Galway Technology Park, Parkmore, Galway, Ireland	100
JWG Ireland USD Unlimited Company	Second Floor, Blocks 4 and 5, Galway Technology Park, Parkmore, Galway, Ireland	100
Wood Group Kenny Ireland Limited	c/o Matheson Ormsby Prentice, 70 Sir John Rogerson's Quay, Dublin 2, Ireland	100

Italy		
Amec Foster Wheeler Italiana S.r.l.	Via S. Caboto 15, Corsico, 20094, Italy	100
FW TURNA S.r.l.	Via S. Caboto 15, Corsico (Milano), 20094, Italy	100
Metora S.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Wood Eolico Italia S.r.l.	Via S. Caboto 15, Corsico, Milan, 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
Japan		
Amec Foster Wheeler Asia K.K.	Shiba International Law Offices, 1-3-4-5F Atago, Minatoku, Tokyo, 105-0002, Japan	100
Jersey		
AMEC Nuclear Consultants International Limited	95/97 Halkett Place, St Helier, JE1 1BX, Jersey	100
GTS Power Solutions Limited	28 Esplanade, St Helier, JE2 3QA, Jersey	100
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	55 Ablai Khan Ave., Room #112/114, Almaty, 050004, Kazakhstan	100
Yeskertkish Kyzmet Kazakhstan LLP	Building 70A, Street No12, microdistrict Samal, Atyrau city, 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*
Liberia		
Amec Foster Wheeler Liberia Inc	King Plaza, 2nd-4th Floors, Broad Street, Monrovia 10, Liberia	100
Luxembourg		
AFW Luxembourg 1 S.a.r.l.	5, rue Guillaume Kroll, Luxembourg, L-1882	100
AFW Luxembourg 2 S.a.r.l.	5, rue Guillaume Kroll, Luxembourg, L-1882	100
Financial Services S.à r.l.	15, Boulevard Friedrich Wilhelm Raiffeisen, L-2411, Luxembourg	100
FW Investment Holdings S.à r.l.	5, rue Guillaume Kroll, Luxembourg, L-1882	100
Malaysia		
AMEC (Malaysia) Sdn Bhd	Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1, Leboh Ampang, Kuala Lumpur, 50100, Malaysia	100
Amec Foster Wheeler OPE Sdn Bhd	12th Floor, West Block, Wisma Selangor Dredging, 142-C Jalan Ampang, Kuala Lumpur, 50450, Malaysia	100
AMEC Holdings (Malaysia) Sdn Bhd	Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1, Leboh Ampang, Kuala Lumpur, 50100, Malaysia	100
AMEC Oil Gas and Process Sdn Bhd	Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1, Leboh Ampang, Kuala Lumpur, 50100, Malaysia	100
AMEC Process & Energy 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
Mustang Malaysia Sdn. Bhd.	Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, Wilayah Persekutuan, Wilayah Persekutuan, Kuala Lumpur, 50490, Malaysia	100
Rider Hunt International (Malaysia) Sdn Bhd	Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, Kuala Lumpur, 50490, Malaysia	100
Wood Group Engineering Sdn. Bhd	Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, Wilayah Persekutuan, Wilayah Persekutuan, Kuala Lumpur, 50490, Malaysia	0*
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	0*
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
Wood Group Production Facilities (Malaysia) Sdn. Bhd.	Lot 1-3, Level 5, Block G (South), Pusat Bandar Damansara, 50490 Kuala Lumpur, Kuala Lumpur, Malaysia	48*
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.	St James Court-Suite 308, St Denis Street, Port Louis, Mauritius	100
QED International Ltd	c/o Eстера Management (Mauritius) Ltd, 11th Floor, Medine Mews, La Chaussée Street, Port Louis, Mauritius	100

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.	c/o Carlos Salazar, 2333 Oriente, Col. Obrera, Monterrey, Nuevo Leon, 64010, Mexico	100
AYMEC de Mexico S.A. de C.V.	453 Planta Alta Del Valle, San Pedro Garza Garcia, Nuevo Leon 66220, 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
Exergy Engineering Services, S.A. de C.V.	David Alfaro Siqueiros 104 piso 2, Col. Valle Oriente, San Pedro Garza Garcia, Nuevo Leon, CP. 66269, Mexico	100
Exergy Engineering, S.A. de C.V.	David Alfaro Siqueiros 104 piso 2, Col. Valle Oriente, San Pedro Garza Garcia, Nuevo Leon, CP. 66269, Mexico	100
Foster Wheeler Constructors de Mexico, S de R.L. de C.V.	699 15th Street, 6th Avenue, Agua Prieta, Sonora, Mexico	100
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.	Blvd. Manuel Avila Camacho 40 - 1801, Lomas de Cahpultepec, Delgacion Miguel Hidalgo, Mexico, D.F. 11000	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	Suite 403, 4th Floor New Century Plaza, Chinggis Avenue, Sukhbaatar District, Ulaanbaatar, Mongolia	100
Mozambique		
Amec Foster Wheeler Mozambique Limitada	Mocambique, Maputo Cidade, Distrito Urbano 1, Bairro Sommerschild 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.	Prins Bernhardplein 200, 1097 JB, Amsterdam, Netherlands	100
AMEC Investments B.V.	Prins Bernhardplein 200, 1097 JB, 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 B.V.	C/O Centralis Netherlands BV, Zuidplein 126, WTC, Toren H 15e, Amsterdam, 1077XV, Netherlands	100
New Zealand		
M&O Pacific Limited	28 Manadon Street, New Plymouth, 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	49*
Monenco Nigeria Limited	Ebani House (Marina side), 62 Marina, Lagos, Nigeria	60
Overseas Technical Services Nigeria Limited	No 13 Sumbo Jibowu Street, Ikoyi, Lagos, Nigeria	93
Norway		
Erbus AS	Fokserodveien 12, Sandefjord, 3241, Norway	100
Wood Group Kenny Norge AS	Lkkeveien 99, Stavanger, 4008, Norway	100
Wood Group Norway AS	Fokserodveien 12, Sandefjord, 3241, Norway	100
Wood Group Norway Holdings AS	Fokserodveien 12, Sandefjord, 3241, Norway	100
Wood Group Norway Operations AS	Kanalsletta 2, 4033 Stavanger, Norway	100
Oman		
Amec Foster Wheeler 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*
Panama		
MACTEC Engineering and Consulting, Corp.	Brisas del Golf, Street 17, House 4-E Panama City, Panama	0*
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, Papua New Guinea, National Capital District, Papua New Guinea	100

Peru		
Amec Foster Wheeler Perú S.A.	Calle Las Begonias 441, Piso 8, San Isidro, Lima, 27, Peru	100
ISI Mustang Peru S.A.C.	Calle Martir Olaya 201, off. 801 Miraflores, Lima, Peru	100
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 Manila, Bonifacio Global City, 1634, Philippines	40*
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
Puerto Rico		
MACTEC Engineering and Consulting - Caribe, P.S.C.	BBVA Tower Suite P1, 254 Munoz Rivera Ave., San Juan, 00918, Puerto Rico	0*
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
CEC Controls Company S.R.L.	Bulevardul Tudor Vladimirescu No. 22, Bldg. Greengate Office, 5th Floor, Room 516, Campus 02, District 5, Bucharest, Romania	100
Russia		
OOO Amec Foster Wheeler	Office E-100, Park Place, 113/1, Leninsky Prospekt, 117198, Moscow, Russian Federation	100
Production Services Network Eurasia LLC	Tverskaya St. 16/3, Moscow, Moscow, 125009, Russian Federation	50*
Production Services Network Sakhalin LLC	2-6 Floors, 88 Amurskaya, Yuzhno-Sakhalinsk, 693020, Russian Federation	50*
Sakhalin Technical Services Network LLC	Suite 417, Kommunisticheskyy Prospekt 32, Yuzhno-Sakhalinsk, Sakhalin, Russian Federation	40*
Saudi Arabia		
Amec Foster Wheeler Energy and Partners Engineering Company	Karawan Towers, South Block, King Faisal Road, Al-Khobar, Saudi Arabia	75
Mustang and Faisal Jamil Al-Hejailan Consulting Engineering Company	PO Box 9175, Riyadh, 11413, Saudi Arabia	70
Mustang Saudi Arabia Co. Ltd.	P.O. Box 17411, Riyadh, 11484, 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
AMEC Global Services Pte Ltd	991E Alexandra Road, #01 - 25, 119973, Singapore	100
Australian Skills Training Pte. Ltd.	991E, Alexandra Road, #01-25, Singapore, 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.	#27-01 Millenia Tower, 1 Temasek Ave, Singapore, 039192	100
Wood Group International Services Pte. Ltd.	Shaw Tower #28-09, 100 Beach Road, Singapore, 189702	100
Slovakia		
The Automated Technology Group (Slovakia) s.r.o.	Hviezdoslavovo namestie 13, Mestska cast Stare Mesto, Bratislava, 811 02, Slovakia	100
Wood Nuclear Slovakia s.r.o.	Piestanska 3, Trnava, 917 01, Slovakia	100
South Africa		
Amec Foster Wheeler Properties (Pty) Limited	Second Road, Halfway House, P. O. Box 76, Midrand 1685, South Africa	100
AMEC Minproc (Proprietary) Limited	2 Eglin Road, Sunninghill, 2157, South Africa	100
Mossel Bay Energy IPP (proprietary) Limited (RF)	2nd Road Halfway House, Midrand, South Africa	90
Nuclear Consultants International (Proprietary) Limited	Nr 5, 5th Ave, Melkbos Strand, Cape Town, 7441, South Africa	100
Rider Hunt International South Africa (Pty) Ltd	25 Frederick Street, Observatory Ext, Gauteng, Johannesburg, 2198, South Africa	48*
Wood BEE Holdings (Proprietary) Ltd	88, 2nd Street, Halfway House, Midrand, Gauteng, 1685, South Africa	58
Wood Mining South Africa (Pty) Ltd	Zeelie Office Park, 381 Ontdekkers Road, Florida Park Ext 3, Roodepoort, 1709, South Africa	100
Wood South Africa (PTY) Ltd	88, 2nd Street, Halfway House, Midrand, Gauteng, 1685, South Africa	70
South Korea		
AMEC Korea Limited	KT Building 11F, 14 Yeouidaero, Youngdeungpo-gu, Seoul 07320	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
Amec Foster Wheeler 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
Amec Foster Wheeler Engineering AG	Lohweg 6, 4054 Basel, Switzerland	100
Tanzania		
MDM Projects-Tanzania Limited	Plot No. 18, Rukwa Street, Masaki Kinondoni Municipality, PO Box 38192, Dar es Salaam, Tanzania	100
Thailand		
Amec Foster Wheeler Holding (Thailand) Limited	1st Floor Talaythong Tower, 53 Moo 9, Sukhumvit Road, Thungskla, Sriracha, Chonburi, 20230, Thailand	100
Foster Wheeler (Thailand) Limited	53 Talaythong Tower, 1st Floor, Moo 9, Sukhumvit Road, Tambol Tungskhla, Amphur Sriracha, Chonburi, 20230, Thailand	100
SIE Siam Limited	91/17 Soi Wattananivet 4, Suthisarnvinichai Road, Khwaeng Samsennok, Khet Huaykwang, Bangkok Metropolis, Thailand	100
Simons International Engineering Ltd.	91/17 Soi Wattananivet 4, Suthisarnvinichai Road, Khwaeng Samsennok, Khet Huaykwang, Bangkok Metropolis, 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	Floor 5, International Tower, Capital Centre, 24th (Karama) Street, P.O. Box 105828, Abu Dhabi, United Arab Emirates	49*
PSN Overseas Holding Company Limited	The MAZE Tower, 15th Floor, Sheikh Zayed Road, PO Box 9275, Dubai, United Arab Emirates	100
United Kingdom		
AFW E&C Holdings Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AFW Finance 2 Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AFW Hungary Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AFW Investments Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC (AGL) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC (BCS) 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 Construction Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Engineering Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Facilities 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 Holdings 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 Foster Wheeler Nuclear International Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler Property and Overseas Investments 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 Kazakhstan Holdings Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Manufacturing and Services Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Mechanical and Electrical Services Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Mining Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Nominees Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Nuclear Overseas Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Offshore Developments Limited	Ground Floor, 15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland	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 Finance 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 USA Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Utilities 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
Applied Environmental Research Centre Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Attric Ltd	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Automated Technology Group Holdings Limited	Compass Point,79-87 Kingston Road, Staines, TW18 1DT, England, United Kingdom	100
East Mediterranean Energy Services Limited	c/o Ledingham Chalmers LLP, 3rd Floor, 68-70 George Street, Edinburgh, EH2 2LR, United Kingdom	100
Energy, Safety and Risk Consultants (UK) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Entec Holdings Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	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	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland	100
Foster Wheeler World Services Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
FW Chile Holdings 2 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	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Integrated Maintenance Services Limited	Compass Point,79-87 Kingston Road, Staines, TW18 1DT, England, United Kingdom	100
JWG Trustees Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
James Scott Engineering Group Limited	Ground Floor, 15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland	100
James Scott Limited	Ground Floor, 15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland	100
John Wood Group Holdings Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland	100
JWG Investments Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
JWGUUSA Holdings Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Kelwat Investments Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
MDM UK Finance Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Metal and Pipeline Endurance Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Mustang Engineering Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
National Nuclear Corporation Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Offshore Design Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, 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	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Production Services Network Bangladesh Limited	Compass Point,79-87 Kingston Road, Staines, TW18 1DT, England, United Kingdom	100
PSJ Fabrications Ltd	Compass Point,79-87 Kingston Road, Staines, TW18 1DT, England, United Kingdom	100
PSN (Angola) Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
PSN (Philippines) Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
PSN Asia Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
PSN Overseas Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Pyeroy Limited	Compass Point,79-87 Kingston Road, Staines, TW18 1DT, England, United Kingdom	100
QED International (UK) Limited	Ground Floor, 15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland	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
SD FortyFive Limited	Compass Point,79-87 Kingston Road, Staines, TW18 1DT, England, United Kingdom	100
SgurrEnergy Limited	St Vincent Plaza, 319 St Vincent Street, Glasgow, G2 5LP, Scotland, United Kingdom	100
SgurrControl Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Sigma Financial Facilities Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
The Automated Technology Group Limited	Compass Point,79-87 Kingston Road, Staines, TW18 1DT, England, United Kingdom	100
WGD028 Limited	Ground Floor, 15 Justice Mill Lane, Aberdeen, AB11 6EQ, United Kingdom	100
WGPSN (Holdings) Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
WGPSN Eurasia Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	50
Wood Environment & Infrastructure Solutions UK Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Wood Group Algeria Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Algiers Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Annaba Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Arzew Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Engineering & Operations Support Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Engineering (North Sea) Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Engineering Contractors Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Gas Turbine Services Holdings Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Hassi Messaoud Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100

Wood Group Holdings (International) Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Industrial Services Limited	Compass Point,79-87 Kingston Road, Staines, TW18 1DT, England, United Kingdom	100
Wood Group Intetech Limited	Compass Point,79-87 Kingston Road, Staines, TW18 1DT, England, United Kingdom	100
Wood Group Investments Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Kenny Corporate Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Kenny Limited	Compass Point,79-87 Kingston Road, Staines, TW18 1DT, England, United Kingdom	100
Wood Group Kenny UK Limited	Compass Point,79-87 Kingston Road, Staines, TW18 1DT, England, United Kingdom	100
Wood Group Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Management Services Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Power Investments Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group Production Services UK Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group UK Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Group/OTS Limited	Compass Point,79-87 Kingston Road, Staines, TW18 1DT, England, United Kingdom	100
Wood International Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood Nuclear Holdings Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Wood Nuclear 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, United Kingdom	100
United States		
4900 Singleton, L.P.	400 North St. Paul, Dallas, TX, 75201	100
AMEC Architectural, Inc.	511 Congress Street, Ste. 200, Portland, ME, 04101, United States	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 Developments, Inc.	1209, Orange Street, Wilmington, DE, 19801, United States	100
AMEC E&E, P.C.	600 N 2nd Street, Suite 401, Harrisburg, PA, 17101-1071, United States	0*
AMEC Engineering and Consulting of Michigan, Inc.	46850 Magellan, Suite 190, Novi, MI, 48377, United States	100
Amec Foster Wheeler Arabia Ltd.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Amec Foster Wheeler Design, LLC	1075 Big Shanty Rd NW, Ste. 100, Kennesaw, GA, 30144, United States	0*
Amec Foster Wheeler Environmental Equipment Company, Inc.	Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle, DE, 19801	100
Amec Foster Wheeler Industrial Power Company, Inc.	Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle, DE, 19801	100
Amec Foster Wheeler Kamtech, Inc.	1979 Lakeside Parkway, Suite 400, Tucker, GA, 30084, United States	100
Amec Foster Wheeler Martinez, Inc.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	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 Foster Wheeler Ventures, Inc.	1979 Lakeside Parkway, Suite 400, Tucker, GA, 30084, 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 Industrial Programs, LLC	1105 Lakewood Parkway, Suite 300, Alpharetta, GA, 30009, United States	100
AMEC Michigan, Inc.	40600 Ann Arbor Road E, Suite 201, Plymouth, MI, 48170-4675, United States	100
AMEC Newco LLC	1209, Orange Street, Wilmington, DE, 19801, United States	100
AMEC North Carolina, Inc.	225, Hillsborough Street, Raleigh, NC, 27603, United States	100
AMEC Oil & Gas World Services, Inc.	1209, Orange Street, Wilmington, DE, 19801, 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
Camden County Energy Recovery Corp.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Cape Software, Inc.	25211 Grogans Mill Road, Suite 313, The Woodlands, TX, 77380, United States	100
Energia Holdings, LLC	The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Equipment Consultants, Inc.	Corporation Trust Company, 1209 Orange Street, Wilmington, DE, 19801	100
Foster Wheeler Asia Limited	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Foster Wheeler Energy Corporation	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Foster Wheeler Environmental Corporation	1999 Bryan Street, Ste. 900, Dallas, TX, 75201-3136, United States	100
Foster Wheeler Hydrox, Inc.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	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	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	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.	17325 Park Row, Suite 500, Houston, TX, 77084, United States	100
Kelchner, Inc.	United Agent Group Inc., 119 E. Court Street, Cincinnati, OH, 45202, United States	100
MACTEC E&C International, Inc.	1105 Lakewood Parkway, Suite 300, Alpharetta, GA, 30009, United States	100
MACTEC Engineering and Geology, P.C.	7 Southside Drive, Suite 201, Clifton Park, NY, 12065, United States	0*
MACTEC Environmental Consultants, Inc.	1105 Lakewood Parkway, Suite 300, Alpharetta, GA, 30009, United States	100
Martinez Cogen Limited Partnership	Perryville Corporate Park, 53 Frontage Road, PO Box 9000, Hampton, NJ, 08827-9000	99
MASA Ventures, Inc.	1675, 1200, Broadway, Denver, CO, 80202, United States	100
MDIC Inc.	2730, Suite 100, Gateway Oaks Drive, Sacramento, Sacramento, CA, 95833, United States	100
Mustang International, Inc.	United Agent Group, 2425 W Loop South #200, Houston, TX, 77027, United States	100
NDT Systems, Inc.	United Agent Group, 2425 W Loop South #200, Houston, TX, 77027, United States	100
Onshore Pipeline Engineering D.P.C.	Sarah B. Biser, Esq., McCarter & English, LLP, 245 Park Avenue, New York, NY, 10167, United States	0*
Perryville Corporate Park Condominium Association, Inc.	Corporation Service Company, 830 Bear Tavern Road, West Trenton, Mercer, NJ, 08628	67
Process Consultants, Inc.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
QED International LLC	1999 Bryan Street, Ste. 900, Dallas, TX, 75201-3136, United States	100
RHI Talent, Inc.	United Agent Group Inc., 8275 South Eastern Av., #200, Las Vegas, NV, 89123, United States	100
Rider Hunt International (USA) Inc.	1999 Bryan Street, Ste. 900, Dallas, TX, 75201-3136, 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
Tray, Inc.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Wood Environment & Infrastructure Solutions, Inc.	1105 Lakewood Parkway, Suite 300, Alpharetta, GA, 30009, United States	100
Wood Group Alaska, LLC	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE, 19808, United States	100
Wood Group E & PF Holdings, Inc.	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.	United Agent Group Inc., 8275 South Eastern Av., #200, Las Vegas, NV, 89123, United States	100
Wood Group US International, Inc.	United Agent Group Inc., 8275 South Eastern Av., #200, Las Vegas, NV, 89123, United States	100
Wood Group USA, Inc.	United Agent Group, 2425 W Loop South #200, Houston, Harris County, TX, 77027, United States	100
Wood Massachusetts, Inc.	Suite 700, 155 Federal Street, Boston, MA, 02110, United States	100
Wood Minerals Conveyors, Inc.	818 West Seventh Street, Ste. 930, Los Angeles, CA, 90017, United States	100
Wood Programs, Inc.	2475 Northwinds Parkway, #200-260, Alpharetta, GA, 30009, United States	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.

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.

Joint Ventures		
Company Name	Registered Address	Ownership Interest %
Australia		
Clough AMEC Pty Ltd ¹	Level 2, 18-32 Parliament Place, West Perth, WA, WA 6005, Australia	50
Azerbaijan		
Socar-Foster Wheeler Engineering LLC	88A Zardaby Avenue, Baku, Azerbaijan	35
Brazil		
COPEL-AMEC S/C Ltda ¹	Rua Carneiro Lobo, No. 468, conjuntos 1301 a 1303, Centro Empresarial Champs Elysees, Curitiba, State of Parana, Brazil	48
Canada		
ABV Consultants Ltd ¹	Suite 2300, Bentall 5, 550 Burrard Street, Vancouver, BC, V6C 2B5, Canada	50
AMEC Black & McDonald Limited ¹	11 Frazee Avenue, Dartmouth, NS, B3B 1Z4, Canada	50
ODL Canada Limited	689 Water Street, Newfoundland, St. John's, NL, A1E 1B5, Canada	50
SSBV Consultants Inc.	1200 Waterfront Centre, 200 Burrard Street, Vancouver, BC, V6C 3L6, Canada	33
Teshmont Consultants Inc.	1190 Waverley Street, Winnipeg, MB, R3T 0P4, Canada	50
TransCanada Turbines Limited	TransCanada PipeLines Tower, 111 Fifth Avenue S.W., P.O. Box 1000, Station M, Calgary, AB, T2P 4KE, Canada	50
Vista Mustang JV	Suite B12, 6020 2nd Street S. E., Calgary, AB, T2H 2L8, Canada	50
Chile		
CEJV Ingeniería y Construcción Limitada	Av. Isidora Goyenechea 2800, Floor 32, Las Condes, Santiago, 7550647, Chile	50
Consortio AMEC CADE / PSI Consultores Limitada	Av. Jose Domingo, Canas No 2640, Nunoa, Santiago, 7750164, Chile	50
Consortio Consultor Cade Zañartu Limitada	Seminario 714, Ñuñoa, Santiago Chile	50
Consortio Consultor Systra / Cade Idepe / Geoconsult Limitada	Av. Jose Domingo, Canas No 2640, Nunoa, Santiago, 7750164, Chile	40
Consortio de Ingeniería Geoconsult Cade Idepe Limitada	Av. Jose Domingo, Canas No 2640, Nunoa, Santiago, 7750164, Chile	50
Consortio de Ingeniería Systra Cade Limitada	Av. Jose Domingo, Canas No 2640, Nunoa, Santiago, 7750164, Chile	50
Consortio de Ingeniería Transporte Systra Cade Idepe Consultores Limitada	Jose Domingo Cañas 2640, Ñuñoa, Santiago Chile	50
Construcción e Ingeniería Chile FI Limitada	Avenida Andrés Bello 2711, Piso 22 - Comuna Las Condens, Santiago, Chile	50
Construcción e Ingeniería FIM Chile, Limitada	Avenida Santa Maria 2810, Comuna de Providencia, Santiago, Chile	33
China		
Foster Wheeler (Hebei) Engineering Design Co., Ltd.	CEFOC Information Mansion, Zhongshan West Road No. 356, Shijiazhuang, China	49
SZPE Amec Foster Wheeler Engineering 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
France		
Momentum SNC	70 Boulevard de Courcelles, 75017 Paris, France	33
India		
SgurrEnergy India Pvt. Ltd	2 Kausar Baugh, Off NIBM Road, Kondhwa, Maharashtra, Pune, 411048, India	50
Kazakhstan		
PSN KazStroy JSC	Satpayev str. 46, Atyrau, 060011, Kazakhstan	50
Malaysia		
AMEC Larastia Sdn. Bhd.	No.8.03, 8th Floor, Plaza First Nationwide, 161, Jalan Tun H.S.Lee, 50000 Kuala Lumpur, Malaysia	49
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 Ingeniería 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
Netherlands		
Wood Group Azerbaijan B.V.	C/O Centralis Netherlands BV, Zuidplein 126, WTC, Toren H 15e, Amsterdam, 1077XV, Netherlands	51
New Zealand		
Beca AMEC 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		
AMEC 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 Limited ¹	Al Rushaid Petroleum Investment Co. Building, Prince Hamoud Street, PO Box 31685 - Al Khobar 31952, Saudi Arabia	50
Spain		
Isolux 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 Arab Emirates		
Foster Wheeler Kentz Energy Services DMCC	PO Box 26593, Unit 3601, Tiffany Tower, Cluster W, Jumeirah Lakes Towers, Dubai, United Arab Emirates	50
Foster Wheeler Kentz Oil & Gas Services DMCC	Unit No: 2H-05-230 Jewellery & Gemplex 2, Plot No: DMCC-PH2-J&GPlexS Jewellery & Gemplex, Dubai, United Arab Emirates	50
United Kingdom		
ACM Health Solutions Limited	Crown House Birch Street, Wolverhampton, WV1 4JX, England	33
EthosEnergy Group Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	51
Fast Reactor Technology Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	51
Lewis Wind Power Holdings Limited	EDF Energy, GSO Business Park, East Kilbride, G74 5PG, Scotland	50
Nuclear Management Partners Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	36
PWR Power Projects Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	50
RWG (Repair & Overhauls) Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	50
Ship Support Services Limited	Drayton Hall, Church Road, West Drayton, UB7 7PS, England, United Kingdom	50
South Kensington Developments Limited	Portland House, Bickenhill Lane, Solihull, Birmingham, B37 7BQ, England, United Kingdom	50
Stornoway Wind Farm Limited	EDF Energy, GSO Business Park, East Kilbride, G74 5PG, Scotland	50
Sulzer Wood Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	49
UK Nuclear Restoration Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	50
United States		
AMEC - SAI Joint Venture, LLC1	701 S. Carson Street, Suite 200, Carson City, NV, 89701, United States	50
Flour AMEC II, LLC	100 Fluor Daniel Drive, Greenville, SC, 29607-2770, United States	45

¹Entities are consolidated as joint operations on the basis of control.

The Group will be exempting the following companies from an audit in 2019 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)
AMEC Bravo Limited (Registered number 6206015)
Amec Foster Wheeler (Holdings) Limited (Registered number 00163609)
Amec Foster Wheeler Finance Asia Limited (Registered number 6205760)
Amec Foster Wheeler Finance Limited (Registered number 1332332)
Amec Foster Wheeler International Holdings Limited (Registered number 10517856)
Amec Foster Wheeler International Limited (Registered number 3203966)
Amec Foster Wheeler Property and Overseas Investments Limited (Registered number 01580678)
AMEC Investments Europe Limited (Registered number 3704533)
Amec Kazakhstan Holdings Limited (Registered number 4530056)
AMEC Nominees Limited (Registered number 374498)
AMEC Nuclear Overseas Limited (Registered number 04037762)
AMEC Project Investments Limited (Registered number 2619408)
Amec Services Limited (Registered number 2804093)
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 E&C Limited (Registered number 2247293)
Foster Wheeler Europe (Registered number 04127813)
Foster Wheeler World Services Limited (Registered number 1439353)
FW Chile Holdings 2 Limited (Registered number 9861563)
FW Investments Limited (Registered number 6933416)
HFA Limited (Registered number SC129298)
JWG Investments Limited (Registered number SC484872)
JWUSA Holdings Limited (Registered number SC178512)
Kelwat Investments Limited (Registered number SC203212)
Process Plants Suppliers Limited (Registered number 957881)
Production Services Network (UK) Limited (Registered number SC293004)
Production Services Network Bangladesh Limited (Registered number 02214332)
PSN (Angola) Limited (Registered number SC311500)
PSN (Philippines) Limited (Registered number SC345547)
PSN Asia Limited (Registered number SC317111)
PSN Overseas Limited (Registered number SC319469)
Sandiway Solutions (No 3) Limited (Registered number 5318249)
SD FortyFive Limited (Registered number 2342469)
SgurrEnergy Limited (Registered number SC245814)
Sigma Financial Facilities Limited (Registered number 3863449)
WGD028 Limited (Registered number SC136216)
WGPSN (Holdings) Limited (Registered number SC288570)
WGPSN Eurasia Limited (Registered number SC470501)
Wood Group Engineering and Operations Support Limited (Registered number SC159149)
Wood Group Engineering (North Sea) Limited (Registered number SC030715)
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 Limited (Registered number SC278251)
Wood Group Management Services Limited (Registered number SC178510)
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 Nuclear Holdings Limited (Registered number 03725076)

Company financial statements

Company financial statements

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Company balance sheet

as at 31 December 2019

	Note	2019 \$m	2018 \$m
Non-current assets			
Investments	1	3,524.0	4,568.9
Long term receivables	2	2,835.7	1,538.6
Retirement benefit scheme surplus	3	-	35.5
Deferred tax	4	7.9	0.9
		6,367.6	6,143.9
Current assets			
Trade and other receivables	5	402.8	1,278.7
Income tax receivable		4.5	15.3
Cash and cash equivalents	6	586.1	289.1
		993.4	1,583.1
Current liabilities			
Borrowings	7	603.9	605.7
Trade and other payables	8	1,105.2	865.2
		1,709.1	1,470.9
Net current (liabilities)/assets		(715.7)	112.2
Non-current liabilities			
Borrowings	7	979.9	1,322.3
Other non-current liabilities	9	1,087.2	1,151.4
		2,067.1	2,473.7
Net assets		3,584.8	3,782.4
Equity			
Share capital	11	40.9	40.7
Share premium	12	63.9	63.9
Retained earnings	13	401.0	348.8
Merger reserve	14	2,540.8	2,790.8
Other reserves	15	538.2	538.2
Total equity		3,584.8	3,782.4

The financial statements on pages 186 to 196 were approved by the board of directors on 9 March 2020, and signed on its behalf by:

Robin Watson, Director

David Kemp, Director

Statement of changes in equity

for the year to 31 December 2019

	Share capital \$m	Share premium \$m	Retained earnings \$m	Merger reserve \$m	Other reserves \$m	Total equity \$m
At 1 January 2018	40.5	63.9	482.6	2,790.8	538.2	3,916.0
Profit for the year	-	-	59.6	-	-	59.6
Other comprehensive income/(expense)						
Re-measurement gain on retirement benefit scheme	-	-	16.8	-	-	16.8
Movement in deferred tax relating to retirement benefit scheme	-	-	(3.0)	-	-	(3.0)
Total comprehensive income for the year	-	-	73.4	-	-	73.4
Transactions with owners:						
Dividends paid	-	-	(231.0)	-	-	(231.0)
Credit relating to share based charges	-	-	18.7	-	-	18.7
Shares allocated to employee share trusts	0.2	-	(0.2)	-	-	-
Shares disposed of by employee share trusts	-	-	1.7	-	-	1.7
Foreign exchange movements on pension and employee share trusts	-	-	3.6	-	-	3.6
At 31 December 2018	40.7	63.9	348.8	2,790.8	538.2	3,782.4
Profit for the year	-	-	20.5	-	-	20.5
Other comprehensive income/(expense)						
Re-measurement loss on retirement benefit scheme	-	-	(10.2)	-	-	(10.2)
Movement in deferred tax relating to retirement benefit scheme	-	-	6.4	-	-	6.4
Total comprehensive income for the year	-	-	16.7	-	-	16.7
Transactions with owners:						
Dividends paid	-	-	(235.5)	-	-	(235.5)
Transfer to realised profit (see note 14)	-	-	250.0	(250.0)	-	-
Credit relating to share based charges	-	-	23.4	-	-	23.4
Shares allocated to employee share trusts	0.2	-	(0.2)	-	-	-
Shares disposed of by employee share trusts	-	-	0.4	-	-	0.4
Foreign exchange movements on pension and employee share trusts	-	-	(2.6)	-	-	(2.6)
At 31 December 2019	40.9	63.9	401.0	2,540.8	538.2	3,584.8

Notes to the Company financial statements

for the year to 31 December 2019

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 15 Justice Mill Lane, Aberdeen AB11 6EQ.

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 with the exception of IFRS 16 'Leases' which is applied from 1 January 2019. The application of IFRS 16 has had no impact on the Company's financial statements.

Basis of preparation

The financial statements of the Company have been prepared in accordance with United Kingdom Accounting Standards - in particular FRS 101 - and the Companies Act 2006 ("the Act"). FRS 101 sets out a reduced disclosure framework for a "qualifying entity", as defined in the Standard, which addressed the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted International Financial Reporting Standards ("IFRSs").

Impact of application of IFRIC 23

The Company has adopted IFRIC 23 'Uncertainty over Income Tax Treatments' for the first time in 2019 which gives guidance on the accounting for uncertain tax provisions. The adoption of IFRIC 23 has not resulted in a material change in relation to provisions for tax uncertainties held by the Company.

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.

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 186. Note 10 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 2019, the Company had net current liabilities of \$715.7m. The Company has control over the timing of repayment of current liabilities due to Group undertakings amounting to \$1,076.1m. 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:

	2019	2018
Average rate £1=\$	1.2773	1.3345
Closing rate £1=\$	1.3247	1.2736

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 client 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 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.

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 19 to the Group financial statements.

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 22 to the Group financial statements. Details relating to the calculation of share based charges are provided in note 22 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.

Retirement benefit scheme surplus/deficit

The Company was the sponsoring entity for John Wood Group PLC's Retirement Benefit Scheme. The scheme was merged with the AMEC Foster Wheeler Pension Plan in March 2019. The deficit in the period in respect of the scheme was recognised in other comprehensive income/expense prior to the scheme transfer. See note 3 and note 32 to the Group financial statements for further details.

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.

1 Investments

	2019 \$m	2018 \$m
Cost		
At 1 January	6,164.6	6,146.0
Additions	3,734.3	258.2
Disposals	(5,027.3)	(239.6)
At 31 December	4,871.6	6,164.6
Amounts provided		
At 1 January	1,595.7	201.2
Provided during year	2.0	1,394.5
Disposals	(250.1)	-
At 31 December	1,347.6	1,595.7
Net book value		
At 31 December	3,524.0	4,568.9

During the year, the Company contributed \$210.1m of additional capital to Wood Group Holdings (International) Limited and Wood Group Investments Limited.

In November 2019, the Company transferred its investments in JWGUSA Holdings Limited, Wood Group Investments Limited, Wood Group Power Investments Limited, Wood Group Holdings (International) Limited, Wood Group Limited, Wood International Limited, RHI Talent UK Limited, GTS Power Solutions Limited, Wood Group Production Facilities Limited, John Wood Group Holdings BV and John Wood Group BV to John Wood Group Holdings Limited in exchange for shares. The total consideration was \$1,962.0m.

Also, in November 2019, the Company transferred its investment in Amec Foster Wheeler Limited to John Wood Group Holdings Limited in exchange for a promissory note of \$2,815.2m. In addition, a long-term loan receivable of \$1,538.6m was transferred to John Wood Group Holdings Limited in exchange for shares.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

The Company's direct subsidiaries at 31 December 2019 are listed below. Ownership interests reflect holdings of ordinary shares.

Details of other related undertakings are provided in note 37 to the Group financial statements.

Name of subsidiary	Country of incorporation or registration	Registered address
John Wood Group Holdings Limited	UK	15 Justice Mill Lane, Aberdeen
Wood Group Management Services Limited	UK	15 Justice Mill Lane, Aberdeen
JWG Trustees Limited	UK	15 Justice Mill Lane, Aberdeen
Wood Group Engineering Contractors Limited	UK	15 Justice Mill Lane, Aberdeen
Wood Group Gas Turbine Services Holdings Limited	UK	15 Justice Mill Lane, Aberdeen
JWG Ireland USD	Ireland	Blocks 4&5, Galway Technology Park, Parkmore, Galway
JWG Ireland USD 2	Ireland	Blocks 4&5, Galway Technology Park, Parkmore, Galway
JWG Ireland USD 3	Ireland	Blocks 4&5, Galway Technology Park, Parkmore, Galway

The Company owns 100% of all of the subsidiaries listed above.

2 Long term receivables

	2019 \$m	2018 \$m
Loans to Group undertakings	2,835.7	1,538.6

The long-term loan receivable at 31 December 2019 includes the promissory note of \$2,815.2m referred to in note 1. The loan receivable of \$1,538.6m outstanding at 31 December 2018 was transferred to John Wood Group Holdings Limited in November 2019 in exchange for shares (see note 1).

3 Retirement benefit scheme surplus

	2019 \$m	2018 \$m
Surplus at 1 January	35.5	22.9
Finance income	0.3	0.5
Contributions	-	(1.1)
Re-measurement (loss)/gain	(10.2)	16.8
Scheme expenses	(0.2)	(0.4)
Past service cost	-	(1.3)
Exchange movements	1.1	(1.9)
Transferred to subsidiary	(26.5)	-
Surplus at 31 December	-	35.5

The retirement benefit scheme referred to in this note is the John Wood Group PLC Retirement Benefit Scheme. The scheme was merged with the Amec Foster Wheeler Pension Plan in March 2019 and the surplus measured by the scheme actuary under IAS 19 at the point of merger was transferred to a subsidiary company to be settled via an intercompany balance of equal value (£20.0m (\$26.5m)). The scheme was subsequently renamed the Wood Pension Plan. The Company has provided Pension Protection Fund compliant parent company guarantees to the Wood Pension Plan for the whole of the employer debt which could arise under the terms of section 75 of the Pensions Act 1995. Disclosures in relation to the scheme are provided in note 32 to the Group financial statements.

4 Deferred tax

The deferred tax balance comprises:

	2019 \$m	2018 \$m
Deferred tax relating to retirement benefit scheme surplus	-	(6.4)
Temporary difference	7.9	7.3
	7.9	0.9

The movement in the deferred tax asset is shown below.

	2019 \$m	2018 \$m
At 1 January	0.9	4.4
Movement relating to retirement benefit scheme	6.4	(2.3)
Credit/(charge) to income statement	0.6	(1.2)
At 31 December	7.9	0.9

The deferred tax asset recognised on temporary differences relates mainly to the provision for impairment in note 5.

5 Trade and other receivables

	2019 \$m	2018 \$m
Loans to Group undertakings	277.9	1,163.0
Trade receivables – Group undertakings	116.1	110.3
Other receivables	6.2	4.8
Prepayments and accrued income	2.6	0.6
	402.8	1,278.7

Interest on loans to Group undertakings is charged at market rates.

At 31 December 2019, \$45.3m (2018: \$46.2m) 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:

	2019 \$m	2018 \$m
Over 3 months	45.3	46.2

The movement on the provision for impairment is as follows:

	2019 \$m	2018 \$m
At 1 January	46.2	40.3
(Released)/provided during the year	(0.9)	5.9
At 31 December	45.3	46.2

The Company had no outstanding balances that were past due but not impaired at either 31 December 2019 or 31 December 2018. The other classes within receivables do not contain impaired assets.

6 Cash and cash equivalents

	2019 \$m	2018 \$m
Cash and cash equivalents	586.1	289.1

7 Borrowings

	2019 \$m	2018 \$m
Borrowings repayable on demand		
Bank overdrafts	313.0	605.7
Bank loans	290.9	-
	603.9	605.7
Non-current borrowings		
Bank loans	100.0	947.3
Senior loan notes	879.9	375.0
	979.9	1,322.3

The bank overdrafts relate to the Group's cash pooling arrangements and are largely denominated in US dollars and pounds sterling. At 31 December 2019 interest on US dollar overdrafts was payable at 2.9% (2018: 3.7%) and on sterling overdrafts at 2.1% (2018: 1.9%).

Bank loans are unsecured and bear interest based on LIBOR rates. At 31 December 2019, bank loans included \$197.9m of US dollar loans and \$193.0m of sterling loans. Interest was payable at 3.6% (2018: 3.9%) on the US dollar loans and 2.5% (2018: 2.2%) on the sterling loans. Bank loans are stated net of unamortised fees totalling \$6.7m (2018: \$10.6m).

The Company has \$879.9m (2018: \$375.0m) of unsecured senior notes in the US private placement market maturing between 2021 and 2031 at an average fixed rate of 4.31% (2018: 3.74%). These notes are largely US dollar denominated. \$572.9m (2018: \$298.0m) of the notes are repayable after more than 5 years.

8 Trade and other payables

	2019 \$m	2018 \$m
Loans from Group undertakings	1,076.1	846.4
Other creditors	8.7	9.2
Accruals	20.4	9.6
	1,105.2	865.2

Interest on loans from Group undertakings is payable at market rates.

9 Other non-current liabilities

	2019 \$m	2018 \$m
Amounts due to Group undertakings	1,087.2	1,151.4

The amounts due to Group undertakings are inter-company loans. Interest on these loans is charged at market rates.

10 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 and then uses interest rate swaps as cash flow hedges to generate the desired interest profile and to manage the Company's exposure to interest rate fluctuations. At 31 December 2019, 71% (2018: 32%) of the Company's borrowings were at fixed rates after taking account of interest rate swaps.

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 'A' or better, where possible.

(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 an 'A' rating or better where possible.

(c) Liquidity risk

With regard to liquidity, the Company's policy is to ensure continuity of funding. At 31 December 2019, 62% (2018: 69%) 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 19 to the Group financial statements.

11 Share capital

	2019 \$m	2018 \$m
Issued and fully paid		
684,939,369 (2018: 681,539,369) ordinary shares of 4 ² / ₇ p each	40.9	40.7

The additional information required in relation to share capital is given in note 23 to the Group financial statements.

12 Share premium

	2019 \$m	2018 \$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, 4²/₇pence (2018: 4²/₇pence) and consequently there was no credit to the share premium account.

13 Retained earnings

Retained earnings are stated after deducting the investment in own shares held by employee share trusts. Investments in own shares represents the cost of 13,678,914 (2018: 11,197,394) of the Company's ordinary shares totalling \$109.1m (2018: \$105.1m).

The Company's profit for the financial year was \$20.5m (2018: \$59.6m).

The Company does not have any employees other than the directors of the Company. Details of the directors' remuneration is provided in the Directors' Remuneration Report in the Group financial statements. The profit for the financial year is stated after charging audit fees of \$61,000 (2018: \$64,000). Details of dividends paid and proposed are provided in note 7 to the Group financial statements. Further details of share based charges are provided in note 22 to the Group financial statements.

14 Merger reserve

	2019 \$m	2018 \$m
At 1 January	2,790.8	2,790.8
Transfer to retained earnings	(250.0)	-
At 31 December	2,540.8	2,790.8

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 O2/17BL 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.

In December 2019, John Wood Group Holdings Limited paid \$250.0m to the Company in partial settlement of the promissory note. The repayment represents qualifying consideration and as a result the Company transferred an equivalent portion of the merger reserve to retained earnings.

15 Other reserves

	Capital reduction reserve \$m	Capital redemption reserve \$m	Hedging reserve \$m	Total \$m
At 1 January 2018 and 1 January 2019	88.1	439.7	10.4	538.2
Fair value gains	-	-	-	-
At 31 December 2018 and 2019	88.1	439.7	10.4	538.2

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.

16 Financial commitments and contingent liabilities

Where the Company enters into financial guarantee contracts in respect of its subsidiary companies, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

\$600.0m of the Group's bilateral bank borrowings drawn down by an indirect subsidiary undertaking are guaranteed by the Company.

At 31 December 2019, the Company had contingent liabilities in respect of outstanding guarantees for performance bonds and contracting arrangements given on behalf of its subsidiaries amounting to \$1,061.8m (2018: \$874.6m).

Five year summary (unaudited)

	2019 \$m	2018 \$m	2017 \$m	2016 \$m	2015 \$m
Revenue	9,890.4	10,014.4	5,394.4	4,120.6	5,000.6
Adjusted EBITDA	855.4	693.8	423.1	419.7	531.7
Depreciation (including joint ventures)	(182.0)	(63.9)	(51.5)	(56.3)	(62.0)
Amortisation (including joint ventures)	(243.7)	(248.8)	(141.3)	(104.3)	(109.0)
Non-recurring items (including joint ventures)	(107.6)	(191.3)	(184.5)	(154.9)	(171.2)
Net finance expense (including joint ventures)	(160.6)	(119.9)	(52.9)	(25.8)	(23.1)
Profit/(loss) before taxation (including joint ventures)	161.5	69.9	(7.1)	78.4	166.4
Taxation (including joint ventures)	(88.7)	(77.5)	(22.9)	(44.0)	(76.3)
Profit/(loss) for the year	72.8	(7.6)	(30.0)	34.4	90.1
Equity attributable to owners of the parent	4,440.1	4,590.8	4,960.3	2,195.2	2,398.3
Net debt excluding leases	1,424.0	1,513.2	1,596.1	331.4	290.3
Net debt/Adjusted EBITDA	2.0	2.2	2.4	0.8	0.5
Gearing ratio	32.1%	33.0%	32.2%	15.1%	12.1%
Interest cover	5.6	6.2	8.0	16.3	23.0
Diluted earnings per share (cents)	10.7	(1.3)	(7.4)	7.3	20.8
Adjusted diluted earnings per share (cents)	46.0	46.6	42.9	53.5	73.3
Dividend per share (cents)	35.3	35.0	34.3	33.3	30.3
Dividend cover	1.3	1.3	1.3	1.6	2.4

Information for shareholders

Payment of dividends

The Company declares its dividends in US dollars. As a result of the shareholders being mainly UK based, dividends will be paid in sterling, but if you would like to receive your dividend in US dollars please contact the Registrars at the address below. All shareholders will receive dividends in sterling unless requested. If you are a UK based shareholder, the Company encourages you to have your dividends paid through the BACS (Banker's Automated Clearing Services) system. The benefit of the BACS payment method is that the Registrars post the tax vouchers directly to the shareholders, whilst the dividend is credited on the payment date to the shareholder's Bank or Building Society account. UK shareholders who have not yet arranged for their dividends to be paid direct to their Bank or Building Society account and wish to benefit from this service should contact the Registrars at the address below. Sterling dividends will be translated at the closing mid-point spot rate on 17 April 2020 as published in the Financial Times on 18 April 2020.

Officers and advisers

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Chartered Accountants and Statutory Auditors
37 Albyn Place
Aberdeen

Company Solicitors

Slaughter and May

Financial calendar

Results announced	10 March 2020
Ex-dividend date	16 April 2020
Dividend record date	17 April 2020
Annual General Meeting	7 May 2020
Dividend payment date	15 May 2020

The Group's Investor Relations website can be accessed at:

woodplc.com

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